Moschovakis Capital

Advanced Micro Devices, Inc.

AMD

EQUITY RESEARCH REPORT

November 16, 2026

CONFIDENTIAL — FOR INFORMATIONAL PURPOSES ONLY | NOT INVESTMENT ADVICE

AMD — Advanced Micro Devices, Inc.

Report Date: 2026-11-16

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**AVOID**
Current Price	**$534.06 / €484.93**
Fair Value (Base Case)	$310
Margin of Safety	**-41.9%**
Re-review Entry	$280 (10% below base fair value)

Return Profile	Value
Dividend Yield	0.0%
Expected Dividend Growth	N/A
Expected Price Appreciation (Base)	~+2.4% to +4.2% CAGR
Total Expected Return (Base)	~3.0% CAGR
Bear Case Total Return	**-7.0% CAGR (10-yr); -66% near-term**
Bull Case Total Return	~+13% CAGR
Probability-Weighted Return	~3.0% CAGR

Risk Assessment	Value
Wealth Preservation Score	**39 / 100**
Downside Protection Score	45 / 100
Quality Score	52 / 100
Risk Level	**ELEVATED**
Probability of >50% Loss	~20-25%
Recession Profile	**VULNERABLE**

One-Line Thesis:

AMD is a narrow-moat cyclical chip designer with a fortress balance sheet but a valuation of roughly 82x forward earnings that leaves no margin of safety; even executing management's own aggressive multi-year EPS targets produces single-digit returns from this entry price, while the bear case implies a 50-to-66 percent drawdown, so the risk/reward fails every wealth-preservation barrier.

INVESTMENT THESIS

AMD sells high-performance x86 CPUs, AI accelerators, and GPUs into data centers, PCs, gaming consoles, and embedded systems. The company has executed one of the semiconductor industry's great operating turnarounds under Lisa Su, displacing Intel in server CPUs and building the only credible second source to Nvidia in AI accelerators. Data Center revenue grew 32% in FY2025 to $16.64 billion, then accelerated 97% year-over-year in Q3 FY2026 to $8.55 billion, a run rate that makes the segment roughly 64% of company revenue. That is the defensible core of the business: hyperscalers want a second AI silicon supplier, and AMD's Instinct accelerators and EPYC server CPUs are the leading alternative. The open-source ROCm software stack matures each year, and the factory-less model outsources manufacturing to TSMC, keeping capital intensity low and letting AMD spend $5.7 billion on R&D in 2023 alone.

The problem is not the business. It is the price. At $534.06, the market capitalizes roughly $865 billion of equity on 1.62 billion shares. Trailing GAAP earnings stand near $4.61 per share, putting the trailing multiple above 115x. The Street's 2027 consensus EPS of $15.45 implies a 34.6x forward multiple on that optimistic estimate. Management's own target of more than $20 of EPS within three to five years sounds extraordinary, and even if achieved it does not rescue the arithmetic. At $20 of EPS and a generous 30x exit multiple, the stock would be worth $600 in five years, a 2.4% annualized return from today. At a historically grounded 25x multiple, it would be worth $500, a negative return. The dividend is zero. The base case total return lands near 3% CAGR, below the 4% high-yield savings account and far below the inflation-plus-4% hurdle of roughly 7%.

Downside is not limited. The stock fell 51.6% in the 52 weeks to December 2022 when the PC market rolled over. AMD's operating margin collapsed from 22.2% in FY2021 to 1.77% in FY2023, and ROIC fell from 42% to roughly 1%. The bear case for the valuation is the A.L. Capital scenario of a 22x exit multiple on decelerating growth, which lands near $180, a 66% loss from the current price. Multiple sources in the research packet cite fair values between $194 and $228 on DCF and blended bases, which sit 57% to 64% below the current quote. A 50% loss would merely return the stock to where it traded in late 2024. The probability of a 50% drawdown over the next five years runs high, at least 20% to 25%, against the framework's 10% ceiling. This fails the first gate of capital preservation: you have no margin of safety and a demonstrated history of severe cyclical drawdowns.

Against the alternatives, a 4% HYSA delivers a positive return with zero drawdown risk. AMD offers a probability-weighted total return near 3% with a plausible 50% loss. That comparison ends the analysis. What could change it: a price below roughly $280 (a 10% discount to the base fair value of $310), initiation of a dividend, a durable stabilization in Gaming and Embedded, or evidence that Instinct holds above 15% share of the AI accelerator market. None of those conditions exist at $534.06.

