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Nvidia trades at 8.2 times earnings after Jensen Huang’s return

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On November 20, amid the crisis triggered by its founder’s departure, Nvidia traded at 8.2 times expected earnings, its lowest multiple since 2002. For Ferran Carreras, investment analyst at Gesinter, that price did not reflect the performance of the business: “A valuation like that, for a company that more than doubles its revenue in a year, reflected more fear than analysis.”

Three days later, the board of directors unanimously voted for the return of Jensen Huang as chairman and chief executive, and the stock soared 31.5% in a single session. “His return, now approved by the board, changes that outlook and significantly reduces the main uncertainty weighing on the company,” Carreras says. “With its founder back at the helm, Nvidia regains the strategic continuity it needs to continue leading the investment cycle in artificial intelligence (AI).”

The rebound was short-lived. The stock fell 5.86% on Tuesday and 3.91% on Wednesday, to $149.30, dragged down by selling in AI-related stocks after a higher-than-expected PCE inflation reading and new tariff proposals. At that close, Nvidia remained 18.9% above its November 20 low, but was still trading 38.7% below its all-time high of $243.37, reached on October 6.

On Thursday, with Wall Street closed for Thanksgiving, the Financial Times reported that Nvidia had asked its partners to stop shipping servers containing its chips to Malaysia, Singapore, Thailand and Indonesia following new US export rules. The company has not confirmed the report. In premarket trading on Friday, a half-day session, the stock was up more than 4% and above $155.

Between early October and November 20, the stock fell from around $239 to $125.53. “That plunge has little to do with results and is explained by a combination of three factors,” the Gesinter analyst says.

“While attention was focused on management, the business continued to grow at an exceptional pace,” Carreras stresses. In the fiscal third quarter, Nvidia generated revenue of $115.8 billion, up 103% from a year earlier. Data centers, which accounted for 93% of sales, brought in $107.6 billion (up 110%) and net income reached $65.3 billion.

Huang’s return comes with a committee of independent directors that will oversee trade compliance and national security risks, and a chief compliance officer for the entire company. That was not enough for S&P Global Ratings : on Wednesday it placed Nvidia’s AA rating on watch with negative implications (CreditWatch negative) over concerns about the company’s management and corporate governance, and warned of a possible downgrade within the next 90 days.

“Even so, I do not consider the episode closed. Two issues remain open and will need to be watched closely: the board’s independent investigation and the SEC investigation reported in the press. Their conclusions will be key to finally putting this behind us,” Carreras warns.

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