

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**  
**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 28, 2020  
Date of Report (Date of earliest event reported)



**ADVANCED MICRO DEVICES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State of  
Incorporation)

001-07882  
(Commission  
File Number)

94-1692300  
(IRS Employer  
Identification Number)

2485 Augustine Drive  
Santa Clara, California 95054  
(Address of principal executive offices) (Zip Code)  
(408) 749-4000  
(Registrant's telephone number, including area code)

N/A  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	AMD	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 2.02 Results of Operations and Financial Condition.**

### **Item 7.01 Regulation FD Disclosure.**

On July 28, 2020, Advanced Micro Devices, Inc. (the "Company") announced its financial position and results of operations as of and for its second quarter ended June 27, 2020 in a press release that is attached hereto as Exhibit 99.1. Attached hereto as Exhibit 99.2 is a presentation regarding the Company's second quarter 2020.

The Company will hold a conference call on July 28, 2020 at 2:00 p.m. PT (5:00 p.m. ET) to discuss its second quarter 2020 financial results and forward-looking financial guidance.

To supplement the Company's financial results presented on a U.S. Generally Accepted Accounting Principles ("GAAP") basis, the Company's earnings press release contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share, Adjusted EBITDA and free cash flow. The Company uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2020, the Company uses a projected non-GAAP tax rate, which excludes the direct tax impacts of pre-tax non-GAAP adjustments, of approximately 3%, reflecting currently available information. The Company believes that the supplemental non-GAAP financial measures make it easier for investors to compare its operating results for current and historical periods and also assist investors in comparing the Company's core performance across reporting periods on a consistent basis by excluding items that it believes are not indicative of the Company's underlying operating performance. The Company cautions investors to carefully evaluate the financial results calculated in accordance with GAAP and the supplemental non-GAAP financial measures and reconciliations. The Company's non-GAAP financial measures are not intended to be considered in isolation and are not a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The information in this report furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended, if such subsequent filing specifically references the information furnished pursuant to Items 2.02 and 7.01 of this report.

### **Item 9.01 Financial Statements and Exhibits.**

#### ***(d) Exhibits.***

#### EXHIBIT INDEX

Exhibit No.	Description
99.1	<a href="#">Press Release dated July 28, 2020</a>
99.2	<a href="#">Second Quarter 2020 Financial Results Presentation</a>
104	Inline XBRL for the cover page of this Current Report on Form 8-K

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### AMD Reports Second Quarter 2020 Financial Results

- Revenue grows 26 percent year-over-year driven by Ryzen™ and EPYC™ processor sales -

**SANTA CLARA, Calif. - July 28, 2020 - [AMD](#)** (NASDAQ:AMD) today announced revenue for the second quarter of 2020 of \$1.93 billion, operating income of \$173 million, net income of \$157 million and diluted earnings per share of \$0.13. On a non-GAAP\* basis, operating income was \$233 million, net income was \$216 million and diluted earnings per share was \$0.18.

#### GAAP Quarterly Financial Results

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Revenue (\$B)	\$1.93	\$1.53	Up 26%	\$1.79	Up 8%
Gross margin	44%	41%	Up 3pp	46%	Down 2pp
Operating expenses (\$M)	\$675	\$562	Up \$113	\$641	Up \$34
Operating income (\$M)	\$173	\$59	Up \$114	\$177	Down \$4
Net income (\$M)	\$157	\$35	Up \$122	\$162	Down \$5
Earnings per share	\$0.13	\$0.03	Up \$0.10	\$0.14	Down \$0.01

#### Non-GAAP\* Quarterly Financial Results

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Revenue (\$B)	\$1.93	\$1.53	Up 26%	\$1.79	Up 8%
Gross margin	44%	41%	Up 3pp	46%	Down 2pp
Operating expenses (\$M)	\$617	\$512	Up \$105	\$584	Up \$33
Operating income (\$M)	\$233	\$111	Up \$122	\$236	Down \$3
Net income (\$M)	\$216	\$92	Up \$124	\$222	Down \$6
Earnings per share	\$0.18	\$0.08	Up \$0.10	\$0.18	Flat

“We delivered strong second quarter results, led by record notebook and server processor sales as Ryzen and EPYC revenue more than doubled from a year ago,” said Dr. Lisa Su, AMD president and CEO. “Despite some macroeconomic uncertainty, we are raising our full-year revenue outlook as we enter our next phase of growth driven by the acceleration of our business in multiple markets.”

## Q2 2020 Results

- Revenue was \$1.93 billion, up 26 percent year-over-year primarily driven by higher Computing and Graphics segment revenue. Revenue was up 8 percent quarter-over-quarter primarily driven by higher Enterprise, Embedded and Semi-Custom segment revenue.
- Gross margin was 44 percent, up 3 percentage points year-over-year and down 2 percentage points quarter-over-quarter. The year-over-year increase was primarily driven by Ryzen™ and EPYC™ processor sales. The quarter-over-quarter decrease was due to increased semi-custom product sales.
- Operating income was \$173 million compared to operating income of \$59 million a year ago and \$177 million in the prior quarter. Non-GAAP operating income was \$233 million compared to operating income of \$111 million a year ago and \$236 million in the prior quarter. Operating income improved year-over-year primarily driven by revenue growth and a greater percentage of Ryzen and EPYC processor sales.
- Net income was \$157 million compared to net income of \$35 million a year ago and \$162 million in the prior quarter. Non-GAAP net income was \$216 million compared to net income of \$92 million a year ago and \$222 million in the prior quarter.
- Diluted earnings per share was \$0.13 compared to diluted earnings per share of \$0.03 a year ago and \$0.14 in the prior quarter. Non-GAAP diluted earnings per share was \$0.18 compared to diluted earnings per share of \$0.08 a year ago and \$0.18 in the prior quarter.
- Cash and cash equivalents were \$1.78 billion at the end of the quarter.

## Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$1.37 billion, up 45 percent year-over-year and down 5 percent quarter-over-quarter. Revenue was higher year-over-year driven by strong Ryzen processor sales. The quarter-over-quarter decline was due to lower graphics processor sales.
  - Client processor average selling price (ASP) was up year-over-year driven by Ryzen processor sales. Client processor ASP was down quarter-over-quarter due to a higher percentage of Ryzen mobile processor sales.
  - GPU ASP was lower year-over-year and quarter-over-quarter due to lower channel sales.
  - Operating income was \$200 million compared to \$22 million a year ago and \$262 million in the prior quarter. The year-over-year increase was driven by higher revenue. The quarter-over-quarter decline was due to higher operating expenses and lower revenue.
- Enterprise, Embedded and Semi-Custom segment revenue was \$565 million, down 4 percent year-over-year and up 62 percent quarter-over-quarter. Revenue was lower year-over-year due to lower semi-custom product sales largely offset by higher EPYC processor sales. The quarter-over-quarter increase was driven by higher EPYC processor and semi-custom product sales.

- Operating income was \$33 million compared to \$89 million a year ago and an operating loss of \$26 million in the prior quarter. The year-over-year decline was due to higher operating expenses and lower revenue. The quarter-over-quarter increase was driven by higher revenue.
- All Other operating loss was \$60 million compared to operating losses of \$52 million a year ago and \$59 million in the prior quarter.

### Recent PR Highlights

- Data center adoption of 2<sup>nd</sup> Gen AMD EPYC processors continued to accelerate with unique cloud, enterprise and high-performance computing (HPC) wins.
  - Google [announced](#) new Confidential Virtual Machines for Google Compute Engine powered exclusively by AMD EPYC processors featuring AMD Secure Encrypted Virtualization. These Confidential VMs provide customers with data security and high-performance cloud computing enabled by advanced security features on AMD EPYC processors.
  - Amazon Web Services (AWS) [added](#) its sixth AMD EPYC processor-powered cloud instance family, the new Amazon EC2 C5a instances for customers running compute intensive workloads.
  - Oracle and AMD [announced](#) that AMD EPYC processors are bringing class-leading memory bandwidth and core count to the new Oracle Cloud Infrastructure Compute E3 platform for general purpose and high bandwidth workloads.
  - Dell Technologies, HPE, IBM Cloud, Nutanix, Supermicro, VMware and others announced offerings powered by the new [AMD EPYC 7Fx2 processor family](#) that bring high-frequency processing power and per-core performance leadership to enterprise workloads.
  - Dell Technologies [announced](#) its first hyperconverged infrastructure system, the VxRail E Series, based on AMD EPYC processors.
  - The new Nvidia DGX A100 system [harnesses](#) the performance, core count and PCIe® 4 support of AMD EPYC processors to accelerate diverse AI workloads such as data analytics, training and inference.
- Commercial momentum for AMD client processors is growing driven by Ryzen PRO performance, security features and seamless management for the most demanding business environments.
  - Lenovo and AMD [announced](#) the Lenovo ThinkStation P620 powered by AMD Ryzen Threadripper™ PRO processors, including a 64-core professional workstation CPU. The new AMD Ryzen Threadripper PRO processor family features leadership performance, unrivalled bandwidth and AMD PRO technologies which include enterprise-grade security and manageability features.
  - AMD [announced](#) the AMD Ryzen PRO 4000 Series mobile processors, bringing ultimate performance, work anywhere flexibility, security features and seamless manageability for modern IT infrastructures. Enterprise notebooks powered by the AMD Ryzen PRO 4000 Series are available now from [HP](#) and [Lenovo](#).

- AMD [expanded](#) its desktop processor portfolio with the 3<sup>rd</sup> Gen AMD Ryzen 3000XT series desktop processors, featuring higher boost frequencies that deliver elite performance in gaming and content creation compared to prior generation.
- Apple [announced](#) the latest 16-inch MacBook Pro featuring the AMD Radeon™ Pro 5600M mobile GPU, bringing desktop-class graphics performance to users on the go.
- AMD [announced](#) the AMD Radeon™ Pro VII workstation graphics card with AMD Infinity Fabric™ Link technology, delivering exceptional graphics and computing performance for broadcast and engineering professionals.
- AMD [announced](#) it is contributing cloud-based supercomputing systems powered by AMD EPYC processors and AMD Radeon Instinct accelerators as part of the AMD HPC Fund for COVID-19 research. The systems will be delivered to New York University (NYU), Massachusetts Institute of Technology (MIT) and Rice University in partnership with Penguin Computing to provide remote supercomputing capabilities for selected researchers around the world.

### **Current Outlook**

AMD's outlook statements are based on current expectations and contemplate the current COVID-19 environment, global economic backdrop and customer demand signals. The following statements are forward-looking, and actual results could differ materially depending on market conditions, COVID-19 factors and the factors set forth under "Cautionary Statement" below.

For the third quarter of 2020, AMD expects revenue to be approximately \$2.55 billion, plus or minus \$100 million, an increase of approximately 42 percent year-over-year and 32 percent sequentially. The year-over-year and sequential increases are expected to be primarily driven by Ryzen and EPYC processor sales and next generation semi-custom products. AMD expects non-GAAP gross margin to be approximately 44 percent in the third quarter of 2020. Gross margin is expected to increase year-over-year primarily driven by Ryzen and EPYC processor sales.

AMD now expects 2020 revenue to grow by approximately 32 percent compared to 2019 driven by strength in PC, gaming and data center products. Non-GAAP gross margin is expected to be approximately 45 percent.

### **AMD Teleconference**

AMD will hold a conference call for the financial community at 2:00 p.m. PT (5:00 p.m. ET) today to discuss its second quarter 2020 financial results. AMD will provide a real-time audio broadcast of the teleconference on the [Investor Relations](#) page of its website at [www.amd.com](http://www.amd.com). The webcast will be available for 12 months after the conference call.

