

NVIDIA Corp (NVDA US)

Buy: Ride is far from over as AI train is back on track

- ◆ Growth is still not over despite being in uncharted territory as the AI train is back on track
- ◆ Further upside in FY26e datacentre momentum supported by hyperscaler capex not fully priced in
- ◆ Maintain Buy rating; raise TP to USD200 (from USD145)

Uncharted territory but the ride is still not over – we are way above consensus

Nvidia's market cap is approaching USD3.6trn, the highest in the world, and is set to move further into uncharted territory. We have pondered this amazing growth trajectory and not only do we see no signs of a slowdown, we expect further upside in FY26e datacentre momentum, which in our view is still not fully priced in by the market. After a hiccup in August, Nvidia has again shifted its 2025 AI GPU roadmap, while Blackwell supply chain concerns have subsided. Our revised FY26 datacentre sales and EPS forecasts remain 48% and 49% above consensus estimates, respectively, bolstered by increasing hyperscaler 2025 capex momentum.

3Q25 sales and 4Q25 guidance on track to beat consensus estimates

Ahead of 3Q25 (FYe Jan) results on 21 November, we expect sales of USD35.3bn to beat management guidance/consensus of USD32.5bn/USD33.1bn. We also expect 4Q25 and 1Q26 sales of USD38.0bn and USD42.7bn, respectively, vs consensus estimates of USD36.6bn and USD39.9bn. However, the magnitude of the 3Q25 sales beat and 4Q25 sales guidance will not be as much of an upside surprise to the market given some bullish sell-side 3Q25 and 4Q25 forecasts of USD34.5bn and USD44.0bn.

Upside to FY26e datacentre momentum supported by hyperscaler capex

We have seen upward revisions in Nvidia's 2025 CoWoS allocation at TSMC from 350K wafers to 412K wafers. We don't expect Nvidia to fully consume the total CoWoS wafer allocation but we are revising up our FY26 datacenter revenue by 42% to USD252.8bn – 121% y-o-y growth and 48% higher than consensus of USD170.8bn – to reflect more bullish CoWoS allocation as well as a higher mix of NVL72 rack server assumptions. We have also seen a 21% upward revision in consensus 2025 AI hyperscaler capex to USD261bn since our 10 May report, [Nvidia \(NVDA US\) NVL server upside](#). Hence, we believe our revised estimates for 2025 CSP server capex of USD131bn imply CSPs should be able to support our FY26 NVL rack revenue forecast of US\$111bn.

Maintain Buy and raise TP to USD200 (from USD145)

We raise our FY25 and FY26 EPS estimate by 4% and 37% to USD2.95 and USD6.18, 4% and 49% above consensus of USD2.85 and USD4.16, respectively. Our rounded TP of USD200 (from USD145) is based on FY26e EPS of USD6.18 (previously USD4.51) and a target PE of 32x (unchanged). Our target PE is based on 0.5 SD below the 5-year historical average PE. With c37% upside to our TP, we maintain our Buy rating as we expect continued strength in underlying AI GPU demand as we now believe that Nvidia's AI product roadmap is back on track.

Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Equities Semiconductors & Equipment

United States



MAINTAIN BUY

TARGET PRICE (USD)

200.00

PREVIOUS TARGET (USD)

145.00

SHARE PRICE (USD)

146.27

(as of 13 Nov 2024)

UPSIDE/DOWNSIDE

+36.7%

MARKET DATA

Market cap (USDm)	3,588,003	Free float	96%
Market cap (USDm)	3,588,003	BBG	NVDA US
3M ADTV (USDm)	118,537	RIC	NVDA.OQ

FINANCIALS AND RATIOS (USD)

Year to	01/2024a	01/2025e	01/2026e	01/2027e
HSBC EPS	1.30	2.95	6.18	7.99
HSBC EPS (prev)	1.30	2.83	4.51	5.94
Change (%)	0.0	4.2	37.0	34.4
Consensus EPS	1.24	2.85	4.16	4.96
PE (x)	112.9	49.6	23.7	18.3
Dividend yield (%)	0.1	0.0	0.0	0.0
EV/EBITDA (x)	103.2	42.7	20.1	14.8
ROE (%)	99.3	98.2	88.1	60.3

52-WEEK PRICE (USD)



Source: Refinitiv IBES, HSBC estimates

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Financials & valuation: NVIDIA Corp

Buy

Financial statements

Year to	01/2024a	01/2025e	01/2026e	01/2027e
Profit & loss summary (USDm)				
Revenue	60,922	129,446	269,384	346,020
EBITDA	34,480	81,859	167,200	213,834
Depreciation & amortisation	-1,508	-3,204	-4,041	-5,190
Operating profit/EBIT	32,972	78,655	163,159	208,644
Net interest	608	1,208	3,070	6,520
PBT	33,818	80,164	166,393	215,565
HSBC PBT	33,818	80,164	166,393	215,565
Taxation	-4,059	-11,356	-24,127	-31,257
Net profit	29,759	68,808	142,266	184,308
HSBC net profit	32,312	73,293	153,549	198,555

Cash flow summary (USDm)

Cash flow from operations	28,090	71,973	142,596	200,305
Capex	-1,069	-2,271	-4,727	-6,072
Cash flow from investment	-10,566	-2,311	-4,767	-6,112
Dividends	-395	-1,721	-984	-984
Change in net debt	-13,932	-65,485	-134,390	-190,755
FCF equity	27,021	69,701	137,869	194,233

