

NVIDIA



US67066G1040 | NVDA | USA

Analysis of 29-Jul-2020

Closing Price of 28-Jul-2020

USD 408.62

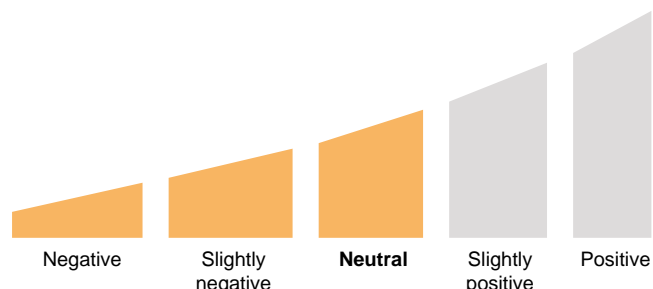
NVIDIA active in the sector Semiconductors, belongs to the industry group Technology.

Its market capitalization of USD 251.30 bn. ranks it among large-cap stocks.

During the last 12 months this stock has reached a high of USD 419.17 and a low of USD 152.35; its current price of USD 408.62 places it 2.5% under its 52 week high and 168.2% over its 52 week low.

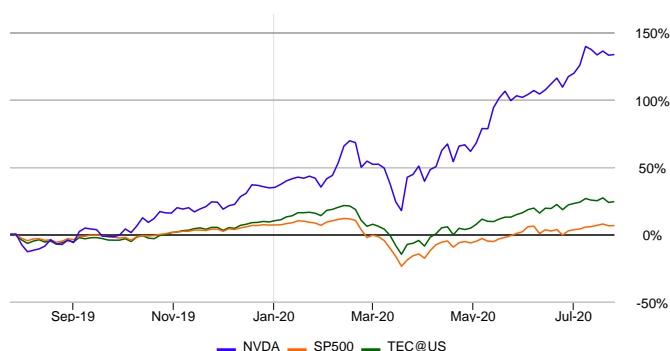
Performance since July 26, 2019: NVIDIA: 133.4%, Technology: 24.2%, SP500: 6.4%

Global Evaluation



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	4wk Rel Perf	Global Evaluation
NVIDIA	408.62	73.7%	251.30	★★★★☆		38.6	34.4%	0.2%	4.6%	
Technology (US)	496.00	13.8%	10,309.89	★★★★☆		22.8	18.9%	1.0%	-1.8%	
SP500	3,218.00	-0.4%	28,212.20	★★★★★		17.4	19.3%	1.8%	7.0%	

Comparison July 26, 2019 - July 28, 2020



The four-week relative performance against the reference index SP500 is 4.6%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock. The four-week relative performance of its reference group Technology is negative.

Dividend

The 12-month indicated dividend yield is 0.2%. This estimated dividend represents 6.6% of the estimated earnings. Consequently, the dividend is easily covered, and very likely to prove sustainable.

Summary of the Fundamental and Technical Analysis

1. The positive earnings revisions trend is in line with the positive climate of the sector.
2. In terms of valuation, the stock has poor potential.
3. The technical trend is positive in a positive environment.
4. The stock showed a four weeks relative overperformance in a negative environment Technology.

Fundamental and Technical Analysis

Price Level Analysis ★

In order to assess whether NVIDIA is currently fairly priced, we can combine Peter Lynch's broadly accepted methodology, comparing the projected earnings growth and dividends to the estimated PE ratio, with historic multiples. Based on this,

- NVIDIA appears fundamentally overvalued compared to its theoretical fair price.

- its valuation is less attractive than the American Technology aggregate.

The fundamental price potential for NVIDIA looks rather low, with other stocks in the same industry showing more theoretical potential.

Earnings Revisions ★

NVIDIA is strongly followed by financial analysts, as over the last three months an average of 35 analysts provided earnings estimate forecasts up until the year 2022.

Currently, these analysts are slightly raising their earnings growth estimates by 1.0% compared with seven weeks ago. This positive pressure on the growth expectations has been continuous over the past 12 months.

The positioning of NVIDIA vs. its reference sector Technology accentuates that the positive earnings revision trend fits in the general context because its environment is also being positively revised.

Technical Trend and relative Performance ★★

The stock has been in a medium-term up trend, which started on March 27, 2020, at a price of USD 252.73. Its adjusted technical reverse point is USD 375.25, or 8.2% under the current price.

