



SECOND QUARTER 2018 FINANCIAL RESULTS

JULY 25, 2018

CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as TAM; AMD's strategy and focus; AMD being on track to launch the 7nm Radeon "Vega" GPU and 7nm EYPC processor; and AMD's financial outlook for the third quarter of 2018 and fiscal 2018, including revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP interest expense, taxes and other, tax rate, free cash flow, and expected drivers, 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; the ability of GF to satisfy AMD's manufacturing requirements; the ability of third party manufacturers to manufacture AMD products on a timely basis in sufficient quantities and using competitive technologies; the ability of third party manufacturers to achieve expected manufacturing yields; 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 sufficient revenue and operating cash flow or obtain external financing; the loss of a significant customer; AMD's ability to generate revenue from its semi-custom SoC products; actual or perceived security vulnerabilities of AMD's products; potential data breaches and cyber-attacks; global economic uncertainty; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's large amount of indebtedness; restrictions imposed by agreements governing AMD's debt and its secured revolving line of credit; the competitive nature of the markets in which AMD's products are sold; the dilutive effect on shareholders if West Coast Hitech L.P. exercises its warrants to purchase AMD's common stock, and the conversion of AMD's 2.125% Convertible Senior Notes due 2026; uncertainties involving the ordering and shipment of AMD's products; fluctuations in demand or a market decline for 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's support and other software vendors; AMD's reliance on third-party distributors and AIB partners; AMD's ability to continue to attract and retain qualified personnel; AMD's ability to repurchase its debt in the event of a change of control; the highly cyclical nature of the semiconductor industry; future acquisitions, divestitures and/or joint ventures that may disrupt AMD's business; modification or interruption of internal business processes and information systems; quarterly and seasonal sales patterns that may affect AMD's business; availability of essential equipment, materials or manufacturing processes to manufacture AMD's products; compatibility of AMD's products with industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third parties' certain supply-chain logistics functions, product distribution, transportation management and information technology support services; future impairments of goodwill; stock price volatility; political, legal and economic risks and natural disasters; worldwide political conditions; unfavorable currency exchange rate fluctuations; AMD's ability to effectively control the sales of its products on the gray market; AMD's ability to protect its technology or intellectual property; current and future litigation; potential tax liabilities; and environmental laws and conflict minerals-related provisions. 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 ending March 31, 2018.

NON-GAAP FINANCIAL MEASURES

In this presentation, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP research and development and marketing, general and administrative expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP earnings (loss) per share, and Adjusted EBITDA. 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 at the end of AMD's earnings press release. 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 GAAP financial measures in the Appendices at the end of this presentation.

OUR JOURNEY

HIGH-PERFORMANCE
TECHNOLOGIES

GREAT
PRODUCTS

AMBITIOUS
GOALS

FOCUSED
EXECUTION

LARGE AND GROWING MARKETS

\$75B+ TAM BY 2020

\$30B



PC

\$10B



GRAPHICS

\$25B



DATACENTER

\$10B



AUTOMOTIVE
& INFERENCE

\$11B



MACHINE
LEARNING

Source: AMD

OUR STRATEGY AND FOCUS

GRAPHICS



Gaming

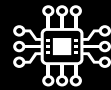


Machine
Intelligence



VR/AR

COMPUTE



Client
Systems



Infrastructure
& Cloud

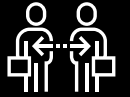
SOLUTIONS



Semi-
Custom



Vertical
Platforms



Partnerships

FINANCIAL HIGHLIGHTS Q2 2018

- Strong revenue of \$1.76 billion, up 53% y/y and 7% q/q
 - Fourth consecutive quarter of double-digit y/y revenue growth, driven by demand for high performance products
 - Computing and Graphics segment revenue of \$1.09 billion, up 64% y/y, down 3% q/q
 - Enterprise, Embedded and Semi-Custom (EESC) segment revenue of \$670 million, up 37% y/y, up 26% q/q
- Gross margin of 37% increased 3 percentage points y/y, driven by new product growth
- Corporate non-GAAP⁽¹⁾ and segment operating margins all now double digit percentage
- Highest quarterly GAAP and non-GAAP net income in seven years
- GAAP and non-GAAP⁽¹⁾ earnings per share grew significantly both y/y and q/q