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

(In millions, except per share data)

	Three Months Ended		
	June 27, 2020	March 28, 2020	June 29, 2019
<b>GAAP gross margin</b>	\$ 848	\$ 818	\$ 621
GAAP gross margin %	44 %	46 %	41 %
Stock-based compensation	2	2	2
<b>Non-GAAP gross margin</b>	\$ 850	\$ 820	\$ 623
Non-GAAP gross margin %	44 %	46 %	41 %
<b>GAAP operating expenses</b>	\$ 675	\$ 641	\$ 562
GAAP operating expenses/revenue %	35 %	36 %	37 %
Stock-based compensation	58	57	43
Loss contingency on legal matter	—	—	7
<b>Non-GAAP operating expenses</b>	\$ 617	\$ 584	\$ 512
Non-GAAP operating expenses/revenue %	32 %	33 %	33 %
<b>GAAP operating income</b>	\$ 173	\$ 177	\$ 59
GAAP operating margin %	9 %	10 %	4 %
Stock-based compensation	60	59	45
Loss contingency on legal matter	—	—	7
<b>Non-GAAP operating income</b>	\$ 233	\$ 236	\$ 111
Non-GAAP operating margin %	12 %	13 %	7 %

	Three Months Ended					
	June 27, 2020		March 28, 2020		June 29, 2019	
<b>GAAP net income / earnings per share</b>	\$ 157	\$ 0.13	\$ 162	\$ 0.14	\$ 35	\$ 0.03
Non-cash interest expense related to convertible debt	2	—	2	—	6	—
Stock-based compensation	60	0.05	59	0.04	45	0.04
Equity income in investee	(1)	—	—	—	—	—
Loss contingency on legal matter	—	—	—	—	7	0.01
Income tax provision	(2)	—	(1)	—	(1)	—
<b>Non-GAAP net income / earnings per share</b>	\$ 216	\$ 0.18	\$ 222	\$ 0.18	\$ 92	\$ 0.08
<b>Shares used and net income adjustment in earnings per share calculation<sup>(1)</sup></b>						
Shares used in per share calculation (GAAP)		1,227		1,224		1,109
Interest expense add-back to GAAP net income	\$	3	\$	4	\$	—
Shares used in per share calculation (Non-GAAP)		1,227		1,224		1,210
Interest expense add-back to Non-GAAP net income	\$	1	\$	2	\$	5

(1) For the three months ended June 27, 2020 and March 28, 2020, GAAP diluted EPS calculations include 31 million shares related to the Company's 2026 Convertible Notes and the associated \$3 million and \$4 million interest expense, respectively, add-back to net income under the "if converted" method.

For the three months ended June 29, 2019, the 100.6 million shares related to the Company's 2026 Convertible Notes were not included in the GAAP diluted EPS calculations as their inclusion would have been anti-dilutive.

For the three months ended June 27, 2020, March 28, 2020 and June 29, 2019, Non-GAAP diluted EPS calculations include 31 million, 31 million and 100.6 million shares, respectively, related to the Company's 2026 Convertible Notes and the associated \$1 million, \$2 million and \$5 million interest expense, respectively, add-back to net income under the "if converted" method.

## **About AMD**

For 50 years, AMD has driven innovation in high-performance computing, graphics and visualization technologies - the building blocks for gaming, immersive platforms and the data center. Hundreds of millions of consumers, leading Fortune 500 businesses and cutting-edge scientific research facilities around the world rely on AMD technology daily to improve how they live, work and play. AMD employees around the world are focused on building great products that push the boundaries of what is possible. For more information about how AMD is enabling today and inspiring tomorrow, visit the AMD (NASDAQ: AMD) [website](#), [blog](#), [Facebook](#) and [Twitter](#) pages.

#### Cautionary Statement

This press release contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's expectations regarding its next phase of growth; the features, functionality, performance, availability, timing and expected benefits of AMD products; and AMD's expected third quarter of 2020 outlook including, revenue and non-GAAP gross margin and the expected drivers and AMD's expected fiscal 2020 financial outlook, including revenue and non-GAAP gross margin and expected drivers, based on current expectations and contemplated current COVID-19 environment, global economic backdrop and customer demand signals, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this press release are based on current beliefs, assumptions and expectations, speak only as of the date of this press release and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; the loss of a significant customer; AMD's ability to generate revenue from its semi-custom SoC products; global economic uncertainty; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; political, legal, economic risks and natural disasters; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; quarterly and seasonal sales patterns; the restrictions imposed by agreements governing AMD's notes and the secured credit facility; the competitive markets in which AMD's products are sold; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; market conditions of the industries in which AMD products are sold; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's indebtedness; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's ability to repurchase its outstanding debt in the event of a change of control; the cyclical nature of the semiconductor industry; the impact of acquisitions, joint ventures and/or investments on AMD's business; the impact of modification or interruption of AMD's internal business processes and information systems; the availability of essential equipment, materials or manufacturing processes; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's stock price volatility; worldwide political conditions; unfavorable currency exchange rate fluctuations; AMD's ability to effectively control the sales of its products on the gray market; AMD's ability to adequately protect its technology or other intellectual property; current and future claims and litigation; potential tax liabilities; and the impact of environmental laws, conflict minerals-related provisions and other laws or regulations. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020.

\* In this earnings press release, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this earnings press release. AMD uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2020, AMD uses a projected non-GAAP tax rate, which excludes the direct tax impacts of pre-tax non-GAAP adjustments, of approximately 3%, reflecting currently available information. AMD has also provided adjusted EBITDA and free cash flow as supplemental non-GAAP measures of its performance. These items are defined in the footnotes to the selected corporate data tables provided at the end of this earnings press release. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance and for the other reasons described in the footnotes to the selected data tables. Refer to the data tables at the end of this earnings press release.

