

# NVIDIA Investment Strategy: Buy Now or Hold Off

Max Wong and Team  
Fall 2024

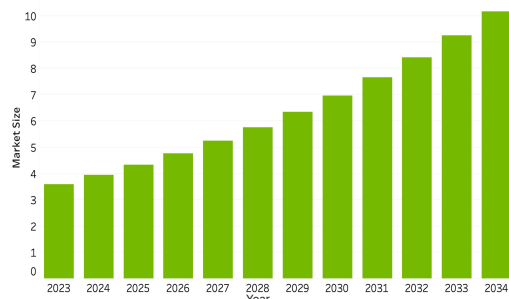


## Rising Market in Tech Industry



Semiconductors, ICs, and AI are the main rising sections in Tech Industry

Semiconductor Industry Revenue Worldwide 2023-2034  
(in billion U.S. dollars)



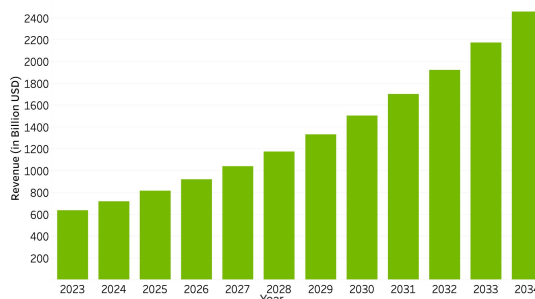
### Semiconductor Industry: Industry Overview:

- Essential for **electronics** (e.g., phones, PCs)
- Highly competitive

### Revenue Trends:

- 2023: \$3.59B
- 2024: **\$3.95B (+10%)**
- 2034: **\$10.17B (+183%)**

Integrated Circuit Market Size 2023-2034  
(in billion U.S. dollars)



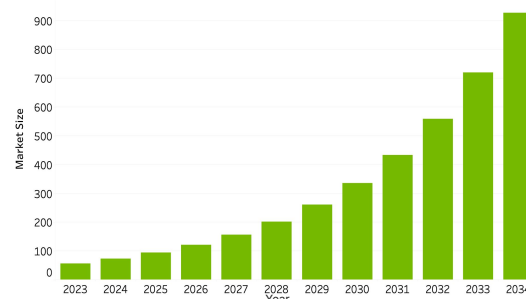
### Integrated Circuit Industry: Industry Overview:

- Backbone of modern electronics
- Growing demand for high-performance chips in AI

### Revenue Trends:

- 2023: \$636.60B
- 2024: **\$719.80B (+13%)**
- 2034: **\$2,458.60B (+286%)**

Artificial Intelligence (AI) Chip Market Size 2023-2034  
(in billion U.S. dollars)



### AI Chip Industry: Industry Overview:

- Rapidly growing trend
- Essential for **AI tech**
- Lead to stock price surge

### Revenue Trends:

- 2023: \$56.84B
- 2024: **\$73.27B (+29%)**
- 2034: **\$927.76B (+1532%)**

# Market Scale in Leading Technology Industry:

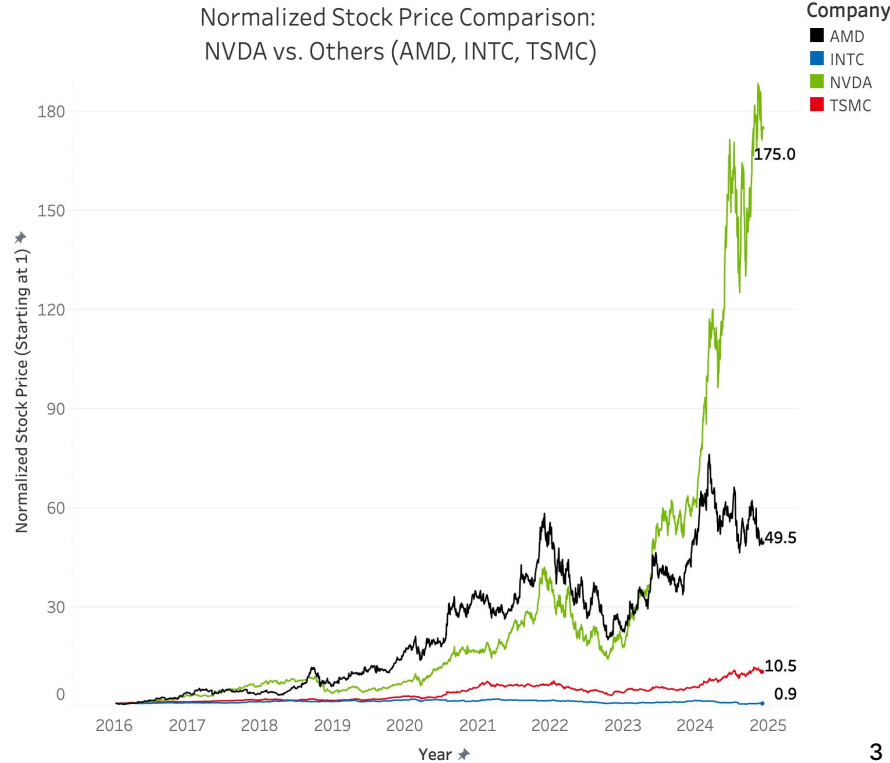
Nvidia has the highest market value among other dominant companies

