

Marvell Technology Group Ltd.

Buy on rising AI momentum and potential legacy 1H trough

Reiterate Rating: BUY | PO: 95.00 USD | Price: 85.09 USD

Legacy under pressure but AI well on track, reiterate Buy

FQ4 was inline, while the FQ1 outlook was -16% below on sharp non-AI, legacy declines. Specifically, FQ1 sales excl. Data Center was guided to -44% QoQ or -58% YoY on weak telco (Carrier), Cisco (Enterprise), and industrial trends. However, the all-important Data Center remains solidly on track and should grow nearly 80% YoY in the quarter, driven by a strong AI electro-optics ramp and initial shipments of custom AI ASICs. In fact, Marvell's AI revenue made up more than 10% of total sales in FY24, up from just 3% in FY23 and should reach nearly 30% in FY25/CY24E (expect more on April 11 AI day in NYC), the second highest in our coverage. While lower volume and unfavorable product mix (lower Carrier/Enterprise and ramping custom ASICs) point to n-t GM headwind, we now believe FY25/CY24 estimates are fully de-risked, with healthy cyclical recoveries expected in F2H25 and beyond. Overall, we lower FY26/27E sales by -3%/-2% and pf-EPS by -8%/-7%. We raise our PO to \$95 from \$80, now on 41x CY25E P/E (still within 17x-43x range) vs. 32x prior on upcoming strong sales growth and increasing AI exposure. Reit Buy.

Likes: 30-35% AI exposure by FY26E, highest after NVDA

MRVL's electro-optics data center business reached a \$1bn+ run-rate in FY24, with the AI-specific portion representing at least ~\$550mn (>\$200mn in FQ4 alone). MRVL enjoys an overall DSP share of >65-70%, and we expect AI contribution to grow to nearly \$1bn by FY25 and \$1.2bn by FY26 on the back of strong Nvidia and non-Nvidia AI accelerator sales. On the other hand, custom AI silicon should start ramping strongly this year (FY25) with a FQ4 exit rate of >\$200mn (closer to \$300mn) and reach \$1bn+ by FY26. Combined, we see MRVL's AI sales of \$2.3bn by FY26E and \$2.7bn by FY27E, or 30-35% of total sales, the second highest in our semis coverage after Nvidia (~80% AI exposure).

Risks: one more EPS cut, though now near cyclical trough

AI upside generally offset by sharp near-term slowdowns in non-AI businesses (FQ1 Carrier guided down -70% YoY, Enterprise -56% YoY, Consumer -70% YoY). However, we see FQ1 as near the cyclical trough and expect F2H recoveries to come through. Coupled with the strong growth in Data Center, we see impact to FY26/CY25 sales as more limited (only down -3% vs. prior). Meanwhile, the ramp of custom ASICs presents modest headwind to GMs in F2H24/FY25E, though OpM fall-through should be better.

| Estimates (Jan) (US\$) | 2023A | 2024A | 2025E | 2026E | 2027E |
|---------------------------|--------|--------|--------|--------|-------|
| EPS | 2.12 | 1.51 | 1.34 | 2.30 | 2.96 |
| GAAP EPS | (0.19) | (1.08) | (0.41) | 0.40 | 0.95 |
| EPS Change (YoY) | 35.0% | -28.8% | -11.3% | 71.6% | 28.7% |
| Consensus EPS (Bloomberg) | | | 2.02 | 2.78 | NA |
| DPS | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 |
| Valuation (Jan) | | | | | |
| P/E | 40.1x | 56.4x | 63.5x | 37.0x | 28.7x |
| GAAP P/E | NM | NM | NM | 212.7x | 89.6x |
| Dividend Yield | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| EV / EBITDA* | 29.8x | 37.7x | 41.6x | 26.8x | 21.6x |
| Free Cash Flow Yield* | 1.5% | 1.4% | 1.5% | 2.3% | 3.0% |

* For full definitions of *IQmethod*SM measures, see page 13.

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Timestamp: 08 March 2024 12:46AM EST

08 March 2024

Equity

Key Changes

| (US\$) | Previous | Current |
|---------------|----------|---------|
| Price Obj. | 80.00 | 95.00 |
| 2025E Rev (m) | 5,982.9 | 5,313.3 |
| 2026E Rev (m) | 7,157.0 | 6,964.9 |
| 2027E Rev (m) | NA | 8,031.2 |
| 2025E EPS | 1.87 | 1.34 |
| 2026E EPS | 2.50 | 2.30 |
| 2027E EPS | NA | 2.96 |

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Stock Data

| | |
|---------------------------------|-----------------------|
| Price | 85.09 USD |
| Price Objective | 95.00 USD |
| Date Established | 8-Mar-2024 |
| Investment Opinion | C-1-7 |
| 52-Week Range | 36.64 USD - 85.76 USD |
| Mrkt Val (mn) / Shares Out (mn) | 74,360 USD / 873.9 |
| Free Float | 99.5% |
| Average Daily Value (mn) | 1125.15 USD |
| BofA Ticker / Exchange | MRVL / NAS |
| Bloomberg / Reuters | MRVL US / MRVLOQ |
| ROE (2025E) | 7.8% |
| Net Dbt to Eqty (Jan-2024A) | 21.7% |
| ESGMeter™ | High |

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

See page 3 for acronym definitions.

iQprofileSM Marvell Technology Group Ltd.

iQmethodSM – Bus Performance*

| (US\$ Millions) | 2023A | 2024A | 2025E | 2026E | 2027E |
|----------------------------|-------|-------|-------|-------|-------|
| Return on Capital Employed | 5.1% | 7.2% | 6.7% | 10.0% | 12.2% |
| Return on Equity | 11.6% | 8.6% | 7.8% | 12.8% | 15.2% |
| Operating Margin | 35.5% | 29.0% | 27.3% | 33.6% | 36.5% |
| Free Cash Flow | 1,083 | 1,034 | 1,151 | 1,743 | 2,262 |

iQmethodSM – Quality of Earnings*

| (US\$ Millions) | 2023A | 2024A | 2025E | 2026E | 2027E |
|--------------------------|--------|-------|-------|-------|-------|
| Cash Realization Ratio | 0.7x | 1.0x | 1.2x | 1.1x | 1.1x |
| Asset Replacement Ratio | 0.2x | 0.3x | 0.2x | 0.2x | 0.3x |
| Tax Rate | 292.1% | NM | 8.7% | 17.5% | 17.5% |
| Net Debt-to-Equity Ratio | 22.9% | 21.7% | 21.0% | 17.2% | 10.7% |
| Interest Cover | 13.0x | 7.8x | 7.5x | 12.2x | 15.3x |

