

KEYVALUE
GLOBAL RESEARCH

Equity Research

ANALYSIS OF NVIDIA CORPORATION

DATE:
10/01/2025

[Keyvalueam.com](https://keyvalueam.com)

Buy: \$183,68(31,1%)

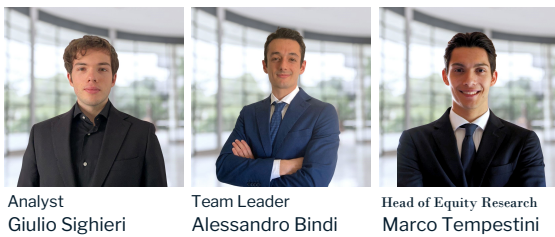
Equity Research Division
11/01/2025

Summary

UNITS

Country	United States
Sector	Semiconductors
Current Price	140 \$
Target Price	184 \$
Upside	31% %
Ticker	NVDA
Stock Exchange	NASDAQ

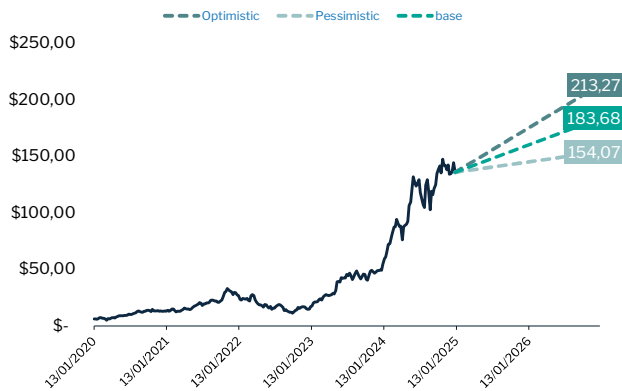
Shares Outstanding	24.863 m
Market Capitalization	3.483.520 m
EPS (2024)	1,2 \$



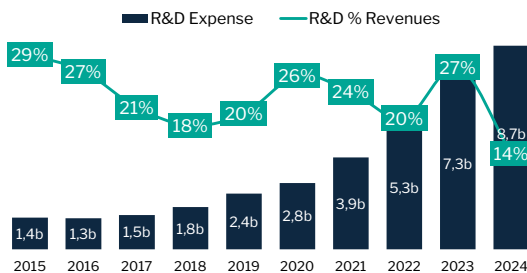
Analyst
Giulio Sighieri

Team Leader
Alessandro Bindi

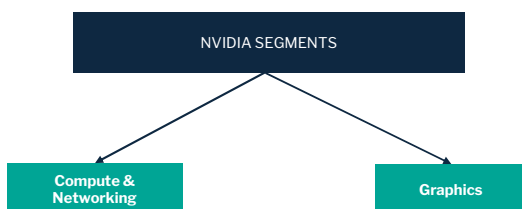
Head of Equity Research
Marco Tempestini



Source: Team Analysis



Source: Company data, Team Analysis



INVESTMENT SUMMARY

We recommend a **BUY** for NVIDIA with a one-year target price of **\$183.68**, representing a potential **31.1%** increase from the closing price of **\$140.11** on January 8, 2025. The target price is primarily based on a Discounted Cash Flow (DCF) analysis, as Relative Valuation presents challenges due to the limited reliability of recent market figures in such a volatile sector.

Our recommendation is driven by the following **key factors**: leading market position, strong reputation, industry growth potential, and future opportunities in an AI dominated world.

A NEW GIANT ON THE STREETS

NVIDIA's evolution from a niche graphics chip designer to a dominant force in the tech industry reflects decades of **innovation and strategic vision**. Founded in 1993 by Jensen Huang, Chris Malachowsky, and Curtis Priem, the company entered the market at a time when personal computing and gaming were beginning to demand more sophisticated visual performance. Recognizing this shift, NVIDIA set out to develop specialized processors capable of handling complex graphics calculations that traditional CPUs struggled to manage.

The turning point came in 1999 with the release of the GeForce 256, hailed as the **world's first graphics processing unit (GPU)**. This groundbreaking product introduced real-time 3D rendering to the gaming industry, establishing a new benchmark for performance and visual fidelity. By offloading graphics computations from the CPU to a dedicated GPU, NVIDIA laid the groundwork for broader applications.

NVIDIA's growth has been propelled by relentless innovation and strategic foresight, allowing it to expand into **data centers, AI research, and industries** far beyond gaming. By consistently pushing, NVIDIA now plays a pivotal role in enabling AI breakthroughs, cloud infrastructure, and autonomous vehicles.

In June 2024, the company achieved a **market capitalization of \$3.01 trillion**, becoming the third company globally to reach this milestone, a testament to its critical role in the evolving tech landscape.

A KEY POSITION IN A KEY MOMENT

NVIDIA's **dominance in the semiconductor industry** comes at a time when technological advancements are reshaping global markets. As artificial intelligence (AI), cloud computing, and autonomous systems transition from experimental phases to mainstream adoption, NVIDIA sits at the center of this shift, providing the essential hardware and software driving innovation. Its GPUs now power the world's most demanding AI models, large-scale data centers, and cutting-edge scientific research.

The **company's ability to anticipate technological inflection points** has solidified its position as a key enabler of the AI revolution. NVIDIA's market share in discrete GPUs exceeds 88%, while its footprint in the data center segment has surged, contributing **\$30.8 billion** in revenue in the latest quarter – representing 87.5% of the company's total revenue growth. This rapid expansion is fueled by the **escalating demand** for accelerated computing across industries, particularly from cloud providers and enterprises seeking to train large language models and deploy AI at scale.

NVIDIA's leadership extends to supercomputing, with over **75% of the world's top 500 supercomputers** leveraging its technology, reinforcing its reputation as the go-to provider. Additionally, NVIDIA's strategic alliances with Amazon Web Services (AWS), Microsoft Azure, and Google Cloud ensure its architecture is deeply integrated into the backbone of global cloud infrastructure. This alignment strengthens NVIDIA's market positioning and broadens its influence across AI-driven fields.

A GREAT FUTURE AHEAD

NVIDIA stands at the **forefront of industries set to define the coming decades**, driven by advancements in artificial intelligence, autonomous systems, and data center technologies. The company's expanding role in AI infrastructure, supported by platforms like DGX Cloud and NeMo, has positioned it as a key enabler of large-scale AI adoption across healthcare, automotive, and cloud computing.

More than that, NVIDIA's gaming focus remains a key player in the scenario. Looking at the entertainment sector, analysts expect a rise driven mainly by gaming and, where there is gaming, there are NVIDIA's GPUs too.

The **semiconductor industry** is expected to surpass **\$980 billion by 2029** and, NVIDIA's leadership in GPUs, coupled with its advancements in DPUs and networking technologies, ensures the company will capture substantial market share. Its influence extends beyond hardware, as platforms like Omniverse drive innovation in digital twins and industrial simulations. NVIDIA's continued focus on strategic investments signals a future where the company not only adapts to technological shifts but leads them, reinforcing its critical role in the evolution of computing.

BUSINESS SEGMENTS AND NVIDIA'S FOCUS

NVIDIA's main focus reflects its **mission**: to solve the world's most challenging computing problems through accelerated computing and AI. With a commitment to pushing technological boundaries, NVIDIA empowers industries of almost every sector by developing **two main business segments**:

Compute & Networking

Powers AI, data centers, and autonomous systems, providing essential solutions like DGX Cloud and NVIDIA AI Enterprise to meet growing demands for accelerated computing

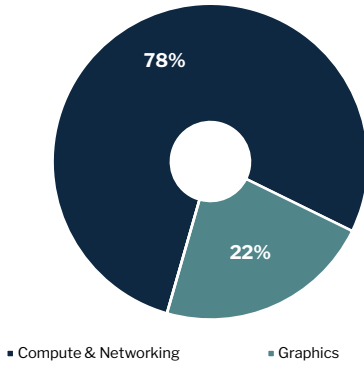
Graphics

Drives NVIDIA's gaming and visualization leadership, with RTX and GeForce GPUs dominating the market. This segment fuels immersive gaming, content creation, and emerging technologies like the metaverse.

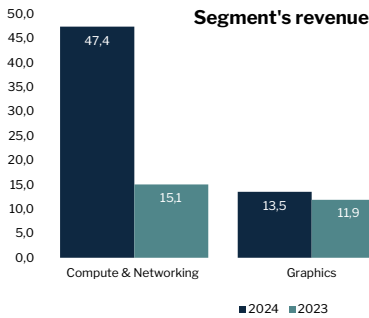
Business Model

OVERVIEW

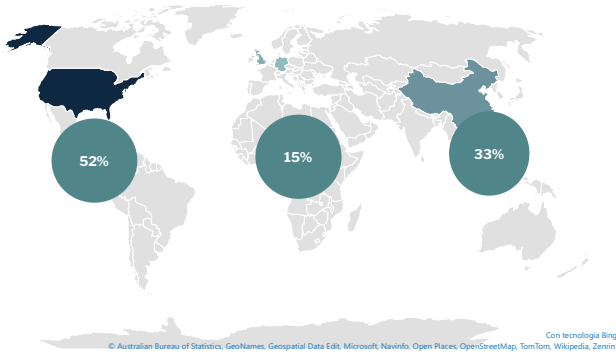
Segment's revenue share



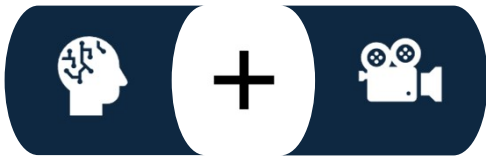
Source: Team Analysis, Company Data



Source: Team Analysis, Company Data



Source: Team Analysis, Company Data



NVIDIA stands as a **global leader in accelerated computing**, driven by cutting-edge solutions in artificial intelligence (AI), data centers, and advanced graphics. Founded in 1993, the company has consistently pushed the boundaries of technology, providing hardware and software solutions that power industries ranging from gaming to autonomous vehicles and scientific research. NVIDIA's ability to anticipate market trends and its focus on innovation have solidified its reputation as a key player in the evolving tech landscape.

BUSINESS SEGMENTS & GEOGRAPHIC REACH

NVIDIA operates through **two primary segments: Compute & Networking and Graphics**. This dual-structure allows the company to address the growing demand for high-performance computing across various sectors, leveraging its technological leadership to tap into markets driven by AI, data centers, and entertainment. Going into details:

- **Compute & Networking:** this segment focuses on data center solutions, AI workloads, autonomous driving platforms, and enterprise systems. Key products include NVIDIA AI Enterprise, DGX Cloud, and DPU (Data Processing Unit), technologies that accelerate data flow and computing power in data centers. The segment has seen rapid growth, driven by increasing demand from cloud service providers, scientific institutions, and enterprises deploying AI at scale.

In fiscal year 2024, this segment achieved revenue of **\$47.4 billion (78% of the total amount)**, reflecting a **215% year-over-year increase**. Given current technological trends, it is expected to continue its growth.

- **Graphics:** NVIDIA's Graphics division dominates the gaming and visualization markets, providing GeForce, RTX GPUs, and Omniverse for digital content creation and metaverse applications. This segment also includes GPUs for AI and virtual desktop solutions. Gaming remains a core pillar, with NVIDIA's GPUs powering over **88% of discrete graphics cards globally**. Additionally, the Graphics segment supports industries such as architectural design, digital simulations, and video production, reflecting a broader application beyond traditional gaming. In fiscal year 2024, this segment achieved revenue of **\$13.5 billion (22% of the total amount)**, reflecting a **13.5% year-over-year increase**. This highlights NVIDIA's strength in the sector, demonstrating solid growth within a promising segment.

Analyzing the business on a **geographical level**, NVIDIA distributes its products and services worldwide, with a particular focus on the Americas. It is estimated that:

- **Americas:** 52% of total revenues
- **APAC:** 33% of total revenues
- **EMEA:** 15% of total revenues

Looking at individual countries, revenues are primarily generated in the **United States** (accounting for 44%), followed by **Taiwan** (estimated to be 22%) and **China** (17%).

Given the importance of the U.S. within the technology sector, it is expected that the future growth will remain geographically structured this way, with a slow growth on emerging markets such as China.

COMPANY STRATEGY

NVIDIA adopts a **strategy** focused on providing accelerated computing solutions, solving complex computational problems faster and with lower energy consumption compared to traditional CPU architectures. The company aims to surpass the limitations imposed by **Moore's Law** through constant innovation, developing flexible and reusable technologies that can serve diversified markets.

AI Sector

NVIDIA aims to consolidate its leadership in the Artificial Intelligence (AI) sector by offering comprehensive platforms for training and customizing (inference) AI models through GPUs, CPUs, and DPUs.

Graphics Sector

NVIDIA invests in integrating AI into the graphics sector to enhance user experience, both for gaming and professional applications. CUDA, NVIDIA's programming language, plays a central role in this segment, extending GPU functionality beyond graphics, enabling their use in AI, deep learning, and scientific simulations.

Intellectual Property

NVIDIA protects its intellectual property (IP) through a mix of patents, trademarks, and legal agreements. However, risks exist due to differences in international legal systems, particularly in Asia, where IP protections may be less effective. The company continuously monitors competition and strengthens legal security to prevent counterfeiting.

Operational Front

NVIDIA adopts a **fables model**, collaborating with TSMC and Samsung for chip production. This model ensures flexibility and allows for rapid demand fulfillment, though it carries risks related to the bargaining power of suppliers.

