HSBC Global Investment Research

20 August 2026

NVIDIA Corp (NVDA US)

Buy: Open source models & supply procurement – new narratives, but underappreciated

Equities
Semiconductors & Equipment

United States

- Another beat & raise expected ahead of the 2QFY27 print; memory-led price hikes could drive FY28e earnings upside
- Open-source SLMs could potentially unlock new TAM; early supply capacity procurement to support growth
- Retain Buy; raise TP to USD360 (from USD325)

Expect a beat and raise into the print; price hike could drive FY28e EPS upside: Ahead of the 2QFY27 print on 26 Aug, we forecast revenue of USD94.4bn; 4%/2% above management guidance and Visible Alpha consensus (USD91.0bn/USD92.2bn). We also see 3QFY27e revenue at USD107.1bn vs consensus USD104.1bn, pointing to another "beat-and-raise" quarter. With memory-led price hikes, we raise FY28e data center revenue to USD600.8bn (from USD528.1bn), 12% above consensus (USD536.3bn), driving FY28e EPS to USD14.40; 13% above consensus (USD12.76).

Diversification towards open-source SLMs can unlock a new market: In our *1QFY27 preview note* (19 May), we highlighted that the next major re-rating for NVIDIA will be driven by a new narrative as earnings and the product roadmap have become less meaningful narratives for re-rating. NVIDIA is now making a push into open-source models and is positioning itself as the world's largest contributor to open-source AI. According to NVIDIA, the aggregate of open-source models now represents the second most popular category by token generation. This is critical as open-source small language models (SLMs) are emerging as the preferred engine for agentic AI and on-device applications. A boost in small language models presents significant earnings upside by lowering the barrier to entry for enterprise inference, expanding the total addressable market (TAM) for NVIDIA's infrastructure beyond just a few frontier labs to millions of individual developers and sovereign nations. NVIDIA has also made strategic partnerships to establish independent compute financing platforms to mobilize over USD500bn of third-party capital. Simply put, this could give developers access to this capital to enable AI infrastructure buildout across NVIDIA's ecosystem.

Supply chain procurement strategies increasing focus in 2027: AI compute demand continues to outstrip supply amidst capacity constraint as NVIDIA has signed agreements in 2026 with suppliers across advanced packaging, memory and optics, as well as energy infrastructure. We think supply chain constraints are likely to exacerbate across multiple areas in 2027. So, NVIDIA's procurement strategies could become more meaningful vs peers and hence, increasingly rewarded by the market.

Retain Buy; raise target price to USD360 (from USD325): We raise our FY27/FY28 EPS estimates by 5%/10% on higher data center revenue estimates. We derive our revised TP of USD360 by applying our FY28e target PE of 25x (unchanged) to our FY28e EPS of USD14.40 (from USD13.04). We retain our Buy rating, as we expect the Blackwell momentum and Rubin ramp to sustain earnings momentum, with potential upside from TAM expansion beyond traditional hyperscalers.

MAINTAIN BUY

TARGET PRICE (USD)	PREVIOUS TARGET (USD)
360.00	**325.00**

SHARE PRICE (USD)	UPSIDE/DOWNSIDE
217.56 (as of 19 Aug 2026)	**+65.5%**

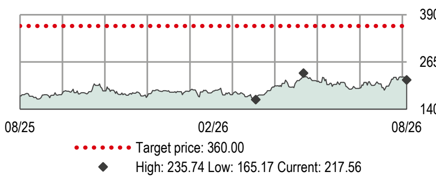
MARKET DATA

Market cap (USDm)	5,264,952	Free float	96%
Market cap (USDm)	5,264,952	BBG	NVDA US
3m ADTV (USDm)	30,021	RIC	NVDA.OQ

FINANCIALS AND RATIOS (USD)

Year to	01/2026a	01/2027e	01/2028e	01/2029e
HSBC EPS	4.77	9.14	14.40	16.91
HSBC EPS (prev)	4.77	8.71	13.04	15.79
Change (%)	0.0	5.0	10.4	7.0
Consensus EPS	4.68	8.97	12.76	15.24
PE (x)	45.6	23.8	15.1	12.9
Dividend yield (%)	0.0	0.3	0.5	0.5
EV/EBITDA (x)	38.8	18.3	10.9	8.4
ROE (%)	98.9	88.0	69.4	48.5

52-WEEK PRICE (USD)



Source: LSEG IBES, HSBC estimates

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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.

