

Nvidia reports enormous revenue as AI hits a tipping point

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The artificial intelligence boom is pushing demand for Nvidia's products past Wall Street's already lofty expectations. The chipmaker beat analyst expectations on Wednesday by leaps and bounds when it reported fourth-quarter earnings, posting \$22.1bn in revenue on an expected \$20.55bn and \$4.93 in earnings per share against an expected \$4.64. Revenue was 22% higher than the previous quarter, up 265% from a year ago. Nvidia's most closely watched earnings figure – revenue from data centers – was up more than 400% from the same period last year, reaching \$18.4bn. Jensen Huang, founder and CEO of Nvidia, said in a press release: "Accelerated computing and generative AI have hit the tipping point. Demand is surging worldwide across companies, industries and nations." Nvidia's revenue and demand for its shares are seen as bellwethers for overall interest in artificial intelligence due to the heavy reliance on its wares in developing AI. Microsoft, OpenAI, Amazon, Meta and Google have all struck deals with the company to purchase its chips in bulk as they race to release new AI products and features. Some key players, including OpenAI's Sam Altman, are toying with starting their own AI chip ventures to compete with the established Nvidia, which would probably cost hundreds of billions of dollars. Nvidia plans to ship a new chip, the B100, at the highest end of its products line in 2024, stoking expectations around its explosive growth. Nokia and Nvidia announced a partnership on Wednesday to develop AI solutions that could improve telecommunications infrastructure. Wall Street has come to expect enormous growth from Nvidia; the baseline analyst expectation on Wednesday was a 240% increase in revenue. Tech companies are rushing to create AI products on the back of the company's specialized AI chips and software, considered among the best on the market. Nvidia's revenue tripled in the last quarter, and its earnings have beaten analyst expectations for the past four. Its stock has more than tripled in value over the past year, bringing the company above the \$1.5tn valuation threshold. The company surpassed Google and Amazon in market capitalization last week, becoming the third-largest company in the world by value for a few days.