

Nvidia Corp., based in Santa Clara, California, is a visual computing company with worldwide operations and markets. The company operates through two segments, Graphics and Compute & Networking. The company's four main markets are gaming, professional visualization, data center, and automotive. In calendar 2020, Nvidia completed the acquisition of data-center connectivity leader Mellanox.

Analyst's Notes

Analysis by Jim Kelleher, CFA, October 8, 2024

ARGUS RATING: BUY

- Exceptional product demand, positive signs from partners
- Nvidia is seeing insane demand for its Blackwell chip, according to recent commentary from CEO Jensen Huang. Server partners such as Super Micro have also disclosed very strong demand
- Nvidia topped aggressive consensus estimates for fiscal 2Q25, with revenue and non-GAAP EPS rising in triple-digit percentages as data center revenue of \$6.3 billion increased more than 150%.
- Management guided for fiscal 3Q25 midpoint revenue of \$32.5 billion, about \$750 million above the pre-reporting consensus estimate.
- Nvidia is delivering continued momentum in FY25. We look for growth beyond data center and AI, as the company's other end-markets of gaming, professional visualization, and automotive also accelerate.

INVESTMENT THESIS

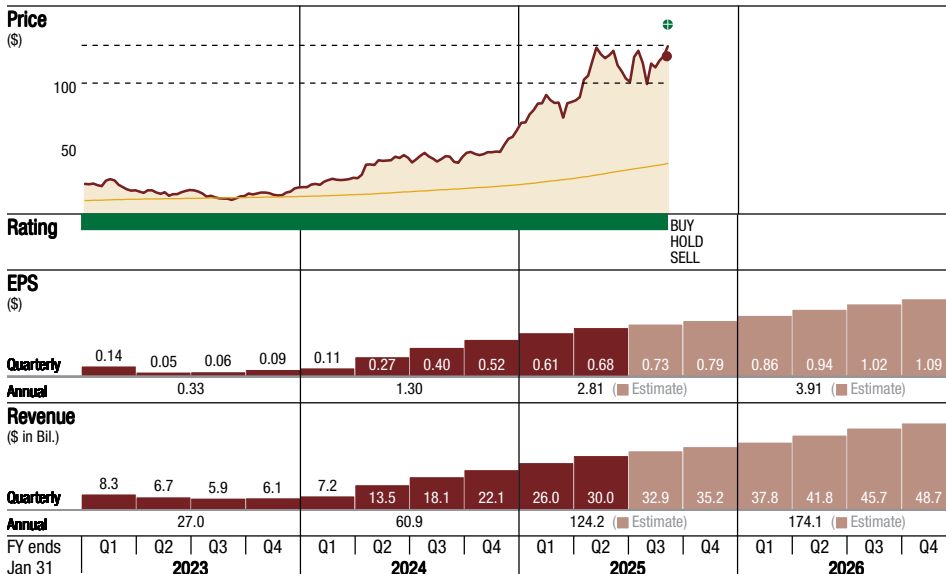
BUY-rated Nvidia Corp. (NGS: NVDA) is seeing 'insane' demand for its Blackwell chip, according to recent commentary from CEO Jensen Huang. Exceptional demand is allowing Nvidia to increase capacity and throughput while lowering costs per revenue dollar. With the Fed now cutting interest rates, we believe demand could improve further in a strengthening economy in calendar 2025. Upcoming AI showcases and product launches from Meta, OpenAI, Tesla and others could further drive demand.

Recently, Super Micro CEO Charles Liang stated that the company is shipping more than 100,000 GPUs in its servers used for AI computing. The disclosure came as the company highlighted its latest liquid-based rack-cooling innovations; liquid cooling is essential for high-wattage GPUs such as Blackwell. Hewlett Packard Enterprise also recently highlighted its liquid cooling solutions.

