

Semiconductors

Nvidia 2Q review: A strong beat-and-raise quarter; eyes on Blackwell shipment and margin

Nvidia (NVDA US, NR) announced 2QFY25 results. Quarterly revenue was US\$30.0bn, up 122.4% YoY and 15.3% QoQ (vs. 17.8%/22.0% QoQ in 1QFY25/4QFY24). Revenue beat guidance (US\$28.0bn) by 7.3% and Bloomberg consensus (US\$28.9bn) by 4.1%. Non-GAAP GPM was 75.7% in 2QFY25 (down 3.2% QoQ), slightly above guidance (75.5%) and BBG estimates (75.5%). By segment, Data Center (US\$26.3bn/87.5% of 2Q sales) continued to be the main revenue driver on stellar demand with 16.4% QoQ growth, while Gaming/Professional Visualization/Auto grew 8.8%/6.3%/5.2% QoQ. Within DC, compute revenue (US\$22.6bn) grew 16.6% QoQ and accounted for 75% of segment sales in 2Q. Networking sales grew a similar 15.7% QoQ, in-line with guidance as supply chain improved. 3Q revenue guidance is set by the company at US\$32.5bn, implying another 8.2% QoQ growth and exceeding consensus forecasts by 2.0% (US\$31.854bn). Non-GAAP GPM is expected to be 75.0% for the next quarter.

Nvidia's share price slid 6%+ during after-hours trading. **We think investors still have concerns over 1) Blackwell shipment delay, 2) GPM trend after 3Q, and 3) the timing of demand-supply equilibrium.**

Key highlights from earnings call:

- **Blackwell shipment delay is a key concern to investors.** Nvidia expects Blackwell production ramp in 4Q with several billion dollars of revenue contribution. Hopper shipments are expected to increase in 2HFY25 with improving supply (existing products ramp in 3Q and new products ramp in 4Q). **We think Hopper sales will continue to offset the impact from Blackwell shipment delays.** For 3Q, Nvidia guided a US\$2.5bn raise in revenue, US\$0.5bn higher than the usual US\$2.0bn increment from previous quarters. Mgmt. believes the demand for Blackwell will continue into next year and expect it to drive DC business significantly.
- **GPM is another focus** as some investors worry the delay in Blackwell and yield issue could put pressure on margin in the following quarters. **We see GPM is guided to be relatively stable, with 75% for 3Q and mid-70s for the full-year.**
- **Continued shareholder returns.** Nvidia returned US\$15.4bn to shareholders in 2QFY25 (repo and cash dividends). The Board approved an additional US\$50.0bn share repurchase program, without expiration. Overall, this is another beat-and-raise quarter. **We believe demand for accelerated computing remains intact.** Hyperscalers (Amazon, Google, Microsoft, and Meta) increased their capex by over 50% in 1H24, with Bloomberg consensus forecasting further growth of 39% in FY24E and 13% in FY25E. In addition, sovereign AI is expected to generate low double-digit billion of dollars and Software ARR is projected to reach US\$2bn in CY24, according to Nvidia mgmt. at the earnings call. **We remain positive on the AI supply chain, especially for those key beneficiaries with greater revenue contribution from AI. Maintain BUY rating on Innolight (300308 CH).**

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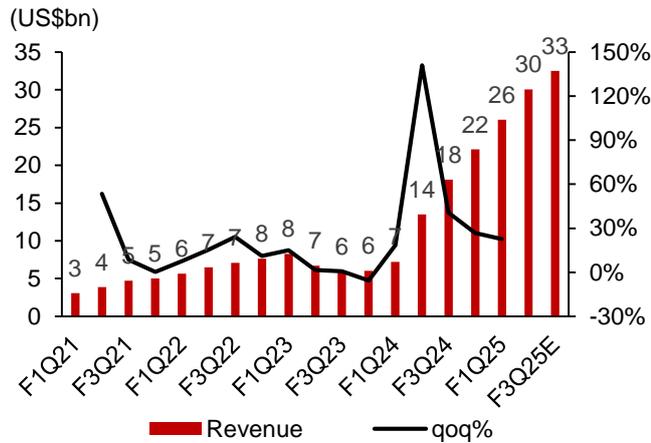
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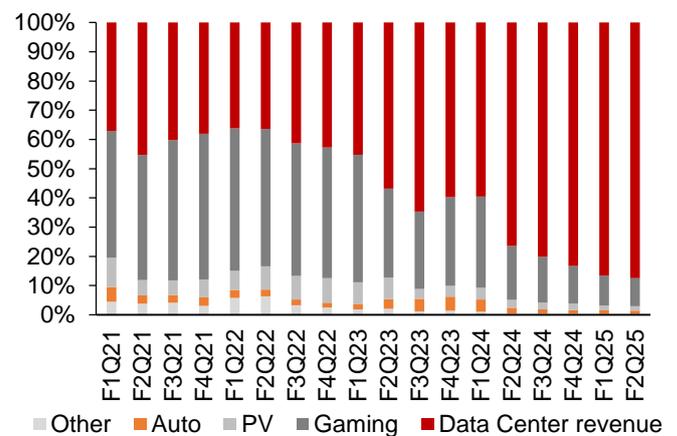
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Figure 1: Nvidia's quarterly revenue and QoQ growth


