



**NVIDIA**

## OUTPERFORM

PRICE\* USD179.3 ■ TARGET PRICE **USD220** (UPSIDE 23%)

TARGET PRICE	EPS 01/27e	EPS 01/28e
↗ 29%	non material	↗ 9%

# The AI Factory race

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*We dig into a lineup of AI Factory projects and unearth significant CAPEX, Compute, and Power requirements over the next 5+ years. Our deep dive suggests NVDA is set to benefit the most, which we believe cons. may be underestimating. Reiterate Outperform with a TP of \$220 (from \$170 prior).*

### \$2Tr of CAPEX, \$1Tr in Compute, 53GW of power

Our AI Factory census including Datacenter operators (Stargate, Humain, Colossus etc) and campus developers points towards \$2Tr of CAPEX over the next 10-years (front loaded), dominated by datacenter operators (80%). This translates into \$1Tr in Compute requirements and 53GW of power requirements. By comparison, Hyperscaler installed datacenter capacity is c.30GW. Separately, we peel the onion on Hyperscaler CAPEX to help reveal and link to compute revenues.

### AI Factory Compute revenue to grow at a 28% CAGR to \$160bn by 2029

Today the AI Datacenter (DC) market is split into c.60% Hyperscaler and c.40% Enterprise/AI Factory. Taking NVDA as a proxy for the AI Factory market, we expect compute revenues to grow at c.50% y/y to over \$60bn in 2025, outpacing the Hyperscaler AI CAPEX CAGR of c.20% y/y. Our analysis points to AI Factory compute revenue growing at a c.28% CAGR and reaching \$160bn by 2029, with NVDA being the primary beneficiary (c.70%), given its dominant market share among Enterprises.

### Consensus only baking in 11% CAGR and \$110bn revenues by 2029 i.e. c.30% below BNPPe

Our analysis suggests NVDA Datacenter cons. is only baking in 11% CAGR for AI Factory revenues to reach \$110bn by 2029. This is c.30% below our bottom-up analysis and 15% below total DC sales.

### Raise FY28 EPS by 7% and introduce FY29-30 estimates; Lift TP to \$220; Remain O/P

On higher AI Factory rev., we raise FY28 EPS (non-GAAP) by 7% and introduce FY29-30 ests. We are c.15% ahead of cons. We roll forward valuation to FY28 and with a ~33x (unchanged) multiple lift our TP to \$220. AI Factories will be an accelerating driver for AI over time as more Enterprise AI workloads get developed/deployed and eventually surpass Hyperscaler demand.

## ESG RATING & KEY TOPICS

### Average

- 5/5 Water use
- 4/5 Climate change
- 1/5 Customers | Competitive practices
- 3/5 Governance

Topics scored vs peers from 1 (low) to 5 (high performance)

Nvidia (+)	NVDA US				Performance <sup>(1)</sup>	1w	1m	3m	12m
*Closing Price (30 July 2025)	USD179.3				Absolute(%)	1	12	56	55
Volume (USDm / EURm)	27,389.0 / 23,858.0				Rel. IT Hardware(%)	NC	NC	NC	NC
Market cap (USDbn / EURbn)	4,371.6 / 3,808.0				Rel. MSCI USA(%)	(1)	7	35	29
Free float (USDbn / EURbn)	3,934.4 / 3,427.2								
EV (USDbn / EURbn)	4,232.7 / 3,687.0								
Country / Sub Sector	USA / Semiconductors								
Financials	01/26e	01/27e	01/28e	01/29e	Valuation metrics	01/26e	01/27e	01/28e	01/29e
EPS, Adjusted (USD)	3.90	5.05	6.52	8.06	P/E (x)	45.9	35.5	27.5	22.2
EPS, Company (USD)	4.16	5.31	6.79	8.34	Net yield (%)	0.0	0.0	0.0	0.0
EPS - Bloomberg (USD)	4.34	5.78	6.60	7.16	FCF yield (%)	2.6	2.9	3.7	4.6
Net dividend (USD)	0.04	0.04	0.05	0.06	EV/Sales (x)	22.2	17.8	13.6	10.8
Sales (USDm)	191,085	230,579	288,192	345,003	EV/EBITDA (x)	37.0	27.7	20.8	16.2
EBITA, Adj. (USDm)	112,106	145,169	185,771	226,433	EV/EBITA (x)	37.8	28.2	21.1	16.4
Net profit, Adj.(USDm)	95,868	122,584	156,283	190,032	EV/CE (x)	-	-	-	-
ROCE (%)	-	-	-	-	All valuation metrics based on adjusted figures				
Net Debt/EBITDA, Adj. (x)	-	-	-	-					

Source: BNP Paribas Exane (estimates), Bloomberg (consensus) (1) In listing currency, with dividend reinvested

See page 32 for Analyst Certification, Important Disclosures, Non-US Research Analyst disclosures and BNP Paribas Group Corporate Social Responsibility ("CSR") policies. BNP Paribas has adopted strict CSR policies that govern financing and investment in certain sectors. For time of dissemination, please refer to the Cube. \*Closing Price (30 July 2025). (1) FINRA member firm and broker-dealer registered with the U.S. Securities Exchange Commission

Price at 30 Jul. 25 / 12m Target Price

USD179.3 / USD220 +23%

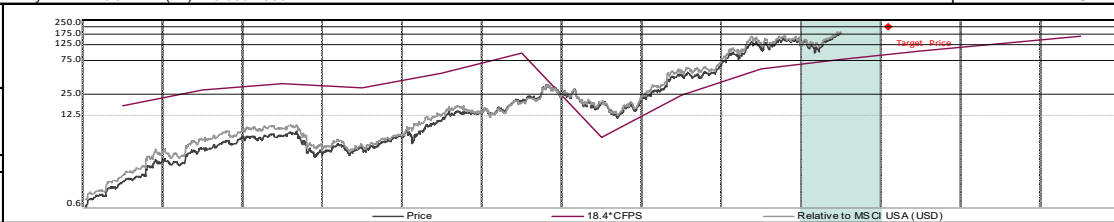
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NVIDIA (Outperform)

Semiconductors | IT Hardware - USA

Company Highlights			
USDm / EURm			
Enterprise value	4,232,722	/	3,687,039
Market capitalisation	4,371,565	/	3,807,982
Free float	3,934,408	/	3,427,184
3m average volume	27,389	/	23,858
Performance (%)			
	1m	3m	12m
Absolute	12%	56%	55%
Rel. Sector	NC	NC	NC
Rel. MSCI USA	7%	35%	29%
12m Hi/Lo (USD) : 173.7 +3% / 94.3 +90%			
CAGR			
	2005/2025	2025/2028	
EPS restated	16%	27%	
CFPS	14%	27%	



Price (yearly avg from Jan. 16 to Jan. 25)	0.6	1.5	4.0	5.7	4.5	10.4	20.5	17.9	39.4	113.9	179.3	179.3	179.3	
PER SHARE DATA (USD)														
No of shares year end, basic, (m)	2 440.000	2 448.000	2 456.000	2 464.000	2 472.000	2 476.000	2 498.667	24 870.000	24 692.500	24 555.000	24 385.366	24 124.937	23 799.436	23 409.768
Avg no of shares, diluted, excl. treasury stocks (m)	2 276.000	2 596.000	2 530.000	2 497.000	2 471.000	2 509.000	2 538.333	25 072.500	24 932.500	24 804.500	24 555.366	24 294.937	23 969.436	23 579.768
EPS reported, Gaap	0.27	0.64	1.20	1.66	1.13	1.73	3.84	0.17	1.19	2.94	3.90	5.05	6.52	8.06
EPS company definition	0.41	0.71	1.22	1.66	1.45	2.50	4.44	0.33	1.30	2.99	4.16	5.31	6.79	8.34
EPS restated, fully diluted	0.27	0.64	1.20	1.66	1.13	1.73	3.84	0.17	1.19	2.94	3.90	5.05	6.52	8.06
% change	(3.6%)	137.9%	87.6%	37.8%	(31.8%)	52.6%	122.5%	(95.5%)	NS	146.2%	32.9%	29.2%	29.2%	23.6%
Book value (BVPS) (a)	1.8	2.4	3.0	3.8	4.9	6.8	10.7	0.9	1.7	3.2	6.2	10.1	15.3	21.8
Net dividend	0.10	0.12	0.14	0.15	0.16	0.16	0.16	0.02	0.02	0.03	0.04	0.04	0.05	0.06
STOCK MARKET RATIOS														
P / E (P/EPS restated)	2.3x	2.3x	3.3x	3.4x	4.0x	6.0x	5.3x	102.8x	33.0x	38.8x	45.9x	35.5x	27.5x	22.2x
P / E relative to MSCI USA	13%	12%	15%	18%	20%	19%	27%	501%	128%	163%	186%	164%	143%	125%
P / CF	1.2x	1.6x	2.6x	3.1x	2.8x	3.9x	4.1x	55.4x	30.4x	37.8x	43.0x	33.0x	25.6x	20.8x
FCF yield	82.2%	46.6%	30.6%	22.8%	38.5%	18.2%	15.9%	0.9%	2.8%	2.2%	2.6%	2.9%	3.7%	4.6%
P / BVPS	0.33x	0.63x	1.30x	1.50x	0.92x	1.53x	1.92x	20.15x	22.64x	35.25x	28.95x	17.69x	11.70x	8.20x
Net yield	16.2%	8.2%	3.6%	2.7%	3.5%	1.5%	0.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout	36.6%	18.9%	11.8%	9.2%	14.1%	9.3%	4.2%	9.2%	1.3%	1.2%	1.0%	0.9%	0.8%	0.7%
EV / Sales	NS	NS	0.43x	0.67x	0.09x	1.06x	1.30x	16.12x	15.51x	21.02x	22.15x	17.76x	13.61x	10.76x
EV / Restated EBITDA	NS	NS	1.2x	1.9x	0.3x	3.1x	3.1x	75.4x	27.4x	32.9x	37.0x	27.7x	20.8x	16.2x
EV / Restated EBITA	NS	NS	1.3x	2.1x	0.4x	3.9x	3.5x	NS	28.7x	33.7x	37.8x	28.2x	21.1x	16.4x
EV / NOPAT	(3.6x)	(0.4x)	1.4x	2.3x	0.4x	4.0x	3.6x	NS	32.6x	38.8x	45.1x	34.0x	25.4x	19.7x
EV / OpFCF	NS	NS	1.4x	2.4x	0.2x	3.5x	4.0x	79.5x	27.9x	37.9x	31.5x	26.8x	20.5x	15.9x
EV / Capital employed (incl. gross goodwill)	NS	NS	1.6x	2.0x	0.3x	1.7x	2.8x	30.4x	NS	NS	NS	NS	NS	NS
ENTERPRISE VALUE (USDm)														
Market cap	1,325	3,208	9,493	13,782	11,087	25,726	51,143	445,338	973,208	2,796,394	4,371,565	4,324,877	4,266,525	4,196,669
+ Adjusted net debt	(3,498)	(3,893)	(4,982)	(5,308)	(8,780)	(4,472)	(10,136)	(2,217)	(16,149)	(34,621)	(119,646)	(210,884)	(325,279)	(465,913)
+ Other liabilities and commitments														
+ Revalued minority interests														
- Revalued investments	67	62	319	668	1,284	3,657	5,892	8,254	11,927	19,197	19,197	19,197	19,197	19,197
P & L HIGHLIGHTS (USDm)														
Sales	5,010.0	6,910.0	9,714.0	11,716.0	10,918.0	16,675.0	26,914.0	26,974.0	60,922.0	130,497.0	191,084.6	230,579.0	288,191.7	345,003.4
Restated EBITDA (b)	944.0	2,121.0	3,409.0	4,066.0	3,227.0	5,629.0	11,215.0	5,769.0	34,480.0	83,318.0	114,550.4	147,613.4	188,214.7	228,876.1
Depreciation	(197.0)	(187.0)	(199.0)	(262.0)	(381.0)	(1,097.0)	(1,174.0)	(1,544.0)	(1,508.0)	(1,884.0)	(2,444.0)	(2,444.0)	(2,444.0)	(2,444.0)
Restated EBITA (b)	747.0	1,934.0	3,210.0	3,804.0	2,846.0	4,532.0	10,041.0	4,225.0	32,972.0	81,454.0	112,106.4	145,169.4	185,770.7	226,432.2
Reported operating profit (loss)	747.0	1,934.0	3,210.0	3,804.0	2,846.0	4,532.0	10,041.0	4,225.0	32,972.0	81,454.0	112,106.4	145,169.4	185,770.7	226,432.2
Net financial income (charges)	(4.0)	(29.0)	(16.0)	92.0	124.0	(124.0)	(100.0)	(43.0)	842.0	2,572.0	2,522.0	2,522.0	2,522.0	2,522.0
Affiliates														
Other														
Tax	(129.0)	(239.0)	(148.0)	246.0	(175.0)	(76.0)	(188.0)	186.0	(4,059.0)	(11,146.0)	(18,760.3)	(25,107.5)	(32,009.8)	(38,922.3)
Minorities														
Net attributable profit reported	614.0	1,666.0	3,046.0	4,142.0	2,795.0	4,332.0	9,753.0	4,368.0	29,755.0	72,880.0	95,868.1	122,583.8	156,282.9	190,032.2
Net attributable profit restated (c)	614.0	1,666.0	3,046.0	4,142.0	2,795.0	4,332.0	9,753.0	4,368.0	29,755.0	72,880.0	95,868.1	122,583.8	156,282.9	190,032.2
CASH FLOW HIGHLIGHTS (USDm)														
EBITDA (reported)	944.0	2,121.0	3,409.0	4,066.0	3,227.0	5,629.0	11,215.0	5,769.0	34,480.0	83,318.0	114,550.4	147,613.4	188,214.7	228,876.1
EBITDA adjustment (b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items	216.0	243.0	465.0	652.0	1,075.0	1,448.0	2,090.0	3,989.0	4,647.0	2,812.0	6,920.0	9,888.6	11,666.3	13,419.2
Change in WCR	46.0	(665.0)	(296.0)	(859.0)	689.0	(869.0)	(3,555.0)	(2,458.0)	(4,235.0)	(10,604.0)	15,718.2	(2,416.3)	(5,281.1)	(5,207.7)
Operating cash flow	1,206.0	1,699.0	3,578.0	3,859.0	4,991.0	6,208.0	9,750.0	7,300.0	34,892.0	75,526.0	137,188.6	155,085.7	194,599.9	237,088.8
Capex	(86.0)	(176.0)	(593.0)	(600.0)	(488.0)	(1,128.0)	(975.0)	(1,833.0)	(1,068.0)	(3,336.0)	(2,697.2)	(2,305.8)	(2,881.9)	(3,450.0)
Operating free cash flow (OpFCF)	1,120.0	1,523.0	2,985.0	3,259.0	4,503.0	5,080.0	8,775.0	5,467.0	33,824.0	72,290.0	134,491.4	152,779.9	191,717.9	233,638.8
Net financial items + tax paid	(31.0)	(27.0)	(77.0)	(116.0)	(230.0)	(387.0)	(642.0)	(1,658.0)	(6,801.0)	(11,398.0)	(19,012.3)	(25,359.5)	(32,261.8)	(39,174.3)
Free cash flow	1,089.0	1,496.0	2,908.0	3,143.0	4,273.0	4,693.0	8,133.0	3,809.0	27,023.0	60,892.0	115,479.1	127,420.4	159,456.2	194,464.5
Net financial investments & acquisitions	14.0	14.0	4.0	0.0	0.0	(8,524.0)	(263.0)	(49.0)	(83.0)	(1,007.0)	(383.0)	0.0	0.0	0.0
Other	82.0	(115.0)	(573.0)	(867.0)	(557.0)	(184.0)	(1,807.0)	(1,243.0)	(3,079.0)	(6,873.0)	0.0	0.0	0.0	0.0
Capital increase (decrease)	(587.0)	(739.0)	(909.0)	(1,579.0)	146.0	102.0	0.0	(10,038.0)	(9,533.0)	(33,706.0)	(29,095.0)	(35,108.5)	(43,880.8)	(52,310.0)
Dividends paid	(213.0)	(261.0)	(341.0)	(371.0)	(390.0)	(395.0)	(399.0)	(398.0)	(396.0)	(834.0)	(976.0)	(1,073.6)	(1,181.0)	(1,299.1)
Increase (decrease) in net financial debt	(385.0)	(395.0)	(1,089.0)	(326.0)	(3,472.0)	4,308.0	(5,664.0)	7,919.0	(13,932.0)	(18,472.0)	(85,025.1)	(91,238.2)	(114,394.5)	(140,633.8)
Cash flow, group share														
	1,129	2,337	3,797	4,602	4,072	6,690	12,663	8,100	32,326	74,732	102,458	132,142	167,619	203,122
BALANCE SHEET HIGHLIGHTS (USDm)														
Net operating assets	1,250	1,243	1,667	2,067	2,341	9,079	9,466	9,855	9,456	12,278	12,914	12,776	13,214	14,220
WCR	78	746	1,009	1,806	1,009	1,568	3,286	4,464	8,980	18,869	3,151	5,567	10,848	16,056
Restated capital employed, incl. gross goodwill	1,328	1,989	2,676	3,873	3,350	10,647	12,752	14,319	18,436	31,147	16,065	18,343	24,062	30,276
Shareholders' funds, group share	4,469	5,762	7,471	9,342	12,204	16,893	26,612	22,101	42,978	79,327	151,020	244,536	364,650	511,497
Minorities		0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions / Other liabilities	550	308	632	633	1,336	2,009	2,294	2,815	3,660	5,764	4,014	4,014	4,014	4,014
Net financial debt (cash)	(3,624)	(4,019)	(5,108)	(5,434)	(8,906)	(4,598)	(10,262)	(2,343)	(16,275)	(34,747)	(119,772)	(211,010)	(325,405)	(466,039)
FINANCIAL RATIOS (%)														
Sales (% change)	7.0%	37.9%	40.6%	20.6%	(6.8%)	52.7%	61.4%	0.2%	125.9%	114.2%	46.4%	20.7%	25.0%	19.7%
Organic sales growth														
Restated EBITA (% change)	(1.6%)	158.9%	66.0%	18.5%	(25.2%)	59.2%	121.6%	(57.9%)	NC	147.0%	37.6%	29.5%	28.0%	21.9%
Restated attributable net profit (% change)	(2.6%)	171.3%	82.8%	36.0%	(32.5%)	55.0%	125.1%	(55.2%)	NC	144.9%	31.5%	27.9%	27.5%	21.6%
Personnel costs / Sales	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
Restated EBITDA margin	18.8%	30.7%	35.1%	34.7%	29.6%	33.8%	41.7%	21.4%	56.6%	63.8%	59.9%	64.0%	65.3%	66.3%
Restated EBITA margin	14.9%	28.0%	33.0%	32.5%	26.1%	27.2%	37.3%	15.7%	54.1%	62.4%	58.7%	63.0%	64.5%	65.6%
Tax rate	17.4%	12.5%	4.6%	NC	5.9%	1.7%	1.9%	NC	12.0%	13.3%	16.4%	17.0%	17.0%	17.0%
Net margin	12.3%	24.1%	31.4%	35.4%	25.6%	26.0%	36.2%	16.2%	48.8%	55.8%	50.2%	53.2%	54.2%	55.1%
Capex / Sales	1.7%	2.5%	6.1%	5.1%	4.5%	6.8%	3.6%	6.8%	1.8%	2.5%	1.4%	1.0%	1.0%	1.0%
OpFCF / Sales	22.4%	22.0%	30.7%	27.8%	41.2%	30.5%	32.6%	20.3%	55.5%	55.4%	70.4%	66.3%	66.5%	67.7%
WCR / Sales	1.6%	10.8%	10.4%	15.4%	9.2%	9.4%	12.2%	16.5%	14.7%	14.5%	1.6%	2.4%	3.8%	4.7%
Capital employed (excl. gdw. / intangibles) / Sales	10.9%	17.1%	19.3%	26.2%	22.8%	71.4%	57.7%	67.9%	36.4%	27.0%	10.5%	9.7%	9.8%	9.9%
ROE	13.7%	28.9%	40.8%	44.3%	22.9%	25.6%	38.6%	19.8%	69.2%	91.9%	63.5%	50.1%	42.9%	37.2%
Gearing	(78%)	(68%)	(67%)	(57%)	(72%)	(26%)	(38%)	(10%)	(38%)	(44%)	(79%)	(86%)	(89%)	(91%)
EBITDA / Financial charges	NS	NS	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
Adjusted financial debt / EBITDA	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
ROCE, excl. gdw. / intangibles	113.5%	142.9%	163.7%	109.1%	107.8%	37.4%	63.4%	20.3%	130.7%	200.8%	NS	NS	NS	NS
ROCE, incl. gross goodwill	46.5%	85.0%	114.4%	86.4%	79.9%	41.8%	77.3%	26.0%	157.4%	226.8%	NS	NS	NS	NS
WACC	9.7%	10.0%	9.7%	9.2%	9.7%	9.0%	8.3%	9.5%	8.9%	7.8%	7.9%	7.9%	7.9%	7.9%

