



NVIDIA CORPORATION

Q2 2027

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

Company Overview

NVIDIA Corporation is a leading AI infrastructure and accelerated computing company operating globally. Its core business centres on data centre GPUs, networking platforms, AI software and accelerated computing solutions, alongside graphics products for gaming and professional visualisation.

The company serves cloud service providers, enterprises, original equipment manufacturers, system integrators, software developers and automotive customers, with its products supporting artificial intelligence, data centres, gaming, professional visualisation and autonomous driving applications.

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Momentum remains exceptionally strong into Q3 FY2027, with NVIDIA guiding revenue to \$108.0 billion $\pm 2\%$, implying approximately 12% sequential growth from Q2 despite assuming zero Data Center compute revenue from China. GAAP and non-GAAP gross margins are expected at 74.0% ± 50 bps, indicating modest normalization from Q2's 75.0%, while GAAP and non-GAAP operating expenses are projected at approximately \$9.2 billion and \$9.0 billion, respectively. The combination of another double-digit sequential revenue increase and relatively contained expense growth suggests operating leverage should remain substantial, although the expected margin moderation and rapid build-up in supply, infrastructure and working-capital commitments warrant close monitoring as NVIDIA scales into the Vera Rubin cycle.

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Outlook

Expectation Analysis

Million USD	Q2 2027	ESTIMATE	BEAT/MISS
REVENUE	96.20B	92.20B	4.4%
EBITDA	65.10B	62.00B	5.0%
EBIT	64.00B	61.00B	4.8%
EPS (adjusted)	2.22	2.09	6.2%

Source: Quartr

Revenue by Market Platform

Million USD	Q2 2027	Q2 2026	YOY
Data Center	89,023	41,096	116.62%
Hyperscale	48,710	24,168	101.55%
AI Clouds, Industrial, & Enterprise	40,313	16,928	138.14%
Edge Computing	7,198	5,647	27.47%

Source: Company's Financial Statement

Financial Summary

Million USD	Q2 2027	Q2 2026	YOY
Revenue	96,221	46,743	105.85%
Gross profit	72,142	33,853	113.10%
Total operating expenses	8,408	5,413	55.33%
Operating income	63,734	28,440	124.10%
Pre-tax income	71,507	31,206	129.15%
Net income	59,688	26,422	125.90%
Net income per share	2.46	1.08	127.78%
Total assets	320,272	206,803	54.87%
Total liabilities	91,288	49,510	84.38%
Total Equities	228,984	157,293	45.58%
Net cash from operation	24,077	15,365	56.70%
Net cash from investing	(8,695)	(7,126)	-22.02%
Net cash from financing	(6,176)	(11,834)	-47.81%
Net change in cash	9,206	(3,595)	356.08%
Closing cash balance	22,443	11,639	92.83%

