BofA SECURITIES

NVIDIA Corporation

Durable high-quality growth at compelling value multiple, reit Buy

Maintain Rating: BUY | PO: 350.00 USD | Price: 195.55 USD

Addressing key debates for unique growth franchise

Despite its AI dominance, NVDA stock is up just 3% YTD vs. SOX +82%. We address 4 key investor concerns: 1) Gross margin pressure from higher memory costs, 2) Custom ASIC competition, 3) Crowded investor ownership, and 4) Unproductive use of cash in vendor financing vs. stronger buybacks/dividend. Our analysis suggests that at NVDA's current valuation, investors might already be implicitly discounting an unjustified ~30-35% headwind to CY27/28 EPS ests (effectively delta between NVDA and growth peer forward PE). We strongly disagree with the EPS discount and see as an enhanced Buy opp'ty for a unique, durable growth franchise now trading at a 7-yr low 18x forward PE.

Memory inflation predictable, pricing power unappreciated

We believe investors overstate HBM cost pressure while underestimating NVDA's pricing power, scale, and $119bn of supply-chain commitments. HBM content per rack may rise by ~$0.2-0.3mn from Blackwell to Rubin, but rack pricing could increase by $2-3mn (from ~$3-4mn to ~$6-7mn), driven by upgrades across compute, networking, and software. We therefore expect gross margins to remain around the mid-70% range.

NVDA GPU sales up ~700x since ASICs launched in 2015

Google TPU (2015), Amazon Trainium (2020), and Meta MTIA (2023) have all been around, yet NVDA GPU revenue has grown ~700x since 2015. NVDA sales to hyperscaler rose 115% YoY, nearly 2x cloud capex growth, suggesting continued wallet-share gains. Over the long-term, we expect NVDA to sustain a 65-70%+ share of AI capex.

Valuation already bakes in 30-35% EPS headwind

Despite similar AI opportunities and memory-cost pressures as Amazon, Meta, Google, Microsoft, and Apple, NVDA trades ~30-35% below their 22x/19x CY27/28E PE. We expect upcoming NVDA earnings to reinforce its moats in products, pricing, and supply chain. While ownership concentration (1.15x weighting, 78% ownership within active S&P 500 funds) and strategic investments (~$65bn) remain overhangs, we estimate the latter consumes <35% of FCF, leaving substantial capacity for dividends and buybacks.

Estimates (Jan) (US$)	2025A	2026A	2027E	2028E	2029E
EPS	2.83	4.55	9.09	13.27	18.04
GAAP EPS	2.94	4.90	9.59	13.08	17.79
EPS Change (YoY)	141.9%	60.8%	99.8%	46.0%	35.9%
Consensus EPS (Bloomberg)			8.99	12.94	NA
Consensus EPS (Visible Alpha)			8.95	12.59	15.30
DPS	0.03	0.04	0.76	1.15	1.38
Valuation (Jan)					
P/E	69.1x	43.0x	21.5x	14.7x	10.8x
GAAP P/E	66.5x	39.9x	20.4x	15.0x	11.0x
Dividend Yield	0%	0%	0.4%	0.6%	0.7%
EV / EBITDA*	57.3x	35.9x	17.9x	12.5x	9.5x
Free Cash Flow Yield*	1.3%	2.0%	3.8%	5.8%	7.9%

* For full definitions of iQmethod℠ measures, see page 11.

07 July 2026

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Stock Data

Price	195.55 USD
Price Objective	350.00 USD
Date Established	20-May-2026
Investment Opinion	C-1-7
52-Week Range	157.34 USD - 236.54 USD
Mrkt Val (mn) / Shares Out (mn)	4,865,284 USD / 24,880.0
Free Float	96.2%
Average Daily Value (mn)	32485.45 USD
BofA Ticker / Exchange	NVDA / NAS
Bloomberg / Reuters	NVDA US / NVDA.OQ
ROE (2027E)	95.9%
Net Dbt to Eqty (Jan-2026A)	-1.4%

See glossary on page 8

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Refer to important disclosures on page 12 to 14. Analyst Certification on page 10. Price Objective Basis/Risk on page 10. **12991664**

