

## NVIDIA Announces Financial Results For Third Quarter Fiscal 2015

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

- Record revenue of \$1.23 billion in quarter, up 16 percent from a year earlier
- GAAP diluted EPS of \$0.31 in quarter, up from \$0.20 a year earlier; non-GAAP diluted EPS of \$0.39, up from \$0.26 a year earlier
- Record revenue of \$3.43 billion in first three quarters, up 15 percent from a year earlier

NVIDIA today reported revenue for the third quarter ended October 26, 2014, of \$1.23 billion, up 16 percent from \$1.05 billion a year earlier and up 11 percent from \$1.10 billion the previous quarter. Revenue for the first three quarters of fiscal 2015 was a record \$3.43 billion, up 15 percent from \$2.99 billion a year earlier.

GAAP earnings per diluted share for the quarter were \$0.31, up 55 percent from \$0.20 a year earlier and up 41 percent from the previous quarter. Non-GAAP earnings per diluted share were \$0.39, up 50 percent from \$0.26 a year earlier and up 30 percent from the previous quarter.

"NVIDIA's focus on creating visual computing platforms for datacenter, mobile and PC drove record revenue this quarter," said Jen-Hsun Huang, president and chief executive officer of NVIDIA.

"Growth drivers have kicked in for us on several fronts. High-performance computing, virtualization and web service providers have created demand for our GPU-accelerated datacenter platforms. Automakers are using Tegra to help reinvent the driving experience. And our new Maxwell architecture is a giant leap forward that has triggered a major upgrade cycle by PC gamers."

During the third quarter, NVIDIA paid \$46 million in cash dividends and received 16.8 million shares under a \$310 million structured repurchase agreement it entered into in the quarter. During the first three quarters of fiscal 2015, the company paid \$140 million in cash dividends and repurchased 44.2 million shares. As a result, the company has returned to shareholders \$950 million in the first three quarters of fiscal 2015.

Since restarting its capital return program in the fourth quarter of fiscal 2013, NVIDIA has returned approximately \$2.17 billion to shareholders. This represents 136 percent of the company's cumulative free cash flow for fiscal years 2013 to 2015 to date, and reflects the acceleration of the capital return program of cash generated in previous years.

The company intends to return approximately \$600 million to shareholders in fiscal 2016 through ongoing quarterly cash dividends and share repurchases.

NVIDIA will pay its next quarterly cash dividend of \$0.085 per share on Dec. 15, 2014, to all shareholders of record on Nov. 21, 2014. NVIDIA expects that a portion of this dividend payment may be considered a return of capital for U.S. federal income tax purposes.

### GAAP Quarterly Financial Comparison

(\$ in millions except earnings per share)

		Q3 FY15		Q2 FY15		Q3 FY14
Revenue	\$1,225	\$1,103	\$1,054			up 1
Gross margin	55.2%	56.1%	55.4%			dc
Operating expenses	\$463	\$456	\$443			
Net income	\$173	\$128	\$119			up 35%
Diluted earnings per share	\$0.31	\$0.22	\$0.20			

### Non-GAAP Quarterly Financial Comparison

(\$ in millions except earnings per share)

		Q3 FY15		Q2 FY15		Q3 FY14
Revenue	\$1,225	\$1,103	\$1,054			up 1
Gross margin	55.5%	56.4%	55.7%			dc
Operating expenses	\$415	\$411	\$405			
Net income	\$220	\$173	\$154			up 27%
Diluted earnings per share	\$0.39	\$0.30	\$0.26			

NVIDIA's outlook for the fourth quarter of fiscal 2015 is as follows:

- Revenue is expected to be \$1.20 billion, plus or minus two percent.
- GAAP and non-GAAP gross margins are expected to be 55.2 percent and 55.5 percent, respectively, plus or minus 50 basis points.
- GAAP operating expenses are expected to be approximately \$470 million; non-GAAP operating expenses are expected to be approximately \$422 million, inclusive of litigation costs.

- GAAP and non-GAAP tax rates for the fourth quarter of fiscal 2015 are both expected to be 18 percent, plus or minus one percentage point. This estimate excludes any discrete tax events that may occur during a quarter which, if realized, may increase or decrease NVIDIA's actual effective tax rates in such quarter.
- Capital expenditures are expected to be approximately \$40 million to \$50 million.

