

May 7, 2025 04:53 AM GMT

Advanced Micro Devices | North America

AMD numbers move higher despite China headwinds

WHAT'S CHANGED

Advanced Micro Devices (AMD.O)	From	To
Price Target	\$137.00	\$121.00

Reaction to earnings

Unchanged Impact to our thesis	↑ Modest upside Financial results versus consensus	↑ Modest revision higher Direction of next 12-month consensus EPS
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Source: Company data, Morgan Stanley Research

AMD posted a strong quarter, with strength in PC client driving the upside; despite a \$700 mm 2q headwind from export controls, the company remarkably still guided above. AI progress, and PC client durability, key from here.

Key Takeaways

- Overall numbers better, but mix (more client, less datacenter) somewhat underwhelming
- Guidance to \$7.4 bn vs. consensus \$7.2 bn impressive given \$700 mm of lost China revenue around export controls
- Double digit AI growth for the year better than our preview, albeit back half loaded.
- Numbers up slightly
- PT down from \$137 to \$121 on lower multiple assumptions given macro.

AMD numbers were very good. While the argument could be made that the client numbers are too good in an environment of fear around pull ins, the AI and traditional server matters more and they are doing well there. We were surprised that the stock gave back after hours gains, but from here this is largely a show-me story on next generation AI chips, and we're EW.

Management still forecasts that AI will grow strong double digits this year, despite a \$1.5 bn headwind from China export controls. We had \$5bn in AI in CY24 going to \$7.7 bn in CY25, but in our preview had commented that full year growth could be challenging after removing the China product from the revenue stream. AMD is taking \$1.5 bn out of the full year forecast for this ban - saying on the callback that they do not see any potential licensing actions, and have no mitigation products for China. \$700 mm comes out of 2q, with most of the rest coming out of 3q. That's a slightly smaller headwind that we had expected, but in the ballpark. Double digit growth is likely to require a fairly steep ramp from here. Our view is that MI350 is a nice product but doesn't drive an immediate upgrade

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Advanced Micro Devices (AMD.O, AMD US)

Semiconductors | United States of America

Stock Rating	Equal-weight
Industry View	Attractive
Price target	\$121.00
Shr price, close (May 6, 2025)	\$98.62
Mkt cap, curr (mm)	\$160,950
52-Week Range	\$187.28-76.48
Fiscal Year Ending	12/24 12/25e 12/26e 12/27e
EPS (\$)**	3.33 4.20 6.12 6.69
Prior EPS (\$)**	- 4.53 5.80 6.58
P/E	49.3 27.9 18.0 16.6
EPS (\$)§	3.31 4.37 5.84 6.71
Div yld (%)	0.0 0.0 0.0 0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework

** = Based on consensus methodology

§ = Consensus data is provided by Refinitiv Estimates

e = Morgan Stanley Research estimates

QUARTERLY EPS (\$)

Quarter	2024	2025e Prior	2025e Current	2026e Prior	2026e Current
Q1	0.62	-	0.96a	1.31	1.43
Q2	0.69	0.96	0.49	1.35	1.50
Q3	0.92	1.21	1.23	1.52	1.53
Q4	1.09	1.40	1.50	1.59	1.65

e = Morgan Stanley Research estimates, a = Actual Company reported data

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cycle, so we're surprised at this strength later in the year.

Meanwhile, PC client growth is high enough to create fears that it's a pull forward. Client grew 57% y/y, following even higher growth in December. Demand for AMD client products is strong, and management credibly said that they scrubbed the market for concerns of an overbuild, but in a tariff environment it clearly carries some risk. Competitor Intel should have a viable roadmap in client - certainly more competitive than in servers, so we continue to model somewhat cautiously for 2h.

Server and embedded roughly tracking, game console bottoming. The two high margin businesses - general purpose server and embedded (ie Xilinx) - were just in line for the quarter. We think that AMD is set up for market share gains in both markets, but much more so in a strong macro environment. In an economic contraction, cloud vendors are likely to go back to deferring server upgrades to make more room for AI.

Details on segment results: The company reported top-line results of \$7.438bn (down 2.9% q/q and up 35.9% y/y), above the Street at \$7.124bn and our estimate of \$7.072bn. In the Data Center segment, the company reported \$3.674bn in revenue (down 4.8% q/q and up 57.2% y/y), while in the Client segment the company reported \$2.294bn (down 0.8% q/q and up 67.7% y/y), \$0.647bn (up 14.9% q/q and down 29.8% y/y) for the Gaming segment, and \$0.823bn in Embedded (down 10.8% q/q and 2.7% y/y). The company also reported GM of 54.0%, in-line with the Street at 53.9% and our estimate of 54.0%, and EPS of \$0.96, \$0.02 above the Street at \$0.94 and \$0.04 above our estimate of \$0.92.

