

Recommendation:

**BUY**

Target Price:

**USD \$298.50 (+11.6%)**

Current Price:

**USD \$267.59**

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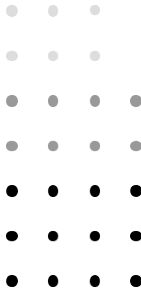
Group 1:

1005461 James Huang

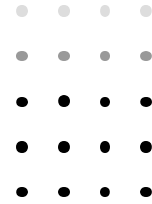
1005488 Huang XinYi

1005018 Low Haoron

1004639 Chan Kah Yan



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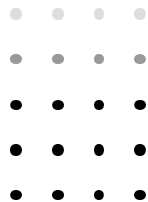




# 01

## Nvidia's Overview

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# Nvidia Overview

## Nvidia's Business model:

- Graphics Segment
- Compute & Networking segment



\*\$100 invested on 1/29/17 in stocks and indices, including reinvestment of dividends

	1/29/2017	1/28/2018	1/27/2019	1/26/2020	1/31/2021	1/30/2022
NVIDIA Corporation	\$100.00	\$218.55	\$144.24	\$226.48	\$470.59	\$828.15
S&P 500	\$100.00	\$125.54	\$122.64	\$149.23	\$174.97	\$215.72
Nasdaq 100	\$100.00	\$136.00	\$136.62	\$179.79	\$260.70	\$303.21

