

# NVIDIA Reports Financial Results for First Quarter Fiscal Year 2013

SANTA CLARA, CA--(Marketwire - May 11, 2012) - NVIDIA (NASDAQ: [NVDA](#))

- Revenue of \$924.9 million.
- GAAP net income was \$60.4 million, or \$0.10 per diluted share. Non-GAAP net income was \$97.5 million, or \$0.16 per diluted share.
- GAAP gross margin was 50.1 percent. Non-GAAP gross margin was 50.4 percent.

NVIDIA (NASDAQ: [NVDA](#)) today reported revenue of \$924.9 million for the first quarter of fiscal 2013 ended Apr. 29, 2012.

"Kepler GPUs are accelerating our business," said Jen-Hsun Huang, president and chief executive officer of NVIDIA. "Our newly launched desktop products are winning some of the best reviews we've ever had. Notebook GPUs had a record quarter. And Tegra is on a growth track again, driven by great mobile device wins and the upcoming Windows on ARM launch.

"Graphics is more important than ever. Look for exciting news next week at the GPU Technology Conference as we reveal new ways that the GPU will enhance mobile and cloud computing," he said.

	Q1 FY13		Q4 FY12	
(in millions except per share data)		GAAP		GAAP
Revenue	\$924.9		\$953.2	
Gross margin	50.1%		51.4%	
Operating expenses		\$390.5		\$390.5
Net income	\$60.4		\$116.0	
Earnings per share		\$0.10		\$0.10

## Outlook

Our outlook for the second quarter of fiscal 2013 is as follows:

- Revenue is expected to be between \$990 million and \$1.05 billion.
- GAAP gross margin is expected to be 51.2 percent, plus or minus one percentage point. Non-GAAP gross margin is expected to be 51.5 percent, plus or minus one percentage point.
- GAAP operating expenses are expected to be approximately \$418 million. Non-GAAP operating expenses are expected to be approximately \$354 million.

GAAP operating expenses for the second quarter are expected to include a one-time charge related to a corporate donation to Stanford Hospital of \$25 million, payable over a 10-year period. We are joining Stanford's initiative, along with other corporations in the high-tech community, including Apple, eBay, HP, Intel, Intuit and Oracle, to build a leading-edge health care institution.

- GAAP and non-GAAP tax rates are expected to be approximately 20 percent, plus or minus one percent, for the second quarter and fiscal year, excluding any discrete tax events that may occur during the quarter, which, if realized, may increase or decrease our GAAP and non-GAAP tax rates. If the U.S. research tax credit is reinstated into tax law, we estimate our annual effective tax rate for the fiscal year 2013 to be approximately 16 percent.

We estimate depreciation and amortization for the second quarter to be approximately \$55 million to \$57 million. Capital expenditures are expected to be in the range of \$35 to \$45 million.

Diluted shares for the second quarter are expected to be approximately 628 million.

## First Quarter Fiscal 2013 and Recent Highlights:

- NVIDIA launched its new Kepler™-architecture GPUs to rave reviews. Products included the GeForce® GTX 670, GeForce GTX 680, the dual-GPU GeForce GTX 690, and the notebook range of GeForce 600M GPUs.
- The first Ultrabook with an NVIDIA® GPU, the Acer Aspire Timeline M3, launched on March 6.
- NVIDIA's first Tegra® 3 phone launched on Feb. 26, the HTC One X, to wide acclaim in the media. Tegra 3 phones are available from 22 carriers in Europe and Asia.

GAAP Quarterly Financial Comparison			Q1 FY13	
(in millions except per share data)				
Revenue	\$924.9		\$953.2	
Gross margin	50.1%		51.4%	
Operating expenses		\$390.5		\$390.5

Net income	\$60.4	\$116.0
Earnings per share	\$0.10	\$0.1

#### Non-GAAP Quarterly Financial Comparison\*

(in millions except per share data)

		Q1 FY13	
Revenue	\$924.9		\$953.2
Gross margin	50.4%		52.5%
Operating expenses		\$348.0	\$32
Net income	\$97.5		\$158.1
Earnings per share	\$0.16		\$0.2

\* Non-GAAP earnings excluded stock-based compensation, amortization of acquisition-related intangible assets, other

#### CFO Commentary

Commentary on the quarter by Karen Burns, NVIDIA interim chief financial officer, is available at [www.nvidia.com/ir](http://www.nvidia.com/ir).

