

EQUITY RESEARCH | POST-RESULTS UPDATE

Marvell Technology, Inc.

NASDAQ: MRVL | Semiconductors – Data Infrastructure, Custom XPU, Optical DSP, Interconnect | Report date: 28 August 2026

WATCHLIST

Reaffirmed · discount narrowed, not closed

Investment Score: 66 / 100

(62 in the 16 August report)

Last regular-session close (27 Aug)	\$241.45
After-hours following the release	fell as much as 7%
Change since the 16 August report	+8.8% (from \$222.02)
Range since 7 April	\$106.02 – \$329.88
Market capitalisation / EV	~\$222B / ~\$223B
Probability-weighted fair value	~\$229 (-5.1%)
FY27 revenue guide	~\$12B (was ~\$11.5B)
FY28 revenue target	~\$18B (was ~\$16.5B)
FY28 non-GAAP P/E	~37x (was ~39x)
Ideal accumulation zone	\$180 – \$200

Pricing note. Marvell reported after the close on 27 August 2026. All price and technical figures here are taken from the 27 August close of \$241.45, which predates the announcement, and no post-results closing price existed at the time of writing. The after-hours decline is described qualitatively for that reason. The earnings call transcript was obtained in full, including the question-and-answer session, and has been reviewed.

What the quarter showed

Marvell's second fiscal quarter was a thin beat wrapped around a large raise, and the market took the first half more seriously than the second. Revenue of \$2.739 billion was up 37% year on year and 13% sequentially, against a \$2.72 billion consensus — a 0.7% beat. Non-GAAP earnings of \$0.94 came a single cent above the guidance midpoint and a single cent above the street. For a stock that had risen 121% from its 7 April low, in a sector where the debate has turned to whether artificial-intelligence capital expenditure is over-extended, an in-line quarter was not what the price required. The shares fell as much as 7% after the release.

The forward numbers tell a different story. Third-quarter revenue is guided to \$3.15 billion at the midpoint, up 15% sequentially and more than 50% year on year, with data centre revenue expected to grow roughly 75% year on year. Fiscal 2027 revenue was raised to approximately \$12 billion from approximately \$11.5 billion, and fiscal 2028 to approximately \$18 billion from \$16.5 billion — a \$1.5 billion increase to a target that had itself been raised one quarter earlier. Chairman and Chief Executive Matt Murphy made the point that carries the most weight: "even as our revenue base becomes significantly larger, our growth rate is accelerating." Fiscal 2028 growth is now guided at roughly 50% against a prior 45%.

That combination is what changes this report. The 16 August note rated Marvell Watchlist because the stock traded 9.1% above a probability-weighted fair value of \$202, on numbers that had not been updated since May. Numbers have now been issued, and they were better than the ones the fair value rested on. Fair value rises to \$229. The share price rose 8.8% over the same period, to \$241.45. The discount that argued against buying has narrowed from 9.1% to 5.1%, which is a real improvement and is still the wrong sign. The rating is unchanged and the score rises from 62 to 66, because four components of the scorecard improved on evidence and only one deteriorated.

1. The reported quarter

Metric	Q2 FY2027	Reference	Comment
Revenue	\$2.739bn	Consensus \$2.72bn	+37% y/y, +13% q/q; a 0.7% beat
Data centre revenue	\$2.17bn	79% of total	+46% y/y, +18% q/q; both rates accelerated

Metric	Q2 FY2027	Reference	Comment
Communications and other	\$568m	—	–3% q/q, +10% y/y; the lumpy segment
Non-GAAP gross margin	58.9%	Above guidance midpoint	Mix has not yet been diluted by the custom ramp
Non-GAAP operating margin	36.6%	+180bp y/y, +160bp q/q	The operating leverage is arriving as described
Non-GAAP EPS	\$0.94	Guidance midpoint \$0.93	A one-cent beat; up 40% y/y
GAAP EPS	\$0.33	—	Amortisation and stock compensation absorb most of it
Operating cash flow	\$606m	Slightly down q/q	Reflects capacity prepayments to suppliers
Inventory	\$1.36bn	Broadly flat q/q	No build-up ahead of the custom ramp
Capital returned	\$200m buyback, \$54m dividends	—	Continued through an investment-heavy quarter
Total debt / net leverage	\$4.96bn / 0.27x net debt to EBITDA	1.32x gross	Balance sheet is not the constraint

