

Advanced Micro Devices, Inc. (NASDAQ: AMD)

Equity research update | Price-level review at \$473.25 (21 August 2026 close) | Report date: 24 August 2026 | Supersedes the note of 5 August 2026

RECOMMENDATION	INVESTMENT SCORE	WEIGHTED FAIR VALUE	HORIZON
BUY (upgraded)	73 / 100 (was 71)	\$519 (+9.6%)	12–24m

The rating changes. The 5 August note held AMD at Watchlist and gave one unambiguous reason: at \$518.58 the probability-weighted fair value of \$519 sat within a dollar of the price, so an investor was paying nothing for 2027 execution risk. It then named the condition that would change that: *“a retreat toward the \$455–475 area, traded through in late July, would do the same on price alone.”* The stock closed at \$473.25 on 21 August. The condition has been met, neither of the two stated downgrade conditions has been met, and the rating moves to Buy.

1. The Trigger, and Whether It Fired Cleanly

A price trigger is only worth setting if it is honoured when it fires, so it deserves testing rather than simply asserting. The August note attached two upgrade conditions and two downgrade conditions, and the state of all four matters more than the price alone. The upgrade condition on price has been met, at \$473.25, though it is fair to note this is the upper edge of the \$455–475 band rather than its middle. The upgrade condition on execution is partially met: management has since confirmed Helios is in full production with shipments beginning at the end of the third quarter, and described MI450 series demand as running above its own expectations. The fourth-quarter step-up the note wanted to see has not yet been reported, so this is encouraging rather than conclusive.

Neither downgrade condition has fired. Gross margin has not compressed below the low fifties — the third quarter is still guided to approximately 56%, unchanged. The Helios schedule has not slipped; if anything it has firmed. That combination, a price inside the buy band with the execution conditions intact, is precisely the case the trigger was written for.

Condition set on 5 August	Status	Evidence
Upgrade: retreat toward \$455–475 on price alone	Met	Closed \$473.25 on 21 Aug, down 8.7% from the \$518.58 reference
Upgrade: Helios ramp landing on schedule	Partly	Full production confirmed, MI450 demand above plan; the Q4 step-up is not yet reported
Downgrade: gross margin below the low fifties	Not met	Q3 still guided to ~56%; no revision since 4 August
Downgrade: a slip in the Helios schedule	Not met	Shipments begin end-Q3 and ramp into 2027, as previously described

Status assessed against closing prices to 21 August 2026 (Alpha Vantage) and company statements on the Helios and MI450 ramp reported since 4 August. No new guidance has been issued in the period.

2. Why the Price Fell, Which Determines Whether It Should Be Bought

The 8.7% decline has three identifiable causes and their composition is what justifies treating this as a price opportunity rather than a thesis break. The first and largest is a sector-wide de-rating that has nothing to do with AMD. The 30-year Treasury yield reached 5.33% in the week to 21 August, its highest since 2007, and the PHLX Semiconductor Index posted its steepest three-day decline since March. Higher long rates compress the present value of earnings expected in 2027 and beyond, which falls hardest on exactly the kind of company whose value sits in a forward ramp. That is a discount-rate event, not an earnings event.

The second is company-adjacent and genuinely negative. On 5 August, in the context of SpaceX's own results, Elon Musk said his companies had decided to build *“exclusively on Nvidia, because we think the Vera Rubin architecture is the best*

architecture". A public declaration of that kind from a high-profile AI compute buyer is unhelpful, and it accounts for a meaningful part of the 7.05% fall on 5 August. Its analytical weight, though, should be sized correctly: SpaceX and xAI were not among the gigawatt-scale commitments the August note built its 2027 estimate on. Those were Anthropic at up to 2 gigawatts, Microsoft on Azure, and existing multi-generation deployments with OpenAI and Meta. None of them has changed. The datapoint is a loss of a prospective customer and a blow to sentiment, not a loss of contracted revenue.

The third is ordinary profit-taking after a run that the August note itself flagged as the dominant risk. AMD had risen 162% from mid-March into the print. It has now given back part of that and remains up roughly 133% from the same low. A company that appreciates that far that fast will periodically retrace without anything being wrong, and the August note anticipated precisely this by naming a retracement band in advance.

