Advanced Micro Devices

Strong Results and Guide; Total Revenues Set to Grow 80%+ in CY27 With Data Center More Than Doubling and Embedded Continuing Its Cyclical Recovery; Raising Out-Year Estimates

Neutral

AMD, AMD US
Price (03 Nov 26):$483.90

▲**Price Target (Dec-27):$575.00**
Prior (Dec-27):$550.00

Semiconductors & Semiconductor Capital Equipment / IT Hardware

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E ($)	7.25	8.07	11.3%
Adj. EPS - 27E ($)	14.38	17.55	22.0%

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	0.96	1.37A	3.21
Q2	0.48	1.66A	3.92
Q3	1.20	2.09A	4.76
Q4	1.53	2.94	5.66
FY	4.18	8.07	17.55

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	85	77	75	57	70
Growth	33	34	34	74	6
Momentum	13	15	20	24	23
Quality	46	18	33	56	1
Low Vol	61	61	59	53	51
ESGQ	13	28	33	19	6

Advanced Micro Devices (AMD) delivered a strong set of 3Q26 results, with an even stronger out-quarter guide that came in ahead of both consensus expectations and the buyside estimates we heard coming into the print. The team went one step further and provided a strong 80%+ total revenue growth outlook for CY27 (Street was modeling ~75% growth off a lower CY26 number before the call), driven by >2x growth in its Data Center (DC) business and continued growth in Embedded. The team is benefitting from continued strong AI infrastructure spending dynamics, the ramp of its MI455X "Helios" rackscale AI compute platform, and strong agentic-driven server CPU demand. The team's Embedded business (FPGA + embedded CPU) continues to see cyclical recovery and strong demand trends in A&D / industrial segments. Slightly offsetting these strong growth dynamics is the well-telegraphed weakness in the PC client market, with the AMD team noting that it started to observe a slowdown in sell-through near the end of 3Q as high memory pricing/component costs weighed on demand. Looking into 2027, AMD expects a DD % decline in overall PC unit TAM, however, this is being more than offset by the >2x growth in DC (which will represent >80% of total revenues in CY27). The team has done a good job of continuing to secure more supply (wafers, advanced packaging, components) to support the solid growth in CY27 and with demand still outstripping supply, we believe further capacity becoming available over the next two quarters could support continued upward revisions to revenue and EPS estimates through 2027. Separately, we estimate that AMD gained server CPU share in 3Q and expect further gains in 4Q and through CY27. All told, we remain impressed with the company's execution and are raising our CY26/CY27 estimates and PT to $575 (up from $550 prior) on the back of Tuesday's results.

- **Strong Q3 results, driven by the ramp of MI455X (AI GPU) "Helios" platform, continued strong demand in server CPUs, and cyclical recovery in embedded; PC client weakness starting to unfold...** AMD reported 3Q26 revenues of $13.4B (+45% Y/Y, +16% Q/Q), coming in ahead of Street consensus of ~$13.1B. Data Center revenue of $8.55B (+97% Y/Y, +27% Q/Q) drove the beat, with server CPU up >90% Y/Y (cloud/enterprise segments up 2x Y/Y) and up ~20% Q/Q. DC GPU revenue grew strongly Q/Q (we estimate +35% Q/Q) as the team commenced the ramp of its MI455X rackscale compute platform. Client declined 4% Q/Q as AMD saw PC market sell-through weakness materialize towards the end of the quarter, while Gaming continued to further decline ~1% Q/Q. Embedded was up 14% Q/Q (+29% Y/Y), driven by broad-based demand across networking, A&D, test & measurement, and communications customers, with embedded x86 emerging as a significant growth driver as hyperscalers and networking customers increasingly adopt AMD CPUs for control-plane functions in the DC. GMs of 56% remained flat Q/Q and in-line with expectations, whereas EPS of $2.09 came in better than expected (Street at $1.97) on higher revenues and lower opex.
- **Strong Q4 guide and impressive 2027 growth outlook, with management expecting 80%+ growth in CY27...** AMD guided 4Q26 revenues to ~$17.0B

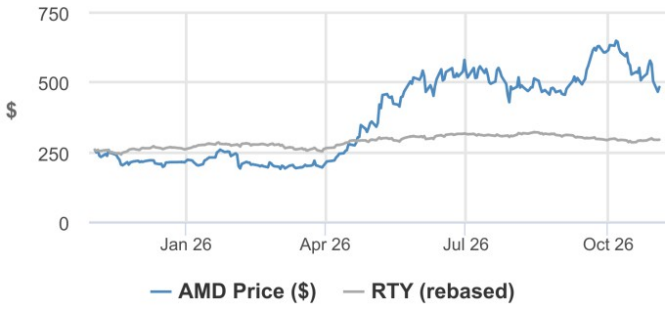
Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 11 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	126.0%	-23.7%	-0.2%	86.4%
Rel	112.7%	-22.9%	5.5%	72.6%