Source: Company's Financial Statement

Performance Highlights

- NVIDIA delivered another exceptional quarter in Q2 FY2027, with revenue reaching a record \$96.2 billion, representing 106% YoY growth and 18% sequential growth. The expansion was overwhelmingly driven by continued acceleration in AI infrastructure spending, particularly the ramp of Blackwell Ultra. Compute & Networking revenue increased 114% YoY to \$88.3 billion, while Graphics revenue advanced 46% to \$7.9 billion, reinforcing the concentration of growth around accelerated computing infrastructure.
- Data Center remained the principal growth engine, with revenue reaching \$89.0 billion, up 117% YoY and 18% QoQ, and accounting for approximately 92.5% of total revenue. Hyperscale revenue more than doubled, rising 102% YoY to \$48.7 billion, supported by Blackwell Ultra deployments. More notably, AI Clouds, Industrial & Enterprise revenue increased 138% YoY and 25% QoQ to \$40.3 billion, reflecting expanding demand from AI-native companies, enterprises, sovereign customers and hyperscalers using AI clouds. This broadening customer mix reduces some dependence on traditional hyperscale customers while demonstrating deeper adoption of accelerated computing.
- Edge Computing provided an additional growth channel, with revenue rising 27% YoY and 13% QoQ to \$7.2 billion. Growth was driven primarily by strong Blackwell workstation sales, although softer consumer PC demand partly constrained performance amid elevated memory and system prices. The revenue-platform data also shows that Edge Computing has expanded from \$5.65 billion in Q2 FY2026 to \$7.20 billion in Q2 FY2027, demonstrating continued extension of NVIDIA's architecture beyond hyperscale data centres into local AI and physical-computing applications.
- Profitability strengthened materially alongside revenue growth. GAAP gross margin increased 260bps YoY to 75.0%, while non-GAAP gross margin improved 250bps to 75.0%, supported by a more favourable Blackwell Ultra mix. GAAP operating income surged 124% YoY to \$63.7 billion, materially outpacing the 55% increase in operating expenses, despite higher compute infrastructure, compensation and employee-benefit costs. This produced an exceptionally strong GAAP operating margin of approximately 66.2%, highlighting NVIDIA's operating leverage as AI infrastructure volumes scale.
- GAAP net income increased 126% YoY, while diluted EPS rose 128%. However, reported earnings included \$7.8 billion in equity-security gains. Non-GAAP net income increased 118% YoY and 18% QoQ, providing a clearer measure of underlying earnings growth.
- Cash generation remained positive but became more working-capital intensive. Operating cash flow increased approximately 57% YoY, while free cash flow rose about 59%, but both declined materially sequentially due to working-capital movements and higher cash taxes. DSO increased to 60 days from 45 days, while inventory rose ahead of the Vera Rubin launch. Liquidity nevertheless remained substantial, alongside nearly \$26 billion returned to shareholders.

Concerns Raised

The principal operational concern is the increasing capital and contractual intensity required to support NVIDIA's growth trajectory. Supply and capacity commitments increased from \$119 billion in Q1 to \$279 billion, largely for memory procurement, while total disclosed future commitments reached approximately \$366 billion across supply, cloud services, data-centre leases, equity investments and capital expenditure. These commitments secure capacity for expected demand but materially increase NVIDIA's exposure should AI infrastructure spending eventually moderate.

Working-capital developments also warrant attention. The increase in DSO from 45 to 60 days reflects extended payment terms on large multi-quarter agreements, while inventory increased approximately 22% QoQ ahead of Vera Rubin. These trends partly explain the sharp sequential decline in operating cash flow. They are currently manageable given NVIDIA's liquidity and earnings power, but sustained increases in receivables and inventories would raise cash-conversion risk as the scale of the business expands.

China and NVIDIA's growing infrastructure commitments represent additional strategic risks. China Data Center Hopper shipments were already less than 1% of Data Center revenue during Q2, and management assumes no Data Center compute revenue from China in its Q3 guidance. Meanwhile, NVIDIA's expanding involvement in data-centre capacity includes guarantees and long-duration commitments, increasing exposure beyond semiconductor supply to the economics and creditworthiness of the broader AI infrastructure ecosystem.

OUR INSIGHT

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NVIDIA's Q2 FY2027 results reinforce an exceptionally strong fundamental position. Revenue more than doubled, Data Center revenue grew 117%, operating income increased 124%, and non-GAAP EPS advanced 120%, while the Blackwell Ultra ramp continues to support both growth and a 75% gross margin. Importantly, demand is broadening beyond hyperscalers toward AI-native companies, enterprises and sovereign customers, strengthening the structural case that accelerated computing is developing into a wider infrastructure cycle rather than remaining concentrated among a handful of cloud providers.

The long-term investment case remains fundamentally strong, supported by NVIDIA's leadership across GPUs, networking, systems and software; the Blackwell-to-Vera Rubin product transition; expanding enterprise and sovereign AI adoption; and significant operating leverage. However, the quality of the investment from current levels ultimately depends not only on earnings growth but also on valuation and the durability of extraordinary AI capital expenditure. Investors should therefore monitor hyperscaler capex, Blackwell and Vera Rubin demand, gross-margin sustainability, customer concentration, receivable collection, inventory conversion, China restrictions, competitive developments and the rapidly expanding scale of NVIDIA's infrastructure commitments.

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