COMPUTING AND GRAPHICS Q2 2018

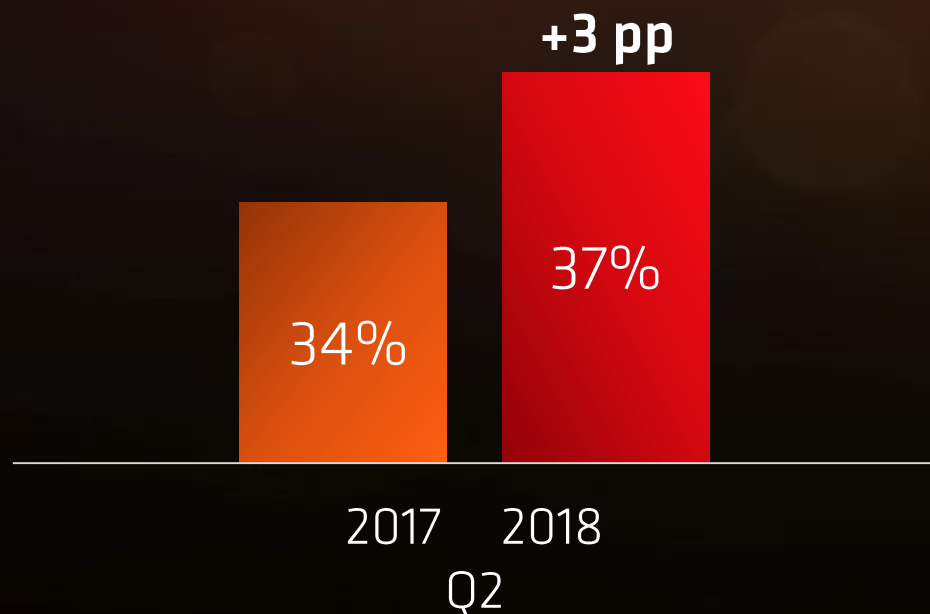
- Revenue of \$1.09 billion
 - Up 64% y/y due to strong sales of Radeon products and continued growth of Ryzen products
 - Down 3% q/q primarily due to lower revenue from GPU products in the blockchain market
- Operating income of \$117 million
 - Up \$110 million y/y primarily driven by higher revenue; Down \$21 million q/q primarily due to lower revenue and higher operating expenses
 - Ryzen unit shipments grew strong double-digit q/q, as Ryzen mobile processor shipments more than doubled
 - Client processor ASP lower y/y and q/q primarily due to lower desktop processor ASP, partially offset by higher mobile processor ASP
 - GPU ASP increased y/y due to channel and datacenter; GPU ASP increased q/q driven by datacenter
- Began sampling 7nm Radeon “Vega” GPU; On track to launch later this year

EESC Q2 2018

- Revenue of \$670 million
 - Up 37% y/y and 26% q/q primarily driven by semi-custom sales and growing adoption of EPYC datacenter processors
- Operating income of \$69 million
 - Up \$53 million y/y and \$55 million q/q primarily driven by higher revenue
 - Semi-custom revenue grew more than expected due to higher inventory associated with non-cancellable purchase orders
 - Celebrated one-year anniversary of the launch of EPYC server processors
 - Over 50 EPYC platforms now in market; added dozens of new end customers through OEM partnerships in Q2'18
- Focused on execution and taking a leadership position at the 7nm process node
- Began sampling 7nm EPYC processor, codenamed “Rome”; On track to launch in 2019