# Nvidia's Market



## **Data Center**

56% of FY23  
revenue



## **Gaming**

33% of FY23  
revenue



## **Professional Visualization**

6% of FY23  
revenue



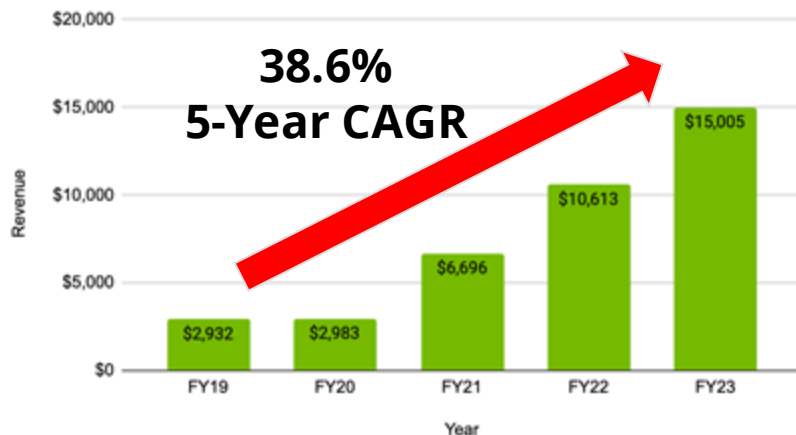
## **Automotive**

3% of FY23  
revenue

# Leader in Data Center & Gaming

## Data Center

Revenue(\$M) vs. Year

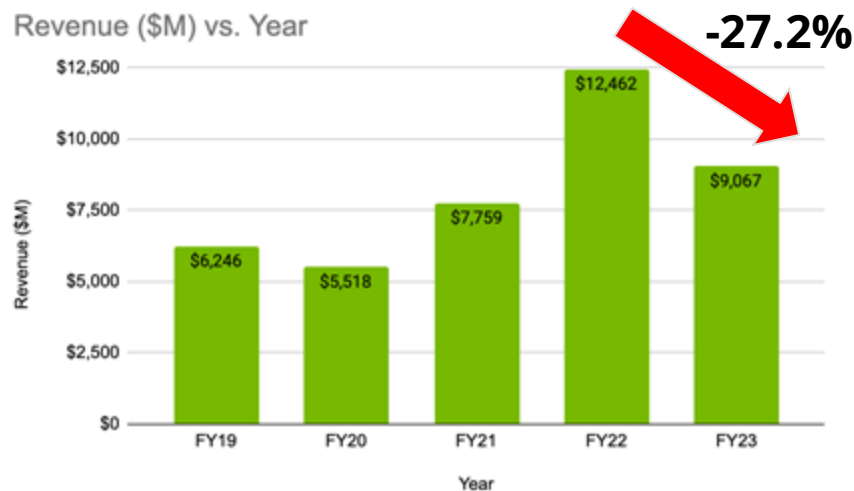


### Leader in AI

Used by all hyperscale & major cloud computing providers

## Gaming

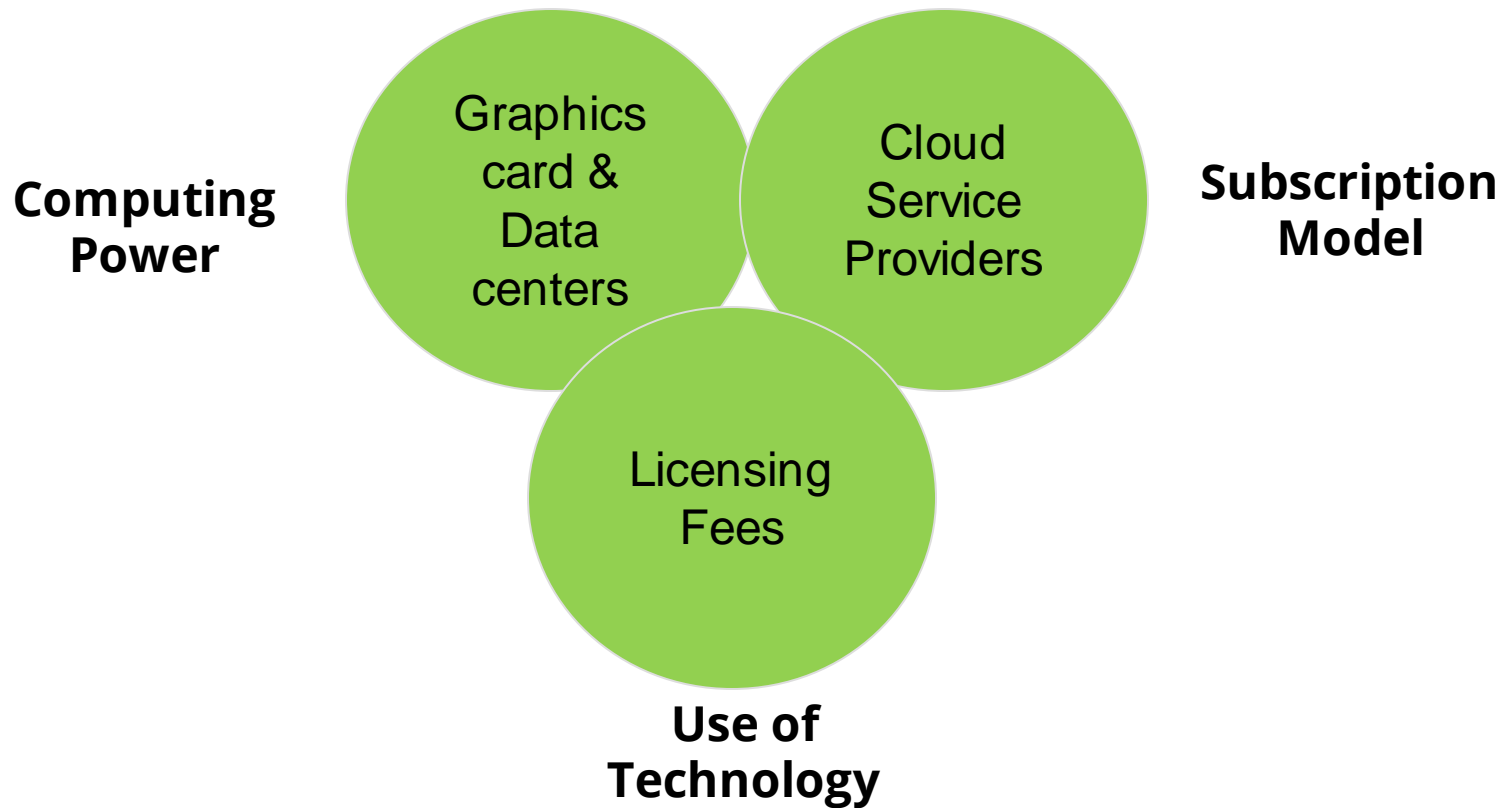
Revenue (\$M) vs. Year



### Leader in PC Gaming

Strong #1 market position with over **80% market share**

# Nvidia's Revenue Sharing Model

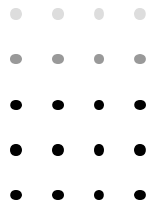




# 02

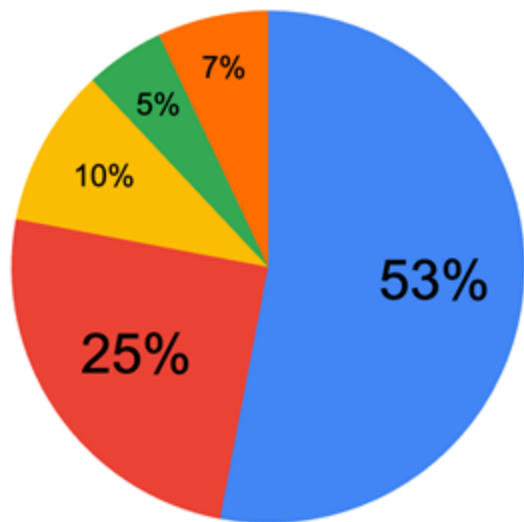
## Nvidia's Finances

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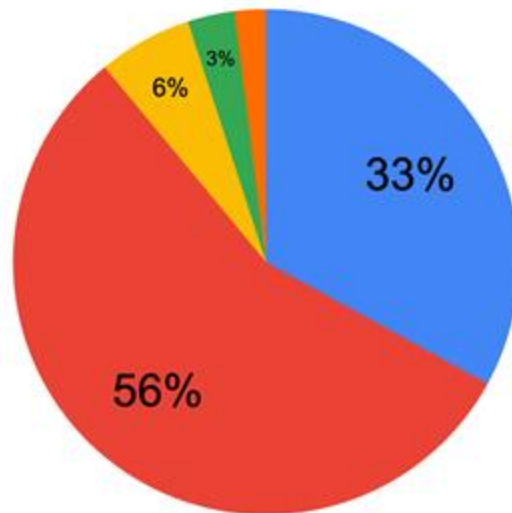




# Nvidia Finances



**FY 19**



**FY 23**

- Gaming
- Data Centers
- ProViz
- Auto
- OEM & Other

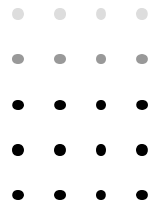
FY23: Data Centers becoming a major part of Nvidia's revenue component



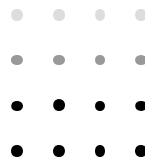
# 03

## NVIDIA's Strength

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# Nvidia's Strength

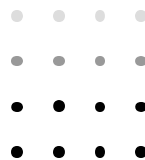


Powerhouse In  
the Industry

High Future  
Revenue Growth



# Powerhouse In the Industry



Greater **customizability**  
for **domain-specific**  
**applications**



Greatest **cost-efficiency**  
gains for **AI workloads**



# Customizable GPUs for domain-specific applications

## Nvidia's CUDA

- Compatible with **common programming languages**
- Provides more **customizability** for AI models.
- Over **300** libraries libraries
- **400** AI models

