AMD

SECOND QUARTER 2017 FINANCIAL RESULTS

JULY 25, 2017

CAUTIONARY STATEMENT

This document contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) including AMD's future path, strategy and focus; AMD’s market focus and the estimated total addressable market for PCs, immersive and datacenter for 2020; AMD’s ability to drive revenue and gross margin expansion; the expected strength of AMD’s business foundation and growth opportunities; AMD is positioned for success; AMD’s expectation of a strong 2017; AMD’s financial outlook for the third quarter of 2017 and fiscal 2017, including revenue, non-GAAP gross margin, non-GAAP operating expenses, licensing gain associated with the THATIC JV, non-GAAP interest expense, taxes and other, non-GAAP net income (loss), inventory, diluted share count, and capital expenditures, 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 document are based on current beliefs, assumptions and expectations, speak only as of the date of this document 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 may limit AMD’s ability to compete effectively; AMD has a wafer supply agreement with GF with obligations to purchase all of its microprocessor and APU product requirements, and a certain portion of its GPU product requirements from GLOBALFOUNDRIES Inc. (GF), with limited exceptions. If GF is not able to satisfy AMD’s manufacturing requirements, AMD’s business could be adversely impacted; AMD relies on third parties to manufacture its products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, AMD’s business could be materially adversely affected; failure to achieve expected manufacturing yields for AMD’s products could negatively impact its financial results; the success of AMD’s business is dependent upon its ability to introduce products on a timely basis with features and performance levels that provide value to its customers while supporting and coinciding with significant industry transitions; if AMD cannot generate sufficient revenue and operating cash flow or obtain external financing, it may face a cash shortfall and be unable to make all of its planned investments in research and development or other strategic investments; the loss of a significant customer may have a material adverse effect on AMD; AMD’s receipt of revenue from its semi-custom SoC products is dependent upon its technology being designed into third-party products and the success of those products; global economic uncertainty may adversely impact AMD’s business and operating results; the markets in which AMD’s products are sold are highly competitive; AMD may not be able to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD has a substantial amount of indebtedness which could adversely affect its financial position and prevent it from implementing its strategy or fulfilling its contractual obligations; the agreements governing AMD’s notes and the Secured Revolving Line of Credit impose restrictions on AMD that may adversely affect its ability to operate its business; AMD's issuance to West Coast Hitech L.P. (WCH) of warrants to purchase 75 million shares of its common stock, if and when exercised, will dilute the ownership interests of its existing stockholders, and the conversion of the 2.125% Convertible Senior Notes due 2026 may dilute the ownership interest of its existing stockholders, or may otherwise depress the price of its common stock; uncertainties involving the ordering and shipment of AMD’s products could materially adversely affect it; the demand for AMD’s products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for AMD’s products or a market decline in any of these industries could have a material adverse effect on its results of operations; AMD’s ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property; AMD depends on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components to support its business; if AMD loses Microsoft Corporation’s support for its products or other software vendors do not design and develop software to run on AMD’s products, its ability to sell its products could be materially adversely affected; AMD’s reliance on third-party distributors and AIB partners subjects it to certain risks; AMD’s inability to continue to attract and retain qualified personnel may hinder its business; in the event of a change of control, AMD may not be able to repurchase its outstanding debt as required by the applicable indentures and its Secured Revolving Line of Credit, which would result in a default under the indentures and its Secured Revolving Line of Credit; the semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect its business in the future; acquisitions, divestitures and/or joint ventures could disrupt its business, harm its financial condition and operating results or dilute, or adversely affect the price of, its common stock; AMD’s business is dependent upon the proper functioning of its internal business processes and information systems and modification or interruption of such systems may disrupt its business, processes and internal controls; data breaches and cyber-attacks could compromise AMD’s intellectual property or other sensitive information, be costly to remediate and cause significant damage to its business and reputation; AMD’s operating results are subject to quarterly and seasonal sales patterns; if essential equipment, materials or manufacturing processes are not available to manufacture its products, AMD could be materially adversely affected; if AMD’s products are not compatible with some or all industry-standard software and hardware, it could be materially adversely affected; costs related to defective products could have a material adverse effect on AMD; if AMD fails to maintain the efficiency of its supply chain as it responds to changes in customer demand for its products, its business could be materially adversely affected; AMD outsources to third parties certain supply-chain logistics functions, including portions of its product distribution, transportation management and information technology support services; AMD may incur future impairments of goodwill; AMD's stock price is subject to volatility; AMD’s worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on it; worldwide political conditions may adversely affect demand for AMD’s products; unfavorable currency exchange rate fluctuations could adversely affect AMD; AMD’s inability to effectively control the sales of its products on the gray market could have a material adverse effect on it; if AMD cannot adequately protect its technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, it may lose a competitive advantage and incur significant expenses; AMD is a party to litigation and may become a party to other claims or litigation that could cause it to incur substantial costs or pay substantial damages or prohibit it from selling its products; AMD’s business is subject to potential tax liabilities; and AMD is subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in additional costs and liabilities. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's Quarterly Report on Form 10-Q for the quarter ended April 1, 2017.