Q2 2018 KEY METRICS

Gross Margin Expansion

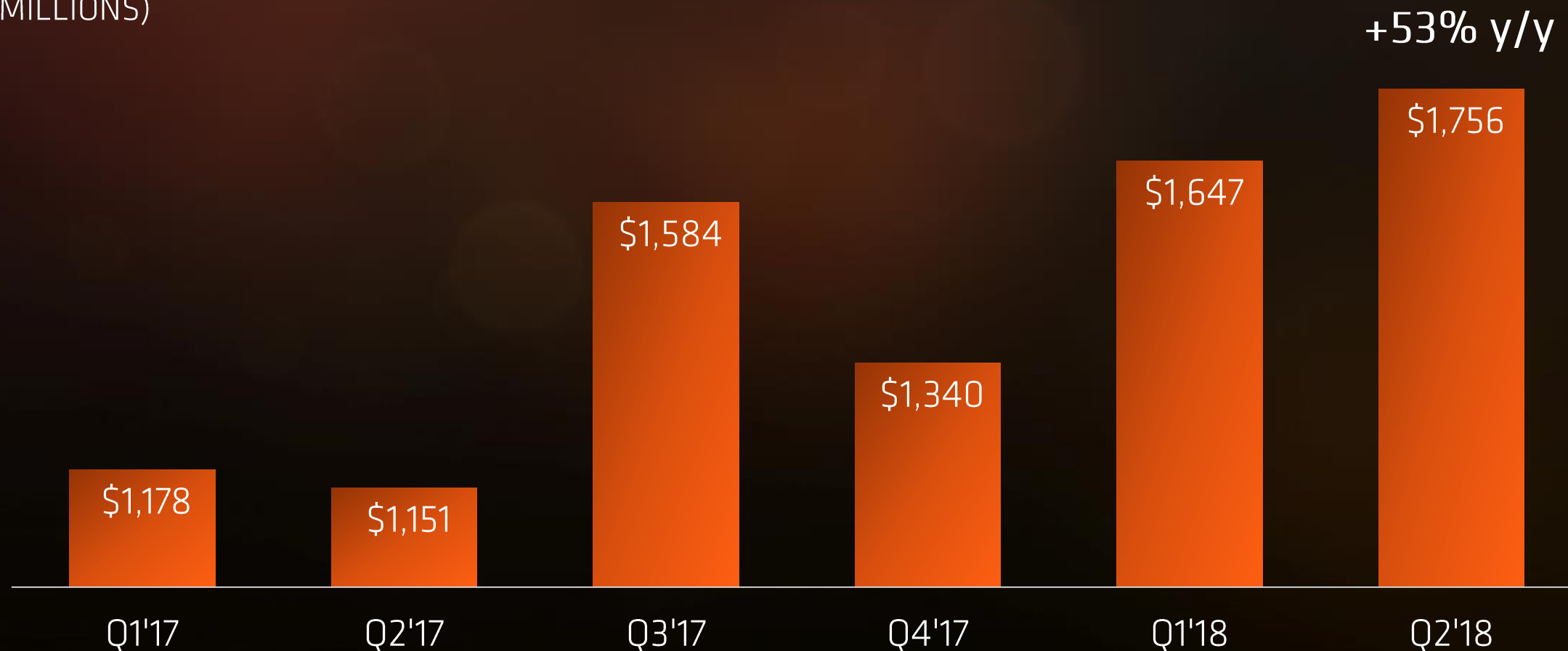


- Ryzen products accounted for ~60% of Client revenue
- EPYC server revenue and unit shipments up 50%+ sequentially
- R&D investments⁽¹⁾ increased 25% in 1H'18 vs. 1H'17
- Highest quarterly GAAP & non-GAAP net income in seven years
- Operating income⁽¹⁾ up 700%+ y/y

1. These are non-GAAP measures. See Appendices for GAAP to Non-GAAP reconciliation.

REVENUE TREND

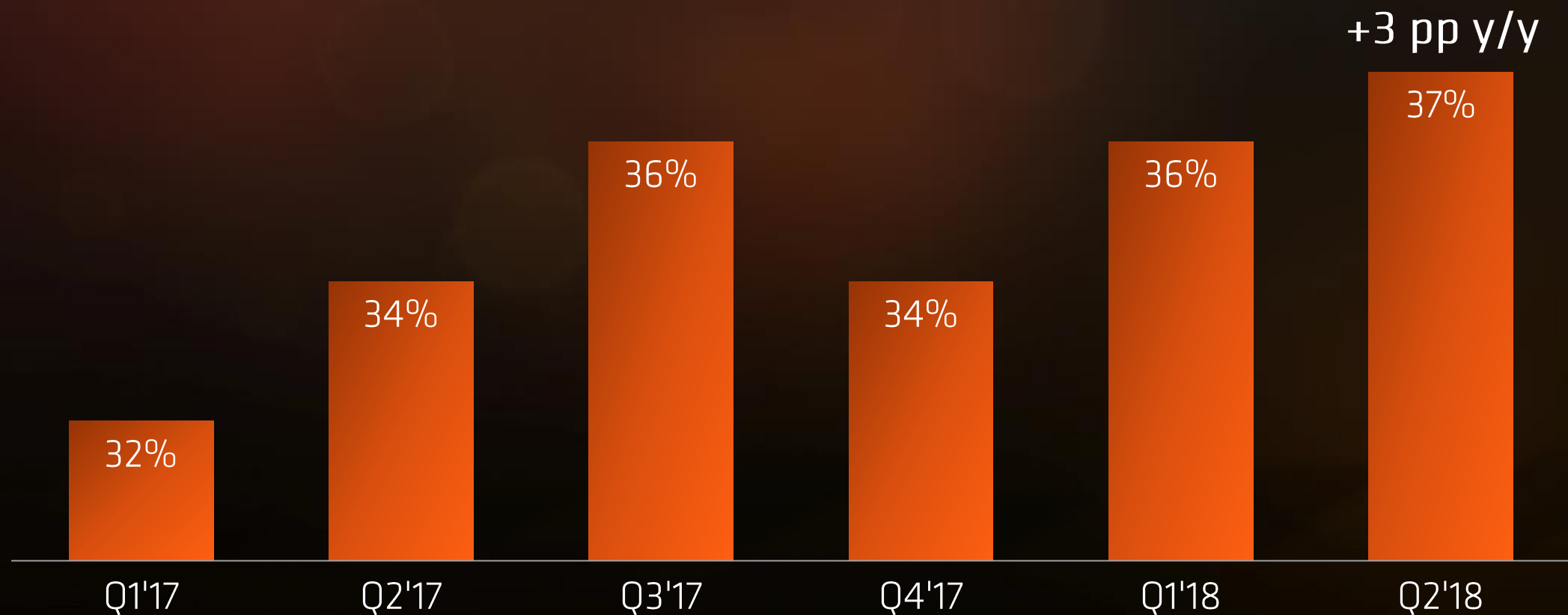
(\$ IN MILLIONS)



