



EQUITY RESEARCH NOTE

Marvell Technology, Inc.

Published on August 21, 2026

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Investment Thesis

Rating: SELL

12-month price target: \$205

Conviction: High on valuation; moderate on timing

Marvell is one of the highest-quality pure-play beneficiaries of the AI connectivity cycle. Its competitive position in custom silicon, optical DSPs, Ethernet switching, data-center interconnect and emerging scale-up fabrics is strengthening—not deteriorating. The problem is the price.

At the indicated **\$251.01** share price on August 21, 2026, common equity is valued at approximately \$224 billion before considering the economic dilution from NVIDIA's convertible preferred stock. The stock trades at roughly **20x management's FY2027 revenue outlook, 14x FY2028 revenue and 40x FY2028 consensus non-GAAP EPS**. Those multiples capitalize near-perfect execution through a period in which revenue must approximately double, major acquisitions must commercialize successfully, gross margins must remain resilient, and hyperscaler capital spending cannot materially pause. ([fool.com](https://www.fool.com))

Our \$205 target already assigns Marvell a substantial structural premium:

approximately 36x FY2028 non-GAAP EPS and more than 11x FY2028 enterprise value/revenue. The investment conclusion is therefore not that Marvell lacks growth. It is that the current quotation discounts the growth twice—first in unusually aggressive management forecasts and again in a premium terminal multiple.

Portfolio action: Reduce or exit full-sized positions. Do not establish an outright short without defined risk because the August 27 earnings release, October 6 investor day and continuing AI momentum create substantial squeeze risk.

Key Actionable Takeaways

- **The latest reported quarter was materially stronger than the user-provided dataset indicates.** Official Q1 FY2027 revenue was **\$2.418 billion**, up 28% year over year, with GAAP EPS of \$0.04 and non-GAAP EPS of \$0.80. Management guided Q2 revenue to \$2.7 billion $\pm 5\%$ and subsequently reaffirmed that outlook. Q2 results are scheduled for **August 27, 2026**, not August 20 or August 21. (investor.marvell.com)
- Management raised FY2027 revenue expectations to **nearly \$11.5 billion**, approximately 40% growth, and FY2028 to approximately **\$16.5 billion**, around 45% growth. Data-center revenue is expected to grow approximately 50% in FY2027 and 55% in FY2028. ([fool.com](https://www.fool.com))
- Q1 operating cash flow reached a record **\$639 million**, but reported cash conversion benefited from **\$301 million of non-recourse receivables factoring**. Free cash flow after \$156 million of capital expenditure was approximately \$483 million before considering the economic effects of factoring and planned supply-chain prepayments. ([sec.gov](https://www.sec.gov))
- The balance sheet has modest conventional net debt—approximately **\$1.1 billion**—but the broader capital structure includes 21.8 million potentially dilutive NVIDIA conversion shares, acquisition contingent consideration, and \$3.5 billion of unconditional purchase and technology commitments. ([sec.gov](https://www.sec.gov))

Valuation Snapshot

Metric	Value
Current indicated price	\$251.01
12-month target price	\$205
Implied price return	-18.3%
Annual dividend	\$0.24
Dividend yield	0.10%
Implied total return	-18.2%

Current quote as of August 21, 2026.

2. Company Deep Dive & Business Model

Business Segmentation

Marvell reports one operating segment—the design, development and sale of integrated circuits—but the economic business should be evaluated across five AI-data-infrastructure engines:

1. **Custom compute silicon:** Custom XPU, accelerator-attach silicon and advanced-node ASIC platforms developed with hyperscale customers.
2. **Data-center interconnect:** PAM and coherent DSPs, laser drivers, TIAs, silicon photonics, active electrical cable DSPs and PCIe retimers.
3. **Switching and scale-up fabrics:** Teralynx Ethernet switches, 51.2T/102.4T switching, UALink-compatible scale-up products, CXL and PCIe switching.
4. **Storage infrastructure:** HDD and SSD controllers, preamplifiers, Fibre Channel adapters and storage connectivity.
5. **Communications and legacy infrastructure:** Carrier, enterprise networking, processors and residual non-data-center products.