Company Data

Shares O/S (mn)	1,659
52-week range ($)	658.52-188.22
Market cap ($ mn)	802,790.10
Exchange rate	1.00
Free float (%)	99.6%
3M ADV (mn)	21.55
3M ADV ($ mn)	11,494.2
Volatility (90 Day)	70
Index	RUSSELL 2000
BBG ANR (Buy | Hold | Sell)	56|12|0

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	34,639	52,211	94,872	134,567
Adj. EBIT	7,768	15,165	33,644	50,830
Adj. EBITDA	10,772	18,217	36,672	53,858
Adj. net income	6,831	13,398	29,304	44,256
Adj. EPS	4.18	8.07	17.55	26.50
BBG EPS	3.98	7.58	16.01	23.82
Cashflow from operations	6,864	5,872	11,845	35,194
FCFF	6,032	5,040	11,013	34,362
Margins and Growth				
Revenue Growth Y/Y (%)	34.3%	50.7%	81.7%	41.8%
EBIT margin	22.4%	29.0%	35.5%	37.8%
EBIT Growth Y/Y (%)	27.6%	95.2%	121.9%	51.1%
EBITDA margin	31.1%	34.9%	38.7%	40.0%
EBITDA Growth Y/Y (%)	17.5%	69.1%	101.3%	46.9%
Net margin	19.7%	25.7%	30.9%	32.9%
Adj. EPS growth	26.1%	93.3%	117.4%	51.0%
Ratios				
Adj. tax rate	2.5%	5.0%	13.0%	13.0%
Interest cover	-	-	-	-
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	11.3%	19.6%	33.2%	35.3%
Valuation				
FCFF yield	0.8%	0.6%	1.4%	4.3%
Dividend yield	-	-	-	-
EV/Revenue	22.9	15.2	8.3	5.6
EV/EBITDA	73.8	43.6	21.4	13.9
Adj. P/E	115.9	60.0	27.6	18.3

Summary Investment Thesis and Valuation

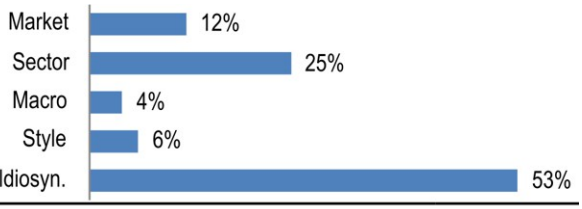
Investment Thesis

- AMD is improving its competitiveness across CPU and GPU products with Ryzen, EPYC, and Radeon Vega platforms and is on track to improve its market share and drive meaningful revenue growth in the near term. Long term, we believe share gains are less certain.
- AMD will have to invest heavily in operating expense (especially R&D) in order to keep pace with the market leaders, potentially limiting operating leverage.
- AMD is executing well toward its target financial model, but we remain Neutral as shares appear to be nearly fully valued.

Valuation

Our PT is based on ~22x our CY28 EPS of $26.50, with the multiple standing in-line with the broader semiconductor group average (~20-25x).

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.51	0.33
Sect: Technology	0.58	0.53
Ind: Semicond & S Equip	0.67	0.53
Macro:		
Economic Surprise	0.22	0.15
Crude Oil	-0.11	-0.10
US 10yr Breakeven	-0.13	-0.05
Quant Styles:		
LowVol	-0.50	-0.43
Momentum	0.57	0.37
Value	-0.19	-0.35

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

± 3%, with the midpoint standing above Street estimates ($16.3B) and the buyside expectations we had heard coming into results. The Q4 guide implies ~27% Q/Q growth, driven by an expected ~50% sequential increase in DC revenue as AI accelerator shipments ramp and as EPYC adoption continues. Embedded revenues are also expected to grow DD Q/Q in Q4, though note that there is a partial offset due to >20% sequential declines in Client and Gaming. On the margin front, AMD guided non-GAAP GMs to ~55% (vs. Street estimates at ~55.5%). Looking further out, management highlighted its expectations for 80%+ total company growth in CY27 (more than 2x the LT growth estimates AMD laid out at its Nov-25 Investor Day), with Data Center accounting for >80% of sales. Server CPU revenue is expected to double Y/Y, while Data Center AI revenue is expected to grow significantly faster, supported by the MI450/Helios ramp and continued EPYC share gains. Although the growing AI mix may pressure corporate GMs, management expects opex to grow at less than half the rate of revenue, supporting meaningful operating leverage through 2027.

- **Increasing forward estimates and raising PT to $575 (up from $550 prior)...** On the back of tonight's strong results and outlook, we are increasing our out-year estimates and raising our PT to $575. Our PT is based on ~22x our CY28 EPS of $26.50, with the multiple standing in-line with the broader semiconductor group average (~20-25x).



