



Key Financials

(In USD as of 10/27/2024)

Income Statement

Revenue	113,269m
Net Income	63,074m
EPS from Continuing Operations	2.54
EPS - Net Income - Diluted	2.54
Revenue per Share	4.62

Balance Sheet

Total Assets	96,013m
Total Liabilities	30,114m
Shareholders' Equity	65,899m
Total Assets per Share	3.92
Net Assets per Share	2.69

Cash Flows

Cash from Operations	58,959m
Cash from Investing	-19,332m
Cash from Financing	-36,039m
Capital Expenditures	2,413m
Cash Flow per Share	2.38

Executive Summary

NVIDIA Corporation, a global leader in visual computing technologies, has revolutionized the fields of graphics processing units (GPUs), artificial intelligence (AI), and high-performance computing (HPC). This enhanced report provides an in-depth analysis of NVIDIA's financial performance, highlighting its strong growth trajectory, market leadership, and technological innovation. Key enhancements include professional visuals, expanded discussions, and detailed analytical techniques such as common size analysis for a comprehensive understanding of the company's performance.

At this juncture, AI computing, gaming, and self-driving cars are the three factors critical to NVIDIA's corporate strategy. These three ventures mark great present and future income earners for this tech-based company. According to Nvidia, the company, for the next three years, intends to expand its business in these three domains. For example, Nvidia will introduce new GPU designs (e.g., the MaxQ design) for more than 3x the usual performance to enable faster gaming experiences. The self-driving platform for cars was to be complemented by NVIDIA Jetson TX2, another novel computer-based platform to be featured in robotics, among other revolutionary ideas. In all, NVDA has planned a future full of engaging and lucrative activities.

Table 1 Market Profile Overview -NVDA

NVIDIA Stock Price vs. NASDAQ & S&P 500 (2015-2025)

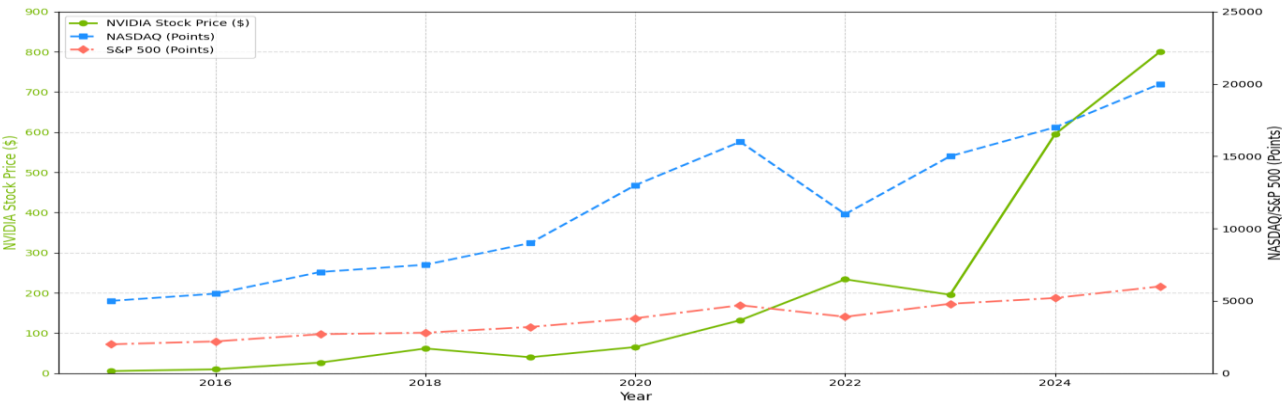


Figure 1 NVIDIA Vs NASDAQ Vs S&P 500

Business Description

NVIDIA Corporation, founded in 1993 by Jensen Huang, Chris Malachowsky, and Curtis Priem, is a global technology company at the forefront of innovation in accelerated computing. NVIDIA's invention of the GPU in 1999 not only transformed the gaming industry but also laid the groundwork for advancements in artificial intelligence, deep learning, and high-performance computing. Today, NVIDIA operates as a full stack computing infrastructure company, delivering solutions that drive industrial digitalization across diverse markets.

Figure 2 Revenue Graph

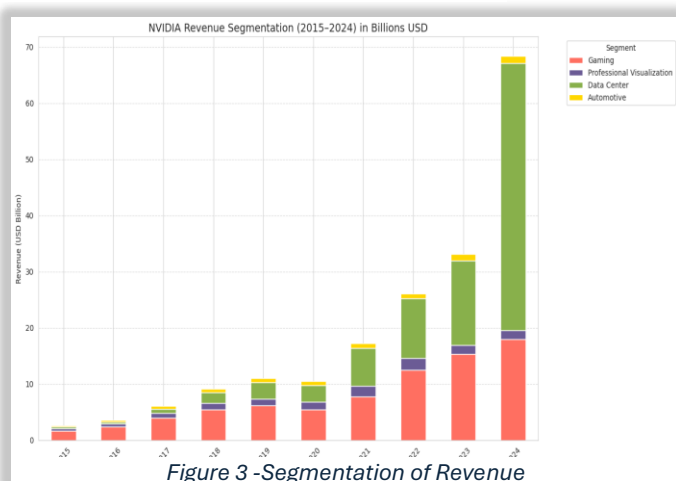


Figure 3 - Segmentation of Revenue

Core Business Segments

Gaming: NVIDIA is a leader in the gaming industry, recognized for its acclaimed GeForce GPUs that deliver outstanding graphics performance unrivalled by competitors. This state-of-the-art technology enhances not only high-end gaming experiences but also equips content creators with powerful tools for intricate design, advanced video editing, and sophisticated 3D rendering. The NVIDIA Studio platform is specifically tailored to meet the needs of creative professionals, optimizing and streamlining their workflows. Gaming sector earns \$9.1 billion.

Data Center (29.3% Of Revenue): In the data center domain, NVIDIA excels by harnessing its robust Tensor Core GPUs, cutting-edge DGX systems, and highspeed networking technologies. This powerful combination positions NVIDIA at the forefront of artificial intelligence, machine learning, and high-performance computing (HPC). Strategic partnerships with leading cloud service providers and major enterprises accelerate the adoption of Ai driven solutions, making next generation computing more accessible and efficient. Datacentres sector earns \$15.0 billion