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# Investment summary

## AI Factories - What we have done

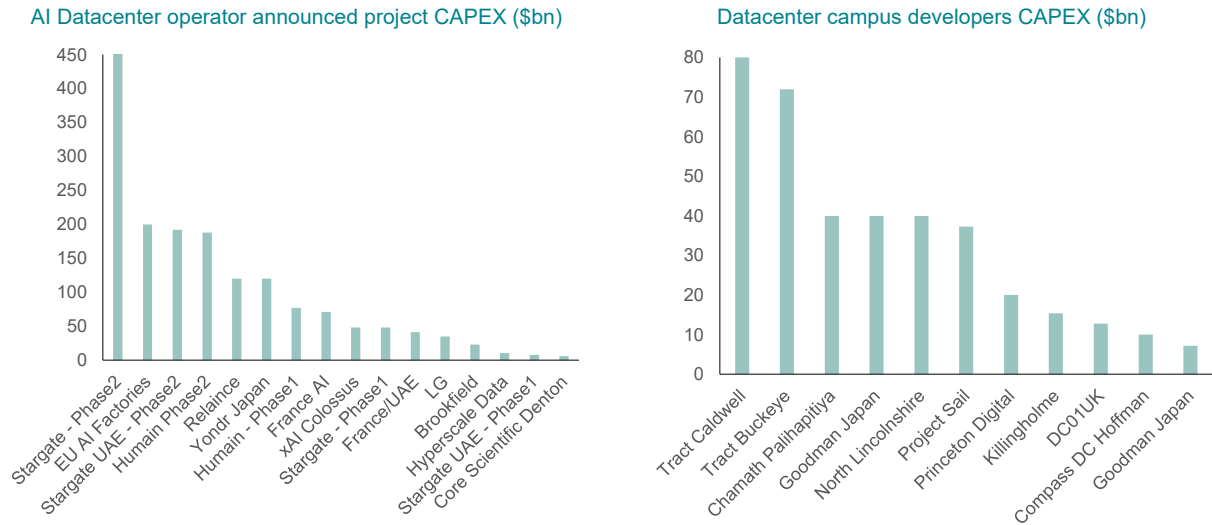
We have dug into AI Factories to figure out where we stand and try to evaluate what this means for AI Compute. As part of this deep dive, we have built a proprietary database of Enterprise AI factories announced till date and dissect the CAPEX across the different buckets of investment needed in a Datacenter across chips vs. Infrastructure (building, power, cooling etc.). We also look into the Hyperscaler Datacenter CAPEX mix. Our proprietary database and models are available upon request.

## Key finding # 1: \$2Tr CAPEX opportunity

Till date, we have tracked Enterprise AI (or AI Factories) projects representing a total of \$2,015bn in gross CAPEX. This is over the period between 2025-35, with the bulk of spending likely happening over the next 5-years. Of this, \$1,640bn stems directly from AI factory operators like Stargate or Humain. And a potential \$375bn derived from projects led by campus developers. Campus developers are those who build AI Datacenter and sub lease out the space for customers to rent and equip with their own hardware.

**Figure 1: Our AI Factory tracker of announced projects captures \$2Tr in gross CAPEX, with Datacenter Operators accounting for c.80% and Campus Developers c.20%**

AL Datacenter announced projects across Datacenter Operators and Campus developers



Source: BNP Paribas Exane, Company data and press releases

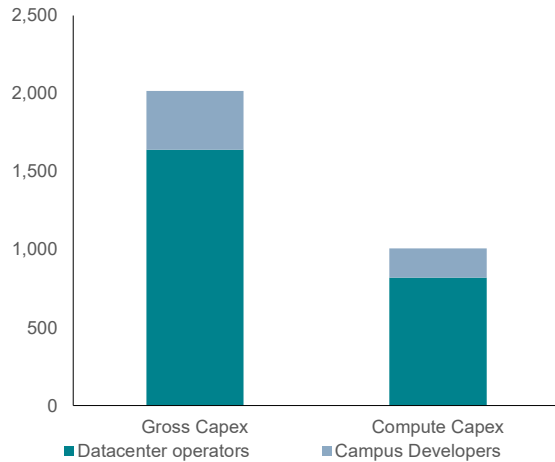
## Key finding #2: \$1Tr Compute opportunity between 2025-35

We expect this total AI Factory CAPEX announcements to translate into a \$1,008bn demand for compute (mainly GPU) chips, over the next 5+ years. Of this approx. \$820bn is likely to be generated by AI factory operators and a potential \$188bn derived from projects currently led by campus developers. On average, spending on chips in Datacenter is c.50% of the gross CAPEX.

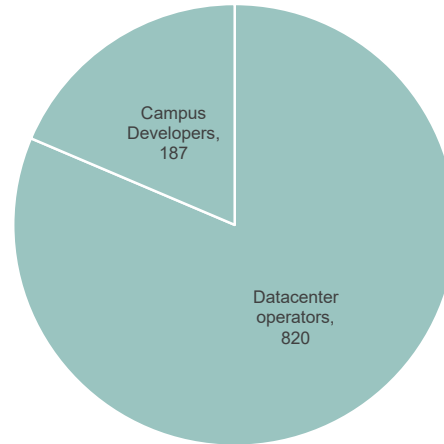
**Figure 2: We estimate the \$2Tr AI Factory CAPEX will translate into c.\$1Tr of AI Compute opportunity**

AI Factory Datacenter CAPEX versus Datacenter Compute and Datacenter operator

AI Factory Gross CAPEX vs Compute spend (\$bn)



AI Factory Compute spend by Datacenter provider (\$bn)



Source: BNP Paribas Exane estimates

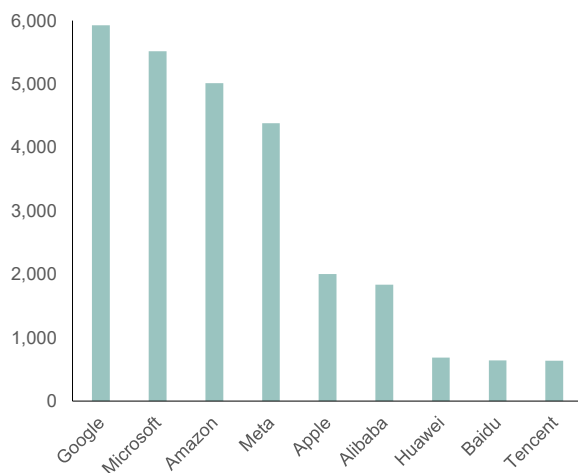
From our conversations with Datacenter operators and hyperscalers and analyzing AI Factory announcements, we estimate the gross CAPEX of AI factories to be around \$35-45bn per GW. Of this c.50% is dedicated to infrastructure and 50% to chips.

### Key finding #3: Driving demand for an additional 53 GW of electrical power

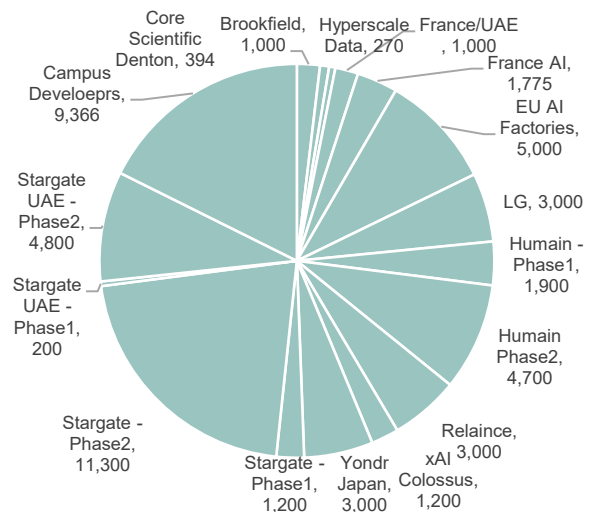
In terms of power consumption, these AI Factory projects will drive demand for 53GW of additional electrical power over the next 5-10 years, with the majority coming online over the next 5-year timeframe. To put this 53GW in perspective, this compares to hyperscalers who currently have an installed AI Datacenter capacity of about c.30GW in 2024, based on our analysis.

**Figure 3: AI Factory projects to drive demand for 53GW in incremental power over 2025-35, which corresponds to 1.8x Hyperscaler installed capacity (c.30GW) as of 2024**

Hyperscaler Datacenter Capacity (MW) in 2024



AI Factory announced projects power demand (GW)

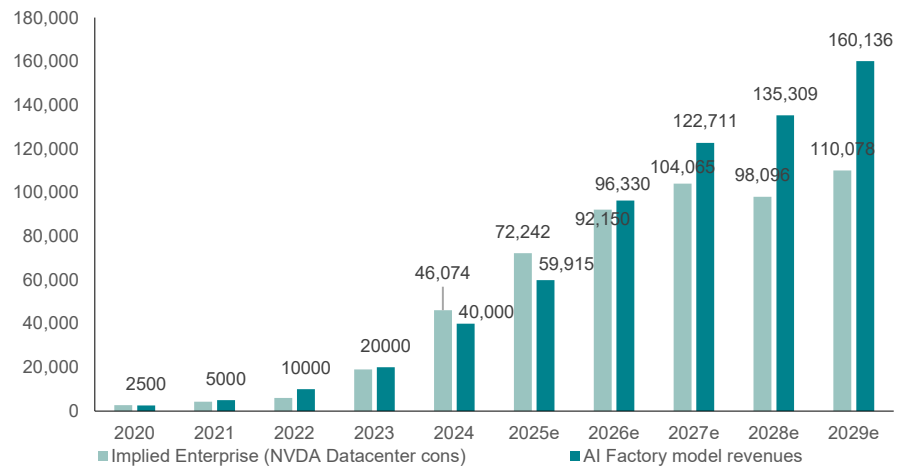


Source: BNP Paribas Exane estimates; Datacenter Dynamics

## AI Factory compute spends to grow at a 28% CAGR to \$160bn

AI Factories / AI Enterprise spending on compute is set to increase at a 28% CAGR from c.\$60bn in CY25 to \$160bn by CY29, on the back of AI Factories currently announced. As more AI workloads get deployed, we expect more projects to be announced driving future growth beyond 2029.

**Figure 4: We estimate AI factory compute revenues reaching \$160bn by 2029, growing at 28% CAGR, which is c.30% above Nvidia Enterprise consensus**  
Enterprise AI Compute (\$bn)



Source: BNP Paribas Exane estimates, Company data; Bloomberg consensus

At this point in time, we currently expect the remaining \$430bn in Compute CAPEX to be deployed beyond 2029, but stress that visibility declines beyond 2030.