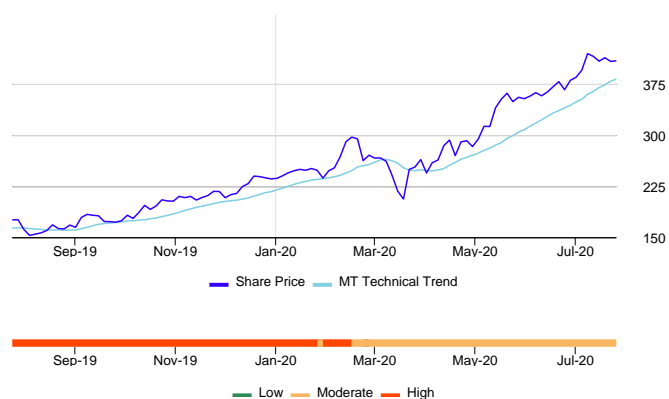
Checklist

Global Evaluation		Upgrade from slightly negative to neutral the 28-Feb-2020.
Interest	★★★★☆	Strong interest since 26-Jun-2020.
Earnings Rev Trend	★	Analysts neutral but previously positive (since 09-Jun-2020)
Valuation Rating	★	Moderately overvalued
MT Tech Trend	★	Trend positive since 27-Mar-2020
4wk Rel Perf	★	vs. SP500
Sensitivity		Decrease from high to moderate the 28-Feb-2020.

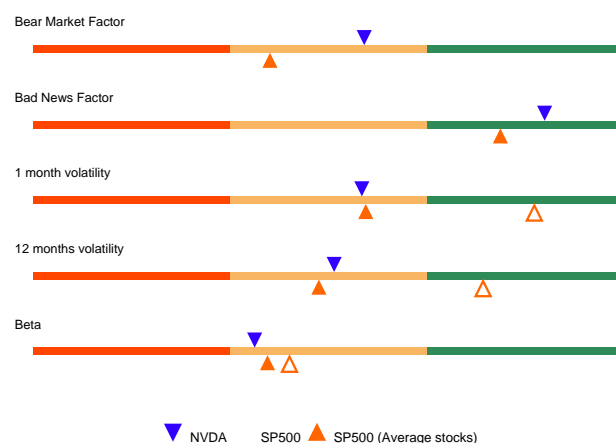
NVIDIA - Sector and/or Group Comparison

Company Name	Symbol	Market	Price	Perf Ytd	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	Global Evaluation
NVIDIA	NVDA	US	408.62	73.7%	251.30	★★★★☆		38.6	34.4%	0.2%	
TAIWAN SEMICON.MNFG.CTD.	TSM	US	76.92	32.4%	385.20	★★★★★		25.6	19.4%	2.5%	
INTEL	INTC	US	49.24	-17.7%	209.42	★★★★☆		10.4	5.7%	2.8%	
BROADCOM	AVGO	US	307.35	-2.7%	122.88	★★★★☆		12.7	11.4%	4.3%	
TAIWAN SEMICON.MNFG.	2330	TW	435.00	31.4%	385.20	★★★★★		19.0	16.3%	2.8%	
SAMSUNG ELECTRONICS	A005930	KR	58,600.00	5.0%	326.30	★★★★★		10.0	17.7%	2.6%	
ASML HOLDING	ASML	NL	323.00	22.5%	161.26	★★★★☆		25.9	26.7%	0.9%	
TEXAS INSTRUMENTS	TXN	US	130.13	1.4%	119.19	★★★★☆		20.3	12.2%	3.2%	
ADVANCED MICRO DEVICES	AMD	US	67.61	47.4%	79.18	★★★★★		45.1	48.2%	0.0%	
APPLIED MATERIALS	AMAT	US	62.30	2.1%	57.10	★★★★☆		14.6	14.6%	1.5%	
MICRON TECHNOLOGY	MU	US	50.09	-6.9%	55.65	★★★★☆		8.5	25.4%	0.0%	

Price & Sensitivity Evolution



Sensitivity Profile



Sensitivity Analysis

Beta, Correlation and Volatility

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile and therefore more sensitive. A Beta of 1.25 indicates that for 1% of index variation, NVIDIA varies on average by 1.25%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. NVIDIA has a correlation rate of 0.69. This indicates that 69% of the stock's movements are explained by index variations. NVIDIA is strongly correlated to SP500.

The volatility is also used as a sensitivity factor. The 1 month annualized volatility of NVIDIA is : 25.8%, that of the index SP500 is 8.2% and that of the world aggregate for the group Technology is 17.7%. By comparison, the average volatility of the stocks that make up the reference index is practically identical at 25.3%.

Sensitivity to Bear Markets

The Bear Market Factor measures the behavior of a stock in declining markets. Thereby NVIDIA tends to drop in the same proportion as the SP500 index. Hence, we observe a market typical behaviour during market declines.