Product Sales

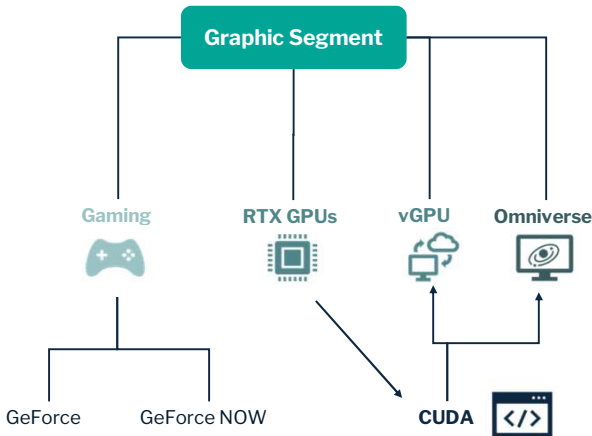
NVIDIA employs various sales strategies to cover multiple market levels: direct channels, OEM and ODM, distributors and AIB, IP licensing, and Cloud. A significant portion of its clientele is institutional, driven by the high volume of computational chips sold to enterprises.

Sustainability and Governance

NVIDIA integrates ESG practices into all business operations. The company aims to meet 100% of its energy needs with renewable sources by 2025 (44% achieved in 2023). Projects like Earth-2 leverage AI to simulate and predict the impact of climate change, contributing to mitigation strategies for businesses and governments. NVIDIA leads in energy efficiency, with numerous supercomputers featured in the Green500.

GRAPHICS

NVIDIA's **Graphics division** represents a core pillar of the company's business, dedicated to delivering high-performance GPUs that cater to both consumer and industrial applications. This segment spans workstations, gaming, data analytics, and AI-driven computational tasks, positioning NVIDIA as the undisputed leader in graphics processing. Key products include:



- **GeForce and GeForce NOW:** GeForce GPUs are the gold standard in gaming, providing industry-leading performance and visual fidelity. GeForce NOW extends this by offering cloud-based gaming services, allowing users to stream games at high resolutions and frame rates without needing high-end local hardware.

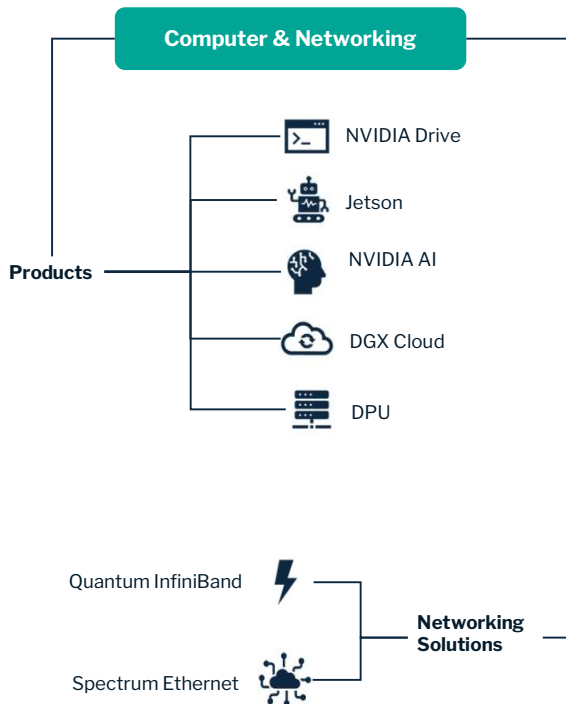
- **RTX GPUs:** equipped with ray tracing technology and AI-driven enhancements such as DLSS, RTX GPUs cater to both gamers and professionals who require superior rendering quality and computational power for creative workflows, 3D modeling, and simulations.

- **vGPU (Virtual GPU):** this technology enables enterprises to virtualize GPU resources for remote desktops and cloud environments. This empowers industries such as design, engineering, and healthcare to run graphically intensive applications across distributed networks.

- **Omniverse:** NVIDIA Omniverse is a real-time collaboration and simulation platform, allowing creators and developers to build 3D virtual worlds and digital twins. It integrates AI-driven tools and supports interoperability across multiple design software, enabling seamless workflows for industries like entertainment, architecture, and robotics.

Last but not least, it is really important to talk about **CUDA**. CUDA is NVIDIA's proprietary parallel computing platform and programming model, and it underpins all the products mentioned above. CUDA enables GPUs to perform tasks beyond traditional graphics rendering, allowing workloads in AI, deep learning, and scientific simulations to be accelerated exponentially.

COMPUTE & NETWORKING



NVIDIA's **Compute & Networking division** is dedicated to delivering high-performance computing (HPC) solutions, seamlessly integrated into data centers and advanced networking environments. This segment represents the backbone of NVIDIA's expansion into AI-driven data infrastructure, enabling enterprises to manage and accelerate vast computational workloads. Key products and platforms include:

- **NVIDIA Drive:** advanced autonomous driving platforms that leverage AI to facilitate self-driving capabilities. Drive extends beyond hardware, encompassing software frameworks for perception, planning, and mapping, essential for automotive innovation.

- **Jetson:** a comprehensive platform for robotics and edge computing. Jetson modules power everything from drones to industrial robots, bringing AI inferencing to compact, power-efficient devices.

- **NVIDIA AI Enterprise:** a suite of software and hardware solutions tailored for AI adoption in enterprises, offering tools to streamline AI workflows and scale machine learning models across industries.

- **DGX Cloud:** NVIDIA's cloud-based service, providing access to high-performance AI infrastructure on demand. This platform accelerates AI model development and large-scale training for language models.

- **DPU (Data Processing Unit):** essential for data center networking, DPUs offload networking and data movement tasks from CPUs and GPUs, enhancing overall efficiency.

In addition to these core offerings, NVIDIA provides **high-performance networking solutions:**

- **Quantum InfiniBand:** engineered for maximum data throughput and ultra-low latency, it is ideal for HPC and AI data centers that require unparalleled network performance, although it comes with increased complexity

- **Spectrum Ethernet:** a high-performance Ethernet solution designed to simplify data center networking while delivering exceptional performance and great scalability.

Investments in AI Startups

In 2024, NVIDIA invested \$1 billion in AI startups and corporate deals spread 50 funding rounds, up from \$872 million in 2023. This reflects NVIDIA's strategic focus on fostering AI companies that rely on its GPUs.

A key investment is **xAI**, Elon Musk's AI venture, which aims to compete with OpenAI. By backing xAI, NVIDIA strengthens its position in the AI sector and aligns with Musk's initiatives, a well-known entrepreneur.

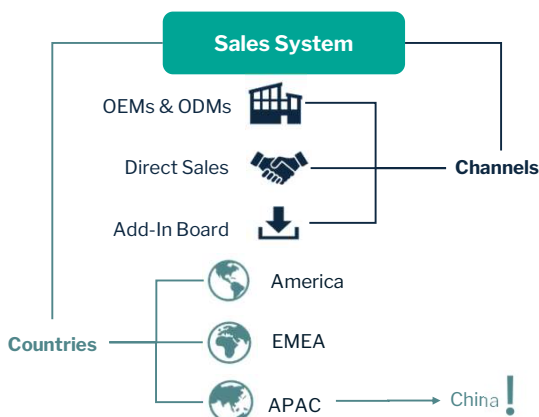
This investment, alongside the acquisition of Run:ai, highlights NVIDIA's commitment to advancing AI technologies and maintaining leadership in the market.

A BIG PROBLEM WHOSE NAME IS CHINA

NVIDIA's **sales system** operates across multiple channels to ensure wide market coverage. The company leverages direct sales to large enterprises and cloud providers, collaborates with OEMs and ODMs for integrating GPUs into third-party products, and distributes through AIB (Add-In Board) partners like ASUS and MSI. Additionally, NVIDIA licenses its technology for integration into custom solutions by external developers and cloud services.

However, the **Chinese market presents significant challenges** for NVIDIA. Due to U.S. government export restrictions, NVIDIA faces limitations in selling its most advanced GPUs, such as the A100 and H100, directly to Chinese clients. In response, NVIDIA has developed downgraded versions of its products to comply with regulations, but these have reduced capabilities compared to their global counterparts. This not only limits NVIDIA's competitive edge in China but also opens the market to local competitors seeking to develop domestic alternatives.

Despite these obstacles, **China remains a crucial market** for NVIDIA, driven by the country's expansive investments in AI, data centers, and autonomous technologies. The company continues to engage with Chinese partners, focusing on less-regulated sectors such as gaming, automotive, and cloud-based services, which still experience strong demand for the company's GPUs and AI solutions.



Mellanox Technologies

In April 2020, NVIDIA completed the **acquisition of Mellanox Technologies** for approximately **\$7 billion**, marking a strategic move to strengthen its data center operations. Mellanox, a leader in **high-performance networking**, had shown consistent growth, with revenues climbing over \$1 billion dollars in 2018 and 2019. This acquisition allowed NVIDIA to integrate Mellanox's advanced interconnect solutions into its portfolio, boosting data throughput and efficiency across NVIDIA's data center infrastructure. The acquisition has significantly contributed to NVIDIA's dominance in the AI and cloud computing sectors, reinforcing its advantage in a rapidly evolving market.

Cumulus Networks

In 2020, NVIDIA acquired **Cumulus Networks** to further enhance its data center networking capabilities. Although the acquisition price was not disclosed, this move was a strategic step in NVIDIA's effort to expand its footprint in the data center market, a critical revenue driver. By integrating Cumulus's expertise in **open networking software**, NVIDIA strengthened its ability to deliver scalable, efficient, and flexible data center solutions. This acquisition aligned with the focus on AI and accelerated computing, contributing to the growth of its Compute & Networking segment which generated \$47.4 billion in FY2024.

CAPITAL ALLOCATION

NVIDIA's management carefully allocates capital, focusing on investments in innovation, attracting top talent, operational efficiency, and shareholder returns.

In 2024, approximately **14.2% of revenue was dedicated to research and development (R&D)**, reflecting a continuous push to maintain the leadership position in the AI, cloud computing, and autonomous technology markets. This significant commitment to R&D is **expected to grow in absolute terms**, reinforcing NVIDIA's competitive edge and safeguarding it from potential industry challengers.

The company is also highly interested in **strategic acquisitions**, such as **Mellanox** and **Cumulus Networks**, which have been instrumental in expanding NVIDIA's technological capabilities and customer base. The company remains proactive in pursuing acquisitions that align with its long-term growth strategy and market expansion.

NVDA also places great importance on **delivering value to shareholders**. Over the past few years, the company has rewarded investors with consistent dividends and share repurchase programs. In 2024 alone, the firm executed **buybacks worth \$12.3 billion**, with announced plans for further repurchases in the coming years.

Much of NVIDIA's success can be attributed to the visionary leadership of **CEO and founder Jensen Huang**, whose ability to anticipate market trends, seize opportunities, and drive innovation has been pivotal in positioning NVIDIA at the forefront of the technology industry. Huang's leadership not only shapes NVIDIA's present dominance but also ensures its future growth and resilience.

EXECUTIVE OFFICERS AND COMPENSATION

At the core of NVIDIA's growth and innovation is **Jensen Huang**, who co-founded the company in 1993 and has served as **CEO** since its inception. Huang's leadership has transformed NVIDIA from a graphics card company into a global leader in AI, data center solutions, and autonomous technologies. His vision for accelerated computing and AI has driven strategic decisions that continue to shape the tech landscape.

Supporting Huang is **Colette Kress, NVIDIA's CFO since 2013**. With extensive experience in the tech industry, Kress has played a crucial role in strengthening NVIDIA's financial health and navigating periods of rapid expansion. Her leadership has been vital in guiding the company through capital allocation strategy and maintaining operational efficiency during growth phases.

Other key executives include:

- **Debora Shoquist, EVP of Operations** - Oversees global operations, ensuring supply chain efficiency and scalability.
- **Timothy Teter, EVP and General Counsel** - Leads NVIDIA's legal affairs, intellectual property protection, and regulatory compliance.
- **Ajay Puri, EVP of Worldwide Field Operations** - Responsible for global sales and marketing strategies.
- **Rev Lebedian, VP of Omniverse and Simulation Technology** - Spearheads NVIDIA's initiatives in the metaverse and digital twin technology.

The **Board of Directors**, led by Huang and composed of experienced leaders across various industries, plays a critical role in providing oversight and strategic direction. The Board collaborates closely with executive leadership to refine NVIDIA's growth plans, ensuring alignment with long-term objectives.

NVIDIA's **executive compensation** structure reflects the company's focus on **performance-driven rewards**. Approximately **96% of Huang's total compensation** and **over 55% for other key executives** are **performance-based**, tied to long-term equity awards and operational milestones. This structure ensures executive interests are aligned with shareholder value and sustainable growth.

Key elements of NVIDIA's compensation strategy include:

- **Equity Ownership:** senior executives are required to maintain significant stock ownership, ensuring alignment with shareholder interests. For example, the CEO is required to hold stock equal to six times his base salary.
- **Performance Metrics:** compensation is linked to some achievements, like revenue growth, market share expansion and innovation milestones.
- **Clawback Policy:** the company retains the right to recover compensation in cases of financial restatement or executive misconduct, to ensure executives remain vigilant.
- **Long-Term Incentive Plans:** a significant portion of executive compensation is tied to multi-year equity performance, reinforcing NVIDIA's focus on sustained growth.
- **Risk Mitigation:** policies prohibit speculative trading of NVIDIA securities by executives, promoting long-term value creation.