Revenue increase of 53% y/y driven by growth in both Computing and Graphics and EESC

GROSS MARGIN TREND

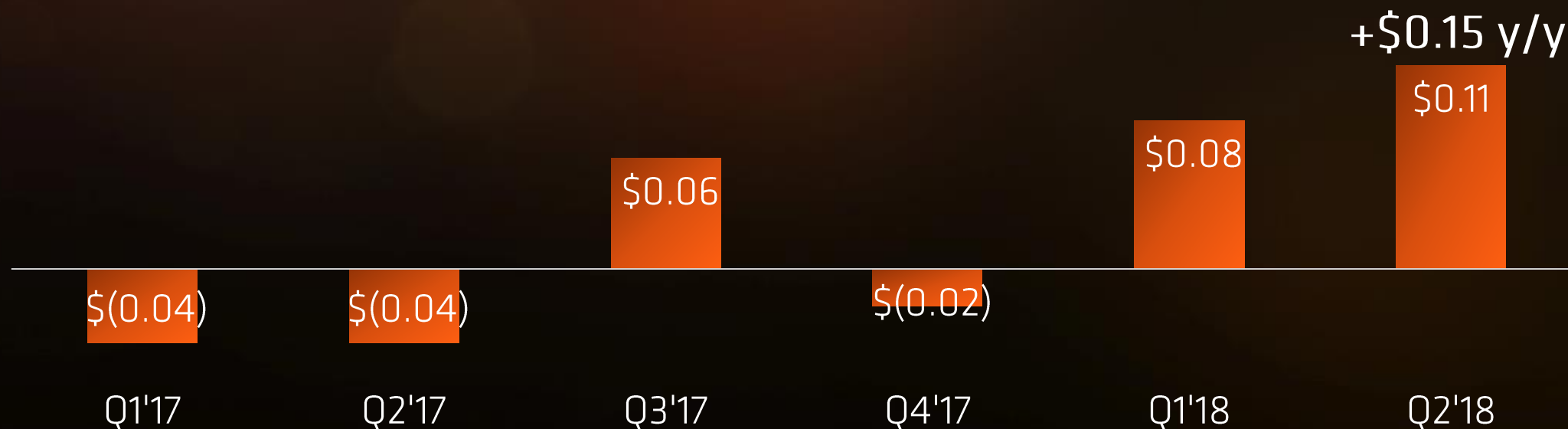
(AS A PERCENTAGE OF REVENUE, GAAP AND NON-GAAP)⁽¹⁾



Gross margin increased 3 pp y/y driven by the ramp of new products

EARNINGS PER SHARE TREND

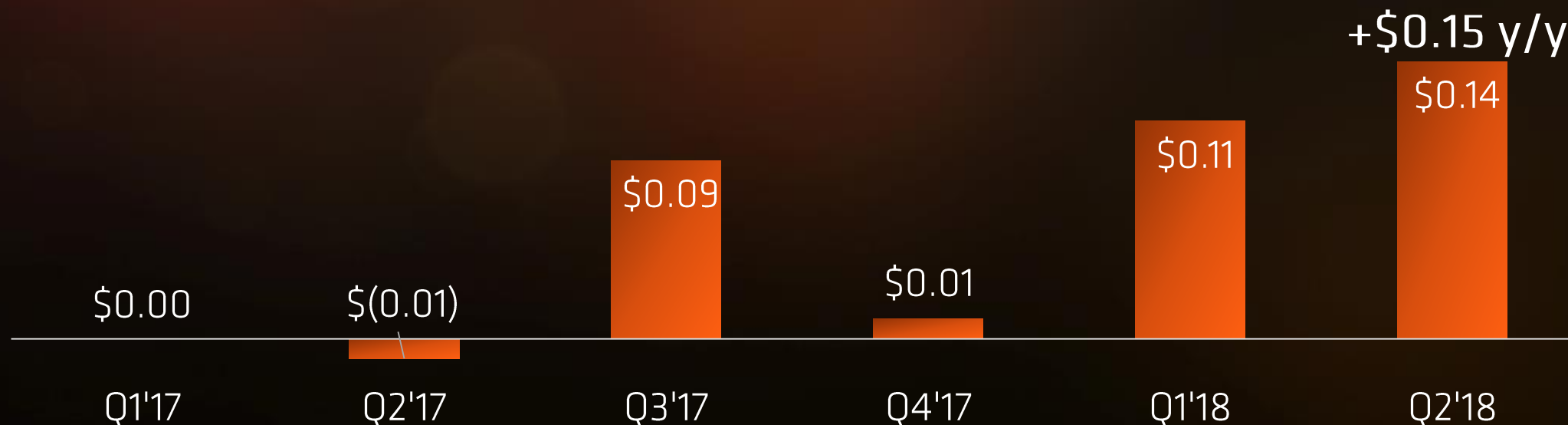
(GAAP)



