J.P.Morgan

North America Equity Research
21 May 2026

NVIDIA Corporation

Continued Strong DC Demand Drives Solid Beat-And-Raise; Vera CPU Opens Up New TAM; CY27 Visibility Reinforced; Reit OW

Overweight

NVDA, NVDA US
Price (20 May 26):$223.47

▲ **Price Target (Dec-26):$280.00**
Prior (Dec-26):$265.00

Semiconductors & Semiconductor Capital Equipment / IT Hardware

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Key Changes (FYE Jan)

	Prev	Cur	Δ
Adj. EPS - 27E ($)	8.07	8.73	8.3%

Quarterly Forecasts (FYE Jan)

Adj. EPS ($)

	2026A	2027E	2028E
Q1	0.81	1.87A	
Q2	1.05	2.09	
Q3	1.30	2.27	
Q4	1.62	2.50	
FY	4.77	8.73	

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	78	83	77	85	77
Growth	15	17	17	74	74
Momentum	31	18	29	45	64
Quality	2	2	2	3	8
Low Vol	40	61	64	60	42
ESGQ	80	92	10	23	5

In a continuation of what has become typical form of late, NVDA delivered results and guidance that landed solidly ahead of Street and buy-side expectations, reaffirming its leadership position in AI compute and its increasing momentum in networking for AI infrastructure. Networking posted a record $14.8B in revs in F1Q (+35% Q/Q, nearly doubling Y/Y and an upside surprise relative to pre-call bogeys), outpacing growth in Compute revenue in four out of the last five quarters (Q/Q and Y/Y) as customers increasingly incorporate NVDA networking content into advanced AI compute clusters - InfiniBand alone was up ~4x Y/Y in F1Q, which we think speaks to a continued strong tailwind from training-driven demand (albeit outstripped by inference growth at this stage). Networking now accounts for ~20% of total DC revenue, up from ~13% in the year-ago quarter and the highest level in three years; we would not be surprised to see attach rates track higher in coming quarters as customers' advanced AI clusters continue to scale up/out/across on NVDA silicon. Notably, the team disclosed visibility to ~$20B in incremental standalone Vera CPU revenue this calendar year alone (comprised of firm backlog + customer forecasted demand). Revenue will be recognized at the board level (i.e. not CPU alone), which at an all-in ASP in the range of $5-8k per CPU (JPMe) implies 2.5-4M CPUs potentially shipped this year (~6-8% server CPU unit share). Our key takeaways from the print/call: (1) mgmt affirmed expectations of sequential growth continuing through the remainder of CY26 (off a higher F2Q base) and into CY27 - underpinned by hyperscaler DC capex growth of >70% (JPMe); (2) the $1T+ Blackwell + Rubin revenue framework underwrites strong visibility into CY27 even before considering Vera CPU, LPX, or other ecosystem optionality; (3) on the Vera Rubin ramp, mgmt struck a cautious tone when queried on how it would compare to the Blackwell Ultra ramp (which mgmt described as the fastest product ramp in the company's history) - sounds to us like the initial supply chain ramp associated with component production and rack assembly will be relatively gradual at first, given the shift to a new architecture (vs. the BW -> BWU ramp, which was more seamless given the commonality in components across those racks), though our global team's supply chain checks continue to point to a strong VR ramp into the end of CY26 and early-CY27; (4) capital return is finally inflecting, with the Board approving an $80B incremental buyback authorization (now $118.5B available) and a 25x increase in the quarterly dividend ($0.01 -> $0.25), consistent with mgmt's commitment at GTC to return ~50% of FCF to shareholders this year. Notably, the outlook continues to assume zero contribution from China DC compute (no H200 revenue baked in), meaning any meaningful traction from the H200 licensing program would represent pure upside to estimates. We expect mgmt to share additional details on Vera CPU adoption, the Groq/LPX integration, and the cadence of the Vera Rubin ramp at the upcoming Computex/GTC Taipei keynote on June 1. Net, we raise our forward estimates on better-than-expected revenues, and raise our PT to $280 (from $265).