OUR PATH

High-Performance Technologies	Great Products	Ambitious Goals	Focused Execution

OUR STRATEGY AND FOCUS

GRAPHICS

Gaming

Machine Intelligence

Virtual & Augmented Reality

COMPUTE

Client Systems

Infrastructure & Cloud

SOLUTIONS

Semi-Custom

Vertical Platforms

Partnerships

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MARKET FOCUS

PCs

$28B TAM

IMMERSIVE

$15B TAM

DATACENTER

$21B TAM

AMD Internal Estimates for Calendar 2020

2017: REDEFINING HIGH-PERFORMANCE COMPUTING

RYZEN DESKTOP	RADEON VEGA	EPYC	RYZEN MOBILE	
Channel & OEMs	AIB channel & OEMs	OEMs & Cloud Customers	OEMs	OEMs & Cloud Customers

DRIVING REVENUE & GROSS MARGIN EXPANSION

AMD HIGHLIGHTS – Q2 2017

- Strong revenue growth of $1.22 billion, up 19% y/y and 24% q/q
- Gross margin expansion from richer mix of new products, up 2% y/y to 33%
- GAAP and non-GAAP operating profit; Returned to non-GAAP profitability
- Computing and Graphics segment revenue growth, up 51% y/y
  - Full quarter of Ryzen processor sales; Strong demand for Radeon GPUs
- Enterprise, Embedded and Semi-Custom segment revenue growth, up 44% q/q
  - Higher semi-custom shipments due to seasonality; Initial shipments of EPYC
- Repurchased long-term debt
- Increased annual revenue guidance based upon strong 1H'17 performance

CEO HIGHLIGHTS – Q2 2017

- Expanded our market presence with high performance products
- Computing and Graphics
  - Ryzen processors drove a richer mix; client ASP improved double digit percentage y/y
  - Growth across desktop and mobile GPUs with higher unit shipments and ASP increases y/y
- Enterprise, Embedded and Semi-Custom
  - EPYC setting new performance records with endorsements from OEM and cloud providers
  - Entering the fifth year of the game console cycle sales for our semi-custom business
- Business foundation and growth opportunities are strong
- Progressing ahead of our annual revenue guidance; Looking forward to a strong 2017 overall

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CFO HIGHLIGHTS – Q2 2017

- Financial performance continues to improve
- Revenue growth driven by the Computing and Graphics segment
- Computing and Graphics Segment – revenue up 51% y/y
  - First operating profit in three years
  - Higher revenue and improved product mix
- Enterprise, Embedded and Semi-Custom Segment – down 5% y/y
  - Seasonal semi-custom ramp began in Q2'17
  - Investments in datacenter related R&D
- Continued debt reduction; lower interest expense y/y
- Inventory lower q/q

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Q2 2017 QUARTERLY SUMMARY - GAAP

	Q2 2017	Q1 2017	Q2 2016	Q/Q Fav / (Unfav)	Y/Y Fav / (Unfav)
Revenue	$1,222 M	$984 M	$1,027 M	24 %	19 %
Gross Margin	33 %	34 %	31 %	(1) pp[2]	2 pp[3]
Operating Expenses	$404 M	$387 M	$353 M	$(17) M	$(51) M
Operating Income (Loss)	$25 M	$(29) M	$(8) M	$54 M	$33 M
Net Income (Loss)	$(16) M	$(73) M	$69 M	$57 M	$(85) M
Earnings (Loss) Per Share[1]	$(0.02)	$(0.08)	$0.08	$0.06	$(0.10)
Cash, Cash Equivalents and Marketable Securities	$844 M	$943 M	$957 M	$(99) M	$(113) M
Inventories, Net	$833 M	$839 M	$743 M	$6 M	$(90) M
Total Debt[2]	$1,417 M	$1,408 M	$2,238 M	$(9) M	$ 821 M

