PCs and Servers

Read-through from AMD/SMCI/ANET September quarter takeaways

AMD (AMD US, Neutral, covered by Harlan Sur), Super Micro (SMCI US, Neutral, covered by Joseph Cardoso), and Arista (ANET US, Overweight, covered by Joseph Cardoso) reported September quarter earnings before the Asian market open today. All three companies delivered strong earnings beats and raised their 2027 outlook despite recent market concerns about a potential slowdown in server spending. The key implications for the Asian tech supply chain were:

AMD

- **Strong server CPU demand and improving supply bode well for server shipments**. AMD's server CPU revenue more than doubled YoY in 3Q26 (vs. +70% YoY in 2Q26), driven by broad-based strength across cloud, enterprise, and agentic workloads. Management also raised its 2027 server revenue growth outlook to ~2x YoY (from the prior guidance of >70%), highlighting agentic workloads as a meaningful incremental driver in cloud. On supply, management sounded more confident than Intel (also covered by Harlan) in its ability to support the raised growth target. We attribute AMD's relative supply advantage to incremental server capacity additions (TSMC's N2) and improving capacity allocation between PCs and servers. Net-net, stronger CPU supply should be a tailwind for general server shipments. In our view, the key beneficiaries include **ASPEED, Wiwynn,** and **Lenovo**.
- **Venice CPU ramp is supportive for ASPEED and Lotes**. AMD highlighted Venice's ramp progress in the quarter, consistent with our checks that show ASE entered mass production for Venice on its CoWoS-like platform in September. We expect OEM systems to be on track for 4Q26. Management indicated Venice's early demand is the strongest for any new generation, and we view further deployment in 4Q26/1Q27 as supportive of **ASPEED**, **Lotes**, and **ASE**. Overall, we expect AMD Venice volume to see robust growth in 2027 at 3.7mn vs. an early ramp of 0.4mn in 2026.
- **MI455 ramps; AI compute overtakes server CPU in 4Q26 data center revenue.** AMD guided for ~50% QoQ growth in data center revenue in 4Q26, driven primarily by a meaningful step-up from the MI455 ramp. The company noted it began shipping MI455 in volume in 3Q26 and expects Helios deployments to increase substantially in 4Q26 as production continues to scale up. AMD also highlighted collaborations with multiple frontier labs to optimize workloads. While we still expect a more meaningful pickup in MI455 rack shipments for major CSPs only in 1H27, the strengthened near-term outlook is positive for **Wiwynn** (Meta/Oracle MI455), **Hon Hai** (potential 2nd source for Oracle), **Quanta** (Microsoft), and **Wistron** (modules).
- **Weakening 2027 PC/gaming outlook**. AMD saw PC sell-through slow in late 3Q26 as higher memory and component costs pressured end demand. Management guided to >20% QoQ decline in client and gaming segment in 4Q26, and expects 2027 PC unit shipments to decline by a double-digit percentage YoY. This aligns with our cautious view on the PC sector in 2H26 and 2027. Within PCs, our top avoids are **Micro-Star** and **Compal**.

Technology - Hardware

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SMCI

- **Strong FY27 guidance with only mild GM dilution despite rising AI mix**. SMCI raised its FY2027 revenue outlook to $72bn–82bn (from $65bn–72bn previously). While management flagged component constraints and uncertainty around customer data center readiness as near-term gating factors, underlying demand remains very strong. Full-year GM guidance of 11.8–12.2% came in above market expectations of 10.5%, though it implies some 2H margin pressure as the AI server mix increases. Management also noted that margins within individual product categories should hold or improve. This margin beat echoes our view of a more favorable pricing backdrop for server OEMs/ ODMs in a tight supply-demand environment.

ANET

- **2027 outlook supports a constructive read-through for Accton's AI switching growth**. ANET guided to ~US$18.5bn of 2027 revenue (+38–40% YoY), with AI fabrics doubling to ~US$7bn, driven by scale-out and scale-across deployments (excluding any material scale-up contribution). Management expects scale-across to represent at least one-third of AI fabrics, which should support connectivity demand across distributed AI clusters. ANET also highlighted improving supply availability and stronger execution confidence, supported by higher purchase commitments and longer-term supply agreements. These dynamics are supportive of **Accton's** broader AI switching opportunity, with scale-up remaining an additional upside optionality.