### Third Quarter Fiscal 2015 Highlights

During the third quarter, NVIDIA:

- Launched flagship NVIDIA® GeForce® GTX™ GPUs for gaming based on Maxwell™, its 10<sup>th</sup> generation GPU architecture, which sets new standards of efficiency and performance.
- Extended Maxwell-based processors into the company's upgraded NVIDIA Quadro® lineup.
- Continued Tesla®'s push into the big data analytics market. IBM announced future support for GPU acceleration in its IBM DB2 with BLU database software; NVIDIA released a [deep learning library](#) to enable faster growth in machine learning; and nearly all teams in the recent ImageNet international computer-vision competition used GPUs.
- Announced its early customer access program for NVIDIA GRID™ with VMware, which is drawing strong interest from companies worldwide. Among those signing up were airline-manufacturer Airbus, international construction group CH2M Hill and U.S. healthcare-provider MetroHealth.
- Added new wins for the Tegra® K1 mobile processor, including the Google Nexus 9 tablet and NVIDIA's SHIELD™ tablet with 32GB of memory and LTE connectivity. Acer and HP also announced Chromebooks with Tegra K1.
- Surpassed 6 million cars on the road with infotainment systems powered by NVIDIA. Honda also announced that three of its models -- the Civic, Civic Tourer and CR-V -- will include Tegra-based systems in the European market.
- Filed lawsuits against Samsung and Qualcomm in the International Trade Commission (ITC) and U.S. District Court in Delaware for using NVIDIA GPU patents without a license. The ITC has subsequently determined that it will investigate the case and hold an evidentiary hearing in June of 2015.

### CFO Commentary

Commentary on the quarter by Colette Kress, NVIDIA's executive vice president and chief financial officer, is available at <http://investor.nvidia.com/>.

### Conference Call and Webcast Information

NVIDIA will conduct a conference call with analysts and investors to discuss its third quarter fiscal 2015 financial results and current financial prospects today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). To listen to the conference call, dial (303) 223-2684; no password is required. A live webcast (listen-only mode) of the conference call will be accessible at the NVIDIA investor relations web site <http://investor.nvidia.com/> 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 2015.

### 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 other income and expense, non-GAAP income tax expense, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, and free cash flow. 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, legal settlements, acquisition-related costs, gains and losses from non-affiliated investments, interest expense related to the amortization of debt discount, other 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.

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

Three Months Ended  
 October 26,  
 2014

Nine Months Ended  
 October 27,

2013

Revenue	\$	1,225,382		
Cost of revenue			548,684	
Gross profit			676,698	
Operating expenses				
Research and development				340,085
Sales, general and administrative				123,298
Total operating expenses				463,383
Operating income		213,315		
Interest income			7,422	
Interest expense			11,542	
Other income (expense), net				(125)
Income before income tax expense			209,070	
Income tax expense		36,103		
Net income	\$	172,967		
Net income per share:				
Basic	\$	0.32		
Diluted	\$	0.31		
Weighted average shares used in per share computation:				
Basic		547,789		
Diluted		558,201		

NVIDIA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	October 26, 2014	January 26, 2014	
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and marketable securities			\$
Accounts receivable, net			563,400
Inventories		408,081	
Prepaid expenses and other current assets			128,000
Total current assets			5,341,000
Property and equipment, net		566,601	
Goodwill	643,179		
Intangible assets, net		241,301	
Other assets	93,679		
Total assets			\$ 6,885,869
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable			\$ 328,097
Accrued liabilities and other current liabilities			9,000
Total current liabilities			337,097
Long-term debt	1,377,259		
Other long-term liabilities		355,133	
Capital lease obligations, long-term		14,977	
Stockholders' equity		4,204,593	
Total liabilities and stockholders' equity			\$ 6,885,869



GAAP gross margin	55.2	%		
			Impact of stock-based compensation	0.3
Non-GAAP gross margin	55.5	%		
Q4 FY2015 Outlook (In millions)				
GAAP operating expenses	\$		470	
			Stock-based compensation expense and acquisition-related costs	
Non-GAAP operating expenses	\$		422	

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**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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