*AMD, the AMD Arrow logo, EPYC, Radeon, Ryzen, Athlon and combinations thereof, are trademarks of Advanced Micro Devices, Inc. Other names are for informational purposes only and used to identify companies and products and may be trademarks of their owner.*

**ADVANCED MICRO DEVICES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Millions except per share amounts and percentages) (Unaudited)

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net revenue	\$ 1,932	\$ 1,786	\$ 1,531	\$ 3,718	\$ 2,803
Cost of sales	1,084	968	910	2,052	1,661
Gross margin	848	818	621	1,666	1,142
Gross margin %	44 %	46 %	41 %	45 %	41 %
Research and development	460	442	373	902	746
Marketing, general and administrative	215	199	189	414	359
Licensing gain	—	—	—	—	(60)
Operating income	173	177	59	350	97
Interest expense	(14)	(13)	(25)	(27)	(52)
Other income (expense), net	1	4	3	5	(4)
Income before income taxes and equity income (loss)	160	168	37	328	41
Income tax provision (benefit)	4	6	2	10	(11)
Equity income (loss) in investee	1	—	—	1	(1)
Net Income	\$ 157	\$ 162	\$ 35	\$ 319	\$ 51
Earnings per share					
Basic	\$ 0.13	\$ 0.14	\$ 0.03	\$ 0.27	\$ 0.05
Diluted	\$ 0.13	\$ 0.14	\$ 0.03	\$ 0.27	\$ 0.05
Shares used in per share calculation					
Basic	1,174	1,170	1,084	1,172	1,064
Diluted	1,227	1,224	1,109	1,225	1,102

ADVANCED MICRO DEVICES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Millions)

	June 27, 2020 (Unaudited)	December 28, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,775	\$ 1,466
Marketable securities	—	37
Accounts receivable, net	1,789	1,859
Inventories	1,324	982
Receivables from related parties	10	20
Prepaid expenses and other current assets	211	233
<b>Total current assets</b>	<b>5,109</b>	<b>4,597</b>
Property and equipment, net	585	500
Operating lease right-of use assets	215	205
Goodwill	289	289
Investment: equity method	59	58
Other non-current assets	326	379
<b>Total Assets</b>	<b>\$ 6,583</b>	<b>\$ 6,028</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 200	\$ —
Accounts payable	802	988
Payables to related parties	192	213
Accrued liabilities	1,172	1,084
Other current liabilities	68	74
<b>Total current liabilities</b>	<b>2,434</b>	<b>2,359</b>
Long-term debt, net	490	486
Long-term operating lease liabilities	204	199
Other long-term liabilities	150	157
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,127	9,963
Treasury stock, at cost	(54)	(53)
Accumulated deficit	(6,776)	(7,095)
Accumulated other comprehensive loss	(4)	—
<b>Total stockholders' equity</b>	<b>3,305</b>	<b>2,827</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 6,583</b>	<b>\$ 6,028</b>

**ADVANCED MICRO DEVICES, INC.**  
**SELECTED CASH FLOW INFORMATION**  
(Millions) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Net cash provided by (used in)</b>				
Operating activities	\$ 243	\$ 30	\$ 178	\$ (183)
Investing activities	\$ (36)	\$ (7)	\$ (109)	\$ (180)
Financing activities	\$ 238	\$ (38)	\$ 240	\$ 248

**SELECTED CORPORATE DATA**  
(Millions) (Unaudited)

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Segment and Category Information</b>					
Computing and Graphics <sup>(1)</sup>					
Net revenue	\$ 1,367	\$ 1,438	\$ 940	\$ 2,805	\$ 1,771
Operating income	\$ 200	\$ 262	\$ 22	\$ 462	\$ 38
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>					
Net revenue	\$ 565	\$ 348	\$ 591	\$ 913	\$ 1,032
Operating income (loss)	\$ 33	\$ (26)	\$ 89	\$ 7	\$ 157
All Other <sup>(3)</sup>					
Net revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Operating loss	\$ (60)	\$ (59)	\$ (52)	\$ (119)	\$ (98)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 1,932</b>	<b>\$ 1,786</b>	<b>\$ 1,531</b>	<b>\$ 3,718</b>	<b>\$ 2,803</b>
<b>Operating income</b>	<b>\$ 173</b>	<b>\$ 177</b>	<b>\$ 59</b>	<b>\$ 350</b>	<b>\$ 97</b>

<b>Other Data</b>					
Capital expenditures	\$ 91	\$ 55	\$ 58	\$ 146	\$ 120
Adjusted EBITDA <sup>(4)</sup>	\$ 305	\$ 304	\$ 163	\$ 609	\$ 293
Cash, cash equivalents and marketable securities	\$ 1,775	\$ 1,385	\$ 1,128	\$ 1,775	\$ 1,128
Free cash flow <sup>(5)</sup>	\$ 152	\$ (120)	\$ (28)	\$ 32	\$ (303)
Total assets	\$ 6,583	\$ 5,864	\$ 5,102	\$ 6,583	\$ 5,102
Total debt	\$ 690	\$ 488	\$ 1,031	\$ 690	\$ 1,031

<sup>(1)</sup> The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units (GPUs), data center and professional GPUs, and development services. The Company also licenses portions of its intellectual property portfolio.

<sup>(2)</sup> The Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services and technology for game consoles. The Company also licenses portions of its intellectual property portfolio.

<sup>(3)</sup> All Other category primarily includes certain expenses and credits that are not allocated to any of the operating segments. Also included in this category is stock-based compensation expense.

(4) **Reconciliation of GAAP Net Income to Adjusted EBITDA\***

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
GAAP net income	\$ 157	\$ 162	\$ 35	\$ 319	\$ 51
Interest expense	14	13	25	27	52
Other (income) expense, net	(1)	(4)	(3)	(5)	4
Income tax provision (benefit)	4	6	2	10	(11)
Equity (income) loss in investee	(1)	—	—	(1)	1
Stock-based compensation	60	59	45	119	86
Depreciation and amortization	72	68	52	140	98
Loss contingency on legal matter	—	—	7	—	12
Adjusted EBITDA	\$ 305	\$ 304	\$ 163	\$ 609	\$ 293

(5) **Reconciliation of GAAP Net Cash Provided by Operating Activities to Free Cash Flow\*\***

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
GAAP net cash provided by (used in) operating activities	\$ 243	\$ (65)	\$ 30	\$ 178	\$ (183)
Purchases of property and equipment	(91)	(55)	(58)	(146)	(120)
Free cash flow	\$ 152	\$ (120)	\$ (28)	\$ 32	\$ (303)

\* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP net income for interest expense, other income (expense), net, income tax provision (benefit), equity (income) loss on investee, stock-based compensation, and depreciation and amortization expense. The Company also included a loss contingency on legal matter in the three and six months ended June 29, 2019. The Company calculates and presents Adjusted EBITDA because management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of income or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities that can affect cash flows.

