NVIDIA Corporation (NASDAQ: NVDA)

Investment Memo | Prices as of the Nov 16, 2026 close | Jarly Manasse | manassejarly@gmail.com | +1 561 781 4742

RATING	PRICE TARGET (JAN-2029E)	TOTAL RETURN / IRR	BEAR / BULL TARGET
BUY	$258	+65% / 25%	$99 / $467

The Call

Buy NVIDIA after the CEO-exit sell-off, and build the position in stages. At $156.14 the market is treating Jensen Huang's Nov 12 resignation as if it broke the business. Our model says the earnings engine is intact: the base case needs only a ~$120B fourth quarter to hit FY27, and at today's price NVIDIA trades at 10.8x our FY28E EBITDA. The base case is worth $197 today (+26%) and $258 by Jan 2029 (25% IRR). The price is consistent with a one-in-three chance (~34%) of our bear case, versus the 25% we assign. That gap is the opportunity.

Why it matters now

- **It is the AI trade's bellwether in its biggest week.** Earnings land Nov 17 after the close and the Anthropic IPO is due Nov 18 (Kiplinger). Options imply a move of about +/-10.6%, or +/-$17 a share, so the entry price this week matters.
- **The stock has already repriced.** Down ~30% from its October peak, with the lowest close since Jul 1, 2025 (CNBC), at ~16.7x consensus FY27 EPS versus nearly 40x earlier this year (Motley Fool).
- **The easy 'dip' argument is not enough.** A study of 30 unexpected CEO exits found ~7% underperformance in the following month and ~13% when the cause is legal or ethical (Kiplinger). That is why we scale in, and why the bear case is sized into the call.

Business Overview

NVIDIA designs the accelerated-computing platforms behind modern AI: GPUs, high-speed networking (including the 2020 Mellanox acquisition), systems and the CUDA software ecosystem. It reports two segments, Compute & Networking (~89% of FY2025 revenue) and Graphics. Data Center was $89.0B of Q2 FY27's $96.2B revenue; FY2026 revenue was $215.9B with GAAP operating income of $130.4B. Quarterly revenue rose from $57.0B (Q3 FY26) to $96.2B (Q2 FY27), and Q3 is guided to $108B (+/-2%) at ~74% gross margin. NVIDIA has also become a financier of its ecosystem, reportedly committing ~$30B to OpenAI and ~$10B to Anthropic (the root of the 'circular financing' debate).

What happened. Huang resigned as CEO and director effective Nov 12 after reports of a personal scandal and a board investigation into whether he was the target of a foreign-intelligence effort. CFO Colette Kress is interim CEO; the board is searching internally and externally. The stock fell 7.8% on the news and 4.1% more on Nov 16 (to $156.14).

Market data	
Share price (11/16/26)	$156.14
Diluted shares (M)	24,285
Market cap ($B)	$3,792
Cash + mkt. debt securities ($B)	$56.6
Debt ($B)	$33.4
TEV ($B)	**$3,769**
LTM revenue ($B)	$303.0
LTM EBIT ($B)	$197.6
TEV / LTM EBIT	19.1x
TEV / FY27E EBITDA (base)	13.8x
TEV / FY28E EBITDA (base)	10.8x
P/E, FY27E consensus EPS $9.33	16.7x

Base case valuation	
FY29E EBITDA ($B)	$396.9
Target multiple	14.0x
Exit EV ($B)	$5,556
Net cash at exit ($B)	$702
Equity value ($B)	$6,258
Shares (M)	24,285
3-yr price target (Jan-2029E)	**$257.70**
Total return	65%
IRR	25%
Value today (PV at 12%)	$197.41

