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Advanced Micro Devices, Inc (NASDAQ: AMD)

Technology – Semiconductors

Racking Up Returns

January 12, 2026

Founded in 1969, Advanced Micro Devices, Inc. is an American technology company headquartered in Santa Clara, California and specializing in semiconductor products and devices. The company is fabless, focusing on designing and selling microprocessors, motherboard chipsets, embedded processors, and graphics processors for various uses.

Industry Overview

Advanced Micro Devices operates in the global semiconductor industry, a cyclical yet structurally growing sector increasingly shaped by artificial intelligence. AI workloads require exponentially greater computing power, driving sustained demand for high-performance CPUs, GPUs, and data center infrastructure. With AI adoption still early and compute capacity constrained, hyperscaler capital expenditures have accelerated sharply, marking a structurally different cycle defined by scale, durability, and long-term AI infrastructure investment.

Thesis

Advanced Micro Devices sits at a structural inflection point as AI infrastructure spending accelerates. The company's Helios platform and multi-year OpenAI partnership position AMD to evolve from a component supplier into a rack-scale systems provider, unlocking durable, higher-margin revenue. At the same time, AMD's EPYC server CPU business offers downside protection through continued market share gains, deeper hyperscaler integration, and stable cash generation. Together, these dynamics highlight AMD's compelling risk-reward profile as AI adoption and compute intensity continue to expand.

Valuation

Our target share price of $287.24 is derived from a weighted blend of valuation methodologies. We assigned a 60% weight to our DCF analysis and a 40% weight to our comparables analysis. We initiate a BUY rating on AMD, at an implied upside of 38.3%.

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Equity Research	US
Price Target	**US$ 287.24**
Rating	BUY
Share Price (Jan. 12 Close)	US$ 207.69
Total Return	38.3%

Key Statistics	
52 Week H/L	$267.08/$76.48
Market Capitalization	$338.1B
Average Daily Trading Volume	$24.2M
Net Cash	$3.4B
Enterprise Value	$334.7B
Net Debt/EBITDA	Net Cash
Diluted Shares Outstanding	1.6B
Free Float	99.8%
Dividend Yield	N/A

Analyst Forecast

	2025E	2026E	2027E
Revenue	$34.1B	$52.7B	$70.9B
EBITDA	$4.6B	$14.1B	$23.8B
Net Income	$4.5B	$13.6B	$23.2B
EPS	$2.75	$8.33	$14.23
P/E	75.4x	24.9x	14.6x
EV/EBITDA	72.3x	23.8x	14.1x

1-Year Price Performance

Company Overview

Founded in 1969, Advanced Micro Devices, Inc. (AMD) is an American technology company headquartered in Santa Clara, California and specializing in semiconductor products and devices. The company is fabless, focusing on designing and selling microprocessors, motherboard chipsets, embedded processors, and graphics processors for various uses. Specifically, AMD produces central processing units (CPUs), graphics processing units (GPUs), data processing units (DPUs), Field Programmable Gate Arrays (FPGAs), Smart Network Interface Cards (SmartNICs), and Adaptive System-on-Chip (SoC) products. AMD went public in 1972 via an Initial Public Offering (IPO) with 620,000 shares before debuting on the New York Stock Exchange (NYSE) in 1979 and moving to NASDAQ in 2015.

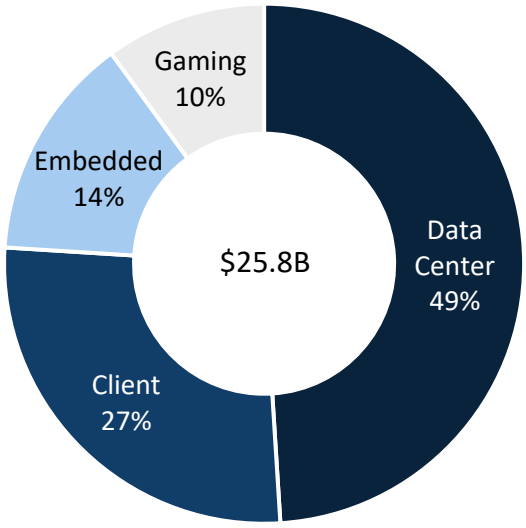
Revenue Segments

AMD operates through four key revenue segments: Data Center, Client, Embedded, and Gaming.

Data Center (49% of Total Revenue)

The Data Center segment is the main growth driver for AMD as it makes up about half of its total revenue in 2024 and is focused on artificial intelligence (AI), cloud computing, and High-Performance Computing (HPC) markets. This segment includes server-class CPUs, GPUs and other AI accelerators, DPUs, FPGAs, SmartNICs, and Adaptive SoC products, which handle computational, visual data processing, and AI workload acceleration needs in the data center market. This segment is expected to benefit from the surge in supercomputing and large data centers required for AI development. Products in this segment include Server Platform CPUs (EPYC Series processors) and Data Center GPUs (Instinct Series processors).

AMD Revenue Segments (FY2024)



Client (27% of Total Revenue)

The Client segment consists of integrated and balanced computing systems that provide customers a platform with improved system stability, increased performance, and enhanced power efficiency, catering to consumer and commercial desktop and notebook computers. This segments' products include Ryzen and Ryzen Threadripper processors for desktops, and Ryzen AI 300 series, Ryzen 8000 series, and Ryzen Z1 series for notebooks. They are featured in a wide range of personal devices, including high-performance desktops, gaming personal computers (PCs), and AI-enabled laptops.

Embedded (14% of Total Revenue)

The Embedded segment addresses the computer processing needs of customers who require long-term reliability, low-power consumption, and often non-stop operations, such as those in automotive, healthcare, industrial, networking, and defense industries. As a result, the products in this segment are designed for a wide range of requirements to fit the needs

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of different customers. Products in this segment include EPYC Embedded CPUs, Ryzen Embedded V-Series APUs/CPUs and R-Series APUs/CPUs, and Radeon Embedded GPUs.

Gaming (10% of Total Revenue)

The Gaming segment includes products for both PC and console gaming markets, such as high-performance graphics cards and console processors like those in the PlayStation 5, Xbox Series S/X, and the Valve Steam Deck. Products in this segment include Ryzen Processors, Radeon Graphics Cards, and Advantage Systems (pre-built PCs).

