



NASDAQ: AMD  
Advanced Micro Devices, Inc.

# Fundamental Analysis





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# Introduction

GICS Sector: Technology

Sub-Industry: Semiconductors



CEO: Lisa Su

Tenure: 9.3 years

Advanced Micro Devices Inc's management team has an average tenure of **6.5 years**. It is considered experienced.

Source of revenue:

- Advanced Micro Devices, Inc. is a global semiconductor company. The company focuses on high-performance computing technology, software, and product leadership.
- AMD operates in four reportable segments:
  - Data Center segment
  - Client segment
  - Gaming segment
  - Embedded segment
- AMD also sells or licenses portions of its intellectual property (IP) portfolio.
- Please visit my website for more information on AMD business segments and products.



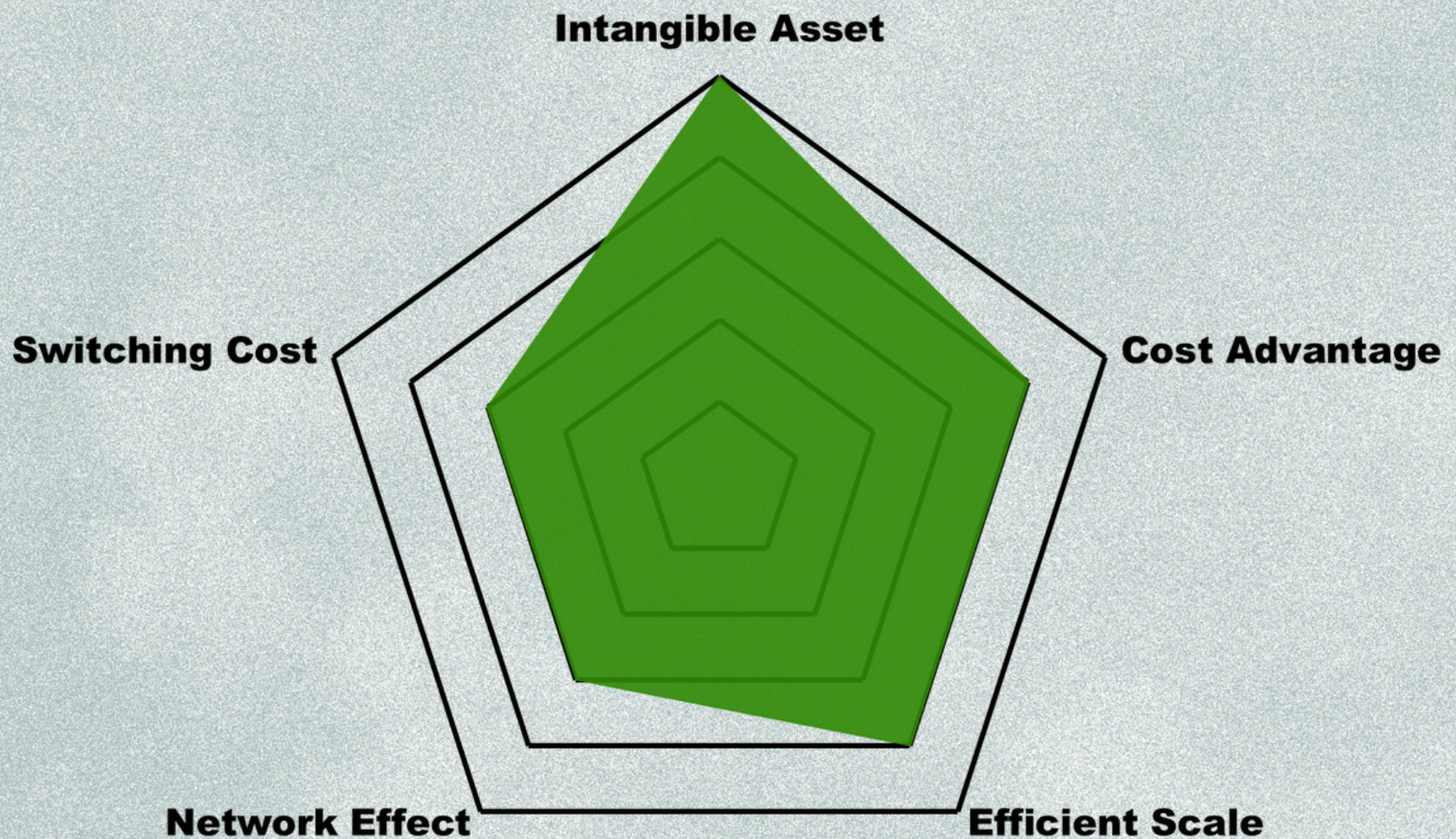
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# Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





