

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

April 27, 2021
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.

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

On April 27, 2021, Advanced Micro Devices, Inc. (the "Company") announced its financial position and results of operations as of and for its first quarter ended March 27, 2021 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 first quarter 2021.

The Company will hold a conference call on April 27, 2021 at 2:00 p.m. PT (5:00 p.m. ET) to discuss its first quarter 2021 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 and presentation contains non-GAAP financial measures, including non-GAAP gross profit, 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 year 2021, the Company uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. The Company believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because the Company believes it assists investors in comparing the Company'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 Company's non-GAAP financial measures should be viewed in addition to and not as a substitute for or superior to the Company's reported results prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the data tables at the end of the earnings press release and presentation.

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	Press Release dated April 27, 2021
99.2	First Quarter 2021 Financial Results Presentation
104	Inline XBRL for the cover page of this Current Report on Form 8-K

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AMD Reports First Quarter 2021 Financial Results

— Revenue grew 93 percent while net income and EPS tripled year-over-year —

SANTA CLARA, Calif. — April 27, 2021 — AMD (NASDAQ: AMD) today announced revenue for the first quarter of 2021 of \$3.45 billion, operating income of \$662 million, net income of \$555 million and diluted earnings per share of \$0.45. On a non-GAAP* basis, operating income was \$762 million, net income was \$642 million and diluted earnings per share was \$0.52.

GAAP Quarterly Financial Results

	Q1 2021	Q1 2020	Y/Y	Q4 2020	Q/Q
Revenue (\$M)	\$3,445	\$1,786	Up 93%	\$3,244	Up 6%
Gross profit (\$M)	\$1,587	\$818	Up 94%	\$1,451	Up 9%
Gross margin %	46%	46%	Flat	45%	Up 1pp
Operating expenses (\$M)	\$929	\$641	Up 45%	\$881	Up 5%
Operating income (\$M)	\$662	\$177	Up 274%	\$570	Up 16%
Tax Valuation Allowance Release Benefit (\$M)	--	--	--	\$1,301	--
Net income (\$M)	\$555	\$162	Up 243%	\$1,781	Down 69%
Earnings per share	\$0.45	\$0.14	Up 221%	\$1.45	Down 69%

Non-GAAP* Quarterly Financial Results

	Q1 2021	Q1 2020	Y/Y	Q4 2020	Q/Q
Revenue (\$M)	\$3,445	\$1,786	Up 93%	\$3,244	Up 6%
Gross profit (\$M)	\$1,588	\$820	Up 94%	\$1,452	Up 9%
Gross margin %	46%	46%	Flat	45%	Up 1pp
Operating expenses (\$M)	\$830	\$584	Up 42%	\$789	Up 5%
Operating income (\$M)	\$762	\$236	Up 223%	\$663	Up 15%
Net income (\$M)	\$642	\$222	Up 189%	\$636	Up 1%
Earnings per share	\$0.52	\$0.18	Up 189%	\$0.52	Flat

“Our business continued to accelerate in the first quarter driven by the best product portfolio in our history, strong execution and robust market demand,” said Dr. Lisa Su, AMD president and CEO. “We had outstanding year-over-year revenue growth across all of our businesses and data center revenue more than doubled. Our increased full-year guidance highlights the strong growth we expect across our business based on increasing adoption of our high-performance computing products and expanding customer relationships.”

Q1 2021 Results

- Revenue was \$3.45 billion, up 93 percent year-over-year and 6 percent quarter-over-quarter driven by higher revenue in both the Computing and Graphics and Enterprise, Embedded and Semi-custom segments.
- Gross margin was 46 percent, flat year-over-year and up 1 percentage point quarter-over-quarter. The quarter-over-quarter increase was driven by a greater mix of Ryzen™, Radeon™ and EPYC™ processor sales.
- Operating income was \$662 million compared to operating income of \$177 million a year ago and \$570 million in the prior quarter. Non-GAAP operating income was \$762 million compared to operating income of \$236 million a year ago and \$663 million in the prior quarter. Operating income improvements were primarily driven by higher revenue.
- Net income was \$555 million compared to net income of \$162 million a year ago and \$1.78 billion in the prior quarter, which included an income tax benefit of \$1.30 billion associated with a valuation allowance release. Non-GAAP net income was \$642 million compared to net income of \$222 million a year ago and \$636 million in the prior quarter.
- Diluted earnings per share was \$0.45 compared to diluted earnings per share of \$0.14 a year ago and \$1.45 in the prior quarter, which included an income tax benefit that contributed \$1.06 to earnings per share. Non-GAAP diluted earnings per share was \$0.52 based on a 15 percent effective tax rate compared to diluted earnings per share of \$0.18 a year ago and \$0.52 in the prior quarter. Prior periods had a 3 percent effective tax rate for non-GAAP results.
- Cash, cash equivalents and short-term investments were \$3.12 billion at the end of the quarter.

Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$2.10 billion, up 46 percent year-over-year and 7 percent quarter-over-quarter primarily driven by Ryzen processor and Radeon graphics product sales growth.
 - Client processor average selling price (ASP) grew year-over-year and quarter-over-quarter driven by a richer mix of Ryzen desktop and notebook processor sales.
 - GPU ASP was higher year-over-year and quarter-over-quarter driven by high-end Radeon graphics products.
 - Operating income was \$485 million compared to \$262 million a year ago and \$420 million in the prior quarter. The year-over-year and quarter-over-quarter increases were primarily driven by higher revenue.
- Enterprise, Embedded and Semi-Custom segment revenue was \$1.35 billion, up 286 percent year-over-year and 5 percent quarter-over-quarter. The year-over-year increase was driven by higher semi-custom product sales and EPYC processor revenue. The quarter-over-quarter increase was driven by higher EPYC processor sales partially offset by lower semi-custom product sales.
 - Operating income was \$277 million compared to an operating loss of \$26 million a year ago and operating income of \$243 million in the prior quarter. The year-over-year and quarter-over-quarter increases were primarily driven by higher revenue.

