

Equity Research Report: Advanced Micro Devices, Inc.

Business Overview

AMD is a leading semiconductor company specializing in the development of high-performance computing, graphics, and visualization technologies. The company's product portfolio includes microprocessors, graphics processors, and system-on-chip solutions, catering to diverse markets such as gaming, data centers, and embedded systems. AMD's strategic focus on innovation and technology leadership has positioned it as a key player in the semiconductor industry. In recent years, the company has made significant advancements in AI and cloud computing, driving growth and expanding its market presence. AMD's commitment to delivering cutting-edge solutions and its strong emphasis on research and development have enabled it to maintain a competitive advantage. With a robust product pipeline and strategic partnerships, AMD is well-positioned to capitalize on emerging opportunities and continue its growth trajectory.

Market Position

AMD has established a strong market position with significant advancements in AI and cloud computing technologies. The company has strategically partnered with leading tech firms to enhance product innovation and expand its market reach. In 2024, AMD's revenue growth was driven by new product lines and enhanced distribution channels, contributing to an increased market share. The company's focus on cost-effective production and strategic alliances with retailers has further strengthened its competitive edge. Despite facing challenges such as fluctuating raw material costs and regulatory changes impacting pricing strategies, AMD has maintained its market position through aggressive marketing strategies and customer loyalty programs. The company's ability to leverage technological advancements and maintain a competitive edge through strategic partnerships presents opportunities for sustained growth and stability in a dynamic market environment.

Operating Results

In 2025, AMD reported a total revenue of \$34.639 billion, marking a 34.3% increase from 2024's \$25.785 billion, showcasing robust growth. The cost of revenue rose to \$17.487 billion from \$13.06 billion, while gross profit reached \$17.152 billion, improving the gross margin to 49.5% from 49.4%. Operating income surged to \$3.694 billion, enhancing the operating margin to 10.7% from 8.1%. Diluted EPS increased significantly to \$2.65 from \$1.00, reflecting improved profitability and shareholder value. Segment-wise, strategic partnerships and increased R&D investments boosted innovation and income growth, particularly in AI and cloud computing. Despite rising operational costs due to innovation and expansion, new product lines and distribution channels drove revenue. Market share expanded through aggressive marketing and customer loyalty programs, overcoming challenges like fluctuating raw material costs and regulatory impacts. AMD's strategic alliances and cost-effective production have fortified its market position, presenting opportunities for sustained growth and stability.

Financial Metrics

FY (USD mn)	2021	2022	2023	2024	2025
Revenue	16434	23601	22680	25785	34639
Revenue Growth	-30.4%	4.1%	-12.0%	-25.6%	110.8%
Gross Revenue	7929	10603	10460	12725	17152
Gross Margin	0.48	0.45	0.46	0.49	0.5
EBITDA	4166	5534	4149	5258	7275
EBITDA Margin	0.25	0.23	0.18	0.2	0.21
FCF	3521	3565	1667	3041	7709
FCF Conversion	1.11	2.7	1.95	1.85	1.78
ROIC	37.0%	2.1%	0.6%	2.5%	5.4%
EV/EBITDA	42.1	17.91	57.12	38.27	47.85
PE Ratio	56.06	76.6	278.59	123.59	80.54
PB Ratio	23.65	1.85	4.26	3.52	5.54

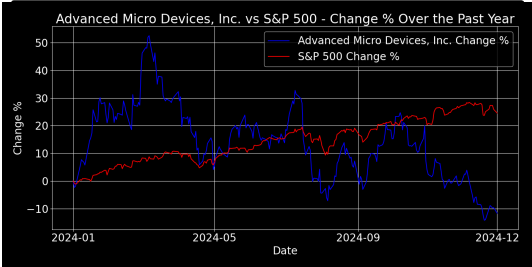
FinRobot

<https://ai4finance.org/>
<https://github.com/AI4Finance-Foundation/FinRobot>
Report date: 2024-01-31