1. BUSINESS QUALITY ASSESSMENT

AMD's competitive position rests on two architecture-led franchises. In server CPUs, EPYC has grown from an also-ran to roughly a third of the x86 server market, displacing Intel in cloud and enterprise accounts through a superior cost-per-core and energy-efficiency proposition. In AI accelerators, Instinct gives hyperscalers the only credible alternative to Nvidia's CUDA ecosystem, though AMD's ROCm software remains the weaker stack and that gap is the single largest competitive liability. The fabless model with TSMC as foundry partner lets AMD concentrate spending on design. The Xilinx acquisition added programmable logic and embedded capability. Embedded revenue of $3.45 billion in FY2025 declined 3% year-over-year as customers normalized inventory, then rebounded 29% in the latest quarter, evidence the integration is working.

Geographic and end-market diversification is real but uneven. FY2025 revenue split across the United States at 33%, China at 22%, Taiwan at 15%, Singapore at 12%, and Japan at 7%. Data Center now dominates at 64% of Q3 FY2026 revenue, which concentrates the company's fortune in a handful of hyperscaler buying decisions. The "shock absorber" argument in the source packet, where KoalaGains scores AMD's end-market diversification 15% above the sub-industry norm, weakens as Data Center share rises. The segment mix is becoming less diversified, not more, and the 40% collapse in Gaming revenue in Q3 FY2026 proves the consumer segments cannot be counted on for stability.

The moat is narrow, not wide, which matches EcoMoat's rating. Revenue arrives as transactional unit sales, not subscriptions. Client and Gaming demand is discretionary. The ROIC history proves the point: 42% in FY2021, roughly 1% in FY2023, about 3% in FY2024. A wide moat produces stable, high returns on capital through the cycle. AMD's returns bend under cycle pressure. The switching costs in the server market are genuine, with long qualification cycles and software ecosystems, but Nvidia's CUDA lock-in in AI is far deeper than AMD's ROCm positioning, and Intel remains a scale competitor with its own foundries. Tickeron and EcoMoat both flag the reliance on a small number of foundry partners and the stiff competition from Intel and Nvidia as hard constraints.

Quality through the preservation lens is mixed. The products are excellent, the engineering culture is proven, and the balance sheet is now fortress-like. But the earnings stream is not stable enough to underwrite a capital-preservation mandate. A business whose operating margin can swing 20 full points in two years, and whose ROIC can drop 40 points, does not provide the underwriting certainty the framework requires. China at 22% of revenue, coupled with the $1.5 to $1.8 billion FY2025 export-control reset, is a persistent overhang. The company depends on TSMC for leading-edge manufacturing, concentrated in Taiwan, a geopolitical fault line. These are structural features of the quality assessment and they tilt against a preservation mandate regardless of how well the products perform.

2. FINANCIAL FORTRESS ANALYSIS

The financial health of AMD is the one area that passes every screen, and it deserves credit before the valuation discussion. On the balance sheet, AMD holds $15.8 billion of cash, cash equivalents and short-term investments as of September 26, 2026, after issuing $4.75 billion of senior notes in August and repaying $875 million at maturity in September. Long-term debt stood near $1.7 billion at the end of 2024 before the August issue added roughly $4.75 billion. Even after the note issuance, cash exceeds total debt by a wide margin. The debt-to-equity ratio is effectively zero or negative on a net basis, far inside the framework's 0.5x threshold. Interest coverage is not a constraint: FY2025 GAAP operating income of $3.74 billion and TTM operating income near $6.5 billion, per the June 2026 TTM column, exceed any plausible interest burden by an order of magnitude. The current ratio is not a concern with $15.8 billion of liquid assets.

Free cash flow is strong and recently inflected upward. FY2021 FCF margin was 19.6%, compressing to 4.9% in FY2023 during the PC downturn, then recovering to 9.3% in FY2024 and 19.4% in FY2025. The quarterly FCF figures for FY2025 sum to roughly $6.7 billion, and the TTM as of June 2026 shows a 20.2% FCF margin on $41.3 billion of revenue, roughly $8.4 billion. Nine-month operating cash flow for FY2026 reached $6.5 billion, up 55% year over year. Cash generation now comfortably funds the R&D engine of $5.7 billion in 2023, rising with revenue, plus the acquisitions.