Timestamp: 07 July 2026 06:44PM EDT

iQprofile℠ NVIDIA Corporation

iQmethod℠ **– Bus Performance***

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Return on Capital Employed	100.4%	86.6%	90.4%	76.8%	67.3%
Return on Equity	114.7%	94.3%	95.9%	80.3%	69.3%
Operating Margin	66.5%	63.6%	68.5%	68.6%	69.0%
Free Cash Flow	60,855	96,677	186,824	282,008	384,596

iQmethod℠ **– Quality of Earnings***

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Cash Realization Ratio	0.9x	0.9x	0.9x	0.9x	1.0x
Asset Replacement Ratio	1.7x	2.1x	2.0x	2.0x	2.0x
Tax Rate	13.3%	15.1%	16.9%	18.0%	18.0%
Net Debt-to-Equity Ratio	-0.2%	-1.4%	-22.9%	-43.7%	-57.1%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Jan)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Sales	130,497	215,938	396,135	564,622	738,998
% Change	114.2%	65.5%	83.4%	42.5%	30.9%
Gross Profit	98,505	153,994	297,498	422,508	549,515
% Change	119.1%	56.3%	93.2%	42.0%	30.1%
EBITDA	83,915	133,755	268,142	385,165	508,478
% Change	139.3%	59.4%	100.5%	43.6%	32.0%
Net Interest & Other Income	1,550	2,161	1,849	1,856	1,856
Net Income (Adjusted)	**70,159**	**111,574**	**220,605**	**315,502**	**416,084**
% Change	**140.8%**	**59.0%**	**97.7%**	**43.0%**	**31.9%**

Free Cash Flow Data (Jan)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Net Income from Cont Operations (GAAP)	72,880	120,067	232,803	310,989	410,216
Depreciation & Amortization	1,864	2,842	4,839	6,897	9,028
Change in Working Capital	(9,383)	(15,948)	(34,980)	(31,079)	(26,402)
Deferred Taxation Charge	(4,476)	(1,424)	1,584	0	0
Other Adjustments, Net	3,206	(2,818)	(7,802)	9,317	10,230
Capital Expenditure	(3,236)	(6,042)	(9,620)	(14,116)	(18,475)
Free Cash Flow	**60,855**	**96,677**	**186,824**	**282,008**	**384,596**
% Change	**125.2%**	**58.9%**	**93.2%**	**50.9%**	**36.4%**
Share / Issue Repurchase	(33,217)	(39,443)	(74,092)	(112,803)	(153,839)
Cost of Dividends Paid	(834)	(974)	(18,479)	(27,493)	(32,080)
Change in Debt	(1,250)	0	0	0	0

Balance Sheet Data (Jan)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Cash & Equivalents	8,589	10,605	77,943	219,655	418,332
Trade Receivables	23,065	38,466	73,104	97,182	117,112
Other Current Assets	48,472	76,534	109,523	122,838	134,659
Property, Plant & Equipment	6,283	10,383	16,424	23,642	33,089
Other Non-Current Assets	25,192	70,815	96,076	96,076	96,076
Total Assets	**111,601**	**206,803**	**373,070**	**559,393**	**799,269**
Short-Term Debt	0	999	1,000	1,000	1,000
Other Current Liabilities	18,047	31,164	49,228	55,542	60,891
Long-Term Debt	8,463	7,469	7,470	7,470	7,470
Other Non-Current Liabilities	5,764	9,878	12,646	12,646	12,646
Total Liabilities	**32,274**	**49,510**	**70,344**	**76,658**	**82,007**
Total Equity	**79,327**	**157,293**	**302,726**	**482,735**	**717,262**
Total Equity & Liabilities	**111,601**	**206,803**	**373,070**	**559,393**	**799,269**

* For full definitions of ***iQ***method℠ measures, see page 11.

Company Sector

Semiconductors

Company Description

Nvidia designs and sell graphics and video processing chips for desktop and notebook gaming PCs, workstations, game consoles, and accelerated computing servers and supercomputers.

Investment Rationale

Our positive view on Nvidia is based on its unique full-stack and leadership in artificial intelligence silicon, hardware and software. The company's strong balance sheet and free cash flow returns further enables ecosystem investments and enhanced shareholder returns.

Stock Data

Average Daily Volume	166,123,520

Quarterly Earnings Estimates

	2026	2027
Q1	0.76A	1.87A
Q2	0.99A	2.06E
Q3	1.24A	2.35E
Q4	1.56A	2.82E

Memory inflation predictable, Price power un-appreciated

We believe investors simultaneously overestimate the GM impact of rising memory input cost, while underestimating NVDA's pricing power, long-range planning, product co-design, scale and supply chain alignment via over $119bn in prepurchase commitments across memory, wafers, packaging and power.

To first order, NVDA high bandwidth memory content per rack goes up by ~$0.2-0.3mn incrementally from Blackwell to Rubin, while product pricing is likely to go up by over $2-3mn (from $3-4mn/rack in Blackwell, to $6-7mn/rack in Vera Rubin) because of the advancements in multiple other parts of the rack such as an upgraded Vera CPU, upgraded NVLink and Quantum Ethernet networking (none of which need HBM memory), and a host of other software features that speed-up (and lower cost) time to first token.

Moreover, we flag NVDA's comments that Vera Rubin can deliver 10x more performance per watt (~10x lower inference token cost), 3.3x more powerful on inference, and up to 5x more powerful on training than Blackwell.

