Advanced Micro Devices Inc

Previewing AMD's AI Day

Summary

In an event likely focused on technology more than customers or financials, we expect AMD to showcase the durability of its CPU and GPU roadmaps. We expect progress updates on its data center CPU (Venice, Verano in 2027) and GPU roadmaps (MI450x later this year and more details on MI500 for 2027), but equally we think we may get concrete updates on the embedded and gaming businesses. Customer-wise, we have always maintained that Amazon will be a major MI450x customer, and we now believe Anthropic might also be on the customer list, though we would temper investor expectations around these customers (or any other) being announced at this event. Additionally, we could see AMD partnering with CBRS on a fast inference solution (discussed here in our CBRS earnings recap) and maybe announcing a deeper and broader push into custom ASICs for the data center. Overall, our supply chain work is very bullish, with significant upticks in CoWoS allocation for C2027 (here). As a result, we are increasing estimates, and our PT goes up just modestly to $700 (from $670).

Details

AMD's Advancing AI event comes one week ahead of Intel earnings and roughly two weeks before AMD reports, with investor focus centered on whether the company can further broaden its AI customer base beyond OpenAI and Meta - but we think the forum might be more focused on the technology roadmap vs significant financial model updates. Beyond potential customer announcements, we expect updates across the AI roadmap, including additional details on MI450x Helios / MI500, likely some early insights into MI600 roadmap (2028), and potentially AMD's strategy for emerging disaggregated inference workloads. Beyond accelerators, we expect a more constructive view on the server CPU opportunity, given AMD's last formal TAM update was in 1Q26 earnings (to $120B by C2030) and industry data points have strengthened meaningfully since then. We expect the official production launch of Venice, along with incremental color on Verano (2027), which we believe will utilize TSMC's 2nm node while introducing LPDDR-based SOCAMM2 memory support. We also expect some further color around post-Verano roadmap especially in light of exploding core count demand per CPU for the agentic AI workloads. On the client side, we expect updates on Ryzen notebooks as Intel ramps Panther Lake on 18A, further discussion around the desktop transition to 2nm with Zen 6, and progress on Ryzen AI Halo, AMD's answer to NVIDIA's DGX Spark targeting the emerging personal AI device category.

Estimate Changes

Our prior work suggests AMD can generate approximately $15-20B of GPU revenue per GW of deployed capacity. Under a scenario where AMD supports three large-scale AI customers by 2027, each ultimately reaching 1GW+ deployments, we see a path to roughly $40-50B of GPU revenue in C2027. As a result, we are increasing our GPU

Equities

United States
Semiconductors

12-month rating	**Buy ***
12m price target	**US$700.00**
	Prior : US$670.00
Price (14 Jul 2026)	**US$548.13**

RIC: AMD.O **BBG:** AMD US

Trading data and key metrics

52-wk range	US$580.91-146.24
Market cap.	US$892b
Shares o/s	1,628m (COM)
Free float	99%
Avg. daily volume ('000)	36,454
Avg. daily value (m)	US$15,885.1
Common s/h equity (12/26E)	US$67.7b
P/BV (12/26E)	13.4x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (USD)

	12/26E			
	From	To	% ch	Cons.
Q1	1.37	1.37	0	1.37
Q2E	1.61	1.65	2	1.61
Q3E	1.83	1.86	2	1.85
Q4E	2.79	2.80	0	2.63
12/26E	7.60	7.68	1	7.42
12/27E	13.47	14.63	9	13.28
12/28E	18.85	21.11	12	18.24

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Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	22,680	25,785	34,639	50,668	83,370	112,284	135,294	158,778
EBIT (UBS)	401	1,900	3,694	11,232	26,002	40,630	53,609	67,383
Net earnings (UBS)	4,302	5,420	6,831	12,774	25,229	37,977	49,267	61,255
EPS (UBS, diluted) (US$)	2.65	3.31	4.17	7.68	14.63	21.11	26.29	31.40
DPS (net) (US$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	3,305	3,411	7,330	13,143	28,598	57,548	95,690	145,754

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	1.8	7.4	10.7	22.2	31.2	36.2	39.6	42.4
ROIC (EBIT) %	0.8	3.6	6.7	20.4	47.7	75.7	103.1	133.7
EV/EBITDA (UBS core) x	42.2	50.7	36.5	62.6	30.8	20.5	14.5	12.0
P/E (UBS, diluted) x	38.9	47.6	36.5	71.4	37.5	26.0	20.8	17.5
Equity FCF (UBS) yield %	0.7	0.9	2.7	1.4	2.7	4.4	5.6	7.0
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 548.13 on 14-Jul-2026

This report has been prepared by UBS Securities LLC. * Exception to core rating bands; See Required Disclosures section. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 12.**

revenue estimates to $41B from $38B in C2027 and to $61B from $54B in C2028, assuming a third customer ramps slightly below 1GW in year one before exceeding 1GW in year two. Reflecting stronger AI and infrastructure demand, we are raising our C2026 estimates to $51B/$7.69 from $50B/$7.61 and our C2027 estimates to $83B/$14.63 from $79B/$13.47. We are also increasing our price target modestly to $700 from $670, despite moving to a 33x multiple from 35x previously.