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Financials & valuation: NVIDIA Corp

Buy

Financial statements

Year to	01/2026a	01/2027e	01/2028e	01/2029e
Profit & loss summary (USDm)				
Revenue	215,938	403,376	629,971	742,810
EBITDA	133,230	271,052	425,426	498,196
Depreciation & amortisation	-2,843	-5,311	-8,294	-9,780
Operating profit/EBIT	130,387	265,741	417,132	488,416
Net interest	2,039	3,179	8,667	15,668
PBT	141,449	283,799	421,799	496,085
HSBC PBT	141,449	283,799	421,799	496,085
Taxation	-21,382	-47,884	-71,706	-84,334
Net profit	120,067	235,915	350,094	411,750
HSBC net profit	116,996	222,990	351,271	412,416
Cash flow summary (USDm)				
Cash flow from operations	102,718	243,982	381,986	476,841
Capex	-6,042	-11,287	-17,627	-20,784
Cash flow from investment	-52,228	-11,327	-17,667	-20,824
Dividends	-974	-18,457	-24,286	-24,286
Change in net debt	-19,341	-206,784	-332,619	-424,317
FCF equity	96,676	232,695	364,359	456,057
Balance sheet summary (USDm)				
Intangible fixed assets	24,138	24,138	24,138	24,138
Tangible fixed assets	10,383	16,359	25,691	36,696
Current assets	125,605	354,502	733,550	1,180,659
Cash & others	62,556	269,340	601,959	1,026,276
Total assets	206,803	441,716	830,136	1,288,289
Operating liabilities	41,042	83,769	158,263	243,834
Gross debt	8,468	8,468	8,468	8,468
Net debt	-54,088	-260,872	-593,491	-1,017,808
Shareholders' funds	157,293	349,479	663,405	1,035,987
Invested capital	56,528	41,890	23,158	-28,618

Valuation data

Year to	01/2026a	01/2027e	01/2028e	01/2029e
EV/sales	23.9	12.3	7.3	5.7
EV/EBITDA	38.8	18.3	10.9	8.4
EV/IC	91.4	118.3	199.7	
PE*	45.6	23.8	15.1	12.9
PB	33.7	15.1	8.0	5.1
FCF yield (%)	1.8	4.4	6.9	8.7
Dividend yield (%)	0.0	0.3	0.5	0.5

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	01/2025a
GHG emission intensity*	0.1
Energy intensity*	6.3
CO_2 reduction policy	Yes
Social Indicators	**01/2025a**
Employee costs as % of revenues	n/a
Employee turnover (%)	2.5
Diversity policy	Yes

Governance Indicators	01/2026a
No. of board members	10
Average board tenure (years)	19.1
Female board members (%)	30
Board members independence (%)	90

Source: Company data, HSBC

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

Issuer information

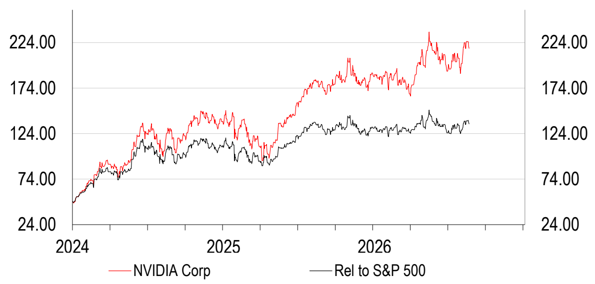
Share price (USD)	217.56
Target price (USD)	360.00
RIC (Equity)	NVDA.OQ
Bloomberg (Equity)	NVDA US
Market cap (USDm)	5,264,952

Free float	96%
Sector	Semiconductors
Country/Region	United States
Analyst	Frank Lee
Contact	+852 2996 6916