1. 945 million basic shares were used to calculate EPS in Q2 2017; Q2 2016 EPS reflects diluted earnings per share.
2. See Appendices for Total Debt reconciliation.
3. PP = percentage points

Q2 2017 QUARTERLY SUMMARY – NON GAAP

	Q2 2017	Q1 2017	Q2 2016	Q/Q Fav / (Unfav)	Y/Y Fav / (Unfav)
Revenue	$1,222 M	$984 M	$1,027 M	24 %	19 %
Non-GAAP Gross Margin	33 %	34 %	31 %	(1) pp[2]	2 pp[3]
Non-GAAP Operating Expenses[1]	$381 M	$364 M	$342 M	$(17) M	$(39) M
Non-GAAP Operating Income (Loss)[1]	$49 M	$(6) M	$3 M	$55 M	$46 M
Non-GAAP Net Income (Loss)[1]	$19 M	$(38) M	$(40) M	$57 M	$59 M
Earnings (Loss) Per Share[1][2]	$0.02	$(0.04)	$(0.05)	$0.06	$0.07
Cash, Cash Equivalents and Marketable Securities	$844 M	$943 M	$957 M	$(99) M	$(113) M
Inventories, Net	$833 M	$839 M	$743 M	$6 M	$(90) M
Total Debt[2]	$1,417 M	$1,408 M	$2,238 M	$(9) M	$ 821 M

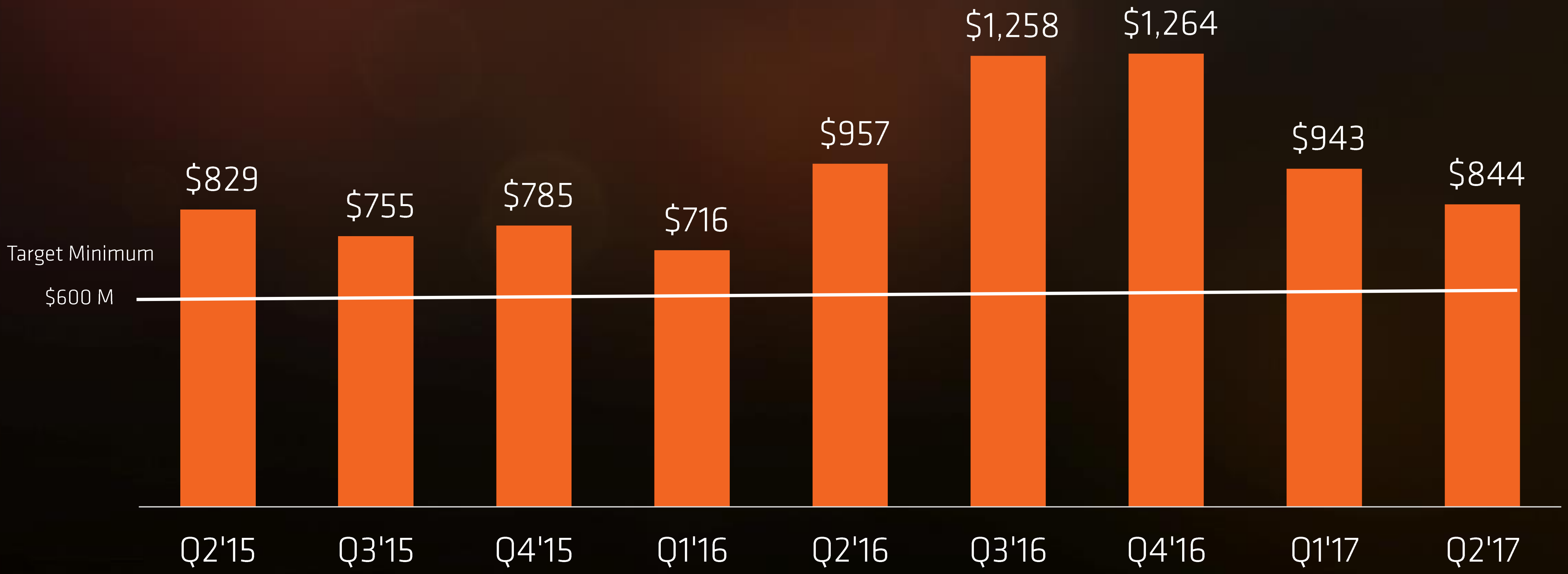
1. See Appendices for GAAP to Non-GAAP gross margin, operating expenses, operating income (loss), net loss and loss per share reconciliations.
2. 1,036 million diluted shares were used to calculate non-GAAP EPS in Q2 2017
3. See Appendices for Total Debt reconciliation
4. PP = percentage points