The quality of the quarter is better than the size of the beat suggests. Non-GAAP operating margin of 36.6% expanded 180 basis points year on year on 37% revenue growth, which is the definition of operating leverage working. Gross margin came in above the midpoint. Cash generation held at \$606 million despite prepayments for future capacity. Nothing in the print is deteriorating. What the print did not do is exceed a set of expectations that a 121% four-month rally had already embedded.

2. Forward guidance

Guidance item	Q3 FY2027	Full year	Change versus prior guidance
Revenue	\$3.15bn ±5%	FY27 ~\$12bn; FY28 ~\$18bn	FY27 +\$0.5bn; FY28 +\$1.5bn
Revenue growth	+15% q/q, >50% y/y	FY27 ~+45%; FY28 ~+50%	FY28 growth rate raised from ~45%
Data centre growth	>20% q/q, ~75% y/y	FY27 ~+60%; FY28 >+60%	FY27 raised from ~50%
Non-GAAP gross margin	57.5–58.5%	Held into Q4	Down sequentially on custom mix
Non-GAAP operating expense	~\$655m	FY27 ~\$2.55bn	Raised from ~\$2.45bn on the larger opportunity
Non-GAAP operating margin	—	Enters 38–40% in Q4 FY27	Upper end during FY28
Non-GAAP EPS	\$1.05–\$1.15	—	Midpoint \$1.10, up 17% on Q2
Non-GAAP tax rate	11%	~13% in FY28	Rises with the earnings base
Diluted share count	~921m	Roughly flat	No material dilution guided

Two items in that table pull against each other and both deserve weight. Non-GAAP gross margin is guided down sequentially to 57.5–58.5% precisely because the custom business is ramping faster; custom silicon carries lower gross margin than merchant optical and switching. So the acceleration investors want and the margin they want are, at the gross line, in tension. Chief Financial Officer Dan Durn's answer is that operating margin still expands, because revenue is guided to grow substantially faster than the \$2.55 billion operating-expense plan. That claim is testable in two quarters: non-GAAP operating margin is supposed to enter the 38–40% band in the fourth fiscal quarter. If it does, the mix argument is settled favourably. If gross margin falls further while operating margin stalls in the mid-thirties, the custom ramp is buying revenue at a price.

3. The hyperscaler warrant, and what it does not do

The most discussed item on the call was an expanded commercial agreement and associated warrant with a major hyperscaler, disclosed by 8-K the previous week. Murphy did not name the customer, but described programmes "that attach to the TPU ecosystem", which identifies it, and press coverage has treated it as Google. The scope is genuinely broad: artificial-intelligence inference accelerators, storage controllers, network interface controllers, memory interface controllers and near-memory compute, spanning programmes already in execution, new design wins and future potential work.

The strategic reading is favourable. Marvell has spent two years arguing that the value in custom silicon is not only the accelerator itself but the ring of components attached to it, a category it calls XPU-attach and largely invented. A hyperscaler committing to that whole ring in one agreement is the strongest available validation of the argument, and it is why the Competitive Advantage score rises.

