

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **November 15, 2018**

NVIDIA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-23985

(Commission
File Number)

94-3177549

(IRS Employer
Identification No.)

2788 San Tomas Expressway, Santa Clara, CA

(Address of principal executive offices)

95051

(Zip Code)

Registrant's telephone number, including area code: **(408) 486-2000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 15, 2018, NVIDIA Corporation, or the Company, issued a press release announcing its results for the quarter ended October 28, 2018. The press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Colette M. Kress, Executive Vice President and Chief Financial Officer of the Company, regarding results of the quarter ended October 28, 2018, or the CFO Commentary. The CFO Commentary will be posted to <http://investor.nvidia.com> immediately after the filing of this Current Report.

The press release and CFO Commentary are furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information in this Current Report shall not be incorporated by reference in any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit	Description
99.1	Press Release, dated November 15, 2018, entitled "NVIDIA Announces Financial Results for Third Quarter Fiscal 2019"
99.2	CFO Commentary on Third Quarter Fiscal 2019 Results

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 15, 2018

NVIDIA Corporation

By: /s/ Colette M. Kress

Colette M. Kress

Executive Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE:

NVIDIA Announces Financial Results for Third Quarter Fiscal 2019

- Record revenue from Datacenter, Professional Visualization, Automotive platforms
- Quarterly cash dividend raised 7 percent to \$0.16 per share
- Company intends to return an additional \$3 billion to shareholders through fiscal 2020

SANTA CLARA, Calif.-Nov. 15, 2018 -NVIDIA (NASDAQ: NVDA) today reported revenue for the third quarter ended Oct. 28, 2018, of \$3.18 billion, up 21 percent from \$2.64 billion a year earlier, and up 2 percent from \$3.12 billion in the previous quarter.

GAAP earnings per diluted share for the quarter were \$1.97, up 48 percent from \$1.33 a year ago and up 12 percent from \$1.76 in the previous quarter. Non-GAAP earnings per diluted share were \$1.84, up 38 percent from \$1.33 a year earlier and down 5 percent from \$1.94 in the previous quarter.

“AI is advancing at an incredible pace across the world, driving record revenues for our datacenter platforms,” said Jensen Huang, founder and CEO of NVIDIA. “Our introduction of Turing GPUs is a giant leap for computer graphics and AI, bringing the magic of real-time ray tracing to games and the biggest generational performance improvements we have ever delivered.

“Our near-term results reflect excess channel inventory post the crypto-currency boom, which will be corrected. Our market position and growth opportunities are stronger than ever. During the quarter, we launched new platforms to extend our architecture into new growth markets - RAPIDS for machine learning, RTX Server for film rendering, and the T4 Cloud GPU for hyperscale and cloud.”

Capital Return

During the first nine months of fiscal 2019, NVIDIA returned \$1.13 billion to shareholders through a combination of \$855 million in share repurchases and \$273 million in quarterly cash dividends.

In November 2018, the board of directors authorized an additional \$7 billion under the company’s share repurchase program for a total of \$7.94 billion available through the end of December 2022.

NVIDIA announced a 7 percent increase in its quarterly cash dividend to \$0.16 per share from \$0.15 per share, to be paid with its next quarterly cash dividend on December 21, 2018, to all shareholders of record on November 30, 2018.

NVIDIA intends to return an additional \$3 billion to shareholders by the end of fiscal 2020, which may begin in the fourth quarter of fiscal 2019.

Q3 Fiscal 2019 Summary

GAAP					
(\$ in millions except earnings per share)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
Revenue	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%
Gross margin	60.4%	63.3%	59.5%	Down 290 bps	Up 90 bps
Operating expenses	\$863	\$818	\$674	Up 6%	Up 28%
Operating income	\$1,058	\$1,157	\$895	Down 9%	Up 18%
Net income	\$1,230	\$1,101	\$838	Up 12%	Up 47%
Diluted earnings per share	\$1.97	\$1.76	\$1.33	Up 12%	Up 48%