Income Statement Data (Jan)

| (US\$ Millions) | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------------|--------------|---------------|---------------|--------------|--------------|
| Sales | 5,920 | 5,508 | 5,313 | 6,965 | 8,031 |
| % Change | 32.7% | -7.0% | -3.5% | 31.1% | 15.3% |
| Gross Profit | 3,817 | 3,371 | 3,321 | 4,368 | 5,066 |
| % Change | 31.7% | -11.7% | -1.5% | 31.5% | 16.0% |
| EBITDA | 2,404 | 1,899 | 1,722 | 2,676 | 3,310 |
| % Change | 38.9% | -21.0% | -9.3% | 55.4% | 23.7% |
| Net Interest & Other Income | (161) | (205) | (192) | (192) | (192) |
| Net Income (Adjusted) | 1,822 | 1,310 | 1,169 | 1,974 | 2,491 |
| % Change | 42.5% | -28.1% | -10.8% | 68.8% | 26.2% |

Free Cash Flow Data (Jan)

| (US\$ Millions) | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|--------------|--------------|--------------|--------------|--------------|
| Net Income from Cont Operations (GAAP) | (164) | (933) | (354) | 340 | 789 |
| Depreciation & Amortization | 1,392 | 1,398 | 1,335 | 1,449 | 1,540 |
| Change in Working Capital | (650) | 58 | (142) | (315) | (282) |
| Deferred Taxation Charge | 50 | 151 | 0 | 0 | 0 |
| Other Adjustments, Net | 659 | 698 | 577 | 617 | 617 |
| Capital Expenditure | (206) | (336) | (266) | (348) | (402) |
| Free Cash Flow | 1,083 | 1,034 | 1,151 | 1,743 | 2,262 |
| % Change | 66.5% | -4.5% | 11.3% | 51.5% | 29.8% |
| Share / Issue Repurchase | (115) | (150) | (725) | (950) | (1,000) |
| Cost of Dividends Paid | (204) | (207) | (207) | (204) | (200) |
| Change in Debt | (84) | (456) | (643) | (644) | (644) |

Balance Sheet Data (Jan)

| (US\$ Millions) | 2023A | 2024A | 2025E | 2026E | 2027E |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & Equivalents | 911 | 951 | 513 | 446 | 850 |
| Trade Receivables | 1,192 | 1,122 | 1,215 | 1,454 | 1,667 |
| Other Current Assets | 1,178 | 990 | 1,000 | 1,134 | 1,254 |
| Property, Plant & Equipment | 577 | 756 | 749 | 759 | 779 |
| Other Non-Current Assets | 18,664 | 17,410 | 17,410 | 17,410 | 17,410 |
| Total Assets | 22,522 | 21,229 | 20,888 | 21,202 | 21,959 |
| Short-Term Debt | 584 | 107 | 107 | 107 | 107 |
| Other Current Liabilities | 1,802 | 1,707 | 1,669 | 1,727 | 1,778 |
| Long-Term Debt | 3,908 | 4,059 | 3,559 | 3,059 | 2,559 |
| Other Non-Current Liabilities | 591 | 524 | 524 | 524 | 524 |
| Total Liabilities | 6,885 | 6,397 | 5,860 | 5,417 | 4,968 |
| Total Equity | 15,637 | 14,831 | 15,029 | 15,785 | 16,992 |
| Total Equity & Liabilities | 22,522 | 21,229 | 20,888 | 21,202 | 21,959 |

* For full definitions of iQmethodSM measures, see page 13.

Company Sector

Semiconductors

Company Description

Marvell is a leading fabless supplier of high performance standard and semi-custom products with a core strength in developing complex System-on-Chip architectures, and integrating analog, mixed-signal, and digital signal processing functionality. Marvell's broad portfolio of IP spans computing, optics, networking, storage, and security and addresses the enterprise, cloud, telecom, auto, and industrial markets.

Investment Rationale

We rate MRVL a Buy. Through a series of strategic acquisition and divestitures, MRVL has transformed into a data center silicon leader, with a robust IP portfolio well positioned to address secular growth opportunities across cloud data centers, 5G infrastructure, advanced autos, enterprise networking and security markets that can drive 20-25% long-term sales and 25-30% long-term EPS growth.

Stock Data

Average Daily Volume 13,223,047

Quarterly Earnings Estimates

| | 2024 | 2025 |
|----|-------|-------|
| Q1 | 0.31A | 0.23E |
| Q2 | 0.33A | 0.27E |
| Q3 | 0.41A | 0.38E |
| Q4 | 0.46A | 0.46E |

Marvell Revenue Build

Exhibit 1: Marvell Revenue Annual Trends

MRVL Data Center should grow +50% YoY in FY25E/CY24E

| | CY22 | CY23 | CY24E | CY25E |
|---|----------------|----------------|----------------|----------------|
| | FY23 | FY24 | FY25E | FY26E |
| MRVL Revenue Build (\$mn) | | | | |
| Total | \$5,920 | \$5,508 | \$5,313 | \$6,965 |
| YoY | | -7.0% | -3.5% | 31.1% |
| DATA CENTER | \$2,409 | \$2,217 | \$3,610 | \$4,726 |
| YoY | - | -8% | 63% | 31% |
| CLOUD DATA CTR. | 1,445 | \$1,663 | \$3,069 | \$4,017 |
| % of total data center | 60% | 75% | 85% | 85% |
| YoY | | | | |
| Electro-optics (Inphi DSP/TIA/Drivers, pluggables) | \$600 | \$1,100 | \$1,540 | \$1,925 |
| YoY, % | - | 83% | 40% | 25% |
| DPU, Custom AI Silicon, Other | \$410 | \$308 | \$1,092 | \$1,517 |
| YoY, % | - | -25% | 255% | 39% |
| Storage - Cloud/Nearline | \$300 | \$80 | \$200 | \$280 |
| YoY, % | - | -73% | 150% | 40% |
| Ethernet Switching (Innovium), Other Cavium | \$135 | \$175 | \$236 | \$295 |
| YoY, % | - | 30% | 35% | 25% |
| ON-PREMISE DATA CTR. | \$964 | \$554 | \$542 | \$709 |
| % of total data center | 40% | 25% | 15% | 15% |
| YoY | | -42% | -2% | 31% |
| Fibre Channel | \$265 | \$175 | \$210 | \$221 |
| YoY, % | - | -25% | 20% | 5% |
| Storage - Onprem | \$499 | \$279 | \$227 | \$357 |
| YoY, % | - | -44% | -19% | 58% |
| Other on-Prem Networking (Ethernet PHY/NICs/Aquantia, Retimer, old Avera) | \$200 | \$100 | \$105 | \$131 |
| YoY, % | - | -50% | 5% | 25% |
| CARRIER | \$1,084 | \$1,052 | \$380 | \$591 |
| YoY, % | - | -3% | -64% | 56% |
| Wireless (5G processors) | \$600 | \$700 | \$500 | \$690 |
| YoY, % | - | 17% | -29% | 38% |
| Wired (incl. Inphi Optics incl/ merchant Coherent DSP, ASIC, Ethernet, Cavium) | \$484 | \$352 | -\$120 | -\$99 |
| YoY, % | - | -27% | -134% | -18% |
| ENTERPRISE NETWORKING | \$1,369 | \$1,228 | \$724 | \$907 |
| YoY, % | - | -10% | -41% | 25% |
| AUTO/INDUSTRIAL | \$357 | \$388 | \$356 | \$397 |
| YoY, % | - | 9% | -8% | 12% |
| Auto | \$200 | \$250 | \$275 | \$330 |
| YoY, % | - | 25% | 10% | 20% |
| Industrial | \$157 | \$138 | \$81 | \$67 |
| YoY, % | - | -12% | -42% | -17% |
| CONSUMER | \$701 | \$622 | \$244 | \$344 |
| YoY, % | - | -11% | -61% | 41% |

