

NVIDIA Corporation

Blackwell/Blackwell Ultra Ramp and Networking Strength Drive Solid Results/Guidance; H20 Upside Still Likely in the Cards, in Our View; Reit OW

NVIDIA reported solid Jul-Qtr revenue of \$46.7B (above ours/consensus estimates of \$45.0B/\$46.2B), a ~6% Q/Q improvement aided in part by ~\$650MM of H20 revenue to a non-China customer (with H20 having been stripped out of Jul-Qtr expectations) but primarily driven by 11-12% Q/Q growth in Blackwell GPU compute revenue (B200/GB200 and B300/GB300) to ~\$26B (JPMe) and sharply higher networking revenue (+46% Q/Q) as the team benefits from higher networking content (scale-up) in their rack scale systems. For the Oct-Qtr, the team guided revenue to \$54B, above consensus (\$53.4B) and towards the high end of our expectation of \$53-54B. We see a sufficient ramp in the supply chain for Blackwell/Blackwell Ultra rack volumes (affirmed by NVDA's indication that it is now running ~12k racks/quarter) to comfortably support the incremental ~\$5B of Compute revenue implied by NVDA's guide (based on our model). Overall, we believe NVIDIA's 12-month forward order book continues to outstrip supply. H20 potentially provides a \$2-5B (or more) upside revenue lever to FQ3, though this remains in question pending the resolution of "geopolitical issues," despite certain Chinese customers having already been granted export licenses by the US government. Networking growth has certainly been a standout recently, with revenue up ~140% in the span of just two quarters, driven by a combination of higher networking content per rack (primarily NVLink scale-up networking) for Blackwell relative to Hopper, and NVDA's expanding portfolio of networking solutions, which now includes "scale across" Spectrum-XGS ethernet (for which CoreWeave has been announced as an initial customer). All in, the playbook remains the same here for NVDA - a solid beat and raise with multiple levers at play to drive upside, against the backdrop of a multi-year runway of growth for AI infrastructure spending, with NVDA in our view continuing to capture a significant majority of the incremental spend (as it has over the past ~3 years). We raise our forward estimates and establish our Dec-26 PT of \$215 (from our prior Dec-25 PT of \$170), and reiterate our OW rating.

Overweight

NVDA, NVDA US

Price (27 Aug 25):\$181.60

▲ **Price Target (Dec-26):\$215.00**

Prior (Dec-25):\$170.00

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J.P. Morgan Securities LLC

Key Changes (FYE Jan)

	Prev	Cur
Adj. EPS - 26E (\$)	4.27	4.53
Adj. EPS - 27E (\$)	5.39	6.63

Quarterly Forecasts (FYE Jan)

Adj. EPS (\$)	2025A	2026E	2027E
Q1	0.61	0.81A	1.49
Q2	0.68	1.05A	1.57
Q3	0.81	1.26	1.73
Q4	0.89	1.42	1.85
FY	2.99	4.53	6.63

Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	83	79	85	78	83
Growth	17	14	4	55	31
Momentum	24	21	6	65	7
Quality	2	2	2	3	10
Low Vol	63	56	58	56	44
ESGQ	88	8	3	12	3

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 11 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	35.2%	4.7%	34.0%	41.5%
Rel	25.0%	3.2%	24.6%	26.3%

Company Data

Shares O/S (mn)	24,990
52-week range (\$)	184.48-86.62
Market cap (\$ mn)	4,538,184.00
Exchange rate	1.00
Free float (%)	96.1%
3M ADV (mn)	179.19
3M ADV (\$ mn)	28,664.9
Volatility (90 Day)	30
Index	S&P 500
BBG ANR (Buy Hold Sell)	71 8 1

Key Metrics (FYE Jan)

\$ in millions	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	130,497	206,829	281,411
Adj. EBIT	81,583	124,178	185,663
Adj. EBITDA	82,007	124,602	186,087
Adj. net income	74,266	111,140	162,544
Adj. EPS	2.99	4.53	6.63
BBG EPS	4.42	6.05	-
Cashflow from operations	64,091	100,587	148,076
FCFF	60,855	93,678	140,500
Margins and Growth			
Revenue Growth Y/Y (%)	114.2%	58.5%	36.1%
EBIT margin	62.5%	60.0%	66.0%
EBIT Growth Y/Y (%)	146.7%	52.2%	49.5%
EBITDA margin	62.8%	60.2%	66.1%
EBITDA Growth Y/Y (%)	144.8%	51.9%	49.3%
Net margin	56.9%	53.7%	57.8%
Adj. EPS growth	131.0%	51.3%	46.5%
Ratios			
Adj. tax rate	13.4%	16.1%	16.5%
Interest cover	-	-	-
Net debt/Equity	NM	NM	NM
Net debt/EBITDA	NM	NM	NM
ROE	121.4%	99.0%	81.1%
Valuation			
FCFF yield	1.4%	2.1%	3.2%
Dividend yield	0.0%	0.0%	0.0%
EV/Revenue	34.5	21.6	15.5
EV/EBITDA	54.9	35.8	23.5
Adj. P/E	60.7	40.1	27.4

Summary Investment Thesis and Valuation

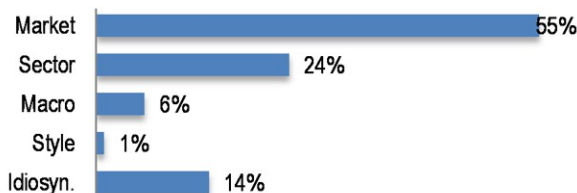
Investment Thesis

We believe NVIDIA continues to execute across all segments. While 1H is typically seasonally weaker than 2H, we expect solid demand in PC gaming to be a strong revenue driver for the company, offsetting PC OEM, which is in secular decline. We expect the data center segment to grow strongly as hyperscale customers continue to embrace GPU-accelerated deep learning for processing large data sets. We are encouraged by strength in the automotive and enterprise segments as well, although strong adoption of autonomous driving in the market remains to be seen. We anticipate significant upside in the shares, driving our Overweight rating.