Logistics



Financial Services



Gaming & Metaverse



Transportation



Retail



Manufacturing

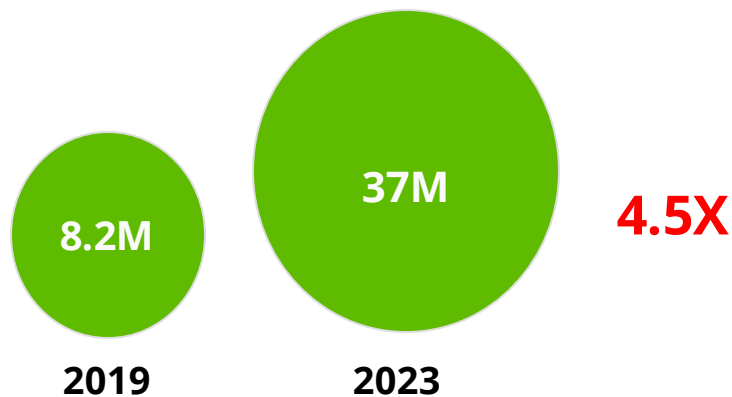


Healthcare

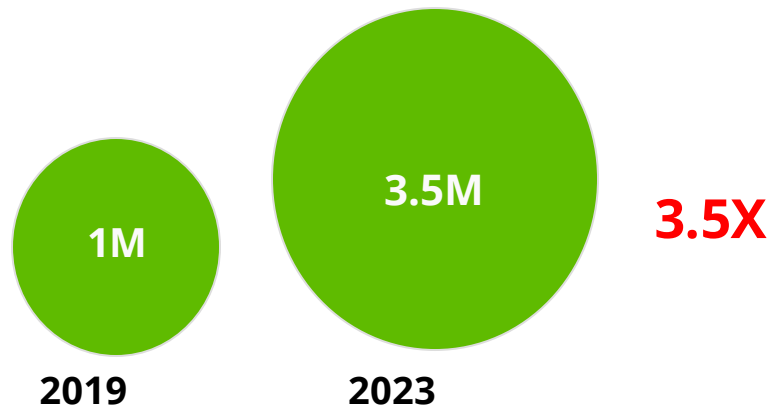


# Strong Developer Network

CUDA Downloads



No. of Developers



# Nvidia software ecosystem ahead of AMD

“We like the looks of the MI300 [AMD hardware] and the roadmap, but the **software ecosystem [AMD] is still a problem,**”

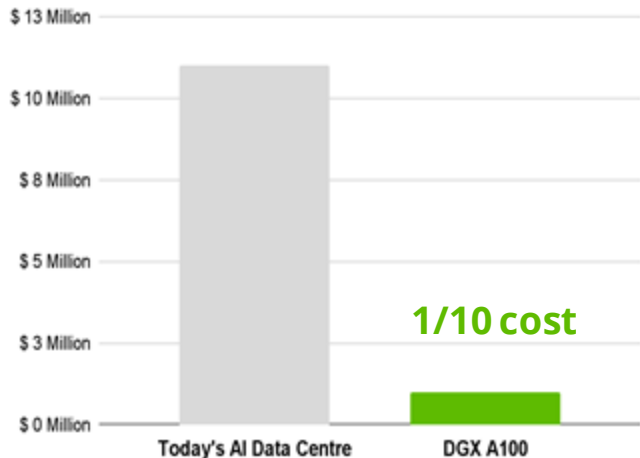
- Tease (Lenovo’s vice president of HPC and AI, tell)

“**[Developing software] takes much longer** than most people would realize. And I think they [AMD] had several experiences, which were **understaffed, underfinanced.** ...So they are **not there yet**, but they're getting much closer to having the stack, which makes sense.”

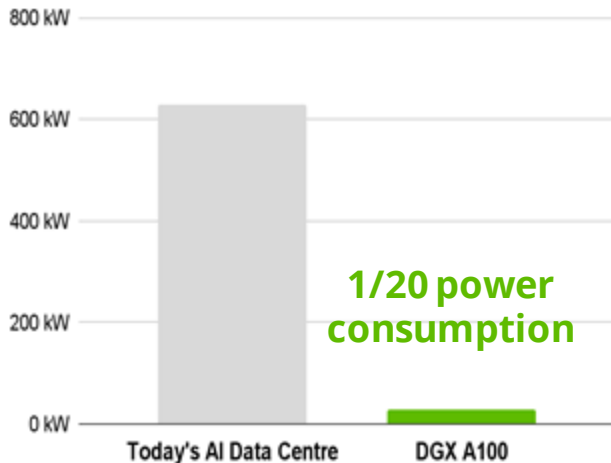
- Former Head of AI Developer Relations at Nvidia