The economic center of gravity has decisively shifted to data centers. In Q1 FY2027, data-center revenue was **\$1.833 billion, or 76% of total revenue**, versus \$585 million from communications and other markets. Marvell's former automotive Ethernet business was divested in FY2026, reducing diversification but sharpening the AI infrastructure profile. ([sec.gov](#))

Management expects FY2027 interconnect revenue to rise more than 70%, scale-out switching revenue to exceed \$600 million, and custom-silicon revenue to grow more than 20% before more than doubling in FY2028. DCI modules and scale-out switches are each expected to reach approximately \$1 billion annualized revenue during FY2028. ([fool.com](#))

Customer and channel concentration

Concentration is severe:

- One direct customer represented **16% of Q1 revenue**.
- One distributor represented **45% of Q1 revenue**, up from 36% a year earlier.
- Three customers represented **75% of gross accounts receivable**.
- China shipment destinations represented **44% of Q1 revenue**, although shipment destination does not necessarily identify ultimate consumption. ([sec.gov](#))

The distributor concentration is partially mitigated by sales to multiple downstream customers, but it still creates channel visibility, credit, inventory and bargaining-power risk. The direct-customer concentration is economically more consequential because custom silicon programs are large, binary and tied to a limited number of hyperscale deployments.

Competitive Moat

Marvell's moat is based on **engineering integration and qualification depth**, not manufacturing ownership. The company is fabless and therefore depends on third-party foundries, packaging and test partners.

Its strongest structural advantages are:

- A reusable advanced-node custom-silicon platform that reduces customer time to market.
- Broad connectivity IP spanning electrical, optical and switching layers.
- Long qualification periods and high switching costs once Marvell silicon is embedded in a hyperscaler's architecture.
- Ability to sell multiple forms of content around the accelerator: XPU, XPU attach, retimers, switches, optical DSPs and DCI.
- Scale sufficient to fund more than \$2 billion of annual R&D while maintaining relationships with leading-edge foundries and packaging providers.

The NVIDIA partnership materially improves ecosystem credibility. Marvell's custom XPUs and compatible scale-up networking can connect to NVIDIA's AI factory ecosystem through NVLink Fusion, expanding its addressable market while making Marvell strategically relevant to customers building heterogeneous infrastructure. (investor.marvell.com)

The moat is not impregnable. Broadcom remains the most dangerous competitor in custom ASICs and networking. NVIDIA is simultaneously partner, platform owner and potential competitor. Credo, Astera Labs, MACOM and others attack discrete connectivity functions. Hyperscalers can also internalize portions of the design stack or dual-source programs.

Management & Governance

Matt Murphy has transformed Marvell from a diversified semiconductor vendor into a data-infrastructure company. The portfolio actions—Cavium, Inphi, automotive Ethernet divestiture and the Celestial/XConn acquisitions—have created a strategically coherent platform. Execution against quarterly non-GAAP EPS expectations has generally been consistent, although recent beats have often been narrow rather than evidence of deliberately conservative forecasting. (finviz.com)

Capital allocation has historically been strong on repurchases. During FY2026, Marvell repurchased 26.6 million shares for \$2.04 billion at an average of approximately **\$76.46**, substantially below the current quotation. It repurchased another \$200 million in Q1 and \$200 million shortly after quarter-end. (investor.marvell.com)

That record is offset by renewed acquisition-related dilution:

- Celestial consideration included 24.5 million common shares.
- XConn added approximately 2.3 million shares.
- NVIDIA's preferred stock can convert into approximately 21.8 million common shares at \$91.84.
- Celestial replacement equity awards create approximately \$190 million of future post-acquisition stock compensation. (sec.gov)

Dan Durn became CFO effective June 15, replacing Willem Meintjes. Durn's prior CFO roles at Adobe, Applied Materials, NXP and Freescale are highly relevant, but his move directly from Marvell's board and audit committee into management reduces the appearance of distance between oversight and execution. The extended advisory transition through April 2027 limits operational disruption. (investor.marvell.com)

Governance is adequate rather than best-in-class. Murphy's combined chairman and CEO position concentrates authority at a moment when acquisition accounting, ambitious long-term guidance and capital commitments require especially forceful independent oversight.

