

# Semiconductors

## Nvidia: Solid 4Q results and 1QFY26E guidance; investors look for evidence of growth beyond FY26

Nvidia (NVDA US, NR) announced solid 4QFY25 results. Revenue was US\$39.3bn, up 78%/12% YoY%/QoQ, above Bloomberg consensus (US\$38.2bn) by 3% and company guidance (US\$37.5bn) by 5%. Quarterly revenue grew another US\$4.2bn, similar to previous quarters (~US\$4bn in 4Q24/1Q25/2Q25 except for US\$5bn in 3Q25). Non-GAAP GPM was 73.5% (vs. 76.7%/75.0% in 4Q24/3Q25), slightly above consensus (73.1%) and in-line with guidance. GPM was down sequentially due to first delivery of Blackwell architecture (mgmt. cited increasing complexity of new products and higher material costs). Non-GAAP net profit was US\$22.1bn, above consensus (US\$21.0bn) by 5%.

**1QFY26 revenue guidance exceeds consensus although GPM fell short of estimate.** 1QFY26 revenue is guided to be US\$43.0bn, implying another 9.3% QoQ growth (vs. consensus of US\$42.2bn). Non-GAAP GPM is guided at 71.0% (vs. estimates of 72.1%). The company expects that GPM will remain at low-70s as Blackwell ramps up (expediting manufacturing to meet demand) and may return to mid-70s when it fully ramps up later this year.

By segment, DC revenue (88% of 4Q sales) was US\$35.6bn, up 93% YoY and 16% QoQ, driven by commencement of Blackwell shipment and continuous contribution from H200. CSPs (i.e., Microsoft, Google, Amazon, and Oracle) remain the largest revenue contributors, accounting for ~50% of DC revenue (2x YoY growth). Consumer internet/ enterprise revenue grew 3x/~2x YoY. The mgmt. sees more growth potential ahead from untapped applications (such as robotics/autonomous driving).

**Nvidia's share price fluctuated around its closing price in after-hour trading on 26 Feb as investors digested the earnings results. The next catalyst will be GTC 2025, as investors look for updates of several products (Blackwell ultra/Rubin/CPO).**

- **In the post conference call interview with CNBC, Nvidia's CEO Jensen said Blackwell is even stronger than last two quarters for two reasons: 1) ramp-up of production; 2) demand for Blackwell is greater than ever in 4Q.** DC compute revenue was US\$32.6bn, up 116% YoY and 18% QoQ, benefiting from strong demand of post-training/model customization, inference demand (test time scaling and new reasoning models). **Blackwell revenue was US\$11bn in 4Q**, approx. 31% of DC sales (the fastest product ramp-up). Previously during 2QFY25 earnings call, mgmt. guided Blackwell's revenue to be "several billion dollars" in 4QFY25. In our view, the strong sales of Blackwell will ease prior market concerns about design flaws that delayed production ramp-up and hampered yield. Given the emergence of DeepSeek and potentially much lower costs for inference, mgmt. said the vast majority of their compute are for inference and many of the early GB200 deployments are earmarked for this purpose.
- **Jensen highlighted three key advantages for GPU vs. ASIC.** Nvidia's GPUs are much more general than narrow (architecture is flexible/ software and ecosystem is rich) and are the first choice of customers. Secondly, they have large customer base and wide user cases. Thirdly, the one-year product cadence will help customers to increase their AI performance significantly and quickly, given fixed DC size/power supply, and will improve ROI eventually.
- **DeepSeek's impact.** New reasoning models, including DeepSeek, will boost inference demand, in-line with our expectations ([report](#)). The company remains confident in mid- to long-term growth, given 1) large amount of capex ([overseas major hyperscalers expect to increase capex by another](#)

**OUTPERFORM**  
(Maintain)

### China Semiconductors Sector

**Lily YANG, Ph.D**  
(852) 3916 3716  
lilyyang@cmbi.com.hk

**Kevin ZHANG**  
(852) 3761 8727  
kevinzhang@cmbi.com.hk

**Jiahao Jiang**  
(852) 3916 3739  
JiangJiahao@cmbi.com.hk

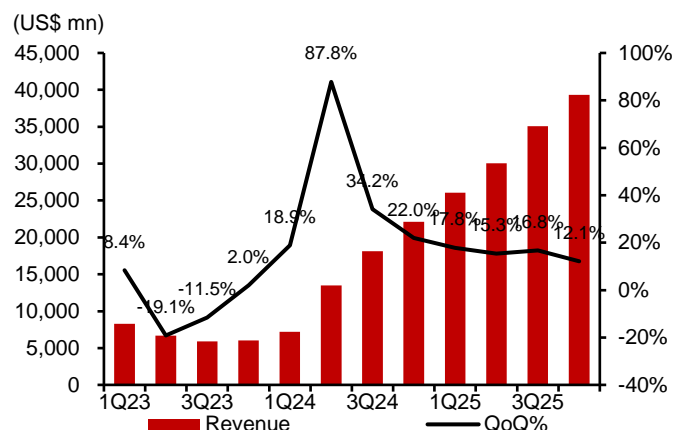
#### Related reports:

1. Semiconductors - Thematic investing and megatrends: Alibaba's bold capex hike a boost to domestic AI infrastructure suppliers ([link](#))
2. Semiconductors - Thematic investing and megatrends: Views on DeepSeek ([link](#))
3. Semiconductors - Thematic investing and megatrends: Stargate poised to accelerate global AI arms race ([link](#))
4. Semiconductors - TSMC: Surging AI demands propelled strong results and guidance ([link](#))
5. Semiconductors - Nvidia's 3Q earnings takeaway: Strong demand for Blackwell well into next year ([link](#))
6. Semiconductors - AMD "Advancing AI" event ([link](#))
7. Semiconductors - Sector valuation revisit after recent rally; Potential rerating opportunities ahead ([link](#))
8. Semiconductors - Nvidia 2Q review: A strong beat-and-raise quarter; eyes on Blackwell shipment and margin ([link](#))
9. Semiconductors - PCB sector: 1H24 earnings preview ([link](#))
10. Semi - Solid earnings; HBM to drive future growth ([link](#))
11. Semi - Thematic investing and megatrends: AI exposure update ([link](#))
12. Semi - Marvell FY1Q25 earnings: Harnessing the AI revenue ([link](#))
13. Nvidia: To keep growing for longer ([link](#))
14. Semi - Global SME investment set to accelerate on tech advancements, China localization; Initiate Naura w/ BUY ([link](#))
15. InnoLight (300308 CH) - 1Q24 results set stage for accelerated growth in 2024 - 24 Apr 2024 ([link](#))
16. Semi - Semi - Nvidia GTC 2024: A quick take - 20 Mar 2024 ([link](#))

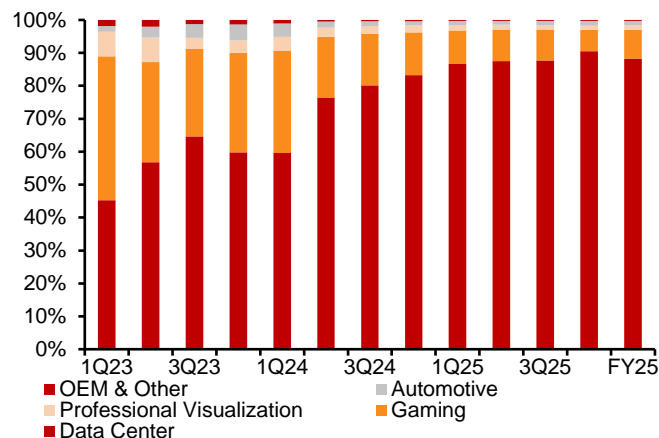
[30% in 2025E](#) and [Stargate project](#)) and 2) wide AI-driven user cases/software.

- **CFO Colette Kress said sales in China were well below pre-export control levels and will remain low.** Sales in China made up 14% of the company's total sales in 4Q (vs. 12%/15% in 2Q/3Q). Mgmt. noted that market in China for DC solutions "remains very competitive," which we believe is attributed to growing supply of domestic silicon solutions. We believe Nvidia's products will still be competitive among Chinese hyperscalers (e.g., Alibaba, Tencent, ByteDance) given its CUDA ecosystem and high compatibility. We also notice that domestic hyperscalers plan to ramp up their capex (e.g., [Alibaba](#)) to keep pace with overseas players, and a significant portion of which will be directed to acquire both domestic and overseas GPU solutions.

17. Semi – Nvidia continues to impress – 22 Feb 2024 ([link](#))

**Figure 1: Nvidia's quarterly revenue and QoQ growth**

Source: Company data, CMBIGM

**Figure 2: Nvidia's quarterly revenue breakdown by segment**

Source: Company data, CMBIGM

**Figure 3: Nvidia's quarterly results**

US\$ mn	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue	6,704	5,931	6,051	7,192	13,507	18,120	22,103	26,044	30,040	35,082	39,331
... YoY	3.0%	-16.5%	-20.8%	-13.2%	101.5%	205.5%	265.3%	262.1%	122.4%	93.6%	77.9%
... QoQ	-19.1%	-11.5%	2.0%	18.9%	87.8%	34.2%	22.0%	17.8%	15.3%	16.8%	12.1%
GAAP GP	2,915	3,177	3,833	4,648	9,462	13,400	16,791	20,406	22,560	26,171	28,723
... GPM	43.5%	53.6%	63.3%	64.6%	70.1%	74.0%	76.0%	78.4%	75.1%	74.6%	73.0%
Net profit	656	680	1,414	2,043	6,188	9,243	12,285	14,881	16,599	19,309	22,091
... YoY	-72.4%	-72.4%	-52.9%	26.3%	843.3%	1259.3%	768.8%	628.4%	168.2%	108.9%	139.0%
... QoQ	-59.5%	3.7%	107.9%	44.5%	202.9%	49.4%	32.9%	21.1%	11.5%	16.3%	14.4%
... NPM	9.8%	11.5%	23.4%	28.4%	45.8%	51.0%	55.6%	57.1%	55.3%	55.0%	56.2%