Valuation: PT from $670 to $700

Our PT increases modestly from $670 to $700, based on 33x multiple (from 35x) applied to CY28E EPS of $21.11 (from $18.85).

AMD'S ADVANCING AI PREVIEW

Valuation: PT $700 (from $670)

We raise our price target from $670 to $700, derived from a 33x multiple (previously 35x) applied to C28E EPS of $21.11.

Estimate Changes:

We revise FQ2:26E Revs/EPS from $11.2B/$1.61 to $11.3B/$1.65. Our CY26/27/28E revenue estimates increase from $50.4B/$79.2B/$104B to $50.7B/$83.4B/$112.3B. In terms of EPS, we also increase CY26/27/28E EPS from $7.61/$13.47/$18.85 to $7.69/$14.63/$21.11.

Figure 1: AMD New vs. Old Estimates

	C2026E New	C2026E Old	Change	C2027E New	C2027E Old	Change	C2028E New	C2028E Old	Change
Revenue ($MM)	$50,668	$50,386	0.6%	$83,370	$79,204	5.3%	$112,284	$104,002	8.0%
Y/Y Growth	46.3%	45.5%		64.5%	57.2%		34.7%	31.3%	
Gross Margin	55.8%	55.8%	0.0%	55.4%	55.4%	0.0%	56.3%	56.3%	0.0%
OpEx % of Revs	27.0%	27.1%	0.2%	20.5%	21.6%	1.1%	17.3%	18.7%	1.4%
Operating Margin	28.9%	28.7%	0.2%	34.9%	33.8%	1.1%	39.0%	37.6%	1.4%
Non-GAAP EPS	$7.69	$7.61	1.1%	$14.63	$13.47	8.7%	$21.11	$18.85	11.9%
Segment Revenues ($MM)									
Data Center	$32,427	$31,964	1.4%	$65,219	$62,269	4.7%	$91,911	$84,711	8.5%
Y/Y Growth	94.9%	92.1%		101.1%	94.8%		40.9%	36.0%	
Client	$11,564	$11,853	-2.4%	$11,646	$10,430	11.7%	$12,513	$11,431	9.5%
Y/Y Growth	11.8%	11.3%		0.7%	-12.0%		7.4%	9.6%	
Gaming	$2,639	$2,639	0.0%	$2,223	$2,223	0.0%	$3,180	$3,180	0.0%
Y/Y Growth	-32.5%	-32.5%		-15.8%	-15.8%		43.0%	43.0%	
Embedded	$3,912	$3,912	0.0%	$4,281	$4,281	0.0%	$4,680	$4,680	0.0%
Y/Y Growth	13.3%	13.3%		9.4%	9.4%		9.3%	9.3%	

Source: Company reports, FactSet, UBS estimates

Figure 2: AMD UBSe vs. Street

	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027	2028/1F	2028/2F	2028/3F	2028/4F	2028
Revenues ($MM)																
UBS	**34,639**	10,253	11,330	12,546	16,540	**50,668**	17,874	18,966	21,290	25,240	**83,370**	26,039	27,144	28,812	30,289	**112,284**
UBS (old)			11,197	12,435	16,500	**50,386**	17,541	18,635	19,917	23,111	**79,204**	23,917	25,039	26,779	28,267	**104,002**
Consensus			11,261	12,483	15,657	**49,991**	16,496	17,913	19,795	21,582	**77,208**	22,310	23,944	25,332	27,370	**102,841**
Delta			0.6%	0.5%	5.6%	1.4%	8.4%	5.9%	7.5%	17.0%	8.0%	16.7%	13.4%	13.7%	10.7%	9.2%
EPS																
UBS	**$ 4.17**	$ 1.37	$ 1.65	$ 1.86	$ 2.80	**$ 7.69**	$ 3.02	$ 3.18	$ 3.71	$ 4.69	**$ 14.63**	$ 4.85	$ 5.06	$ 5.43	$ 5.74	**$ 21.11**
UBS (old)			$ 1.61	$ 1.83	$ 2.79	**$ 7.61**	$ 2.92	$ 3.09	$ 3.33	$ 4.10	**$ 13.47**	$ 4.26	$ 4.49	$ 4.88	$ 5.20	**$ 18.85**
Consensus			$ 1.60	$ 1.86	$ 2.64	**$ 7.47**	$ 2.78	$ 3.11	$ 3.56	$ 4.02	**$ 13.38**	$ 4.01	$ 4.34	$ 4.62	$ 5.13	**$ 18.13**
Delta			2.5%	(0.0%)	5.9%	2.9%	8.7%	2.3%	4.3%	16.5%	9.3%	20.7%	16.7%	17.6%	12.0%	16.4%

