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Nvidia Stock Split 2024 Review : Should You Buy Nvidia for \$1,000 Now?

Original:

 $\frac{https://www.btcc.com/en-US/academy/research-analysis/nvidia-stock-split-2024-what-does-nvidia-10-to-1-split-mean}{to-1-split-mean}$

Over the past year or two, recent advancements in the field of <u>artificial intelligence (AI)</u> have captivated the public's attention. The tendency has resulted in the stock prices of companies leading this paradigm shift in technology rising dramatically. This is especially evident with Nvidia (NVDA -0.46%), a chipmaker whose graphics processing units (GPUs) are now considered the industry standard for artificial intelligence.

The company's rapid rise has been powered by its unmatched business success and consistent execution. The surge in demand for AI has resulted in triple-digit revenue and profit growth, which has sent Nvidia's stock up 540% since the beginning of the year. But that's only the start. <u>Nvidia</u>'s stock has skyrocketed from a split-adjusted price of \$0.25 to more than \$939 since the company's IPO in early 1999, resulting in staggering gains of 375,500%.

On Wednesday, Nvidia announced that it will split its shares for the first time since July 2020 in conjunction with the presentation of the company's quarterly results. The split was probably sparked by the stock's more than 800% increase in the nearly four years since. An already popular stock is seeing a surge in demand as a result of this disclosure. Let's examine how a stock split operates and what it implies for investors.

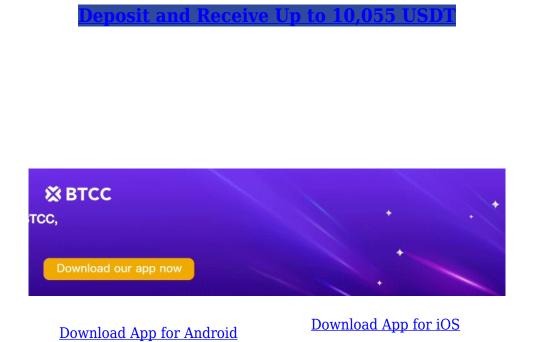
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- The strong performance history of Nvidia has contributed to a rise in the company's stock price.
- A 10-for-1 stock split was announced by management, and it will happen in June.
- Even while a stock split doesn't justify purchasing Nvidia shares on its own, there are still many good reasons to invest in the semiconductor manufacturer.

What Is a Stock Split?

The purpose of a stock split is to increase the availability of a company's shares without reducing their market value by increasing the number of shares and decreasing their price per share. The share price can go up with any kind of split, whether it's a regular or reverse split. Shareholder ownership is adjusted proportionally through the process. Take Apple'sApple 0.0% 2020 as an example; they became more "friendly" and attractive to a larger variety of potential investors by dividing their shares 4-for-1.

Dividends are a common way for companies to attract small investors by making their shares more affordable. More trade volume and liquidity could result from this accessibility. When companies announce splits, it sends a positive psychological signal to the market that they are confident in their future growth and that they will attract more investors.



What does NVIDIA 10 to 1 Split Mean?

A 10-for-1 forward stock split was authorized by Nvidia's board of directors, according to the company's announcement. Nvidia claims that this is the eventual consequence of a revision to the Restated Certificate of Incorporation that "will result in a proportionate increase of the number of shares of authorized common stock."

Shareholders whose records are up to date as of June 6, 2024, will be credited with nine more shares for every share they possess following Friday, June 7's market close, due to this stock split. On June 10, the stock is anticipated to start trading after a split.

There will be no action required on the part of Nvidia stockholders to acquire the extra shares of stock. Behind the scenes, the particulars are managed by brokerage firms and investment banks. Investors won't have to do anything special to see the stock-split shares in their accounts. Investors shouldn't be alarmed if the newly issued shares don't appear right away on June 7. The timing can vary from brokerage to brokerage and can take hours—or even days—for the additional shares to materialize.

To better understand the stock split process, it can be helpful to include numbers. As of this writing, one share of Nvidia stock is going for about \$950. After the split, investors will own 10 shares, each of which is worth \$95 dollars.

