

## Press Release

### Desktop GPU Average Selling Prices Rocket to New Record; Discrete Desktop GPU Shipments Continue On-Year Growth

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

Overall unit shipments of PC graphics fell by 6.5 percent in the second quarter of 2016, and were down 3.1 percent compared to a year ago. Due to a strong shift towards high-end graphics driven both by new products launched in the quarter and fewer low-end units shipped, average desktop selling prices surged and set a new record high, resulting in a substantial increase in GPU revenues for the quarter even as the units declined. With the exception of chip sets, which experienced an increase due to end-of-life sales, all major graphics segments in both desktops and notebook PCs declined in unit terms. The strongest declines were in discrete desktop GPUs, shipments of which dropped more than 20 percent compared to the prior quarter, due to inventory correction. Only Nvidia experienced declines in this segment as AMD had modest growth. Paradoxically, discrete desktop GPUs were up on-year for the second quarter in a row due to weak shipments in the year-ago quarter.

Desktop GPU attach rates decreased in the quarter due to desktop GPU shipment declines exceeding the declines in CPU shipments. Mobile GPU attach rates fell slightly in the quarter due to lower GPU shipments, and remain near record lows.

Market share highlights include:

- ◆ AMD's average total share increased for the first time in more than four years. The last time the company experienced an increase was the first quarter of 2012. Both desktop and mobile shares were up this quarter.
- ◆ Nvidia lost share in the both segments, but average desktop share remains up more than five points on year. Record-setting improvements in average selling prices due to high-end GPU demand allowed Nvidia to increase revenues substantially even with fewer units shipped.
- ◆ Intel's average share declined slightly – for the first time in nearly ten years. 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	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Intel	70.1%	70.6%	71.1%	71.7%	71.5%
Nvidia	15.7%	16.1%	16.4%	16.3%	16.1%
AMD	14.0%	13.1%	12.4%	11.8%	12.3%

Desktop Discrete 4QMA	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Nvidia	76.4%	78.8%	79.7%	79.7%	77.2%
AMD	23.6%	21.2%	20.3%	20.3%	22.8%

Mobile Discrete 4QMA	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Nvidia	65.4%	64.9%	65.1%	64.1%	63.6%
AMD	34.6%	35.1%	34.9%	35.9%	36.4%

### 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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