The financial reading is more restrained, and it is probably part of why the shares fell. Murphy was explicit that "revenue from programs covered by the agreement through fiscal 2028 is already reflected in the overall custom revenue target we have previously provided." The warrant therefore adds nothing to the numbers inside the two-year forecast horizon that most investors price. Its benefit sits in fiscal 2029 and beyond, alongside "several additional programs" that were not quantified and will not be until the 6 October investor day. A warrant is also consideration: the customer receives the right to acquire Marvell equity, which is a real if unquantified cost, and it deepens a customer concentration that was already the central risk in this business. A single hyperscaler now underwrites a larger share of the fiscal 2029 case than before.

4. Competitive position

Competitor	Position	Where it presses Marvell	Relative standing
Broadcom	~70% of custom ASIC share	The incumbent in every large custom socket	Superior margins and free cash flow; trades near 20–24x forward
NVIDIA	Merchant accelerators, NVLink	Scale-up networking, its own switch silicon	Now partly a partner via NVLink Fusion
Astera Labs	Connectivity and CXL	Directly contests the XPU-attach category	Smaller, but focused on the same thesis
Credo, Semtech	Optical DSP and interconnect	Price pressure in merchant optics	Marvell leads in 800G and the 1.6T ramp

The Broadcom comparison remains the hardest fact in the file and this quarter did not soften it. A competitor with roughly 70% of custom ASIC share, better margins and far larger free cash flow trades near 20 to 24 times forward earnings while Marvell trades near 37 times fiscal 2028. The gap is a growth premium, and growth premia are the first thing withdrawn when capital-expenditure expectations moderate. What changed this quarter is that the premium is somewhat better earned: Marvell is now guiding to 50% growth in fiscal 2028 rather than 45%, and it has a hyperscaler agreement spanning five product categories to point at. The premium is narrower relative to the growth than it was two weeks ago. It has not disappeared.

5. Growth drivers

Driver	Horizon	Likelihood	Impact	Basis from the call
Custom silicon ramp	FY27–FY29	High	High	More than doubling in FY28; accelerating significantly in FY29
1.6T optical DSP	FY27–FY28	High	High	Ramping rapidly; 800G demand still strong
Scale-out switching	FY27	High	Medium	On track to more than double this year on 51.2T products

Driver	Horizon	Likelihood	Impact	Basis from the call
Scale-up optics	FY28+	Medium	High	FY28 outlook raised meaningfully; NPO adoption at multiple customers
Scale-up switching	FY28–FY29	Medium	High	UALink, ESUN and NVLink Fusion; multi-billion lifetime deals in discussion
Scale-across / DCI	FY28+	Medium	Medium	Bandwidth needs projected above 10x front-end DCI networks
Broadband analog	Ongoing	High	Medium	TIA and driver demand described as exceeding expectations

6. Risks

Risk	Description	Probability	Severity
Customer concentration	The warrant deepens reliance on one hyperscaler for the FY29 case	High	High
Valuation	About 62x FY27 and 37x FY28 non-GAAP against a peer at 20–24x	Med–High	High
AI capex digestion	The FY28 and FY29 case assumes hyperscaler spending does not moderate	Medium	High
Gross margin mix	Custom ramps at lower gross margin; Q3 guided down to 57.5–58.5%	High	Medium
Supply constraints	Management describes industry-wide constraints; capacity prepayments are rising	High	Medium
Communications volatility	Guided down low-to-mid teens in Q3 before a Q4 recovery	High	Low
GAAP earnings quality	Amortisation and stock compensation leave GAAP EPS at \$0.33 against \$0.94 non-GAAP	Certain	Medium
Price volatility	Average true range of 7.1% of price per session; a 121% run since April	High	High

7. Valuation

Method	Input	At \$241.45	Assessment
Non-GAAP P/E, FY27	~\$3.90 derived EPS	~62x	Expensive on the current year, as it has been throughout
Non-GAAP P/E, FY28	~\$6.55 derived EPS	~37x	Compressed from ~39x on 16 August despite the higher price
EV / FY27 revenue	~\$12bn guided	~18.6x	Against ~17.8x on \$11.5bn two weeks ago
EV / FY28 revenue	~\$18bn target	~12.4x	The multiple the bull case is actually underwriting
Peer comparison	Broadcom near 20–24x forward	—	The premium is the whole of the valuation argument
GAAP P/E	\$0.33 quarterly	n/m	Not meaningful; amortisation dominates
Probability-weighted	\$229 (below)	-5.1%	Improved from -9.1%, still negative