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Figure 1: AMD Quarterly Results and Out-Quarter Guidance

	3Q26				4Q26E	
	Consensus	JPM Est	Actual	Δ	Consensus	Guidance
Revenue ($B)	13.079.3	$13.03	$13.38	$0.35	$16.28	$17.00
Q/Q Change		12.9%	16.0%	3.0%		
Gross Margin	56.1%	56.0%	55.9%	-0.1%	55.5%	55.0%
Op Margin		27.8%	29.3%	1.5%		
EPS (ex. SBC)	$1.97	$1.93	$2.09	$0.16	$2.67	$2.92

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

Figure 2: AMD Revenues by Product Type

	3Q26		
	Revenue	% of Total	Q/Q Growth
Data Center	$8,546	63.9%	27%
Client	$2,949	22.0%	-4%
Gaming	$773	5.8%	-1%
Embedded	$1,109	8.3%	14%
TOTAL	$13,377	100.0%	16%

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

Balance Sheet and Cash Flow Items

AMD ended 3Q26 with $15.8B in cash and short-term investments, up from $13.1B in 2Q26. Inventory rose to $11.5B, (up from $8.5B last quarter), while free cash flow declined to $554M from $1.6B in the prior quarter. Capex was ~$648M in Q3, down from ~$808M in 2Q26.

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Appendix I: Valuation and Comp Table

Figure 3: Processor / Computing Peer Comps Sheet

Company	Co Ticker	Price 11/3/26	Mkt Cap ($m)	EV ($m)	Non-GAAP EPS ($) 2025	2026	2027	2025-27 CAGR	PE Multiple 2025	2026	2027	Sales ($m) 2025	2026	2027	2025-27 CAGR	PS Multiple 2025	2026	2027
Processors / Computing																		
NVIDIA Corporation	NVDA	$206.69	4,981,229	4,920,720	4.78	9.31	15.85	*82%*	43.2x	22.2x	13.0x	215,938	411,076	704,241	*81%*	23.1x	12.1x	7.1x
Broadcom Inc	AVGO	$332.13	1,585,466	1,620,910	7.27	13.70	21.47	*72%*	45.7x	24.2x	15.5x	68,282	123,900	195,248	*69%*	23.2x	12.8x	8.1x
Advanced Micro Devices	AMD	$483.90	789,955	781,120	4.17	7.81	16.16	*97%*	116.0x	62.0x	29.9x	34,639	51,533	90,284	*61%*	22.8x	15.3x	8.7x
Intel Corporation	INTC	$60.55	321,823	325,796	0.41	1.48	1.78	*108%*	147.7x	41.0x	34.1x	52,853	61,800	68,847	*14%*	6.1x	5.2x	4.7x
Marvell Technologies	MRVL	$171.97	150,800	152,154	2.85	4.21	7.36	*61%*	60.3x	40.8x	23.4x	8,195	12,060	19,758	*55%*	18.4x	12.5x	7.6x
Cerebras Systems	CBRS	$97.82	23,239	16,804	--	-0.45	1.28	*N/M*	N/M	N/M	76.5x	510	887	2,931	*140%*	45.6x	26.2x	7.9x
Average									**82.6x**	**38.1x**	**32.1x**					**23.2x**	**14.0x**	**7.4x**
Median									**60.3x**	**40.8x**	**26.6x**					**22.9x**	**12.7x**	**7.8x**

Semi Industry	PE Multiple 2025	2026	2027
Median	45.7x	27.2x	19.9x
Average	60.5x	29.6x	21.7x

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

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Appendix II: Financial Tables

Figure 4: AMD Pro-Forma Income Statement ($M)