Sensitivity to Bad News

The Bad News Factor measures negative swings of a stock in rising markets. In the case of specific pressure, NVIDIA is only moderately sanctioned by the market in most of the times. When the stock goes down in a rising environment, its average deviation is -1.82%.

Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of NVIDIA has been medium and this since February 28, 2020.

Conclusion

At the analysis date of July 28, 2020, the impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly positive. Moreover, the combination of the different criteria of sensitivity appreciation leads to a qualification of medium sensitive.

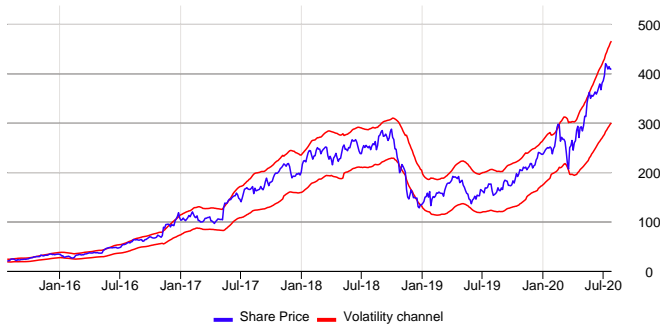
By combining the slightly positive fundamental and technical analysis, with the moderate sensitivity, the general evaluation seems medium.

Key Figures

Annualized estimate for current year to	2022
Estimated PE (LT PE) for 2022	38.6
Projected earnings growth (LT Growth)	34.4%
Dividend (Ex Date: 04-Jun-2020)	USD 0.16
Number of analysts	35
First analysis date	02-Jan-2002

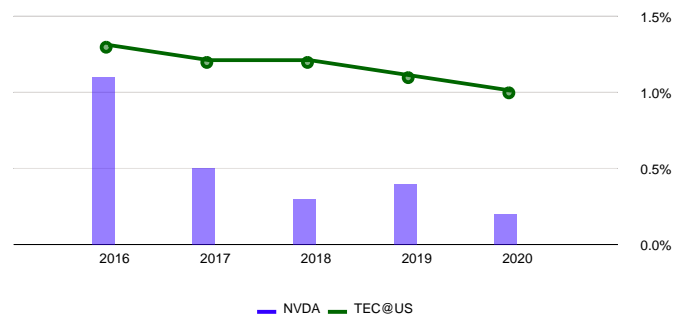
NVIDIA - 5 Year History

Price Changes July 28, 2015 - July 28, 2020



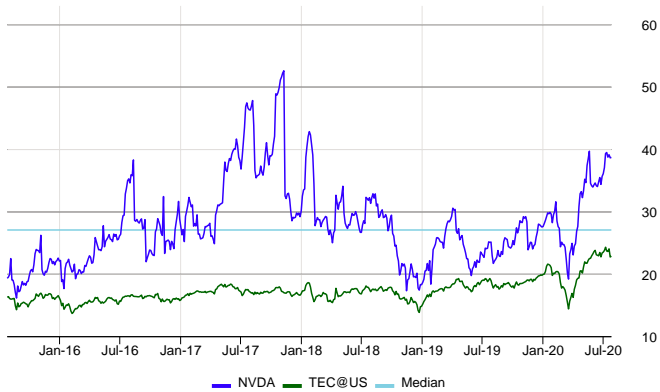
The volatility channel shows a stock's average fluctuations over the last 5 years. During this period, the high of USD 419.17 was reached on July 2020 and the low of USD 19.73 in the month of July 2015. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Expected Dividend Yield 2016 - 2020



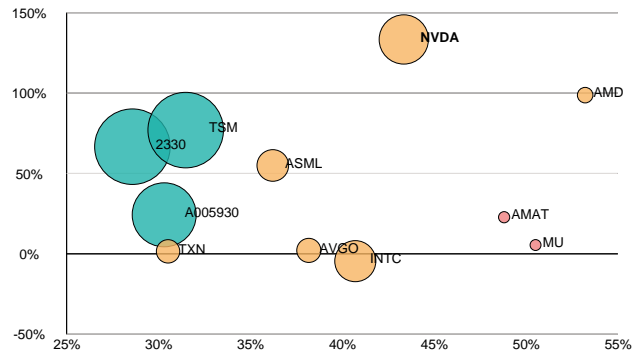
The 12-month indicative dividend yield is 0.2%, less than the 1.0% average of the industry group of NVIDIA. Reminder, this estimated dividend represents 6.6% of the estimated earnings. It is thus largely covered, and its payment looks very sustainable. The last estimation of the expected dividend is close to the historical average of 0.5%.