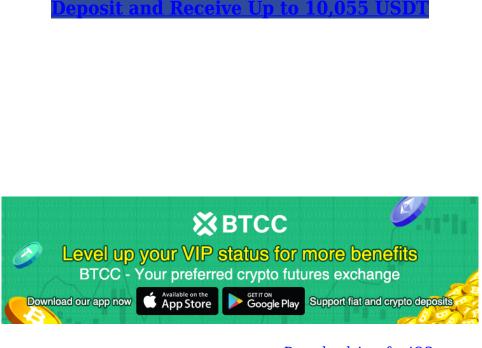
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Is a Stock Split a Positive Thing?

The preceding example demonstrates that the split will not affect the overall worth of ownership; rather, it will just provide a new perspective on the entire. To rephrase, the quantity of pizza you get out of a single purchase is unaffected by whether you cut it into eight or sixteen slices. The same logic applies to Nvidia shareholders; they will only have more shares at a lower price.

Some think that, in the end, investor sentiment will determine the share price, with anticipation of the stock split likely playing a role. Shares may be more appealing to individual investors at a

reduced price, according to some. The announcement does in fact state that management intends for the split to "make stock ownership more accessible to employees and investors." Although it does happen sometimes, investors usually get over the initial excitement and go back to focusing on the real thing: the company's financial and operational performance. it's what determines whether the stock price goes up or down.



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Should I Buy NVIDIA before the Stock Split?

Nvidia is a semiconductor specialist for several reasons, not the least of which being the stock split. There is ample proof for that claim in the company's financial report, which investors may easily peruse.

Revenue for Nvidia's fiscal 2025 first quarter, which concluded on April 28, increased 18% from the previous quarter, reaching a record \$26 billion, an increase of 262% year over year. The result was a 461% increase to \$6.12 in adjusted EPS.

To put that in perspective, Nvidia easily outpaced forecasts, as the consensus estimates of experts were predicting \$24.65 billion in revenue and \$5.59 in earnings per share.

Without a shadow of a doubt, record data center revenue of \$22.6 billion, up 427% year over year and accounting for 87% of Nvidia's total sales, was driven by solid demand for generative AI.

Nvidia also announced a huge change for shareholders: the quarterly dividend has been boosted from \$0.04 to \$0.10 per share, or \$0.01 after the split, a 150% increase. On June 28, you will get the first payment of the higher dividend. The yield, at its new, higher level, will still be pitiful—just 0.41%—even after accounting for inflation.

Another reason to be positive is that the AI revolution is still in its early stages. Expert industry Research predicts that the global artificial intelligence industry would increase from its 2023 valuation of \$2.4 trillion to a whopping \$30.1 trillion by 2032, a growth rate of 32% CAGR. The future seems bright for Nvidia as they continue to set the bar high for GPUs utilized in AI.

Due to the impending stock split, investors should not purchase shares. But Nvidia's phenomenal stock price gains, together with its history of solid operational and financial outcomes, demonstrate why the company is still a great investment.

The pricing of Nvidia may turn off some investors, but that's the price you pay. Nvidia stock is trading at 37 times its projected earnings, even though the company has delivered four quarters in a row of revenue and profit growth in the triple digits. Such strong expansion is worth the little cost.

Nvidia stock is a buy because of it.

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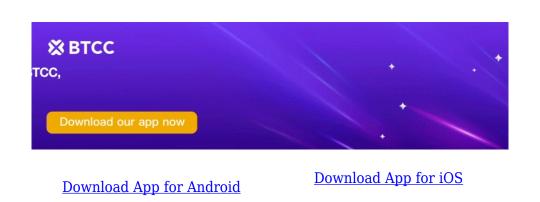
Should You Buy Nvidia for \$1,000 Now?

Think about this before you invest in Nvidia stock:

The expert team at Motley Fool Stock Advisor has just released their list of the top ten stocks that investors should purchase right now... of which Nvidia was not a part. In the years to come, the ten

equities that were selected have the potential to generate enormous profits.

Thinking back to when Nvidia put this list together on April 15, 2005, you would have \$584,435!* if you had invested \$1,000 when we recommended it.



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BTCC is one of the few exchanges in the market that offers high-leverage options for investors and concentrates extensively on futures trading. Users have access to more than 300 USDT-margined perpetual trading pairs, which encompass numerous prominent altcoins and meme-coins. Additionally, the platform has recently implemented spot trading to facilitate novice users who may not be acquainted with futures trading.

- **Established Reputation:** BTCC is one of the oldest and most well-known cryptocurrency exchanges, having been operational since 2011. Its history in the market enhances its credibility and trustworthiness.
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