



# FINANCIAL ANALYST DAY 2022

together we advance\_

## Financial Momentum

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**Devinder Kumar**

Executive Vice President, Chief Financial Officer and Treasurer

# Cautionary Statement

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) including, but not limited to, AMD being positioned for long-term cash generation; the expected benefits of AMD's acquisition of Xilinx, Inc., including being non-GAAP EPS and free cash flow accretive in 2022; AMD's expanding growth opportunities and TAM; AMD's long-term financial priorities and model, including potential drivers; long-term revenue growth drivers; AMD's 2022 financial outlook, including revenue growth, non-GAAP gross margin, non-GAAP operating expenses as a percentage of revenue, non-GAAP tax rates and diluted share count; Xilinx momentum and opportunities; AMD's capital allocation priorities; and accelerating financial momentum, 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. 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.

AMD does not assume, and hereby disclaims, any obligation to update forward-looking statements made in this presentation, except as may be required by law.

## Non-GAAP Financial Measures

In this presentation, in addition to historical GAAP financial results, AMD has provided historical non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating margin, 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 year 2019, 2020 and 2021, AMD used a non-GAAP tax rate of 3%, 3%, and 15%, respectively, which excludes the tax impact of pre-tax non-GAAP adjustments. In addition, AMD provided combined AMD and Xilinx pro forma non-GAAP financial measures for fiscal year 2021, including revenue and gross profit, as supplemental 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 contains forward-looking non-GAAP measures concerning AMD's 2022 financial outlook and long-term financial model such as gross margin, operating expenses, operating margin, tax measures and free cash flow margin. For 2022 financial outlook and long-term financial model, AMD uses a projected non-GAAP tax rate of 13%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information, and a projected non-GAAP cash tax rate of approximately 10% and 20%, respectively, 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. These forward-looking non-GAAP measures are based on current expectations, assumptions and beliefs that involve numerous risks and uncertainties. Adjustments to arrive at the GAAP financial outlook typically include stock-based compensation, amortization of acquired intangible assets, 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. All statements made in this presentation are based on current expectations as of June 9, 2022. AMD undertakes no intent or obligation to publicly update or revise any statement in this presentation whether as a result of new information, future events or otherwise, except to the extent that disclosure may be required by law.