FY end: Dec.	F24	1Q25	2Q25	3Q25	4Q25	F25	1Q26	2Q26	3Q26	4Q26E	F26E	1Q27E	2Q27E	3Q27E	4Q27E	F27E	1Q28E	2Q28E	3Q28E	4Q28E	F28E
Total revenue	**25,785**	**7,438**	**7,685**	**9,246**	**10,270**	**34,639**	**10,253**	**11,536**	**13,377**	**17,045**	**52,211**	**18,554**	**21,693**	**25,343**	**29,282**	**94,872**	**30,994**	**32,947**	**34,607**	**36,018**	**134,567**
% Change Y/Y	**13.7%**	35.9%	31.7%	35.6%	34.1%	**34.3%**	37.8%	50.1%	44.7%	66.0%	**50.7%**	81.0%	88.0%	89.5%	71.8%	**81.7%**	67.0%	51.9%	36.6%	23.0%	**41.8%**
% Change Q/Q		-2.9%	3.3%	20.3%	11.1%		-0.2%	12.5%	16.0%	27.4%		8.9%	16.9%	16.8%	15.5%		5.8%	6.3%	5.0%	4.1%	
Cost of goods sold (Non-GAAP)	**12,026**	3,446	4,359	4,254	4,415	**16,474**	4,568	5,065	5,894	7,670	**23,197**	8,350	9,762	11,404	13,177	**42,693**	13,947	14,826	15,573	16,208	**60,555**
Gross profit (Non-GAAP)	**13,759**	**3,992**	**3,326**	**4,992**	**5,855**	**18,165**	**5,685**	**6,471**	**7,483**	**9,375**	**29,014**	**10,205**	**11,931**	**13,939**	**16,105**	**52,180**	**17,047**	**18,121**	**19,034**	**19,810**	**74,012**
Gross margin (Non-GAAP) %	**53.4%**	53.7%	43.3%	54.0%	57.0%	**52.4%**	55.4%	56.1%	55.9%	55.0%	**55.6%**	55.0%	55.0%	55.0%	55.0%	**55.0%**	55.0%	55.0%	55.0%	55.0%	**55.0%**
SG&A (GAAP)	**2,783**	886	991	1,069	1,198	**4,144**	1,253	1,401	1,298	1,350	**5,302**	1,417	1,531	1,653	1,786	**6,387**	1,857	1,913	1,970	2,029	**7,769**
% Total revenue	**10.8%**	11.9%	12.9%	11.6%	11.7%	**12.0%**	12.2%	12.1%	9.7%	7.9%	**10.2%**	7.6%	7.1%	6.5%	6.1%	**6.7%**	6.0%	5.8%	5.7%	5.6%	**5.8%**
R&D (GAAP)	**6,456**	1,728	1,894	2,139	2,330	**8,091**	2,397	2,528	2,803	2,941	**10,669**	3,176	3,430	3,705	4,001	**14,313**	4,201	4,327	4,457	4,591	**17,577**
% Total revenue	**25.0%**	23.2%	24.6%	23.1%	22.7%	**23.4%**	23.4%	21.9%	21.0%	17.3%	**20.4%**	17.1%	15.8%	14.6%	13.7%	**15.1%**	13.6%	13.1%	12.9%	12.7%	**13.1%**
Other Op Income/Loss (Including licensing)	**1,634**	316	308	302	297	**1,223**	290	284	277	277	**1,128**	277	277	277	277	**1,108**	277	277	277	277	**1,108**
Licensing	**(48)**	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**
Operating Expense (GAAP)	**10,873**	2,930	3,193	3,510	3,825	**13,458**	3,940	4,213	4,378	4,568	**17,099**	4,871	5,238	5,635	6,064	**21,808**	6,335	6,517	6,704	6,897	**26,454**
% Total revenue	**42.2%**	39.4%	41.5%	38.0%	37.2%	**38.9%**	38.4%	36.5%	32.7%	26.8%	**32.7%**	26.3%	24.1%	22.2%	20.7%	**23.0%**	20.4%	19.8%	19.4%	19.1%	**19.7%**
Operating income (GAAP)	**1,852**	806	(134)	1,270	1,752	**3,694**	1,476	1,990	2,832	4,534	**10,832**	5,061	6,420	8,031	9,768	**29,280**	10,439	11,331	12,057	12,640	**46,466**
% Total revenue	**7.2%**	10.8%	-1.7%	13.7%	17.1%	**10.7%**	14.4%	17.3%	21.2%	26.6%	**20.7%**	27.3%	29.6%	31.7%	33.4%	**30.9%**	33.7%	34.4%	34.8%	35.1%	**34.5%**
Operating Expense (Non-GAAP)	**7,669**	2,213	2,429	2,754	3,001	**10,397**	3,145	3,394	3,560	3,750	**13,849**	4,053	4,420	4,817	5,246	**18,536**	5,517	5,699	5,886	6,079	**23,182**
% Total revenue	**29.7%**	29.8%	31.6%	29.8%	29.2%	**30.0%**	30.7%	29.4%	26.6%	22.0%	**26.5%**	21.8%	20.4%	19.0%	17.9%	**19.5%**	17.8%	17.3%	17.0%	16.9%	**17.2%**
% Change Q/Q	**15.9%**	4.1%	9.8%	13.4%	9.0%	**35.6%**	4.8%	7.9%	4.9%	5.3%	**33.2%**	8.1%	9.1%	9.0%	8.9%	**33.8%**	5.2%	3.3%	3.3%	3.3%	**25.1%**
Operating income (Non-GAAP)	**6,090**	**1,779**	**897**	**2,238**	**2,854**	**7,768**	**2,540**	**3,077**	**3,923**	**5,625**	**15,165**	**6,152**	**7,511**	**9,122**	**10,859**	**33,644**	**11,530**	**12,422**	**13,148**	**13,731**	**50,830**
Operating margin (Non-GAAP) %	**23.6%**	23.9%	11.7%	24.2%	27.8%	**22.4%**	24.8%	26.7%	29.3%	33.0%	**29.0%**	33.2%	34.6%	36.0%	37.1%	**35.5%**	37.2%	37.7%	38.0%	38.1%	**37.8%**
Other income (expense) - GAAP	**89**	19	60	45	322	**446**	128	561	(964)	4	**(271)**	4	4	4	4	**16**	4	4	4	4	**16**
Pretax income (GAAP)	**1,989**	825	(74)	1,315	2,074	**4,140**	1,604	2,551	1,868	4,538	**10,561**	5,065	6,424	8,035	9,772	**29,296**	10,443	11,335	12,061	12,644	**46,482**
Income Tax (GAAP)	**381**	123	(834)	153	455	**(103)**	238	252	(555)	590	**525**	658	835	1,045	1,270	**3,808**	1,358	1,474	1,568	1,644	**6,043**
Tax rate	**19.2%**	14.9%	1127.0%	11.6%	21.9%	**-2.5%**	14.8%	9.9%	-29.7%	13.0%	**5.0%**	13.0%	13.0%	13.0%	13.0%	**13.0%**	13.0%	13.0%	13.0%	13.0%	**13.0%**
Net income before JV income (GAAP)	**1,608**	702	760	1,162	1,619	**4,243**	1,366	2,299	2,423	3,948	**10,036**	4,407	5,589	6,990	8,502	**25,487**	9,085	9,861	10,493	11,000	**40,439**
Non-controlling interest + Class B preferred acc	**33**	7	112	81	(108)	**92**	17	(2)	5	5	**25**	5	5	5	5	**20**	5	5	5	5	**20**
Net income (GAAP)	**1,641**	709	872	1,243	1,511	**4,335**	1,383	2,297	2,428	3,953	**10,061**	4,412	5,594	6,995	8,507	**25,507**	9,090	9,866	10,498	11,005	**40,459**
% Total revenue	**6.2%**	9.4%	9.9%	12.6%	15.8%	**12.2%**	13.3%	19.9%	18.1%	23.2%	**19.2%**	23.8%	25.8%	27.6%	29.0%	**26.9%**	29.3%	29.9%	30.3%	30.5%	**30.1%**
Convert int exps																					
Shares (diluted - GAAP)	**1,637**	1,623	1,630	1,641	1,649	**1,636**	1,650	1,659	1,661	1,670	**1,660**	1,670	1,670	1,670	1,670	**1,670**	1,670	1,670	1,670	1,670	**1,670**
Shares (fully diluted - Non-GAAP)	**1,637**	1,623	1,630	1,641	1,649	**1,636**	1,650	1,659	1,661	1,670	**1,660**	1,670	1,670	1,670	1,670	**1,670**	1,670	1,670	1,670	1,670	**1,670**
EPS (Non-GAAP)	**$3.31**	**$0.96**	**$0.48**	**$1.20**	**$1.53**	**$4.18**	**$1.37**	**$1.66**	**$2.09**	**$2.94**	**$8.07**	**$3.21**	**$3.92**	**$4.76**	**$5.66**	**$17.55**	**$6.01**	**$6.48**	**$6.85**	**$7.16**	**$26.50**
% Change Y/Y	24.9%	54.8%	-30.4%	30.4%	40.4%	26.3%	42.7%	245.8%	74.2%	92.2%	93.1%	134.3%	136.1%	127.8%	92.5%	117.5%	87.2%	65.3%	43.9%	26.5%	51.0%
% Change Q/Q		-11.9%	-85.5%	150.0%	27.5%		-10.5%	21.2%	25.9%	40.7%		9.2%	22.1%	21.4%	18.9%		6.2%	7.8%	5.7%	4.5%	