- All Other operating loss was \$100 million compared to operating losses of \$59 million a year ago and \$93 million in the prior quarter.

Recent PR Highlights

- AMD announced the AMD EPYC 7003 series processors including the world's highest performance server processor, the AMD EPYC 7763, extending AMD per-socket and per-core performance leadership. The processors provide up to two times better performance in high-performance computing (HPC), cloud and enterprise workloads compared to the competition, all with leadership security features. A broad set of partners announced offerings based on the new EPYC 7003 series processors.
 - Leading cloud providers announced new and upcoming instances and solutions powered by EPYC 7003 series processors, including Microsoft Azure HBv3 VMs and confidential computing VMs; Oracle Cloud infrastructure; Tencent Cloud instances; Amazon Web Services; and Google Cloud.
 - Multiple server providers launched new platforms powered by EPYC 7003 series processors and more than 100 new platforms are expected to launch in 2021, including Cisco UCS® rack server models; Dell Technologies PowerEdge servers; HPE ProLiant servers, HPE Apollo systems; HPE Cray EX supercomputers; Lenovo ThinkSystem servers and ThinkAgile HCI solutions; and Supermicro systems.
- AMD EPYC CPUs and AMD Instinct™ GPU accelerators are enabling powerful new solutions.
 - HPE and the KTH Royal Institute of Technology in Sweden announced a new pre-exascale supercomputer that will use next generation AMD EPYC processors and AMD Instinct GPUs.
 - AMD EPYC CPUs and AMD Instinct GPUs are powering expanded cloud-based HPC solutions, including Siemens NX and PTC Creo, both on Microsoft Azure NVv4 instances.
- AMD customers are on track to increase the number of notebooks based on the AMD Ryzen 5000 Series Mobile Processors and AMD Ryzen PRO 5000 Series Mobile Processors by 50 percent compared to the prior generation, as leading OEMs announced new systems for businesses, gamers, creators and consumers.
 - Acer introduced the new Nitro 5 and Aspire family of notebooks as well as the Chromebook Spin 514, powered by the recently announced Ryzen 3000 C-Series processors, the first Ryzen processors designed for the Chrome OS.
 - Asus unveiled a lineup of AMD-powered gaming notebooks, as well as updated AMD-powered notebooks for consumers, including new ZenBook, Chromebook Flip and VivoBook systems.
 - HP's latest portfolio of EliteBook and ProBook business notebooks feature both Ryzen Mobile and Ryzen PRO Mobile 5000 Series Processors.
 - Lenovo introduced twelve new Ryzen 5000 and Ryzen 5000 PRO processor based notebooks, including ThinkBook models for commercial users, Legion and IdeaPad gaming and Yoga notebooks.
- AMD announced the Radeon RX 6700 XT GPU, delivering exceptional 1440p PC gaming experiences. Built on the AMD RDNA 2 gaming architecture and leading edge 7nm process technology, it is designed to deliver the optimal combination of performance and power efficiency.

Current Outlook

AMD's outlook statements are based on current expectations. The following statements are forward-looking and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement" below.

For the second quarter of 2021, AMD expects revenue to be approximately \$3.6 billion, plus or minus \$100 million, an increase of approximately 86 percent year-over-year and 4 percent quarter-over-quarter. The year-over-year increase is expected to be driven by growth in all businesses. The quarter-over-quarter increase is expected to be primarily driven by growth in data center and gaming. AMD expects non-GAAP gross margin to be approximately 47 percent in the second quarter of 2021.

For the full year 2021, AMD now expects revenue growth of approximately 50 percent over 2020 driven by growth in all businesses, up from prior guidance of approximately 37 percent annual growth.

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 first quarter 2021 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. 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) (Unaudited)

	Three Months Ended					
	March 27, 2021		December 26, 2020		March 28, 2020	
GAAP gross profit	\$	1,587	\$	1,451	\$	818
<i>GAAP gross margin %</i>		46 %		45 %		46 %
Stock-based compensation		1		1		2
Non-GAAP gross profit	\$	1,588	\$	1,452	\$	820
<i>Non-GAAP gross margin %</i>		46 %		45 %		46 %
GAAP operating expenses	\$	929	\$	881	\$	641
<i>GAAP operating expenses/revenue %</i>		27 %		27 %		36 %
Stock-based compensation		84		78		57
Acquisition-related costs		15		14		—
Non-GAAP operating expenses	\$	830	\$	789	\$	584
<i>Non-GAAP operating expenses/revenue%</i>		24 %		24 %		33 %
GAAP operating income	\$	662	\$	570	\$	177
<i>GAAP operating margin %</i>		19 %		18 %		10 %
Stock-based compensation		85		79		59
Acquisition-related costs		15		14		—
Non-GAAP operating income	\$	762	\$	663	\$	236
<i>Non-GAAP operating margin %</i>		22 %		20 %		13 %