# OUR JOURNEY

# KEY FINANCIAL PRIORITIES 2020

**Strong  
Revenue Growth**

**Expanding  
Gross Margin**

**Increasing  
Operating Margin  
& Profitability**

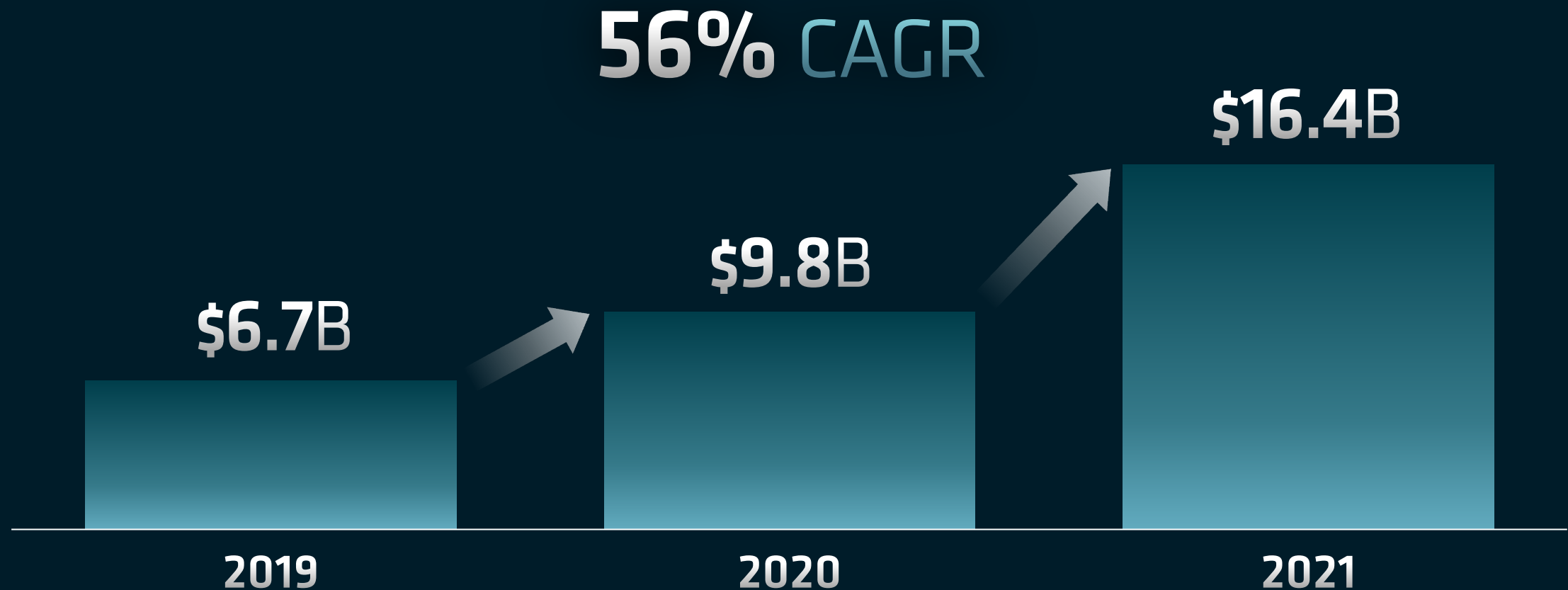
**Significant  
Cash Generation**





OUR RESULTS

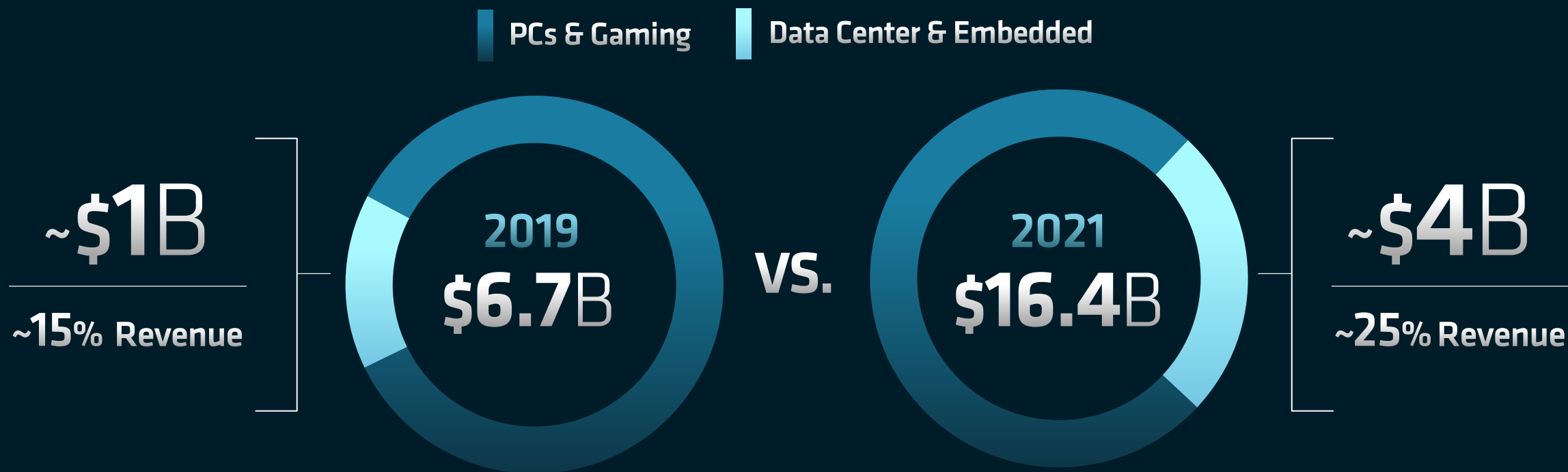
## BEST-IN-CLASS REVENUE GROWTH





OUR JOURNEY

# SIGNIFICANT REVENUE GROWTH & DIVERSIFICATION



Quadrupled Data Center & Embedded Revenue in 2 Years

