



# **Advanced Micro Devices**

Schwab SoundView Semiconductor Conference

**Michael Haase - Director, Investor Relations**

May 11, 2004

# AMD is Evolving From Follower to Challenger to Leader



## "Follower" Pre 1997

- Second source for Intel x86
- 286, 386, 486
- Socket compatible
- 0.5um technology

## "Challenger" 1997-2002

- Product leadership
- AMD K6®, AMD Athlon™, AMD Athlon™XP, and AMD Duron™
- First to 1GHz
- AMD specific pin-out
- Award winning fab

## "Leader" 2003 forward

- Architectural leadership
- AMD Opteron™, AMD Athlon™64
- Microsoft AMD64 OS: Windows & Longhorn
- Linux AMD64 OS
- HyperTransport™
- Tier 1 player

- Lead the industry to pervasive 64-bit computing



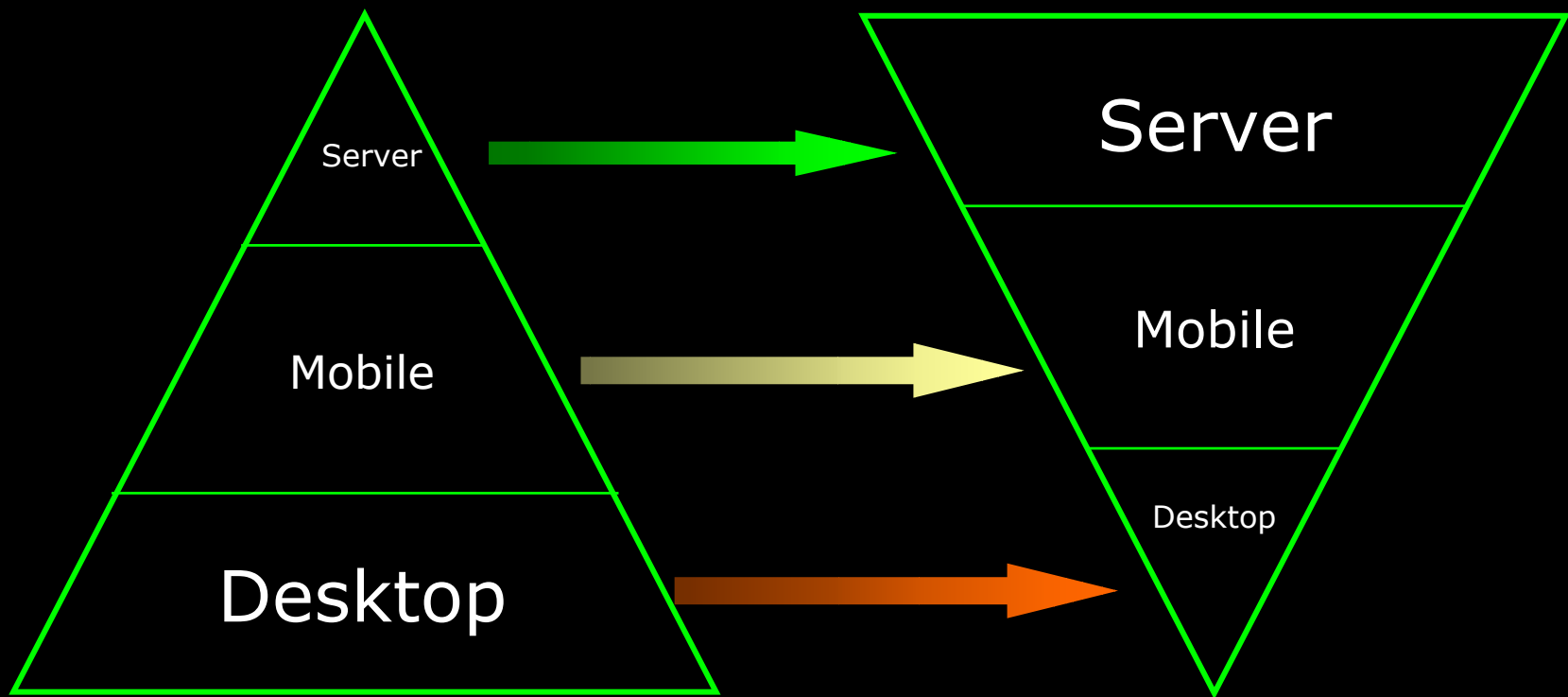
- Establish MirrorBit™ as the next industry standard in Flash memory



- Enable a new global population of tech-capable consumers



# We've Refocused Our Processor Operation on Our Customers' Most Relevant Opportunities



**Area represents priorities and focus**

Welcome to the



World of AMD64

The ranks are growing. **Who's next?**



## AMD Opteron 800 Series

- Industry leading 32-bit performance and price/performance compared to Xeon MP
- Customer friendly migration to 64-bit computing



## AMD Opteron 200 Series

- Industry-leading 32-bit performance with unmatched 64-bit capability compared to Xeon 533MHz FSB



## AMD Opteron 100 Series

- Industry leading 32-bit performance with unmatched 64-bit capability compared to Pentium®4 800MHz FSB

Three of the four recognized global Tier One OEMs currently offer enterprise AMD Opteron processor-based systems