Over time, as more AI workloads get developed and deployed at enterprises, we expect new AI Factory projects will be announced, adding to the above total CAPEX spending.

## NVDA to grab the lion's share

AI Factories will primarily be powered by GPUs to run training and inference workloads for enterprise companies, with NVDA likely to be the primary beneficiary. There will be a portion of capacity allocated to ASIC's for very large customers and specific AI workloads (see our [ARM: B-ASIC Instinct](#) note). In 2024, NVDA indicated that its Datacenter Enterprise revenues were c.40% of its Datacenter revenues or c.\$40bn. We expect this to grow at a 50% CAGR in CY25 to \$60-70bn and continue to represent c.40% of Nvidia Data center revenues.

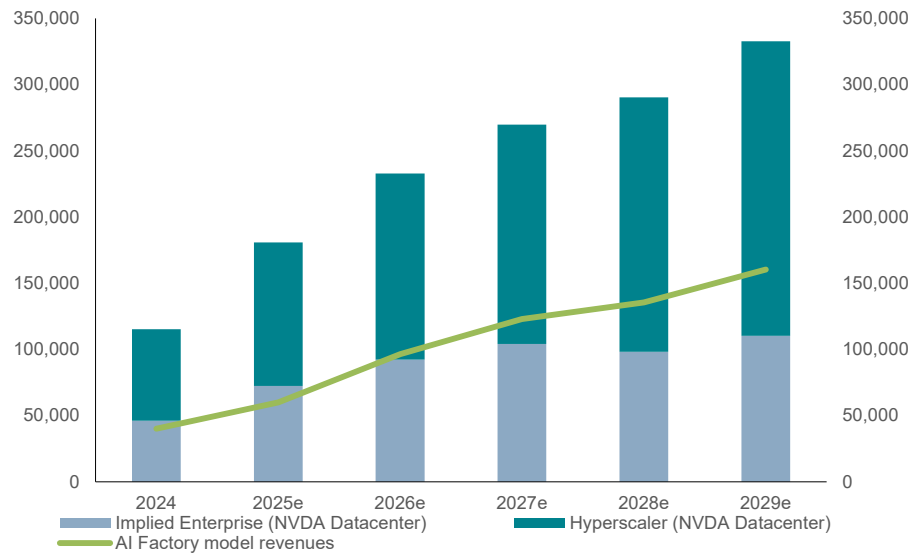
## NVDA consensus for AI Factory revenues too low

NVDA total datacenter consensus revenues are expected to grow at a 16% CAGR over 2025-29, which is a combination of Hyperscaler and Enterprise revenues. By backing out the Hyperscaler revenues, which are set to grow at a c.20% CAGR, from the consensus, the implied Enterprise/AI Factory revenues only grow at an 11% CAGR to \$110bn by 2029 vs. \$60-70bn in 2025. This is c.30% below our AI Factory revenue estimate of \$160bn by 2029. In absolute terms, this is a c.\$50bn difference and corresponds to c.15% of 2029 Datacenter revenue consensus currently.

Our analysis of AI Factory compute CAPEX suggests 2027-29 Nvidia Datacenter consensus revenues are 7-15% lower when we factor in AI Factory announcements.

**Figure 5: We estimate AI Factory revenues growing at a c.28% CAGR to 2029 vs. Hyperscaler revenues growing at a c.20% CAGR, implying current Nvidia Datacenter cons. c.7-15% lower over 2027-29**

Nvidia Datacenter revenue split by end customer type vs. BNPPE AI Factory revenues (\$m)



Source: BNP Paribas Exane estimates

### Raise our FY28 EPS by 7% and introduce our FY29-30 estimates

While we don't make any short-term changes, we raise FY28 non-GAAP EPS by 7% on the back of higher AI Factory revenues in Nvidia's Datacenter business. We also introduce our FY29-30 estimates incorporating AI Factory revenues growing at a 28% CAGR over 2025-29, based on current announcements.

**Figure 6: We raise FY28 EPS by 7% on higher AI Factory revenues and introduce our FY29-30 estimates**

Change to estimates

USDm	Old FY26	Old FY27	Old FY28	New FY26	New FY27	New FY28	New FY29	New FY30	Diff. % FY26	Diff. % FY27	Diff. % FY28
Gaming	13,241	12,636	13,662	13,241	12,636	13,662	14,628	15,495	0%	0%	0%
% y/y growth	17%	-5%	8%	17%	-5%	8%	7%	6%			
Professional	2,219	2,100	2,200	2,219	2,100	2,200	2,300	2,400	0%	0%	0%
% y/y growth	18%	-5%	5%	18%	-5%	5%	5%	4%			
Datacenter	172,907	213,015	251,134	172,907	213,015	269,034	324,463	381,850	0%	0%	7%
% y/y growth	50%	23%	18%	50%	23%	26%	21%	18%			
Auto	1,961	2,528	2,995	1,961	2,528	2,995	3,313	3,531	0%	0%	0%
OEM & IP	441	300	300	441	300	300	300	300	0%	0%	0%
<b>Revenue</b>	<b>191,085</b>	<b>230,579</b>	<b>270,292</b>	<b>191,085</b>	<b>230,579</b>	<b>288,192</b>	<b>345,003</b>	<b>403,576</b>	<b>0%</b>	<b>0%</b>	<b>7%</b>
% y/y growth	46%	21%	17%	46%	21%	25%	20%	17%			
Gross margin %	70.5%	74.3%	74.8%	70.5%	74.3%	74.8%	75.2%	75.2%	0 bps	0 bps	-2 bps
OPEX	15,839	19,671	23,144	15,839	19,671	23,144	26,532	29,748	0%	0%	0%
% y/y growth	35%	24%	18%	35%	24%	18%	15%	12%			
<b>Operating profit</b>	<b>118,895</b>	<b>151,705</b>	<b>178,971</b>	<b>118,895</b>	<b>151,705</b>	<b>192,307</b>	<b>232,969</b>	<b>273,682</b>	<b>0%</b>	<b>0%</b>	<b>7%</b>
% margin	62%	66%	66%	62%	66%	67%	68%	68%			
PTP [gaap]	114,628	147,691	174,957	114,628	147,691	188,293	228,955	269,668	0%	0%	8%
Net Income [non-gaap]	102,142	129,120	151,750	102,142	129,120	162,819	196,568	230,361	0%	0%	7%
Net Income [gaap]	95,868	122,584	145,214	95,868	122,584	156,283	190,032	223,825	0%	0%	8%
EPS [non-gaap]	4.2	5.3	6.3	4.2	5.3	6.8	8.3	10.0	0%	0%	7%
EPS [gaap]	3.9	5.0	6.1	3.9	5.0	6.5	8.1	9.7	0%	0%	8%
<b>EPS (non-gaap)</b>	<b>4.2</b>	<b>5.3</b>	<b>6.3</b>	<b>4.2</b>	<b>5.3</b>	<b>6.8</b>	<b>8.3</b>	<b>10.0</b>	<b>0%</b>	<b>0%</b>	<b>7%</b>
% y/y growth	39%	28%	19%	39%	28%	28%	23%	20%			

Source: BNP Paribas Exane estimates

Relative to Bloomberg consensus, our new FY29/30 EPS estimates stand 14/15% ahead. While our FY26-28 estimates straddle consensus.



**Figure 7: Our FY26-28 estimates straddle consensus, while our FY29/30 estimates are 14/15% ahead on higher AI Factory assumptions**

BNPPE estimates vs consensus

USDm	FY26 BNPP	FY26 Cons	%Diff	FY27 BNPP	FY27 Cons	%Diff	FY28 BNPP	FY28 Cons	%Diff	FY29 BNPP	FY29 Cons	%Diff	FY30 BNPP	FY30 Cons	%Diff
<b>Gaming</b>	13,241	15,481	-14%	12,636	16,387	-23%	13,662	16,854	-19%	14,628	19,214	-24%	15,495	20,811	-26%
% y/y growth	17%	31%		-5%	6%		8%	3%		7%	14%		6%	8%	
<b>Professional</b>	2,219	2,162	3%	2,100	2,417	-13%	2,200	2,680	-18%	2,300	3,859	-40%	2,400	4,622	-48%
% y/y growth	18%	16%		-5%	15%		5%	11%		5%	44%		4%	20%	
<b>Datacenter</b>	172,907	180,825	-4%	213,015	233,444	-9%	269,034	271,829	-1%	324,463	290,239	12%	381,850	332,596	15%
% y/y growth	50%	59%		23%	29%		26%	16%		21%	7%		18%	15%	
<b>Auto</b>	1,961	2,569	-24%	2,528	3,396	-26%	2,995	4,522	-34%	3,313	5,625	-41%	3,531	7,326	-52%
% y/y growth	16%	64%		29%	32%		18%	33%		11%	24%		7%	30%	
<b>OEM</b>	441	457	-3%	300	479	-37%	300	504	-40%	300	766	-61%	300	942	-68%
<b>Revenue</b>	<b>191,085</b>	<b>201,540</b>	<b>-5%</b>	<b>230,579</b>	<b>253,938</b>	<b>-9%</b>	<b>288,192</b>	<b>294,329</b>	<b>-2%</b>	<b>345,003</b>	<b>314,939</b>	<b>10%</b>	<b>403,576</b>	<b>365,275</b>	<b>10%</b>
% y/y growth	46%	56%		21%	26%		25%	16%		20%	7%		17%	16%	
Gross margin %	70.5%	70.8%	-29 bps	74.3%	73.7%	66 bps	74.8%	73.2%	155 bps	75.2%	71.8%	339 bps	75.2%	75.4%	-18 bps
Opex %	15,839	16,443	-4%	19,671	17,986	9%	23,144	17,747	30%	26,532	18,807	41%	29,748	33,760	-12%
% y/y growth	35%	26%		24%	9%		18%	-1%		15%	6%		12%	80%	
Operating profit	118,895	126,242	-6%	151,705	169,079	-10%	192,307	197,718	-3%	232,969	207,392	12%	273,682	241,535	13%
% margin	62%	63%		66%	67%		67%	67%		68%	66%		68%	66%	
<b>EPS adj</b>	<b>4.16</b>	<b>4.38</b>	<b>-5%</b>	<b>5.31</b>	<b>5.87</b>	<b>-10%</b>	<b>6.79</b>	<b>6.81</b>	<b>0%</b>	<b>8.34</b>	<b>7.31</b>	<b>14%</b>	<b>9.96</b>	<b>8.65</b>	<b>15%</b>
% y/y growth	39%	49%		28%	34%		28%	16%		23%	7%		20%	18%	

Source: BNP Paribas Exane estimates; Bloomberg consensus

### Raising Nvidia TP to \$220

We raise our TP for Nvidia to \$220 (from \$170), rolling forward out valuation to FY28 (vs FY27) and using a P/E multiple of ~33x (unchanged), in order to capture more of the AI Factory opportunity.

### Reiterate O/P on Nvidia

We remain buyers of Nvidia. Stock rallied by c.30% during the last quarter. And while valuation may start to look expensive in the near term, we see upside potential looking further out.



## Breaking down Hyperscaler CAPEX

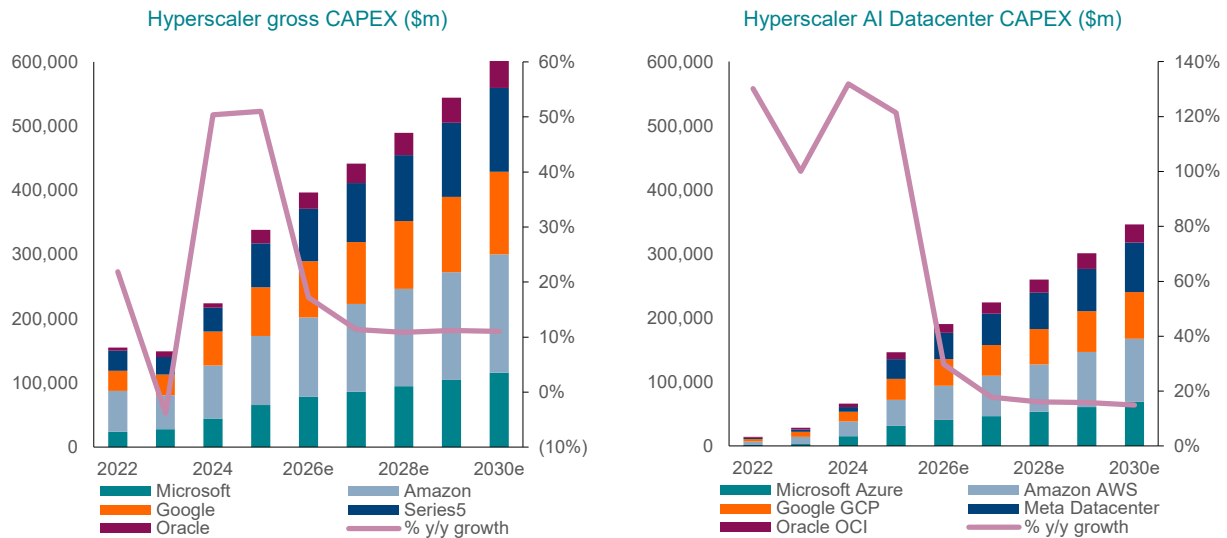
Many investors look at growth in gross CAPEX as a proxy for AI Datacenter compute growth, which we think is not quite accurate given mix effects. Here we delve into the details of going from hyperscaler CAPEX to chip CAPEX and the importance of mix effects.

### From Hyperscaler gross CAPEX to AI datacenter CAPEX

Gross CAPEX for Hyperscalers contains many different buckets of spending, depending on the business model. But a significant portion of Hyperscaler CAPEX is for building out Datacenters which in today's world means AI Datacenters. Below is a breakdown from the BNPPE software team reflecting the portion of gross CAPEX dedicated towards AI Datacenters. Subsequently on results conf-calls earlier this week both MSFT/Meta management indicated higher capex run-rates for 2026, see [Strong Hyperscaler steer on 2026 capex and better mix](#).

BNPPE software team estimates that Hyperscaler gross CAPEX will grow at a 13% CAGR over 2025-29, but within this, AI Datacenter CAPEX will likely grow at a 20% CAGR.

**Figure 8: BNPPE expects Hyperscaler gross CAPEX to increase at a 13% CAGR 2025-29, but the AI Datacenter portion of this will grow at a c.20% CAGR**



Source: Company Reports, BNP Paribas Exane Software Team estimates

The reason for the delta is because AI Datacenter CAPEX is growing faster than group as more dollars are allocated to AI. Our software team estimates that in CY25 c.44% of Hyperscaler gross CAPEX will be allocated to AI Datacenter spending vs. c.30% last year and sub-10% 3-years ago. This is likely to increase going forward as crunching AI data is where the incremental revenue opportunity lies. By 2030, the team estimates that c.80% of gross CAPEX of hyperscalers will be dedicated to AI Datacenters and the remaining 20% to more traditional datacenters and other CAPEX expenditures (office buildings, licenses etc.).