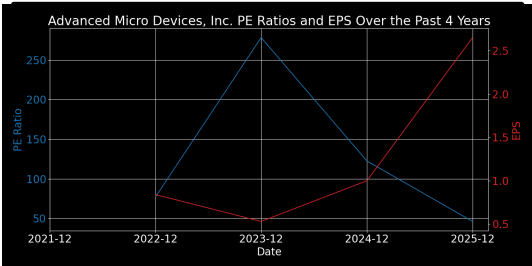
Key data

Rating	buy
Target Price	65.0 - 380.0 (md. 160.0)
6m avg daily vol (USDmn)	63.21
Closing Price (USD)	172.06
Market Cap (USDmn)	271154.73
52 Week Price Range (USD)	78.13 - 177.63
BVPS (USD)	34.63

Share Performance



PE & EPS



Risk Assessment

In 2025, the company's balance sheet reveals robust liquidity, with current assets at \$26.947 billion surpassing current liabilities of \$9.455 billion, indicating strong short-term financial health. Long-term debt stands at \$2.348 billion, reflecting prudent solvency management, though total debt increased significantly from 2024. Shareholders' equity rose to \$62.999 billion, signifying solid equity growth and investment potential. Compared to previous years, tangible book value and retained earnings have markedly improved, showcasing enhanced asset management and profitability. The firm's financial leverage remains controlled, with a stable capital structure, suggesting a favorable outlook for long-term stability and growth prospects. Overall, the financial trends indicate a positive trajectory in operational efficiency and fiscal health.

Competitors Analysis

In the competitive landscape of semiconductor companies, AMD, NVDA, and INTC demonstrate varied financial performances from 2020 to 2023. AMD's EBITDA Margin in 2023 was 0.21, indicating stable profitability, although NVDA outperformed with a higher margin of 0.66, while INTC stood at 0.27. Over the years, AMD's EBITDA Margin slightly declined from 0.23 in 2020 to 0.18 in 2022, before recovering in 2023. NVDA maintained a consistently high margin, showing a dip from 0.42 in 2020 to 0.22 in 2022, then rebounding. INTC's margin fluctuated, peaking at 0.34 in 2020, dropping to 0.02 in 2022, before a slight recovery. The EV/EBITDA ratio for AMD was 47.85 in 2023, reflecting a high market valuation compared to NVDA's 33.78 and INTC's 14.5. AMD's ratio showed volatility, peaking at 57.12 in 2022 and reaching its lowest at 17.91 in 2020. NVDA's valuation remained high but declined from 54.72 in 2020 to 33.78 in 2023. INTC's EV/EBITDA was the most stable, with a notable drop from 106.94 in 2022 to 6.55 in 2020, indicating potential undervaluation earlier. AMD's FCF Conversion was 1.78 in 2023, suggesting strong cash flow efficiency compared to NVDA's 0.88 and INTC's negative -36.32. Over the years, AMD's conversion improved from 1.93 in 2020 to 1.95 in 2022, before slightly declining. NVDA's conversion rate was consistent, while INTC's negative conversion in 2022 indicated cash flow challenges, although it improved in 2023. In terms of Gross Margin, AMD stood at 0.5 in 2023, showcasing cost efficiency, though NVDA outperformed with 0.75. INTC's margin was lower at 0.35. Over the years, AMD's margin declined from 0.45 in 2020 to 0.46 in 2022, before improving. NVDA maintained a high margin, while INTC experienced a decline, indicating cost management issues. AMD's ROIC was 5.4% in 2023, reflecting moderate returns compared to NVDA's 75.3% and INTC's negative -0.0%. Over the years, AMD's ROIC showed volatility, peaking at 2.5% in 2021, dropping to 0.6% in 2022, then improving. NVDA's ROIC was high, though declining from 51.3% in 2021 to 11.7% in 2022. INTC's ROIC was negative in 2021 and 2022, indicating inefficiencies. AMD's revenue in 2023 was 34,639, showing significant growth from 23,601 in 2020. NVDA's revenue was higher at 130,497 in 2023, with a consistent upward trajectory from 26,914 in 2020. INTC's revenue was stable, with minor fluctuations, standing at 52,853 in 2023. AMD's robust financial health, strong profitability, and cash flow efficiency justify its high market valuation, despite facing stiff competition from NVDA's dominant market position.