

## NVIDIA Reports Financial Results for Third Quarter Fiscal Year 2013

### NVIDIA Initiates Dividend; Extends Share-Repurchase Authorization

SANTA CLARA, CA -- NVIDIA (NASDAQ: [NVDA](#))

- Record revenue of \$1.20 billion.
- GAAP net income was \$209.1 million, or \$0.33 per diluted share. Non-GAAP net income was \$245.5 million, or \$0.39 per diluted share.
- GAAP gross margin was a record 52.9 percent. Non-GAAP gross margin was a record 53.1 percent.
- NVIDIA initiated quarterly dividend of 7.5 cents a share.

NVIDIA (NASDAQ: [NVDA](#)) today reported record revenue of \$1.20 billion for the third quarter of fiscal 2013 ended Oct. 28, 2012, up 15.3 percent from the previous quarter and up 12.9 percent from a year earlier.

The company also announced that it is initiating the payment of a quarterly cash dividend, and extending its existing \$2.7 billion share-repurchase program, initiated in August 2004, through December 2014.

"Investments in our new growth strategies paid off this quarter in record revenues and margins," said Jen-Hsun Huang, president and chief executive officer of NVIDIA. "Kepler GPUs are winning across the special-purpose PC markets we serve, from gaming to design to supercomputing. And Tegra is powering some of the most innovative tablets, phones and cars in the market."

He continued: "We are pleased to start paying our shareholders a quarterly cash dividend. We have confidence in our businesses and our continued ability to grow. Given our strong financial position and ongoing ability to generate cash, we are well positioned to continue investing in our future."

#### GAAP Quarterly Financial Comparison (in millions except per share data)

		Q3 FY13	Q2
Revenue	\$1,204.1	\$1,044.3	
Gross margin	52.9%	51.8%	
Operating expenses	\$384.4	\$401.1	
Net income	\$209.1	\$119.0	
Earnings per share	\$0.33	\$0.19	

#### Non-GAAP Quarterly Financial Comparison\* (in millions except per share data)

		Q3 FY13	Q2
Revenue	\$1,204.1	\$1,044.3	
Gross margin	53.1%	52.0%	
Operating expenses	\$344.8	\$342.5	
Net income	\$245.5	\$170.4	
Earnings per share	\$0.39	\$0.27	

\*Non-GAAP earnings excluded stock-based compensation, amortization of acquisition-related intangible assets, other acquisition-related costs, a contribution expense in the second quarter of fiscal 2013, and the tax impact associated with such items.

#### Outlook

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

- Revenue is expected to be between \$1.025 billion and \$1.175 billion.
- GAAP and non-GAAP gross margins are expected to be flat relative to the prior quarter, 52.9 percent and 53.1 percent, respectively.
- GAAP operating expenses are expected to be approximately \$400 million; non-GAAP operating expenses are expected to be approximately \$359 million.
- GAAP and non-GAAP tax rates are expected to be approximately 20 percent and 19 percent, respectively, plus or minus one percentage point. This estimate excludes any discrete tax events that may occur during the quarter, which, if realized, may increase or decrease our actual fourth quarter 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.

Depreciation and amortization for the fourth quarter is estimated to be approximately \$58 million to \$60 million. Capital expenditures are expected to be in the range of \$60 million to \$70 million.

Diluted shares for the fourth quarter are expected to be approximately 629 million.

## Dividend and Share-Repurchase Program

The quarterly dividend of 7.5 cents per share, 30 cents on an annual basis, is equivalent to a yield of about 2.4 percent, based on the Nov. 7 closing price of \$12.61. It will be payable on Dec. 14, 2012 to all shareholders of record on Nov. 23, 2012.

Since NVIDIA initiated its repurchase program in August 2004, NVIDIA has spent \$1.46 billion to repurchase 90.9 million shares of its common stock. NVIDIA is authorized, subject to certain specifications, to spend up to an additional \$1.24 billion repurchasing shares of its common stock.

Any future repurchases would be made in the open market, in privately negotiated transactions or in structured share-repurchase programs, and may be made from time to time or in one or more larger repurchases. The program will be conducted in compliance with the Securities and Exchange Commission's Rule 10b-18 and applicable legal requirements and shall be subject to market conditions and other factors. The repurchases would be funded from available working capital.

Cash, cash equivalents and marketable securities at the end of the third quarter of fiscal 2013 were \$3.43 billion.

## Third Quarter Fiscal 2013 and Recent Highlights:

- Microsoft launched its NVIDIA Tegra® 3-based Surface RT to critical acclaim.

NVIDIA's new energy-efficient Kepler™ GPU architecture continued to make excellent headway:

- Kepler-based gaming was extended to new, lower price points with the launch of the GeForce® 660 Ti, GeForce GTX 660, GeForce GTX 650 Ti and GeForce GTX 650.
- Kepler made further inroads in supercomputing, as Oak Ridge National Laboratory announced that it had completed Titan, the world's fastest open-science supercomputer. Titan gets 90 percent of its processing power from 18,688 NVIDIA Tesla® GPUs.
- Kepler moved further into Apple's lineup, with the NVIDIA Quadro® K5000 for Mac Pro users.
- NVIDIA launched the VGX™ K2 GPU, also based on the Kepler GPU, for cloud-based workstation graphics.

