

Global TMT

## NVIDIA

1Q FY'27 preview: Constructive setup, supported by AI-driven CSPs capex increases and robust downstream demand

**Solid operating results driven by accelerating AI infrastructure demand.** We expect **NVIDIA** (NASDAQ: NVDA) to deliver another solid quarter, with net revenue of USD 83bn (+88.5% YoY), GAAP operating income of USD 54.1bn (+150.2% YoY), and GAAP fully diluted EPS of USD 1.92 (+151.6% YoY), placing us ~6%, ~6%, and ~10% above consensus, respectively. Management guided total revenue at USD 78bn  $\pm$ 2% on February 25 (excluding any China DC compute contribution), but the demand environment has shifted materially in the weeks since: the four largest hyperscaler customers collectively raised their CY'26 capex guidance by USD 51bn to ~USD 725bn (+77% YoY), while downstream third-party software companies signaled accelerating AI token consumption across their products and internal use cases, underpinning NVDA's demand visibility.

**Data Center segment is the primary driver of our above-consensus call.** We forecast 1Q FY'27 Data Center revenue of USD 77.4bn (+98% YoY, vs. consensus ~USD 72.8bn / +86% YoY), composed of Compute revenue of USD 64.8bn (+89.7% YoY, vs. consensus ~USD 61bn / +78.5% YoY) and Networking revenue of USD 12.6bn (+154.9% YoY, vs. consensus ~USD 11.8bn / +138.4% YoY). Compute growth reflects continued momentum across Blackwell and Blackwell Ultra deployments, while Networking growth is driven by the ramp of NVLink scale-up switches in GB200/GB300 NVL72 platforms, ongoing growth in Spectrum-X Ethernet and InfiniBand, and the customer mix shift toward rack-scale architectures as the GB300 ramp progresses.

**Hyperscaler capex has been raised materially since NVDA's guidance was released, with early reads pointing to further growth.** NVDA guided 1Q FY'27 revenue at USD 78bn  $\pm$ 2% on February 25, with no China Data Center compute revenue assumed. In the 11 weeks since, the four largest hyperscaler customers—**MSFT**, **GOOGL**, **META**, **AMZN** (all Not Covered)—have lifted the CY'26 capex from ~USD 674bn (+64% YoY) to ~USD 725bn (+77% YoY), or +USD 51bn (+7.6%), driven by higher contracted volumes against multi-year customer commitments and component-price inflation. Furthermore, channel checks point to rises in GPU rental pricing across NVDA's A100, H100, H200, and B200—a function of both GPU supply tightness and increasing economic value extracted per GPU as inference workloads scale. We also expect these dynamics to support continued momentum: With 1Q spending of ~USD 131bn tracking ~18% of the USD 725bn aggregate, the implied 2Q-4Q run-rate of ~USD 198bn per quarter points to a step-up in NVDA's shipping cadence over the coming quarters.

**Downstream evidence completes the picture.** Through 1Q CY'26 earnings reports, multiple downstream software companies signaled an acceleration in AI token consumption across their product stacks and internal use cases—in our view, the most important read-through for NVDA, since this translates directly into the inference workloads absorbing capacity and underpinning the demand visibility NVDA's management has been signaling. **Shopify** (SHOP, Not Covered) pointed to scaling LLM usage as it expands Sidekick, with management expecting the dynamic to persist. **Spotify** (SPOT, Not Covered) flagged inference compute as the driver of its opex acceleration, with part of the spend funding in-house training on proprietary data. **Pinterest** (PINS, Not Covered) tied higher infrastructure spend to expanded GPU capacity supporting visual foundation models. **Duolingo** (DUOL, Not Covered) expects gross margin compression as AI-powered feature usage expands across its product. **Airbnb** (ABNB, Not Covered) disclosed that ~60% of its engineering code output is now AI co-authored, roughly twice the industry average. **Uber** (UBER, Not Covered) raised its AI investment budget after disclosing that the AI tool impact had exceeded the original plan and that 95% of its engineering team now uses AI coding agents.

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### NVIDIA Corporation (NASDAQ: NVDA)

Rating	Outperform
Current price	USD 215.20
Target price	USD 300.00
Upside	39.4%

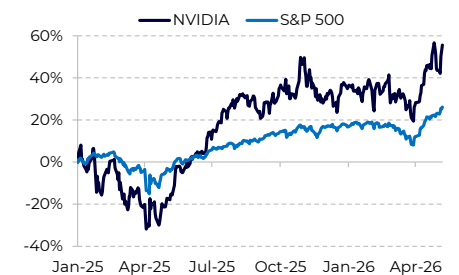
Multiples	FY27E	FY28E	FY29E
EV/EBIT	20.0x	15.0x	12.1x
EV/EBITDA	19.7x	14.8x	11.9x
P/E	23.9x	18.2x	14.7x
FCF Yield	3.4%	4.8%	6.1%

### Market data

Market cap	USD 5.25trn
52 week low/high	USD 103.1/217.8
ADTV (3m)	~USD 36bn
Fully-diluted shares outstanding	24,432mn
YTD performance	+15.4%

Source: Safr estimates, Bloomberg.

### NVDA vs. S&P 500



Source: Bloomberg.