June-quarter guided revenue above consensus: The company guided revenue to \$7.4bn at the midpoint, implying a 0.5% sequential decline, above the Street at \$7.215bn and our estimate of \$7.266bn. The company also guided gross margins to 43.0% for the quarter, down 1100bps q/q and 1006bps y/y, meaningfully below the Street at 55.5% and our estimate of 54.2% due to inventory write down associated with incremental restrictions on MI308.

Changes to our estimates: We now forecast \$7.405bn in revenue for the June quarter, with 43.5% non-GAAP gross margins and 13.3% non-GAAP operating margins, resulting in \$0.54 in EPS. For the full FY25, we now forecast \$32.413bn in revenue, 52.5% non-GAAP gross margins, and \$4.20 in non-GAAP EPS, down from our prior \$31.477bn/54.3%/4.53. For FY26, we forecast 20% percent topline growth, now looking for \$38.920bn in revenue, 55.2% in non-GAAP gross margins, and \$6.12 in non-GAAP EPS vs our prior \$38.480bn/53.2%/5.80.

Thoughts on the stock: We still believe that while AI does not drive the earnings, it does drive the multiple, and the lack of visibility remains a challenge despite management's second half optimism. Somewhat in contrast to current sentiment, we still believe that we are in a very strong investment phase for AI hardware, which should help, but in a very competitive market where NVIDIA and the ASIC vendors are all moving quickly we will need to see a very strong MI400 offering next year for AMD to cement that position. AMD's position in all of its other markets remains strong, given Intel's disarray, but AI remains uncertain.

Given macro concerns, we are lowering our targets, even as numbers come up. Our

prior PT was based on 26x CY26 MW EPS of \$5.28. Our EPS number comes up to \$5.49, but we are lowering the multiple to 22x given contraction across the group – above the median, but below AI stalwarts NVDA and AVGO given a more speculative position. That brings the target to \$121.

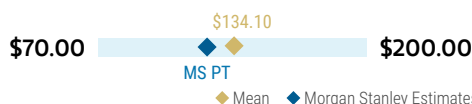
Risk Reward – Advanced Micro Devices (AMD.O)

EW as high AI expectations leave limited room for upside

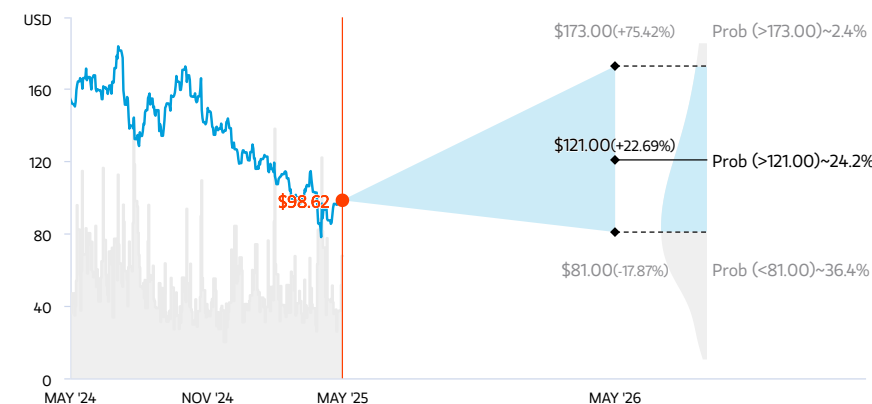
PRICE TARGET \$121.00

Our \$121 PT for AMD equals ~22x base case FY2026e MWEPS of \$5.49, reflecting further share gains at the expense of Intel, and 21% y/y growth in datacenter (~25% in AI)

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

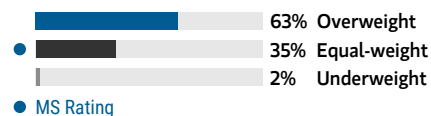


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 6 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

We see continued share gains in notebook and server processors in 2024 and 2025 as AMD continues to execute on its product roadmap. The core business should accelerate meaningfully as server upgrades return, the PC market continues its recovery, and conditions normalize in gaming and embedded. AI is another exciting growth driver where AMD has seen initial success but we think high expectations for the company in this part of the market leave limited room for outperformance.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$173.00

27x bull case FY2025e MW EPS of \$6.42

Bull case assumes further execution for AMD. In computing and graphics, AMD continues to gain material market share, while both CPU and GPU markets remain healthier than forecasted. Server business re-accelerates and grows faster than forecasted.