Industry Analysis

Advanced Micro Devices operates within the global semiconductor industry, a core pillar of the broader technology sector that underpins nearly all modern economic activity. Semiconductor companies design and often manufacture integrated circuits (ICs) that enable computing, data storage, networking, and automation across consumer electronics, enterprise systems, automotive applications, and industrial equipment. Historically, the industry has been characterized by high growth potential alongside cyclicality, as periods of strong demand are often followed by inventory corrections and pricing pressures. Despite this, long-term demand for semiconductors has remained resilient, driven by innovation and increasing compute intensity across end markets. The rise of artificial intelligence has further altered this dynamic, as AI workloads require exponentially greater computing power and continue to grow in complexity. With AI adoption and development still in its early stages, demand is increasingly constrained by available compute capacity. As a result, the current cycle is structurally different from previous upturns due to the scale and durability of AI-driven demand. As long as AI models continue to expand in scale and usage, semiconductor demand will remain elevated.

Industry Dynamics

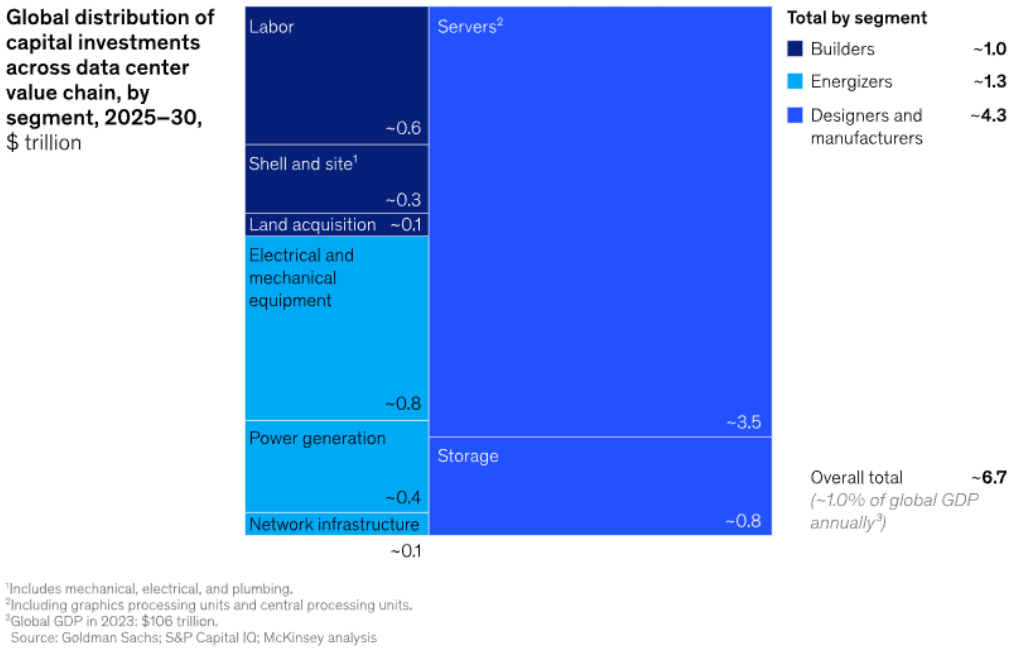
The semiconductor industry remains highly competitive and capital-intensive, with success driven by scale, technological leadership, and sustained investment in research and development (R&D). Leading semiconductor firms consistently reinvest a high percentage of revenue into R&D to maintain performance leadership, particularly as chip design complexity

and development costs continue to rise. Competitive dynamics are shaped by a small number of global leaders across all products, resulting in an environment where market share shifts can occur suddenly. Additionally, government involvement has increased in importance, as countries prioritize semiconductor supply chain resilience and domestic manufacturing through incentives such as the US CHIPS and Science Act.

Artificial Intelligence

In recent years, artificial intelligence has emerged as the dominant growth driver for the semiconductor industry, reshaping both demand and capital allocation. In 2024, global semiconductor sales surpassed $600 billion for the first time, representing a 20% year-over-year increase. At the same time, computer and data center related chips became the largest end-market segment with a 35% share of the total global demand, overtaking automotive and consumer electronics. AI workloads require significantly more computing power than traditional applications, driving outsized demand for high-performance CPUs, GPUs, memory, and networking components. This shift in end-use demand highlights the structural importance of AI infrastructure to the industry's growth outlook.

Capital expenditures across the AI ecosystem have accelerated meaningfully as hyperscalers race to build the infrastructure required to train and deploy increasingly complex models. Data center investment has entered a new phase of scale, with AI-driven facilities requiring materially higher power density, networking capability, and hardware intensity than prior generations. These dynamics have translated into 70%+ year-over-year increases in AI-related capital expenditure reported by major technology companies such as Google, Microsoft, and Meta in 2025, reinforcing a multi-year demand tailwind for semiconductor suppliers exposed to data center and AI workloads. According to McKinsey & Company, $6.7 trillion of capital expenditure will be cumulatively deployed for data center infrastructure through 2030, with approximately $3.5 trillion allocated to servers, including GPUs and CPUs. The combination of accelerating AI investment, elevated data center intensity, and supportive government policy creates a favourable long-term backdrop for companies positioned at the intersection of high-performance computing and AI infrastructure.



Investment Theses

Investment Thesis 1 – Helios Expansion Positions AMD as a Rack-Scale AI Systems Vendor

AMD's multi-year partnership with OpenAI represents a structural inflection in the company's role within the AI ecosystem, accelerating its transition from a component-level silicon supplier to a provider of full, rack-scale AI systems. The reported 6-gigawatt commitment spanning 2H26 through 2H30 provides long-term demand visibility across generations of Instinct accelerators while validating AMD's ability to support hyperscale-level AI deployments. Unlike prior cycles where AMD's participation in AI was largely limited to standalone parts, the Helios platform integrates GPUs, EPYC server CPUs, networking, and software into a cohesive system, aligning AMD with how hyperscalers increasingly procure AI infrastructure today. This shift is particularly significant given the highest-value segment of the AI stack has moved beyond individual chips to system-level solutions, where customers prioritize performance consistency, reliability, and speed of deployment over marginal specifications. By competing directly at the rack level, AMD moves into the same value layer of Nvidia's moat, where deep integration, software alignment, and customer lock-in drive higher margins and durable revenue streams.

Currently, the AI infrastructure market remains structurally supply-constrained, with demand materially exceeding available capacity. Hyperscalers continue to operate legacy hardware at full utilization due to insufficient supply, emphasizing the fact that near-term adoption of rack-scale AI systems is constrained by compute availability rather than end-market demand. In this environment, market share growth is determined less by established market position and more by the ability to ship reliable systems at scale. AMD's OpenAI agreement not only anchors initial demand but also provides strong validation to encourage additional orders from other customers. We believe this dynamic enables AMD to capture market share more rapidly than normally expected in a balanced or oversupplied market, despite being a new entrant.