Overall we expect NVDA to maintain its roughly mid-70s GM, blended across its breadth of cloud, enterprise, neocloud, sovereign customers, and across its breadth of products in the rack-scale architecture.

Exhibit 1: We expect HBM $/rack goes from ~$150-300k/rack in Blackwell to ~$400k/rack in Vera Rubin

HBM cost per rack by GPU generation

	Blackwell	Blackwell Ultra	Rubin	Rubin Ultra
GPU	B200	B300	V200	V300
Architecture	Oberon	Oberon	Oberon	Kyber
Ramp	2H24-2H25	2H25-2H26	2H26-2H27	2H27-2H28
GPUs/rack	72x	72x	72x	144x
HBM/GPU	192 GB	288 GB	288 GB	576 GB
HBM GB/rack	**13,824 GB**	**20,736 GB**	**20,736 GB**	**82,944 GB**
HBM Type	HBM3e	HBM3e	HBM4	HBM4e
$/GB	**$11.26**	**$15.27**	**$18.40**	**$18.49**
HBM $k/rack	**$156**	**$317**	**$382**	**$1,534**
ASP $k/rack	$3,000	$4,000	$6,000	$21,000
HBM % of rack cost	**5.2%**	**7.9%**	**6.4%**	**7.3%**

Source: BofA Global Research estimates

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NVDA GPU revs up 700x since ASICs launched in 2015

NVDA has faced competition from custom ASIC since Google first launched its TPU in 2015, Amazon Trainium launched in 2020 and Meta MTIA in 2023. Despite these competitions, NVDA GPU accelerator sales have grown by a factor of 700x since 2015. In fact, per its new segment disclosure, NVDA sales to hyperscalers surged 115% YoY, nearly 2x the growth in cloud capex, suggesting growing rather than shrinking share of hyperscaler wallet. NVDA provides a widely available and supported platform, while ASICs are narrow products for a limited range of functionality, available only at that hyperscaler. Long-term we expect NVDA's breadth of AI products to help it maintain dominant (65-70%+) share of AI capex, with remaining 30-35% shared across ASICs and other merchant (AMD) vendors.

Valuation already bakes in 30-35% EPS headwind

We believe that at a high level NVDA faces a similar set of opportunities (from AI) and potential headwinds (from memory inflation) as its fellow tech peers including Amazon, Meta, Google, Microsoft and Apple. Those 5 peers are currently trading at an average 22x/19x PE on consensus CY27/28 estimates, about 30-35% higher than NVDA's current valuation, which we attribute to an implied headwind/overhang from cost/competition arguments discussed above. We expect upcoming earnings call to be a positive catalyst, clarifying NVDA's durable moats across its products, pricing and supply chain.

Exhibit 2: NVDA is trading at 16x/12x CY27/28E PE, or at >40% average discount to its large tech peers at 22x/19x
NVDA Valuation vs. Key Large Cap Tech/Hyperscaler Peers