The Nvidia B200 Tensor Core GPU, the world's most-powerful chip, powers the HGX B200 server platform. Nvidia has had to redesign its Blackwell GPUs due to a minor flaw. Nvidia has changed the Blackwell 'mask' to improve production yields, and production ramp is scheduled to begin in fiscal 4Q25 (ended January 2025) and continue into FY26. The company shipped samples of the chip in fiscal 2Q25. Blackwell orders are in the tens

Market Data Pricing reflects previous trading week's closing price.

— 200-Day Moving Average — Target Price: \$150.00 — 52 Week High: \$133.48 — 52 Week Low: \$103.69 — Closed at \$124.92 on 10/4



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 72% Buy, 28% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$132.89
Target Price	\$150.00
52 Week Price Range	\$39.23 to \$140.76
Shares Outstanding	24.53 Billion
Dividend	\$0.04

Sector Overview

Sector	Information Technology
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	31.70%

Financial Strength

Financial Strength Rating	HIGH
Debt/Capital Ratio	20.5%
Return on Equity	118.6%
Net Margin	55.0%
Payout Ratio	0.01
Current Ratio	4.17
Revenue	\$96.31 Billion
After-Tax Income	\$53.01 Billion

Valuation

Current FY P/E	47.29
Prior FY P/E	102.22
Price/Sales	33.85
Price/Book	56.07
Book Value/Share	\$2.37
Market Capitalization	\$3.26 Trillion

Forecasted Growth

1 Year EPS Growth Forecast	116.15%
5 Year EPS Growth Forecast	14.00%
1 Year Dividend Growth Forecast	50.00%

Risk

Beta	1.80
Institutional Ownership	63.70%

Analyst's Notes ...Continued

of billions of dollars, and the delay should be immaterial to most customers given AI cluster design timing and the need to upgrade to liquid-cooled data centers.

Nvidia appears uncommonly well-positioned in the fast-growing market for AI solutions, with dominant market share in providing GPUs to the AI market. Based on the company's amazing traction in AI, Nvidia has become the global number-one semiconductor company by revenue, after barely making the top 10 a mere two years ago.

Although growth will inevitably slow due to the law of large numbers, the NVDA shares have much further to go, in our view. The company has unmatched positioning within transformational generative AI technology. We recommend establishing or adding to positions in this preeminent vehicle for participation in the AI economy. We believe that most technology investors should own NVDA in the age of deep learning, AI, and GPU-driven applications acceleration. We are reiterating our BUY rating and our 12-month target price of \$150 (split-adjusted).

RECENT DEVELOPMENTS

NVDA is up 158% year to date in 2024, versus a 14% gain for peers. NVDA rose 239% in 2023, versus a 63% gain for the Argus-covered semiconductor peer group. NVDA declined 50% in 2022, versus a 33% decline for peers; rose 125% in 2021, versus a 34% gain for semiconductor peers; and advanced 122% in 2020, while peers rose 45%.

The NVDA stock price, which had entered into a downdraft over the summer amid sector rotation and profit taking, took off in early October following an interview on CNBC with Nvidia CEO Jensen Huang. The CEO stated that demand for its Blackwell chip has been 'insane.' The Nvidia B200 Tensor Core GPU, the world's most-powerful chip, powers the HGX B200 server platform.

Exceptional demand is allowing Nvidia to increase capacity and throughput while lowering costs per revenue dollar. The CEO stated that with AI technology moving so fast, development of and hugely positive response to Blackwell gives Nvidia the opportunity 'to triple down, to really drive the innovation cycle.' That in turn enables Nvidia to increase capabilities, increase throughput, decrease costs, and decrease energy consumption. The CEO affirmed that the company is on a path to meet these goals and that 'everything is on track.'

With the Fed now cutting interest rates, we believe the U.S. economy could improve further in calendar 2025. That in turn should heighten IT spending on AI solutions, which are the top of every CIO's wish list.

We believe that demand for Blackwell is being driven mainly by the industry leaders in the cloud service provider space (AWS, Microsoft, Alphabet) along with companies such as OpenAI, Meta Platforms, and Tesla. The CSPs are in the early stages of developing AI-as-a-service solutions to meet strengthening demand for AI from their enterprise customers.