Earnings quality requires two qualifications. First, a noncash $1.2 billion warrant remeasurement charge distorted GAAP results in the September quarter, creating a wide gap between GAAP EPS of $1.46 and non-GAAP EPS of $2.09. This is a derivative valuation swing, not cash burn, but it sits between the two reported earnings series and explains much of the divergence. Second, the upcoming World Labs acquisition is all-stock at the 10-day VWAP before closing, so the dilution is not yet fixed. The share count will rise materially when the deal closes in

Q4 FY2026, and the Taalas deal adds up to $2.9 billion in consideration, of which $1.4 billion is contingent earn-out.

Solvency verdict: FORTRESS. There is no bankruptcy or liquidity risk, and the credit profile benefits from a fabless model and the TSMC partnership. The fortress balance sheet buys survival through any downturn. What it does not buy is investment safety: a fortress balance sheet does not prevent a 50% mark-to-market loss when an 115x trailing multiple resets to a cyclical 20x. The solvency gate passes, but solvency is only one gate of seven.

3. DIVIDEND ANALYSIS

AMD pays no dividend. The company has never initiated one, channeling cash to R&D and acquisitions instead. The framework's dividend sustainability criteria do not apply and there is no income cushion to offset volatility, which weakens AMD's score in a wealth-preservation system that rewards reliable income.

4. VALUATION ANALYSIS

The valuation is the core disqualifier and warrants precise treatment. At $534.06, AMD trades at a trailing GAAP P/E near 115x on TTM earnings of roughly $4.61, derived by rolling the June 2026 TTM EPS of $3.90 forward through the September quarter. On the Street's FY2026 consensus EPS of $6.50, the forward multiple is 82x. On the 2027 consensus of $15.45, the multiple is 34.6x. Every quadrant of the relative valuation table is extreme. The Business Quant data shows AMD at 86.8x trailing P/E against a 35.6x peer median, 59.0x EV/EBITDA against 21.9x, 94.5x P/FCF against 30.7x, and 9.7x P/B against 3.5x. BloFin's September 25 snapshot, taken when the stock traded higher at $633.91, recorded a trailing P/E of 161x, EV/EBITDA of 106.7x, and P/FCF of 122.5x. Stockoscope put the sector median P/E at 38.6x and EV/EBITDA at 24.8x against AMD's 160.9x and 96.4x.

The five-year history matters. BloFin's fiscal-year-end forward P/E series runs 46.6x for FY2021, 20.3x for FY2022, 44.4x for FY2023, 27.7x for FY2024, and 38.8x for FY2025. At the September 2026 close, forward P/E was 56.99x above every year-end in that series. Even after the recent pullback to $534, the stock sits in the top decile of its own historical valuation range.

Fair value estimates from the packet cluster far below the market price. Stockoscope's October 4 blend is $228, with a DCF of $194 and a 10-year own-history valuation of $347. TradingView's GF Value is $213. The A.L. Capital base case of $590 required a 45% revenue CAGR and a 35x exit multiple, assumptions I do not underwrite as a base case. Using the 2027 consensus EPS of $15.45 and applying a generous 20x exit multiple, rich for a semiconductor cyclical whose own history includes a 20.3x forward P/E at the FY2022 trough, I arrive at $309 for the 2027 earnings stream, discounted one year at 9% to roughly $284 today. My base case fair value of $310 applies the 20x exit multiple to the undiscounted 2027 figure, deliberately generous. If management hits $20 of EPS by 2029 and the market pays 25x, the stock is worth $500, below the current price.

The margin of safety is negative by every method. The stock trades 57% above the blended $228 estimate, 64% above the DCF, and 87% above GF Value. The framework requires a positive 10% margin of safety before a BUY. AMD offers negative margins of safety from minus 30%, against the most generous $347 history-based value, to minus 175%, against the DCF of $194. No valuation method in the packet supports a purchase at $534.06.