i n v e n t

- ProLiant DL145
- ProLiant DL585



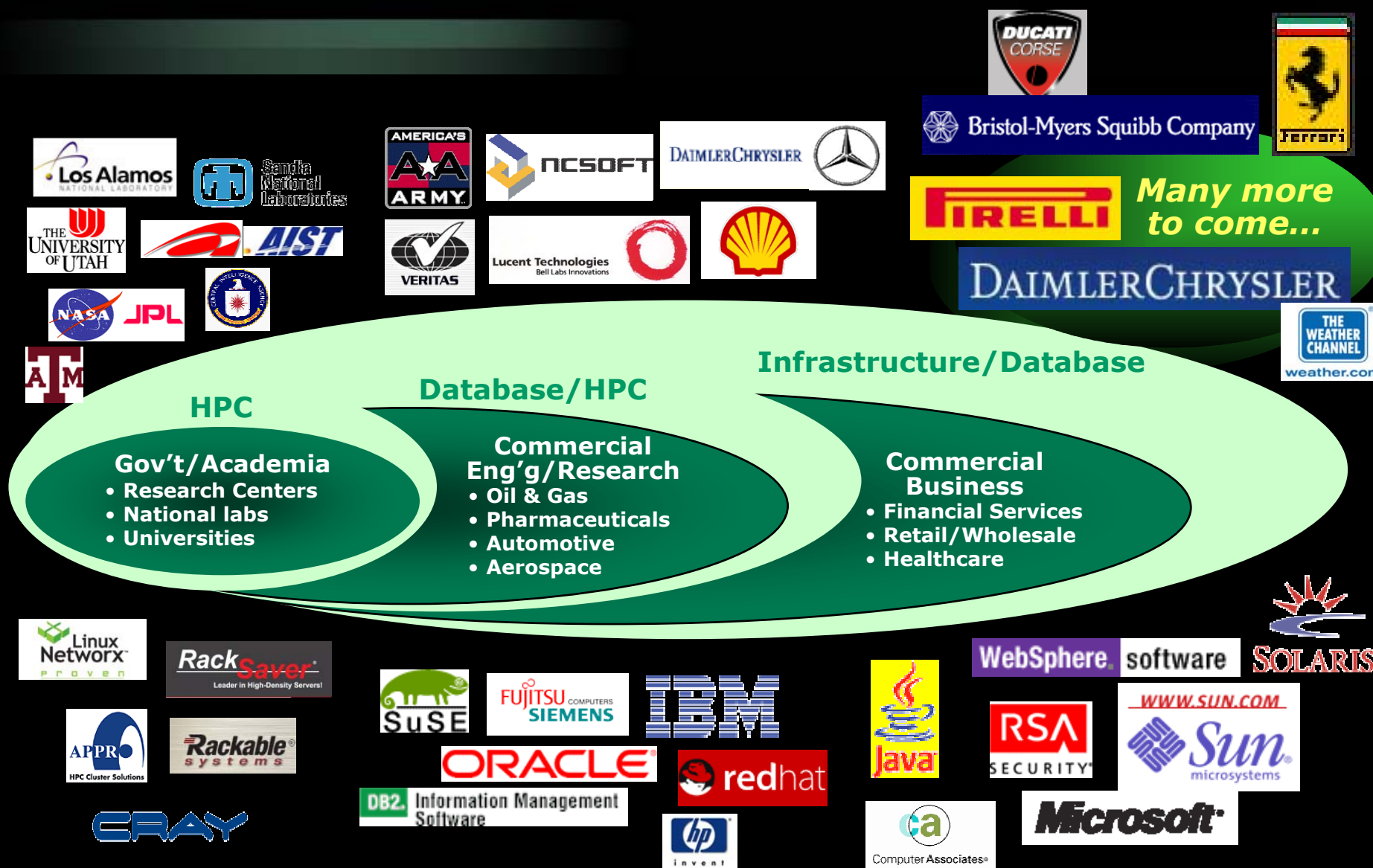
- eServer 325
- IntelliStation A Pro workstation



- Sun Fire™ V20z



# AMD Server Penetration Strategy





# AMD Notebook OEMs



**emachines**



invent

**SOTEC**



**COMPAQ**

**Twinhead**

**Packard Bell.**  
UPGRADE YOURSELF

**AVERATEC**

**FUJITSU**

**acer**

**FUJITSU** COMPUTERS  
**SIEMENS**

**NEC**

**AMOI** 夏新

**ASUS**

**MEDION**  
AKTIENGESELLSCHAFT

**清华紫光**  
WWW.THUNIS.COM

**SHARP**



*And others ....*

Three unique brands to address the needs of distinct segments:

## AMD Athlon™ 64 FX

- Create a superior PC enthusiast and gaming sub-brand
- Use AMD Athlon 64 FX product and marketing campaign to create “halo” effect for Athlon 64
- ***Simply the best processor you can get***



## AMD Athlon 64

- Target tech-savvy and mainstream consumers with P4 performance and 64-bit capability
- Use AMD Athlon 64 to penetrate the commercial market through TCO and migration story
- ***Industry-leading performance today, ready for tomorrow***



## AMD Athlon XP

- Target consumers and small/medium business, with affordable, world-class performance
- Positioned against P4 and Celeron®
- ***Outstanding performance and affordability***



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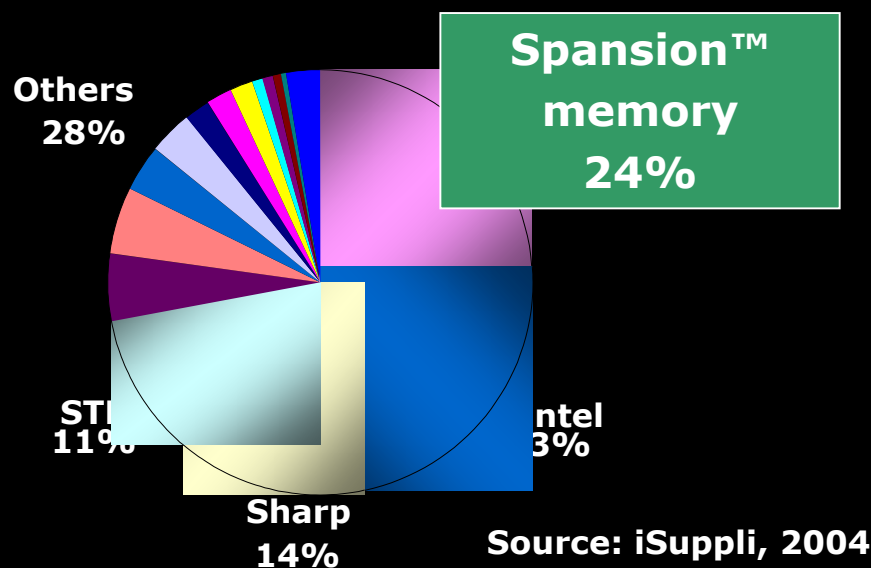
# We've Restructured Our Memory Operation For Clear Industry Leadership



## Description (as of 7/1/03)

- Headquarters: Sunnyvale
- Net book value of assets: approx. \$3B
- Employees: 7,200

## 2003 NOR Market Share



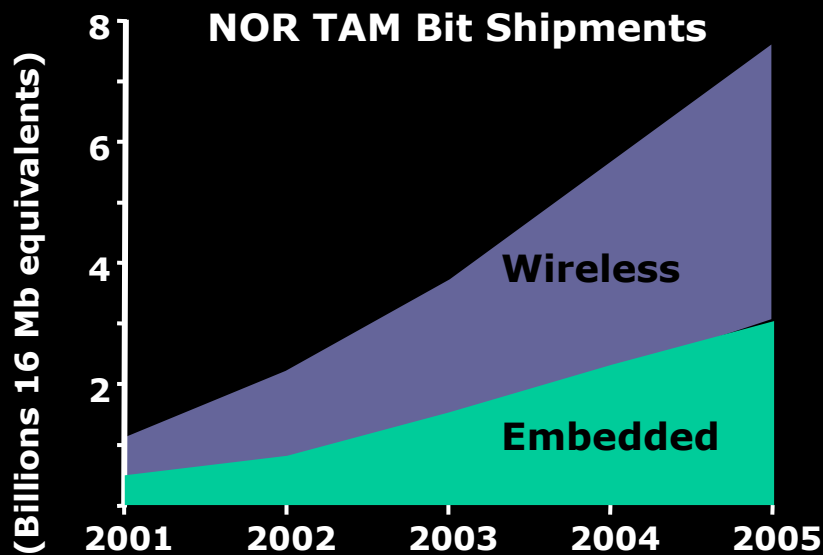
## Key Synergies

- Improved capacity utilization
- Consolidation of manufacturing facilities
- Other:
  - Increased purchasing power
  - Standardization of manufacturing flow
  - Consistent product portfolio management