Earnings estimates above are derived from the company's own guidance rather than taken from a consensus screen: fiscal 2027 from approximately \$12 billion of revenue at a full-year non-GAAP operating margin near 35%, and fiscal 2028 from approximately \$18 billion at the upper end of the guided 38–40% band, in both cases after the guided non-GAAP interest expense, the guided tax rates of 11% and 13%, and approximately 921 million diluted shares. These are our calculations, not company-reported measures. The fiscal 2027 result of roughly \$3.90 reconciles closely with the estimate implied by the previous report, which is the check that matters.

The most useful observation in this section is the one that runs against intuition. Marvell's shares are 8.8% more expensive than they were on 16 August, and the fiscal 2028 multiple has nevertheless fallen from about 39 times to about 37 times, because the earnings base the guidance implies rose faster than the price did. A de-rating earned by delivery rather than disappointment is the good kind. It is also not, by itself, enough: 37 times fiscal 2028 for a business whose closest comparable trades at 20 to 24 times still requires the growth to arrive substantially as guided, two years out, in a spending cycle that no one can underwrite.

8. Sentiment and positioning

Indicator	Reading	Interpretation
Post-print revisions	Oppenheimer maintains Buy, target raised to \$325	The raise was read as substantive by at least one house
Consensus target	Roughly \$244–\$257 before the print	Close to the market; targets likely move up
Immediate reaction	Fell as much as 7% after hours	An in-line quarter against a 121% four-month run
Session before the print	Opened \$253.44, closed \$241.45	Distribution during the session, ahead of the news
Options	439,740 contracts traded, 1.58m open interest	Heavy positioning into the event
Insider activity	One-directional selling, per the prior report	Unchanged and still a mark against Management
News digest read	Neutral to bullish on substance	Raised outlook and the warrant against a negative reaction

9. Technicals

Computed from the daily close series through 27 August 2026. The available history is 100 sessions, which supports the 20-, 50- and 100-day windows but not the 200-day; that figure is reported as not computed rather than estimated.

Indicator	Value	Read
Close (27 Aug)	\$241.45	Pre-announcement reference
Session range (27 Aug)	\$253.44 open, \$254.60 high, \$240.38 low	A reversal day: closed near the low
SMA 20	\$222.71	Price 8.4% above
SMA 50	\$230.01	Price above; the 50-day has turned up
SMA 100	\$210.22	Rising; the structural support level
SMA 200	Not computed	Series is 100 sessions; no estimate substituted
RSI (14)	56.3	Neutral; the rally had not reached an extreme
MACD (12,26,9)	7.10 vs signal 3.78	Positive and widening, but computed pre-reversal
ATR (14)	\$17.25 (7.1% of price)	Very high; a 7% move is an ordinary day here
Volume (27 Aug)	41.0m vs 23.7m 20-day average	1.73x on the reversal
Range since 7 April	\$106.02 – \$329.88	The July low of \$162.90 remains the base

The 27 August session is the more informative technical event, and it happened before the numbers were released. The stock opened at \$253.44, traded to \$254.60, and closed at \$241.45 near the day's low on 1.73 times average volume. That is distribution into an event, not accumulation. The after-hours decline then extended it. The moving-average structure remains constructive on paper — price above the 20-, 50- and 100-day, MACD positive — but every one of those readings predates the reversal and will be worse after it. The levels that matter now are the 50-day at \$230.01, the rising 100-day at \$210.22, and the 29 July low of \$162.90.