Source: Company data, CMBIGM

Note: Fiscal year ended 1/31/2025; 3Q25E revenue is company guidance

Figure 2: Nvidia's quarterly revenue breakdown by segment


Source: Company data, Bloomberg, CMBIGM

Figure 3: Nvidia's quarterly results

US\$ mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue	8,288	6,704	5,931	6,051	7,192	13,507	18,120	22,103	26,044	30,040
... YoY	46.4%	3.0%	-16.5%	-20.8%	-13.2%	101.5%	205.5%	265.3%	262.1%	122.4%
... QoQ	8.4%	-19.1%	-11.5%	2.0%	18.9%	87.8%	34.2%	22.0%	17.8%	15.3%
GAAP Gross Profit	5,431	2,915	3,177	3,833	4,648	9,462	13,400	16,791	20,406	22,560
... GPM	65.5%	43.5%	53.6%	63.3%	64.6%	70.1%	74.0%	76.0%	78.4%	75.1%
Net profit	1,618	656	680	1,414	2,043	6,188	9,243	12,285	14,881	16,599
... YoY	-15.4%	-72.4%	-72.4%	-52.9%	26.3%	843.3%	1259.3%	768.8%	628.4%	168.2%
... QoQ	-46.1%	-59.5%	3.7%	107.9%	44.5%	202.9%	49.4%	32.9%	21.1%	11.5%
... NPM	19.5%	9.8%	11.5%	23.4%	28.4%	45.8%	51.0%	55.6%	57.1%	55.3%

Source: Company data, Bloomberg, CMBIGM

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

(US\$ mn)	2QFY24		1QFY25		2QFY25		3QFY25E		
	Actual	Actual	Actual	BBG est.	Beat/(miss)	Guidance	Beat/(miss)	BBG est.	Guidance
Revenue	13,507	26,044	30,040	28,857	Beat by 4.1%	28,000	Beat by 7.3%	31,854	32,500
YoY%	101.5%	262.1%	122.4%					75.8%	79.4%
QoQ%	87.8%	17.8%	15.3%					6.0%	8.2%
Non-GAAP GPM	71.2%	78.9%	75.7%	75.5%	Beat by 0.3%	75.0%	Beat by 0.2%	75.5%	75.0%
Non-GAAP EPS	0.270	0.612	0.680	0.645	Beat by 5.4%			0.713	
YoY%	429.4%	461.5%	151.9%					77.4%	
QoQ%	147.7%	18.6%	11.1%					4.9%	

Source: Company data, Bloomberg, CMBIGM

Nvidia 2QFY25 revenue breakdown

By segment, data center revenue hit another historical high at US\$26.3bn (154% YoY/16% QoQ), driven by Hopper product sales (esp. accelerated H200 shipments).

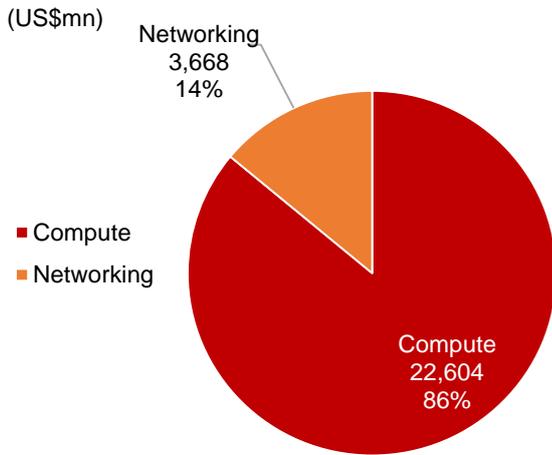
Figure 5: Nvidia's quarterly segment revenue