\*\* The Company also presents free cash flow as a supplemental Non-GAAP measure of its performance. Free cash flow is determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities.

The Company has provided reconciliations within the earnings press release of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.



# SECOND QUARTER 2020 FINANCIAL RESULTS

JULY 28, 2020

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## CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as the features, functionality, performance, availability, timing and expected benefits of AMD products; AMD's financial outlook for the third quarter of 2020 and fiscal 2020, including, revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating expenses as a percentage of revenue, non-GAAP interest expense, taxes and other, non-GAAP taxes, and diluted share count; and AMD's leadership roadmaps, execution excellence, sustained market share gains and strong financial returns, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this press release are based on current beliefs, assumptions and expectations, speak only as of the date of this press release and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; the loss of a significant customer; AMD's ability to generate revenue from its semi-custom SoC products; global economic uncertainty; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; political, legal, economic risks and natural disasters; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; quarterly and seasonal sales patterns; the restrictions imposed by agreements governing AMD's notes and the secured credit facility; the competitive markets in which AMD's products are sold; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; market conditions of the industries in which AMD products are sold; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's indebtedness; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's ability to repurchase its outstanding debt in the event of a change of control; the cyclical nature of the semiconductor industry; the impact of acquisitions, joint ventures and/or investments on AMD's business; the impact of modification or interruption of AMD's internal business processes and information systems; the availability of essential equipment, materials or manufacturing processes; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's stock price volatility; worldwide political conditions; unfavorable currency exchange rate fluctuations; AMD's ability to effectively control the sales of its products on the gray market; AMD's ability to adequately protect its technology or other intellectual property; current and future claims and litigation; potential tax liabilities; and the impact of environmental laws, conflict minerals-related provisions and other laws or regulations. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020.

## NON-GAAP FINANCIAL MEASURES

In this presentation, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share and free cash flow. AMD uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2020, AMD uses a projected non-GAAP tax rate, which excludes the direct tax impacts of pre-tax non-GAAP adjustments, of approximately 3%, reflecting currently available information. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance. The non-GAAP financial measures disclosed in this presentation should be viewed in addition to and not as a substitute for or superior to AMD's reported results prepared in accordance with GAAP and should be read only in conjunction with AMD's Consolidated Financial Statements prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the Appendices at the end of this presentation. This presentation also contains forward-looking non-GAAP measures concerning AMD's financial outlook such as gross margin, operating expenses, interest expense, taxes and other. These forward-looking non-GAAP measures are based on current expectations as of July 28, 2020 and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its outlook statements as a result of new information, future events or otherwise, except as may be required by law.

# OUR JOURNEY

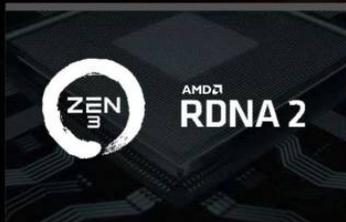
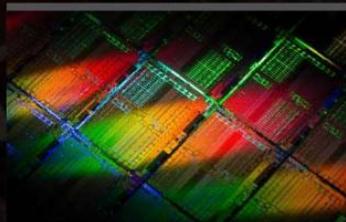
High-Performance  
Computing  
Leadership

Disruptive Solutions  
Combining CPUs  
and GPUs

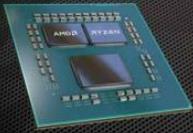
Strong and  
Predictable  
Execution

Best-in-Class  
Growth  
Franchise

# OUR TECHNOLOGY INVESTMENTS

			
<p><b>INDUSTRY-LEADING IP</b></p> <p>Delivering Multi-generational Leadership CPU and GPU Roadmaps</p>	<p><b>ADVANCED TECHNOLOGY</b></p> <p>Leadership Process, Packaging and Interconnect Technology</p>	<p><b>DATA CENTER LEADERSHIP</b></p> <p>Innovation in Cloud, Enterprise, and Accelerated Computing</p>	<p><b>PC/GAMING SOLUTIONS</b></p> <p>Driving Leadership PC Experiences and Gaming Solutions</p>

# OUR BEST PRODUCT PORTFOLIO EVER



**AMD  
RYZEN**

Leadership Desktop Processors  
with up to 16 "Zen 2" Cores



**AMD  
RYZEN**  
MOBILE PROCESSORS

Leadership Ultrathin and  
Gaming Notebook Processors



**AMD  
RYZEN**  
THREADRIPPER

Unmatched High-end Desktop  
with up to 64 "Zen 2" Cores



**AMD  
RADEON**

Performance & Power Efficiency  
with New RDNA Architecture



**AMD  
EPYC**

Up to 64 "Zen 2" Cores with  
up to 50% Lower TCO

**PERFORMANCE LEADERSHIP  
FROM NOTEBOOK TO DESKTOP TO DATA CENTER**

# FINANCIAL SUMMARY Q2 2020<sup>1</sup>

- Revenue of \$1.93 billion, up 26% y/y and up 8% q/q
  - Up y/y primarily driven by higher Computing and Graphics segment revenue
  - Up q/q primarily driven by higher Enterprise, Embedded and Semi-Custom segment revenue
- Gross margin of 44%
  - Up 3 percentage points y/y primarily driven by Ryzen™ and EPYC™ processor sales
  - Down 2 percentage points q/q due to increased semi-custom product sales
- Operating expenses of \$675 million; non-GAAP OpEx of \$617 million
- Profitability improvements y/y
  - Operating income of \$173 million; non-GAAP operating income of \$233 million
  - Operating margin of 9%; non-GAAP operating margin of 12%
  - Net income of \$157 million; non-GAAP net income of \$216 million
  - Diluted EPS of \$0.13; non-GAAP diluted EPS of \$0.18
- Cash and cash equivalents of \$1.78 billion
- Operating cash flow of \$243 million; Free cash flow of \$152 million