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

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Figure 5: AMD Balance Sheet ($M)

FY End: Dec.	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E
Assets																
Cash and equivalent & ST Investment	7,310	5,867	7,243	10,552	12,347	13,111	15,776	14,917	18,071	19,920	22,389	25,930	33,452	41,384	50,395	60,292
Accounts receivable	5,443	5,115	6,201	6,315	6,035	7,281	9,209	11,766	12,808	14,975	17,495	20,214	21,396	22,744	23,890	24,864
Inventories	6,416	6,677	7,313	7,920	8,045	8,468	11,463	14,765	16,027	18,652	21,706	25,000	26,432	28,066	29,454	30,635
Deferred tax assets and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other current assets	2,426	6,860	6,243	2,160	2,201	2,662	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023
Total current assets	**21,595**	**24,519**	**27,000**	**26,947**	**28,628**	**31,522**	**39,471**	**44,471**	**49,930**	**56,570**	**64,612**	**74,166**	**84,303**	**95,217**	**106,761**	**118,814**
PP&E, net	1,921	2,128	2,205	2,312	2,723	3,439	3,929	3,948	3,967	3,986	4,005	4,024	4,043	4,062	4,081	4,100
Joint venture investments	845	0	0	0	0	0	0									
Goodwill/intangibles	43,202	42,895	42,333	41,831	41,498	41,105	40,571	40,571	40,571	40,571	40,571	40,571	40,571	40,571	40,571	40,571
Other assets	3,987	5,278	5,353	5,836	6,793	8,398	10,841	10,841	10,841	10,841	10,841	10,841	10,841	10,841	10,841	10,841
Total assets	**71,550**	**74,820**	**76,891**	**76,926**	**79,642**	**84,464**	**94,812**	**99,831**	**105,309**	**111,968**	**120,029**	**129,602**	**139,758**	**150,691**	**162,254**	**174,326**
Liabilities																
Short-term Debt	947	0	0	0	0	875	0	0	0	0	0	0	0	0	0	0
Accounts payable	2,206	3,080	3,483	2,929	2,997	5,359	7,756	7,756	7,756	7,756	7,756	7,756	7,756	7,756	7,756	7,756
Accrued compensation & benefits	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued liabilities	3,876	4,479	5,112	5,250	5,785	5,546	6,231	6,231	6,231	6,231	6,231	6,231	6,231	6,231	6,231	6,231
Deferred income on shipments to disti	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of LT liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income tax payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	674	2,284	3,105	1,276	1,724	301	499	499	499	499	499	499	499	499	499	499
Total current liabilities	**7,703**	**9,843**	**11,700**	**9,455**	**10,506**	**12,081**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**	**14,486**
Long-term debt	3,217	3,218	2,347	2,348	2,350	2,351	7,079	7,079	7,079	7,079	7,079	7,079	7,079	7,079	7,079	7,079
Deferred tax liabilities	0	0	326	313	307	300	295	295	295	295	295	295	295	295	295	295
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other long term liabilities	2,759	2,094	1,728	1,811	2,017	2,508	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563
Total long term liabilities	**5,976**	**5,312**	**4,401**	**4,472**	**4,674**	**5,159**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**	**11,937**
Total liabilities	**13,679**	**15,155**	**16,101**	**13,927**	**15,180**	**17,240**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**	**26,423**
Total shareholders' equities	**57,871**	**59,665**	**60,790**	**62,999**	**64,462**	**67,224**	**68,389**	**73,408**	**78,886**	**85,545**	**93,606**	**103,179**	**113,335**	**124,268**	**135,831**	**147,903**
Total liability and stockholders' equity	**71,550**	**74,820**	**76,891**	**76,926**	**79,642**	**84,464**	**94,812**	**99,831**	**105,309**	**111,968**	**120,029**	**129,602**	**139,758**	**150,691**	**162,254**	**174,326**