**Figure 9: By 2030 c.80% of Hyperscaler CAPEX will be allocated to AI Datacenters vs. c.44% in 2025**

% Hyperscaler AI CAPEX as % of gross CAPEX

	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
% AI of Gross CAPEX	9%	19%	30%	44%	52%	59%	65%	71%	78%
Microsoft	7%	11%	35%	48%	56%	58%	61%	64%	69%
Amazon	9%	22%	27%	39%	49%	56%	65%	72%	80%
Google	12%	24%	29%	44%	53%	58%	63%	69%	73%
Oracle	30%	31%	78%	51%	54%	63%	69%	74%	81%
Meta	6%	14%	20%	46%	52%	63%	72%	80%	89%

Source: Company Reports, BNP Paribas Exane software team estimates

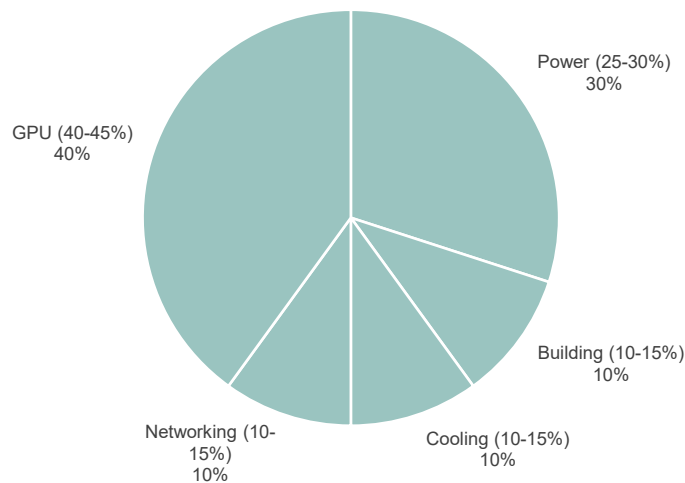
### From Hyperscaler datacenter CAPEX to chip spending

AI Datacenter CAPEX is essentially spent on building out datacenter and equipping them with servers. It takes 2-3 years for a Hyperscaler to build out the shell of an AI Datacenter. It then takes c.1 year to equip the Datacenter with servers at which point it becomes operational. This is followed by 6-7 years of monetization, in theory.

The CAPEX to build out a greenfield AI Datacenter is split c.50% for the infrastructure and c.50% for the server/networking portion. Following our conversations with industry experts and Hyperscalers, we arrive at the below split.

**Figure 10: Datacenter CAPEX is split c.50% for chips and c.50% for the infrastructure (building, cooling, power)**

Datacenter CAPEX split



Source: BNP Paribas Exane estimates

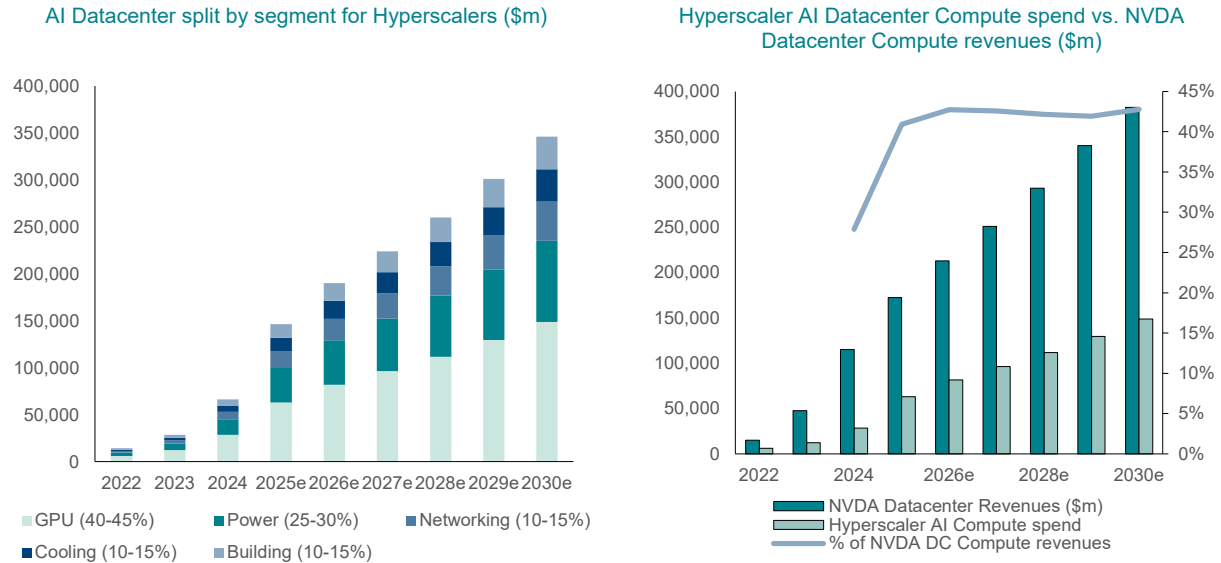
– Power (25-30%): Currently this is the longest pole in getting a new datacenter stand up as availability of power is an issue. Typically, a hyperscaler will have an agreement in place with the local utility company. Also, hyperscalers are very active in the energy market in procuring bulk power to give more control and flexibility and working with nuclear (SMR's). However, the speed at which Silicon Valley moves is significantly faster than the utility industry, so hyperscalers are becoming more resourceful in how they source the power for their new datacenters. For instance, some hyperscalers (Amazon) are building their own mini power plants as well as investing in renewable energy projects to generate more sustainable energy to power the datacenter. Further, hyperscalers are looking outside the US from where they can potentially source cheap electricity i.e. Middle East. Power typically accounts for c.25-30% of the CAPEX.

- Building (10-15%): Building the shell of the datacenter takes about 1-2 years, depending on size, location, permission etc. and accounts for 10-15% of datacenter CAPEX. A lot of planning goes into selecting the location of the datacenter.
- Cooling (10-15%): Datacenters use a lot of energy to do work (Compute stuff) and this energy ultimately ends up as heat generated by the datacenter. This heat needs to be extracted and cooled, otherwise the compute chips will overheat and not function anymore. The rule of thumb in the industry is that for every watt of electricity that's used for compute, an additional watt is needed for air cooling, so the cooling infrastructure consumes significant electricity as well in a datacenter. Further, as the power consumption of chips goes above 1,000 watts, air-cooling is no longer sufficient and immersive cooling is required, which has better leverage vs air cooling in that 1:1 ratio mentioned above. Hyperscalers need to invest in liquid cooling, which costs more than air cooling, representing c.20% of CAPEX.
- Networking (10-15%): In a datacenter the Compute servers need to be interconnected both within the server (scale-up) and server rack to server rack (scale-out). This is to accommodate the east-west traffic in a datacenter, which accounts for the majority of data movement in a datacenter. Networking is also required to enable the connection of the datacenter to the outside world i.e. north-south traffic. Networking typically accounts for 10-15% of the datacenter CAPEX.
- Compute (40-45%): The most expensive element in a datacenter is the server boxes within which you have the Compute chip i.e. AI and CPU chips. This can account for c.40-45% of the datacenter CAPEX on average. While the cost of the power/space/building is spread out over 2-2.5 years, the cost for datacenter Compute is largely expensed in a single year (size dependent). Hyperscalers typically give chip suppliers visibility of 1-year on their supply requirements.

Compute in a datacenter comes in different flavors depending on what workloads are planned. For instance, there may be 6 or more different Compute platforms with different performance metrics, so this 40-45% level of CAPEX can vary depending on workload requirements. For instance, we estimate a Compute box for AI can be over \$20m per MW. This compares to traditional CPU servers where the Compute box can be c.\$10m per MW.

So, splitting out Hyperscaler AI CAPEX based on the above, we estimate the Hyperscaler Compute spend at \$63bn in 2025, using the above c.40-45% split for Compute. However, when we compare this to Nvidia Datacenter Compute revenues it only implies c.41% of datacenter sales in 2025, which is c.15pts lower than what Nvidia previously indicated. We note that 1) spending on AI chips could be higher than our 40-45% average assumption; and 2) China is not part of our above Hyperscaler sample, and China represents c.10-15% of Nvidia Datacenter revenues ex tariff impact.

**Figure 11: AI Compute represents the largest portion of AI Datacenter CAPEX at 40-45% of spend on average. This implies c.41% of NVDA Datacenter Compute revenues in 2025, but note China excluded from analysis**



Source: Company Reports, BNP Paribas Exane estimates

### Hyperscaler mix a c.17% swing factor of Datacenter sales in 2026

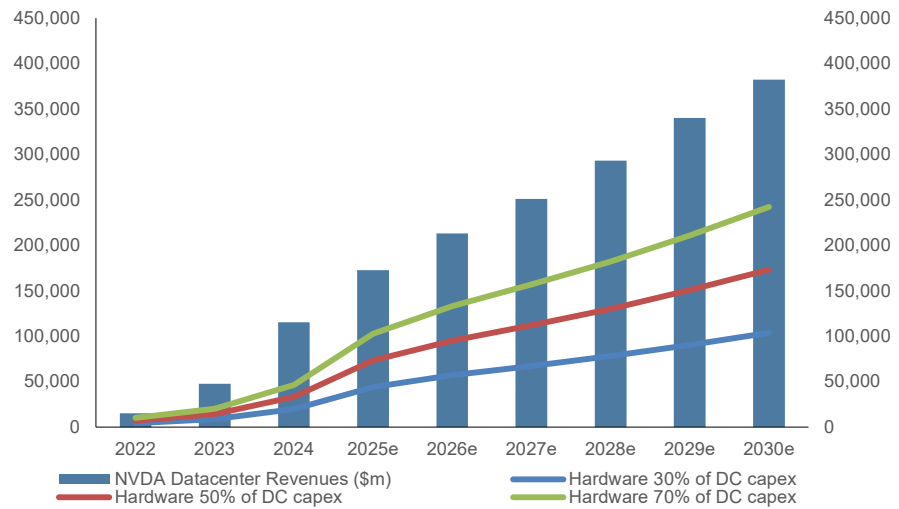
While the average chip spend through the lifetime of an AI Datacenter is 50:50 chips vs. infrastructure, this can vary in any particular year. For instance, on Google's recent conference call they mentioned that c66% of their AI Datacenter CAPEX was for chips. And as mentioned above, in any Datacenter buildout the infrastructure needs to be built out first. So, the spend on chips can be c.33% in earlier years and ramp up to c.70% as the AI Datacenter project progresses to operational status.

This can drive a meaningful swing factor in revenues for Nvidia. For instance, in 2026 we estimate that at a 50:50 Hyperscaler spending mix, implied Nvidia Datacenter revenues in our sample would be \$95bn. While a 70:30 mix would imply revenues of \$133bn i.e. a \$38bn difference or c.17% of Datacenter sales in 2026.

Mix is an important consideration given this c.17% swing factor and is omitted by just looking at gross CAPEX numbers and growth rates. For instance, while gross CAPEX may be growing at only c.13% CAGR, AI Datacenter CAPEX is growing at a c.20% CAGR and given mix considerations could be growing at a 40% CAGR, in any one year as you move from infrastructure investment to server deployment.

**Figure 12: Hyperscaler spend on AI Datacenter chips can vary from 30% early in a project to c.70% in year-3 of the buildout and could imply a c.\$40bn swing factor in Nvidia Datacenter revenues in 2026**

Nvidia Datacenter revenues (\$m)



Source: Company Reports, BNP Paribas Exane estimates

### 1GW Datacenter is \$40bn in gross CAPEX

Our industry checks suggest that CAPEX requirement for an AI Datacenter is c.\$40m per MW (megawatt) or \$4 per watt. This is almost double vs. what is required for a traditional datacenter.

**Figure 13: We estimate a 1GW AI Datacenter costs \$40bn in CAPEX**

Hyperscaler gross CAPEX for 1GW AI Datacenter (\$m)

Hyperscaler CAPEX split	%	Cost per MW	Cost for 1GW	Comment
Power	25-30%	12	12,000	2-3 years Infra
Building	10-15%	4	4,000	2-3 years Infra
Cooling	10-15%	4	4,000	2-3 years Infra
Networking	10-15%	4	4,000	1-year Chips
GPU	40-45%	16	16,000	1-year Chips
<b>Total</b>	<b>100%</b>	<b>40</b>	<b>40,000</b>	

Source: BNP Paribas Exane estimates

This \$40bn per GW is valid irrespective of the scale up architecture as we show in the table below across NVL36 to NVL72 to NVL576 architectures.

**Figure 14: We estimate the cost of AI factories at around (mid-point) of \$40bn/GW (\$35-45bn/GW)**

\$/GW for current and future AI factory configuration

	NVL36	NVL72	NVL288	NVL576
AI Factory Campus Power (GW)	1.0	1.0	1.0	1.0
Power for Facilities (non-compute)	20%	20%	20%	20%
Effective Power for Compute (GW)	0.8	0.8	0.8	0.8
	NVL36	NVL72	NVL288	NVL576
Power Consumption per Rack (kW)	66	120	528	1162
# Racks per AI Factory	12,120	6,666	1,514	688
	NVL36	NVL72	NVL288	NVL576
# GPUs per Rack	36	72	144	144
GPU Reticle Size	1	1	2	4
NVL 72 GPU Equivalent	36	72	288	576
Gen N+1/Gen N Ratio of GPUs (NVL72 base)	0.5	1	4	2
Non-Compute (e.g. switch) Overhead (per GPU)	15%	15%	15%	15%
List Price/Compute Rack (k\$)	1,500	3,000	14,400	34,560
Compute Investment (\$bn)	18.2	20.0	21.8	23.8
Compute CAPEX vs Total CAPEX	50%	52%	55%	57%
Total Facility (\$bn)	18.2	18.2	18.2	18.2
Total Investment (\$bn)	36.36	38.18	39.98	41.96
<b>Investment (\$bn/GW)</b>	<b>36.36</b>	<b>38.18</b>	<b>39.98</b>	<b>41.96</b>

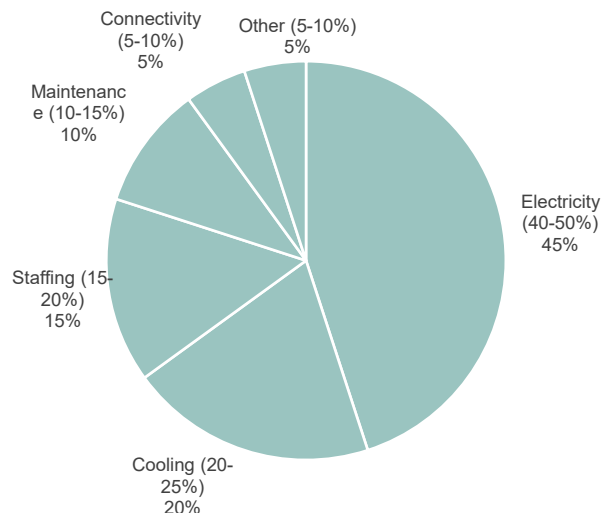
Source: BNP Paribas Exane estimates

After a datacenter is constructed and becomes operational, the annual OPEX for a Datacenter is c.10% of the gross CAPEX. So, for instance a 1GW AI datacenter which costs \$40bn in gross CAPEX to make it operational, will have an annual OPEX of \$4bn.

Interestingly, the largest portion of this is electricity, which can account for 40-50% of the datacenter OPEX. So, essentially the annual electricity cost for a 1GW AI Datacenter will be c.\$2bn. This is why Hyperscalers are adopting energy efficient chips and architectures in order to minimize the electricity cost.