We forecast data center revenue for AMD to grow at a 51% CAGR from 2025-30, with the acceleration beginning in 2H26 as Helios ramps and system-level deployments convert into recognized revenue. Within this, we model rack-scale solutions growing at a 39% CAGR from 2026-30, driven initially by the OpenAI partnership and subsequently by follow-on hyperscaler and AI-lab adoption as end markets increasingly recognize AMD as a credible rack-level provider. By 2030, we assume AMD captures approximately 13% of the global AI rack market, reflecting a clear but still secondary position relative to the market leader and consistent with hyperscalers' desire to diversify suppliers amid capacity constraints.

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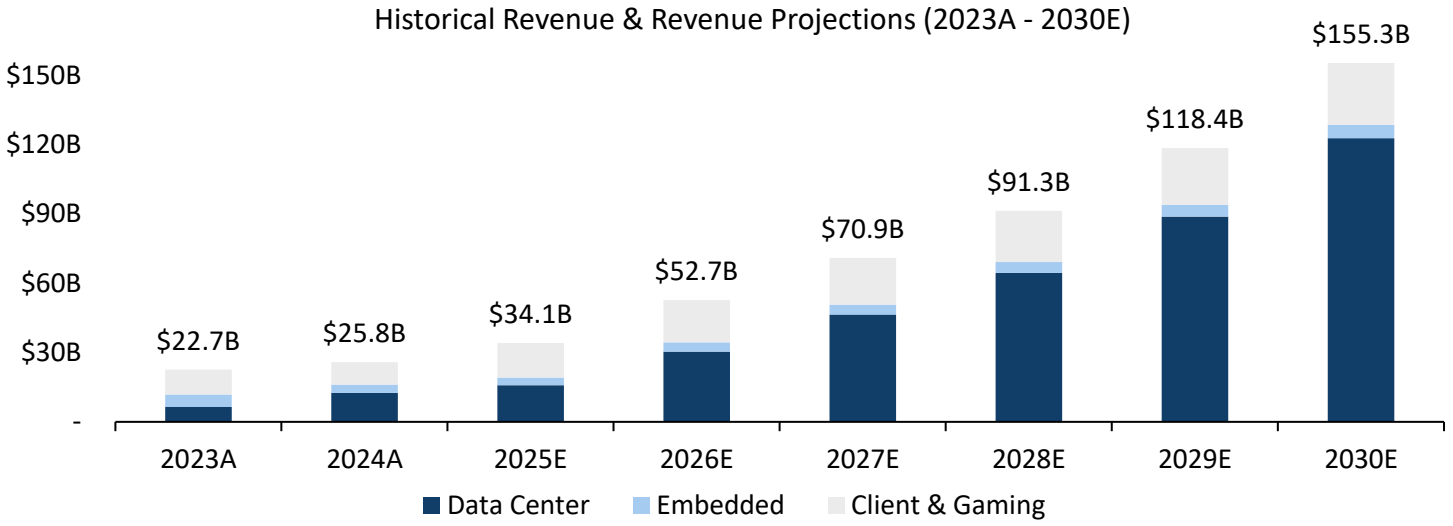
Despite this opportunity, the market continues to value AMD as a secondary silicon vendor as opposed to a platform-level AI systems company. Successful execution of Helios would materially shift this perception, strengthening AMD's competitive position, increasing customer retention through deeper integration, and transitioning its revenue mix toward higher-margin, system-level economics versus lower-margin standalone sales. As execution milestones are met and capacity scales, we believe this disconnect sets up meaningful upside.



Investment Thesis 2 – CPU Share Gains Provide Stability Ahead of AI Ramp

While much of the market's attention remains focused on AMD's AI accelerator roadmap, the company's EPYC server CPU franchise provides an underappreciated source of earnings stability and downside protection during the ramp of next-generation AI systems. EPYC already holds a meaningful share of the server CPU market, estimated at approximately 40% today, with deployments across all major hyperscalers and broad adoption in enterprise data centers. This places AMD as a core supplier within cloud infrastructure, independent of near-term execution in GPUs and racks.

Importantly, the growth of AI workloads has reinforced rather than diminished the role of CPUs as they remain essential for a variety of tasks within large AI clusters like data preprocessing, scheduling, and inference. CPUs increasingly act as the control layer within AI systems to tie accelerators together, and as models scale and become more complex, this function becomes more critical. As a result, CPUs embed AMD deeply into customer architectures and raise switching costs over time. EPYC demand has been illustrative of that, proving resilient even as AI spending has concentrated headlines around GPUs. Management has signaled a path toward 50%+ server CPU market share by 2030, driven by sustained performance leadership, platform consistency, and expanding hyperscaler penetration.

The market's reaction in late 2025 and early 2026 emphasizes why the CPU business is central to our view. During this period, AMD experienced a disproportionate sell-off as investor concerns around AI consumer concentration, OpenAI exposure, and rack-scale execution intensified, reflecting sentiment and headline risk rather than a deterioration in fundamentals. While the market increasingly valued AMD as an AI GPU and rack bet, EPYC continued to gain share and generate stable earnings, yet this was largely overlooked as investor focus narrowed to accelerators and systems. This disconnect becomes crucial when considering the earnings bridge that CPUs provide through 2026, a period when AMD will likely invest heavily into supporting the Helios ramp. Unlike AI-focused competitors that depend almost entirely on GPU

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execution to justify valuation, AMD enters this phase with a cash-generative, growing CPU franchise that supports margins and limits downside if AI adoption or system ramps are delayed. We believe that the market is currently underpricing this stability, creating an attractive risk-return profile where CPU-driven earnings durability offsets near-term AI uncertainty, while preserving upside as the new opportunity accelerates.

Valuation

We primarily employed a top-down approach with bottom-up insights to model AMD, analyzing industry trends and management guidance to forecast the expected revenues of the data center segment which is core to our thesis. Key assumptions in our model include the following:

- AMD to experience a 51% CAGR in Data Center revenue from 2025-30, divided into CPU (25% CAGR), GPU (72% CAGR), and Rack Solutions (39% CAGR from 2026-30)
- Cost inflation as inputs become more expensive across the supply chain
    - 0.5% increase in total Data Center costs as % of revenue from 2027-30
    - COGS as % of total costs increase by 1% per year across all segments
- Assumed a flat 10% annual revenue growth rate for Embedded, Client, and Gaming segments as these are non-core to the thesis
- Operating Expenses are projected to increase modestly in absolute terms, while overall declining as a % of revenue due to the accelerated growth assumed in our forecast

Revenue Forecasts

We projected the Data Center revenue to start increasing in Q3 of 2026 and sustain strong growth through 2030 at a CAGR of 51%, driven by AI supply constraint tailwinds.