Company	Market Cap
Nvidia (NVDA)	\$3.33 Trillion
Advanced Micro Devices, Inc. (AMD)	\$0.23 Trillion
Intel Corp (INTC)	\$0.10 Trillion
Taiwan Semiconductor Manufacturing Company Limited (TSMC)	\$0.84 Trillion

## What does Nvidia do?

1. Design advanced **semiconductor** devices
2. GPUs & other products as integrated circuits
3. Specialize in **AI-optimized chips**, powering technologies like machine learning and data centers

Normalized Stock Price Comparison:  
NVDA vs. Others (AMD, INTC, TSMC)



## Business Problem

Overly optimistic stock market gains in Nvidia causes a high risk concern

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Is Nvidia the Future of AI or a Bubble Waiting to Burst?



Lower Federal Funds Rate

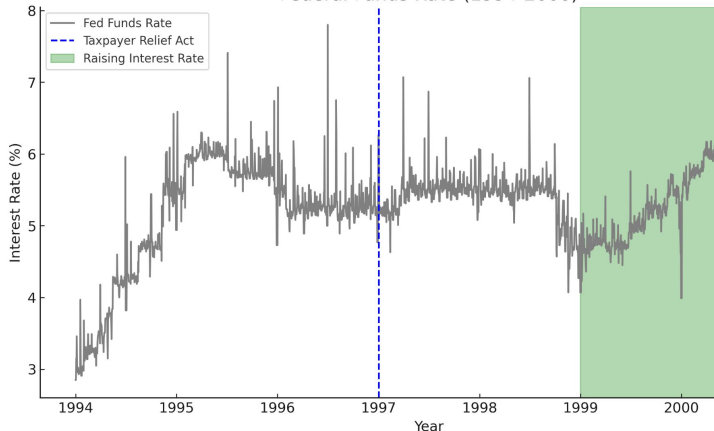
Innovation Technology

dot.com V.S. AI Industry

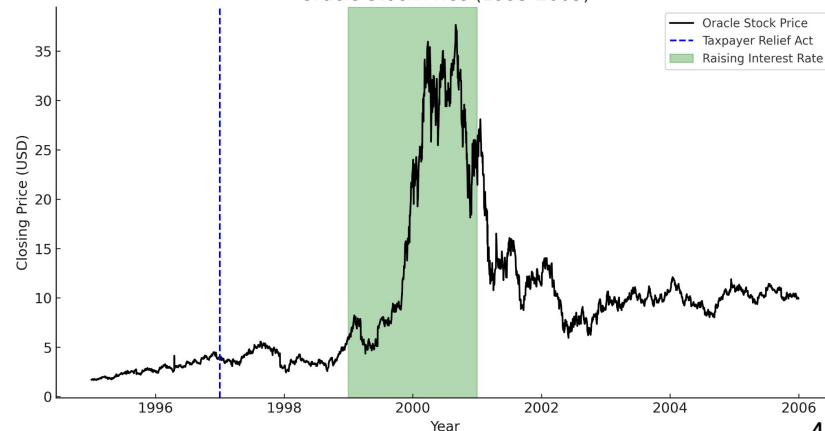
Surging Stock Price

Dominant Company

Federal Funds Rate (1994-2000)



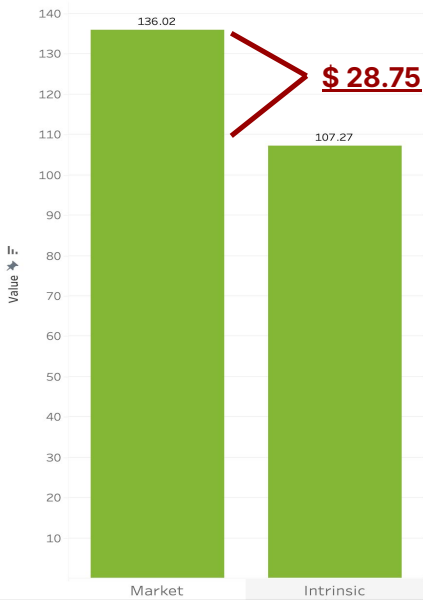
Oracle Stock Price (1995-2005)