Non-GAAP					
(\$ in millions except earnings per share)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
Revenue	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%
Gross margin	61.0%	63.5%	59.7%	Down 250 bps	Up 130 bps
Operating expenses	\$730	\$692	\$570	Up 5%	Up 28%
Operating income	\$1,210	\$1,290	\$1,005	Down 6%	Up 20%
Net income	\$1,151	\$1,210	\$833	Down 5%	Up 38%
Diluted earnings per share	\$1.84	\$1.94	\$1.33	Down 5%	Up 38%

NVIDIA's outlook for the fourth quarter of fiscal 2019 is as follows:

- Revenue is expected to be \$2.70 billion, plus or minus 2 percent.
- GAAP and non-GAAP gross margins are expected to be 62.3 percent and 62.5 percent, respectively, plus or minus 50 basis points.
- GAAP and non-GAAP operating expenses are expected to be approximately \$915 million and \$755 million, respectively.
- GAAP and non-GAAP other income and expense are both expected to be income of approximately \$21 million.
- GAAP and non-GAAP tax rates are both expected to be 8 percent, plus or minus 1 percent, excluding any discrete items. GAAP discrete items include excess tax benefits or deficiencies related to stock-based compensation, which are expected to generate variability on a quarter by quarter basis.

Third Quarter Fiscal 2019 Highlights

Since its second quarter earnings release, NVIDIA has achieved progress in these areas:

Company-wide

- Launched the revolutionary NVIDIA Turing™ GPU architecture, with new RT Cores to accelerate ray tracing and new Tensor Cores for AI inferencing.
- Drew nearly 13,000 attendees to GPU Technology Conferences in Munich, Tel Aviv, Tokyo and Washington, following events in San Jose and Taipei. The company expects 30,000 total GTC attendees this year, up more than 30 percent from 2017.

Datacenter

- Announced that the new TOP500 list of the world's fastest supercomputers shows a 48 percent jump over last year in the number of systems using NVIDIA GPU accelerators, climbing to 127, including the fastest in the world, No. 1 in the U.S., No. 1 in Europe and No. 1 in Japan.
- Introduced RAPIDS™, an open-source GPU-acceleration platform for data science and machine learning, with broad adoption from industry leaders including Dell EMC, Hewlett Packard Enterprise, IBM, Oracle and SAP.
- Launched the NVIDIA T4 Cloud GPU and NVIDIA TensorRT™ Hyperscale Inference Platform to deliver advanced acceleration for voice, video, image and recommendation services in hyperscale datacenters. Within the first two months of its launch, the T4 received the fastest adoption of any server GPU, featuring in 57 separate designs from leading computer makers, and availability on Google Cloud Platform.

- Launched the NVIDIA RTX™ Server, opening a new market to GPUs for photo-real rendering in the datacenter.
- Unveiled the NVIDIA Clara™ platform, which brings AI to the next generation of medical instruments as a powerful tool for early detection, diagnosis and treatment of disease.

Gaming

- Released the GeForce RTX™ series, the first gaming GPUs based on the Turing architecture and the NVIDIA RTX platform, which fuses next-generation shaders with real-time ray tracing and new AI capabilities, including Deep Learning Super-Sampling anti-aliasing.

Professional Visualization

- Unveiled the Quadro RTX™ series, which is designed to revolutionize the workflow of millions of designers and artists on the desktop.

Automotive

- Announced NVIDIA's first Level-2 autopilot design wins with Toyota, Volvo Cars and Isuzu Motors.
- Announced that Continental and Veoneer, leading tier-1 suppliers, have each selected DRIVE AGX Xavier to power self-driving solutions to be offered early in the 2020s.
- Announced the start of production of Xavier™, the world's first single-chip autopilot SOC, and started shipping the NVIDIA DRIVE AGX Xavier™ developer kit.
- Published NVIDIA's Self-Driving Safety Report, detailing the company's development processes and four fundamental pillars of safe autonomous driving.

Edge AI

- Announced global availability of the NVIDIA Jetson™ AGX Xavier™ developer kit, with leading Japanese companies among the first to adopt the platform.
- Announced that Yamaha Motor Co. will use NVIDIA to power its upcoming lineup of autonomous machines.