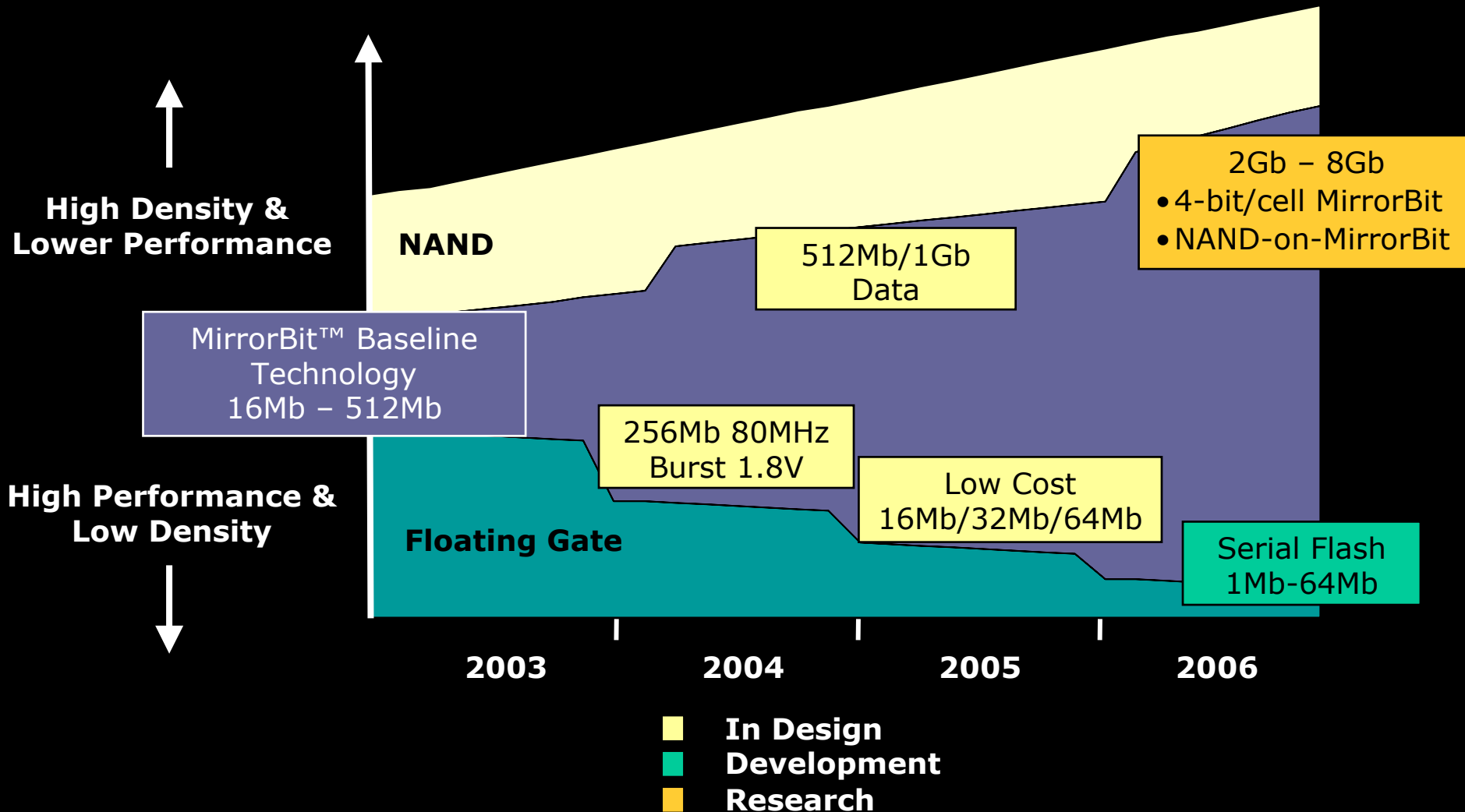
# Continue Leadership in Embedded Segments



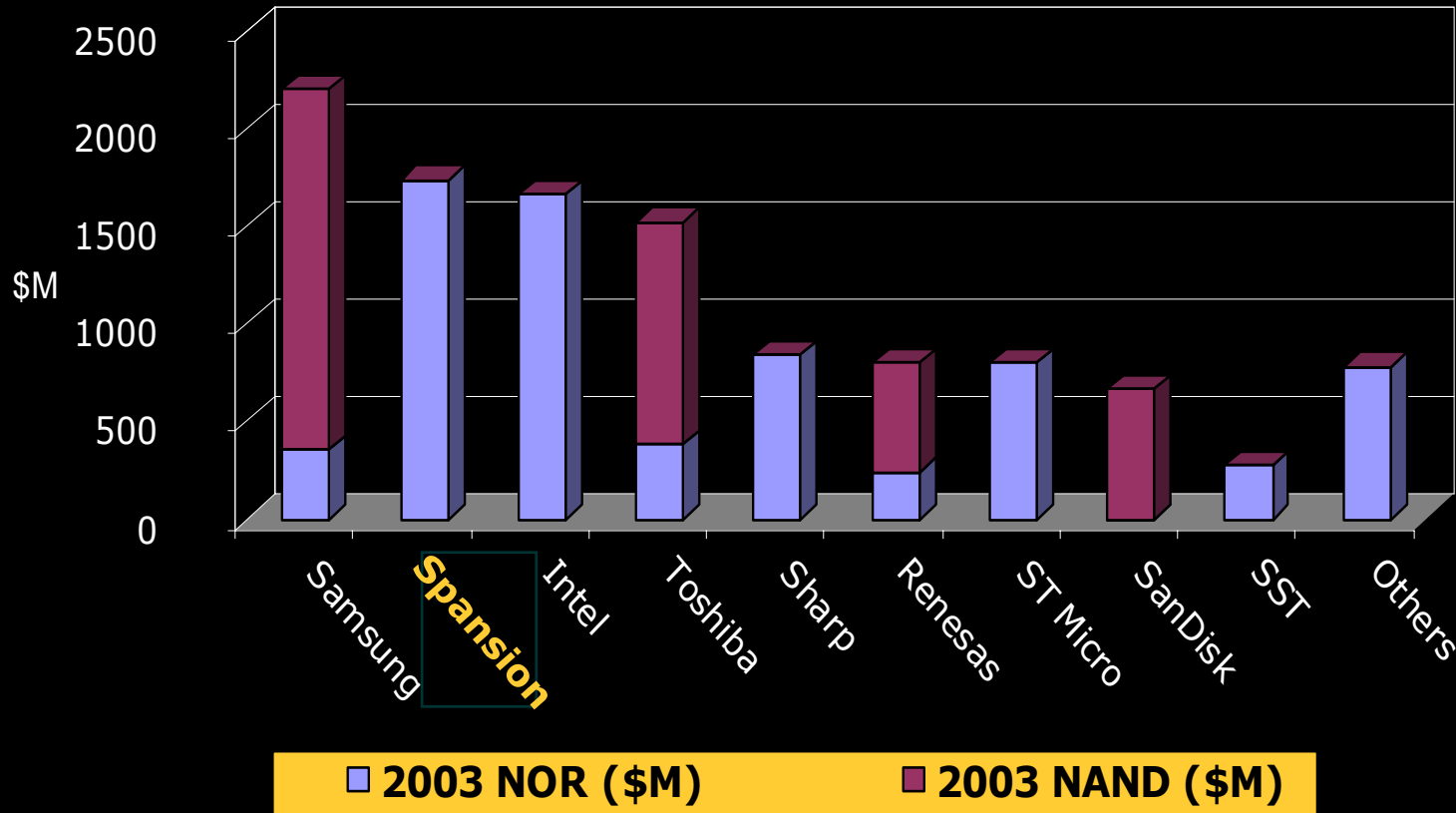
Segments	Spansion Position	Spansion Market Share
<b>Total NOR Embedded Market Share - 2003</b>	<b>#1</b>	<b>20%</b>
<b>DVD</b>	<b>#1</b>	<b>71%</b>
<b>Printers</b>	<b>#1</b>	<b>54%</b>
<b>Automotive</b>	<b>#1</b>	<b>52%</b>
<b>TelNet</b>	<b>#1</b>	<b>23%</b>
<b>Set Top Box</b>	<b>#3</b>	<b>16%</b>
<b>Industrial</b>	<b>#4</b>	<b>17%</b>
<b>PC/Peripheral</b>	<b>#10</b>	<b>4%</b>



