

U.S. Semiconductors & Semiconductor Capital Equipment

Asia Supply Chain Checks Post Q1 Earnings: Raising NVDA PT to \$200 as Builds Point to 2H Upside, ASIC/ Interconnect Update, Pull-Forwards Real

We checked in with the supply chain post Q1 prints. Please see our key takeaways below:

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Updated Build Implies Upside for Remainder of CY, System Shipments Starting to Tick Up:

Our build points to ~\$2B in upside in July for NVDA vs. Street numbers and we raise our Compute estimate to ~\$37B from \$35.6B prior. Blackwell capacity reached ~30k wafers per month in June (~15 chips per wafer), which was below our prior expectation of ~40k wafers. Despite the short blip, utilizations are healthy, and the supply chain sounds positive on the 2H of the year, which squares with the ramp we are seeing from Agentic AI usage (see our note with Ross Sandler on Agentic AI [here](#)). Blackwell capacity increases are still up 30% Q/Q off the lower base, but faster utilization is more than offsetting, giving us more confidence in October. This implies mid-teens Q/Q growth for Compute revenue for both October and January with Hopper and China effectively zero. We raise our CQ3/CQ4 to \$42B/\$48B vs. our prior ~\$40B/~\$44.6B and Street ~\$40.8B/\$46.2B. Blackwell Ultra remains on track with small volume in the supply chain by the end of the Q and mass production set for Q3. We reset total Blackwell ASPs to \$35k to account for Ultra in the 2H. Checks in system sales are also improving and we estimate they contribute close to 25% of revenue in July and approach 50% of revenue in October. Both Ultra and higher volume should help GMs in the 2H. Even with the recent run, this name has the most potential upside in our coverage for the 2H and we raise our PT to \$200.

T2 Supply Chain Catching Up, TPU Checks Largely Consistent: AMZN Trainium 2 seems to have upticked on both the demand and supply side vs. our last trip and vs. what we heard from Computex. Demand is now over 2M units (vs. prior 2M) with the supply chain able to handle close to 1.5M units (70% of the demand) vs. our March check of ~1.35M. Based on an ASP of \$1,500 and assuming the supply chain can only handle 70% of demand, this nets \$300M of upside to this year's ASIC number although some likely comes in CY26. 80% of the demand is expected to be met by providers in Q3. For T3, the supply chain seems less certain Alchip is

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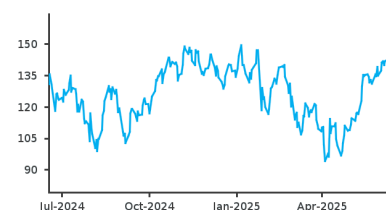
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NVDA	OVERWEIGHT Unchanged
U.S. Semiconductors & Semiconductor Capital Equipment	NEUTRAL Unchanged
Price Target	USD 200.00 raised 18% from USD 170.00
Price (16-Jun-25)	USD 144.69
Potential Upside/Downside	+38.2%
Source: Bloomberg, Barclays Research	

Market Cap (USD mn)	3530436
Shares Outstanding (mn)	24400.00
Free Float (%)	96.07
52 Wk Avg Daily Volume (mn)	276.7
Dividend Yield (%)	0.03
Return on Equity TTM (%)	115.46
Current BVPS (USD)	3.44
Source: Bloomberg	

Price Performance	Exchange-Nasdaq
52 Week range	USD 153.13-86.62



Source: IDC
[Link to Barclays Live for interactive charting](#)

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responsible for 3nm alone compared to our last visit. Alchip currently has an engineering sample with the supply chain, which usually takes 6-9 months to turn into production.

TPU checks came in consistent with what we heard during our last trip with V7 hitting the supply chain in May. We did hear that CQ3 is expected up 20% Q/Q (in line with our model). MTK is working on a project which they expect to contribute to revenue in the 2H of 2026. The total revenue opportunity is in the billions, consistent with prior conversations.

One New CRDO Hyperscaler Likely Meta: The supply chain indicated that CRDO's >\$800M guide seems conservative when looking at MSFT and xAI ramps, with one partner talking about applications for 800G rack-to-rack connections in the 3-5m range (eventually extending to 8m in the future). We heard that one of the two new hyperscalers outlined in their most recent earnings is META.