### Earnings release details

- May 20, 2026
- After the market close

### Earnings conference call details

- May 20, 2026
- 6:00 p.m. (Brasília)
- 5:00 p.m. (Eastern Time)
- 2:00 p.m. (Pacific Time)
- [Conference call link](#)

**Figure 1. NVIDIA 1Q FY'27 earnings preview: P&L**

<b>NVIDIA (NASDAQ: NVDA)</b> <i>In USD mn, expect per share data</i>	<b>1Q FY'27E</b> <b>(Apr/26)</b>	<b>1Q FY'25A</b> <b>(Apr/25)</b>	<b>YoY chg.</b>	<b>4Q FY'25A</b> <b>(Jan/25)</b>	<b>QoQ chg.</b>
<b>Total Revenue</b>	<b>83,054</b>	<b>44,062</b>	<b>88.5%</b>	<b>68,127</b>	<b>21.9%</b>
<b>Gross Profit (GAAP)</b>	<b>62,290</b>	<b>26,668</b>	<b>133.6%</b>	<b>51,093</b>	<b>21.9%</b>
<i>Gross Margin</i>	75.0%	60.5%	1448bps	75.0%	0bps
<b>Operating Income (GAAP)</b>	<b>54,130</b>	<b>21,638</b>	<b>150.2%</b>	<b>44,299</b>	<b>22.2%</b>
<i>Operating Margin</i>	65.2%	49.1%	1607bps	65.0%	15bps
<b>Net Income (GAAP)</b>	<b>46,726</b>	<b>18,775</b>	<b>148.9%</b>	<b>42,960</b>	<b>8.8%</b>
<i>Net Margin</i>	56.3%	42.6%	1365bps	63.1%	-680bps
<b>Basic EPS (GAAP)</b>	<b>\$1.93</b>	<b>\$0.77</b>	<b>151.2%</b>	<b>\$1.77</b>	<b>9.1%</b>
<b>Fully-diluted EPS (GAAP)</b>	<b>\$1.92</b>	<b>\$0.76</b>	<b>151.6%</b>	<b>\$1.76</b>	<b>9.1%</b>

Source: Safra, Visible Alpha.

**Figure 2. NVIDIA 1Q FY'27 earnings preview: Revenue segments**

<b>NVIDIA (NASDAQ: NVDA)</b> <i>In USD mn, expect per share data</i>	<b>1Q FY'27E</b> <b>(Apr/26)</b>	<b>1Q FY'25A</b> <b>(Apr/25)</b>	<b>YoY chg.</b>	<b>4Q FY'25A</b> <b>(Jan/25)</b>	<b>QoQ chg.</b>
<b>Data Center</b>	<b>77,436</b>	<b>39,112</b>	<b>98.0%</b>	<b>62,314</b>	<b>24.3%</b>
Compute	64,800	34,155	89.7%	51,334	26.2%
Networking	12,636	4,957	154.9%	10,980	15.1%
<b>Gaming</b>	<b>3,620</b>	<b>3,763</b>	<b>-3.8%</b>	<b>3,727</b>	<b>-2.9%</b>
<b>Professional Visualization</b>	<b>1,196</b>	<b>509</b>	<b>135.0%</b>	<b>1,321</b>	<b>-9.4%</b>
<b>Auto</b>	<b>643</b>	<b>567</b>	<b>13.5%</b>	<b>604</b>	<b>6.5%</b>
<b>OEM &amp; IP</b>	<b>158</b>	<b>111</b>	<b>42.5%</b>	<b>161</b>	<b>-1.8%</b>

Source: Safra, Visible Alpha.

**Figure 3. Safra's 1Q FY'27 estimates vs. consensus**

<b>NVIDIA (NASDAQ: NVDA)</b> <i>In USD mn, expect per share data</i>	<b>Safra</b> <b>Estimates</b>	<b>Consensus</b>	<b>Safra vs.</b> <b>Consensus</b>
<b>Total Revenue</b>	<b>83,054</b>	<b>78,299</b>	<b>6.1%</b>
<b>Gross Profit (GAAP)</b>	<b>62,290</b>	<b>58,748</b>	<b>6.0%</b>
<i>Gross Margin</i>	75.0%	75.0%	-3bps
<b>Operating Income (GAAP)</b>	<b>54,130</b>	<b>51,038</b>	<b>6.1%</b>
<i>Operating Margin</i>	65.2%	65.2%	-1bps
<b>Net Income (GAAP)</b>	<b>46,726</b>	<b>42,530</b>	<b>9.9%</b>
<i>Net Margin</i>	56.3%	54.3%	194bps
<b>Basic EPS (GAAP)</b>	<b>\$1.93</b>	<b>\$1.75</b>	<b>10.4%</b>
<b>Fully-diluted EPS (GAAP)</b>	<b>\$1.92</b>	<b>\$1.74</b>	<b>10.0%</b>

Source: Safra, Visible Alpha.

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Our ratings are continuously reviewed according to such ranges whenever a meaningful change occurs (initiation of coverage, change in a volatility scenario or related to the target price). Nevertheless—and although the ratings are subject to constant administrative revisions—the expected returns can fluctuate beyond the ranges as a result of normal fluctuations in share prices, without a necessary change in their ratings.