

NVIDIA Corporation (NASDAQ: NVDA)

Date: August 13, 2025

Current Share Price (closing price Aug 12, 2025): \$183.10

Analyst: Rei Mici

Summary

This analysis concludes that NVIDIA Corporation is trading at a significant premium to its intrinsic value derived from standard valuation methodologies. While its operational performance and market dominance in AI are unparalleled, current market capitalization appears to have priced in flawless execution and substantial growth for years to come.

This analysis yields an implied valuation range of **\$95.00 - \$130.00 per share**. The primary valuation drivers are the company's ability to maintain its extraordinary growth in the Data Center segment and uphold its high-margin software/hardware ecosystem (CUDA). Key risks include intensified competition from AMD and in-house chip development by major cloud service providers (CSPs), as well as potential geopolitical trade restrictions.

Equity market data:

- Current Stock Price (As of Aug 13, 2025): \$183.10
- Shares Outstanding: ~24.61 Billion
- Market Capitalization: ~\$4.50 Trillion (\$183.10 * 24.61B)

I. Discounted Cash Flow (DCF) Analysis

The DCF analysis projects NVIDIA's unlevered free cash flow (UFCF) over a five-year explicit forecast period and discounts it back to the present value using the Weighted Average Cost of Capital (WACC).

A. Key Assumptions:

Assumption	Justification & Value
Projection Period	FY 2026E - FY 2030E
Revenue Growth (YoY)	Decelerating from 69% (25Q1 vs 24Q1) to 15% in FY30, reflecting increased competition.
EBITDA Margin	Slight compression from 68.0% to 65.0% over the period due to competitive pressure and product mix shift.
Tax Rate	18% (Effective Rate), reflecting global operations and tax strategies.
Capital Expenditures	6.0% of Revenue, for R&D, fabrication technology, and infrastructure.
Change in NWC	4.0% of Revenue Change, to fund growth in inventory and receivables.

WACC	9.35% (see calculation below)
Terminal Growth Rate	4.0% (reflecting long-term global GDP + inflation + 1% for tech sector premium).
Terminal EV/EBITDA	20.0x (reflecting a mature, but still high-growth, market leader).

B. Weighted Average Cost of Capital (WACC):

Component	Value	Rationale
Risk-Free Rate (Rf)	4.28%	10-Year U.S. Treasury Yield.
Levered Beta (beta)	1.23%	Reflects high volatility relative to the market.
Equity Risk Premium (ERP)	4.12%	Market standard.
Cost of Equity (Re)	9.35%	CAPM Model.
Cost of Debt (Rd)	5.5%	Reflects current rates for A-rated corporate debt.
Capital Structure (D/V)	5%	Target capital structure.
Tax Rate (t)	18%	Global average assumption.
Calculated WACC	9.35%	

C. Implied Valuation (DCF):

Valuation Method	Implied Enterprise Value	Implied Equity Value	Implied Share Price
Terminal Growth (4.0%)	\$2,788 B	\$2,768 B	\$110.72
Exit Multiple (20.0x)	\$3,101 B	\$3,081 B	\$123.24

	Terminal Growth Rate	
WACC	3.5%	4.0%
9.0%	\$120.91	\$131.60
9.5%	\$109.23	\$118.29
10.0%	\$99.20	\$106.94

II. Comparable Company Analysis (CCA)

This methodology values NVIDIA by comparing its trading multiples to those of a peer group of publicly traded semiconductor companies. Given NVIDIA's unique position in AI, a premium to the median of this group is warranted.

A. Peer Group Selection:

- **Advanced Micro Devices (AMD):** Closest competitor in GPUs.
- **Broadcom Inc. (AVGO):** High-margin, diversified semiconductor leader.

- **Intel Corporation (INTC):** Legacy competitor investing heavily in GPUs/AI.
- **Qualcomm Inc. (QCOM):** Leader in mobile SoCs, expanding into automotive and IoT.
- **ASML Holding N.V. (ASML):** Critical supplier (EUV lithography), different business model but core to the ecosystem.

B. Multiples Matrix (NTM - Next Twelve Months):

Company	EV (\$B)	EV/NTM Revenue	EV/NTM EBITDA	NTM P/E
AMD	\$455	6.5x	28.5x	35.0x
AVGO	\$780	11.0x	23.0x	28.0x
INTC	\$220	3.1x	9.5x	16.0x
QCOM	\$245	5.5x	15.0x	18.5x
ASML	\$410	9.0x	25.0x	38.0x
Median		6.5x	23.0x	28.0x
75th Percentile		9.5x	26.0x	35.8x

C. Implied Valuation (CCA):

We apply the median and 75th percentile multiple range to NVIDIA's NTM projected metrics (NTM Revenue: \$185B, NTM EBITDA: \$125B).

Metric	Multiple Range (Median - 75th)	Implied EV Range (\$B)	Implied Share Price Range
EV/NTM Revenue	6.5x - 9.5x	\$1,203 - \$1,758	\$48.12 - \$70.32
EV/NTM EBITDA	23.0x - 26.0x	\$2,875 - \$3,250	\$115.00 - \$130.00

Note: Revenue multiples are less meaningful for NVIDIA due to its superior profitability. EV/EBITDA is the most relevant metric here.

Conclusion

The analysis indicates that NVIDIA's current share price of **\$183.10** is above the high end of the valuation ranges implied by both the DCF and Comparable Company analyses.

- **DCF Analysis:** Suggests a fair value range of \$98.59 - \$131.60. To justify the current price, one would need to assume a higher terminal growth rate (>4.5%) and a lower WACC (<9.0%), implying a near-perpetual state of hypergrowth and minimal risk.
- **Comparable Analysis:** The most relevant metric (EV/EBITDA) implies a range of \$115.00 - \$130.00. NVIDIA currently trades at an NTM EV/EBITDA multiple of ~27.8x (\$3.48T / \$125B), which is above the 75th percentile of its peer group.

While the company's fundamental performance is exceptional, this valuation appears to be priced for perfection, leaving little room for execution missteps or macroeconomic headwinds. The current market price reflects a level of optimism that surpasses fundamentally derived valuation ranges.