Source: BofA Global Research estimates, company data

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Glossary:

MRVL: Marvell

IPHI: Inphi

AVGO: Broadcom

NVDA: Nvidia

DC: Data Center

DSP: Digital Signal Processor

NIC: Network Interface Card

ASIC: Application-Specific Integrated Circuit

PHY: Physical

DPU: Data Processing Unit

AI: Artificial Intelligence

TIA: Trans-Impedance Amplifier

DCI: Data Center Interconnect



Summary of model changes

Exhibit 2: MRVL summary of estimate changes

We adjust MRVL FY25/26 sales -11%/-3%, EPS -28%/-8%

| | Sales (\$mn) | | | Non-GAAP EPS (ex. SBC) | | |
|--------------|----------------|----------------|----------------|------------------------|---------------|-----------------|
| | Old | NEW | delta | Old | NEW | delta |
| Apr-24E | \$1,348 | \$1,150 | (\$198) | \$0.37 | \$0.23 | (\$0.14) |
| Jul-24E | \$1,395 | \$1,222 | (\$173) | \$0.40 | \$0.27 | (\$0.13) |
| Oct-24E | \$1,575 | \$1,395 | (\$180) | \$0.53 | \$0.38 | (\$0.15) |
| Jan-25E | \$1,666 | \$1,546 | (\$120) | \$0.57 | \$0.46 | (\$0.11) |
| FY25E | \$5,983 | \$5,313 | (\$670) | \$1.87 | \$1.34 | (\$0.53) |
| YoY% | 8.7% | -3.5% | -11.2% | 24.1% | -11.0% | -28.3% |
| Apr-25E | \$1,650 | \$1,594 | (\$57) | \$0.52 | \$0.45 | (\$0.07) |
| Jul-25E | \$1,750 | \$1,723 | (\$26) | \$0.58 | \$0.55 | (\$0.03) |
| Oct-25E | \$1,845 | \$1,799 | (\$46) | \$0.67 | \$0.63 | (\$0.05) |
| Jan-26E | \$1,912 | \$1,849 | (\$63) | \$0.73 | \$0.67 | (\$0.05) |
| FY26E | \$7,157 | \$6,965 | (\$192) | \$2.50 | \$2.30 | (\$0.20) |
| YoY% | 19.6% | 31.1% | -2.7% | 33.6% | 71.4% | -8.0% |
| Apr-26E | \$1,895 | \$1,866 | (\$29) | \$0.68 | \$0.64 | (\$0.04) |
| Jul-26E | \$2,003 | \$1,979 | (\$24) | \$0.75 | \$0.71 | (\$0.04) |
| Oct-26E | \$2,117 | \$2,066 | (\$51) | \$0.85 | \$0.79 | (\$0.06) |
| Jan-27E | \$2,196 | \$2,120 | (\$76) | \$0.88 | \$0.82 | (\$0.07) |
| FY27E | \$8,211 | \$8,031 | (\$180) | \$3.16 | \$2.96 | (\$0.21) |
| YoY% | 14.7% | 15.3% | -2.2% | 26.4% | 28.5% | -6.5% |

Source: BofA Global Research, company reports

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Q4 reported vs. expectations

Exhibit 3: MRVL Q4 reporting earnings vs. our/Street expectations

MRVL reported Q4 sales and EPS in-line with Street expectations

| | Jan-23 | Oct-23 | Jan-24 | | | | | | | |
|--------------------------------------|----------------|----------------|-----------------------|----------------|----------------|----------------|--------------------------|-----------------------|--------------|--------------|
| | | | Guidance | Cons | BofA | New BofA | Delta vs. Street (% bps) | Delta vs. Street (\$) | QoQ (BofA) | YoY (BofA) |
| Sales (\$mn) | \$1,419 | \$1,419 | \$1,420 +/- 5% | \$1,419 | \$1,421 | \$1,427 | 0.5% | \$7 | 0.6% | 0.6% |
| QoQ% | -7.7% | 5.8% | | 0.1% | 0.2% | 0.6% | 50 | | | |
| YoY% | 5.6% | -7.7% | | | 0.2% | 0.6% | 56 | | | |
| Data Center | 498 | 556 | | 755 | 751 | 765 | 1.4% | \$10 | 38% | 54% |
| Carrier | 275 | 317 | | 178 | 179 | 170 | -4.5% | (\$8) | -46% | -38% |
| Enterprise Networking | 366 | 271 | | 258 | 260 | 265 | 2.9% | \$8 | -2% | -28% |
| Auto and Industrial | 99 | 107 | | 86 | 85 | 82 | -4.3% | (\$4) | -23% | -17% |
| Consumer | 180 | 169 | | 144 | 145 | 144 | -0.1% | (\$0) | -15% | -20% |
| Gross Margin % (Non-GAAP) | 63.5% | 60.6% | 63.5%-64.5% | 64.1% | 64.0% | 63.9% | (20) | | 330 | 38 |
| Gross Profit (Non-GAAP) | 901 | 859 | | | 909 | 911 | | | 6.0% | 1.2% |
| R&D (Non-GAAP) | 352 | 366 | | | 362 | 355 | | | -2.9% | 0.9% |
| SG&A (Non-GAAP) | 79 | 71 | | | 68 | 74 | | | 2.9% | -6.7% |
| Opex Total (Non-GAAP) | 431 | 437 | \$430 | | 430 | 429 | | | -2.0% | -0.5% |
| Operating Income (Non-GAAP) | 470 | 422 | | \$479 | 479 | 483 | 0.7% | \$4 | 14.3% | 2.7% |
| Operating Margin % (Non-GAAP) | 33.1% | 29.8% | | 33.8% | 33.7% | 33.8% | 8 | | 408 | 70 |
| Financial Income | (48) | (45) | | | (50) | (55) | | | | |
| Pretax Income | 422 | 377 | | | 428 | 427 | | | 13.4% | 1.4% |
| Tax expense | 25 | 23 | | | 26 | 26 | | | | |
| Net Income (Non-GAAP) | 396 | 354 | | | 403 | 402 | | | 13.4% | 1.3% |
| Diluted EPS (Non-GAAP) | \$0.46 | \$0.41 | \$0.46 +/- 5c | \$0.46 | \$0.46 | \$0.46 | -0.3% | (\$0.00) | 13.2% | -0.4% |
| Diluted Shares (Non-GAAP) | 859 | 872 | 874 | | 874 | 874 | | | 0.2% | 1.7% |

Source: BofA Global Research estimates, Bloomberg, Visible Alpha, company report

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Q1 guidance vs. expectations