Sentiment Analysis

Institutional sentiment: Structurally bullish. Marvell entered the S&P 500 on June 22, 2026, forcing benchmark and passive ownership. Sell-side consensus remains heavily skewed toward Buy/Strong Buy, with an average target around \$257 but an exceptionally broad \$126–\$400 range. The dispersion demonstrates that valuation is being driven more by assumptions regarding FY2028–FY2030 scale than by current earnings. (press.spglobal.com)

Retail sentiment: Narrative-heavy and highly reflexive. Jensen Huang's description of Marvell as a potential "next trillion-dollar company" drove a 32.5% one-day increase, while retail discussions increasingly anchor on long-duration AI total-addressable-market arguments rather than current free-cash-flow yield. (apnews.com)

Short interest of approximately 4.1% of float is elevated enough to create volatility but not high enough to represent a crowded institutional short thesis. (chartexchange.com)

3. Market Dynamics & Recent Events

Key News Flow

Q1 FY2027 and guidance reset

Marvell reported record Q1 revenue of \$2.418 billion, 28% growth, and increased its FY2027/FY2028 expectations based on what management characterized as exceptional AI bookings. Q2 revenue guidance of \$2.7 billion implies approximately 35% year-over-year growth, and management expects at least 10% sequential growth in each remaining FY2027 quarter. (investor.marvell.com)

This guidance creates a demanding quarterly bridge:

- Q1 actual: \$2.42 billion
- Q2 midpoint: \$2.70 billion
- Q3 expectation: approximately \$3.0 billion
- Implied Q4: approximately \$3.35–\$3.40 billion

Any slippage in optical supply, hyperscaler qualification or custom-silicon ramps would make the FY2027 target difficult to achieve without a subsequent-period catch-up.

Celestial AI and XConn

Celestial AI adds Photonic Fabric technology for scale-up connectivity, pooled memory and optical die-to-die applications. Marvell paid approximately \$3.54 billion in total consideration, recognizing approximately \$2.40 billion of goodwill and \$951 million of in-process R&D. Initial revenue is not expected until the second half of FY2028; the acquisition therefore creates immediate dilution and execution cost well before material revenue. (sec.gov)

XConn adds PCIe and CXL switching, broadening Marvell's ability to connect accelerators, memory and storage within AI systems. Strategically, the deal closes a portfolio gap; financially, it adds another pre-scale technology platform requiring integration and commercialization. (investor.marvell.com)

NVIDIA partnership and financing

NVIDIA purchased \$2 billion of convertible preferred stock while entering a strategic technology partnership with Marvell. The transaction is powerful commercial validation, but NVIDIA received conversion economics at approximately \$91.84 per common share—far below the current price. At today's quotation, the 21.8 million conversion shares represent approximately \$5.5 billion of economic common-equity value. (sec.gov)

Near-term calendar

- **August 27, 2026:** Q2 FY2027 earnings.

- **October 6, 2026:** Investor day.
- **Second half FY2028:** Expected initial Celestial revenue.
- **FY2028:** Major custom-silicon, switching and DCI revenue inflection. (investor.marvell.com)

Stock Performance

At \$251.01, MRVL is approximately:

- **24% below** its 52-week high of \$329.88.
- More than **300% above** its 52-week low of \$61.44.
- Roughly **3.6x** its August 21, 2025 closing price near \$70.46. (finance.yahoo.co.jp)

The stock is no longer merely tracking earnings revisions. It has undergone a duration and narrative rerating driven by:

1. Higher FY2027/FY2028 guidance.
2. NVIDIA commercial endorsement and investment.
3. S&P 500 inclusion.
4. The market's willingness to value FY2028–FY2030 connectivity earnings today.