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

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Figure 6: AMD Cash Flow Statement ($M)

FY End: Dec.	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E
Net Income	709	872	1,243	1,620	1,372	2,305	2,428	3,953	4,412	5,594	6,995	8,507	9,090	9,866	10,498	11,005
Depreciation	175	189	192	194	206	221	239	189	189	189	189	189	189	189	189	189
Amortization	567	568	562	557	551	544	534	568	568	568	568	568	568	568	568	568
Stock based compensation expense	364	369	419	486	487	503	523	523	523	523	523	523	523	523	523	523
Others	(128)	(1,000)	80	(20)	(117)	(477)	835	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
Adjustments to Operating Assets																
Change in Receivables	748	330	(1,085)	(114)	280	(1,246)	(1,928)	(2,557)	(1,042)	(2,166)	(2,520)	(2,719)	(1,182)	(1,348)	(1,146)	(974)
Changes in Inventory	(682)	(261)	(636)	(610)	(125)	(423)	(2,995)	(3,302)	(1,263)	(2,625)	(3,053)	(3,294)	(1,433)	(1,633)	(1,388)	(1,181)
Changes in Other Assets	(237)	(140)	118	248	(308)	(683)	(1,070)	0	0	0	0	0	0	0	0	0
Adjustments to Operating Liabilities																
Changes in ST Debt																
Changes in Account Payables	(289)	836	451	(588)	(104)	2,274	2,313	0	0	0	0	0	0	0	0	0
Changes in Other Liabilities	(288)	(301)	815	531	713	(652)	323	0	0	0	0	0	0	0	0	0
Net Cash Provided by Operating Activities	**939**	**1,462**	**2,159**	**2,304**	**2,955**	**2,366**	**1,202**	**(651)**	**3,362**	**2,057**	**2,677**	**3,749**	**7,730**	**8,140**	**9,219**	**10,105**
Changes LT Assets/JV Investments	0	0	0	0	(409)	(435)	0									
Change in ST Investments	94	(492)	(997)	(2,563)	(1,767)	(1,235)	(342)									
Capital Equipment Acquisitions - net	(212)	(282)	(258)	(222)	(389)	(808)	(648)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)
Acquisitions	0	(1,716)	(74)	(44)	0	(129)	(238)									
Other investing activities	(239)	214	(8)	(60)	0	(243)	(15)									
Net Cash Provided by Investing Activities	**(357)**	**(2,276)**	**(1,337)**	**(2,889)**	**(2,565)**	**(2,850)**	**(1,243)**	**(208)**	**(208)**	**(208)**	**(208)**	**(208)**	**(208)**	**(208)**	**(208)**	**(208)**
Net Sales of Common, Preferred Stock	(745)	155	(450)	0	(216)	200	(1,490)									
Proceeds from borrowing, net	2,441	0	0	0	0	0	4,726									
Other Financing Activities	(30)	(1,474)	0	1,348	(134)	(215)	(888)									
Net Cash Provided by Financing Activities	**1,666**	**(1,319)**	**(450)**	**1,348**	**(350)**	**(15)**	**2,348**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Effect of exchange rate changes on cash																
Cash and Equivalents at Beginning	**3,829**	**6,077**	**3,944**	**4,316**	**5,079**	**5,119**	**4,620**	**6,927**	**6,068**	**9,222**	**11,071**	**13,540**	**17,081**	**24,603**	**32,535**	**41,546**
Net Change in Cash	2,248	(2,133)	372	763	40	(499)	2,307	(859)	3,154	1,849	2,469	3,541	7,522	7,932	9,011	9,897
Cash and Equivalents at End of Period	**6,077**	**3,944**	**4,316**	**5,079**	**5,119**	**4,620**	**6,927**	**6,068**	**9,222**	**11,071**	**13,540**	**17,081**	**24,603**	**32,535**	**41,546**	**51,443**

