Peer Group Analysis

Tesla peer group analysis

* The companies I have chosen are Mercedes, Volkswagen & Stellantis N.V
* Industry: All are automotive manufacturers.
* Business model: designing manufacturing and selling high end modern vehicles.
* Geographically: Although they are based in different countries, they all sell their vehicles globally to the same audience. They are all amongst the top automotive manufacturers globally.

Revenue & earnings growth (in millions):

Indicates a company’s ability to improve market share, profitability & expand.

Tesla – 2023: 96,773, 2022: 81,462.

Mercedes – 2023: 153,218, 2022: 150,017

Volkswagen – 2023: 322,284, 2022: 279,050

Stellantis N.V – 2023: 189,544, 2022: 179,592

These figures indicate lower revenue & growth compared to its peers, due to Tesla having the lowest figures.

Net income 2023 (in millions):

Indicates a company’s operational efficiency.

Tesla: 14,974

Mercedes: 14,531

Volkswagen: 17,928

Stellantis N.V: 18,625

These figures indicate Tesla having a relatively low operational efficiency compared to its peers, due to Tesla having the second lowest figures.

ROE & ROA 2023:

Measures profitability using assets and equity, the higher the value, the better the financial performance.

Tesla - ROA: 0.14, ROE: 0.24.

Mercedes – ROA: 0.06, ROE: 0.16

Volkswagen – ROA: 0.03, ROE: 0.10

Stellantis N.V – ROA: 0.09, ROE: 0.23

These figures indicate high profitability using assets & equity, due to Tesla having the highest ratios amongst its peers.

P/E ratio 2023:

The lower the ratio, the more attractive the investment opportunity.

Tesla: 51.97

Mercedes: 5.01

Volkswagen: 3.66

Stellantis N.V: 3.13

These figures indicate an investment opportunity that is low in attractiveness, due to Tesla having the highest ratio amongst its peers.

P/B ratio 2023:

Determines whether a stock is valued correctly.

Tesla: 12.43

Mercedes: 0.01

Volkswagen: 0.02

Stellantis N.V: 0.001342926

These figures indicate Tesla’s stock is overvalued, due to Tesla having the highest ratio amongst its peers.

Asset turnover 2023:

Measures how efficiently a company uses its assets to generate revenue.

Tesla: 1.10

Mercedes: 1.72

Volkswagen: 1.86

Stellantis N.V: 1.07

These figures indicate relatively low asset efficiency compared to its peers, due to Tesla having the second lowest figure amongst its peers.

Inventory turnover 2023:

How efficiently a company is managing its inventory

Tesla: 5.98

Mercedes: 4.49

Volkswagen: (4.94)

Stellantis N.V: 7.81

These figures indicate relatively efficient inventory management, as Tesla has the second highest figure amongst its peers.

Operating income 2023 (in millions):

Highlights how profitable a company is from its main operations.

Tesla: 8,891

Mercedes: 19,660

Volkswagen: 38,446

Stellantis N.V: 22,376

These figures indicate low-cost management & pricing, due to Tesla having the lowest score amongst its peers.

D/E ratio 2023:

Compares total debt to shareholder equity, which shows a company’s financial leverage.

Tesla: 5%

Mercedes: 49%

Volkswagen: 70%

Stellantis N.V: 24%

These figures indicate a strong balance sheet and low financial risk, due to Tesla having the lowest ratio amongst its peers.

Current & Quick ratio 2023:

Is a measurement of a company’s solvency & short-term liquidity.

Tesla – Current: 173%, Quick: 125%

Mercedes – Current: 118%, Quick: 87%

Volkswagen – Current: 116%, Quick: 90%

Stellantis N.V – Current: 124%, Quick 95%

These figures indicate good liquidity and solvency, due to Tesla having the highest ratios amongst its peers.

SWOT Analysis

Strengths

Having a strong balance sheet and good liquidity indicates low financial risk for the company, as they are managed well financially and can pay off their short-term obligations. A company which is strong financially creates a better investment opportunity.