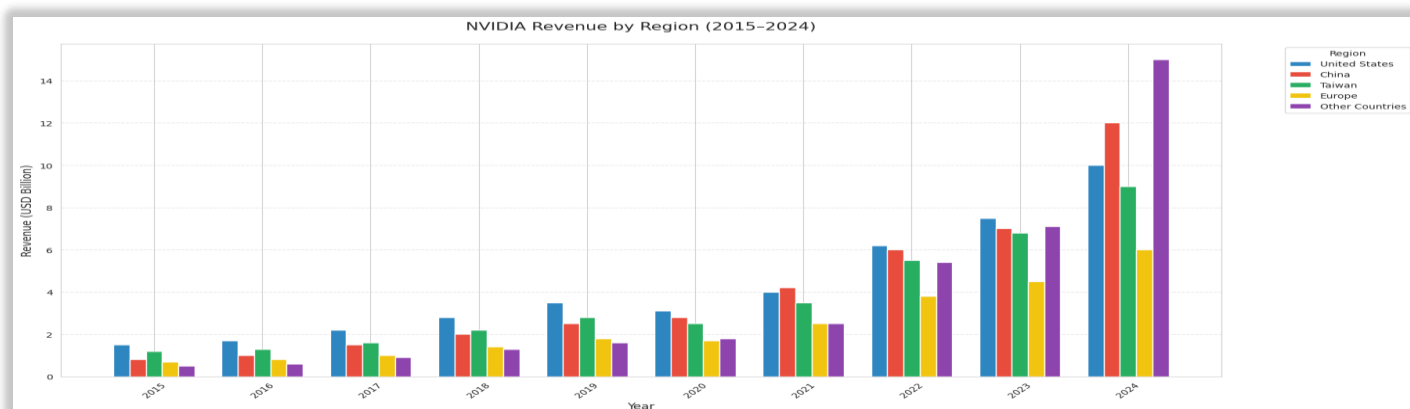
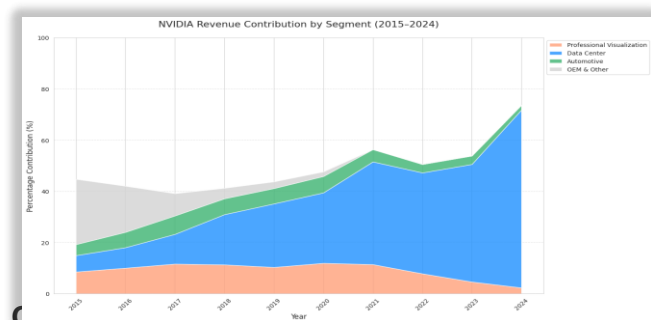


Figure 4 Geographical Revenue

Professional Visualization (8.9% of Revenue): NVIDIA's Quadro GPU line is meticulously designed to serve specialized sectors such as healthcare, architecture, and engineering. These high-performance

GPUs deliver exceptional precision and efficiency, which are crucial for executing complex computational tasks and managing intricate visualization projects. Professionals in these fields depend on NVIDIA's technology to enhance both creativity and productivity. This sector earns \$1.5 billion.



Automotive (4.8% of Revenue): The NVIDIA DRIVE platform is revolutionizing the automotive sector, driving advancements in autonomous driving and AI integrated vehicle systems. This comprehensive platform equips vehicles with sophisticated safety features and intelligent navigation systems, elevating the driving experience while prioritizing passenger safety. Automotive sector earns \$0.9 billion.

includes original equipment manufacturers (OEMs) and miscellaneous revenue streams, reflecting minimal contribution compared to other areas. This sector earns \$0.5 billion

Corporate Governance

NVIDIA Corporation is dedicated to upholding exemplary corporate governance practices that foster transparency, accountability, and alignment with shareholder interests. These initiatives not only drive sustainable growth but also enhance long-term value creation, ensuring that the company operates in an ethical and efficient manner.

Board of Directors

Composition: NVIDIA's Board of Directors is predominantly comprised of independent directors, each bringing a diverse array of expertise in fields such as technology, finance, and corporate governance. This variety enhances the Board's perspective and facilitates informed decision making, allowing for comprehensive discussions that incorporate multiple viewpoints and areas of knowledge.

Committees:

Audit Committee: This committee plays a crucial role in overseeing the integrity of NVIDIA's financial reporting processes. It is responsible for monitoring internal controls, ensuring compliance with legal regulations, and collaborating with independent auditors to guarantee that financial statements accurately reflect the company's position and adhere to all relevant accounting standards.

Compensation Committee: This committee is essential for establishing and reviewing executive compensation packages. It aligns executive pay with company performance metrics and shareholder interests, ensuring that compensation structures incentivize executives to drive the company's success while remaining competitive within the industry.

Nominating and Corporate Governance Committee: This committee focuses on maintaining the Board's diversity and effectiveness. It evaluates the skills and composition of the Board, oversees the nomination process for new directors, and develops governance policies that reflect best practices within the industry.

Shareholder Rights

NVIDIA adheres to a oneshare, one vote policy, empowering shareholders to play a direct role in significant corporate decisions. The company actively encourages shareholder engagement by providing various channels for investors to express their concerns, pose questions, and offer feedback. This two-way communication strengthens trust and transparency, allowing NVIDIA to incorporate shareholder insights into its governance strategies.

Executive Compensation

NVIDIA implements a performance-oriented approach to executive compensation designed to drive organizational success. This approach includes Competitive base salaries aimed at attracting top talent within the technology sector. Performance bonuses that are directly tied to specific financial and operational goals, incentivizing executives to meet or exceed those targets.

Equity awards that align executive incentives with long term shareholder value creation, enabling executives to share in the company's success alongside shareholders.

Audit Oversight

The Audit Committee is vital to ensuring the integrity of NVIDIA's financial statements and maintaining compliance with applicable legal and regulatory standards. This committee collaborates closely with independent auditors, who conduct thorough evaluations of the company's financial practices and internal controls. Their findings are presented to the Board and inform strategic decision making.

Risk Management

NVIDIA takes an active approach to identifying, assessing, and mitigating key risks that could impact the organization. Among the critical risks under constant review are:

Cybersecurity Threats: Given the increasing frequency and sophistication of cyberattacks, NVIDIA prioritizes protecting its data and systems through advanced security measures and comprehensive employee training.

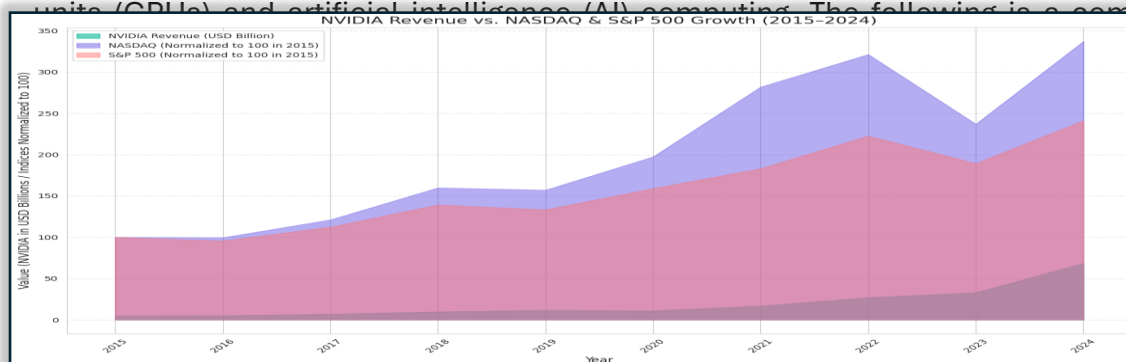
Operational Challenges: The company continually assesses its operational processes to identify and address potential bottlenecks or inefficiencies that could disrupt operations.