EPS growth of \$0.15 y/y driven by higher revenue and gross margin expansion

EARNINGS PER SHARE TREND

(NON-GAAP)⁽¹⁾



EPS growth of \$0.15 y/y driven by higher revenue and gross margin expansion

Q2 2018 SUMMARY P&L – GAAP

	Q2 2018	Q2 2017	Y/Y	Q1 2018	Q/Q
Revenue	\$1,756M	\$1,151M	Up 53%	\$1,647M	Up 7%
Gross Margin	\$652M	\$386M	\$266M	\$597M	\$55M
Gross Margin %	37%	34%	Up 3 pp	36%	Up 1 pp
Operating Expenses	\$499M	\$412M	\$87M	\$477M	\$22M
Operating Expense/Revenue %	28%	36%	Down 8 pp	29%	Down 1 pp
Operating Income (Loss)	\$153M	\$(1M)	\$154M	\$120M	\$33M
Net Income (Loss)	\$116M	\$(42M)	\$158M	\$81M	\$35M
Earnings (Loss) Per Share ⁽¹⁾	\$0.11	\$(0.04)	\$0.15	\$0.08	\$0.03

1. The three months ended June 30, 2018 GAAP diluted EPS is calculated based on 1,147 million, which include 100.6 million shares related to the Company's 2026 Convertible Notes and an \$11 million interest expense add-back to net income under the "if converted" method. See Appendices for additional information on share count calculation.

Q2 2018 SUMMARY P&L – NON-GAAP⁽¹⁾

	Q2 2018	Q2 2017	Y/Y	Q1 2018	Q/Q
Revenue	\$1,756M	\$1,151M	Up 53%	\$1,647M	Up 7%
Gross Margin	\$653M	\$387M	\$266M	\$598M	\$55M
Gross Margin %	37%	34%	Up 3 pp	36%	Up 1 pp
Operating Expenses	\$467M	\$389M	\$78M	\$446M	\$21M
Operating Expense/Revenue %	27%	34%	Down 7 pp	27%	Flat
Operating Income	\$186M	\$23M	\$163M	\$152M	\$34M
Net Income (Loss)	\$156M	\$(7M)	\$163M	\$121M	\$35M
Earnings (Loss) Per Share ⁽²⁾	\$0.14	\$(0.01)	\$0.15	\$0.11	\$0.03

1. See Appendices for GAAP to Non-GAAP reconciliation.

2. The three months ended June 30 and March 31, 2018 non-GAAP diluted EPS are calculated based on 1,147 million and 1,140 million shares, respectively, which include 100.6 million shares related to the Company's 2026 Convertible Notes and a \$5 million cash interest expense add-back to net income under the "if converted" method for both periods.

Q2 2018 SEGMENT RESULTS

	Q2 2018	Q2 2017	Y/Y	Q1 2018	Q/Q
Computing and Graphics					
Net Revenue	\$1,086M	\$661M	Up 64%	\$1,115M	Down 3%
Operating Income	\$117M	\$7M	\$110M	\$138M	\$(21M)
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$670M	\$490M	Up 37%	\$532M	Up 26%
Operating Income	\$69M	\$16M	\$53M	\$14M	\$55M
All Other Category					
Operating Loss	\$(33M)	\$(24M)	\$(9M)	\$(32M)	\$(1M)
TOTAL					
Net Revenue	\$1,756M	\$1,151M	Up 53%	\$1,647M	Up 7%
Operating Income (Loss)	\$153M	\$(1M)	\$154M	\$120M	\$33M

Q2 2018 SUMMARY BALANCE SHEET ITEMS

	Q2 2018	Q2 2017	Y/Y	Q1 2018	Q/Q
Cash, Cash Equivalents & Marketable Securities	\$983M	\$844M	\$139M	\$1,045M	\$(62M)
Inventories, Net	\$750M	\$658M	\$92M	\$715M	\$35M
Total Debt (principal amount) ⁽¹⁾	\$1,685M	\$1,693	\$(8M)	\$1,686M	\$(1M)
Total Debt, Net ⁽¹⁾	\$1,393M	\$1,417M	\$(24M)	\$1,388M	\$5M

1. See Appendices for Total Debt reconciliation.

TOTAL CASH BALANCE⁽¹⁾

(\$ IN MILLIONS)