5. SCENARIO ANALYSIS

Bear case, 25% weight. The AI infrastructure boom cools, hyperscaler capex pauses, and AMD's Instinct ramp stalls against Nvidia's next architecture. China export replacements tighten, adding charge pressure, and Gaming's 40% decline continues. In this path revenue grows 15% annually, the A.L. bear assumption, operating margin compresses to 18% from mix, and the market rerates the stock to a 22x exit multiple. The A.L. scenario lands at $180, a 66% loss. On a 10-year horizon, if GAAP EPS compounds at 12% from $4.61 to $14.30 and the terminal multiple is 18x, the terminal price is $257 and the total return CAGR is negative 7.0%. The framework's absolute gate says the bear case total return must be at least zero. It is deeply negative. Even a milder stress, a 30x exit on a disappointed 2027 EPS of $9, produces roughly $270, a 49% loss.

Base case, 50% weight. AMD executes roughly to plan. Data Center grows 40% or more for several years, the 2027 server CPU business doubles as management guided, and EPS reaches management's more-than-$20 target by 2029. The market pays a generous 30x for a cyclical at that point, placing the price at $600 in five years, a 2.4% annualized return. If the multiple normalizes to the high end of AMD's own history at 25x, the price is $500 and the total return is slightly negative. Extending to ten years, earnings of $20 growing 15% annually to $40 at a 20x terminal multiple gives $800, a 4.1% CAGR. The base case total return lands between roughly 0% and 4% across most defensible assumptions. It fails the 7% hurdle and underperforms the 4% HYSA.

Bull case, 25% weight. AMD takes more than 15% share of the AI accelerator market, ROCm matures into a genuine CUDA rival, and management exceeds its own guidance. EPS reaches $25 by 2029 and the market awards a 35x multiple, putting the stock at $875, a 10.4% CAGR. At a 40x multiple the price is $1,000, a 13.4% CAGR. Pushed ten years out with 30% EPS compounding to $60 and a 30x exit, the price reaches $1,800, a 12.9% CAGR. This scenario requires flawless execution, benign competition, and continued multiple support.

Probability-weighting the three gives a 10-year expected CAGR of roughly 3.0%, calculated as 25% of negative 7.0%, 50% of positive 3.0%, and 25% of positive 12.0%. That result sits below the return of a risk-free savings account. The asymmetry the framework demands, limited downside with open upside, is inverted here: the downside averages 50% or worse while the upside requires flawless execution and still only compensates in the low double digits. The downside protection score of 45 reflects this. The probability of a greater-than-50% loss runs above 20%, which fails the framework's permanent-loss ceiling of 10%.

6. RISK ASSESSMENT

The risk register for AMD is long and several entries are structural. Competition ranks first. Intel's Q1 2026 earnings surprised to the upside and Northland Capital downgraded AMD to Market Perform in April 2026, the firm's first AMD rating change in over a decade, citing competitive pressure and a $260 target. Nvidia remains the dominant AI platform. Tickeron notes both rivals are larger and better funded, and S&P Global Ratings warns that sustaining a leading-edge design advantage is difficult and that ARM platforms or GPUs could encroach into x86 workloads.

Supply chain concentration is second. AMD depends entirely on TSMC for leading-edge manufacturing, concentrated in Taiwan. Geopolitical disruption or natural disaster at TSMC would halt AMD's roadmap. The fabless model reduces capital intensity but transfers operational risk to a single partner. China exposure adds a third layer: 22% of FY2025 revenue came from China, and the 2025 tightening of export controls already forced a $1.5 to $1.8 billion revenue reset. The SEC filing discusses replacement export rules that could impose new licenses, delay shipments, or limit transactions. The Q3 2026 margin story already shows China export charges weighing on results.

Cyclicality is the fourth risk and the one that most directly threatens capital preservation. The semiconductor cycle is volatile. AMD's own operating margin history proves it: 22.2% in FY2021, 1.77% in FY2023, 10.8% in FY2025. ROIC of 42% in FY2021 collapsed to roughly 1% in FY2023. The 2022 PC downturn took the stock down 51.6% in 52 weeks. Gaming revenue just fell 40% year over year in Q3 FY2026. A severe recession would hit this revenue base hard, and the 2008-2009 cycle nearly destroyed the company before the GlobalFoundries spin-off and Abu Dhabi capital injection.