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	19.8%	10.6%	17.7%	66.3%
Rel	11.2%	6.0%	10.2%	41.2%

Company Data

Shares O/S (mn)	24,483
52-week range ($)	236.54-129.16
Market cap ($ mn)	5,471,216.00
Exchange rate	1.00
Free float (%)	96.2%
3M ADV (mn)	170.02
3M ADV ($ mn)	32,572.5
Volatility (90 Day)	39
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	76|3|1

Key Metrics (FYE Jan)

$ in millions	FY26A	FY27E
Financial Estimates		
Revenue	215,938	382,230
Adj. EBIT	130,515	252,210
Adj. EBITDA	130,939	252,634
Adj. net income	116,903	212,200
Adj. EPS	4.77	8.73
BBG EPS	8.43	11.53
Cashflow from operations	102,719	193,547
FCFF	96,677	186,519
Margins and Growth		
Revenue Growth Y/Y (%)	65.5%	77.0%
EBIT margin	60.4%	66.0%
EBIT Growth Y/Y (%)	60.0%	93.2%
EBITDA margin	60.6%	66.1%
EBITDA Growth Y/Y (%)	59.7%	92.9%
Net margin	54.1%	55.5%
Adj. EPS growth	59.3%	83.1%
Ratios		
Adj. tax rate	16.1%	17.9%
Interest cover	-	-
Net debt/Equity	NM	NM
Net debt/EBITDA	NM	NM
ROE	98.8%	99.4%
Valuation		
FCFF yield	1.8%	3.4%
Dividend yield	0.0%	0.3%
EV/Revenue	25.1	14.0
EV/EBITDA	41.4	21.2
Adj. P/E	46.9	25.6

Summary Investment Thesis and Valuation

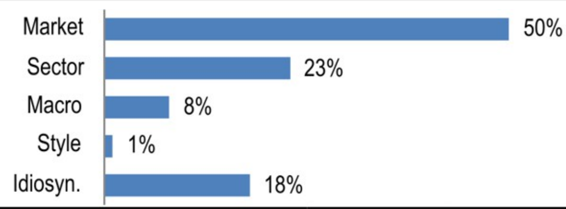
Investment Thesis

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 28x (in-line with its longer-term EPS growth rate) times annualized earnings power of ~ $10.00 exiting CY26.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.48	0.75
Sect: Technology	0.75	0.73
Ind: Semicond & S Equip	0.87	0.93
Macro:		
US 10yr yield	0.37	0.29
Credit Spread	-0.09	0.11
Non-Energy Commodity	-0.18	-0.11
Quant Styles:		
DivYld	-0.33	-0.43
LowVol	-0.18	-0.41
Size	0.45	0.39

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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We remain Overweight NVDA.