	Three Months Ended					
	March 27, 2021		December 26, 2020		March 28, 2020	
GAAP net income / earnings per share	\$	555	\$	1,781	\$	162
Loss on debt redemption/conversion		6		16		—
Non-cash interest expense related to convertible debt		—		—		2
Stock-based compensation		85		79		59
Equity income in investee		(2)		(3)		—
Acquisition-related costs		15		14		—
Release of valuation allowance on deferred tax assets		—		(1,301)		—
Impairment of investment		8		—		—
Income tax provision (benefit)		(25)		50		(1)
Non-GAAP net income / earnings per share	\$	642	\$	636	\$	222

Shares used and net income adjustment in earnings per share calculation ⁽¹⁾

Shares used in per share calculation (GAAP)		1,231		1,226		1,224
Interest expense add-back to GAAP net income	\$	—	\$	—	\$	4
Shares used in per share calculation (Non-GAAP)		1,233		1,232		1,224
Interest expense add-back to Non-GAAP net income	\$	—	\$	—	\$	2

(1) For the three months ended December 26, 2020 and March 28, 2020, GAAP diluted EPS calculations include 3 million and 31 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$0 million and \$4 million interest expense, respectively, add-back to net income under the "if converted" method.

For the three months ended March 27, 2021, December 26, 2020 and March 28, 2020, Non-GAAP diluted EPS calculations include 2 million, 9 million and 31 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$0 million, \$0 million and \$2 million interest expense, respectively, add-back to net income under the "if converted" method.

About AMD

For more than 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 expectation for strong growth across its business; AMD's growth opportunities and customer relationships; the features, functionality, performance, availability, timing and expected benefits of AMD products; and AMD's expected second quarter 2021 and fiscal 2021 financial outlook, including revenue and non-GAAP gross margin and expected drivers based on current expectations, 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 presentation are based on current beliefs, assumptions and expectations, speak only as of the date of this 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; global economic uncertainty; the loss of a significant customer; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; the competitive markets in which AMD's products are sold; quarterly and seasonal sales patterns; market conditions of the industries in which AMD products are sold; the cyclical nature of the semiconductor industry; AMD's ability to adequately protect its technology or other intellectual property; unfavorable currency exchange rate fluctuations; 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; the availability of essential equipment, materials, substrates, or manufacturing processes; 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 revenue from its semi-custom SoC products; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; 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; the impact of modification or interruption of AMD's internal business processes and information systems; 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 ability to effectively control the sales of its products on the gray market; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; AMD's ability to realize its deferred tax assets; potential tax liabilities; current and future claims and litigation; the impact of environmental laws, conflict minerals-related provisions and other laws or regulations; the impact of acquisitions, joint ventures and/or investments on AMD's business, including the announced acquisition of Xilinx, and the failure to integrate acquired businesses; AMD's ability to complete the Xilinx merger; the impact of the announcement and pendency of the Xilinx merger on AMD's business; the impact of any impairment of the combined company's assets on the combined company's financial position and results of operation; the restrictions imposed by agreements governing AMD's notes and the revolving credit facility; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; 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; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; political, legal, economic risks and natural disasters; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's stock price volatility; and worldwide political conditions. 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 most recent reports on Forms 10-K and 10-Q.

* In this earnings press release, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share. 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 2021, AMD uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. AMD 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. The non-GAAP financial measures disclosed in this earnings press release 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 data tables at the end of this earnings press release. This earnings press release also contains forward-looking non-GAAP gross margin concerning AMD's financial outlook, which is based on current expectations as of April 27, 2021 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.

AMD, the AMD Arrow logo, EPYC, Radeon, Ryzen, Instinct, Threadripper 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 respective owner.

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
Net revenue	\$ 3,445	\$ 3,244	\$ 1,786
Cost of sales	1,858	1,793	968
Gross profit	1,587	1,451	818
Gross margin %	46 %	45 %	46 %
Research and development	610	573	442
Marketing, general and administrative	319	308	199
Licensing gain	(4)	—	—
Operating income	662	570	177
Interest expense	(9)	(9)	(13)
Other income (expense), net	(11)	(15)	4
Income before income taxes and equity income	642	546	168
Income tax provision (benefit)	89	(1,232)	6
Equity income in investee	2	3	—
Net Income	<u>\$ 555</u>	<u>\$ 1,781</u>	<u>\$ 162</u>
Earnings per share			
Basic	\$ 0.46	\$ 1.48	\$ 0.14
Diluted	\$ 0.45	\$ 1.45	\$ 0.14
Shares used in per share calculation			
Basic	1,213	1,205	1,170
Diluted	1,231	1,226	1,224

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

	March 27, 2021 (Unaudited)	December 26, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,763	\$ 1,595
Short-term investments	1,353	695
Accounts receivable, net	2,178	2,066
Inventories	1,653	1,399
Receivables from related parties	7	10
Prepaid expenses and other current assets	243	378
Total current assets	7,197	6,143
Property and equipment, net	681	641
Operating lease right-of use assets	241	208
Goodwill	289	289
Investment: equity method	65	63
Deferred tax assets	1,162	1,245
Other non-current assets	412	373
Total Assets	\$ 10,047	\$ 8,962
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 949	\$ 468
Payables to related parties	40	78
Accrued liabilities	1,779	1,796
Other current liabilities	96	75
Total current liabilities	2,864	2,417
Long-term debt, net	313	330
Long-term operating lease liabilities	238	201
Other long-term liabilities	155	177
Stockholders' equity:		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,658	10,544
Treasury stock, at cost	(141)	(131)
Accumulated deficit ⁽¹⁾	(4,058)	(4,605)
Accumulated other comprehensive income	6	17
Total stockholders' equity	\$ 6,477	\$ 5,837
Total Liabilities and Stockholders' Equity	\$ 10,047	\$ 8,962

⁽¹⁾ During the first quarter of 2021, the Company adopted ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, using the modified retrospective adoption method, which resulted in \$8 million of deferred tax liability associated with book-tax differences in a foreign equity method investment recognized in Accumulated deficit.

