US EQUITY RESEARCH

1 Sep 2025

Nvidia Corp

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Growth powered by market-leading, best-in-class GPUs

Company Overview

NVIDIA Corporation is a full-stack computing infrastructure company. The Company accelerates computing to help solve the computational problems. The Company's segments include Compute & Networking and Graphics. Compute & Networking segment includes its data center accelerated computing platform; networking; automotive artificial intelligence (AI), cockpit, autonomous driving development agreements and autonomous vehicle solutions; electric vehicle computing platforms; NVIDIA AI Enterprise and other software.

Investment Overview

Long-term, structural demand for AI applications becoming more critical. Nvidia commands a leading and dominant market share in the AI-chips. GPUs designed and built by Nvidia for the data centers are cutting edge and market leading and preferred to support high-powered computing and in the areas of artificial intelligence, analytics, machine learning and scientific computing. Nvidia's relentless pursuit towards high-powered computing is key to its growth; this is affirmed by its plan to upgrade its AI accelerators every year, as communicated in latest GTC Conference, with the upcoming Blackwell chips to replace the current Hopper generation.

Drivers in place to support elevated growth, going forward. Nvidia, the market leader for AI-chips, has and continues to break new heights with each passing quarter. Latest 2QFY26 results and 3QFY26 guidance are cases in point, as revenues came in line with consensus' estimates even without H20 shipments. Sustained AI/DC CAPEX spending and ongoing Blackwell ramp underpin the strongest sequential q/q uplift in revenue guidance of USD9bn (to USD54bn) in the coming 3QFY26 quarter - with demand for its Hopper and Blackwell AI-chips likely to outstrip supply well in FY2026. While uncertainty over Chinese market revenues remains, management has identified a potential USD2-5bn uplift to Q3FY26 revenues if H20 shipment resumes, subject to government licensing and customers' orders.

Strong fundamentals to support next phase of growth. Nvidia's market leading position is exhibited through its ability to maintain above-peers' margins for its offerings. Management expects gross margins to revert to the mid-70s range in FY26, after slight dips in coming quarter(s) on Blackwell-ramp. Its net cash position as well as diverse sources of revenue and earnings (i.e., across business segments, customers, geographical markets) are seen as further positives for the stock.

We maintain our BUY call with a higher target price of USD220. We raise our TP for Nvidia to USD220 (from USD180), pegged to a near-peak blended FY26F/27F forward P/BV valuation peg of 25x (current 21x) – or above +1 SD over its 3-year average. Sustained AI CAPEX from hyperscalers and sovereign AI buildout underpin robust AI/DC execution and momentum is reflected in its stellar financials, as it is poised to exceed USD200bn of sales in FY26 (+56% y/y). Recent withdrawal of the AI diffusion rule, returning access to the Chinese market, and likely exemption from Trump's 100% semiconductor tariff given its USD500bn US reshoring commitment are positives for this stock. We remain positive on Nvidia as the leading AI-chip leader, though it bears repeating that the bar for Nvidia has been raised higher as the world's largest stock, with greater expectation to deliver and ride on this AI/DC momentum.

Risks

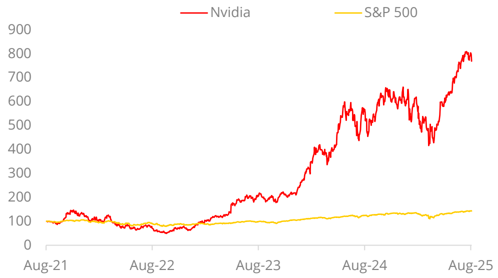
Increased scrunity and expectation as the world's largest stock. Rising competition from other chipmakers eyeing the AI/ML space, geopolitical risks, slowdown in AI/DC growth momentum, sharper-than-expected semiconductor tariffs.

Key Financial Data

Bloomberg Ticker	NVDA US
Sector	Information Technology
Share Price (USD)	180.17
DBS Rating	BUY
12-mth Target Price (USD)	220.0
Market Cap (USDbn)	4,378.1
Volume (mn shares)	281.8
Free float (%)	96.1
Dividend yield (%)	-
Net Debt to Equity (%)	-41.5
Fwd. P/E (x)	40.1
P/Book (x)	43.8
ROE (%)	109.4

Closing Price as of 28 Aug 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

Financial Summary

FY Dec (USDmn)	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	26,974	60,922	130,497	205,768	274,577
% y/y	*0.2*	*125.9*	*114.2*	*57.7*	*33.3*
Gross Profit	15,965	44,958	98,505	146,442	204,503
% y/y	*(11.2)*	*181.6*	*119.1*	*48.7*	*39.5*
EBITDA	10,584	38,642	88,652	132,750	187,596
% y/y	*(23.7)*	*265.1*	*129.4*	*50.2*	*41.0*
Net Profit	8,366	32,312	74,266	110,707	155,304
% y/y	*(25.7)*	*286.2*	*129.8*	*49.1*	*40.1*
FCF	3,808	27,023	60,855	98,137	142,171
% y/y	*(53.2)*	*609.5*	*125.2*	*60.1*	*46.1*
CAPEX	1,833	1,068	3,236	6,294	7,421
% y/y	*88.0*	*(41.7)*	*203.0*	*97.1*	*12.9*
EBITDA Margin (%)	39.2	63.4	67.9	64.5	68.1
Net Margin (%)	31.0	53.0	56.9	53.8	56.5
ROA (%)	19.6	60.4	83.8	75.4	65.2
ROE (%)	34.3	99.3	121.4	99.7	78.4
Tax Rate (%)	7.5	14.4	15.9	16.3	16.5

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	58.5	47.5	40.1	40.3	28.6
P/B (x)	22.2	35.7	37.5	31.0	17.2
Dividend Yield (%)	0.1	0.0	0.0	0.0	0.0
EV/EBITDA (x)	45.3	39.1	32.8	32.8	23.3
FCF Yield (%)	0.8	1.8	2.0	2.2	3.2

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity	53.6	25.2	12.6	6.4	3.5
Net Debt / Equity	(0.1)	(0.4)	(0.4)	(0.5)	(0.7)
Debt / Assets	28.8	16.5	8.9	5.0	3.0
Net Debt / Assets	(0.0)	(0.2)	(0.3)	(0.4)	(0.6)
EBITDA / Int Exp	40.2	150.4	358.9	581.2	783.1
ST Debt / Total Debt	0.1	0.1	0.00	0.1	0.00
Debt / EBITDA	1.1	0.3	0.1	0.1	0.0
[Cash + CFO] / ST Debt	15.1	43.3	nm	196.0	nm
Receivables Days	51.8	59.9	64.5	57.2	51.9
Days Payable	16.1	16.2	17.6	16.4	14.9
Inventory Days	69.8	31.6	28.2	28.1	25.8

Source: Visible Alpha

Target Price & Ratings History

#	Date of Report	Closing Price	12-m Target Price	Rating
1	16 Oct'24	135.72	150.00	BUY
2	21 Nov'24	146.67	175.00	BUY
3	18 Feb'25	138.85	160.00	BUY
4	10 Jul'25	162.88	180.00	BUY
5	14 Aug'25	181.59	220.00	BUY

Source: DBS

Analysts: Fang Boon Foo
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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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