Financial Analysis of Nvidia

By: Dante Shoghanian

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- Industry Demand Trends
- Competitor Comparison
- Balanced Scorecard
- SWOT Analysis
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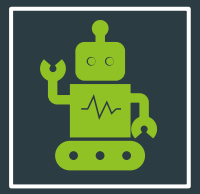
Company Profile

- Nvidia is categorized as a global technology company known for designing graphics processing units (GPU). The use cases for these products are in high-performance computing, visualizations, as well as gaming. Due to GPUs, they are also one of industry leaders in the realm of artificial intelligence (AI). Alongside the GPUs they develop the necessary software and hardware solutions for data centers, automotive industry as well as cloud applications.

Notable Events Timeline

Strategic Goals



Expand AI & Machine Learning leadership

Invest in AI technologies in healthcare, data centers, visualizations, and gaming

Autonomous Technology

Lead development of AI platforms such as Nvidia DRIVE to host autonomous innovation

Gaming Leadership

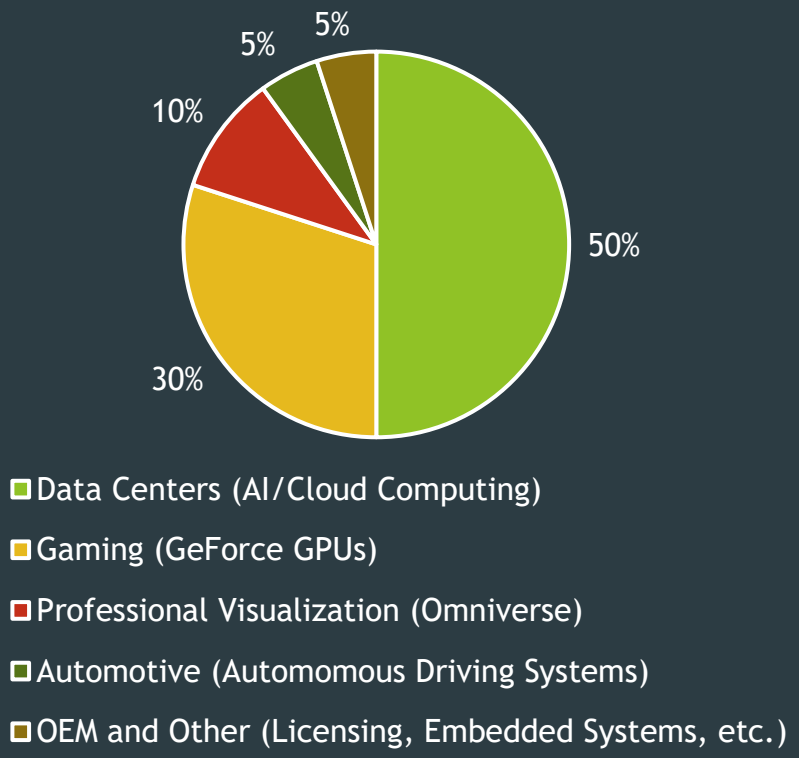
Continue to remain leaders in the industry with further advancement of real-time ray tracing and AI-enhanced graphics