Exhibit 4: MRVL Q1 outlook vs. our/Street expectations

MRVL outlook below Street expectations

| | Jan-24 | Apr-24E | | | |
|--------------------------------------|----------------|----------------|----------------|-----------------------|----------------|
| | | BofA | Cons | Guidance | New BofA |
| Sales (\$mn) | \$1,427 | \$1,348 | \$1,365 | \$1,150 +/- 5% | \$1,150 |
| QoQ% | 0.6% | -5.1% | -3.8% | | -19.4% |
| YoY% | 0.6% | 2.0% | | | -13.0% |
| Data Center | 765 | 770 | 789 | | 781 |
| Carrier | 170 | 156 | 159 | | 85 |
| Enterprise Networking | 265 | 233 | 236 | | 159 |
| Auto and Industrial | 82 | 89 | 85 | | 82 |
| Consumer | 144 | 99 | 108 | | 43 |
| Gross Margin % (Non-GAAP) | 63.9% | 64.0% | 64.1% | 62.0%-63.0% | 62.5% |
| Gross Profit (Non-GAAP) | 911 | 862 | | | 719 |
| R&D (Non-GAAP) | 355 | 392 | | | 379 |
| SG&A (Non-GAAP) | 74 | 71 | | | 76 |
| Opex Total (Non-GAAP) | 429 | 462 | | \$455 | 455 |
| Operating Income (Non-GAAP) | 483 | 400 | \$423 | | 264 |
| Operating Margin % (Non-GAAP) | 33.8% | 29.7% | 31.0% | | 22.9% |
| Financial Income | (55) | (50) | | | (48) |
| Pretax Income | 427 | 350 | | | 216 |
| Tax expense | 26 | 24 | | | 15 |
| Net Income (Non-GAAP) | 402 | 325 | | | 201 |
| Diluted EPS (Non-GAAP) | \$0.46 | \$0.37 | \$0.41 | \$0.23 +/- 5c | \$0.23 |
| Diluted Shares (Non-GAAP) | 874 | 873 | | 875 | 876 |

Source: BofA Global Research estimates, Bloomberg, Visible Alpha, company report

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Balance sheet, cash flow snapshot

Exhibit 5: Summary of MRVL balance sheet and cash flow statement

Net cash/shr increased QoQ; Inventory dollars decreased and days increased QoQ

| (FY year end Jan) | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Jan-23 | Apr-23 | Jul-23 | Oct-23 | Jan-24 |
| Total Cash | \$911 | \$1,028 | \$423 | \$726 | \$951 |
| Short-term debt | \$584 | \$1,518 | \$1,019 | \$96 | \$107 |
| Long-term debt | \$3,908 | \$3,155 | \$3,135 | \$4,090 | \$4,059 |
| Total debt | \$4,492 | \$4,673 | \$4,153 | \$4,186 | \$4,166 |
| Net Cash | (\$3,581) | (\$3,644) | (\$3,730) | (\$3,460) | (\$3,215) |
| Net Cash/dil. share | (\$4.19) | (\$4.25) | (\$4.33) | (\$4.01) | (\$3.72) |
| DSO | 76.5 | 68.9 | 82.1 | 77.9 | 71.5 |
| DPO | 56.9 | 46.2 | 45.8 | 44.0 | 49.1 |
| Inventory (\$) | \$1,068 | \$1,026 | \$1,016 | \$942 | \$864 |
| Inv Turns | 2.8 | 3.0 | 3.2 | 3.7 | 3.5 |
| Inv Days | 130.8 | 122.5 | 113.1 | 99.0 | 103.5 |
| Cash Conversion days | 150.4 | 145.1 | 149.3 | 133.0 | 125.9 |
| Cash Flow from Ops | \$352 | \$208 | \$113 | \$503 | \$547 |
| Capex | (\$54.0) | (\$99.8) | (\$111.1) | (\$54.4) | (\$71.0) |
| Free cash flow | \$257 | \$59 | (\$28) | \$417 | \$425 |
| Dividends as % of FCF (ttm) | 22.0% | 23.3% | 33.2% | 29.3% | 23.7% |
| Buybacks as % of FCF (ttm) | 12.4% | 11.4% | 8.1% | 7.1% | 17.2% |

Source: BofA Global Research estimates, company report

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Exhibit 6: MRVL – Income Statement (\$mn)

MRVL is tracking to generated ~\$1.34 in FY25E

| | 1Q24 Apr-23 | 2Q24 Jul-23 | 3Q24 Oct-23 | 4Q24 Jan-24 | 1Q25E Apr-24E | 2Q25E Jul-24E | 3Q25E Oct-24E | 4Q25E Jan-25E | 1Q26E Apr-25E | 2Q26E Jul-25E | 3Q26E Oct-25E | 4Q26E Jan-26E | FY24 Jan-24 | FY25E Jan-25 | FY26E Jan-26 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net revenue | \$1,321.7 | \$1,340.9 | \$1,418.6 | \$1,426.5 | \$1,150.1 | \$1,221.9 | \$1,395.4 | \$1,545.9 | \$1,593.9 | \$1,723.4 | \$1,798.8 | \$1,848.7 | \$5,507.7 | \$5,313.3 | \$6,964.9 |
| QoQ | -6.8% | 1.5% | 5.8% | 0.6% | -19.4% | 6.2% | 14.2% | 10.8% | 3.1% | 8.1% | 4.4% | 2.8% | | | |
| YoY | -8.7% | -11.6% | -7.7% | 0.6% | -13.0% | -8.9% | -1.6% | 8.4% | 38.6% | 41.0% | 28.9% | 19.6% | -7.0% | -3.5% | 31.1% |
| Cost of goods | 764.5 | 819.8 | 867.4 | 762.4 | 622.9 | 649.8 | 714.9 | 771.3 | 802.9 | 846.4 | 872.8 | 889.5 | 3,214.1 | 2,758.9 | 3,411.6 |
| Non-GAAP gross profit | 792.5 | 808.1 | 859.2 | 911.1 | 718.8 | 763.7 | 872.1 | 966.2 | 994.6 | 1,080.6 | 1,129.7 | 1,162.9 | 3,370.9 | 3,320.8 | 4,367.7 |
| Opex: | | | | | | | | | | | | | | | |
| Non-GAAP R&D | 380.6 | 370.3 | 365.7 | 355.0 | 379.3 | 385.0 | 392.7 | 406.5 | 439.0 | 439.0 | 417.0 | 412.8 | 1,471.6 | 1,563.5 | 1,707.8 |
| Non-GAAP SG&A | 78.0 | 77.7 | 71.4 | 73.5 | 75.7 | 76.5 | 77.6 | 78.4 | 81.9 | 81.9 | 79.5 | 79.5 | 300.6 | 308.2 | 322.7 |
| Non-GAAP Opex | 458.6 | 448.0 | 437.1 | 428.5 | 455.0 | 461.5 | 470.3 | 484.8 | 520.9 | 520.9 | 496.5 | 492.3 | 1,772.2 | 1,871.6 | 2,030.5 |
| Non-GAAP Operating income | 333.9 | 360.1 | 422.1 | 482.6 | 263.8 | 302.2 | 401.8 | 481.4 | 473.7 | 559.7 | 633.2 | 670.6 | 1,598.7 | 1,449.2 | 2,337.1 |
| Interest income (expense) | (49.9) | (45.9) | (41.2) | (54.0) | (46.7) | (46.7) | (46.7) | (46.7) | (46.7) | (46.7) | (46.7) | (46.7) | (191.0) | (186.8) | (186.8) |
| Non-GAAP Pretax income | 284.1 | 305.7 | 376.7 | 427.3 | 215.8 | 254.2 | 353.8 | 433.4 | 425.7 | 511.7 | 585.2 | 622.6 | 1,393.8 | 1,257.2 | 2,145.1 |
| Non-GAAP Tax expense, other adj. | 19.9 | 15.5 | 22.6 | 25.7 | 15.1 | 17.8 | 24.8 | 30.3 | 34.1 | 40.9 | 46.8 | 49.8 | 83.7 | 88.0 | 171.6 |
| Non-GAAP Net income | \$264.2 | \$290.2 | \$354.1 | \$401.6 | \$200.7 | \$236.4 | \$329.1 | \$403.0 | \$391.7 | \$470.7 | \$538.4 | \$572.8 | \$1,310.1 | \$1,169.2 | \$1,973.5 |
| Diluted EPS (Non-GAAP, inc. SBC) | \$0.14 | \$0.16 | \$0.22 | \$0.28 | \$0.06 | \$0.11 | \$0.21 | \$0.30 | \$0.28 | \$0.37 | \$0.45 | \$0.49 | \$0.81 | \$0.68 | \$1.58 |
| Diluted EPS (Non-GAAP, ex SBC) | \$0.31 | \$0.33 | \$0.41 | \$0.46 | \$0.23 | \$0.27 | \$0.38 | \$0.46 | \$0.45 | \$0.55 | \$0.63 | \$0.67 | \$1.51 | \$1.34 | \$2.30 |
| YoY | -41% | -41% | -29% | 0% | -25% | -19% | -7% | 1% | 98% | 102% | 66% | 45% | -29% | -11% | 71% |
| Non-GAAP Diluted shares | 861.2 | 869.4 | 872.2 | 873.9 | 875.8 | 873.1 | 870.0 | 866.9 | 863.5 | 860.0 | 856.2 | 852.3 | 869.2 | 871.5 | 858.0 |