Source: Company reports, FactSet, UBS estimates

Figure 3: AMD Segments - UBSe vs. Street

	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027	2028/1F	2028/2F	2028/3F	2028/4F	2028
DATA CENTER																
UBS	16,636	5,775	6,662	7,924	12,066	32,427	13,416	14,616	16,736	20,451	65,219	21,278	22,412	23,504	24,716	91,911
Consensus			6,494	7,792	10,662	31,216	11,113	12,224	13,754	15,220	56,144	17,596	18,855	20,310	21,983	78,744
Delta			2.6%	1.7%	13.2%	3.9%	20.7%	19.6%	21.7%	34.4%	16.2%	20.9%	18.9%	15.7%	12.4%	16.7%
CLIENT																
UBS	10,343	2,778	2,950	2,938	2,898	11,564	2,843	2,790	2,928	3,085	11,646	2,868	2,898	3,307	3,439	12,513
Consensus			2,984	2,968	3,054	11,863	2,835	3,059	3,233	3,475	12,240	2,935	3,033	3,217	3,370	12,556
Delta			(1.1%)	(1.0%)	(5.1%)	(2.5%)	0.3%	(8.8%)	(9.4%)	(11.2%)	(4.9%)	(2.3%)	(4.5%)	2.8%	2.0%	(0.3%)
GAMING																
UBS	3,910	720	760	649	510	2,639	571	506	539	607	2,223	773	704	803	900	3,180
Consensus			776	737	621	3,317	561	834	982	828	3,667	788	912	982	883	3,565
Delta			(2.0%)	(11.9%)	(17.9%)	(20.4%)	1.8%	(39.3%)	(45.1%)	(26.7%)	(39.4%)	(1.8%)	(22.8%)	(18.2%)	1.9%	(10.8%)
EMBEDDED																
UBS	3,454	855	958	1,034	1,065	3,912	1,044	1,054	1,086	1,097	4,281	1,119	1,130	1,198	1,234	4,680
Consensus			961	989	1,055	3,881	1,013	1,055	1,092	1,144	4,337	1,148	1,181	1,224	1,283	4,835
Delta			(0.3%)	4.6%	0.9%	0.8%	3.1%	(0.1%)	(0.6%)	(4.1%)	(1.3%)	(2.5%)	(4.3%)	(2.1%)	(3.8%)	(3.2%)

Source: Company reports, FactSet, UBS estimates

Figure 4: AMD Data Center GPU Supply Forecast

GPU/APU Units/Mix	CY2023	CY2024	CY2025	1Q26	2Q26E	3Q26E	4Q26E	CY2026E	1Q27E	2Q27E	3Q27E	4Q27E	CY2027E	1Q28E	2Q28E	3Q28E	4Q28E	CY2028E
AMD DC GPU revenue ($MM)	555	5,025	6,754	2,430	2,750	3,250	6,250	14,680	7,600	8,650	10,650	14,300	41,200	14,700	15,000	15,300	15,800	60,800
% Q/Q				-3%	13%	18%	92%		22%	14%	23%	34%		3%	2%	2%	3%	
% Y/Y		805%	34%	71%	189%	73%	150%	117%	213%	215%	228%	129%	181%	93%	73%	44%	10%	48%
Units																		
MI300	30,285	372,116	115,075															
MI325X		11,781	132,407	11,449	-	-	-	11,449	-	-	-	-	-	-	-	-	-	-
MI355X			97,192	72,127	87,859	59,996	56,650	276,633	24,273	16,188	6,615	-	47,077	-	-	-	-	-
MI308X			71,402	29,767	33,889	28,083	32,683	124,421	19,419	16,188	9,922	4,040	49,569	-	-	-	-	-
MI400X						38,295	126,373	164,668	196,615	234,732	238,137	193,898	863,381	139,308	90,427	30,941	-	260,676
MI500X											72,764	201,977	274,741	254,735	298,801	239,794	182,341	975,670
MI500X successor																112,162	186,062	298,223
Other	9,594	10,605	4,203	1,145	1,255	1,277	2,179	5,855	2,427	2,698	3,307	4,040	12,472	3,980	3,932	3,868	3,721	15,501
Total units	**39,879**	**394,501**	**420,279**	**114,488**	**123,003**	**127,651**	**217,884**	**583,026**	**242,734**	**269,807**	**330,745**	**403,955**	**1,247,241**	**398,023**	**393,159**	**386,764**	**372,124**	**1,550,070**
% Q/Q				-13%	7%	4%	71%		11%	11%	23%	22%		-1%	-1%	-2%	-4%	
% Y/Y		889%	7%	4%	78%	16%	66%	39%	112%	119%	159%	85%	114%	64%	46%	17%	-8%	24%
Unit mix by SKU																		
MI300	76%	94%	27%															
MI325X		3%	32%	10%				2%										
MI355X			23%	63%	71%	47%	26%	47%	10%	6%	2%		4%					
MI308X			17%	26%	28%	22%	15%	21%	8%	6%	3%	1%	4%					
MI400X						30%	58%	28%	81%	87%	72%	48%	69%	35%	23%	8%		17%
MI500X											22%	50%	22%	64%	76%	62%	49%	63%
MI500X successor																29%	50%	19%
Other	24%	3%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company reports, UBS estimates