Diversification

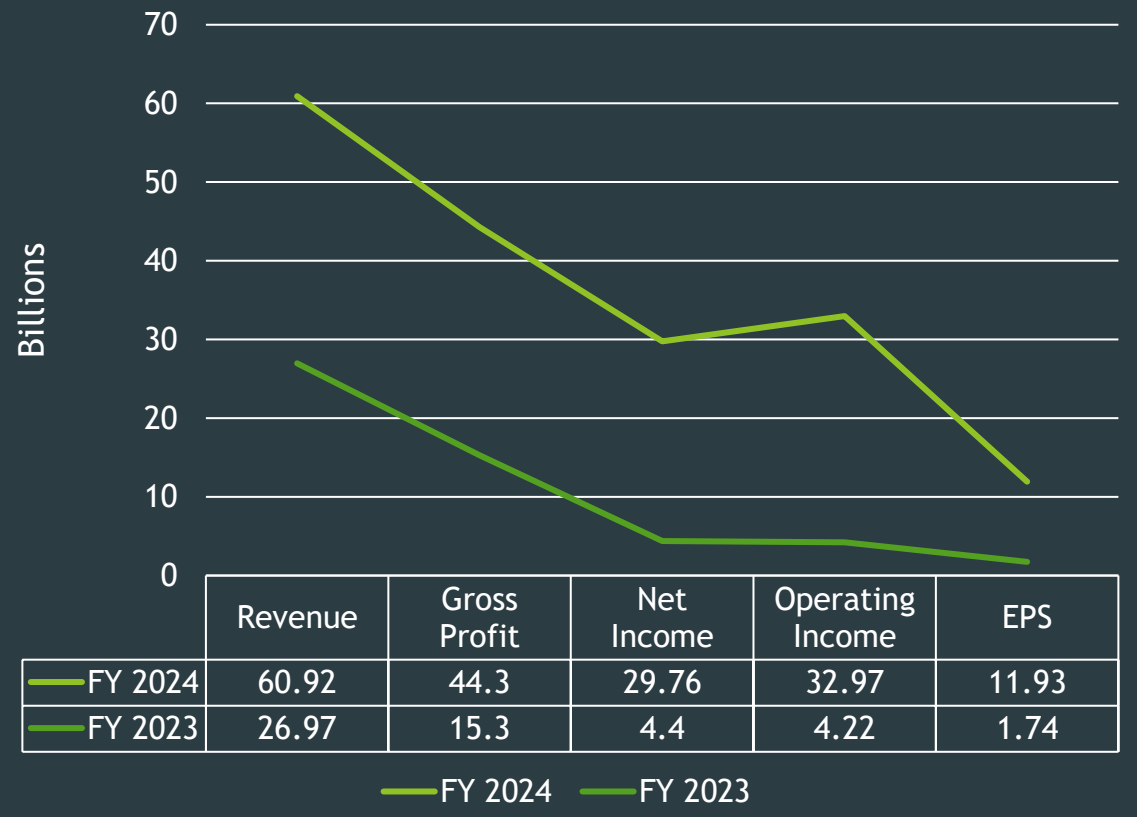
Reach new markets, including professional visualizations such as Omniverse as well as diving into cloud services