We model AMD's server CPU business growing at a 25% CAGR from 2025-30, driven by a combination of continued market share gains and AI-driven expansion in server CPU demand. While above historical industry growth rates, we believe this is supported by the increasing role of CPUs as the control layer within AI infrastructure and management guidance.

GPU revenue is estimated using a top-down market sizing approach with data from IDC, assuming approximately 5% quarter-over-quarter growth through 2025–2026. From 2027–2030, we assume 40% annual market growth, reflecting accelerating AI adoption, increasing model complexity, and large-scale data center buildouts. Within this expanding market, we assume AMD gains 2 percentage points of market share per year, driven primarily by incremental demand absorption rather than wholesale displacement of market leaders.

For Rack Solutions, we begin with an estimated $3.5T of cumulative AI server hardware spending from 2025–2030 and attribute approximately 50% of this total to rack-scale systems, reflecting the growing shift toward integrated rack- and cluster-level deployments among hyperscalers and AI labs. Management suggests the 6-gigawatt OpenAI agreement could generate up to ~$100B of cumulative revenue over 2026–2030, which we treat as an anchor revenue floor (for reference, each GW offers $15-20 billion in revenue, without considering future upcycles). On this basis, OpenAI represents a meaningful but non-dominant portion of the cumulative rack market (6.9%). We assume AMD captures incremental market

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share beginning in 2028, adding approximately 2 percentage points per year through 2030 as capacity scales and follow-on hyperscaler adoption occurs to reach 12.9% by 2030.

Methodology Weighting

- DCF Analysis – Perpetuity Growth Method: 30%
- DCF Analysis – Exit Multiple Method: 30%
- Comparables Analysis – 2026E EV/EBITDA: 10%
- Comparables Analysis – 2026E P/E: 30%

Discounted Cash Flow Analysis

We calculated a weighted average cost of capital of 12.3% for AMD, based on a pre-tax cost of debt of 4.5%, a risk-free rate of 4.2%, and a market risk premium of 4.2%. We applied the statutory tax rate of 21% rather than the effective tax rate, as AMD benefits from significant tax provisions that can distort near-term effective rates and may not be representative of long-term normalized taxation.

Perpetuity Growth Method (19.8% Upside)

We assumed a perpetuity growth rate of 3%, broadly in line with long-term nominal GDP growth. This reflects the semiconductor industry's historical cyclicality while acknowledging structural tailwinds from AI and continued compute demand in the long run. This method gives us an implied share price of $248.71, suggesting a 19.8% upside.

Exit Multiple Method (54.6% Upside)

A terminal EV/EBITDA multiple of 12.0x was selected to reflect a normalized, steady-state valuation for AMD. This is largely consistent with long-term trading ranges for semiconductors and sits below peak multiples observed during the current period with heightened AI enthusiasm. This method gives us an implied share price of $321.12, suggesting a 54.6% upside.

Comparables Analysis

Our peer universe includes direct comparables, diversified semiconductor peers, and other companies with meaningful exposure to AI-driven demand across the compute ecosystem.

Direct Competitors

- NVIDIA Corp. (NASDAQ: NVDA)
- Intel Corp. (NASDAQ: INTC)

Semiconductor Peers

- Qualcomm, Inc. (NASDAQ: QCOM)
- Broadcom, Inc. (NASDAQ: AVGO)
- Texas Instruments, Inc. (NASDAQ: TXN)

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AI Infrastructure Beneficiaries

- Micron Technology, Inc. (NASDAQ: MU)
- Marvell Technology, Inc. (NASDAQ: MRVL)

We chose to use 75th percentile 2026E multiples with an overweight on P/E (implied share price of $328.55, representing a 58.2% upside) versus EV/EBITDA (implied share price of $177.27, representing a 14.6% downside), as it aligns closer to how the market currently values large-cap, profitable semiconductor companies, especially as cash generation becomes a key differentiator among beneficiaries of the AI theme.

Catalysts

Additional Large Hyperscaler or AI-Lab Rack Deals

Additional rack deals with hyperscalers or leading AI research labs represent a meaningful catalyst for our thesis, as they would further validate the company's transition from a component supplier to a system-level AI infrastructure provider. Beyond the existing OpenAI agreement, incremental long-term commitments would improve revenue visibility across future product generations, diversify AMD's customer base, and reduce perceived concentration risk that has weighed on investment sentiment. Each new large-scale deployment serves as external validation of AMD's rack-scale capabilities, which lowers adoption barriers for subsequent customers and accelerates follow-on demand in a market that remains structurally supply constrained. New partnerships could also act as a sentiment inflection point by narrowing the gap between AMD's perceived and actual role in AI infrastructure. As execution risk declines and customer concentration concerns ease, the market may begin to value AMD more in line with platform-level AI peers. As a result, additional deals have the potential to drive both fundamental upside through incremental revenue and multiple expansion as confidence in AMD's long-term AI strategy increases.

Acceleration of Hyperscaler AI Capital Expenditure

An acceleration of hyperscaler AI capital expenditures is a key catalyst for our thesis, particularly as AI infrastructure spending remains constrained by available compute capacity rather than end-market demand. In contrast to prior semiconductor cycles driven by replacement demand or consumer end markets, current AI spending reflects a structural race among hyperscalers and AI labs to secure compute resources necessary to train and deploy increasingly complex models. As a result, incremental increases in AI CapEx budgets tend to translate directly into near-term orders for GPUs, CPUs, and integrated rack systems. For AMD, higher hyperscaler AI CapEx would accelerate adoption of its Helios rack-scale solutions by expanding the pool of funded projects seeking immediate capacity. In a supply-constrained environment, customers are increasingly prioritizing speed of deployment and system availability over historical supplier relationships, creating an opportunity for AMD to capture incremental demand. Upward revisions to hyperscaler AI CapEx guidance would challenge concerns around AI spending normalization and prompt revisions to revenue and cash flow estimates.