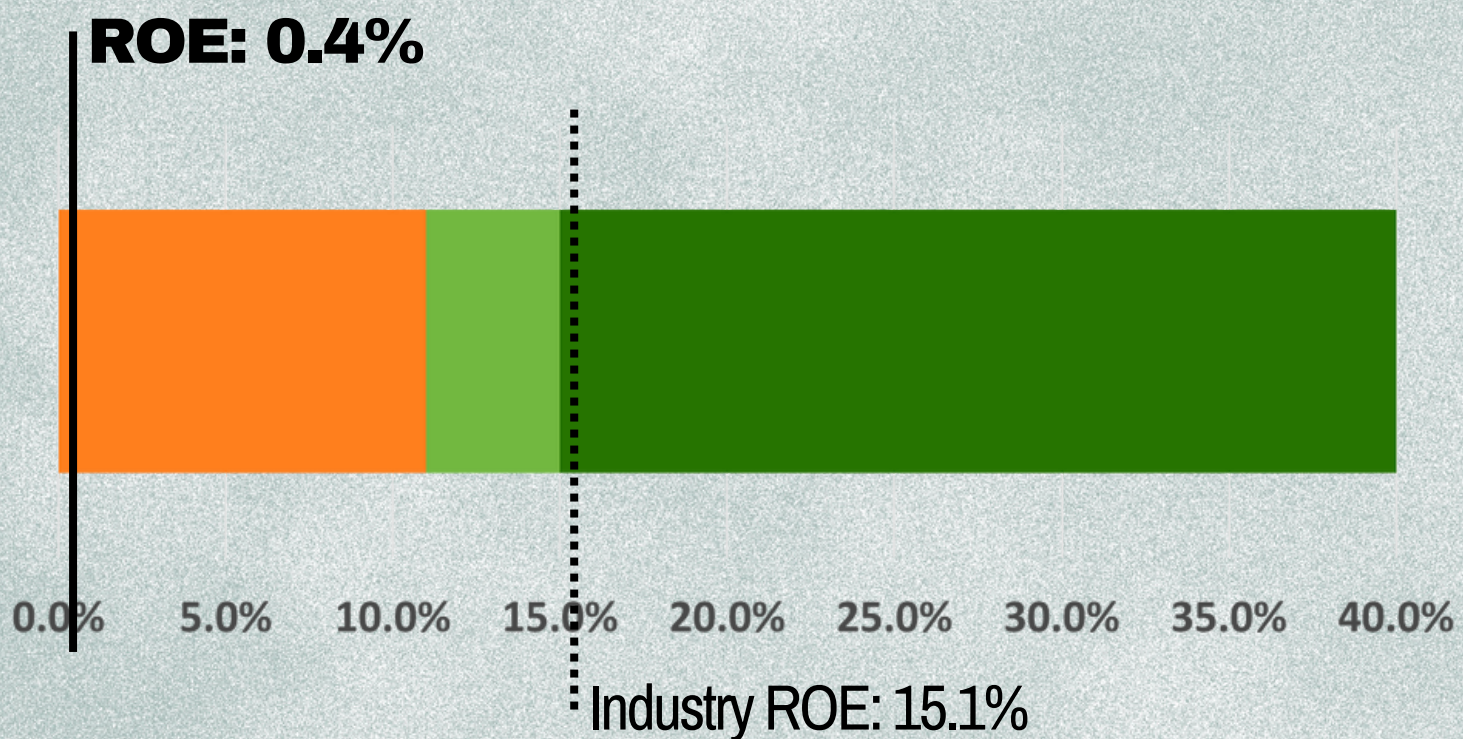
# Performance

Yes

Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?