Q2 2017 SEGMENT FINANCIAL RESULTS

	Q2 2017	Q1 2017	Q2 2016	Q/Q Fav / (Unfav)	Y/Y Fav/(Unfav)
Computing and Graphics					
Net Revenue	$659 M	$593 M	$435 M	11 %	51 %
Operating Income (Loss)	$7 M	$(15) M	$(81) M	$22 M	$88 M
Enterprise, Embedded and Semi-Custom					
Net Revenue	$563 M	$391 M	$592 M	44 %	(5) %
Operating Income	$42 M	$9 M	$84 M	$ 33 M	$ (42) M
All Other Category					
Operating Loss	$(24) M	$(23) M	$(11) M	$(1) M	$(13) M
TOTAL					
Net Revenue	$1,222 M	$984 M	$1,027 M	24 %	19 %
Operating Income (Loss)	$25 M	$(29) M	$(8) M	$54 M	$33 M

TARGET OPTIMAL AND MINIMUM CASH

CASH BALANCE[1] ($ IN MILLIONS)



- **Approximately 93% of cash[1] held domestically exiting Q2 2017**

1. Cash, cash equivalents and marketable securities
2. Cash down q/q driven primarily by changes in working capital largely driven by wafer purchases in anticipation of higher third quarter revenue

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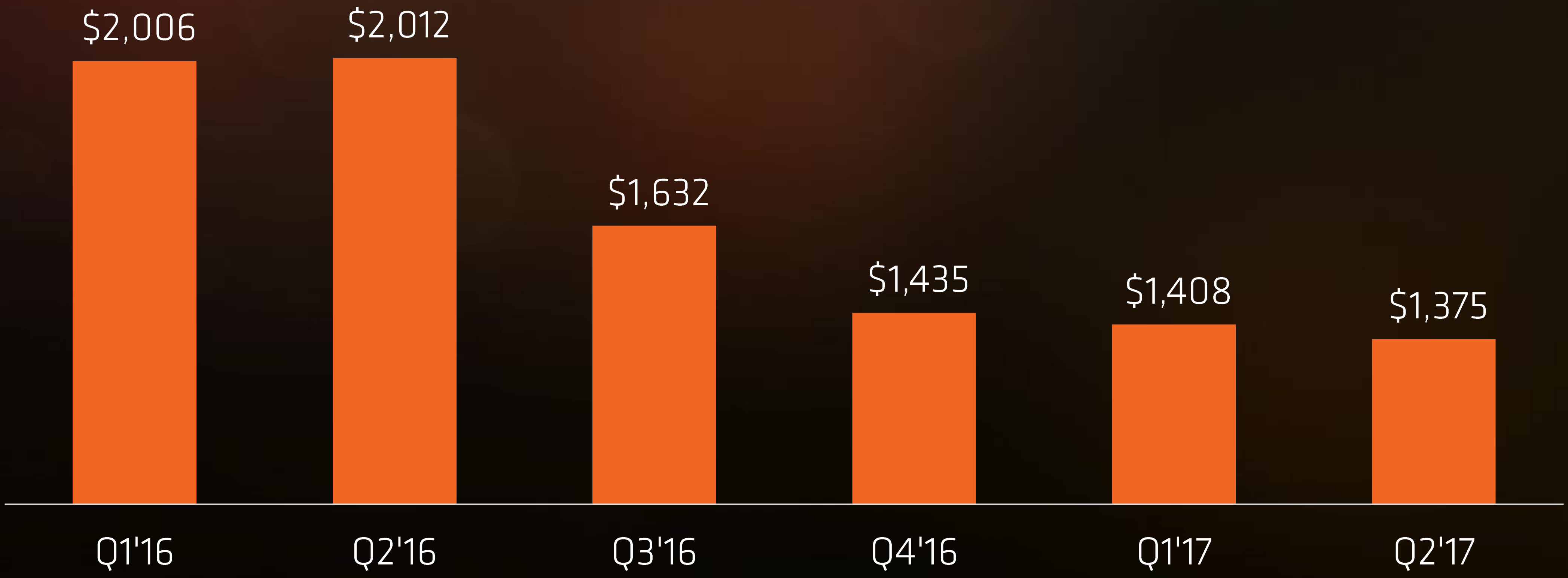
LONG TERM DEBT BALANCE