Balance sheet summary (USDm)

Intangible fixed assets	5,542	5,542	5,542	5,542
Tangible fixed assets	3,914	2,981	3,667	4,549
Current assets	44,345	118,712	279,837	485,531
Cash & others	25,984	91,469	225,859	416,614
Total assets	65,728	139,203	301,053	507,669
Operating liabilities	13,041	23,193	49,250	81,717
Gross debt	9,709	9,709	9,709	9,709
Net debt	-16,275	-81,760	-216,150	-406,905
Shareholders' funds	42,978	106,300	242,094	416,243
Invested capital	14,776	12,573	13,937	-2,709

Ratio, growth and per share analysis

Year to	01/2024a	01/2025e	01/2026e	01/2027e
Y-o-y % change				
Revenue	125.9	112.5	108.1	28.4
EBITDA	497.7	137.4	104.3	27.9
Operating profit	680.4	138.6	107.4	27.9
PBT	708.7	137.0	107.6	29.6
HSBC EPS	-61.2	127.6	109.5	29.3

Ratios (%)

Revenue/IC (x)	4.6	9.5	20.3	61.6
ROIC	220.8	493.7	1052.4	3177.6
ROE	99.3	98.2	88.1	60.3
ROA	54.7	66.1	63.4	44.2
EBITDA margin	56.6	63.2	62.1	61.8
Operating profit margin	54.1	60.8	60.6	60.3
EBITDA/net interest (x)				
Net debt/equity	-37.9	-76.9	-89.3	-97.8
Net debt/EBITDA (x)	-0.5	-1.0	-1.3	-1.9

Per share data (USD)

EPS Rep (diluted)	1.19	2.77	5.72	7.41
HSBC EPS (diluted)	1.30	2.95	6.18	7.99
DPS	0.16	0.07	0.04	0.04
Book value	1.74	4.32	9.85	16.93

Source: Company data, HSBC estimates

Valuation data

Year to	01/2024a	01/2025e	01/2026e	01/2027e
EV/sales	58.4	27.0	12.5	9.2
EV/EBITDA	103.2	42.7	20.1	14.8
EV/IC	240.9	277.9	241.1	
PE*	112.9	49.6	23.7	18.3
PB	84.0	33.8	14.9	8.6
FCF yield (%)	0.8	1.9	3.8	5.4
Dividend yield (%)	0.1	0.0	0.0	0.0

*Based on HSBC EPS (diluted)

Source: Company data, HSBC estimates

ESG metrics

Environmental Indicators	01/2024a	Governance Indicators	01/2024a
GHG emission intensity*	0.9	Number of board members	12
Energy intensity*	10.1	Average board tenure (years)	15.0
CO ₂ reduction policy	Yes	Female board members (%)	33.3
Social Indicators		Board members' independence (%)	91.7
01/2024a			
Employee costs as % of revenue	n/a		
Employee turnover (%)	2.7		
Diversity policy	Yes		

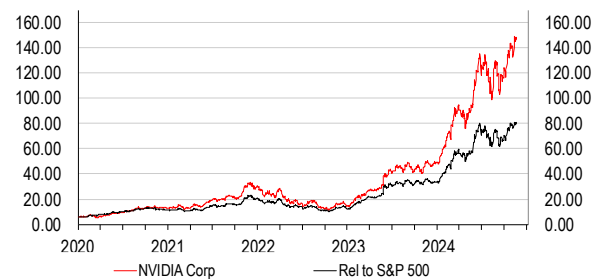
*GHG intensity and energy intensity are measured in kg and kWh, respectively, against revenue in USD'000

Source: Company data, HSBC

Issuer information

Share price (USD)	146.27	Free float	96%
Target price (USD)	200.00	Sector	Semiconductors
RIC (Equity)	NVDA.OQ	Country/Region	United States
Bloomberg (Equity)	NVDA US	Analyst	Frank Lee
Market cap (USDm)	3,588,003	Contact	+852 2996 6916

Price relative



Note: Priced at close of 13 Nov 2024

Source: HSBC

Another roadmap change as Blackwell ramp back on track starting in 4Q25e

As we highlighted in our 21 August note, [Limited impact from roadmap delays](#), we expected Nvidia would look to prioritize GB200 NVL rack platform at the expense of B100/B200 AI GPU in 2H24 given potential supply chain uncertainties. Hence, we saw a significant increase in 2H24 H200 order momentum in August as Nvidia would look to use H200 to offset any weakness in Blackwell transition as assembly targets of B100/B200 universal baseboards (UBB) were lowered. We had also expected an alternative refresh version GPU called B200A in mid-2025, with only a single die with upgraded HBM. We expected a lower performance vs B100 as well as new GB200A architecture which we expected to be an Air Cooling NVL64 solution in 2H25e. We also expected to see further upgraded products in 2H25 such as B200A Ultra which we expected to have a CoWoS-S solution and single die solution, implying relatively lower spec and similar ASP range as the B200A or H200. Furthermore, it was also likely for there to be a new GB200A Ultra architecture, probably an Air Cooling GB200A Ultra NVL36 solution in 2H25e. Hence, we had some reservations that Nvidia's roadmap change could limit further pricing power potential in FY26e given introduction of lower spec B200A and GB200A platforms.

