DBS

Advanced Micro Device

Strong AI demand powers robust outlook

15 Jun2026

Company Overview

AMD is one of the largest suppliers of microprocessors and graphics processors worldwide to computing OEMs. AMD designs and sells CPUs and GPUs for desktops, notebooks and gaming consoles, as well as for datacenters.

Investment Overview

Building a foothold in AI to capture the multi-billion growth opportunity. AMD believes that AI is a multi-billion growth opportunity and has seen customer engagements in relation to AI multiplying by 7x sequentially. The key revenue driver for AMD is its data centre GPU segment, which consensus expects to grow at a CAGR of 56% between FY24-FY28.

Rising agentic AI adoption, multi-year hyperscaler deployments and expanding CPU intensity underpin a materially stronger outlook. We see a materially stronger CPU outlook with AMD raising its server CPU TAM forecast to >USD120bn by 2030 (35% CAGR vs prior 18% CAGR), reflecting stronger-than-expected CPU demand arising from AI orchestration, data movement and parallel execution workloads.

Software and ecosystem lock-in remains a challenge vis-a-vis Nvidia, but AMD is narrowing the gap. While AMD continues to face a relative disadvantage in software and ecosystem depth to Nvidia's CUDA, it is making meaningful progress to close this gap with its ROCm software and AI rack architecture which accelerates developer adoption and lower barriers to large-scale deployment. While achieving software and ecosystem parity with Nvidia remains a longer-term objective, AMD's improving roadmap, growing ecosystem traction, and cost-effective solutions position it well for inference workloads where cost efficiency is critical, enabling the company to compete more effectively in this relatively more price-sensitive segment due to its scale and frequency.

Maintain BUY with higher TP USD570 (vs USD500 prior). Our TP is based on a forward P/B of 13x, close to +1.5SD from the historical mean given positive developments in the adoption of its AI GPUs and CPUs. The strategic partnership with OpenAI marks a major milestone for AMD, validating its technology roadmap, deepening collaboration with a leading AI customer, and providing greater multi-year revenue visibility, while reinforcing AMD's position as a key alternative in high-performance AI infrastructure. At the same time, the scaling of inference workloads and agentic AI is expected to drive structurally higher demand for CPUs.

Risks

Key exposure to the data centre and PC market. These markets are highly correlated with economic conditions and investment demand.

Competition. AMD has direct competition with Intel and NVIDIA in the CPU and GPU markets.

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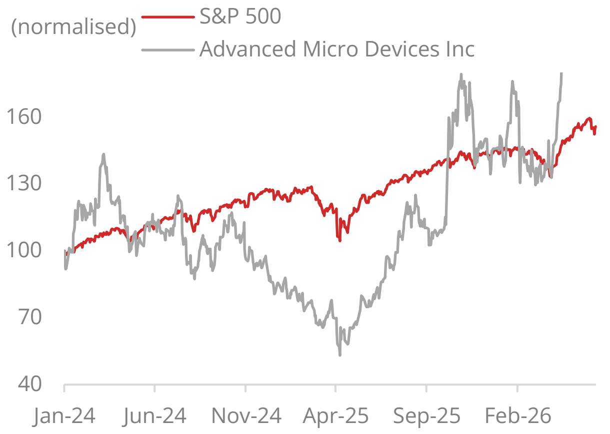
Key Financial Data

Bloomberg Ticker	AMD US
Sector	Information Technology
Share Price (USD)	511.57
DBS Rating	BUY
12-mth Target Price (USD)	570.0
Market Cap (USDb)	834.2
Volume (m shares)	31.6
Free float (%)	99.6
Dividend yield (%)	-
Net Debt to Equity (%)	-10.6
Fwd. P/E (x)	70.6
P/Book (x)	12.9
ROE (%)	8.2

Closing Price as of12 Jun 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

Financial Summary (USDmn)

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	22,680	25,785	34,639	49,929	75,008
% y/y	*(3.9)*	*13.7*	*34.3*	*44.1*	*50.1*
Gross Profit	11,436	13,759	18,165	27,736	41,622
% y/y	*(6.8)*	*20.3*	*32.0*	*51.5*	*49.9*
EBITDA	5,496	6,824	8,518	15,002	25,641
% y/y	*(21.2)*	*23.9*	*25.1*	*68.9*	*71.0*
Net Profit	4,302	5,420	6,831	12,189	21,343
% y/y	*(21.8)*	*26.0*	*26.0*	*80.1*	*74.7*
FCF	1,121	2,405	6,735	7,992	15,607
% y/y	*(64.0)*	*114.5*	*180.0*	*34.7*	*113.8*
CAPEX	546.0	636.0	974.0	1,407	1,643
% y/y	*21.3*	*16.5*	*53.1*	*42.3*	*17.0*
EBITDA Margin (%)	24.2	26.5	24.6	29.9	34.0
Net Margin (%)	19.0	21.0	19.7	24.4	28.4
ROA (%)	6.4	7.9	9.3	14.7	21.2
ROE (%)	7.8	9.6	11.3	17.9	25.7
Tax Rate (%)	13.0	13.0	13.0	13.2	13.1

Source: Company, DBS

Valuation Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	191.9	152.9	121.7	69.7	39.6
P/B (x)	14.9	14.5	13.3	11.6	9.3
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA (x)	28.3	21.0	32.0	55.0	31.8
FCF Yield (%)	0.1	0.3	0.7	0.9	1.8

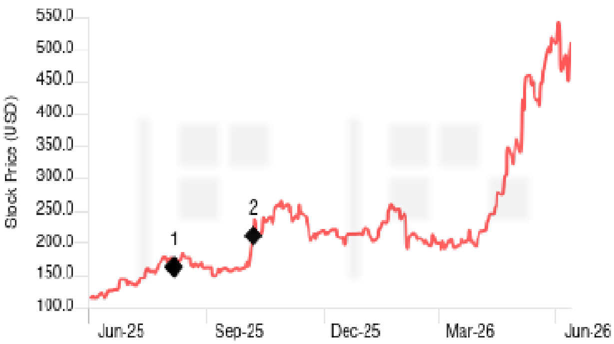
Source: Company, DBS

Credit & Cashflow Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	4.4	3.0	5.1	3.8	2.9
Net Debt / Equity (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)
Debt / Assets (%)	3.6	2.5	4.2	3.1	2.5
Net Debt / Assets (x)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)
ST Debt / Total Debt (x)	0.3	0.8	0.3	0.3	0.3
Debt / EBITDA (x)	0.4	0.3	0.4	0.2	0.1
[Cash + CFO] / ST Debt (%)	9.9	5.7	20.9	30.9	62.5
Receivables Days	86.5	87.7	66.5	65.5	59.0
Days Payable	38.9	34.9	30.9	30.8	27.4
Inventory Days	70.0	81.2	83.5	78.8	69.6

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	06 Aug'25	174.3	155.0	HOLD
2	07 Oct'25	203.7	260.0	BUY

Source: DBS
Analysts: Amanda Tan
Lee Keng Ling

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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Share price appreciation + dividends

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