Valuation

Our PT assumes NVDA trades at 30x (in-line with its longer-term EPS growth rate) 2HCY26 annualized earnings power of \$7.15 (\$1.73 + \$1.85 *2).

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.77	0.77
Sect: Technology	0.80	0.77
Ind: Semicond & S Equip	0.97	0.94
Macro:		
US Dollar	-0.29	-0.19
US 10yr yield	0.25	0.15
Credit Spread	0.22	0.12
Quant Styles:		
LowVol	-0.52	-0.42
DivYld	-0.38	-0.31
Growth	0.46	0.31

- F2Q26 (Jul-Qtr) revenue better than consensus as Blackwell continued to ramp and Blackwell Ultra shipments commenced, with Networking upside also aiding the beat.** NVDA reported F2Q26 revenue of \$46.74B (+6% Q/Q), above consensus (\$46.23B), with GM% of 72.7% (vs 72% guide) and EPS of \$1.05 also coming in ahead of Street (72.1%/\$1.01). Growth was again led by Datacenter (+5% Q/Q) with Blackwell revenue up 17% Q/Q (Blackwell compute GPU revenues up 11-12% Q/Q) on a step-up in GB200 NVL72 rack shipments and the commencement of B300/GB300 shipments in the quarter. Notably, Compute revenue declined 1% Q/Q, though this was largely due to a sharp drop in H20 revenue following the imposition of export restrictions in April (net ~\$4B lower H20 revenue in FQ2 as NVDA was able to ship ~\$650MM to a non-China customer). Compute revenue ex-H20 grew \$3.5B in the quarter (of which BW/BWU comprised ~\$2.8B) and included a modest uptick in sales of H100/200 systems Q/Q. Networking surprised to the upside, growing almost 50% Q/Q to \$7.3B - well ahead of Street \$5.1B - with InfiniBand revenue nearly doubling Q/Q and both Spectrum-X and NVLink seeing strong growth.
- F3Q26 (Oct-Qtr) guidance of \$54B in revenues towards the high end of our expectations of \$53-\$54B, with a pathway to \$56-\$59B depending on H20 sales.** Oct-Qtr revenue was guided to \$54B, ahead of Street \$53.4B (though it is not clear to what extent H20 revenue was baked into consensus). Despite some Chinese customers having received USG license approval for H20, NVDA has not resumed shipments to China given unresolved “geopolitical issues” and consequently did not include H20 revenue expectations in its FQ3 guidance. Management did note though that \$2-\$5B could potentially be shipped in FQ3, with capacity to ship even more if there is sufficient customer interest, which we view as a significant upside lever to FQ3 revenue growth (essentially a soft guide of \$56-\$59B). Assuming Networking growth ~halves to 25% Q/Q in FQ3 implies DC Compute in the range of \$39B or + \$5B Q/Q based on our estimates, which we think is well within reach given the continued ramp in BW/BWU rack shipments - now at ~1k/week (ahead of our expectations) with capacity to grow beyond that cadence. GM% was guided to 73.5%, basically in line with consensus 73.4%, with NVDA reaffirming expectations of exiting FY26 at a mid-70s% level.
- H20 sales in FQ2 implies GM in the range of 72% and potentially ~\$6B of revenue from remaining inventory.** NVDA noted that its sale of ~\$650MM of previously reserved H20 inventory in FQ2 drove a ~\$180MM benefit (~40bps) to gross margin in the quarter. This implies H20 GM% in the range of 72%, which in turn implies NVDA’s remaining ~\$1.7B of written-down inventory could potentially generate a further ~\$5-\$6B of revenue. We further estimate that for every \$1B of H20 revenue, there would be an associated ~\$280MM non-recurring benefit to gross margin.
- Rubin still on track for C2H26 rollout, with NVDA eyeing a 50% CAGR for the AI market.** Management laid to rest recent concerns that Rubin had been delayed, instead reaffirming that its next-gen platform is on track for volume production next year, maintaining NVDA’s targeted one-year product launch cadence. With a view to CY26 and beyond, NVDA sees the overall AI market growing at a 50% CAGR, fueled not only by ever-growing US hyperscaler capex (which upticked again in CQ2), but also by several other sources of demand, including sovereign AI (on track to more than double Y/Y to ~\$20B in FY26 and with a runway to grow to multiples of that level), AI labs and AI startups - both of which are seeing a surge in revenue growth, which in turn is fueling infrastructure spend. Taken at face value, 50% growth for NVDA’s DC business next year implies revenue in the range of \$275B

based on our model, well ahead of Street ~\$243B.

- **Increasing forward estimates and establishing our Dec-26 PT at \$215.** We increase our forward estimates on better-than-expected revenues and establish our Dec-26 PT of \$215 (from our prior Dec-25 PT of \$170). We remain Overweight NVDA. Our PT assumes NVDA trades at 30x (in-line with its longer-term EPS growth rate) 2HCY26 annualized earnings power of \$7.15.