Figure 5: AMD - Summary Model

Advanced Micro Devices (AMD) - Key Metrics (in $MM except EPS and Units)	C2023A	C2024A	C2025A	CQ1A	CQ2E (Estimates)	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E	C2029E
Revenue	**22,680**	**25,785**	**34,639**	**10,253**	**11,330**	**12,546**	**16,540**	**50,668**	**17,874**	**18,966**	**21,290**	**25,240**	**83,370**	**26,039**	**27,144**	**28,812**	**30,289**	**112,284**	**135,294**
Y/Y Growth	(4%)	14%	34%	38%	47%	36%	61%	46%	74%	67%	70%	53%	65%	46%	43%	35%	20%	35%	20%
Gross Profit (Non-GAAP)	11,436	13,759	18,165	5,685	6,373	7,057	9,179	28,295	9,884	10,469	11,794	14,046	46,194	14,556	15,228	16,250	17,159	63,192	77,681
Gross Margin	**50.4%**	**53.4%**	**52.4%**	**55.4%**	**56.3%**	**56.3%**	**55.5%**	**55.8%**	**55.3%**	**55.2%**	**55.4%**	**55.7%**	**55.4%**	**55.9%**	**56.1%**	**56.4%**	**56.7%**	**56.3%**	**57.4%**
Ex-Semi-Custom GM (UBSe)	57%	55%	54%	56%	57%	57%	56%	56%	56%	55%	56%	56%	56%	56%	56%	57%	57%	57%	58%
R&D (GAAP)	5,872	6,456	8,091	2,397	2,497	2,587	2,767	10,248	2,937	3,087	3,237	3,387	12,648	3,507	3,577	3,647	3,717	14,448	15,368
SG&A (GAAP)	2,352	2,783	4,144	1,253	1,283	1,363	1,463	5,362	1,513	1,563	1,613	1,663	6,352	1,638	1,688	1,763	1,833	6,922	7,512
Other & Non-GAAP Adjustment (GAAP)	1,835	1,586	1,223	290	290	290	290	1,160	290	290	290	290	1,160	290	290	290	290	1,160	1,160
Total Opex (Non-GAAP)	**6,616**	**7,669**	**10,397**	**3,145**	**3,301**	**3,471**	**3,751**	**13,668**	**3,971**	**4,171**	**4,371**	**4,571**	**17,084**	**4,666**	**4,786**	**4,931**	**5,071**	**19,454**	**20,964**
Y/Y Growth	10%	16%	36%	42%	36%	26%	25%	31%	26%	26%	26%	22%	25%	18%	15%	13%	11%	14%	8%
Operating Income (Non-GAAP)	4,854	6,138	7,768	2,540	3,072	3,586	5,428	14,627	5,913	6,298	7,423	9,475	29,110	9,890	10,442	11,319	12,088	43,738	56,717
Operating Margin	**21.4%**	**23.8%**	**22.4%**	**24.8%**	**27.1%**	**28.6%**	**32.8%**	**28.9%**	**33.1%**	**33.2%**	**34.9%**	**37.5%**	**34.9%**	**38.0%**	**38.5%**	**39.3%**	**39.9%**	**39.0%**	**41.9%**
Non-GAAP EPS	**$ 2.65**	**$ 3.31**	**$ 4.17**	**$ 1.37**	**$ 1.65**	**$ 1.86**	**$ 2.80**	**$ 7.69**	**$ 3.02**	**$ 3.18**	**$ 3.71**	**$ 4.69**	**$ 14.63**	**$ 4.85**	**$ 5.06**	**$ 5.43**	**$ 5.74**	**$ 21.11**	**$ 26.29**
Free Cash Flow																			
CFFO	1,667	3,041	7,709	2,955	3,311	4,002	4,174	14,442	5,782	5,901	6,507	7,822	26,011	9,624	9,632	10,261	10,988	40,505	51,699
Capex	546	636	974	389	389	389	389	1,556	389	389	389	389	1,556	389	389	389	389	1,556	1,556
FCF	**1,121**	**2,405**	**6,735**	**2,566**	**2,922**	**3,613**	**3,785**	**12,886**	**5,393**	**5,512**	**6,118**	**7,433**	**24,455**	**9,235**	**9,243**	**9,872**	**10,599**	**38,949**	**50,143**
% revenue	5%	9%	19%	25%	26%	29%	23%	25%	30%	29%	29%	29%	29%	35%	34%	34%	35%	35%	37%
Segment Revenues																			
Data Center	**6,496**	**12,579**	**16,635**	**5,775**	**6,662**	**7,924**	**12,066**	**32,427**	**13,416**	**14,616**	**16,736**	**20,451**	**65,219**	**21,278**	**22,412**	**23,504**	**24,716**	**91,911**	**113,223**
Data Center GPU Revenue	**555**	**5,025**	**6,754**	**2,430**	**2,750**	**3,250**	**6,250**	**14,680**	**7,600**	**8,650**	**10,650**	**14,300**	**41,200**	**14,700**	**15,000**	**15,300**	**15,800**	**60,800**	**71,500**
Server CPU Revenue	**5,433**	**6,794**	**8,827**	**3,065**	**3,628**	**4,368**	**5,454**	**16,515**	**5,454**	**5,603**	**5,722**	**5,786**	**22,565**	**6,183**	**6,983**	**7,738**	**8,410**	**29,314**	**39,214**
Server ASP ($)	$ 1,140	$ 1,351	$ 1,347	$ 1,535	$ 1,580	$ 1,640	$ 1,750	$ 1,640	$ 1,750	$ 1,780	$ 1,800	$ 1,820	$ 1,788	$ 1,870	$ 1,920	$ 1,970	$ 2,020	$ 1,950	$ 2,148
Server Units (K)	4,768	5,028	6,554	1,997	2,296	2,664	3,116	10,073	3,116	3,148	3,179	3,179	12,622	3,306	3,637	3,928	4,164	15,035	18,257
Server TAM (K units)	23,307	22,432	26,046	6,506	6,640	6,727	6,939	26,812	6,683	6,823	6,913	7,126	27,545	--	--	--	--	--	--
AMD Share	20%	22%																	
XLNX FPGAs	**252**	**318**	**385**	**89**	**93**	**98**	**102**	**382**	**97**	**92**	**88**	**83**	**361**	**86**	**88**	**91**	**94**	**359**	**405**