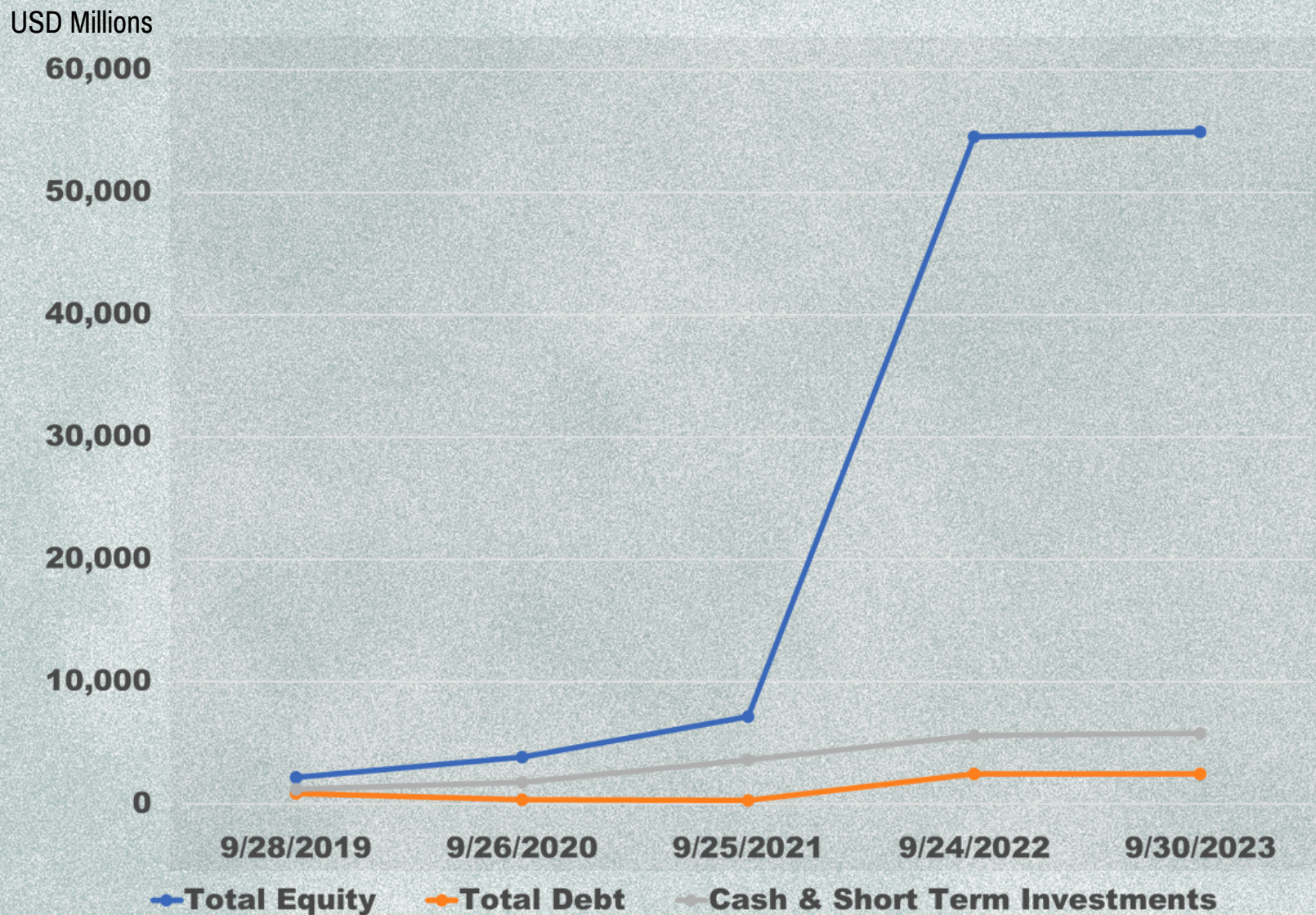


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# Financial Health



Current Ratio: 2.2



Debt-to-EBITDA: 0.7



Interest Coverage: 14.4



Debt Servicing Ratio: 4.3%



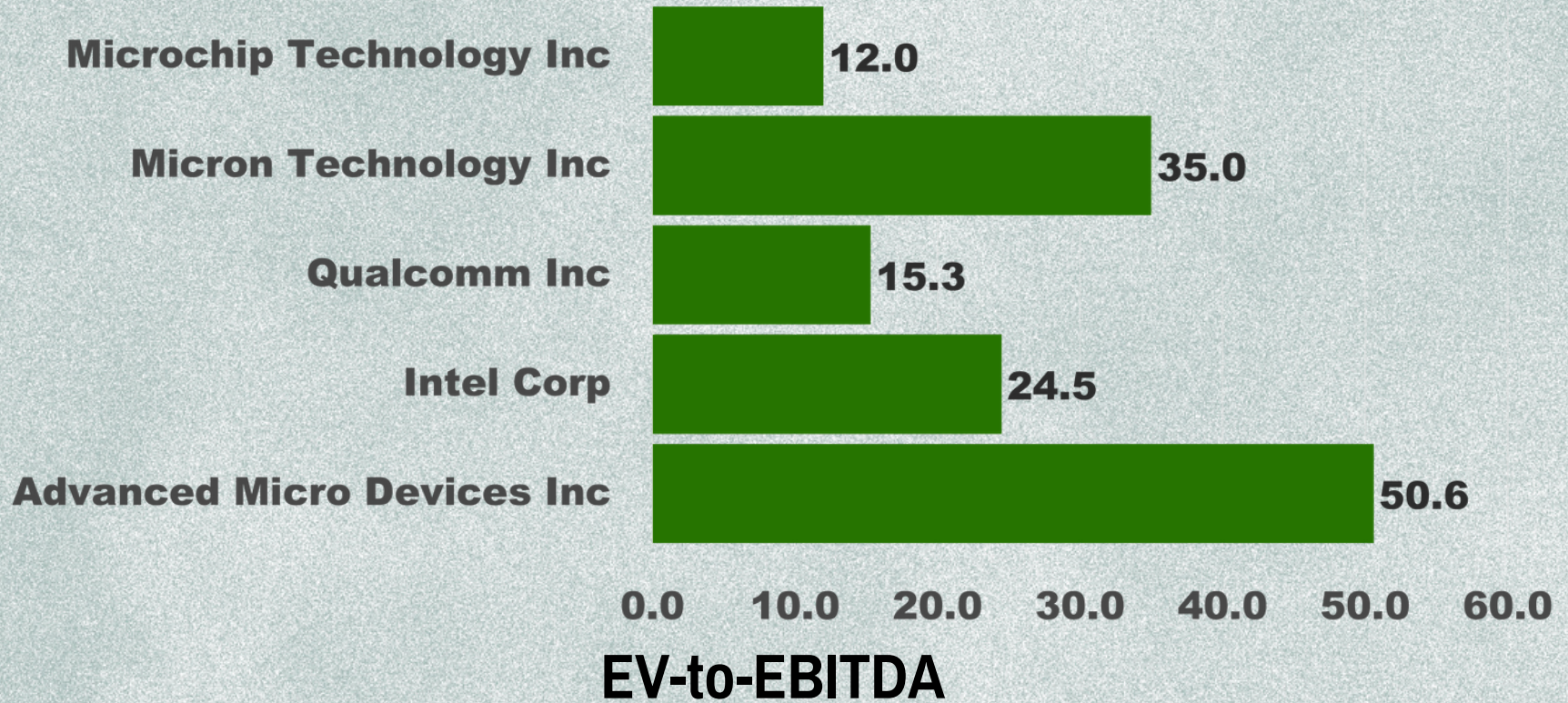
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# Relative Valuation







# Intrinsic Valuation

Estimated intrinsic value: **\$29.62**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$2,900M