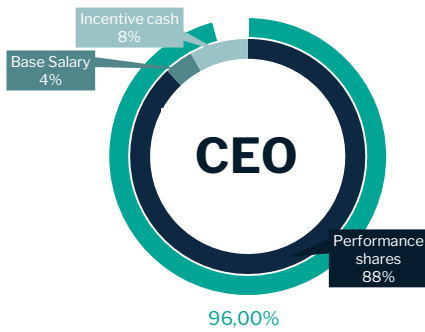
Particularly, in order to better understand the graphs:

- **RSU (Restricted Stocks Units)** -> non performance related | only for All Other NEOs - not available for CEO
- **SY PSU:** Short-Term Performance Stock Units -> performance related
- **MY PSU:** Mid-Term Performance Stock Units -> performance related

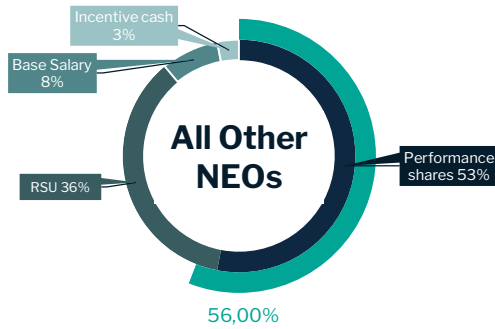
MAIN SHAREHOLDERS

NVIDIA's shareholder base is dominated by **institutional investors**, collectively holding approximately 66.17% of the company's outstanding shares. Leading the pack are The Vanguard Group, Inc. (8.25%), BlackRock, Inc. (7.30%), and Fidelity (5.22%). These investors play a crucial role in influencing NVIDIA's strategic direction and governance.

In terms of **insider ownership**, corporate executives and directors hold around 4.2% of NVIDIA's shares. CEO Jensen Huang is the largest insider shareholder, owning approximately 3.5% of the company's total outstanding shares. Other executive officers and board members collectively account for the remaining insider holdings, demonstrating strong alignment with NVIDIA's performance and shareholder interests.



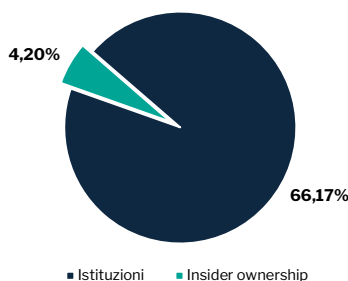
Source: Team Analysis, Company Data



Source: Team Analysis, Company Data

Position	Minimum Ownership Value
CEO	6x base salary
NEOs	1x base salary

MAIN SHAREHOLDERS TYPE

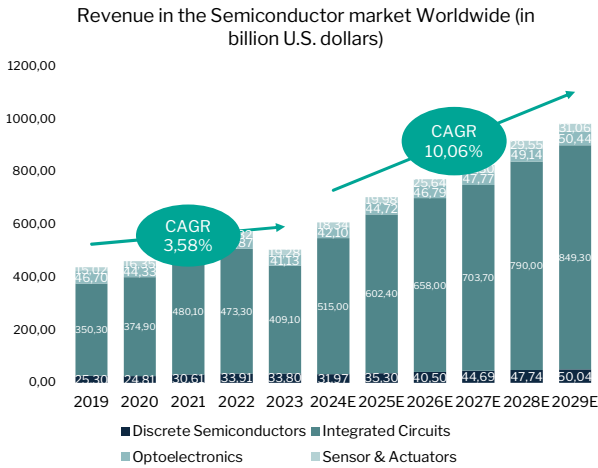


SEMICONDUCTOR MARKET GROWTH OVERVIEW

The **semiconductor industry** has experienced substantial growth in recent years, driven by increasing demand for advanced computing, artificial intelligence, and data-driven applications. The expansion of sectors such as autonomous vehicles, cloud computing, and high-performance computing continues to fuel the need for powerful and efficient semiconductors. This market is expected to witness **significant growth**, with forecasts predicting a compound annual growth rate (CAGR) of **10.06% between 2024 and 2029**, reaching an estimated value of **\$980.8 billion** by the end of the period.

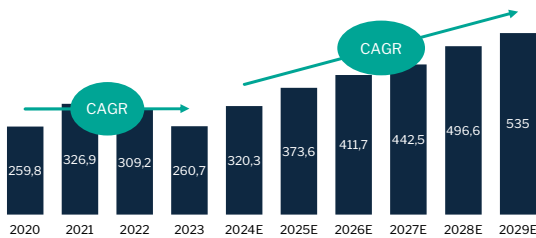
Asia-Pacific (APAC) dominates the semiconductor market, accounting for approximately **62.9%** of the total sector in 2024. This strong regional presence highlights the significance of manufacturing powerhouses like China, Japan, and South Korea in driving global semiconductor production and innovation. The region's consistent investment in semiconductor technology, alongside government-backed initiatives, continues to shape the competitive landscape, enhancing production capacity and accelerating technological advancements.

NVIDIA stands at the forefront of this growth, leveraging its leadership in AI, graphics processing, and data center solutions to capitalize on the expanding market. As industries increasingly rely on semiconductors to develop next-generation technologies, NVIDIA's strategic investments in research and development, amounting to **\$8.7 billion (14.2% of the revenues) in 2024**, ensure it remains a critical player in shaping the future of the semiconductor landscape. This forward-looking strategy not only solidifies NVIDIA's leadership but also enhances its ability to adapt to emerging market trends, fostering innovation across various sectors.



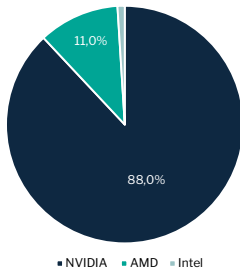
Source: Statista market insights, Team Analysis

Revenue of the Integrated Circuits industry | APAC | 2020 - 2029 (in billion U.S. dollars)



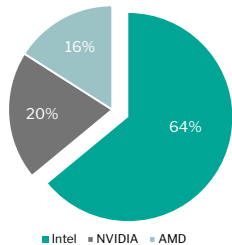
Source: Statista market insights, Team Analysis

Market share of the Add-In GPUs in USA



Source: Statista market insights, Team Analysis

Market share held by the leading GPU providers in Q2 2024 | Add-In + Integrated



Source: Statista market insights, Team Analysis



AN IN-DEPTH ANALYSIS

The semiconductor industry is entering a transformative era, fueled by the accelerating adoption of AI, cloud technologies, and the proliferation of connected devices. As industries increasingly shift towards automation and data-driven operations, semiconductors have become the backbone of technological progress. Valued at **\$607.4 billion in 2024**, the market is projected to reach **\$980.8 billion by 2029**, showcasing the critical role these components play in reshaping industries such as automotive, telecommunications, and healthcare.

This upward trajectory reflects not only rising demand but also the continuous innovation in chip design and manufacturing, positioning semiconductors as a cornerstone of future digital advancements.

Integrated Circuits (IC) dominate the market, comprising **84.7% of total revenue in 2024 (\$515 billion)** and projected to increase to **86.5% by 2029 (\$849.3 billion)**. The growing complexity and miniaturization of electronic devices drive the need for more powerful and efficient ICs, essential for AI applications, electric vehicles, and data centers.

Giving a more precise focus on **Asia-Pacific (APAC)**, it remains the leader in semiconductor production, accounting for **62.9% of the global market in 2024 (\$382.3 billion)**. This share is expected to grow to **63.7% by 2029 (\$624.7 billion)**. China, Japan, and Singapore are key players, supported by cutting-edge manufacturing, government initiatives, and large-scale investments in semiconductor technology. APAC also leads the **IC segment**, with 62.1% of the 2024 market share (\$320.3 billion), forecasted to reach 63% by 2029 (\$535 billion).

In the **Americas**, the semiconductor market shows strong performance, with the **U.S. generating \$83.6 billion in 2024** and **Mexico contributing \$47.12 billion**. NVIDIA holds a dominant position in the U.S. semiconductor landscape, commanding **54.8% market share**, followed by Broadcom at 17.93% and AMD at 3.27%. NVIDIA leads the add-in GPU market with 88%, while Intel holds 64% of the integrated GPU sector.

However, the **competitive landscape is evolving**. AMD is steadily gaining ground, reporting \$6.82 billion in Q3 2024, with strong performance in its data center segment, which generated \$2.83 billion in Q2. AMD's total revenue for 2023 stood at \$22.68 billion, reflecting consistent growth. Conversely, **Intel faces significant challenges**, with Q3 2024 revenue of \$13.28 billion but a net loss of \$16.99 billion. Intel's Client Computing segment remains its primary revenue driver, generating \$7.41 billion in Q2 2024.

To not forget anyone, Qualcomm remains a key player, particularly in mobile chips, despite experiencing a revenue decline from \$44.2 billion in 2022 to \$35.82 billion in 2023. Qualcomm's semiconductor market revenue was \$29 billion in 2023, down from \$34.8 billion in 2022.

NVIDIA's remarkable ascent highlights broader industry trends. In June 2024, NVIDIA's market capitalization soared to \$3.01 trillion, making it the third company globally to surpass this milestone after Apple and Microsoft. This achievement reflects a promising and solid future for NVIDIA, indicating **the trust that the markets place in the company**.

UNDERLYING MACROECONOMICS FACTORS

NVIDIA's growth has been influenced by **several macroeconomic factors** that have both challenged and propelled the company forward. The **COVID-19 pandemic** triggered an unprecedented surge in demand for technology, as remote work, gaming, and digital transformation became essential. This resulted in a 52.7% increase in revenue for fiscal year 2021, marking a strong rebound from the 6.8% decline experienced in 2020. The upward trend continued into 2022, with revenue soaring by 61.4% year-over-year (YoY), driven by heightened demand for GPUs in gaming, data centers, and AI applications.

However, **this momentum slowed in fiscal year 2023**, when revenue growth stagnated at just 0.2% compared to the previous year. This period coincided with the **global semiconductor shortage**, which constrained supply chains and limited production capacity across the industry. Despite these headwinds, NVIDIA maintained its market dominance, leveraging the high demand for cutting-edge technologies to strengthen its position even as competitors faced greater challenges in meeting demand.

External Analysis

SWOT ANALYSIS

S

Strengths

- Dominance in GPU technology
- Innovative technologies
- Strong partnerships with worldwide known companies
- Solid financial performances
- One of the most capitalized company in the world

W

Weaknesses

- Overexposure to computer, data center and gaming markets
- Ongoing need for innovation
- High product prices
- Supply chain vulnerability

O

Opportunities

- Expansion into AI and data center markets
- Growth in gaming, virtual reality and automotive sectors
- Development of long-term market dominance
- Driving the GPU sector in a always more digitized world

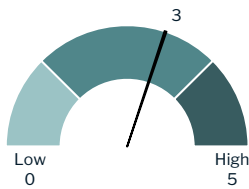
T

Threats

- Intense and rising industry competition
- Rise of Internal Competition (In-House Chips)
- Rapid Technological Obsolescence
- Macroeconomic risks, such as recessions or currency fluctuations
- Shortages of Critical Components

5 PORTER'S FORCES

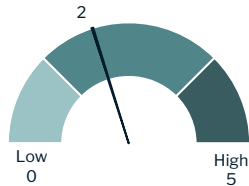
BARGAINING POWER OF SUPPLIERS



Bargaining power of suppliers

The bargaining power of suppliers is **moderate**. Suppliers play a critical role in NVIDIA's business model, as the company outsources its chip manufacturing to third parties. TSMC and Samsung, NVIDIA's primary suppliers, wield significant influence due to their essential role in the production process. Since NVIDIA heavily relies on the sale of its chips, these suppliers can exert leverage, especially during periods of high demand or supply chain constraints. This dynamic can intensify in the face of geopolitical tensions or economic uncertainties, limiting NVIDIA's ability to diversify its supplier base and increasing dependence on a select few key partners.

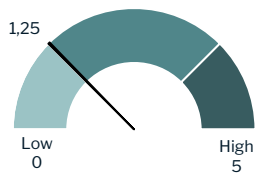
BARGAINING POWER OF BUYERS



Bargaining power of customers

The bargaining power of customers is **moderate**. NVIDIA's strong brand and technological leadership position it as a dominant force in the dedicated GPU market, catering to data centers, gaming, and high-performance computing needs. Customers recognize the value of NVIDIA's products, which often deliver superior performance and innovation. However, despite this reliance, customers hold some leverage. Large-scale clients, such as cloud service providers and enterprise firms, have the resources to develop in-house chips or shift their business to competitors like AMD. This potential for internal development or competitor engagement acts as a counterbalance to NVIDIA's dominance, preventing the company from exerting unchecked pricing power and pushing it to consistently innovate and offer compelling solutions.

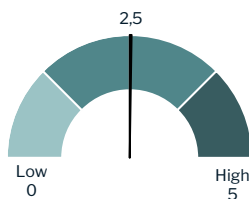
THREAT OF NEW ENTRANTS



Threat of new entrants

The threat of new entrants into the market is considered **low**. NVIDIA operates in a highly competitive and specialized sector, characterized by significant barriers to entry. The advanced technological expertise and engineering capabilities required to compete in the GPU and semiconductor markets create substantial hurdles for potential new players. Developing chip technology demands extensive R&D investment, access to sophisticated manufacturing processes, and deep industry knowledge. For new companies, scaling operations to match NVIDIA's level of performance and innovation represents a formidable challenge. Additionally, NVIDIA's established brand reputation and market share defend it from emerging competitors, reducing the likelihood of disruption from new entrants and maintaining its dominant position in the industry.

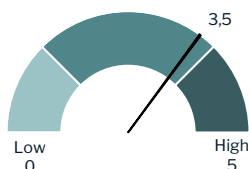
THREAT OF SUBSTITUTE PRODUCTS



Threat of substitute products

The threat of substitute products is **moderate**. While NVIDIA's GPUs lead in gaming, AI, and data centers, alternatives like advanced CPUs, FPGAs, and custom chips from Google (TPU) and Amazon (Graviton) provide competition. These substitutes are typically task-specific and lack the versatility and power of NVIDIA's GPUs, especially in high-performance computing. NVIDIA's technological edge, driven by CUDA and constant innovation, makes replication difficult. The company's growth in areas like the metaverse and automotive AI further limits the impact of substitute products, securing NVIDIA's market position.