Litigation and integration risk follow. Adeia filed patent infringement suits in November 2025 alleging unauthorized use of core semiconductor technologies. The pending World Labs acquisition of $8.2 billion in all-stock and the Taalas deal of $2.9 billion, up to $1.4 billion contingent, both close in Q4 FY2026 and will dilute shareholders at an unpriced VWAP while diverting management attention. A $1.2 billion warrant remeasurement charge already distorted GAAP results in the September quarter.

The risk of permanent capital loss is concrete. The stock has produced 50% or greater drawdowns twice in the past decade. At a trailing multiple above 100x, any normalization of the AI narrative or a single miss in the Instinct ramp resets the valuation. The framework allows a maximum 15% probability of significant permanent capital loss, with a stricter 10% for elevated-risk structures. The historical record, the premium valuation, the single-foundry dependence, and the concentration of earnings in a handful of hyperscaler accounts put the realistic probability above 20%. On the framework's three-tier recession profile, AMD scores VULNERABLE: the 2008 crisis required external capital, the 2022 downturn halved the stock, and the business remains cyclically exposed despite the stronger balance sheet today.

7. MANAGEMENT & GOVERNANCE

Lisa Su has led AMD since 2014 and the record is among the best in semiconductors. She took a company near bankruptcy and built it into a credible challenger to both Intel and Nvidia, with the stock compounding from roughly $2 to above $500 over her tenure. The source packet does not provide her current ownership stake, compensation structure, or a formal succession plan, and I note that absence rather than inventing figures. The observable evidence of capital allocation is strong on R&D discipline: $5.7 billion of R&D in 2023 alone, a fabless structure that avoids manufacturing capex, and a strategically successful Xilinx acquisition. The pending World Labs and Taalas transactions extend that technology-led strategy into spatial intelligence and inference silicon.

The governance record shows two caution flags. The $8.2 billion World Labs deal is entirely stock-settled at the 10-day VWAP before closing, which means management is issuing at today's elevated valuation two days after the Q3 earnings date. The $1.2 billion warrant remeasurement charge in the September quarter is a derivative item, but the use of customer warrants as consideration deserves scrutiny. The SEC feed lists performance-based warrants and related capped calls among the capital markets activity. A Form 4 documents the data center chief selling stock under a Rule 10b5-1 preset plan, which is routine and not a discretionary reduction.

The board and annual meeting items show standard governance machinery: director elections, auditor ratification, advisory say-on-pay, officer appointments, and equity compensation arrangements. No restatement, auditor change, going-concern qualification, or accounting allegation appears in the packet. That is a clean record. What the packet lacks is the quantitative alignment data the framework normally requires: insider ownership above 2%, CEO compensation as a percentage of net income, and a five-year share-count reference. The World Labs all-stock issuance will increase the share count materially, and the framework's dilution screen cannot be run from the provided data. Management quality merits a GOOD rating based on operating execution and capital discipline, with the all-stock acquisition at elevated prices as the one caution.

8. PEER COMPARISON

Metric	AMD	Peer Median	NVDA (BloFin)	Assessment for AMD
Trailing P/E	86.8x (BQ); 161x (BloFin Sept)	35.6x	28.5x	Deepest premium in cohort
EV/EBITDA	59.0x (BQ); 106.7x (BloFin)	21.9x	26.9x	3-5x peer levels
P/FCF	94.5x (BQ); 122.5x (BloFin)	30.7x	42.8x	2-3x peer levels
P/B	9.7x	3.5x	n/a	2.8x the median
PEG	0.38	1.25	n/a	Best in cohort, driven by $15.45 20
Dividend	None	Varies	Modest	No income cushion

The competitive cohort named in the packet is Broadcom, Marvell, and Nvidia, with Micron and Qualcomm added by Yahoo's comparable set. Intel appears as a named competitor but the packet supplies no metrics for it. The wealth-preservation comparison is stark. On trailing P/E, AMD carries the highest multiple in the group: BloFin's September snapshot shows AMD at 161x versus Nvidia at 28.5x and Intel at a net loss. On forward P/E, AMD's 57x more than triples Nvidia's 18.7x. On EV/EBITDA, AMD's 106.7x quadruples Nvidia's 26.9x and dwarfs Intel's 39.6x. On P/FCF, AMD's 122.5x nearly triples Nvidia's 42.8x.