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH



**Exhibit 7: MRVL – Segment model (\$mn)**

Data center sales driving overall company model over the next several years

| Business Segment | 1Q24 Apr-23 | 2Q24 Jul-23 | 3Q24 Oct-23 | 4Q24 Jan-24 | 1Q25E Apr-24E | 2Q25E Jul-24E | 3Q25E Oct-24E | 4Q25E Jan-25E | 1Q26E Apr-25E | 2Q26E Jul-25E | 3Q26E Oct-25E | 4Q26E Jan-26E | FY24 Jan-24 | FY25E Jan-25 | FY26E Jan-26 |
|-----------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-----------------|-----------------|
| Sales (\$mn) | | | | | | | | | | | | | | | |
| Data Center | 435.8 | 459.8 | 555.8 | 765.3 | 780.6 | 831.3 | 956.0 | 1,042.1 | 1,078.6 | 1,164.8 | 1,223.1 | 1,259.8 | 2,216.7 | 3,610.1 | 4,726.3 |
| Carrier | 289.9 | 275.5 | 316.5 | 170.0 | 85.0 | 87.6 | 96.3 | 110.8 | 121.8 | 152.3 | 156.9 | 160.0 | 1,051.9 | 379.6 | 590.9 |
| Enterprise Networking | 364.6 | 327.7 | 271.1 | 265.0 | 159.0 | 167.0 | 185.3 | 213.1 | 217.4 | 228.2 | 228.2 | 232.8 | 1,228.4 | 724.4 | 906.7 |
| Auto and Industrial | 89.3 | 110.2 | 106.5 | 82.3 | 82.3 | 86.4 | 90.7 | 96.2 | 99.1 | 97.1 | 100.0 | 101.0 | 388.3 | 355.6 | 397.1 |
| Consumer | 142.1 | 167.7 | 168.7 | 143.9 | 43.2 | 49.6 | 67.0 | 83.8 | 77.1 | 80.9 | 90.6 | 95.2 | 622.4 | 243.6 | 343.8 |
| Total | 1,321.7 | 1,340.9 | 1,418.6 | 1,426.5 | 1,150.1 | 1,221.9 | 1,395.4 | 1,545.9 | 1,593.9 | 1,723.4 | 1,798.8 | 1,848.7 | 5,507.7 | 5,313.3 | 6,964.9 |
| QoQ (%) | | | | | | | | | | | | | | | |
| Data Center | -12.4% | 5.5% | 20.9% | 37.7% | 2.0% | 6.5% | 15.0% | 9.0% | 3.5% | 8.0% | 5.0% | 3.0% | | | |
| Carrier | 5.3% | -5.0% | 14.9% | -46.3% | -50.0% | 3.0% | 10.0% | 15.0% | 10.0% | 25.0% | 3.0% | 2.0% | | | |
| Enterprise Networking | -0.5% | -10.1% | -17.3% | -2.3% | -40.0% | 5.0% | 11.0% | 15.0% | 2.0% | 5.0% | 0.0% | 2.0% | | | |
| Auto & Industrial | -10.2% | 23.4% | -3.4% | -22.7% | 0.0% | 5.0% | 5.0% | 6.0% | 3.0% | -2.0% | 3.0% | 1.0% | | | |
| Consumer | -21.0% | 18.0% | 0.6% | -14.7% | -70.0% | 15.0% | 35.0% | 25.0% | -8.0% | 5.0% | 12.0% | 5.0% | | | |
| Total | -6.8% | 1.5% | 5.8% | 0.6% | -19.4% | 6.2% | 14.2% | 10.8% | 3.1% | 8.1% | 4.4% | 2.8% | | | |
| YoY (%) | | | | | | | | | | | | | | | |
| Data Center | -32.0% | -28.5% | -11.4% | 53.8% | 79.1% | 80.8% | 72.0% | 36.2% | 38.2% | 40.1% | 27.9% | 20.9% | -8.0% | 62.9% | 30.9% |
| Carrier | 15.0% | -3.4% | 16.6% | -38.3% | -70.7% | -68.2% | -69.6% | -34.9% | 43.3% | 73.9% | 62.9% | 44.5% | -3.0% | -63.9% | 55.7% |
| Enterprise Networking | 27.2% | -3.7% | -27.9% | -27.7% | -56.4% | -49.1% | -31.6% | -19.6% | 36.7% | 36.7% | 23.2% | 9.2% | -10.3% | -41.0% | 25.2% |
| Auto & Industrial | 0.0% | 31.8% | 26.5% | -17.2% | -7.8% | -21.6% | -14.8% | 16.9% | 20.4% | 12.3% | 10.2% | 5.0% | 8.9% | -8.4% | 11.7% |
| Consumer | -20.4% | 2.0% | -5.4% | -20.0% | -69.6% | -70.4% | -60.3% | -41.8% | 78.5% | 63.0% | 35.2% | 13.6% | -11.2% | -60.9% | 41.1% |
| Total | -8.7% | -11.6% | -7.7% | 0.6% | -13.0% | -8.9% | -1.6% | 8.4% | 38.6% | 41.0% | 28.9% | 19.6% | -7.0% | -3.5% | 31.1% |
| % of total | | | | | | | | | | | | | | | |
| Data Center | 33.0% | 34.3% | 39.2% | 53.6% | 67.9% | 68.0% | 68.5% | 67.4% | 67.7% | 67.6% | 68.0% | 68.1% | 40.2% | 67.9% | 67.9% |
| Carrier | 21.9% | 20.5% | 22.3% | 11.9% | 7.4% | 7.2% | 6.9% | 7.2% | 7.6% | 8.8% | 8.7% | 8.7% | 19.1% | 7.1% | 8.5% |
| Enterprise Networking | 27.6% | 24.4% | 19.1% | 18.6% | 13.8% | 13.7% | 13.3% | 13.8% | 13.6% | 13.2% | 12.7% | 12.6% | 22.3% | 13.6% | 13.0% |
| Auto & Industrial | 6.8% | 8.2% | 7.5% | 5.8% | 7.2% | 7.1% | 6.5% | 6.2% | 6.2% | 5.6% | 5.6% | 5.5% | 7.1% | 6.7% | 5.7% |
| Consumer | 10.8% | 12.5% | 11.9% | 10.1% | 3.8% | 4.1% | 4.8% | 5.4% | 4.8% | 4.7% | 5.0% | 5.1% | 11.3% | 4.6% | 4.9% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 9: MRVL – Balance Sheet (\$mn)