Recent Performance highlights

Revenue Breakdown by Major Segments



Growth Between FY 23/24

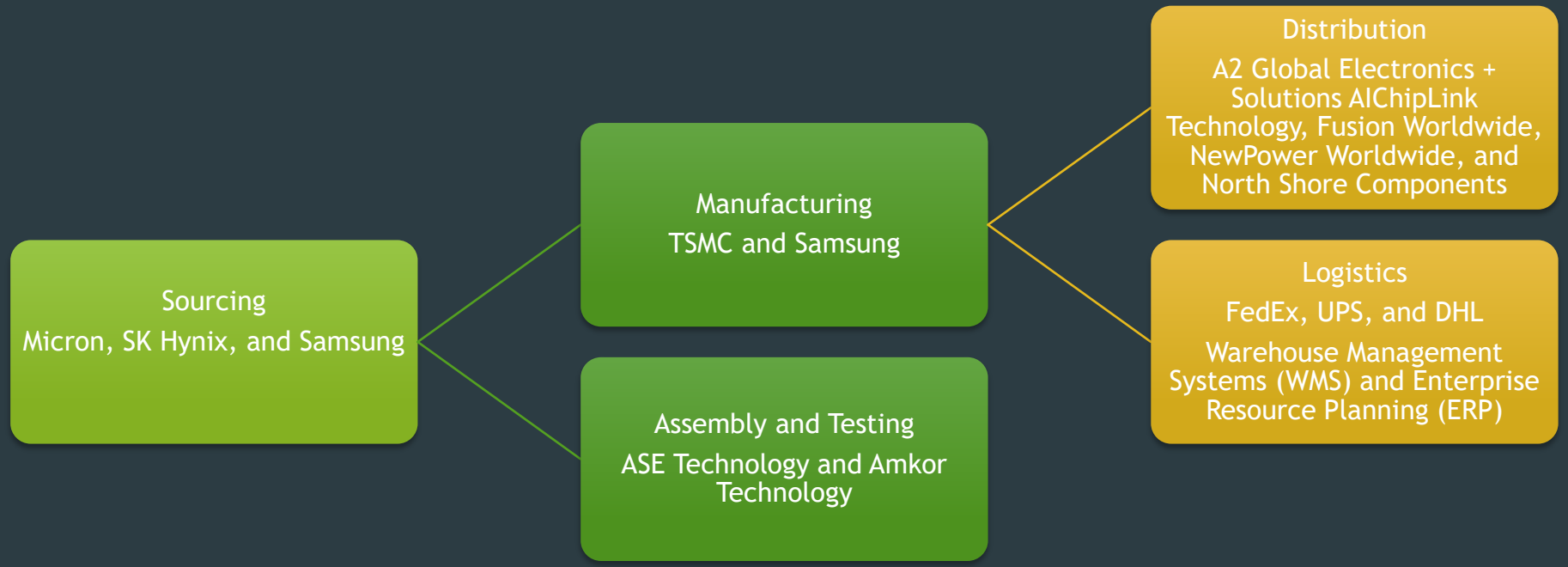


	Revenue	Gross Profit	Net Income	Operating Income	EPS
FY 2024	60.92	44.3	29.76	32.97	11.93
FY 2023	26.97	15.3	4.4	4.22	1.74

