



# Quantifying NVIDIA's AI Growth

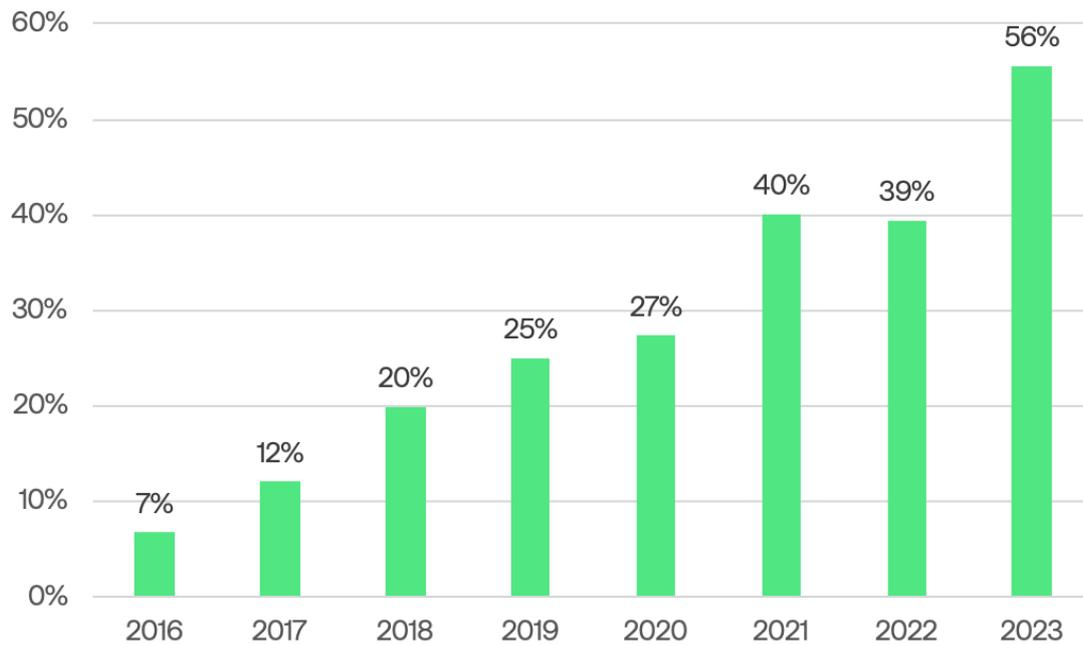


Paul Kenney October 12, 2023

NVIDIA's stock price started the year at \$143 per share and reached a peak of \$493 on August 31st before ending the quarter at \$435 per share, a gain of roughly 205% over the last nine months. NVIDIA and ChatGPT have been dominating the financial headlines as the Artificial Intelligence (AI) story has gone viral, but has NVIDIA's seemingly overnight growth been as sudden as it appears?

Using Syntax's patented FIS® classification methodology, we examined **NVIDIA** and found that it began reporting revenue for its AI-related product line - Datacenter Processors for Use in Data Analytics and AI - in 2016. Over the last seven years, this product line has grown from 7% of NVIDIA's revenue in 2016 to 56% in 2023, as shown in Exhibit 1.

### Exhibit 1: NVIDIA's AI Revenue Growth (as a % of Total Revenue)



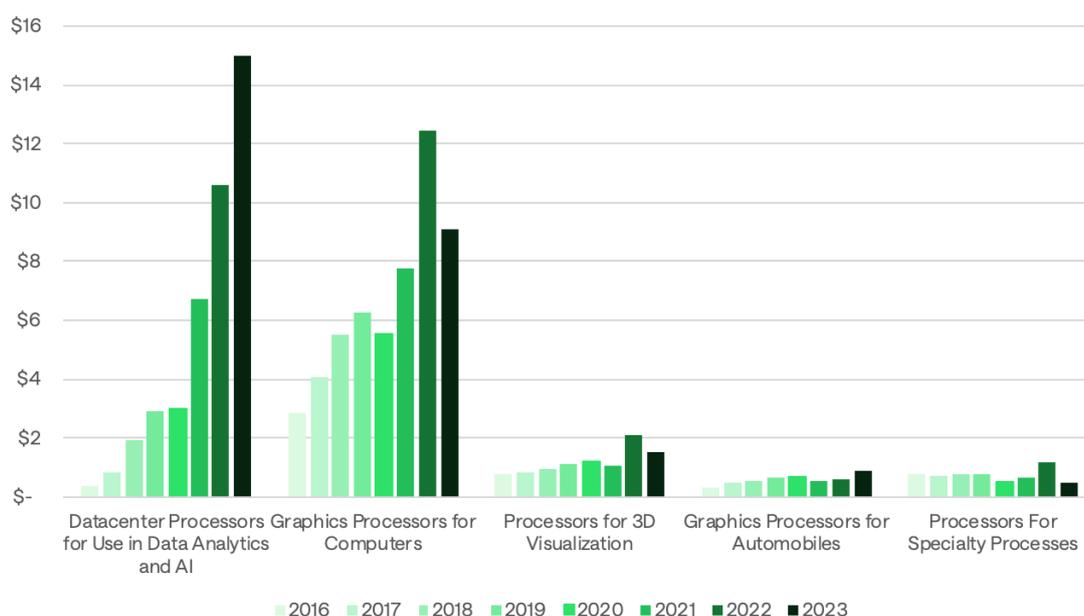
Source: Syntax. NVIDIA's fiscal year end is January 31st; results are shown for the 12 months ending January 31 of each labeled year.