MRVL should modestly improve its cash position over time

| MARVELL BALANCE SHEET | | | | | | | | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-----------------|-----------------|
| | | | | | | | | | | | | | | | |
| | 1Q24 Apr-23 | 2Q24 Jul-23 | 3Q24 Oct-23 | 4Q24 Jan-24 | 1Q25E Apr-24E | 2Q25E Jul-24E | 3Q25E Oct-24E | 4Q25E Jan-25E | 1Q26E Apr-25E | 2Q26E Jul-25E | 3Q26E Oct-25E | 4Q26E Jan-26E | FY24 Jan-24 | FY25E Jan-25 | FY26E Jan-26 |
| Balance Sheet | | | | | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | | | | | |
| Cash/Equivalents | 1,028.3 | 423.4 | 725.6 | 950.8 | 728.0 | 637.8 | 531.7 | 513.2 | 64.1 | 114.0 | 251.4 | 445.6 | 950.8 | 513.2 | 445.6 |
| ST Investments | | | | | | | | | | | | | | | |
| Accounts Receivable (net) | 1,000.9 | 1,209.2 | 1,214.6 | 1,121.6 | 904.3 | 960.7 | 1,097.2 | 1,215.5 | 1,253.2 | 1,355.0 | 1,414.3 | 1,453.6 | 1,121.6 | 1,215.5 | 1,453.6 |
| Inventory | 1,026.0 | 1,015.8 | 941.5 | 864.4 | 706.2 | 736.8 | 810.5 | 874.5 | 910.3 | 959.7 | 989.5 | 1,008.5 | 864.4 | 874.5 | 1,008.5 |
| Other Current Assets | 147.7 | 118.8 | 91.5 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 | 125.9 |
| Total Current Assets | 3,202.9 | 2,767.2 | 2,973.2 | 3,062.7 | 2,464.3 | 2,461.2 | 2,565.3 | 2,729.1 | 2,353.5 | 2,554.5 | 2,781.2 | 3,033.6 | 3,062.7 | 2,729.1 | 3,033.6 |
| PP&E | 636.2 | 693.8 | 701.6 | 756.0 | 752.5 | 749.7 | 748.7 | 749.1 | 750.1 | 752.3 | 755.3 | 758.8 | 756.0 | 749.1 | 758.8 |
| Goodwill | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 | 11,586.9 |
| Other non-current Assets | 2,015.2 | 2,142.0 | 2,162.3 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 | 1,818.8 |
| Total Assets | 22,273.2 | 21,750.1 | 21,714.4 | 21,228.5 | 20,626.6 | 20,620.7 | 20,723.8 | 20,888.0 | 20,513.4 | 20,716.7 | 20,946.3 | 21,202.2 | 21,228.5 | 20,888.0 | 21,202.2 |
| LIABILITIES | | | | | | | | | | | | | | | |
| Accounts Payable | 388.4 | 412.8 | 419.1 | 411.3 | 336.0 | 314.9 | 346.4 | 373.7 | 389.0 | 410.1 | 422.9 | 431.0 | 411.3 | 373.7 | 431.0 |
| Accrued Liabilities | 970.8 | 1,068.5 | 1,119.2 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 | 1,032.9 |
| Deferred Income | | | | | | | | | | | | | | | |
| Total Current Liabilities | 3,061.4 | 2,685.2 | 1,879.6 | 1,814.2 | 1,738.9 | 1,717.8 | 1,749.3 | 1,776.6 | 1,791.9 | 1,813.0 | 1,825.8 | 1,833.9 | 1,814.2 | 1,776.6 | 1,833.9 |
| Non-current taxes pay. | | | | | | | | | | | | | | | |
| Term loan obli., l-t | 3,154.9 | 3,134.5 | 4,089.6 | 4,058.6 | 3,558.6 | 3,558.6 | 3,558.6 | 3,558.6 | 3,058.6 | 3,058.6 | 3,058.6 | 3,058.6 | 4,058.6 | 3,558.6 | 3,058.6 |
| Other LT liabilities | 563.0 | 540.9 | 511.8 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 | 524.3 |
| Total Liabilities | 6,779.3 | 6,360.6 | 6,481.0 | 6,397.1 | 5,821.8 | 5,800.7 | 5,832.2 | 5,859.5 | 5,374.8 | 5,395.9 | 5,408.7 | 5,416.8 | 6,397.1 | 5,859.5 | 5,416.8 |
| Shareholders' Equity | 15,493.9 | 15,389.5 | 15,233.4 | 14,831.4 | 14,804.8 | 14,820.0 | 14,891.6 | 15,028.5 | 15,138.6 | 15,320.7 | 15,537.6 | 15,785.4 | 14,831.4 | 15,028.5 | 15,785.4 |
| Total Liabilities & SH' Equity | 22,273.2 | 21,750.1 | 21,714.4 | 21,228.5 | 20,626.6 | 20,620.7 | 20,723.8 | 20,888.0 | 20,513.4 | 20,716.7 | 20,946.3 | 21,202.2 | 21,228.5 | 20,888.0 | 21,202.2 |
| | | | | | | | | | | | | | | | |
| Total cash (incl. rest. cash) | 1,028.3 | 423.4 | 725.6 | 950.8 | 728.0 | 637.8 | 531.7 | 513.2 | 64.1 | 114.0 | 251.4 | 445.6 | 950.8 | 513.2 | 445.6 |
| Total debt | 4,672.5 | 4,153.1 | 4,185.9 | 4,165.9 | 3,665.9 | 3,665.9 | 3,665.9 | 3,665.9 | 3,165.9 | 3,165.9 | 3,165.9 | 3,165.9 | 4,058.6 | 3,558.6 | 3,058.6 |
| Net Cash | (3,644.2) | (3,729.7) | (3,460.3) | (3,215.1) | (2,937.9) | (3,028.1) | (3,134.2) | (3,152.7) | (3,101.8) | (3,051.9) | (2,914.5) | (2,720.3) | (3,107.8) | (3,045.4) | (2,613.0) |