# Greatest cost-efficiency for AI workloads

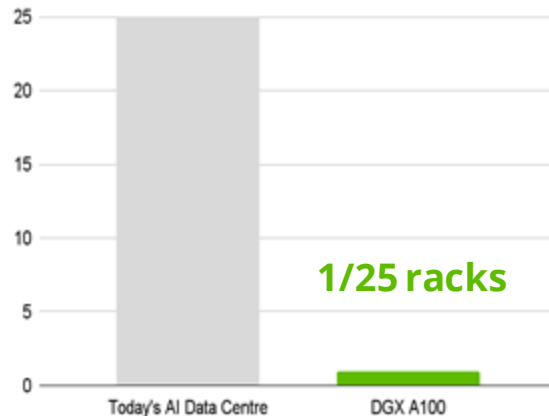
## Lower cost



## Power (Energy Uptake)



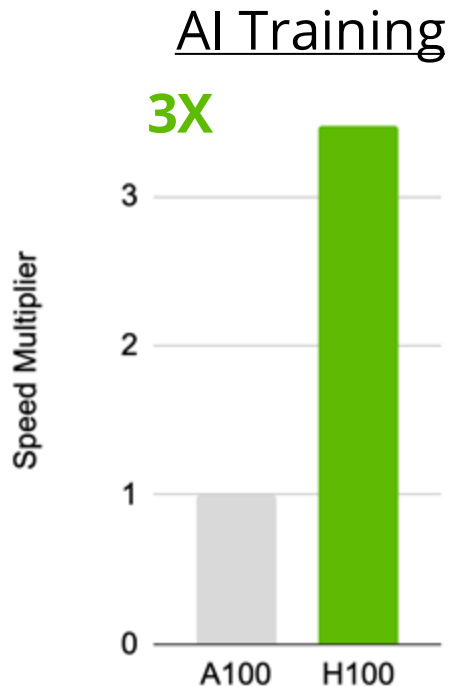
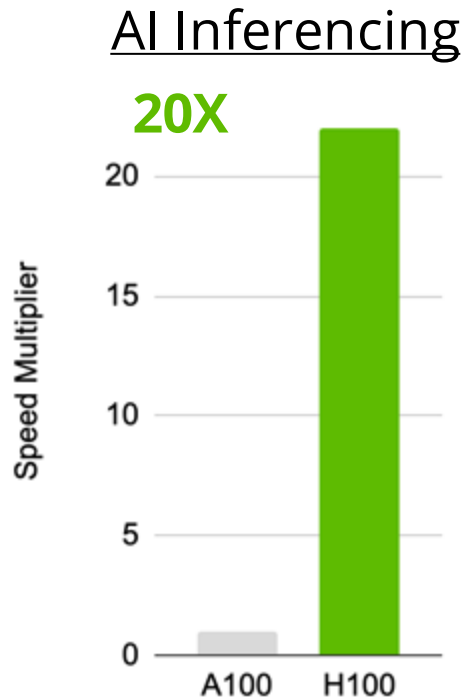
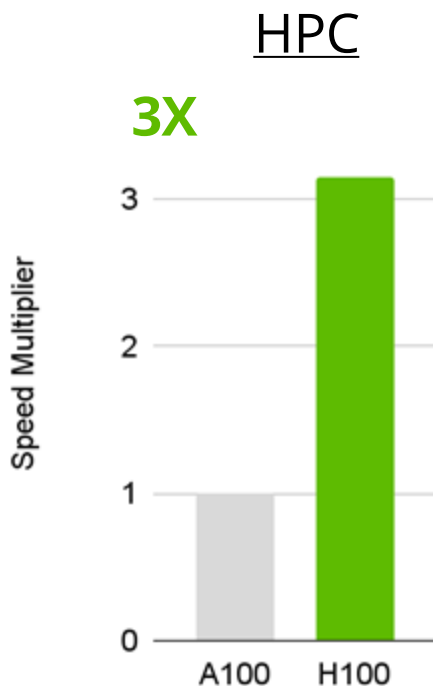
## Number of racks



