

EQUITY RESEARCH

Credo Technology Group Holding Ltd: Initiation of Research Coverage

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William Blair initiated research coverage of Credo Technology Group Holding Ltd (CRDO \$164.42), a provider of semiconductor connectivity solutions, including active electrical cables (AECs), optical DSPs, SerDes chiplets, and retimers.

Analyst **Sebastian Naji** estimated that the company would generate revenue of \$984.8 million in fiscal 2026 (Credo's fiscal year ends on May 3) and \$1.38 billion in fiscal 2027.

"Credo is largely credited with pioneering the market for AECs," Naji said, "which leverage integrated silicon to extend data transmission on copper to distances of up to seven meters. Credo develops its own in-house low-power connectivity IP (SerDes) and leverages a vertical integration strategy in which it sells the full cable, not just the chip, to make cost-effective and power-efficient connectivity solutions that can improve the reliability of AI data centers. While Credo's Ethernet AEC business should continue to grow rapidly and represent the bulk of revenue, the company has also expanded into optics through its Dove and Lark DSP chips. Credo's optical business is still in its infancy, but we see a significant growth opportunity for the company as it takes incremental share in a \$7 billion inside data center optical TAM. Beyond optics, Credo has announced its entrance into the PCIe market for scale-up use-cases, introducing a gen 6 retimer solution that should start to generate revenue in the coming quarters. The moves into adjacent sockets should compound with growth related to increasing ASPs as more hyperscalers shift to higher speed solutions."

Naji continued, "Strong data center and AI cluster growth over the next several years should support Credo's top-line momentum. As the company expands its TAM, building on a common foundational IP to address a growing number of connectivity bottlenecks, it should benefit from significant operating leverage. We expect that the combination of robust top-line growth and strong operating leverage will power non-GAAP EPS growth of 206% in fiscal 2026 and 35% in fiscal 2027."

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