

NVIDIA's Valuation

by

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Buy

NVIDIA is Undervalued

Market Price

\$615.42

Our Valuation

\$615.96



Undervaluing Growth



Comp Advantage

Agenda



- ✓ | Company Overview
- ✓ | DCF Valuation
- ✓ | Sensitivity Analysis
- ✓ | Risk & Mitigation
- ✓ | Market Efficiency



NVIDIA OVERVIEW

1

The company gets its vast majority of revenue from **GPU's (specialized chips)**, used for gaming, cryptocurrency mining, vehicles, robotics, and many other professional applications (global leader).

2

Leader in the increasingly popular field of AI, providing AI-powered self-driving systems and collaborating with major automakers like **Tesla, Audi, and Mercedes-Benz (+370 partnerships)**.

3

NVIDIA is at the forefront of autonomous driving technology, **developing advanced solutions** under its DRIVE platform (**Advanced R&D Capabilities**).

4

Exploiting opportunities around **AI popularity, acquisitions** of other Technology companies, **expanding into new industries**, and growing into the **cloud computing market**.

Company Overview

\$1.155 T market cap



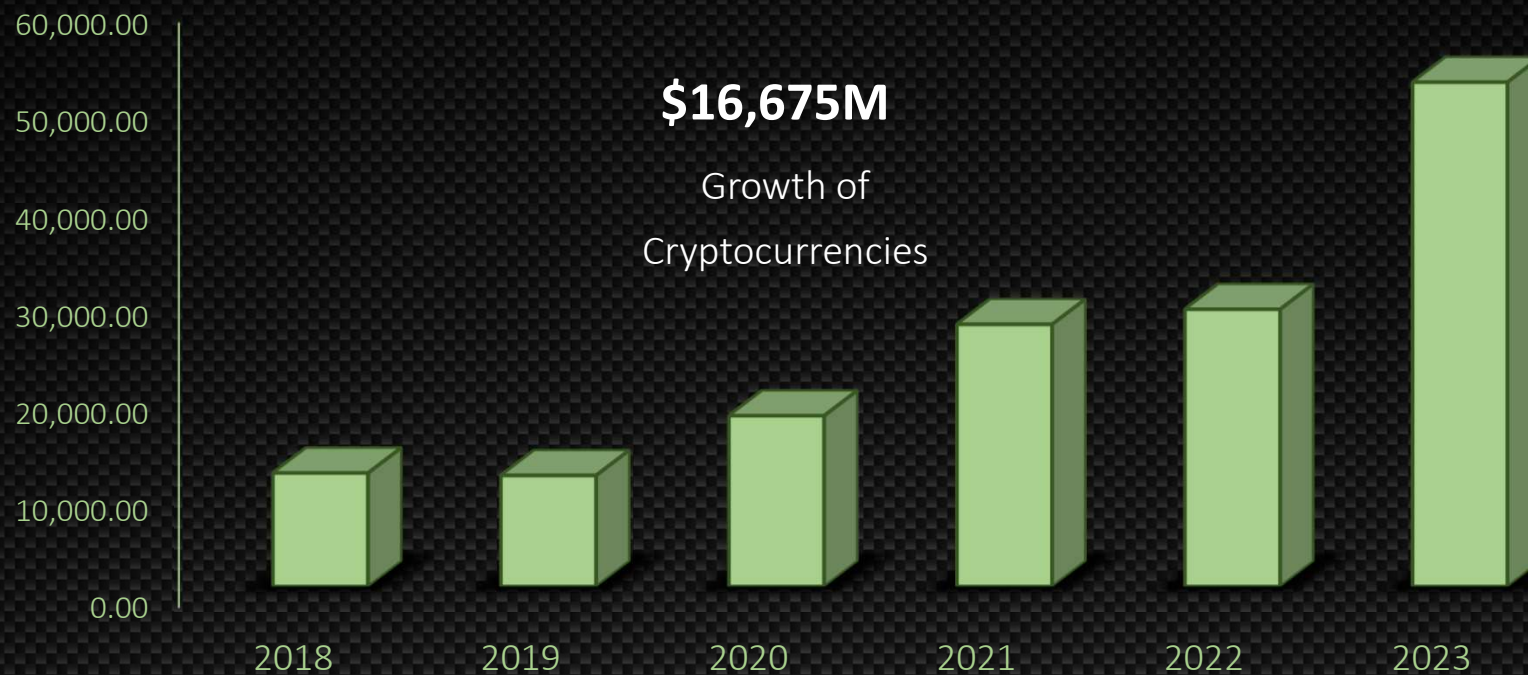
Nvidia is a dominant supplier of artificial intelligence hardware and software. Its professional line of GPUs are used in architecture, engineering and construction, media and entertainment, automotive, scientific research, and manufacturing design.