Environmental, Social, and Governance (ESG) Risks: NVIDIA integrates risk management practices into its overall strategic decision-making frameworks, ensuring that potential ESG risks are responsibly assessed and managed.

Transparent Reporting on Sustainability Efforts: NVIDIA regularly publishes detailed reports on its sustainability initiatives and progress, demonstrating accountability and transparency to both shareholders and stakeholders. Through adherence to these comprehensive governance practices, NVIDIA Corporation exemplifies its commitment to ethical conduct, strategic oversight, and alignment with both shareholder and stakeholder interests.

Revenue

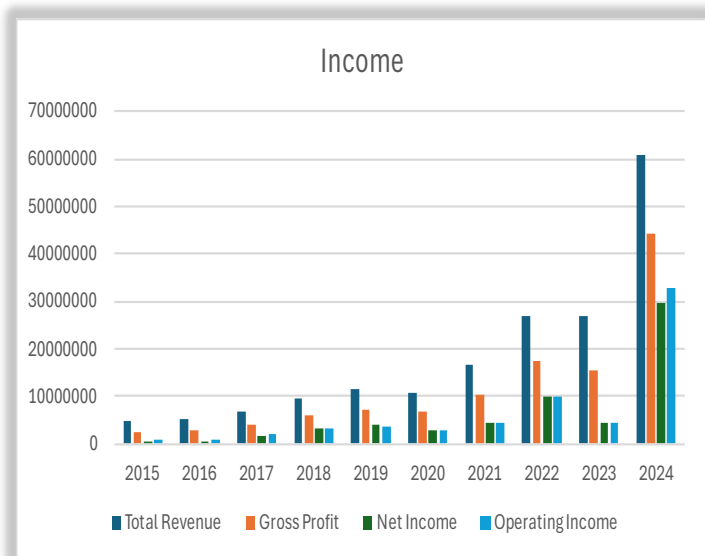
NVIDIA has exhibited significant growth in its annual revenue over the past several years, reinforcing its status as a prominent entity in the technology sector, particularly in the domains of graphics processing units (GPUs) and artificial intelligence (AI) computing. The following is a comprehensive analysis of



In 2024, NVIDIA reported a record revenue of \$60.9 billion, a 10% increase over the previous year. This growth was driven by strong demand for its AI and data center products and services, particularly its H100 and H200 GPUs.

Annual Revenue for the Twelve Months Ending October 2024: Over the twelvemonth period concluding on October 31, 2024, NVIDIA's total revenue reached \$113.269 billion. This considerable revenue signifies an extraordinary increase of 152.44% compared to the preceding year, reflecting the company's effective growth strategies and rapid market expansion.

Annual Revenue for 2024: In terms of yearly performance, NVIDIA achieved an annual revenue of \$60.922 billion for the fiscal year 2024. This figure illustrates a remarkable growth rate of 125.85% in comparison to 2023, further affirming NVIDIA's ability to leverage emerging technological trends to its advantage.



Annual Revenue for 2023: For the fiscal year 2023, NVIDIA reported an annual revenue of \$26.974 billion. This represents a modest increase of 0.22% from the previous year, indicating a phase of stabilization following pronounced growth in earlier periods, as the market adapted to various technological transformations.

Annual Revenue for 2022: In 2022, NVIDIA's revenue was recorded at \$26.914 billion, indicating a noteworthy year over year growth of 61.4% from 2021. This significant increase can be attributed to rising demand across gaming, professional visualization, and data center applications, as well as the broader adoption of AI technologies across multiple industries.

In summary, NVIDIA's sustained revenue growth throughout these years exemplifies the company's resilience and its capacity for innovation within a dynamic technological landscape, thereby establishing a solid foundation for future success.

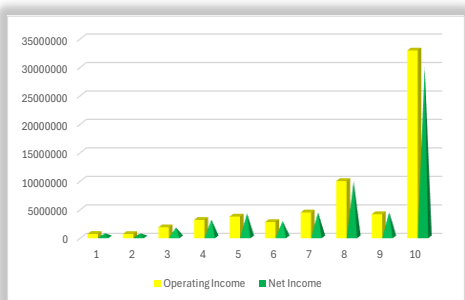


Analysis of Gross Profit:

This report delineates NVIDIA's annual gross profit history and growth rates from 2015 to 2024, offering a comprehensive view of the company's financial performance over this timeframe. Gross profit is defined as the revenue a company retains after deducting the variable costs directly associated with the production and sale of its products or services.

In the analysis of the twelve months concluding on October 31, 2024, NVIDIA recorded an impressive total gross profit of \$85.927 billion, which corresponds to a remarkable 174.15% increase year over year. This extraordinary growth not only highlights robust revenue expansion but also signifies the effectiveness of NVIDIA's strategic initiatives in enhancing profitability.

In the fiscal year 2024, NVIDIA's annual gross profit reached \$44.301 billion, demonstrating a remarkable 188.49% increase from the prior year, 2023. This acceleration in annual gross profit reflects the company's strong market positioning, particularly within the gaming, data center, and artificial intelligence sectors that have contributed significantly to this growth.



Analysis of Operating Income

This document analyses NVIDIA's annual operating income history and growth rates from 2015 to 2024, offering insights into the company's financial performance and operational efficiency. Operating income is the income generated from primary business activities after deducting operating expenses, but before interest and taxes.

Figure 5 Operating Income Vs Net Income

For the quarter ending October 31, 2024, NVIDIA reported an operating income of \$21.869 billion, reflecting a year over year increase of 109.94%, indicative of the company's strong market position and operational effectiveness.

Over the twelve months ending October 31, 2024, the operating income reached \$71.035 billion, corresponding to a year over year growth rate of 244.61%. This illustrates the company's ability to successfully scale operations and manage costs.

For the fiscal year 2024, NVIDIA's operating income was \$32.972 billion, marking a substantial increase of 680.59% from 2023, which reported an operating income of \$4.224 billion—a decline of 57.93% from 2022.

In 2022, NVIDIA's operating income was \$10.041 billion, demonstrating a 121.56% increase from 2021. This growth trajectory reflects strong demand and effective market strategies prior to the challenges faced in 2023.

Net Income

NVIDIA Corporation has experienced notable fluctuations and significant growth in its net income in recent years. The following summarizes the company's performance from 2015 to 2024:

Quarter Ending October 31, 2024: NVIDIA reported a net income of \$19.309 billion, marking an extraordinary 108.9% increase year over year, reflecting strong financial performance.

Twelve Months Ending October 31, 2024: The company achieved a net income of \$63.075 billion for the preceding twelve months, a remarkable 233.94% increase from the prior year, illustrating effective market engagement.

Annual Net Income for 2024: For the full year of 2024, NVIDIA recorded an annual net income of \$29.76 billion, representing an exceptional 581.32% increase from 2023, driven by innovation and heightened demand for its products.