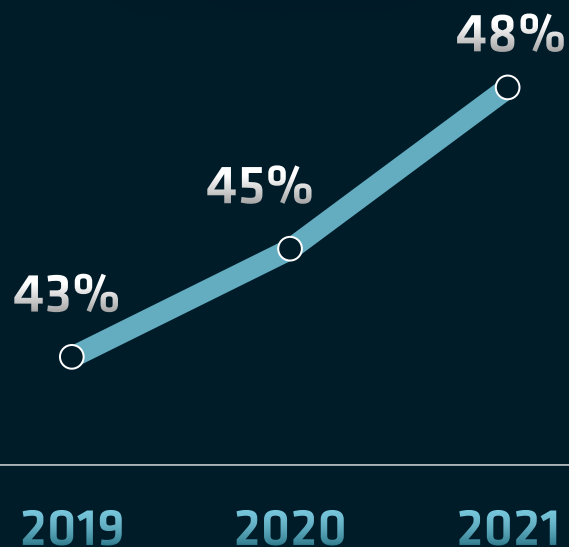


OUR JOURNEY

# OUTSTANDING FINANCIAL PERFORMANCE<sup>1</sup>

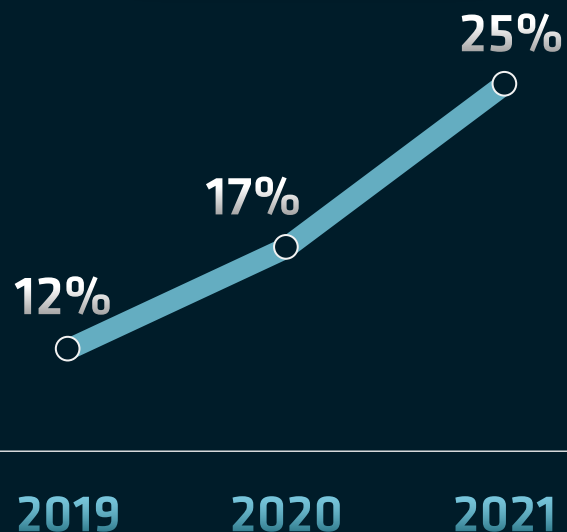
## Gross Margin

**+560 bps**



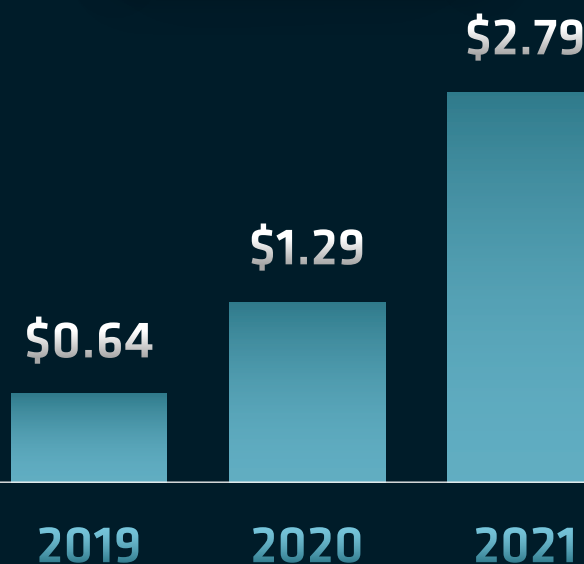
## Operating Margin

**+1230 bps**



## Earnings per Share

**109% CAGR**



(1) Non-GAAP financial measures. See appendices for GAAP to non-GAAP reconciliation.