1. See Appendices for GAAP to Non-GAAP reconciliation

# COMPUTING AND GRAPHICS SEGMENT Q2 2020

- Revenue of \$1.37 billion
  - Up 45% y/y driven by strong Ryzen processor sales
  - Down 5% q/q due to lower graphics processor sales
  - Highest client processor revenue in more than 12 years; record quarterly notebook processor unit shipments and revenue
- Average Selling Price (ASP)
  - Client processor ASP up y/y driven by Ryzen processor sales; down q/q due to a higher percentage of Ryzen mobile processor sales
  - GPU ASP down y/y and q/q due to lower channel sales
- Operating income of \$200 million
  - Up \$178 million y/y driven by higher revenue; down \$62 million q/q due to higher operating expenses and lower revenue
- Strategic news and highlights
  - 50+ Ryzen 4000 notebooks in market; launching another 30+ ultrathin, premium, gaming and commercial OEM notebooks
  - HP and Lenovo to ramp their first commercial notebooks powered by Ryzen 4000 processors throughout 2H'20
  - Apple professional and Dell gaming notebooks launched with RDNA-based Radeon 5000M series mobile GPUs
  - On track to launch “Zen 3” CPUs, RDNA 2 GPUs and new CDNA data center GPU architecture in late 2020

# ENTERPRISE, EMBEDDED AND SEMI-CUSTOM SEGMENT Q2 2020

- Revenue of \$565 million
  - Down 4% y/y due to lower semi-custom product sales largely offset by record server processor sales
  - Up 62% q/q driven by increased server processor and semi-custom product sales
- Operating income of \$33 million
  - Down \$56 million y/y due to higher operating expenses and lower revenue; up \$59 million q/q driven by higher revenue
- Strategic news and highlights
  - Began initial production of next-gen game console SoCs for Sony PlayStation 5 and Microsoft Xbox Series X
  - Microsoft added EPYC processors to power Office Online applications used by more than 200 million monthly users
  - Tencent ramped multiple millions of Virtual Machines (VMs) powered by EPYC processors
  - Google announced exclusive use of EPYC processors to power Google Confidential Computing VMs
  - AWS launched global availability of EC2 C5a instances powered by EPYC processors
  - Dell, HPE and Lenovo expanded their AMD-based offerings with additional 2<sup>nd</sup> Gen EPYC processor platforms
  - On track to begin shipping next-generation “Zen 3” “Milan” data center CPUs in late 2020

# REVENUE TREND

(\$ IN MILLIONS)



REVENUE GREW 26 PERCENT Y/Y

# GROSS MARGIN TREND

(GAAP AND NON-GAAP)<sup>1</sup>



**GROSS MARGIN EXPANDED 3 PERCENTAGE POINTS Y/Y**

1. See Appendices for GAAP to Non-GAAP reconciliation  
2. Gross margin for both GAAP and Non-GAAP are the same for all periods except as indicated for Q4 2018

# EARNINGS PER SHARE TREND

(GAAP)



**STRONG EARNINGS PER SHARE GROWTH Y/Y**

# EARNINGS PER SHARE TREND

(NON-GAAP)<sup>1</sup>



**STRONG EARNINGS PER SHARE GROWTH Y/Y**

## Q2 2020 SUMMARY P&L – GAAP

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Revenue	\$1,932M	\$1,531M	Up 26%	\$1,786M	Up 8%
Gross Margin	\$848M	\$621M	Up \$227M	\$818M	Up \$30M
Gross Margin %	44%	41%	Up 3pp	46%	Down 2pp
Operating Expenses	\$675M	\$562M	Up \$113M	\$641M	Up \$34M
Operating Expense/Revenue %	35%	37%	Down 2pp	36%	Down 1pp
Operating Income	\$173M	\$59M	Up \$114M	\$177M	Down \$4M
Operating Margin %	9%	4%	Up 5 pp	10%	Down 1 pp
Net Income	\$157M	\$35M	Up \$122M	\$162M	Down \$5M
Earnings Per Share <sup>1</sup>	\$0.13	\$0.03	Up \$0.10	\$0.14	Down \$0.01

**INCREASED PROFITABILITY Y/Y**

## Q2 2020 SUMMARY P&L – NON-GAAP<sup>1</sup>

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Revenue	\$1,932M	\$1,531M	Up 26%	\$1,786M	Up 8%
Gross Margin	\$850M	\$623M	Up \$227M	\$820M	Up \$30M
Gross Margin %	44%	41%	Up 3pp	46%	Down 2pp
Operating Expenses	\$617M	\$512M	Up \$105M	\$584M	Up \$33M
Operating Expense/Revenue %	32%	33%	Down 1pp	33%	Down 1pp
Operating Income	\$233M	\$111M	Up \$122M	\$236M	Down \$3M
Operating Margin %	12%	7%	Up 5pp	13%	Down 1pp
Net Income	\$216M	\$92M	Up \$124M	\$222M	Down \$6M
Earnings Per Share <sup>1</sup>	\$0.18	\$0.08	Up \$0.10	\$0.18	Flat

**INCREASED PROFITABILITY Y/Y**

## Q2 2020 SEGMENT RESULTS

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Computing and Graphics					
Net Revenue	\$1,367M	\$940M	Up 45%	\$1,438M	Down 5%
Operating Income	\$200M	\$22M	Up \$178M	\$262M	Down \$62M
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$565M	\$591M	Down 4%	\$348M	Up 62%
Operating Income (Loss)	\$33M	\$89M	Down \$56M	\$(26M)	Up \$59M
All Other Category					
Operating Loss	\$(60M)	\$(52M)	Down \$8M	\$(59M)	Down \$1M
TOTAL					
Net Revenue	\$1,932M	\$1,531M	Up \$401M	\$1,786M	Up \$146M
Operating Income	\$173M	\$59M	Up \$114M	\$177M	Down \$4M