Pull-ins Evident Across the Broader Ecosystem: PC ODMs largely missed our estimates in May and left Q2 and full year guides unchanged. Sequential growth was attributed to pull-ins, leaving us expecting subseasonal results for the 2H and a down year in PCs (see our June PC Pulse [here](#)). MTK called out H/H weakness across non-smartphone demand due to tariff-related uncertainty and pull-ins in the first few quarters of the year (Street modeling +1% total business H/H). Android revenue is also expected to slow as the bump from the China subsidies peters out. In server, we heard of AI related pull-ins across providers contributing to better Q1 results and above-seasonal expectations for Q2. One source highlighted China customers are securing CPUs first and the accessory components further down the line. For Analog, we are still hearing mixed views with most seeing better than expected results in Q1 and pointing more to a broader recovery versus pull-ins. One supplier pointed to above-seasonal trends for both STM and ON, before subseasonal Q3s.

NVDA: Quarterly and Annual EPS (USD)

	2025	2026			2027			Change y/y	
FY Jan	Actual	Old	New	Cons	Old	New	Cons	2026	2027
Q1	0.61A	0.81A	0.81A	0.96A	1.43E	1.53E	1.36E	33%	89%
Q2	0.68A	1.00E	1.04E	1.00E	1.54E	1.65E	1.42E	53%	59%
Q3	0.81A	1.13E	1.19E	1.17E	1.67E	1.78E	1.49E	47%	50%
Q4	0.89A	1.31E	1.40E	1.33E	1.79E	1.91E	1.54E	57%	36%
Year	3.00A	4.25E	4.44E	4.34E	6.43E	6.86E	5.77E	48%	55%
P/E	48.3		32.6			21.1			

Consensus numbers are from Bloomberg received on 16-Jun-2025; 22:39 GMT
Source: Barclays Research

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NEUTRAL

NVIDIA Corp. (NVDA)

OVERWEIGHT

Income statement (\$mn)	2025A	2026E	2027E	2028E	CAGR	Price (16-Jun-2025)	USD 144.69
Revenue	130,497	203,429	284,818	N/A	N/A	Price Target	USD 200.00
EBITDA (adj)	88,652	131,077	199,735	N/A	N/A	Why OVERWEIGHT? We are OW as the company has long-term sustainable growth led by a large lead in GPUs for AI in DC, with further Edge opportunities (Autos, robots, etc.) and a competitive moat around a large portion of the market.	
EBIT (adj)	86,788	128,633	197,291	N/A	N/A		
Pre-tax income (adj)	88,338	130,506	199,291	N/A	N/A		
Net income (adj)	74,266	108,676	165,412	N/A	N/A		
EPS (adj) (\$)	3.00	4.44	6.86	N/A	N/A		
Diluted shares (mn)	24,805	24,491	24,121	N/A	N/A		
DPS (\$)	0.03	0.04	0.04	N/A	N/A		
Margin and return data	2025A	2026E	2027E	2028E	Average	Upside case	USD 250.00
EBITDA (adj) margin (%)	67.9	64.4	70.1	N/A	67.5	Upside case Our upside case of \$250 is based upon 33x our upside CY26E non-GAAP EPS of \$7.50, which assumes larger TAM for AI in the DC, higher Networking attach, and higher GMs.	
EBIT (adj) margin (%)	66.5	63.2	69.3	N/A	66.3		
Pre-tax (adj) margin (%)	67.7	64.2	70.0	N/A	67.3		
Net (adj) margin (%)	56.9	53.4	58.1	N/A	56.1		
ROA (%)	113.0	97.4	97.2	N/A	102.5		
ROE (%)	172.8	137.0	129.2	N/A	146.3	Downside case Our downside case of \$110 is based upon 18x our downside CY26E non-GAAP EPS of \$6.00, which assumes a correction of AI spending in the DC, a slower Auto ramp and pricing/share pressure.	
Balance sheet and cash flow (\$mn)	2025A	2026E	2027E	2028E	CAGR		
Tangible fixed assets	6,283	8,303	10,859	N/A	N/A	Upside/Downside scenarios 	
Intangible fixed assets	5,188	5,498	5,498	N/A	N/A		
Cash and equivalents	43,210	90,717	177,330	N/A	N/A		
Total assets	111,601	170,094	271,917	N/A	N/A		
Short and long-term debt	8,463	8,464	8,464	N/A	N/A		
Other long-term liabilities	4,245	4,884	4,884	N/A	N/A		
Total liabilities	32,274	42,043	42,740	N/A	N/A		
Net debt/(funds)	-34,747	-82,253	-168,866	N/A	N/A		
Shareholders' equity	79,327	128,051	229,177	N/A	N/A		
Change in working capital	28,365	46,836	98,086	N/A	N/A		
Cash flow from operations	64,091	102,770	148,706	N/A	N/A		
Capital expenditure	-3,236	-4,227	-5,000	N/A	N/A		
Free cash flow	60,855	98,543	143,706	N/A	N/A		
Valuation and leverage metrics	2025A	2026E	2027E	2028E	Average		
P/E (adj) (x)	48.3	32.6	21.1	N/A	34.0		
EV/sales (x)	27.0	17.1	11.9	N/A	18.7		
EV/EBITDA (adj) (x)	39.8	26.5	17.0	N/A	27.8		
Equity FCF yield (%)	1.7	2.8	4.1	N/A	2.9		
P/Sales (x)	27.3	17.5	12.5	N/A	19.1		
P/BV (x)	45.2	27.7	15.2	N/A	29.4		
Dividend yield (%)	0.0	0.0	0.0	N/A	0.0		