This cost effectiveness & financial security is also shown by effective inventory management. This is also shown the high profitability using its assets and equity. Tesla seem to be able to be most productive with what is has and not waste valuable revenue. This secure and diligent level of ownership of a company could make for a company that is run well long term, which makes for a more attractive investment opportunity.

Weaknesses

One key weakness from the analysis is the lack of appeal to investors. Overvalued stock, and an investment that is not attractive, indicates lack of investment for the company, which will stagnate growth, and therefore market share.

Although Tesla make good profit on their assets, as shown by ROE & ROA, relative to the cost of the assets, they have low asset efficiency. This could indicate that their equity is stronger than its assets, and that they are spending too much revenue on their assets, and not producing enough revenue to make it a good investment. This ineffective management is also shown by the low operating income, which indicates low-cost management and pricing. The combination of low asset efficiency, poor pricing and cost management could indicate they are not charging consumers enough of their products to make profit, as their cost of assets is too high.

Opportunities

A company that is financial stable and can effectively manage its balance sheet is one with good foundations. If Tesla can start to increase their revenue creating more products that can innovate their market, they will have the foundations already in place to establish themselves as a dominant company within their industry.

Although this is one idea to increase revenue, another idea would be to cut costs of assets down. As they are making sufficient revenue from their assets in isolation, the cost of the assets is bringing their overall asset efficiency down. If they can find ways to manage costs more effectively, then they can build on the revenue that they already make.

Threats

If their company is not an attractive opportunity for investors, and their stock is not valued correctly, then they will not receive the financial backing that they desire to grow the company. Combine this with the lower revenue than its peers, investors will see that the company is not as well run and is a higher risk investment. This could lead to lack of investors, which leads to less revenue, which will lower market share.

Investors will also see that they are not as well run operationally compared to their peers. They will see the lack of asset and operational efficiency as see that long term; another company is more likely to produce effective profits that are worth the investment.

Netflix peer group analysis

* For Netflix, I have chosen Warner bros, Walt Disney & live nation entertainment
* Geographical: All 4 are based in America.
* Industry: All are in in the international entertainment industry.
* Business model and strategy: All distribute and acquire entertainment international & in multiple languages.

Revenue & earnings growth (in millions):

Indicates a company’s ability to improve market share, profitability & expand.

Netflix: 2023 - 33,723, 2022 - 31,615

Warner bros: 2023 - 41,321, 2022 - 33,817

Walt Disney: 2023 - 88,898, 2022 - 82,722

Live nation entertainment: 2023 - 22,749, 2022 - 16,681

These figures indicate mediocre revenue & ability to obtain market share, due to Netflix figures being below average in comparison to its peers.

Net income 2023 (in millions):

Indicates a company’s operational efficiency.

Netflix: 5,407

Warner bros: -3,079

Walt Disney: 3,390

live nation entertainment: 734,317

These figures indicate relatively high operational efficiency compared to its peers, due to Netflix having the second highest net income in 2023, with only live nation entertainment higher.

ROA & ROE 2023:

Measures profitability using assets and equity, the higher the value, the better the financial performance.

Netflix - ROA 0.11, ROE 0.26

Warner bros - ROA (0.03), ROE (0.07)

Walt Disney - ROA 0.02, ROE 0.03

Live nation entertainment ROA 0.04, ROE (42.82)

These figures indicate high profitability using assets & equity, due to Netflix having the highest figures compared to its peers.

P/E 2023:

The lower the ratio, the more attractive the investment opportunity.

Netflix: 33.32

Warner bros: (9.88)

Walt Disney: 71.46

live nation entertainment: 59.28

These figures indicate Netflix having a relatively low ratio, which indicates a relatively attractive investment opportunity, due to Netflix having the second lowest ratio compared to its peers, with only Warner Bros lower.

P/B 2023:

Determines whether a stock is valued correctly.

Netflix 8.75

Warner bros -0.000349689

Walt Disney 1.70

live nation entertainment (1,093,891.63)

These figures indicate Netflix’s stock being valued relatively correctly, as their figure is in the middle compared to its peers.

