

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

	Three Months Ended			Year Ended	
	December 28, 2019	September 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Net revenue	\$ 2,127	\$ 1,801	\$ 1,419	\$ 6,731	\$ 6,475
Cost of sales	1,178	1,024	882	3,863	4,028
Gross margin	949	777	537	2,868	2,447
Gross margin %	45%	43%	38%	43%	38%
Research and development	395	406	371	1,547	1,434
Marketing, general and administrative	206	185	138	750	562
Licensing gain	-	-	-	(60)	-
Operating income	348	186	28	631	451
Interest expense	(18)	(24)	(29)	(94)	(121)
Other income (expense), net	(125)	(36)	4	(165)	-
Income before income taxes and equity income (loss)	205	126	3	372	330
Provision for (benefit from) for income taxes	35	7	(35)	31	(9)
Equity income (loss) in investee	-	1	-	-	(2)
Net Income	\$ 170	\$ 120	\$ 38	\$ 341	\$ 337
Earnings per share					
Basic	\$ 0.15	\$ 0.11	\$ 0.04	\$ 0.31	\$ 0.34
Diluted	\$ 0.15	\$ 0.11	\$ 0.04	\$ 0.30	\$ 0.32
Shares used in per share calculation					
Basic	1,140	1,097	1,002	1,091	982
Diluted	1,188	1,117	1,079	1,120	1,064

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

	December 28, 2019 ⁽¹⁾⁽²⁾	December 29, 2018 ⁽²⁾
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,466	\$ 1,078
Marketable securities	37	78
Accounts receivable, net	1,859	1,235
Inventories, net	982	845
Prepayment and receivables - related parties	20	34
Prepaid expenses and other current assets	233	270
Total current assets	4,597	3,540
Property and equipment, net	500	348
Operating lease right-of use assets	205	-
Goodwill	289	289
Investment: equity method	58	58
Other assets	379	321
Total Assets	\$ 6,028	\$ 4,556
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt, net	\$ -	\$ 136
Accounts payable	988	834
Payables to related parties	213	207
Accrued liabilities	1,084	783
Other current liabilities	74	24
Total current liabilities	2,359	1,984
Long-term debt, net	486	1,114
Long-term operating lease liabilities	199	-
Other long-term liabilities	157	192
Stockholders' equity:		
Capital stock:		
Common stock, par value	12	10
Additional paid-in capital	9,963	8,750
Treasury stock, at cost	(53)	(50)
Accumulated deficit	(7,095)	(7,436)
Accumulated other comprehensive loss	-	(8)
Total Stockholders' equity	\$ 2,827	\$ 1,266
Total Liabilities and Stockholders' Equity	\$ 6,028	\$ 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 and liabilities for leases primarily related to office buildings. The adoption of this standard had no impact to the Company's results of operations or cash flows.
- (2) During the second quarter of 2019, GLOBALFOUNDRIES Inc. (GF) ceased being a related party of the Company. All prior period GF related party balances have been reclassified to conform to the current period presentation.

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

	Three Months Ended	Year Ended
	December 28, 2019	December 28, 2019
Net cash provided by (used in)		
Operating activities	\$ 442	\$ 493
Investing activities	\$ (26)	\$ (149)
Financing activities	\$ (107)	\$ 43

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

Segment and Category Information	Three Months Ended			Year Ended	
	December 28, 2019	September 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 1,662	\$ 1,276	\$ 986	\$ 4,709	\$ 4,125
Operating income	\$ 360	\$ 179	\$ 115	\$ 577	\$ 470
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 465	\$ 525	\$ 433	\$ 2,022	\$ 2,350
Operating income	\$ 45	\$ 61	\$ (6)	\$ 263	\$ 163
All Other ⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (57)	\$ (54)	\$ (81)	\$ (209)	\$ (182)
Total					
Net revenue	\$ 2,127	\$ 1,801	\$ 1,419	\$ 6,731	\$ 6,475
Operating income	\$ 348	\$ 186	\$ 28	\$ 631	\$ 451
Other Data					
Capital expenditures	\$ 42	\$ 55	\$ 41	\$ 217	\$ 163
Adjusted EBITDA ⁽⁴⁾	\$ 469	\$ 300	\$ 152	\$ 1,062	\$ 803
Cash, cash equivalents and marketable securities	\$ 1,503	\$ 1,209	\$ 1,156	\$ 1,503	\$ 1,156
Free cash flow ⁽⁵⁾	\$ 400	\$ 179	\$ 79	\$ 276	\$ (129)
Total assets	\$ 6,028	\$ 5,253	\$ 4,556	\$ 6,028	\$ 4,556
Total debt	\$ 486	\$ 872	\$ 1,250	\$ 486	\$ 1,250

See footnotes on the next page

- (1) 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.
- (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.