The Business Quant peer medians tell the same story from a different direction: AMD at 86.8x P/E against a 35.6x median, 59.0x EV/EBITDA against 21.9x, and 94.5x P/FCF against 30.7x. The lone metric where AMD screens better than peers is the PEG ratio at 0.38 versus 1.25, which is an artifact of the Street's aggressive 2027 EPS estimate of $15.45, a number still below management's own more-than-$20 target. If that EPS estimate is right, AMD deserves a premium growth multiple but not a 3.4x peer premium on trailing earnings.

For wealth preservation, every comparable with a dividend and a lower multiple ranks ahead of AMD. Broadcom, Marvell, and Qualcomm carry established payout histories, the packet provides no specific yields, offering the income cushion AMD lacks entirely. Nvidia, at a fraction of AMD's trailing and forward multiples with the dominant AI franchise, presents the same AI tailwind with less valuation risk. A capital preserver seeking AI exposure has clearly superior alternatives in the cohort. AMD's relative ranking on balance sheet strength and interest coverage does not offset its last-place position on valuation and dividend coverage.

---

9. KEY METRICS SUMMARY

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	TTM (Sept '26 e
Revenue ($M)	16,434	23,601	22,680	25,785	34,639	~45,400
Revenue YoY	+68.3%	+43.6%	-3.9%	+13.7%	+34.3%	~+40%
Gross Margin	48.3%	51.1%	50.3%	53.0%	52.5%	~55.7%
Operating Margin	22.2%	5.4%	1.8%	8.1%	10.8%	~15.8%
Net Income ($M)	3,162	1,320	854	1,641	4,335	~7,660
GAAP EPS (diluted)	$2.57	$0.84	$0.53	$1.00	$2.65	~$4.61
FCF Margin	19.6%	13.2%	4.9%	9.3%	19.4%	~20.2%

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	TTM (Sept '26 e
ROIC	~42%	n/a	~1%	~3%	recovering	~11% (est.)

Balance Sheet	Value
Cash + short-term investments	$15.8B (Sept 26, 2026)
Long-term debt	~$1.7B (Q4 2024) + $4.75B notes (Aug '26) - $875M repaid (Sept '26)
Net cash position	Strongly positive
Debt/Equity	~0 (net)
Shares outstanding	~1.62B (pre-World Labs)
9M FY2026 operating cash flow	$6.5B (vs. $4.2B prior year)

10. MONITORING CHECKLIST

Metric	Bull Threshold	Bear Threshold	Frequency
Data Center revenue growth	>30% YoY sustained	<30% YoY or sequential decline	Quarterly
Instinct (MI300/MI400) ASP	>$40K per unit held	<$40K per unit	Quarterly disclosures
EPYC server socket share	>30%	<30%	Quarterly (Mercury Research)
Non-GAAP gross margin	>54%	<52%	Quarterly
Operating margin	Progress toward 22%	Stalls below 18%	Quarterly
FCF margin	>18%	<18%	Quarterly
2027 consensus EPS revisions	Continues rising	Stalls below $15.45	Monthly
China export rules	No new restrictions	Tightened restrictions	Event-driven
World Labs / Taalas integration	Closes Q4 FY26; no delays	Terminated or delayed	Event-driven
Gaming revenue decline	Stabilizes	Continues >30% declines	Quarterly

11. MARKET EXPECTATIONS & CONSENSUS

The current stock price implies aggressive growth. Using the A.L. Capital multiple-based framework, the market at $534.06 capitalizes the 2026 consensus EPS of $6.50 at 82x forward earnings and the 2027 consensus of $15.45 at 34.6x. For the stock to compound at 10% annually over five years, EPS must reach roughly $20 and the market must keep paying 30x or more. That is an aggressive embedded expectation. The 2027 EPS estimate rose from $12.96 to $15.45 in ninety days, a 19% upward revision, which by the 24/7 Wall St. read means consensus is chasing the stock rather than leading it. Sell-side dispersion confirms the uncertainty: a $525 low target against a $1,250 high target means the Strong Buy label conceals genuine disagreement over how much future growth the price should already reflect.