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
Net cash provided by (used in)			
Operating activities	\$ 898	\$ 554	\$ (65)
Investing activities	\$ (722)	\$ (294)	\$ (73)
Financing activities	\$ (8)	\$ 35	\$ 2

SELECTED CORPORATE DATA
(Millions) (Unaudited)

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
Segment Information			
Computing and Graphics ⁽¹⁾			
Net revenue	\$ 2,100	\$ 1,960	\$ 1,438
Operating income	\$ 485	\$ 420	\$ 262
Enterprise, Embedded and Semi-Custom ⁽²⁾			
Net revenue	\$ 1,345	\$ 1,284	\$ 348
Operating income (loss)	\$ 277	\$ 243	\$ (26)
All Other ⁽³⁾			
Net revenue	\$ —	\$ —	\$ —
Operating loss	\$ (100)	\$ (93)	\$ (59)
Total			
Net revenue	\$ 3,445	\$ 3,244	\$ 1,786
Operating income	\$ 662	\$ 570	\$ 177
Other Data			
Capital expenditures	\$ 66	\$ 74	\$ 55
Adjusted EBITDA ⁽⁴⁾	\$ 857	\$ 753	\$ 304
Cash, cash equivalents and short-term investments	\$ 3,116	\$ 2,290	\$ 1,385
Free cash flow ⁽⁵⁾	\$ 832	\$ 480	\$ (120)
Total assets	\$ 10,047	\$ 8,962	\$ 5,864
Total debt	\$ 313	\$ 330	\$ 488

(1) The Computing and Graphics segment primarily includes desktop and notebook microprocessors, accelerated processing units that integrate microprocessors and graphics, chipsets, discrete graphics processing units (GPUs), data center and professional GPUs and development services. From time to time, the Company may also sell or license portions of its IP portfolio.

(2) 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. From time to time, the Company may also sell or license portions of its IP portfolio.

(3) 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 and acquisition-related costs.

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
GAAP net income	\$ 555	\$ 1,781	\$ 162
Interest expense	9	9	13
Other (income) expense, net	11	15	(4)
Income tax provision (benefit)	89	(1,232)	6
Equity income in investee	(2)	(3)	—
Stock-based compensation	85	79	59
Depreciation and amortization	95	90	68
Acquisition-related costs	15	14	—
Adjusted EBITDA	\$ 857	\$ 753	\$ 304

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
GAAP net cash provided by operating activities	\$ 898	\$ 554	\$ (65)
Purchases of property and equipment	(66)	(74)	(55)
Free cash flow	\$ 832	\$ 480	\$ (120)

* 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 on investee, stock-based compensation, and depreciation and amortization expense. The Company also included acquisition-related costs for the quarter ended March 27, 2021 and December 26, 2020. 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 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.



FIRST QUARTER 2021 FINANCIAL RESULTS

APRIL 27, 2021

CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's expectation for growth across the Computing and Graphics and Enterprise, Embedded and Semi-Custom segments in 2021; the features, functionality, performance, availability, timing and expected benefits of AMD products; AMD's financial outlook for the second quarter of 2021 and full year 2021, 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 tax rates and diluted share count; and AMD's leadership roadmaps, execution excellence, sustained market share gains and strong shareholder 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 presentation are based on current beliefs, assumptions and expectations, speak only as of the date of this presentation 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; global economic uncertainty; the loss of a significant customer; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; the competitive markets in which AMD's products are sold; quarterly and seasonal sales patterns; market conditions of the industries in which AMD products are sold; the cyclical nature of the semiconductor industry; AMD's ability to adequately protect its technology or other intellectual property; unfavorable currency exchange rate fluctuations; 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; the availability of essential equipment, materials, substrates, or manufacturing processes; 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 revenue from its semi-custom SoC products; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; 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; the impact of modification or interruption of AMD's internal business processes and information systems; 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 ability to effectively control the sales of its products on the gray market; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; AMD's ability to realize its deferred tax assets; potential tax liabilities; current and future claims and litigation; the impact of environmental laws, conflict minerals-related provisions and other laws or regulations; the impact of acquisitions, joint ventures and/or investments on AMD's business, including the announced acquisition of Xilinx, and the failure to integrate acquired businesses; AMD's ability to complete the Xilinx merger; the impact of the announcement and pendency of the Xilinx merger on AMD's business; the impact of any impairment of the combined company's assets on the combined company's financial position and results of operation; the restrictions imposed by agreements governing AMD's notes and the revolving credit facility; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; 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; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; political, legal, economic risks and natural disasters; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's stock price volatility; and worldwide political conditions. 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 most recent reports on Forms 10-K and 10-Q.

NON-GAAP FINANCIAL MEASURES

In this presentation, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross profit, 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 full year 2021, AMD uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. AMD uses a projected cash tax rate of approximately 3% that includes the projected current income tax liability plus known foreign withholding tax obligations paid expressed as a percentage of non-GAAP profit before tax. 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 April 27, 2021, and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its forward-looking statements made in this presentation except as may be required by law.