($ IN MILLIONS)



- Focused debt reduction activities over last twelve months
- Repurchased $40M of term debt in Q2 2017 utilizing lower cost secured revolving line of credit

Q3 2017 AND FY 2017 FINANCIAL GUIDANCE

	Q2 2017	Q3 2017 Guidance	FY 2016	FY 2017 Guidance
Revenue	$1,222 M	Up 23% q/q +/- 3%	$4,272 M	Up mid to high teens percent
Non-GAAP Gross Margin[1]	33 %	~34 %	31 %	Increase
Non-GAAP Operating Expenses[1]	$381 M	~$400 M	$1,384 M	E/R Ratio[4] ~31 %
Licensing Gain	$25 M	-	$88 M	~$52 M
Non-GAAP Interest Expense, Taxes and Other[1]	$30 M	~$28 M	$161 M	~$30 M per quarter
Non-GAAP Net Income (Loss)[1]	$ 19 M	-	$(117) M	Positive
Capital Expenditures[2]	$12 M	-	$77 M	~$140 M
Diluted Share Count[3]	1,036 M	~1,140 M	-	-
Inventories, Net	$833 M	Down	$751 M	Down

1. See Appendices for GAAP to Non-GAAP reconciliation of gross margin, operating expenses, interest expense, taxes and other and net income (loss).
2. Starting Q1 2017, the company classifies production mask sets as property, plant and equipment on its balance sheet. Guidance for capital expenditures has been updated to include this spend starting with Q1 2017.
3. Used for non-GAAP EPS share count calculation, includes shares from 2.125% convertible notes
4. Operating Expenses to revenue ratio

POSITIONED FOR SUCCESS

Differentiated Strategy	Strong, Multi-Generation, Leadership Roadmap	Focused Execution	Growing Revenue Improving Profitability

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FOOTNOTES

Non-GAAP Measures:

To supplement the Company's financial results presented on a U.S. Generally Accepted Accounting Principles ("GAAP") basis, this slide deck contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP interest expense, taxes and other and non-GAAP earnings (loss) per share. These non-GAAP financial measures reflect certain adjustments, and the Company has presented a reconciliation of GAAP to non-GAAP financial measures in the tables below. The Company believes that the supplemental non-GAAP financial measures assist investors in comparing its core performance by excluding items that it believes are not indicative of the Company's underlying operating performance. The Company cautions investors to carefully evaluate the financial results calculated in accordance with GAAP and the supplemental non-GAAP financial measures and reconciliations. The Company's non-GAAP financial measures are not intended to be considered in isolation and are not a substitute for, or superior to, financial measures calculated in accordance with GAAP.

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APPENDICES

Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions except percentages)	Q2-17	Q1-17	Q2-16	2016
GAAP Gross Margin	**$ 404**	**$ 331**	**$ 319**	**$ 998**
GAAP Gross Margin %	**33%**	**34%**	**31%**	**23%**
Stock-based compensation	1	-	-	2
Charge related to the sixth amendment to the WSA with GF	-	-	-	340
Non-GAAP Gross Margin	**$ 405**	**$ 331**	**$ 319**	**$ 1,340**
Non-GAAP Gross Margin %	**33%**	**34%**	**31%**	**31%**

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q2-17	Q1-17	Q2-16	2016
GAAP operating expenses	**$ 404**	**$ 387**	**$ 353**	**$ 1,458**
Restructuring and other special charges, net	-	-	(7)	(10)
Stock-based compensation	23	23	18	84
Non-GAAP operating expenses	**$ 381**	**$ 364**	**$ 342**	**$ 1,384**