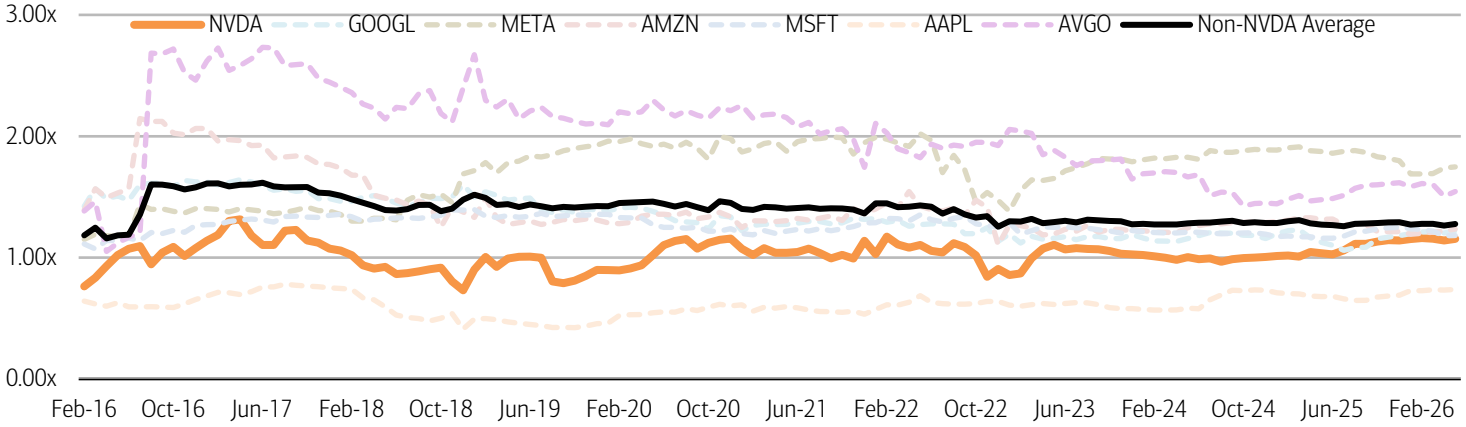
	Mkt cap (in bn)	P/E 2026E	P/E 2027E	P/E 2028E	EV/FCF 2026E	EV/FCF 2027E	EV/FCF 2028E	FCF Margin 2026E	FCF Margin 2027E	FCF Margin 2028E	Sales CAGR 25-28E	EPS CAGR 25-28E	PEG 2027E
Nvidia	**$4,778**	**22.9x**	**15.7x**	**12.4x**	**23.3x**	**16.0x**	**13.1x**	**53%**	**54%**	**53%**	**48%**	**52%**	**0.3x**
Apple	$4,587	35.0x	30.9x	28.5x	33.3x	29.4x	26.8x	28%	29%	31%	8%	11%	2.7x
Microsoft	$2,911	21.8x	18.7x	15.5x	73.5x	60.4x	38.2x	11%	12%	15%	18%	18%	1.0x
Google	$4,477	25.6x	24.1x	20.0x	211.3x	358.6x	85.8x	5%	2%	8%	22%	13%	1.9x
Amazon	$2,648	24.0x	21.4x	17.3x	-213.4x	179.5x	38.3x	-2%	2%	7%	13%	17%	1.3x
Meta	$1,583	15.9x	16.3x	13.4x	703.0x	615.7x	56.4x	1%	1%	8%	21%	14%	1.2x
Avg Ex-Nvidia	**$3,241**	**24.5x**	**22.3x**	**19.0x**	**161.5x**	**248.7x**	**49.1x**	**9%**	**9%**	**14%**	**16%**	**15%**	**1.6x**
Med Ex-Nvidia	**$2,911**	**24.0x**	**21.4x**	**17.3x**	**73.5x**	**179.5x**	**38.3x**	**5%**	**2%**	**8%**	**18%**	**14%**	**1.3x**

Source: BofA Global Research estimates, Bloomberg

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As the largest market cap in the S&P 500, NVDA's large ownership/positioning is likely to remain a headwind, at least until the market absorbs additional supply from new/upcoming tech stock issuance.

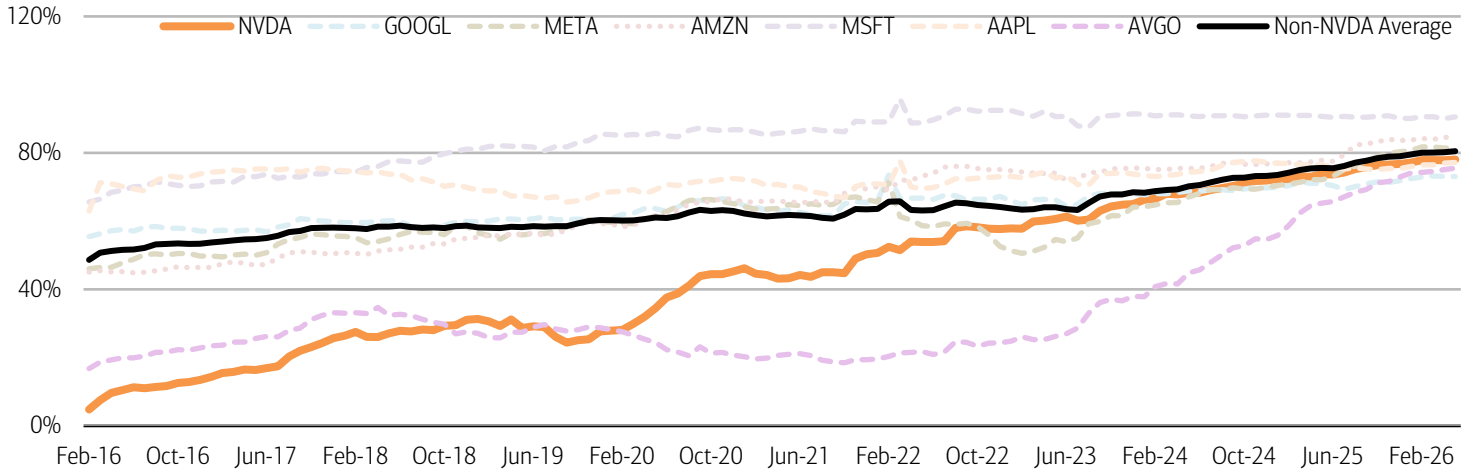
Exhibit 3: NVDA is owned at 1.15x weighting vs. its relative market cap within the S&P 500 index by active funds, vs. non-NVDA peer average of 1.28x
NVDA relative weighting of active funds in S&P 500 vs. other key tech peers