Ratio, growth and per share analysis

Year to	01/2026a	01/2027e	01/2028e	01/2029e
Y-o-y % change				
Revenue	65.5	86.8	56.2	17.9
EBITDA	59.9	103.4	57.0	17.1
Operating profit	60.1	103.8	57.0	17.1
PBT	68.3	100.6	48.6	17.6
HSBC EPS	59.4	91.6	57.5	17.4
Ratios (%)				
Revenue/IC (x)	5.3	8.2	19.4	-272.1
ROIC	270.2	448.9	1064.5	-14849.1
ROE	98.9	88.0	69.4	48.5
ROA	74.3	71.9	53.9	37.6
EBITDA margin	61.7	67.2	67.5	67.1
Operating profit margin	60.4	65.9	66.2	65.8
EBITDA/net interest (x)				
Net debt/equity	-34.4	-74.6	-89.5	-98.2
Net debt/EBITDA (x)	-0.4	-1.0	-1.4	-2.0
CF from operations/net debt				
Per share data (USD)				
EPS Rep (diluted)	4.90	9.67	14.35	16.88
HSBC EPS (diluted)	4.77	9.14	14.40	16.91
DPS	0.04	0.76	1.00	1.00
Book value	6.46	14.39	27.32	42.66

Price relative



Source: HSBC

Note: Priced at close of 19 Aug 2026

Upcoming earnings preview

2QFY27 results and 3QFY27e guidance to beat consensus estimates
We expect 2QFY27 revenue of USD94.4bn, ahead of management guidance (mid-point) of USD91.0bn and consensus estimates of USD92.2bn. We believe the continuous ramp of GB300, and initial deployments of the latest-gen Vera Rubin will continue to drive revenue growth. Our non-GAAP gross margin estimate of 75.0% remains in line with management guidance and consensus of 75.0%. Driven by our higher revenue estimates, our EPS estimate for 2QFY27 of USD2.12 is 2% ahead of consensus estimates of USD2.08.

Going into 3QFY27e, we expect revenue of USD107.1bn, ahead of consensus estimates of USD104.1bn, as we expect sustained GB300 shipments coupled with Vera Rubin deployments to drive revenue. We expect margins to slightly contract to 74.5%, in line with consensus of 74.8%. Our EPS estimate of USD2.41 is 2% higher than consensus.

Exhibit 1: 2QFY27e and 3QFY27e preview

(USDm)	2QFY27e						3QFY27e		
	Guidance*	HSBCe	HSBCe vs Guidance	Consensus	Cons vs Guidance	HSBCe vs Cons	HSBCe	Cons	HSBCe vs Cons
Revenue	91,000	94,407	4%	92,161	1%	2%	107,096	104,129	3%
- QoQ	*11%*	16%		13%			13%	13%	
Adj gross Profit	68,250	70,806	4%	69,156	1%	2%	79,786	77,932	2%
Adj GM %	75.0%	75.0%	0bps	75.0%	4bps	-4bps	74.5%	74.8%	-34bps
Adj op income	59,950	62,201	4%	60,831	1%	2%	70,655	68,758	3%
Adj OPM %	65.9%	65.9%	1bps	66.0%	13bps	-12bps	66.0%	66.0%	-6bps
Adj net income		51,826		50,838		2%	58,853	57,486	2%
Adj EPS		2.12		2.08		2%	2.41	2.36	2%

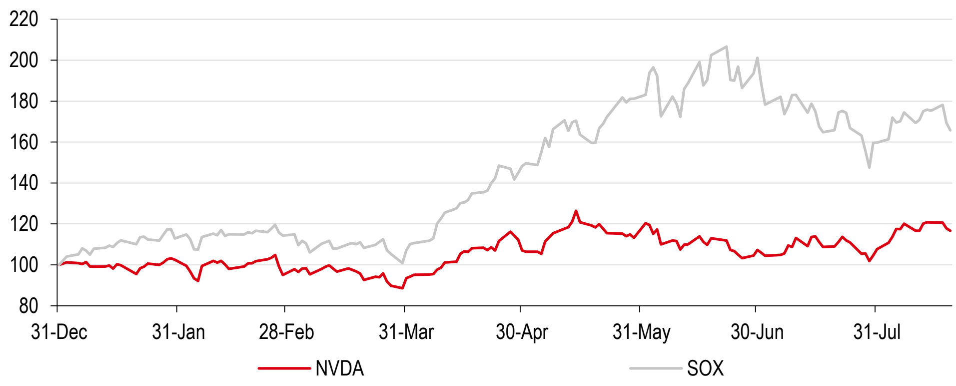
Note: Guidance* based on mid-point of guidance range provided

Source: Company data, Visible Alpha consensus forecasts, HSBC estimates

Push for open-source AI to help diversify away from hyperscalers

In our 19 May note, *New narratives key focus vs earnings & roadmap*, we highlighted that the GPU earnings and product roadmap have become less meaningful narratives for re-rating. In the last five years, NVIDIA has seen major stock price upticks driven by a combination of a new narrative big enough to drive significant earnings upside along with consistent "beat and raise" financial results. However, since the buzz around sovereign AI and the opportunity from neoclouds, no new narrative has emerged. This has led to NVIDIA significantly underperforming the SOX y-t-d.

