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NVIDIA Corp (NVDA.O)

Computex Day 1 – All About CPUs – Positive

CITI'S TAKE

Jensen Huang (CEO) delivered a GTC keynote on COMPUTEX Day 1. Our key incremental takeaways are: 1) Vera Rubin entered full production vs recent investor concerns around potential delays; 2) Nvidia announced its Vera agentic AI dedicated CPU with 3X performance on SQL workloads and 6X performance on data processing versus its X86 counterparts AMD/Intel. Moreover, CPU content seems close to 1 to 1 vs GPU. This is positive for CPUs as historically for 2 GPUs Nvidia sold 1 CPU. With agentic AI, Nvidia has now racks of standalone CPUs (256 per system) + CPU used for memory as well. Jensen best summarized it “In the age of AI agents the CPU is now the bottleneck to the GPU.” 3) Vera CPU has Anthropic and OpenAI as two early adopter customers; 4) A “new era of PCs” was launched with RTX Spark, an ARM-based PC developed by Microsoft and Nvidia.

Key announcements:

1. [Vera Rubin is ramping into full production to power agentic AI factories worldwide](#). The platform – five purpose-built racks operating as a single AI supercomputer – unifies Vera Rubin NVL72 GPU systems, Vera CPUs, BlueField-4 STX storage, and Spectrum-6 networking into an end-to-end system delivering 10x agent throughput at scale compared with Blackwell. Top server makers and supply chain leaders are manufacturing Vera Rubin-based systems at scale – fueling AI labs, cloud providers and hyperscalers to build tomorrow’s intelligence.

Also in full production is the [NVIDIA Vera CPU, purpose-built for agentic AI](#). Building on the success of Grace, which has nearly 2.5M shipments to date, Vera delivers 1.8x more performance vs x86 across common agentic tools such as Python, code analysis and compilation – generating more data center token revenue. Major AI labs, hyperscalers, and cloud providers excited and helping to bring Vera to market include **Anthropic**, **OpenAI** and others.

NVIDIA Spectrum-X Ethernet Photonics — now in production — combines co-packaged optics with Spectrum-X switching to enable million-GPU AI factories. It delivers 5x better power efficiency, 5x longer AI uptime and 1.3x faster time to deployment than networks using traditional transceivers. **CoreWeave**, **Microsoft** and **OCI** are among the first ecosystem partners and adopters.

2. [NVIDIA and Microsoft build new line of Windows PCs for age of AI – NVIDIA unveiled the RTX Spark superchip](#) which reinvents Windows PCs for personal agents – featuring a Blackwell RTX GPU connected via NVIDIA NVLink C2C with a 20-core Grace CPU co-designed with **MediaTek**, delivering 1 petaflop of AI and up to 128GB unified memory. Designed for AI, creating and gaming, RTX Spark brings together 30 years of NVIDIA innovation — including NVIDIA CUDA, RTX, DLSS, FP4, TensorRT, OptiX, Reflex and G-SYNC – to slim Windows laptops with all-day battery life and

Buy

Price (29 May 26 16:00)	US\$211.14
Target price	US\$300.00
Expected share price return	42.1%
Expected dividend yield	0.0%
Expected total return	42.1%
Market Cap	US\$5,109,588M

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

small, ultra-efficient desktop PCs. RTX Spark renders 90GB+ 3D scenes, edits 12K 4:2:2 video, runs 120B-parameter LLMs with 1M-token context using agents locally, and plays AAA games at 1440p/100+ fps.



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Valuation

Our price target for NVDA of \$300 is based on ~28x P/E on C27E earnings power of ~\$11.9 (incl. SBC) discounted back. Our 28x P/E multiple is in-line with 3 year average.

Risks

Downside risks to the attainment of our target price include: 1) competition on gaming could drive the stock lower if Nvidia loses market share; 2) slower-than-expected adoption of new platforms can drive lower data center and gaming sales; 3) lumpiness in auto and data center markets can add volatility to the stock/multiple; and 4) cryptomining impact on gaming sales.