Source: Company Filings, Bloomberg Finance L.P., J.P. Morgan Research

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Investment Thesis, Valuation and Risks

Advanced Micro Devices *(Neutral; Price Target: $575.00)*

Investment Thesis
Although AMD has improved its competitiveness across CPU and GPU products with Ryzen, EPYC, and Radeon platforms and is on track to improve its market share and drive meaningful revenue growth in the near term, we believe long-term share gains are less certain. In addition, AMD will have to invest heavily in operating expense (especially R&D) in order to keep pace with the market leaders. While we are encouraged by AMD's execution, we remain Neutral as shares appear to be nearly fully valued.

Valuation
Our PT is based on ~22x our CY28 EPS of $26.50, with the multiple standing in-line with the broader semiconductor group average (~20-25x).

Risks to Rating and Price Target
AMD typically derives ~50% of its revenue from the core PC end market, which is highly correlated with macroeconomic conditions. If the PC end market is weaker/stronger than expected, this could lead to a decrease/increase in microprocessor and GPU shipments, which could result in a downward/upward revision of our revenue and EPS estimates for AMD.

AMD competes with Intel and NVIDIA in the microprocessor and graphics markets, respectively. Therefore, any material share gains/losses could result in upside / downside to our revenue and EPS estimates, which could cause us to reassess our Neutral rating on AMD.

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Advanced Micro Devices: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**25,785**	**34,639**	**52,211**	**94,872**	**134,567**
COGS	(13,060)	(17,487)	(24,280)	(43,785)	(61,647)
Gross profit	**12,725**	**17,152**	**27,931**	**51,088**	**72,920**
SG&A	(2,783)	(4,144)	(5,302)	(6,387)	(7,769)
Adj. EBITDA	**9,167**	**10,772**	**18,217**	**36,672**	**53,858**
D&A	(3,077)	(3,026)	(3,028)	(3,028)	(3,028)
Adj. EBIT	**6,090**	**7,768**	**15,165**	**33,644**	**50,830**
Net Interest	-	-	-	-	-
Adj. PBT	**1,989**	**4,140**	**10,561**	**29,296**	**46,482**
Tax	(381)	103	(525)	(3,808)	(6,043)
Minority Interest	33	92	25	20	20
Adj. Net Income	**5,420**	**6,831**	**13,398**	**29,304**	**44,256**
Reported EPS	1.00	2.65	6.06	15.27	24.23
Adj. EPS	**3.31**	**4.18**	**8.07**	**17.55**	**26.50**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	1,637	1,636	1,660	1,670	1,670

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	5,132	10,552	14,917	25,930	60,292
Accounts receivable	6,192	6,315	11,766	20,214	24,864
Inventories	5,734	7,920	14,765	25,000	30,635
Other current assets	1,991	2,160	3,023	3,023	3,023
Current assets	**19,049**	**26,947**	**44,471**	**74,166**	**118,814**
PP&E	1,802	2,312	3,948	4,024	4,100
LT investments	623	0	0	0	0
Other non current assets	47,752	47,667	51,412	51,412	51,412
Total assets	**69,226**	**76,926**	**99,831**	**129,602**	**174,326**
Short term borrowings	0	0	0	0	0
Payables	1,990	2,929	7,756	7,756	7,756
Other short term liabilities	5,291	6,526	6,730	6,730	6,730
Current liabilities	**7,281**	**9,455**	**14,486**	**14,486**	**14,486**
Long-term debt	1,721	2,348	7,079	7,079	7,079
Other long term liabilities	2,656	2,124	4,858	4,858	4,858
Total liabilities	**11,658**	**13,927**	**26,423**	**26,423**	**26,423**
Shareholders' equity	57,568	62,999	73,408	103,179	147,903
Minority interests	0	0	0	0	0
Total liabilities & equity	**69,226**	**76,926**	**99,831**	**129,602**	**174,326**
BVPS	**35.18**	**38.51**	**44.22**	**61.78**	**88.56**
y/y Growth	*2.3%*	*9.5%*	*14.8%*	*39.7%*	*43.3%*
Net debt/(cash)	(3,411)	(8,204)	(7,838)	(18,851)	(53,213)
Cash flow from operating activities	**3,041**	**6,864**	**5,872**	**11,845**	**35,194**
o/w Depreciation & amortization	3,077	3,026	3,028	3,028	3,028
o/w Changes in working capital	(2,073)	(1,154)	(9,490)	(18,683)	(10,285)
Cash flow from investing activities	**(1,101)**	**(6,859)**	**(6,866)**	**(832)**	**(832)**
o/w Capital expenditure	(634)	(832)	(832)	(832)	(832)
as % of sales	*2.5%*	*2.4%*	*1.6%*	*0.9%*	*0.6%*
Cash flow from financing activities	**(2,062)**	**1,245**	**1,983**	**0**	**0**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	0	2,441	4,726	0	0
Net change in cash	**(122)**	**1,250**	**989**	**11,013**	**34,362**
Adj. Free cash flow to firm	**2,407**	**6,032**	**5,040**	**11,013**	**34,362**
y/y Growth	*127.3%*	*150.6%*	*(16.4%)*	*118.5%*	*212.0%*