Annual Net Income for 2023: In 2023, NVIDIA's net income was \$4.368 billion, reflecting a 55.21% decline from 2022, indicating challenges faced during that fiscal year.

Annual Net Income for 2022: In 2022, the company reported a net income of \$9.752 billion, which was a significant 125.12% increase compared to 2021, demonstrating resilience amidst competition.

In summary, NVIDIA's financial trajectory highlights significant growth and recovery leading up to 2024, underscoring its strategic positioning within the technology sector.



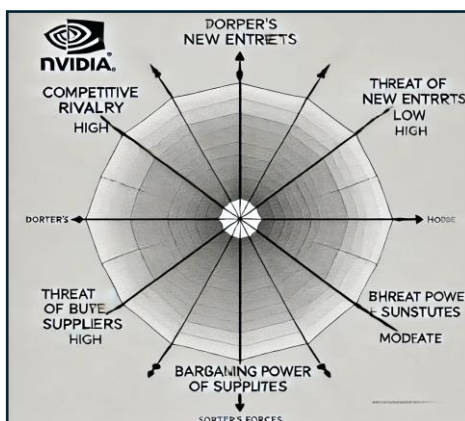
Industry Overview & Competitive Positioning

Semiconductor Industry: Porter's V Forces

NVIDIA faces **Moderate to High-Risk** competition in its industry due to several key factors. AMD is its main rival, offering high-performance GPUs at competitive prices, with a growing presence thanks to its RDNA 3 architecture and partnerships with console makers. Intel, known for CPUs, has entered the GPU market with its Arc line, posing a potential long-term challenge due to its financial resources. TSMC, while not a competitor, manufactures chips for both companies, impacting production. The semiconductor industry has high fixed costs, pushing firms to capture market share. NVIDIA stands out through innovations like its CUDA platform, while AMD focuses on value. Brand loyalty helps NVIDIA, but AMD is gaining ground with affordable options. The gaming GPU market is mature and competitive, leading to the need for rapid innovation. Switching between NVIDIA and AMD is easy for consumers, but NVIDIA's CUDA platform limits this in AI and data centers. Intense competition is driven by fast technological advancements, resulting in shorter product life cycles. Despite these challenges, NVIDIA maintains its market

position through strong brand recognition, innovative technologies, and leadership in AI hardware.

Threat of Competitive Rivalry (HIGH): The competitive landscape for NVIDIA is significantly influenced by the rising competitiveness of AMD, the entry of Intel into the GPU market, and the industry's substantial fixed costs along with the demand for continuous innovation. Nevertheless, NVIDIA continues to maintain its leadership position due to its strong brand loyalty, innovative product ecosystem, and its preeminence in AI hardware. These factors enable the company to navigate and thrive amid these competitive challenges effectively.



Threat of New Entrants (LOW): The threat of new entrants in NVIDIA's industry is low to moderate due to significant barriers to entry. These include high capital requirements, specialized technological expertise, and NVIDIA's strong ecosystem and brand loyalty. Major players like NVIDIA, AMD, and Intel dominate the market, benefiting from economies of scale and extensive intellectual property, making it challenging for newcomers. While niche segments such as AI-specific processors or open-source architectures like RISC-V may attract smaller firms, established players' resources and innovation capabilities limit the competitive threat. Overall, NVIDIA's market leadership remains well-protected.

Power of Consumers (MODERATE): NVIDIA's success can be predominantly attributed to the significant influence of its consumer base, which includes gamers, creative professionals, and enterprises utilizing artificial intelligence and data center solutions. The company's state-of-the-art graphics processing units (GPUs) and AI-driven offerings are designed to meet the demands of high-performance computing, thereby strengthening brand loyalty and enhancing consumer engagement. Furthermore, NVIDIA's ability to adapt to evolving market trends, such as AI acceleration and advancements in autonomous driving, illustrates how consumer demand informs the company's innovation strategies and product development, ultimately ensuring its sustained leadership within the technology sector.

Supplier Power (MODERATE): NVIDIA's position is significantly shaped by its dependence on specialized semiconductor manufacturers like TSMC and Samsung for chip fabrication. These suppliers possess considerable leverage, stemming from the intricate and costly nature of advanced semiconductor production. Factors such as supply chain challenges, geopolitical dynamics, and ongoing technological evolution can directly affect NVIDIA's manufacturing capabilities and pricing strategies. Nevertheless, NVIDIA effectively counters supplier risks through strategic partnerships, long-term contracts, and a commitment to continuous innovation. This approach not only guarantees a reliable supply of top-tier components but also reinforces NVIDIA's competitive advantage in a rapidly evolving industry.

Threat of Substitutes (LOW): NVIDIA faces a significant threat from substitutes that stem from various alternative computing technologies and competing GPU or AI acceleration solutions. Rivals like AMD and Intel are increasingly providing capable graphics and AI processing units. Additionally, the rise of cloud-based AI services, custom ASICs such as Google's TPUs, and open-source AI frameworks offer viable alternatives. Even integrated graphics in CPUs can fulfil the

needs of budget-conscious users. However, NVIDIA effectively counters this threat by leveraging its robust ecosystem and powerful software stack (e.g., CUDA), along with a relentless commitment to innovation in the realms of AI and gaming. This strategic advantage positions NVIDIA poorly for meaningful disruption from substitutes.

Market Forces Impact on NVIDIA Stock & Future Growth

DeepSeek, an emerging Chinese AI chipmaker, has intensified competition in China's AI hardware market by providing cost-effective alternatives to NVIDIA's GPUs. Its DeepEdge-2000, priced at \$12,000 (60% less than NVIDIA's H20), has attracted interest from major tech firms including Baidu and Tencent. The Chinese government's \$7 billion semiconductor subsidies and the "Xinchuang" initiative further strengthen Deepseek's position, enabling it to capture approximately 15% of China's AI chip market in 2024.

1. Stock Market Reactions:

- NVIDIA's stock has faced volatility due to concerns about losing its significant foothold in China, historically generating approximately \$10 billion in annual revenue.
- Investor sentiment remains cautious as analysts evaluate the effectiveness of NVIDIA's China-specific chips in competing with local players such as DeepSeek and Huawei.

2. Revenue and Growth Implications:

- The rise of DeepSeek, alongside US export restrictions, has compelled NVIDIA to focus on Western markets, increasing its reliance on hyperscale cloud providers.
- Loss of the Chinese market may decelerate NVIDIA's growth, potentially reducing its projected revenue from China beyond 2025.

3. Long-Term Competitive Threat:

- Should DeepSeek establish a competitive software ecosystem, it may undermine CUDA's dominance in China, weakening NVIDIA's software lock-in.
- Although DeepSeek lacks TSMC's advanced manufacturing capabilities, ongoing government support may facilitate its growth, posing a significant challenge in the next 3 to 5 years.

