Advanced Micro Devices Inc. (AMD): Communacopia + Technology 2026 — Key Takeaways

James Schneider, Ph.D.
+1(212)357-2929 | jim.schneider@gs.com
Goldman Sachs & Co. LLC

Anmol Makkar
+1(212)357-1366 | anmol.makkar@gs.com
Goldman Sachs & Co. LLC

Luya You
+1(212)902-5297 | luya.you@gs.com
Goldman Sachs & Co. LLC

Khalil Fenina
+1(212)357-6392 | khalil.fenina@gs.com
Goldman Sachs & Co. LLC

Marshall Wong
+1(646)446-0222 | marshall.wong@gs.com
Goldman Sachs & Co. LLC



Presenters: Dan McNamara, SVP & GM of Compute and Enterprise AI, and Matt Ramsay, CVP Financial Strategy & IR

Bottom Line: We have four key takeaways: (1) AMD described its AI adoption journey as progressing from building and optimizing its data foundation to deploying agents that automate workflows and improve efficiency; (2) AMD expects both frontier and open-source models to coexist, with customers increasingly optimizing model selection based on workload requirements, cost, and security.; (3) AMD noted that its AI strategy mirrors its successful server playbook: scaling first in the cloud before expanding into the enterprise; (4) AMD noted that, while instruction set architecture (ISA) remains important, workload optimization and a broad portfolio of tailored SKUs are increasingly key differentiators.

Key Takeaways

- **AI adoption:** AMD described its AI adoption journey as progressing from building and optimizing its data foundation to deploying agents that automate workflows and improve efficiency. Management is now seeing strong returns from domain-specific AI applications, such as EDA, coding, debugging, and kernel development, where AI is driving meaningful productivity gains. AMD also highlighted the use of AI to compress hardware and software development cycles, accelerating time-to-market and improving engineering productivity.
- **Frontier vs. open-source models:** AMD expects both frontier and open-source models to coexist, with customers increasingly optimizing model selection based on workload requirements, cost, and security. Management sees frontier models primarily deployed through cloud-based GPU services, while enterprises are adopting open-source models on-premises, with AMD's hardware helping customers efficiently right-size compute for each use case.
- **Key product and operational focus areas:** AMD highlighted its evolution from a

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component supplier to a full-stack AI infrastructure provider, offering integrated CPU, GPU, networking, and software solutions. Management's primary focus is scaling rack-level deployments and delivering end-to-end AI systems across cloud, enterprise, edge, and PC workloads, positioning AMD as a comprehensive high-performance computing partner to its customers.

- **Financial targets reiterated:** AMD reiterated its long-term outlook for ~60% Datacenter revenue growth and ~80% AI revenue growth, with its 2030 AI TAM estimate of roughly $2tn growing at ~40% annually. Management expects AMD to outgrow the market, sees Datacenter revenue more than doubling in 2027, and expects target earnings significantly higher than its initial target of $20.00.
- **AI Datacenter strategy:** AMD noted that its AI strategy mirrors its successful server playbook: scaling first in the cloud before expanding into the enterprise, where adoption and share gains are accelerating.
- **Server CPUs:** AMD highlighted that agentic AI introduces a continuous computing model that increases demand for both GPUs and CPUs. While GPUs benefit from AI inference and reasoning workloads, management expects CPU demand to grow significantly as agents require substantial general-purpose compute for data retrieval, execution, orchestration, and workflow management. AMD sees strong adoption across both enterprise and cloud environments and believes its upcoming Venice platform is well positioned to capitalize on this trend, although the ultimate CPU uplift will vary by workload. AMD reiterated its 2030 Server CPU TAM of $220 bn.
- **ARM vs x86:** AMD noted that, while instruction set architecture (ISA) remains important (particularly for enterprise customers), workload optimization and a broad portfolio of tailored SKUs are increasingly the key differentiators. Management also highlighted exceptionally strong demand for Venice, supported by its broadest ecosystem launch to date with broad support across ODMs, OEMs, and cloud customers.

Valuation/Risks

We are Buy rated on AMD. Our 12-month target price of $640 is based on 32X our normalized EPS estimate of $20.00. Key downside risks include: (1) slower-than-expected adoption of agentic AI; (2) slower-than-anticipated deployment of AMD GPUs related to the Meta deal; (3) share erosion of x86 architecture in enterprise AI and (4) lack of operating leverage.

AMD	12m Price Target: **$640.00**	Price: **$503.60**	Upside: **27.1%**

Buy

Market cap: $830.9bn
Enterprise value: $819.4bn
3m ADTV: $13.1bn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	34,639.0	52,648.5	93,450.9	124,633.6
EBITDA ($ mn)	6,984.0	13,899.8	30,125.4	44,979.4
EBIT ($ mn)	6,130.0	13,027.8	29,221.4	44,055.4
EPS ($)	2.64	6.60	14.98	22.19
P/E (X)	57.7	76.3	33.6	22.7
EV/EBITDA (X)	34.3	58.4	26.8	17.5
FCF yield (%)	2.7	0.3	0.9	3.3
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	(1.2)	(0.8)	(1.1)	(1.7)

	6/26	9/26E	12/26E	3/27E
EPS ($)	1.38	1.72	2.65	2.96

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 10 Sep 2026 close.