COMPETITIVE RIVALRY



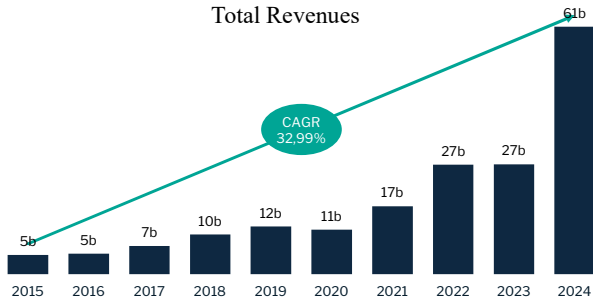
Competitive rivalry

The threat of competitive rivalry is **moderate to high**. AMD stands as NVIDIA's primary competitor, offering competitive GPUs across both consumer and professional markets. Intel's entry into the dedicated GPU space with the Arc series has intensified competition, while other players like Qualcomm and Apple continue to develop custom graphics solutions tailored for their ecosystems. This increasing competition drives NVIDIA to invest heavily in research and development to maintain its technological edge. Price wars in the consumer segment, combined with the race to deliver more powerful and energy-efficient GPUs, contribute to the highly dynamic nature of the market.

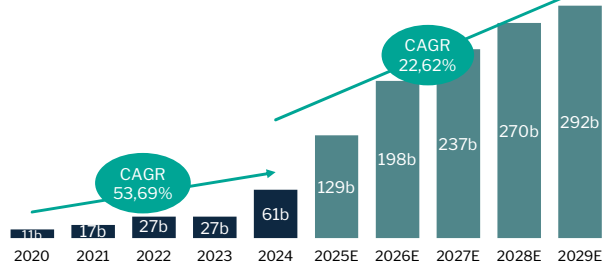
Financial Analysis

INCOME STATEMENT

Total Revenues

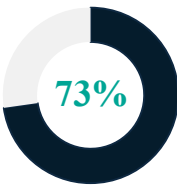


Source: Company data, Team Analysis



Source: Company data, Team Analysis

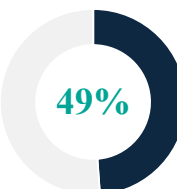
Gross Profit Margin



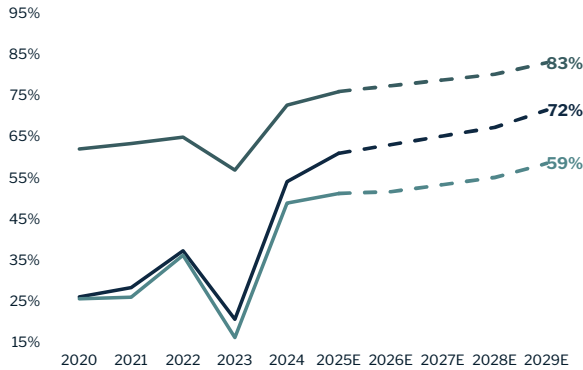
Ebit Margin



Net Income Margin

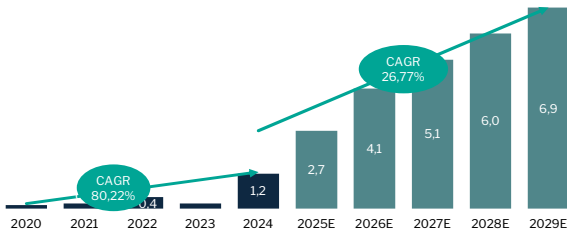


— Ebit Margin — Net Income Margin — Gross Profit Margin



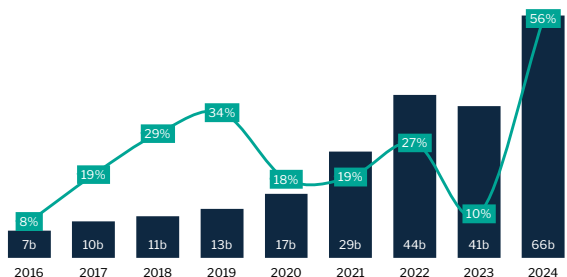
Source: Company data, Team Analysis

EPS



Source: Company data, Team Analysis

— Total Assets — Return on Assets



Performance Review

From 2015 to 2024, NVIDIA experienced steady growth, which accelerated dramatically during the pandemic, peaking in the last year driven by the generative AI boom. Quantitatively, the company achieved a CAGR of 32.99%, largely driven by performance over the past three years, reflecting high expectations for the future. A key indicator in evaluating NVIDIA's trajectory is the evolution of its net income margin. Despite setbacks in 2019 (pandemic) and 2022 (FY2023 - chip crisis), the margin grew from 13% in 2015 to 49% in 2024. This upward trend, although occasionally interrupted, is expected to continue rising.

Future Growth Scenario (2025 - 2029)

For the period 2025 to 2029, NVIDIA's revenue is projected under three scenarios: base, pessimistic, and optimistic. Each scenario reflects different levels of NVIDIA's ability to leverage its leadership, innovate, manage competition, and respond to macroeconomic factors and customer preferences.

Base Scenario

In the base scenario, NVIDIA is expected to maintain its market dominance, with a projected CAGR of 22.62% from 2025 to 2029. Revenue is forecasted to grow from \$129 billion in FY2025 to approximately \$292 billion by FY2029.

Growth is anticipated to be explosive over the next two years, fueled by substantial investments in AI, which is expected to peak during this period. However, growth rates are predicted to gradually decline year-over-year. This scenario reflects NVIDIA's strong capacity to meet demand and stay ahead of competitors, primarily AMD and Intel, without entirely eclipsing them.

Pessimistic Scenario

In the pessimistic scenario, NVIDIA faces increasing competition and in-house solutions developed by key clients. Despite these challenges, the company's projected CAGR for the next five years will lead to an increase in revenue from \$61 billion in FY2024 to \$258 billion in FY2029.

While competition may catch up, NVIDIA is still expected to benefit from strong demand in the short term. The company's competitive advantage is likely to persist, ensuring positive performance at least for the next two years.

Optimistic Scenario

In the optimistic scenario, NVIDIA fully capitalizes on its market leadership, seizing opportunities to approach a near-monopoly position. The projected CAGR in this scenario results in revenue growing from \$61 billion in FY2024 to \$312 billion by FY2029.

This scenario reflects NVIDIA's potential to outpace competitors and solidify its dominance across key markets, driven by continuous innovation and expansion in AI, gaming, and data centers.

Margins

Over the years, NVIDIA has consistently demonstrated its ability to manage operations effectively and improve margins, even during challenging periods such as the FY2023 chip crisis.

The **Gross Profit Margin** increased from 62% in 2020 to 73% in 2024, reflecting NVIDIA's capacity to control costs and optimize efficiency. This growth highlights how the company leverages the scalability of its products and industry, translating demand into higher profitability.

NVIDIA's **EBIT Margin** expanded from 26% in 2020 to 54% in 2024, underscoring the company's effective management of operating expenses and consistent revenue growth year after year.

The **Net Income Margin** rose from 26% in 2020 to 49% in 2024. Notably, despite a sharp decline to 16% in 2023—a 20% YoY drop—NVIDIA rebounded swiftly, surpassing previous highs to achieve record margins in 2024. This rapid recovery underlines the strength of the market forces propelling the company forward.

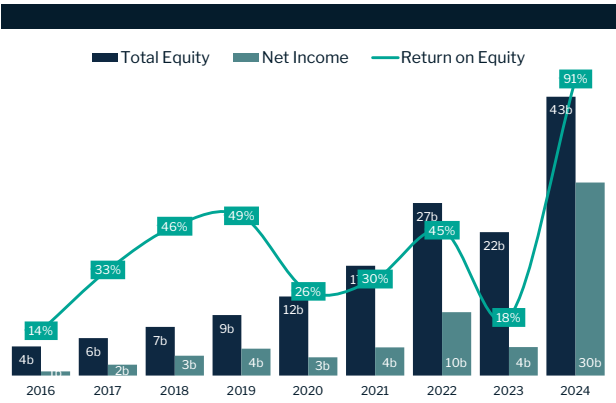
Regarding **Free Cash Flow (FCF) Margin**, NVIDIA experienced significant improvements. Starting at 17% in 2020, impacted by the pandemic, the margin recovered to 32% in 2021 before dipping again in 2023. However, the company achieved an all-time high of 54% in 2024, reinforcing its resilience and ability to generate strong cash flows even after periods of volatility. This robust performance positions NVIDIA for further expansion and strengthens its financial foundation.

An analysis of how much net income converts into free cash flow reveals NVIDIA's impressive **Profit Quality Ratio**, averaging 118% from 2019 to the present. However, the ratio declined from 176% in 2023 to 111% in 2024, primarily due to heavy investments aimed at expanding technological infrastructure. These investments are crucial to maintaining market dominance. In the future, the ratio is expected to stabilize around 100%, reflecting a balance between profitability and growth-driven expenditures.

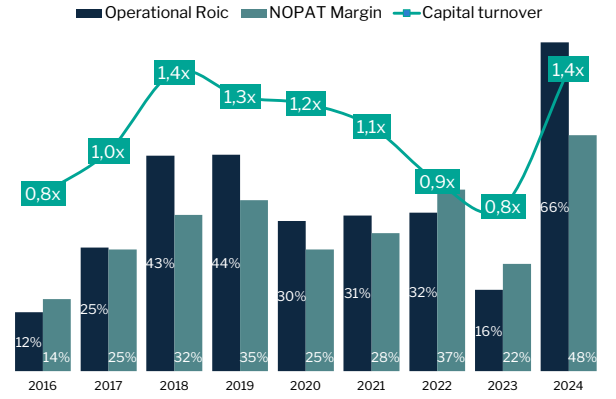
EPS (Earnings Per Share)

NVIDIA has demonstrated remarkable EPS growth, achieving a CAGR of 80.22% from 2020 to 2024, culminating in an EPS of \$1.20 per share. This surge highlights the increasing confidence the market places in NVIDIA, consistently driving the valuation of its earnings higher. The company's strong performance and market position reflect the growing belief in its ability to capitalize on future opportunities.

Looking ahead, projections estimate a CAGR of 26.77% for EPS from 2024 to 2029, potentially elevating the figure to \$6.09 per share. This projection underscores market optimism regarding NVIDIA's sustained growth trajectory and its expanding influence in key sectors, including AI, cloud computing, and data centers. The anticipated growth not only reflects NVIDIA's operational strength but also suggests the company's potential to significantly increase shareholder value over the next five years.



Source: Company data, Team Analysis



Source: Company data, Team Analysis

ROA (Return on Assets)

NVIDIA's ROA has climbed from 8% in 2016 to 56% in 2024, closely reflecting market trends during the pandemic and chip crisis. This impressive growth highlights NVIDIA's increasing efficiency in utilizing its assets to drive profitability.

ROE (Return on Equity)

NVIDIA's ROE has fluctuated significantly over the years. Starting at 14% in 2016, it peaked at 49% in 2019 but dropped to 18% in 2023 due to the pandemic and chip shortage. Despite these setbacks, ROE surged to 91% in FY2024, reflecting a 73 percentage point increase. This remarkable rebound was fueled by a 581.3% YoY net income growth. Although projections suggest a decline, ROE is expected to stabilize at a solid 40% by FY2029.

Operational ROIC and NOPAT Margin

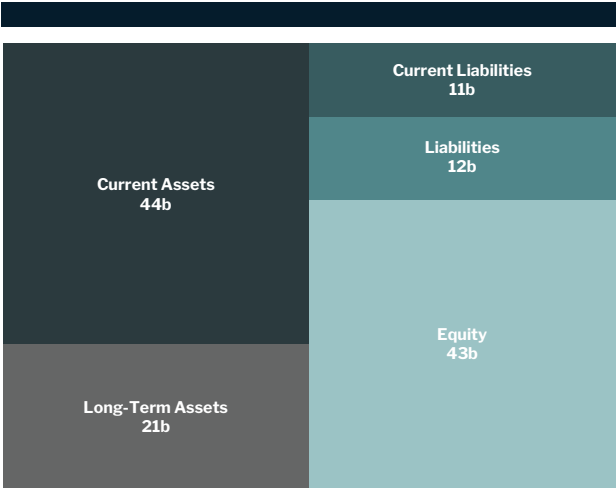
Discussing the ROIC (Return on Invested Capital) provides a deeper view of NVIDIA's efficiency in using capital to generate profits. It is calculated by multiplying the NOPAT Margin (Net Operating Profit After Tax Margin) by the Capital Turnover. The NOPAT Margin measures how much profit remains after operating expenses and taxes for every dollar of revenue, while the Capital Turnover evaluates how effectively the company generates revenue from its invested capital.

Operational ROIC

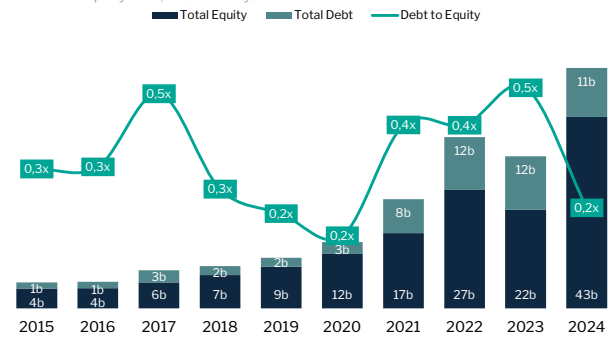
Starting at 12% in 2016, this ratio has mirrored market trends and encountered similar challenges, before recovering to 16% in 2023 and reaching 66% in 2024.