**Figure 15: Annual OPEX for an AI Datacenter is c.10% of the gross CAPEX, o/w half the OPEX is the electricity cost**

Datacenter annual OPEX split



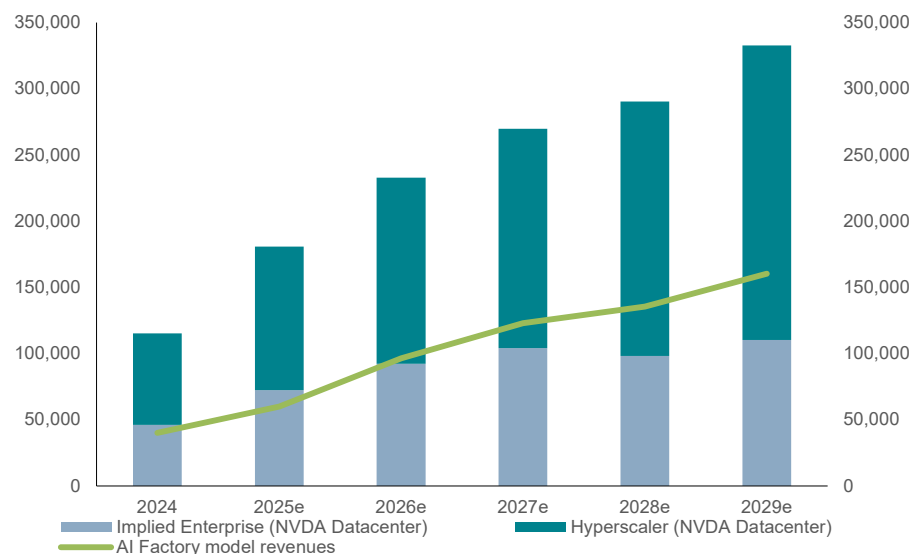
Source: BNP Paribas Exane estimates

## AI Factories - What's implied for NVDA

Our analysis suggests that the implied Enterprise/AI Factory consensus revenues for Nvidia's Datacenter business are c.7-15% lower over 2027-29, based on currently announced AI Factories.

**Figure 16: We estimate AI Factory revenues growing at a c.28% CAGR to 2029 vs. Hyperscaler revenues growing at a c.20% CAGR, implying the current Nvidia Datacenter cons. c.7-15% lower over 2027-29**

Nvidia Datacenter revenue split by end customer type vs. BNPPE AI Factory revenues (\$m)



Source: Company Reports, BNP Paribas Exane estimates

### Nvidia Hyperscaler revenues are growing at 20% CAGR

Consensus Datacenter revenues for Nvidia are estimated to grow at a c.16% CAGR out to 2029. This is composed of Hyperscaler revenues and Enterprise/AI Factory revenues.

Assuming Nvidia Hyperscaler revenues grow in-line with Hyperscaler AI CAPEX, this means a c.20% CAGR out to 2029, based off a 2025 baseline. Effectively doubling from \$100bn in 2025 to over \$200bn in 2029.

### Implies Enterprise revenues growing at an 11% CAGR to \$110bn by 2029

This implies that Enterprise revenues (basically AI Factory revenues) are set to grow at only an 11% CAGR from \$70bn in 2025 to \$110bn by 2029. We assume that the split in 2025 Nvidia Datacenter revenues is similar to 2024, with a 60% Hyperscaler and 40% Enterprise revenue split.

### AI Factory revenues to grow at a 28% CAGR to \$160bn by 2029

By contrast, our bottom-up analysis of AI Factories so far announced indicates Datacenter revenues of \$160bn by 2029, which corresponds to a c.28% CAGR.

As indicated in the chart above, this corresponds to a \$20-50bn difference in our AI Factory revenue estimates vs. what's embedded in the current Nvidia Datacenter consensus i.e. 7-15% of 2027-29 Datacenter consensus revenues.



## AI Factories stacking up

We have conducted a census of AI Factory projects. We have identified a total of 24 projects out of which 13 are being led by data center operators themselves (e.g. Open AI, xAI...) and an additional 11 are led by data center campus developers.

### What we have done

We have built a proprietary database of Enterprise AI factories broken down by data center operators and data center campus developers.

**Figure 17: We have identified 13 AI factory projects driven by data center operators**

AI Factory projects by data center operators

Project Name	Region	Country	Location	Owning Org.	Area	Power Req. (MW)	Investment (\$ bn)	Descript. & Timeline	Project Type	Announc. Date
Brookfield Data Centers	Europe	France	N/A	Brookfield Asset Management	N/A	1 GW	€20 billion/\$23 billion	25-'30	New Site	Mar-25
Core Scientific	America	United States	Texas, Denton	Data4 Core Scientific	N/A	394 MW	\$6.1 billion	Launch in '27	New Site	Dec-24
Denton AI Data Center	America	United States	Michigan	Hyperscale Data	34 acres	340 MW	N/A	Currently 30MW. + 40MW by Q2'27. + 270MW by Q3'29	Expansion	Jul-25
Hyperscale Data										
France/UAE Data Center	Europe	France	TBD	Franco-Emirati Consortium	N/A	1 GW	\$31-52 billion	TBD	New Site	Feb-25
France AI Initiative (Including France/UAE DC)	Europe	France	TBD	TBD	N/A	N/A	€109 billion/\$11.5 billion	TBD	New Site	Feb-25
EU AI Factories	Europe	Multiple			N/A	N/A	€200 billion/\$234 billion	Operation in '25-'26	New Site	Feb-25
LG Electronics AI Data Center	Asia	South Korea	Jeollanam-do provinc, Korea	LG Electronics	N/A	3GW	\$35 billion	Construction starts '25. Completion '28	New Site	Mar-25
Humain project	Middle East	Saudi Arabia		Public Investment Fund (PIF)		6.6 GW (by 2034)	\$77 billion	50MW/18k GPU in '26, 1.9GW in '30, 6.6GW by '34	New site	May-25
Reliance Industries Data Center	Asia	India	Gujarat, Jamnagar	Reliance Industries	N/A	3 GW	N/A	TBD	New Site	Feb-25
xAI Colossus	America	United States	Whitehaven, Memphis, Tennessee	xAI (+ Dell, Supermicro)	1,000,000 ft2		N/A	Phase 1 (100K) & 2 (additional 100K) completed. 1M GPUs timing TBD	New site	Mar-25
Yondr Japan Data Centers	Asia	Japan	Western Tokyo	Yondr Group, Marubeni Corporation	N/A	3 GW	N/A	TBD	New Site	Mar-24
Stargate Initiative	America	United States	Texas	SoftBank, OpenAI, Oracle, MGX, Arm, Microsoft, Nvidia	N/A	1.2 GW for campus 1	\$500 billion	10 DC	New Site	Jan-25
Stargate UAE	Middle East	UAE	Abu Dhabi	OpenAI, G42	N/A	5 GW	N/A	200MW in '26. Then 5GW cluster	New Site	Jun-25

Source: BNP Paribas Exane estimates; Company data and press releases

What we have not included:

- According to Bloomberg, xAI is in discussions to lease data center capacity in Saudi Arabia. Reportedly, the company is in discussion with two potential partners: Humain, a Saudi-backed AI company, and another company building a smaller but more immediately available 200-megawatt facility. For lack of confirmation on any number now, we haven't included this potential project into our list above.

We have also tracked announcements by Datacenter Campus Developers. These Campus developers have a different business model - will build out the infrastructure and sub-lease out the space to Enterprises.

#### Figure 18: We have also identified AI Factory projects led by campus developers

Note: Investment for campus developers does not include investment for compute

Project Name	Region	Country	Location	Owning Org.	Area	Power Req. (MW)	Investment (\$ bn)	Descript. & Timeline	Project Type	Announce. Date
Project Sail	America	United States	Georgia, Coweta County	Atlas Development	4,900,000 ft2	N/A	\$17 billion	\$17bn by 2036 (completion) , 72MW per building/936 MW total, 13 bldgs	New Site	Jan-25
Chamath Palihapitiya Data Center	America	United States	Arizona, Hassayampa Ranch	Chamath Palihapitiya	N/A	1,000 MW	\$25 billion	TBD	New Site	Jun-25
Compass Datacenters Hoffman Estates Data Center	America	United States	Illinois, Hoffman Estates	Compass Datacenters	N/A	N/A	\$10 billion	N/A	New Site	Jul-24
DC01UK Data Center	Europe	United Kingdom	Hertfordshire	DC01UK	2,000,000 ft2	320 MW	£3.75 billion / \$5 billion	2029 operational, 3 bldg	New Site	Feb-25
Goodman Group Data Centers	Asia	China	Hong Kong	Goodman Group	2,300,000 ft2	180 MW	\$2.7 billion	Timing TBD, 180MW, 2.7bn, 6 bldg (2 under dev.)	New Site	Jul-25
Goodman Group Japan Data Centers	Asia	Japan	Tsukuba City	Goodman Group	N/A	1,000 MW	N/A	First facility completed 2026 @ 50MW	New Site	Feb-24
Killingholme Data Center Campus	Europe	United Kingdom	Umbers Tech Park , South Killingholme	N/A	309,000 m2	384 MW	£3 billion/\$4 billion	384MW, 3 bldg, 3 phases over 3 years	New Site	May-25
North Lincolnshire Data Center	Europe	United Kingdom	Elsham Wolds Tech Park , North Lincolnshire	N/A	1,500,000 m2	1 GW	£5.5-9.0 billion/\$7.5-12 billion	10 year build, 15 halls	New Site	Aug-24
Tract Buckeye Data Center Park	America	United States	Arizona, Buckeye	Tract	20,000,000 ft2	1.8 GW	\$20 billion	\$20bn, up to 40 halls	New Site	Sep-24
Tract Caldwell County Data Center	America	United States	Texas, Caldwell County	Tract	1,515 acres	2 GW	N/A	2GW. Initial 360MW in 2028	New Site	Jun-25
Princeton Digital Group Expansion	Asia	Multiple	India, Malaysia, Indonesia	Princeton Digital Group	N/A	500 MW	\$5 billion	N/A	Expansion	Oct-24

Source: BNP Paribas Exane estimates Company data and press releases

## \$2Tr in CAPEX, \$1Tr in Compute, 53GW of power

Our AI factory census is pointing to a \$2Tr CAPEX out of which \$1Tr will be allocated for compute. The totality of these projects should drive an estimated demand for power of approximately 53GW. The compute revenue should increase from an estimate of \$60bn in 2025 to \$160bn by 2029. Overall, an AI Factory cost should land around c.\$40bn per Giga Watt per our estimate.

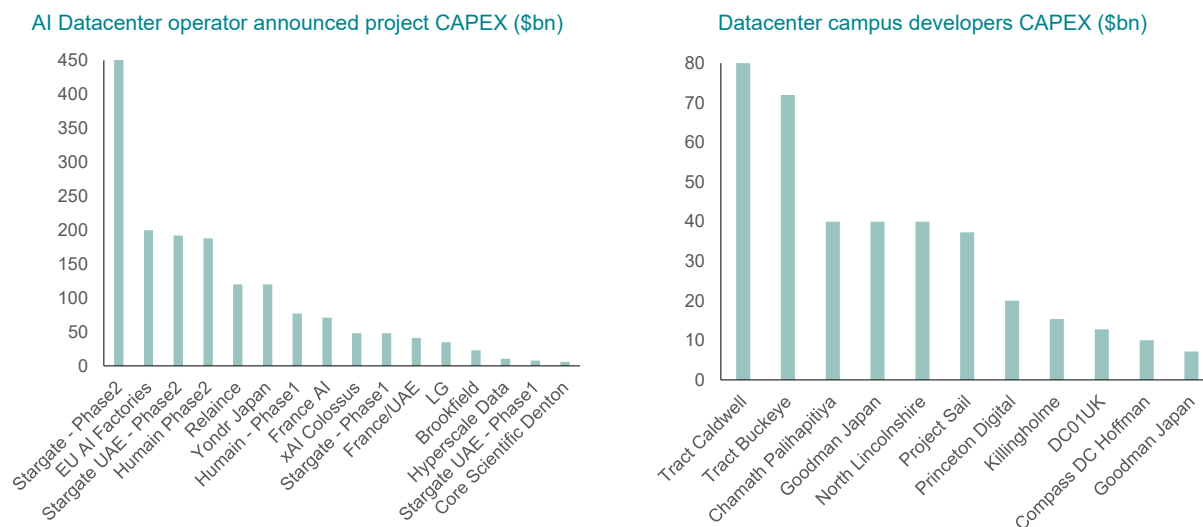
### A \$2Tr total CAPEX opportunity

Based on a mid-point \$40bn/GW (range \$35-45bn), we estimate Enterprise AI projects will represent a total of \$2Tr of CAPEX between 2025 and 2035. This number breaks into:

- \$1,640bn directly from AI factory operators like Stargate or Humain
- a potential additional \$375bn derived from projects led by campus developers who build data centers (empty shells) to rent them

**Figure 19: Our AI Factory tracker of announced projects captures \$2Tr in gross CAPEX, with Datacenter Operators accounting for c.80% and Campus Developers c.20%**

AL Datacenter announced projects across Datacenter Operators and Campus developers



Source: BNP Paribas Exane Company data and press releases

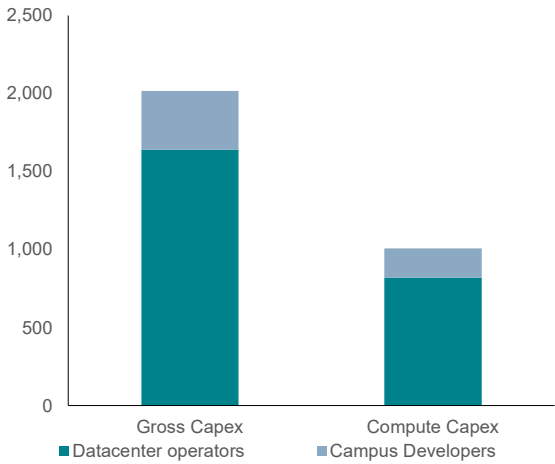
### Translating into a \$1Tr compute opportunity

We expect this total investment opportunity to translate into a total \$1Tr (2025-35) compute investment (approx. \$820bn from AI factory operators + a potential \$188bn derived from projects currently led by campus developers) assuming 50% of the initial investment is dedicated to compute, and the remaining 50% going to the site development. Visibility into the spending pattern is better over the next 4-5 years but declines beyond 2030.

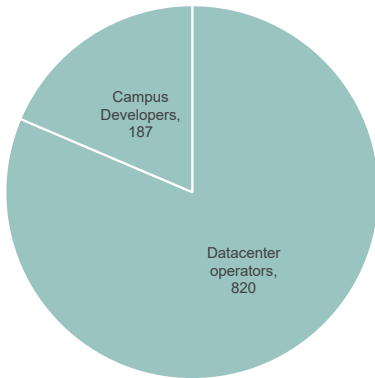
Figure 20: We estimate the \$2Tr AI Factory CAPEX will translate into c.\$1Tr of AI Compute opportunity

AI Factory Datacenter CAPEX versus Datacenter Compute and Datacenter operator

AI Factory Gross CAPEX vs. Compute spend (\$bn)



AI Factory Compute spend by Datacenter provider (\$bn)



Source: BNP Paribas Exane estimates

Our analysis is based on existing AI Factory announcements. We would expect this compute opportunity to increase going forward as more AI Factory projects are announced.