Table 1: NVIDIA F2Q26 (Jul-Qtr) Earnings and F3Q26 (Oct-Qtr) Outlook

\$ in millions, except per share data

	F2Q26 (Jul-Q)				F3Q26E (Oct-Q)	
	Actual	JPM Est	Diff	Consensus	Guidance	Consensus
Revenue (\$M)	\$46,743	\$45,000	\$1,743	\$46,231	\$54,000	\$53,401
Q/Q Change	6.1%	2.1%	4.0%			
Gross Margin (excl SBC)	72.7%	72.0%	0.7%	72.1%	73.5%	73.4%
Op Margin (excl SBC)	64.4%	63.1%	1.4%			
Proforma EPS (excl SBC)	\$1.05	\$0.99	\$0.06	\$1.01		\$1.21

Source: Company reports and J.P. Morgan estimates

Table 2: Reporting Segment Summary for F2Q26 (vs. F1Q26)

\$ in millions

	F1Q26	F2Q26	Q/Q	Y/Y	% of Revs
Graphic	\$4,473	\$5,412	21%	51%	12%
Compute & Networking	\$39,589	\$41,331	4%	56%	88%
Total	\$44,062	\$46,743	6%	56%	

Source: Company reports

Table 3: End Market Segment Summary for F2Q26 (vs. F1Q26)

\$ in millions

	F1Q26	F2Q26	Q/Q	Y/Y	% of Revs
PC OEM	\$111	\$173	56%	97%	0%
PC Gaming	\$3,763	\$4,287	14%	49%	9%
Pro Vis	\$509	\$601	18%	32%	1%
Datacenter	\$39,112	\$41,096	5%	56%	88%
Automotive	\$567	\$586	3%	69%	1%
Total	\$44,062	\$46,743	6%	56%	

Source: Company reports

Balance Sheet and Cash Flow

During the Jul-Qtr, the company generated cash flow from operations of \$15.4B (vs. \$27.4B in the Apr-Qtr) and exited the quarter with \$56.8B in cash, cash equivalents, and marketable securities (vs. \$53.7B in the Apr-Qtr).