BASE CASE

\$121.00

~22x base case FY2026e MW EPS of \$5.49

Further share gains for AMD in server compute and notebook continue to drive growth, further supported by a strengthening AI story

BEAR CASE

\$81.00

18x bear case FY2026e MW EPS of \$4.52

AMD loses further momentum in AI, and Intel shows signs it's beginning to regain its footing in server. The multiple compresses as they are unable to drive meaningful revenues in AI markets beyond 2025

Risk Reward – Advanced Micro Devices (AMD.O)

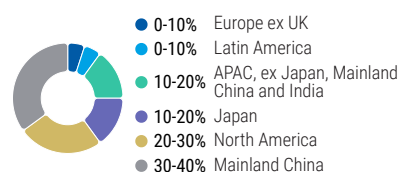
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
GAAP Revenue (\$, mm)	25,785	32,413	38,920	45,105
Non-GAAP Gross Margin (%)	53.4	52.5	55.7	53.1
Non-GAAP EPS (\$)	3.33	4.20	6.12	6.69
Inventory (\$, mm)	5,734	7,553	8,195	10,246
DOI	160.3	167.9	163.7	171.8

INVESTMENT DRIVERS

- AMD continues to execute to its product roadmaps, enabling it to gain share on a smaller R&D budget than INTC
- AI ecosystem adoption takes time, and we see AMD's early success as more of a testament to the strength of the overall market thus far

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- PC and Zen server share gain accelerates as Zen adoption picks up; Intel's competitive response is less impressive than expected
- Server refresh drives datacenter revenue above expectations
- Datacenter GPU outperforms expectations

RISKS TO DOWNSIDE

- Intel's server CPUs in 2024 and 2025 stifle AMD's momentum and allow it to regain share
- AMD loses graphics share to NVIDIA
- Datacenter GPU underperforms expectations

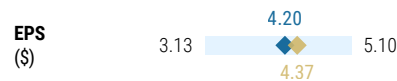
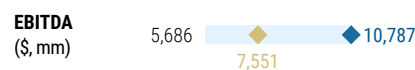
OWNERSHIP POSITIONING

Inst. Owners, % Active	48.6%				
HF Sector Long/Short Ratio	1.8x				
HF Sector Net Exposure	20.8%				

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Financial Summary

Exhibit 1: Income Statement Summary

AMD-US: Snapshot for the quarter ended March 2025

Income Statement									
Qtr Results:	Actual			Lst Qtr	QoQ	Lst Yr	YoY	Cons.	MSe
Revenue	\$7,438.0			\$7,658.0	-2.9%	\$5,473.0	35.9%	\$7,124.4	\$7,072.1
Gross Margin	54.0%			54.0%	2 bps	52.2%	183bps	53.9%	54.0%
EPS **	\$0.96			\$1.09	(\$0.13)	\$0.62	\$0.34	\$0.94	\$0.92
Nxt Qtr Outlook:	Low	High	Midpoint						
Revenue	\$7,100	\$7,700	\$7,400.0		-0.5%	\$5,835.0	26.8%	\$7,215.4	\$7,266.1
Gross Margin			43.0%		-1100bps	53.1%	-1006bps	55.5%	54.1%
EPS								\$0.88	\$0.96

Source: Morgan Stanley Research estimates, Company data

Exhibit 2: MS vs Consensus

Non-GAAP financials, \$ in Millions except per share				
	Reported F1Q25	MS Est F1Q25	Difference Act vs. Est.	Per share Difference
Total Revenue	7,438.0	7,072.1	365.9	0.22
Cost of Sales	3,446.0	3,248.5	197.5	(0.12)
Gross Profit	3,992.0	3,823.5	168.5	0.10
Gross Margin	53.7%	54.1%	-0.4%	
R&D	1,379.0	1,370.0	9.0	NM
SG&A	876.0	797.8	78.2	(0.05)
Other Opex (inc)	(42.0)	(57.0)	15.0	NM
Total Op Expenses	2,213.0	2,110.8	102.2	(0.05)
Operating Income	1,779.0	1,712.7	66.3	0.04
Operating Margin	23.9%	24.2%	-0.3%	
Interest income	0.0	0.0	0.0	NM
Interest expense	(20.0)	(15.0)	(5.0)	NM
Other expense (Income)	41.0	39.0	2.0	NM
Income Before Taxes	1,800.0	1,736.7	63.3	0.04
Tax Rate	13.0%	13.1%	0%	
Income tax provision	234.0	226.9	7.1	NM
Net Income	1,566.0	1,509.8	56.2	0.03
EPS	\$0.96	\$0.92	\$0.04	0.04
Diluted Shares Out.	1,626.0	1,635.0	(9.0)	