**Figure 21: Our AI Factory project census is pointing to \$2Tr CAPEX out of which \$1Tr is Compute only and 53GW demand for power**

Power, total CAPEX and Compute only investment broken down by AI Factory project

**AI Data Center Operators**

Project Name	Power Report./Est.?	Power Req.(MW)	Invest. Report./Est.?	Total Investment (\$ bn)	Compute Invest. Report./Est.?	Compute (\$bn)
Brookfield Data Centers	Reported	1,000	Reported	23.0	Estimated	11.5
Core Scientific Denton AI Data Center	Reported	394	Reported	6.1	Estimated	3.1
Hyperscale Data	Reported	270	Estimated	10.8	Estimated	5.4
France/UAE Data Center	Reported	1,000	Reported	41.5	Estimated	20.8
France AI Initiative (excl. UAE)	Estimated	1,775	Reported	71.0	Estimated	35.5
EU AI Factories	Estimated	5,000	Reported	200.0	Estimated	100.0
LG Electronics AI Data Center	Reported	3,000	Reported	35.0	Estimated	17.5
Humain project - Phase 1	Reported	1,900	Reported	77.0	Estimated	38.5
Humain project - Phase 2	Reported	4,700	Estimated	188.0	Estimated	94.0
Reliance Industries Data Center	Reported	3,000	Estimated	120.0	Estimated	60.0
xAI Colossus	Estimated	1,250	Estimated	50.0	Estimated	25.0
Yondr Japan Data Centers	Reported	3,000	Estimated	120.0	Estimated	60.0
Stargate - Phase 1	Reported	1,200	Estimated	48.0	Estimated	24.0
Stargate - Phase 2	Estimated	11,300	Reported	452	Estimated	226
Stargate UAE - Phase 1	Reported	200	Estimated	8.0	Estimated	4.0
Stargate UAE - Phase 2	Reported	4,800	Estimated	192.0	Estimated	96.0
<b>Total</b>		<b>43,739</b>		<b>1,640</b>		<b>820</b>

**Data Center Campus Developers**

Project Name	Power Report./Est.?	Power Req.(MW)	Invest. Report./Est.?	Total Investment (\$ bn)	Compute Invest. Report./Est.?	Compute (\$bn)
Project Sail	Reported	932	Reported	37.3	Estimated	18.6
Chamath Palihapitiya Data Center	Reported	1,000	Reported	40.0	Estimated	20.0
Compass Datacenters Hoffman Estates Data Center	Estimated	250	Reported	10.0	Estimated	5.0
DC01UK Data Center	Reported	320	Reported	12.8	Estimated	6.4
Goodman Group Data Centers	Reported	180	Reported	7.2	Estimated	3.6
Goodman Group Japan Data Centers	Reported	1,000	Estimated	40.0	Estimated	20.0
Killingholme Data Center Campus	Reported	384	Reported	15.4	Estimated	7.7
North Lincolnshire Data Center	Reported	1,000	Reported	40.0	Estimated	20.0
Tract Buckeye Data Center Park	Reported	1,800	Reported	72.0	Estimated	36.0
Tract Caldwell County Data Center	Reported	2,000	Estimated	80.0	Estimated	40.0
Princeton Digital Group Expansion	Reported	500	Reported	20.0	Estimated	10.0
<b>Total</b>		<b>8,866</b>		<b>355</b>		<b>188</b>
<b>Grand Total</b>		<b>52,605</b>		<b>2,015</b>		<b>1,008</b>

Source: BNP Paribas Exane estimates Company data and press releases

**AI Factory compute spend growing from \$40bn in 2024 to \$160bn by 2029**

We estimate AI Factories / AI Enterprise spending on Compute (and revenue for GPU suppliers) is set to increase at a 28% CAGR from \$60bn in CY25 to \$160bn by CY29, on the back of AI Factories currently announced.

**Figure 22: We estimate AI factory compute to reach \$160bn by '29, growing at 32% CAGR ('24-'29)**

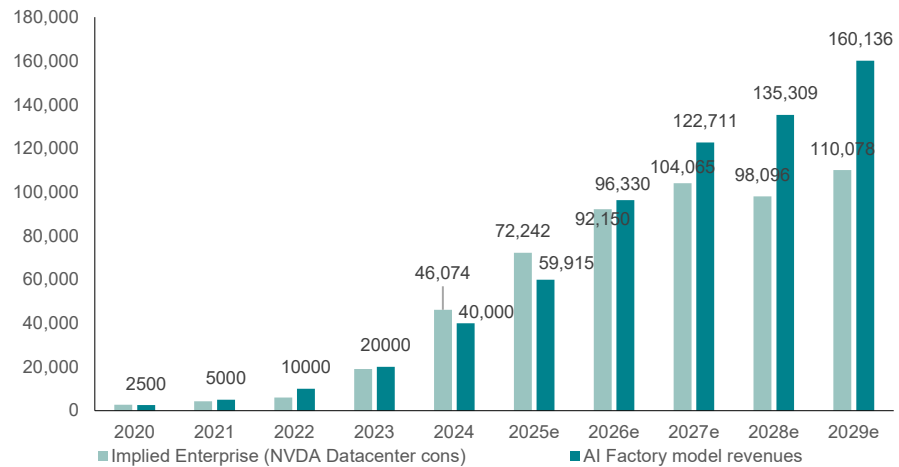
Enterprise AI Compute (\$bn)

	2023	2024	2025e	2026e	2027e	2028e	2029e	2030-2035e
Compute - Total \$bn	16	40	60	96	123	135	160	430

Source: BNP Paribas Exane estimates

Beyond 2029, we foresee \$430bn yet to be spent on Compute, visibility however declines beyond 2029. As more AI workloads get deployed, we expect more projects to be announced, potentially driving future growth above our current estimate of \$430bn after 2029.

**Figure 23: We estimate AI factory compute revenues reaching \$160bn by 2029, growing at 28% CAGR which is c.30% above Nvidia Enterprise consensus**  
Enterprise AI Compute (\$bn)



Source: BNP Paribas Exane estimates Company data and press releases

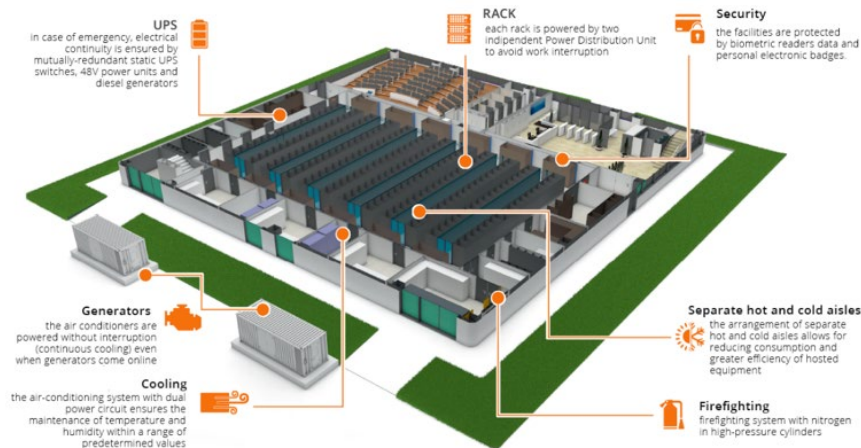
### Driving a demand for an additional 53GW of electrical power

Data centers require power for several essential functions:

- Servers need power to operate their core components such as the central processing unit (CPUs, GPUs), memory (RAM), hard drives, and fans
- Cooling for servers, storage systems, networking equipment, power equipment, and lighting
- Storage (hard drives and solid-state drives)
- Networking equipment like routers, switches, and firewalls
- Backup systems ensuring continuity of service in the event of a power failure. These include uninterruptible power supply (UPS) systems and diesel generators
- Security systems (surveillance cameras, access control systems, and alarms)
- Lighting

**Figure 24: A complete infrastructure is necessary to power and operate data centers**

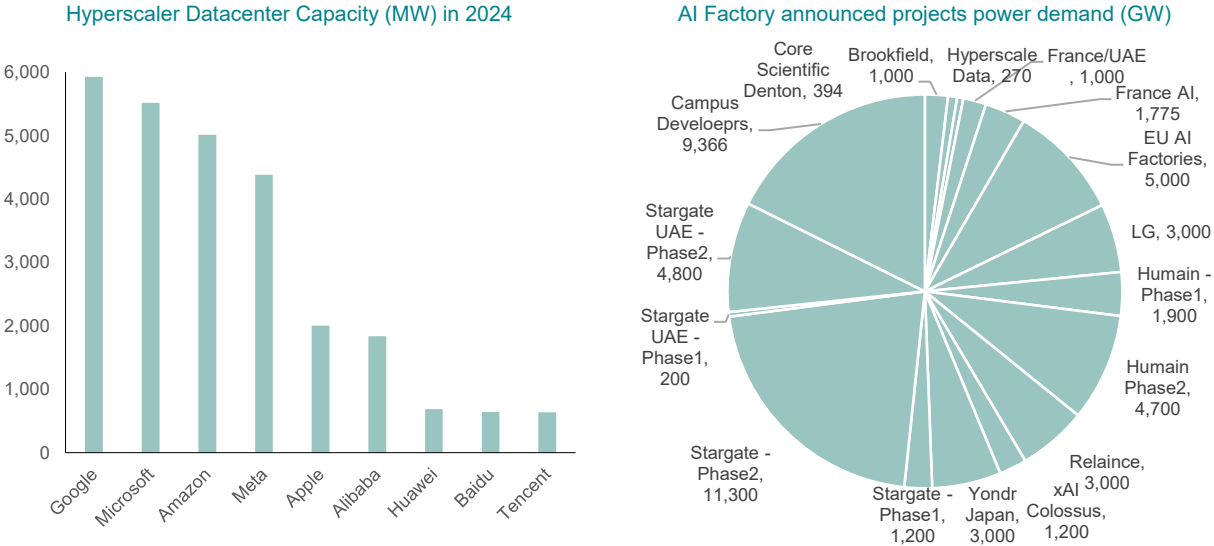
Data center design concept



Source: Mydiagram.online

We estimate the projects we identified above should drive an additional demand of 53GW of electrical power (44GW for AI factory operators and a potential additional 9GW for projects currently led by campus developers).

**Figure 25: AI Factory projects to drive demand for 53GW in incremental power over 2025-35, which corresponds to 1.8x Hyperscaler installed capacity (c.30GW) as of 2024**



Source: BNP Paribas Exane estimates; Datacenter Dynamics



## Mega AI Factories - key projects

To illustrate the size and challenges of those mega Enterprise AI factories, we review in this section two of the largest projects: OpenAI's Stargate and xAI's Colossus.

### OpenAI's Stargate

The Stargate project, announced on January '25, is a joint venture between OpenAI, Oracle, SoftBank, and investment firm MGX. Their respective roles will be:

- OpenAI will lead the AI research and development efforts
- Oracle will provide cloud infrastructure and enterprise solutions
- SoftBank will offer substantial financial investment and strategic guidance
- MGX will contribute to the project's expansion and global reach

The site will house 8 data centers developed by Crusoe. The Crusoe development is taking place on a 1000-acre site owned by Lancium that is dubbed the Lancium Clean Campus.

### Investment

The partners have committed to investing up to \$500 billion into artificial intelligence infrastructure over the next four years.

The site's owners, Crusoe and US investment firm Blue Owl Capital, have raised \$15bn in debt and equity to finance the Abilene project, which will encompass eight buildings.

Reportedly, Oracle would purchase about 400,000 of Nvidia's GB200 chips and lease the computing power to OpenAI

### The project ... so far

Filed under the names of "Project Ludicrous" (building 1-2) and "Project Plaid" (building 3-8), the total project is expected to require 1.2GW of electrical power to operate the site.

Building 1 and 2 are expected to run 50k GPUs each (12.5k in each of the 4 halls per building) and operate at 200MW.

**Figure 26: Stargate's first site is expected to eventually house 400k GPUs and operate at 1.2GW**

Stargate Abilene, TX planning

	Stargate Bldg	Halls/Bldg	Location	Bldg Status	Start Date	Comple. Date	Bldg Est. Cost	Area (Sq. Ft)	Server Type	# GPUs / Bldg	Power (MW)
Phase 1	SG Bldg 1	4	Abilene, Texas	Built	06/01/2024	5/30/2025	\$292 m + \$140 m	484,960	GB200 NVL72	50,000	100
Phase 1	SG Bldg 2	4	Abilene, Texas	Under construction	9/24/2024	09/11/2025	\$292 m/ \$384 m	484,960	GB200 NVL72	50,000	100
Phase 2	SG Bldg 3	4	Abilene, Texas	Under construction	3/21/2025	3/21/2026	\$292 m/ \$384 m	484,960		50,000	TBD
Phase 2	SG Bldg 4	4	Abilene, Texas	Under construction	3/21/2025	3/21/2026	\$292 m/ \$384 m	479,721		50,000	TBD
Phase 2	SG Bldg 5	4	Abilene, Texas	Under construction	5/26/2025	5/26/2026	\$292 m/ \$384 m	479,721		50,000	TBD
Phase 2	SG Bldg 6	4	Abilene, Texas	Under construction	5/26/2025	5/26/2026	\$292 m/ \$384 m	479,721		50,000	TBD
Phase 2	SG Bldg 7	4	Abilene, Texas	Under construction	06/02/2025	06/02/2026	\$292 m/ \$384 m	479,721		50,000	TBD
Phase 2	SG Bldg 8	4	Abilene, Texas	Under construction	6/23/2025	6/22/2026	\$292 m/ \$384 m	479,721		50,000	TBD
<b>Total</b>										<b>400,000</b>	<b>1,200</b>

Source: BNP Paribas Exane, Texas TLDR Registration

As the GPU mix will likely evolve, power consumption for the remaining 6 buildings is yet TBD.

While buildings 1 and 2 are nearing completion, construction of the additional 6 buildings has started.

**Figure 27: A total of 8 AI factories are planned for the Abilene TX site. To date, 2 are nearing completion**  
Aerial view of the Stargate Abilene site



Source: Aterio

The first GB200 rack was delivered by Oracle in June '25 and 16k GPUs are expected to be installed by summer '25. We expect this number to reach 64k by the end of '26.

**Figure 28: By summer '25, 16k GPUs are expected to be installed (Building 1 and partially Building 2)**

GPU installation short term schedule

Date	# GPUs	GPU Type
Summer '25	16,000	GB200
End '26	64,000	GB200

Source: BNP Paribas Exane estimates

We estimate the 8 AI factories will be able to house up to 5,500 racks.

**Figure 29: We estimate Stargate Abilene could host up to 5.5k racks**

Campus ID	Location	# Buildings	# Halls/Building	# GPUs/Hall	# GPUs/Campus	Rack Type	# GPUs/Rack	# Racks/Campus
Campus 1	Abilene, Texas	8	4	12,500	400,000	NVL 72	72	5,556

Source: BNP Paribas Exane estimates

With the release of new server types (e.g. NVL144, NVL576 etc.), we expect:

- The number of servers per rack to increase (Oberon rack to Kyber rack)
- The number of super chip cards (e.g. Grace Blackwell) to increase (Oberon rack: 36 to Kyber rack: 144)
- The physical space between server racks to increase, given power limitations.

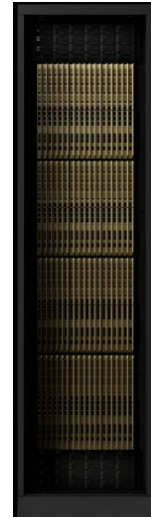
**Figure 30: GPU density (scale-up) will increase with the introduction of new racks**

NVIDIA current and next generation server rack

NVIDIA's Oberon rack (NVL72)



NVIDIA's Kyber rack (NVL 576)

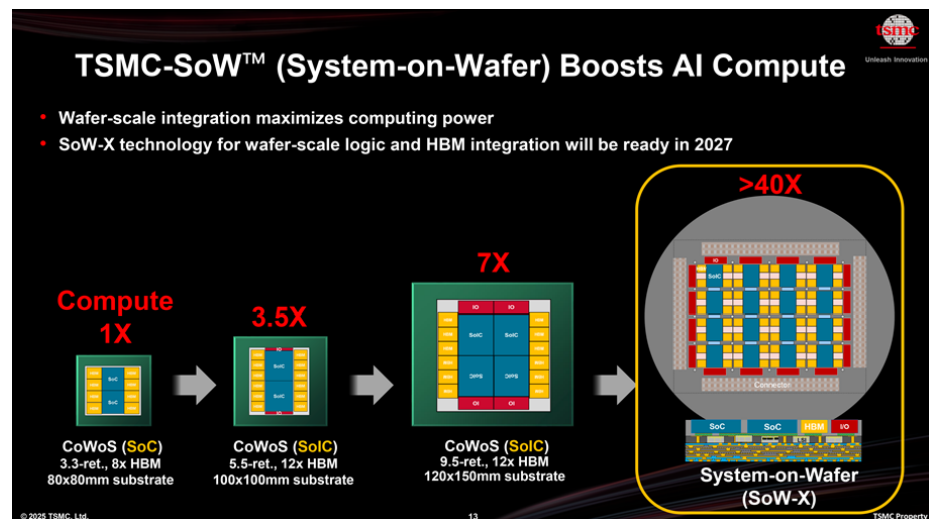


Source: NVIDIA

- The size of GPUs to increase above the current 2 reticles, enabled by new COWOS advanced packaging.