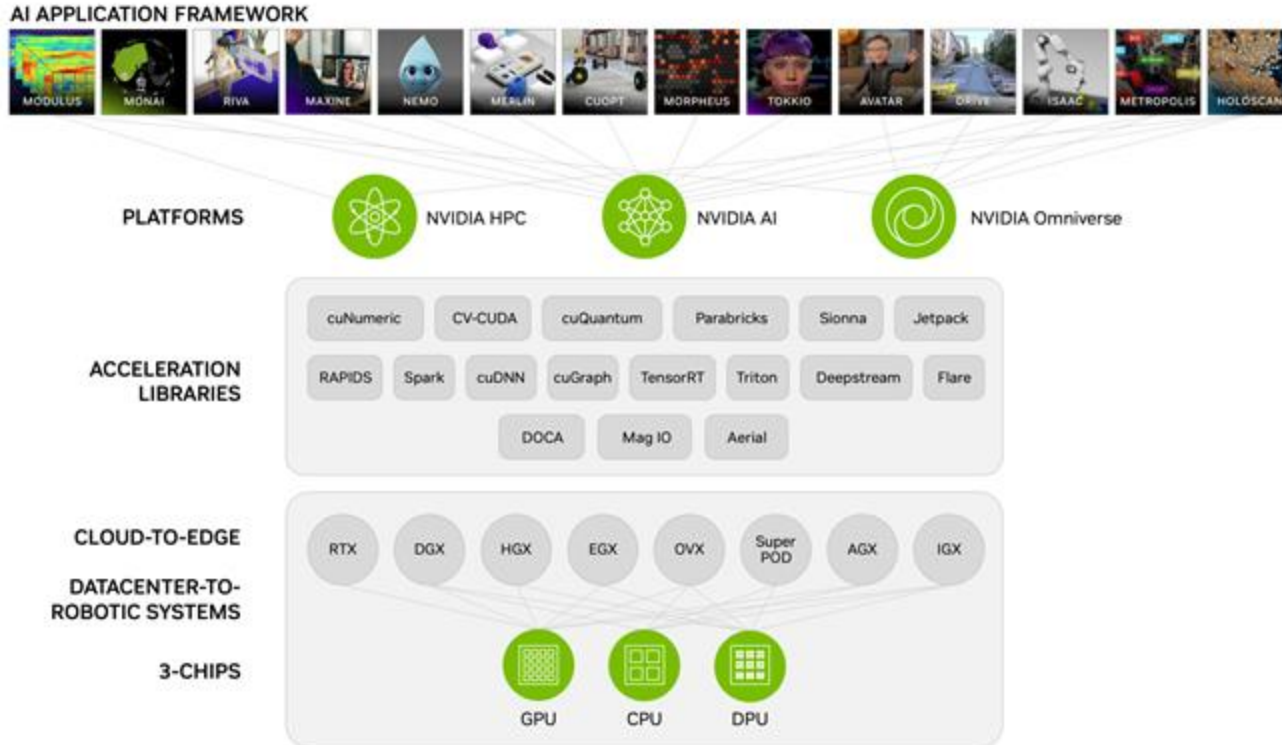


# Nvidia to remain leader in data centre

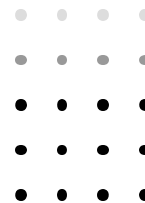
- Major **faster speeds** in data center GPU for **AI workloads**
- Revenue from **new H100 GPU** is already **higher** than prior models