Asset turnover 2023:

Measures how efficiently a company uses its assets to generate revenue.

Netflix: 1.45

Warner bros: 2.97

Walt Disney: 2.31

Live nation entertainment: 0.84

These figures indicate relatively low asset efficiency, with Netflix having the second lowest figure compared to its peers.

Operating income 2023 (in millions):

Highlights how profitable a company is from its main operations.

Netflix: 6,954

Warner bros: (1,548)

Walt Disney: 8,992

live nation entertainment: 1,066

These figures indicate relatively good cost management & pricing, due to Netflix having the second highest figure compared to its peers, with only Walt Disney higher.

D/E 2023:

Compares total debt to shareholder equity, which shows a company’s financial leverage.

Netflix: 69%

Warner bros: 90%

Walt Disney: 12%

live nation entertainment: -31835%

These figures indicate an average balance sheet and financial risk for Netflix, due to their percentage being in the middle of its peers.

Current & Quick ratio 2023:

Is a measurement of a company’s solvency & short-term liquidity.

Netflix - Current: 112%, Quick: 192%

Warner bros – Current: 93%, Quick: 68%

Walt Disney - Current: 105%, Quick: 144%

live nation entertainment - Current: 96%, Quick: 34%

These figures indicate good solvency and liquidity for Netflix compared to its peers, due to higher ratios.

SWOT Analysis

Strengths

One key strength from the analysis of Netflix was the stock, and the attractiveness of the investment in the company. Due to their stock being valued correctly and their Price to Equity ratio being good, they present themselves well to the market and will be able to attract investors.

This indicates that the company is effectively managed. This is also shown by the relatively high operational efficiency, and the relatively good cost management and pricing. A company that is managed well and understand its market & industry is one that is likely to succeed long term, which makes for a more attractive opportunity for investors. The effective management of the company is also indicated by the strong quick and current ratios, which indicates good liquidity and solvency, and ability to pay short term obligations.

These two strengths are also shown by Netflix having high profitability using assets and equity. Ability to utilise effectively means a company is effective and can understand the market, which makes for a more attractive opportunity for investors.

Weaknesses

Average revenue & an average balance sheet indicates more financial risk than necessary, lack of profitability relative to the cost of sales, and lack of progressive market share. The lack of sales could indicate that other companies in the industry are better investments, due to their products being more favourable.

This is also shown by low asset turnover, indicating low operational efficiency. Over or under using assets could indicate a lack of cost effectiveness, which shows poor operational management.

Opportunities

From this analysis, Netflix seem to understand their industry & market effectively. They look to be a relatively attractive investment, and a steady company. Although the revenue is not optimal, if they are able to find methods to increase revenue, then they will become the most dominant in their industry. If Netflix can create an attractive investment opportunity without optimal revenue, then with good revenue, they will become an excellent investment due to their awareness and knowledge.

Threats

Although it the current state of Netflix can be seen as a positive, lacking growth compared to its peers can be a threat to the company. if they continue growth at their current rate, they will fall behind their peers. This will mean decline in consumers, sales, and market share, which will then lead to lack of investment and a decline in the company.

Marriot peer group analysis

* The peers I have chosen for Marriott are Air BnB, Hyatt & IHG.
* Industry: All 4 are in the hospitality industry.
* Business model: All 4 operate homestays, hotels & lodges internationally.
* Size: All 4 are market leading global brands.

Revenue & earnings growth (in millions):

Indicates a company’s ability to improve market share, profitability & expand.

Marriott: 2023 - 23,801, 2022 - 20,862.

Air BnB: 2023 - 9,917, 2022 - 8,399.

Hyatt: 2023 - 6,667, 2022 - 5,891.

IHG: 2023 - 4,624, 2022 - 3,892.

These figures indicate strong revenue compared to its peers, as well as improvement from the previous year. This will help improve market share & growth of the company.

Net income 2023 (in millions):

Indicates a company’s operational efficiency.