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

	Three Months Ended			Year Ended	
	December 28,	September 28,	December 29,	December 28,	December 29,
	2019	2019	2018	2019	2018
GAAP net income	\$ 170	\$ 120	\$ 38	\$ 341	\$ 337
Interest expense	18	24	29	94	121
Other (income) expense, net	125	36	(4)	165	-
Provision (benefit) for income taxes	35	7	(35)	31	(9)
Equity (income) loss in investee	-	(1)	-	-	2
Impairment of technology licenses	-	-	45	-	45
Stock-based compensation	57	54	36	197	137
Depreciation and amortization	64	60	43	222	170
Loss contingency on legal matter	-	-	-	12	-
Adjusted EBITDA	\$ 469	\$ 300	\$ 152	\$ 1,062	\$ 803

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

	Three Months Ended			Year Ended	
	December 28,	September 28,	December 29,	December 28,	December 29,
	2019	2019	2018	2019	2018
GAAP net cash provided by operating activities	\$ 442	\$ 234	\$ 120	\$ 493	\$ 34
Purchases of property and equipment	(42)	(55)	(41)	(217)	(163)
Free cash flow	\$ 400	\$ 179	\$ 79	\$ 276	\$ (129)

- * 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, provision (benefit) for income taxes, equity income (loss) on investee, stock-based compensation, and depreciation and amortization expense. In addition, the Company included a loss contingency on legal matter in the year ended December 28, 2019 and an impairment of technology licenses in the three months and the year 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 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. 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.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data) (Unaudited)

	Three Months Ended			Year Ended	
	December 28, 2019	September 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
GAAP gross margin	\$ 949	\$ 777	\$ 537	\$ 2,868	\$ 2,447
GAAP gross margin %	45%	43%	38%	43%	38%
Impairment of technology licenses	-	-	45	-	45
Stock-based compensation	1	2	1	6	4
Non-GAAP gross margin	\$ 950	\$ 779	\$ 583	\$ 2,874	\$ 2,496
Non-GAAP gross margin %	45%	43%	41%	43%	39%
GAAP operating expenses	\$ 601	\$ 591	\$ 509	\$ 2,297	\$ 1,996
Stock-based compensation	56	52	35	191	133
Loss contingency on legal matter	-	-	-	12	-
Non-GAAP operating expenses	\$ 545	\$ 539	\$ 474	\$ 2,094	\$ 1,863
GAAP operating income	\$ 348	\$ 186	\$ 28	\$ 631	\$ 451
Impairment of technology licenses	-	-	45	-	45
Stock-based compensation	57	54	36	197	137
Loss contingency on legal matter	-	-	-	12	-
Non-GAAP operating income	\$ 405	\$ 240	\$ 109	\$ 840	\$ 633

	Three Months Ended				Year Ended					
	December 28, 2019	September 29, 2019	December 29, 2018	December 28, 2019	September 29, 2019	December 29, 2018	December 28, 2019	September 29, 2019	December 29, 2018	
GAAP net income / earnings per share	\$ 170	\$ 0.15	\$ 120	\$ 0.11	\$ 38	\$ 0.04	\$ 341	\$ 0.30	\$ 337	\$ 0.32
Loss on debt redemption/conversion	128	0.10	40	0.03	5	-	176	0.15	12	0.01
Non-cash interest expense related to convertible debt	4	-	6	-	6	0.01	22	0.02	24	0.02
Stock-based compensation	57	0.05	54	0.04	36	0.03	197	0.16	137	0.11
Impairment of technology licenses	-	-	-	-	45	0.04	-	-	45	0.04
Equity (income) loss in investee	-	-	(1)	-	-	-	-	-	2	-
Loss contingency on legal matter	-	-	-	-	-	-	12	0.01	-	-
Provision for (benefit from) for income taxes	24	0.02	-	-	-	-	8	-	-	-
Withholding tax refund including interest	-	-	-	-	(43)	(0.04)	-	-	(43)	(0.04)
Non-GAAP net income / earnings per share	\$ 383	\$ 0.32	\$ 219	\$ 0.18	\$ 87	\$ 0.08	\$ 756	\$ 0.64	\$ 514	\$ 0.46

Shares used and net income adjustment in earnings per share calculation

Shares used in per share calculation (GAAP)		1,188		1,117		1,079		1,120		1,064
Interest expense add-back to GAAP net income	\$	4	\$	-	\$	-	\$	-	\$	-
Shares used in per share calculation (Non-GAAP) ⁽¹⁾		1,216		1,212		1,180		1,209		1,165
Interest expense add-back to Non-GAAP net income ⁽³⁾	\$	2	\$	4	\$	5	\$	16	\$	18

(1) The three months ended December 28, 2019, GAAP diluted EPS calculation includes the 31 million shares related to the Company's 2026 Convertible Notes and the associated \$4 million interest expense add-back to net income under the "if converted" method.

The three months and year ended December 28, 2019, Non-GAAP diluted EPS calculation includes the 59 million and 89 million shares, respectively, related to the Company's 2026 Convertible Notes and the associated \$2 million and \$16 million interest expense add-back to net income, respectively, under the "if converted" method.

The three months ended September 28, 2019, Non-GAAP diluted EPS calculation includes the 95 million shares related to the Company's 2026 Convertible Notes and the associated \$4 million interest expense add-back to net income under the "if converted" method.

The three months and year ended December 29, 2018, Non-GAAP diluted EPS calculation includes the 100.6 million shares related to the Company's 2026 Convertible Notes and the associated \$5 million and \$18 million, respectively, interest expense add-back to net income under the "if converted" method.