Source: Company data, CMBIGM

**Figure 4: Nvidia's quarterly results vs. consensus & guidance**

	4QFY24	3QFY25	4QFY25					1QFY26E	
(US\$m)	Actual	Actual	Actual	BB est.	Beat/(miss)	Guidance	Beat/(miss)	BB est.	Guidance
Revenue	22,103	35,082	39,331	38,245	Beat by 2.8%	37,500	Beat by 2.0%	42,264	43,000
YoY%	265.3%	93.6%	77.9%	73.0%		69.7%		62.3%	65.1%
QoQ%	22.0%	16.8%	12.1%	9.0%		6.9%		7.5%	9.3%
Non-GAAP GPM	76.7%	75.0%	73.5%	73.5%	In-line	73.5%	In-line	72.1%	71.0%
Non-GAAP EPS	0.52	0.81	0.89	0.84	Beat by \$0.05			0.92	
YoY%	486.4%	101.5%	72.5%	63.6%				50.5%	
QoQ%	28.4%	19.1%	9.9%	4.2%				3.5%	

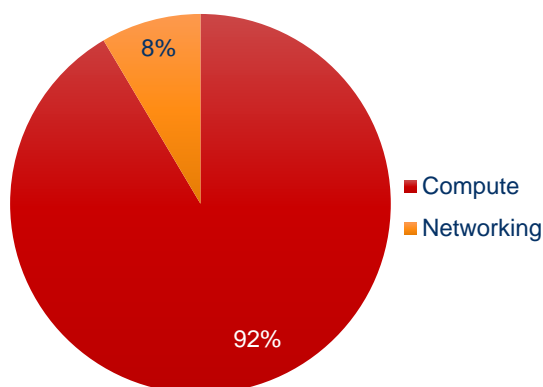
Source: Company data, CMBIGM, Bloomberg consensus