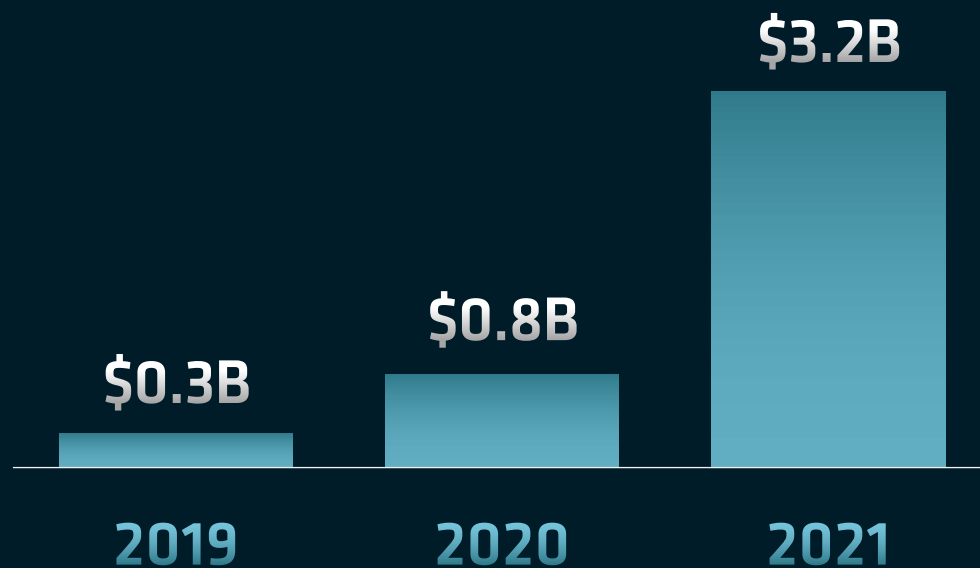




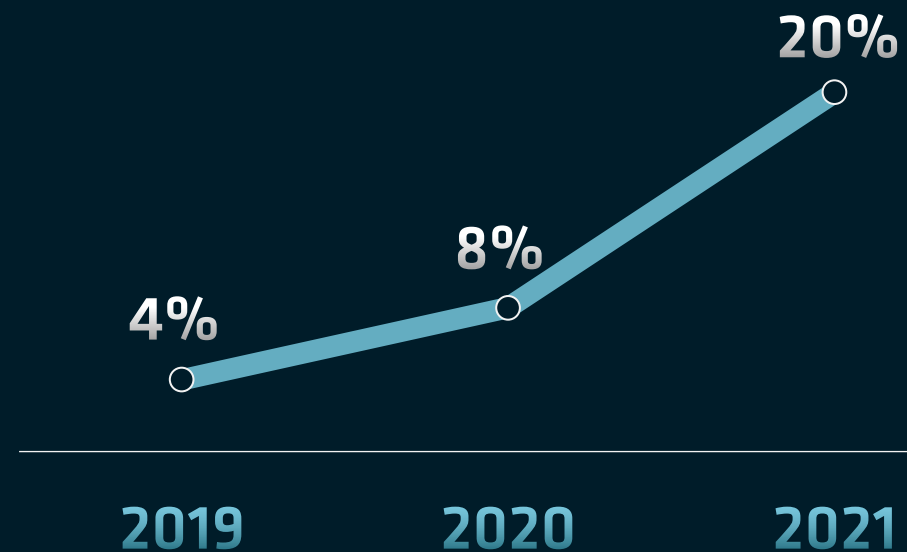
OUR JOURNEY

# SIGNIFICANT CASH GENERATION<sup>1</sup>

Free Cash Flow



Free Cash Flow Margin



(1) Non-GAAP financial measures. See appendices for GAAP to non-GAAP reconciliation.

The background of the slide features a dark, high-contrast image of a complex electronic circuit board, likely a Xilinx FPGA, with various components and traces visible. The Xilinx logo is prominently displayed in the upper center in a large, white, sans-serif font.