Comparative LTPE July 28, 2015 - July 28, 2020



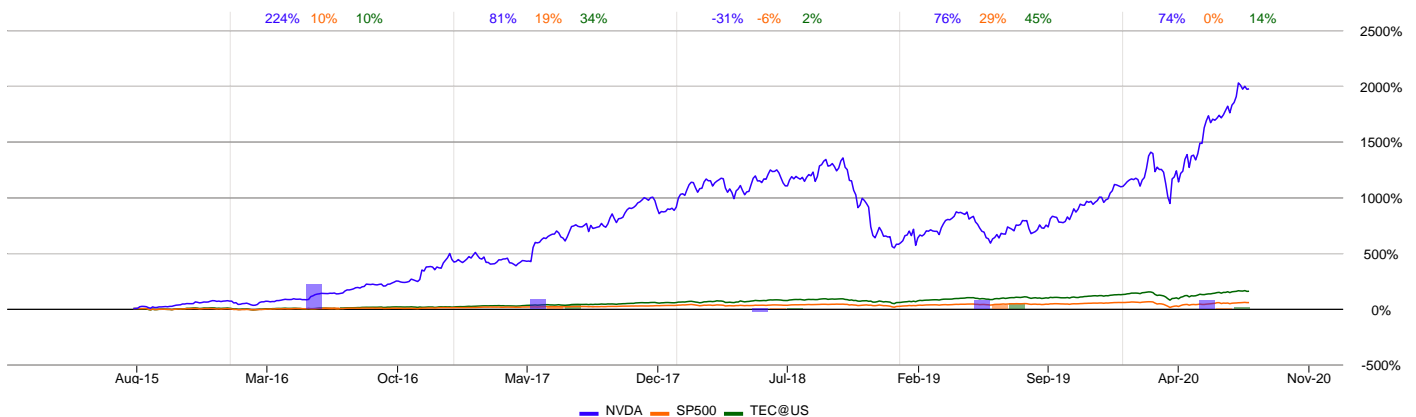
While the projected forward PE of the stock NVIDIA is 38.62, the PE of the group Technology is slightly lower (22.79); this indicates that the stock is trading at a large premium when compared to its own group. Historically speaking, this stock is also currently trading at a premium, because its median is 26.98.

Performance vs Volatility



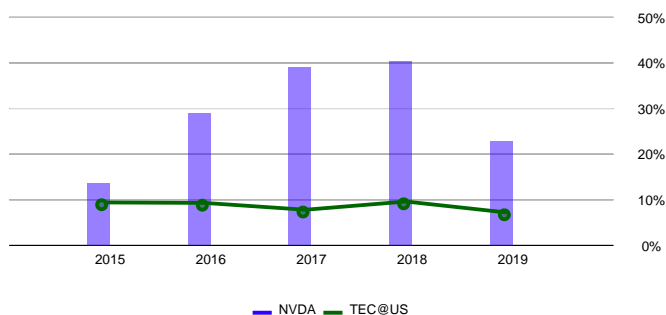
The vertical axis measures the performance since July 26, 2019 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison July 28, 2015 - July 28, 2020



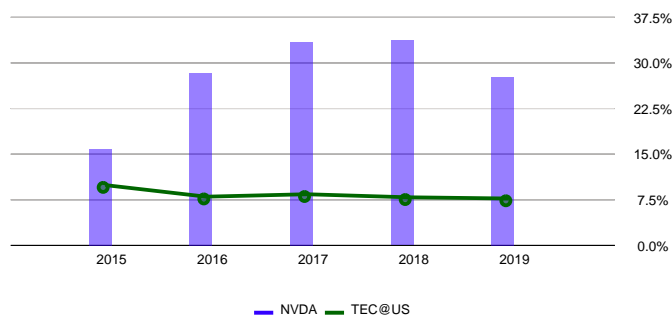
On a 5 year moving average, the performance of the stock NVIDIA is 1971.1%, vs. 53.8% for the SP500 and 155.5% for the group Technology (TEC@US).