Pensando	**254**	**441**	**669**	**191**	**191**	**208**	**260**	**850**	**265**	**271**	**276**	**282**	**1,094**	**310**	**341**	**375**	**412**	**1,437**	**2,104**
Data Center Operating Margin	20%	28%	22%	28%	34%	35%	36%	34%	36%	36%	36%	36%	36%	37%	37%	37%	37%	37%	38%
Data Center Operating Profit Y/Y Drop-through				32%	71%	47%	39%		42%	38%	37%	36%		39%	39%	39%	42%		
Client	**4,651**	**7,054**	**10,640**	**2,885**	**2,950**	**2,938**	**2,898**	**11,672**	**2,843**	**2,790**	**2,928**	**3,085**	**11,646**	**2,868**	**2,898**	**3,307**	**3,439**	**12,513**	**13,222**
PC Revenue	**4,386**	**6,718**	**10,154**	**2,751**	**2,924**	**2,894**	**2,879**	**11,448**	**2,819**	**2,765**	**2,888**	**3,068**	**11,540**	**2,845**	**2,876**	**3,272**	**3,423**	**12,417**	**13,137**
Desktop Revenue	1,386	1,863	3,196	798	874	862	827	3,362	820	807	851	909	3,387	881	872	1,008	1,069	3,830	4,208
AMD DT ASP ($)	$ 174	$ 188	$ 266	$ 270	$ 290	$ 275	$ 272	$ 277	$ 278	$ 282	$ 286	$ 288	$ 284	$ 285	$ 285	$ 305	$ 305	$ 296	$ 302
AMD DT Units (K)	7,950	9,931	12,029	2,956	3,015	3,135	3,041	12,147	2,950	2,862	2,976	3,155	11,942	3,092	3,061	3,305	3,504	12,961	13,934
DT TAM (K units)	67,010	69,021	75,737	17,683	17,652	19,987	21,236	76,558	17,685	17,667	20,019	21,277	76,647	18,215	18,197	20,619	21,915	78,947	81,315
AMD Share	12%	14%	16%	17%	17%	16%	14%	16%	17%	16%	15%	15%	16%	17%	17%	16%	16%	16%	17%
Mobile Revenue	3,001	4,854	6,958	1,953	2,050	2,031	2,052	8,086	1,998	1,959	2,037	2,159	8,153	1,964	2,004	2,264	2,355	8,587	8,929
AMD Mobile ASP ($)	$ 98	$ 115	$ 157	$ 173	$ 175	$ 170	$ 170	$ 172	$ 180	$ 180	$ 180	$ 180	$ 180	$ 178	$ 178	$ 188	$ 188	$ 183	$ 188
AMD Mobile Units (K)	30,609	42,212	44,314	11,264	11,714	11,949	12,068	46,995	11,103	10,881	11,316	11,995	45,294	11,035	11,256	12,044	12,526	46,861	47,496
Mobile TAM (K units)	160,289	186,556	180,960	41,006	42,182	43,053	43,653	169,894	41,751	42,715	43,538	43,951	171,955	43,004	43,996	44,844	45,270	177,114	182,427
AMD Share	19%	23%	24%	27%	28%	28%	28%	28%	27%	25%	26%	27%	26%	26%	26%	27%	28%	26%	26%
AMD Pro Graphics Revenue	267	335	189	27	26	45	19	117	24	25	40	17	106	23	22	35	15	95	85
Client Operating Margin	-1%	13%	23%	16%	18%	19%	20%	18%	18%	19%	20%	21%	20%	19%	19%	20%	20%	20%	20%
Client Operating Profit Y/Y Drop-through				3%	-19%	-51%	24%		67%	1%	-268%	37%		130%	19%	20%	11%		
Gaming	**6,212**	**2,595**	**3,910**	**720**	**760**	**649**	**510**	**2,639**	**571**	**506**	**539**	**607**	**2,223**	**773**	**704**	**803**	**900**	**3,180**	**3,585**
PC GPU Gaming Revenue	**858**	**707**	**1,618**	**440**	**453**	**462**	**393**	**1,748**	**354**	**389**	**272**	**340**	**1,355**	**306**	**337**	**236**	**283**	**1,162**	**967**
Semi-Custom Revenue	**5,354**	**1,888**	**2,292**	**280**	**307**	**187**	**117**	**891**	**217**	**117**	**267**	**267**	**868**	**467**	**367**	**567**	**617**	**2,018**	**2,618**
Gaming Operating Margin	16%	11%	12%	11%	15%	15%	17%	14%	16%	15%	14%	15%	15%	16%	14%	13%	14%	14%	16%
Embedded	**5,321**	**3,557**	**3,454**	**873**	**958**	**1,034**	**1,065**	**3,930**	**1,044**	**1,054**	**1,086**	**1,097**	**4,281**	**1,119**	**1,130**	**1,198**	**1,234**	**4,680**	**5,264**
Embedded Operating Margin	49%	40%	36%	40%	17%	15%	39%	27%	46%	41%	68%	125%	71%	120%	133%	155%	173%	146%	199%
Q/Q Revenue Growth																			
Data Center				7%	15%	19%	52%		11%	9%	15%	22%		4%	5%	5%	5%		
Client				(7%)	2%	(0%)	(1%)		(2%)	(2%)	5%	5%		(7%)	1%	14%	4%		
Gaming				(15%)	6%	(15%)	(21%)		12%	(11%)	7%	13%		27%	(9%)	14%	12%		
Embedded				(8%)	10%	8%	3%		(2%)	1%	3%	1%		2%	1%	6%	3%		
Y/Y Revenue Growth																			
Data Center		94%	32%	57%	106%	83%	124%	95%	132%	119%	111%	69%	101%	59%	53%	40%	21%	41%	23%
Client		52%	51%	26%	18%	7%	(6%)	10%	(1%)	(5%)	(0%)	6%	(0%)	1%	4%	13%	11%	7%	6%
Gaming		(58%)	51%	11%	(32%)	(50%)	(40%)	(32%)	(21%)	(33%)	(17%)	19%	(16%)	36%	39%	49%	48%	43%	13%
Embedded		(33%)	(3%)	6%	16%	21%	12%	14%	20%	10%	5%	3%	9%	7%	7%	10%	12%	9%	12%

