NVIDIA After the Founder: Backlog Meets Uncertainty

Leadership, export controls and the financing of AI infrastructure reframe the debate

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KEY TAKEAWAYS

- Jensen Huang resigned as CEO on November 12; CFO Colette Kress is interim CEO while the board runs an internal and external search.
- Export-control and enforcement risk around China and Southeast Asian intermediaries may prove more consequential than the leadership change itself.
- The AI infrastructure financing web — vendor support, GPU-backed lending, project finance — has lost its most persuasive advocate.
- J.P. Morgan cut its price target to $215 from $320 (Overweight); its credit team remains Underweight with NVIDIA CDS at record highs.
- **Thalassa view:** a range-bound stock with no clear direction for now — backlog sets a floor, uncertainty sets a ceiling.

Few weeks in recent memory have reshaped the debate around a single company as quickly as this one has for NVIDIA. In the span of four days, the most important company in the AI buildout went from a governance question to a leadership vacancy, and the conversation among investors has shifted from *how much* NVIDIA will sell to *who* will lead it, *where* it will be allowed to sell, and *how* the broader AI infrastructure trade gets financed without its most persuasive advocate.

This note summarizes where things stand, the new risks we see for the company and for AI infrastructure more broadly, and how we at Thalassa are thinking about the stock.

What happened

- **Sunday, November 9.** Jensen Huang informed employees by internal email that he had a personal relationship outside his marriage. Press reports identified the other party as a former executive at Megaspeed, a Singapore-based firm, whom U.S. officials reportedly concluded was a Chinese intelligence asset. NVIDIA opened an independent board investigation; Huang acknowledged the conduct and committed to cooperate. The company has stated it has no reason to believe national security or company secrets were compromised, and the intelligence allegations remain under investigation.
- **Tuesday evening, November 11.** A second report alleged a separate relationship with an NVIDIA executive — a potential breach of the company's conflict-of-interest code of conduct. Shares fell roughly 9% after hours.
- **Wednesday, November 12.** Huang resigned as CEO following reports that the board was preparing to remove him. CFO Colette Kress was named interim CEO and retains her finance responsibilities while the

board evaluates internal and external candidates.

The stock closed at $173.73 on November 11, down about 24% over one month and roughly 29% below its 52-week high of $243.37 ($173.73 / $243.37 − 1 ≈ −28.6%).

The new risk map

1. Leadership and execution

The near-term product roadmap is largely set. Vera Rubin, Rubin Ultra and Feynman, together with the CUDA software stack, define roughly the next three years of silicon, systems and software. Existing hyperscaler deployments should provide operational continuity, and we do not expect the largest customers to alter near-term infrastructure plans solely because of a change at the top.

The harder question lies beyond that horizon. Since 1993, NVIDIA's edge has been an ability to anticipate each inflection in computing — gaming, then accelerated HPC, then AI — and to build an entire ecosystem around it before competitors arrived. That is a founder's skill, and it is not obviously transferable. J.P. Morgan's credit team suggests the board may ultimately favor an internal successor for technical continuity, but any new leader will need time to build the customer, industry and government relationships that made Huang uniquely influential. In semiconductors, one execution misstep has a way of leading to others.

2. Export controls and China — possibly the larger issue

The governance story may prove less consequential than its regulatory tail. Reports that the Department of Commerce paused a chip-diversion inquiry into Megaspeed after contact from NVIDIA have raised questions about the company's influence in Washington; the matter reportedly moved to a Justice Department criminal investigation, and Commerce maintains it acted by the book.

Timing matters. Following last week's election results, a new Congress takes office in January, and J.P. Morgan expects a materially tougher oversight environment: hearings, document requests and potential legislation. Democratic lawmakers have already sought preservation of export-related records and called for a halt to advanced AI chip exports to China, and tighter restrictions draw Republican support as well. Further easing now looks politically difficult.

The exposure is not limited to revenue classified as China. Tighter enforcement on Southeast Asian intermediaries could affect sales that today sit in other geographies, and greater scrutiny of overseas customers, end users and infrastructure projects could slow deployments globally.

3. The financing web around AI infrastructure

This is where we believe the risk is least appreciated. NVIDIA has increasingly used its balance sheet to support lower-rated counterparties — through equity investments, financing commitments and contractual support — that in turn purchase NVIDIA systems. That supports demand, but it also ties NVIDIA's results to customers whose solvency depends on continued capital-market access and successful AI monetization. The circularity concern is real.