**Figure 31: The dimensions and computing power of GPUs is poised to accelerate significantly as new COWOS interposers are being released**

TSMC COWOS roadmap



Source: TSMC

- This will enable 4 reticle sized GPU chips to be housed in the same advanced package by the time we get to Rubin Ultra in 2027.

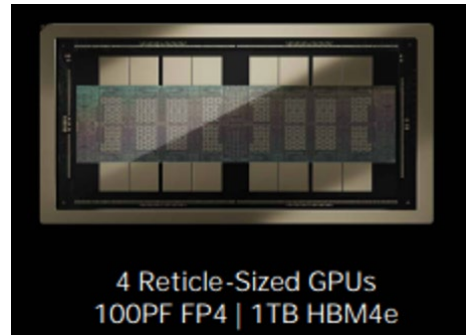
**Figure 32: The dimensions of GPUs will grow beyond the current 2 reticle-sized GPUs (Blackwell, Rubin)**

NVIDIA's Rubin and Rubin Ultra GPUs

NVIDIA's Rubin GPU: 2 reticles



NVIDIA's Rubin Ultra GPU: 4 reticles



Source: NVIDIA GTC 2025

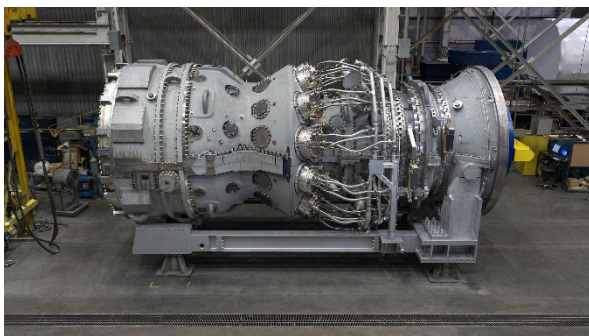
### **Powering Abilene**

Power supply is one of the major issues constraining AI factories' deployment, with the grid sometimes struggling to provide the required power.

On July 22<sup>nd</sup> 2025, Crusoe - the company building Stargate Abilene - announced that it has acquired 29 gas turbine generators (GE Vernova LM2500XPRESS), each capable of providing 35MW of power. Combined, all 29 generators could deliver a total output of 1,015MW, slightly below the stated target of 1,200MW.

**Figure 33: Gas turbines will power Stargate 1 Abilene**

GE Vernova LM2500XPRESS gas turbine



GE Vernova gas turbine being installed at Stargate 1



Source: GE Vernova, Crusoe

An application to construct a 360.5 MW simple cycle gas-fired power plant at the Abilene site for \$500m was filed in January 2025 and implying Stargate 1 currently has permits for 10 turbines at the site.

**Figure 34: Stargate 1 power plant under construction**



Source: Bloomberg [any other source?]

To meet future demand, developers are also considering solar, wind projects and small modular nuclear reactors (SMR) as well.

#### **Next**

Stargate Abilene is the first site of the planned \$500bn project. OpenAI plans to develop an additional 5-10 campuses, each operating at 1GW or more. At the time of this writing (Jul '25), the company is exploring site options in 16 states (Arizona, California, Florida, Louisiana, Maryland, Nevada, New York, Ohio, Oregon, Pennsylvania, Utah, Texas, Virginia, Washington, Wisconsin, and West Virginia).

Should we assume the next campuses to be a replication of the Abilene campus, the Stargate project could potentially install up to 56,000 racks or 4m GPU's (Blackwell equivalents). This compares to a current GPU market size of 6m GPU's in 2025.

**Figure 35: Based on OpenAI comments, the Stargate project could scale up to almost 56k racks or 4m GPU's over time**

Stargate project scaling: estimate of the number of server racks

Campus ID	Location	# Racks/Hall	# Racks/Campus
Campus 1	Abilene, Texas	174	5,556
Campus 2	TBD	174	5,556
Campus 3	TBD	174	5,556
Campus 4	TBD	174	5,556
Campus 5	TBD	174	5,556
Campus 6	TBD	174	5,556
Campus 7	TBD	174	5,556
Campus 8	TBD	174	5,556
Campus 9	TBD	174	5,556
Campus 10	TBD	174	5,556
<b>Total</b>		<b>1,740</b>	<b>55,560</b>

Source: BNP Paribas Exane estimates Company data and press releases

We believe the recent (July 22<sup>nd</sup>, 2025) announcement by Oracle to buy 2m GPUs for the Stargate Project will cover the compute need of the first 4-5 campuses (Abilene being the first one).

#### **Stargate UAE**

Open AI/Softbank/Oracle/Nvidia/Cisco, in collaboration with Abu Dhabi's MGX (and G42 for the construction), plans to build a 5GW site. We note this project (5GW) will be larger than Stargate Abilene (1.2GW).

The project will not be operated under Stargate LLC.



## xAI's Colossus

### The stakeholders

Owned by Elon Musk, Colossus is xAI's project for an AI supercluster.

### Investment

xAI has not revealed the size of its investment for its Colossus cluster.

### The project ... so far

Colossus 1 began construction in early 2024, with planning finalized by March 2024, and started running in September 2024, built in roughly four months at a former Electrolux site in South Memphis.

The first phase (100k GPUs) of xAI's Memphis Supercluster reached full operational capacity, taking a record 19 days to make it operational.

**Figure 36: By refurbishing an existing facility, xAI was able to start operations in little more than 6 months**

Colossus Memphis facility



Source: xAI

Colossus was initially launched with 100,000 Nvidia H100 units. xAI doubled the GPU count to 200,000 in February 2025. At the time of this writing (Jul 2025), another 30,000 GB200 have reportedly been installed. The total power consumption will eventually depend on the GPU mix.

**Figure 37: xAI's Colossus: towards one million GPUs**

	Colossus	GPU Type	# GPUs	Power (MW)
Phase 1	Colossus 1	H100	100,000	150
Phase 2	Colossus 1	H100/H200	100,000	100
	Colossus 1	GB200	30,000	
Phase 3	Colossus 2	GB200/GB300	550,000	TBD
All Phases	Total		1,000,000	TBD

Source: BNP Paribas Exane, Tom's Hardware

### Next

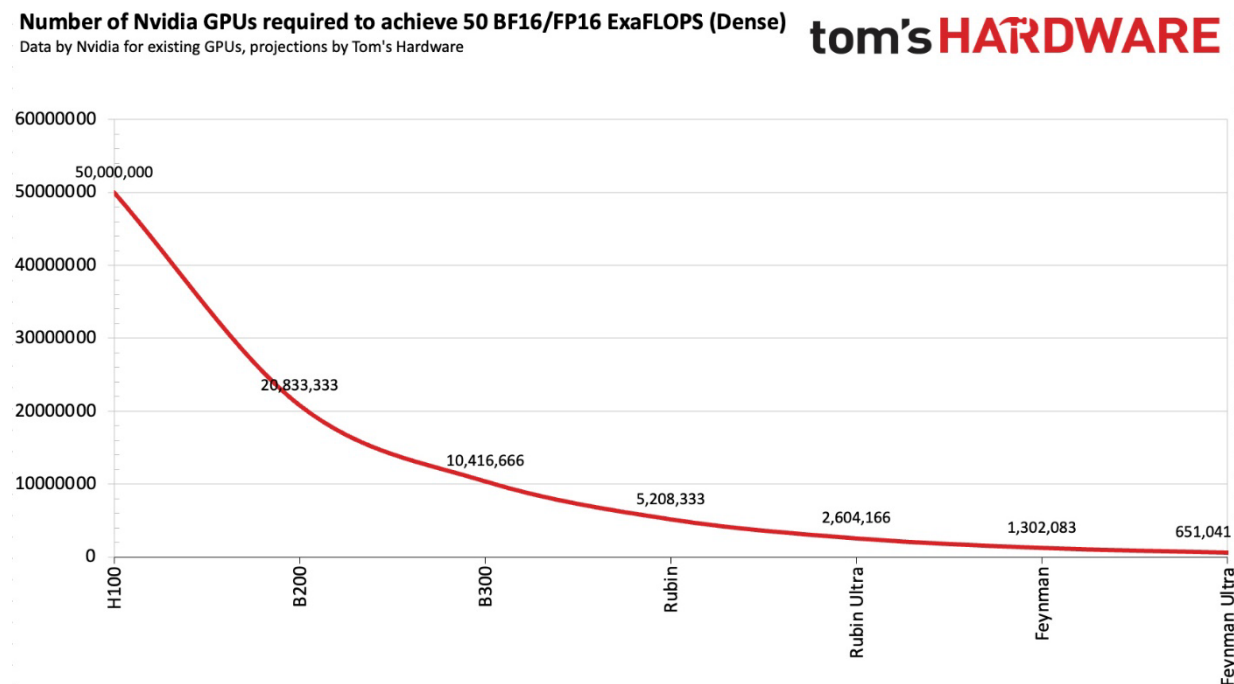
xAI reportedly indicated that it wants to scale up the Memphis cluster to a million GPUs.

According to the city's Chamber of Commerce, the company has acquired a 1 million sqft site at a cost xAI \$80 million.

More recently (July 23<sup>rd</sup>, 2025), Elon Musk, upping the game of announcements following OpenAi/Oracle's declared intentions to purchase 2m GPUs, indicated xAI will be targeting 50m equivalent NVIDIA H100 equivalent AI GPUs in five years.

**Figure 38: Behind headlines, the number of GPUs to achieve 50 ExaFlops of processing power will be significantly smaller**

50 ExaFLOPS equivalent number of GPUs



Source: Tom's Hardware

### Powering Colossus

How the data center will be powered has yet to be decided though, but as per comments to the Daily Memphian, local energy company Memphis Light Gas and Water indicated xAI had requested a "system-impact study" for up to 260MW of power.

Colossus initially launched in September 2024 with 100,000 NVIDIA H100 GPUs, requiring about 150 MW, approved by the Tennessee Valley Authority (TVA) in November 2024.

By December 2024, xAI doubled its installed base to 200,000 GPUs necessitating 250 MW.

The additional 100 MW was largely supported by temporary gas turbines (2.5MW each) and Tesla Megapacks, with MLGW boosting grid capacity to 50 MW by August 2024 and xAI funded a \$24 million substation for the full 150 MW, now operational.

A controversy erupted with reports indicating the presence of 35 methane turbines instead of the originally filling for 14 permits. These generators have been criticized for their potential impact on air quality and community health. As the first substation becomes operational, xAI indicated it plans to remove half of the temporary gas turbines by summer. The remaining turbines will continue to power Phase II of the project until a second substation is completed in the fall. After full grid connection, xAI intends to maintain 15 permanent turbines with improved emission control systems for backup power.



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**Figure 39: Controversy erupted with xAI operating up to 35 methane gas turbines with permits for only 14**

Up to 35 methane gas turbines are complementing grid power

Local residents have complained about gas emissions and constant noise



Source: Tom's Hardware, MSN

In May '25, to power Colossus Phase 2, xAI began to install 168 Tesla MegaPack, each capable of delivering up to 1.5MW (implying a total of 232MW).

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**Figure 40: 168 Tesla Mega Pack (1.5MW each) waiting to be installed to power Colossus Phase 2**

Tesla power MegaPack



Source: What'sUpTesla.com

Earlier this month (July 2025), it was reported that xAI bought a power plant overseas and intends to ship it to the U.S.

***xAI Saudi Arabia***

According to Bloomberg, rather than building its own AI factory, xAI is reportedly looking to lease space (rather than building its own data centers) in Saudi Arabia, citing lower energy prices and favorable political conditions as reasons for the move.

One of the potential partners is Humain, the AI venture set up earlier this year and backed by Saudi Arabia's sovereign wealth fund. The other potential partner (name not disclosed by Bloomberg) but is said to have a 200MW data center under construction.

# Investment case, valuation and risks

## Nvidia (Outperform, Target Price USD220)

### **Investment case**

Nvidia is very well positioned for megatrends in GenAI and autonomous cars, through AI (GPU based) chips being adopted in Cloud datacenters and AI Factories. On top of the Generative AI and Large Natural Language model deployment, Nvidia is benefiting from the shift from General Purpose Computing to Accelerated Computing and offers all the building blocks: GPU, CPU, DPU, Fabric. The company is at the heart of the Datacenter revolution.

### **Valuation methodology**

We value the stock on a FY28 non-GAAP P/E of ~33x. The stock typically trades at a significant premium to peers.

### **Risks**

#### *To the upside:*

Upside risks include: stronger capex spending at Hyperscalers and in Enterprise on AI Factories. More complex AI models driving up AI compute intensity.

#### *To the downside:*

Downside risks include: More competition from custom chips and competitors. Saturation of Generative AI due to lack of return on investment from enterprise customers and/or consumer AI fails to emerge as a driver.

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Nvidia	NVDA US	6

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	Counts	%*	Counts	%
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\* Please note that the percentages might not add up to 100% because of rounding.

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Price and Ratings Chart

Nvidia

Historical Closing Price & Target Price (closing price as of 30/07/2025)



Source: BNP Paribas

Historical rating & target price changes

Date & Time of Dissemination (London time) (2)	Rating (1)	Target Price	Closing Price	Key Changes	Person(s) Involved
31 Jul 2025 (2)	+	USD220.00	USD179.27	TP up	D. OConnor, O. Semprez, A. Moscona-Skolnik
21 Nov. 2024 06:02	+	USD170.00	USD146.67	TP up	D. OConnor, O. Semprez
29 Aug. 2024 06:00	+	USD150.00	USD117.59	TP up	D. OConnor, J. Ramel
2 Aug. 2024 05:20	+	USD145.00	USD107.27	TP up	D. OConnor, J. Ramel
23 May 2024 07:19	+	USD120.00	USD103.80	TP up	D. OConnor
22 Feb. 2024 06:13	+	USD95.00	USD78.54	TP up	D. OConnor, J. Ramel
19 Jan. 2024 06:17	+	USD78.00	USD59.49	TP up	D. OConnor, J. Ramel
24 Aug. 2023 06:21	+	USD74.50	USD47.12	Rating up, TP up	J. Ramel
26 Jul. 2023 06:45	=	USD47.00	USD45.45	TP up	D. OConnor, J. Ramel
25 May 2023 06:45	=	USD34.00	USD37.98	TP up	D. OConnor, J. Ramel
21 Mar. 2023 11:57	=	USD23.00	USD25.90	Rating up, TP up	D. OConnor, J. Ramel
1 Sep. 2022 06:06	-	USD11.00	USD13.94	TP down	J. Ramel, D. OConnor

(1) With effect from 23 September 2024, BNP Paribas Exane changed its research rating system - please refer to the 'Explanation of Research Ratings'.  
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# NVIDIA (Outperform)

Price at 30 Jul. 25 / Target Price

Semiconductors | IT Hardware - USA

USD179.3 / USD220 +23%

## Company description

Nvidia is a graphics chip producer with 78% share in the dedicated GPU market. It sells graphics chips primarily into PC gaming platforms (c.34% of sales), Datacenter (c.56%), Professional graphics (c.6%) and Auto's (c.3%). Increasingly graphics chips are being used in datacenters to accelerate artificial intelligence workloads. The co has a fabless business model and mainly uses leading edge digital processes at its foundry partners to manufacture its graphics chips.