US\$ mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Data Center	3,750	3,806	3,833	3,616	4,284	10,323	14,514	18,404	22,563	26,272
yoy%	83.1%	60.9%	30.6%	10.8%	14.2%	171.2%	278.7%	409.0%	426.7%	154.5%
qoq%	14.9%	1.5%	0.7%	-5.7%	18.5%	141.0%	40.6%	26.8%	22.6%	16.4%
%	45.2%	56.8%	64.6%	59.8%	59.6%	76.4%	80.1%	83.3%	86.6%	87.5%
Compute					3,357	8,612		15,073	19,392	22,604
yoy%						156.5%		349.0%	477.7%	162.5%
qoq%									28.7%	16.6%
%					78.4%	83.4%		81.9%	85.9%	86.0%
Networking					927	1,711		3,331	3,171	3,668
yoy%						84.6%		258.9%	242.1%	114.4%
qoq%									-4.7%	15.7%
%					21.6%	16.6%		18.1%	14.1%	14.0%
Gaming	3,620	2,042	1,574	1,831	2,240	2,486	2,856	2,865	2,647	2,880
yoy%	31.2%	-33.3%	-51.1%	-46.5%	-38.1%	21.7%	81.4%	56.5%	18.2%	15.8%
qoq%	5.8%	-43.6%	-22.9%	16.3%	22.3%	11.0%	14.9%	0.3%	-8.7%	8.8%
%	43.7%	30.5%	26.5%	30.3%	31.1%	18.4%	15.8%	13.0%	10.2%	9.6%
Prof. Visualization	622	496	200	226	295	379	416	463	427	454
yoy%	67.2%	-4.4%	-65.3%	-64.9%	-52.6%	-23.6%	108.0%	104.9%	44.7%	19.8%
qoq%	-3.3%	-20.3%	-59.7%	13.0%	30.5%	28.5%	9.8%	11.3%	-7.8%	6.3%
%	7.5%	7.4%	3.4%	3.7%	4.1%	2.8%	2.3%	2.1%	1.6%	1.5%
Automotive	138	220	251	294	296	253	261	281	329	346
yoy%	-10.4%	44.7%	85.9%	135.2%	114.5%	15.0%	4.0%	-4.4%	11.1%	36.8%
qoq%	10.4%	59.4%	14.1%	17.1%	0.7%	-14.5%	3.2%	7.7%	17.1%	5.2%
%	1.7%	3.3%	4.2%	4.9%	4.1%	1.9%	1.4%	1.3%	1.3%	1.2%
Other	158	140	73	84	77	66	73	90	78	88
yoy%	-51.7%	-65.8%	-68.8%	-56.3%	-51.3%	-52.9%	0.0%	7.1%	1.3%	33.3%
qoq%	-17.7%	-11.4%	-47.9%	15.1%	-8.3%	-14.3%	10.6%	23.3%	32.2%	12.8%
%	1.9%	2.1%	1.2%	1.4%	1.1%	0.5%	0.4%	0.4%	0.3%	0.3%
Total revenue	8,288	6,704	5,931	6,051	7,192	13,507	18,120	22,103	26,044	30,040
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Source: Company data, Bloomberg, CMBIGM

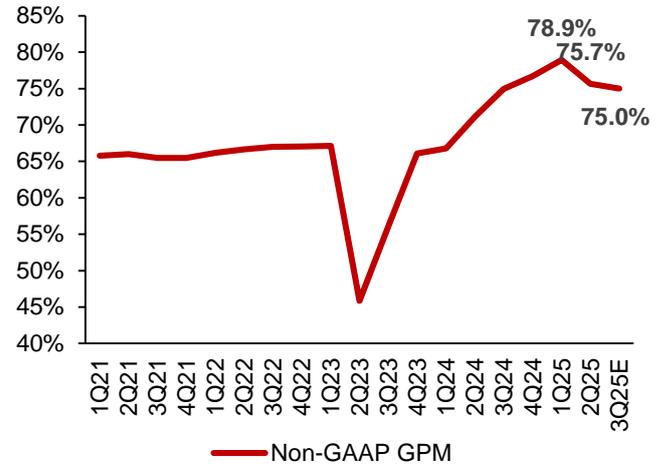
Breaking down data center revenue, 86% was compute (US\$22.6bn, +162.5% YoY, and +16.6% QoQ) and 14% was networking (US\$3.7bn, +114.4% YoY, and +15.7% QoQ). Nvidia's non-GAAP GPM is guided to be 75.0% in 3QFY25 and mid-70s for FY25.

Figure 6: Nvidia's 2Q data center revenue breakdown by segment



Source: Company data, CMBIGM

Figure 7: Nvidia's non-GAAP GPM is guided to be 75.0% in 3QFY25 and mid-70s for FY25



Source: Company data, CMBIGM

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