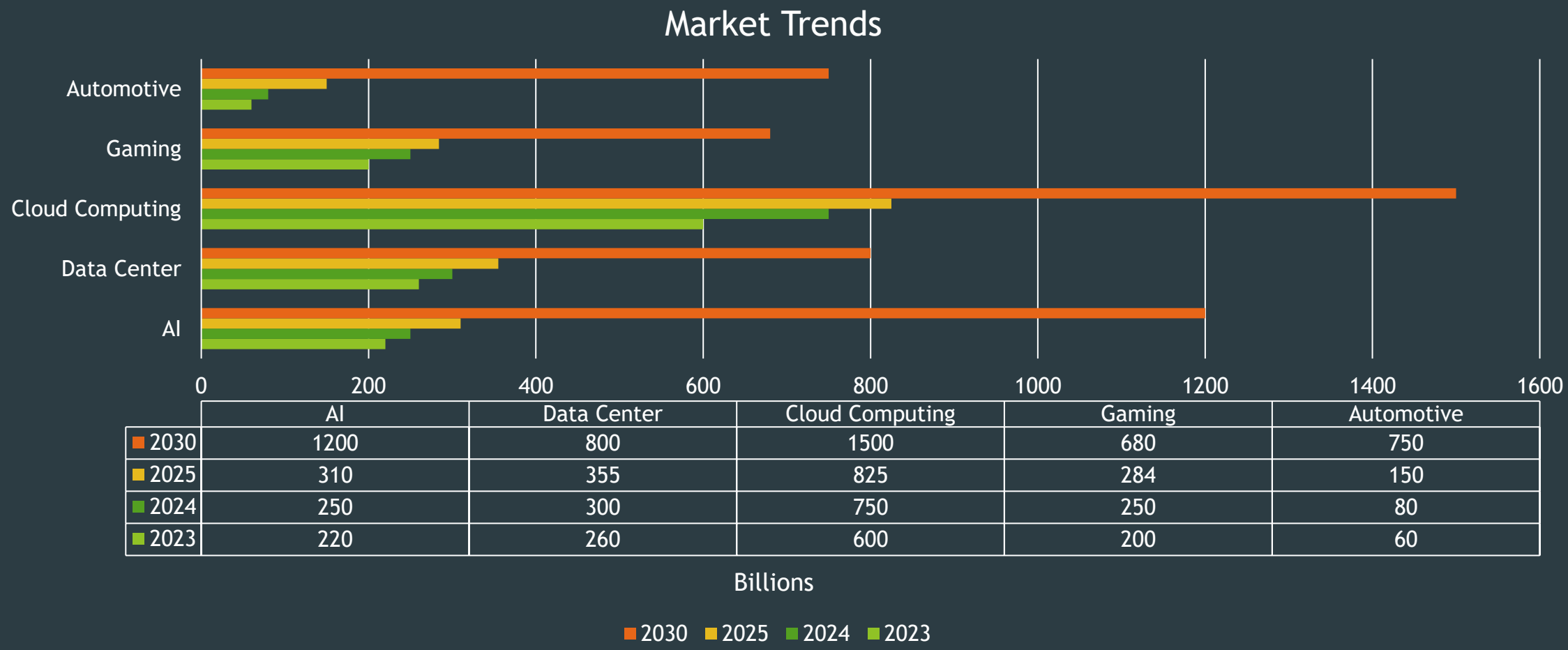
Supply Chain Structure

- Sourcing
  - Components such as semiconductors and raw materials are obtained from global suppliers: Micron, SK Hynix, and Samsung
- Manufacturing
  - Nvidia outsources its manufacturing to foundries associated with Taiwan Semiconductor Manufacturing company (TSMC) and Samsung which handle the fabrication of chips (5nm, 4mn, 3mn)
    - Advanced Lithography
- Assembly and Testing
  - Product assembly, testing, and packaging is done with partners within Taiwan, ASE Technology and South Korea, Amkor Technology
- Distribution
  - The products are distributed globally through a network of logistic providers and partners such as: A2 Global Electronics + Solutions, AIChipLink Technology, Fusion Worldwide, NewPower Worldwide, and North Shore Components
  - Products are shipped to OEMs (Original Equipment Manufacturers), retailers, and data centers
- Logistics
  - Global Shipping Partners include FedEx, UPS, and DHL, These partners handle shipping with both air and sea freight
