



AI chipmaker Nvidia CEO's wealth soars \$15b in a day; Technology

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Byline: Vernal Galpotthawela, Jack Witzig and Ian King

Body

Nvidia chief executive officer Jensen Huang said artificial intelligence had hit a "tipping point," sending the stock to new dizzying heights.

The renewed rally has Huang, known for his love of wearing leather jackets, on the verge of his own breakthrough: becoming one of the 20 richest people in the world.

Huang's wealth jumped \$US9.6 billion (\$14.7 billion) to \$US69.2 billion, a gain that leapfrogged him ahead of Charles Koch and Chinese bottled-water tycoon Zhong Shanshan to 21st place on the Bloomberg Billionaires Index. It's a remarkable rise for the co-founder of the semiconductor company, who was ranked 128th with a net worth of \$US13.5 billion as recently as early last year.

Nvidia surged 16 per cent to a record high on Thursday in New York, adding about \$US277 billion in market value. That was the biggest single-session increase in market history, beating Meta's \$US197 billion gain earlier this month. The company was able to exceed sky-high investor expectations with a revenue forecast that was more than \$US2 billion ahead of analyst expectations.

Nvidia's rally boosted the fortunes of the 30 billionaires on Bloomberg's wealth list who attribute at least some of their wealth to AI by a combined \$US42.8 billion. Charles Liang, CEO of Super Micro Computer, was the biggest winner on a percentage basis with a 33 per cent jump.

Nvidia's outlook extends a streak of the company shattering expectations, thanks to insatiable demand for its artificial intelligence accelerators - highly prized chips that crunch data for AI models. The technology has helped power a proliferation of chatbots and other generative AI services, which can create text and graphics based on simple prompts.

"Accelerated computing and generative AI have hit the tipping point," Huang said. "Demand is surging worldwide across companies, industries and nations."

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Nvidia's market capitalisation has now increased by more than \$US650 billion this year - bringing its valuation to \$US1.89 trillion - as investors bet that the company will remain the prime beneficiary of an AI computing boom.

That turned Wednesday's report into a highly anticipated event for both Wall Street and the tech world. And the numbers - along with the upbeat tone from Huang - renewed confidence that spending will stay strong.

"The entire market is watching this report and expectations have been elevated," Wolfe Research analyst Chris Caso said.

Guidance was strong enough to "demonstrate continued momentum, while also leaving room for continued upside through the second half."

Nvidia, co-founded by Huang in 1993, got its start as a provider of graphics cards for computer gamers. Its profile blew up in the last two years, when its technology proved adept at handling heavy AI workloads. The company's H100 accelerators have become legendary in the tech world, with customers scrambling to get their hands on as many as possible.

Companies such as Amazon, Meta Platforms, Microsoft and Alphabet's Google are Nvidia's largest customers, accounting for nearly 40 per cent of its revenue, as they rush to invest in hardware for AI computing.

In the US fiscal fourth quarter, which ended January 28, Nvidia's revenue more than tripled to \$US22.1 billion. Profit excluding certain items was \$US5.16 a share. Analysts had predicted sales of about \$US20.4 billion and earnings of \$US4.60 a share. Underscoring the magnitude of its recent growth streak: As recently as 2021, Nvidia didn't generate that much revenue in an entire year.

Nvidia's data centre division, now by far its largest source of sales, generated \$US18.4 billion of revenue, up 409 per cent from the same period a year earlier. Gaming chips provided \$US2.87 billion of sales.

Nvidia is now working to spread its AI technology beyond the big data-centre companies. Huang, 61, has travelled the globe arguing that governments and corporations need their own AI systems - both to protect their data and gain a competitive advantage.

Nvidia announced a deal with Cisco Systems earlier this month that gives it a new distribution channel. As part of that deal, Cisco, the world's biggest provider of networking gear, will help sell complete AI systems to companies.

But Nvidia faces risks, including mounting competition and a push by some customers to develop their own AI chips.

"We're going to do our best to compete in that marketplace and succeed in the marketplace," Huang said. Bloomberg

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