NOPAT Margin

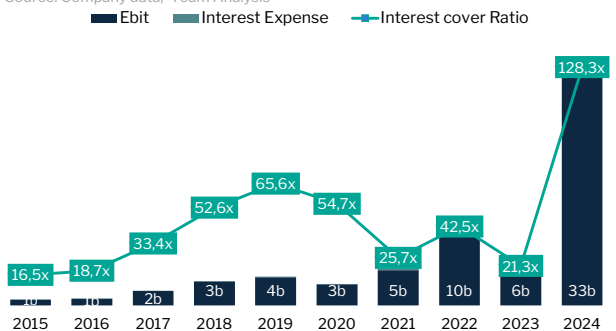
NVIDIA's NOPAT Margin rose from 14% in 2016 to 48% in 2024, bouncing back from a low of 22% in 2023. This growth highlights NVIDIA's ability to enhance operational profitability through scalability and cost optimization, even during challenging periods.



Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis

BALANCE SHEET

NVIDIA's balance sheet reflects financial stability and strength. With total assets amounting to \$65 billion (including \$44 billion in current assets and \$21 billion in long-term assets), the company possesses substantial resources to support its operations and strategic investments. Notably, current assets exceed current liabilities by \$33 billion, resulting in a current ratio of 4.2. This highlights NVIDIA's strong liquidity management, ensuring the ability to meet short-term obligations with ease while maintaining the flexibility to invest in significant new projects.

The capital structure is equally robust, with \$43 billion in equity, representing approximately 66% of the company's total resources. This reflects NVIDIA's strong focus on delivering value to shareholders. Total liabilities stand at \$23 billion, with \$12 billion in long-term liabilities, indicating a conservative debt strategy and effective risk management practices.

In summary, NVIDIA's balance sheet showcases the company's ability to allocate resources efficiently in a sector where liquidity and capital flexibility are critical. Its financial stability and structured approach allow NVIDIA to maintain a healthy standing, manage obligations, and pursue strategic goals without exposing itself to significant risks.

Debt-to-Equity Ratio Analysis

NVIDIA's debt-to-equity ratio has experienced significant fluctuations over time. Since 2015, when the ratio stood at 0.3x, it peaked at 0.5x in both 2017 and 2023, while hitting a low of 0.2x in 2020 and 2024. These oscillations reflect variability in NVIDIA's capital structure, but this should not be misinterpreted as a sign of risk or mismanagement. NVIDIA operates in a sector that has faced considerable market pressure in recent years and continues to do so. Such an environment justifies volatility, particularly during periods of instability (such as the COVID-19 pandemic and the chip crisis) and subsequent phases of rapid growth. Notably, debt increases have coincided with challenging macroeconomic conditions, specifically in 2021, 2022, and 2023.

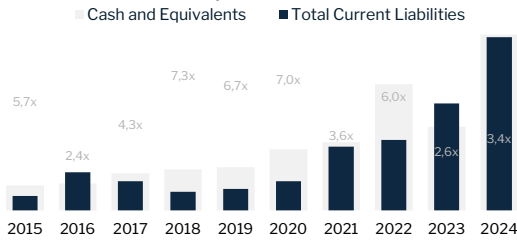
Future projections for the ratio are reassuring. By 2025, the debt-to-equity ratio is expected to stabilize between 0.1x and 0.2x, reflecting a more balanced capital structure.

Interest Expenses and EBIT Dynamics

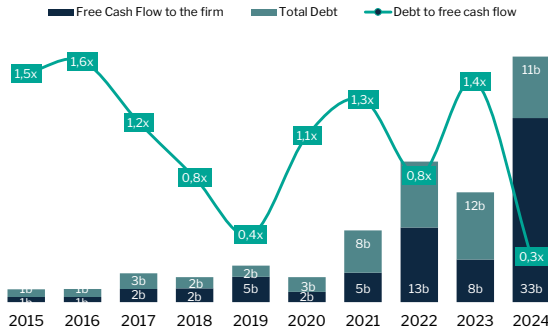
When analyzing interest expenses relative to EBIT, NVIDIA consistently demonstrates exceptional debt coverage. Even during recent macroeconomic crises, the company maintained a safe coverage level of at least 21.3x. This figure surged dramatically to 128.3x in 2024, driven by a 5.5x increase in EBIT (rising from \$6 billion to \$33 billion).

Looking ahead, this ratio is expected to improve further. NVIDIA has shown a strong preference for equity financing, which provides the company with greater flexibility—an essential asset in a sector where adaptability is crucial. This prudent approach ensures that NVIDIA remains well-positioned to navigate industry volatility while preserving financial health.

Quick Ratio

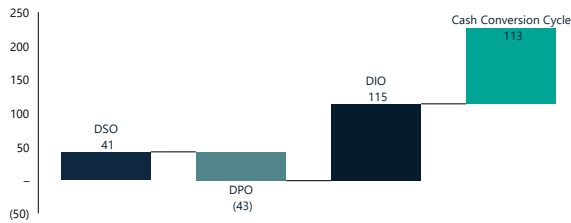


Source: Company data, Team Analysis

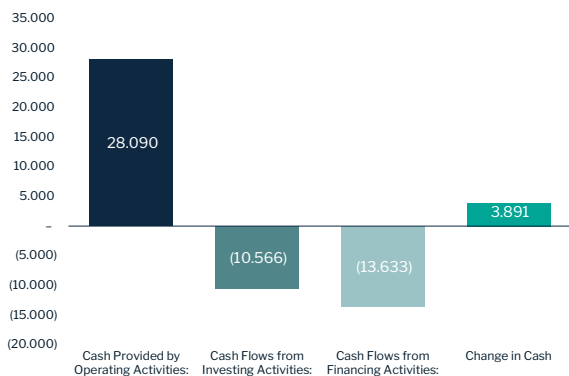


Source: Company data, Team Analysis

Cash Conversion Cycle

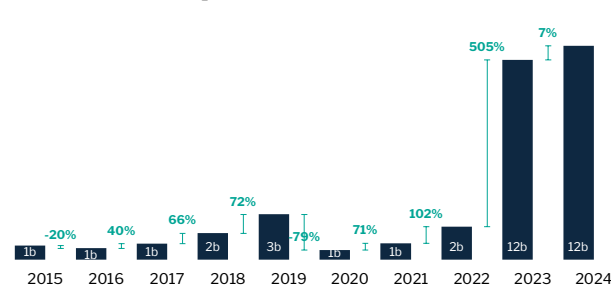


Source: Company data, Team Analysis



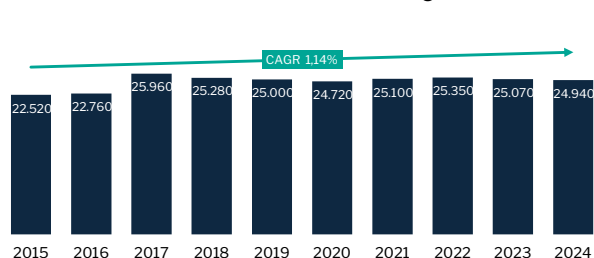
Source: Company data, Team Analysis

Repurchase of Common Stock



Source: Company data, Team Analysis

Diluted Shares Outstanding



Source: Company data, Team Analysis

Quick and Current ratio analysis

NVIDIA's Quick Ratio has undergone significant growth over the years, consistently following an upward trend. However, notable declines occurred in 2021 and 2023, though the company quickly recovered in 2022 and 2024, albeit with less momentum in the most recent period. While these dips can largely be attributed to frequently cited macroeconomic factors such as the COVID-19 pandemic and the chip shortage, the slower recovery compared to 2022 is likely due to a sharp increase in current liabilities and substantial cash outflows directed toward critical investments.

The company's ability to rebound despite challenging conditions highlights its strong liquidity management and strategic foresight. Although the recovery in 2024 was less pronounced, NVIDIA's focus on long-term growth and technological innovation underpins its resilience.

Looking ahead, projections suggest that the Quick Ratio will begin to rise significantly starting in 2025, reflecting anticipated improvements in cash flow management and the stabilization of liabilities.

Debt to free cash flow analysis

To analyze NVIDIA's financial strength, the Debt to Free Cash Flow (Debt/FCF) ratio serves as a key indicator. This metric, calculated by dividing total debt by the company's FCF, shows how many years it would take for the company to repay its entire debt using its free cash flow.

Examining its progression over time, the graph illustrates significant improvements in this ratio, although it deteriorated during periods of macroeconomic difficulty, which have been well-documented.

As with other metrics, the notable shift between 2023 and 2024 stands out: the Debt to Free Cash Flow ratio dropped from 1.4x to 0.3x. This shift was driven not by a 9% reduction in debt, but rather by a substantial increase in free cash flow, which soared from \$8 billion in 2023 to \$33 billion in 2024.

Similar to other indicators, the ratio is expected to remain stable over time, consolidating around a level of 0.1x.

Cash Conversion Cycle analysis

NVIDIA's cash conversion cycle (CCC) highlights both strengths and areas for improvement, with a total of 113 days. This reflects the capital-intensive nature of the semiconductor industry, where production cycles are lengthy, and inventory turnover can be slower.

The **DSO** of 41 days indicates that NVIDIA collects payments from customers in a reasonable timeframe. While this is efficient and typical for a company of NVIDIA's scale, there is still room for improvement.

The **DPO** of 43 days suggests that NVIDIA can delay payments to suppliers, showcasing strong negotiation leverage and effective cash flow management.

However, the **DIO** of 115 days reflects the extended time NVIDIA holds inventory before converting it into sales. This value is relatively high, underscoring the complexity of semiconductor manufacturing and the prolonged production lead times.

CASHFLOW STATEMENT

In recent years, NVIDIA has shown exceptional financial growth, as clearly evidenced by its Cash Flow Statement. Below are some of the most relevant sections of the CFS:

Operating Cash Flow Growth

In 2015, operating cash flow stood at \$906 million, but in the last 12 months, it surged to \$58.96 million. This increase reflects the rise in net income, which grew from \$631 million in 2015 to over \$63 billion in the LTM period. While working capital has fluctuated over time, NVIDIA has optimized its operating cash flows, establishing a solid base to support its activities and investments.

Commitment to Investments

NVIDIA's growth strategy is reflected in the negative cash flows from investing activities, primarily driven by capital expenditures and acquisitions. For the 2025-2029 period, capital expenditures are expected to remain high, settling just below \$6 billion annually, demonstrating a continued commitment to technological and infrastructural expansion.

Active Financing Policies

Negative cash flows from financing activities indicate NVIDIA's dedication to distributing value to shareholders through share buybacks and dividend payments. Despite these expenses, the strategy has not undermined the company's ability to generate liquidity, maintaining a strong cash position.

Solid Liquidity Position

An important highlight is the improvement in liquidity. At the end of the period, liquidity increased from \$497 million in 2015 to \$10 billion in the last twelve months, reflecting excellent financial management.

Value Generation for Shareholders

Both Free Cash Flow to the Firm (FCFF) and Free Cash Flow to Equity (FCFE) show consistent growth. In particular, FCFF reached 65 billion in LTM and is expected to touch \$171 billion in 2029, ensuring strong returns for investors and additional room for future investments.

NVIDIA's **buyback strategy** demonstrates the company's strong focus on repurchasing shares during periods when their market value is perceived to be lower than expected future levels. This approach highlights NVIDIA's commitment to maximizing shareholder value.

A closer look at the data reveals a notable increase in buybacks during 2023 and 2024 compared to 2022. Over the past two years, NVIDIA repurchased shares worth \$11.514 billion and \$12.316 billion, respectively. This trend underscores the company's intent to deliver value to shareholders who continue to support the firm. Future projections suggest even stronger buyback policies, with LTM (Last Twelve Months) buybacks reaching \$34.46 billion. NVIDIA is expected to close the year around this level, reflecting a 2.8x growth in buyback value. This sharp increase signals of strong confidence in the company's future prospects, acknowledging its dominant market position and significant strategic advantage over competitors.

Regarding shares outstanding, the figures have remained relatively stable over the years. However, this reflects a dynamic balance - NVIDIA has conducted several stock splits and continues to issue new shares. The rationale behind this strategy is clear: to supply the market and employees with shares while using buybacks to elevate the P/E ratio and enhance overall shareholder returns.

Valuation

DCF VALUATION

Weighted Average Cost of Capital

Risk free rate (R_f)	4,58% ⁽¹⁾
Country risk premium	0,46% ⁽²⁾
Equity risk premium ($R_m - R_f$)	5,06% ⁽³⁾
Equity Beta	1,60 ⁽⁴⁾
Cost of Equity (K_e)	13,11%
Cost of debt	5,17% ⁽⁵⁾
Tax rate	1,79%
After-tax Cost of Debt (K_{dt})	5,08%

Capital Structure

Equity	100%
Debt	0%
Weighted Average Cost of Capital	13,09%

We estimate a WACC of 13,09% for Nvidia. To determine the cost of debt, we add Nvidia's debt rating-implied corporate spread to the risk-free rate. To reflect Nvidia's global operations, we use a revenue-weighted spread plus the risk-free rate (US5y), adjusted based on regional revenue distribution. The cost of equity is calculated using the CAPM formula, incorporating a revenue-weighted equity risk premium. The Beta is derived from a direct correlation with the S&P 500, as we believe this benchmark aligns more closely with Nvidia's global reach and its potential market movements.

