

Equity Research Report: NVIDIA Corporation

Income Summarization

In fiscal year 2024, NVIDIA experienced a remarkable 126% year-over-year revenue growth, reaching \$60.9 billion, primarily driven by a 217% surge in its Compute & Networking segment, which amounted to \$47.405 billion, and a 15% increase in Gaming revenue within the Graphics segment, totaling \$13.517 billion. This growth was underpinned by strong demand for data center systems and products, alongside strategic product launches like the GeForce RTX 4060 and 4070 GPUs. The company's gross margin improved significantly to 72.7%, with operating income escalating by 681%, indicating efficient cost management and operational excellence. Despite facing supply chain complexities and geopolitical risks, particularly in China, NVIDIA's strategic focus on AI and accelerated computing platforms, including NVIDIA DGX Cloud services and AI Foundations, has positioned it for sustained growth and market leadership in both data center and gaming sectors.

Business Highlights

Data Center revenue surged by 217% in fiscal year 2024, driven by strong demand for NVIDIA Hopper GPU computing platform for AI applications. This growth highlights the increasing adoption of AI and deep learning technologies across various industries. Gaming revenue increased by 15% in fiscal year 2024, attributed to higher sell-in to partners following the normalization of channel inventory levels. This indicates a steady demand for gaming GPUs, despite previous market fluctuations. Professional Visualization revenue saw a modest increase of 1% in fiscal year 2024. This slight growth suggests a stable market for professional graphics solutions, despite rapid technological advancements and competitive pressures. Automotive revenue grew by 21% in fiscal year 2024, primarily due to growth in self-driving platforms. This growth reflects the expanding interest and investment in autonomous vehicle technologies and NVIDIA's role in this evolving market.

Company Situation

NVIDIA, a leader in the accelerated computing industry, thrives on its comprehensive full-stack computing infrastructure, pivotal for AI, data analytics, and 3D graphics. Its strategic focus on AI and deep learning, underpinned by innovations like the Hopper GPU platform and DGX Cloud services, positions it strongly amidst growing demand across sectors and challenges like supply chain constraints. NVIDIA's proactive strategy includes significant R&D investments, strategic partnerships in automotive and AI developments, and initiatives like AI Foundations for custom AI model development. These efforts, aimed at navigating and shaping market trends, reinforce NVIDIA's competitive edge in delivering advanced computing solutions and driving the expansion in AI and the metaverse, ensuring its leadership in the accelerated computing landscape.

Risk Assessment

The top 3 key risks for NVIDIA Corporation include: 1) Failure to adapt to rapid changes in technology and market demands, risking financial performance and market share; 2) Dependency on third-party suppliers for manufacturing, which reduces control over product quality and delivery, potentially harming business operations; and 3) Exposure to complex and changing global regulatory environments, including export controls and data privacy laws, which could increase operational costs, impact the ability to serve certain markets, and lead to legal or regulatory penalties.

Financial Metrics

FY (USD mn)	2020	2021	2022	2023	2024
Operating Revenue	10918.0	16675.0	26914.0	26974.0	60922.0
Adjusted Net Profit	2796.0	4332.0	9752.0	4368.0	29760.0
Adjusted EPS	1.15	1.76	3.91	1.76	12.05
EBIT Margin	0.26	0.27	0.37	0.16	0.54
ROE	0.23	0.26	0.37	0.2	0.69
PE Ratio	52.32	75.41	62.67	109.1	51.82
EV/EBITDA	40.53	58.59	54.7	66.08	44.84
PB Ratio	11.99	19.34	22.97	21.56	35.88

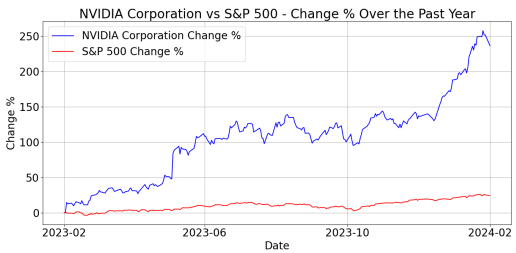
FinRobot

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

Key data

Rating	hold
Target Price	850 - 1100 (md. 875.0)
6m avg daily vol (USDmn)	46.27
Closing Price (USD)	694.49
Market Cap (USDmn)	1663859.52
52 Week Price Range (USD)	210.94 - 724.98
BVPS (USD)	17.41

Share Performance



PE & EPS