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 2019 financial results and current financial prospects today at 2:30 p.m. Pacific time (5:30 p.m. Eastern time). To listen to the conference call, dial (877) 223-3864 in the United States or (574) 990-1377 internationally, and provide the following conference ID: 5485625. A live webcast (listen-only mode) of the conference call will be accessible at NVIDIA's investor relations website, <http://investor.nvidia.com>, and at www.streetevents.com. The webcast will be recorded and available for replay until NVIDIA's conference call to discuss its financial results for its fourth quarter and fiscal 2019.

Non-GAAP Measures

To supplement NVIDIA's Condensed Consolidated Statements of Income 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 from operations, non-GAAP other income (expense), non-GAAP income tax expense, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, non-GAAP diluted shares, 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 expense, legal settlement costs, acquisition-related costs, restructuring and other, contributions, gains from non-affiliated investments, interest expense related to amortization of debt discount, debt-related costs, the associated tax impact of these items, where applicable, and the tax benefit from income tax reform. Weighted average shares used in the non-GAAP diluted net income per share computation includes the anti-dilution impact of our Note Hedge. 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 the company's non-GAAP measures may be different from non-GAAP measures used by other companies.

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About NVIDIA

NVIDIA's (NASDAQ: NVDA) invention of the GPU in 1999 sparked the growth of the PC gaming market, redefined modern computer graphics and revolutionized parallel computing. More recently, GPU deep learning ignited modern AI - the next era of computing - with the GPU acting as the brain of computers, robots and self-driving cars that can perceive and understand the world. More information at <http://nvidianews.nvidia.com/>.

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Certain statements in this press release including, but not limited to, statements as to: AI advancing at an incredible pace across the world, driving record revenues for our datacenter platforms; NVIDIA's introduction of Turing-based RTX GPUs making a giant leap in computer graphics and AI, bringing the magic of real-time ray tracing to games and bringing the biggest generation performance improvements NVIDIA has delivered; NVIDIA's near-term results reflecting excess channel inventory post the crypto-currency boom and its correction; NVIDIA's market position and growth opportunities being stronger than ever; the launch of new platforms to extend NVIDIA's architecture into new growth markets; NVIDIA's intended capital return for fiscal 2019 and through the end of fiscal 2020; NVIDIA's next quarterly cash dividend; NVIDIA's financial outlook for the fourth quarter of fiscal 2019; NVIDIA's expected tax rates for the fourth quarter of fiscal 2019; our expectation to generate variability from excess tax benefits or deficiencies related to stock-based compensation; the expected number of attendees at GTC events this year; the impact, benefits, abilities and performance of NVIDIA RTX Server, RAPIDS, NVIDIA Turing GPU architecture, NVIDIA T4 Cloud GPU, NVIDIA Tensor RT Hyperscale Inference Platform, NVIDIA Clara platform, NVIDIA DRIVE AGX Xavier developer kit and GeForce RTX series fusing next-generation shaders with real-time ray tracing and new AI capabilities; NVIDIA T4 rapidly being adopted, it being featured in designs from leading computer makers and its availability on Google Cloud Platform; the NVIDIA Clara platform bringing AI to the next generation of medical instruments; the Quadro RTX series revolutionizing the workflow of millions of designers and artists; NVIDIA's Level-2 autopilot designs being used

by Toyota, Volvo cars and Isuzu Motors; Continental and Veoneer selecting DRIVE AGX Xavier to power self-driving solutions to be offered early in the 2020s; NVIDIA starting to produce Xavier and shipping the NVIDIA DRIVE AGX Xavier developer kit; NVIDIA Jetson AGX Xavier developer kit being adopted by leading Japanese companies; and Yamaha Motor Co. using NVIDIA to power its lineup of autonomous machines 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 most recent reports NVIDIA files with the Securities and Exchange Commission, or SEC, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. 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 millions, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 28, 2018	October 29, 2017	October 28, 2018	October 29, 2017
Revenue	\$ 3,181	\$ 2,636	\$ 9,511	\$ 6,803
Cost of revenue	1,260	1,067	3,547	2,782
Gross profit	1,921	1,569	5,964	4,021
Operating expenses				
Research and development	605	462	1,729	1,290
Sales, general and administrative	258	212	725	594
Total operating expenses	863	674	2,454	1,884
Income from operations	1,058	895	3,510	2,137
Interest income	37	17	94	48
Interest expense	(15)	(15)	(44)	(46)
Other, net	1	(1)	12	(22)
Total other income (expense)	23	1	62	(20)
Income before income tax	1,081	896	3,572	2,117
Income tax expense (benefit)	(149)	58	(3)	189
Net income	\$ 1,230	\$ 838	\$ 3,575	\$ 1,928
Net income per share:				
Basic	\$ 2.02	\$ 1.39	\$ 5.88	\$ 3.23
Diluted	\$ 1.97	\$ 1.33	\$ 5.71	\$ 3.05
Weighted average shares used in per share computation:				
Basic	609	603	608	597
Diluted	625	628	626	633