Huang was also the industry's chief persuader: the voice that convinced companies, governments and investors to commit extraordinary sums to AI capacity. Lenders are being asked to underwrite projects that depend on sustained demand, high utilization and assumptions about what a GPU will be worth several years from now. J.P. Morgan does not expect existing commitments to change, but new deals may take longer or require richer terms. The most vulnerable participants are the projects and borrowers that rely on

external capital or on prospective NVIDIA support to make their financing work — and for them, the loss of that advocate could matter well before any change in end demand is visible.

4. Structural pressures that predate this week

- **Competition.** Custom ASICs/XPUs and merchant rivals continue to take share; J.P. Morgan expects GPU and ASIC/XPU share of AI compute spending to trend toward parity in coming years. Recent events may accelerate customer efforts to diversify suppliers.
- **Memory costs and supply.** Memory inflation and constraints are pressuring platform specifications and raise questions about the durability of gross margins.

What the Street is now underwriting

J.P. Morgan's equity team maintains an Overweight rating but cut its December 2027 price target from $320 to $215, removing "China + Other" shipments (about 8% of first-half FY27 revenue) from FY28 estimates.

Metric	Prior	Current	Change
FY27E adj. EPS	$9.24	$8.78	−5.0%
FY28E adj. EPS	$15.87	$14.45	−8.9%
Dec-27 price target	$320	$215	−32.8%

Source: J.P. Morgan North America Equity Research, November 12, 2026.

The arithmetic behind the target: 15× multiple × $14.45 FY28E EPS = $216.75, rounded to $215. Against the $173.73 close, that implies about 24% upside ($215 / $173.73 − 1 ≈ 23.8%). At the current price the stock trades at roughly 12× FY28 estimates ($173.73 / $14.45 ≈ 12.0×).

The fundamental backdrop remains formidable. Revenue is estimated at about $390 billion for FY27 and $639 billion for FY28, and the company has guided to roughly 70% year-over-year growth for calendar 2027. Net cash is substantial, and debt outstanding is only about $35 billion.

The credit market tells a more cautious story. J.P. Morgan's credit team remains Underweight on NVIDIA bonds, NVIDIA CDS reached record highs on the removal reports, and the team expects cash spreads to weaken until there is clarity on succession, the investigations and the scale of NVIDIA's counterparty commitments. When equity analysts see upside and credit analysts see widening spreads on the same day, the message is that the distribution of outcomes has widened — not that the outcome has been decided.

Thalassa's view: a stock without a direction, for now

We believe NVIDIA is likely to trade in a wide range without a clear trend for some time.

Two forces of comparable weight are pulling in opposite directions. On one side sits an extraordinary backlog, a defined three-year roadmap and a valuation — roughly 12× next year's estimated earnings — that already discounts a great deal of bad news. On the other sits a set of questions that cannot be answered quickly: who leads the company, what Washington decides about exports and enforcement, how the investigations conclude, and whether the financing structure beneath the AI buildout holds without its central figure.

Backlog sets a floor under sentiment; uncertainty sets a ceiling.

Until the succession is settled and the regulatory picture clarifies — neither of which we expect before the new Congress is seated and the board completes its search — we expect each headline to move the stock in both directions, with fundamentals limiting the downside and governance and policy limiting the upside. The upcoming fiscal third-quarter report will help on demand, but it is unlikely to resolve the questions that matter most.

For investors, that argues for discipline rather than conviction: sizing positions to tolerate elevated volatility, resisting the urge to treat either a sharp drop or a sharp rebound as a signal, and recognizing that AI infrastructure exposure is broader than a single ticker. The weakest links in this environment are not NVIDIA itself but the more leveraged participants in the AI capital cycle.

Sources

This commentary draws on research by the J.P. Morgan research team:

- J.P. Morgan North America Equity Research (Harlan Sur, Apoorva Kumar, Akanksh Chauhan), *NVIDIA Corporation: Uncertainty on Leadership and Regulatory Risks Around China Reframe the Debate Ahead of F3Q27*, November 12, 2026.
- J.P. Morgan North America Credit Research (Erica R. Spear, Quinn Degen), *NVIDIA Corporation: Can the Vision Outlast the Visionary?*, November 12, 2026.

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