#### Conference Call and webcast Information

NVIDIA will conduct a conference call with analysts and investors to discuss its first quarter fiscal 2013 financial results and current financial prospects today at 5:00 a.m. Pacific Time (8:00 a.m. Eastern Time). To listen to the call, please dial (706) 679 2572. A live webcast (listen-only mode) of the conference call will be accessible at the NVIDIA investor relations web site [www.nvidia.com/ir](http://www.nvidia.com/ir) and at [www.streetevents.com](http://www.streetevents.com). The webcast will be recorded and available for replay until the company's conference call to discuss its financial results for its second quarter fiscal 2013.

#### Non-GAAP Measures

To supplement NVIDIA's Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets presented in accordance with GAAP, the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income tax expense, non-GAAP net income, and non-GAAP net income, or earnings, per share. In order for NVIDIA's investors to be better able to compare its current results with those of previous periods, the company has shown a reconciliation of GAAP to non-GAAP financial measures. These reconciliations adjust the related GAAP financial measures to exclude a non-recurring charge related to a legal settlement, stock-based compensation, amortization of acquisition-related intangible assets, other acquisition-related costs, a non-recurring contribution expense, and the associated tax impact of these items, where applicable. NVIDIA believes the presentation of its non-GAAP financial measures enhances the user's overall understanding of the company's historical financial performance. The presentation of the company's non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the company's financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

#### About NVIDIA

[NVIDIA](http://www.nvidia.com) (NASDAQ: [NVDA](http://www.nvidia.com)) awakened the world to computer graphics when it invented the [GPU](http://www.nvidia.com) in 1999. Today, its [processors](http://www.nvidia.com) power a broad range of products from [smartphones](http://www.nvidia.com) to [supercomputers](http://www.nvidia.com). NVIDIA's [mobile processors](http://www.nvidia.com) are used in [cell phones](http://www.nvidia.com), [tablets](http://www.nvidia.com) and [auto infotainment systems](http://www.nvidia.com). [PC gamers](http://www.nvidia.com) rely on GPUs to enjoy spectacularly immersive worlds. Professionals use them to create [3D graphics](http://www.nvidia.com) and visual effects in movies and to design everything from golf clubs to jumbo jets. And researchers utilize GPUs to advance the frontiers of science with [high performance computing](http://www.nvidia.com). The company has more than 4,500 patents issued, allowed or filed, including ones covering ideas essential to modern computing. For more information, see [www.nvidia.com](http://www.nvidia.com).

Certain statements in this press release including, but not limited to statements as to: the impact of Kepler GPUs on our business; reviews of our newly launched desktop products; the growth of Tegra, driven by great mobile device wins and the upcoming Windows on ARM launch; important news at our GPU Technology Conference; new ways that the GPU will enhance mobile and cloud computing; the company's financial outlook for the second quarter of fiscal 2013; the company's tax rate for the second quarter and fiscal year 2013; and the effects of the company's patents on modern computing are forward-looking statements that are subject to risks and uncertainties that could cause results to be materially different than expectations. Important factors that could cause actual results to differ materially include: global economic conditions; our reliance on third parties to manufacture, assemble, package and test our products; the impact of technological development and competition; development of new products and technologies or enhancements to our existing product and technologies; market acceptance of our products or our partners products; design, manufacturing or software defects; changes in consumer preferences or demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems; as well as other factors detailed from time to time in the reports NVIDIA files with the Securities and Exchange Commission, or SEC, including its Form 10-K for the fiscal year ended January 29, 2012. Copies of reports filed with the SEC are posted on the company's website and are available from NVIDIA without charge. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, and, except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