Exhibit 2: NVIDIA underperforming vs SOX y-t-d amidst lack of new narrative



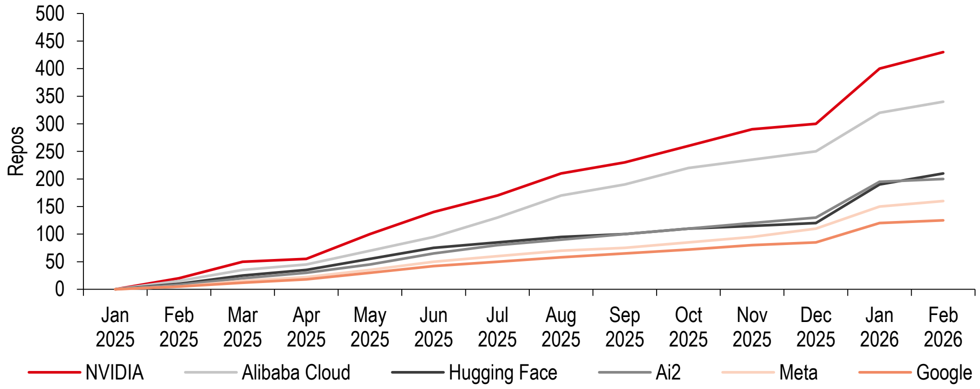
Source: FactSet
Note: Prices rebased to 100 to show relative performance

We had highlighted that expanding the customer base beyond the traditional hyperscalers could potentially be a key catalyst for NVIDIA's re-rating. Expansion of the customer base remains critical amidst persistent market concerns about 1) continuity of hyperscalers' capex growth; and 2) hyperscalers prioritizing their in-house custom silicon vs NVIDIA's GPUs.

Now, NVIDIA is making a push into open-source models. It is positioning itself as the world's largest contributor to open-source AI. According to NVIDIA, the aggregate of open-source models now represents the second most popular category by token generation. This is critical as open-source small language models (SLMs) are emerging as the preferred engine for agentic AI and on-device applications. This is mainly due to the following reasons.

- **Latency and throughput:** Autonomous agents operate in execution loops— parsing intent, planning, calling APIs, evaluating results, and self-correcting. Routing every micro-step through a massive frontier LLM creates severe latency bottlenecks and compounds cloud computing expenses. SLMs offer lower inference costs and substantially higher throughput.
- **Taks-specific intelligence:** SLMs excel at constrained, deterministic tasks, adhering strictly to system prompts. Enterprises are embedding domain-specific SLMs into software platforms to solve complex business problems
- **Edge deployment:** Models under 10bn parameters fit easily into local GPU memory or edge devices. This allows enterprises to run agents locally.

Exhibit 3: NVIDIA is world's largest contributor to open-source AI



Source: Company data

NVIDIA's open-source push is centred around it offering a massive suite of open-source and open-weights AI software, tools, and models designed to lower the barrier for building AI applications. By offering these free, highly optimized frameworks, NVIDIA actively encourages developers to utilize AI that runs best on their hardware.

- **Nemotron Family**: This is NVIDIA's primary open-model line for reasoning and language.
- **Cosmos**: A family of open world models designed for "physical AI" in robotics and vision, helping systems understand physical environments.
- **GROOT (GR00T N1)**: Described as the world's first open, fully customizable foundation model for generalized humanoid robot reasoning and skills.
- **Alpamayo**: A family of open AI models and datasets for autonomous vehicle (AV) development, utilizing chain-of-thought reasoning to handle complex "long tail" driving scenarios.
- **NVIDIA Agent Toolkit**: A comprehensive open-source platform for building autonomous enterprise and physical AI agents, allowing them to use NVIDIA libraries and models to orchestrate complex tasks.
- **NVIDIA NeMo**: A comprehensive cloud-native, open-source software suite used to build, customize, monitor, and optimize enterprise-grade generative AI and AI agents.