Discounted Cash Flow Analysis

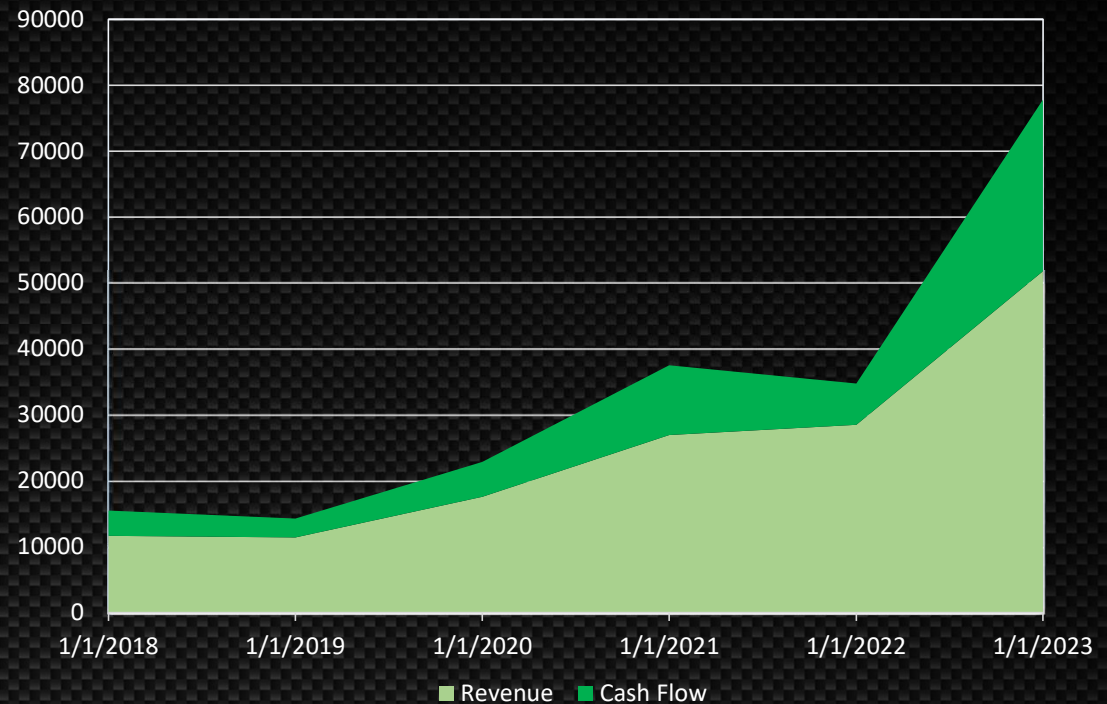
Revenue

\$44,870M

Growth of AI



- Net Income Margin: **42.1%**
- Gross Margin: **69.9%**
- EBIT and EBITDA margins: **45.9%**
49.4%



Market Overview

Market (Capital IQ) Revenue estimates are overly optimistic with respect to our projections.