Exhibit 9: MRVL – Balance Sheet (\$mn)

MRVL should modestly improve its cash position over time

MARVELL BALANCE SHEET

| Net Cash/dil. share | (4.25) | (4.33) | (4.01) | (3.72) | (3.39) | (3.50) | (3.64) | (3.67) | (3.63) | (3.59) | (3.44) | (3.22) | (3.61) | (3.53) | (3.08) |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Days Sales Outstanding (DSO) | 68.9 | 82.1 | 77.9 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | | | |
| Days Payables Out. (DPO) | 46.2 | 45.8 | 44.0 | 49.1 | 49.1 | 44.1 | 44.1 | 44.1 | 44.1 | 44.1 | 44.1 | 44.1 | | | |
| Cash conv. days (DIO+DSO-DPO) | 145.1 | 149.3 | 133.0 | 125.9 | 125.9 | 130.9 | 130.9 | 130.9 | 130.9 | 130.9 | 130.9 | 130.9 | | | |

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 11: MRVL – Cash Flow (\$mn)

MRVL FCF margins progressing nicely towards mid-20s level

| MARVELL CASH FLOW | | | | | | | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|-------------------------|-------------------------|
| Cash Flow Statement | 1Q24 Apr-23 | 2Q24 Jul-23 | 3Q24 Oct-23 | 4Q24 Jan-24 | 1Q25E Apr-24E | 2Q25E Jul-24E | 3Q25E Oct-24E | 4Q25E Jan-25E | 1Q26E Apr-25E | 2Q26E Jul-25E | 3Q26E Oct-25E | 4Q26E Jan-26E | FY24 Jan-24 | FY25E Jan-25 | FY26E Jan-26 |
| Net Income | (168.9) | (207.5) | (164.3) | (392.7) | (195.5) | (129.6) | (47.4) | 18.2 | (6.3) | 64.7 | 125.3 | 156.1 | (933.4) | (354.3) | 339.9 |
| Depreciation and Amortization | 78.4 | 75.5 | 72.1 | 73.8 | 61.0 | 63.9 | 70.8 | 76.8 | 78.8 | 83.9 | 87.0 | 88.9 | 299.8 | 272.5 | 338.6 |
| Stock Based Compensation | 143.2 | 152.8 | 158.5 | 155.3 | 144.2 | 144.2 | 144.2 | 144.2 | 154.2 | 154.2 | 154.2 | 154.2 | 609.8 | 576.8 | 616.8 |
| Gain on sale of equity invest. | | | | | | | | | | | | | | | |
| Write-off and disp. of assets | | | | | | | | | | | | | | | |
| Changes in assets/liabilities | 1.9 | (122.7) | 204.9 | (26.3) | 300.3 | (108.2) | (178.7) | (155.0) | (58.2) | (130.1) | (76.4) | (50.1) | 57.8 | (141.6) | (314.8) |
| Accounts Receivable | 191.3 | (208.2) | (5.5) | 93.0 | 217.3 | (56.5) | (136.4) | (118.3) | (37.7) | (101.8) | (59.3) | (39.3) | 70.6 | (93.9) | (238.1) |
| Inventory | 41.2 | 11.3 | 70.6 | 78.8 | 158.2 | (30.5) | (73.8) | (64.0) | (35.8) | (49.3) | (29.9) | (19.0) | 201.9 | (10.1) | (134.0) |
| Prepaid /Other Asset | 7.9 | (47.2) | 53.7 | (107.5) | | | | | | | | | (93.1) | | |
| Accounts Payable | (104.8) | 18.0 | (0.7) | (61.6) | (75.3) | (21.2) | 31.5 | 27.3 | 15.3 | 21.1 | 12.8 | 8.1 | (149.1) | (37.6) | 57.3 |
| Accrued Liabilities and other | (60.1) | 102.3 | 27.1 | (46.6) | | | | | | | | | 22.7 | | |
| Accrued Employee comp. Deferred income | (73.6) | 1.1 | 59.7 | 17.6 | | | | | | | | | 4.8 | | |
| Cash from Op. Activities | 208.4 | 112.5 | 503.0 | 546.6 | 575.6 | 236.0 | 254.6 | 350.0 | 446.2 | 450.4 | 567.7 | 626.9 | 1,370.5 | 1,416.2 | 2,091.2 |
| Purchases of Investments | | | | | | | | | | | | | | | |
| Sales and maturities of inv. | | | | | | | | | | | | | | | |
| Cash paid for acquisition (net) | (2.8) | (5.5) | | | | | | | | | | | (8.3) | | |
| Purchase of property and eq. | (99.8) | (111.1) | (54.4) | (71.0) | (57.5) | (61.1) | (69.8) | (77.3) | (79.7) | (86.2) | (89.9) | (92.4) | (336.3) | (265.7) | (348.2) |
| Purchase of technology licenses | (0.1) | (0.4) | (0.3) | (10.6) | (3.4) | (3.4) | (3.4) | (3.4) | (3.0) | (3.1) | (3.2) | (3.0) | (11.4) | (13.5) | (12.3) |
| Cash from Investing Activities | (102.7) | (117.0) | (54.6) | (81.7) | (60.9) | (64.4) | (73.1) | (80.7) | (82.7) | (89.3) | (93.1) | (95.5) | (356.0) | (279.2) | (360.5) |
| Repurchase of common stock | | | (50.0) | (100.0) | (150.0) | (175.0) | (200.0) | (200.0) | (225.0) | (225.0) | (250.0) | (250.0) | (150.0) | (725.0) | (950.0) |
| Proceeds from stock issuance | | | | | | | | | | | | | | | |
| Dividend payments | (51.4) | (51.7) | (51.8) | (51.9) | (52.0) | (51.8) | (51.7) | (51.5) | (51.3) | (51.1) | (50.8) | (50.6) | (206.8) | (207.0) | (203.8) |
| Payment on tech license obl. | (50.0) | (28.6) | (31.6) | (40.1) | (35.6) | (34.9) | (35.9) | (36.3) | (36.3) | (35.2) | (36.3) | (36.6) | (150.3) | (142.7) | (144.5) |
| Cash from Financing Activities | 11.6 | (600.4) | (146.2) | (239.7) | (737.6) | (261.7) | (287.5) | (287.8) | (812.6) | (311.3) | (337.2) | (337.3) | (974.7) | (1,574.7) | (1,798.3) |
| Net Change in Cash | 117.3 | (604.9) | 302.2 | 225.2 | (222.8) | (90.2) | (106.0) | (18.5) | (449.1) | 49.9 | 137.5 | 194.2 | 39.8 | (437.6) | (67.6) |