NVIDIA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	October 28, 2018	January 28, 2018
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 7,591	\$ 7,108
Accounts receivable, net	2,219	1,265
Inventories	1,417	796
Prepaid expenses and other current assets	159	86
Total current assets	11,386	9,255
Property and equipment, net	1,292	997
Goodwill	618	618
Intangible assets, net	49	52
Other assets	312	319
Total assets	\$ 13,657	\$ 11,241
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 902	\$ 596
Accrued and other current liabilities	703	542
Convertible short-term debt	3	15
Total current liabilities	1,608	1,153
Long-term debt	1,987	1,985
Other long-term liabilities	587	632
Total liabilities	4,182	3,770
Shareholders' equity	9,475	7,471
Total liabilities and shareholders' equity	\$ 13,657	\$ 11,241

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

	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
GAAP gross profit	\$ 1,921	\$ 1,975	\$ 1,569	\$ 5,964	\$ 4,021
GAAP gross margin	60.4%	63.3%	59.5%	62.7%	59.1%
Stock-based compensation expense (A)	5	8	6	21	14
Legal settlement costs	14	—	—	14	—
Non-GAAP gross profit	\$ 1,940	\$ 1,983	\$ 1,575	\$ 5,999	\$ 4,035
Non-GAAP gross margin	61.0%	63.5%	59.7%	63.1%	59.3%
GAAP operating expenses	\$ 863	\$ 818	\$ 674	\$ 2,454	\$ 1,884
Stock-based compensation expense (A)	(135)	(124)	(101)	(379)	(251)
Acquisition-related costs (B)	(1)	(2)	(3)	(5)	(11)
Legal settlement costs	(1)	—	—	(3)	—
Restructuring and other	4	—	—	4	—
Contributions	—	—	—	—	(2)
Non-GAAP operating expenses	\$ 730	\$ 692	\$ 570	\$ 2,071	\$ 1,620
GAAP income from operations	\$ 1,058	\$ 1,157	\$ 895	\$ 3,510	\$ 2,137
Total impact of non-GAAP adjustments to income from operations	152	133	110	418	278
Non-GAAP income from operations	\$ 1,210	\$ 1,290	\$ 1,005	\$ 3,928	\$ 2,415
GAAP other income (expense)	\$ 23	\$ 23	\$ 1	\$ 62	\$ (20)
Gains from non-affiliated investments (C)	(2)	(2)	—	(11)	—
Interest expense related to amortization of debt discount	—	—	—	1	3
Debt-related costs (D)	—	—	1	—	19
Non-GAAP other income (expense)	\$ 21	\$ 21	\$ 2	\$ 52	\$ 2
GAAP net income	\$ 1,230	\$ 1,101	\$ 838	\$ 3,575	\$ 1,928
Total pre-tax impact of non-GAAP adjustments	150	131	111	409	300
Income tax impact of non-GAAP adjustments (E)	(91)	(22)	(116)	(199)	(224)
Tax benefit from income tax reform	(138)	—	—	(138)	—
Non-GAAP net income	\$ 1,151	\$ 1,210	\$ 833	\$ 3,647	\$ 2,004