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Risks

Helios Execution Risk

The successful execution of Helios represents a key risk to our thesis, as delivering rack-scale AI systems is significantly more complex than selling standalone chips. Unlike prior cycles, AMD must coordinate hardware, networking, software, manufacturing, and supply-chain logistics at scale, while meeting requirements for reliability, performance consistency, and delivery timelines. Existing competitors have multiple years of experience shipping tightly integrated systems, which gives them an execution advantage. Any delays, performance shortfalls, or supply-chain bottlenecks could slow customer adoption and limit follow-on orders. If Helios fails to meet customer expectations, the market may continue to view AMD as a secondary silicon supplier rather than a platform-level AI infrastructure provider, limiting upside.

However, we believe this risk is mitigated by the current supply-constrained nature of the AI infrastructure market and AMD's existing position within hyperscaler data centers. Even if Helios adoption ramps more gradually than expected, demand for AI compute remains sufficiently strong that AMD can continue to monetize standalone GPUs and CPUs while refining its rack-level offerings. Furthermore, AMD does not require flawless Helios execution to justify upside from current valuation levels, as its EPYC CPU business provides earnings stability and cash flow support during the AI ramp.

AI Spending Normalization

A normalization or slowdown in AI infrastructure spending represents a risk to our thesis, particularly given the elevated expectations across the semiconductor sector. Following a period of aggressive CapEx, customers may moderate near-term spending if returns on AI investments take longer to materialize or if macro conditions weaken. This could delay deployments of both server components and rack-scale systems, reducing near-term revenue visibility and increasing pressure on investor sentiment across AI-exposed names like AMD. However, this risk is mitigated by the structural nature of current AI demand. AI infrastructure spending today remains capacity-constrained rather than adoption-constrained, with hyperscalers and AI labs continuing to operate existing hardware at high utilization levels. Demand for compute will continue to persist as model complexity increases and AI workloads expand. As a result, spending slowdowns are more likely to represent timing shifts rather than fundamental changes in demand.

Recommendation

We recommend a BUY on AMD, with a target price of $287.24 and an implied upside of 38.3%. We expect our thesis to materialize within the investment horizon of 18-24 months, aligning with the expected acceleration of AMD's AI business into 2028, when Helios reaches a full year of deployment. This period captures the transition from early adoption to sustained revenue contribution as rack solutions move to broader hyperscaler adoption. We expect investor interest to increase as execution milestones are met and revenue visibility improves, supporting continued share price gains. This implies a 19% annual rate of return, above the market with a comfortable margin of safety. Importantly, AI represents a structural, long-term shift in compute demand, rather than a cyclical trend. As model complexity increases and AI adoption expands across industries, continued investment in AI infrastructure will persist regardless of near-term valuation concerns

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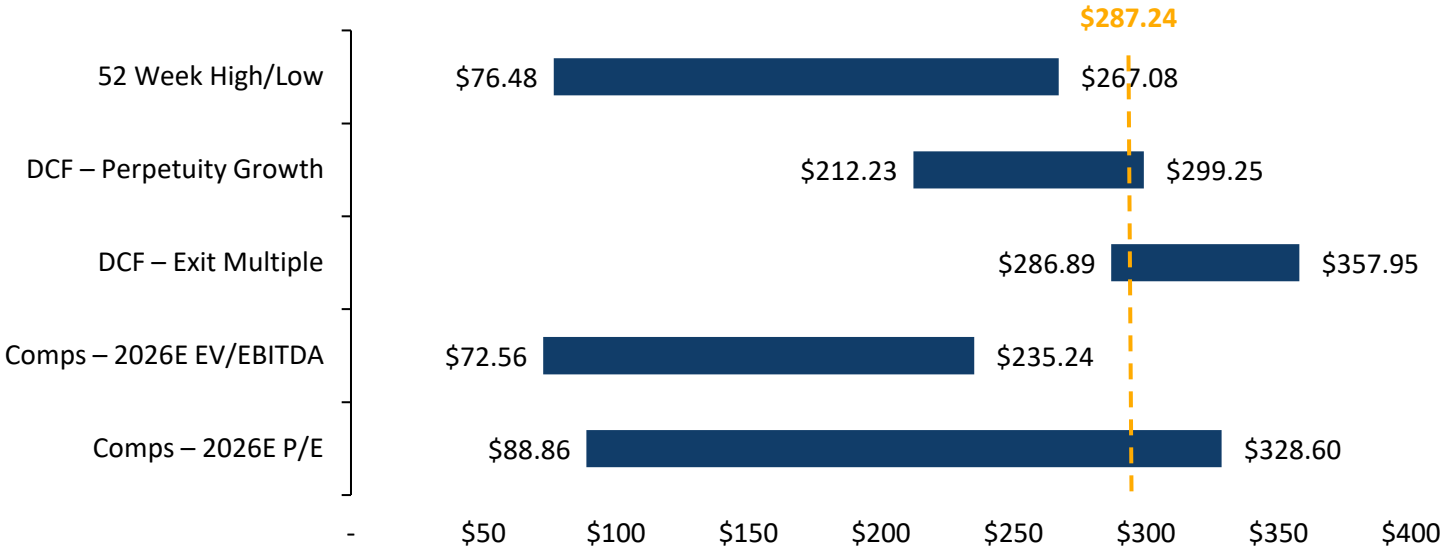
or market volatility. This supports sustained investor demand for leading AI-related asset providers. In this context, we believe AMD is well positioned to benefit as the market increasingly recognizes its evolving role in the AI ecosystem.



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Appendix 1 – Discounted Cash Flow

Discount Rate Calculation

All Figures in mm USD

Cost of Equity	
Risk-free Rate	4.2%
Expected Market Return	8.4%
Market Risk Premium	**4.2%**
Levered Beta	2.0x
Cost of Equity	**12.4%**

Cost of Debt	
Pre-tax Cost of Debt	4.5%
Tax Rate	21.0%
Cost of Debt	**3.6%**

WACC	
Market Value of Equity	338,128
Market Value of Debt	3,870
Total Capitalization	**341,998**
Cost of Equity	12.4%
Cost of Debt	3.6%
WACC	**12.3%**