# XILINX

## TRANSFORMATIONAL ACQUISITION

HIGH-PERFORMANCE AND ADAPTIVE COMPUTING LEADER

Technology and  
Product Leadership

Large and  
Diversified Markets

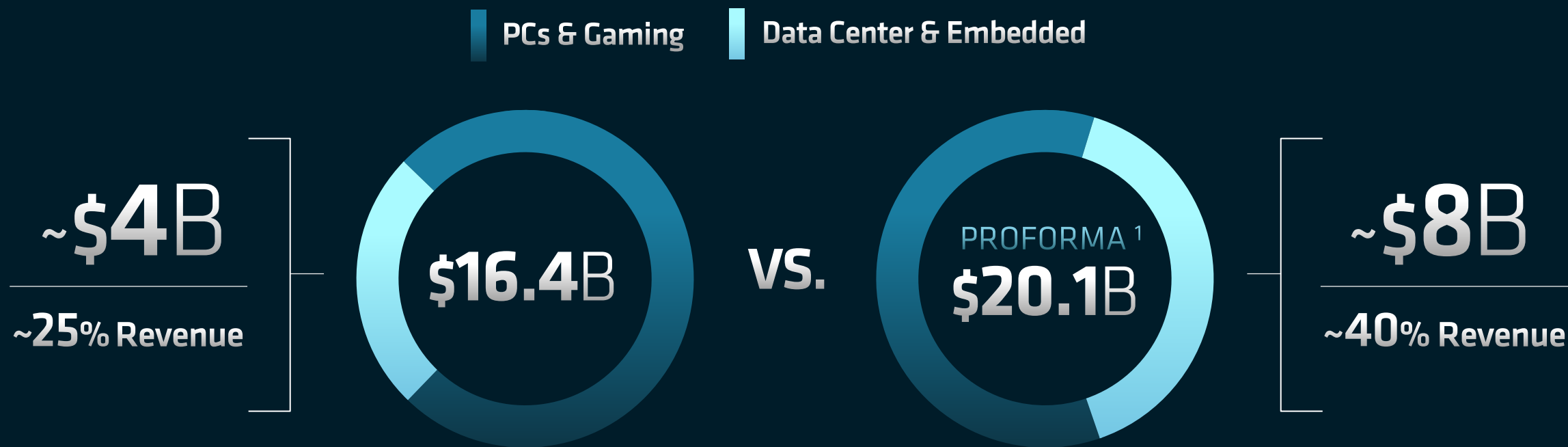
New Customer  
Opportunities

Non-GAAP  
Margin Expansion

Non-GAAP EPS  
and Free Cash Flow  
Accretive for 2022



# AMD AND XILINX 2021 COMBINED REVENUE



Higher Data Center & Embedded Revenue Mix

(1) See appendices for reconciliation..





# ADVANCING OUR JOURNEY

# NEW STRATEGIC MARKETS EXPANDING LONG-TERM GROWTH OPPORTUNITIES

**\$50B**

PCs

**\$37B**

Gaming

**\$125B**

Data Center

**\$33B**

Embedded

**\$27B**

Automotive

**\$32B**

Communications

**~\$300B** TAM

# LONG-TERM FINANCIAL PRIORITIES

**Revenue Growth  
and Diversification**

**Expanding Margins  
and Profitability**

**Disciplined Capital  
Allocation**

Significant Shareholder Returns





# STRONG AND COMPELLING LONG-TERM FINANCIAL MODEL<sup>1,2</sup>

## Revenue Growth

Based on 2021 Proforma (AMD + Xilinx)

~20% CAGR

Continued Roadmap Execution  
Market Share Momentum

## Gross Margin

>57%

Richer Product Mix  
Cost Improvements

## Operating Expenses

~23% - 24%

Investing in Growth

## Operating Margin

~mid-30s%

Expanding Margins and Profitability

## Effective Tax Rate

~13%

Combined Company Tax Structure

## FCF Margin

>25%

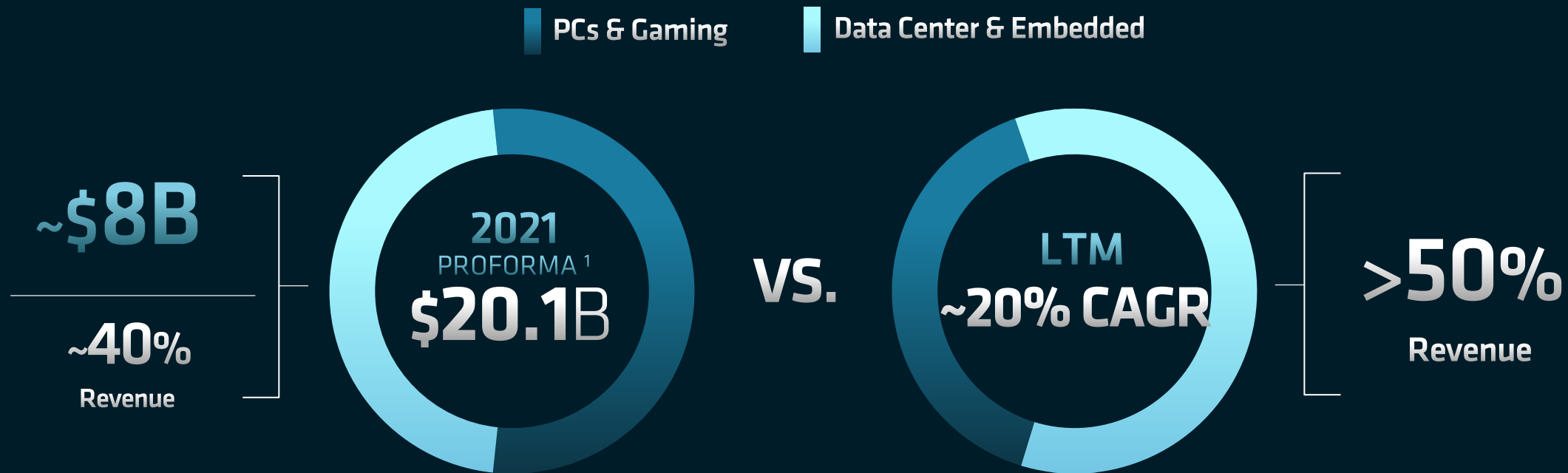
Significant Cash Generation

(1) Non-GAAP financial measures except for Revenue; Includes 2022 Financial guidance. See Cautionary Statement on Slide 2.