Source: Company data, Morgan Stanley Research estimates

Projected Financial Statements

Exhibit 3: AMD: Projected Income Statement

AMD GAAP Income Statement	C2Q23A	C3Q23A	C4Q23A	C1Q24A	C2Q24A	C3Q24A	C4Q24A	C1Q25A	C2Q25E	C3Q25E	C4Q25E	C1Q26E	C2Q26E	C3Q26E	C4Q26E	C1Q27E	C2Q27E	C3Q27E	C4Q27E	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenues	\$ 5,559	\$ 5,800	\$ 6,168	\$ 5,473	\$ 5,935	\$ 6,819	\$ 7,688	\$ 7,438	\$ 7,405	\$ 8,295	\$ 9,274	\$ 9,133	\$ 9,846	\$ 9,716	\$ 10,225	\$ 10,444	\$ 10,945	\$ 11,539	\$ 12,188	\$ 25,785	\$ 32,413	\$ 38,920	\$ 45,105	\$ 51,159
Q/Q Change	0.1%	8.2%	6.2%	-11.3%	6.6%	16.9%	12.3%	-2.9%	-0.4%	12.0%	11.8%	-1.5%	7.8%	-1.3%	5.2%	2.1%	4.8%	5.3%	5.7%	13.7%	25.7%	20.1%	15.9%	19.2%
Y/Y Change	-18.2%	4.2%	10.2%	2.2%	8.9%	16.9%	24.2%	35.9%	26.9%	21.7%	21.1%	22.8%	33.0%	17.1%	10.3%	14.3%	11.2%	18.7%	19.2%	13.7%	25.7%	20.1%	15.9%	19.2%
COGS	2,916.0	3,053.0	3,257.0	2,913.0	3,297.0	3,400.0	3,776.0	3,702.0	4,443.0	3,912.0	4,358.0	4,251.5	4,780.2	4,511.6	4,728.5	4,938.4	5,318.3	5,598.0	5,912.1	13,060.0	16,422.0	18,271.7	21,768.8	24,768.8
Stock Based Comp	10.0	6.0	6.0	6.0	5.0	5.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	22.0	20.0	20.0	20.0	20.0
One-time Items	212.0	210.0	216.0	295.0	232.0	233.0	292.0	251.0	251.0	251.0	251.0	200.0	200.0	200.0	200.0	150.0	150.0	150.0	150.0	1,012.0	1,004.0	800.0	600.0	600.0
COGS - Non-GAAP	2,694.0	2,837.0	3,035.0	2,612.0	2,794.0	3,162.0	3,518.0	3,446.0	4,187.0	3,663.2	4,102.0	4,046.5	4,575.2	4,306.6	4,523.5	4,783.4	5,163.3	5,443.0	5,757.1	12,028.0	15,396.2	17,451.7	21,146.8	24,146.8
COGS - MW	2,704.0	2,843.0	3,041.0	2,618.0	2,739.0	3,167.0	3,524.0	3,451.0	4,192.0	3,668.2	4,107.0	4,051.5	4,580.2	4,311.6	4,528.5	4,788.4	5,168.3	5,448.0	5,762.1	12,048.0	15,418.2	17,471.7	21,166.8	24,166.8
Gross Profit	2,443.0	2,747.0	2,911.0	2,560.0	2,638.0	3,419.0	3,912.0	3,736.0	2,962.0	4,373.0	4,916.2	4,881.7	5,065.4	5,204.6	5,496.7	5,505.3	5,626.7	5,930.8	6,275.9	12,725.0	15,990.5	20,648.5	23,337.7	26,337.7
Gross Margin	43.8%	47.4%	47.2%	46.8%	44.5%	50.1%	50.7%	50.2%	40.0%	52.6%	53.0%	53.3%	51.4%	53.8%	53.8%	52.7%	51.4%	51.4%	51.5%	49.4%	49.3%	53.1%	51.7%	51.7%
Gross Profit - Non-GAAP	2,665.0	2,963.0	3,133.0	2,861.0	3,101.0	3,657.0	4,140.0	3,992.0	3,218.0	4,632.3	5,172.2	5,086.7	5,270.4	5,409.6	5,701.7	5,660.3	5,781.7	6,085.8	6,430.9	13,759.0	17,014.5	21,468.5	23,958.7	26,958.7
Gross Margin - Non-GAAP	49.7%	51.1%	50.8%	52.3%	52.1%	53.6%	54.1%	53.7%	43.5%	55.8%	55.9%	55.7%	53.5%	55.7%	55.8%	54.2%	52.9%	52.9%	52.9%	53.4%	52.5%	55.2%	53.1%	53.1%
Gross Profit - MW	2,655.0	2,957.0	3,127.0	2,850.0	3,096.0	3,652.0	4,134.0	3,987.0	3,213.0	4,627.3	5,167.2	5,081.7	5,265.4	5,404.6	5,696.7	5,653.3	5,776.7	6,080.8	6,425.9	13,737.0	16,994.5	21,448.5	23,937.7	26,937.7
Gross Margin - MW	49.5%	51.0%	50.7%	52.2%	53.1%	53.6%	54.0%	53.6%	43.4%	55.8%	55.7%	55.6%	53.5%	55.6%	55.7%	54.2%	52.8%	52.7%	52.7%	53.3%	52.4%	55.1%	53.1%	53.1%