3. Valuation: What the Retreat Bought

The estimates are unchanged, because nothing has been disclosed that would revise them. Group revenue approaching \$70bn in 2027, built from data centre revenue more than doubling off a 2026 base near \$25bn with the other segments roughly flat, still produces earnings near \$12 per share at a 57% gross margin and a 13% tax rate across about 1.68bn shares. What has changed is the price paid for that stream. At \$473.25 the shares trade at 39.4 times the 2027 estimate against 43.2 times on 5 August, and at under 24 times the company's own marker of significantly exceeding \$20 of annual earnings within its strategic timeframe.

The consequence for expected return is the whole of the upgrade case. On 5 August the probability-weighted fair value of \$519 sat 0.1% above the price, which the note correctly called the definition of fairly valued and the reason to wait. It now sits 9.6% above, and the base case, carrying 45% of the probability weight, sits 14.1% above. That is not a wide margin and this report does not pretend otherwise. It is, however, the difference between being paid nothing for execution risk and being paid something for it, which is the specific hurdle the August note set.

Measure	5 Aug (at \$518.58)	Now (at \$473.25)	Read
Market capitalisation	~\$861bn	~\$786bn	1.66bn guided diluted shares
P/E on estimated 2027 EPS (~\$12)	~43.2x	~39.4x	De-rated on unchanged estimates
P/E on the \$20 long-term EPS marker	~25.9x	~23.7x	Within the strategic timeframe
P/E on annualised Q3 guided EPS (\$1.93)	~67x	~61x	A trailing frame; misleading here
Upside to weighted fair value \$519	+0.1%	+9.6%	The upgrade case
Upside to base-case fair value \$540	+4.1%	+14.1%	Improved
Downside in the bear case \$297	-42.7%	-37.2%	Still the dominant risk
Gain from the 12 March low	+162%	+133%	Part of the re-rating given back

The 2027 earnings estimate is built by this analysis from company guidance and is not a company forecast. Fair values are carried forward unchanged from 5 August. Percentages recomputed in code from \$473.25.

4. Technicals: The Weakest Part of the Case

Honesty requires putting this plainly: the chart does not support the upgrade, and the upgrade is being made on valuation and on a published trigger in spite of it. Price sits below the twenty-day simple average of \$481.12 and well below the fifty-day at \$510.23, having traded at both on 4 August. MACD remains negative at -7.67 against a signal of -6.88, though the histogram at -0.79 is far less negative than the -3.57 recorded in August, which is momentum decelerating rather than reversing. Relative strength at 45.8 is neutral with room below.

The constructive reading is that the hundred-day average at \$442.64 has not been tested and the 29 July intraday low of \$424.03 remains the structural floor from the last retracement. Average true range of \$28.40 is 6.0% of the share price, which is the single most important number in the trade plan below: any stop placed closer than roughly \$55 from the price is inside ordinary noise. It is also why this report recommends scaling into the position rather than taking it in one fill,

particularly with Nvidia due to report on 26 August, an event that will move the entire sector regardless of anything specific to AMD.

Indicator	5 Aug note	Now	Read
Close	\$518.58	\$473.25	Confirmed close, 21 Aug
SMA 20	\$511.81	\$481.12	Price below — was above
SMA 50	\$514.33	\$510.23	Price below — was at the line
SMA 100	\$406.06	\$442.64	Price above by 6.9%
SMA 200	not computed	not computed	100-session series; not estimated
EMA 20 / EMA 50	—	\$487.91 / \$485.44	Both overhead; the first resistance band
RSI (14)	52.3	45.8	Neutral, room below
MACD (12,26,9)	−7.59 / −4.02	−7.67 / −6.88	Negative; histogram −0.79 vs −3.57, decelerating
ATR (14)	\$40.39 (7.8%)	\$28.40 (6.0%)	Volatility cooled; still wide
Support	—	\$460 / \$442.64 / \$424.03	20 Aug low, SMA100, 29 July low
Resistance	—	\$481 / \$510 / \$530	SMA20, SMA50, 4 Aug intraday high

Computed in code from the Alpha Vantage daily OHLCV series of 100 sessions, 31 March to 21 August 2026. The 200-day average is stated as not computed rather than estimated. Technicals inform entry timing only and do not override the fundamental and valuation view.

