STRONG NVIDIA'S 3Q26 RESULTS | JUST BUY IT

George KOH
gk@ssre.ai
Research Analyst

Paul SCHYMYCK
pws@ssre.ai
Economist

Quick comments:

- Nvidia ($186.52) 3Q26 results were good, in-line with our forecasts, significantly higher than market expectations with stronger than expected 4Q guidance with revenue expected to reach $65bn (vs market forecasts of $62.1bn) for cumulative FY26F revenue of $212.8bn (vs 6Σ $212.5bn, *see report dated 20-Jun-25*).

- Current quarter hit a record $57 bn (+22% QoQ, +62% YoY) as demand for the company's advanced AI data center chips continued to surge.

Key takeaways from conference call

1. **Current market concerns on electrical ceiling and focus on hyperscalers miss the overall picture;**
   * Nvidia's architecture provides the best in class compute cost advantage (compute per watt returns) far superior to competitors. Future energy supply concerns can only tilt shift towards adoption of Nvidia's architecture.
   * Hyperscalers using Nvidia's architecture benefits from downstream (customer) uptake due to Nvidia's holistic ecosystem-accelerated computing, increasing GenAI transformation (replacing ML) and shift in Agentic AI to physical AI (robots, other industry applications).

2. Latest announcement on Anthropic -Nvidia & Microsoft tie-up:
   * The first time Anthropic will be on Nvidia's architecture, 2nd most successful AI in the world (in terms of # users). This partnership will make Claude the only frontier LLM model available on all three of the world's most prominent cloud services.

Some of the analysts on conference calls were still nitpicking on near term forecast trends & issues while CEO JH reiterated the overall market development in new industries adoption, which is expected to sustain Nvidia's growth trajectory in the foreseeable future. ***Expect 5-10% upgrades in earnings estimates.***

We remain highly bullish on Nvidia's position within the growing AI industry, trading at 0.67x FY26F PEG. Maintain our near-term price target of $223 (implied 0.8x PEG).