The consensus bull case names Citi and Aletheia at $800, which represents 50% upside from $534.06, and a Street-high of $1,250, 134% above the current price. Bull drivers include Data Center revenue doubling again in 2027, companywide revenue growth above 80%, EPS above $20, AI accelerator share above 15%, ROCm adoption, and gross margins toward 57%. The bear case sits far below the current quote. The $525 low target is roughly flat from $534.06, but below that sit A.L. Capital's $180 case, a 66% loss, and the GF Value intrinsic estimate of $213, a 60% loss. Bear drivers include an Instinct miss, China controls, margin dilution, supply constraints, and continued gaming erosion.

Short interest and days to cover are not provided in the research packet. The pre-extracted deep_dive_metrics block, which normally includes short_float and beta, did not return in this data feed. No estimate is offered for either field.

Analyst consensus stands at Strong Buy: 47 analysts split between 37 Strong Buy, 2 Moderate Buy, and 8 Hold, with a mean target of $656.12, 22.9% above $534.06. An alternative tally shows 36 Buy, 10 Hold, and zero Sell with a $613.84 consensus.

What validates the consensus: Q4 2026 results in line with the roughly $13 billion guide, Data Center holding above the $8.5 billion run rate, GAAP gross margin above 54%, and 2027 EPS revisions continuing toward management's more-than-$20 aspiration. What disappoints: Data Center sequential deceleration, another Gaming leg down, further China export charges, or EPS revisions stalling below the $15.45 consensus. At 82x forward earnings there is no room for error.

Forward valuation (derived from consensus where the deep_dive_metrics block was not returned):

Metric	Value	vs. Sector Avg	Assessment
Forward P/E (FY2026E)	82.1x	~35x median	Extreme premium
Forward P/E (FY2027E)	34.6x	~25x median	Still elevated
PEG	0.38 reported	1.25 median	Driven by $15.45 2027E
EV/EBITDA	~90-107x	~25x median	4x sector level
Beta	not provided	n/a	n/a (no data)

12. KEY BUSINESS DRIVERS

Driver 1: Data Center revenue growth. This measures hyperscaler demand for EPYC server CPUs and Instinct AI accelerators, the two franchises that carry the entire thesis. Current level: $8.546 billion in Q3 FY2026, up 97% year over year and 64% of revenue. Bull threshold: quarterly year-over-year growth sustained above 30%. Bear threshold: deceleration below 30% or a sequential decline. Next data point: Q4 FY2026 earnings, expected early in calendar 2027.

Driver 2: Instinct MI300/MI400 ASPs. This measures pricing power against Nvidia. Current level: above the $40K per-unit threshold cited by BasisReport for the MI300 series. Bull threshold: ASP held above $40K through the MI400/450 2nm rollout in the second half of 2026. Bear threshold: ASP breaks below $40K, signaling competitive erosion. Next data point: first MI400/450 shipment disclosures.

Driver 3: EPYC server socket share. This measures the Intel displacement engine. Current level: above 30% per the source packet. Bull threshold: share clearing and holding above 30% with cloud and enterprise expansion. Bear threshold: share stalling below 30% as IT budgets shift wholly to AI-accelerated configurations, the risk

KoalaGains raises. Next data point: quarterly Mercury Research share data.

Driver 4: Gross and operating margin progression. This measures operating leverage and product mix. Current level: non-GAAP gross margin 56% in Q3 FY2026, operating margin 17.06% in FY2025. Bull threshold: operating margin crossing the 22% industry benchmark. Bear threshold: operating margin failing to progress toward 22%, particularly if China export charges repeat. Next data point: quarterly results.

Driver 5: Free cash flow conversion. This measures earnings quality and dividend-initiation optionality. Current level: roughly 20% TTM FCF margin. Bull threshold: margin above 18%, which BasisReport ties to dividend initiation. Bear threshold: margin below 18%, indicating reinvestment or working capital strain. Next data point: quarterly cash flow statement.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker	Relationship	Signal
VanEck Semiconductor ETF	SMH	Sector beta and semiconductor cyclicality	Bullish if holding above 50-day MA; bearis
Nvidia	NVDA	Leads the AI-accelerator trade AMD competes in	Bullish if NVDA holds multiple; NVDA bre
Taiwan Semiconductor ADR	TSM	AMD's sole leading-edge foundry partner	Bullish if TSM guides up; TSM guide-dow
Invesco QQQ	QQQ	Growth and risk appetite proxy for AMD's valuation multiples	QQQ weakness compresses AMD's prem

Monitoring rule: if SMH breaks its 50-day moving average, re-evaluate the entire thesis within five trading days. NVDA is the leading indicator for the AI-accelerator market; a sustained NVDA de-rating removes the valuation backstop that supports AMD's 82x forward multiple. TSM foundry commentary leads AMD's supply chain and sector demand by one quarter.