We expect the terminal growth rate to stabilize at 5,5% after 2029 based on (1) projected real GDP growth in core markets, (2) Growth of the industry, and (3) long term inflation goals of company's main countries of operation. We see potential upside for the terminal growth rate based on the possible favorable market position and economic conditions. This will result in further appreciation of the share price far beyond our target price. Our terminal value also implies an exit EV/EBITDA multiple of 40x.

SCENARIOS

BEAR CASE

BASE

BULL CASE



Compute & Networking

Competitors are beginning to regain ground, developing substitute/comparable technologies to those of NVIDIA.

NVIDIA maintains its leadership through strong product demand and its advantage over competitors.

NVIDIA strengthens its position by leveraging the AI trend, reaching an almost absolute monopoly status.

Market share

+3% YoY

+4,5% YoY

+6% YoY



Graphics and gaming

Competitors gain market share through innovative solutions at competitive prices for gaming and overall graphics computing.

NVIDIA maintains a strong position in the gaming and graphics sectors thanks to high quality and fair pricing.

The company continues to improve and outperform competitors through continuous innovation in the industry.

Customer Base

+4% YoY

+6% YoY

+8% YoY



LLM and AI markets

Investments in LLM decrease, and the demand for computational solutions is lower than expected.

Investments in AI align with expectations, driving demand for NVIDIA.

The LLM and AI sectors evolve beyond expectations, creating significant opportunities for NVIDIA.

C&N Revenue Share

+6% YoY

+9% YoY

+12% YoY

Price target NVDA

154,07

183,68

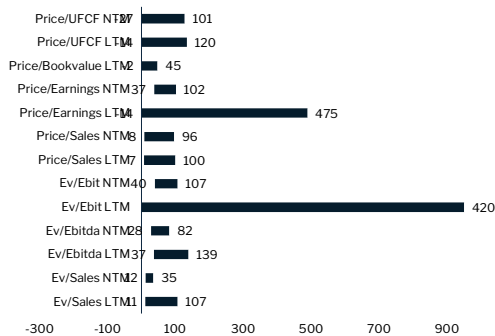
213,27

% Change from current price

10%

31%

52%



RELATIVE VALUATION

The price resulting from our multiple valuation is approximately \$82 per share (representing a 41.2% downside compared to the current price). The discrepancy between the valuation obtained through the discounted cash flow (DCF) method and the significantly lower price derived from the multiple analysis can be attributed to the extraordinary rise in NVIDIA's valuation multiples in recent years. Unlike its peers—AMD, Intel, Qualcomm, and Broadcom Inc.—NVIDIA has seen its Price-to-Earnings (P/E) and EV/EBITDA ratios surge to unprecedented levels, and these are just two of the key metrics highlighting this divergence. We believe this phenomenon is driven by its dominant position in the GPU market, its leadership in AI infrastructure, and its pioneering efforts in data centers and autonomous systems. These factors have created a unique premium for NVIDIA that significantly differentiates it from competitors operating in the semiconductor industry. Consequently, the historical and sector averages used in the multiple analysis fail to fully capture NVIDIA's current growth trajectory and market positioning, explaining the valuation gap.

Qualitative Summary

NVIDIA operates globally with a diversified customer base, positioning the company for sustained growth across multiple sectors. Its competitive advantages, market leadership, and strong pricing power reflect its ability to dominate key industries like AI, gaming, and data centers. With capable management and a proven track record of innovation, NVIDIA consistently capitalizes on emerging trends. The company is resilient to recessions and market disruptions, leveraging its critical role in technological advancements. However, the absence of a unique business model may limit differentiation from emerging competitors.

Quantitative Summary

NVIDIA exhibits robust financial health, meeting all quantitative criteria. The company maintains a low debt-to-equity ratio below 0.8, ensuring financial stability. Interest expenses remain minimal relative to EBIT, showcasing excellent coverage. Over the past five years, NVIDIA has delivered strong revenue and EBITDA growth, with a revenue CAGR exceeding 5% and EBITDA CAGR above 7%. Additionally, NVIDIA consistently achieves a high ROIC, averaging over 15%, and exceptional efficiency with an FCF/Net Income ratio > 80%.

Investment recommendation

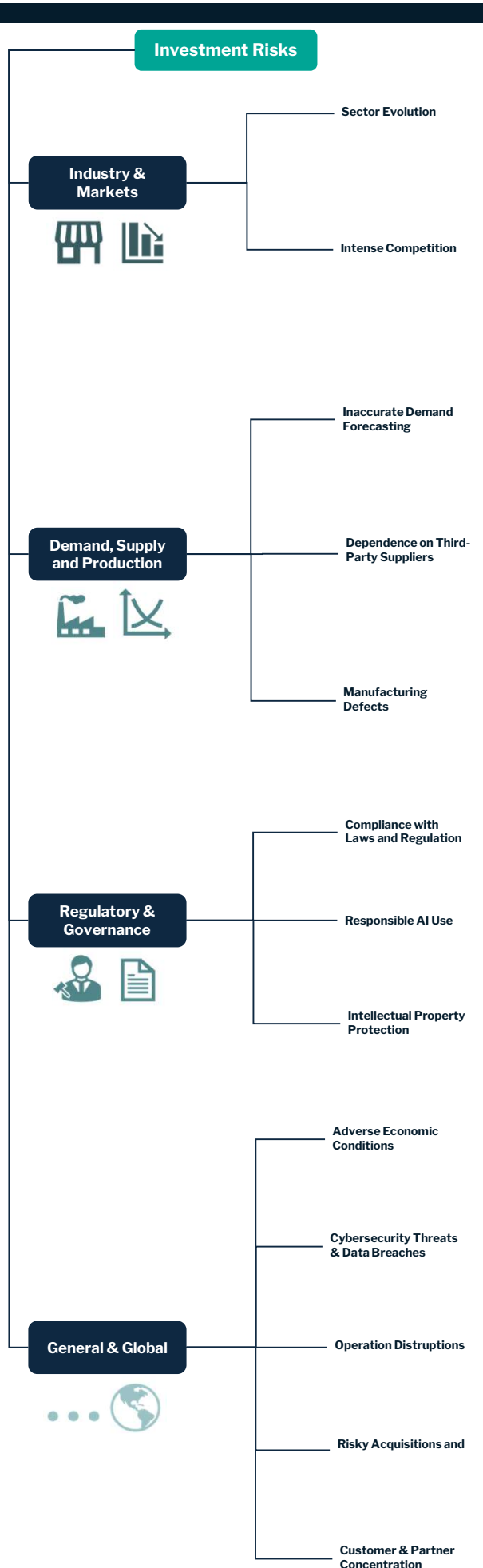
We reiterate our BUY recommendation for NVIDIA with a 12-month target price of \$183.68, presenting a 31.1% upside potential on the closing price of \$140.11 on January 8, 2025. To confirm the robustness of our DCF and to incorporate the investment risks outlined in the next section, we performed a sensitivity analysis and a scenario analysis. The analysis doesn't rely much on relative valuation due to challenges caused by the limited reliability of recent market figures in such a volatile sector.

Qualitative Factors

Unique business model	<input type="checkbox"/>
Operates globally	<input checked="" type="checkbox"/>
Diversified customer base	<input checked="" type="checkbox"/>
Capable of Growing	<input checked="" type="checkbox"/>
Competitive advantages	<input checked="" type="checkbox"/>
Pricing Power	<input checked="" type="checkbox"/>
Leading Market position	<input checked="" type="checkbox"/>
Capable Management	<input checked="" type="checkbox"/>
Recession resistant	<input checked="" type="checkbox"/>
Immune to disruption	<input checked="" type="checkbox"/>

Quantitative Factors

Debt/Equity <0.8	Yes
Ebit/interst exp. >5	Yes
Revenue 5y CAGR > 5%	Yes
ROIC 5y Avg > 15%	Yes
FCF/Net income > 80%	Yes
Ebitda 5y CAGR > 7%	Yes



Industry and Market Risks

Sector Evolution

The technology sector evolves rapidly, with shifting customer needs and market demands. NVIDIA's leadership depends on its ability to keep pace with emerging technologies. Falling behind could hurt competitiveness, financial results, and market share. Fast development cycles in AI, cloud computing, and autonomous systems increase this risk. Competitors introducing disruptive technologies may challenge NVIDIA's position in key sectors.

Intense Competition

NVIDIA faces aggressive competition from AMD, Intel, and new market entrants. Competitors may offer superior, cost-effective, or energy-efficient products, pressuring margins and prompting higher R&D investment. Rapid innovation in AI chips, custom silicon, and GPUs threatens NVIDIA's dominance. Additionally, non-traditional players like Google, Amazon, and Apple developing proprietary hardware increase competitive risks and market fragmentation.

Demand, Supply, and Production Risks

Inaccurate Demand Forecasting

Misjudging customer demand can misalign production and sales, causing excess inventory or shortages. This disrupts NVIDIA's supply chain, potentially leading to financial losses and delays. Predicting market trends and consumer needs accurately is essential to avoid costly overproduction or missed sales opportunities. Failure to anticipate demand fluctuations could weaken NVIDIA's responsiveness and erode customer trust.

Dependence on Third-Party Suppliers

NVIDIA relies heavily on external suppliers and manufacturers, such as TSMC for chip production and assembly. Delays, quality issues, or logistical disruptions from these suppliers can hinder NVIDIA's ability to meet demand and maintain product standards. This dependence exposes NVIDIA to vulnerabilities in the global supply chain, especially during geopolitical tensions or economic instability. Diversifying suppliers and establishing stronger contingency plans is crucial to mitigating these risks.

Manufacturing Defects

Product defects can cause financial burdens, including repair or replacement costs. Malfunctions impact revenue and may harm NVIDIA's reputation, leading to customer attrition and legal disputes. In a competitive market, rigorous quality control and swift resolution of flaws are essential to maintaining NVIDIA's standing and customer confidence.

Regulatory and Governance Risks

Compliance with Laws and Regulations

Operating globally, NVIDIA faces complex regulations that vary by country. Violations of tax, environmental, or trade laws could lead to fines and penalties, negatively affecting operations and profitability.

Responsible AI Use

AI deployment carries ethical and reputational risks. Misuse of NVIDIA's AI technologies by third parties could result in legal disputes and damage the company's brand image, emphasizing the need for responsible AI policies.

Intellectual Property Protection

Safeguarding patents and innovations is critical but costly. Failing to defend intellectual property could erode NVIDIA's advantage, enabling rivals to replicate its products and undermine its market leadership.

General and Global Operational Risks

Adverse Economic Conditions

Economic downturns or global instability can limit technology spending by businesses and consumers, impacting GPU and AI solution sales. NVIDIA's revenue and profits could decline during economic contractions, restricting growth and reducing flexibility.

Cybersecurity Threats and Data Breaches

NVIDIA relies on complex IT systems, making it vulnerable to cyberattacks or data breaches that could disrupt operations and damage its reputation. Such incidents may result in financial losses, legal challenges, and diminished shareholder trust, necessitating continued investments in cybersecurity.

Operational Disruptions

Natural disasters, power outages, and pandemics pose risks to NVIDIA's production and operations. These events can delay deliveries, reduce revenue, and strain customer relationships. Strengthening supply chain resilience and operational redundancies is vital to minimizing disruption impacts.

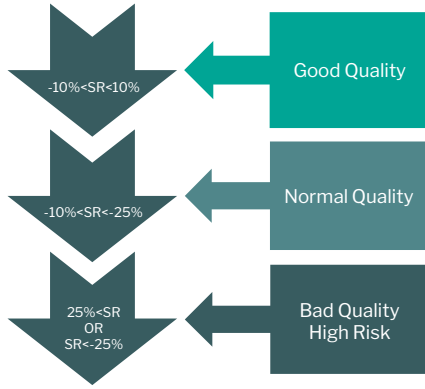
Risky Acquisitions and Investments

Not all acquisitions or investments yield positive results. Poor integration of new technologies or companies can lead to financial losses and innovation slowdowns. Diverting resources from core operations may further hinder growth.

Customer and Partner Concentration

NVIDIA's revenue heavily depends on a limited number of large clients and distributors. Losing key partners could disrupt financial stability and sales. Diversifying the client base and fostering new alliances are essential to mitigating this risk.

APPENDIX



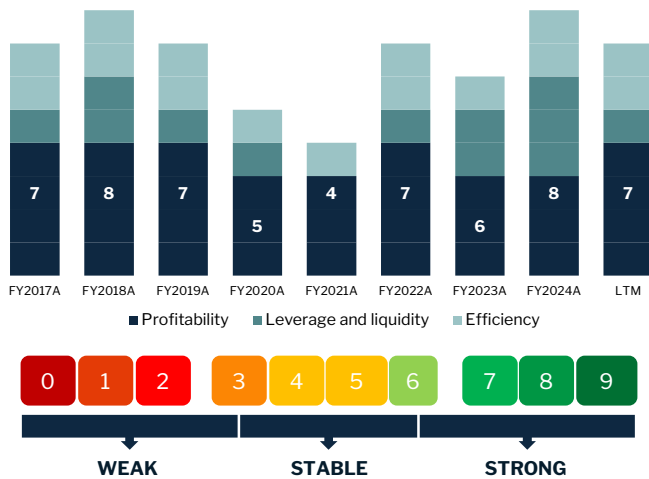
SLOAN RATIO						
	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM
Net Income	2.796	4.332	9.752	4.368	29.760	63.074
Cash Flow from Operations	4.761	5.822	9.108	5.641	28.090	58.959
Cash Flow from Investing	6.145	(19.675)	(9.830)	7.375	(10.566)	(19.332)
Total Assets	17.315	28.791	44.187	41.182	65.728	96.013
Sloan Ratio	-46,84%	63,16%	23,70%	-21,00%	18,62%	24,42%
Interpretation	Bad Quality	Bad Quality	Normal Quality	Normal Quality	Normal Quality	Normal Quality

The profits reported in the income statement, along with revenue, are among the key financial metrics closely monitored by investors, as they directly influence the short-term performance of the stock price. However, this focus can place pressure on management, pushing them to adopt accounting practices aimed at meeting market expectations, potentially resulting in profits that may not be sustainable in the long run. Provisions, being subject to discretionary estimates, are one of the areas where more aggressive management can intervene.