The CSPs and other AI majors are developing new multi-modal

Growth & Valuation Analysis

GROWTH ANALYSIS

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	10,918	16,675	26,914	26,974	60,922
COGS	4,150	6,279	9,439	11,618	16,621
Gross Profit	6,768	10,396	17,475	15,356	44,301
SG&A	1,093	1,940	2,166	2,440	2,654
R&D	2,829	3,924	5,268	7,339	8,675
Operating Income	2,846	4,532	10,041	5,577	32,972
Interest Expense	-126	127	207	-5	-609
Pretax Income	2,970	4,409	9,941	4,181	33,818
Income Taxes	174	77	189	-187	4,058
Tax Rate (%)	6	2	2	—	12
Net Income	2,796	4,332	9,752	4,368	29,760
Diluted Shares Outstanding	24,720	25,100	25,350	25,070	24,940
EPS	0.11	0.17	0.39	0.17	1.19
Dividend	0.02	0.02	0.02	0.02	0.02

GROWTH RATES (%)

Revenue	-6.8	52.7	61.4	0.2	125.9
Operating Income	-25.2	59.2	121.6	-44.5	491.2
Net Income	-32.5	54.9	125.1	-55.2	581.3
EPS	-31.8	53.1	122.5	-54.8	585.6
Dividend	4.9				
Sustainable Growth Rate	25.8	39.9	24.6	67.7	122.5

VALUATION ANALYSIS

Price: High	\$14.73	\$34.65	\$30.71	\$50.55	—
Price: Low	\$4.52	\$11.57	\$10.81	\$14.03	—
Price/Sales: High-Low	33.3 - 10.2	52.2 - 17.4	28.9 - 10.2	47.0 - 13.0	— - —
P/E: High-Low	130.3 - 40.0	200.3 - 66.9	79.8 - 28.1	290.5 - 80.7	— - —
Price/Cash Flow: High-Low	70.5 - 21.6	107.8 - 36.0	120.6 - 42.5	66.8 - 18.5	— - —

Financial & Risk Analysis

FINANCIAL STRENGTH

	2022	2023	2024
Cash (\$ in Millions)	1,990	3,389	7,280
Working Capital (\$ in Millions)	24,494	16,510	33,714
Current Ratio	6.65	3.52	4.17
LT Debt/Equity Ratio (%)	43.9	48.0	22.3
Total Debt/Equity Ratio (%)	44.5	54.4	25.7

RATIOS (%)

Gross Profit Margin	64.9	56.9	72.7
Operating Margin	37.3	20.7	54.1
Net Margin	36.2	16.2	48.8
Return On Assets	26.7	10.2	55.7
Return On Equity	44.8	17.9	91.5

RISK ANALYSIS

Cash Cycle (days)	77.0	132.6	113.3
Cash Flow/Cap Ex	9.3	3.1	26.3
Oper. Income/Int. Exp. (ratio)	43.1	17.0	132.6
Payout Ratio	4.9	6.8	2.1

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Analyst's Notes ...Continued

large language models (LLMs) and rolling out new products that should further drive demand for Nvidia's chips. OpenAI recently conducted a new funding round that puts that value of that company above \$150 billion. OpenAI also appears to be pivoting to a commercial focus from more of a pure research foundation.

Tesla, which faces intense competition in the sales of vehicles to individuals, is slated to host a robo-taxi event. Nvidia has for years cited robo-taxis as an enormous potential market around the world. Meta Platforms, though not a cloud service provider, has massive global reach with its social media platforms. Its new generative AI photo platform will thus have a huge audience.

Nvidia itself is hosting another AI event on 10/8/24 through 10/10/24. We believe the event will focus on software and applications to support Blackwell, and we will analyze the event once concluded.

Recently, Super Micro CEO Charles Liang stated that the company is shipping more than 100,000 GPUs in its servers used for AI computing. Super Micro and Nvidia have a long and deep relationship. The two companies' headquarters are about 10 miles apart, and as an established leader in GPU servers, Super Micro often has early access to new generation Nvidia GPUs.