Income Statement - Quarterly	1Q26A	2Q26A	3Q26A	4Q26E
Revenue	**10,253A**	**11,536A**	**13,377A**	**17,045**
COGS	(4,837)A	(5,333)A	(6,167)A	(7,943)
Gross profit	**5,416A**	**6,203A**	**7,210A**	**9,102**
SG&A	(1,253)A	(1,401)A	(1,298)A	(1,350)
Adj. EBITDA	**3,297A**	**3,842A**	**4,696A**	**6,382**
D&A	(757)A	(757)A	(757)A	(757)
Adj. EBIT	**2,540A**	**3,077A**	**3,923A**	**5,625**
Net Interest	-	-	-	-
Adj. PBT	**1,604A**	**2,551A**	**1,868A**	**4,538**
Tax	(238)A	(252)A	555A	(590)
Minority Interest	17A	(2)A	5A	5
Adj. Net Income	**2,265A**	**2,760A**	**3,471A**	**4,902**
Reported EPS	0.84A	1.38A	1.46A	2.37
Adj. EPS	**1.37A**	**1.66A**	**2.09A**	**2.94**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	1,650A	1,659A	1,661A	1,670

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	49.4%	49.5%	53.5%	53.8%	54.2%
EBITDA margin	35.6%	31.1%	34.9%	38.7%	40.0%
EBIT margin	23.6%	22.4%	29.0%	35.5%	37.8%
Net profit margin	21.0%	19.7%	25.7%	30.9%	32.9%
ROE	9.6%	11.3%	19.6%	33.2%	35.3%
ROA	7.9%	9.3%	15.2%	25.5%	29.1%
ROCE	8.4%	12.2%	19.8%	30.7%	33.3%
SG&A/Sales	10.8%	12.0%	10.2%	6.7%	5.8%
Net debt/equity	NM	NM	NM	NM	NM
P/E (x)	146.1	115.9	60.0	27.6	18.3
P/BV (x)	13.8	12.6	10.9	7.8	5.5
EV/EBITDA (x)	87.2	73.8	43.6	21.4	13.9
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.4	0.5	0.6	0.8	0.9
Interest cover (x)	-	-	-	-	-
Operating leverage	192.7%	80.2%	187.7%	149.1%	122.1%
Revenue y/y Growth	13.7%	34.3%	50.7%	81.7%	41.8%
EBITDA y/y Growth	10.6%	17.5%	69.1%	101.3%	46.9%
Tax rate	19.2%	2.5%	5.0%	13.0%	13.0%
Adj. Net Income y/y Growth	26.0%	26.0%	96.1%	118.7%	51.0%
EPS y/y Growth	25.2%	26.1%	93.3%	117.4%	51.0%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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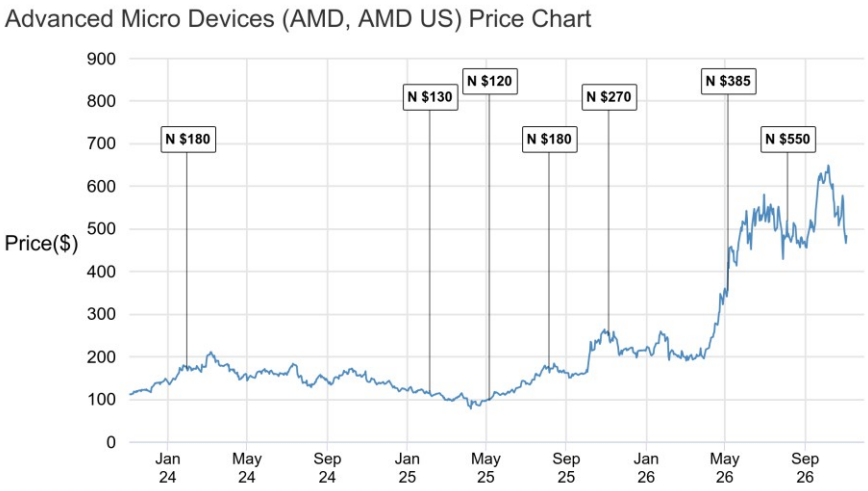
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Date	Rating	Price ($)	Price Target ($)
31-Jan-24	N	172.06	180
05-Feb-25	N	119.50	130
07-May-25	N	98.62	120
06-Aug-25	N	174.31	180
05-Nov-25	N	250.05	270
06-May-26	N	355.26	385
05-Aug-26	N	518.58	550

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 12, 2002. All share prices are as of market close on the previous business day.

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	Overweight (buy)	Neutral (hold)	Underweight (sell)
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IB clients**	83%	81%	72%
JPMS Equity Research Coverage*	51%	37%	12%
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