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AMD's AI Chips Gain Ground in Data Centers: A Sign for More Upside?

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Written by **Zacks Equity Research** for **Zacks** →

Advanced Micro Devices AMD is strengthening its footprint in the artificial intelligence (AI) market through an expanding portfolio tailored for data center applications. The latest MI300 series accelerator family strengthens its competitive position in the generative AI space, catering to the increasing demands of AI workloads in modern data centers.

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memory. In comparison, NVIDIA's H100 NVL dual-GPU card offers 188GB of HBM3 memory. Thanks to these features, AMD MI300X can efficiently run large language model training (up to 80 billion parameters) and inference for generative AI workloads.

The expanding footprint is clearly reflected in AMD's financial performance. In the first quarter of 2025, data center revenues surged 57.2% year over year to $3.674 billion, accounting for 49.4% of total revenues. The Zacks Consensus Estimate for second-quarter Data Center revenues is pegged at $3.31 billion, indicating an impressive year-over-year increase of 16.7%.

Building on this momentum, in June 2025, Meta Platforms announced the broad deployment of AMD Instinct MI300X for Llama 3 and Llama 4 inference. Meta Platforms also expressed strong interest in the MI350 Series and is collaborating with AMD on future AI roadmaps, including the MI400 platform.

Feedback

Advanced Micro Devices Faces Stiff Competition

AMD faces stiff competition in the data center AI chip market from industry giants like **Intel Corporation** INTC and **NVIDIA** NVDA.

Intel Corporation has launched AI chips for data centers and PCs. This is primarily aimed at gaining a firmer footing in the expansive AI sector, spanning cloud and enterprise servers, networks, volume clients, and ubiquitous edge environments, in tune with evolving market dynamics. Intel has unveiled the Intel Core Ultra, featuring a neural processing unit that enables power-efficient AI acceleration with 2.5 times better power efficiency than the previous generation.

NVIDIA is benefiting from the strong growth of artificial intelligence (AI), high-performance and accele

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The data center end-market business is likely to benefit from the growing demand for generative AI and large language models utilizing GPUs based on NVIDIA's Hopper and Blackwell architectures. The strong demand for its chips from large cloud service and consumer Internet companies is anticipated to continue aiding the data center segment's top-line growth. In the first quarter of fiscal 2026, data center revenues jumped 73.3% year over year and 9.9% from the previous quarter to $39.1 billion.

AMD's Share Price Performance, Valuation and Estimates

Advanced Micro Device shares have gained 28.8% year to date (YTD), outperforming the broader Zacks Computer & Technology sector's return of 8.3% and the Zacks Computer - Integrated Systems industry's increase of 26.6%.

AMD Stock Performance

Image Source: Zacks Investment Research

AMD stock is trading at a premium, with a forward 12-month Price/Sales ratio of 7.29X, compared to the industry's 3.92X. AMD has a Value Score of D.

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AMD Valuation

Title	High	Low	Median	Current	Start Date	End Date
ADV MICRO DEV (AMD)	9.98	3.78	6.35	7.29	07-16-2024	07-15-2025
Computer-Integrated Systems Market (ZS203M)	3.92	2.93	3.32	3.92	07-31-2024	07-15-2025

Image Source: Zacks Investment Research

The Zacks Consensus Estimate for second-quarter 2025 earnings is currently pegged at 47 cents per share, unchanged over the past 30 days, indicating a 31.88% year-over-year decline.

Advanced Micro Devices, Inc. Price and Consensus

Advanced Micro Devices, Inc. price-consensus-chart | Advanced Micro Devices, Inc. Quote

The consensus mark for 2025 earnings is pegged at $3.82 per share, which has declined 3 cents over the past 30 days, suggesting 15.41% year-over-year growth.

AMD currently carries a Zacks Rank #4 (Sell).

You can see **the complete list of today's Zacks #1 Rank (Strong Buy) stocks here**.

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