# MirrorBit™ : The Next Industry Standard

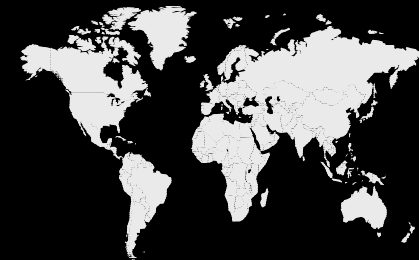


# Total 2003 Flash Memory Market - by Vendor and Architecture



Source: iSuppli 02/04, FASL 02/04

- Lead the industry to pervasive 64-bit computing
- Establish MirrorBit™ as the next industry standard in Flash memory
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- Embracing competition
- Increased local presence
- Dawning servers and supercomputers
- Flash in 7 of 10 top indigenous cell-phone makers in Greater China
- Aggressive expansion in India
- Q1-04 sales were especially strong in the Americas and Asia

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# Manufacturing

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## **1** Rock Solid Consistency and Discipline

***"Zero Uncertainty" in the minds of our customers through consistent on-time delivery of the highest quality product.***

## **2** Maximum Product Performance Through Aggressive Technology Migration

***Rapid and efficient 90nm transition. Routine transistor improvements to increase product performance without slowing fab output.***

## **3** Minimum Cost Through Industry-Leading Efficiency and Automation

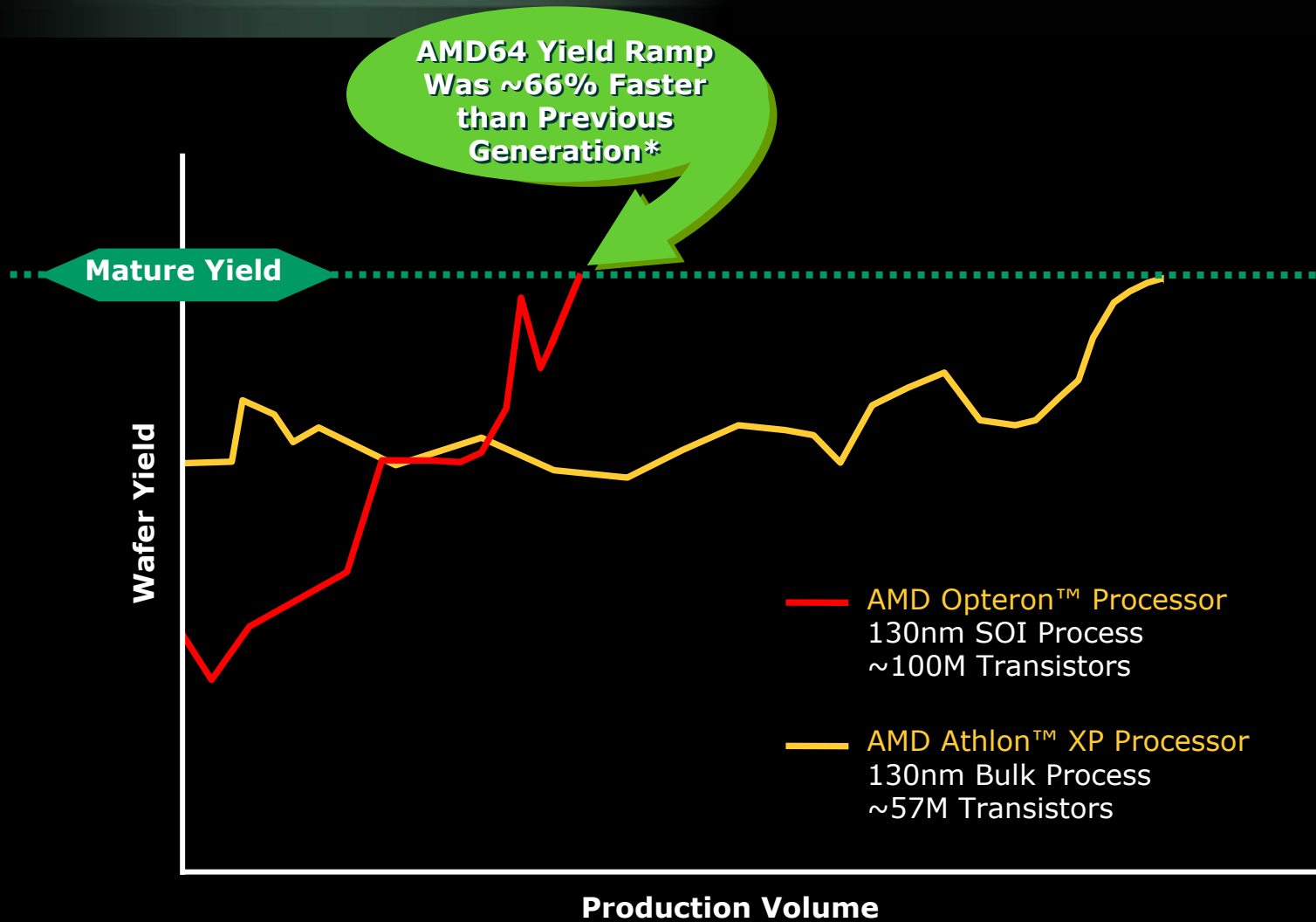
***Automatic detection and correction of errors in fabs to lower per-die costs. Integrated fab-wide tool communication and control to accelerate time to mature yields on new generations.***