AMD

OUR JOURNEY

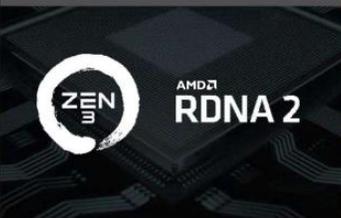
Best Product
Portfolio in
History

Expanding
Customer & Partner
Ecosystem

Significant
Business
Acceleration

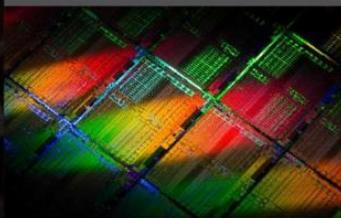
Best-in-Class
Financial
Performance

OUR LEADERSHIP TECHNOLOGY



INDUSTRY-LEADING IP

Delivering Multi-generational
Leadership CPU and GPU
Roadmaps



ADVANCED TECHNOLOGY

Leadership Process,
Packaging and Interconnect
Technology



DATA CENTER LEADERSHIP

Innovation in Cloud,
Enterprise and
Accelerated Computing



PC/GAMING SOLUTIONS

Driving Leadership
PC Experiences
and Gaming Solutions

OUR BEST EVER **PRODUCT PORTFOLIO**



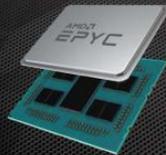
AMD
RYZEN
5000 Series Desktop

World's Fastest Gaming, Productivity and Content Creation Processors



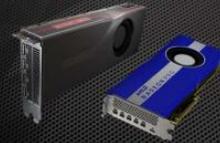
AMD
RYZEN
5000 Series Mobile

Leadership Performance and Advanced Battery Life For Ultrathin, Gaming and Commercial Notebooks



AMD
EPYC

3rd Gen AMD EPYC™ extends performance and TCO advantages



AMD
RADEON

Performance and Power Efficiency with AMD RDNA™ 2 Architecture



SEMI-CUSTOM

Latest game consoles powered by "Zen 2" and AMD RDNA™ 2

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

FINANCIAL SUMMARY Q1 2021¹

- Record revenue of \$3.45 billion, up 93% y/y and 6% q/q
- Gross margin of 46%, flat y/y and up 1 percentage point q/q
- OpEx of \$929 million; Non-GAAP OpEx of \$830 million
- Significant growth in profitability
 - Operating income of \$662 million; Non-GAAP operating income of \$762 million
 - Operating margin of 19%; Non-GAAP operating margin of 22%
 - Net income of \$555 million; Non-GAAP net income of \$642 million
 - Diluted EPS of \$0.45; Non-GAAP diluted EPS of \$0.52 (includes 15% tax rate beginning in Q1 2021)
- Operating cash flow of \$898 million; Record FCF of \$832 million
- Cash, cash equivalents and short-term investments of \$3.12 billion

Quarterly Revenue (\$B)



1. See Appendices for GAAP to Non-GAAP reconciliation

COMPUTING AND GRAPHICS SEGMENT Q1 2021

- Revenue of \$2.10 billion
 - Up 46% y/y and 7% q/q primarily driven by Ryzen™ processor and Radeon™ graphics product sales growth
 - Six straight quarters of record mobile processor revenue
- Average Selling Price (ASP)
 - Client processor ASP was higher y/y and q/q driven by a richer mix of Ryzen desktop and notebook processor sales
 - GPU ASP was higher y/y and q/q driven by high-end Radeon graphics products
- Operating income of \$485 million
 - Compared to operating income of \$262 million a year ago and \$420 million in the prior quarter
 - Operating income improvements were primarily driven by higher revenue y/y and q/q
- Strategic news and highlights
 - Secured multiple high-volume wins across Fortune 500 aerospace, automotive, electronics, and engineering companies
 - Customers are on track to increase the number of notebooks based on AMD Ryzen 5000 Series Mobile Processors and AMD Ryzen PRO 5000 Series Mobile Processors as leading OEMs announced new systems
 - Announced the Radeon RX 6700 XT GPU, delivering exceptional 1440p PC gaming experiences, and built on the AMD RDNA 2 gaming architecture and leading edge 7nm process technology

ENTERPRISE, EMBEDDED AND SEMI-CUSTOM SEGMENT Q1 2021

- Revenue of \$1.35 billion
 - Up 286% y/y primarily driven by higher semi-custom product sales and EPYC processor revenue
 - Up 5% q/q primarily driven by higher EPYC processor sales partially offset by lower semi-custom product sales
- Operating income of \$277 million
 - Compared to an operating loss of \$26 million a year ago and operating income of \$243 million in the prior quarter
 - Operating income improvements were primarily driven by higher revenue y/y and q/q
- Strategic news and highlights
 - Announced AMD EPYC 7003 series processors to extend AMD per-socket and per-core performance leadership
 - Leading cloud providers Microsoft Azure, Oracle Cloud, Tencent Cloud, Amazon Web Services and Google Cloud announced new and upcoming instances and solutions
 - Cisco, Dell, HPE, Lenovo and Supermicro launched new platforms
 - HPE and the KTH Royal Institute of Technology in Sweden announced a new pre-exascale supercomputer that will use next generation AMD EPYC processors and AMD Instinct GPUs
 - AMD EPYC CPUs and AMD Instinct GPUs are powering expanded cloud-based HPC solutions, including Siemens NX and PTC Creo, both on Microsoft Azure NVv4 instances.

