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**Internal Credit Report**

**Company: NVIDIA Corporation**

**Analyst Producer: AAA AVP**

**Analyst Reviewer: AAA Director**

**Date: March 2024**

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**1. Executive Summary**

**Overview**: NVIDIA Corporation is a leading designer and manufacturer of graphics processing units (GPUs) for gaming, professional visualization, data centers, and automotive markets.  
**Credit Rating**: A (Stable)  
**Summary of Findings**: Strong financial performance driven by robust demand in gaming and data center markets, balanced by high competition and significant R&D expenses.

**2. Company Profile**

**History**: Founded in 1993, NVIDIA revolutionized the gaming industry with its GPU technology.  
**Business Model**: Revenue primarily from GPU sales, complemented by AI and data center solutions.  
**Market Position**: Market leader in GPUs, strong presence in AI and data centers.

**3. Financial Analysis**

Financial Statements: Based on NVIDIA's latest 10-K report for the **fiscal year ended January 30, 2022:**

**Main numbers for (USD bn):**

|  |  |
| --- | --- |
| Revenue | 26.94 |
| Net Income | 8.365 |
| Total Assets | 41.18 |
| Total Liabilities | 19.08 |
| Shareholders' Equity | 22.1 |

**Key Financial Ratios:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | 2023 | 2022 | 2021 | 2020 |
| Profit Margin | | 26.00% | 36.20% | 25.80% | 25.30% |
| Current Ratio | | 3.5 | 5.3 | 4.2 | 2.8 |
| Debt-to-Equity Ratio | | 0.44 | 0.54 | 0.46 | 0.4 |
| Return on Equity (ROE) | | 34.00% | 37.00% | 26.30% | 25.20% |
| Return on Assets (ROA) | | 19.00% | 22.10% | 15.20% | 12.80% |
|  | | **2022** | **2021** | **2020** |
| **Profit Margin** | | 36.20% | 25.80% | 25.30% |
| **Current Ratio** | | 5.3 | 4.2 | 2.8 |
| **Debt-to-Equity Ratio** | | 0.54 | 0.46 | 0.4 |
| **Return on Equity (ROE)** | | 37.00% | 26.30% | 25.20% |
| **Return on Assets (ROA)** | | 22.10% | 15.20% | 12.80% |

**Revenue and Earnings:**

|  |  |  |
| --- | --- | --- |
|  | Revenue ($ billions) | Net Income ($ billions) |
| 2023 | 27 | 8.3 |
| 2022 | 26.9 | 9.8 |
| 2021 | 16.7 | 4.3 |
| 2020 | 10.9 | 2.8 |
| 2019 | 11.7 | 4.1 |

A graph showing the growth of a company

Description automatically generated

**Debt Analysis (USD bn):**

|  |  |
| --- | --- |
| Total Debt | 12.58 |
| Debt Maturity Profile |  |
| Short-term | 0.98 |
| Long-term | 11.68 |
| Interest Coverage Ratio | 25.2x |

**4. External Credit Ratings**

|  |  |  |
| --- | --- | --- |
|  | Rating | Outlook |
| Fitch | A/F1 | Stable |
| Moodys | Aa1 | Stable |
| S&P | A+ | Stable |

**5. Industry Analysis**

**Market Trends**: Increasing demand for GPUs in gaming, AI, and data centers.  
**Competitive Landscape**: Main competitors include AMD and Intel.  
**Regulatory Environment**: Subject to export controls and trade regulations, especially with China.

**6. Risk Assessment**

**Operational Risks**: Supply chain disruptions, reliance on key suppliers.  
**Financial Risks**: Currency fluctuations, exposure to high R&D costs.  
**Strategic Risks**: Rapid technological changes, intense competition.  
**External Risks**: Geopolitical tensions affecting supply chain and market access.

**7. Management and Governance**

**Leadership Team**: Led by CEO Jensen Huang.  
**Corporate Governance**: Strong governance practices with an independent board.  
**Management Strategies**: Focus on AI, gaming, and expanding data center capabilities.

**8. Conclusion and Recommendations**

**Overall Assessment**: NVIDIA is financially strong with a stable outlook.  
**Recommendations**: Maintain current credit limit, monitor geopolitical developments.