


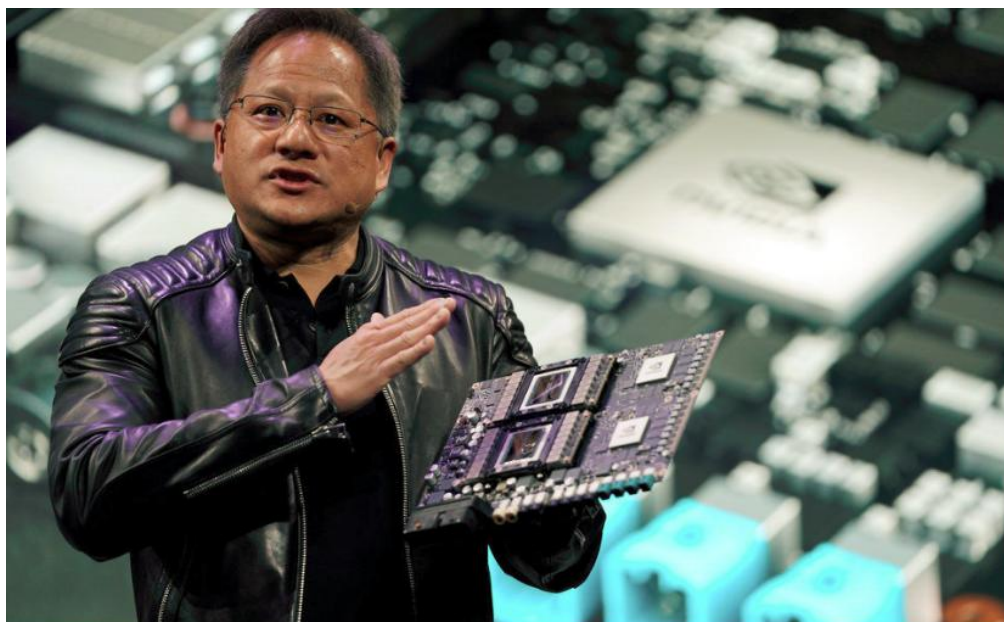


# BUSINESS INSIDER

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## Nvidia's bitcoin boom is over, but this investor says the bigger opportunity is just starting

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Nvidia CEO Jensen Huang shows off the company's Drive Pegasus robotaxi AI computer. Rick Wilking/Reuters

- **Nvidia gave its first-ever peek at its crypto mining-related business on Thursday.**
- **But Benjamin Lau, the chief investment officer of Apriem Advisors, says Nvidia has another opportunity that's much bigger than crypto mining.**
- **Booming demand for Nvidia's chips for artificial intelligence and data centers should drive the company's business for the near future, he said.**

Graphics chipmaker Nvidia pulled the curtain back on its bitcoin mining-related business for the first time on Thursday. But the real game-changing opportunity for Nvidia is not inside the crowded cryptocurrency mines — it's in the wide open field of artificial intelligence.

So says Benjamin Lau, the chief investment officer of Apriem Advisors, a firm with \$650 million under management that's betting big on Nvidia.

Nvidia's business designing chips for AI uses, which could upend industries from healthcare to transportation, and chips for computer data centers are the future, said Lau.

"They have a great platform and not a lot of really meaningful competition in that space," said Lau, whose firm is long Nvidia's stock.

Nvidia is already seeing significant success in those areas. In [the first quarter](#), its data center business brought in \$701 million in revenue, which was up 71% from the year-ago period. Sales of its latest Tesla chips — which the company designed for AI processing — helped boost the data center business, the company said.

Data center sales were reportedly below analysts' estimates, which may have explained the sell-off in Nvidia's stock in after-hours trading following its report. In recent trading, Nvidia's shares were down \$8.53, or 3%, to \$251.60.

Still, Lau was impressed with the business' performance in the period and sees it continuing to drive Nvidia's overall results. "The AI stuff and the data center stuff is going to be the short-term boost" for Nvidia, Lau said.

The investor is also optimistic about the company's automotive efforts, although those have been mired in controversy of late. Nvidia has been developing chips and other technology for use in self-driving cars.

After an [Uber autonomous car killed a pedestrian in Arizona](#), Nvidia announced that it would suspend its own autonomous vehicle tests. Uber's self-driving cars use [Nvidia graphics processors](#), but not its autonomous vehicle system.

## The bitcoin business is in the past, the autonomous car business is the future

Nvidia's automotive business totaled \$145 million in sales in the first quarter, up just 4% from the year-ago period.

But it's still early days in the development of self-driving cars, Lau said.

"The auto stuff is going to be the future for them," he said. But he acknowledged that "there will be speed bumps with autonomous driving."

One area Lau isn't counting much on is cryptocurrency mining. For the first time ever, Nvidia disclosed in its earnings report its

cryptocurrency-related sales, saying they hit \$289 million in its first quarter.



**Benjamin Lau, chief investment officer of Apriem Advisors** Apriem Advisors

Nvidia and rival AMD have been boosted in recent years by the growing popularity of cryptocurrencies. So-called miners have bought up their graphics processors to help solve the complex mathematical problems involved in creating new cybercoins.

But that business appears to be waning as prices of bitcoin and other cybercurrencies have slumped, the cost involved in mining them have risen, and as miners rely increasingly on application-specific integrated circuits, or ASICS, which are chips designed for particular purposes Nvidia itself predicted sales would slump in its second quarter, something that jibes with Lau's expectations.

"It's not going to be a driver going forward," he said. "It was a nice boost while they had it."

Nvidia's stock has soared over the last two years amid burgeoning sales and earnings. But the company's sales are still relatively small compared with other big chipmakers, such as Qualcomm and Broadcom, Lau noted.

"They have a lot of room to grow in this area," he said.