Appendix I: Comp and Group Valuation

Table 4: Semiconductor Comp and Group Valuation Table

	JPM Rating	Market Cap	8/27/25 Price	Non-GAAP EPS		P/E		Revenues		P/S		Consensus Non-GAAP EPS		Consensus Sales		Consensus P/E		Consensus P/S		
				C24E	C25E	C24E	C25E	C24E	C25E	C24E	C25E	C24E	C25E	C24E	C25E	C24E	C25E	C24E	C25E	
Harlan Sur, Lead Coverage phone: 415-315-6700, email: harlan.sur@jpmchase.com																				
PC Semiconductors																				
INTC	UW	\$108,570	\$24.85	N/A	\$0.13	N/A	186.2	\$53,101	\$52,159	2.0	2.1	(\$0.13)	\$0.14	\$53,379	\$51,974	(191.2)	N/A	2.0	2.1	
NVDA	OW	\$4,455,011	\$181.60	\$2.99	\$4.27	60.7	42.6	\$130,497	\$196,571	34.1	22.7	\$2.87	\$4.44	\$126,060	\$198,030	63.3	40.9	35.3	22.5	
AMD	N	\$272,422	\$167.13	\$3.31	\$3.94	50.5	42.4	\$25,785	\$32,893	10.6	8.3	\$3.31	\$3.96	\$25,970	\$33,074	50.5	42.2	10.5	8.2	
Memory																				
MI	OW	\$132,469	\$117.75	\$4.01	\$8.81	29.4	13.4	\$29,094	\$39,747	4.6	3.3	\$4.39	\$9.76	\$30,030	\$41,422	26.8	12.1	4.4	3.2	
WDC	OW	\$29,203	\$80.67	\$5.60	\$5.67	14.4	14.2	\$15,568	\$15,879	1.9	1.8	\$5.62	\$6.23	\$15,626	\$10,396	14.4	13.0	1.9	2.8	
Enterprise/Networking/Datacenter Semiconductors																				
MRVL	OW	\$65,486	\$74.79	\$1.57	\$2.84	47.6	26.3	\$5,767	\$8,336	11.4	7.9	\$1.52	\$2.73	\$5,623	\$8,050	49.1	27.3	11.6	8.1	
AVGO	OW	\$1,449,007	\$300.25	\$5.36	\$7.09	56.0	42.4	\$54,529	\$66,780	26.6	21.7	\$5.19	\$6.86	\$53,392	\$64,441	57.9	43.7	27.1	22.5	
ALAB	OW	\$27,884	\$179.20	\$0.72	\$1.20	248.9	149.8	\$385	\$610	72.5	45.7	\$0.84	\$1.58	\$396	\$777	213.3	113.2	70.4	35.9	
Mobile Devices																				
SWKS	N	\$11,453	\$76.20	\$5.91	\$5.22	12.9	14.6	\$4,045	\$3,897	2.8	2.9	\$5.91	\$5.26	\$4,064	\$3,905	12.9	14.5	2.8	2.9	
QRVO	UW	\$8,618	\$91.91	\$5.75	\$5.85	16.0	15.7	\$3,790	\$3,653	2.3	2.4	\$5.75	\$6.16	\$3,809	\$3,694	16.0	14.9	2.3	2.3	
IoT																				
SLAB	OW	\$4,564	\$139.66	N/A	\$0.66	N/A	213.0	\$584	\$785	7.8	5.8	(\$1.71)	\$0.72	\$589	\$770	(81.8)	193.4	7.8	5.9	
SYNA	OW	\$2,733	\$70.80	\$2.91	\$3.97	24.3	17.9	\$1,010	\$1,119	2.7	2.4	\$2.90	\$4.07	\$1,016	\$1,125	24.4	17.4	2.7	2.4	
Analog/Microcontrollers																				
TXN	OW	\$187,389	\$205.47	\$5.20	\$5.51	39.5	37.3	\$15,641	\$17,536	12.0	10.7	\$5.20	\$5.82	\$15,641	\$17,683	39.5	35.3	12.0	10.6	
ADI	OW	\$126,913	\$255.50	\$6.28	\$7.72	40.7	33.1	\$9,338	\$10,913	13.6	11.6	\$6.31	\$8.10	\$9,357	\$11,281	40.5	31.6	13.6	11.3	
NXPI	N	\$60,331	\$237.67	N/A	N/A	N/A	N/A	\$12,614	\$12,004	4.8	5.0	\$13.09	\$11.81	\$12,614	\$12,172	18.2	20.1	4.8	5.0	
MXCP	OW	\$35,938	\$66.65	\$1.77	\$1.11	37.8	60.2	\$4,757	\$4,358	7.6	8.2	\$1.76	\$1.11	\$4,757	\$4,364	37.9	59.9	7.6	8.2	
Diversified/Consumer/Standard Components/Other																				
ON	N	\$21,264	\$51.25	\$3.98	\$2.29	12.9	22.4	\$7,082	\$5,946	3.0	3.6	\$3.98	\$2.29	\$7,082	\$5,959	12.9	22.3	3.0	3.6	
VSH	N	\$2,116	\$15.54	\$0.48	\$0.02	32.7	924.8	\$2,938	\$3,035	12.4	9.7	\$0.48	\$0.12	\$2,938	\$3,040	32.4	N/A	0.7	0.7	
MTSI	N	\$9,834	\$129.63	\$2.76	\$3.65	46.9	35.5	\$791	\$1,013	12.4	9.7	\$2.77	\$3.64	\$780	\$1,008	46.8	35.6	12.6	9.8	
Foundries																				
GFS	N	\$18,921	\$33.97	\$1.56	\$1.61	21.7	21.1	\$6,750	\$6,757	2.8	2.8	\$1.56	\$1.60	\$6,750	\$6,751	21.8	21.2	2.8	2.8	
OSAT																				
AMKR	OW	\$6,091	\$24.58	\$1.37	\$1.81	18.0	13.6	\$6,339	\$6,659	1.0	33.7	\$1.43	\$1.13	\$6,318	\$6,576	17.2	21.8	1.0	0.9	
Semiconductor Capital Equipment																				
AMAT	OW	\$131,841	\$164.39	\$8.90	\$9.50	18.5	17.3	\$27,635	\$28,950	4.8	4.6	\$8.83	\$9.26	\$27,651	\$28,023	18.6	17.8	4.8	4.7	
LRCX	OW	\$132,380	\$103.67	\$3.37	\$4.56	30.8	22.8	\$16,209	\$19,847	8.2	6.7	\$3.36	\$4.61	\$16,042	\$19,901	30.8	22.5	8.3	6.7	
KLAC	OW	\$117,986	\$888.89	\$27.39	\$34.76	32.5	25.6	\$10,847	\$12,545	10.9	9.4	\$27.39	\$34.94	\$10,847	\$12,559	32.5	25.4	10.9	9.4	
MKSI	OW	\$7,122	\$105.68	\$6.57	\$6.93	16.1	15.2	\$3,586	\$3,808	2.0	1.9	\$6.58	\$7.08	\$3,586	\$3,825	16.1	14.9	2.0	1.9	
Chip Design Automation Software																				
ARM	OW	\$149,803	\$140.66	\$1.44	\$1.57	97.6	89.6	\$3,694	\$4,448	40.6	33.7	\$1.45	\$1.58	\$3,694	\$4,457	97.0	89.1	40.6	33.6	
CDNS	OW	\$94,663	\$346.88	\$5.97	\$6.90	58.1	50.2	\$4,641	\$5,240	20.4	18.1	\$5.97	\$6.93	\$4,641	\$5,245	58.1	50.1	20.4	18.0	
SNPS	OW	\$94,148	\$603.17	\$12.85	\$15.97	46.9	37.8	\$6,072	\$7,049	15.5	13.4	\$13.04	\$15.49	\$6,137	\$7,241	46.3	38.9	15.3	13.0	
Large Cap Semi Average																				
						43.2	53.9			12.9	10.6					17.9	35.1	13.2	10.6	
Small-Mid Cap Semi Average						24.9	204.4			6.7	5.5					7.1	56.3	4.7	4.0	
Semi Group Average (ex-outliers)						33.2	118.3			8.7	7.6					15.0	29.7	7.9	6.9	
SOX Index				5,825	192			30.4			6.5	5.8					30.4			6.5
S&P500				6,481	266			24.4			3.3	3.1					24.4			3.3

Source: Company reports, Bloomberg Finance L.P., and J.P. Morgan estimates. Prices as of market close 08/27/2025.

