

## DESK NOTE

11.03.2025

### **Marvell Technology (MRVL US) – A Solid Semiconductor**

#### ***Rebound Bet with AI-Driven Tailwinds***

**Conclusive Summary:** We recommend adding MRVL stock around \$60 for opportunistic investors looking to capitalize on a semiconductor rebound following the recent market selloff.

Marvell (MRVL) delivered solid 4Q24 results, surpassing top and bottom-line estimates, however, missed top guidance estimates, which led to the stock's sharpest drop in two decades. The company's growth trajectory is closely tied to its application-specific integrated circuit (ASIC) business, which **continues to benefit from rising AI and cloud demand from hyperscalers** such as Amazon (14% of revenue) and Google (13%). **The ongoing shift toward custom silicon**—aimed at enhancing AI and cloud data center efficiency while reducing reliance on expensive GPUs from NVIDIA and AMD—is **expected to drive long-term demand for Marvell's solutions**. Concerns over muted hyperscaler CAPEX spending, which directly impacts Marvell, appear overblown. While demand cycles may introduce volatility, **the push to build AI-driven data centers by major tech companies, coupled with government incentives, provides a strong tailwind for the company's expansion**. With MRVL trading at a historical discount to its multiples combined with a multi-year technical support around \$60 and a PEG ratio of 0.5 (NTM PE ~25x), we believe the stock is well-positioned to benefit from a market rebound following the recent selloff driven by tariff uncertainty and recession fears.

**Competitive Position:** competes in a dynamic semiconductor market, facing major players like Broadcom, Intel, and NVIDIA. **Its differentiation lies in providing highly customized, semi-custom solutions, particularly in AI, data centers, 5G, and automotive**. Marvell's focus on integrated hardware, firmware, and software creates deeper customer ties and higher switching costs. The company's strength in **advanced SoC designs, cutting-edge manufacturing (3nm, moving to 2nm), and a robust IP portfolio further sets it apart**. Due to intense competition and risks from supply chain reliance and rapid tech shifts, Marvell is required to innovate and diversify strategically in response to market shifts and trends.

**Valuation:** Using a combination of multiple and DCF valuation, **we reach a blended target price (TP) of \$90, +37% above current levels**. MRVL stock is trading at ~20% multiple premium to peers, at the lower end over the last 5 years. The stock is trading at 1.0 and 1.5 standard deviations below its 2 and 5-year multiples respectively, indicating some room for multiple mean reversion. **We suggest adding MRVL stock around \$60.**

**Ticker:** MRVL US

Previous day close price: 65.67

Price range (52w.): \$53.19 - \$127.48

Reason for note: Post 4Q24 Earnings Selloff

Target price: \$90 (+37% upside)

Recommendation: **Buy @ \$60**

**Description:** Marvell Technology, Inc. (MRVL) is a fabless semiconductor company that designs high-performance products for data infrastructure. It outsources manufacturing while specializing in System-on-a-Chip (SoC) solutions that combine analog, mixed-signal, and digital signal processing. Marvell generates revenue from five key markets:

- Data Center (40%):** Products for AI systems, Ethernet switches, and storage solutions.
- Enterprise Networking (22%):** Solutions for routers, switches, and network appliances.
- Carrier Infrastructure (19%):** Products for broadband, optical transport, and wireless networks.
- Consumer (11%):** Semiconductor solutions for broadband gateways, gaming consoles, and home devices.
- Automotive/Industrial (8%):** Products for ADAS, autonomous vehicles, and industrial networking.

Marvell's revenue comes from both standard products and custom solutions, sold through direct sales and third-party distributors.

Andreas Eliades, [ae@dprginvestment.com](mailto:ae@dprginvestment.com)  
Sergey Malygin, CFA, [sm@dprginvestment.com](mailto:sm@dprginvestment.com)  
Tel: +357 223 22030

Target Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/Rev	9	8,634	77,703	3,116	74,588	856.3	\$86.20
EV/EBITDA	24	3,368	80,836	3,116	77,721	865.3	\$89.82
P/FCF	32	2,324				865.3	\$85.94
Avg. Multiple Price							\$87.32
Avg. DCF Price							\$92.89
Avg. Multiple & DCF Price							<b>\$90.10</b>

**Private and Confidential. For Designated Party only.**

Disclaimer: This document is issued by DPRG IM LTD (HE433850), a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) to offer certain investment and ancillary services and activities under the provisions of the Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets, and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended or replaced from time to time (the "Law"), with CIF license number (license number to be added upon authorization). The information contained herein is for informational purposes only and does not constitute an offer to buy or sell any financial instrument, nor should it be considered as personalized investment advice. Investments involve significant risks, including the potential loss of the initial investment. Past performance is not indicative of future results. DPRG IM LTD and its affiliates may hold positions in the financial instruments mentioned herein, which may create potential conflicts of interest. The company adheres to strict compliance policies to manage such conflicts and ensure transparency. For further details, please contact [compliance@dprginvestment.com](mailto:compliance@dprginvestment.com) or +357 22322030.



## DESK NOTE

11.03.2025

### Post Earnings Preview:

MRVL	Expected Next Report Date		Next FY End		Review Date
MARVELL TECHNOLOGY INC	5/30/2025	?	2/1/2026		3/7/2025
Targets	DPRG	90.00	Street	116.17	
Current Price/ Upside	65.67	37.0%		60.7%	
<b>Earnings Q Review</b>	Last Q Report				
Last Close	3/5/2025		Quarterly		
72.28	Q4	2025:A	Q4	Prev Quarter	Year Ago
	Comparable	% Surprise	As reported		
Sales, \$ mil.	1,817	0.91%	1,817	1,516	1,427
			growth	19.9%	27.4%
EBITDA, \$ mil.	691	7.82%	544	368	358
			growth	47.9%	52.2%
Net Income, \$ mil.	531	2.93%	146	39	-79
			growth	279.3%	NA
EPS, \$	0.6	1.52%	0.17	0.04	-0.09
			growth	278.7%	NA
<b>Valuation</b>	Current	-1STD	Average 2Y	+1STD	%STD
EV to Forward 12M Sales	7.77	8.06	9.88	11.71	-116%
EV to Forward 12M EBITDA	20.09	23.77	29.02	34.27	-170%
Price to Forward 12M EPS	24.91	27.49	34.12	40.75	-139%

### Private and Confidential. For Designated Party only.

Disclaimer: This document is issued by DPRG IM LTD (HE433850), a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) to offer certain investment and ancillary services and activities under the provisions of the Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets, and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended or replaced from time to time (the "Law"), with CIF license number (license number to be added upon authorization). The information contained herein is for informational purposes only and does not constitute an offer to buy or sell any financial instrument, nor should it be considered as personalized investment advice. Investments involve significant risks, including the potential loss of the initial investment. Past performance is not indicative of future results. DPRG IM LTD and its affiliates may hold positions in the financial instruments mentioned herein, which may create potential conflicts of interest. The company adheres to strict compliance policies to manage such conflicts and ensure transparency. For further details, please contact [compliance@dprginvestment.com](mailto:compliance@dprginvestment.com) or +357 22322030.