R&D	1,443.0	1,507.0	1,511.0	1,525.0	1,583.0	1,636.0	1,712.0	1,728.0	1,748.0	1,770.0	1,790.0	1,840.0	1,890.0	1,940.0	1,990.0	2,040.0	2,090.0	2,140.0	2,190.0	4,456.0	7,036.0	7,660.0	8,460.0	9,460.0
% of Revs.	26.9%	26.0%	24.5%	27.9%	27.1%	24.0%	22.4%	23.2%	23.6%	21.3%	19.3%	20.1%	19.2%	20.0%	19.5%	19.5%	19.1%	18.6%	18.0%	25.0%	21.7%	19.7%	18.8%	18.8%
SG&A	547.0	576.0	644.0	620.0	650.0	721.0	792.0	886.0	903.7	921.8	921.8	974.6	974.6	994.1	1,014.6	1,072.1	1,072.1	1,093.5	1,115.4	2,783.0	3,597.5	3,957.3	4,353.0	4,853.0
% of Revs.	10.2%	9.9%	10.4%	11.3%	11.1%	10.6%	10.3%	11.9%	12.0%	10.9%	9.9%	10.7%	9.9%	10.2%	9.9%	10.3%	9.8%	9.5%	9.2%	10.8%	11.1%	10.2%	9.7%	9.7%
Stock Based Comp	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	40.0	40.0	40.0	40.0	40.0
Other OpEx	473.0	440.0	414.0	379.0	362.0	338.0	507.0	316.0	316.0	316.0	316.0	296.0	296.0	296.0	296.0	276.0	276.0	276.0	276.0	1,586.0	1,264.0	1,184.0	1,104.0	1,104.0
Amortization of acquired intangibles and Restructuring & other special charges	481.0	450.0	420.0	392.0	372.0	352.0	332.0	316.0	316.0	316.0	316.0	296.0	296.0	296.0	296.0	276.0	276.0	276.0	276.0	1,448.0	1,264.0	1,184.0	1,104.0	1,104.0
Licensing gain	(6.0)	(10.0)	(6.0)	(13.0)	(10.0)	(14.0)	(17.0)	-	-	-	-	-	-	-	-	-	-	-	-	138.0	-	-	-	-
Other OpEx - Non-GAAP	(55.0)	(49.0)	(66.0)	(52.0)	(55.0)	(69.0)	(57.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(233.0)	(168.0)	(168.0)	(168.0)	(168.0)
Other OpEx - MW	(55.0)	(49.0)	(66.0)	(52.0)	(55.0)	(69.0)	(57.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(233.0)	(168.0)	(168.0)	(168.0)	(168.0)
Operating Expenses	2,493.0	2,520.0	2,569.0	2,524.0	2,595.0	2,695.0	3,011.0	2,930.0	2,950.0	2,989.7	3,027.8	3,110.6	3,160.6	3,230.1	3,300.0	3,388.1	3,438.1	3,509.5	3,581.4	10,825.0	11,897.5	12,801.3	13,917.0	15,117.0
Operating Expenses - Non-GAAP	1,997.0	1,987.0	1,971.0	1,780.0	1,837.0	1,942.0	2,114.0	2,213.0	2,233.0	2,272.7	2,310.8	2,403.6	2,453.6	2,523.1	2,593.0	2,681.1	2,741.1	2,812.5	2,884.4	7,821.0	9,029.5	9,973.3	11,128.0	12,468.0
Operating Expenses - MW	1,995.0	1,994.0	1,993.0	1,780.0	1,836.0	1,940.0	2,112.0	2,212.0	2,232.0	2,271.7	2,309.8	2,401.6	2,451.6	2,521.1	2,591.0	2,679.1	2,739.1	2,810.5	2,882.4	7,820.0	9,028.5	9,972.3	11,127.0	12,467.0
Operating Income	(20.0)	224.0	340.0	36.0	269.0	724.0	871.0	806.0	12.0	1,386.6	1,888.4	1,771.1	1,904.8	1,874.5	2,196.7	2,117.2	2,188.6	2,421.3	2,694.6	1,900.0	4,093.0	7,847.2	9,421.7	10,621.7
Operating Margin	-0.4%	3.9%	5.5%	0.7%	4.6%	10.6%	11.4%	10.8%	0.2%	16.7%	20.4%	19.3%	19.3%	19.3%	21.5%	20.3%	20.0%	21.0%	22.1%	7.4%	12.6%	20.2%	20.9%	20.9%
Operating Income - Non-GAAP	1,068.0	1,276.0	1,412.0	1,133.0	1,264.0	1,715.0	2,026.0	1,779.0	965.0	2,359.6	2,861.4	2,683.1	2,816.8	2,886.5	3,108.7	2,969.2	3,040.6	3,273.3	3,546.6	6,138.0	7,985.0	11,495.2	12,829.7	14,229.7