Appendix II: Financial Tables

Table 5: NVIDIA Income Statement

\$ in millions, except per share data

\$M	C23	Apr-24	Jul-24	Oct-24	Jan-25	C24	Apr-25	Jul-25	Oct-25	Jan-26	C25	Apr-26	Jul-26	Oct-26	Jan-27	C26
FY end: Jan.	F24E	1Q25	2Q25	3Q25	4Q25	F25E	1Q26	2Q26	3Q26E	4Q26E	F26E	1Q26E	2Q26E	3Q26E	4Q26E	F27E
Total revenue	60,922	26,044	30,040	35,082	39,331	130,497	44,062	46,743	55,013	61,011	206,829	63,406	66,538	73,058	78,409	281,411
% Change Y/Y	125.9%	262.1%	122.4%	93.6%	77.9%	114.2%	69.2%	55.6%	56.8%	55.1%	58.5%	43.9%	42.3%	32.8%	28.5%	36.1%
% Change Q/Q		17.8%	15.3%	16.8%	12.1%		12.0%	6.1%	17.7%	10.9%		3.9%	4.9%	9.8%	7.3%	
Cost of goods sold	16,621	5,638	7,466	8,926	10,608	32,638	17,394	12,890	14,633	15,558	60,475	15,851	16,501	18,045	19,367	69,765
% Change Y/Y	43.1%	121.6%	84.6%	89.1%	99.7%	96.4%	208.5%	72.6%	63.9%	46.7%	85.3%	-8.9%	28.0%	23.3%	24.5%	15.4%
% Change Q/Q		6.1%	32.4%	19.6%	18.8%		64.0%	-25.9%	13.5%	6.3%		1.9%	4.1%	9.4%	7.3%	
Non-GAAP Gross margin (ex SBC)	72.9%	78.9%	75.7%	75.0%	73.5%	75.1%	61.0%	72.7%	73.5%	74.6%	70.9%	75.1%	75.3%	75.4%	75.4%	75.3%
GAAP Gross margin	72.7%	78.4%	75.1%	74.6%	73.0%	75.0%	60.5%	72.4%	73.4%	74.5%	70.8%	75.0%	75.2%	75.3%	75.3%	75.2%
R&D	8,674	2,720	3,090	3,390	3,714	12,914	3,989	4,291	4,571	4,821	17,672	4,869	5,064	5,317	5,583	20,833
% Total revenue	14.2%	10.4%	10.3%	9.7%	9.4%	9.9%	9.1%	9.2%	8.3%	7.9%	8.5%	7.7%	7.6%	7.3%	7.1%	7.4%
SG&A (Adj.)	2,558	756	816	858	932	3,362	1,004	1,070	1,190	1,240	4,504	1,240	1,265	1,303	1,342	5,149
% Total revenue	4.2%	2.9%	2.7%	2.4%	2.4%	2.6%	2.3%	2.3%	2.2%	2.0%	2.2%	2.0%	1.9%	1.8%	1.7%	1.8%
Other	0					0					0					0
% Total revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	33,069	16,930	18,668	21,908	24,077	81,583	21,675	28,492	34,618	39,392	124,178	41,445	43,708	48,393	52,117	185,663
% Total revenue	54.3%	65.0%	62.1%	62.4%	61.2%	62.5%	49.2%	61.0%	62.9%	64.6%	60.0%	65.4%	65.7%	66.2%	66.5%	66.0%
Opex GAAP		3497	3932	4287	4689		5030	5413	5761	6061		6109	6329	6620	6925	
Opex Non-GAAP	7,824	2501	2792	3046	3378	11,717	3583	3795	4195	4495	16,068	4543	4763	5054	5359	19,719
Opm % ex options	60.1%	68.9%	66.0%	66.0%	64.6%	66.1%	52.5%	64.4%	65.9%	67.2%	63.1%	67.9%	68.1%	68.5%	68.5%	68.3%
Interest/Other Expense	611	302	380	411	457	1,550	448	520	500	500	1,968	500	500	500	500	2,000
Pretax income	33,680	17,232	19,048	22,319	24,534	83,133	22,123	29,012	35,118	39,892	126,146	41,945	44,208	48,893	52,617	187,663
% Total revenue	55.3%	66.2%	63.4%	63.6%	62.4%	63.7%	50.2%	62.1%	63.8%	65.4%	61.0%	66.2%	66.4%	66.9%	67.1%	66.7%
Income tax	4,059	2,398	2,615	3,007	3,126	11,146	3,135	4,784	5,795	6,582	20,296	6,921	7,294	8,067	8,682	30,964
Tax rate	12.1%	13.9%	13.7%	13.5%	12.7%	13.4%	14.2%	16.5%	16.5%	16.5%	16.1%	16.5%	16.5%	16.5%	16.5%	16.5%
Net Income (GAAP)	29,759	14,881	16,599	19,309	22,091	72,880	18,772	26,422	29,324	33,310	107,828	35,024	36,914	40,826	43,935	156,699
Net income (non-GAAP)	32,312	15,238	16,952	20,010	22,066	74,266	19,894	25,689	30,785	34,771	111,140	36,485	38,375	42,287	45,396	162,544
% Total revenue	48.6%	57.0%	54.7%	55.0%	54.4%	55.2%	43.1%	51.8%	53.3%	54.6%	51.2%	55.2%	55.5%	55.9%	56.0%	55.7%
Avg. No. of Diluted Shr	24,933	24,890	24,848	24,774	24,489	24,750	24,441	24,366	24,500	24,500	24,452	24,500	24,500	24,500	24,500	24,500
Avg. No. of Diluted Shr (non-GAAP)	24,933	24,890	24,848	24,774	24,706	24,805	24,611	24,532	24,500	24,500	24,536	24,500	24,500	24,500	24,500	24,500
Convertible Adjustment																
EPS (Non-GAAP)	\$1.30	\$0.61	\$0.68	\$0.81	\$0.89	\$2.99	\$0.81	\$1.05	\$1.26	\$1.42	\$4.53	\$1.49	\$1.57	\$1.73	\$1.85	\$6.63
% Change Y/Y	288.4%	461.9%	153.0%	101.0%	73.2%	131.0%	32.0%	53.5%	55.6%	58.9%	51.3%	84.2%	49.6%	37.4%	30.6%	46.5%
% Change Q/Q		18.7%	11.4%	18.4%	10.6%		-9.5%	29.5%	20.0%	12.9%		4.9%	5.2%	10.2%	7.4%	