Projected growth rate: 8% - 11%

Beta: 1.7

Discount rate: 11.5%

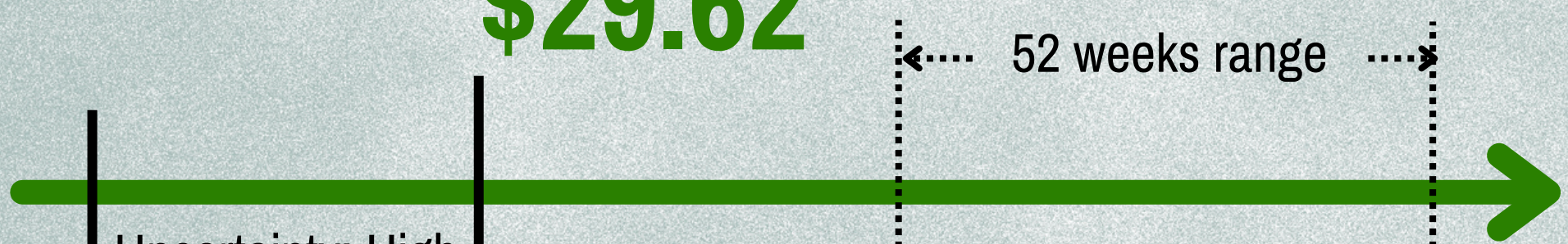
Date of calculation: 12 Dec 2023

Estimated intrinsic value of  
Advanced Micro Devices Inc

**\$29.62**

\$60.05

\$135.04



Uncertainty: High

**40% Margin of Safety**

Price range after the  
margin of safety

**<\$18.00**

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