Market Summary	NasdaqGS:NVDA
Currency	US Dollar
Latest Price/Last Close Price	618.00/627.74
52 Wk. High/Low	634.93/189.50
Potential Upside/Diff. from Target Price	7.34 %/46.05

View By:	Period	Go	Corporate Guidance	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28	'29	'30	'31	'32	'33	View All	
Fiscal Years																																								
NasdaqGS:NVDA (USD)																																								
EPS Normalized	↓																																							
EPS (GAAP)	↓																																							
Cash Earnings / Share	↓																																							
DPS	↓																																							
Book Value / Share	↓																																							
Net Asset Value Per Share	↓																																							
CFPS	↓																																							

Income Statement (12/31 CYE)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Revenue	4,709	5,168	7,144	9,881	11,650	11,398	17,528	26,919	28,465	58,864	91,253	109,091	120,127	139,956	135,485
% growth		10%	38%	38%	18%	-2%	54%	54%	6%	107%	55%	20%	10%	17%	-3%
EBIT	769	966	2,043	3,260	3,724	3,002	5,164	9,669	6,830	28,182	45,402	54,401	66,000	83,947	81,478
% of sales	16%	19%	29%	33%	32%	26%	29%	36%	24%	48%	50%	50%	55%	60%	60%
EBITDA	987	1,162	2,231	3,464	3,996	3,443	6,269	10,874	8,374	28,573	45,645	55,243	60,831	70,872	68,608
% of sales	21%	22%	31%	35%	34%	30%	36%	40%	29%	49%	50%	51%	51%	51%	51%

Company Comp Set				
Company Name	Overall	Operational	Solvency	Liquidity
Texas Instruments Incorporated (NasdaqGS:TXN)	1	1	3	1
Alphabet Inc. (NasdaqGS:GOOGL)	1	2	1	2
Taiwan Semiconductor Manufacturing Company Limited	1	3	1	1
Microsoft Corporation (NasdaqGS:MSFT)	2	1	1	2
ON Semiconductor Corporation (NasdaqGS:ON)	2	2	2	3
Broadcom Inc. (NasdaqGS:AVGO)	2	2	4	1
Micron Technology, Inc. (NasdaqGS:MU)	2	3	3	2
Apple Inc. (NasdaqGS:AAPL)	3	1	2	3
Microchip Technology Incorporated (NasdaqGS:MCHP)	3	2	3	4
Analog Devices, Inc. (NasdaqGS:ADI)	3	3	2	4
QUALCOMM Incorporated (NasdaqGS:QCOM)	3	3	3	2
Advanced Micro Devices, Inc. (NasdaqGS:AMD)	4	4	2	3
Intel Corporation (NasdaqGS:INTC)	4	4	4	3
Marvell Technology, Inc. (NasdaqGS:MRVL)	4	4	4	4
Oracle Corporation (NYSE:ORCL)	4	4	4	4
NVIDIA Corporation (NasdaqGS:NVDA)	1	1	1	1

WACC & Terminal Growth



Sensitivity Analysis

		Equity value per share					
		Long term growth rate (g):					
		\$615.96	2.5%	2.8%	3.0%	3.3%	3.5%
WACC:	8.9%		527.53	544.94	563.83	584.41	606.89
	8.6%		548.95	568.00	588.73	611.40	636.29
	8.4%		572.20	593.11	✓ 615.96	641.05	668.71
	8.1%		597.53	620.57	645.86	673.74	704.64
	7.9%		625.22	650.71	678.82	709.98	744.70



- ⊗ Small adjustments in terminal growth to be cautious
- ✓ Equity Value per Share (DCF) \$615.96
- ✓ Current market price per share (12/02/2023) \$458

