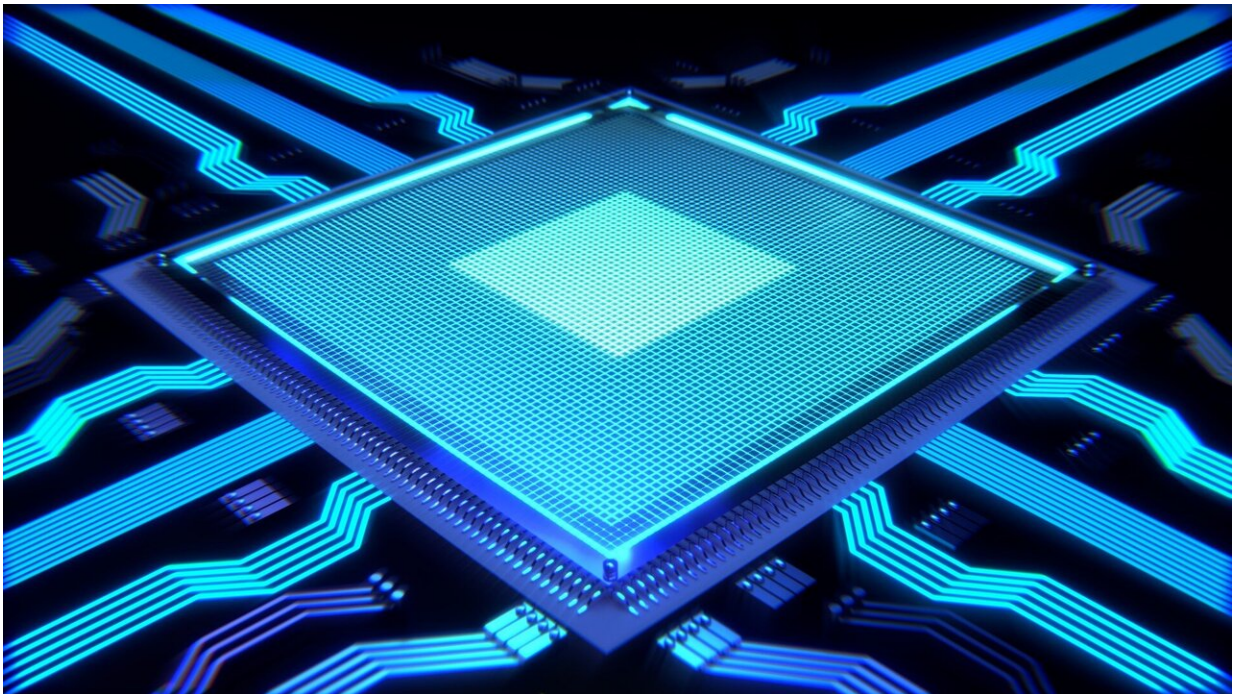


# Analysts: Latest wave of processors should keep AMD riding high

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As Advanced Micro Devices releases its latest wave of mobile processors, analysts say the chipmaker has a chance to gain a competitive edge over the industry's leading players.

AMD, which is headquartered in California but has a large presence in Austin, is known for gaming-focused processors. The company released

four new mobile processors recently and will continue to roll out its new wave of chips, which analysts say should increase [profit margins](#) for the company.

"These new mobile processors enable AMD to better address the commercial notebook market and places it in a better competitive position," said Austin-based industry analyst Patrick Moorhead of Moor Insights and Strategy. "Commercial notebook processors typically garner higher average selling process and margins, so I do believe it will help the company."

After years of underperforming, AMD has made significant gains in an industry led by power players Intel Corp. and Nvidia.

And as Intel stumbles, AMD has found its chance to compete against the tech giant.

Recently, new industry data found that shipments of personal computers were down in the first quarter of 2019 due in part from a shortage of central processing units—a shortage accelerated by Intel's CPU supply constraints.

That led PC vendors to seek alternative central processing units from AMD, according to Mikako Kitagawa, senior principal analyst at research firm Gartner.

"The supply constraints affected the vendor competitive landscape as leading vendors had better allocation of chips and also began sourcing alternative (central processing units) from AMD," Kitagawa said.

Rob Enderle, an analyst at the Enderle Group, said Intel's decision to downsize and underfund its PC and server markets allowed AMD to fill that gap.

"The end result is (Intel) created a massive competitive opportunity for AMD who is pivoting to take advantage of it," Enderle said. "AMD is now a Wall Street darling largely because, while Intel lost direction, AMD has been executing impressively well largely due to a differentiating level of focus."

Enderle said he expects to see gains in AMD's sales volume, and said the company should continue to push for a competitive edge in mobile processors.

"Mobile is one of the areas providing AMD with a lot of growth potential, and if they can get into some compelling mobile PC designs, they will take significant share from Intel and their blended solutions, combining CPU and GPU, provide unique advantages for the firm," Enderle said.

AMD said its second generation Ryzen Pro and Athlon Pro mobile processors, which were unveiled Monday, were made for "premium professional notebooks to everyday productivity notebooks."

The company received more good news this week when [financial services](#) firm Cowen on Wednesday raised its AMD share price target from \$28 to \$33, saying it expects AMD's chips to remain competitive against Intel.

AMD stock climbed nearly 2 percent Wednesday following the commentary from Cowen analyst Matthew Ramsey, who is optimistic about the company's server and desktop PC processors.

AMD stock has risen by more than 45 percent this year.

In January, the company unveiled its Radeon VII graphics processing unit, which CEO Lisa Su called the first 7-nanometer graphics card

available to general consumers. AMD had been lagging behind Nvidia for years in the high-end gaming graphics card race.

Industry analyst Roger Kay of Endpoint Technologies said the graphics card "keeps AMD in the game."

Kay predicts a positive year for AMD, saying he expects the company's profit margins to increase as its volumes grow.

"Lisa Su has executed quite well since she took the helm, and there's no reason to assume she will do otherwise in the intermediate term," Kay said.

At the end of 2018, AMD's stock was added to the Nasdaq 100 index. The Nasdaq 100 is a blue chip stock market index containing 100 of the largest non-financial companies that trade on the Nasdaq exchange, based on market capitalization. The index—which Nasdaq describes as a "benchmark for financial products such as options, futures and funds—is revised and re-ranked each December.

Most of AMD's senior management team is based in Austin and the company employs about 1,500 people in Central Texas.

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