Source: Company reports and J.P. Morgan estimates

Table 6: NVIDIA Balance Sheet

\$ in millions, except per share data

FY End: Jan.	Jan'24	Apr'24	Jul'24	Oct'24	Jan'25	Apr'25	Jul'25	Oct'25	Jan'26	Apr'25	Jul'25	Oct'25	Jan'26
	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	1Q26E	2Q26E	3Q26E	4Q26E
Assets													
Cash and ST investment	25,984	31,438	34,800	38,487	43,210	53,691	56,791	72,797	88,323	109,688	130,690	153,544	179,846
Accounts receivable	9,999	12,365	14,132	17,693	23,065	22,132	27,808	30,174	34,117	34,998	37,531	40,615	43,735
Inventories	5,282	5,864	6,675	7,654	10,080	11,333	14,962	16,828	17,892	18,229	18,977	20,752	22,272
Prepaid and other	3,080	4,062	4,026	3,806	3,771	2,779	2,658	2,658	2,658	2,658	2,658	2,658	2,658
Total current assets	44,345	53,729	59,633	67,640	80,126	89,935	102,219	122,458	142,989	165,573	189,855	217,569	248,512
PP&E, net	3,914	4,006	4,885	5,343	6,283	7,136	9,141	10,929	12,717	14,505	16,293	18,081	19,869
Deposits and other	11,927	13,898	15,135	17,468	19,197	21,916	22,870	22,870	22,870	22,870	22,870	22,870	22,870
Goodwill	4,430	4,453	4,622	4,724	5,188	5,498	5,755	5,755	5,755	5,755	5,755	5,755	5,755
Intangible assets	1,112	986	952	838	807	769	755	755	755	755	755	755	755
Total assets	65,728	77,072	85,227	96,013	111,601	125,254	140,740	162,767	185,086	209,458	235,528	265,030	297,761
Liabilities													
Accounts payable	2,699	2,715	3,680	5,353	6,310	7,331	9,064	7,867	8,364	8,522	8,871	9,701	10,412
Accrued liabilities	6,682	11,258	10,289	11,126	11,737	19,211	15,193	15,193	15,193	15,193	15,193	15,193	15,193
Short-term Debt	1,250	1,250											
Deferred revenue													
Total current liabilities	10,631	15,223	13,969	16,479	18,047	26,542	24,257	23,060	23,557	23,715	24,064	24,894	25,605
Capital lease obligations	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term Debt	8,459	8,460	8,461	8,462	8,463	8,464	8,466	8,466	8,466	8,466	8,466	8,466	8,466
Long-term liabilities	3,660	4,247	4,640	5,173	5,764	6,405	7,886	7,886	7,886	7,886	7,886	7,886	7,886
Total liabilities	22,750	27,930	27,070	30,114	32,274	41,411	40,609	39,412	39,909	40,067	40,416	41,246	41,957
Total stockholders' equity	42,978	49,142	58,157	65,899	79,327	83,843	100,131	123,355	145,177	169,391	195,112	223,784	255,804
Total liability and stockholders' equity	65,728	77,072	85,227	96,013	111,601	125,254	140,740	162,767	185,086	209,458	235,528	265,030	297,761