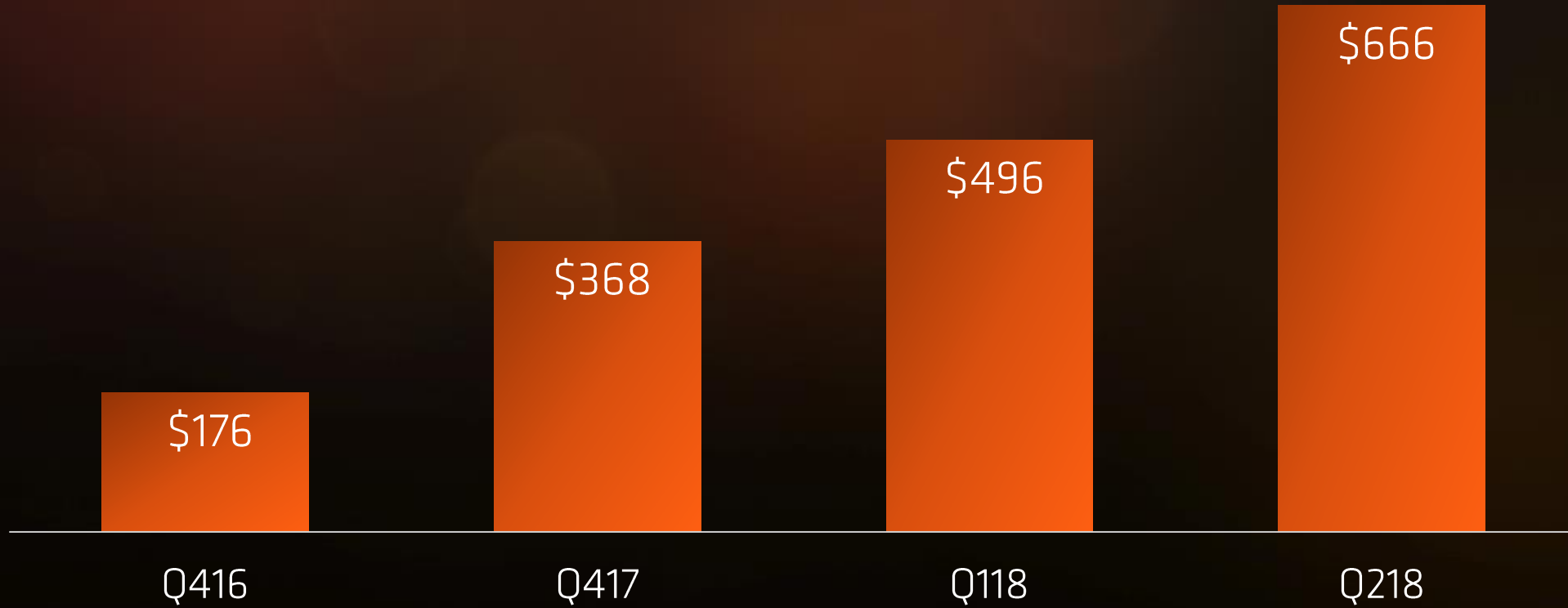


Total cash balance higher on a year-over-year basis

1. Cash, cash equivalents and marketable securities

ADJUSTED EBITDA TREND

(\$ IN MILLIONS, CALCULATED AS TRAILING TWELVE MONTHS)⁽¹⁾

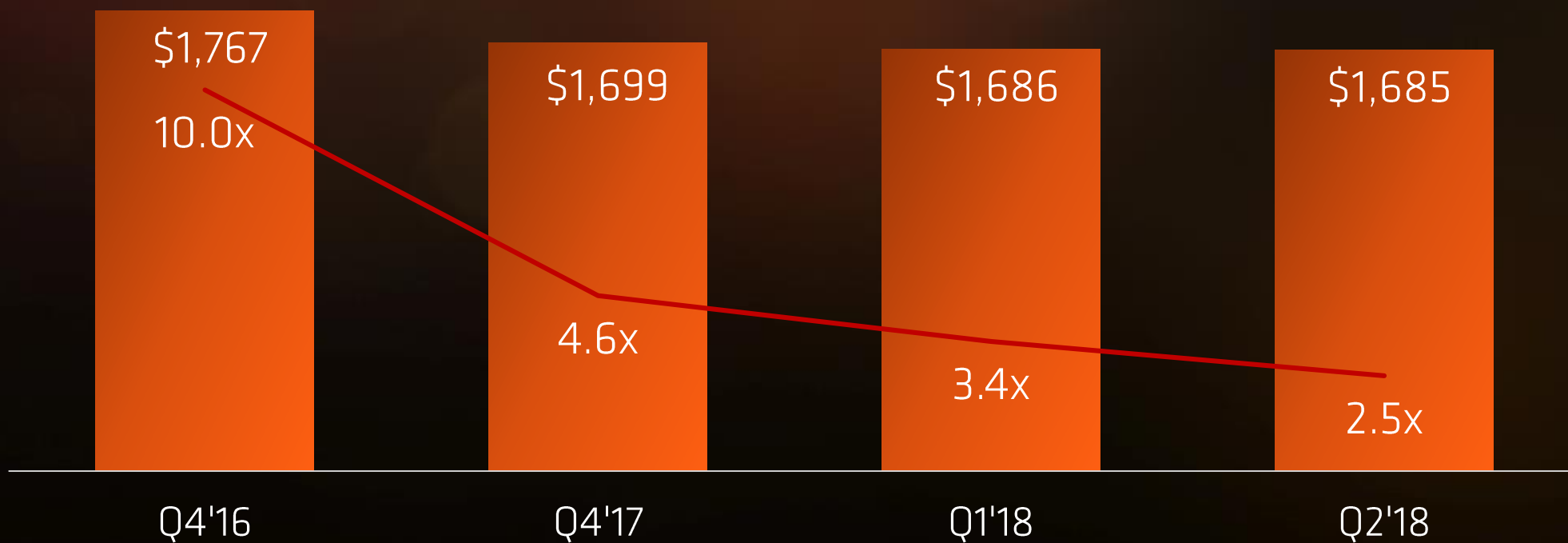


Business and financial strength driving strong increase in adjusted EBITDA

1. See Appendices for reconciliation.

DEBT TREND

(PRINCIPAL AMOUNT, \$ IN MILLIONS, GROSS LEVERAGE TREND)^(1,2)



Focused debt reduction and improved gross leverage
Term debt of \$153M due March 2019

1. See Appendices for reconciliation to Total Debt

2. Leverage = Current + long-term debt divided by trailing 12 months adjusted EBITDA

Q3 2018 AND FY 2018 FINANCIAL OUTLOOK – NON GAAP⁽¹⁾

	Q3 2018	FY 2018
Revenue	\$1.7 Billion +/- \$50 Million Up 7 percent y/y	Up mid-20s % y/y
Gross Margin %	~38%	>37%
Operating Expense	~\$470 Million	–
Operating Expense/Revenue %	~28%	~28%
Interest Expense, Taxes and Other	~\$35 Million	–
Tax Rate	–	~ 10%
Free Cash Flow	Positive	Positive

Q3'18 revenue and non-GAAP gross margin guidance y/y increases driven by Ryzen and EPYC processor revenue, partially offset by lower GPU revenue

1. These are forward looking statements. See Cautionary Statement on Slide 2. AMD's outlook statements are based on current expectations and speak only as of the date of this presentation. AMD undertakes no intent or obligation to publicly update or revise its outlook statements whether as a result of new information, future events or otherwise, except to the extent that disclosure may be required by law.

Q2 2018 SUMMARY

SIGNIFICANT
REVENUE GROWTH
OF 53% Y/Y

GROSS MARGIN
EXPANDED
360 BPS Y/Y

SOLID
PROFITABILITY
GROWTH

