

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

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
Net revenue	\$ 1,272	\$ 1,419	\$ 1,647
Cost of sales	751	882	1,050
Gross margin	521	537	597
Gross margin %	41%	38%	36%
Research and development	373	371	343
Marketing, general and administrative	170	138	134
Licensing gain	(60)	-	-
Operating income	38	28	120
Interest expense	(27)	(29)	(31)
Other income (expense), net	(7)	4	1
Income before income taxes and equity loss	4	3	90
Provision (benefit) for income taxes	(13)	(35)	8
Equity loss in investee	(1)	-	(1)
Net Income	\$ 16	\$ 38	\$ 81
Earnings per share			
Basic	\$ 0.01	\$ 0.04	\$ 0.08
Diluted	\$ 0.01	\$ 0.04	\$ 0.08
Shares used in per share calculation			
Basic	1,044	1,002	968
Diluted	1,094	1,079	1,039

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

	March 30, 2019 ⁽¹⁾	December 29, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 978	\$ 1,078
Marketable securities	216	78
Accounts receivable, net	1,241	1,235
Inventories, net	955	845
Prepayment and receivables - related parties	50	52
Prepaid expenses	65	57
Other current assets	172	195
Total current assets	3,677	3,540
Property and equipment, net	377	348
Operating lease right-of-use assets	214	-
Goodwill	289	289
Investment: equity method	57	58
Other assets	317	321
Total Assets	\$ 4,931	\$ 4,556
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt, net	\$ 70	\$ 136
Accounts payable	484	528
Payables to related parties	446	533
Accrued liabilities	719	763
Other current liabilities	45	24
Total current liabilities	1,764	1,984
Long-term debt, net	1,024	1,114
Long-term operating lease liabilities	213	-
Other long-term liabilities	142	192
Stockholders' equity:		
Capital stock:		
Common stock, par value	11	10
Additional paid-in capital	9,246	8,750
Treasury stock, at cost	(48)	(50)
Accumulated deficit	(7,420)	(7,436)
Accumulated other comprehensive loss	(1)	(8)
Total Stockholders' equity	1,788	1,266
Total Liabilities and Stockholders' Equity	\$ 4,931	\$ 4,556

⁽¹⁾ During the first quarter of 2019, the Company adopted the new lease accounting standard, ASC 842, *Leases*, which resulted in an increase to assets of \$214 million and to liabilities of \$251 million (\$213 million in Long-term operating lease liabilities and \$38 million in Other current liabilities) for leases primarily related to office buildings. The adoption of this standard had no impact to the Company's results of operations or statement of cash flows.

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

	Three Months Ended	
	March 30, 2019	
Net cash provided by (used in)		
Operating activities	\$	(213)
Investing activities	\$	(173)
Financing activities	\$	286

ADVANCED MICRO DEVICES, INC.
SELECTED CORPORATE DATA
(Millions)

Three Months Ended

Segment and Category Information	March 30, 2019	December 29, 2018	March 31, 2018
Computing and Graphics ⁽¹⁾			
Net revenue	\$ 831	\$ 986	\$ 1,115
Operating income	\$ 16	\$ 115	\$ 138
Enterprise, Embedded and Semi-Custom ⁽²⁾			
Net revenue	\$ 441	\$ 433	\$ 532
Operating income (loss)	\$ 68	\$ (6)	\$ 14
All Other ⁽³⁾			
Net revenue	-	-	-
Operating loss	\$ (46)	\$ (81)	\$ (32)
Total			
Net revenue	\$ 1,272	\$ 1,419	\$ 1,647
Operating income	\$ 38	\$ 28	\$ 120
Other Data			
Capital expenditures	\$ 62	\$ 41	\$ 46
Adjusted EBITDA ⁽⁴⁾	\$ 130	\$ 152	\$ 196
Cash, cash equivalents and marketable securities	\$ 1,194	\$ 1,156	\$ 1,045
Free cash flow ⁽⁵⁾	\$ (275)	\$ 79	\$ (153)
Total assets	\$ 4,931	\$ 4,556	\$ 3,763
Total debt	\$ 1,094	\$ 1,250	\$ 1,388

- (1) The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units (GPUs), and datacenter and professional GPUs. The Company also licenses portions of its intellectual property 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. The Company also licenses portions of its intellectual property 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. In addition, the Company also included an impairment of technology licenses in the three months ended December 29, 2018.

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

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
GAAP operating income	\$ 38	\$ 28	\$ 120
Impairment of technology licenses	-	45	-
Stock-based compensation	41	36	32
Depreciation and amortization	46	43	44
Loss contingency on legal matter	5	-	-
Adjusted EBITDA	\$ 130	\$ 152	\$ 196

(5) **Free Cash Flow Reconciliation****

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
GAAP net cash provided by (used in) operating activities	\$ (213)	\$ 120	\$ (107)
Purchases of property and equipment	(62)	(41)	(46)
Free cash flow	\$ (275)	\$ 79	\$ (153)

* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP operating income for stock-based compensation and depreciation and amortization expense. In addition, the Company also included a loss contingency on legal matter in the three months ended March 30, 2019 and an impairment of technology licenses in the three months ended December 29, 2018. 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 operating income (loss) 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 as well as interest income and expense and income taxes 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. All periods presented conform to the current period presentation.

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