The relevant comparison is therefore not mature mixed-signal peers such as NXP or Microchip. The market is valuing Marvell against high-growth AI infrastructure platforms such as Broadcom, NVIDIA-adjacent connectivity suppliers and accelerator vendors. Even under that peer set, Marvell's 14x FY2028 revenue multiple is aggressive because a meaningful portion of earnings depends on custom silicon, which ordinarily carries lower gross margins and customer concentration than proprietary merchant silicon.

Macro Impact

The Federal Reserve maintained a **3.50%–3.75%** policy rate range on July 29. July CPI was 3.4% year over year, while core CPI was 2.5%. Real GDP growth slowed to a 1.5% annualized rate in Q2 from 2.1% in Q1. This is a mixed valuation environment: capital investment remains strong, but persistent inflation limits the probability of a rapid discount-rate decline. (federalreserve.gov)

Marvell is less exposed to consumer demand than traditional semiconductor companies because hyperscaler AI capex is the principal growth engine. It is, however, exceptionally exposed to **capital-spending concentration**. A coordinated reduction or digestion phase among a small number of cloud customers would hit bookings, utilization and multiple simultaneously.

Trade policy is a second-order but material risk. China accounted for 44% of shipment destinations in Q1, most products are produced by third-party foundries in Taiwan, and Marvell warns that export controls, tariffs or customer stockpiling can distort demand visibility. Current restrictions have not materially impaired Marvell, but the company has explicitly identified the possibility of margin pressure if licensing fees or revenue-sharing mechanisms were extended to its products. (sec.gov)

4. Financial Statement Analysis (Forensic Detail)

Data Integrity Reconciliation

The financial dataset supplied in the request cannot be used as Marvell's reported financial record without substantial correction.

Official FY2026 SEC figures are:

FY2026 reported metric	Official SEC figure	Supplied figure
Revenue	\$8.195B	\$5.5B
Gross profit	\$4.181B	\$2.3B
Operating income	\$1.323B	\$(0.6)B
GAAP net income	\$2.670B	\$(0.9)B
Diluted EPS	\$3.07	\$(1.08)
Operating cash flow	\$1.751B	Not supplied
FCF before technology-license purchases	\$1.396B	\$1.0B
Year-end cash	\$2.639B	\$0.9B
Year-end borrowings	Approximately \$4.5B	\$4.2B

The official FY2026 net income includes a **\$1.83 billion gain on the automotive Ethernet divestiture**, meaning it materially overstates recurring earnings. Nevertheless, the supplied negative FY2026 net-income and operating-income figures are not reconcilable to the filed 10-K. (investor.marvell.com)

Likewise, official Q1 FY2027 revenue was \$2.418 billion, net income was \$34.5 million and diluted EPS was \$0.04—not \$1.9 billion, \$0.2 billion and \$0.21. The Q1 10-Q is also unaudited, making the dataset's blanket characterization as "audited" legally and analytically inaccurate. (investor.marvell.com)

Revenue & Earnings Quality

Strong operating economics, weak GAAP/non-GAAP comparability

Q1 GAAP gross margin was 52.1%, up 180 basis points year over year, while non-GAAP gross margin was 58.9%. GAAP operating margin was approximately 14%; non-GAAP operating margin was 35%. (sec.gov)

The \$684 million gap between GAAP net income and non-GAAP net income was driven principally by:

- \$225 million of acquired-intangible amortization.
- \$208 million of stock-based compensation.
- \$332 million unfavorable remeasurement of Celestial contingent consideration.
- An offsetting \$81 million unrealized gain on a stock-price forward contract.
- Acquisition and engineering-design costs. (sec.gov)

Some exclusions are economically defensible for assessing current product profitability. Others are recurring costs of Marvell's business model:

- **Stock compensation is recurring labor expense.**
- **Acquired-intangible amortization reflects the consumption of technology and customer relationships for which shareholders paid.**
- **Engineering design costs are integral to advanced-node program development.**
- **Contingent consideration volatility is non-operating, but the underlying obligation is real.**

Accordingly, non-GAAP EPS should not be capitalized at the same multiple as cash EPS without an explicit dilution and acquisition-cost discount.