REVENUE TREND

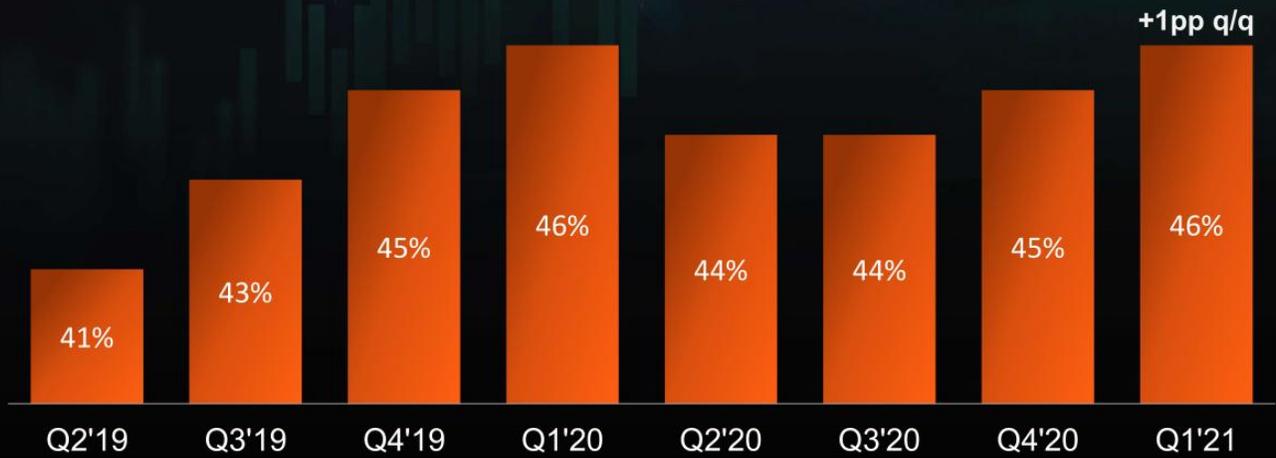
(\$ IN MILLIONS)



SIGNIFICANT Y/Y REVENUE GROWTH

GROSS MARGIN TREND

(GAAP AND NON-GAAP)¹



DRIVING GROSS MARGIN EXPANSION

EARNINGS PER SHARE TREND

(GAAP)



DELIVERING SIGNIFICANT EPS GROWTH Y/Y

1. In Q4 2020, AMD released \$1.3 billion of its \$2.9 billion income tax valuation allowance. The valuation allowance release had a \$1.06 benefit to Q4 2020 earnings per share.
2. Includes a higher tax rate beginning in FY2021

EARNINGS PER SHARE TREND

(NON-GAAP)¹



+\$0.34 y/y

DELIVERING SIGNIFICANT EPS GROWTH Y/Y

Q1 2021 SUMMARY P&L – GAAP

(\$ in millions, except per share data)	Q1'21	Q1'20	Y/Y	Q4'20	Q/Q
Revenue	\$3,445	\$1,786	Up 93%	\$3,244	Up 6%
Gross Profit	\$1,587	\$818	Up 94%	\$1,451	Up 9%
Gross Margin %	46%	46%	Flat	45%	Up 1pp
Operating Expenses	\$929	\$641	Up 45%	\$881	Up 5%
Operating Expense/Revenue %	27%	36%	Down 9pp	27%	Flat
Operating Income	\$662	\$177	Up 274%	\$570	Up 16%
Operating Margin %	19%	10%	Up 9pp	18%	Up 1pp
Net Income ^{1,2}	\$555	\$162	Up 243%	\$1,781	Down 69%
Earnings Per Share ^{1,2,3}	\$0.45	\$0.14	Up 221%	\$1.45	Down 69%

1. In Q4 2020, AMD released \$1.3 billion of its \$2.9 billion income tax valuation allowance. The valuation allowance release had a \$1.06 benefit to Q4 2020 earnings per share.
2. Includes a higher tax rate beginning in Q1 2021.
3. See Appendices for share count reference.

Q1 2021 SUMMARY P&L – NON-GAAP¹

(\$ in millions, except per share data)	Q1'21	Q1'20	Y/Y	Q4'20	Q/Q
Revenue	\$3,445	\$1,786	Up 93%	\$3,244	Up 6%
Gross Profit	\$1,588	\$820	Up 94%	\$1,452	Up 9%
Gross Margin %	46%	46%	Flat	45%	Up 1pp
Operating Expenses	\$830	\$584	Up 42%	\$789	Up 5%
Operating Expense/Revenue %	24%	33%	Down 9pp	24%	Flat
Operating Income	\$762	\$236	Up 223%	\$663	Up 15%
Operating Margin %	22%	13%	Up 9pp	20%	Up 2pp
Net Income ²	\$642	\$222	Up 189%	\$636	Up 1%
Earnings Per Share ²	\$0.52	\$0.18	Up 189%	\$0.52	Flat

Q1 2021 SEGMENT RESULTS

(\$ in millions)	Q1'21	Q1'20	Y/Y	Q4'20	Q/Q
Computing and Graphics					
Net Revenue	\$2,100	\$1,438	Up 46%	\$1,960	Up 7%
Operating Income	\$485	\$262	Up 85%	\$420	Up 15%
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$1,345	\$348	Up 286%	\$1,284	Up 5%
Operating Income (Loss)	\$277	\$(26)	Up 1,165%	\$243	Up 14%
All Other Category					
Operating Loss	\$(100)	\$(59)	Down 69%	\$(93)	Down 8%
TOTAL					
Net Revenue	\$3,445	\$1,786	Up 93%	\$3,244	Up 6%
Operating Income	\$662M	\$177	Up 274%	\$570	Up 16%