**Figure 5: Nvidia's quarterly segment revenue**

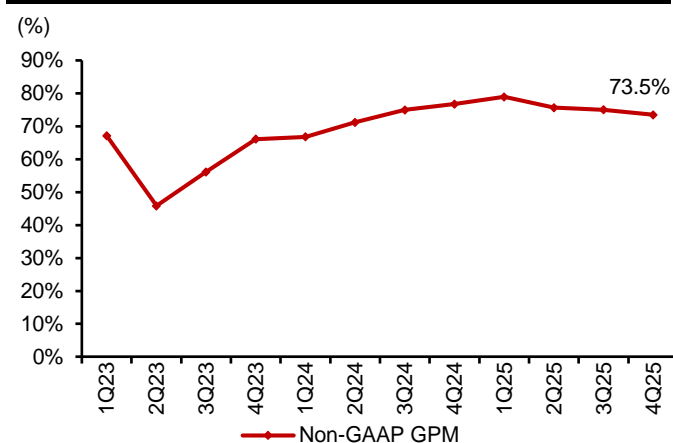
NVDA	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
(US\$m)												
<b>Data Center</b>	<b>3,750</b>	<b>3,806</b>	<b>3,833</b>	<b>3,616</b>	<b>4,284</b>	<b>10,323</b>	<b>14,514</b>	<b>18,404</b>	<b>22,563</b>	<b>26,272</b>	<b>30,771</b>	<b>35,580</b>
YoY					14.2%	171.2%	278.7%	409.0%	426.7%	154.5%	112.0%	93.3%
QoQ		1.5%	0.7%	-5.7%	18.5%	141.0%	40.6%	26.8%	22.6%	16.4%	17.1%	15.6%
%	45.2%	56.8%	64.6%	59.8%	59.6%	76.4%	80.1%	83.3%	86.6%	87.5%	87.7%	90.5%
<b>Compute</b>					<b>3,357</b>	<b>8,612</b>	<b>11,908</b>	<b>15,073</b>	<b>19,392</b>	<b>22,604</b>	<b>27,644</b>	<b>32,556</b>
YoY									477.7%	162.5%	132.1%	116.0%
QoQ						156.5%	38.3%	26.6%	28.7%	16.6%	22.3%	17.8%
%					46.7%	63.8%	65.7%	68.2%	74.5%	75.2%	78.8%	82.8%
<b>Networking</b>					<b>927</b>	<b>1,711</b>	<b>2,606</b>	<b>3,331</b>	<b>3,171</b>	<b>3,668</b>	<b>3,127</b>	<b>3,024</b>
YoY									242.1%	114.4%	20.0%	-9.2%
QoQ						84.6%	52.3%	27.8%	-4.8%	15.7%	-14.7%	-3.3%
%					12.9%	12.7%	14.4%	15.1%	12.2%	12.2%	8.9%	7.7%
<b>Gaming</b>	<b>3,620</b>	<b>2,042</b>	<b>1,574</b>	<b>1,831</b>	<b>2,240</b>	<b>2,486</b>	<b>2856</b>	<b>2865</b>	<b>2647</b>	<b>2,880</b>	<b>3,279</b>	<b>2544</b>
YoY					-38.1%	21.7%	81.4%	56.5%	18.2%	15.8%	14.8%	-11.2%
QoQ		-43.6%	-22.9%	16.3%	22.3%	11.0%	14.9%	0.3%	-7.6%	8.8%	13.9%	-22.4%
%	43.7%	30.5%	26.5%	30.3%	31.1%	18.4%	15.8%	13.0%	10.2%	9.6%	9.3%	6.5%
<b>Professional Visualization</b>	<b>622</b>	<b>496</b>	<b>200</b>	<b>226</b>	<b>295</b>	<b>379</b>	<b>416</b>	<b>463</b>	<b>427</b>	<b>454</b>	<b>486</b>	<b>511</b>
YoY					-52.6%	-23.6%	108.0%	104.9%	44.7%	19.8%	16.8%	10.4%
QoQ		-20.3%	-59.7%	13.0%	30.5%	28.5%	9.8%	11.3%	-7.8%	6.3%	7.0%	5.1%
%	7.5%	7.4%	3.4%	3.7%	4.1%	2.8%	2.3%	2.1%	1.6%	1.5%	1.4%	1.3%
<b>Automotive</b>	<b>138</b>	<b>220</b>	<b>251</b>	<b>294</b>	<b>296</b>	<b>253</b>	<b>261</b>	<b>281</b>	<b>329</b>	<b>346</b>	<b>449</b>	<b>570</b>
YoY					114.5%	15.0%	4.0%	-4.4%	11.1%	36.8%	72.0%	102.8%
QoQ		59.4%	14.1%	17.1%	0.7%	-14.5%	3.2%	7.7%	17.1%	5.2%	29.8%	26.9%
%	1.7%	3.3%	4.2%	4.9%	4.1%	1.9%	1.4%	1.3%	1.3%	1.2%	1.3%	1.4%
<b>OEM &amp; Other</b>	<b>158</b>	<b>140</b>	<b>73</b>	<b>84</b>	<b>77</b>	<b>66</b>	<b>73</b>	<b>90</b>	<b>78</b>	<b>88</b>	<b>97</b>	<b>126</b>
YoY					-51.3%	-52.9%	0.0%	7.1%	1.3%	33.3%	32.9%	40.0%
QoQ		-11.4%	-47.9%	15.1%	-8.3%	-14.3%	10.6%	23.3%	-13.3%	12.8%	10.2%	29.9%
%	1.9%	2.1%	1.2%	1.4%	1.1%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%
<b>Revenue</b>	<b>8,288</b>	<b>6,704</b>	<b>5,931</b>	<b>6,051</b>	<b>7,192</b>	<b>13,507</b>	<b>18,120</b>	<b>22,103</b>	<b>26,044</b>	<b>30,040</b>	<b>35,082</b>	<b>39,331</b>
YoY%					-13.2%	101.5%	205.5%	265.3%	262.1%	122.4%	93.6%	77.9%
QoQ%		-19.1%	-11.5%	2.0%	18.9%	87.8%	34.2%	22.0%	17.8%	15.3%	16.8%	12.1%

Source: Company data, CMBIGM, Bloomberg

Breaking down the datacenter revenue, 92% was compute (US\$32.6bn, up 116.0% YoY and 17.8% QoQ), while 8% was networking (US\$3.0bn, down 3.3% YoY but up 7.7% QoQ). Based on management guidance, Nvidia's non-GAAP GPM is guided to be 71.0% in 1QFY26 and is expected to reach mid-70s towards the end of FY26.

**Figure 6: Nvidia's datacenter quarterly revenue breakdown by segment**

Source: Company data, CMBIGM

**Figure 7: Nvidia's non-GAAP GPM**

Source: Company data, CMBIGM

# Disclosures & Disclaimers

## Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

**CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)**

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

### For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

### For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

### For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.