Revenue visibility is less contractual than "bookings" language implies

Marvell typically sells through purchase orders rather than enforceable long-term purchase commitments. Customers can cancel, defer or reschedule with limited penalty. Management's bookings commentary is valuable demand evidence, but it should not be treated as equivalent to SaaS backlog or regulated utility revenue. (sec.gov)

Working-capital quality

Inventory increased only \$13 million sequentially to \$1.401 billion despite the expected revenue ramp, which is constructive. Accounts receivable declined by \$315 million, but part of that improvement came from selling \$301 million of receivables through a non-recourse factoring arrangement. ([sec.gov](#))

This is not aggressive revenue recognition—the receivables are sold without recourse—but it accelerates cash realization. Investors should therefore avoid annualizing Q1 operating cash flow without adjusting for factoring cadence.

Balance Sheet Health & Leverage

At May 2, 2026:

- Cash: **\$3.844 billion**
- Debt: **\$4.961 billion**
- Conventional net debt: **\$1.118 billion**
- Gross debt/EBITDA: **1.44x**
- Net debt/EBITDA: **0.32x** ([sec.gov](#))

The debt is unsecured senior-note financing with staggered maturities, including \$500 million in 2028, \$750 million in 2028, \$500 million in 2029, \$500 million in 2030, \$750 million in 2031 and longer-dated notes through 2036. Near-term refinancing risk is low. ([sec.gov](#))

The headline net-debt metric understates broader obligations:

- \$2 billion NVIDIA convertible preferred.
- Celestial contingent consideration.
- \$2.757 billion of foundry and assembly purchase commitments.
- \$709 million of technology-service and license commitments.
- \$186 million of committed capital expenditure.
- Approximately \$1 billion of intended FY2027 supply-chain prepayments. ([sec.gov](#))

Acquisition-asset concentration

Goodwill was \$13.884 billion and acquired intangibles were \$2.562 billion, together representing approximately **61% of total assets**. Celestial alone added \$2.404 billion of goodwill and \$951 million of in-process R&D. ([sec.gov](#))

This does not imply imminent impairment—the current market capitalization provides a large cushion—but it demonstrates that a significant portion of shareholder capital represents expectations for acquired technologies that have not yet reached commercial scale.

Cash Flow & Capital Allocation

Q1 operating cash flow was \$639 million. Less \$156 million of capital expenditure, conventional free cash flow was approximately **\$483 million**, a 20% revenue margin. After adjusting for the \$301 million of factored receivables, underlying cash generation was materially less spectacular, although the adjustment should be evaluated over multiple quarters rather than deducted mechanically. ([sec.gov](#))

The dividend is immaterial to the thesis:

- Annualized common dividend: \$0.24.
- Cash requirement: approximately \$215 million before preferred participation.
- Current yield: approximately 0.10%.
- Coverage: extremely strong.

Repurchases have historically created value, but buying stock around \$200–\$250 would produce far less compelling returns than FY2026 repurchases around \$76. Capital allocation should prioritize supply commitments, integration execution and selective debt reduction rather than attempting to offset acquisition dilution at the current multiple.

5. Valuation & Price Target

Method 1: Discounted Cash Flow — \$170 per share

Key assumptions

- FY2027 revenue: \$11.5 billion.
- FY2028 revenue: \$16.5 billion.
- Revenue growth moderates sharply after FY2028 as the base expands.
- Sustainable FCF margin rises toward the high-20% range.
- WACC: 8.5%.
- Terminal growth: 5.0%, deliberately aggressive for a semiconductor company.
- Fully diluted shares: approximately 921 million, including NVIDIA conversion shares but excluding additional future employee-award dilution.