Source: Company reports, UBS estimates

Valuation

We raise our price target from $670 to $700, derived from a 33x multiple (from 35x previously) applied to C28E EPS of $21.11 (from $18.85). Our multiple is in-line with US public AI compute peers (unchanged valuation methodology).

Figure 6: AMD Valuation

Valuation	New	Old
EPS		
C2028	**$ 21.11**	**$ 18.85**
NTM P/E Multiple	**33x**	**35x**
Price Target	**$ 700**	**$ 670**

Source: UBS estimates, FactSet

Figure 7: Compute Peers Valuation

		P/E			
Ticker	**Company Name**	**2025**	**2026**	**2027**	**2028**
ARM	ARM	183x	149x	107x	81x
NVDA	Nvidia	44x	23x	17x	14x
AVGO	Broadcom	NM	35x	21x	15x
INTC	Intel	NM	102x	69x	45x
MRVL	Marvell	NM	58x	38x	26x
QCOM	Qualcomm	16x	18x	17x	14x
	Median	44x	46x	29x	21x
	Weighted Average	52x	37x	25x	19x
	Simple Average	**81x**	**64x**	**45x**	**33x**

Source: FactSet, UBS research



COMPANY DESCRIPTION

Founded in 1969, Advanced Micro Devices is a Santa Clara, CA-based company specializing in advanced x86-based microprocessors and chipsets for client desktop and notebook PCs and cloud/data center servers, as well as complex graphics processors (GPUs) and chipsets that drive workstation and PC graphics and advanced deep learning/AI platforms. The company also sells semi-custom solutions, development services, and intellectual property licenses.

Industry Outlook

Revenues by region (%)

EBIT by product segment

Advanced Micro Devices Inc (AMD.O)

Income Statement (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**22,680**	**25,785**	**34,639**	**50,668**	*46.3*	**83,370**	*64.5*	**112,284**	**135,294**	**158,778**
Gross profit	10,460	12,725	17,152	28,002	*63.3*	46,162	*64.9*	63,160	77,649	92,993
EBITDA (UBS)	**3,854**	**4,964**	**6,698**	**14,200**	*112.0*	**28,860**	*103.2*	**43,408**	**56,307**	**70,001**
Depreciation & amortisation	(3,453)	(3,064)	(3,004)	(2,968)	*1.2*	(2,858)	*3.7*	(2,778)	(2,698)	(2,618)
EBIT (UBS)	**401**	**1,900**	**3,694**	**11,232**	*204.1*	**26,002**	*131.5*	**40,630**	**53,609**	**67,383**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	91	89	446	136	*-69.6*	(105)	-	(77)	(77)	(69)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**492**	**1,989**	**4,140**	**11,367**	*174.6*	**25,897**	*127.8*	**40,553**	**53,532**	**67,315**
Tax	346	(381)	103	(1,509)	-	(3,371)	*-123.4*	(5,279)	(6,969)	(8,763)
Profit after tax	**838**	**1,608**	**4,243**	**9,858**	*132.3*	**22,526**	*128.5*	**35,274**	**46,563**	**58,552**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	16	33	92	6	*-93.5*	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**854**	**1,641**	**4,335**	**9,864**	*127.5*	**22,526**	*128.4*	**35,274**	**46,563**	**58,552**
Net earnings (UBS)	**4,302**	**5,420**	**6,831**	**12,774**	*87.0*	**25,229**	*97.5*	**37,977**	**49,267**	**61,255**
Tax rate (%)	0.0	0.0	0.0	0.0	-	13.0	-	13.0	13.0	13.0