USD500bn AI compute infra financing platform to help with diversification

NVIDIA has entered a strategic partnership to establish independent compute financing platforms with Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs and KKR to mobilize over USD500bn of third-party capital for the buildout of AI infrastructure over time. The MoU aims to establish the first compute financing platforms of its kind to enable the AI infrastructure buildout across NVIDIA's ecosystem, including leading frontier AI labs, enterprises and AI clouds.

This will allow neoclouds, sovereign funds, enterprises and AI startups to access large-scale credit, and will help reduce NVIDIA's dependency on hyperscalers. While the framework would allow smaller customers to access credit to meet their compute needs, a portion of the USD500bn could be spent on non-NVIDIA components of the infrastructure ecosystem such as physical site construction and power grids. Therefore, though this doesn't unlock USD500bn of incremental revenue for NVIDIA over time, assuming compute would still be 40-60% of AI infrastructure capex, this could unlock about USD200-300bn of incremental revenues from non-hyperscalers customers over time.

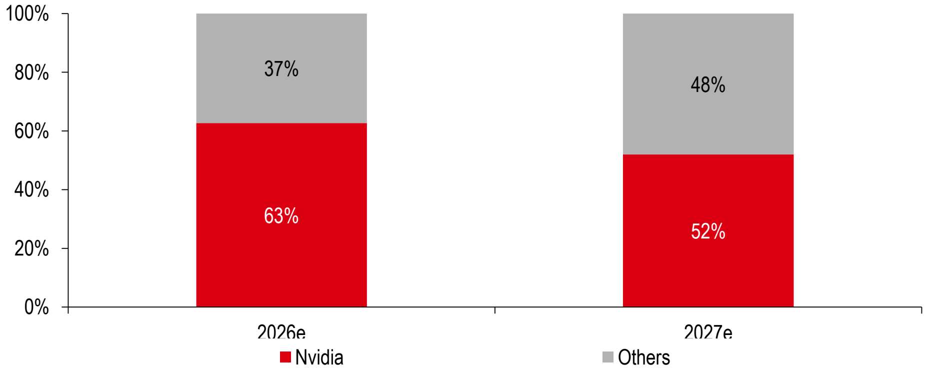
Ahead of the curve in capacity procurement

As the demand for AI compute continues to outstrip supply amidst capacity constraints, NVIDIA has aggressively secured future supply capacity through a series of multi-billion dollar agreements spanning advanced semiconductor packaging, optical networking, memory, and specialized infrastructure. NVIDIA's efforts to procure capacity ahead of time can be a significant advantage in helping it meet its future targets.

Capacity and manufacturing agreements

- **Amkor Technology:** In July 2026, NVIDIA signed a USD1.5bn multi-year agreement with Amkor to expand advanced semiconductor packaging and testing capacity in the US. The deal includes a prepayment from NVIDIA to support the expansion of Amkor's operations in Arizona, strengthening the US supply chain for AI infrastructure.
- **SK Hynix:** In July 2026, NVIDIA and SK Group announced a massive comprehensive partnership worth USD500bn to establish global AI infrastructure. This includes a long-term partnership with SK Hynix to secure and co-develop next-generation AI memory, including HBM, and plans for a 2-gigawatt Vera Rubin AI Factory in Korea.
- **TSMC:** NVIDIA has reserved the majority of the CoWoS-L capacity at TSMC to address ongoing capacity constraints. We believe that out of the total CoWoS capacity at TSMC, NVIDIA has reserved 63% for 2026 and 52% for 2027. As a result, its GPU and ASIC competitors are increasingly looking to procure capacity at other vendors. See our 31 July note, *AMD (AMD US): Hold: Supply capacity – key upside catalyst and biggest risk*, where we highlight AMD's use of other vendors for CoWoS and the risks to yield associated with it.

Exhibit 4: NVIDIA procuring majority of TSMC's CoWoS capacity



Source: HSBC estimates

Deals for development of optics technology

As AI networking infrastructure transitions from copper to optical connectivity, NVIDIA is making deals to develop optics technology within the US to ensure supply in the future.

