

Event preview

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AMD: Stuck in NVDA's shadow



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We expect the AI event today to be a fade-the-news event. AMD stock has had a modest run-up over the past week on investor expectations for clarity on MI325X and its follow-ons. We think investors are likely to be disappointed.

At previous outings, AMD management held out hope for closing the gap with NVDA. As things stand today, we believe NVDA maintains its dominance while AMD falls further behind. Nearly a year ago at the launch event for MI300X, AMD management rolled out an impressive presentation and made claims of performance superiority over NVDA's H100. And yet, over the course of the year, barely a dent has been made on NVDA's dominance. We do not expect MI325X launch to change the narrative meaningfully. While investors would like to see a viable competitor to NVDA emerge, we suspect AMD is likely to remain a distant second.

While the event today is expected to touch upon data center CPU and AI PC, investor focus is likely to remain on the MI-series. If a clear driver for share gain does not emerge, the stock could revisit its lows of the year.

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After AMD's presentation at Computex a few months ago, we had hoped for improved customer traction for AMD's next generation data center GPUs. AMD's next gen AI products appeared to have an edge over NVDA given the substantially higher HBM density – 288GB HBM on AMD's MI325X vs. 141GB HBM on NVDA's H200 ([link](#)).

However, in the months since Computex, we have been unable to detect increased customer traction. AMD management may claim superior benchmark test results vs NVDA's Hopper series, but while running real workloads in the field, we think **MI300x continues to trail NVDA's H100**. We do not expect MI325X to change the narrative meaningfully. Superior HBM density is merely one of the factors at work; the software stack, backplane networking and power consumption matter just as much.

High hopes at AMD, but is there a customer base? We believe AMD has high hopes for MI325X and its follow-ons. We believe AMD is rapidly expanding its CoWoS capacity presumably in anticipation of future demand. Also, AVGO's strong guidance for its ethernet connectivity business at GPU-based AI data centers next year likely indicates demand pull from AMD AI servers. MSFT is clearly an important customer. However, outside of MSFT, we are not sure who the needle-movers are.

At the MI300X launch event last year, META endorsed the product. In recent months though we think META's commitment to AMD may have waned. We believe META may have firmed up its plans for internally developed silicon as a future alternative to NVDA. And AMZN/AWS too, we doubt if AMD is seen as a viable alternative to NVDA.

ORCL has been mentioned as a customer. AMD has mentioned interest from enterprises as well. The concern we have is that the MI series along with its software stack is **less of an out-of-the-box solution** than management has been positioning. AMD's ROCm stack we think continues to lag NVDA's CUDA in terms of run-time libraries. Most customers, hyperscalars and enterprises alike, would rather not spend their resources to improve AMD's software stack as NVDA offers out-of-the-box solutions.

Could there be surprise new customers announced at the event today? We suppose AMZN/AWS or GOOG/GCP are candidates, but only for externally facing cloud instances. For internal usage, GOOG is locked into its internal TCP solution, and AWS is locked into NVDA. As an alternative to NVDA, we think AMZN/AWS is exploring options outside of AMD.

Net/Net: We believe AMD continues to struggle in the shadow of NVDA's dominance of Gen AI infrastructure. We do not expect the AI event today to change the narrative meaningfully. We believe AMD continues to be stymied by its software stack and the lack of a large enough team of engineers to bridge the gap with NVDA. Outside of MSFT we do not believe end customers are likely to spend resources to help bridge the gap as it is unclear what would be the payoff. We expect the stock to trade down after the event today and likely to revisit the lows of the year.

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