(2) Long-term model timeframe is ~3 - 4 years



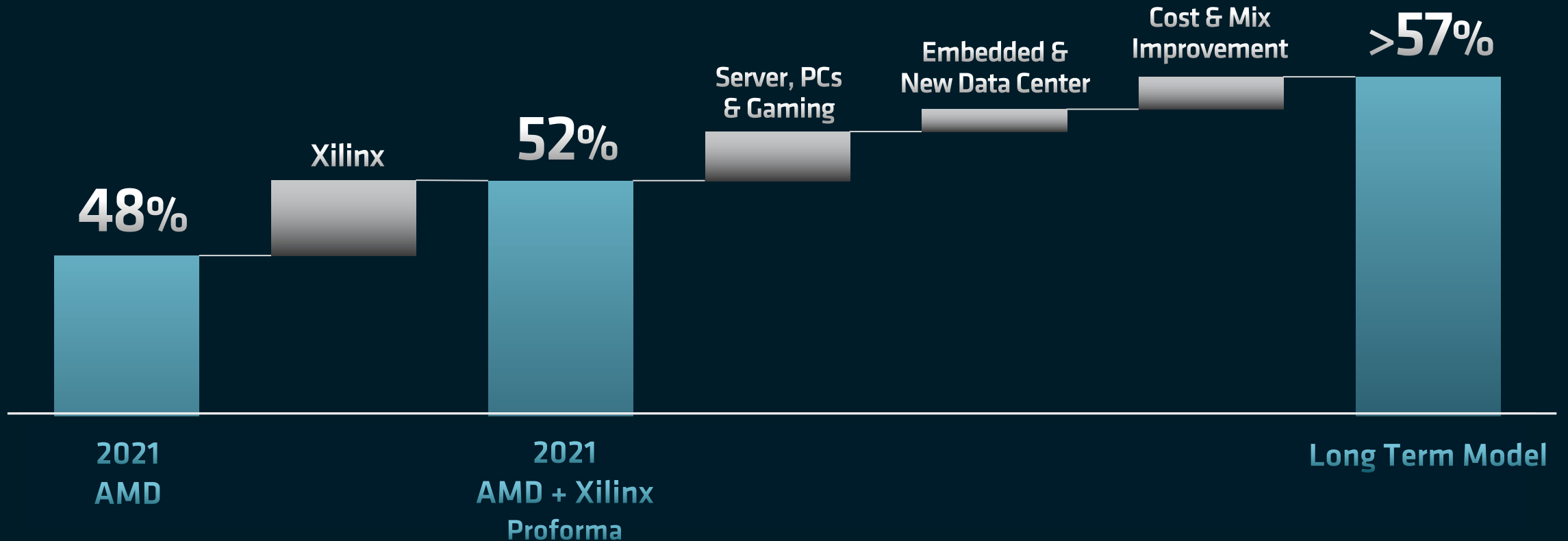
# LONG-TERM REVENUE GROWTH



Significantly Higher Data Center & Embedded Revenue Mix

(1) See appendices for reconciliation.

# LONG-TERM GROSS MARGIN DRIVERS<sup>1</sup>



Diversification & Scale Driving Margin Expansion

(1) Non-GAAP financial measures. See appendices for 2021 GAAP to non-GAAP reconciliation and Cautionary Statement on Slide 2.



# XILINX SYNERGIES

**>\$400M** COST  
SYNERGIES

Higher than previous ~\$300M expectation



**>\$10B** IDENTIFIED  
REVENUE  
OPPORTUNITIES

AI, Data Center, Communications,  
Automotive, Embedded



# LONG-TERM CAPITAL ALLOCATION PRIORITIES

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## Invest in the Business

Technology, Products, Go-to-Market  
Infrastructure and Talent

## M&A

Strategic M&A  
Technology tuck-ins and talent acquisition

## Shareholder Returns

Return >40% of Free Cash Flow

## Balance Sheet

Significant Net Cash Position  
Strong Investment Grade Rating  
Capital Expenditures ~2% - 3% of Revenue



# 2022 FINANCIAL OUTLOOK<sup>1</sup>

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Revenue Growth

~\$26.3B | +~60% Y/Y

Gross Margin

~54%

Operating Expenses / Revenue

~24%

Effective Tax Rate

~13% of pre-tax income

Diluted Share Count

~1.58 billion shares

(1) Non-GAAP financial measures except for Revenue. See Cautionary Statement on Slide 2.