Per Share (US$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	2.65	3.31	4.17	7.68	*84.0*	14.63	*90.5*	21.11	26.29	31.40
EPS (local GAAP, diluted)	0.53	1.00	2.65	5.93	*123.9*	13.06	*120.2*	19.60	24.85	30.01
EPS (UBS, basic)	2.67	3.35	4.21	7.79	*85.2*	15.15	*94.5*	22.44	28.68	35.11
DPS (net) (US$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) [1]	4.78	5.18	6.01	9.47	*57.5*	16.29	*72.1*	22.65	27.73	32.74
Book value per share	34.59	35.49	38.70	41.03	*6.0*	49.61	*20.9*	64.82	85.02	111.31
Average shares (diluted)	1,624	1,637	1,637	1,663	*1.6*	1,724	*3.7*	1,799	1,874	1,951

Balance Sheet (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	5,773	5,132	10,552	15,491	*46.8*	30,945	*99.8*	59,270	97,412	146,726
Other current assets	10,995	13,917	16,395	22,145	*35.1*	31,471	*42.1*	35,433	39,922	44,734
Total current assets	**16,768**	**19,049**	**26,947**	**37,636**	*39.7*	**62,416**	*65.8*	**94,702**	**137,335**	**191,460**
Net tangible fixed assets	1,589	1,802	2,312	3,332	*44.1*	3,952	*18.6*	4,576	5,280	6,064
Net intangible fixed assets	45,625	43,769	41,831	39,845	*-4.7*	37,923	*-4.8*	36,077	34,231	32,385
Investments / other assets	3,903	4,606	5,836	6,793	*16.4*	6,793	*0.0*	6,793	6,793	6,793
Total assets	**67,885**	**69,226**	**76,926**	**87,606**	*13.9*	**111,084**	*26.8*	**142,148**	**183,639**	**236,702**
Trade payables & other ST liabilities	5,938	7,281	8,581	15,268	*77.9*	23,274	*52.4*	27,741	32,720	38,034
Short term debt	751	0	874	874	*0.0*	874	*0.0*	874	874	874
Total current liabilities	**6,689**	**7,281**	**9,455**	**16,142**	*70.7*	**24,148**	*49.6*	**28,615**	**33,594**	**38,908**
Long term debt	1,717	1,721	2,348	1,474	*-37.2*	1,473	*-0.1*	848	848	98
Other long term liabilities	3,587	2,656	2,124	2,324	*9.4*	2,324	*0.0*	2,324	2,324	2,324
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**11,993**	**11,658**	**13,927**	**19,940**	*43.2*	**27,945**	*40.1*	**31,787**	**36,766**	**41,330**
Common s/h equity	**55,892**	**57,568**	**62,999**	**67,665**	*7.4*	**83,139**	*22.9*	**110,361**	**146,872**	**195,372**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**67,885**	**69,226**	**76,926**	**87,606**	*13.9*	**111,084**	*26.8*	**142,148**	**183,639**	**236,702**

Cash Flow (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	854	1,641	4,335	9,864	*127.5*	22,526	*128.4*	35,274	46,563	58,552
Depreciation & amortisation	3,453	3,064	3,004	2,968	*-1.2*	2,858	*-3.7*	2,778	2,698	2,618
Net change in working capital	(3,049)	(2,098)	(1,525)	(221)	*85.5*	(1,320)	*NM*	506	489	502
Other operating	409	434	1,857	1,820	*-2.0*	1,948	*7.0*	1,948	1,948	1,948
Operating cash flow	**1,667**	**3,041**	**7,671**	**14,431**	*88.1*	**26,011**	*80.3*	**40,505**	**51,699**	**63,620**
Tangible capital expenditure	(546)	(636)	(974)	(1,556)	*-59.8*	(1,556)	*0.0*	(1,556)	(1,556)	(1,556)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(132)	(548)	(368)	450	-	0	-	0	0	0
Other investing	(745)	83	(4,191)	(2,176)	*48.1*	0	-	0	0	0
Investing cash flow	**(1,423)**	**(1,101)**	**(5,533)**	**(3,282)**	*40.7*	**(1,556)**	*52.6*	**(1,556)**	**(1,556)**	**(1,556)**
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	(1,144)	(1,311)	(1,793)	(7,100)	*-296.0*	(9,000)	*-26.8*	(10,000)	(12,000)	(12,000)
Other financing	0	0	0	0	-	0	-	0	0	0
Change in debt & pref shares	(2)	(751)	1,362	(875)	-	0	-	(625)	0	(750)
Financing cash flow	**(1,146)**	**(2,062)**	**(431)**	**(7,975)**	*NM*	**(9,000)**	*-12.9*	**(10,625)**	**(12,000)**	**(12,750)**
Cash flow inc/(dec) in cash	**(902)**	**(122)**	**1,707**	**3,174**	*85.9*	**15,455**	*387.0*	**28,324**	**38,143**	**49,314**
FX / non cash items	820	(519)	3,713	1,765	*-52.5*	(1)	-	0	0	0
Balance sheet inc/(dec) in cash	**(82)**	**(641)**	**5,420**	**4,939**	*-8.9*	**15,454**	*212.9*	**28,324**	**38,143**	**49,314**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Advanced Micro Devices Inc (AMD.O)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	NM	57.6	NM	42.0	28.0	22.1	18.3
P/E (UBS, diluted)	38.9	47.6	36.5	71.4	37.5	26.0	20.8	17.5
P/CEPS	21.4	30.1	25.2	57.1	32.5	22.8	18.1	15.0
Equity FCF (UBS) yield %	0.7	0.9	2.7	1.4	2.7	4.4	5.6	7.0
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	3.0	4.4	3.9	13.4	11.0	8.5	6.4	4.9
EV/revenues (core)	7.2	9.8	7.0	NM	NM	7.9	6.0	5.3
EV/EBITDA (UBS core)	42.2	50.7	36.5	62.6	30.8	20.5	14.5	12.0
EV/EBIT (core)	>100	>100	66.1	79.2	34.2	21.9	15.2	12.5
EV/OpFCF (core)	49.2	58.1	42.7	70.3	32.6	21.2	14.9	12.3
EV/op. invested capital	3.1	4.7	4.5	16.1	16.3	16.6	15.7	16.7