Investment Thesis: Five Arguments, Each With Evidence

Argument	Evidence from the research	Evidence from our model
1. The headline did not change the earnings power. So the sell-off is a sentiment event, not a demand event.	Q2 FY27 revenue $96.2B (+106% y/y); Q3 guided to $108B +/-2% at ~74% gross margin (NVIDIA release). Consensus ~$108.8B revenue and $2.47 EPS (MarketBeat). UBS (Buy) expects a Q4 guide near $130B as Rubin ramps (Kiplinger). Board states operations, customer commitments and the roadmap continue uninterrupted (ABC).	H1 actuals ($177.8B) plus the Q3 guide ($108.0B) equal $285.8B, or 70% of base FY27 revenue ($405,892M). Base needs only a ~$120B Q4 (Model, base-case check row). Base FY27 NOPAT per share is $9.16 versus consensus EPS of $9.33 (Motley Fool), so we are not above the Street.
2. The price already discounts a lot of bad news. The valuation has reset to a level that needs no re-rating.	~30% below the October peak and the lowest close since Jul 1, 2025 (CNBC). Forward P/E of ~17x versus nearly 40x earlier this year (Motley Fool). At $156 the stock is at ~16.7x consensus EPS.	TEV of $3,769B is 13.8x FY27E and 10.8x FY28E base EBITDA (Model Summary). Our 14x exit multiple is at or below today's forward multiple. Value today: base $197 (+26%), probability-weighted $207 (+32%) (Scenario sheet).
3. China is already out of the numbers. Regulatory news now moves the multiple more than the estimates.	Management's Q3 outlook assumes no Data Center compute revenue from China (NVIDIA Q2 release). Treasury Secretary Bessent reportedly urged a 'dramatic shakeup' (Briefs); the investigation concerns a possible foreign-intelligence angle (NBC, ABC).	The model has no China revenue line, so any China recovery is upside. Even cutting the exit multiple from 14x to 12x lowers base value by ~$25 to ~$173 (+11% vs. current).
4. NVIDIA is an institution, but the CEO gap is real. That is why we scale in and size for the bear case.	Kress has been CFO since 2013 and is interim CEO (Tom's Hardware); the board is running an internal and external search (ABC). Counter-evidence: CEO exits for legal or ethical reasons lag by ~13% over the next month (Kiplinger). Huang's allies, including Elon Musk, are lobbying for his return, though the board is reportedly not considering it (CNBC).	Bear case (25% weight): growth of 79% / 2% / -8%, 52% margin, 10x exit gives $99 (-37%). Base-case upside is 1.8x the bear downside, and the bull case is 5.4x (Scenario sheet).
5. Cash generation funds the story and cushions the downside.	Cash and marketable debt securities of $56.6B against $33.4B of debt, plus ~$43B of marketable equity stakes that we exclude (Q2 FY27 balance sheet).	Base-case unlevered free cash flow from H2 FY27 through FY29 totals $679B, about 18% of today's $3,792B market cap. FY29E UFCF conversion is 77% of EBITDA (Model).

Where We Differ From the Simple 'Buy the Dip' View

1. 'They will forget' is not guaranteed. Markets forget noise, not unresolved governance and national-security questions; the investigation, the CEO search and congressional attention can each create new headlines. **2. Timing is not our edge.** Nov 17 earnings and the Nov 18 Anthropic IPO are binary tests, and NVIDIA has often fallen after beat-and-raise reports. **3. Price versus earnings power over one to three years is our edge.** If the Q4 guide and Rubin ramp hold, the multiple has room to recover; if AI spending stalls, the bear case applies regardless of who is CEO.

Timeline of Recent Events

Date	Event	Stock reaction
Nov 8	Board announces an independent investigation after reports Huang was the target of a foreign-intelligence effort; Huang admits infidelity in a staff memo	Pressure builds
Nov 12	Huang resigns as President, CEO and director; Kress named interim CEO; search for a permanent CEO opens	-7.8%
Nov 15	Treasury Secretary Bessent reportedly calls for a 'dramatic shakeup' and an outside CEO	Weekend headline
Nov 16	Reports that Huang's allies are lobbying for a return; broad AI-trade selloff	-4.1% to $156.14 (lowest close since Jul 1, 2025)
Nov 17	Q3 FY27 earnings after the close (guide $108B +/-2%; consensus ~$109B, EPS ~$2.47)	Options imply +/-10.6%
Nov 18	Anthropic IPO expected to complete; a test of AI-financing appetite	Catalyst

Valuation

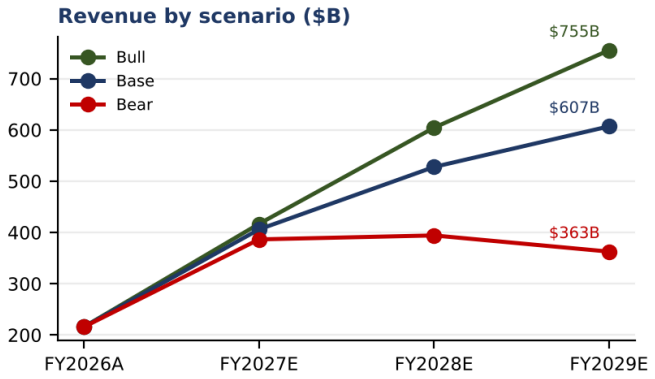
($ in millions except per share)	Base	Bull	Bear
FY2029E revenue	606,809	755,245	362,655
Revenue CAGR, FY26A-FY29E	41.1%	51.8%	18.9%
FY2029E EBITDA	396,853	524,140	194,383
EBITDA margin	65.4%	69.4%	53.6%
FY2029E unlevered FCF	306,164	399,827	155,229
UFCF conversion (UFCF / EBITDA)	77.1%	76.3%	79.9%
EBITDA exit multiple	14.0x	20.0x	10.0x
Exit enterprise value	5,555,939	10,482,803	1,943,831
Net cash at exit (incl. cumulative FCF)	702,266	850,212	459,769
Equity value	6,258,205	11,333,015	2,403,600
Diluted shares (M)	24,285	24,285	24,285
3-yr price target (Jan-2029E)	**$257.70**	**$466.67**	**$98.97**
Upside / (downside)	65%	199%	(37%)
IRR (2.2 years)	25%	64%	(19%)
Value today (PV at 12% WACC)	**$197.41**	**$355.32**	**$77.01**
vs. current price	26%	128%	(51%)
Scenario probability	50%	25%	25%
Upside / bear downside	1.8x	5.4x	n/a

