Intel suffers, AMD surges in 2006

by Bend_Weekly_News_Sources

It was a tale of two companies in the semiconductor industry in 2006, with leading chip supplier Intel Corp. suffering a revenue decline, while rival Advanced Micro Devices Inc. (AMD) nearly doubled its sales, according to iSuppli Corp.'s final 2006 market-share ranking.

"For U.S. microprocessor giant Intel, 2006 was the worst of times, as its global semiconductor revenue dropped by 11.1 percent from 2005," said Dale Ford, vice president, market intelligence, for iSuppli. "The revenue decline, which was due to Intel's bleak performance in its core PC microprocessor and flash-memory businesses, erased nearly all of the company's sales gains from its strong year in 2005. Intel's 2006 revenue of $31.5 billion was less than half a percentage point higher than its sales in 2004.

"For Intel's smaller U.S. rival, AMD, 2006 was the best of times as it achieved a whopping 91.6 percent increase in revenue for the year, partly due to a major acquisition, but also because of strong gains in microprocessor market share," Ford added. This robust increase in revenue caused AMD's ranking to rise to eighth place in 2006, up seven positions from the 15th rank in 2005.

The divergent performances of Intel and AMD came during a 2006 when global semiconductor industry revenue rose by 9.3 percent to reach $260.2 billion, up from $237.98 billion in 2005. This is slightly higher than the 9 percent growth iSuppli predicted in its preliminary market share estimate compiled in November and released in early December.

Intel in 2006 faced hard times in its microprocessor and flash-memory businesses, which together accounted for 83 percent of total company revenue last year. The company's combined microprocessor and flash revenue in 2006 fell to its lowest level since 2003 as Intel faced rising competitive pressure in those markets.

Meanwhile, AMD in 2006 gained PC microprocessor market share at Intel's expense. AMD's PC microprocessor revenue rose by 35.5 percent in 2006 and its market share in that product segment increased to 16.1 percent, up 5 percentage points from 11.1 percent in 2005. AMD's revenue also was boosted substantially by its acquisition of graphics chip seller ATI Technologies in 2006.