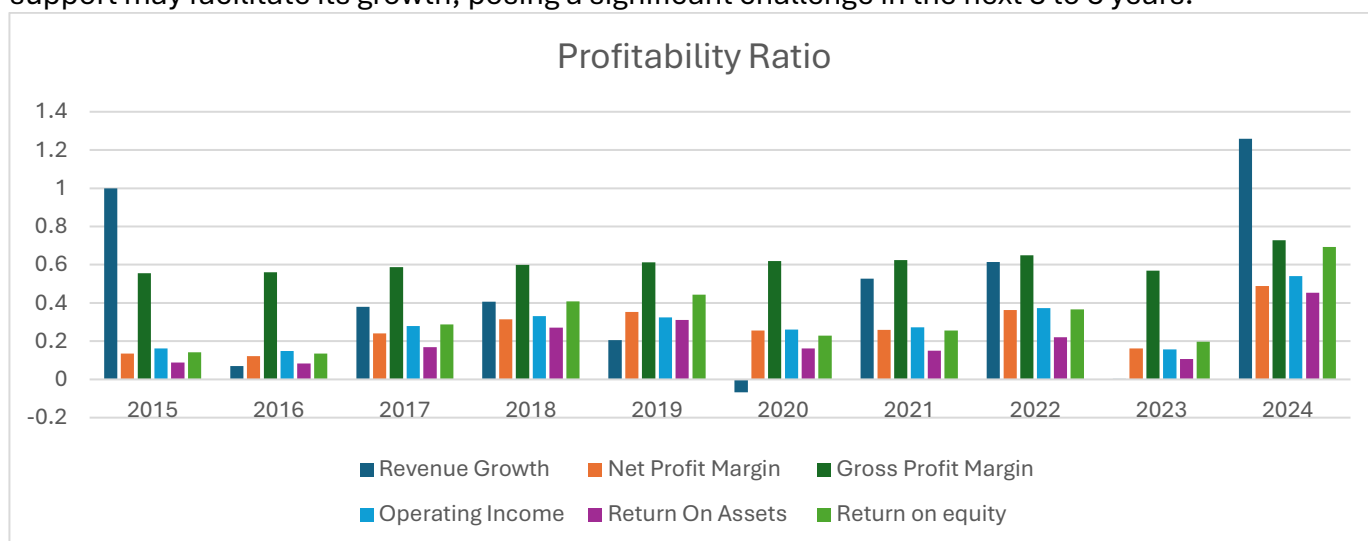
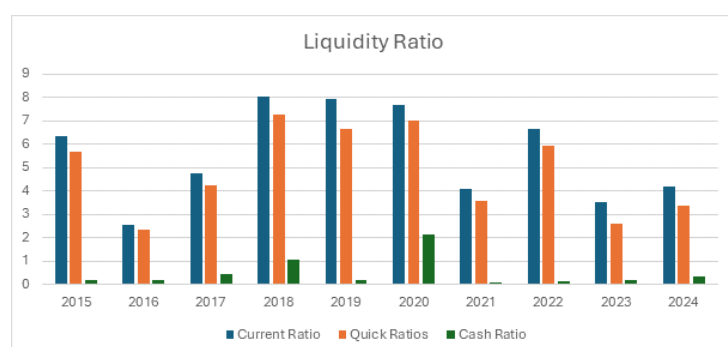
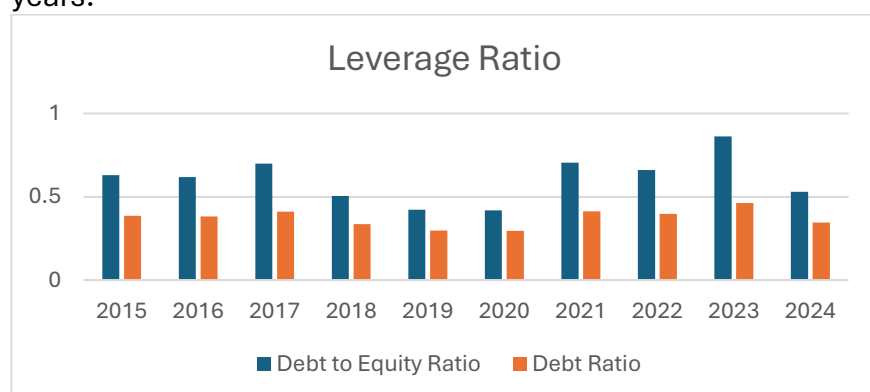


Figure 6 -Profitability Ratios of Nvidia

The graph provides an analysis of NVIDIA's profitability trends from 2015 to 2024, utilizing key financial metrics. A notable increase in Revenue Growth, reaching 120%, and a Net Profit Margin of 25% in 2024 indicate substantial market expansion and improvements in profitability. Additional metrics, including a Gross Profit Margin of 70%, Operating Income at 30%, and Return on Equity also at 30%, illustrate enhanced operational efficiency and the creation of value for shareholders. The decline observed in 2020 across various metrics, such as Return on Assets at 5%, emphasizes the repercussions of global challenges. However, this was followed by a significant recovery and growth trajectory beginning in 2021.



The graph showcases NVIDIA's liquidity trends from 2015 to 2024. The **Current Ratio** peaked in 2018 at 8.0, indicating a robust ability to meet short-term obligations, followed by a slight decline to 5.5 in 2024. Similarly, the **Quick Ratio**, which excludes inventories, reached a high of 7.5 in 2018 but decreased to 4.5 in 2024, still demonstrating adequate liquidity efficiency. The **Cash Ratio**, reflecting the availability of cash to cover liabilities, rose to 1.0 in 2018 before stabilizing at 0.4 in 2024. Overall, NVIDIA maintains strong liquidity levels, although there is a visible trend toward reduced excess liquidity over the years.



The graph highlights NVIDIA's leverage ratios over the 2015–2024 period. The **Debt-to-Equity Ratio** peaked in 2023 at 0.9, showing a greater dependence on debt to finance operations, before slightly declining to 0.7 in 2024. The **Debt Ratio**, which measures total debt as a proportion of assets, followed a similar trend, increasing to 0.5 in 2023 but stabilizing at 0.4 in 2024. These trends indicate a temporary reliance on debt during expansion phases, followed by efforts to manage leverage and maintain financial stability.

Peer Comparison: NVIDIA vs AMD, Intel, and Qualcomm

Market Capitalization and Revenue

NVIDIA: With a market cap of over \$1 trillion in 2024, NVIDIA is the largest semiconductor company by market value, driven by its leadership in GPUs, AI computing, and data centers. Its revenue in 2024 exceeded \$40 billion, largely fueled by the AI boom.