## Fab 30 Production

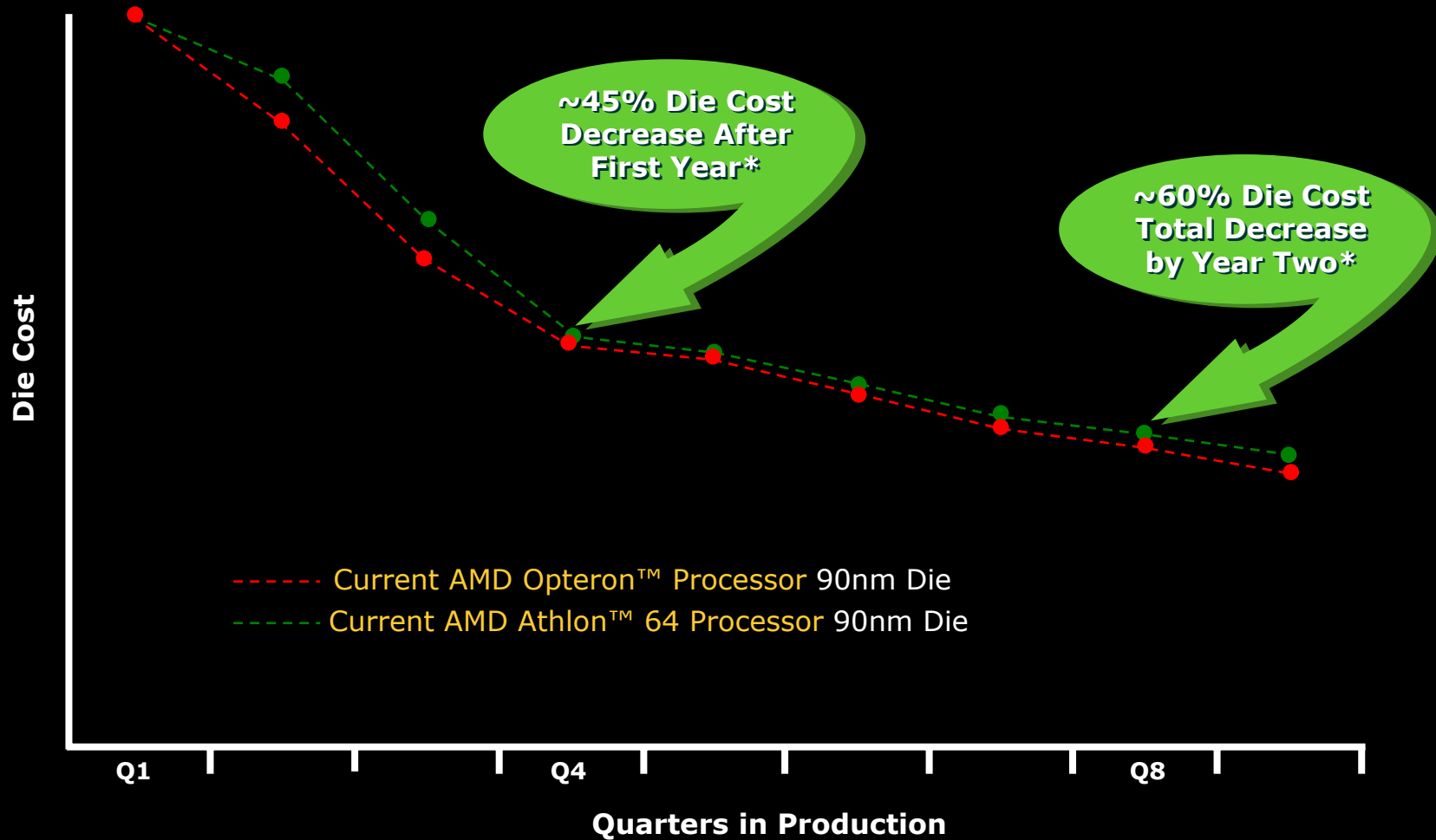


- **AMD64 products running at mature yields**
- **90nm AMD64 products revenue shipments in Q304**
- **Technology Leadership:**
  - **Transistor Performance**
  - **First to volume copper**
  - **First to volume SOI**
  - **First to volume low-k**

# APM Result: Faster AMD Opteron™ Processor Yield Ramp



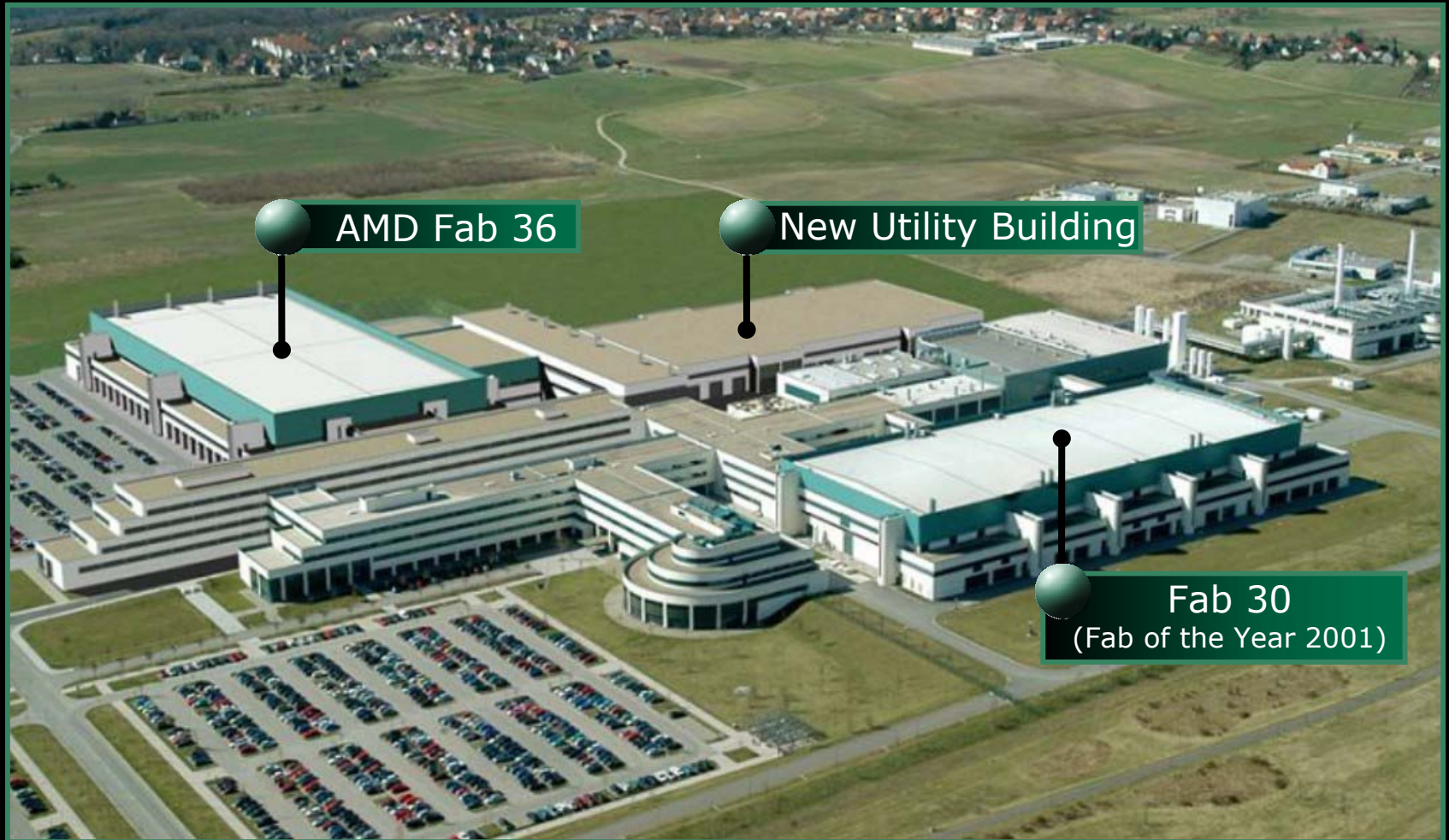
# Anticipated Rapid Die Cost Decrease for 90nm Generation