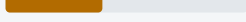
5. What Has Not Changed

The second quarter stands as reported: revenue of \$11.5bn up 50%, gross margin at 56%, operating income of \$3.1bn at a 27% margin, comparable diluted earnings per share up approximately 82%, and a data centre segment that more than doubled to \$6.7bn at a 31% segment margin while EPYC grew over 70% and Instinct more than doubled. Third-quarter revenue is still guided to approximately \$13.0bn at a 56% gross margin, implying earnings near \$1.93 per share. The raised multi-year framework — revenue growth substantially above the prior greater-than-35% target and an expectation of significantly exceeding \$20 of annual earnings per share — has not been amended.

The weaknesses the August note identified are also unchanged and remain real. Gaming fell 31% year over year, client and gaming segment margin compressed from 21% to 15%, management is planning for a softer personal computer market on higher memory and component costs, and the server CPU supply chain remains tight into 2027. One new commitment has been added on the capital side: AMD has announced an investment of more than \$10bn in Taiwan for advanced chip packaging capacity with TSMC, which addresses a genuine bottleneck for the Instinct ramp and is consistent with the 2027 volume the plan requires.

6. Scorecard

Factor	Score	Weight	Basis
Business Quality	9/10	14%	Unchanged. 56% gross margin, 27% operating margin, three profitable segments
Financial Strength	8/10	10%	Unchanged. \$13.1bn cash and short-term investments; \$1.6bn quarterly free cash flow
Competitive Advantage	7/10	12%	Cut from 8. Musk's exclusive-Nvidia declaration; named gigawatt customers intact

Management		9/10	10%	Unchanged. Raised the multi-year model, not merely the quarter
Growth Potential		9/10	16%	Unchanged. Data centre guided to more than double in 2027
Valuation		6/10	18%	Raised from 4. 39.4x the 2027 estimate; 9.6% margin to fair value
Risk (10 = lowest risk)		5/10	15%	Unchanged. Better entry offsets sector de-rating and event risk
Technical Setup		4/10	5%	Cut from 5. Below the 20- and 50-day averages; MACD negative
Investment Score	73 / 100		100%	Weighted sum of the factor scores above; was 71 on 5 August

Scored 1–10, where 10 is always best, including Risk. A long bar is always the favourable outcome. The 5 August scorecard used the label “higher = safer”, the same direction as this scale, so its scores are directly comparable and no restatement was required. Three scores moved: Valuation carries the upgrade, and is partly offset by a weaker chart and a competitive datapoint.

7. Recommendation and Trade Plan

Verdict: Buy, upgraded from Watchlist. The business has not changed; the price has. On 5 August this report described AMD as “a company worth owning, at a price that pays you nothing for the execution risk between here and 2027”, and named \$455–475 as the level at which that objection would be answered. At \$473.25 an investor is paid 9.6% to the weighted fair value and 14.1% to the base case, on estimates built from the company's own raised guidance, with the Helios ramp confirmed in full production and MI450 demand running above plan.

Three qualifications belong in the same breath as the upgrade. The trigger fired at the top edge of its band rather than the middle, so the margin is at the thin end of what was contemplated. The bear case still loses 37% and retains a quarter of the probability weight, which is why the risk/reward to the first target is a modest 1.3 to 1 even though the second target offers 3.7 to 1. And Nvidia reports on 26 August, two sessions from this report's date, which will reprice the sector in one direction or the other independently of AMD's own execution. The correct response to all three is the same: scale in, size the position below a normal core weight, and place the stop where volatility rather than hope puts it.

Parameter	Level	Rationale
Recommended entry	\$440 – \$480	Scale across the band; do not take the position in a single fill
Ideal buy range	\$445 – \$468	At or below the 100-day average of \$442.64 through the 20 Aug low
Cut-loss	\$420	Below the 29 July intraday low of \$424.03; 1.9 ATR of clearance
Take-profit 1	\$540	Base-case fair value on the 2027 estimate at ~45x
Take-profit 2	\$672	Bull case; requires the Helios ramp to run ahead of plan and margin above 57%
Expected upside	+14.1% / +42.0%	To target 1 and target 2 from \$473.25
Expected downside	–11.3%	To the \$420 cut-loss
Risk / reward	1.3 : 1 / 3.7 : 1	Modest at target 1; the case rests on target 2 and the 2027 ramp
Holding horizon	12 – 24 months	Spans the Helios ramp and the 2027 data centre doubling
Position size	Small to moderate	Below a normal core weight, given a 37% bear case and 6% daily range
Suggested allocation	2% – 3%	Sized for the bear case, not the base case

Levels are anchored to the confirmed close of \$473.25 on 21 August 2026. The allocation is deliberately below the 3–4% this blog applies to its higher-conviction Buy ratings, reflecting a first target whose risk/reward is thin and a sector event two sessions away.