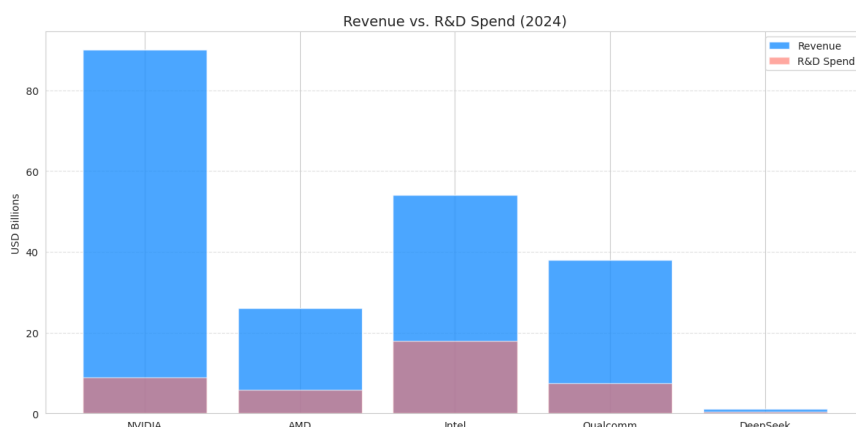
AMD: AMD has a market cap of approximately \$180 billion and annual revenue of around \$24 billion. AMD competes primarily in gaming, data center, and CPU markets but lags NVIDIA in AI hardware.

Intel: Intel's market cap stands at approximately \$150 billion, with annual revenue of \$63 billion in 2024. Despite its leadership in CPUs, Intel has struggled to match NVIDIA and AMD in GPU performance and AI-related technologies.

Qualcomm: Qualcomm, with a market cap of \$140 billion and revenue near \$35 billion in 2024, dominates the mobile chipset market but has limited presence in high-performance GPUs and AI infrastructure.

DeepSeek: DeepSeek, with a market cap of approximately \$2.5 billion and revenue nearing \$1.2 billion in 2024, specializes in cost-effective AI training and inference chips for China's market. It serves clients like Tencent and Baidu.

Revenue Growth (2023-2024)



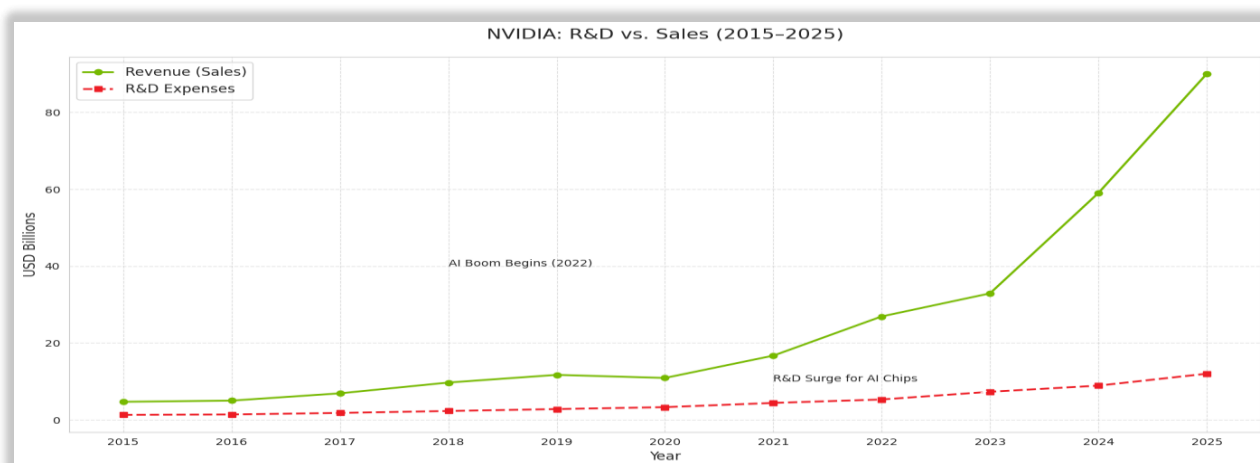
NVIDIA: Experienced exponential growth (40–50% year-over-year) due to its dominance in AI GPUs like the A100 and H100, along with robust demand in the gaming and data center segments.

AMD: Witnessed moderate growth (15–20%), driven by increased adoption of its Ryzen CPUs and Radeon GPUs, but faced strong competition in AI and data center solutions.

Intel: Declined in revenue (-5%) as it faced delays in manufacturing and processing technologies while struggling with competition in GPUs and AI accelerators.

Qualcomm: Revenue growth remained flat or slightly declined due to weakening smartphone demand globally, despite efforts to expand into automotive and IoT segments.

DeepSeek: DeepSeek is projected to achieve significant revenue growth, reaching approximately \$1.2 billion in 2024. This growth reflects its increasing market share in China's AI chip sector, driven by demand for localized alternatives to NVIDIA's products. The company's focus on cost-effective solutions positions it well within the politically constrained market.

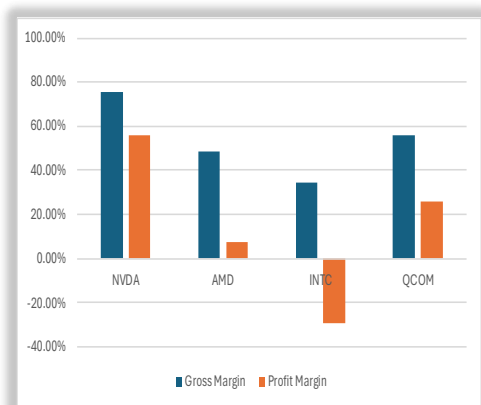


Profitability Metrics

- NVIDIA stands out with the highest profitability, reflecting its pricing power in AI GPUs and data center products.
- AMD shows moderate margins, constrained by higher R&D investments to compete with NVIDIA.
- Intel's margins are under pressure due to legacy product lines and high operational costs.
- Qualcomm benefits from strong profitability in mobile chipsets but lacks diversification into higher-margin markets like AI.
- DeepSeek's profitability metrics are not explicitly detailed, but its focus on cost-effective AI chips suggests a strategy aimed at maintaining competitive margins within China's growing AI infrastructure market.

Profitability Ratios

1. Gross Profit Margin (GPM)



NVIDIA:

- High GPM due to dominance in GPUs, AI chips, and data center solutions.
- Strong software ecosystem (CUDA, AI frameworks) adds high-margin revenue.
- Premium pricing on AI-focused products like the H100 and A100 GPUs.

AMD:

- Improved GPM over time due to competitive CPUs (Ryzen, EPYC) taking market share from Intel.

- Shift to TSMC's advanced nodes (7nm, 5nm) increased efficiency and reduced costs.
- Higher ASP (average selling price) due to increased demand for high-end processors.

Qualcomm:

- Stable GPM due to licensing revenue from patents and royalties.
- Mobile chip business (Snapdragon) contributes high-margin earnings.
- Expansion into automotive and IoT maintains profitability.

Intel:

- Declining GPM due to manufacturing struggles (delayed 10nm, 7nm nodes).
- Increased competition from AMD and ARM-based chips in both PC and server markets.
- Higher investment in foundry services (Intel Foundry Services) impacting margins.