## 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 third quarter fiscal 2013 financial results and current financial prospects today at 2:00 p.m. Pacific Time (5:00 p.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 fourth 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, non-GAAP net income, or earnings, per share, and free cash flows. 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 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. Free cash flow is calculated as GAAP net cash provided by operating activities less purchases of property and equipment and intangible assets. 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 [smart phones](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 visual effects in movies and 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 holds more than 5,000 patents issued, allowed or filed. 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: investments in our new growth strategies; Kepler GPUs winning across the special-purpose PC markets we serve; Tegra powering innovative tables, phones and cars in the market; the initiation and ongoing maintenance of a cash dividend program; the extension of our existing share-repurchase program; our continued growth; the strength of our business and financial position; our ongoing ability to generate cash; the company's financial outlook for the fourth quarter of fiscal 2013; and the company's tax rate for the fourth quarter and fiscal year 2013 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-Q for the fiscal period ended July 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. The share repurchase program does not obligate NVIDIA to acquire any particular amount of common stock and the program may be modified or suspended at any time at the company's discretion.

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## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended October 28, 2012	2011	Nine Months Ended October 30, 2011
Revenue	\$ 1,204,110		\$
Cost of revenue		567,452	
Gross profit		636,658	
Operating expenses			
Research and development			284,180
Sales, general and administrative			100,261
Total operating expenses			384,441
Operating income		252,217	
Interest and other income, net			1,411
Income before income tax expense			253,628
Income tax expense		44,548	
Net income	\$ 209,080		\$
Basic net income per share	\$	0.34	
Diluted net income per share	\$	0.33	
Shares used in basic per share computation			622,352
Shares used in diluted per share computation			628,845

# NVIDIA CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	October 28, 2012	2011	January 29, 2012
ASSETS			
Current assets:			
Cash, cash equivalents and marketable securities			\$
Accounts receivable, net			444,944
Inventories		428,983	
Prepaid expenses and other current assets			116,000
Total current assets			4,424,000
Property and equipment, net		566,540	
Goodwill	641,030		
Intangible assets, net		331,248	
Other assets	111,499		
Total assets		\$	6,075,144

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$	390,265
Accrued liabilities and other current liabilities		
Total current liabilities		

Other long-term liabilities		341,312
Capital lease obligations, long term		19,627
Stockholders' equity		4,722,846
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 October 28, 2012	July 29, 2012	Nine Months Ended
GAAP gross profit	\$ 636,658		\$
GAAP gross margin		52.9	%
	Stock-based compensation expense included in cost of revenue (A)		
Non-GAAP gross profit	\$ 639,147		\$
Non-GAAP gross margin		53.1	%
GAAP operating expenses	\$ 384,441		
	Stock-based compensation expense included in operating expense (A)		
	Amortization of acquisition-related intangible assets		
	Other acquisition-related costs (B)		
	Contribution expense (C)		
Non-GAAP operating expenses	\$ 344,793		
GAAP net income	\$ 209,080		\$
	Total pre-tax impact of non-GAAP adjustments		
	Income tax impact of non-GAAP adjustments		
Non-GAAP net income	\$ 245,462		\$
Diluted net income per share			
	GAAP	\$ 0.33	
	Non-GAAP	\$ 0.39	
Shares used in diluted net income per share computation			628,845

Metrics:

GAAP net cash flow provided by operating activities	
Purchase of property and equipment and intangible assets	
Free cash flow	\$ 136,801

(A) Excludes stock-based compensation as follows:

	Three Months Ended October 28, 2012	July 29, 2012
Cost of revenue		\$ 2,489
Research and development		\$
Sales, general and administrative		\$

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

(C) Net present value of a \$25 million charitable contribution pledged on June 12, 2012 to Stanford Hospital and C

NVIDIA CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

Q4 FY2013 Outlook

GAAP gross margin	52.9	%	
Impact of stock-based compensation (A)			0.2
Non-GAAP gross margin	53.1	%	

Q4 FY2013 Outlook  
(In millions)

GAAP operating expenses	\$	400.0	
Stock-based compensation expense included in operating expense			
Amortization of acquisition-related intangible assets			
Other acquisition-related costs (B)			(5.0)
Non-GAAP operating expenses	\$	359.0	

(A) Represents \$2.7 million of stock-based compensation expense included in cost of revenue.

(B) Other acquisition related costs are comprised primarily of compensation charges related to the acquisition of I

## 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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## Media Contacts

Hector Martinez

+1 408 486 3443

[hmartinez@nvidia.com](mailto:hmartinez@nvidia.com)

Rob Csongor

+1 408 566 6373

[rcsongor@nvidia.com](mailto:rcsongor@nvidia.com)

Robert Sherbin

(408) 566-5150

[rsherbin@nvidia.com](mailto:rsherbin@nvidia.com)