Source: BofA Global Research estimates

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Exhibit 4: NVDA is owned by 78% of active funds of S&P 500 index, vs. non-NVDA peer average of 81%
NVDA ownership of active funds in S&P 500 vs. other key tech peers



Source: BofA Global Research estimates

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Lastly, NVDA's investments across its supplier and customer base do create a yellow flag, but we estimate is likely to be limited to <35% of its FCF, leaving significant ammunition for enhancing dividends and buybacks

Exhibit 6: NVDA's total investments of ~$65bn to ecosystem partners is ~35% of total CY26E FCF of ~$187bn or just ~17% of total CY27E FCF of $385bn

NVDA List of Recent Ecosystem (Supplier/Customer) Partner Investments

Company Invested	Date	NVDA Investments	Bucket
OpenAI	Feb/Mar-2026	**$30bn**	Frontier model
Anthropic	Nov-25	**Up to $10bn**	Frontier model
Intel	Sep-25	**$5bn**	CPU / x86 ecosystem
Synopsys	Dec-25	**$2bn**	EDA / engineering software
Nokia	Oct-25	**$1bn**	AI-RAN / 6G / networking
CoreWeave	Jan-26	**$2bn**	Neocloud / AI infrastructure
Nebius	Mar-26	**$2bn**	Neocloud / AI cloud
Lumentum	Mar-26	**$2bn**	Photonics / lasers
Coherent	Mar-26	**$2bn**	Photonics / optical networking
Marvell	Mar-26	**$2bn**	Custom silicon / silicon photonics / networking
Corning	May-26	**Up to $3.2bn**	Optical fiber / AI interconnect manufacturing
IREN	May-26	**Up to $2.1bn**	AI data-center infrastructure / power
Wayve	Sep-25	**Proposed $500mn**	Autonomous driving / embodied AI
Nscale	Sep-25	**£500mn**	UK AI infrastructure / neocloud
Ayar Labs	Mar-26	**Unknown**	Co-packaged optics
xAI	Jan-26	**Unknown**	Frontier model
Total Invested		**~$65bn**	
NVDA FCF	**$97bn (CY25)**	**$187bn (CY26E)**	**$385bn (CY27E)**

Source: BofA Global Research estimates

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Exhibit 1: NVDA EPS Power by CY30E

Our $1.7Tn+ AI data center systems TAM and ~70%+ NVDA share suggest NVDA EPS power of $13+ by CY27E and $25+ by CY30E

	CY24	CY25	CY26E	CY27E	CY28E	CY29E	CY30E
NVDA EPS Power	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**
AI Data Center TAM ($mn)	**$161,344**	**$273,436**	**$562,178**	**$855,909**	**$1,153,842**	**$1,461,030**	**$1,709,073**
AI Accelerator TAM ($mn)	**$120,231**	**$196,452**	**$378,720**	**$573,587**	**$779,267**	**$979,230**	**$1,130,886**
YoY		***63%***	***93%***	***51%***	***36%***	***26%***	***15%***
NVDA Implied Share (%)	**85.0%**	**82.6%**	**76.6%**	**69.9%**	**68.1%**	**67.8%**	**66.9%**
Data Center	**115,186**	**193,737**	**371,291**	**538,045**	**709,780**	**887,856**	**1,012,156**
Compute	102,196	162,361	305,538	445,734	591,904	739,880	843,464
YoY		*59%*	*88%*	*46%*	*33%*	*25%*	*14%*
GPU	102,196	162,361	290,288	400,734	530,854	663,568	756,467
CPU	0	0	15,250	45,000	61,050	76,313	86,996
Networking (15-20%)	12,990	31,376	65,753	92,311	117,876	147,976	168,693
Edge Computing	15,311	22,201	24,844	26,577	29,217	30,678	32,212
Content per GW (Total, $bn)	$22.0	$28.0	$30.0	$32.5	$35.0	$37.5	$40.0
Content per GW (GPU, $bn)	**$18.3**	**$23.3**	**$25.0**	**$26.6**	**$28.2**	**$29.8**	**$31.3**
Implied GW	**5.6**	**7.0**	**11.6**	**15.0**	**18.8**	**22.3**	**24.2**
Total Sales ($mn)	**$130,497**	**$215,938**	**$396,135**	**$564,622**	**$738,998**	**$918,535**	**$1,044,369**
YoY		*65%*	*83%*	*43%*	*31%*	*24%*	*14%*
GM (%) (incl. options)	**75.3%**	**71.2%**	**75.0%**	**74.8%**	**74.3%**	**74.4%**	**74.5%**
Opex (%) (incl. options)	12.5%	10.6%	8.6%	7.8%	6.7%	6.7%	6.7%
OpM (%) (incl. options)	**62.9%**	**60.6%**	**66.5%**	**67.0%**	**67.6%**	**67.7%**	**67.8%**
EBIT ($mn)	$82,051	$130,913	$263,303	$378,267	$499,450	$621,708	$707,923
Net Income	$69,529	$110,610	$220,605	$315,502	$416,084	$517,558	$589,117
EPS Power ($)	**$2.80**	**$4.51**	**$9.09**	**$13.27**	**$17.61**	**$22.05**	**$25.26**
YoY		*61%*	*101%*	*46%*	*33%*	*25%*	*15%*
DSO	24,805	24,515	24,265	23,772	23,622	23,472	23,322