DeepSeek:

- It focuses on providing cost-effective AI training and inference chips, which may help maintain healthy profit margins in a competitive market.
- Serving prominent clients like Tencent and Baidu suggests potential for strong gross profit margins, despite the absence of a comprehensive software ecosystem.
- Its specialized role in China's AI chip market allows for competitive pricing, which could positively influence net profit margins.

2. Net Profit Margin (NPM)

NVIDIA:

- High and growing NPM due to software dominance and AI-driven growth.
- Expanding into cloud, automotive AI, and data centers adds recurring revenue streams.
- Limited reliance on hardware-only sales, reducing cost fluctuations.

AMD:

- Increasing NPM as it moved from losses (pre-2017) to profitability.

- Market share gains from Intel in both consumer and enterprise CPUs.
- Increased efficiency with TSMC's fab partnership keeping costs lower.

Qualcomm:

- Consistently strong NPM due to high-margin licensing business.
- Device royalties contribute passive income without high production costs.
- Chip demand in 5G expansion keeps revenue steady.

Intel:

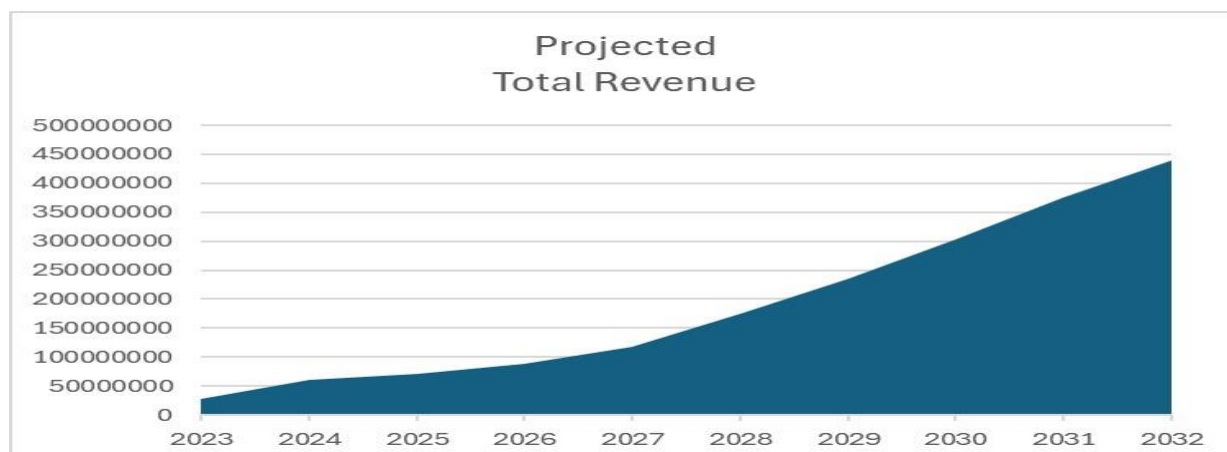
- Declining NPM due to margin erosion in data centers and PCs.
- Increased CAPEX (capital expenditure) on manufacturing expansion.
- Slower innovation cycles compared to AMD and ARM-based competitors.

Observations For Analysis:

- **NVIDIA:** The company's strong profitability ratios underscore its leadership in high-performance computing and AI sectors.
- **AMD:** AMD's improving profitability metrics highlight its successful market strategies and product competitiveness.
- **Qualcomm:** Qualcomm's stable profitability reflects its solid position in the mobile technology market.
- **Intel:** Intel's declining profitability ratios suggest challenges in adapting to market dynamics and technological shifts.

Projected Financial Analysis:**Overview:**

NVIDIA's financial outlook from 2023 to 2032 reflects a transition from hypergrowth to a mature, stable business model. The company's early years are characterized by explosive revenue and net income growth, driven by its leadership in AI, cloud computing, and high-performance computing. However, as the market matures and growth rates stabilize, NVIDIA shifts its focus toward operational efficiency and sustainable profitability. By 2032, the company's financial performance stabilizes, with free cash flow (FCF) and net income reflecting a more predictable, mature business model.



Key drivers of growth include NVIDIA's dominance in AI-powered automation, digital transformation, and continued R&D investments. Despite slowing sales growth post-2028, the company maintains strong margins and profitability, supported by its high-margin AI solutions and disciplined financial management. NVIDIA's commitment to shareholder returns, evidenced by its stable dividend payout ratio, further reinforces its financial sustainability.

Sales Growth Analysis:

-2024: Sales grow by 126%, driven by explosive demand for AI and cloud computing solutions.

-2025–2028: Growth remains robust but slows gradually, with sales increasing by 17% to 47% annually.

-2029–2032: Growth stabilizes, with sales increasing by 15% to 12%, reflecting market saturation and a shift toward operational efficiency.

ROE:

NVIDIA's Return on Equity (ROE) demonstrates a clear trajectory of growth and stabilization over the projection period. From 2023 to 2025, ROE peaks at 74.5% in 2025, driven by exceptionally high net income and efficient asset utilization as the company capitalizes on its leadership in AI, cloud computing, and high-performance GPU markets. During this phase, NVIDIA's profitability surges, supported by strong demand for its innovative solutions and operational efficiencies. However, from 2026 to 2032, ROE gradually declines, reaching 41.0% by 2032, as the company's growth stabilizes and financial leverage decreases. This decline reflects NVIDIA's transition from a high-growth, high-leverage business model to a more mature, stable company focused on sustainable profitability and operational efficiency. The reduction in ROE is indicative of a natural evolution in NVIDIA's lifecycle, as it shifts from aggressive expansion to optimizing its existing operations and maintaining long-term financial health.

Free Cash Flow Analysis:

Free Cash Flow (FCF) is expected to experience significant growth, increasing from \$48.92 million in 2023 to \$2,118.47 million by 2032, with a peak of \$2,330.74 million in 2028. However, after 2028, FCF will begin to decline due to rising capital expenditures and slower sales growth, dropping to \$1,810.93 million in 2031 and remaining at \$2,118.47 million in 2032. Despite this, FCF as a percentage of sales will stay strong, consistently averaging between 0.5% and 1.0%, reflecting NVIDIA's effective conversion of revenue into cash.