- **Lumentum:** NVIDIA entered a multiyear strategic agreement with Lumentum to accelerate innovation in advanced optics technologies, including research and development, to enable next-generation AI infrastructure and system designs. The non-exclusive agreement includes an NVIDIA multibillion purchase commitment and future capacity access rights for advanced laser components. Additionally, NVIDIA is investing USD2bn in Lumentum to support R&D, future capacity and operations as the company builds out its US-based manufacturing capabilities in a new fab.
- **Coherent:** NVIDIA and Coherent entered a multiyear strategic agreement to advance the frontier of advanced optics technologies, including manufacturing capacity and research and development, to enable next-generation AI infrastructure. The nonexclusive agreement includes an NVIDIA multibillion-dollar purchase commitment and future access and capacity rights for advanced laser and optical networking products. Additionally, NVIDIA is investing USD2bn in Coherent to support research and development, future capacity and operations as Coherent builds out its U.S.-based manufacturing capabilities.
- **Corning:** NVIDIA and Corning entered a multi-year commercial and technology partnership to expand US-based manufacturing of the advanced optical connectivity solutions needed to power next-generation AI infrastructure.

Energy and infrastructure procurement deals

As power and land have become critical bottlenecks for AI expansion, NVIDIA has begun directly financing and securing gigawatt-scale infrastructure to ensure its hardware has a place to run.

- **The PORTS-Pike Technology Campus (Ohio):** NVIDIA announced that it has secured land, power and shell (LPS) capacity through a partnership with SB Energy at the PORTS-Pike Technology Campus in Pike County, Ohio, to host NVIDIA compute. OpenAI will be the customer. SB Energy will build, own and operate the data center under a 20-year lease to OpenAI. The initial deployment is designed to support 4.25 IT-GW of AI factory capacity. NVIDIA has the option to extend the opportunity at PORTS-Pike beyond the initial capacity. NVIDIA's aggregate payment obligation for this commitment is capped at USD105bn. NVIDIA also invested USD1.5bn in SB Energy to support the buildout.
- **NAVER:** NVIDIA plans to invest USD1bn in NAVER to expand the "GAK Sejong" AI factory from 55 MW to 200 MW by 2028, with a long-term roadmap toward 1 GW of sovereign AI infrastructure.

Exhibit 5: HSBC estimate revision and comparison with consensus

	HSBC- New			HSBC-Old			Revision			Consensus			HSBC vs Consensus		
(USD m)	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e
Sales	**403,376**	**629,971**	**742,810**	**384,427**	**555,591**	**665,722**	**5%**	**13%**	**12%**	**395,275**	**562,698**	**682,281**	**2%**	**12%**	**9%**
- y-o-y chg	87%	56%	18%	78%	45%	20%				83%	42%	21%			
Data center	***377,367***	***600,833***	***710,470***	***359,401***	***528,064***	***636,357***	***5%***	***14%***	***12%***	***368,528***	***536,256***	***666,373***	***2%***	***12%***	***7%***
Edge Computing	*26,009*	*29,138*	*32,340*	*25,026*	*27,527*	*29,366*	*4%*	*6%*	*10%*	*26,077*	*28,597*	*32,951*	*0%*	*2%*	*-2%*
Adjusted gross profits	301,416	466,800	552,486	287,282	411,710	494,978	5%	13%	12%	295,547	421,831	513,263	2%	11%	8%
- Adjusted GM	**74.7%**	**74.1%**	**74.4%**	**74.7%**	**74.1%**	**74.4%**				**74.8%**	**75.0%**	**75.2%**			
Adjusted OP	266,686	418,310	489,882	254,137	373,524	452,361	5%	12%	8%	260,974	373,295	449,111	2%	12%	9%
- Adjusted OPM	66.1%	66.4%	65.9%	66.1%	67.2%	68.0%				66.0%	66.3%	65.8%			
Adjusted Net income	222,990	351,271	412,416	212,445	318,144	385,255	5%	10%	7%	218,831	311,265	371,762	2%	13%	11%
Adjusted EPS	**9.14**	**14.40**	**16.91**	**8.71**	**13.04**	**15.79**	**5%**	**10%**	**7%**	**8.97**	**12.76**	**15.24**	**2%**	**13%**	**11%**
- y-o-y chg	92%	58%	17%	82%	50%	21%				87%	42%	19%			