10. Scorecard

Component	Score	Weight	Basis
Business Quality	7/10	12%	Unchanged. Real IP in SerDes, optical DSP and switching; much of the growth is still programme ASIC work the customer architects
Financial Strength	7/10	12%	Up one. \$606m operating cash flow, net debt/EBITDA of 0.27x, \$254m returned in the quarter
Competitive Advantage	8/10	13%	Up one. The hyperscaler warrant validates the XPU-attach category Marvell created; scale-up optics outlook raised
Management	8/10	10%	Up one. FY27 raised \$0.5bn and FY28 raised \$1.5bn one quarter after the prior raise, with a clean CFO handover
Growth Potential	9/10	20%	Unchanged. Data centre guided to grow ~60% in FY27 and above 60% in FY28; custom to more than double
Valuation	4/10	18%	Up one. The FY28 multiple compressed from 39x to about 37x because guidance rose faster than the price
Risk (10 = lowest risk)	4/10	10%	Unchanged. Concentration deepened by the warrant, Q3 gross margin guided down, 7.1% average true range
Technical Setup	4/10	5%	Down one. Opened at \$253.44 and closed at \$241.45 on 1.73x volume, then fell further after hours

Scored 1–10, where 10 is always best, including Risk. Weights sum to 100%. Weighted total: $8.4 + 8.4 + 10.4 + 8.0 + 18.0 + 7.2 + 4.0 + 2.0 = 66 / 100$, against 62 in the 16 August report. That report scored Risk on the same direction, so the components are directly comparable and no restatement was required. Four components rose — Financial Strength, Competitive Advantage, Management and Valuation — and Technical Setup fell one on the 27 August reversal.

11. Recommendation and trade framework

Rating: WATCHLIST, reaffirmed. The 16 August report declined to buy at \$222.02 because the probability-weighted fair value of \$202 sat 9.1% below the price on estimates that had not been refreshed since May. Estimates have now been refreshed by the company itself, and they were better: fiscal 2028 revenue is \$1.5 billion higher and the growth rate is guided five points faster. Fair value accordingly rises to \$229. The price rose 8.8% over the same period, so the gap narrows to 5.1% rather than closing. A narrower negative expected return is progress; it is not a buy signal.

The accumulation zone is raised, and the reasoning is worth stating because the 16 August report explicitly refused to raise it. That refusal was correct then: fair value had moved 3% while the price moved 14.3%, so lifting the zone would have been anchoring on the quote. The situation is now the reverse. Fair value has moved 13.4%, from \$202 to \$229, on actual disclosure rather than on a moving average. The zone moves by a comparable amount, from \$158–\$178 to \$180–\$200, and it is the fair value doing the work.

Level	This report	16 August report	Rationale
Ideal accumulation zone	\$180 – \$200	\$158 – \$178	Tracks the 13.4% rise in fair value, not the price
First tranche trigger	\$200	\$180	On a hold of the rising 100-day at \$210 or a clean retest

Level	This report	16 August report	Rationale
Second tranche	\$182	\$160	Lower half of the zone; requires a broad sector unwind
Cut-loss if bought	\$162	\$148	Below the 29 July low of \$162.90, the last structural base
Take-profit 1	\$290	\$250	Above fair value and the pre-print consensus band
Take-profit 2	\$324 – \$340	\$300	Bull-case fair value; the June high was \$329.88
Fair value	~\$229	~\$202	Raised on the FY27 and FY28 guidance increases
Position size if entered	2–3% of portfolio	2–3%	Unchanged; a 7.1% daily range caps prudent sizing
Holding horizon	18 – 30 months	18 – 30 months	The FY29 custom case needs that long to resolve

Levels are a conditional accumulation plan, not a current buy instruction. No position is recommended at \$241.45.

