

Advanced Micro Devices Inc



(AMD | CUSIP Number : 7903107)

USD 143.81

52 Week (High - USD 153.13 & Low - 86.62)

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About the Company

AMD (Advanced Micro Devices) is a leading company in high-performance and adaptive computing, founded in 1969. It designs and develops a range of technologies, including central processing units (CPUs), graphics processing units (GPUs), and field-programmable gate arrays (FPGAs), catering to various markets such as gaming, data centers, and consumer electronics. AMD is known for its innovations in high-performance processors and graphics products, consistently advancing technology across multiple applications. The company plays a significant role in the tech industry, focusing on solutions that enhance computing performance and efficiency.

Financial Summary of DuPont Analysis



Recent Updates

- On June 12's Advancing AI 2025 event, AMD unveiled: The Instinct MI350 Series GPUs (MI350X and MI355X), offering 4x the generational AI performance and targeting hyperscalers like Meta, Oracle, and HPE. A new open rack-scale AI infrastructure roadmap ("Helios") powered by MI400 chips expected in 2026.
- AMD confirmed annual chip cadence: MI400 in 2026, MI500 in 2027.
- AMD formed strong ties with AI startups (like Cohere and OpenAI) to accelerate development of its **ROCm software**, reducing port times to days.
- A \$10 B collaboration with HUMAIN positions AMD as a key AI provider in the Middle East, along with UAE-based G42, enhancing regional market share.
- U.S. export restrictions on AI chips to China could shave ~5% off AMD's 2025 revenue, though the company believes long-term AI demand will offset short-term losses.
- Q2 EPS consensus was lowered (~\$0.47) due to MI308-related charges. Some analysts, like KeyBanc's Vinh, argue these might not be one-time.
- Q2 2025 revenue guidance: \$7.4 B (+27% YoY), despite a \$700–800 M hit from U.S. export controls.

DuPont Analysis - Return on Equity & Return on Asset

Return on Equity (ROE)							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	514.0	756.0	1,575.0	3,435.0	5,504.0	4,302.0	5,420.0
Average Shareholder's Equity	931.0	2,046.5	4,332.0	6,667.0	31,123.5	55,321.0	56,730.0
Return on Equity	55.21%	36.94%	36.36%	51.52%	17.68%	7.78%	9.55%

ROE - DuPont Equation							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	514.0	756.0	1,575.0	3,435.0	5,504.0	4,302.0	5,420.0
Revenue	6,480.0	6,731.0	9,763.0	16,434.0	23,601.0	22,680.0	25,785.0
Net Profit Margin (A)	7.93%	11.23%	16.13%	20.90%	23.32%	18.97%	21.02%
Revenue	6,480.0	6,731.0	9,763.0	16,434.0	23,601.0	22,680.0	25,785.0
Average Total Asset	4,054.0	5,292.0	7,495.0	10,690.5	39,999.5	67,732.5	68,555.5
Asset Turnover Ratio (B)	1.6x	1.3x	1.3x	1.5x	0.6x	0.3x	0.4x
Average Total Asset	4,054.0	5,292.0	7,495.0	10,690.5	39,999.5	67,732.5	68,555.5
Average Shareholder's Equity	931.0	2,046.5	4,332.0	6,667.0	31,123.5	55,321.0	56,730.0
Financial Leverage (C)	4.4x	2.6x	1.7x	1.6x	1.3x	1.2x	1.2x
Return on Equity (A*B*C)	55.21%	36.94%	36.36%	51.52%	17.68%	7.78%	9.55%

Return on Asset (ROA)							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	514.0	756.0	1,575.0	3,435.0	5,504.0	4,302.0	5,420.0
Average Total Asset	4,054.0	5,292.0	7,495.0	10,690.5	39,999.5	67,732.5	68,555.5
Return on Asset (ROA)	12.68%	14.29%	21.01%	32.13%	13.76%	6.35%	7.91%

ROA - DuPont Equation							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
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Asset Turnover Ratio (B)	1.6x	1.3x	1.3x	1.5x	0.6x	0.3x	0.4x
Return on Asset (A*B)	12.68%	14.29%	21.01%	32.13%	13.76%	6.35%	7.91%

DuPont Summary

- **Return on Equity (ROE) Highlights:** ROE fell to **9.55% in FY2024**, down from 51.52% in FY2021 and 17.68% in FY2022. This downfall was driven by reduction in **financial leverage** and **operational efficiency**, despite an increase in profitability.
- **Net Profit Margin:** Increased significantly from **7.93% in FY2018** → **21.02% in FY2024**. Reflects strong gains in operating profitability, largely from growth in AI and data center segments.
- **Asset Turnover Ratio:** Decreased from **1.6x in FY2018** → **0.3x in FY2023** → **0.4x in FY2024**. Shows AMD's decreased efficiency in generating revenue from its assets.
- **Financial Leverage:** Decreased from **4.4x in FY2018** → **1.2x in FY2024**. Indicates that AMD relied less on borrowed capital, which explains why growth in asset turnover was reversed.
- **Return on Asset (ROA) Trends:** ROA fell sharply from **32.13% in FY2021** → **6.35% in FY2023** → **7.91% in FY2024**. This decrease was caused by lower asset turnover ratio.
- **Overall Takeaway:** AMD's FY2024 performance is marked by **high profitability**, **low operational efficiency**, and **conservative leverage**. The company is reducing its financial leverage and asset aquisition. One possible reason for reducing leverage could be a rethinking of strategy while clearing away debt to reach a new point where the company can pivot into new horizons.

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