Operating Margin - Non-GAAP	19.1%	22.0%	22.9%	20.7%	21.7%	25.2%	26.5%	23.9%	13.3%	28.4%	30.9%	29.4%	28.6%	29.7%	30.4%	28.4%	27.8%	28.4%	29.1%	23.8%	24.6%	29.5%	28.4%	28.4%
Operating Income - MW	720.0	920.0	1,038.0	762.0	918.0	1,364.0	1,687.0	1,415.0	621.0	1,956.6	2,487.4	2,309.1	2,445.8	2,510.5	2,794.7	2,585.2	2,656.6	2,889.3	3,169.6	4,721.0	6,529.0	9,999.2	11,293.7	12,593.7
Operating Margin - MW	13.4%	15.9%	16.8%	13.9%	15.5%	20.0%	22.0%	18.0%	8.4%	24.1%	26.9%	25.3%	24.6%	25.9%	26.7%	24.8%	24.3%	25.1%	25.9%	18.3%	20.1%	25.7%	25.0%	25.0%
Interest Expense and Other	19.0	33.0	29.0	28.0	30.0	13.0	19.0	19.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	99.0	92.0	94.0	94.0	94.0
PBT	(2.0)	257.0	364.0	64.0	299.0	737.0	889.0	825.0	33.0	1,407.6	1,909.4	1,792.1	1,925.8	1,995.5	2,217.7	2,138.2	2,209.6	2,442.3	2,715.6	1,989.0	4,175.0	7,931.2	9,505.7	10,655.7
PBT - Non-GAAP	1,089.0	1,305.0	1,435.0	1,164.0	1,294.0	1,728.0	2,044.0	1,800.0	1,008.0	2,382.6	2,884.4	2,706.1	2,839.8	2,909.5	3,131.7	2,992.2	3,063.6	3,296.3	3,569.6	6,220.0	8,075.0	11,587.2	12,921.7	14,221.7
PBT - MW	741.0	952.0	1,061.0	793.0	948.0	1,377.0	1,705.0	1,436.0	642.0	2,016.6	2,516.4	2,330.1	2,463.8	2,533.5	2,755.7	2,606.2	2,677.6	2,910.3	3,163.5	4,623.0	6,513.0	10,033.2	11,377.7	12,677.7
Income Tax Expense (Benefit)	(23.0)	(39.0)	(297.0)	(52.0)	41.0	(27.0)	419.0	123.0	4.9	209.9	284.7	267.2	287.1	297.5	330.6	318.8	329.4	364.1	404.9	381.0	622.5	1,182.5	1,417.2	1,417.2
Effective Tax Rate	1150.0%	-15.2%	-81.6%	-81.3%	13.7%	-3.7%	47.1%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	19.2%	14.9%	14.9%	14.9%	14.9%
Net Income from Continuing Ops	21.0	296.0	661.0	116.0	258.0	764.0	470.0	702.0	28.1	1,197.7	1,624.8	1,524.9	1,638.7	1,698.0	1,887.1	1,819.4	1,889.2	2,078.2	2,310.7	1,608.0	3,552.6	6,748.7	8,088.5	9,211.7
Non-GAAP Reconciliation	927.0	838.0	588.0	897.0	868.0	740.0	1,307.0	864.0	848.9	875.1	884.7	829.4	831.9	833.3	837.5	783.8	785.2	789.6	794.8	3,645.0	3,500.7	3,360.1	3,181.4	3,181.4
Net Income from Continuing Ops - Non-GAAP	946.0	1,136.0	1,249.0	1,013.0	1,126.0	1,504.0	1,777.0	1,566.0	877.0	2,072.8	2,509.5	2,354.3	2,470.7	2,531.3	2,724.6	2,603.2	2,666.3	2,867.8	3,105.5	5,453.0	7,053.3	10,108.9	11,269.9	12,569.9
MW Reconciliation	960.0	490.0	213.0	523.0	322.0	389.0	967.0	498.0	644.4	644.4	644.4	565.8	565.8	565.8	565.8	488.4	488.4	488.4	488.4	2,402.0	2,431.3	2,263.3	1,953.5	1,953.5
Net Income from Continuing Ops - MW	60.0	782.0	875.0	642.0	786.0	1,115.0	1,438.0	1,022.0	674.5	1,844.1	2,271.2	2,092.8	2,206.5	2,265.8	2,454.9	2,309.8	2,370.5	2,568.5	2,801.1	4,013.0	5,991.8	9,020.0	10,049.9	11,049.9
Income (Loss) from Discontinued Ops & AT	6.0	3.0	6.0	7.0	7.0	7.0	12.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	33.0	28.0	28.0	28.0	28.0
Net Income	27.0	299.0																						