However, we now believe Nvidia has once again changed its roadmap back to a simpler portfolio with emphasis on higher-end spec with a next generation B300 that is based on 2 die solution like existing B200, along with next generation GB300 NVL72 which is expected to remain a liquid cooling solution. Nvidia will have a GB300A NVL 36 rack solution based on Air Cooling solution in 2H25 based on GB300A single die solution. Hence, we believe Nvidia will once again have more simplified roadmap focused on original GB200 NVL 72 rack based solution as well as standalone B200 AI GPU solution. Therefore, ***our previous concerns over limited pricing power given August roadmap change no longer seem like a relevant thesis.***

Although the H200 remains a key driver behind Nvidia's 2H24 AI GPU momentum, we also believe Blackwell ramp up is now back on track with a potential contribution of USD5bn in 4Q25, which should be more than enough to offset any potential downside in H20 revenue of USD1.8bn given geopolitical uncertainty over China AI GPU shipment outlook.

We also highlighted earlier that mid-October would be important timeline to see if GB200 qualification tests, which were originally delayed from mid-August, would lead to most ODMs to begin a more significant volume production ramp of the GB200 platform and its NVL rack architecture by March or April 2025 with limited impact on FY26 earnings. We now believe that Nvidia and overall supply chain is now back on track as highlighted in the table below, as we now expect most hyperscalers or CSP customers to begin significant mass production of NVL rack architecture from 1Q25.

Exhibit 1: Nvidia AI GPU Roadmap revision

	Form Factor	2024				2025				2026	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Revised (Nov 2024)	Nvidia	HGX		H200 1 die, 6S, 8H 141GB, 700W	B200 2 die, 8S, 8H 192 GB, 1,000W			B300 2 die, 4S, 12H 288GB			
					GB200 NVL72 2 die, 8S, 8H 192GB, 1200W			GB300A NVL36 1 die, 4S, 12H 144GB			
								GB300 NVL72 2 die, 4S, 12H 288GB			
Previous (Aug 2024)	Nvidia	HGX		H200 1 die, 6S, 8H 141GB, 700W		B200 2 die, 8S, 8H 192 GB, 1,000W	B200A 1 die, 4S, 12H 144GB, 700W/1,000W	B200A Ultra 1 die, 4S, 12H 144GB			
						GB200 NVL36/72 2 die, 8S, 8H 192GB, 1200W		GB200A Ultra NVL36/72 1 die, 4S, 12H 144GB		GB200 Ultra NVL72 2 die, 8S, 8 or 12H 288GB	

Source: Company data, HSBC estimates, TrendForce

Exhibit 2: HSBCe GPU samples schedule

		2024		2025			
		3Q	4Q	1Q	2Q	3Q	4Q
Nvidia	B200			QS	PS	MP	
	GB200		ES	QS	PS	MP	

* ES = engineering sample; QS = qualification sample; MP = mass production

* ES = engineering sample; QS = qualification sample; MP = mass production

Source: HSBC estimates

Exhibit 3: Projected MP timing for major CSP NVL project

Customers	Server ODM	Main Project	GB200 Module	Target 2025e Rack volume	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Nvidia (DGX)	Hon Hai	NVL72/36	Bianca	<1k				MP				
Oracle	Hon Hai	NVL72	Bianca	5k				MP				
Microsoft	Hon Hai	NVL72	Bianca	16k						MP		
Amazon	Quanta	NVL36	Bianca	3-4k					MP			
Google	Quanta	NVL36	Bianca	3k					MP			
Meta	Quanta/Hon Hai	NVL36	Ariel	9k					MP			
Dell	Wistron	NVL72	Bianca	<1k					MP			
Total		NVL72 Equivalent		Around 35-40k								

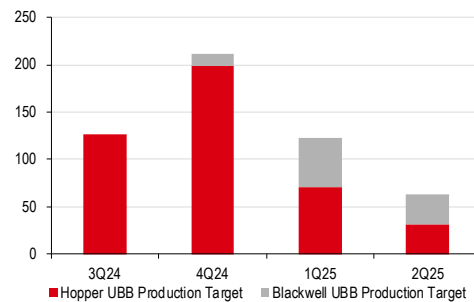
Source: HSBC estimates

Exhibit 4: AI GPU estimate revisions for 2H24, revenue

(USDm)	HSBC - old		HSBC - new		New vs old	
	3Q25e	4Q25e	3Q25e	4Q25e	3Q25e	4Q25e
H100 revenue	11,282	5,400	11,282	2,005	0%	-63%
H200 revenue	6,600	16,900	8,602	16,900	30%	0%
H20 revenue	4,500	1,800	4,500	1,800	0%	0%
B series revenue	-	-	-	3,360	-	-
L series revenue	1,307	2,080	1,307	2,080	0%	0%
Total AI GPU revenue			25,691	26,145	8%	0%
	23,689	26,180				
Revenue from NVL rack	-	-	-	1,654	-	-
Mellanox	3,947	4,247	4,229	4,652	7%	10%
Others	1,383	1,600	1,423	1,570	3%	-2%
Total Datacenter revenue	29,019	32,026	31,343	34,022	8%	6%
Cons			29,025	32,582		
vs Cons			8%	4%		

