Nvidia revenue rockets on demand for powerful chips

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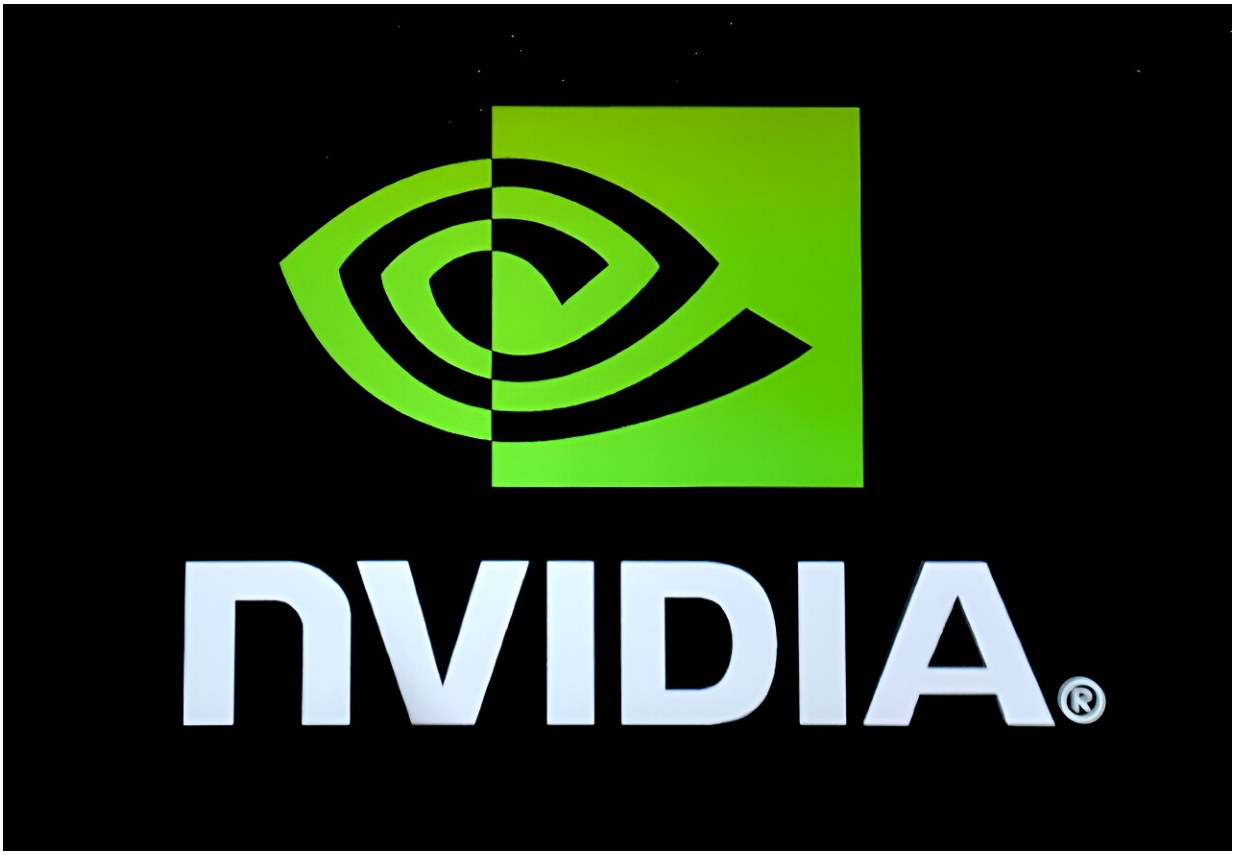

Nvidia expects US curbs on exports of high-performance chips to China to significantly reduce revenue in that valuable market, but is counting on that loss being offset by demand in other parts of the world.

Nvidia on Tuesday reported that its revenue more than tripled in the

recently ended quarter as companies snapped up chips to power artificial intelligence (AI).

The Silicon Valley chip titan said it made a profit of $9.2 billion on revenue that soared to $18.1 billion, compared with $5.9 billion in the same quarter a year earlier.

"Our strong growth reflects the broad industry platform transition from general-purpose to accelerated computing and generative AI," Nvidia chief executive Jensen Huang said in an earnings release.

"Nations and regional (cloud service companies) are investing in AI clouds to serve local demand, enterprise software companies are adding AI copilots and assistants to their platforms, and enterprises are creating custom AI to automate the world's largest industries."

Revenue from sales of chips tailored for data centers set a record in the quarter, hitting $14.5 billion, according to Nvidia.

Nvidia continues to ramp up production to meet demand, chief financial officer Colette Kress said on an earnings call.

China curbs

Kress said new United States export control regulations aimed at China and other markets including Vietnam and parts of the Middle East are expected to cause sales of Nvidia data center chips to suffer in those markets.

"We expect that our sales... to these destinations will decline significantly in the fourth quarter," Kress said.

"These regulations require licenses for the export of a number of our

products."

Sales of chips now requiring export licenses to China and other affected markets have accounted for a fifth to a quarter of Nvidia's data center unit revenue over the past few quarters, according to the company.

Nvidia is confident strong growth in chip sales in other regions will "more than offset" what is lost in China, Kresse said.

The United States last month said it was ramping up curbs on exports of state-of-the-art AI chips to China.

The new rules tighten measures taken a year ago that banned the sale to China of microchips that are crucial to the manufacturing of powerful AI systems.

But calls to further close the supply chain grew after the world discovered the powers of AI with the launch of ChatGPT, a tool that debuted a year ago.

Also causing alarm in Washington was news that China-owned Huawei had released a new smartphone that featured a powerful home-grown advanced chip.

When announcing the beefed-up curbs, US officials insisted they were intended to close loopholes and prevent China's development of AI for military use.

Attention has been focused on Nvidia's industry leading H100 chip, which is crucial for the creation of generative AI, the technology behind ChatGPT and other powerful systems.

Following the announcement, China said it was "strongly dissatisfied"

and "firmly opposes" the curbs.

The rules will not affect chips used in consumer goods such as laptops, smartphones and gaming consoles, though some will be subject to export licensing requirements, a statement said.

Nvidia saw revenue climb in each of its divisions, including chips for high-performance gaming computers.

"Gaming has doubled relative to pre COVID levels, even against the backdrop of lack of luster (personal computer) market performance," Kress said.

"We enter the holidays with the best ever lineup for gamers and creators."

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