Exhibit 5: AMD: Projected Cash Flow Statement

AMD, Inc. Statement of Cash Flows (Non Cumulative) (\$ in millions; fiscal year ends in December)	C1Q24A	C2Q24A	C3Q24A	C4Q24A	C1Q25A						
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	FY2022A	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
	F1Q24A	F2Q24A	F3Q24A	F4Q24A	F1Q25A						
Cash flows provided by (used for) operating activities:											
Net income	\$ 123.0	\$ 265.0	\$ 771.0	\$ 482.0	\$ 709.0	\$ 1,320.0	\$ 854.0	\$ 1,641.0	\$ 3,401.0	\$ 6,664.4	\$ 8,004.2
Adjustments to reconcile net income to net cash											
Depreciation and amortization	784.0	769.0	756.0	755.0	742.0	4,174.0	3,453.0	3,064.0	2,968.0	2,000.0	2,000.0
Compensation recognized under employee stock plans	371.0	346.0	351.0	339.0	364.0	1,081.0	1,384.0	1,407.0	1,456.0	1,456.0	1,456.0
Net loss on sale of property, plant and equipment	-	-	-	-	-	16.0	11.0	-	-	-	-
Net gain on sale of marketable securities	-	-	-	-	-	-	-	-	-	-	-
Non-cash interest expense	-	-	-	-	-	-	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-	-	-	-	-	-	-
Equity (income) loss and dilution gain in investee	-	-	-	-	-	-	-	-	-	-	-
Deferred taxes	(66.0)	(190.0)	(607.0)	(300.0)	(167.0)	(1,505.0)	(1,019.0)	(1,163.0)	(167.0)	-	-
Restructuring and other special charges, net	-	-	-	-	-	-	-	-	-	-	-
Other operating activities	69.0	11.0	17.0	93.0	39.0	325.0	33.0	190.0	39.0	-	-
Changes in current assets and liabilities:											
Accounts receivable	338.0	(711.0)	(1,489.0)	(3.0)	748.0	(1,091.0)	(1,250.0)	(1,865.0)	(595.7)	(695.9)	(1,436.4)
Inventory	(368.0)	(342.0)	(386.0)	(362.0)	(682.0)	(1,401.0)	(580.0)	(1,458.0)	(1,818.9)	(642.2)	(2,051.4)
Prepaid expenses and other assets	(322.0)	88.0	(16.0)	593.0	(237.0)	(1,197.0)	(472.0)	343.0	(833.4)	(308.9)	(637.6)
Accounts payable	(636.0)	280.0	832.0	(585.0)	(289.0)	931.0	(419.0)	(109.0)	101.9	220.8	705.3
Accrued liabilities	175.0	88.0	363.0	257.0	(288.0)	546.0	(221.0)	883.0	(288.0)	-	-
Income taxes payable and receivable	-	-	-	-	-	-	-	-	-	-	-
Prepayments to Global Foundries	-	-	-	-	-	-	-	-	-	-	-
Payable to GLOBALFOUNDRIES	53.0	(11.0)	36.0	30.0	-	366.0	(107.0)	108.0	-	-	-
Other changes in assets and liabilities	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by operating activities	521.0	593.0	628.0	1,299.0	939.0	3,565.0	1,667.0	3,041.0	4,262.9	8,694.2	8,040.1
Cash flows from investing activities:											
Purchases of property, plant and equipment	(142.0)	(154.0)	(132.0)	(208.0)	(212.0)	(450.0)	(546.0)	(636.0)	(848.0)	(848.0)	(848.0)
Purchase of available-for-sale securities	(433.0)	(132.0)	(142.0)	(786.0)	(304.0)	(2,667.0)	(3,722.0)	(1,493.0)	(304.0)	-	-
Maturities and sales of available-for-sale securities	443.0	761.0	738.0	90.0	398.0	4,310.0	2,987.0	2,032.0	398.0	-	-
Purchases of trading assets	-	-	-	-	-	-	-	-	-	-	-
Maturities and sales of trading assets	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Acquisitions, net of cash acquired	-	-	(548.0)	-	-	822.0	(131.0)	(548.0)	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Other investing activities	(3.0)	(89.0)	(54.0)	(310.0)	(239.0)	(16.0)	(11.0)	(456.0)	(239.0)	-	-
Net cash used for investing activities	(135.0)	386.0	(138.0)	(1,214.0)	(357.0)	1,999.0	(1,423.0)	(1,101.0)	(993.0)	(848.0)	(848.0)
Cash flows from financing activities:											
Increase (decrease) in short-term debt, net	-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	2,441.0	991.0	-	-	2,441.0	-	-
Repayments of debt	-	(750.0)	-	-	-	(312.0)	-	(750.0)	-	-	-
Proceeds from issuance of Foundry notes	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of AMD common stock	5.0	143.0	4.0	127.0	4.0	167.0	268.0	279.0	4.0	-	-
Repurchase of noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock	(4.0)	(352.0)	(250.0)	(256.0)	(749.0)	(3,702.0)	(985.0)	(862.0)	(749.0)	-	-
Payment of dividends to stockholders	-	-	-	-	-	-	-	-	-	-	-
Other financing activities	(130.0)	(97.0)	(460.0)	(42.0)	(30.0)	(408.0)	(429.0)	(729.0)	(30.0)	-	-
Net cash used for financing activities	(129.0)	(1,056.0)	(706.0)	(171.0)	1,666.0	(3,264.0)	(1,146.0)	(2,062.0)	1,666.0	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents, beginning of period	3,933.0	4,190.0	4,113.0	3,897.0	3,811.0	2,535.0	4,835.0	3,933.0	3,811.0	8,746.9	16,593.1
Change in cash flow due to restatement	-	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	257.0	(77.0)	(216.0)	(86.0)	2,248.0	2,300.0	(902.0)	(122.0)	4,935.9	7,846.2	7,192.1
Cash and cash equivalents, end of period	4,190.0	4,113.0	3,897.0	3,811.0	6,059.0	4,835.0	3,933.0	3,811.0	8,746.9	16,593.1	23,785.2
vs. Balance Sheet	4,190.0	4,113.0	3,897.0	3,811.0	6,059.0	4,835.0	3,933.0	3,811.0	8,746.9	16,593.1	23,785.2
Check	-	-	-	-	-	-	-	-	-	-	-

