AMD: The AI Powerhouse Ready to Rocket

The surge in artificial intelligence is driving one of the largest infrastructure build-outs the technology sector has ever seen, and Advanced Micro Devices (AMD) sits firmly within that ecosystem. The company designs the high-performance processors and accelerators used in data centres, cloud platforms and enterprise systems to train and run increasingly complex AI models, and as global investment in AI capability accelerates, demand for this level of compute continues to expand – positioning AMD as a key supplier of the hardware enabling this shift. Advances in accelerated computing have been central to recent progress, and AMD's growing presence in data centre GPUs and AI-focused processors places it among a small group of semiconductor designers capable of delivering this performance at scale, reinforcing its importance within one of the most significant structural technology trends currently underway.

AMD's MI355X is leading the charge against NVIDIA's Blackwell.

- It packs **185 billion transistors** and delivers stellar AI performance with a massive memory advantage.
- Memory Monster: 288 GB HBM3E, 50% more than NVIDIA's B200 (192 GB). This **lets it hold enormous models (400B–500B+ parameters) on a single GPU.**
- Bandwidth Beast: **8 TB/s peak,** on par with or edging out Blackwell's top configurations for lightning-fast data flow.
- Raw Speed Highlights: The MI355X **delivers 5-20 PFLOPS of peak AI performance** depending on use case and precision level. A PFLOP means **1 quadrillion (16 zeros) floating-point operations per second.**

AMD's MI355X: Their Highest-Performance AI Accelerator

AMD Q4 2025 Earnings: Record-Breaking Momentum

- Revenue: $10.3B **(+34% YoY),** new all-time high
- Non-GAAP EPS: $1.53 **(+40% YoY),** beat expectations
- Data Centre Revenue: $5.4B **(+39% YoY),** fueled by explosive AI demand
- Full-Year 2025 Revenue: $34.6B (+34% YoY)
- Outlook: Q1 2026 ~$9.8B revenue (above consensus), MI450 ramp accelerating in H2 2026 with multi-GW deals in the pipeline

Management medium-term targets and guidance

- Management outlined a **3–5-year revenue growth framework of ~35% CAGR,** implying potential revenue of approximately **$113bn by 2029** and **EPS of ~$20.**
- **Data Centre expected to be the primary growth driver,** with management targeting roughly **60% CAGR** in Data Centre revenues over the next 3–5 years and within this **Data Centre AI revenues** are expected to grow at approximately **80% CAGR.**
- AMD estimates a potential **>$1 trillion Data Centre total addressable market by 2030,** expanded to include CPUs and networking.
- Management is targeting **~15% share of the AI-driven data centre opportunity** and a **double-digit share** of the broader data centre market over time.
- Outside of Data Centre, the core business is expected to grow at a more moderate **~10% CAGR** over the medium term.

Source: AMD Financial Analyst Day presentation and company guidance, November 2025

Sources:
Advanced Micro Devices (AMD) Investor Relations – Financial Analyst Day materials and company presentations (November 2025)
UBS Equity Research – Advanced Micro Devices research commentary and estimates
FactSet – Consensus estimates, valuation data and market data

The views expressed above are those of the Advantage Securities Investment Team and are based on our analysis, interpretation of publicly available information, and professional judgement at the time of writing.

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