Projected Assumptions:

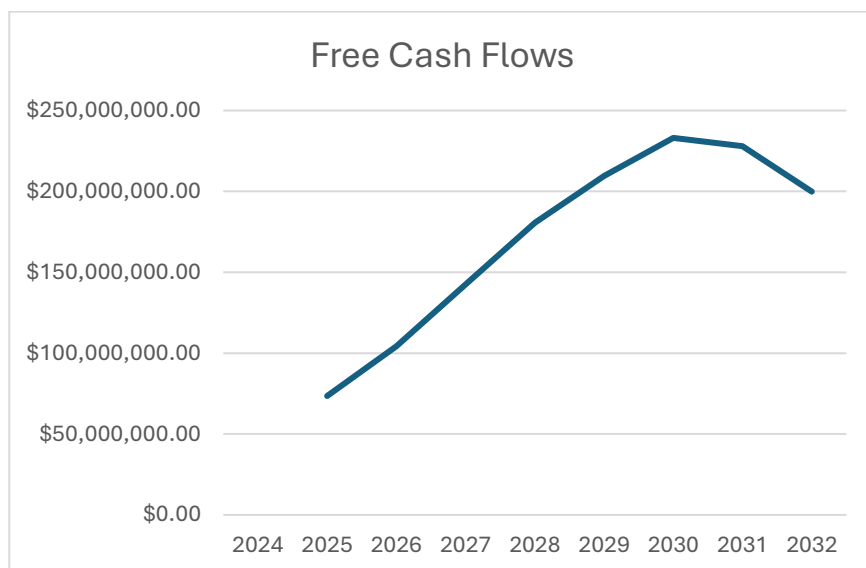
The key projected assumptions for the business include depreciation, which is expected to remain constant at 6% of sales, reflecting ongoing investments in fixed assets. The tax rate is assumed to stay stable at 12% of EBIT, with no significant changes in corporate tax policies anticipated. Working capital ratios are projected as follows: cash-to-sales at 12%, receivables-to-sales at 16%, and inventories-to-sales at 9%. In terms of capital structure, long-term debt is expected to represent 14% of sales, while accounts payable will account for 4% of sales. The interest rate is assumed to be 5%, with a slight annual decrease of 0.60%. These assumptions form the basis for the company's financial projections.

Direct Costs:

Direct costs are projected to rise from \$11.62 billion in 2023 to \$119.99 billion in 2032, driven by higher production and supply chain expenses. Despite this increase, NVIDIA is expected to maintain strong gross margins by utilizing automation and AI-driven efficiencies to effectively manage and control costs.

Conclusion:

NVIDIA's financial outlook from 2023 to 2032 shows a shift from rapid growth to a more stable business model. In the early years, the company experiences significant revenue and net income growth, driven by demand for AI, cloud computing, and high-performance computing. After 2028, growth slows as the market matures, and NVIDIA focuses on improving efficiency and maintaining profitability. Despite a peak in Free Cash Flow (FCF) in 2028, it declines slightly due to higher capital expenditures. Throughout, NVIDIA continues to maintain strong margins and profitability, ensuring long-term success with its leadership in AI and cloud computing.



Overview of Future Free Cash Flows and Net Income with Values:

NVIDIA's net income and free cash flows (FCF) show strong growth until 2030, driven by AI expansion, cloud computing, and increased market demand. Net income surges from \$4.36 billion in 2023 to \$512.92 billion in 2030, reflecting high profitability and revenue efficiency. However, post-2030, net income declines to \$395.67 billion by 2032, as market saturation and increasing operational costs impact growth.

Similarly, FCF follows a strong upward trajectory, increasing from \$73.52 billion in 2023 to a peak of \$233.07 billion in 2028. However, after 2029, FCF starts to decline, falling to \$199.81 billion by 2032, due to higher capital expenditures and slowing sales growth. The early years (2023-2028) highlight NVIDIA's rapid financial expansion, whereas post-2029, the company transitions into a mature phase, stabilizing its profitability and cash flow management. Despite the declining trend beyond 2030, NVIDIA maintains strong financial health, ensuring sustained shareholder returns and long-term business resilience.

Relative Valuation:

	NVIDIA		AMD	Intel	Qualcomm		
Market Cap	3312355200		179117440	10768710	184123590		
Shares outstanding	24640000		1616000	433000	1113000		
NET INCOME	29760000		854000	-18756	10142000		
NET INCOME (last)	4368000		1320000	1689	7232000		
EBITDA	33787000		681000	-7495	11279000		
SALES	60922000		22680000	53101	38962000		
BOOK VALUE (EQUITY)	42978000		55892000	99270	26274000		
							Average
P/E	111.302258		209.73939	-574.147	18.154564		113.947
P/E (forward or last earnings)	758.323077		135.69503	6375.79	25.459567		80.5773
EBITDA multiplier	98.0363809		263.0212	-1436.79	16.324461		139.6728
Sales multiplier	54.3704278		7.8975944	202.7967	4.7257222		6.311658
Book Value multiplier	77.0709479		3.2047062	108.479	7.0078248		5.106266
P/E (forward or last earnings)	497720398	20.19969					
EBITDA multiplier	2722465193	110.4897					
Sales multiplier	8509148290	345.3388					
Book Value multiplier	271262450	11.00903					
	Average	121.7593					

The relative valuation of NVIDIA relies on P/E ratio as well as EBITDA multiplier and Book Value multiplier alongside Sales multiplier. The multiple values applied here show the market position of NVIDIA compared to AMD Intel and Qualcomm.

Peer Set and Market Data The peer set includes AMD, Intel, and Qualcomm, as these companies operate within the semiconductor industry. The financial metrics used for the valuation are as follows:

1. P/E Ratio Analysis:

NVIDIA's P/E ratio stands at 111.30, closely aligning with the industry average of 113.95. In contrast, AMD's P/E ratio is notably higher, while Intel's negative P/E ratio reflects its financial challenges. Qualcomm, on the other hand, has a significantly lower P/E ratio, positioning it as relatively undervalued compared to its peers.

2. Forward P/E Ratio:

NVIDIA's forward P/E ratio is exceptionally high at 758.32, indicating strong market expectations for its future earnings growth. On the other hand, Intel's forward P/E ratio is heavily distorted due to its recent negative earnings, which significantly inflates the industry average.

3. EBITDA Multiplier:

NVIDIA's EBITDA multiple is 98.04, which is lower than the industry average of 139.67 but higher than Qualcomm's. In contrast, AMD's EBITDA multiple is significantly higher, reflecting greater valuation expectations from the market.

4. Sales Multiplier:

NVIDIA's sales multiple stands at 54.37, which is substantially higher than the industry average of 6.31. This indicates that investors place a greater premium on NVIDIA's revenue, likely driven by expectations of stronger future growth compared to its industry peers.

5. Book Value Multiplier:

NVIDIA's book value multiple of 77.07 is substantially higher than the industry average of 5.11, reflecting that its stock price commands a much greater premium relative to its book value compared to its peers.

Market cap Visualization:

	cap based on average	price per share
P/E (forward or last earnings)	497720398.4	20.19969149
EBITDA multiplier	2722465193	110.4896588
Sales multiplier	8509148290	345.3388105
Book Value multiplier	271262450.4	11.00902802
	Average	121.7592972

The average implied price per share based on these metrics is 121.76.

By averaging price per share, we got a price stock price which is 121.76 share for NVIDIA.

NVIDIA's valuation multiples (P/E, EBITDA, Sales, and Book Value) are significantly higher than its peers, reflecting strong market confidence in its growth prospects and technological leadership.

However, the implied market cap and price per share based on industry averages suggest that NVIDIA's stock may be overvalued relative to its peers.

APPENDIX

