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NVIDIA Corp (NVDA.O)

10-Q Tidbits

CITI'S TAKE

We took a detailed look into Nvidia's July-Q 10-Q and summarize our key takeaways. For more detailed analysis on the results and model update, please see our earnings note here.

Inventory – Total Inventory was up 22% Q/Q at $31.6Bn, including raw materials up 71% at $11.3Bn, work in process up 34% at $13.4Bn, and finished goods down 25% at $6.9Bn. We believe the growth in raw materials and work in process while lower finished goods are driven by strong Blackwell sales and product transition to Vera Rubin platform.

Deferred revenue - Deferred rev of $4.6Bn was up 169% Q/Q with $2.8Bn in customer advances. Remaining performance obligations from contracts over 1 year of $3.2Bn was up 23% Q/Q.

Commitments - Total future commitments was $366Bn as of quarter end, including $279Bn supply and capacity commitment (vs $119Bn last quarter) to secure memory, manufacturing capacity, and critical components for future AI infrastructure demand, $29Bn of cloud service agreements ($30Bn last Q), $25Bn of data center leases not yet commenced, $25Bn of committed equity investments, and $8Bn of capital expenditure commitments. Separately, to assist selected customers with securing land, power, shell, and data center capacity, NVIDIA disclosed $56Bn of additional strategic commitments, including $36Bn of AI cloud agreements starting FY29 and $20Bn of data center leases intended for reassignment to third parties starting between FY28 and FY29.

Guarantees - NVIDIA disclosed $108.5Bn of guarantees, including $3.5Bn of LPS guarantees for select AI cloud partners' data center lease obligations, and $105.0Bn guarantees supporting a 4.25GW Ohio data center project. The guarantees become effective as construction phases are completed beginning in FY29, are triggered only upon certain tenant defaults, and cover portions of lease and power payments. In return, the campus will exclusively host NVIDIA AI infrastructure, and NVIDIA has the option to provide additional credit support for another 3.8GW of capacity.

Customer concentration - One direct customer represented 16% of total rev in the Q, and 1H FY27 three customers represented 16%, 15% and 13%. This compares to two direct customers represented 23% and 16% in the last July-Q, and two direct

Buy	
Price (26 Aug 26 16:00)	US$209.66
Target price	US$315.00
Expected share price return	50.2%
Expected dividend yield	0.0%
Expected total return	50.3%
Market Cap	US$5,052,806M

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

customers were 20% and 15% in the 1H last fiscal year. The company reclassified one customer from ACIE to Hyperscale in the Q (we think SPCX).

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Valuation

Our price target for NVDA of $315 is based on ~21x P/E on C27E earnings power. Our 21x P/E multiple is in-line with 1 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.