The disclosure came as the company highlighted its latest liquid-based rack-cooling innovations; liquid cooling is essential for high-wattage GPUs such as Blackwell. In an accompanying chart related to the new rack-scale cooling solutions, Super Micro cited as ASP of \$30,000. That suggests orders growth in billions of

dollars, for already fast-growing Super Micro. Hewlett Packard Enterprise also recently highlighted its liquid cooling solutions.

Super Micro recently completed its 10-for-1 stock split. The company has delayed filing its latest 10K as it seeks to resolve internal accounting discrepancies. The short-seller firm Hindenburg recently issued serious allegations of misconduct against SMCI including a history of accounting misrepresentations, non-competitive bidding practices that favor family members of top management, and potential shipments in violation of restrictions on high-level technology exports to China and/or Russia.

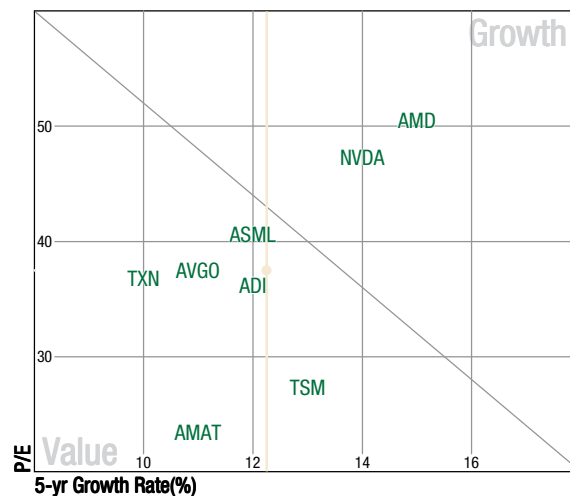
In our SMCI note of 10/2/24, we stated that we take any such allegations seriously and will continue to monitor this situation closely. In descending order of importance, we would be most concerned if the allegations lead to the DoJ establishing a pattern of deliberate sales to sanctioned firms. And we will be monitoring the related-party situation to see if this prompts changes in the company's vendor-bidding practices. As regards revenue recognition practices, SMCI's conduct in 2018 under a different management team appears irrelevant to the current market environment.

The devastation caused by Hurricane Helene, particularly in North Carolina, could have an uncertain impact on global semiconductor production. Two facilities in Spruce Pines, NC, produce a significant amount of high-purity quartz vital to semiconductor production. In the days following intense flooding in the Mitchell County area, the two companies each issued

Peer & Industry Analysis

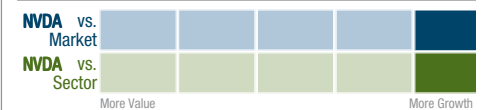
The graphics in this section are designed to allow investors to compare NVDA versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how NVDA stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how NVDA might fit into or modify a diversified portfolio.

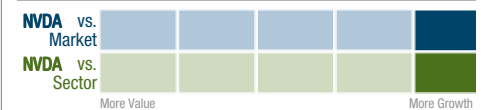


Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
NVDA	NVIDIA Corp	3,259,792	14.0	47.3	55.0	39.1	BUY
TSM	Taiwan Semiconductor Manufactu	964,957	13.0	27.4	37.9	14.6	BUY
AVGO	Broadcom Inc	844,113	11.0	37.5	10.9	17.8	BUY
ASML	ASML Holding NV	329,362	12.0	40.7	26.5	22.7	BUY
AMD	Advanced Micro Devices Inc.	279,674	15.0	50.5	5.8	59.1	BUY
TXN	Texas Instruments Inc.	184,627	10.0	36.8	33.0	20.2	BUY
AMAT	Applied Materials Inc.	165,606	11.0	23.4	27.7	14.0	BUY
ADI	Analog Devices Inc.	113,896	12.0	36.2	17.1	29.7	BUY
Peer Average		767,753	12.3	37.5	26.7	27.2	