Q1 2021 SUMMARY BALANCE SHEET ITEMS

(\$ in millions)	Q1'21	Q1'20	Y/Y	Q4'20	Q/Q
Cash, Cash Equivalents and Short-term Investments	\$3,116	\$1,385	Up \$1,731	\$2,290	Up \$826
Accounts Receivable, Net	\$2,178	\$1,691	Up \$487	\$2,066	Up \$112
Inventories	\$1,653	\$1,056	Up \$597	\$1,399	Up \$254
Total Debt (principal amount) ¹	\$314	\$563	Down \$249	\$338	Down \$24
Total Debt, Net ¹	\$313	\$488	Down \$175	\$330	Down \$17

VERY STRONG BALANCE SHEET

FINANCIAL OUTLOOK – NON-GAAP¹

	Q2 2021	FY 2021
Revenue	~\$3.6 Billion +/- \$100 Million	Growth of ~50% y/y
Gross Margin %	~47%	~47%
Operating Expenses Operating Expenses/Revenue %	~\$900 Million	~26%
Interest Expense, Taxes and Other	~\$130 Million	--
Effective Tax Rate	15% of pre-tax income	15% of pre-tax income
Cash Tax Rate	~3% of pre-tax income	~3% of pre-tax income
Diluted Share Count ²	~1.23 billion shares	~1.24 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 April 27, 2021 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 in investee, and other non-recurring items such as loss on debt redemption/conversion, impairment charges and acquisition-related costs. 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

Q1 2021 SUMMARY

Strong Quarterly Revenue
Up 93% Y/Y, 6% Q/Q

Growth Driven by
Ryzen, EPYC and
Semi-Custom

Significant Y/Y
Growth in
Profitability and EPS

Record Quarterly
Free Cash Flow

AMD'S COMMITMENT TO ESG



SCIENCE
BASED
TARGETS



ENVIRONMENTAL

Steadfast commitment to environmental stewardship and contributing to our local communities



SOCIAL

Creating a culture that drives innovation by fostering diversity, equality and belonging



GOVERNANCE

Delivering industry leading products with integrity, innovation and quality in order to help solve global challenges

GREATER TECHNOLOGY FOR THE GREATER GOOD



BUILDING **THE BEST**

Leadership
Roadmaps

Execution
Excellence

Revenue Market
Share Gains

Strong
Shareholder
Returns

APPENDICES

Reconciliation of GAAP to Non-GAAP Gross Profit and Gross Margin

(Millions)	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
GAAP gross profit	\$ 621	\$ 777	\$ 949	\$ 818	\$ 848	\$ 1,230	\$ 1,451	\$ 1,587
GAAP gross margin %	41%	43%	45%	46%	44%	44%	45%	46%
Stock-based compensation	2	2	1	2	2	1	1	1
Non-GAAP gross profit	\$ 623	\$ 779	\$ 950	\$ 820	\$ 850	\$ 1,231	\$ 1,452	\$ 1,588
Non-GAAP gross margin %	41%	43%	45%	46%	44%	44%	45%	46%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q1'21	Q1'20	Q4'20
GAAP operating expenses	\$ 929	\$ 641	\$ 881
GAAP operating expenses/revenue %	27%	36%	27%
Stock-based compensation	84	57	78
Acquisition-related costs	15	—	14
Non-GAAP operating expenses	\$ 830	\$ 584	\$ 789
Non-GAAP operating expenses/revenue %	24%	33%	24%

APPENDICES

Reconciliation of GAAP Operating Income to Non-GAAP Operating Income

(Millions)	Q1'21	Q1'20	Q4'20
GAAP operating income	\$ 662	\$ 177	\$ 570
GAAP operating margin %	19%	10%	18%
Stock-based compensation	85	59	79
Acquisition-related costs	15	—	14
Non-GAAP operating income	\$ 762	\$ 236	\$ 663
Non-GAAP operating margin %	22%	13%	20%

APPENDICES

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

(Millions, except per share data)	Q2'19		Q3'19		Q4'19		Q1'20		Q2'20		Q3'20		Q4'20		Q1'21	
GAAP net income / earnings per share	\$ 35	\$ 0.03	\$ 120	\$ 0.11	\$ 170	\$ 0.15	\$ 162	\$ 0.14	\$ 157	\$ 0.13	\$ 390	\$ 0.32	\$ 1,781	\$ 1.45	\$ 555	\$ 0.45
Loss on debt redemption/conversion	-	-	40	0.03	128	0.10	-	-	-	-	38	0.03	16	0.01	6	0.01
Non-cash interest expense related to convertible debt	6	-	6	-	4	-	2	-	2	-	2	-	-	-	-	-
Stock-based compensation	45	0.04	54	0.04	57	0.05	59	0.04	60	0.05	76	0.06	79	0.06	85	0.07
Equity (Income) loss in investee	-	-	(1)	-	-	-	-	-	(1)	-	(1)	-	(3)	-	(2)	-
Loss contingency on legal matter	7	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition-related costs	-	-	-	-	-	-	-	-	-	-	-	-	14	0.01	15	0.01
Release of valuation allowance on deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	(1,301)	(1.06)	-	-
Impairment of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	0.01
Income tax provision (benefit)	(1)	-	-	-	24	0.02	(1)	-	(2)	-	(4)	-	50	0.05	(25)	(0.03)
Non-GAAP net income / earnings per share	\$ 92	\$ 0.08	\$ 219	\$ 0.18	\$ 383	\$ 0.32	\$ 222	\$ 0.18	\$ 216	\$ 0.18	\$ 501	\$ 0.41	\$ 636	\$ 0.52	\$ 642	\$ 0.52