The DCF is highly sensitive to terminal assumptions because most value lies beyond FY2028. Even using a 5% perpetual growth rate—well above nominal long-term economic growth—the model supports approximately **\$170** per share. A 9.5% discount rate or 4% terminal growth would produce a materially lower valuation.

Method 2: FY2028 Enterprise Value/Revenue — \$223 per share

Apply **12.5x FY2028 revenue** to the \$16.5 billion management outlook:

- Implied enterprise value: approximately \$206 billion.
- Add cash and subtract debt.
- Divide by approximately 921 million diluted shares.
- Implied equity value: approximately **\$223 per share**.

The 12.5x multiple is already a premium normally reserved for proprietary, high-margin merchant semiconductor franchises. It recognizes Marvell's 45% expected growth and strategic scarcity, but discounts custom-silicon concentration and lower mix margins.

Method 3: FY2028 Non-GAAP P/E — \$225 per share

Current FY2028 consensus non-GAAP EPS is approximately **\$6.24**. Applying a 36x multiple produces approximately **\$225** per share. (agenticsovereigncapital.com)

A 36x multiple remains aggressive because:

- EPS excludes material stock compensation and amortization.
- FY2028 execution is still six quarters away.
- Celestial revenue will only be beginning to ramp.
- The business remains exposed to semiconductor cyclicity and customer concentration.

Blended Target

Method	Value	Weight
DCF	\$170	30%
FY2028 EV/revenue	\$223	35%
FY2028 non-GAAP P/E	\$225	35%
Mechanical blended value	\$207	100%
Rounded 12-month target	\$205	—

The target incorporates a meaningful strategic premium for Marvell's connectivity portfolio but no additional "scarcity premium" based solely on trillion-dollar-company rhetoric. At \$205, the stock would still trade at a premium valuation and would not be conventionally cheap.

6. Risk, Catalysts, and Scenario Analysis

The Bear Case — Risks

1. **Hyperscaler concentration:** A single program delay can remove hundreds of millions of dollars from annual revenue.
2. **Bookings conversion:** Purchase orders can be delayed or cancelled; bookings are not equivalent to contractual backlog.
3. **Custom-silicon economics:** Revenue growth can be exceptional while gross margin declines if custom silicon outgrows higher-margin merchant optics.
4. **Broadcom competition:** Broadcom has deeper custom ASIC scale, switching incumbency and customer relationships.
5. **NVIDIA dependency:** NVIDIA is a strategic partner but also controls the dominant AI platform and can internalize or redirect connectivity economics.
6. **Celestial execution:** Marvell paid more than \$3.5 billion for a business not expected to generate initial revenue until H2 FY2028.
7. **Supply commitments:** More than \$3.4 billion of purchase and technology commitments create downside if demand forecasts are excessive.
8. **Accounting quality:** Non-GAAP earnings exclude recurring SBC, amortization and design costs; Q1 cash flow benefited from factoring.
9. **Dilution:** NVIDIA conversion shares, acquisition stock and employee awards expand the fully diluted denominator.
10. **China/Taiwan:** China represented 44% of shipment destinations, while manufacturing is heavily dependent on Taiwan.
11. **Multiple compression:** A move from 40x to 30x FY2028 EPS would overwhelm even substantial estimate increases.
12. **CFO transition:** The change occurs immediately before a period of unusually rapid growth, acquisition integration and capital deployment.