  - Warehouse Management Systems (WMS) and Enterprise Resource Planning (ERP) to manage inventory, track product movement, and optimize warehouse operations

Supply Chain Structure



Industry Demand Trends



	AI	Data Center	Cloud Computing	Gaming	Automotive
2030	1200	800	1500	680	750
2025	310	355	825	284	150
2024	250	300	750	250	80
2023	220	260	600	200	60

Industry Demand Trends

Cloud Computing – GPUs are used in major platforms such as Amazon web services (AWS), Microsoft Azure, Google Cloud Platform (GCP), and IBM Cloud

Gaming – GeForce GPUs high performance graphics. RTX real time ray tracing and AI enhanced graphics. GeForce NOW, streaming service

Data Centers – GPUs acceleration for AI training, high performance computing, and data analytics. CUDA Platform, Networking, AI enterprise Suite software

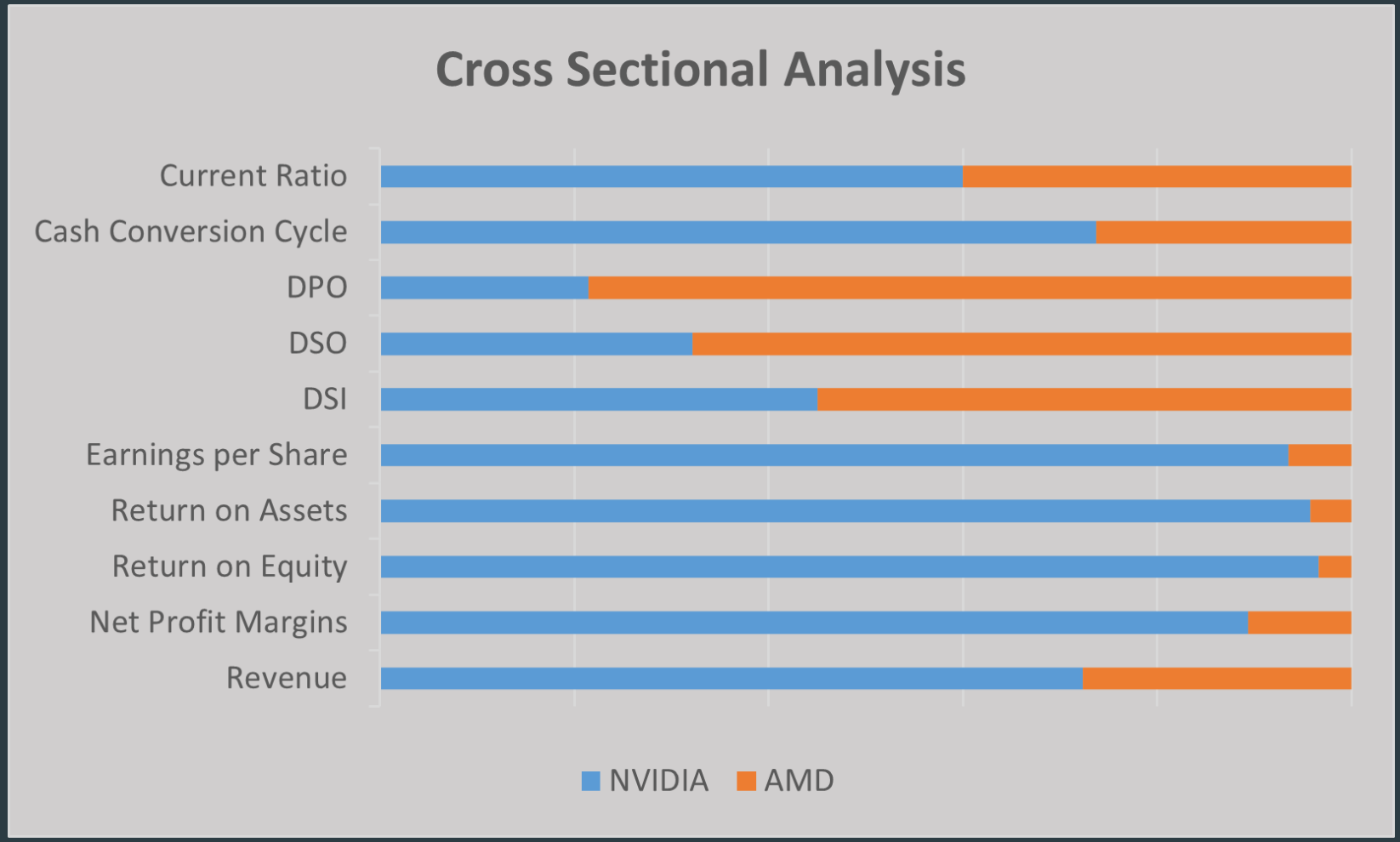
AI – GPU acceleration for deep learning and machine learning, optimized libraries for AI model development