# Potential Risk from Financial Analysis

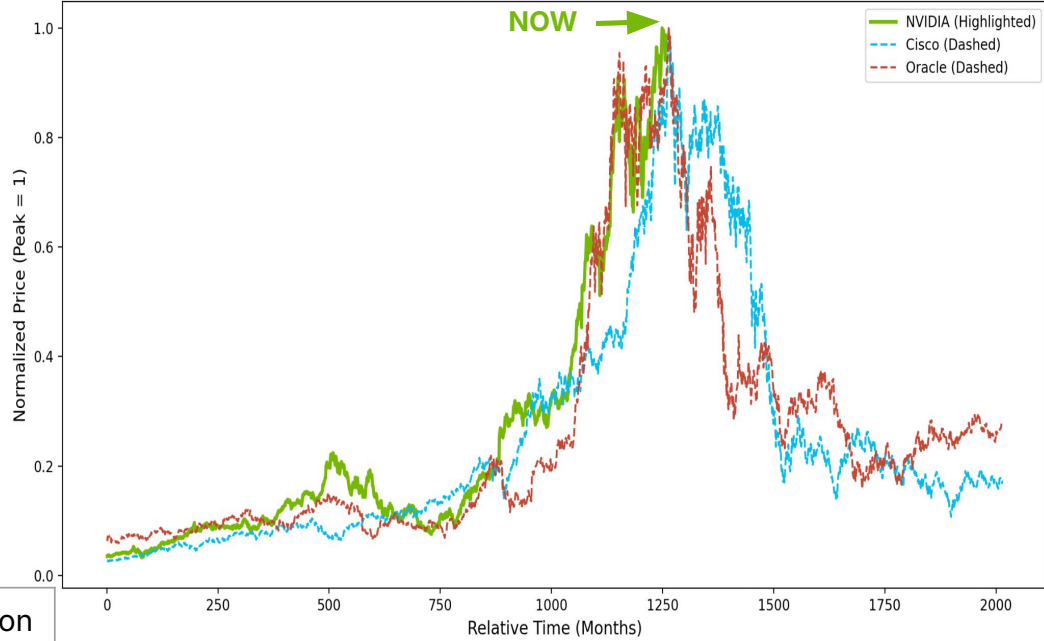
\$28.75 upside in DCF model; similar trend with Oracle facing the bubble

Market Value vs. Intrinsic Value



Public Market Value	\$3.33 Trillion
Intrinsic Enterprise Value	\$2.63 Trillion

Normalized Stock Price Comparison (Peak Price = 1): NVIDIA, Cisco, Oracle



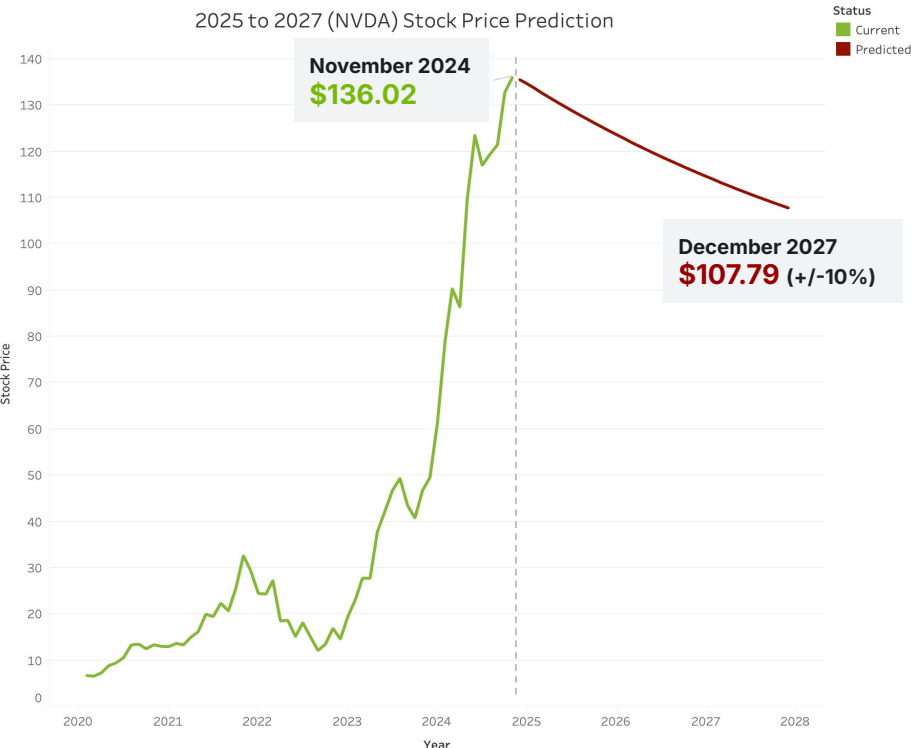
Pearson Correlation (NVIDIA & Oracle) = 0.9677

