Marvell Technology Inc. (MRVL): Our initial thoughts on reported potential acquisition of Lumentum

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On October 28 after the market close, Reuters reported that Marvell is in advanced talks to acquire Lumentum (Not Covered), with a potential transaction announcement as early as next week. Neither company has officially commented on the report, and we take no view on the likelihood of any transaction or merits thereof. At a strategic level, in principle we believe a combination could expand the companies' addressable market by driving supply chain integration across the optical connectivity stack, pairing Marvell's DSP, connectivity, and custom silicon portfolio with Lumentum's lasers, photonics, and optical switching assets. We share our initial thoughts below.

Our initial thoughts

- **Overall strategy:** Strategically, we believe the combination would allow Marvell to capture a larger share of the AI connectivity stack. Lumentum's product portfolio in lasers, photonics, and optical switching assets are complementary to Marvell's DSP, connectivity, and custom silicon portfolio, with minimal overlap. In principle, we believe this combination of products could provide opportunities for supply chain integration. With optical content becoming increasingly important in AI datacenters, a potential merger could expand Marvell's addressable market and reduce its current reliance on a relatively concentrated set of custom XPU and XPU attach programs.
- **Product overlap:** We believe the value of any potential combination would reside mainly in vertical product and supply chain integration, rather than cost synergies / product overlap. Marvell specializes in the silicon and DSP layer, while Lumentum has expertise in the underlying laser, photonics, and optical-hardware capabilities - potentially allowing a combined entity to capture a greater share of the AI optical connectivity stack. For context, Marvell and Lumentum also showcased a live demonstration of Marvell optical connectivity solutions inter-operating with Lumentum's optical circuit switching (OCS) platform at OFC 2026 (here).

Price target methodology and risks

We are Neutral rated on Marvell. Our 12-month price target of $270 is based on 30X P/E multiple applied to our normalized EPS of $9.00. Key upside risks: (1) stronger-than-expected ramp in custom compute; (2) stronger-than-expected

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recovery in traditional businesses. Key downside risks: (1) slowdown in overall AI spending; (2) share loss in custom compute.

MRVL	12m Price Target: **$270.00**	Price: **$251.65**	Upside: **7.3%**

Neutral

Market cap: $231.8bn
Enterprise value: $231.8bn
3m ADTV: $5.0bn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	1/26	1/27E	1/28E	1/29E
Revenue ($ mn)	8,194.6	12,238.3	20,471.3	35,118.9
EBITDA ($ mn)	2,648.8	3,798.6	7,241.7	14,052.5
EBIT ($ mn)	2,300.2	3,420.9	6,851.3	13,646.1
EPS ($)	2.16	3.05	6.12	12.15
P/E (X)	35.8	82.6	41.1	20.7
EV/EBITDA (X)	25.7	59.1	30.8	15.6
FCF yield (%)	2.1	1.1	1.9	3.0
Dividend yield (%)	0.3	0.1	0.1	0.1
Net debt/EBITDA (X)	0.7	(0.0)	(0.3)	(0.4)

	7/26	10/26E	1/27E	4/27E
EPS ($)	0.59	0.76	1.13	1.20

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 28 Oct 2026 close.