Source: BofA Global Research estimates, Company reports

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AI 2030 TAM Outlook

Of the overall global IT spend of ~$6.3Tn today, we believe **data center systems** to represent $788bn across both AI and non-AI. By CY30, we expect TAM to grow toward ~$2.1Tn, growing at +33% CAGR CY25-30 and outpacing overall IT spend at +9% CAGR.

AI Data Center Systems: ~$1.7Tn by CY30

For **AI data center systems** specifically, we see TAM growing to ~$1.7Tn by CY30 from $273bn in CY25, with AI servers representing ~77% of TAM at $1.3Tn, followed by networking at ~18% of TAM at $305bn, and storage at ~5% of TAM at $81bn.

- Within AI servers, we see **AI accelerators** to represent ~$1.1Tn TAM by CY30 from just $120bn in CY24 and $197bn in CY25, or the vast majority of server spend.
- We expect **HBM** to be ~20-23% of overall accelerator spend, reaching $246bn TAM by CY30, though likely remains in that range as memory tier broadens and types diversify for agentic AI workloads.
- We see overall **server CPU** to grow to $170bn in CY30 from ~$35bn in CY25 (+37% CAGR), while AI CPUs specifically could grow to ~$140bn in CY30 from $18bn in CY25 (+51% CAGR).
- **AI connectivity** is expected to grow at a +45% CAGR to $110bn in CY30 from $17bn in CY25, driven by **optical connectivity** growing at +42% to $88bn and **copper connectivity** growing at +61% to $22bn.

For **non-AI data center systems**, we see TAM growth of a modest +9% CAGR.

Exhibit 7: We see AI Data Center Systems TAM to reach ~$1.7Tn by CY30, +44% CAGR, with AI accelerators representing ~$1.1Tn within that
Data Center Systems TAM Breakout – AI vs. non-AI

TAM ($bn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR '25-'30
Overall IT Spend (1)	**$4,594.2**	**$4,693.0**	**$5,038.7**	**$5,563.8**	**$6,316.5**	**$6,985.3**	**$7,468.4**	**$8,085.5**	**$8,726.2**	**9%**
Data Center Systems TAM ($bn) (2)	**$227.1**	**$237.6**	**$333.5**	**$505.6**	**$788.4**	**$1,120.6**	**$1,455.9**	**$1,788.1**	**$2,072.3**	**33%**
YoY (%)		5%	40%	52%	56%	42%	30%	23%	16%	
AI Data Center Systems TAM ($bn)	**$22.8**	**$62.5**	**$161.3**	**$273.4**	**$562.2**	**$855.9**	**$1,153.8**	**$1,461.0**	**$1,709.1**	**44%**
YoY (%)		174%	158%	69%	106%	52%	35%	27%	17%	
AI % of Overall IT Spend (1)	0.5%	1.3%	3.2%	4.9%	8.9%	12.3%	15.4%	18.1%	19.6%	
AI % of Data Center Systems TAM (2)	10.0%	26.3%	48.4%	54.1%	71.3%	76.4%	79.3%	81.7%	82.5%	
AI Servers	**$16.1**	**$48.9**	**$131.6**	**$225.4**	**$439.5**	**$671.8**	**$904.1**	**$1,136.9**	**$1,322.3**	**42%**
AI CPUs	$1.0	$1.5	$5.1	$18.2	$40.6	$68.6	$86.7	$111.8	$140.6	51%
AI Accelerators	**$14.3**	**$45.0**	**$120.2**	**$196.5**	**$378.7**	**$573.6**	**$779.3**	**$979.2**	**$1,130.9**	**42%**
HBM	$1.6	$4.2	$17.4	$34.5	$76.8	$134.6	$176.3	$204.6	$246.3	48%
HBM (% of Accelerators)	*11%*	*9%*	*14%*	*18%*	*20%*	*23%*	*23%*	*21%*	*22%*	
Other (DDR/SSD/motherboard/power/etc.)	$0.8	$2.3	$6.3	$10.7	$20.1	$29.5	$38.1	$45.8	$50.9	37%
AI Networking	**$5.6**	**$10.4**	**$21.6**	**$34.6**	**$94.7**	**$143.4**	**$194.8**	**$254.6**	**$305.3**	**55%**
AI Switching (Back/Front-End)	$2.2	$4.6	$8.8	$12.5	$30.9	$52.6	$71.2	$103.9	$128.7	59%
AI SmartNIC	$0.9	$2.0	$3.3	$4.8	$22.9	$32.2	$46.3	$56.5	$66.8	70%
AI Connectivity/Other Networking	$2.5	$3.8	$9.5	$17.4	$40.9	$58.5	$77.4	$94.2	$109.8	45%
Optical	$1.9	$3.4	$8.6	$15.3	$35.8	$49.5	$62.3	$76.0	$87.7	42%
Electrical/Copper	$0.6	$0.4	$0.9	$2.1	$5.1	$9.0	$15.1	$18.2	$22.1	61%
DAC	$0.5	$0.4	$0.6	$0.8	$1.3	$1.8	$2.1	$2.4	$2.6	26%
ACC	$0.0	$0.0	$0.0	$0.0	$0.4	$1.2	$2.1	$3.1	$6.0	180%
AEC	$0.1	$0.1	$0.2	$1.2	$3.4	$6.0	$10.9	$12.8	$13.6	62%
AI Storage	**$1.1**	**$3.2**	**$8.2**	**$13.5**	**$28.0**	**$40.8**	**$54.9**	**$69.6**	**$81.4**	**43%**
Non-AI Data Center TAM ($bn)	**$204.3**	**$175.0**	**$172.1**	**$232.2**	**$226.2**	**$264.7**	**$302.0**	**$327.1**	**$363.2**	**9%**
YoY (%)		-14%	-2%	35%	-3%	17%	14%	8%	11%	

