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NVIDIA Corp (NVDA.O)

Computex Day 2: Capital Allocation, MRVL, & CPO

CITI'S TAKE
NVIDIA hosted a financial analyst Q&A with Jensen Huang (CEO) at Computex 2026 (see day 1 takeaways). We also spoke with NVDA VP of Investor Relations & Strategic Finance, Toshiya Hari, post the financial analyst Q&A and recap our key takeaways below.

Buy	
Price (01 Jun 26 16:00)	US$224.36
Target price	US$300.00
Expected share price return	33.7%
Expected dividend yield	0.0%
Expected total return	33.7%
Market Cap	US$5,429,512M

Atif Malik[AC]

Papa Sylla

Shareholder Returns & Capital Allocation

NVIDIA announced plans to return 50%+ of free cash flow to shareholders not only this year, but next year, and beyond, with increased stock repurchases and dividends over time. The company highlighted its $80B share repurchase program and a 25x increase in dividends, with commitments to regular reviews. This commitment was first flagged at the March GTC and formally restated at the Q1 FY2027 earnings call.

Vera Rubin for Agentic AI

The session emphasized Vera Rubin for agentic AI as the central product theme. NVIDIA expects $1T+ in cumulative orders for its Blackwell and Rubin systems by 2027. The NVL72 systems bundle together Rubin GPUs, Vera CPUs, Groq 3 LPX inference trays, Spectrum-6 networking, and BlueField-4 storage into one cohesive stack making it, per Jensen, the most cost effective inference solution.

Financial Reporting Re-segmentation

The company re-segmented financial reporting to provide greater transparency into business operations, focusing on hyperscalers, OEMs/AI clouds, and robotics edge. This new structure was introduced to help analysts better model the diverging growth rates across customer types.

Vera CPU Opportunity

Jensen laid out the opportunity in the CPU market as a brand-new $200B TAM for NVIDIA, a market NVIDIA has never addressed before. He was clear that although the CPU market existed for a while, the CPU for AI agents is an untapped market NVDA is paving the way for. As showcased in the keynote, management added that every major hyperscale and system maker is partnering with them to get it deployed. Regarding the $20B CPU sales this FY, we got more clarification post Financial Q&A, with management discussing it contains both head-node and CPU for DPU. NVDA estimates that in the list of incremental opportunities to the $1T+ Rubin and Blackwell 2027 sales, CPU seats on top followed by LPX.

RTX Sparks

To the push-back on the need for AI on the local computer, Jensen answered by discussing how having a computer locally running agents allows for a reinvention of computers. The computer can now run and do tasks on behalf of its user. He added that in the future, all edge devices will use agentic AI.

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

Jensen on Marvell

On the sidelines of the same Taipei week, Huang hailed Marvell Technology as potentially the next trillion-dollar company, noting that the company's networking and connectivity chips are essential to data centers where computing tasks are spread across thousands of connected chips that need to share data quickly. Recall, NVIDIA committed to a $2B investment in Marvell. Matt Murphy, MRVL CEO highlighted that AI infrastructure has gone through a sequence of bottlenecks. First came compute, then memory. The next bottleneck will be connectivity. The next major innovation will be the shift from electrical to optical connectivity — a transition MRVL has spent years preparing for.

Copper vs Optics: Different distances require different connectivity solutions. Rack-scale connectivity will require moving to optical progressively, as higher bandwidths will no longer work over copper at necessary lengths . This was echoed by Jensen both on stage and during NVDA Financial Q&A where he discussed the future use of a hybrid architecture with first scale up using copper, this is followed by a second layer of scale up using optics before finally scaling out with optics.

Bull/Bear: NVIDIA Corp

US$ 480.00	US$ 300.00	US$ 180.00
▲114% Upside	▲34% Upside	▼20% Downside

Spread 134pp
Current Price and expected returns (upside/downside) as of 01 Jun 2026

BULL Assumptions

- 40x P/E
- AI Infrastructure spend of +$5 trillion by 2030

BASE Assumptions

- 30x P/E
- AI Infrastructure spend of $3-4trillion by 2030

BEAR Assumptions

- 20x P/E
- AI Infrastrcuture TAM <$2 trillion due to competition/pricing pressure/macro risks.

NVIDIA Corp

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.