Return on Equity 😞



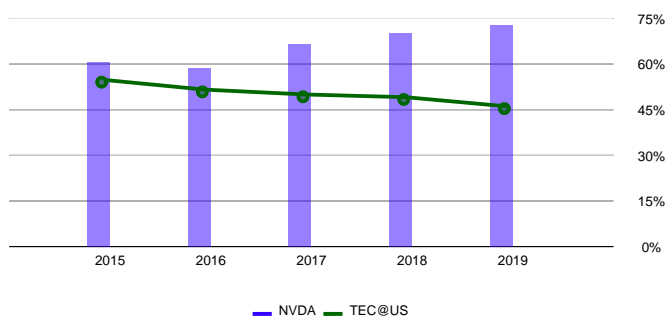
The return on equity, or ratio between profits and available equity, varies greatly from industry to industry. The historical average return on equity of NVIDIA is 29%. This is above the industry average of 8%, indicating an efficient use of shareholder capital. The last publicized return on equity of 23% is below the long term average of 29%.

Earnings Before Interest & Taxes 😊



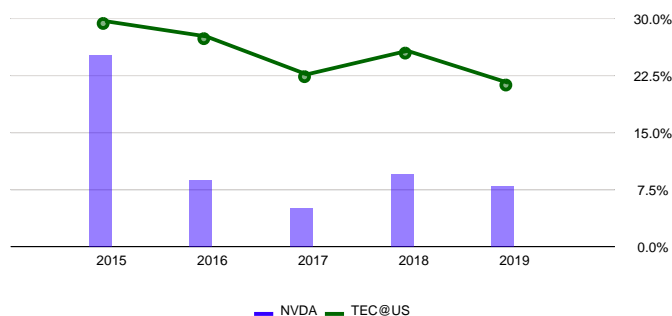
The average historical operating margin (EBIT) of NVIDIA has been at 28%. This is above the industry average. The competitors achieved an on average EBIT margin of 8%. The last reported 28% are near the historical average of 28%.

Equity on Assets 😊



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. NVIDIA has an average equity ratio of 66%, which is above the industry average of 50%. The current capital share of 73% is above the historical average of 66%.

Book Value / Price 😞



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The average value of NVIDIA is with 11% below the industry average of 25%. With 8% the current value is below the historical average of 11%.

Balance Sheet

	2017 28-Jan USD	2018 27-Jan USD	2019 26-Jan USD	
Currency 'mio				
Cash & Short Term Invest	7,108	7,422	10,897	65%
Receivables	1,265	1,424	1,657	10%
Inventories	796	1,575	979	6%
Total Current Assets	9,255	10,557	13,690	82%
Properties & Equipment	997	1,404	2,292	14%
Intangible	670	663	667	4%
Total Assets	11,241	13,292	16,767	100%
Account Payable	596	511	687	4%
Short Term Debt	15	0	0	0%
Total Current Liabilities	1,153	1,329	1,784	11%
Long Term Debt	1,985	1,988	1,991	12%
Total Liabilities	11,241	13,292	16,767	100%

Key Figures

	2017	2018	2019
Book Value	12.33	15.42	19.91
Shares Outstanding ('000)	606,000	606,000	613,000
NB of Employees	11,528	13,277	13,775

Annual Statement

	2017 28-Jan USD	2018 27-Jan USD	2019 26-Jan USD	
Currency 'mio				
Total Revenue	9,714	11,716	10,918	100%
Cost	3,693	4,283	3,769	35%
Gross Income	5,822	7,171	6,768	62%
General Cost & Administration	2,612	3,321	3,877	36%
Amortization	199	262	381	3%
Operating Income	3,210	3,850	2,891	26%
Research & Development	1,797	2,376	2,829	26%
Net Income Before Extra Items	2,914	3,773	2,796	26%
Net Income Before Taxes	3,257	3,954	3,022	28%
Dividend	341	371	390	4%
Net Income	2,914	3,773	2,796	26%

Ratios

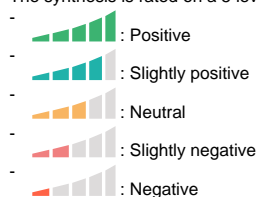
	2017	2018	2019
Current Ratio	8.0	7.9	7.7
Long Term Debt	17.7%	15.0%	11.9%
Revenues on Assets	86.4%	88.1%	65.1%
Cash Flow on Revenues	32.0%	34.4%	29.1%

Glossary - Equities

Global Evaluation

The rating results from several factors : fundamental and technical analysis, measure of sensitivity and benchmark trend.

The synthesis is rated on a 5 level scale:



The synthesis for the Indices and Industries is rated on a 3 level scale: Positive, Neutral and Negative.

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢🟢 to strongly overvalued 🔴🔴.

Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢🟢, 🟢🟢🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks

ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings.

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Sensitivity

Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.

"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.

There are three grades of sensitivity levels:

- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

Volatility 12 M

Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

Correlation

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.

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More information: www.thescreener.com/en/wc/methodology.htm

Earnings forecasts provided by REFINITIV.