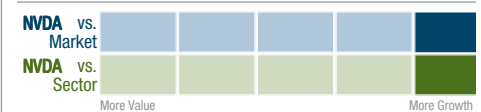
P/E



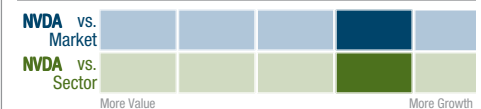
Price/Sales



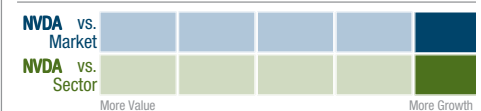
Price/Book



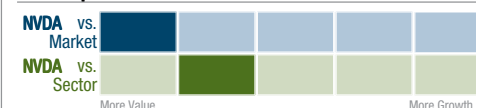
PEG



5 Year Growth



Debt/Capital



Analyst's Notes ...Continued

statements regarding the storm's impact.

The two producers that are operating high-purity quartz mines in Spruce Pines are Belgium-based Sibelco and The Quartz Corp. Sibelco as of 10/3/24 stated that 'initial assessment indicates that our operating facilities in Spruce Pines have sustained only minor damage.' Sibelco had not yet resumed production as of 10/3/24. The challenge has been supporting infrastructure: roads, power lines, and rail. Repair of power lines leading to site has progressed significantly. Existing product stock (inventory) was not impacted, and the company intends to restart production as soon as possible.

The Quartz Corp.'s latest update from 10/2/24 stated that, following initial visual inspection, damage is mostly concentrated around ancillary units. The company had not issued a timeline as of 10/2/24 on when it would be possible to resume operations. Like Sibelco, the Quartz Corp. cited local infrastructure rather than its own operating equipment as the obstacle to restarting operations.

Thanks to resilience planning put in places during COVID-19 period, Quartz Corp. established strong levels of feed stock with its Norway operations. Coupled with safety stock of finished products (on-site and off-site inventory) and products throughout its supply chain, Quartz Corp. does not anticipate 'any critical situation for our downstream industries in the short or medium term.'

Additionally, high-quality quartz for semiconductor applications is also mined in Idaho, USA, in various sites in Australia, and elsewhere. Finally, Hurricane Milton appears to be moving west to east rather than south to north and does not at this time appear to pose a threat to NC similar to the damage created by Helene.

In summary, the situation at present suggests that neither company suffered meaningful damage to the Spruce Pines operating facilities but they are not yet able to resume production due to local infrastructure issues. However, local infrastructure restoration initiatives are making progress, and these companies have been able to draw on their inventories and supply chains to continue supplying customers during this challenging period.

Nvidia's top-of-the-line Blackwell GPUs for generative AI are reported to have a minor design flaw within the CoWoS-L packaging technology. That packaging was used by Taiwan Semiconductor Co. for the first time ever on these chips. The bridge dies connecting the two GPUs needs adjusting, and Nvidia is redesigning the chips to address this flaw. Nvidia shipped samples of the chip in 2Q25 and has changed the Blackwell 'mask' to improve production yields.

As noted in the company's prepared remarks, Blackwell production ramp is scheduled to begin in fiscal 4Q25 (ended January 2025) and continue into FY26. The redesign is likely to push first Blackwell shipments into early calendar 2025 from late 2024; prior to results release, Street estimates of the delay varied from three months to one month.

The delay should be immaterial to most customers given design timing for massive AI clusters. Blackwell consumes up to 1,000 watts in operation versus 700 watts at most for predecessor Hopper chips. Data centers supporting Blackwell chips will need to install full liquid-cooled racks, and to do so will take time. Blackwell orders are in the tens of billions of dollars, and we do not expect this design flaw to cut into the voracious appetite for these leading-edge AI accelerators.

Nvidia again guided above pre-reporting consensus, which was already at nosebleed levels, for fiscal 3Q25. Following a highly

successful FY24, Nvidia in our view is positioned for continued momentum in FY25, ending the year with the highly anticipated Blackwell production ramp.