Sloan highlighted that companies with a high level of accruals, meaning a high proportion of provisions, tend to generate lower stock returns compared to those with a lower provision ratio. The Sloan ratio, which represents the percentage of provisions relative to total assets, is thus a useful indicator for assessing the quality of a company's earnings.

The company's Sloan Ratio falls between -25% and -10%, or between 10% and 25%, placing it in an intermediate zone. This figure indicates a growing reliance on provisions, which requires some attention. While the current level does not represent an immediate risk, the situation could deteriorate if this trend continues. We recommend that investors closely monitor upcoming quarterly results, as further increases in provisions could affect the future sustainability of earnings.

Piotroski F-Score



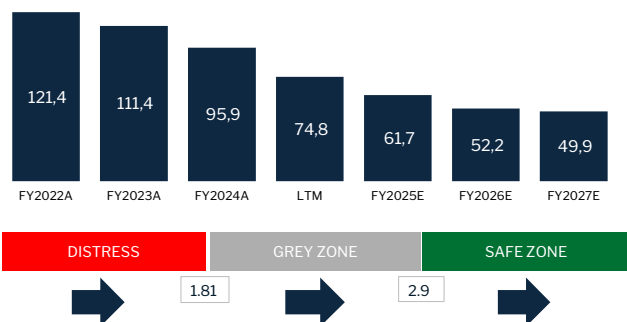
PIOTROSKI F-SCORE

The Piotroski F-Score is a fundamental analysis tool developed by accounting professor Joseph D. Piotroski to assess a company's financial health. This score comprises nine financial criteria, divided into three main categories: profitability, operational efficiency, and capital structure. Each metric within these categories is assigned one point if it meets certain favorable conditions, resulting in a cumulative score that ranges from 0 to 9.

Over the past 20 years, a stock selection strategy within the S&P 500 that used a Piotroski F-Score greater than 6 and included annual rebalancing would have outperformed the S&P 500, achieving a compound annual growth rate (CAGR) of 14.8%. This superior performance highlights how the Piotroski F-Score can enhance returns within a value investing strategy, demonstrating its effectiveness in selecting financially strong companies relative to the broader market.

Our analysis indicates that the company's Piotroski F-Score in 2024 is within the optimal range of 7 to 9, reflecting a strong financial position and robust fundamentals. This high score suggests the company excels across profitability, operational efficiency, and capital structure management. In this context, we consider the investment risk to be limited, as the financial indicators demonstrate effective management and resilience. With this strong foundation, the company is well-positioned for sustainable growth, making it an attractive option for value-focused investors.

Z-score



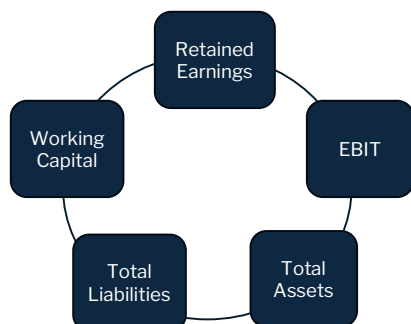
ALTMAN Z-SCORE

	Historical				Projected		
	FY2022A	FY2023A	FY2024A	LTM	FY2025A	FY2026A	FY2027A
1.	0,7	0,6	0,7	0,7	0,8	0,9	0,9
2.	0,2	0,1	0,4	0,6	0,6	0,5	0,4
3.	0,2	0,1	0,5	0,7	0,7	0,6	0,5
4.	198	183	153	116	94	79	76
5.	0,61	0,65	0,93	1,18	1,12	0,97	0,79
Z-score	121,4	111,4	95,9	74,8	61,7	52,2	49,9
Interpretation	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone

The Altman Z-score is a predictive financial metric designed to assess the likelihood of a company's insolvency within the next two years. Developed to anticipate bankruptcy risk, Altman's model has demonstrated an accuracy rate of 95% one year before bankruptcy, decreasing to 72% two years before and 52% three years before.

This formula measures the "distance" between a company's financial ratios and those typical of distressed companies. A high Z-score indicates a lower risk of failure, while a low score signals higher risk, providing investors and analysts with a key parameter to evaluate a company's creditworthiness and financial stability.

Based on our analysis, the company is in a safe zone, with a low risk of default in the short to medium term. This high score indicates a solid financial structure and a stable capacity to generate operating cash flows. Assets are efficiently utilized, and leverage is maintained at manageable levels, making this company an attractive option for investors seeking stability and resilience to market shocks. This positioning inspires confidence in the company's management reliability and long-term sustainability.



INCOME STATEMENT

Amounts in million	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Revenues	6.910	9.714	11.716	10.918	16.675	26.914	26.974	60.922	113.269	129.155	197.607	237.128	270.326	291.952
% YoY Growth	37.9%	40.6%	20.6%	-6.8%	52.7%	61.4%	0.2%	125.9%	85.9%	112.0%	53.0%	20.0%	14.0%	8.0%
Cost of goods sold	(2.847)	(3.892)	(4.545)	(4.150)	(6.118)	(9.439)	(11.618)	(16.621)	(27.343)	(30.997)	(44.659)	(50.271)	(53.525)	(49.632)
Gross Profit	4.063	5.822	7.171	6.768	10.557	17.475	15.356	44.301	85.926	98.158	152.948	186.857	216.801	242.320
% YoY Growth	44.5%	43.3%	23.2%	-5.6%	56.0%	65.5%	-12.1%	188.5%	94.0%	121.6%	55.8%	22.2%	16.0%	11.8%
SG&A expenses	(663)	(815)	(991)	(1.093)	(1.912)	(2.166)	(2.440)	(2.654)	(3.228)	(3.875)	(5.533)	(6.165)	(6.488)	(5.839)
R&D expenses	(1.463)	(1.797)	(2.376)	(2.829)	(3.924)	(5.268)	(7.339)	(8.675)	(11.665)	(15.499)	(22.725)	(26.084)	(28.384)	(27.735)
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Income	1.937	3.210	3.804	2.846	4.721	10.041	5.577	32.972	71.033	78.784	124.690	154.607	181.929	208.746
% YoY Growth	120.6%	65.7%	18.5%	-25.2%	65.9%	112.7%	-44.5%	491.2%	115.4%	138.9%	58.3%	24.0%	17.7%	14.7%
± Non-operating income(ex)	26	47	150	176	(128)	136	(1134)	1103	2131	2131	31	31	31	31
– Interest Expense	(58)	(61)	(58)	(52)	(184)	(236)	(262)	(257)	(249)	(212)	(234)	(256)	(278)	(322)
Pretax Income	1.905	3.196	3.896	2.970	4.409	9.941	4.181	33.818	72.915	80.705	124.487	154.383	181.683	208.455
– Tax Provision	(239)	(149)	245	(174)	(77)	(189)	187	(4.058)	(9.841)	(14.527)	(22.408)	(27.789)	(32.703)	(37.522)
Net Income	1.666	3.047	4.141	2.796	4.332	9.752	4.368	29.760	63.074	66.178	102.080	126.594	148.980	170.933
% YoY Growth	171.3%	82.9%	35.9%	-32.5%	54.9%	125.1%	-55.2%	581.3%	111.9%	122.4%	54.2%	24.0%	17.7%	14.7%
Ebit	1.937	3.210	3.804	2.846	4.721	10.041	5.577	32.972	71.033	78.784	124.690	154.607	181.929	208.746
Depreciation & Amortization	187	199	262	381	1.098	1.174	1.544	1.508	1.708	3.229	4.644	5.217	5.542	5.109
Ebitda	2.124	3.409	4.066	3.227	5.819	11.215	7.121	34.480	72.741	82.013	129.334	159.824	187.471	213.855
% YoY Growth	97.6%	60.5%	19.3%	-20.6%	80.3%	92.7%	-36.5%	384.2%	111.0%	137.9%	57.7%	23.6%	17.3%	14.1%

INCOME STATEMENT DRIVERS

Amounts in million	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Cost of sales % Rev.	41.2%	40.1%	38.8%	38.0%	36.7%	35.1%	43.1%	27.3%	24.1%	24.0%	22.6%	21.2%	19.8%	17.0%
SG&A % of Rev.	9.6%	8.4%	8.5%	10.0%	11.5%	8.0%	9.0%	4.4%	2.8%	3.0%	2.8%	2.6%	2.4%	2.0%
R&D expenses % of Re	21.2%	18.5%	20.3%	25.9%	23.5%	19.6%	27.2%	14.2%	10.3%	12.0%	11.5%	11.0%	10.5%	9.5%
D&A % of revenues	2.7%	2.0%	2.2%	3.5%	6.6%	4.4%	5.7%	2.5%	1.5%	2.5%	2.4%	2.2%	2.1%	1.8%
Cost of debt % Revenu	2.1%	3.1%	2.9%	2.0%	2.4%	2.0%	2.2%	2.3%	2.4%	2.5%	2.8%	3.0%	3.3%	3.8%
Effective tax Rate	12.5%	4.7%	-6.3%	5.9%	1.7%	1.9%	-4.5%	12.0%	13.5%	18.0%	18.0%	18.0%	18.0%	18.0%
EPS	0.1	0.1	0.2	0.1	0.2	0.4	0.2	1.2	2.5	2.7	4.1	5.1	6.0	6.9
% YoY Growth	137.9%	87.8%	37.4%	-31.7%	52.6%	122.9%	-54.7%	584.9%	112.6%	4.9%	54.2%	24.0%	17.7%	14.7%
Diluted Shares Outstan	25.960	25.280	25.000	24.720	25.100	25.350	25.070	24.940	24.863	24.863	24.863	24.863	24.863	24.863
Dividends per Share	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.03	0	0	0	0	0
Payout Ratio	15.6%	8.3%	12.1%	17.7%	11.6%	5.2%	11.5%	1.7%	1.2%	2.0%	3.6%	5.2%	6.8%	10.0%

BALANCE SHEET

Amounts in millions	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025A	FY2026A	FY2027A	FY2028A	FY2029A
Total Cash	1.766	4.002	782	10.896	847	1.990	3.389	7.280	9.107	42.051	113.847	201.221	301.276	416.254
Short Term Investments	5.032	3.106	6.640	1	10.714	19.218	9.907	18.704	29.380	18.704	18.704	18.704	18.704	18.704
Cash & short-Term Invest.	6.798	7.108	7.422	10.897	11.561	21.208	13.296	25.984	38.487	60.755	132.551	219.925	319.980	434.958
Accounts Receivable	826	1.265	1.424	1.657	2.429	4.650	3.827	9.999	17.693	20.665	30.629	35.569	39.197	40.873
Inventory	794	796	1.575	979	1.826	2.605	5.159	5.282	7.654	7.749	12.058	15.081	14.719	12.408
Other Current Assets	118	86	136	157	239	366	791	3.080	3.806	3.875	5.928	7.114	8.110	8.759
Total Current Assets	8.536	9.255	10.557	13.690	16.055	28.829	23.073	44.345	67.640	93.044	181.166	277.690	382.007	496.998
Net PP&E	521	997	1.404	2.292	2.856	3.607	4.845	5.260	7.098	7.744	8.633	9.582	10.528	11.258
Other Non-Current Assets	166	371	713	715	5.687	7.402	8.892	11.693	16.551	11.693	11.693	11.693	11.693	11.693
Goodwill	618	618	618	618	4.193	4.349	4.372	4.430	4.724	2.592	2.592	2.592	2.592	2.592
Total Assets	9.841	11.241	13.292	17.315	28.791	44.187	41.182	65.728	96.013	115.072	204.084	301.556	406.819	522.541
Accounts Payable	485	596	511	687	1.149	1.783	1.193	2.699	5.353	6.819	8.932	8.546	8.564	7.445
Short Term Debt	796	15	-	-	999	-	1.250	1.250	-	1.250	1.250	1.250	1.250	1.250
Other Current Liabilities	507	542	818	1.097	1.777	2.552	4.120	6.682	11.126	16.790	21.737	23.713	24.329	26.276
Total Current Liabilities	1.788	1.153	1.329	1.784	3.925	4.335	6.563	10.631	16.479	24.859	31.919	33.509	34.143	34.970
Long Term Debt	1.983	1.985	1.988	1.991	5.964	10.946	9.703	8.459	8.462	8.462	8.462	8.462	8.462	8.462
Other non-current Liabilities	308	632	633	1.336	2.009	2.294	2.815	3.660	5.173	3.660	3.660	3.660	3.660	3.660
Total Liabilities	4.079	3.770	3.950	5.111	11.898	17.575	19.081	22.750	30.114	36.981	44.041	45.631	46.265	47.092
Total Equity	5.762	7.471	9.342	12.204	16.893	26.612	22.101	42.978	65.899	78.091	160.043	255.925	360.554	475.448
Total Liabilities and Equity	9.841	11.241	13.292	17.315	28.791	44.187	41.182	65.728	96.013	115.072	204.084	301.556	406.819	522.541