8. Scenario Analysis

The scenarios are carried forward unchanged from 5 August. No guidance has been revised and no estimate here has been altered; only the reference price has moved, and it has moved in the investor's favour in all three cases.

Case	2027E EPS	Conditions	Fair value	vs \$473.25	Prob.
Bull	~\$14.00	Helios ramps ahead of plan, Anthropic and Microsoft volumes land early, margin above 57%; ~48x	\$672	+42.0%	30%
Base	~\$12.00	Data centre roughly doubles as guided, PC softness contained, gaming stabilises; ~45x	\$540	+14.1%	45%
Bear	~\$9.00	AI digestion or a Helios slip, memory costs compress margin, PC and gaming weakness deepens; ~33x	\$297	-37.2%	25%

Probability-weighted fair value: $\$518.85 = 0.30 \times \$672 + 0.45 \times \$540 + 0.25 \times \$297$, which is +9.6% against \$473.25. Probabilities sum to 100%. Earnings figures are non-GAAP and are estimates built by this analysis from company guidance, not company forecasts. Computed in code; the stated weighted value matches its inputs.

9. Investment Memo

Would an investor commit their own money to AMD today? Yes, in small size, scaled in, with a stop below \$424.

The reasoning is unusually simple because the August note did most of the work. It concluded that AMD is a considerably better business than a trailing multiple suggests and was priced almost exactly for what it had told investors it would become. It identified the only missing ingredient as a discount for execution risk, and it put a number on what that discount would look like. The stock has now fallen 8.7% and delivered it. Refusing to act on a trigger that fires, absent any deterioration in the thesis, would make the trigger decorative.

The evidence base has, if anything, firmed. Helios is in full production with shipments starting at the end of this quarter and MI450 demand described as above plan. Anthropic's commitment of up to 2 gigawatts from early 2027, Microsoft's Azure deployment, and the existing OpenAI and Meta deployments are intact, and AMD has since committed more than \$10bn to advanced packaging capacity in Taiwan with TSMC, which is what a company does when it believes the volume is coming. Against that, Elon Musk's declaration that his companies will build exclusively on Nvidia is a real loss of a prospective customer and a genuine competitive signal, and it is the reason the competitive advantage score falls a point rather than holding.

The single biggest concern is that the entire case rests on 2027. The bear scenario is not a fanciful construction: if AI infrastructure spending digests, if memory costs compress margin, or if the Helios ramp slips a quarter, \$9 of 2027 earnings at a de-rated multiple produces \$297, and a 37% loss from here. That outcome carries a quarter of the probability weight and it is why the allocation is 2% to 3% rather than the 3% to 4% this blog applies to its firmer Buy ratings. An investor should also be clear that the first target offers 1.3 to 1; the compelling arithmetic sits at the second target, which requires the bull case, not merely the base case.

What invalidates the thesis? Gross margin printing below the low fifties in the third quarter, which would mean share is being bought rather than won. Any slip in the Helios schedule, which is the load-bearing 2027 assumption. A named gigawatt customer — Anthropic, Microsoft, OpenAI or Meta — following Musk's lead, which would turn a sentiment datapoint into a structural one. And technically, a close below \$424.03 would break the July low and end the case on price alone, which is where the stop sits.

Disclaimer. This report is for informational and educational purposes only and does not constitute investment advice, a recommendation, or an offer to buy or sell any security. It was prepared from publicly available information believed to be reliable but not independently verified. This is a scheduled price-level review of the note published on 5 August 2026 and not a report on a new earnings event; no earnings call has occurred since that note, and the Q2 2026 call transcript referenced in it was obtained and reviewed at the time (MarketBeat, provided by Quartr, 4 August 2026). All prices are as of the confirmed close of 21 August 2026. The 2027 earnings estimates are built by this analysis from company guidance and are not company forecasts; scenario fair values are carried forward unchanged from the previous report. Readers should conduct their own research and consult a licensed financial adviser before making any investment decision.