# AMD Fab 36

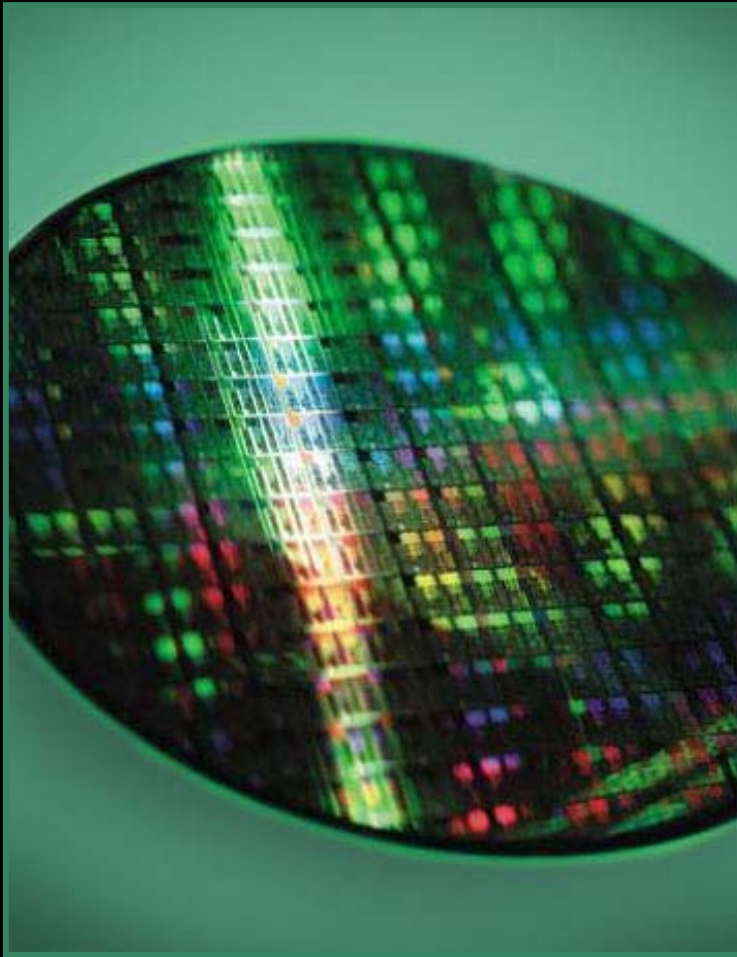
*AMD is Building on Dresden, Germany*



Model based on planned construction.

# AMD Fab 36

## AMD's Next Flagship Fab

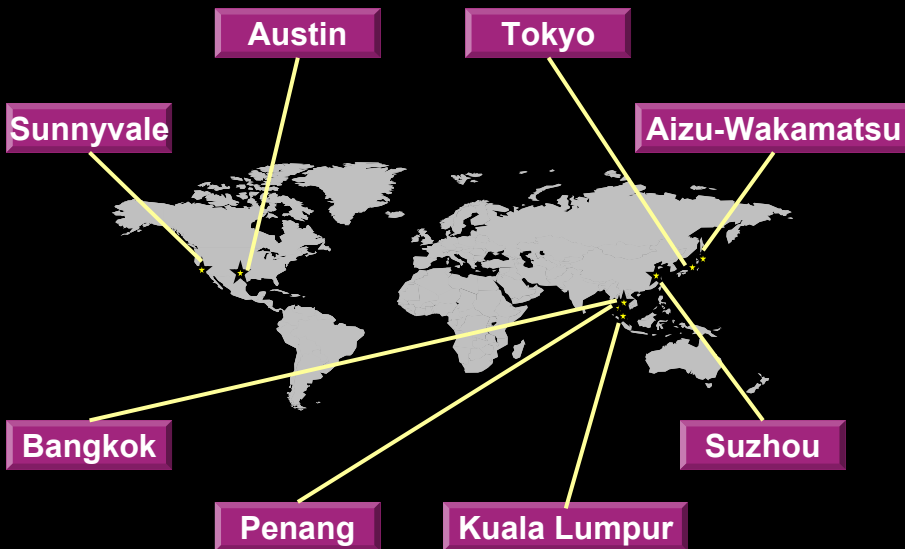


- Powered by Automated Precision Manufacturing v3.0
- High-end 300mm wafer Fab
- Will produce future generations of AMD microprocessors
- Initial planned production output of 13,000 wafers/month
- Groundbreaking in November 2003, start of production anticipated in 2006
- Planned total investments until 2007: USD 2.5 billion\*
- Direct employees approx. 1,000
- Substantial additional indirect job creation expected
- Based on the superior manufacturing performance of AMD in Dresden