Note: FY End Jan

Source: Company data, Bloomberg, Barclays Research

Changes to Estimates

Our FY26 revenue/EPS move to \$203,429M/\$4.44 (prior \$196,454M/\$4.25), and FY27 moves to \$284,818M/\$6.86 (prior \$268,621M/\$6.43).

Our price target of \$200 is based upon 29x our CY26E non-GAAP EPS of \$6.86. Our prior price target of \$170 was based upon 26x our prior CY26E non-GAAP EPS of \$6.43.

FIGURE 1. NVDA Barclays vs. Consensus

Changes to Revenue and EPS Estimates - New vs. Old vs. Consensus					
		Jul Q	Oct Q	FY26	FY27
NEW	Revenues	\$47,243M	\$52,839M	\$203,429M	\$284,818M
	EPS	\$1.04	\$1.19	\$4.44	\$6.86
OLD	Revenues	\$45,775M	\$50,638M	\$196,454M	\$268,621M
	EPS	\$1.00	\$1.13	\$4.25	\$6.43
CONSENSUS	Revenues	\$45,452M	\$51,976M	\$199,380M	\$250,595M
	EPS	\$0.99	\$1.17	\$4.46	\$5.80

Source: Barclays Research Estimates and Bloomberg

FIGURE 2. NVDA Income Statement

NVIDIA																					
FY Ending: January \$ in millions		Apr-23 1Q	Jul-23 2Q	Oct-23 3Q	Jan-24 4Q	Apr-24 1Q	Jul-24 2Q	Oct-24 3Q	Jan-25 4Q	Apr-25 1Q	Jul-25 2QE	Oct-25 3QE	Jan-26 4QE	Apr-26 1QE	Jul-26 2QE	Oct-26 3QE	Jan-27 4QE	2024 FY	2025 FY	2026 FYE	2027 FYE
Revenues		\$7,192	\$13,507	\$18,120	\$22,103	\$26,044	\$30,040	\$35,082	\$39,331	\$44,062	\$47,243	\$52,839	\$59,285	\$64,125	\$68,654	\$73,663	\$78,376	\$60,922	\$130,497	\$203,429	\$284,818
QoQ		18.9%	87.8%	34.2%	22.0%	17.8%	15.3%	16.8%	12.1%	12.0%	7.2%	11.8%	12.2%	8.2%	7.1%	7.3%	6.4%				
YoY		(13.2%)	101.5%	205.5%	265.3%	262.1%	122.4%	93.6%	77.9%	69.2%	57.3%	50.6%	50.7%	45.5%	45.3%	39.4%	32.2%	125.9%	114.2%	55.9%	40.0%
Cost of Goods		2,390	3,893	4,537	5,144	5,484	7,311	8,760	10,437	17,204	13,139	14,002	14,494	15,588	16,566	17,710	18,764	15,964	31,992	58,839	68,627
Gross Profit		\$4,802	\$9,614	\$13,583	\$16,959	\$20,560	\$22,729	\$26,322	\$28,894	\$26,858	\$34,104	\$38,837	\$44,792	\$48,537	\$52,088	\$55,953	\$59,612	\$44,958	\$98,505	\$144,591	\$216,191
R&D		1,339	1,428	1,581	1,747	1,980	2,241	2,457	2,732	2,898	3,250	3,350	3,450	3,575	3,725	3,875	4,025	6,095	9,410	12,948	15,200
SC&A		411	410	445	463	521	551	589	646	685	750	775	800	850	900	950	1,000	1,729	2,307	3,010	3,700
Total Operating Expenses		1,750	1,838	2,026	2,210	2,501	2,792	3,046	3,378	3,583	4,000	4,125	4,250	4,425	4,625	4,825	5,025	7,824	11,717	15,958	18,900
Operating Income		\$3,052	\$7,776	\$11,557	\$14,749	\$18,059	\$19,937	\$23,276	\$25,516	\$23,275	\$30,104	\$34,712	\$40,542	\$44,112	\$47,463	\$51,128	\$54,587	\$37,134	\$86,788	\$128,633	\$197,291