Free Cash Flow

	26-Dec-20	*25-Dec-21*	*31-Dec-22*	*28-Dec-24*	*27-Dec-25*	*26-Dec-26*	*25-Dec-27*	*30-Dec-28*	*29-Dec-29*	*28-Dec-30*
Days in Period	*364*	*364*	*371*	*364*	*364*	*364*	*364*	*371*	*364*	*364*
All Figures in mm USD	**2020A**	**2021A**	**2022A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
EBIT	**1,275**	**3,669**	**1,184**	**1,989**	**3,855**	**13,259**	**22,905**	**31,747**	**44,047**	**61,568**
Less: Tax Expense	1,210	(513)	122	(381)	350	265	229	317	440	616
Add: Depreciation and Amortization	312	407	626	671	774	794	920	1,282	1,720	2,269
Less: Capital Expenditures	(294)	(301)	(450)	(636)	(1,060)	(1,581)	(2,128)	(2,740)	(3,552)	(4,660)
Less: Change in Net Working Capital	796	781	2,225	2,206	-	(10,711)	(2,960)	(8,821)	(7,331)	(9,205)
Unlevered Free Cash Flow	**3,299**	**4,043**	**3,707**	**3,849**	**3,919**	**2,026**	**18,966**	**21,786**	**35,325**	**50,588**
Year # (t)						0.84	1.84	2.81	3.86	4.86
Discount Factor						0.91	0.81	0.72	0.64	0.57
Present Value of Unlevered Free Cash Flow						**1,836**	**15,307**	**15,717**	**22,546**	**28,743**

Valuation

Perpetuity Growth Rate	
Perpetuity Growth Rate	3.0%
PV Sum of UFCF	84,150
Terminal Value	317,381
Enterprise Value	**401,532**
Add: Cash	7,243
Less: Debt	3,870
Less: Other EV Adjustments	-
Equity Value	**404,905**
Shares Outstanding	1,628
Implied Share Price	**248.71**
Current Share Price	207.69
Total Return	**19.8%**

Exit Multiple Method	
Exit Multiple	12.0x
PV Sum of UFCF	84,150
Terminal Value	435,256
Enterprise Value	**519,406**
Add: Cash	7,243
Less: Debt	3,870
Less: Other EV Adjustments	-
Equity Value	**522,779**
Shares Outstanding	1,628
Implied Share Price	**321.12**
Current Share Price	207.69
Total Return	**54.6%**

		WACC				
		10.3%	11.3%	12.3%	13.3%	14.3%
Perpetuity Growth Rate	2.0%	$ 293.18	$ 257.08	$ 228.13	$ 204.42	$ 184.68
	2.5%	$ 309.49	$ 269.55	$ 237.90	$ 212.23	$ 191.03
	3.0%	$ 328.01	$ 283.51	$ 248.71	$ 220.80	$ 197.94
	3.5%	$ 349.26	$ 299.25	$ 260.75	$ 230.24	$ 205.49
	4.0%	$ 373.85	$ 317.15	$ 274.24	$ 240.69	$ 213.78

		WACC				
		10.3%	11.3%	12.3%	13.3%	14.3%
Exit Multiple (EV / EBITDA)	10.0x	$ 300.34	$ 288.14	$ 276.56	$ 265.55	$ 255.09
	11.0x	$ 324.65	$ 311.41	$ 298.84	$ 286.89	$ 275.53
	12.0x	$ 348.96	$ 334.68	$ 321.12	$ 308.23	$ 295.98
	13.0x	$ 373.28	$ 357.95	$ 343.40	$ 329.57	$ 316.43
	14.0x	$ 397.59	$ 381.22	$ 365.68	$ 350.91	$ 336.88

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Appendix 2 – Comps

All Figures in mm USD		Balance Sheet Data		EV / EBITDA			Price / Earnings		
				2024A	2025E	2026E	2024A	2025E	2026E
Company	**Ticker**	**Equity Value**	**Enterprise Value**	**EV/EBITDA**	**EV/EBITDA**	**EV/EBITDA**	**P/E**	**P/E**	**P/E**
NVIDIA Corporation	(NASDAQ: NVDA)	4,493,857	4,444,071	53.3x	32.6x	20.3x	62.9x	45.8x	39.4x
Broadcom Incorporated	(NASDAQ: AVGO)	1,669,933	1,720,216	67.0x	49.1x	27.0x	273.0x	73.8x	34.7x
Micron Technology, Inc.	(NASDAQ: MU)	389,277	393,149	43.7x	21.7x	8.2x	494.1x	45.6x	10.7x
Intel Corporation	(NASDAQ: INTC)	219,630	245,030	32.6x	18.8x	15.1x	(10.1x)	129.6x	74.7x
Qualcomm Incorporated	(NASDAQ: QCOM)	179,934	185,422	15.5x	13.2x	11.2x	18.9x	33.8x	14.0x
Texas Instruments Incorporated	(NASDAQ: TXN)	171,789	180,649	26.3x	22.4x	19.8x	36.4x	34.1x	30.8x
Marvell Technology, Inc.	(NASDAQ: MRVL)	70,299	72,362	53.7x	22.5x	18.6x	(81.3x)	29.3x	23.2x
Advanced Micro Devices	**(NASDAQ: AMD)**	**338,119**	**334,746**	**65.0x**	**72.3x**	**23.8x**	**207.7x**	**75.4x**	**24.9x**
High		4,493,857	4,444,071	67.0x	49.1x	27.0x	494.1x	129.6x	74.7x
75th Percentile		1,669,933	1,720,216	53.7x	32.6x	20.3x	273.0x	73.8x	39.4x
Median		**219,630**	**245,030**	**43.7x**	**22.4x**	**18.6x**	**36.4x**	**45.6x**	**30.8x**
Mean		**1,027,817**	**1,034,414**	**41.7x**	**25.8x**	**17.2x**	**113.4x**	**56.0x**	**32.5x**
25th Percentile		171,789	180,649	26.3x	18.8x	11.2x	(10.1x)	33.8x	14.0x
Low		70,299	72,362	15.5x	13.2x	8.2x	(81.3x)	29.3x	10.7x

	EV / EBITDA Implied Price		P / E Implied Price	
High	$141.8	$235.2	$357.0	$622.2
75th Percentile	$94.8	$177.3	$203.4	$328.6
Median	**$65.7**	**$162.6**	**$125.5**	**$256.6**
Mean	**$75.4**	**$150.2**	**$154.3**	**$270.8**
75th Percentile	$55.5	$98.7	$93.1	$116.7
Low	$39.7	$72.6	$80.7	$88.9