## Q2 2020 SUMMARY BALANCE SHEET ITEMS

	Q2 2020	Q2 2019	Y/Y	Q1 2020	Q/Q
Cash, Cash Equivalents & Marketable Securities	\$1,775M	\$1,128M	Up \$647M	\$1,385M	Up \$390M
Accounts Receivable, Net	\$1,789M	\$1,333M	Up \$456M	\$1,691M	Up \$98M
Inventories	\$1,324M	\$1,015M	Up \$309M	\$1,056M	Up \$268M
Total Debt (principal amount) <sup>1</sup>	\$763M	\$1,293M	Down \$530M	\$563M	Up \$200M
Total Debt, Net <sup>1</sup>	\$690M	\$1,031M	Down \$341M	\$488M	Up \$202M

# TOTAL CASH BALANCE<sup>1</sup>

(\$ IN MILLIONS)



SOLID NET CASH POSITION

## Q3 2020 AND FY 2020 FINANCIAL OUTLOOK – NON-GAAP<sup>1</sup>

	Q3 2020	FY 2020
Revenue	~\$2.55 Billion +/- \$100 Million	Growth of ~32% y/y
Gross Margin %	~44%	~45%
Operating Expenses Operating Expenses/Revenue %	~\$660M	~29%
Interest Expense, Taxes and Other	~\$25 Million	--
Taxes	--	~3% of pre-tax income
Diluted Share Count <sup>2</sup>	1.23 billion shares	1.23 billion shares

1. See Cautionary Statement on Slide 2. These forward-looking outlook statements and non-GAAP measures are based on current expectations as of July 28, 2020 and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its outlook statements as a result of new information, future events or otherwise, except as may be required by law. All items, except revenue are on a non-GAAP basis. Adjustments to arrive at the GAAP financial outlook typically include stock-based compensation, non-cash interest expense related to convertible debt, income tax provision, equity (income) loss in investee, and other non-recurring items such as loss on debt redemption/conversion, impairment charges, and loss contingency on legal matters. The timing and impact of such adjustments are dependent on future events that are typically uncertain or outside of AMD's control; therefore, a reconciliation to equivalent GAAP measures is not practicable at this time.
2. Refer to Diluted Share Count overview in the Appendices

# Q2 2020 SUMMARY

Quarterly Revenue  
Increased 26% Y/Y

Growth Driven by  
Ryzen and EPYC  
Processor Sales

Continued Y/Y  
Gross Margin  
Expansion

Significant Y/Y  
Profitability and  
EPS Growth

# AMD

## BUILDING THE BEST

Leadership  
Roadmaps

Execution  
Excellence

Sustained Market  
Share Gains

Strong  
Financial Returns

# APPENDICES

## Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions)	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
GAAP gross margin	\$ 661	\$ 537	\$ 521	\$ 621	\$ 777	\$ 949	\$ 818	\$ 848
GAAP gross margin %	40%	38%	41%	41%	43%	45%	46%	44%
Impairment of technology licenses	—	45	—	—	—	—	—	—
Stock-based compensation	1	1	1	2	2	1	2	2
Non-GAAP gross margin	\$ 662	\$ 583	\$ 522	\$ 623	\$ 779	\$ 950	\$ 820	\$ 850
Non-GAAP gross margin %	40%	41%	41%	41%	43%	45%	46%	44%

## Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q2'20	Q2'19	Q1'20
GAAP operating expenses	\$ 675	\$ 562	\$ 641
GAAP Operating Expenses/Revenue %	35%	37%	36%
Stock-based compensation	58	43	57
Loss contingency on legal matter	—	7	—
Non-GAAP operating expenses	\$ 617	\$ 512	\$ 584
Non-GAAP Operating Expenses/Revenue %	32%	33%	33%

# APPENDICES

## Reconciliation of GAAP Operating Income to Non-GAAP Operating Income

(Millions)	Q2'20	Q2'19	Q1'20
GAAP operating income	\$ 173	\$ 59	\$ 177
GAAP operating margin %	9%	4%	10%
Stock-based compensation	60	45	59
Loss contingency on legal matter	—	7	—
Non-GAAP operating income	\$ 233	\$ 111	\$ 236
Non-GAAP operating margin %	12%	7%	13%

# APPENDICES

## Reconciliation of GAAP to Non-GAAP Net Income / Earnings Per Share

(Millions, except per share data)	Q3'18		Q4'18		Q1'19		Q2'19		Q3'19		Q4'19		Q1'20		Q2'20	
GAAP net income / earnings per share	\$ 102	\$ 0.09	\$ 38	\$ 0.04	\$ 16	\$ 0.01	\$ 35	\$ 0.03	\$ 120	\$ 0.11	\$ 170	\$ 0.15	\$ 162	\$ 0.14	\$ 157	\$ 0.13
Loss on debt redemption/conversion	6	–	5	–	8	0.01	–	–	40	0.03	128	0.10	–	–	–	–
Non-cash interest expense related to convertible debt	6	0.01	6	0.01	6	0.01	6	–	6	–	4	–	2	–	2	–
Stock-based compensation	36	0.03	36	0.03	41	0.04	45	0.04	54	0.04	57	0.05	59	0.04	60	0.05
Impairment of technology licenses	–	–	45	0.04	–	–	–	–	–	–	–	–	–	–	–	–
Equity (Income) loss in investee	–	–	–	–	1	–	–	–	(1)	–	–	–	–	–	(1)	–
Loss contingency on legal matter	–	–	–	–	5	–	7	0.01	–	–	–	–	–	–	–	–
Income tax provision (benefit)	–	–	–	–	(15)	(0.01)	(1)	–	–	–	24	0.02	(1)	–	(2)	–
Withholding tax refund including interest	–	–	(43)	(0.04)	–	–	–	–	–	–	–	–	–	–	–	–
Non-GAAP net income / earnings per share	\$ 150	\$ 0.13	\$ 87	\$ 0.08	\$ 62	\$ 0.06	\$ 92	\$ 0.08	\$ 219	\$ 0.18	\$ 383	\$ 0.32	\$ 222	\$ 0.18	\$ 216	\$ 0.18