Shares used and net income adjustment in earnings per share calculation

Shares used in per share calculation (GAAP) ⁽¹⁾	1,109	1,117	1,188	1,224	1,227	1,215	1,226	1,231
Interest expense add back to GAAP net income ⁽¹⁾	\$ -	\$ -	\$ 4	\$ 4	\$ 3	\$ 1	\$ -	\$ -
Shares used in per share calculation (Non-GAAP)	1,210	1,212	1,216	1,224	1,227	1,230	1,232	1,233
Interest expense add back to Non-GAAP net income	\$ 5	\$ 4	\$ 2	\$ 2	\$ 1	\$ 1	\$ -	\$ -

(1) Q2'19 and Q3'19 GAAP diluted EPS calculation did not include shares related to the assumed conversion of the Company's 2026 Convertible Notes and the associated interest expense add-back to net income under the "if converted" method as their inclusion would have been anti-dilutive. Q4'19, Q1'20 and Q2'20 GAAP diluted EPS calculation includes 31 million shares related to the assumed conversion of 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. Q3'20 and Q4'20 GAAP diluted EPS calculation includes 11 million and 3 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$1 million and \$0 million interest expense, respectively, add-back to net income under the "if converted" method. The 20 million (15 million weighted-average), 8 million shares (6 million weighted-average) and 3 million shares (2 million weighted-average) issued in exchange for \$165 million, \$60 million and \$24 million of convertible debt in Q3'20, Q4'20 and Q1'21, respectively, were not included as their inclusion would have been anti-dilutive.

APPENDICES

Share Count Overview

Shares (millions) ⁽¹⁾	Q4'20	Q1'21	Q2'21	2021
	Actual	Actual	Estimate	Estimate
Basic Shares	1,205	1,213	1,216	1,219
Dilutive impact from:				
Employee Equity Grants ⁽²⁾	18	18	18	16
Diluted Shares (without 2026 Convertible Notes)	1,223	1,231	1,234	1,235
2026 Convertible Notes – GAAP ⁽³⁾	3	-	-	-
Diluted Shares (with 2026 Convertible Notes) – GAAP	1,226	1,231	1,234	1,235
2026 Convertible Notes – Non-GAAP ⁽³⁾	9	2	-	-
Diluted Shares (with 2026 Convertible Notes) – Non-GAAP	1,232	1,233	1,234	1,235

The table above provides actual share count for Q4'20 and Q1'21 and an estimate of share count that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q2'21 and FY 2021.

(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 Q4'20 and Q1'21 average stock price was \$85.71 and \$86.88, respectively. The Q1'21 average stock price of \$86.88 was assumed for the Q2'21 and FY 2021 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. During Q1'21, 3 million shares of the Company's common stock were issued to convert \$24 million of the outstanding 2026 Convertible Notes.

Moving forward, assuming positive earnings per share, we expect that on-going employee equity grants may impact AMD's diluted share count.

APPENDICES

Reconciliation of Operating Cash Flow to Free Cash Flow

(Millions)	Q1'21
GAAP net cash provided by operating activities	\$ 898
Purchases of property and equipment	(66)
Free cash flow	\$ 832

Total Debt (Net)

(Millions)	Q1'21	Q1'20	Q4'20
7.50% Senior Notes due 2022	\$ 312	\$ 312	\$ 312
2.125% Convertible Senior Notes due 2026	2	251	26
Total Debt (principal amount)	\$ 314	\$ 563	\$ 338
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	-	(71)	(7)
Unamortized debt issuance costs	(1)	(4)	(1)
Total Debt (net)	\$ 313	\$ 488	\$ 330

ENDNOTES

R5K-002: Testing by AMD performance labs as of 9/2/2020 based on the average FPS of 40 PC games at 1920x1080 with the High image quality preset using an AMD Ryzen™ 9 5900X processor vs. Core i9-10900K. Results may vary. R5K-002

R5K-050: Testing by AMD Performance Labs as of December 11, 2020 using an AMD Ryzen 9 5900 and Intel Core i9-10900, each similarly configured and tested with an NVIDIA GeForce RTX 2080 Ti graphics card. Results may vary. R5K-050

R5K-033: Testing by AMD Performance Labs as of September 23, 2020 using a Ryzen 7 5800X, Ryzen 9 5900X, Ryzen 9 5950X and Core i9-10900K, each configured with DDR4-3600C16 memory and NVIDIA GeForce RTX 2080 Ti graphics in AutoCAD, Revit 2020 and SOLIDWORKS 2019. Benchmarks run at default settings. Results may vary. R5K-033

CZM-11: Testing by AMD Performance Labs as of 09/02/2020 utilizing an engineering platform configured with Ryzen 7 5800U and Ryzen 7 4800U processors, each with 32GB RAM, 512MB SSD, Radeon™ Graphics, and Win 10 vs. a similarly configured Dell XPS 7390 laptop with a Core i7-1065G7 processor, Integrated Graphics and 16GB RAM, in the following benchmarks: Cinebench R20 nT, Cinebench R20 1T and 3DMark Physics for gaming performance. Performance may vary. 3DMark is a registered trademark of Futuremark Corporation. CZM-11

CZM-35: Tested by AMD Labs in December 2020. The Ryzen 5000 series mobile processors are the fastest mobile processors with the highest-performing single-thread and multi-thread performance available on an x86 mobile processor, measured with Cinebench R.20 1T and Cinebench R20 nT respectively, using similarly configured systems with Ryzen 9 4900H, Ryzen 9 5980HX and Ryzen 5980HS processors vs i9-10980HK, Core i7-1185G7 processors. Performance may vary. CZM-35

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