Source: Visible Alpha consensus estimates, HSBC estimates

Exhibit 6: NVIDIA: Annual and quarterly P&L

(USDm)	FY26	1QFY27	2QFY27e	3QFY27e	4QFY27e	FY27e	1QFY28e	2QFY28e	3QFY28e	4QFY28e	FY28e	FY29e
Sales	215,938	81,615	94,407	107,096	120,258	403,376	136,055	153,888	162,663	177,364	629,971	742,810
- y-o-y	65%	85%	102%	88%	77%	87%	67%	63%	52%	47%	56%	18%
- q-o-q		20%	16%	13%	12%		13%	13%	6%	9%		
Gross profits	153,463	61,157	70,759	79,739	89,545	301,200	101,314	114,215	120,324	130,759	466,612	552,298
Gross margin	71.1%	74.9%	75.0%	74.5%	74.5%	74.7%	74.5%	74.2%	74.0%	73.7%	74.1%	74.4%
- y-o-y	57%	129%	109%	91%	75%	96%	66%	61%	51%	46%	55%	18%
- q-o-q		20%	16%	13%	12%		13%	13%	5%	9%		
Operating profits	130,387	53,536	61,979	70,422	79,804	265,741	90,430	102,135	107,555	117,013	417,132	488,416
OP margin	60%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%
- y-o-y	60%	147%	118%	96%	80%	104%	69%	65%	53%	47%	57%	17%
- q-o-q		21%	16%	14%	13%		13%	13%	5%	9%		
Net income	120,067	58,321	51,853	58,819	66,565	235,915	76,025	85,740	90,239	98,090	350,094	411,750
- y-o-y	65%	211%	96%	84%	55%	96%	30%	65%	53%	47%	48%	18%
- q-o-q		36%	-11%	13%	13%		14%	13%	5%	9%		
Net margin	56%	71%	55%	55%	55%	58%	56%	56%	55%	55%	56%	55%
EPS (USD)	4.90	2.39	2.13	2.41	2.73	9.67	3.12	3.52	3.70	4.02	14.35	16.88
- y-o-y	67%	213%	97%	85%	55%	97%	30%	65%	53%	47%	48%	18%
- q-o-q		36%	-11%	13%	13%		14%	13%	5%	9%		
Non-GAAP												
Gross profit	153,994	61,232	70,806	79,786	89,592	301,416	101,361	114,262	120,371	130,806	466,800	552,486
Gross margin	71.3%	75.0%	75.0%	74.5%	74.5%	74.7%	74.5%	74.3%	74.0%	73.8%	74.1%	74.4%
Operating profit	137,299	53,783	62,201	70,655	80,046	266,686	90,694	102,423	107,857	117,335	418,310	489,882
Operating margin	63.6%	65.9%	65.9%	66.0%	66.6%	66.1%	66.7%	66.6%	66.3%	66.2%	66.4%	65.9%
Net income	116,996	45,548	51,826	58,853	66,407	222,990	76,290	86,029	90,541	98,411	351,271	412,416
EPS	4.77	1.87	2.12	2.41	2.72	9.14	3.13	3.53	3.71	4.03	14.40	16.91
- y-o-y	59%	131%	102%	86%	68%	92%	67%	66%	54%	48%	58%	17%
- q-o-q		15%	14%	14%	13%		15%	13%	5%	9%		

Source: Company data, HSBC estimates

Valuation and risks

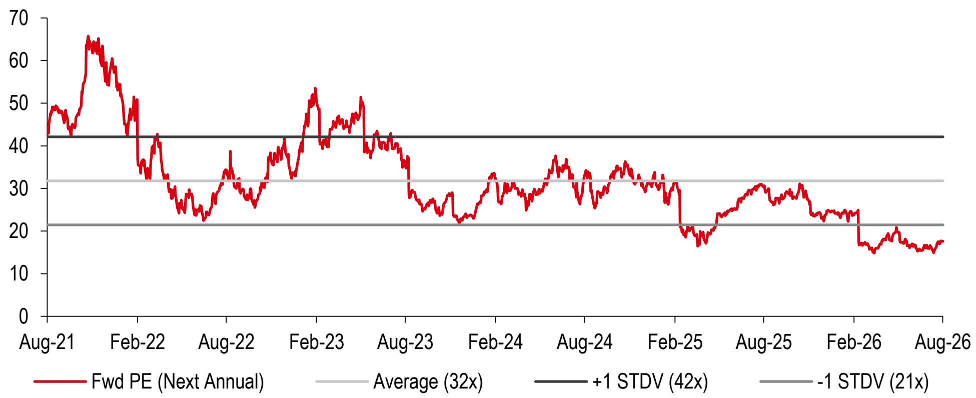
We derive our revised target price of USD360 (from USD325) based on a FY28e target PE multiple of 25x (unchanged) applied to our FY28e EPS of USD14.40 (from USD13.04).