# NEW FINANCIAL REPORTING SEGMENTS

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- **Data Center**  
Server CPU, Data Center GPU, FPGAs and Adaptive SoCs
- **Embedded**  
Xilinx (excluding Data Center) and AMD Embedded
- **Client**  
Desktop and Notebook Processors
- **Gaming**  
Gaming GPUs and Game Console SoCs

## Starting Q2 2022

Historical annual 2020 and quarterly 2021 Revenue and Operating Income to be provided

# FINANCIAL MOMENTUM

**Large and  
Diverse Markets**

**Strong  
Revenue Growth**

**Significant  
Margin Expansion**

**Disciplined  
Capital Allocation**

**Positioned for Sustained Growth and Higher Profitability**



# **APPENDICES**

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| (Millions, except percentages)   | 2019     | 2020     | 2021     |
|----------------------------------|----------|----------|----------|
| GAAP Gross Margin                | \$ 2,868 | \$ 4,347 | \$ 7,929 |
| GAAP Gross Margin %              | 43%      | 45%      | 48%      |
| Stock-based compensation         | 6        | 6        | 5        |
| Non-GAAP Gross Profit            | \$ 2,874 | \$ 4,353 | \$ 7,934 |
| Non-GAAP Gross Margin %          | 43%      | 45%      | 48%      |
|                                  |          |          |          |
| GAAP Operating Income            | \$ 631   | \$ 1,369 | \$ 3,648 |
| GAAP Operating Margin %          | 9%       | 14%      | 22%      |
| Stock-based compensation         | 197      | 274      | 379      |
| Acquisition-related costs        | -        | 14       | 42       |
| Loss contingency on legal matter | 12       | -        |          |
| Non-GAAP Operating Income        | \$ 840   | \$ 1,657 | \$ 4,069 |
| Non-GAAP Operating Margin %      | 12%      | 17%      | 25%      |

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| (Millions, except per share data)                     | 2019   |         | 2020     |         | 2021     |         |
|---|--------|---------|----------|---------|----------|---------|
| GAAP Net Income / earnings per share                  | \$ 341 | \$ 0.30 | \$ 2,490 | \$ 2.06 | \$ 3,162 | \$ 2.57 |
| Loss on debt redemption/conversion                    | 176    | 0.15    | 54       | 0.04    | 7        | -       |
| (Gains) losses on equity investments, net             | -      | -       | -        | -       | (56)     | (0.04)  |
| Non-cash interest expense related to convertible debt | 22     | 0.02    | 6        | -       | -        | -       |
| Stock-based compensation                              | 197    | 0.16    | 274      | 0.22    | 379      | 0.31    |
| Equity income in investee                             | -      | -       | (5)      | -       | (6)      | -       |
| Acquisition-related costs                             | -      | -       | 14       | 0.01    | 42       | 0.03    |
| Loss contingency on legal matter                      | 12     | 0.01    | -        | -       | -        | -       |
| Release of valuation allowance on deferred tax assets | -      | -       | (1,301)  | (1.07)  | -        | -       |
| Income tax provision                                  | 8      | -       | 43       | 0.03    | (93)     | (0.08)  |
| Non-GAAP Net Income / earnings per share              | \$ 756 | \$ 0.64 | \$ 1,575 | \$ 1.29 | \$ 3,435 | \$ 2.79 |

|   |       |       |       |
|---|-------|-------|-------|
| Shares used and net income adjustment in earnings per share calculation |       |       |       |
| Shares used in per share calculation (GAAP) <sup>(1)</sup>              | 1,120 | 1,207 | 1,229 |
| Interest expense add back to GAAP net income <sup>(1)</sup>             | \$ —  | \$ 1  | \$ —  |
| Shares used in per share calculation (Non-GAAP)                         | 1,209 | 1,228 | 1,229 |
| Interest expense add back to Non-GAAP net income                        | \$ 16 | \$ 4  | \$ —  |