Marriott - 3,083

Air BnB - 4,792

Hyatt - 220

IHG – 750

These figures indicate a relatively high operational efficiency compared to its peers, aside from air bnb, which have a higher net income.

ROA & ROE 2023:

Measures profitability using assets and equity, the higher the value, the better the financial performance.

Marriott - ROA: 0.12, ROE: (4.52)

Air BnB – ROA: 0.23, ROE: 0.59

Hyatt – ROA: 0.02, ROE: 0.06

IHG – ROA: 0.16, ROE: (0.39)

These figures indicate relatively low profitability using assets & equity compared to its peers, due to the mostly low figures in comparison.

P/E 2023:

The lower the ratio, the more attractive the investment opportunity.

Marriott - 18.41

Air BnB - 17.47

Hyatt - 55.53

IHG - 0.17

These figures indicate that the investment opportunity would be relatively low in attractiveness, due to the relatively high ratio compared to its peers.

P/B 2023:

Determines whether a stock is valued correctly.

Marriott - (2.80)

Air BnB - 10.26

Hyatt - 0.07

IHG - (16.63)

These figures show that Marriott’s stock is valued relatively correctly compared to its peers, as its figure is in the middle of the 4 companies.

Asset turnover 2023:

Measures how efficiently a company uses its assets to generate revenue.

Marriott - 1.08

Air BnB - 2.08

Hyatt - 1.92

IHG - 1.04

These figures indicate relatively low asset efficiency, due to the lower figure in comparison to most of its peers, aside from IHG, with the lowest figure.

Operating income 2023 (in millions):

Highlights how profitable a company is from its main operations.

Marriott - 3,864

Air BnB - 1,518

Hyatt - 305

IHG - 1,066

These figures indicate a better cost management & pricing compared to its peers, due to the higher value.

D/E 2023:

Compares total debt to shareholder equity, which shows a company’s financial leverage.

Marriott -1660%

Air BnB 24%

Hyatt 65%

IHG 132%

These figures indicate a worse balance sheet and higher financial risk compared to their peers, due to the higher percentage.

Current & quick ratio 2023:

Measures a company’s short-term liquidity.

Marriott – current ratio 284%, Quick ratio 272%

Air BnB - current ratio 166%, Quick ratio 166%

Hyatt- current ratio 60%, Quick ratio 59%

IHG - current ratio -97%, Quick -97%

These figures indicate good solvency & liquidity compared to its peers, due to the higher ratios.

SWOT Analysis

Strengths

One key strength is the general financial performance of the company. The high revenue suggests that they are a progressive company that are continually innovation and creating the most optimal products for its consumers. Combine this with good pricing and cost management, is a good indication of how the company is run financially. They also have good solvency and liquidity, another indication of good revenue and income strength. Another indication of a well-run company is the high operational efficiency. This indicates that the company is managed well day to day.

Although the company is seen as an unattractive investment, the stock is valued correctly. This can be a positive for an investor, as they are able to see that the company is self-aware and is able to evaluate its strengths and weaknesses correctly. This may indicate to an investor that they are willing to accept their downfall and improve as a company.

Weaknesses

If the company is not seen as an attractive investment, investors will look elsewhere for company that are better managed. This will lead to Marriot not receiving the investment they desire to effectively grow the company, which will then lead to less growth of the revenue which then leads to decrease in market share.

Another key weakness from the analysis the inefficient use of assets. Low asset & equity efficiency, and low asset turnover indicates poor use of assets. This could be reflecting in the poor balance sheet, which leads to high financial risk. If the cost of assets is too high relative to the revenue that they produce, then this will show in the balance sheet, as they are not producing enough income relative to the cost of the asset.

Opportunities

Due to the high amount of revenue that Marriott accumulate from their services, they are a financially stable company that are progressing within their industry. Regardless of how efficiently they disperse that revenue, the foundations of a well-run company are good products that consumers enjoy. If they can manage their assets more cost effectively, they have the foundations to progress their company, attract investors and grow their market share.

