

Equity Research Report: NVIDIA Corporation

FinRobot

<https://ai4finance.org/>

<https://github.com/Al4Finance-Foundation/FinRobot>

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Business Overview

Founded in 1993, NVIDIA Corporation has pioneered accelerated computing, evolving into a full-stack computing infrastructure company that reshapes various industries through its data-center-scale offerings. NVIDIA's core strengths lie in its GPU technology, which supports deep learning algorithms essential for AI, scientific computing, and 3D graphics. The company's strategic emphasis on AI and gaming has positioned it as a leader in these rapidly growing markets. NVIDIA operates globally, with a significant portion of its revenue generated outside the United States, indicating a broad market presence. Its recent strategic initiatives include the introduction of the CUDA programming model and significant investments in R&D, totaling over \$58.2 billion since inception, leading to groundbreaking products like the Tensor Core GPU and the autonomous driving system-on-chips.

Market Position

NVIDIA's remarkable revenue growth in 2025, particularly within its Compute & Networking segment, underscores its dominant position in the accelerated computing and AI markets. The company's strategic investments in R&D have fortified its product lineup, notably in data center and graphics technologies, catering to burgeoning demand across various sectors. This growth trajectory is further evidenced by a substantial increase in its tangible book value, reflecting robust financial stability and investor confidence. NVIDIA's operational efficiency and effective cash management strategies have enabled it to maintain a strong liquidity position, vital for sustaining its market leadership and funding future innovations.

Operating Results

The fiscal year 2025 marked a milestone for NVIDIA, with a significant 114% increase in revenue and a 147% surge in operating income, highlighting its operational excellence and the successful execution of its strategic initiatives. The improvement in gross margin to 75.0% is indicative of NVIDIA's cost efficiency and favorable product mix. Furthermore, the company's commitment to shareholder value is evident through its EPS growth and generous capital returns, including stock repurchases and dividends. NVIDIA's financial performance not only demonstrates its competitive edge but also its resilience in navigating market challenges and capitalizing on growth opportunities.

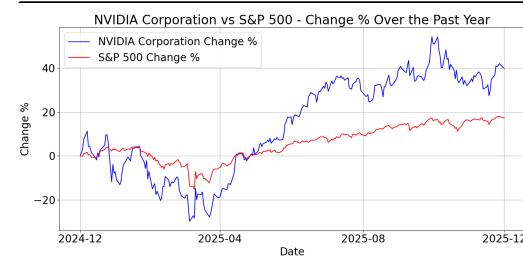
Financial Metrics

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

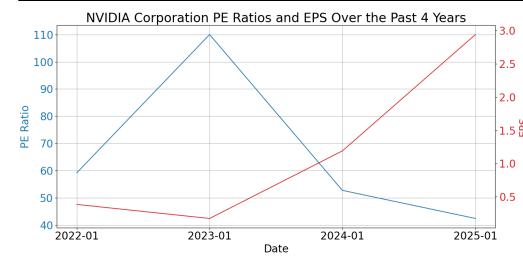
Key data

Rating	buy
Target Price	90 - 1400 (md. 275.0)
6m avg daily vol (USDmn)	179.24
Closing Price (USD)	187.54
Market Cap (USDmn)	4536985.50
52 Week Price Range (USD)	99.42 - 205.55
BVPS (USD)	3.23

Share Performance



PE & EPS



Risk Assessment

NVIDIA faces significant risks from intense competition within the semiconductor industry, where rapid technological advancements and innovation are critical for maintaining market leadership. The company's reliance on global supply chains also presents challenges, particularly in the face of geopolitical tensions and regulatory changes, especially in key markets like China. Supply chain disruptions can lead to production delays and increased costs, impacting NVIDIA's ability to meet demand for its high-performance computing and graphics products. Additionally, regulatory risks, including trade restrictions and tariffs, could affect NVIDIA's operational efficiency and profitability. The company's strategic focus on AI and autonomous technologies also exposes it to ethical and legal risks as these technologies evolve. Managing these risks effectively is crucial for NVIDIA's sustained growth and market dominance.