- **F1Q27 (Apr-Qtr) results solidly ahead of expectations on broad-based Data Center strength, with Networking once again the standout.** NVDA reported F1Q27 revenue of $81.6B (+20% Q/Q, +85% Y/Y) - its 14th consecutive quarter of sequential growth - comfortably above Street consensus of $78.9B, with EPS of $1.87 (vs. Street $1.77). GM of 75.0% was basically in line with consensus of 75.1%. Data Center revenue of $75.2B (+21% Q/Q, +92% Y/Y) came in ahead of expectations (Street $73.5B), with the upside once again driven primarily by Networking ($14.8B; +35% Q/Q, +199% Y/Y) on broad-based scale-up/scale-out demand (InfiniBand alone up ~4x Y/Y), though Compute revenue of $60.4B (+18% Q/Q, +77% Y/Y) was also strong on continued Blackwell 300 demand. Under the new market platform framework, Hyperscale DC revenue of $37.9B (+12% Q/Q, +115% Y/Y) accounted for ~50% of total DC, while AI Clouds, Industrial, & Enterprise (ACIE) revenue of $37.4B (+31% Q/Q, +74% Y/Y) made up the other ~50% - with AI Cloud revenue specifically more than tripling Y/Y, and sovereign demand growing +80% Y/Y as NVDA AI infrastructure is now deployed across nearly 40 countries. China DC Compute revenue remained zero in the quarter (vs. $4.6B in F1Q26 prior to H20 export restrictions). Edge Computing revenue of $6.4B (+10% Q/Q, +29% Y/Y) was driven by robust Blackwell workstation demand, partially offset by softer consumer PC demand on elevated memory and system pricing. FCF was a record $48.6B (up from $34.9B in F4Q).
- **F2Q27 (Jul-Qtr) revenue guidance comfortably ahead of pre-call bogeys, underpinned by sustained Blackwell 300 demand and broadening AI infrastructure tailwinds; mgmt sees sequential growth continuing through CY26 and into CY27.** F2Q27 revenue was guided to $91.0B (at midpt), materially ahead of Street $86.4B, implying continued acceleration in Y/Y growth to +95% (vs. +85% in F1Q27). We model F2Q DC revenue at ~$85.2B (+13% Q/Q), underpinned by continued GB300 rack shipment growth alongside sustained Networking momentum (we model Networking attach at ~19% of total DC revenue, fairly in line with F1Q). Consistent with last quarter, the outlook does not assume any contribution from China DC compute (i.e., no H20 or H200 revenue baked in), leaving any meaningful traction from the H200 licensing program as pure upside. Importantly, gross margin was guided to 75.0% (with mgmt continuing to expect mid-70s GM for the full year).
- **Increasing forward estimates and raising PT to $280.** We increase our forward estimates on better-than-expected revenues and raise our PT to $280 (from our prior PT of $265). We remain Overweight NVDA. Our PT assumes NVDA trades at 28x (in-line with its longer-term EPS growth rate) times annualized earnings power of ~ $10.00 exiting CY26.

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Table 1: NVIDIA F1Q27 (Apr-Qtr) Earnings and F2Q27 (Jul-Qtr) Outlook

$ in millions, except per share data

	F1Q27 (Apr-Q)				F2Q27E (Jul-Q)	
	Actual	JPM Est	Diff	Consensus	Guidance	Consensus
Revenue ($M)	$81,615	$79,012	$2,603	$78,914	$91,000	$86,433
Q/Q Change	19.8%	16.0%	3.8%			
Gross Margin (excl SBC)	75.0%	75.0%	0.1%	75.1%	75.0%	74.8%
Op Margin (excl SBC)	65.6%	65.4%	0.2%			
Proforma EPS (excl SBC)	$1.87	$1.76	$0.11	$1.77		$1.95

Source: Company reports and J.P. Morgan estimates

Table 2: Reporting Segment Summary for F1Q27 (vs. F4Q26)

$ in millions

	F4Q26	F1Q27	Q/Q	Y/Y	% of Revs
Graphic	$6,476	$7,065	9%	58%	9%
Compute & Networking	$61,651	$74,550	21%	88%	91%
Total	**$68,127**	**$81,615**	**20%**	**85%**	

Source: Company reports

Table 3: End Market Segment Summary for F1Q27 (vs. F4Q26)

$ in millions

	F4Q26	F1Q27	Q/Q	Y/Y	% of Revs
Data Center	$62,314	$75,246	21%	92%	92%
Edge	$5,813	$6,369	10%	29%	8%
Total	**$68,127**	**$81,615**	**20%**	**85%**	

Source: Company reports

Balance Sheet and Cash Flow

During the Apr-Qtr, the company generated cash flow from operations of $50.3B (vs. $36.2B in the Jan-Qtr) and exited the quarter with $80.6B in cash, cash equivalents, and marketable securities (vs. $62.6B in the Jan-Qtr).