Source: BofA Global Research estimates, Gartner, Mercury Research, IDC, LightCounting, 650 Group

BofA GLOBAL RESEARCH

Exhibit 8: We expect NVDA to generally maintain ~65-70%+ AI accelerator share over time
AI accelerator (GPU/ASIC/XPU) potential sales power by vendor

AI Accelerator Sales Power	CY24	CY25	CY26E	CY27E	CY28E	CY29E	CY30E
Nvidia ($bn)	**$102.2**	**$162.4**	**$290.3**	**$400.7**	**$530.9**	**$663.6**	**$756.5**
YoY		59%	79%	38%	32%	25%	14%
Implied Share	85%	83%	77%	70%	68%	68%	67%
AMD ($bn)	**$5.0**	**$6.6**	**$14.7**	**$35.1**	**$50.0**	**$69.2**	**$86.2**
YoY		34%	122%	138%	43%	38%	25%
Implied Share	4%	3%	4%	6%	6%	7%	8%
Broadcom ($bn)	**$9.3**	**$16.2**	**$49.8**	**$93.0**	**$133.6**	**$160.4**	**$179.6**
YoY		75%	207%	87%	44%	20%	12%
Implied Share	8%	8%	13%	16%	17%	16%	16%
Marvell ($bn)	**$0.7**	**$1.3**	**$1.6**	**$2.9**	**$6.9**	**$10.2**	**$14.0**
YoY		87%	18%	83%	140%	49%	37%
Implied Share	1%	1%	0%	0%	1%	1%	1%
Others/TBD ($bn)	**$3.1**	**$9.9**	**$22.4**	**$42.0**	**$57.9**	**$75.9**	**$94.6**
YoY		219%	125%	87%	38%	31%	25%
Implied Share	3%	5%	6%	7%	7%	8%	8%
Total Market ($bn)	**$120.2**	**$196.5**	**$378.7**	**$573.6**	**$779.3**	**$979.2**	**$1,130.9**
YoY		63%	93%	51%	36%	26%	15%

Source: BofA Global Research estimates

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Glossary:

ACC – Active Copper Cable

AEC – Active Electrical Cable

AI – Artificial Intelligence

AI-RAN – Artificial Intelligence Radio Access Network

AMD – Advanced Micro Devices

ASIC – Application-Specific Integrated Circuit

ASP – Average Selling Price

CPU – Central Processing Unit

CPO – Co-Packaged Optics

DAC – Direct Attach Copper

DDR – Double Data Rate

DSO – Diluted Shares Outstanding

EDA – Electronic Design Automation

GPU – Graphics Processing Unit

HBM – High Bandwidth Memory

HBM3e – High Bandwidth Memory 3e

HBM4 – High Bandwidth Memory 4

HBM4e – High Bandwidth Memory 4e

IT – Information Technology

LPU – Language Processing Unit

MTIA – Meta Training and Inference Accelerator

NIC – Network Interface Card

NVLink – NVIDIA Link

NVL72 – NVIDIA NVLink 72

SmartNIC – Smart Network Interface Card

SOX – Philadelphia Semiconductor Index

TAM – Total Addressable Market

TPU – Tensor Processing Unit

TTFT – Time To First Token

XPU – Accelerated Processing Unit (industry term for heterogeneous accelerators)