Automotive – Partnerships Mercedes-Benz, Jaguar Land Rover, Volvo, Hyundai, Tesla, Polestar, Lucid, Amazon Zoox, General motors Cruise, Li Auto, BYD, Xpeng, Nio, Zeekr

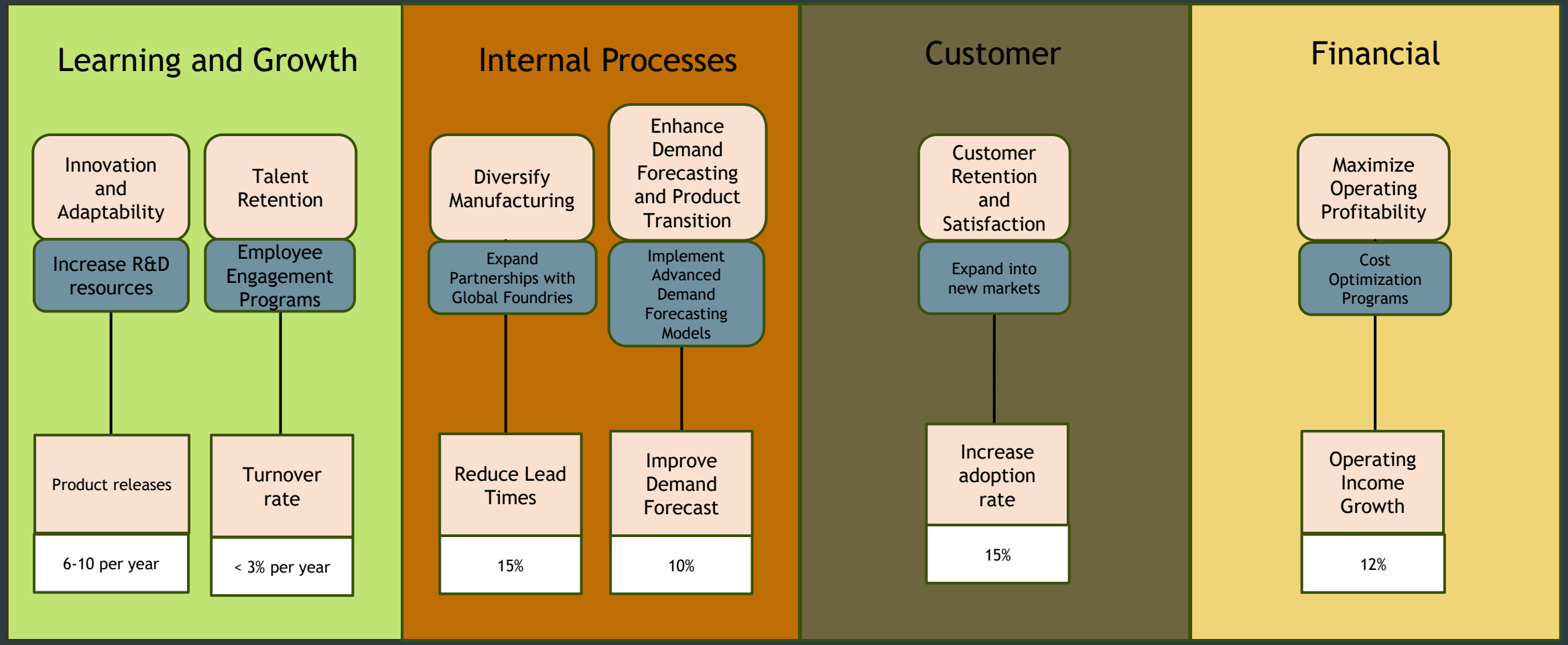
Competitor Comparison 2024

KPIs	NVIDIA	AMD	Comparison
Revenue (millions)	60922	23276	37646
Net Profit Margins	48.8%	5.8%	43.0%
Return on Equity	69.2%	2.4%	66.8%
Return on Assets	45.3%	2.0%	43.3%
Earnings per Share	$12.1	$0.84	11.24
DSI (Inventory to Sales)	114.6	139.8	25.2
DSO (Sales to Cash)	41.4	87.2	45.8
DPO (Purchase to Payment)	42.7	156.6	113.9
Cash Conversion Cycle	113.3	40.4	72.9
Current Ratio	4.2	2.8	1.4