Competitors Analysis

Analyzing NVIDIA Corporation (NVDA) and its competitors, AMD, INTC, and AVGO, across multiple years reveals critical insights into the semiconductor industry's financial health and competitive dynamics. The analysis spans from 2023 (year 3) to 2020 (year 0), focusing on EBITDA Margin, EV/EBITDA, FCF Conversion, Gross Margin, ROIC, Revenue, and Revenue Growth.

****Year-over-Year Trends for NVDA:**** 1. In 2023, NVDA exhibited a robust EBITDA Margin of 0.42, a significant improvement from its 0.22 margin in 2022. The EV/EBITDA ratio decreased to 54.72, indicating a more favorable valuation compared to the high of 81.05 in 2022. FCF Conversion and Gross Margin remained relatively stable, with a slight decrease in ROIC to 24.6% from 11.7% in 2022. Revenue showed stability, with a minor fluctuation from the previous year. 2. The year 2022 was challenging, marked by a decrease in EBITDA Margin to 0.22 from 0.58 in 2021. Despite the lower margin, NVDA managed to improve its FCF Conversion to 1.29. The Gross Margin and ROIC experienced declines, reflecting operational and investment efficiency challenges. 3. In 2021, NVDA's financial performance was strong, with an EBITDA Margin of 0.58 and a Gross Margin of 0.73. However, the EV/EBITDA ratio increased to 43.45, suggesting a higher valuation. FCF Conversion and ROIC were impressive, indicating efficient cash flow management and high returns on investments. 4. The year 2020 set a high benchmark for NVDA, with an EBITDA Margin of 0.66 and the highest Gross Margin of 0.75 among the observed years. The EV/EBITDA ratio was at 33.78, the lowest point, indicating a more attractive valuation. FCF Conversion and ROIC were strong, underscoring NVDA's operational excellence and investment returns.

****Competitor Comparison:**** NVDA consistently outperforms its competitors in most metrics across the years. Its EBITDA Margin and Gross Margin are superior, reflecting higher profitability and cost efficiency. NVDA's ROIC is notably higher than its peers, demonstrating exceptional efficiency in generating returns from investments. In terms of revenue, NVDA leads, showcasing its dominant market position. ****Metric-Specific Insights:**** - ****EBITDA Margin:**** NVDA's profitability is commendable, especially in the most recent year, outpacing competitors significantly. - ****EV/EBITDA:**** NVDA's valuation varied, with 2022 being a peak. However, compared to its competitors, NVDA often appears more richly valued, justified by its superior performance metrics. - ****FCF Conversion:**** NVDA demonstrates strong cash flow efficiency, though it sees competition from AMD and AVGO in certain years. Its ability to convert earnings into free cash flow remains a strength. - ****Gross Margin:**** NVDA's cost efficiency and profitability are evident, with the highest gross margins across the board, indicating superior product value and operational efficiency. - ****ROIC:**** NVDA's investment efficiency is unmatched, with ROIC significantly higher than its competitors, highlighting its effective use of capital. - ****Revenue and Revenue Growth:**** NVDA shows strong revenue performance with growth, although specific growth percentages are not provided. Its scale and growth trajectory surpass its competitors, reinforcing its market leadership. ****Conclusion:**** NVDA's overall financial health is robust, marked by superior profitability, operational efficiency, and investment returns. Its performance across key financial metrics justifies a premium market valuation, as reflected in its EV/EBITDA ratio. Despite the high valuation, NVDA's consistent outperformance in EBITDA Margin, Gross Margin, ROIC, and revenue growth supports a bullish outlook on its financial health and competitive positioning. The analysis underscores NVDA's strength in the semiconductor industry, suggesting its strategic and operational prowess as key drivers of its market leadership and financial success.