Appendix 3 – Operating Model

All Figures in mm USD	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Income Statement							
Revenue	**25,785**	**34,075**	**52,706**	**70,925**	**91,341**	**118,386**	**155,318**
Cost of Goods Sold (ex. Amortization)	(12,114)	(15,907)	(20,092)	(26,927)	(35,573)	(47,295)	(63,648)
Gross Profit (ex. Amortization)	**13,671**	**18,168**	**32,614**	**43,997**	**55,768**	**71,091**	**91,670**
COGS Amortization	(946)	(1,062)	(1,581)	(2,128)	(2,284)	(2,368)	(2,330)
Gross Profit	**12,725**	**17,106**	**31,033**	**41,870**	**53,484**	**68,724**	**89,340**
OpEx Amortization	(1,448)	(1,314)	(2,108)	(2,837)	(3,654)	(4,735)	(6,213)
SG&A	(2,783)	(4,111)	(5,271)	(4,965)	(5,480)	(5,919)	(6,213)
R&D	(6,456)	(7,993)	(10,541)	(11,348)	(12,788)	(14,206)	(15,532)
Restructuring Charges	(186)	-	-	-	-	-	-
Licensing Gain	48	-	-	-	-	-	-
Operating Profit	**1,900**	**3,687**	**13,113**	**22,720**	**31,563**	**43,862**	**61,383**
Interest Expense	(92)	(134)	(155)	(116)	(116)	(116)	(116)
Other Income (Expense)	181	301	301	301	301	301	301
Pre-Tax Income	**1,989**	**3,855**	**13,259**	**22,905**	**31,747**	**44,047**	**61,568**
Tax Provision (Expense)	(381)	350	265	229	317	440	616
Equity Income	33	35	40	40	40	40	40
Income From Discontinued Operations	-	245	-	-	-	-	-
Net Income	**1,641**	**4,485**	**13,564**	**23,174**	**32,105**	**44,528**	**62,223**

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All Figures in mm USD	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Balance Sheet							
Assets							
Cash & Cash Equivalents	3,787	7,277	34,455	64,345	109,750	166,879	244,460
Short Term Investments	1,345	2,435	2,435	2,435	2,435	2,435	2,435
Accounts Receivable	6,192	6,503	10,959	12,766	16,441	18,942	21,745
Inventories	5,734	7,097	11,411	12,784	16,657	19,865	25,072
Other ST Assets	1,991	6,243	6,243	6,243	6,243	6,243	6,243
Total Current Assets	**19,049**	**29,556**	**65,503**	**98,574**	**151,526**	**214,364**	**299,954**
Property, Plant and Equipment	2,425	2,278	3,065	4,274	5,732	7,564	9,954
Goodwill	24,839	25,083	25,083	25,083	25,083	25,083	25,083
Acquisition-Related Intangibles	18,930	16,571	12,881	7,916	1,979	(5,124)	(13,666)
Long Term Investments & Receivables	149	-	-	-	-	-	-
Other LT Assets	3,834	5,353	5,353	5,353	5,353	5,353	5,353
Total Non-Current Assets	**50,177**	**49,285**	**46,383**	**42,626**	**38,147**	**32,876**	**26,724**
Total Assets	**69,226**	**78,840**	**111,886**	**141,200**	**189,673**	**247,240**	**326,678**
Liabilities							
Accounts Payable	1,990	3,582	5,523	5,303	6,576	8,198	9,394
Accrued Liabilities	4,260	5,112	5,112	5,112	5,112	5,112	5,112
Short Term Debt	144	873	873	873	873	873	873
Other ST Liabilities	887	2,232	2,232	2,232	2,232	2,232	2,232
Current Liabilities	**7,281**	**11,799**	**13,740**	**13,520**	**14,793**	**16,415**	**17,611**
Long Term Debt	2,212	2,997	2,997	2,997	2,997	2,997	2,997
Other LT Liabilities	2,165	1,404	1,404	1,404	1,404	1,404	1,404
Non-Current Liabilities	**4,377**	**4,401**	**4,401**	**4,401**	**4,401**	**4,401**	**4,401**
Total Liabilities	**11,658**	**16,200**	**18,141**	**17,921**	**19,194**	**20,816**	**22,012**
Shareholders Equity							
Common Stock	17	17	17	17	17	17	17
Additional Paid-In Capital	61,362	62,657	62,657	62,657	62,657	62,657	62,657
Treasury Stock	(6,106)	(7,059)	(7,059)	(7,059)	(7,059)	(7,059)	(7,059)
Accumulated Other Comprehensive Income	(69)	(13)	(13)	(13)	(13)	(13)	(13)
Retained Earnings	2,364	6,849	20,413	43,587	75,692	120,219	182,443
Other Equity		189	17,729	24,091	39,185	50,603	66,621
Total Equity	**57,568**	**62,640**	**93,744**	**123,279**	**170,479**	**226,424**	**304,666**

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All Figures in mm USD	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Cash Flow Statement							
Cash from Operating Activities							
Net Income	1,641	4,485	13,564	23,174	32,105	44,528	62,223
Net Working Capital Adjustment	(2,206)	-	10,711	2,960	8,821	7,331	9,205
Depreciation & Amortization	671	774	794	920	1,282	1,720	2,269
Amortization of Acquisition-Related Intangibles	2,393	2,376	3,689	4,965	5,937	7,103	8,542
Stock-based Compensation	1,407	-	-	-	-	-	-
Deferred Income Taxes	(1,163)	-	-	-	-	-	-
Other Non-Cash Adjustments	298	-	-	-	-	-	-
Net Cash from Discontinued Operations	-	-	-	-	-	-	-
CFO	**3,041**	**7,635**	**28,758**	**32,018**	**48,145**	**60,681**	**82,240**
Cash from Investing Activities							
Capital Expenditures	(636)	(1,060)	(1,581)	(2,128)	(2,740)	(3,552)	(4,660)
Acquisitions & Divestitures	(548)	(244)	-	-	-	-	-
Other Investing Activities	83						
CFI	**(1,101)**	**(1,304)**	**(1,581)**	**(2,128)**	**(2,740)**	**(3,552)**	**(4,660)**
Cash from Financing Activities							
Cash From (Repayment) Debt	(750)	1,491	-	-	-	-	-
Employee Equity Plans Proceeds (Repurchases)	(449)	(278)	-	-	-	-	-
Common Stock Issuance (Repurchases)	(862)	(1,316)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Other	(1)	-	-	-	-	-	-
CFF	**(2,062)**	**(103)**	**-**	**-**	**-**	**-**	**-**
Total Cash Flow	**(122)**	**3,466**	**27,177**	**29,890**	**45,404**	**57,130**	**77,581**
Starting Cash Balance	3,933	3,811	7,277	34,455	64,345	109,750	166,879
Ending Cash Balance	**3,811**	**7,277**	**34,455**	**64,345**	**109,750**	**166,879**	**244,460**