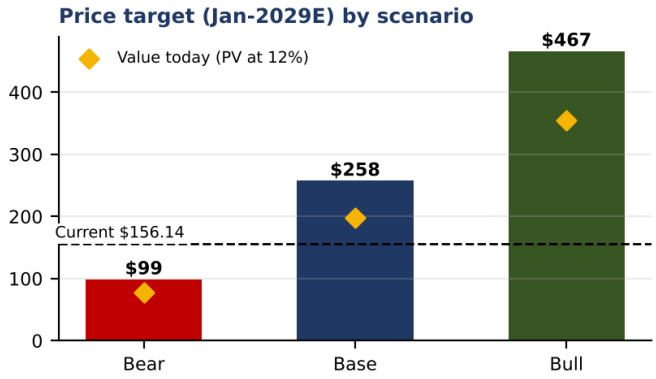
Base case. Revenue grows 88% / 30% / 15% in FY27-FY29 (FY27 is 70% locked by H1 actuals plus Q3 guidance), with GAAP EBIT margin easing from 66% to 64% (Q2 FY27 was 66.2%). A 14x exit on FY29E EBITDA roughly matches today's forward multiple, slightly compressed as growth slows. Result: $258 (+65%, 25% IRR).

Bull case. Growth of 93% / 45% / 25% as Rubin and sovereign demand compound, margins reach 68%, and the market re-rates toward 20x. Result: $467 (+199%).

Bear case. An AI-capex digestion: growth of 79% in FY27, 2% in FY28 and -8% in FY29, margins falling to 52%, and a 10x exit. Result: $99 (-37%), or $77 today.

Model caveat. Terminal value is 88% of base enterprise value and 14x implies ~6% perpetual growth, which is high. 12x instead of 14x lowers base value today by ~$25; each point of FY29 margin is worth ~$2.8 a share. Probability-weighted (25/50/25), value today is $207 (+32%).





Management Team and Board of Directors

Colette Kress, Interim CEO and CFO. CFO since September 2013, previously about 25 years at Cisco and Microsoft; she keeps the CFO role while interim CEO, so investor-facing continuity is strong but the dual role is a transitional risk. **Harvey C. Jones, Chairman,** and **Stephen Neal, Lead Independent Director,** oversee the investigation and the CEO search. **Bill Dally** (Chief Scientist) and **Jay Puri** (EVP, Worldwide Field Operations) anchor technology and go-to-market; no other executive departures were reported in the sources we reviewed. **Jensen Huang** (co-founder, CEO 1993-2026) has resigned from all positions, apologized, and said he supports the independent investigation.

Risks: Evidence, Model Impact and Signposts

Risk	Evidence from the research	Model impact	Signpost to watch
1. Leadership and governance. No permanent CEO; the interim CEO is also CFO.	Unexpected CEO exits lag ~7% in the following month and ~13% for legal or ethical causes (Kiplinger). Investigation outcome unknown (NBC, ABC).	A 13% lag from $156 is ~$136, still above bear value today ($77) and below base ($197). Bear-case target: $99.	Permanent CEO named; investigation findings; any further executive exits.
2. National-security and regulatory exposure.	Bessent reportedly urges a 'dramatic shakeup'; Huang asked to speak to Congress (Briefs, PC Gamer). China already excluded from Q3 guidance (NVIDIA).	No China line in the model; the risk shows up in the multiple. 12x exit lowers base value ~$25 to ~$173.	New export rules; congressional hearing; compliance probes of other executives.
3. AI demand durability and circular financing.	NVIDIA reportedly funds OpenAI (~$30B) and Anthropic (~$10B), which then buy its chips (Briefs); a large Anthropic IPO is due Nov 18 (Kiplinger).	Bear case: FY28 growth +2%, FY29 -8%, 52% margin, 10x exit gives $99 (-37%); carries a 25% weight.	Anthropic IPO reception; hyperscaler capex commentary; Q4 guide versus ~$120B (our base) and ~$130B (UBS).
4. Earnings reaction.	Options imply +/-10.6% (as of Nov 10). NVIDIA has often fallen after beat-and-raise reports on crowded positioning (OANDA/MarketPulse preview).	+/-10.6% is +/-$17, a $140-$173 range, all below base value today ($197).	Q3 revenue versus $108.8B consensus; Q4 guide; gross margin versus ~74%.
5. Competition and margins.	Q3 gross margin guided to ~74% versus ~75% in Q2 (NVIDIA); custom accelerators and AMD compete for hyperscaler budgets.	Each point of FY29 EBIT margin is worth ~$2.8 per share; a 5-point miss costs ~$14 (about 7% of base value).	Gross margin below ~73%; share-loss commentary at hyperscalers.
6. Model and data risk.	Peer and deal inputs come from aggregator sites and should be verified against filings.	Terminal value is 88% of base EV; 14x implies ~6% perpetual growth. Scenario levers are illustrative.	Re-run the Scenario sheet after Nov 17 results.