Interest Income (Exp)		84	120	175	232	302	380	411	457	448	450	475	500	500	500	500	500	611	1,550	1,873	2,000
Profit Before Taxes		3,136	7,896	11,732	14,981	18,361	20,317	23,687	25,973	23,723	30,554	35,187	41,042	44,612	47,963	51,628	55,087	37,745	88,338	130,506	199,291
Taxes		423	1,156	1,712	2,142	3,123	3,365	3,677	3,907	3,829	5,041	5,982	6,977	7,584	8,154	8,777	9,365	5,433	14,072	21,829	33,879
Net Income - Pro Forma		\$2,713	\$6,740	\$10,020	\$12,839	\$15,238	\$16,952	\$20,010	\$22,066	\$19,894	\$25,513	\$29,205	\$34,065	\$37,028	\$39,810	\$42,851	\$45,722	\$32,312	\$74,266	\$108,676	\$165,412
EPS - Pro Forma (ex ESO)		\$0.11	\$0.27	\$0.40	\$0.52	\$0.61	\$0.68	\$0.81	\$0.89	\$0.81	\$1.04	\$1.19	\$1.40	\$1.53	\$1.65	\$1.78	\$1.91	\$1.30	\$3.00	\$4.44	\$6.86
EPS - Pro Forma (incl ESO)		\$0.08	\$0.24	\$0.37	\$0.48	\$0.58	\$0.64	\$0.80	\$0.85	\$0.80	\$1.03	\$1.19	\$1.39	\$1.52	\$1.64	\$1.77	\$1.90	\$1.17	\$2.87	\$4.42	\$6.83
EPS - GAAP		\$0.08	\$0.25	\$0.37	\$0.49	\$0.60	\$0.67	\$0.78	\$0.89	\$0.76	\$0.98	\$1.13	\$1.33	\$1.48	\$1.60	\$1.73	\$1.86	\$1.19	\$2.94	\$4.20	\$6.66
Fully Diluted Shares		24,900.0	24,990.0	24,940.0	24,900.0	24,890.0	24,848.0	24,774.0	24,706.0	24,611.0	24,531.0	24,451.0	24,371.0	24,271.0	24,171.0	24,071.0	23,971.0	24,932.5	24,804.5	24,491.0	24,121.0
Dividend per Share		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.03	\$0.04	\$0.04
Percent of Sales																					
Gross Margin		66.8%	71.2%	75.0%	76.7%	78.9%	75.7%	75.0%	73.5%	61.0%	72.2%	73.5%	75.6%	75.7%	75.9%	76.0%	76.1%	73.8%	75.5%	71.1%	75.9%
R&D		18.6%	10.6%	8.7%	7.9%	7.6%	7.5%	7.0%	6.9%	6.6%	6.9%	6.3%	5.8%	5.6%	5.4%	5.3%	5.1%	10.0%	7.2%	6.4%	5.3%
SG&A		5.7%	3.0%	2.5%	2.1%	2.0%	1.8%	1.7%	1.6%	1.6%	1.6%	1.5%	1.3%	1.3%	1.3%	1.3%	1.3%	2.8%	1.8%	1.5%	1.3%
Operating Margin		42.4%	57.6%	63.8%	66.7%	69.3%	66.4%	66.3%	64.9%	52.8%	63.7%	65.7%	68.4%	68.8%	69.1%	69.4%	69.6%	61.0%	66.5%	63.2%	69.3%
Taxes		13.5%	14.6%	14.6%	14.3%	17.0%	16.6%	15.5%	15.0%	16.1%	16.5%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	14.4%	15.9%	16.7%	17.0%
Net Income		37.7%	49.9%	55.3%	58.1%	58.5%	56.4%	57.0%	56.1%	45.2%	54.0%	55.3%	57.5%	57.7%	58.0%	58.2%	58.3%	53.0%	56.9%	53.4%	58.1%
Sequential Change																					
R&D		(5.3%)	6.6%	10.7%	10.5%	13.3%	13.2%	9.6%	11.2%	6.1%	12.1%	3.1%	3.0%	3.6%	4.2%	4.0%	3.9%	12.7%	54.4%	37.6%	17.4%
SG&A		13.9%	(0.2%)	8.5%	4.0%	12.5%	5.8%	6.9%	9.7%	6.0%	9.5%	3.3%	3.2%	6.3%	5.9%	5.6%	5.3%	13.8%	33.4%	30.5%	22.9%

Source: Company Reports and Barclays Research

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