Conclusion: Undervalued > 53% of options over current market value per share

Δ WACC: 0.25%

Δ Terminal Growth: 0.25%

Name	Ticker	Market Cap (\$B)	5 yr revenue CAGR	5 yr EBITDA CAGR	EV/EBITDA T12	P/E	EV/Sales	EBIT Margin	EBITDA Margn
Marvell Technology, Inc. (NasdaqGS:MRVL)	MRVL	45.56	19.70%	14.20%	40.6x	22	8.9x	-3.28%	21.97%
Microchip Technology Incorporated (NasdaqGS:MCHP)	MCHP	45.8	16.20%	17.60%	11.8x	19	5.8x	38.68%	49.07%
QUALCOMM Incorporated (NasdaqGS:QCOM)	QCOM	144.32	12.00%	34.00%	14.3x	20	4.2x	24.15%	29.20%
Texas Instruments Incorporated (NasdaqGS:TXN)	TXN	140.9	6.00%	9.40%	16.2x	20	7.9x	42.78%	48.86%
Advanced Micro Devices, Inc. (NasdaqGS:AMD)	AMD	196.11	30.10%	77.70%	63.4x	33	8.7x	-0.41%	13.78%
Analog Devices, Inc. (NasdaqGS:ADI)	ADI	90.85	20.10%	17.80%	15.5x	28	7.9x	32.33%	50.97%
Micron Technology, Inc. (NasdaqGS:MU)	MU	83.73	13.00%	-37.00%	39.5x	10	5.6x	-35.13%	14.23%
Intel Corporation (NasdaqGS:INTC)	INTC	184.41	8.90%	-7.60%	25.4x	24	4.0x	-3.94%	15.69%
ON Semiconductor Corporation (NasdaqGS:ON)	ON	30.72	8.60%	12.80%	10.0x	15	4.0x	32.43%	39.42%
Broadcom Inc. (NasdaqGS:AVGO)	AVGO	383.84	11.92%	17.70%	20.2x	29	11.6x	45.70%	57.34%
Microsoft Corporation (NasdaqGS:MSFT)	MSFT	2780	14.58%	17.80%	25.3x	36	12.6x	43.01%	49.71%
Oracle Corporation (NYSE:ORCL)	ORCL	320.95	4.90%	8.50%	20.2x	35	7.8x	28.10%	38.68%
Apple Inc. (NasdaqGS:AAPL)	AAPL	2.97	7.30%	12.80%	23.3x	31	7.7x	29.82%	32.83%
Alphabet Inc. (NasdaqGS:GOOGL)	GOOGL	1660	20.60%	20.40%	16.3x	26	5.3x	27.42%	32.33%
Taiwan Semiconductor Manufacturing Company Limited	TSM	484.45	18.60%	19.24%	9.9x	18	6.7x	45.63%	67.86%
Median		164.365	13.79%	17.65%	20.2x	25	7.7x	31.08%	39.05%
Mean		483.913125	15.66%	15.91%	22.2x	27	8.4x	24.58%	38.21%
Nvidia	NVDA	1148	38.10%	19.20%	51.8x	62	25.6x	45.94%	49.38%

Our EV/EBITDA:

1. Selected the syndicates with the most comparable competitors to NVDA
2. EV/EBITDA of 22.2x
3. NVDA EBITDA * 22.2 = **\$621.38**

Reinforces DCF conclusion \$615.96

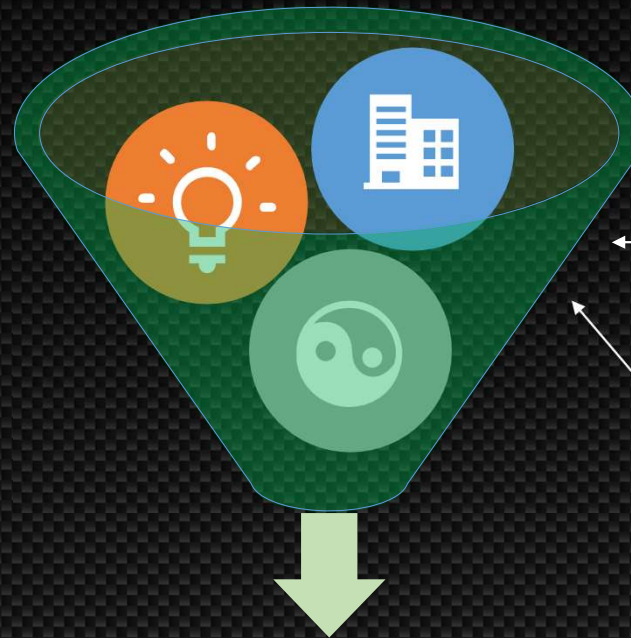
Risks & Contingencies



Market Efficiency

What is the market missing?

+1% over
Current Price
The market is missing
these three main
components in its
current stock price
valuation



AI/Gaming/Crypto

The current market is underreacting to the impact of these industries

Innovation (R&D)

Nvidia spent \$7.4B in R&D within +20 high growth areas, establishing themselves as a LT disruptor/leader.

Risks vs Mitigations

NVDA is actively mitigating their risks

Thank You

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Questions?