BALANCE SHEET DRIVERS

Accounts Receivable % Rev.	17%	14%	16%	16%	16%	16%	16%	16%	16%	16.0%	15.5%	15.0%	14.5%	14.0%
Inventory % COGS	28%	44%	32%	28%	25%	25%	28%	28%	28%	25.0%	27.0%	30.0%	27.5%	25.0%
Other Current Assets % Rev.	1%	3%	5%	3%	3%	3%	3%	3%	3%	3.0%	3.0%	3.0%	3.0%	3.0%
Accounts Payable % COGS	19%	10%	16%	20%	19%	19%	16%	20%	20%	22.0%	20.0%	17.0%	16.0%	15.0%
Other CL % Revenues	9%	15%	11%	10%	9%	9%	10%	10%	10%	13.0%	11.0%	10.0%	9.0%	9.0%
Book Value / Share	106%	90%	174%	269%	106%	106%	90%	174%	269%	106%	90%	174%	269%	269%
TBV / Share	80%	65%	152%	246%	80%	80%	65%	152%	246%	80%	65%	152%	246%	246%
Total Debt	11.831	12.031	11.056	10.225	11.831	11.831	12.031	11.056	10.225	11.831	12.031	11.056	10.225	10.225

	INDICATORS										FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM						
Margins															
Gross Profit Margin	59%	60%	61%	62%	63%	65%	57%	73%	76%	76%	77%	79%	80%	83%	
EBITDA Margin	31%	35%	35%	30%	35%	42%	26%	57%	64%	64%	65%	67%	69%	73%	
EBIT Margin	28%	33%	32%	26%	28%	37%	21%	54%	63%	61%	63%	65%	67%	72%	
Net Income Margin	24%	31%	35%	26%	26%	36%	16%	49%	56%	51%	52%	53%	55%	59%	
Free Cash Flow Margin	35%	26%	39%	17%	32%	50%	28%	54%	58%	49%	47%	50%	54%	59%	
Profitability															
Return on Assets	19%	29%	34%	18%	19%	27%	10%	56%	78%	73%	64%	50%	42%	37%	
Return on Equity	33%	46%	49%	26%	30%	45%	18%	91%	116%	109%	86%	61%	48%	41%	
Return on invested capital	20%	29%	33%	18%	20%	27%	14%	54%	76%	71%	64%	50%	42%	37%	
Growth															
Operational Roic	25%	43%	44%	30%	31%	32%	16%	66%	90%	85%	129%	137%	149%	166%	
NOPAT Margin	25%	32%	35%	25%	28%	37%	22%	48%	54%	50%	52%	53%	55%	59%	
Capital turnover	1.0x	1.4x	1.3x	1.2x	1.1x	0.9x	0.8x	1.4x	1.7x	1.7x	2.5x	2.6x	2.7x	2.8x	
Reinvestment rate (5%)	20%	12%	11%	17%	16%	16%	31%	8%	6%	6%	4%	4%	3%	3%	
Reinvestment rate (10%)	40%	23%	23%	33%	32%	31%	61%	15%	11%	12%	8%	7%	7%	6%	
Liquidity															
Current Ratio	4.8x	8.0x	7.9x	7.7x	4.1x	6.7x	3.5x	4.2x	4.1x	3.7x	5.7x	8.3x	11.2x	14.2x	
Quick Ratio (Acid Test)	4.3x	7.3x	6.7x	7.0x	3.6x	6.0x	2.6x	3.4x	3.4x	3.3x	5.1x	7.6x	10.5x	13.6x	
Activity															
Asset Turnover	0.7x	0.9x	0.9x	0.6x	0.6x	0.6x	0.7x	0.9x	1.2x	1.1x	1.0x	0.8x	0.7x	0.6x	
DSO	35	39	42	52	45	48	57	41	45	43	47	51	50	50	
DPO	50	51	44	53	55	57	47	43	54	72	64	63	58	59	
DIO	78	75	95	112	84	86	122	115	86	77	81	99	102	100	
Cash Conversion Cycle	63	63	93	111	74	77	133	113	77	48	64	86	94	91	
Leverage															
Debt to Equity	0.5x	0.3x	0.2x	0.2x	0.4x	0.4x	0.5x	0.2x	0.1x	0.1x	0.1x	0.0x	0.0x	0.0x	
Debt to Capital	0.3x	0.2x	0.2x	0.1x	0.3x	0.3x	0.3x	0.2x	0.1x	0.1x	0.1x	0.0x	0.0x	0.0x	
Debt to free cash flow	1.2x	0.8x	0.4x	1.1x	1.3x	0.8x	1.4x	0.3x	0.1x	0.2x	0.1x	0.1x	0.1x	0.1x	
Debt / EBITDA	1.3x	0.6x	0.5x	0.6x	1.2x	1.0x	1.5x	0.3x	0.1x	0.1x	0.1x	0.1x	0.1x	0.0x	
Coverage															
Interest cover Ratio	33.4x	52.6x	65.6x	54.7x	25.7x	42.5x	21.3x	128.3x	285.3x	372.4x	533.9x	605.0x	655.5x	649.2x	

VALUATION

Weighted Average Cost of Capital

Risk free rate (Rf)	4,58% ⁽¹⁾
Country risk premium	0,46% ⁽²⁾
Equity risk premium (Rm - Rf)	5,06% ⁽³⁾
Equity Beta	1,60 ⁽⁴⁾
Cost of Equity (Ke)	13,11%
Cost of debt	5,17% ⁽⁵⁾
Tax rate	1,79%
After-tax Cost of Debt (Kdt)	5,08%
Capital Structure	0
Equity	100%
Debt	0%
Weighted Average Cost of Capital	13,09%

(1) Based on the current US5y

(2) W. average of CRPs according to the revenue divided by geographical area

(3) W. average of ERPs according to the revenue divided by geographical area

(4) Based on a 5 year weekly correlation with the S&P 500

(5) Based on weighted average historical cost of debt

Discounted Cash Flow

Amounts in millions, except per share amount

	Units	Projected				
		FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
EBIT	\$	78.784	124.690	154.607	181.929	208.746
% YoY Growth	%	139%	58%	24%	18%	15%
Taxes	\$	(14.527)	(22.408)	(27.789)	(32.703)	(37.522)
Tax Rate/Ebit	%	18%	18%	18%	18%	18%
NOPAT	\$	64.257	102.282	126.819	149.226	171.224
+ Depreciation and Amortization	\$	3.229	4.644	5.217	5.542	5.109
D&A % of Revenues	%	2,5%	2,4%	2,2%	2,1%	1,8%
± Changes in working capital	\$	301	(9.267)	(7.559)	(3.628)	814
% YoY Growth current Assets	%	110%	95%	53%	38%	30%
% YoY Growth current Liabilities	%	134%	28%	5%	2%	2%
- Capital expenditures	\$	(3.875)	(5.533)	(6.165)	(6.488)	(5.839)
Capex % of Revenue	%	3%	3%	3%	2%	2%
Unlevered Free Cash Flows	\$	63.912	92.125	118.311	144.653	171.308
Discount rate	%	13,09%	13,09%	13,09%	13,09%	13,09%
Discount period		-0,0	1,0	2,0	3,0	4,0
Discount factor		1,00	0,89	0,78	0,69	0,61
Present Value of Unlevered Free Cash Flow	\$	64.150	81.765	92.851	100.384	105.121

DCF Value - Perpetuity Growth

NPV of UFCF 2025 - 2029	444.271
PV of Terminal Value	4.112.800
Implied Enterprise Value	4.557.072
Less: Debt	10.225
Add: Cash	9.107
Add: short-term investments	29.380
Implied Equity Value	4.585.334
Diluted shares	24.863
Implied Value Per Share	184,43

Method Weight

Exit Multiple	70%
Perpetuity growth rate	30%

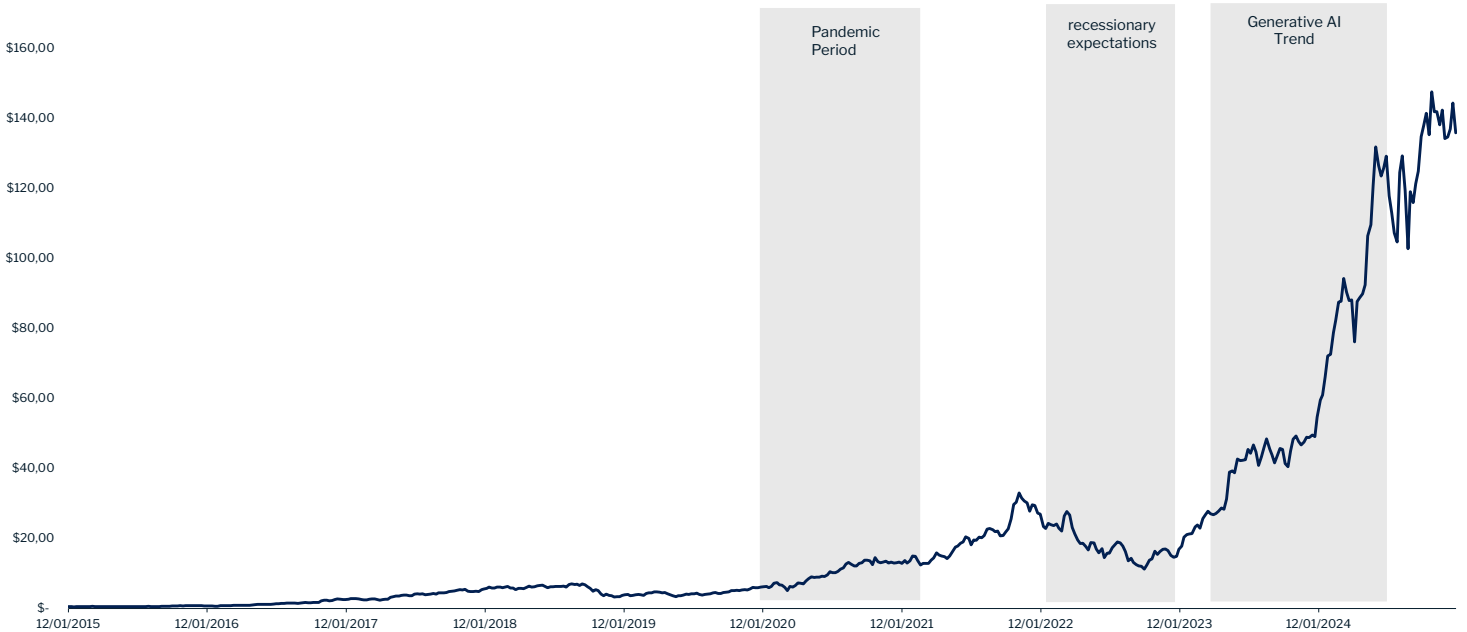
Wacc		Perpetuity growth Rate					
		78	5,00%	5,25%	5,50%	5,75%	6,00%
12,5%	78	50,00	52,25	54,50	56,75	59,00	
	12,5%	79,99	82,24	84,66	87,25	90,05	
	12,7%	77,42	79,51	81,75	84,15	86,73	
	13,0%	75,01	76,96	79,04	81,26	83,65	
	13,2%	72,74	74,56	76,50	78,57	80,78	
	13,5%	70,61	72,31	74,12	76,05	78,10	
Wacc		Exit Multiple					
		230	39,5x	39,8x	40,0x	40,3x	40,5x
	12,5%	230	39,5x	39,8x	40,0x	40,3x	40,5x
		12,5%	232,33	233,68	235,03	236,37	237,72
		12,7%	230,37	231,71	233,04	234,38	235,72
		13,0%	228,43	229,76	231,08	232,41	233,73
13,2%		226,52	227,83	229,14	230,46	231,77	
13,5%		224,62	225,92	227,22	228,53	229,83	

RELATIVE VALUATION

Enterprise Value Multiples							Equity Value Multiples						
	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	
EV / Revenue	30,5x	26,8x	17,5x	14,6x	12,8x	11,8x	Price / Sales	30,8x	27,0x	17,6x	14,7x	12,9x	11,9x
EV / Ebitda	47,5x	42,1x	26,7x	21,6x	18,4x	16,2x	Price / Earnings	55,2x	52,6x	34,1x	27,5x	23,4x	20,4x
EV / Ebit	48,6x	43,9x	27,7x	22,3x	19,0x	16,6x	Price / BV	52,9x	44,6x	21,8x	13,6x	9,7x	7,3x
							Price / UFCF	53,0x	54,5x	37,8x	29,4x	24,1x	20,3x

Trading Comparables	Equity Value	Enterprise Value	Ev / Sales		Ev / Ebitda		Price / sales		Price / Earnings		Price / Book		Price / UFCF	
Company			LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM	LTM	LTM	LTM	NTM
AMD	203.159	200.853	44,8x	24,6x	44,8x	24,6x	8,4x	6,6x	111,0x	27,7x	3,6x	91,5x	30,5x	
Intel	87.554	118.056	2,2x	2,2x	12,3x	8,2x	1,6x	1,6x	-5,4x	29,1x	-0,9x	-10,5x	-10,2x	
Qualcomm	174.694	176.834	4,5x	4,2x	14,8x	11,1x	4,5x	4,1x	17,6x	14,1x	6,7x	19,6x	14,2x	
Broadcom Inc.	1.133.168	1.192.736	23,1x	19,5x	47,0x	18,5x	22,0x	18,5x	187,4x	38,1x	16,7x	40,0x	38,1x	

Equity Value	1499.290	390.540	2.607.601	1.383.179	2.607.601	1.383.179	1.411.180	1.356.652	6.899.037	2.036.542	627.224	1.200.355	1.705.383
Diluted shares	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863	24.863
Implied Share price	60	16	105	56	105	56	57	55	277	82	25	48	69
High	107	35	139	82	139	82	100	96	475	102	45	120	101
Low	11	12	37	28	37	28	7	8	(14)	37	(2)	(14)	(27)



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