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All Figures in mm USD	2024A	2025E	2026E	2027E	2028E	2029E	2030E
PP&E Schedule							
Property, Plant & Equipment							
Property, Plant & Equipment, BoP	2,222	2,425	2,278	3,065	4,274	5,732	7,564
Capex	636	1,043	1,581	2,128	2,740	3,552	4,660
D&A	(671)	(774)	(794)	(920)	(1,282)	(1,720)	(2,269)
Other	238	(416)	-	-	-	-	-
Property, Plant & Equipment, EoP	**2,425**	**2,278**	**3,065**	**4,274**	**5,732**	**7,564**	**9,954**
Intangibles Schedule							
Intangibles							
Intangibles, BoP	21,363	18,930	16,571	12,881	7,916	1,979	(5,124)
Amortization (Acquisition-Related)	(2,393)	(2,376)	(3,689)	(4,965)	(5,937)	(7,103)	(8,542)
Other	(40)	17	-	-	-	-	-
Intangibles, EoP	**18,930**	**16,571**	**12,881**	**7,916**	**1,979**	**(5,124)**	**(13,666)**
Retained Earnings Schedule							
Retained Earnings							
Starting Retained Earnings	723	2,364	6,849	20,413	43,587	75,692	120,219
Net Income	1,641	4,485	13,564	23,174	32,105	44,528	62,223
Dividends	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Ending Retained Earnings	**2,364**	**6,849**	**20,413**	**43,587**	**75,692**	**120,219**	**182,443**
Goodwill Schedule							
Goodwill							
Starting Goodwill	24,262	24,839	25,083	25,083	25,083	25,083	25,083
Change	577	244	-	-	-	-	-
Ending Goodwill	**24,839**	**25,083**	**25,083**	**25,083**	**25,083**	**25,083**	**25,083**
Working Capital Schedule							
Changes in NWC ex. Cash							
Accounts Receivable	(1,865)	295	4,456	1,807	3,675	2,500	2,803
Inventories	(1,458)	(1,795)	4,314	1,373	3,873	3,208	5,207
Accounts Payable	(109)	1,097	1,941	(221)	1,273	1,622	1,196
Other	1,226	(404)	-	-	-	-	-
Total Change in NWC	**(2,206)**	**(807)**	**10,711**	**2,960**	**8,821**	**7,331**	**9,205**

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Appendix 4 – Revenue Build

Total Spending on Racks (2025-2030)	**1,750,000**
Average Per Year	291,667

Total Revenue from OpenAI Deal (2026-2030)	**100,000**
Average Per Year	20,000

Minimum Rack Solutions Market Share	**6.9%**

All Figures in mm USD	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Revenue Build							
Revenue							
Data Center	12,579	15,793	30,439	46,431	64,398	88,749	122,717
CPU	6,959	7,719	9,479	11,849	14,811	18,514	23,143
GPU	3,236	3,903	6,959	10,582	19,753	34,568	58,074
Rack Solutions	-	-	10,000	20,000	25,833	31,667	37,500
Other	2,384	4,171	4,000	4,000	4,000	4,000	4,000
Embedded	3,557	3,421	3,951	4,347	4,781	5,259	5,785
Client & Gaming	9,649	14,860	18,316	20,147	22,162	24,378	26,816
Client	7,054	10,431	12,443	13,687	15,056	16,561	18,217
Gaming	2,595	4,430	5,873	6,460	7,106	7,817	8,599
Other	-	-	-	-	-	-	-
Total Revenue	**25,785**	**34,075**	**52,706**	**70,925**	**91,341**	**118,386**	**155,318**
Revenue Market Share							
Server GPUs	4.8%	3.8%	5.5%	6.0%	8.0%	10.0%	12.0%
Rack Solutions	-	-	3.4%	6.9%	8.9%	10.9%	12.9%
Server GPU Market Size		103,641	125,977	176,367	246,914	345,680	483,952
YoY Revenue Growth							
Data Center	93.6%	25.6%	92.7%	52.5%	38.7%	37.8%	38.3%
CPU	39.0%	10.9%	22.8%	25.0%	25.0%	25.0%	25.0%
GPU	547.2%	20.6%	78.3%	52.1%	86.7%	75.0%	68.0%
Rack Solutions				100.0%	29.2%	22.6%	18.4%
Other	140.6%	74.9%	(4.1%)	-	-	-	-
Embedded	(33.2%)	(3.8%)	15.5%	10.0%	10.0%	10.0%	10.0%
Client & Gaming	(11.2%)	54.0%	23.3%				
Client	51.7%	47.9%	19.3%	10.0%	10.0%	10.0%	10.0%
Gaming	(58.2%)	70.7%	32.6%	10.0%	10.0%	10.0%	10.0%
Other				-	-	-	-
Total Revenue Growth	**13.7%**	**32.1%**	**54.7%**	**34.6%**	**28.8%**	**29.6%**	**31.2%**

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All Figures in mm USD	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Total Cost as % of Revenue							
Data Center	(72.3%)	(81.2%)	(70.0%)	(70.5%)	(71.0%)	(71.5%)	(72.0%)
Embedded	(60.1%)	(65.2%)	(60.0%)	(55.0%)	(55.0%)	(55.0%)	(55.0%)
Client & Gaming	(87.7%)	(79.5%)	(75.0%)	(70.0%)	(70.0%)	(70.0%)	(70.0%)
Other							
Total Cost as % of Revenue	(81.7%)	(87.4%)	(71.0%)	(69.4%)	(69.9%)	(70.5%)	(71.0%)
COGS as % of Cost	*57.5%*	*53.4%*	*53.7%*	*54.7%*	*55.7%*	*56.7%*	*57.7%*
COGS							
Data Center	(5,234)	(6,845)	(11,442)	(17,905)	(25,467)	(35,979)	(50,982)
Embedded	(1,229)	(1,190)	(1,273)	(1,308)	(1,465)	(1,640)	(1,836)
Client & Gaming	(4,869)	(6,304)	(7,377)	(7,714)	(8,641)	(9,676)	(10,831)
Other	(782)	(1,568)	-				
Total COGS	**(12,114)**	**(15,907)**	**(20,092)**	**(26,927)**	**(35,573)**	**(47,295)**	**(63,648)**

Appendix 5 – Target Price

Methodology	Target Price	Return	Weight
Perpetuity Growth	248.71	19.8%	30%
Exit Multiple	321.12	54.6%	30%
Comps (2026E EV/EBITDA)	177.27	(14.6%)	10%
Comps (2026E P/E)	328.55	58.2%	30%

Blended Target Price	**287.24**
Current Price	207.69
Implied Upside	**38.3%**

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