Flash | Citi Research

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NVIDIA Corp (NVDA.O)

Announces $150B Share Repurchase Authorization - Positive

CITI'S TAKE

NVIDIA announced a $150 billion increase in its share repurchase authorization, bringing total buyback capacity to $235 billion through FY28. **We believe the expanded buyback reinforces NVIDIA's view that strong AI-driven free cash flow growth can support both strategic investments and substantial shareholder returns.** Moreover, NVIDIA announced **Open Agent Safety Platform** to bolster NVIDIA's full-stack AI strategy and expand its addressable market beyond GPUs into AI security, compliance, and governance. While the near-term revenue impact is likely modest, the initiative reinforces NVIDIA's ability to capture a larger share of enterprise AI spending and further embeds its hardware and software stack within future AI deployments. NVIDIA also disclosed a frontier AI lab to contract 2.6GW to date in direct NVIDIA AI infrastructure to be shipped through 2028, with total reported indirect contracted value across multiple CSPs/neoclouds now exceeding $180B. Maintain Buy.

Buy	
Price (28 Sep 26 16:00)	US$228.86
Target price	US$315.00
Expected share price return	37.6%
Expected dividend yield	0.0%
Expected total return	37.7%
Market Cap	US$5,515,526M

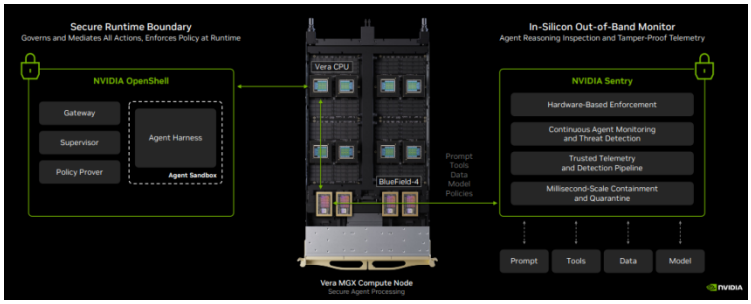
Atif Malik[AC]

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Three key takeaways from NVIDIA's September Non-Deal Roadshow slide deck:

a) NVIDIA's introduction of the **Open Agent Safety Platform** highlights the company's continued expansion beyond AI compute into the emerging AI security and governance layer. The platform combines OpenShell, an open-source runtime that enforces policy controls on AI agents, with Sentry, a hardware-based monitoring system running on BlueFrame-4 DPUs that can independently detect and stop unauthorized agent behavior in real time. As enterprises increasingly deploy autonomous AI agents across critical workflows, NVIDIA is positioning itself to provide not only the compute infrastructure but also the control and safety mechanisms required for production-scale adoption.

Figure 1. Open Agent Security Platform



Source: NVIDIA

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

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b) Growing open-model adoption represents another driver of AI infrastructure demand and reinforces NVIDIA's ability to capture value across an expanding AI ecosystem. The rise of open-weight AI models is accelerating AI adoption and creating a powerful tailwind for NVIDIA, with open models now accounting for roughly 75% of token generation, up from about 40% a year ago, while overall token consumption has increased 25x year-over-year. NVIDIA remains the primary beneficiary given that the vast majority of open-model workloads run on its platform. The company is deepening its leadership in the open-source AI ecosystem through investments in models spanning language AI, physical AI, robotics, and autonomous vehicles, while its planned acquisition of Hugging Face would further strengthen its position with developers and expand its influence across the AI software stack.

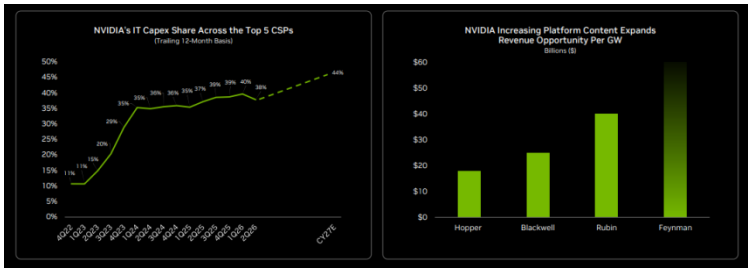
Figure 2. Open Models Open New Markets



Source: NVIDIA

c) NVIDIA emphasized that its growth is being driven by both expanding AI infrastructure demand and increasing content per deployment. **The company estimates its revenue opportunity per gigawatt has increased from $18 billion with Hopper to $25 billion with Blackwell and $40 billion with Rubin**, reflecting not only GPU performance gains but also a broader portfolio that now includes CPUs, LPUs, networking, and AI factory infrastructure. For investors, the key takeaway is that NVIDIA is evolving from a GPU supplier into a full-stack AI platform provider, allowing it to capture a larger share of customer AI spending and drive sustained growth even as the overall AI market continues to expand.

Figure 3. Growing Revenue Opportunity per GW



Source: NVIDIA

NVIDIA Corp

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.