NVDA shares have much further to go, in our view, given the company's positioning within transformational AI technology. We recommend establishing or adding to positions in this preeminent vehicle for participation in the AI economy. We believe that most technology investors should own NVDA in the age of deep learning, AI, and GPU-driven applications acceleration. We are reiterating our BUY rating and our 12-month target price of \$150 (split-adjusted).

EARNINGS & GROWTH ANALYSIS

For fiscal 2Q25 (ended 7/28/24), Nvidia posted revenue of \$30.04 billion, which was up 122% year over year and up 15% sequentially. Revenue exceeded the high end of management's \$27.5-\$28.6 billion guidance range by \$1.4 billion, and was \$1.3 billion above the consensus call of \$28.7 billion.

The non-GAAP gross margin tightened to 75.7% in fiscal 2Q25 from 78.9% in 1Q25 and rose from 71.2% a year earlier. The non-GAAP operating margin was 66.4% in 2Q25, compared to 69.3% in 1Q25 and 57.6% a year earlier.

Non-GAAP earnings of \$0.68 per diluted share for fiscal 2Q25 were up 153% from \$0.27 (split-adjusted) for fiscal 2Q24 and up \$0.07 sequentially from \$0.61 for fiscal 1Q25. Non-GAAP EPS was well above the \$0.57 consensus estimate. Nvidia provides line-item guidance, but does not furnish non-GAAP EPS forecasts. Line-item guidance pointed to fiscal 2Q25 adjusted EPS of \$0.62-\$0.65, or \$0.63 at midpoint, by our calculation.

For all of FY24, revenue of \$60.92 billion soared 126% from \$26.97 billion in FY23, which was little-changed from FY22 levels. Non-GAAP earnings totaled \$1.30 per diluted share in FY24, up 289% from \$0.33 per diluted share for FY23. (All current and historical totals are split-adjusted.)

For fiscal 3Q25, Nvidia projected revenue of \$31.9-\$33.2 billion; at the \$32.5 billion midpoint, revenue would be up 80% annually and up 8% sequentially. The pre-reporting consensus was \$31.5 billion, so the Street missed by about \$1 billion. At the revenue midpoint, management guided for a non-GAAP gross margin of 75%; non-GAAP operating costs of \$3.0 billion; a tax rate of 17%; and non-GAAP other income of \$350 million. Based on top-line and line-item guidance, we believe that Nvidia is positioned to earn about \$0.68-\$0.74 per share in fiscal 3Q25, which would up 75%-80% annually from the year-earlier quarter.

On a split-adjusted basis, our FY25 non-GAAP EPS estimate is \$2.81 per diluted share. We are raising our non-GAAP EPS projection for FY26 to \$3.91 per diluted share from \$3.60. Our long-term EPS growth rate forecast is 14%.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength ranking on Nvidia is High. While Nvidia has issued some debt, its cash flow from operations, free cash flow, and cash and investments are all growing sharply.

Cash was \$34.8 billion at the end of fiscal 2Q25. Cash, equivalents and investments were \$26.0 billion at the end of fiscal 2024, \$13.30 billion at the end of FY23, \$21.2 billion at the end of FY22, and \$11.56 billion at the end of FY21.

Debt was \$8.5 billion at the end of fiscal 2Q25. Debt tripled as a result of the Mellanox deal, but is now below peak levels. Debt was \$9.7 billion at the end of fiscal 2024, \$10.95 billion at the end

Analyst's Notes ...Continued

of FY23, \$10.94 billion at the end of FY22, \$6.96 billion at the end of FY21, and (prior to acquiring Mellanox) \$1.99 billion at the end of FY20.

Cash flow from operations was \$28.1 billion for fiscal 2024. Cash flow from operations was \$6.05 billion in FY23, \$9.12 billion in FY22, \$5.82 billion in FY21, and \$4.76 billion in FY20.