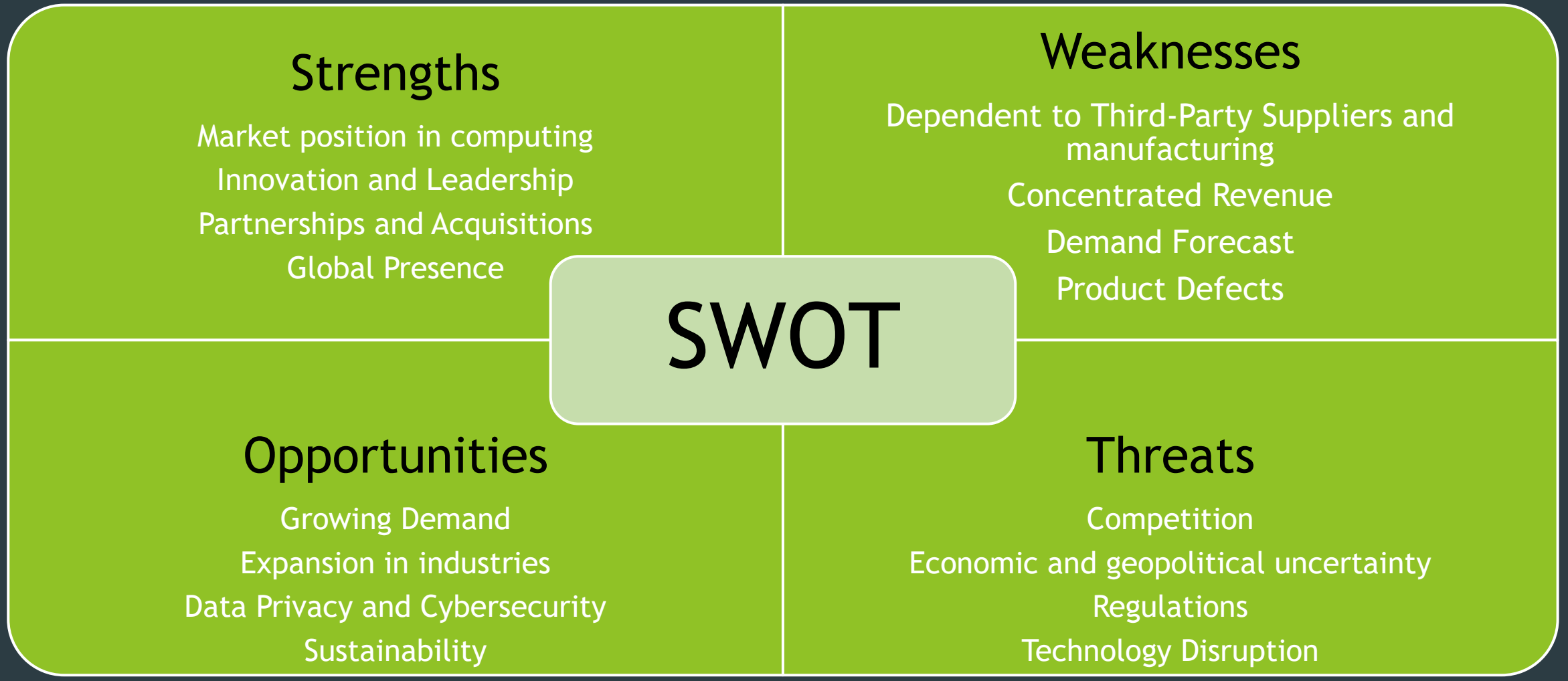
Competitor Comparison 2024



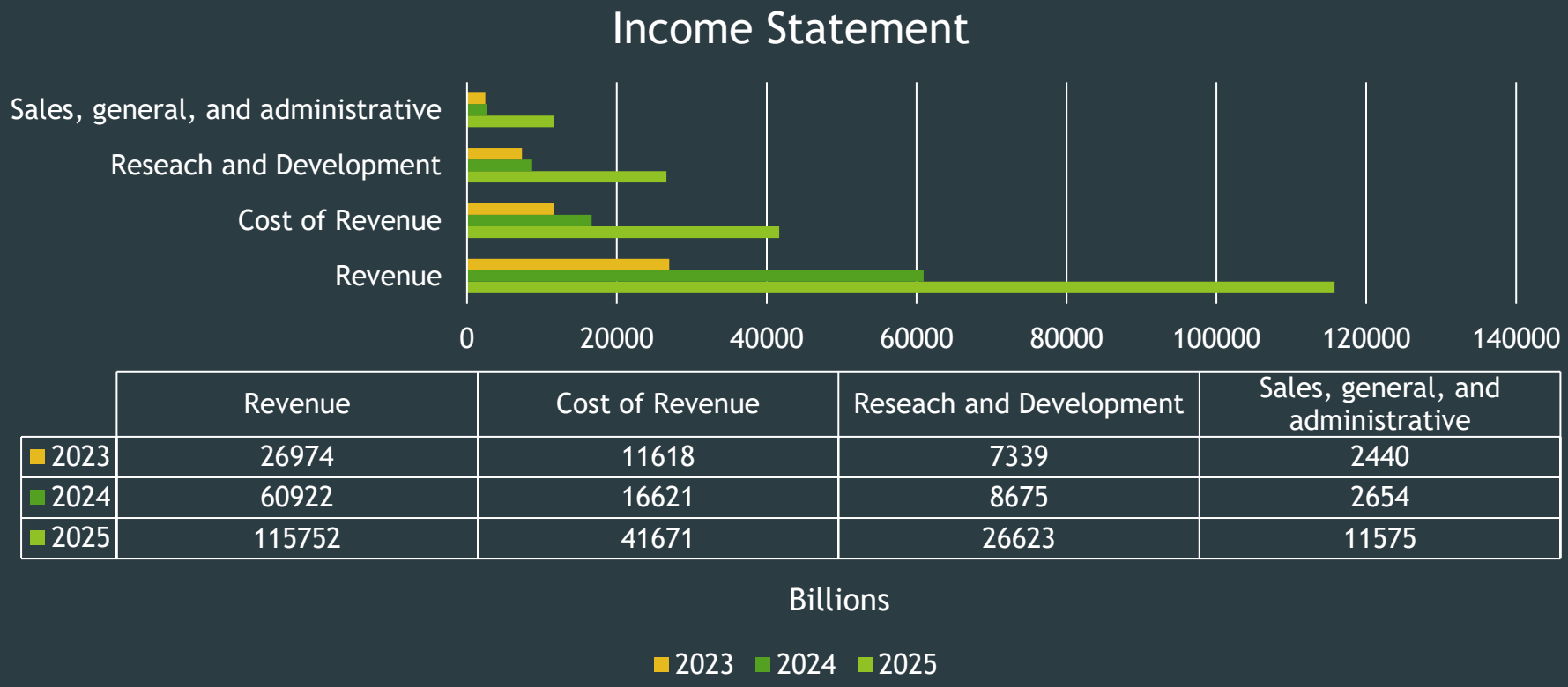
Balanced Scorecard



SWOT Analysis

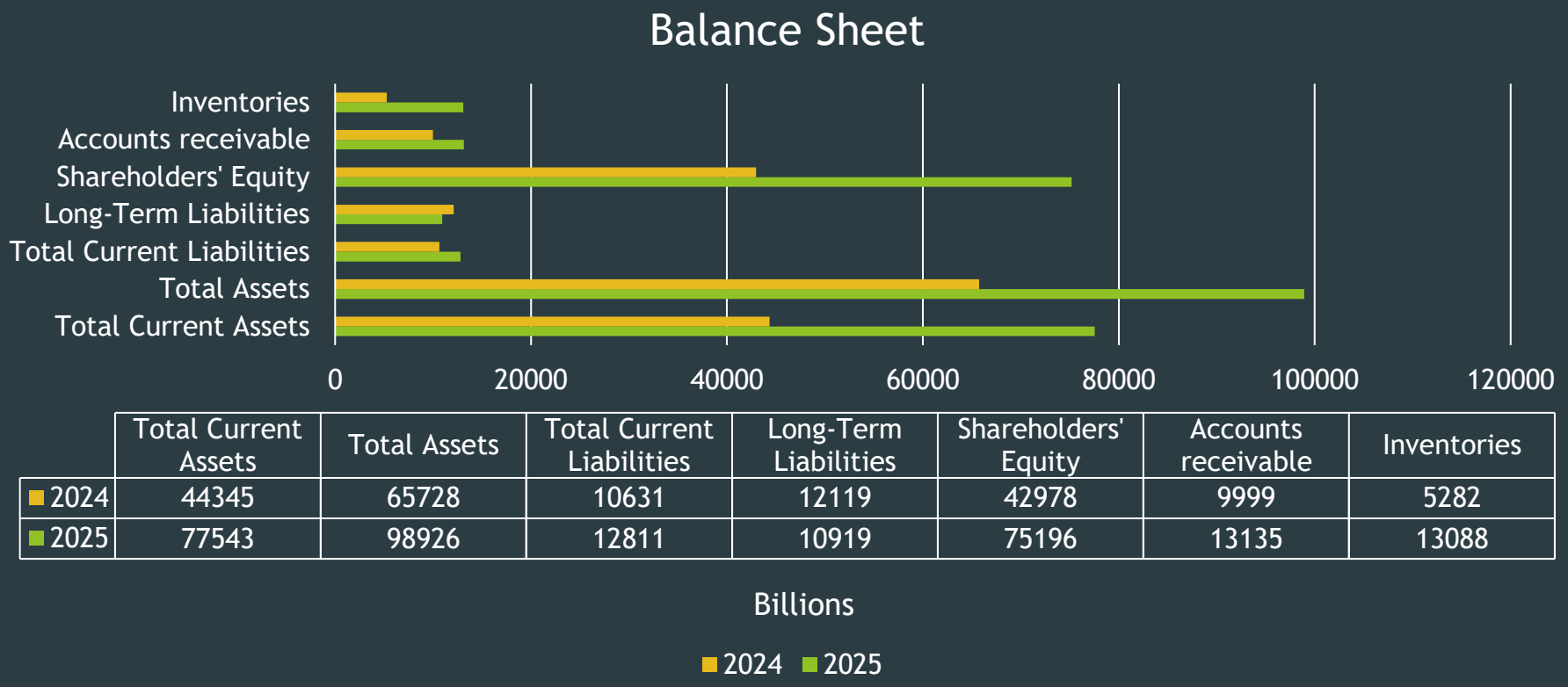


Financial Forecast



	Revenue	Cost of Revenue	Reseach and Development	Sales, general, and administrative
2023	26974	11618	7339	2440
2024	60922	16621	8675	2654
2025	115752	41671	26623	11575

Financial Forecast



	Total Current Assets	Total Assets	Total Current Liabilities	Long-Term Liabilities	Shareholders' Equity	Accounts receivable	Inventories
2024	44345	65728	10631	12119	42978	9999	5282
2025	77543	98926	12811	10919	75196	13135	13088

Key Recommendations

Improve Supply Chain Resilience

Diversify Suppliers: Obtain different geographic locations to avoid any type of dependences on specific regions

Long-Term contacts: Securing long-term contracts would help ensure product availability

Expanding into healthcare

Medical Technology: Works with imagine processing units such as MRIs, CT scans, and X-rays with NVIDIA GPUs

Genomics: Using high computing power to perform analysis, aiding in personalized medicine

R&D

Quantum computing: prepare for the next advancements in computing power

Next-Gen GPU: continue with the research to advance the capability of chips

Conclusion

Market Leadership in GPUs

Data centers, gaming, and professional visualization

AI & ML

GPUs capability of handling the workloads

Expansion into New Markets

Healthcare, IoT, and autonomous vehicles

Obtaining Partnerships

Nvidia continues to partner with industry leaders

Investment Considerations

- Growth Potential
  - Strong demand in virtual all sectors of technology
- Financial Performance
  - Increase revenue and profitability
- Market opportunities
  - Expansion into various industries created new sources of revenue
- Risks and Challenges
  - Competition and regulations may impact growth