Threats

If the company is not run as effectively as competitors, it will fall behind on market share and growth. When I say effectively run, I refer to operations, asset management, balance sheet management and revenue efficiency. If any of these 3 components are neglected, then the company will not run as effectively and productively. From the analysis, the asset and balance sheet management are the most concerning components. If a company is not managing their asset & general costs correctly, then it is cancelling out the revenue that the assets are making. Ideally, a company wants to use that revenue elsewhere to grow the company. By spending too much on assets, the company is slowing the growth, as they will miss out on market share and investors. This is also prominent due to the attractiveness of the investment in the company being low.

Pfizer Peer Group Analysis

* For Pfizer, I have chosen Merck & Co, Johnson & Johnson, and Eli Lili & Co.
* Geographical: All 4 are large companies based in America.
* Sector: All 4 are in the healthcare and pharmaceutical industry, specialising in medicines and vaccines, amongst other healthcare.
* Age: All 4 companies are established and have been in operation for many years.
* Size: All have between 43,000-131,000 employees, listed as some of the largest pharmaceutical companies in the world, and serve their products all over the world.
* Business model: All 4 companies discover, develop and create healthcare products to distribute around the world.
* Revenue & earnings growth (in millions):

Indicates a company’s ability to improve market share, profitability & expand.

Pfizer: 2023 - 58,496, 2022 - 100,330 Decrease by 41,834 (41.7%). Johnson & Johnson, 2023 - 85,159, 2022 - 79,990, Increase by 5169 (6.5%). Eli Lily & co, 2023 - 34124.1, 2022 - 28541.4, Increase by 55582.7 (19.5%). Merck & co, 2023 - 20,993, 2022 - 22,232, Decrease by 1239 (5.6%). These figures indicate Pfizer is not improving revenue year on year and is declining at a faster rate compared to its peers.

* Net income 2023 (in millions):

Indicates a company’s operational efficiency.

Pfizer - 2,157, Merck & co - 2,835, Johnson & Johnson - 35,153, Eli Lily & co - 5240.4.

These figures indicate Pfizer is not as operationally efficient as its peer companies, with the lowest net income out of the 4.

* ROE & ROA 2023:

Measures profitability using assets and equity, the higher the value, the better the financial performance. Pfizer: ROE - 0.02 – 2%, ROA - 0.01 – 1%, Merck & co: ROE - 0.11 – 11%, ROA - 0.06 – 6%, Johnson & Johnson: ROE - 0.51 – 51%, ROA - 0.21 – 21%, Eli Lily & co: ROE – 0.49 - 49%, ROA - 0.08 – 8%

These figures indicate Pfizer has low asset and equity efficiency compared to its peers, with the lowest percentages.

* P/E ratio 2023:

The lower the ratio, the more attractive the investment opportunity.

Pfizer: 97.65, Merck & co: 16.62, Johnson & Johnson: 11.54, Eli Lily & co: 79.98.

These figures indicate an investment in Pfizer is not as good value as its peers, due to the higher ratio.

* P/B ratio 2023:

Determines whether a stock is valued correctly.

Pfizer: 2.31, Merck & co: 0.03, Johnson & Johnson: 5.90, Eli Lily & co: 38,901.03.

These figures indicate Pfizer’s stock is roughly correctly valued compared to its peers, as its P/B ratio is in the middle.

* Asset turnover 2023:

Measures how efficiently a company uses its assets to generate revenue.

Pfizer - 3.87, Merck & co - 2.31, Johnson & Johnson - 1.97, Eli Lily & co - 1.88.

These figures indicate Pfizer is better at using its assets to generate revenue compared to its peers, meaning better asset efficiency, due to the higher figure.

* Inventory turnover 2023.

Indicates how efficient a company is with its inventory.

Pfizer - 2.60, Merck & co - 1.86, Eli lily & co - 1.40, Johnson & Johnson - 2.48.

These figures indicate more efficient inventory management compared to their peers, with the highest percentage.

* d/e ratio 2023:

Compares total debt to shareholder equity, which shows a company’s financial leverage.

