

Marvell Technology, Inc. (MRVL) – Long Pitch

by Sambhav Upadhyay

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Marvell Technology (MRVL) presents a compelling opportunity driven by its exposure to artificial intelligence (AI) and data center growth. The company is uniquely positioned in the accelerated infrastructure stack, offering connectivity, custom silicon, and networking solutions critical to AI workloads. Marvell's AI revenue nearly tripled in 2024 to approximately \$550 million, highlighting the strength of this trend. At the same time, the stock has fallen nearly 30% year-to-date amid weaker near-term guidance and market concerns around customer concentration, creating a valuation dislocation. With multiple catalysts in place—including expanding design wins, share repurchases, and secular AI demand—we see material upside to \$102.12, implying roughly 25–30% appreciation from the current ~\$82 share price.

Marvell operates as a fabless semiconductor company focused on infrastructure and data infrastructure. Its core offerings include networking silicon, connectivity PHYs and switches, storage controllers, and custom ASIC and accelerator solutions. The company recently divested its automotive Ethernet business to Infineon for \$2.5 billion, sharpening focus on data center and AI opportunities. Management has also demonstrated capital return discipline through a new \$5 billion share repurchase authorization and a \$1 billion accelerated share repurchase program. Marvell's competitive advantage lies in its ability to provide high-performance custom silicon and interconnect solutions at scale, enabling hyperscale customers to build increasingly complex AI training and inference environments.

The AI build-out is expected to be the primary growth engine for Marvell over the next five years. Management estimates AI revenues at \$550 million for FY2024, nearly three times FY2023 levels, with significant runway ahead as demand accelerates. Core networking and storage should continue to grow at 10–15% annually, supported by secular data consumption. With mix shifting toward high-margin AI and custom silicon, operating margins have room to expand, creating leverage to earnings growth.

Our upside case assumes AI revenue scales materially over the next five years, margins expand through operating leverage, and the market awards Marvell a 20–25x forward earnings multiple. This scenario supports a price target of \$102.12, representing meaningful upside from current levels. Importantly, Marvell's robust balance sheet, divestitures, and shareholder returns improve confidence in management's ability to navigate short-term volatility.

Key risks include customer concentration, as Marvell relies heavily on a few hyperscale clients such as Amazon and Microsoft. Loss of a major design win would materially impact growth. Revenue visibility is also limited by the lumpy nature of custom silicon orders and multi-year design cycles. Broader macro risks, such as a pullback in cloud and AI capital expenditure, could temper demand. Lastly, valuation multiples for semiconductor and AI equities are volatile; multiple compression could reduce upside even in strong execution scenarios.

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