

Equity Research Report: NVIDIA Corporation

Business Overview

NVIDIA Corporation, a leader in accelerated computing platforms, has demonstrated a remarkable trajectory of growth and innovation. In fiscal year 2024, NVIDIA capitalized on its strategic advantages in AI, gaming, professional visualization, and automotive sectors, driving significant revenue growth and operational efficiency. The company's pioneering technologies, such as the NVIDIA Hopper GPU computing platform, have set new industry standards, reinforcing its position at the forefront of AI and graphics processing. NVIDIA's commitment to innovation is matched by its focus on sustainable and ethical AI development, ensuring its leadership role in the technological evolution.

Market Position

In fiscal year 2024, NVIDIA solidified its market leadership through strategic expansions across key sectors, including AI, gaming, automotive, and professional visualization. The company's innovative product offerings and strategic partnerships have enabled it to capture significant market share and set new standards in technology and performance. NVIDIA's focus on developing cutting-edge AI technologies has positioned it as a key enabler of the AI revolution, driving demand for its products in data centers, gaming, and autonomous vehicles. The company's ability to adapt and innovate in response to market demands underscores its resilient market position and potential for future growth.

Operating Results

In fiscal year 2024, NVIDIA witnessed a remarkable financial performance, with revenue soaring to \$60.922 billion, up 126% from the previous year, driven by substantial growth in its Compute & Networking segment, which saw a 215% increase due to heightened demand for data center products and a 266% surge in Compute revenue, emphasizing NVIDIA's dominance in AI and accelerated computing. The Graphics segment also contributed positively, with a 14% revenue increase, underpinned by a 15% rise in Gaming revenue, showcasing NVIDIA's innovative edge and market adaptability. Operating income and net income skyrocketed by 681% and 581% respectively, reflecting operational efficiency and a successful scaling strategy. This financial robustness, coupled with strategic advancements in AI technologies and significant market demand for its computing platforms, positions NVIDIA well for continued growth, despite challenges related to global supply chain complexities and evolving international trade policies.

Financial Metrics

FY (USD mn)	2021	2022	2023	2024	2025
Revenue	16675	26914	26974	60922	130497
Revenue Growth	-38.0%	-0.2%	-55.7%	-53.3%	682.6%
Gross Revenue	10396	17475	15356	44301	97858
Gross Margin	0.62	0.65	0.57	0.73	0.75
EBITDA	5691	11351	5986	35583	86137
EBITDA Margin	0.34	0.42	0.22	0.58	0.66
FCF	5822	9108	5641	28090	64089
FCF Conversion	1.34	0.93	1.29	0.94	0.88
ROIC	17.1%	24.6%	11.7%	51.3%	75.3%
EV/EBITDA	58.62	54.72	81.05	43.45	33.78
PE Ratio	75.43	62.68	109.09	51.83	39.9
PB Ratio	19.34	22.97	21.56	35.89	36.66

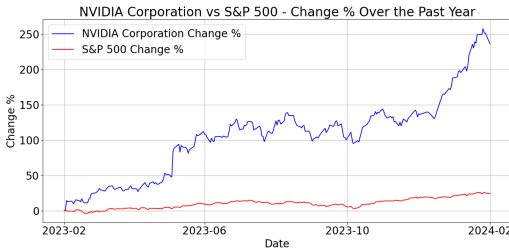
FinRobot

<https://ai4finance.org/>
<https://github.com/AI4Finance-Foundation/FinRobot>
Report date: 2024-02-21

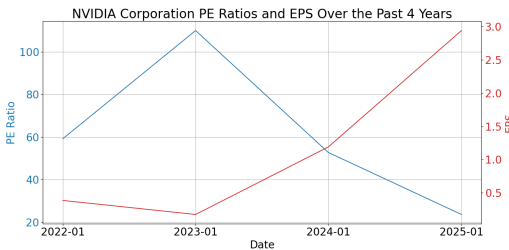
Key data

Rating	buy
Target Price	90.0 - 1400.0 (md. 250.0)
6m avg daily vol (USDmn)	462.83
Closing Price (USD)	69.41
Market Cap (USDmn)	1661111.40
52 Week Price Range (USD)	21.08 - 72.46
BVPS (USD)	1.74

Share Performance



PE & EPS



Risk Assessment

NVIDIA Corporation, a leader in accelerated computing platforms, faces a multifaceted risk landscape that is reflective of its innovative edge and market positioning. Among the myriad risks outlined in its 10-K report, three key risks stand out due to their potential impact on the company's operations and financial performance: risks related to demand, supply, and manufacturing; risks related to regulatory, legal, and other matters; and risks associated with the global operating business. While the company faces significant risks related to demand, supply, regulatory issues, and global operations, its diversified product portfolio, global presence, and proactive management of regulatory challenges provide notable downside protections. However, the dynamic nature of these risks necessitates continuous vigilance and adaptability to safeguard its market position and financial stability.

Competitors Analysis

Given the data provided for NVIDIA (NVDA) and its competitors, AMD and Intel (INTC), we will analyze NVDA's financial metrics across multiple years, from 2020 to 2023, and compare its performance to that of its competitors. Throughout the years, NVDA consistently outperformed AMD and INTC in terms of EBITDA Margin, Gross Margin, and ROIC, showcasing its superior operational efficiency and ability to generate returns on investment. Despite a richer valuation as indicated by the EV/EBITDA ratio, NVDA's strong financial performance justifies this premium to a large extent. NVDA's financial health over the years has been strong, with superior profitability, cost efficiency, and return on investment compared to its competitors. Despite a richer valuation as indicated by the EV/EBITDA ratio, NVDA's financial metrics justify its market position. The company's performance, especially in 2020 and 2021, highlights its robust financial health and operational efficiency, making its premium valuation understandable. NVDA's consistent outperformance across most metrics suggests a strong foundation that likely supports its current and future market valuation.