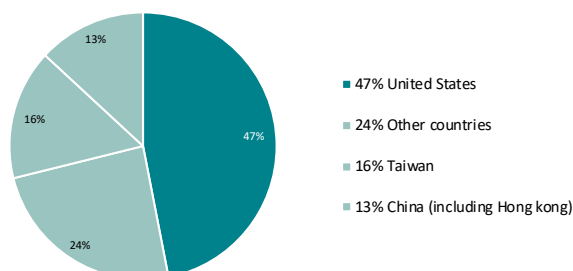
## Management

Jensen Huang, President and CEO  
Colette Kress, CFO  
Michael McCaffery, Chairman

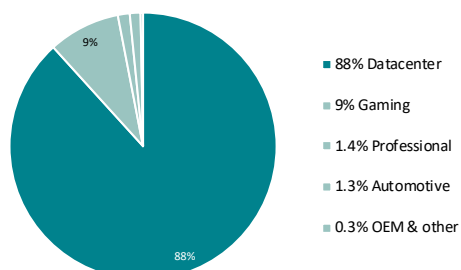
## Ownership structure

FMR	8.1%
Vanguard	7.5%
Blackrock	6.5%
Directors and executive officers	4.6%
Other Shareholders	65.5%

## FY24/25 Revenue by geography



## FY24/25 Revenue by Market



## Analyst

David OConnor (+1) 415 659 1888  
david.oconnor@us.bnpparibas.com

## Peer group YTD performance

Stock	Price (31 Jul. 25)	YTD performance in EUR (%)	
		Abs.	Rel. Sector
SMIC (+)	HKD 51.1	44.9	56
Hua Hong (-)	CNY 60.0	15.8	25
TSMC (+)	TWD 1,160	5.4	14
UMC (=)	TWD 41.6	4.4	12
SMIC (=)	CNY 89.5	(11.2)	(4)

## Sector calendar

31 Jul. 25 **ams AG:** H1 Results 2025 (07:00 CET)  
**Aixtron:** H1 Results 2025 (07:30 CET)  
**Technicolor:** H1 Results 2025 (07:30 CET)  
**Tokyo Electron:** 8035 JT - Results 2026 Q1 (10:30 CET)  
**Arrow Electroni:** Q2 Earnings 2025 (12:00 CET)  
**Arrow Electroni:** Q2 Earnings 2025 (12:00 CET)  
**X-Fab Silicon:** H1 Results 2025 (17:40 CET)  
**Apple:** Q3 Earnings 2025 (22:00 CET)  
**KLA:** Q4 Earnings 2025 (22:00 CET)  
**Monolithic Powe:** Q2 Earnings 2025 (22:00 CET)  
04 Aug. 25 **ON Semiconductor:** Q2 Earnings 2025 (12:00 CET)  
05 Aug. 25 **Avalon Technolo:** Q1 Results 2025/26  
**Infineon:** Q3 Results 2024/25 (06:30 CET)



Price at 30 Jul. 25 / 12m Target Price

USD179.3 / USD220 +23%

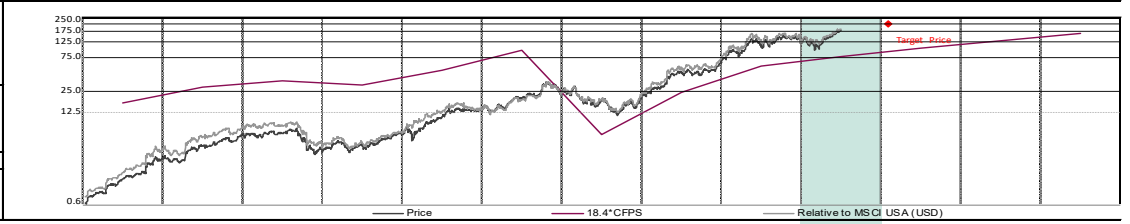
Refinitiv / Bloomberg: NVDA.OQ / NVDAUS

Analyst: David O'Connor (+1) 415 659 1888

**NVIDIA (Outperform)**

Semiconductors | IT Hardware - USA

Company Highlights			
USDm / EURm			
Enterprise value	4,232,722	3,687,039	
Market capitalisation	4,371,565	3,807,982	
Free float	3,934,408	3,427,184	
3m average volume	27,389	23,858	
Performance (%)			
	1m	3m	12m
Absolute	12%	56%	55%
Rel. Sector	NC	NC	NC
Rel. MSCI USA	7%	35%	29%
12m Hi/Lo (USD): 173.7 +3% / 94.3 +90%			
CAGR			
	2005/2025	2025/2028	
EPS restated	16%	27%	
CFPS	14%	27%	



Price (yearly avg from Jan. 16 to Jan. 25) 0.6 1.5 4.0 5.7 4.5 10.4 20.5 17.9 39.4 113.9 179.3 179.3 179.3 179.3

PER SHARE DATA (USD)	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26e	Jan. 27e	Jan. 28e	Jan. 29e
No of shares year end, basic, (m)	2 440.000	2 448.000	2 456.000	2 464.000	2 472.000	2 476.000	2 498.667	24 870.000	24 692.500	24 555.000	24 385.366	24 124.937	23 799.436	23 409.768
Avg no of shares, diluted, excl. treasury stocks (m)	2 276.000	2 596.000	2 530.000	2 497.000	2 471.000	2 509.000	2 538.333	25 072.500	24 932.500	24 804.500	24 555.366	24 294.937	23 969.436	23 579.768

EPS reported, Gaap	0.27	0.64	1.20	1.66	1.13	1.73	3.84	0.17	1.19	2.94	3.90	5.05	6.52	8.06
EPS company definition	0.41	0.71	1.22	1.66	1.45	2.50	4.44	0.33	1.30	2.99	4.16	5.31	6.79	8.34
EPS restated, fully diluted	0.27	0.64	1.20	1.66	1.13	1.73	3.84	0.17	1.19	2.94	3.90	5.05	6.52	8.06
% change	(3.6%)	137.9%	87.6%	37.8%	(31.8%)	52.6%	122.5%	(95.5%)	NS	146.2%	32.9%	29.2%	29.2%	23.6%
Book value (BVPS) (a)	1.8	2.4	3.0	3.8	4.9	6.8	10.7	0.9	1.7	3.2	6.2	10.1	15.3	21.8
Net dividend	0.10	0.12	0.14	0.15	0.16	0.16	0.16	0.02	0.02	0.03	0.04	0.04	0.05	0.06

STOCK MARKET RATIOS	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26e	Jan. 27e	Jan. 28e	Jan. 29e
P / E (P EPS restated)	2.3x	2.3x	3.3x	3.4x	4.0x	6.0x	5.3x	102.8x	33.0x	38.8x	45.9x	35.5x	27.5x	22.2x
P / E relative to MSCI USA	13%	12%	15%	18%	20%	19%	27%	501%	128%	163%	186%	164%	143%	125%
P / CF	1.2x	1.6x	2.6x	3.1x	2.8x	3.9x	4.1x	55.4x	30.4x	37.8x	43.0x	33.0x	25.6x	20.8x
FCF yield	82.2%	46.6%	30.6%	22.8%	38.5%	18.2%	15.9%	0.9%	2.8%	2.2%	2.6%	2.9%	3.7%	4.6%
P / BVPS	0.33x	0.63x	1.30x	1.50x	0.92x	1.53x	1.92x	20.15x	22.64x	35.25x	28.95x	17.69x	11.70x	8.20x
Net yield	16.2%	8.2%	3.6%	2.7%	3.5%	1.5%	0.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout	36.6%	18.9%	11.8%	9.2%	14.1%	9.3%	4.2%	9.2%	1.3%	1.2%	1.0%	0.9%	0.8%	0.7%

EV / Sales	NS	NS	0.43x	0.67x	0.09x	1.06x	1.30x	16.12x	15.51x	21.02x	22.15x	17.76x	13.61x	10.76x
EV / Restated EBITDA	NS	NS	1.2x	1.9x	0.3x	3.1x	3.1x	75.4x	37.4x	37.0x	37.0x	27.7x	20.8x	16.2x
EV / Restated EBITA	NS	NS	1.3x	2.1x	0.4x	3.9x	3.5x	NS	28.7x	33.7x	37.8x	28.2x	21.1x	16.4x
EV / NOPAT	(3.6x)	(0.4x)	1.4x	2.3x	0.4x	4.0x	3.6x	NS	32.6x	38.8x	45.1x	34.0x	25.4x	19.7x
EV / OpCF	NS	NS	1.4x	2.4x	0.2x	3.5x	4.0x	79.5x	27.9x	37.9x	31.5x	26.8x	20.5x	15.9x
EV / Capital employed (incl. gross goodwill)	NS	NS	1.6x	2.0x	0.3x	1.7x	2.8x	30.4x	NS	NS	NS	NS	NS	NS

ENTERPRISE VALUE (USDm)	-2,240	-747	4,192	7,806	1,023	17,597	35,115	434,867	945,132	2,742,576	4,232,722	4,094,796	3,922,049	3,711,560
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Market cap	1,325	3,208	9,493	13,782	11,087	25,726	51,143	445,338	973,208	2,796,394	4,371,565	4,324,877	4,266,525	4,196,669
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+ Adjusted net debt	(3,498)	(3,893)	(4,982)	(5,308)	(8,780)	(4,472)	(10,136)	(2,217)	(16,149)	(34,621)	(119,646)	(210,884)	(325,279)	(465,913)
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+ Other liabilities and commitments														
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+ Revalued minority interests														
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- Revalued investments	67	62	319	668	1,284	3,657	5,892	8,254	11,927	19,197	19,197	19,197	19,197	19,197
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P & L HIGHLIGHTS (USDm)	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26e	Jan. 27e	Jan. 28e	Jan. 29e
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Sales	5,010.0	6,910.0	9,714.0	11,716.0	10,918.0	16,675.0	26,914.0	26,974.0	60,922.0	130,497.0	191,044.6	230,579.0	288,191.7	345,003.4
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Restated EBITDA (b)	944.0	2,121.0	3,409.0	4,066.0	3,227.0	5,629.0	11,215.0	5,769.0	34,480.0	83,318.0	114,550.4	147,613.4	188,214.7	228,876.7
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Depreciation	(197.0)	(187.0)	(199.0)	(282.0)	(381.0)	(1,097.0)	(1,174.0)	(1,544.0)	(1,508.0)	(1,864.0)	(2,444.0)	(2,444.0)	(2,444.0)	(2,444.0)
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Restated EBITA (b)	747.0	1,934.0	3,210.0	3,804.0	2,846.0	4,532.0	10,041.0	4,225.0	32,972.0	81,454.0	112,106.4	145,169.4	185,770.7	226,432.7
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Reported operating profit (loss)	747.0	1,934.0	3,210.0	3,804.0	2,846.0	4,532.0	10,041.0	4,225.0	32,972.0	81,454.0	112,106.4	145,169.4	185,770.7	226,432.7
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Net financial income (charges)	(4.0)	(29.0)	(16.0)	92.0	124.0	(124.0)	(100.0)	(43.0)	842.0	2,572.0	2,522.0	2,522.0	2,522.0	2,522.0
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Affiliates														
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Other														
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Tax	(129.0)	(239.0)	(148.0)	246.0	(175.0)	(76.0)	(188.0)	186.0	(4,059.0)	(11,146.0)	(18,760.3)	(25,107.5)	(32,009.8)	(38,922.3)
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Minorities														
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Net attributable profit reported	614.0	1,666.0	3,046.0	4,142.0	2,795.0	4,332.0	9,753.0	4,368.0	29,755.0	72,880.0	95,868.1	122,583.8	156,282.9	190,032.4
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Net attributable profit restated (c)	614.0	1,666.0	3,046.0	4,142.0	2,795.0	4,332.0	9,753.0	4,368.0	29,755.0	72,880.0	95,868.1	122,583.8	156,282.9	190,032.4
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CASH FLOW HIGHLIGHTS (USDm)	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26e	Jan. 27e	Jan. 28e	Jan. 29e
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EBITDA (reported)	944.0	2,121.0	3,409.0	4,066.0	3,227.0	5,629.0	11,215.0	5,769.0	34,480.0	83,318.0	114,550.4	147,613.4	188,214.7	228,876.7
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EBITDA adjustment (b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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Other items	216.0	243.0	465.0	652.0	1,075.0	1,448.0	2,090.0	3,989.0	4,647.0	2,812.0	6,920.0	9,888.6	11,666.3	13,419.2
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Change in WCR	46.0	(665.0)	(296.0)	(859.0)	689.0	(869.0)	(3,555.0)	(2,458.0)	(4,235.0)	(10,604.0)	15,718.2	(2,416.3)	(5,281.1)	(5,207.7)
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Operating cash flow	1,206.0	1,699.0	3,578.0	3,859.0	4,991.0	6,208.0	9,750.0	7,300.0	34,892.0	75,526.0	137,188.6	155,085.7	194,599.9	237,088.2
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Capex	(86.0)	(176.0)	(593.0)	(600.0)	(488.0)	(1,128.0)	(975.0)	(1,833.0)	(1,068.0)	(3,236.0)	(2,697.2)	(2,305.8)	(2,881.9)	(3,450.0)
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Operating free cash flow (OpFCF)	1,120.0	1,523.0	2,985.0	3,259.0	4,503.0	5,080.0	8,775.0	5,467.0	33,824.0	72,290.0	134,491.4	152,779.9	191,717.9	233,638.2
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Net financial items + tax paid	(31.0)	(27.0)	(77.0)	(116.0)	(230.0)	(387.0)	(642.0)	(1,658.0)	(6,801.0)	(11,398.0)	(19,012.3)	(25,359.5)	(32,261.8)	(39,174.3)
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Free cash flow	1,089.0	1,496.0	2,908.0	3,143.0	4,273.0	4,693.0	8,133.0	3,809.0	27,023.0	60,892.0	115,479.1	127,420.4	159,456.2	194,463.9
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Net financial investments & acquisitions	14.0	14.0	4.0	0.0	0.0	(8,524.0)	(263.0)	(49.0)	(83.0)	(1,007.0)	(383.0)	0.0	0.0	0.0
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Other	82.0	(115.0)	(573.0)	(867.0)	(557.0)	(184.0)	(1,807.0)	(1,243.0)	(3,079.0)	(6,873.0)	0.0	0.0	0.0	0.0
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Capital increase (decrease)	(587.0)	(739.0)	(909.0)	(1,579.0)	146.0	102.0	0.0	(10,038.0)	(9,533.0)	(33,706.0)	(29,095.0)	(35,108.5)	(43,880.8)	(52,531.0)
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Dividends paid	(213.0)	(261.0)	(341.0)	(371.0)	(390.0)	(395.0)	(399.0)	(398.0)	(396.0)	(834.0)	(976.0)	(1,073.6)	(1,181.0)	(1,299.1)
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Increase (decrease) in net financial debt	(385.0)	(395.0)	(1,089.0)	(326.0)	(3,472.0)	4,308.0	(5,664.0)	7,919.0	(13,932.0)	(18,472.0)	(85,025.1)	(91,238.2)	(114,394.5)	(140,633.8)
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Cash flow, group share	1,129	2,337	3,797	4,602	4,072	6,690	12,663	8,100	32,326	74,732	102,458	132,142	167,619	203,122
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BALANCE SHEET HIGHLIGHTS (USDm)	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26e	Jan. 27e	Jan. 28e	Jan. 29e
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Net operating assets	1,250	1,243	1,667	2,067	2,341	9,079	9,466	9,855	9,456	12,278	12,914	12,776	13,214	14,220
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WCR	78	746	1,009	1,806	1,009	1,568	3,286	4,464	8,980	18,869	3,151	5,567	10,848	16,056
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Restated capital employed, incl. gross goodwill	1,328	1,989	2,676	3,873	3,350	10,647	12,752	14,319	18,436	31,147	16,065	18,343	24,062	30,276
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Shareholders' funds, group share	4,469	5,762	7,471	9,342	12,204	16,893	26,612	22,101	42,978	79,327	151,020	244,536	364,650	511,497
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Minorities	
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