### Shares used and net income adjustment in earnings per share calculation

Shares used in per share calculation (GAAP) <sup>(1)</sup>	1,076	1,079	1,094	1,109	1,117	1,188	1,224	1,227
Interest expense add back to GAAP net income <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4	\$ 3
Shares used in per share calculation (Non-GAAP)	1,177	1,180	1,195	1,210	1,212	1,216	1,224	1,227
Interest expense add back to Non-GAAP net income	\$ 5	\$ 5	\$ 5	\$ 5	\$ 4	\$ 2	\$ 2	\$ 1

<sup>(1)</sup> Q4'19, Q1'20 and Q2'20 GAAP diluted EPS calculation includes 31 million shares related to the Company's 2026 Convertible Notes and the associated \$4 million, \$4 million and \$3 million interest expense, respectively, add-back to net income under the "if converted" method. The 53 million shares (28 million weighted-average) issued in exchange for \$428 million of convertible debt in Q4'19 were not included as their inclusion would have been anti-dilutive.

# APPENDICES

## Share Count Overview

Shares (millions) <sup>(1)</sup>	Q1'20	Q2'20	Q3'20	2020
	Actual	Actual	Estimate	Estimate
Basic Shares	1,170	1,174	1,179	1,179
Dilutive impacts from:				
Employee Equity Grants <sup>(2)</sup>	23	22	18	18
Diluted Shares (without 2026 Convertible Notes)	1,193	1,196	1,197	1,197
2026 Convertible Notes <sup>(3)</sup>	31	31	31	31
Diluted Shares (with 2026 Convertible Notes)	1,224	1,227	1,228	1,228

The table above provides actual share count for Q1'20 and Q2'20, and an estimate of share count that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q3'20 and FY'20.

(1) Share counts are weighted average shares.

(2) The dilutive impact of employee equity grants is based on the Treasury Stock method and is dependent upon the average stock price during the period. The Q2'20 and Q1'20 average stock price was \$52.87 and \$48.14, respectively. The Q2'20 average stock price of \$52.87 was assumed for the Q3'20 and FY'20 estimates.

(3) The dilutive impact from the 2.125% Convertible Senior Notes due 2026 (2026 Convertible Notes) is based on the If-Converted method, where the interest costs associated with the 2026 Convertible Notes are added back to the Net Income and the shares underlying the 2026 Convertible Notes are assumed to be converted and are added to the share count. The impact from the 2026 Convertible Notes, if dilutive, is included in diluted EPS calculation. For the GAAP computation, the add-back to net income includes cash and non-cash interest expense, while only the cash interest expense is added back to the non-GAAP net income. The dilutive shares associated with the 2026 Convertible Notes reflect the weighted average shares subject to conversion during each period.

Moving forward, assuming positive earnings per share, the potential factors we expect may impact AMD's diluted share count include:

- On-going employee equity grants, and
- The 2026 Convertible Notes, which have 31 million underlying shares.

# APPENDICES

## Reconciliation of Operating Cash Flow to Free Cash Flow

(Millions)	Q2'20
Operating cash flow	\$ 243
Purchases of property and equipment	(91)
Free cash flow	\$ 152

## Total Debt (Net)

(Millions)	Q2'20	Q2'19	Q1'20
7.50% Senior Notes due 2022	\$ 312	\$ 312	\$ 312
7.00% Senior Notes due 2024	–	176	–
2.125% Convertible Senior Notes due 2026	251	805	251
Borrowings from secured revolving line of credit	200	–	–
Total Debt (principal amount)	\$ 763	\$ 1,293	\$ 563
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	(69)	(250)	(71)
Unamortized debt issuance costs	(4)	(12)	(4)
Total Debt (net)	\$ 690	\$ 1,031	\$ 488

# ENDNOTES, DISCLAIMERS AND ATTRIBUTIONS

RX-325: Testing done by AMD performance labs 6/1/19, using the Division 2 @ 25x14 Ultra settings. Performance may vary based on use of latest drivers.

RX-362: Testing done by AMD performance labs on June 4, 2019. Systems were tested with: Intel(R) Core(TM) i7-5930K CPU @ 3.50GHz (6 core) with 16GB DDR4 @ 2133 MHz using an Asus X99-E Motherboard running Windows 10 Enterprise 64-bit (Ver. 1809, build 17763.053). Using the following graphics cards: Navi 10 (Driver 19.30\_1905161434 (CL# 1784070)) with 40 compute units, versus a Vega 64 (Driver 19.4.1) with 40 compute units enabled. Breakdown based on AMD internal data June 4, 2019. Performance may vary. RX-362

ROM-557 Estimates based on AMD Server Virtualization TCO (total cost of ownership) Estimator tool v5.5, comparing the AMD EPYC™ and Intel® Xeon® server solutions required to deliver 320 total virtual machines (VM), requiring 1 core and 8GB of memory per VM, with a minimum total solution memory requirement of 2.56 TB of memory. The analysis includes both hardware and virtualization software components. For 320 VMs and 1 core per VM, the Intel \_Gold\_6250 processor requires 20 - 2P servers. The AMD EPYC\_7702P solution requires 5 - 1P servers. Virtualization software pricing as of October 2019. Third party names are for informational purposes only and may be trademarks of their respective owners. This scenario contains many assumptions and estimates and, while based on AMD internal research and best approximations, should be considered an example for information purposes only, and not used as a basis for decision making over actual testing. All pricing is in USD.

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