We use a target PE of 25x, which is at a 15% premium (previously 10%) to 1SD below the five-year historical average. Given the recent rise of agentic AI, the stocks exposed to server CPUs are trading at a higher premium and NVIDIA, which is mainly a GPU play, has traded at an average of 19x through the year. Therefore, we take 1SD below five-year historical average (21x) as the base. We apply an increased premium of 15% to it, as we believe NVIDIA has upside to current earnings estimates; better supply capacity procurement vs peers; and a new narrative emerging with its increasing focus on open-source models. Hence, we believe our 25x target PE is justified.

Our target price implies c66% upside from the current share price and we retain our Buy rating as we expect the Blackwell momentum and Rubin ramp to sustain earnings momentum with potential upside from TAM expansion beyond traditional hyperscalers.

Key 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 data center momentum; and 4) geopolitical uncertainty.

Exhibit 8: NVIDIA: Forward PE trend



Source: Bloomberg

Exhibit 9: Companies mentioned in the report

Company	Ticker	Currency	CMP	TP	Rating
TSMC	2330 TT	TWD	2,350.00	3,400.00	Buy
Advanced Micro Devices	AMD US	USD	466.42	500.00	Hold
SK Hynix	000660-KR	KRW	1,500,000.00	3,700,000.00	Buy
Corning	GLW US	USD	152.46	226.00	Buy
Amkor	AMKR US	USD	50.89	NR	NR
Lumentum	LITE US	USD	827.60	NR	NR
Coherent	COHR US	USD	287.47	NR	NR

Source: Bloomberg, HSBC estimates

Note: Priced as at close of 19 Aug 2026

Disclosure appendix

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Sell	5%	(8% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

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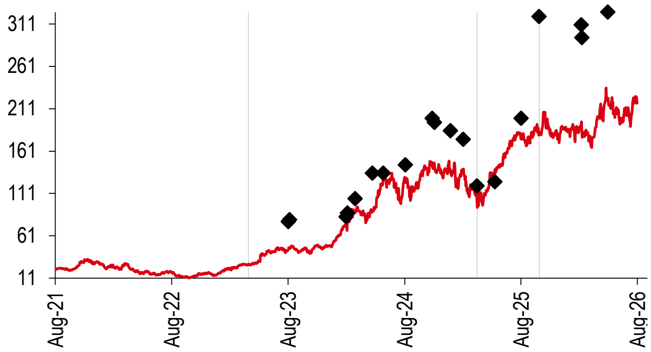
Share price and rating changes for long-term investment opportunities

NVIDIA Corp (NVDA.OQ) share price performance USD Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Reduce	Buy	17 Apr 2023	Frank Lee
Buy	Hold	03 Apr 2025	Frank Lee
Hold	Buy	15 Oct 2025	Frank Lee
Target price	**Value**	**Date**	**Analyst**
Price 1	78.00	20 Aug 2023	Frank Lee
Price 2	80.00	24 Aug 2023	Frank Lee
Price 3	83.50	18 Feb 2024	Frank Lee
Price 4	88.00	22 Feb 2024	Frank Lee
Price 5	105.00	17 Mar 2024	Frank Lee
Price 6	135.00	10 May 2024	Frank Lee
Price 7	135.00	13 Jun 2024	Frank Lee
Price 8	145.00	21 Aug 2024	Frank Lee
Price 9	200.00	14 Nov 2024	Frank Lee
Price 10	195.00	21 Nov 2024	Frank Lee
Price 11	185.00	10 Jan 2025	Frank Lee
Price 12	175.00	19 Feb 2025	Frank Lee
Price 13	120.00	03 Apr 2025	Frank Lee
Price 14	125.00	29 May 2025	Frank Lee
Price 15	200.00	20 Aug 2025	Frank Lee
Price 16	320.00	15 Oct 2025	Frank Lee
Price 17	310.00	24 Feb 2026	Frank Lee
Price 18	295.00	26 Feb 2026	Frank Lee
Price 19	325.00	19 May 2026	Frank Lee

Source: HSBC

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
NVIDIA CORP	NVDA.OQ	217.56	19 Aug 2026	1, 5, 7

Source: HSBC

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