APPENDICES

Reconciliation of GAAP to Non-GAAP Operating Income (Loss)

(Millions)	Q2-17		Q1-17		Q2-16	
GAAP operating income (loss)	**$**	**25**	**$**	**(29)**	**$**	**(8)**
Restructuring and other special charges, net		-		-		(7)
Stock-based compensation		24		23		18
Non-GAAP operating income (loss)	**$**	**49**	**$**	**(6)**	**$**	**3**

Reconciliation of GAAP to Non-GAAP Net Income (Loss)/ Income (Loss) per share*

(Millions except per share amounts)	Q2-17				Q1-17				Q2-16				2016			
GAAP net income (loss) /income (loss) per share	**$**	**(16)**	**$**	**(0.02)**	**$**	**(73)**	**$**	**(0.08)**	**$**	**69**	**$**	**0.08**	**$**	**(497)**	**$**	**(0.60)**
Charge related to the sixth amendment to the WSA with GF		-		-		-		-		-		-		340		0.41
Loss on debt redemption		3		-		4		-		-		-		68		0.08
Non-cash interest expense related to convertible debt		5		0.01		6		0.01		-		-		6		0.01
Restructuring and other special charges, net		-		-		-		-		(7)		(0.01)		(10)		(0.01)
Stock-based compensation		24		0.02		23		0.02		18		0.02		86		0.10
Equity loss in investee		3		-		2		-		3		-		10		0.01
Gain on sale of 85% of ATMP JV		-		-		-		-		(150)		(0.19)		(146)		(0.17)
Tax provision related to sale of 85% of ATMP JV		-		-		-		-		27		0.03		26		0.03
Non-GAAP net income (loss)/income (loss) per share*	**$**	**19**	**$**	**0.02**	**$**	**(38)**	**$**	**(0.04)**	**$**	**(40)**	**$**	**(0.05)**	**$**	**(117)**	**$**	**(0.14)**

*Q2 2017 GAAP net loss per share is calculated based on 945 million basic and diluted weighted-average shares of common stock. Non-GAAP net income per share is calculated based on 1,036 million diluted weighted-average shares of common stock.

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APPENDICES

Reconciliation of GAAP to Non-GAAP Interest Expense, Taxes and Other

(Millions)	Q2-17	Q1-17	Q2-16	2016
Interest expense	$ (32)	$ (32)	$ (41)	$ (156)
Other income (expense), net	(3)	(5)	150	80
Provision for income taxes	(3)	(5)	(29)	(39)
Total GAAP Interest Expense, Taxes and Other	**$ (38)**	**$ (42)**	**$ 80**	**$ (115)**
Loss on debt redemption	3	4	-	68
Non-cash interest expense related to convertible debt	5	6	-	6
Gain on sale of 85% of ATMP JV	-	-	(150)	(146)
Tax provision related to sale of 85% of ATMP JV	-	-	27	26
Total Non-GAAP Interest Expense, Taxes and Other	**$ (30)**	**$ (32)**	**$ (43)**	**$ (161)**

Long Term Debt

(Millions)	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17
6.75% Senior Notes due 2019	$ 600	$ 600	$ 196	$ 196	$ 191	$ 191
6.75% Senior Notes due 2019 - Interest Rate Swap	4	10	2	-	-	-
7.75% Senior Notes - due 2020	450	450	208	-	-	-
7.50% Senior Notes due 2022	475	475	350	350	347	347
7.00% Senior Notes due 2024	500	500	475	416	390	350
2.125% Convertible Senior Notes due 2026	-	-	700	805	805	805
Other	-	-	-	1	1	1
Total Long Term Debt (principal amount)	**$ 2,029**	**$ 2,035**	**$ 1,931**	**$ 1,768**	**$ 1,734**	**$ 1,694**
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	-	-	(273)	(308)	(302)	(297)
Unamortized debt issuance costs	(23)	(23)	(26)	(25)	(24)	(22)
Total Long Term Debt (net)	**$ 2,006**	**$ 2,012**	**$ 1,632**	**$ 1,435**	**$ 1,408**	**$ 1,375**
Borrowings from secured revolving line of credit, net	230	226	-	-	-	42
Total Debt (net)	**$ 2,236**	**$ 2,238**	**$ 1,632**	**$ 1,435**	**$ 1,408**	**$ 1,417**

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