Enterprise value (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	166,151	255,113	247,539	892,356	892,356	892,356	892,356	892,356
Net debt (cash)	(3,347)	(3,358)	(3,347)	(3,347)	(3,347)	(3,347)	(76,619)	(50,826)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**162,804**	**251,755**	**244,192**	**889,009**	**889,009**	**889,009**	**815,737**	**841,529**
Non core assets	(99)	(149)	0	0	0	0	0	0
Core enterprise value	**162,705**	**251,606**	**244,192**	**889,009**	**889,009**	**889,009**	**815,737**	**841,529**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	(3.9)	13.7	34.3	46.3	64.5	34.7	20.5	17.4
EBITDA (UBS)	(29.1)	28.8	34.9	112.0	103.2	50.4	29.7	24.3
EBIT (UBS)	(68.3)	NM	94.4	NM	131.5	56.3	31.9	25.7
EPS (UBS, diluted)	(24.4)	25.0	26.0	84.0	90.5	44.2	24.6	19.4
Net DPS	-	-	-	-	-	-	-	-

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	46.1	49.4	49.5	55.3	55.4	56.3	57.4	58.6
EBITDA margin	17.0	19.3	19.3	28.0	34.6	38.7	41.6	44.1
EBIT (UBS) margin	1.8	7.4	10.7	22.2	31.2	36.2	39.6	42.4
Net earnings (UBS) margin	19.0	21.0	19.7	25.2	30.3	33.8	36.4	38.6
ROIC (EBIT)	0.8	3.6	6.7	20.4	47.7	NM	NM	NM
ROIC post tax	0.8	3.6	6.7	20.4	46.5	70.9	NM	NM
ROE (UBS)	7.8	9.6	11.3	19.6	33.5	39.3	38.3	35.8

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(0.9)	(0.7)	(1.1)	(0.9)	(1.0)	(1.3)	(1.7)	(2.1)
Net debt / total equity %	(5.9)	(5.9)	(11.6)	(19.4)	(34.4)	(52.1)	(65.2)	(74.6)
Net debt / (net debt + total equity) %	(6.3)	(6.3)	(13.2)	(24.1)	(52.4)	NM	NM	NM
Net debt/EV %	(2.1)	(1.3)	(2.2)	(1.2)	(2.3)	(4.8)	(9.4)	(14.3)
Capex / depreciation %	15.8	49.2	129.9	NM	166.2	167.0	182.6	NM
Capex / revenue %	2.4	2.5	2.8	3.1	1.9	1.4	1.2	1.0
EBIT / net interest	-	-	-	-	NM	NM	NM	NM
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-

Revenues by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	22,680	25,785	34,639	50,668	83,370	112,284	135,294	158,778
Total	**22,680**	**25,785**	**34,639**	**50,668**	**83,370**	**112,284**	**135,294**	**158,778**

EBIT (UBS) by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	401	1,900	3,694	11,232	26,002	40,630	53,609	67,383
Total	**401**	**1,900**	**3,694**	**11,232**	**26,002**	**40,630**	**53,609**	**67,383**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	27.7%
Forecast dividend yield	0.0%
Forecast stock return	27.7%
Market return assumption	9.2%
Forecast excess return	18.5%

Company Description

Founded in 1969, Advanced Micro Devices is a Santa Clara, CA-based company specializing in advanced x86-based microprocessors and chipsets for client desktop and notebook PCs and cloud/data center servers, as well as complex graphics processors (GPUs) and chipsets that drive workstation and PC graphics and advanced deep learning/AI platforms. The company also sells semi-custom solutions, development services, and intellectual property licenses.

Valuation Method and Risk Statement

We value AMD based on a NTM P/E methodology. Upside risks to our AMD thesis include higher-than-anticipated penetration into cloud/data center servers and better traction in AI. Downside risks include margin pressure in the form of aggressive price competition from Intel and an inability to effectively shift production to TSMC in a timely manner.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Advanced Micro Devices Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	