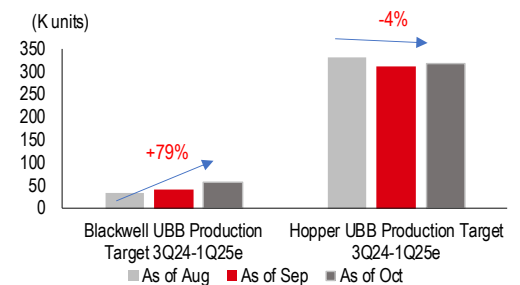
Source: HSBC estimates, Visible Alpha consensus forecast

Exhibit 5: Nvidia GPU universal baseboard production forecasts



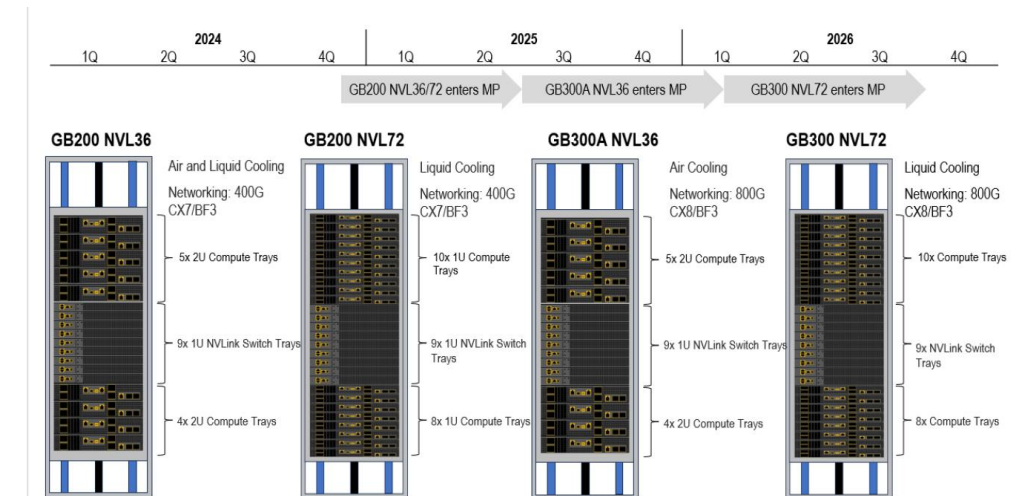
Source: HSBC estimates

Exhibit 6: We see order increases for Blackwell universal baseboard as Hopper order starts decreasing



Source: HSBC estimates

Exhibit 7: Nvidia rack solutions architecture



Source: Company data, TrendForce

Still room for moderate upside surprises to 3Q25 earnings and 4Q25 guidance

We expect Nvidia's 3Q25 sales of USD35.3bn, which would once again beat management guidance/consensus of USD32.5bn/USD33.1bn. We also expect 4Q25 and 1Q26 sales of USD38.0bn and USD42.7bn to continue to beat consensus estimates of USD36.6bn and USD39.9bn, respectively. Nevertheless, we expect with some bullish sell-side estimates already at USD34.5bn and USD44bn for 3Q25 and 4Q25 sales, the magnitude of potential beat to consensus estimates may not be as much a short-term boost to the share price given we have seen a +44% rally since early September (compared to S&P 500 +11%). Nevertheless, we increase our FY25 datacenter sales estimate by 4% to USD114bn, which remains 3% above consensus of USD110.5bn. Our GM estimates of 75% in 3Q25 and 73.5% in 4Q25 vs consensus estimates of 74.9% and 73.1% reflect the impact of lower GM from higher HBM content.

Exhibit 8: Nvidia 3Q25e and 4Q25e preview

(USDm)	3Q25e						4Q25e		
	Guidance	HSBCe	HSBCe vs Guidance	Consensus	Cons vs Guidance	HSBCe vs Cons	HSBCe	Cons	HSBCe vs Cons
Revenue	32,500	35,324	9%	33,067	2%	7%	38,038	36,628	4%
- QoQ	8%	18%		10%			8%	11%	
Adj Gross Profit	24,375	26,493	9%	24,770	2%	7%	27,958	26,782	4%
Adj GM %	75.0%	75.0%	0bps	74.9%	-9bps	9bps	73.5%	73.1%	38bps
Adj Op income	21,375	23,300	9%	21,828	2%	7%	24,645	23,654	4%
Adj OPM %	65.8%	66.0%	19bps	66.0%	24bps	-5bps	64.8%	64.6%	21bps

Source: Company data, HSBC estimates, Visible alpha consensus estimates

Expect to see significant upward revision to FY26 consensus forecasts

Over the past two months, we have continued to see upward revision of c40% to Nvidia's FY26e CoWoS wafer capacity allocation from c233K wafers to 325K wafers. We are also assuming NVL rack unit shipment assumption of 41.4K NVL 72 equivalent unit shipment as we have also revised up our FY26e NVL 72 rack server unit shipment assumptions from 5% of total share to 80% of total share on the back of the change in Nvidia's FY26e roadmap. Hence, this should lead to both a higher FY26e total AI GPU unit assumptions of 7.2m as well more favourable product mix of higher-ASP AI GPU platform.

Therefore, we are revising up our FY26 datacenter revenue estimates by 42% to USD252.8bn (+121% YoY growth), which remains 48% higher than consensus of USD170.8bn. This leads us to revise our overall FY26e sales and EPS by 38% and 37% to USD269.4bn and USD6.18, respectively, which are significantly higher than consensus estimates of USD185.3bn and USD4.16. However, we believe given the recent share price rally of +44% since September, the current bullish market expectations have also risen to USD230bn-USD250bn in datacenter revenue and FY26 EPS of USD6.00-USD6.50, which are more in line with our revised estimates.