WHAT WOULD CHANGE THE ASSESSMENT

The recommendation is AVOID, so exit triggers do not apply. I would re-open the file under these conditions:

- Price declines to $280 or below, which is a 10% discount to the $310 base fair value and would restore a positive margin of safety.
- Forward P/E on 2027 consensus EPS falls below 20x, which at the current $15.45 estimate implies a price near $309.
- Management initiates a dividend, adding the income cushion the Wealth Preservation Quality Score currently scores at zero.
- Gaming stabilizes and Embedded rises above $1.5 billion quarterly, evidence the non-Data-Center segments stop bleeding.
- Credible evidence that Instinct holds above 15% share of the AI accelerator market against Nvidia's next architecture.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID

Reason: The stock fails four absolute wealth-preservation requirements at once. The bear case total return is deeply negative at minus 7% CAGR on a 10-year view and minus 66% on the A.L. stress case, against the required floor of zero. The base case total return of roughly 3% CAGR fails the 7% hurdle and underperforms a 4% HYSA. The probability of a 50% or greater permanent loss exceeds 20%, against the 10% ceiling. The margin of safety is negative 42% against a generous base fair value of $310 and worse against every independent estimate in the packet.

ANALYST NOTES

Key assumptions: FY2026 consensus EPS of $6.50, FY2027 consensus EPS of $15.45, management's more-than-$20 EPS target by 2029, a 20x exit multiple for the base fair value of $310, a 9% discount rate, tax rates near historical norms, and no dividend initiation. Scenario weights of 25% bear, 50% base, and 25% bull follow the framework's standard grid.

Limitations: The research packet contains internally inconsistent price vintages spanning $120 to $634, so I anchored every valuation and scenario to the authoritative current price of $534.06. The deep_dive_metrics block, which normally supplies forward P/E, PEG, beta, ROE, short float, and analyst target, did not return, so those fields are derived from the textual sources where possible and marked as not provided otherwise. Peer financial details are sparse; the peer table relies on BloFin, Business Quant, and Stockoscope snapshots taken at different dates. Founder-level data on insider ownership and CEO compensation is absent from the packet. The fair value of $310 deliberately uses a generous 20x multiple on the Street's optimistic 2027 EPS and may still overstate intrinsic value against the $194 DCF and $213 GF Value in the packet.

Confidence Level: HIGH. The conclusion rests on arithmetic rather than a subjective judgment call. No reasonable multiple applied to any credible earnings path produces a 7% base case return from $534.06, and the downside cases are catastrophic. A business can be excellent and still be an unacceptable investment at the wrong price. AMD is that business at this price.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only and does not constitute investment advice.

CONTINUE THE RESEARCH

This report is one of over 120 equity research analyses published by Moschovakis Capital. Each covers valuation, scenario modelling and risk in the same format as the report you have just read.

Full equity research archive

Latest published research

Enquiries and coverage requests

moschovakiscapital.com

IMPORTANT DISCLOSURES

This report has been prepared by Moschovakis Capital for informational purposes only and does not constitute investment advice, a solicitation, or an offer to buy or sell any security. The information contained herein is based on sources believed to be reliable but is not guaranteed as to accuracy or completeness. Past performance is not indicative of future results. Investing involves risk, including the possible loss of principal. Moschovakis Capital and its affiliates may hold positions in the securities discussed. This document is confidential and intended solely for the recipient. Any reproduction or distribution without prior written consent is prohibited.

EXECUTION INFRASTRUCTURE

For the execution of positions discussed in our research, we use the following platforms for their regulatory standing, liquidity and reliability.

eToro	Equity execution — regulated, social trading infrastructure
Revolut	Multi-currency banking and FX
Interactive Brokers	Institutional-grade brokerage
Vantage	MT4/MT5 execution
Binance	Digital asset infrastructure
Hostinger	Web infrastructure

Referral links: Moschovakis Capital may receive a commission or bonus if you open an account. It does not affect our research.