# High switching cost as Nvidia provides full AI support



# High Future Revenue Growth



## **Cloud Service Provider**

- Datacentres

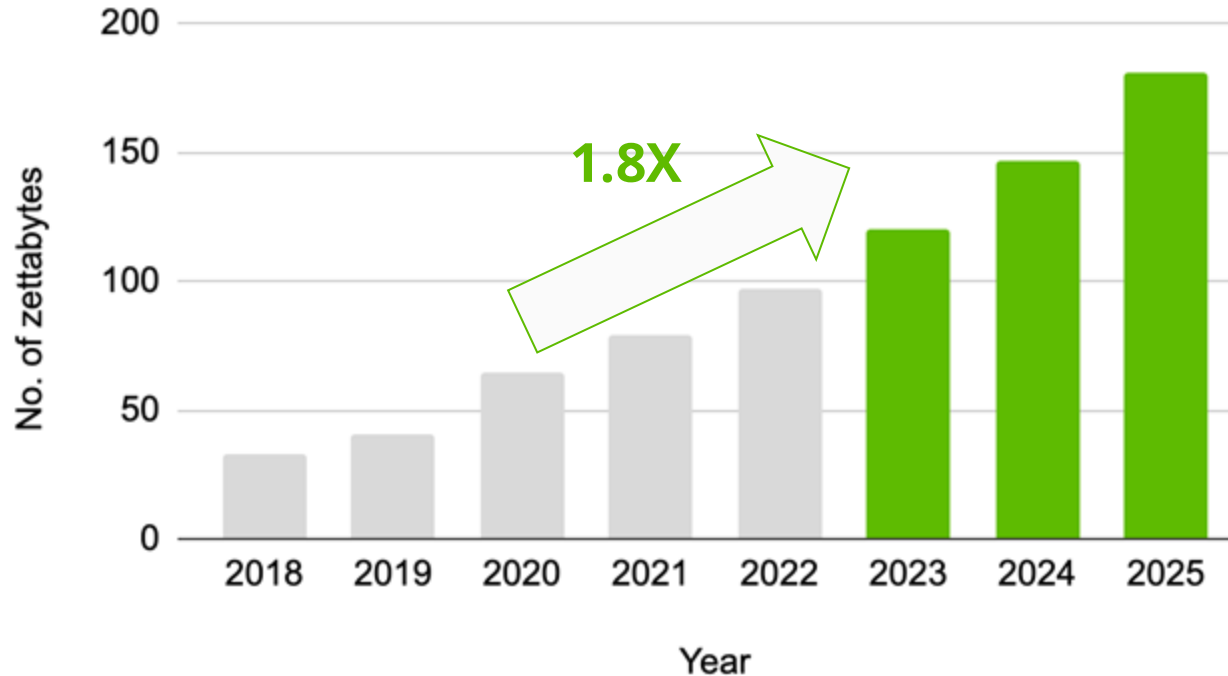


## **AI**

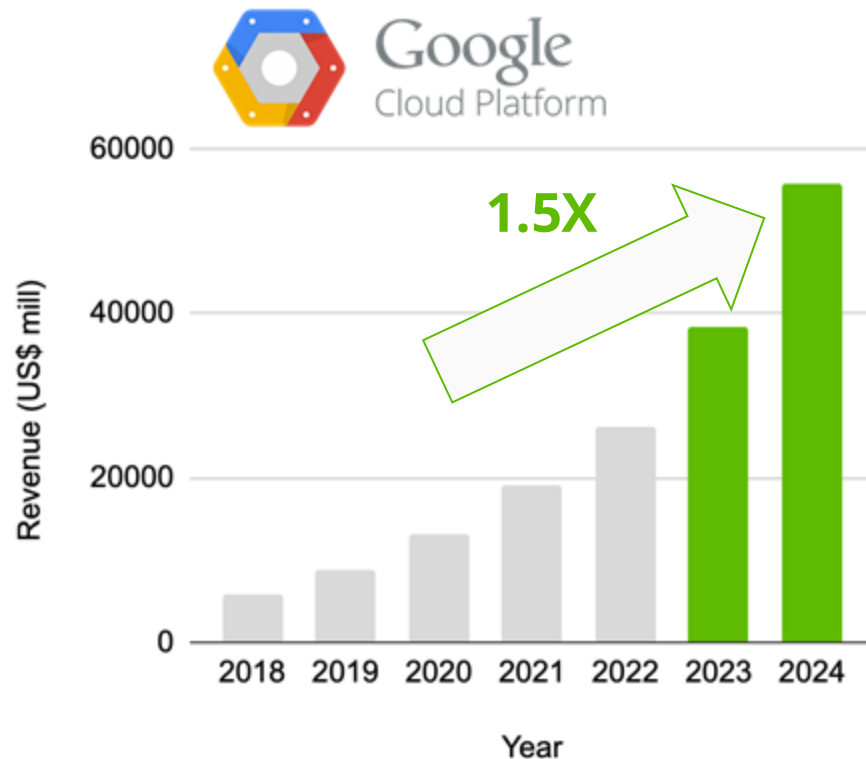
- AI applications
- Automotive

# Increasing demand for cloud services

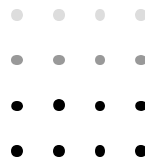
Volume of worldwide data every year



# Expected greater shift towards Cloud

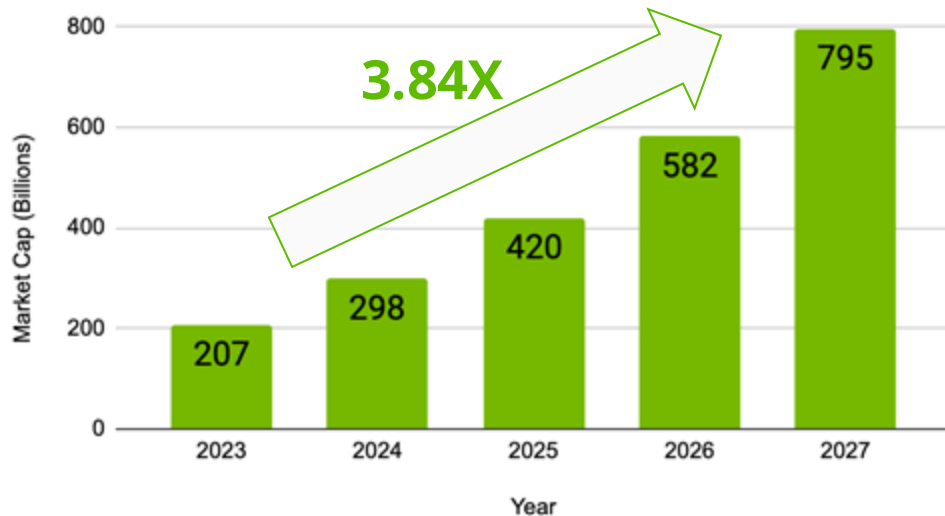


# Artificial Intelligence (AI)



- Rapid adoption of AI across all industries
- Rapidly growing sector for Nvidia's data centre products

Market Cap (Billions) vs. Year



(Statista, 2023)

# Artificial Intelligence (AI)

Deep  
Learning



Medical  
Imaging

Computer  
Vision

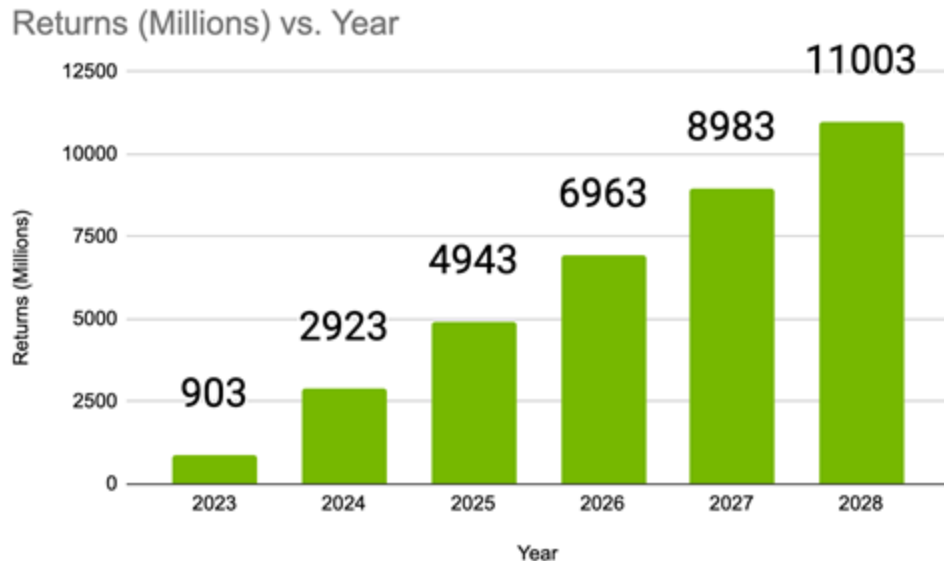


Drug  
Discovery

# Automotive Industry

- Collaboration more than 320 partners
  - To develop AI systems for self-driving vehicles
  - Audi, BMW, and Mercedes-Benz
  - To strengthen presence in the market
- Secured 6-year pipeline worth \$11bn
- Revenue expected to grow at a CAGR of 50% from fiscal 2023-2025

Nvidia's Next Billion-Dollar Business



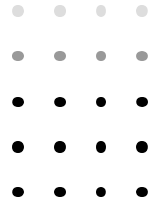




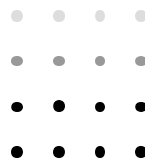
# 04

## Our Assumptions

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# Competitors unable to catch up

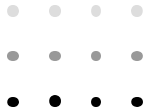


Increasing competition from a plethora of players

- Increasingly easier to design and manufacture new chips
- Established chip companies (AMD, Intel)
- Hyperscalers (Google, Amazon)
- Startups (Cerebras, Graphcore)
- Longer-term threat to NVIDIA's market share

AMD

- Significant experience in consumer GPU market
- Data centre GPUs quickly catching up in performance
- Efforts in building a more comprehensive software portfolio
- Acquisitions eg. Xilinx and Pensando



## Lack of External events

- Post-COVID-19 demand
- Pricing shock
- Inventory issues
- Geopolitical concerns

## Robust demand for AI

- Demand for AI and HPC workloads in the coming future



# NVIDIA

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- **Powerhouse in industry**
  - Extensive software infrastructure
  - Preferred partner for industry leaders
- **Current ventures with high potential for growth**
- **Buy call at USD298.50**

THANK YOU!

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