Exhibit 9: HSBC estimates revisions and comparison with consensus

(USD m)	HSBC-new			HSBC-old			Diff			Consensus			HSBC vs cons		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Sales	129,446	269,384	346,020	125,127	195,251	254,949	3%	38%	36%	125,872	185,296	222,702	3%	45%	55%
- y-o-y chg	112%	108%	28%	105%	56%	31%				107%	47%	20%			
Adjusted gross profits	97,740	198,234	249,164	93,900	147,982	192,836	4%	34%	29%	94,840	135,470	158,141	3%	46%	58%
- Adjusted GM	75.5%	73.6%	72.0%	75.0%	75.8%	75.6%				75.3%	73.1%	71.0%			
Adjusted op profits	85,942	178,427	226,693	82,491	128,731	166,397	4%	39%	36%	83,507	120,963	142,563	3%	48%	59%
- Adjusted OPIM	66.4%	66.2%	65.5%	65.9%	65.9%	65.3%				66.3%	65.3%	64.0%			
Adjusted Net income	73,293	153,549	198,555	70,336	112,111	147,772	4%	37%	34%	70,731	103,395	123,252	4%	49%	61%
Adjusted EPS	2.95	6.18	7.99	2.83	4.51	5.94	4%	37%	34%	2.85	4.16	4.96	4%	49%	61%
- y-o-y chg	128%	109%	29%	118%	59%	32%				120%	46%	19%			

Source: HSBC estimates, Visible Alpha consensus estimates

Increasing hyperscaler CAPEX supports bullish FY26e NVL rack revenue upside

One of the biggest drivers behind our significant FY26e datacentre revenue upward revision was due to our more aggressive FY26e NVL rack revenue revision which increased from USD74.6bn previously to USD111.4bn. We attribute the significant upward revision mainly to higher mix of NVL 72 rack servers as we highlighted earlier. We expect hyperscalers to be the main customers driving NVL rack demand in FY26e. Hence, we have also looked at 2025 hyperscaler CAPEX to see if it is large enough to support Nvidia's bullish FY26e NVL rack outlook on the back of more aggressive CoWoS allocation and downstream ODM supply chain feedback. Since our 10 May note, [https://www.research.hsbc.com/R/84/FwVkJfFCr7zpmNvidia\(NVDA US\): Limited roadmap delay impact but less FY1/26 upside](https://www.research.hsbc.com/R/84/FwVkJfFCr7zpmNvidia(NVDA US): Limited roadmap delay impact but less FY1/26 upside), we have also seen a 21% upward revision in consensus total hyperscaler 2025 CAPEX from USD216bn to USD261bn, with the four hyperscalers continuing to revise up 2025 CAPEX. Assuming 50% of hyperscaler CAPEX is allocated to servers and another 72%-100% of overall server CAPEX is distributed to AI servers, this suggests potential 2025 AI server CAPEX budget of USD94bn-USD131bn, which is significantly higher vs our May AI server CAPEX assumption of USD78bn. We also believe this implies our FY26e NVL rack revenue forecast of USD111.4bn is achievable despite ongoing market concerns over hyperscalers' return on investments.

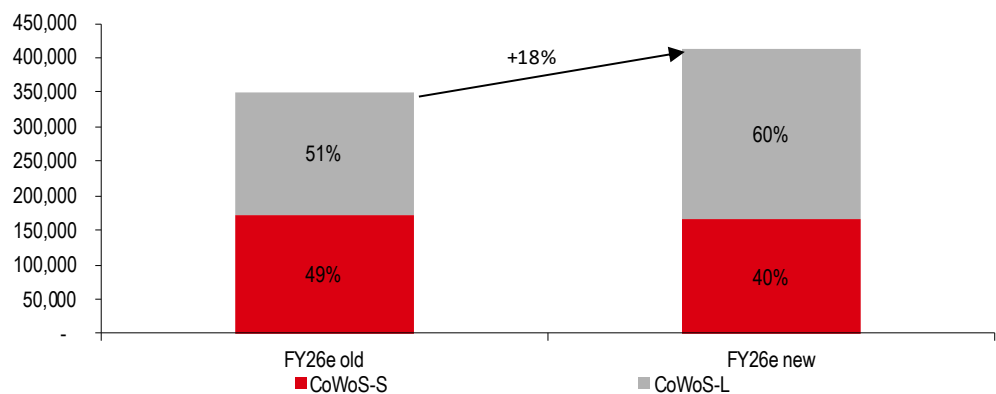
Exhibit 10: CSP CAPEX estimates

Capex- Consensus estimates (USDbn)	In May 2025e	Current 2025e	Revision		
Google	49.9	59.0	18%		
Amazon	67.6	85.7	27%		
Meta	41.8	50.7	21%		
Microsoft	56.4	65.5	16%		
CSP Total	215.7	261.0	21%		
Capex for overall servers (USDbn)	In May 2025e	Current 2025e	Revision		
Google	17.8	21.0	18%		
Amazon	34.7	44.0	27%		
Meta	18.7	22.7	21%		
Microsoft	37.4	43.5	16%		
CSP Total	108.6	131.2	21%		
Server capex as % of total	50%	50%			
Capex for AI servers (USDbn)	In May 2025e	Current 2025e	Scenario 80%	Scenario 90%	Scenario 100%
Google	11.0	13.0	14.5	16.3	18.1
Amazon	24.9	31.6	35.2	39.7	44.1
Meta	12.0	14.6	16.3	18.3	20.3
Microsoft	30.0	34.9	38.9	43.8	48.7
CSP Total	77.9	94.0	105.0	118.1	131.2
AI server capex as % of overall server capex	72%	72%	80%	90%	100%
NVL rack revenue (USDbn)	74.6	111.4			