ON TRACK TO
LONG-TERM
FINANCIAL MODEL



R E D E F I N I N G

HIGH PERFORMANCE COMPUTING



R A D E O N



R A D E O N
I N S T I N C T

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APPENDICES

Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions)	Q117	Q217	Q317	Q417	Q118	Q218
GAAP Gross Margin	\$ 378	\$ 386	\$ 571	\$ 452	\$ 597	\$ 652
GAAP Gross Margin %	32%	34%	36%	34%	36%	37%
Stock-based compensation	-	1	1	-	1	1
Non-GAAP Gross Margin	\$ 378	\$ 387	\$ 572	\$ 452	\$ 598	\$ 653
Non-GAAP Gross Margin %	32%	34%	36%	34%	36%	37%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q218	Q217	Q118
GAAP operating expenses	\$ 499	\$ 412	\$ 477
Stock-based compensation	32	23	31
Non-GAAP operating expenses	\$ 467	\$ 389	\$ 446

(Millions)	Q218			Q217			Q118		
	R&D	SG&A	Total	R&D	SG&A	Total	R&D	SG&A	Total
GAAP R&D & SG&A	\$ 357	\$ 142	\$ 499	\$ 285	\$ 127	\$ 412	\$ 343	\$ 134	\$ 477
Stock-based compensation	20	12	32	13	10	23	21	10	31
Non-GAAP R&D & SG&A	\$ 337	\$ 130	\$ 467	\$ 272	\$ 117	\$ 389	\$ 322	\$ 124	\$ 446

APPENDICES

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

(Millions)	Q218	Q217	Q118
GAAP operating income (loss)	\$ 153	\$ (1)	\$ 120
Stock-based compensation	33	24	32
Non-GAAP operating income	\$ 186	\$ 23	\$ 152
Non-GAAP operating margin percentage	11%	2%	9%

Reconciliation of Adjusted EBITDA Trailing Twelve Months (TTM)

(Millions) (TTM)	Q416	Q417	Q118	Q218
GAAP operating income (loss)	\$ (373)	\$ 127	\$ 236	\$ 390
Stock-based compensation	86	97	106	115
Depreciation and amortization	133	144	154	161
Restructuring and other special charges, net	(10)	-	-	-
Charge related to the sixth amendment to the WSA with GF	340	-	-	-
Adjusted EBITDA	\$ 176	\$ 368	\$ 496	\$ 666