Source: Morgan Stanley Research estimates, Company data

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	40%	377	46%	25%	691	40%
Equal-weight/Hold	1667	44%	375	45%	22%	796	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	603	16%	76	9%	13%	229	13%
Total	3,774		828			1717	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Advanced Micro Devices (AMD.O) - As of 05/07/25 GMT in USD
Industry : Semiconductors



Stock Rating History: 5/1/20 : E/I; 10/27/20 : NA/I; 3/10/21 : NA/I; 4/7/21 : NA/I; 6/22/22 : O/I; 12/7/23 : O/A; 6/9/24 : E/A
Price Target History: 12/18/19 : 42; 6/16/20 : 56; 7/29/20 : 73; 10/27/20 : NA; 3/10/21 : NA; 4/7/21 : NA; 6/22/22 : 103; 8/1/22 : 101; 8/3/22 : 102; 9/23/22 : 95; 10/6/22 : 86; 10/31/22 : 77; 1/31/23 : 87; 5/1/23 : 102; 5/2/23 : 97; 6/15/23 : 138; 11/1/23 : 128; 1/29/24 : 193; 4/29/24 : 177; 4/30/24 : 176; 7/30/24 : 178; 10/29/24 : 169; 12/19/24 : 158; 2/3/25 : 147; 2/5/25 : 137

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/06/2025)
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	\$98.62
Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	\$9.21
Allegro Microsystems Inc (ALGM.O)		\$18.96
Ambarella Inc (AMBA.O)	O (03/29/2016)	\$49.81
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	\$17.48
Analog Devices Inc. (ADI.O)	O (11/16/2023)	\$195.60
Astera Labs Inc (ALAB.O)	E (01/20/2025)	\$71.36
Broadcom Inc. (AVGO.O)	O (06/09/2024)	\$200.09
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	\$34.91
Intel Corporation (INTC.O)	E (02/22/2023)	\$19.94
IonQ Inc (IONQ.N)	E (04/25/2023)	\$29.42
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	\$61.22
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	\$47.24
Micron Technology Inc. (MU.O)	E (05/20/2024)	\$80.51
Navitas Semiconductor Corp (NVT.S.O)	U (04/06/2025)	\$1.91
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	\$113.54
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	\$182.41
ON Semiconductor Corp. (ON.O)		\$38.51
Qorvo Inc (QRVO.O)	O (01/20/2025)	\$70.31
Qualcomm Inc. (QCOM.O)	E (12/07/2023)	\$139.90
SanDisk Corporation. (SNDK.O)	O (03/03/2025)	\$33.83
Semtech Corp. (SMT.C.O)	E (04/06/2025)	\$33.90
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	\$106.71
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	\$66.01
Texas Instruments (TXN.O)	U (04/13/2020)	\$161.09
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	\$4.02
Lee Simpson		
Arm Holdings plc (ARM.O)	O (07/19/2024)	\$122.44
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	\$305.78
Synopsys Inc. (SNPS.O)	O (11/10/2023)	\$473.55

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