In dollar terms over the same time period, AI-related product line revenue grew from \$339 million to over \$15 billion, as shown in Exhibit 2, which also captures the revenue growth of NVIDIA's other product lines.

Since 2018, NVIDIA's AI-related revenue growth has been a huge driver of NVIDIA's overall business. Consider the following:

- Total AI-related revenue growth: \$13.1 billion
- NVIDIA's non-AI product line revenue growth: \$4.2 billion
- Annualized AI growth rate: 97%
- NVIDIA's non-AI product lines annualized growth rate: 8%
- AI-product line as % of total revenue growth: 76%

**Exhibit 2: NVIDIA Total Revenue by Product Line (2016-2023, \$B)**



Source: Syntax. NVIDIA’s fiscal year end is January 31st; results are shown for the 12 months ending January 31 of each labeled year.

Interestingly, NVIDIA reported \$26.794 billion in total revenue for its fiscal year-end 2023, just slightly ahead of its reported 2022 results of \$26.914 billion. The AI product line’s \$4.4 billion increase in revenue from 2022 to 2023 largely offset declines in NVIDIA’s other product lines.

Looking at the AI trend more broadly, Exhibit 3 illustrates the recent outperformance of stocks whose primary business line falls into our “High Performance Compute and AI” lens relative to the US large cap (Syntax 500) and broad US market (Syntax 3000). Both the Syntax 500 and 3000 Indices returned about 13% for the year to date through September 30. The High Performance Compute & AI indices returned 47.7% on a cap weighted basis, and 29.1% on an equal weighted basis.

NVIDIA was an anomaly reporting an AI-related product line starting as early as 2016. Well-known companies such as Amazon, Cisco Systems, Meta Platforms, Honeywell and Oracle all disclose AI-related activities in their financial statements but presently do not attribute any revenue to these business segments. With roughly 44 percent of companies looking to make serious investments in AI and integrate it into their business<sup>1</sup>, we expect a meaningful increase in both companies reporting AI-related revenue and new product lines to emerge in the next few years. Fortunately, Syntax’s approach to classifying companies and tagging their attributes will allow us to keep present with these trends, thereby providing investors and fiduciaries with better

information than traditional classification systems to support their analysis and decision-making. If you would like to learn more or to demo our Affinity software, please visit [www.syntaxdata.com/affinity](http://www.syntaxdata.com/affinity).

<sup>1</sup> <https://www.reuters.com/technology/intel-gives-details-future-ai-chips-it-shifts-strategy-2023-05-22/>

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Syntax LLC is a financial data and technology company that codifies business models. Syntax operates through three segments: Company Data, Wealth Technology, and Financial Indices. Using its patented FIS® technology inspired by systems sciences, the Company Data segment offers the most comprehensive, granular, and accurate product line revenue data available on the market. The Wealth Technology segment then uses this abundance of data to facilitate the instantaneous creation and ongoing management of direct indexing solutions and rules-based equity portfolios through a fully automated platform. The Financial Indices segment enables Syntax to deliver customized and proprietary indices, including core global benchmarks and micro- and macro-thematic, smart beta, defined outcome, and target volatility indices. These indices are foundational for a range of financial products, such as ETFs, UITs, and structured products. Learn more at [www.syntaxdata.com](http://www.syntaxdata.com).

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