Pfizer - 69%, Merck & co - 35%, Eli Lily & Co - 170%, Johnson & Johnson - 38%.

These figures indicate a stronger balance sheet and lower financial risk compared to all its peers, aside from Johnson & Johnson, who have a lower ratio.

* Current & quick ratio 2023:

Measures a company’s short-term liquidity.

Pfizer – Current ratio - 91%, Quick ratio - 69%. Merck & co – Current ratio - 142%, Quick ratio - 89%. Eli Lily & co – Current ratio - 94%, Quick ratio - 73%. Johnson & Johnson – Current ratio - 116%, Quick ratio - 91%.

These figures indicate slightly worse solvency and liquidity compared to its peers, due to the lower ratios, although not a massive difference.

Swot Analysis of Pfizer

Strengths –

Pfizer uses its assets and inventory effectively compared to its peers, due to the effective asset & inventory turnover ratios. This indicates efficiency as a company, as they are using their assets well and acquiring new ones effectively, so not to waste revenue. The ratios also indicate correct stock value, stronger balance sheets and lower financial risk in the company. This could make Pfizer an investment with low risk, which could be attractive for an investor.

Weaknesses –

Decreasing revenue year on year compared to its peers could indicate falling demand for their products, which could lead to decrease market share and company strength.

Low return on equity and assets could indicate their assets are not providing the return that they require. This could be the cause for revenue decline.

Lower liquidity and solvency could indicate Pfizer could pay short term obligations as effectively as their peers. This indicates more risk for investors, as less stability.

Opportunities –

One opportunity I have identified from these ratios is the potential attractive investment. it seems to be a low-risk investment, due to the stability. If they can increase their revenue to its figures from previous years, they can attract investors as a company that has rebounded from a rough spell.

They use their assets and inventory to full effect. if they can find some assets that give a greater return, then they will be more effective as a company, increase revenue, market share and attract investors.

Threats –

The decrease in revenue, by almost 50%, low ROA and ROE could be alarming. They must look for new ways to create new assets & equity that return good revenue, which in turn will create their own revenue. If not, their stock price will continue to decrease, and their market share will decline.

Nvidia Peer group analysis

* The peers I have chosen for Nvidia are Taiwan Semi-conductors, Broadcom and AMD (Advanced micro devices).
* Industry: All 4 companies are in the technology & software industry.
* Business model: All 4 design, manufacture and distribute technology and software.
* Size: All have between 20-30,000 employees, over 600 billion market capitalization, listed as some of the largest technology companies in the world, and distribute internationally.

Revenue & earnings growth (in millions):

Indicates a company’s ability to improve market share, profitability & expand.

Nvidia – 2023: 60922, 2022: 26974

Taiwan Semi-conductors – 2023: 21532, 2022: 22523

Broadcom – 2023: 35819, 2022: 33203

AMD – 2023: 22680, 2022: 23601

These figures indicate good revenue growth yearly for Nvidia compared to its peers, due to the 125% increase.

Net income 2023 (in millions):

Indicates a company’s operational efficiency.

Nvidia: 29,760

Taiwan Semi-conductors: 83849

Broadcom: 14,082

AMD: 854

These figures indicate relatively good net income compared to its peers, with only TSCM with a higher figure. This indicates they are generating more revenue compared to its operating costs.

ROA & ROE 2023:

Measures profitability using assets and equity, the higher the value, the better the financial performance.

Nvidia - ROA: 0.45, ROE: 0.69

Taiwan Semi-conductors - ROA: 0.17, ROE: 0.24

Broadcom - ROA: 0.19, ROE: 0.59

AMD - ROA: 0.01, ROE: 0.02

These figures indicate good return on assets & equity compared to its peers, due to the higher figures in both categories. This indicates good financial performance.

P/E 2023:

The lower the ratio, the more attractive the investment opportunity.

Nvidia: 31.79

Taiwan Semi-conductors: 2.90

Broadcom: 24.40

AMD: 198.62

These figures indicate a relatively unattractive investment compared to its peers, with only AMD having a higher figure.