Source: Company reports and J.P. Morgan estimates

Table 7: NVIDIA Cash Flow Statement

\$ in millions

FY End: Jan.	Apr'23	Jul'23	Oct'23	Jan'24	Apr'24	Jul'24	Oct'24	Jan'25	Apr'25	Jul'25	Oct'25	Jan'26	Apr'25	Jul'25	Oct'25	Jan'26
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	1Q26E	2Q26E	3Q26E	4Q26E
Net income (GAAP)	2,043	6,188	9,243	12,285	14,881	16,599	19,309	22,091	18,775	26,422	29,324	33,310	35,024	36,914	40,826	43,935
Depreciation and amortization	384	365	372	387	410	433	478	543	611	668	106	106	106	106	106	106
Stock-based compensation	735	842	979	993	1,011	1,154	1,252	1,321	1,474	1,624	1,750	1,750	1,750	1,750	1,750	1,750
Allowance for doubtful accounts																
Excess tax benefits from stock comp																
Other adjustments	(1,155)	(69)	3	(447)	(1,791)	(144)	(116)	(1,463)	(2,100)	(2,329)						
Change in working capital																
Change in Receivables	(252)	(2,986)	(1,243)	(1,690)	(2,366)	(1,767)	(3,561)	(5,370)	933	(5,675)	(2,366)	(3,942)	(882)	(2,533)	(3,084)	(3,120)
Changes in Inventory	566	296	(457)	(503)	(577)	(803)	(978)	(2,424)	(1,258)	(3,622)	(1,866)	(1,063)	(338)	(748)	(1,775)	(1,520)
Prepaid expenses and other assets	(215)	(376)	254	(1,184)	(726)	714	(714)	331	560	387	0	0	0	0	0	0
Deposits and other assets																
Accounts payable	11	777	461	281	(22)	823	1,689	867	941	1,314	1,197	(497)	(158)	(349)	(830)	(711)
Accrued liabilities and other liabilities	689	1,986	(1,722)	1,072	4,202	(888)	606	360	7,128	(4,053)	0	0	0	0	0	0
Other liabilities	105	(675)	(557)	305	323	(1,632)	(336)	372	350	629						
Cash Flow from operations	2,911	6,348	7,333	11,499	15,345	14,489	17,629	16,628	27,414	15,365	28,144	29,664	35,503	35,140	36,992	40,440
Purchases of marketable securities	(2,801)	(2,542)	2,891		(9,303)	(5,744)	1,386	(7,010)	(6,546)	(7,812)						
Sales and maturities of marketable securities	2,512	2,598	(5,345)	(5,743)	4,153	4,109	(4,364)	1,887	3,589	3,150						
Purchases of PP&E	(248)	(289)	(278)	(253)	(369)	(977)	(813)	(1,077)	(1,227)	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)
Acquisition, net of cash acquired	(83)	0	0	0	(39)	(279)	(147)	(542)	(383)	(284)						
Other Investing Activities	(221)	(214)	(437)	(113)	(135)	(294)	(407)	(456)	(649)	(276)						
Cash flow from investments	(841)	(447)	(3,169)	(6,109)	(5,693)	(3,185)	(4,345)	(7,198)	(5,216)	(7,126)	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)
Common stock issued under employee stock plans	246	1	156		285	0	204	0	370	0	0	0	0	0	0	0
Issue/Repurchase of common stock	0	(3,067)	(3,806)	(2,660)	(7,740)	(7,158)	(10,998)	(7,810)	(14,095)	(9,721)	(10,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Principal payments on capital leases			0				0									
Debt proceeds/borrowings	0	(1,250)		(29)	0	(1,250)			0	(21)						
Excess tax benefits from stock comp		(672)	(764)	(841)		(1,637)	(1,680)	(1,861)								
Dividends paid	(99)	(99)	(99)	(99)	(98)	(246)	(245)	(245)	(244)	(244)	(244)	(244)	(244)	(244)	(244)	(244)
Other financing activities	(527)	(11)	(14)		(1,792)	(29)	(29)	(32)	(1,584)	(1,848)						
Cash flow from financing	(380)	(5,098)	(4,527)	(3,629)	(9,345)	(10,320)	(12,748)	(9,948)	(15,553)	(11,834)	(10,244)	(12,244)	(12,244)	(12,244)	(12,244)	(12,244)
Cash at beginning of period	3,389	5,079	5,882	5,519	7,280	7,587	8,571	9,107	8,589	15,234	11,639	27,645	43,171	64,536	85,538	108,392
Net change in cash and equivalents	1,690	803	(363)	1,761	307	984	536	(518)	6,645	(3,595)	16,006	15,526	21,365	21,002	22,854	26,302
Cash at end of period	5,079	5,882	5,519	7,280	7,587	8,571	9,107	8,589	15,234	11,639	27,645	43,171	64,536	85,538	108,392	134,694

Source: Company reports and J.P. Morgan estimates

Investment Thesis, Valuation and Risks

NVIDIA Corporation (*Overweight; Price Target: \$215.00*)

Investment Thesis

We believe NVIDIA continues to execute across all segments. While 1H is typically seasonally weaker than 2H, we expect solid demand in PC gaming to be a strong revenue driver for the company, offsetting PC OEM, which is in secular decline. We expect the data center segment to grow strongly as hyperscale customers continue to embrace GPU-accelerated deep learning for processing large data sets. We are encouraged by strength in the automotive and enterprise segments as well, although strong adoption of autonomous driving in the market remains to be seen. We anticipate significant upside in shares, driving our Overweight rating.

Valuation

Our PT assumes NVDA trades at 30x (in-line with its longer-term EPS growth rate) 2HCY26 annualized earnings power of \$7.15 ($\$1.73 + \$1.85 * 2$).

Risks to Rating and Price Target

- Although PC gaming demand seems resilient to macroeconomic weakness, any macro uncertainty could weigh on PC gaming demand trends. Given NVDA's ~53% exposure to the PC gaming segment, any consumer PC gaming weakness poses downside risk to our estimates.
- NVIDIA's GPUs could gain lower than expected deployment into data center applications as hyperscale customers further adopt deep learning as a new and effective way of processing large unstructured data sets. Any significant decrease in the adoption of deep learning by hyperscale customers or increase in competition could result in downside risk to our revenue and earnings estimates.