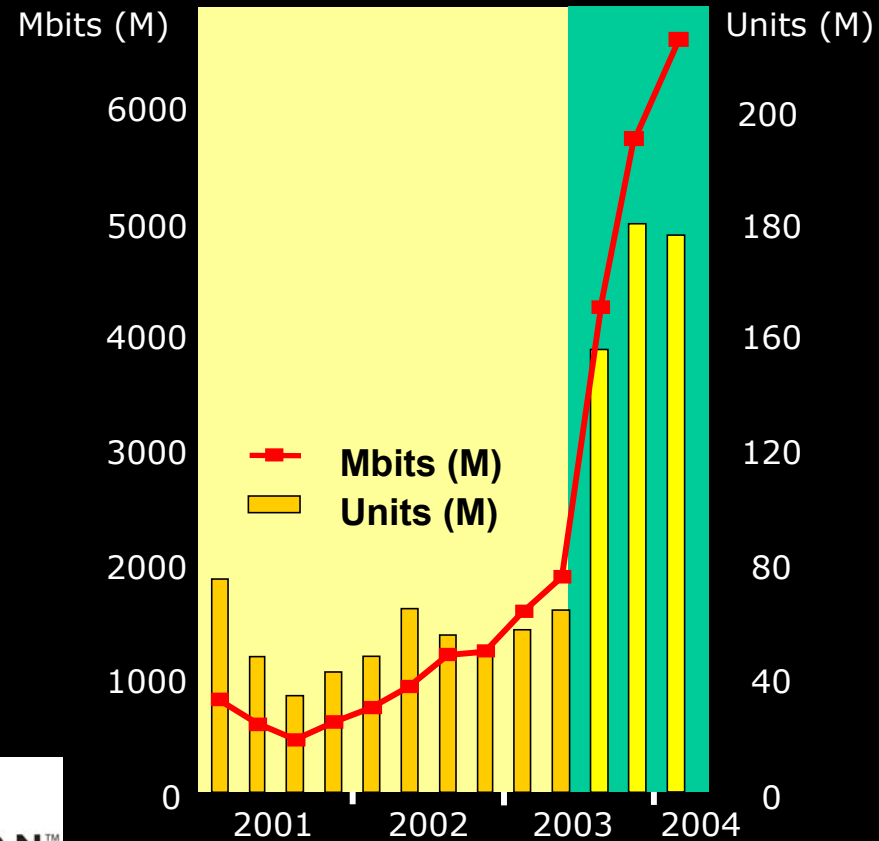
\* Capex including contact technology (Bump) and testing, excluding working capital, assuming a long-term exchange rate USD:EUR of 1:1



