NVIDIA Corporation (NVDA)

Q3 strengthened the near-term earnings case; longer-duration risk transfer more visible

FQ3 2027 Earnings Review
Period ended 2026-10-25
Reported 2026-11-17

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	$115.844 billion	$109.33 billion	+6.0%
Operating Income (adjusted)	$77.883 billion	$71.95 billion	+8.2%
Diluted EPS (adjusted; vs. Q2)	$2.68	$2.22	+20.7%
SEGMENT REVENUE			
Compute & Networking	$106.0 billion	$98.27 billion	+7.9%
Graphics	$9.8 billion	$8.84 billion	+10.9%

2 | GUIDANCE AND OUTLOOK

Q4 revenue is guided to $126.1 billion to $133.9 billion, excluding China Data Center compute revenue and including an additional week. Fiscal 2028 revenue growth rises to approximately 75% from 70%, off a higher fiscal 2027 base. Management reaffirmed adjusted gross margins of 71%-72% for Q4 and 72%-73% for fiscal 2028. Q4 adjusted operating expenses rise to about $10.7 billion. Executed price increases begin benefiting Q1 fiscal 2028; the fiscal 2027 adjusted tax-rate outlook is reaffirmed at 16%-18%.

3 | EARNINGS ANALYSIS

REVENUE DROVE THE BEAT. Data Center revenue rose 21% sequentially to $107.6 billion, with hyperscale growth accelerating to 23%. Nearly $20 billion of initial-quarter Rubin revenue materially reduced near-term transition risk. The operating-profit beat was predominantly revenue-driven, not expense restraint. Licensed Hopper shipments to China contributed $2.4 billion against guidance that assumed none, so the full headline beat should not be treated as recurring non-China upside. Rubin also substituted for the preceding architecture; its contribution was comparable to the entire sequential Data Center increase.

CASH CONVERSION RECOVERED SHARPLY. Free cash flow reached $43.777 billion, approximately 67.5% of adjusted net income; federal cash-tax timing contributed to the recovery. Receivables rose to $81.0 billion and DSO to 64 days from 60, reflecting Rubin shipment timing and extended payment terms for certain investment-grade customers. Inventory also grew faster than revenue. Earnings improvement was overwhelmingly operational rather than repurchase-driven. Fiscal 2027 non-GAAP measures now include stock-based compensation, and historical comparisons were restated; older unreconciled adjusted results would distort growth.

MARGIN FRAMEWORK WAS REAFFIRMED. The Q4 and fiscal 2028 margin ranges were already communicated in August, not newly deteriorating forecasts. NVIDIA is honoring existing purchase orders before revised pricing takes effect, creating a lag between component-cost inflation and contractual recovery. This differs from disclosed price cuts to defend share, but some cost pressure remains absorbed. Q3 expense underspending partly reflected nonrecurring-engineering timing and should not be annualized. The near-term earnings trajectory is less explosive than the revenue guidance initially suggests.

INFRASTRUCTURE EXPOSURE IS GROWING. Supply commitments reached $390 billion, cloud-service and data-center lease commitments $102 billion, and maximum gross guarantee exposure $118 billion. These are not equivalent debt or immediate cash requirements. Approximately $21.1 billion of net financial liquidity excludes leases and contingent obligations, while capital expenditures and related principal payments consumed approximately $4.48 billion. Neocloud commitments activate after financing, deployment and acceptance, but post-completion operating and credit exposure remains.

LEADERSHIP AND REGULATION REMAIN UNRESOLVED. Q3 ended before Huang's November 12 resignation, so the reported quarter does not establish unchanged execution without the founder. Remote-access export controls can affect non-China customers and infrastructure redeployability. Q3 strengthened the near-term earnings case while making longer-duration risk transfer more visible. Exceptional product execution did not eliminate uncertainty around leadership, regulation, customer financing or infrastructure returns.

4 | KEY READ-THROUGHS

MEMORY: SUPPLIERS ARE CAPTURING ECONOMIC VALUE

Micron (MU), SK hynix (000660) | Positive | High for memory earnings visibility and pricing durability

Supply commitments rose from $279 billion to $390 billion, primarily for multi-year memory procurement. NVIDIA is absorbing component inflation while honoring existing customer orders, supporting memory suppliers' contracted demand and pricing. SK hynix agreements cover more than 50% of 2027-2028 capacity. Supplier allocations are undisclosed, and the commitments are not immediate supplier revenue; qualification and eventual oversupply remain risks. Micron's Rubin-related products include HBM4 and SOCAMM2.

NEOCLOUDS: ADDITIONAL GPU SUPPLY DOES NOT SOLVE POWER AND COMMISSIONING DELAYS

Nebius (NBIS) | Negative | High for near-term revenue timing and capital efficiency

Nebius moved expected 2026 revenue to the low end of its $3.0 billion-$3.4 billion range, raised capital-expenditure guidance to approximately $27 billion and shifted its year-end run-rate milestone into February. More GPU supply does not resolve power, commissioning or acceptance delays, leaving capital deployed before revenue activates. Neocloud commitments require financing, operation and acceptance. Contracts remain in place, and qualifying Q3 prepayments exceeded associated capital expenditures: the negative is timing, not a blanket funding crisis.

NEOCLOUDS: HIGH RENTAL PRICES IMPROVE THE ECONOMIC LIFE OF EXISTING GPU FLEETS

CoreWeave (CRWV) | Positive | High operating relevance, with a substantially more qualified implication for equity cash flows

Certain Hopper renewals reached up to 2x original prices, while B300 rental rates rose more than 60%. Existing operational sites can monetize scarce compute, supporting fleet revenue durability and residual values. The increases are not fleet-wide, and fixed-price contracts reprice only when permitted. CoreWeave's adjusted net loss underscores that strong equipment economics do not eliminate financing needs or depreciation.

OPTICAL COMPONENTS: CO-PACKAGED OPTICS SHIFTS VALUE TOWARD LASERS AND INTEGRATION

Lumentum (LITE), Coherent (COHR) | Positive | High strategic relevance to their data-center optics franchises; near-term earnings magnitude depends on product mix and shipment timing

A production deployment connecting more than 10,000 GB300 GPUs demonstrates CPO commercialization. Optical integration shifts demand toward lasers and package integration rather than eliminating optical signals. Existing nonexclusive supplier agreements include multibillion-dollar purchase commitments and $2 billion investments in each company. The call does not establish supplier allocations or justify applying NVIDIA's networking growth directly to either supplier's revenue.