In terms of capital allocation, Nvidia returned \$9.9 billion to shareholders in FY24 and \$11.5 billion to shareholders in FY23. The company in August 2024 announced a new \$50 billion share-buyback authorization, on top of the \$7.5 billion remaining from the prior authorization.

Nvidia paid out about \$400 million in dividends in FY24 and in FY23. Concurrent with the 10-for-1 stock split, Nvidia raised its dividend from \$0.04 per quarter to a pre-split \$0.10; the quarterly dividend is \$0.01 post-split. The annualized dividend yields less than 0.1%. Our annual dividend estimates are \$0.03 for FY25 and \$0.04 for FY26.

MANAGEMENT & RISKS

Jen-Hsun Huang is co-founder, president, and CEO of Nvidia, as well as a board member. Chris Malachowsky, the other co-founder, is an Nvidia fellow. Colette Kress is CFO; Debra Shoquist is EVP of operations; and Jay Puri is EVP of world field operations.

The slowdown in consumer demand accelerated rapidly, and followed multiple years in which demand far outstripped supply. Nvidia responded by increasing its production capability; the company will now downscale production to better-match its immediate opportunity. Growth in gaming associated with the pandemic may never be seen again, but we expect this business to be a robust market leader for years or decades to come.

A main risk for Nvidia is M&A, and any major acquisition brings risks. We believe that Mellanox provides a worthwhile balance of opportunity that offsets risks, given that Nvidia and Mellanox offer complementary rather than overlapping assets; have a history of successful collaboration; and serve the fastest-growing and most-promising market in technology (AI data center). With the ARM deal terminated, we expect Nvidia to set its sights on smaller targets.

Other risks facing Nvidia include the possibility that CPU industry leaders such as AMD, Intel, or Qualcomm could incorporate advanced GPU functionality into their chipsets and SoCs. While these devices may have some level of graphics capability, we believe that Nvidia's expertise, market leadership, and continued investment in new technology puts it several generations ahead of rivals and gives it a sustainable advantage in its markets.

Nvidia is also at risk from downturns in the global economy, which would reduce consumer and enterprise spending on technology investments. Nvidia also risks investing extensively to support technologies (such as autonomous driving and VR gaming) that do not fully justify that spending. However, we believe that these two niches offer strong growth opportunities.

COMPANY DESCRIPTION

Nvidia Corp., based in Santa Clara, California, is a visual computing company with worldwide operations and markets. The company operates through two segments, Graphics and Compute & Networking. The company's four main markets are gaming, professional visualization, data center, and automotive. In calendar

2020, Nvidia completed the acquisition of data-center connectivity leader Mellanox.

VALUATION

NVDA trades at 45.4-times our FY25 non-GAAP EPS estimate and at 32.6-times our FY26 non-GAAP projection. The two-year forward average P/E of 39.0 is below the five-year (FY20-FY24) average of 42.0. The stock trades at 1.89-times the market P/E, below the five-year historical relative P/E of 2.3. NVDA is trading at premiums to its price-based metrics because it has become a company like no other, while its valuation metrics date from pre-AI times when gaming was the dominant price driver. Price-based metrics, including P/E, price/sales, and price/book, point to a comparable historical value in the low \$140s -- above current prices and in a rising trend.

Relative to the peer group, NVDA trades at premiums on P/E, price/sales, PEG, and EV/EBITDA. Peer-indicated value of about \$150 is above current prices and steadily rising. Nvidia has become a much-faster-growing company than it was over the preceding five years, and in our view deserves to trade at very rich premiums to peers and to its own historical valuations.

On our forward-looking DFCF valuation, NVDA is valued in the \$340s, well above current prices and in a rising trend. Our blended valuation is \$300, also in a fast-rising trend.

NVDA shares are near peak prices, but have much further to go, in our view, given the company's positioning within transformational AI technology. We believe that most technology investors should own NVDA in the age of deep learning, AI, and GPU-driven applications acceleration. We are reiterating our BUY rating and our 12-month target price of \$150.

On October 8, BUY-rated NVDA closed at \$132.89, up \$5.17.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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