Source: HSBC estimates, Visible Alpha consensus estimates

Bullish FY26e datacentre revenues do not fully reflect CoWoS capacity allocation

As we highlighted earlier, we have continued to see an upward revision in Nvidia's FY26e CoWoS wafer capacity allocation over the past two months from 353K to 412K. However, our revised base case forecast only assumes CoWoS wafer consumption of 325K units given potential supply chain yield issues and lower unit forecast of NVL rack servers from ODMs. Our scenario analysis below suggests that if we assume a higher CoWoS wafer consumption of 350K to 400K, that would imply potential FY26e datacentre revenue forecast of USD271bn to USD308bn and FY26e EPS range of USD6.60 to USD7.43 under a bull case scenario.

Exhibit 11: Nvidia CoWoS capacity breakdown


Source: HSBC estimates

Exhibit 12: Scenario analysis

(in USDm)	Base Case	Scenario I	% difference	Scenario II	% difference	Scenario III	% difference
Revenue	269,384	287,895	7%	306,331	14%	324,773	21%
YoY	108%	118%		132%		146%	
Adjusted GM	198,234	211,727	7%	225,278	14%	238,834	20%
Adjusted GM %	73.6%	73.5%		73.5%		73.5%	
Adjusted OP	178,427	190,620	7%	202,822	14%	215,030	21%
Adjusted OPM%	66.2%	66.2%		66.2%		66.2%	
Adjusted Net income	153,549	163,957	7%	174,373	14%	184,794	20%
Adjusted EPS	6.18	6.60	7%	7.01	14%	7.43	20%
YoY	109%	119%		133%		147%	
Assumption							
Total CoWoS allocation	325,000	350,000	8%	375,000	15%	400,000	23%
Total AI GPUs	7,170,000	7,660,000	7%	8,150,000	14%	8,640,000	21%
NVL 72 equivalent racks based on GPUs	41,389	44,306	7%	47,222	14%	50,139	21%
B200 chips	1,490,000	1,672,183	12%	1,854,367	24%	2,036,550	37%
B300 chips	800,000	897,817	12%	995,633	24%	1,093,450	37%
GB200 NVL 72 racks	26,250	28,200	7%	30,100	15%	31,900	22%
GB200 NVL 36 racks	2,500	2,831	13%	3,262	30%	3,892	56%
GB300 NVL 72 racks	10,417	11,218	8%	12,019	15%	12,821	23%
GB300A NVL 36 racks	6,944	6,944	0%	6,944	0%	6,944	0%
NVL 36 mix	20%	20%		20%		20%	
NVL 72 mix	80%	80%		80%		80%	
Revenue from B200	52,150	58,526	12%	64,903	24%	71,279	37%
Revenue from B300	32,000	35,913	12%	39,825	24%	43,738	37%
Revenue from GB200 NVL 72	68,867	73,983	7%	78,967	15%	83,690	22%
Revenue from GB200 NVL 36	3,364	3,809	13%	4,388	30%	5,237	56%
Revenue from GB300 NVL 72	31,078	33,469	8%	35,859	15%	38,250	23%
Revenue from GB300A NVL 36	8,094	8,094	0%	8,094	0%	8,094	0%
Total datacentre revenue	252,750	271,261	7%	289,696	15%	308,138	22%

Source: HSBC estimates

Exhibit 13: Nvidia AI GPU assumptions

	FY1/2025e	FY1/2026e	FY1/2027e
Total CoWoS capacity allocation (units)	151,000	325,000	425,000
Mix			
CoWoS-S	98%	40%	30%
CoWoS-L	2%	60%	70%
CoWoS-S wafers	147,825	130,000	127,500
CoWoS-L wafers	3,175	195,000	297,500
Net die			
CoWoS-S	28	28	28
CoWoS-L	14	14	14
Units-GPUs based on CoWoS-S			
H100	2,323,034	-	-
H200	1,020,080	1,100,000	500,000
H20	700,000	-	-
B200	96,000	1,490,000	960,000
B300	-	800,000	1,310,000
B300A (for GB300A)	-	250,000	800,000
Total AI GPUs based on CoWoS-S	4,139,114	3,640,000	3,570,000
L series (not based on CoWoS)	500,000	800,000	500,000
Total	4,639,114	4,440,000	4,070,000
Units-GPUs for NVL (Based on CoWoS-L)			
B200 for GB200	44,443	1,980,000	1,245,000
B300 for GB300	-	750,000	2,920,000
Total GPUs for NVL (Based on CoWoS-L)	44,443	2,730,000	4,165,000
B300A for GB300A (Based on CoWoS-S)	-	250,000	800,000
Total GPUs for NVL	44,443	2,980,000	4,965,000
NVL 72 equivalent racks based on GPUs	617	41,389	68,958
Total AI GPU units	4,683,557	7,170,000	8,235,000
Mix by series			
Hopper	86%	15%	6%
Blackwell	3%	74%	88%
L series	11%	11%	6%
ASP (USD)			
H100	22,500	22,500	22,500
H200	25,000	20,000	20,000
H20	9,000	8,000	7,000
B200	35,000	35,000	35,000
B300	40,000	40,000	40,000
L series	10,000	9,000	7,500
Revenue- AI GPUs (USDm)			
H100	52,268	-	-
H200	25,502	22,000	10,000
H20	6,300	-	-
B200	3,360	52,150	33,600
B300	-	32,000	52,400
L series	5,000	7,200	3,750
Total standalone GPUs revenue	92,430	113,350	99,750