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## Nvidia's Three Year Stock Price Simulation

Simulation is based on the historical stock price trend and trading volumes

2025 to 2027 (NVDA) Stock Price Prediction



Predicted Average Stock Price (by year)

2025	2026	2027
\$129.39	\$119.32	\$111.09

Current Stock Price

\$136.02

Dropped by \$28.23

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# Data Results



Investment Recommendation of Nvidia's Stock: Hold Off

**Promising  
Market Forecast**

**V.S.**

DCF Model Valuation

**\$28.75 Upside**

Stock Price Simulation

**\$28.23 Drop**

Stock Price Comparison

**0.9677 Correlation**

~~Buy Now~~ or **Hold Off**

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# Project Analysis Proposal



Generate market, operating and investment report monthly in 3 years

**Who**

**Our Consulting Team**

- Market Analyst
- Financial Analyst
- Data Analyst

**When**

**2025 to 2027**

- Evaluate every month
- Jan to Dec of 2025
- Jan to Dec of 2026
- Jan to Dec of 2027

**How**

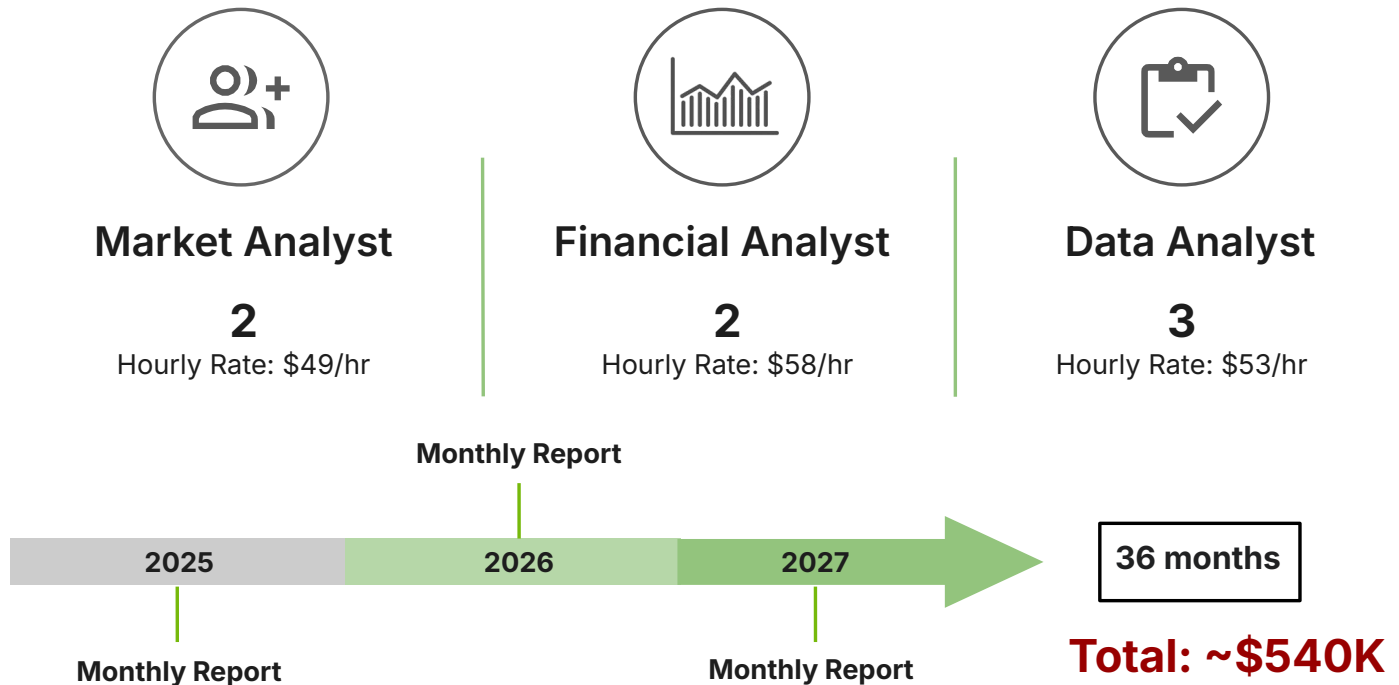
**Track Performance**

- Explain why Nvidia is overvalued
- Investigate supply chain parties & clients
- Generate reports:
  - 1) Market Report
  - 2) Operating Report
  - 3) Investment Report

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# Project Budget & Timeline

The project costs around \$180K with a total 36 months research length



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## Conclusion

Investors should consider the potential risk of Nvidia's overvalued stock price



**High growing market ≠ True enterprise value**