What moves this to Buy: the shares reaching \$180–\$200 with guidance intact, which would restore a double-digit discount to fair value; or non-GAAP operating margin entering the 38–40% band in the fourth fiscal quarter as guided, which would settle the custom-mix argument and justify paying closer to fair value; or quantified fiscal 2029 custom targets at the 6 October investor day that exceed what the current \$18 billion fiscal 2028 base implies. **What moves this to Hold or Avoid:** non-GAAP gross margin falling below 57% with operating margin stalling in the mid-thirties; any indication that a flagship custom programme has slipped or been re-sourced; or hyperscaler capital-expenditure guidance moderating across the group, which would compress the growth premium regardless of Marvell's own execution.

12. Scenario analysis

Scenario	Prob.	What has to happen	FY28 EPS	Multiple	Fair value
Bull	30%	Custom more than doubles as guided and accelerates into FY29; scale-up optics and NVLink Fusion sockets ramp early; gross margin holds near 58.5%	\$7.20	45x	\$324
Base	50%	Guidance is met as issued. Revenue reaches ~\$18bn, operating margin reaches the upper end of 38–40%, custom doubles on schedule	\$6.55	33x	\$216
Bear	20%	AI capital expenditure enters digestion during calendar 2027; a flagship programme slips or is re-sourced; gross margin falls toward 55%	\$4.60	26x	\$120

Probabilities sum to 100%. Probability-weighted fair value is \$229, computed as $0.30 \times \$324 + 0.50 \times \$216 + 0.20 \times \$120$, or -5.1% relative to the 27 August close of \$241.45. The bull weighting rises from 28% to 30% and the bear falls from 22% to 20% on the strength of the guidance raise and the warrant agreement. Scenario earnings are rebuilt from the new guidance rather than carried forward, which is why the base case moves from \$5.80 to \$6.55. The dispersion is the number that should govern position sizing: a bull case 34% above the price and a bear case 50% below it, on a security whose average true range is 7.1% of price.

13. Verdict

Marvell is a better investment case after this quarter than before it, and it is still not one to buy at \$241.45. The distinction is the point. Fiscal 2028 revenue guidance rose by \$1.5 billion to approximately \$18 billion, the growth rate rose from 45% to 50%, data centre growth for the current year moved from 50% to 60%, and a hyperscaler committed to five categories of attached silicon in a single agreement. Those are not incremental adjustments. They moved fair value 13.4%.

What they did not do is create a discount. The shares rose 8.8% between the last report and this one, so a fair value of \$229 still sits 5.1% below a \$241.45 close. For a business trading at 37 times a fiscal 2028 estimate that will not be reported for eighteen months, against a larger and more profitable competitor at 20 to 24 times, a negative expected return is not a marginal call. The market's own reaction, selling the shares as much as 7% on a beat-and-raise, is consistent with that reading rather than against it.

The single biggest concern is concentration, and this quarter deepened it. The fiscal 2029 case now leans heavily on one hyperscaler across inference accelerators, storage, networking and memory interfaces. That customer designs its own silicon, has alternatives, and has just been granted a warrant over Marvell equity, which aligns interests but also prices the relationship. The engineering is genuinely differentiated and the design wins are real. The risk is not that Marvell fails to execute; it is that a single counterparty's capital-expenditure decision determines whether execution matters. At \$180 to \$200 that risk is priced. At \$241.45 it is not.

Sources and basis

Earnings call transcript obtained in full, including prepared remarks and the analyst question-and-answer session, from MarketBeat's Q2 fiscal 2027 transcript page (provided by Quartr, 27 August 2026); management quotations above are taken directly from it. Reported results and guidance from Marvell's second-quarter fiscal 2027 press release and the associated Form 8-K, 27 August 2026, and from the warrant-agreement 8-K filed the preceding week. Analyst targets and positioning data from MarketBeat and public sell-side coverage. Price history and all technical indicators computed from Alpha Vantage daily closes through 27 August 2026. News flow via the moomoo news service. Prior levels, scores and scenario framework from the Beating The Bull reports of 26 July and 16 August 2026.

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