Source: HSBC estimates

Exhibit 14: Nvidia NVL server rack assumptions

	FY1/2025e	FY1/2026e	FY1/2027e
Server rack (units)			
B series available for GB200	44,443	1,980,000	1,245,000
B series per GB200	2	2	2
GB200 units	22,222	990,000	622,500
B series available for GB300	-	750,000	2,920,000
B series per GB300	2	2	2
GB300 units	-	375,000	1,460,000
B series available for GB300A	-	250,000	800,000
B series per GB300A	2	2	2
GB300A units	-	125,000	400,000
GB200/GB300/GB300A per rack			
NVL 36	18	18	18
NVL 72	36	36	36
NVL racks (units)			
GB200 NVL 36	1,035	2,500	583
GB200 NVL 72	100	26,250	17,000
Total GB200 NVL	1,135	28,750	17,583
GB300 NVL 72	-	10,417	40,556
GB300A NVL 36	-	6,944	22,222
Total NVL racks	1,135	46,111	80,361
NVL Mix			
GB200 NVL 36	91%	9%	3%
GB200 NVL 72	9%	91%	97%
GB200	100%	62%	22%
GB300	0%	23%	50%
GB300A	0%	15%	28%
NVL 36 mix	91%	20%	28%
NVL 72 mix	9%	80%	72%
ASP (USD)			
GB200 NVL 36	1,345,500	1,345,500	1,345,500
GB200 NVL 72	2,623,500	2,623,500	2,623,500
GB300 NVL 72	2,983,500	2,983,500	2,983,500
GB300A NVL 36	1,165,500	1,165,500	1,165,500
Revenue- NVL Server rack (USDm)			
GB200 NVL 36	1,392	3,364	785
GB200 NVL 72	262	68,867	44,600
GB300 NVL 72	-	31,078	120,998
GB300A NVL 36	-	8,094	25,900
Total NVL server rack revenue	1,654	111,403	192,282

Source: HSBC estimates

Exhibit 15: Nvidia datacenter revenue assumptions

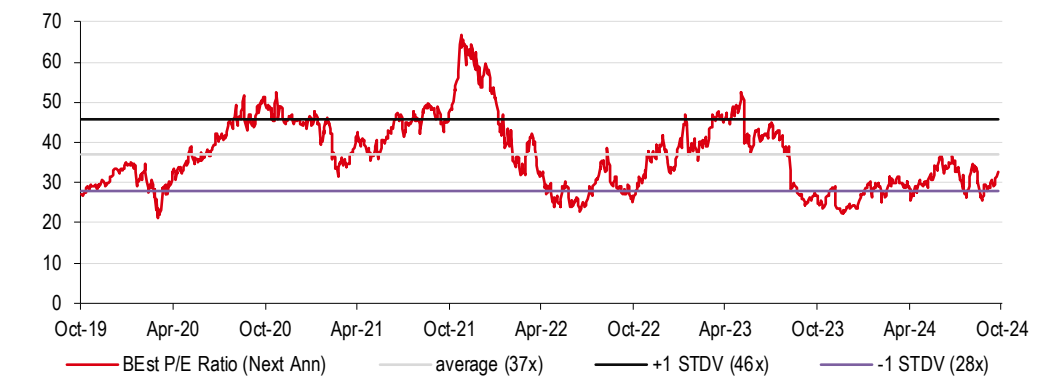
	FY1/2025e	FY1/2026e	FY1/2027e
Total AI chips revenue	92,430	113,350	99,750
Total NVL server rack revenue	1,654	111,403	192,282
Mellanox	15,393	19,895	23,801
Others	4,722	8,102	11,012
Total	114,200	252,750	326,846
Consensus	110,533	170,827	209,519
Difference	3%	48%	56%