The Bull Case — Catalysts

1. Q2 revenue materially exceeds \$2.7 billion and Q3 guidance moves above \$3.0 billion.
2. FY2027 revenue guidance rises above \$12 billion without gross-margin deterioration.
3. Custom-silicon revenue more than doubles ahead of schedule.
4. Scale-up optics, NPO/CPO and Celestial commercialization generate revenue earlier than H2 FY2028.
5. 102.4T switching wins demonstrate credible share gains against Broadcom and NVIDIA.
6. FY2028 operating margin reaches the upper end of management's 38%–40% target.
7. Investor day discloses material revenue streams not included in the existing \$16.5 billion outlook.
8. Hyperscalers extend AI capex plans through 2029, lowering perceived cyclicality.
9. NVIDIA deepens its partnership or increases its economic commitment.
10. Marvell emerges as the only independent provider capable of supplying custom compute plus the complete electrical and optical connectivity stack.

Scenario Analysis

Scenario	Conditions	12-month target
Bear	FY2028 revenue falls toward \$13B; custom ramps slip; non-GAAP GM below 57%; EPS approximately \$4; 30x multiple	\$125
Base	FY2027 approximately \$11.5B; FY2028 approximately \$16–16.5B; EPS approximately \$6; operating leverage materializes, but valuation normalizes	\$205
Bull	FY2028 revenue reaches \$18B+; EPS approximately \$7.50; scale-up revenue is additive; AI capex remains exceptionally strong; 44x multiple	\$330

Probability weighting: Bear 25%, Base 50%, Bull 25%. The probability-weighted value is approximately \$216, still below the current quotation.

7. Red Team Analysis (Devil's Advocate)

The Sell thesis may be committing the classic error of valuing an architectural transition with mature-semiconductor tools.

Marvell may not be a cyclical semiconductor company in the conventional sense. It may be becoming the **interconnect operating system for AI infrastructure**. Compute density is increasing faster than electrical connectivity can scale. Every incremental accelerator requires disproportionate investment in optical DSPs, retimers, switches, DCI and eventually photonic fabrics. If compute is the visible bottleneck today, connectivity and power become the binding bottlenecks tomorrow. Marvell is positioned directly in that transition.

The valuation analysis may also be anchoring to revenue multiples that are too low. A company growing 40%–45% with a path to 38%–40% non-GAAP operating margins is not properly compared with NXP, Microchip or legacy networking silicon. If FY2028 revenue reaches \$16.5 billion and then approaches \$22–25 billion by FY2030, today's enterprise value could represent less than 10x forward revenue within 18 months. The apparent overvaluation would disappear through denominator growth rather than price decline.

The NVIDIA preferred issuance should not be viewed principally as dilution. NVIDIA invested \$2 billion and integrated Marvell into NVLink Fusion because Marvell possesses technology NVIDIA needs its ecosystem to access. That endorsement potentially shortens qualification cycles, creates new customers and reduces commercial risk. The \$91.84 conversion price is painful only in isolation; if the partnership creates several billion dollars of incremental annual revenue, the dilution is economically trivial.

The Celestial purchase may also be mischaracterized as speculative. Electrical scale-up connectivity faces physical limits in bandwidth density, reach and power. If optical scale-up becomes mandatory, Celestial's Photonic Fabric could be worth multiples of the acquisition price. Waiting for reported revenue before assigning value would guarantee missing the rerating.

Most importantly, management has already raised FY2027 and FY2028 guidance materially, yet some scale-up, CPO/NPO and new custom programs may not be fully embedded. If the October investor day establishes an FY2029 revenue trajectory materially above \$20 billion, the current price may prove conservative rather than euphoric.

The most dangerous flaw in the Sell recommendation is therefore **not fundamental error but horizon mismatch**. A 12-month framework penalizes a company whose competitive advantage may compound over five years. Selling at \$251 could resemble selling Broadcom during the early custom-ASIC and AI-networking expansion because its two-year-forward multiple appeared excessive.

Nevertheless, an investment committee must distinguish an exceptional company from an exceptional entry price. At the current quotation, Marvell must deliver the bull narrative merely to generate an ordinary return. The stock offers substantial business quality but inadequate downside protection. The Red Team case is powerful enough to prohibit an unhedged short; it is not powerful enough to justify underwriting 14x FY2028 revenue as the base-case purchase multiple.



END OF RESEARCH NOTE