Comparable Companies (peer data: Oct 2026 snapshot; NVDA: Nov 16, 2026)

Ticker	Company	Mkt cap ($B)	TEV ($B)	EV / Sales	EV / EBITDA	P/E fwd	EBITDA mgn	Sales growth
AMD	Advanced Micro Devices	1,000	994	21.1x	82.8x	39.5x	26%	71%
AVGO	Broadcom Inc.	1,700	1,710	16.8x	24.8x	30.2x	68%	60%
INTC	Intel Corporation	620	505	9.2x	31.6x	N/M	29%	4%
QCOM	Qualcomm Inc.	185	182	4.2x	13.0x	13.5x	33%	9%
MRVL	Marvell Technology	149	151	16.8x	37.8x	62.6x	44%	42%
TSM	Taiwan Semiconductor	2,000	1,980	12.5x	17.1x	21.0x	73%	32%
	Peer mean			**13.4x**	**34.5x**	**33.4x**	**45%**	**36%**
	Peer median			**14.6x**	**28.2x**	**30.2x**	**38%**	**37%**
NVDA	NVIDIA (at $156.14)	3,792	3,769	12.4x	18.7x	16.7x	66%	106%

Read-across. At $156, NVIDIA trades at ~18.7x LTM EBITDA versus a peer median of ~28x, and ~17x forward earnings versus a peer median of ~30x, despite growth of 106% (peer median 37%) and a ~66% EBITDA margin (peer median 38%). The sales multiple is above peers because each dollar of NVIDIA revenue converts to far more profit. Caveats: the peer set is small and imperfect (TSMC is a supplier, Intel's earnings are depressed, AMD's EBITDA multiple is an outlier), the mean is distorted by AMD, peer growth and margin inputs are unverified aggregator figures, and peer prices pre-date this week's sector selloff. NVDA LTM EBITDA (~$201B) is estimated as LTM GAAP EBIT of $197.6B plus D&A.

Precedent Transactions (context only; not used in the valuation)

Announced	Acquirer / Target	Terms	Relevance
Mar 2019 (closed Apr 2020)	NVIDIA / Mellanox	$6.9B, all cash	Brought InfiniBand/Ethernet networking in-house; now a core data-center growth engine
Oct 2020 (closed Feb 2022)	AMD / Xilinx	~$49-50B, all stock	Largest chip deal at the time; shows the premium paid for AI-adjacent compute assets
Sep 2020 (terminated Feb 2022)	NVIDIA / Arm	$40B, cash and stock	Blocked by regulators; a reminder that antitrust limits NVIDIA's inorganic options

At a ~$3.8T market cap, NVIDIA is an acquirer, not a takeout candidate, so control-premium multiples are not a valuation floor here.

Financials (base case, $ in millions)

($M)	FY2024A	FY2025A	FY2026A	FY2027E	FY2028E	FY2029E
Revenue	**60,922**	**130,497**	**215,900**	**405,892**	**527,660**	**606,809**
Growth	126%	114%	65%	88%	30%	15%
EBIT (GAAP operating income)	**32,972**	**81,453**	**130,387**	**267,889**	**342,979**	**388,357**
Margin	54.1%	62.4%	60.4%	66.0%	65.0%	64.0%
D&A	n/a	n/a	n/a	4,871	6,860	8,495

($M)	FY2024A	FY2025A	FY2026A	FY2027E	FY2028E	FY2029E
EBITDA	**n/a**	**n/a**	**n/a**	**272,759**	**349,838**	**396,853**
Margin	n/a	n/a	n/a	67.2%	66.3%	65.4%
NOPAT (EBIT less 17% tax)	n/a	n/a	n/a	222,348	284,672	322,337
Unlevered FCF (full year)	**n/a**	**n/a**	**n/a**	**194,272**	**263,728**	**306,164**
UFCF margin	n/a	n/a	n/a	47.9%	50.0%	50.5%
NOPAT per share ($)	n/a	n/a	n/a	9.16	11.72	13.27