AI-RAN – Artificial Intelligence Radio Access Network

CAGR – Compound Annual Growth Rate

DSP – Digital Signal Processor

DPU – Data Processing Unit

GW – Gigawatt

GB – Gigabyte

TB – Terabyte

BN – Billion

MN – Million

NIC – Network Interface Controller

RAN – Radio Access Network

LLM – Large Language Model

TCO – Total Cost of Ownership

ROI – Return On Investment

DSP – Digital Signal Processing

ACC – Active Copper Cable

AEC – Active Electrical Cable

DAC – Direct Attach Cable

SSD – Solid State Drive

DRAM – Dynamic Random Access Memory

DDR – Double Data Rate

NIC – Network Interface Card

DPU – Data Processing Unit

CSP – Cloud Service Provider

AI CPU – Artificial Intelligence Central Processing Unit

AI GPU – Artificial Intelligence Graphics Processing Unit

AI ASIC – Artificial Intelligence Application-Specific Integrated Circuit

AI XPU – Artificial Intelligence Accelerated Processing Unit

Price objective basis & risk

NVIDIA Corporation (NVDA)

Our $350 PO is based on 26x CY27E PE ex cash, within NVDA's historical 25x-56x forward year PE range, which we believe is justified by NVDA's leading share in fast-growing AI compute/networking markets, offset by lumpiness in global AI projects, cyclical gaming market, and concerns around access to power.

Downside risks are: 1) weakness in consumer driven gaming market, 2) Competition with major public firms, internal cloud projects and other private companies in AI and accelerated computing markets, 3) Larger than expected impact from restrictions on compute shipments to China, or additional restrictions placed on activity in the region, 4) Lumpy and unpredictable sales in new enterprise, data center, and autos markets, 5) Potential for decelerating capital returns, and 6) Enhanced government scrutiny of NVDA's dominant market position in AI chips.

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US - Semiconductors and Semiconductor Capital Equipment Coverage Cluster

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BUY				
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	Advanced Micro Devices, Inc	AMD	AMD US	Vivek Arya
	Allegro Microsystems	ALGM	ALGM US	Vivek Arya
	Analog Devices Inc.	ADI	ADI US	Vivek Arya
	Applied Materials, Inc.	AMAT	AMAT US	Vivek Arya
	Broadcom Inc	AVGO	AVGO US	Vivek Arya
	Cadence	CDNS	CDNS US	Vivek Arya
	Camtek	CAMT	CAMT US	Michael Mani
	Credo Technology	CRDO	CRDO US	Vivek Arya
	Intel	INTC	INTC US	Vivek Arya
	KLA Corporation	KLAC	KLAC US	Vivek Arya
	Lam Research Corp.	LRCX	LRCX US	Vivek Arya
	M/A-Com	MTSI	MTSI US	Vivek Arya
	Marvell Technology, Inc.	MRVL	MRVL US	Vivek Arya
	Microchip	MCHP	MCHP US	Vivek Arya
	Micron Technology, Inc	MU	MU US	Vivek Arya
	MKS Instruments	MKSI	MKSI US	Michael Mani
	Nova	NVMI	NVMI US	Michael Mani
	NVIDIA Corporation	NVDA	NVDA US	Vivek Arya
	onsemi	ON	ON US	Vivek Arya
	Quantinuum	QNT	QNT US	Vivek Arya
	Synopsys	SNPS	SNPS US	Vivek Arya
	Teradyne	TER	TER US	Vivek Arya
	Texas Instruments Inc.	TXN	TXN US	Vivek Arya
NEUTRAL				
	Ambarella	AMBA	AMBA US	Vivek Arya
	Ambiq Micro, Inc.	AMBQ	AMBQ US	Vivek Arya
	Arm Holdings	ARM	ARM US	Vivek Arya
	Astera Labs Inc	ALAB	ALAB US	Vivek Arya
	Coherent Corp	COHR	COHR US	Vivek Arya
	Lumentum Holdings	LITE	LITE US	Vivek Arya
	NXP Semiconductors NV	NXPI	NXPI US	Vivek Arya
UNDERPERFORM				
	Axcelis Technologies	ACLS	ACLS US	Duksan Jang
	GlobalFoundries	GFS	GFS US	Vivek Arya

US - Semiconductors and Semiconductor Capital Equipment Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Lattice Semiconductor	LSCC	LSCC US	Duksan Jang
	Qualcomm	QCOM	QCOM US	Vivek Arya
	Skyworks Solutions, Inc.	SWKS	SWKS US	Vivek Arya
RVW				
	Wolfspeed Inc	WOLF	WOLF US	Vivek Arya

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Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 − Tax Rate) + Goodwill Amortization	Total Assets − Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations − Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt − Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations − Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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