NVIDIA Corporation: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly				
	FY24A	FY25A	FY26E	FY27E	FY28E		1Q26A	2Q26A	3Q26E	4Q26E
Revenue	60,922	130,497	206,829	281,411	-	Revenue	44,062A	46,743A	55,013	61,011
COGS	(16,621)	(32,638)	(60,475)	(69,765)	-	COGS	(17,394)A	(12,890)A	(14,633)	(15,558)
Gross profit	44,301	97,859	146,354	211,646	-	Gross profit	26,668A	33,853A	40,379	45,453
SG&A	(2,558)	(3,362)	(4,504)	(5,149)	-	SG&A	(1,004)A	(1,070)A	(1,190)	(1,240)
Adj. EBITDA	33,493	82,007	124,602	186,087	-	Adj. EBITDA	21,781A	28,598A	34,724	39,498
D&A	(424)	(424)	(424)	(424)	-	D&A	(106)A	(106)A	(106)	(106)
Adj. EBIT	33,069	81,583	124,178	185,663	-	Adj. EBIT	21,675A	28,492A	34,618	39,392
Net Interest	-	-	-	-	-	Net Interest	-	-	-	-
Adj. PBT	33,680	83,133	126,146	187,663	-	Adj. PBT	22,123A	29,012A	35,118	39,892
Tax	(4,059)	(11,146)	(20,296)	(30,964)	-	Tax	(3,135)A	(4,784)A	(5,795)	(6,582)
Minority Interest	-	-	-	-	-	Minority Interest	-	-	-	-
Adj. Net Income	32,312	74,266	111,140	162,544	-	Adj. Net Income	19,894A	25,689A	30,785	34,771
Reported EPS	1.19	2.94	4.39	6.40	-	Reported EPS	0.76A	1.08A	1.20	1.36
Adj. EPS	1.30	2.99	4.53	6.63	-	Adj. EPS	0.81A	1.05A	1.26	1.42
DPS	0.02	0.04	0.04	0.04	-	DPS	0.01A	0.01A	0.01	0.01
Payout ratio	1.3%	1.4%	0.9%	0.6%	-	Payout ratio	1.3%A	0.9%A	0.8%	0.7%
Shares outstanding	24,933	24,805	24,536	24,500	-	Shares outstanding	24,611A	24,532A	24,500	24,500
Balance Sheet & Cash Flow Statement						Ratio Analysis				
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E
Cash and cash equivalents	25,984	43,210	88,323	179,846	-	Gross margin	72.7%	75.0%	70.8%	75.2%
Accounts receivable	9,999	23,065	34,117	43,735	-	EBITDA margin	55.0%	62.8%	60.2%	66.1%
Inventories	5,282	10,080	17,892	22,272	-	EBIT margin	54.3%	62.5%	60.0%	66.0%
Other current assets	3,080	3,771	2,658	2,658	-	Net profit margin	53.0%	56.9%	53.7%	57.8%
Current assets	44,345	80,126	142,989	248,512	-	ROE	99.3%	121.4%	99.0%	81.1%
PP&E	3,914	6,283	12,717	19,869	-	ROA	60.4%	83.8%	74.9%	67.3%
LT investments	-	-	-	-	-	ROCE	67.8%	100.6%	86.3%	74.2%
Other non current assets	17,469	25,192	29,380	29,380	-	SG&A/Sales	4.2%	2.6%	2.2%	1.8%
Total assets	65,728	111,601	185,086	297,761	-	Net debt/equity	NM	NM	NM	NM
Short term borrowings	1,250	0	0	0	-	P/E (x)	140.1	60.7	40.1	27.4
Payables	2,699	6,310	8,364	10,412	-	P/BV (x)	105.4	56.8	30.7	17.4
Other short term liabilities	6,682	11,737	15,193	15,193	-	EV/EBITDA (x)	135.0	54.9	35.8	23.5
Current liabilities	10,631	18,047	23,557	25,605	-	Dividend Yield	0.0%	0.0%	0.0%	0.0%
Long-term debt	8,459	8,463	8,466	8,466	-	Sales/Assets (x)	1.1	1.5	1.4	1.2
Other long term liabilities	3,660	5,764	7,886	7,886	-	Interest cover (x)	-	-	-	-
Total liabilities	22,750	32,274	39,909	41,957	-	Operating leverage	369.1%	128.5%	89.3%	137.3%
Shareholders' equity	42,978	79,327	145,177	255,804	-	Revenue y/y Growth	125.9%	114.2%	58.5%	36.1%
Minority interests	-	-	-	-	-	EBITDA y/y Growth	433.2%	144.8%	51.9%	49.3%
Total liabilities & equity	65,728	111,601	185,086	297,761	-	Tax rate	12.1%	13.4%	16.1%	16.5%
BVPS	1.72	3.20	5.92	10.44	-	Adj. Net Income y/y Growth	286.3%	129.8%	49.7%	46.3%
y/y Growth	95.6%	85.5%	85.0%	76.5%	-	EPS y/y Growth	288.4%	131.0%	51.3%	46.5%
Net debt/(cash)	(16,275)	(34,747)	(79,857)	(171,380)	-	DPS y/y Growth	0.0%	150.0%	0.0%	0.0%
Cash flow from operating activities	28,091	64,091	100,587	148,076	-					
o/w Depreciation & amortization	424	424	424	424	-					
o/w Changes in working capital	(5,057)	(11,877)	(10,904)	(16,047)	-					
Cash flow from investing activities	(10,566)	(20,421)	(16,130)	(7,576)	-					
o/w Capital expenditure	(1,068)	(3,236)	(6,909)	(7,576)	-					
as % of sales	1.8%	2.5%	3.3%	2.7%	-					
Cash flow from financing activities	(13,634)	(42,361)	(49,875)	(48,976)	-					
o/w Dividends paid	(396)	(834)	(976)	(976)	-					
o/w Net debt issued/(repaid)	(1,279)	(1,250)	(21)	0	-					
Net change in cash	3,891	1,309	34,582	91,524	-					
Adj. Free cash flow to firm	27,023	60,855	93,678	140,500	-					
y/y Growth	609.5%	125.2%	53.9%	50.0%	-					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Jan. o/w - out of which

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