P/B 2023:

Determines whether a stock is valued correctly.

Nvidia: 22.01

Taiwan Semi-conductors: 8.75659E-07

Broadcom: 14.33

AMD: 3.06

These figures indicate Nvidia is overvalued compared to its peers, due to them having the highest figure.

Asset turnover 2023:

Measures how efficiently a company uses its assets to generate revenue.

Nvidia: 1.08

Taiwan Semi-conductors: 2.26

Broadcom: 2.03

AMD: 2.99

These figures indicate low asset efficiency compared to its peers, due to Nvidia having the lowest figure.

Inventory turnover 2023:

Indicates how efficient a company is with its inventory.

Nvidia: 3.18

Taiwan Semi-conductors: 4.58

Broadcom: 5.82

AMD: 3.01

These figures indicate relatively low inventory management efficiency compared to its peers, due to only AMD having a lower figure.

Operating income 2023 (in millions):

Highlights how profitable a company is from its main operations.

Nvidia: 32,972

Taiwan Semi-conductors: 90737

Broadcom: 16,207

AMD: 401

These figures indicate relatively good cost management and pricing power, due to only TSCM having a stronger figure.

D/E 2023:

Compares total debt to shareholder equity, which shows a company’s financial leverage.

Nvidia: 20%

Taiwan Semi-conductors: 13%

Broadcom: 157%

AMD: 3%

These figures indicate a relatively weak balance sheet and higher financial risk compared to its peers, due to only Broadcom having a weaker percentage.

Current & quick ratio 2023:

Measures a company’s short-term liquidity.

Nvidia - Current: 417%, Quick: 367%

Taiwan Semi-conductors - Current: 155%, Quick: 124%

Broadcom - Current: 282%, Quick: 256%

AMD - Current: 251%, Quick: 186%

These figures indicate good solvency & liquidity compared to its peers, due to Nvidia having the highest percentages amongst its peers.

SWOT Analysis of Nvidia

Strengths

A key strength for Nvidia is their revenue & earnings growth over the past 2 years. This significant increase highlights the success of their products & services currently. Generally, higher revenue indicates higher market share. This is shown by strong operating income for Nvidia, which indicates good pricing power. It also indicates good operational management from the company.

The growth in revenue can be explained by the good return on assets & equity figures. This highlights the company’s ability to generate revenue. This revenue growth also improves the net income of the company. The revenue growth has increases compared to the operational costs, which indicates the company is ran well operationally. This operational efficiency is also indicated by good current and quick ratio compared to its peers. This highlights their ability to meet short term obligations due to having good solvency and liquidity.

Weaknesses

A key weakness for Nvidia is how they are portrayed in the market. A relatively weak p/e ratio indicates they are an unattractive investment, as well as being overvalued compared to their peers, due to a weak p/b ratio. These figures may deter investors, which will stagnate the growth of the company, due to lack of investment. Investors could also be deterred by the weak d/e ratio, which indicates higher risk and a weak financial balance sheet.

Although Nvidia have high revenue growth, weak asset and inventory turnover indicates they are not using their inventory as effectively as they could be. This could show investors a poorly operational ran company.

Opportunities

Revenue growth is a key opportunity for Nvidia, to take control of the market. They are currently seeing good revenue growth, but if they can use their assets & inventory more efficiently, then they have potential to make more revenue without much more investment. This could see Nvidia take more consumers, which would then lead to company growth and better market share.

The company seems to be operationally ran effectively, day to day. This could show investors that the company is managed well daily, which shows potential longevity for the company, which indicates less risk which makes for an ideal investment opportunity.

Threats

Not showing your best hand on the market opens the company to risk of stagnation and decline. If investors are not convinced by the company, then they are not willing to invest. Lack of investment leads to the company not growing as it is supposed to. Investors could see competitors as better investment opportunities, which could lead to those companies growing and taking more market share from Nvidia, which leads to lack of growth and longevity and general decline.