(1) For the year ended December 28, 2019, 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. For the year ended December 26, 2020, GAAP diluted EPS calculations include 3 million shares related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$1 million interest expense add-back to net income under the "if converted" method. For the year ended December 26, 2020 and December 28, 2019, Non-GAAP diluted EPS calculations include 24 million and 89 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$4 million and \$16 million interest expense, respectively, add-back to net income under the "if converted" method.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| Shares (millions) <sup>(1)</sup>                        | 2019   | 2020   | 2021   |
|---|--------|--------|--------|
|   | Actual | Actual | Actual |
| Basic Shares  | 1,091  | 1,184  | 1,213  |
| Dilutive impacts from:                                  |        |        |        |
| Employee Equity Grants <sup>(2)</sup>                   | 22     | 20     | 16     |
| 75 million share Warrant <sup>(3)</sup>                 | 7      | -      | -      |
| Diluted Shares (without 2026 Convertible Notes)         | 1,120  | 1,204  | 1,229  |
| 2026 Convertible Notes – GAAP <sup>(4)</sup>            | -      | 3      | -      |
| Diluted Shares (with 2026 Convertible Notes) – GAAP     | 1,120  | 1,207  | 1,229  |
| 2026 Convertible Notes – Non-GAAP <sup>(4)</sup>        | 89     | 24     | -      |
| Diluted Shares (with 2026 Convertible Notes) – Non-GAAP | 1,209  | 1,228  | 1,229  |

The table above provides actual share count for FY'19, FY'20, and FY'21 that may be used when calculating GAAP and non-GAAP diluted earnings per share for respective periods.

(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 FY'19, FY'20, and FY'21 average stock price was \$29.77, \$65.05, and \$100.04, respectively.

(3) The dilutive impact of the warrant to purchase 75 million shares (Warrant) granted in 2016 to a wholly owned subsidiary of Mubadala Investment Company PJSC, West Coast Hitech L.P. (WCH), in consideration for limited waiver and rights under the sixth amendment to our Wafer Supply Agreement with GLOBALFOUNDRIES Inc. is based on the Treasury Stock method and is dependent upon the average stock price during the period. The Warrant was exercised, and common stock shares were issued on February 13, 2019. Therefore, FY'19 includes the dilutive impact through the date of exercise.

(4) 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 FY'19, FY'20, and FY'21, 69 million, 28 million, and 3 million shares of the Company's common stock were issued to convert \$554 million, \$225 million, and \$25 million of the outstanding 2026 Convertible Notes, respectively.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| (MILLIONS)                                     | 2019   | 2020     | 2021     |
|--|--------|----------|----------|
| GAAP net cash provided by operating activities | \$ 493 | \$ 1,071 | \$ 3,521 |
| Operating cash flow margin %                   | 7%     | 11%      | 21%      |
| Purchases of property and equipment            | (217)  | (294)    | (301)    |
| Free cash flow                                 | \$ 276 | \$ 777   | \$ 3,220 |
| Free cash flow margin %                        | 4%     | 8%       | 20%      |



# RECONCILIATION OF COMBINED COMPANY PRO FORMA

| (Millions, except percentages)                  | 2021<br>AMD Classic | 2021<br>Xilinx Classic <sup>(1)</sup> | 2021<br>Proforma |
|---|---------------------|---------------------------------------|------------------|
| Net revenue                                     | \$ 16,434           | \$ 3,676                              | \$ 20,110        |
|   |                     |                                       |                  |
| GAAP Gross Margin                               | \$ 7,929            | \$ 2,514                              | \$ 10,443        |
| GAAP Gross Margin %                             | 48%                 | 68%                                   | 52%              |
| Stock-based compensation                        | 5                   | 16                                    | 21               |
| Amortization of acquisition-related intangibles | -                   | 37                                    | 37               |
| Acquisition-related costs                       | -                   | 1                                     | 1                |
| Non-GAAP Gross Profit                           | \$ 7,934            | \$ 2,568                              | \$ 10,502        |
| Non-GAAP Gross Margin %                         | 48%                 | 70%                                   | 52%              |

(1) The unaudited Xilinx Classic Proforma revenue and gross margin are based on the unaudited financial results for the trailing four-quarter period ended January 1, 2022, and the Non-GAAP gross margin is adjusted to align with AMD Non-GAAP calculation.