

Press Release

Desktop GPU Revenue Sets New Record; Average Selling Prices Continue to Rise; Discrete Desktop and Mobile GPU Shipments Both Up On-Year

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Mercury Research announced this week the results of its analysis of the third-quarter, 2016 PC graphics market.

Overall unit shipments of PC graphics rose by 16.8 percent in the third quarter of 2016, and were up 3.5 percent compared to a year ago. Average desktop GPU selling prices continued their increases and set another record high, due to a strong shift towards high-end graphics driven both by new products launched last quarter, especially Nvidia's new GTX 1000 series. All major graphics segments in both desktops and notebook PCs increased on-quarter in unit terms. The strongest increase was in desktop standalone GPUs, which grew nearly 40 percent from the prior quarter and were up on-year for the third quarter in a row. The new record prices combined with the strong growth in desktop GPUs to set a new record high of nearly \$1.4 billion for PC graphics revenue in the third quarter.

Desktop GPU attach rates increased in the quarter due to both seasonal patterns and increased demand due to new products. Mobile GPU attach rates were also up in the quarter due to seasonal demand, possibly some sales pull-in from future quarters.

Market share highlights include:

- ◆ Nvidia's record-setting improvements in average selling prices combined with a large increase in shipments enabled the company to have record revenues in the quarter, in spite of the four-quarter average share being flat. The company's share on a revenue basis increased in the quarter.
- ◆ AMD's average total share increased for the second quarter in a row after more than four years of declines. The last time the company experienced an increase was the first quarter of 2012. Desktop share was up this quarter.
- ◆ Intel's average share declined slightly – for the second time in a row after nearly ten years of sequential gains. The company last had a decline in the third quarter of 2006.

Market shares for the overall graphics market, and discrete and mobile GPU markets for past five quarters are shown below. Mercury Research is reporting the shares as a four-quarter volume-weighted average to smooth the noise of seasonal inventory cycles and reveal ongoing share trends. Additional details are available in the full report supplied to clients last week.

Total Market Share 4QMA	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Intel	70.6%	71.1%	71.7%	71.5%	71.2%
Nvidia	16.1%	16.4%	16.3%	16.1%	16.1%
AMD	13.1%	12.4%	11.8%	12.3%	12.6%

Desktop Discrete 4QMA	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Nvidia	78.8%	79.7%	79.7%	77.2%	74.5%
AMD	21.2%	20.3%	20.3%	22.8%	25.5%

Mobile Discrete 4QMA	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Nvidia	64.9%	65.1%	64.1%	63.6%	64.1%
AMD	35.1%	34.9%	35.9%	36.4%	35.9%

About Mercury Research

Mercury Research is a small, focused research firm providing clear, concise, and detailed quantitative analysis of PC-related semiconductor and components markets. The company was founded in 1994.

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