

Marvell Technology, Inc. (MRVL) – Long Pitch

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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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DCF		Historical				Forecast				
		2023	2024	2025	2026	2027	2028	2029	2030	T
Income Statement										
Revenues		\$5,919.60	\$5,507.70	\$5,767.30	\$6,632.40	\$7,958.87	\$10,346.54	\$14,485.15	\$18,106.44	
% growth		30%	-7%	5%	15%	20%	30%	40%	25%	
Cost of Goods Sold		2,932.10	3,214.10	3,385.10	\$3,682.82	\$4,578.45	\$5,923.35	\$8,222.91	\$10,353.49	
% of Revenue		50%	58%	59%	56%	58%	57%	57%	57%	
Gross Profit										
% of Revenue		50%	42%	41%	44%	42%	43%	43%	43%	
Research and Development		1,784.30	1,896.20	1,950.40	\$1,989.72	\$1,989.72	\$2,586.63	\$3,621.29	\$4,526.61	
% of Revenue		30%	34%	34%	30%	25%	25%	25%	25%	
SG&A		843.6	834	798.2	\$955.81	\$1,034.65	\$1,241.58	\$1,593.37	\$2,353.84	
% of Revenue		14%	15%	14%	14%	13%	12%	11%	13%	
Legal		100	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
% of Revenue		2%	0%	0%	0%	0%	0%	0%	0%	
Restructuring		21.6	131.1	353.9	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
% of Revenue		0%	2%	6%	0%	0%	0%	0%	0%	
Total Operating Expenses										
% of Revenue		46%	52%	54%	44%	38%	37%	36%	38%	
Operating Income										
% of Revenue		4%	-10%	-12%	0%	4%	6%	7%	5%	
Interest Expense		170.6	211.7	189.4	\$221.29	\$277.61	\$348.63	\$492.22	\$618.98	
% of Revenue		3%	4%	3%	3%	3%	3%	3%	3%	
Interest Income		17.7	20.7	15	\$20.67	\$25.14	\$30.61	\$44.58	\$55.50	
% of Revenue		0%	0%	0%	0%	0%	0%	0%	0%	
Pretax Income										
% of Revenue		1%	-14%	-16%	-3%	1%	3%	4%	2%	
Income Taxes		-248.6	-174.7	9.7	-138	-101	-76	-105	-94	
Net Loss										
% of Revenue		-3%	-17%	-15%	-5%	0%	2%	3%	1%	
Adj. EBITDA										
Net Loss		-163.5	-933.4	-885	-334	3	201	495	215	
Depreciation		304.9	299.8	304.3	\$331.62	\$397.94	\$517.33	\$724.26	\$905.32	
% of Revenue		5%	5%	5%	5%	5%	5%	5%	5%	
Stock Based Compensation		552.4	609.8	597.4	\$680.08	\$840.57	\$1,075.13	\$1,506.77	\$1,892.41	
% of Revenue		9%	11%	10%	10%	11%	10%	10%	10%	
Amortization		1,126.10	1,097.90	1,052.60	\$1,264.76	\$1,518.94	\$1,945.34	\$2,750.06	\$3,432.50	
% of Revenue		19%	20%	18%	19%	19%	19%	19%	19%	
Taxes		-248.60	-174.70	9.70	-138	-101	-76	-105	-94	
Adj. EBITDA										
% of Revenue		35%	23%	19%	31%	36%	37%	39%	36%	
PPE			756	790.5						
Depreciation				304.3						
Capex										
% of Revenue				6%	3%	3%	3%	3%	3%	
Current Assets			3,062.70	3,120.30						
Current Liabilities			1,814.20	2,026.80						
Net Working Capital										
% of Revenue			1,248.50	1,093.50	\$994.86	\$1,193.83	\$1,551.98	\$2,172.77	\$2,715.97	
Free Cash Flow										
Adj. EBITDA		2068.5	1248.8	1079	2080	2861	3815	5581	6539	
Less Taxes		-248.6	-174.7	9.7	-138	-101	-76	-105	-94	
Less Capex				338.8	199	239	310	435	543	
less Change in NWC				-155.00	-98.64	198.97	358.15	620.79	543.19	
Free Cash Flow										
			905	1,842	2,322	3,070	4,421	5,359	79,615	
g	4%									
wacc	11%									
Discounted Cash Flow										
Enterprise Value		91,496.3			1,659	1,885	2,245	2,912	82,796	
Less Debt		4,063.8								
Add Cash		948.3								
Equity Value										
Equity Value		88,380.8								
Shares Outstanding		865.5								
Price Per Share		\$102.12								