## World Wide Structure

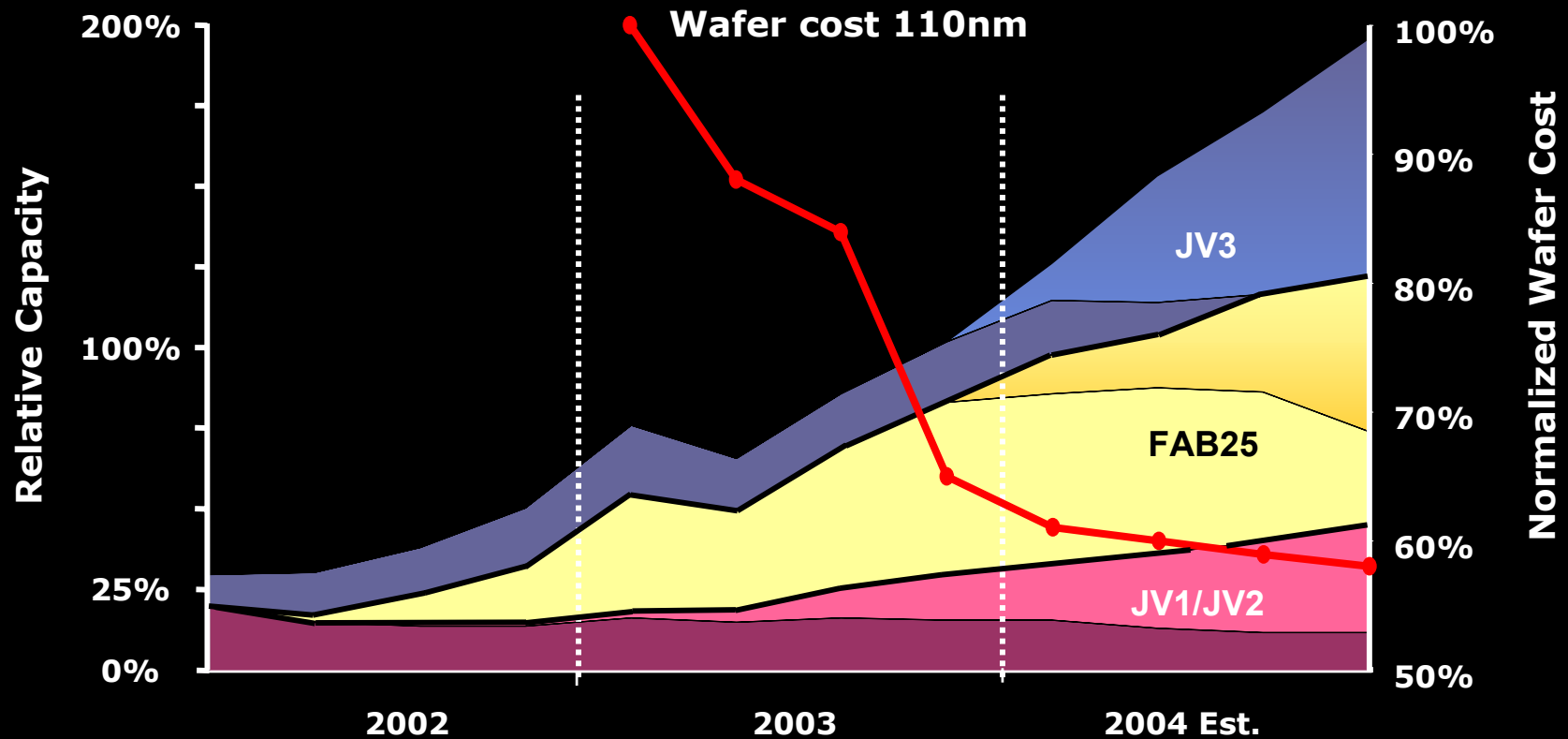


## World Wide Shipments



Source:- FASL 2004 estimates

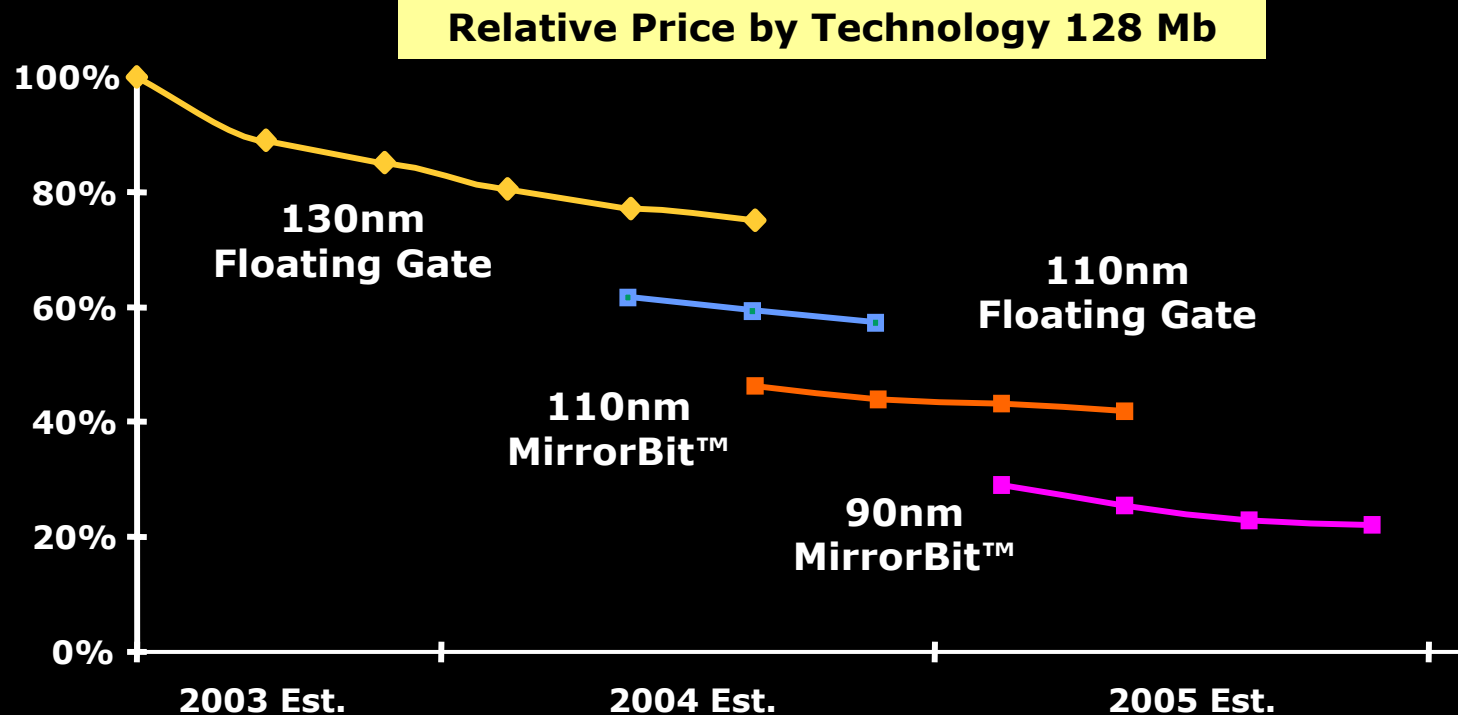
# Manufacturing Powerhouse in Motion



170/130nm	110/90nm
170/130nm	110/90nm
FG	MirrorBit™

Source:- FASL 2003 estimates

- Lower Wafer Cost + High Yield + Small Die



Source:- FASL 2003 estimates



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**Financials**

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# We Have Taken Bold and Difficult Steps to Deliver Profitability



Metric	H1 2003 performance	H2 2003 performance	Improvement
Sales	\$1,360M	<b>\$2,159M</b>	59%
Sales per employee - annualized	\$222,000	<b>\$331,000</b>	50%
Operating expenses	\$1,609M	<b>\$2,144M</b>	(33%)
Gross margin	32%	<b>35%</b>	3% pts
SG&A (\$)	\$273M	<b>\$314M</b>	(15%)
SG&A (% of revenues)	20%	<b>15%</b>	5% pts
Operating income (loss)	(\$249)	<b>\$16M</b>	106%

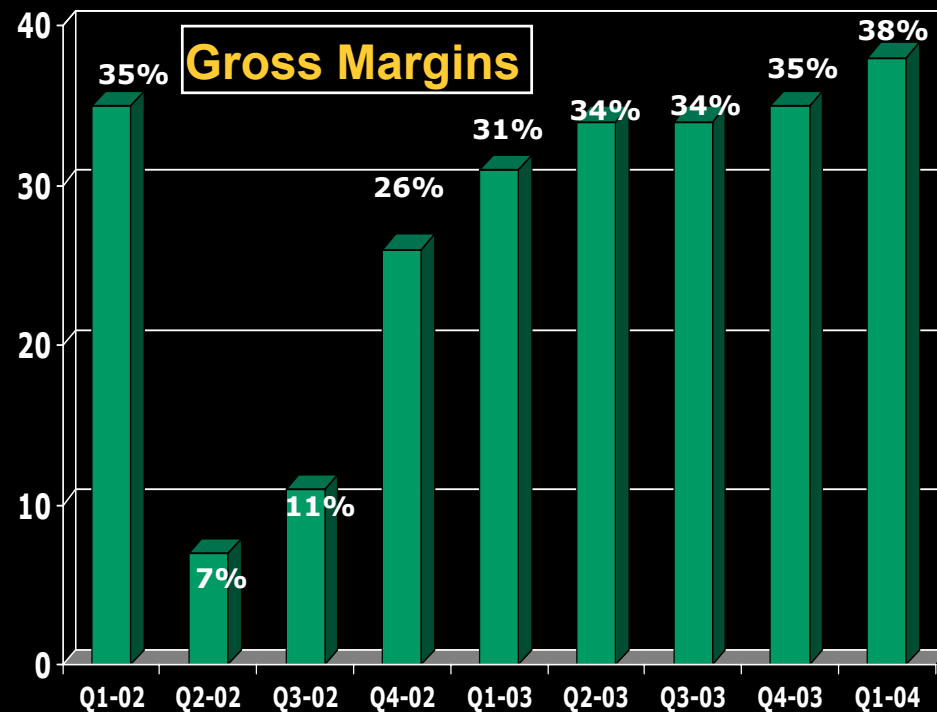
# We Have Taken Bold and Difficult Steps to Deliver Profitability



Metric	Q1 2003 performance	Q1 2004 performance	Improvement
Sales	\$715M	<b>\$1,236M</b>	73%
Sales per employee - annualized	\$236,000	<b>\$344,000</b>	46%
Operating expenses	\$840M	<b>\$1,175M</b>	40%
Gross margin	31%	<b>38%</b>	7% pts
SG&A (\$)	\$138M	<b>\$180M</b>	30%
SG&A (% of revenues)	19%	<b>15%</b>	4% pts
Operating income (loss)	(\$125M)	<b>\$61M</b>	1488%

## Income Statement

- Sales of \$1,236M were up, an all-time revenue record for AMD
- Net income of \$61M, in a seasonally down quarter vs. net income of \$46M in Q403
- Gross Margin improved to 37.8% from 35.4% in Q403



## Income Statement

- Sales of \$1,236M were up, an all-time revenue record for AMD
- Net income of \$61M, in a seasonally down quarter vs. net income of \$46M in Q403
- Gross Margin improved to 37.8% from 35.4% in Q403
- MG was profitable with an operating profit of \$14M
- CPG had an operating profit of \$67M up 7% from Q403
- EBITDA increased to \$373M vs. \$358M in Q403

## Balance Sheet & Cash Flow

- Cash were about flat at \$1,308M from \$1,314M in Q403
- Operating Cash Flow of \$206M
- Capital additions were at \$202M from \$164M in Q403
- Inventory levels were \$693, about flat from Q403



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