Source: HSBC estimates, Visible Alpha consensus estimates

Exhibit 16: NVIDIA annual and quarterly P&L

(USDm)	FY1/2024	FY1Q25	FY2Q25e	FY3Q25e	FY4Q25e	FY1/2025e	FY1Q26e	FY2Q26e	FY3Q26e	FY4Q26e	FY1/2026e	FY1/2027e
Sales	60,922	26,044	30,040	35,324	38,038	129,446	42,672	49,680	76,167	100,865	269,384	346,020
- YoY	126%	262%	122%	95%	72%	112%	64%	65%	116%	165%	108%	28%
- QoQ		18%	15%	18%	8%		12%	16%	53%	32%		
Gross profits	44,301	20,406	22,574	25,698	27,119	95,798	30,630	35,564	54,377	71,716	192,287	241,689
Gross margin	72.7%	78.4%	75.1%	72.8%	71.3%	74.0%	71.8%	71.6%	71.4%	71.1%	71.4%	69.8%
- YoY	188%	339%	139%	92%	62%	116%	50%	58%	112%	164%	101%	26%
- QoQ		22%	11%	14%	6%		13%	16%	53%	32%		
Operating profits	32,972	16,909	18,642	20,930	22,174	78,655	25,936	30,099	45,999	61,125	163,159	208,644
OP margin	54%	65%	62%	59%	58%	61%	61%	61%	60%	61%	61%	60%
- YoY	680%	690%	174%	101%	63%	139%	53%	61%	120%	176%	107%	28%
- QoQ		24%	10%	12%	6%		17%	16%	53%	33%		
Net income	29,759	14,881	16,599	18,169	19,234	68,808	22,866	26,426	40,020	52,953	142,266	184,308
- YoY	581%	628%	168%	97%	57%	131%	54%	59%	120%	175%	107%	30%
- QoQ		21%	12%	9%	6%		19%	16%	51%	32%		
Non-GAAP												
Gross profit	44,958	20,560	22,729	26,493	27,958	97,740	31,577	36,664	56,059	73,934	198,234	249,164
Gross margin	73.8%	78.9%	75.7%	75.0%	73.5%	75.5%	74.0%	73.8%	73.6%	73.3%	73.6%	72.0%
Operating profit	37,134	18,059	19,937	23,300	24,645	85,942	28,385	32,948	50,362	66,733	178,427	226,693
Operating margin	61.0%	69.3%	66.4%	66.0%	64.8%	66.4%	66.5%	66.3%	66.1%	66.2%	66.2%	65.5%
Net income	32,312	15,238	16,952	19,891	21,028	73,293	24,704	28,562	43,292	56,991	153,549	198,555
EPS (USD)	1.19	0.60	0.67	0.73	0.77	2.77	0.92	1.06	1.61	2.13	5.72	7.41
- YoY	-31%	629%	170%	97%	57%	132%	54%	59%	120%	175%	107%	30%
- QoQ		21%	12%	9%	6%		19%	16%	51%	32%		

Source: Company data, HSBC estimates

Exhibit 17: Nvidia forward PE trend


Source: Bloomberg

Valuation and risks

We derive our revised TP of USD200 (previously US145) based on our FY26 EPS estimate of USD6.18 (previously USD4.51) applied to our target PE multiple of 32x (unchanged).

Our target 2026 PE of 32x is based on 0.5SD below 5-year historical average forward PE. We remain 0.5SD below the historical average as we acknowledge that the hyper growth rate from the early stages of generative AI training will start to decelerate. We believe the share price upside could be driven more by the FY26 EPS upside rather than further re-rating above our target PE, given market apprehensions over the sustainability of FY26 growth outlook. With c37% upside to our TP, we maintain our Buy rating.

Methodology, target price, and rating		Risks to our view
NVIDIA NVDA US	Current price: USD146.27	Downside risks: 1) slower-than-expected mix shift towards higher ASP AI GPUs; 2) lower investment from CSPs towards generative AI; 3) weaker-than-expected overall datacenter momentum; and 4) geopolitical uncertainty.
	Target price: USD200.00	
Buy	Upside: 36.7%	
	Frank Lee* frank.lee@hsbc.com.hk +852 29966916	

Note: Priced at close of 13 Nov 2024

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Source: Bloomberg, HSBC estimates

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Upside/Downside is the percentage difference between the target price and the share price.

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Hold	39%	(14% of these provided with Investment Banking Services in the past 12 months)
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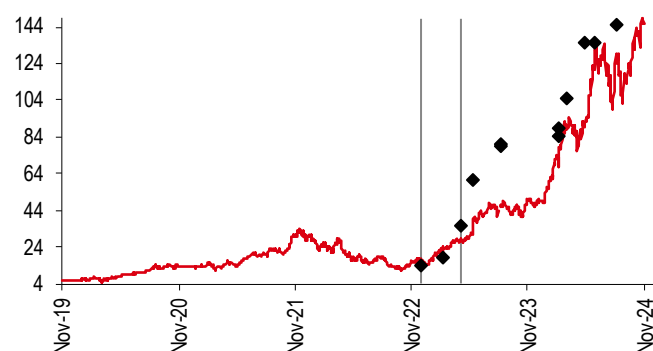
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Share price and rating changes for long-term investment opportunities

NVIDIA Corp (NVDA.OQ) share price performance USD

Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Reduce	14 Dec 2022	Frank Lee
Reduce	Buy	17 Apr 2023	Frank Lee
Target price	Value	Date	Analyst
Price 1	13.60	14 Dec 2022	Frank Lee
Price 2	17.50	23 Feb 2023	Frank Lee
Price 3	35.50	17 Apr 2023	Frank Lee
Price 4	60.00	25 May 2023	Frank Lee
Price 5	78.00	20 Aug 2023	Frank Lee
Price 6	80.00	24 Aug 2023	Frank Lee
Price 7	83.50	18 Feb 2024	Frank Lee
Price 8	88.00	22 Feb 2024	Frank Lee
Price 9	105.00	17 Mar 2024	Frank Lee
Price 10	135.00	10 May 2024	Frank Lee
Price 11	135.00	13 Jun 2024	Frank Lee
Price 12	145.00	21 Aug 2024	Frank Lee

Source: HSBC

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Company	Ticker	Recent price	Price date	Disclosure
NVIDIA CORP	NVDA.OQ	146.27	13 Nov 2024	7

Source: HSBC

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