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NVIDIA CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		
	April 29,	May 1,	
	2012	2011	
Revenue	\$	924,877	\$
Cost of revenue		461,513	
Gross profit		463,364	
Operating expenses			
Research and development			283,902
Sales, general and administrative			106,636
Total operating expenses			390,538
Operating income		72,826	
Interest and other income, net		4,269	
Income before income tax expense		77,095	
Income tax expense		16,658	
Net income	\$	60,437	\$
Basic net income per share	\$	0.10	
Diluted net income per share	\$	0.10	
Shares used in basic per share computation			615,780
Shares used in diluted per share computation			623,786

NVIDIA CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)  
(Unaudited)

	April 29,	January 29,	
	2012	2012	
ASSETS			
Current assets:			
Cash, cash equivalents and marketable securities			\$
Accounts receivable, net			411,155
Inventories		342,707	
Prepaid expenses and other current assets			147,000
Total current assets			4,032,000
Property and equipment, net		553,541	
Goodwill	641,030		
Intangible assets, net		363,395	
Other assets	118,085		
Total assets		\$	5,708,167
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$	395,578	
Accrued liabilities and other current liabilities			
Total current liabilities			9,000,000
Other long-term liabilities		452,505	
Capital lease obligations, long term		20,830	
Stockholders' equity		4,287,428	
Total liabilities and stockholders' equity			\$

NVIDIA CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended April 29, 2012	January 29, 2012	
GAAP gross profit	\$ 463,364		
GAAP gross margin		50.1	%
	Stock-based compensation expense included in cost of revenue (A)		
	Legal settlement (B)		-
Non-GAAP gross profit	\$ 465,890		
Non-GAAP gross margin		50.4	%
GAAP operating expenses	\$ 390,538		
	Stock-based compensation expense included in operating expense (A)		
	Amortization of acquisition-related intangible assets		
	Other acquisition-related costs (C)		
Non-GAAP operating expenses	\$ 347,982		
GAAP net income	\$ 60,437		
	Total pre-tax impact of non-GAAP adjustments		
	Income tax impact of non-GAAP adjustments		
Non-GAAP net income	\$ 97,530		
Diluted net income per share			
	GAAP	\$ 0.10	
	Non-GAAP	\$ 0.16	
Shares used in diluted net income per share computation			623,786

(A) Excludes stock-based compensation as follows:

	Three Months Ended April 29, 2012	January 29, 2012
Cost of revenue	\$ 2,526	
Research and development	\$ 21,207	
Sales, general and administrative	\$ 11,836	

(B) On February 7, 2012, the Company and Rambus entered into a licensing agreement and both parties also agreed to

(C) Other acquisition-related costs are comprised of transaction costs, compensation charges and restructuring cost

NVIDIA CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

	Q2 FY2013 Outlook	
GAAP gross margin	51.2	%
	Impact of stock-based compensation (A)	0.3
Non-GAAP gross margin	51.5	%

Q2 FY2013 Outlook  
(In millions)

GAAP operating expenses	\$ 418.0
	Stock-based compensation expense included in operating expense
	Amortization of acquisition-related intangible assets

Other acquisition-related costs (B)		(4.7)
Contribution expense		(25.0)
Non-GAAP operating expenses	\$	354.0

(A) Represents \$2.6 million of stock-based compensation expense included in cost of revenue.

(B) Other acquisition related costs are comprised of transaction costs, compensation charges and restructuring cost

## About NVIDIA

Since 1993, [NVIDIA](#) ( NASDAQ : NVDA ) has pioneered the art and science of [visual computing](#). The company's technologies are transforming a world of displays into a world of interactive discovery — for everyone from gamers to scientists, and consumers to enterprise customers. More information at <http://nvidianews.nvidia.com/> and <http://blogs.nvidia.com/>.

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