APPENDICES

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

(Millions)	Q117		Q217		Q317		Q417		Q118		Q218	
	\$		\$		\$		\$		\$		\$	
GAAP net income (loss) / earnings (loss) per share	\$ (33)	\$ (0.04)	\$ (42)	\$ (0.04)	\$ 61	\$ 0.06	\$ (19)	\$ (0.02)	\$ 81	\$ 0.08	\$ 116	\$ 0.11
Loss on debt redemption	4	-	3	-	2	-	3	-	1	-	-	-
Non-cash interest expense related to convertible debt	6	0.01	5	0.01	6	0.01	5	-	6	-	6	-
Stock-based compensation	23	0.02	24	0.02	29	0.02	21	0.02	32	0.03	33	0.03
Gain on sale of 85% of ATMP	-	-	-	-	-	-	(3)	-	-	-	-	-
Tax provision related to sale of 85% of ATMP JV	-	-	-	-	-	-	1	-	-	-	-	-
Equity loss in investee	2	-	3	-	2	-	-	-	1	-	1	-
Non-GAAP net income (loss) / earnings (loss) per share	\$ 2	\$ -	\$ (7)	\$ (0.01)	\$ 100	\$ 0.09	\$ 8	\$ 0.01	\$ 121	\$ 0.11	\$ 156	\$ 0.14

Q3 2017 Non-GAAP diluted EPS is calculated based on 1,143 million shares, which include 100.6 million shares related to the Company's 2026 Convertible Notes and a \$5 million cash interest expense add-back to net income under the "if converted" method.

Q2 2018 GAAP diluted EPS is calculated based on 1,147 million shares, which include 100.6 million shares related to the Company's 2026 Convertible Notes and a \$11 million interest expense add-back to net income under the "if converted" method.

Q2 and Q1 2018 Non-GAAP diluted EPS is calculated based on 1,147 million and 1,140 million shares, respectively, which include 100.6 million shares related to the Company's 2026 Convertible Notes and a \$5 million cash interest expense add-back to net income under the "if converted" method for both periods.

APPENDICES

Share Count Overview

<i>Shares (millions)</i> ⁽³⁾	Q1-18 Actual	Q2-18 Actual	Q3-18 Estimate
Basic Shares	968	972	986
Dilutive impacts from:			
Employee Equity Grants ⁽¹⁾	34	34	25
75 million share Warrant ⁽¹⁾	37	40	40
Diluted Shares (without 2026 Convertible Notes)	1,039	1,046	1,051
2026 Convertible Notes ⁽²⁾	100.6	100.6	100.6
Diluted Shares (with 2026 Convertible Notes)	1,140	1,147	1,152

Moving forward, assuming positive earnings per share, there are potential factors that may impact AMD's diluted share count, including:

- The 2.125% Convertible Senior Notes due 2026 (2026 Convertible Notes) which have cash and non-cash interest expense components. There are 100.6 million shares underlying the 2026 Convertible Notes
- The warrant to purchase 75 million shares (Warrant) granted in 2016 to a Mubadala entity, in consideration for rights under the sixth amendment to our WSA with GLOBALFOUNDRIES, and
- On-going employee equity grants.

The table above provides an estimate of shares that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q3 2018.

(1) The dilutive impact from the Warrant and employee equity grants are based on the Treasury Stock method and is dependent upon the average stock price during the period. Q2 2018 and Q1 2018 average quarterly price was \$12.71 and \$11.86. Q2 2018 average quarterly stock price was assumed for Q3 2018 average quarterly stock price estimate.

(2) The dilutive impact from the 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 100.6 million 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 non-GAAP net income.

(3) Share counts are weighted average shares.

APPENDICES

Total Debt (Net)

(Millions)	Q4-16	Q2-17	Q4-17	Q1-18	Q2-18
6.75% Senior Notes due 2019	\$ 196	\$ 191	\$ 166	\$ 153	\$ 153
7.50% Senior Notes due 2022	350	347	347	347	347
7.00% Senior Notes due 2024	416	350	311	311	310
2.125% Convertible Senior Notes due 2026	805	805	805	805	805
Borrowings from secured revolving line of credit, net	-	-	70	70	70
Total Debt (principal amount)	\$ 1,767	\$ 1,693	\$ 1,699	\$ 1,686	\$ 1,685
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	(308)	(297)	(286)	(280)	(274)
Unamortized debt issuance costs	(25)	(22)	(19)	(19)	(18)
Other	1	1	1	1	-
Total Debt (net)	\$ 1,435	\$ 1,417	\$ 1,395	\$ 1,388	\$ 1,393

DISCLAIMERS AND ATTRIBUTIONS

The information contained herein is for informational purposes only, and is subject to change without notice. Timelines, roadmaps, and/or product release dates shown in these slides are plans only and subject to change. “Polaris”, “Vega”, “Radeon Vega”, “Navi”, “Zen” and “Naples” are codenames for AMD architectures, and are not product names.

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