Exhibit 11: MRVL – Cash Flow (\$mn)

MRVL FCF margins progressing nicely towards mid-20s level

| MARVELL CASH FLOW | | | | | | | | | | | | | | | |
|-------------------|--------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Free Cash Flow | \$58.5 | (\$27.6) | \$416.7 | \$424.9 | \$479.2 | \$136.7 | \$145.6 | \$232.9 | \$327.2 | \$325.9 | \$438.3 | \$494.8 | \$872.5 | \$994.4 | \$1,586.2 |
| FCF as % of sales | 4.4% | -2.1% | 29.4% | 29.8% | 41.7% | 11.2% | 10.4% | 15.1% | 20.5% | 18.9% | 24.4% | 26.8% | 15.8% | 18.7% | 22.8% |

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Price objective basis & risk

Marvell Technology Group Ltd. (MRVL)

Our \$95 PO is based on a 41x FY26E/CY25E pf-EPS, which is well-supported by the 20%-30%+ longer-term compounded annual EPS growth potential, and within the normal 1x-2x range for high growth semi peers.

Downside risks: 1) Integration risks in recent deals, 2) Financial risks related to going to net debt from net cash position, and in achieving expected cost synergies in a timely manner, and 3) Cyclical industry risks including potential slowdown in legacy hard disk drive, infrastructure spending, and storage assets, 4) Competitive risks against larger well resourced rivals.

Analyst Certification

I, Vivek Arya, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Semiconductors and Semiconductor Capital Equipment Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---------------------|-------------------------------|-------------|------------------|----------------|
| BUY | | | | |
| | Advanced Micro Devices, Inc | AMD | AMD US | Vivek Arya |
| | Analog Devices Inc. | ADI | ADI US | Vivek Arya |
| | Applied Materials, Inc. | AMAT | AMAT US | Vivek Arya |
| | Arm Holdings | ARM | ARM US | Vivek Arya |
| | Broadcom Inc | AVGO | AVGO US | Vivek Arya |
| | Cadence | CDNS | CDNS US | Vivek Arya |
| | Camtek | CAMT | CAMT US | Vivek Arya |
| | KLA Corporation | KLAC | KLAC US | Vivek Arya |
| | Lam Research Corp. | LRCX | LRCX US | Vivek Arya |
| | M/A-Com | MTSI | MTSI US | Vivek Arya |
| | Marvell Technology Group Ltd. | MRVL | MRVL US | Vivek Arya |
| | Microchip | MCHP | MCHP US | Vivek Arya |
| | Micron Technology, Inc | MU | MU US | Vivek Arya |
| | Nova | NVMI | NVMI US | Vivek Arya |
| | NVIDIA Corporation | NVDA | NVDA US | Vivek Arya |
| | NXP Semiconductors NV | NXPI | NXPI US | Vivek Arya |
| | onsemi | ON | ON US | Vivek Arya |
| | Synopsys | SNPS | SNPS US | Vivek Arya |
| NEUTRAL | | | | |
| | Advanced Energy Industries | AEIS | AEIS US | Duksan Jang |
| | Allegro MicroSystems | ALGM | ALGM US | Blake Friedman |
| | Axcelis Technologies | ACLS | ACLS US | Duksan Jang |
| | Coherent Corp | COHR | COHR US | Vivek Arya |
| | GlobalFoundries | GFS | GFS US | Vivek Arya |
| | Intel | INTC | INTC US | Vivek Arya |
| | Lattice Semiconductor | LSCC | LSCC US | Blake Friedman |
| | Texas Instruments Inc. | TXN | TXN US | Vivek Arya |
| UNDERPERFORM | | | | |
| | Ambarella | AMBA | AMBA US | Vivek Arya |
| | Credo Technology | CRDO | CRDO US | Vivek Arya |
| | Lumentum Holdings | LITE | LITE US | Vivek Arya |
| | Qorvo Inc. | QRVO | QRVO US | Vivek Arya |
| | Skyworks Solutions, Inc. | SWKS | SWKS US | Vivek Arya |
| | Teradyne | TER | TER US | Vivek Arya |
| | Wolfspeed Inc | WOLF | WOLF US | Vivek Arya |

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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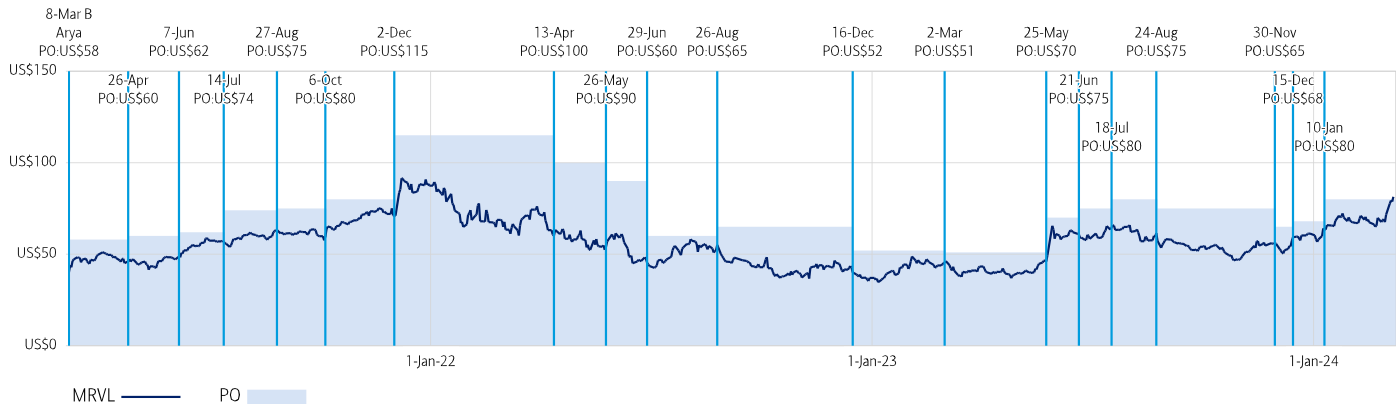
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Marvell (MRVL) Price Chart



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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 215 | 53.09% | Buy | 111 | 51.63% |
| Hold | 97 | 23.95% | Hold | 45 | 46.39% |
| Sell | 93 | 22.96% | Sell | 24 | 25.81% |

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
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| Hold | 832 | 23.54% | Hold | 454 | 54.57% |
| Sell | 807 | 22.84% | Sell | 383 | 47.46% |

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster ^{R2} |
|-------------------|---|--|
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| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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