	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
Diluted net income per share					
GAAP	\$ 1.97	\$ 1.76	\$ 1.33	\$ 5.71	\$ 3.05
Non-GAAP	\$ 1.84	\$ 1.94	\$ 1.33	\$ 5.83	\$ 3.20
Weighted average shares used in diluted net income per share computation					
GAAP	625	626	628	626	633
Anti-dilution impact from note hedge (F)	—	(1)	(2)	—	(7)
Non-GAAP	625	625	626	626	626
GAAP net cash provided by operating activities	\$ 487	\$ 913	\$ 1,157	\$ 2,845	\$ 2,144
Purchase of property and equipment and intangible assets	(150)	(128)	(69)	(397)	(178)
Free cash flow	\$ 337	\$ 785	\$ 1,088	\$ 2,448	\$ 1,966

(A) Stock-based compensation consists of the following:					
	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
Cost of revenue	\$ 5	\$ 8	\$ 6	\$ 21	\$ 14
Research and development	\$ 88	\$ 76	\$ 61	\$ 237	\$ 146
Sales, general and administrative	\$ 47	\$ 48	\$ 40	\$ 142	\$ 105
(B) Consists of amortization of acquisition-related intangible assets and compensation charges.					
(C) Consists of unrealized gains from non-affiliated investments.					
(D) Consists of loss on early debt conversions.					
(E) Income tax impact of non-GAAP adjustments, including the recognition of excess tax benefits or deficiencies related to stock-based compensation under GAAP accounting standard (ASU 2016-09).					
(F) Represents the number of shares that would be delivered upon conversion of the currently outstanding 1.00% Convertible Senior Notes Due 2018. Under GAAP, shares delivered in hedge transactions are not considered offsetting shares in the fully diluted share calculation until actually delivered.					

NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

	Q4 FY2019 Outlook
GAAP gross margin	62.3%
Impact of stock-based compensation expense	0.2%
Non-GAAP gross margin	62.5%

	Q4 FY2019 Outlook
	(In millions)
GAAP operating expenses	\$ 915
Stock-based compensation expense, acquisition-related costs, and other costs	(160)
Non-GAAP operating expenses	\$ 755



CFO Commentary on Third Quarter Fiscal 2019 Results

Q3 Fiscal 2019 Summary

GAAP					
(\$ in millions except earnings per share)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
Revenue	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%
Gross margin	60.4%	63.3%	59.5%	Down 290 bps	Up 90 bps
Operating expenses	\$863	\$818	\$674	Up 6%	Up 28%
Operating income	\$1,058	\$1,157	\$895	Down 9%	Up 18%
Net income	\$1,230	\$1,101	\$838	Up 12%	Up 47%
Diluted earnings per share	\$1.97	\$1.76	\$1.33	Up 12%	Up 48%

Non-GAAP					
(\$ in millions except earnings per share)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
Revenue	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%
Gross margin	61.0%	63.5%	59.7%	Down 250 bps	Up 130 bps
Operating expenses	\$730	\$692	\$570	Up 5%	Up 28%
Operating income	\$1,210	\$1,290	\$1,005	Down 6%	Up 20%
Net income	\$1,151	\$1,210	\$833	Down 5%	Up 38%
Diluted earnings per share	\$1.84	\$1.94	\$1.33	Down 5%	Up 38%

Revenue by Reportable Segments					
(\$ in millions)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
GPU Business	\$2,774	\$2,656	\$2,217	Up 4%	Up 25%
Tegra Processor Business	407	467	419	Down 13%	Down 3%
Total	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%

Revenue by Market Platform					
(\$ in millions)	Q3 FY19	Q2 FY19	Q3 FY18	Q/Q	Y/Y
Gaming	\$1,764	\$1,805	\$1,561	Down 2%	Up 13%
Professional Visualization	305	281	239	Up 9%	Up 28%
Datacenter	792	760	501	Up 4%	Up 58%
Automotive	172	161	144	Up 7%	Up 19%
OEM and IP	148	116	191	Up 28%	Down 23%
Total	\$3,181	\$3,123	\$2,636	Up 2%	Up 21%

Revenue

Revenue was \$3.18 billion, up 21 percent year over year and up 2 percent sequentially. Three of our market platforms - Professional Visualization, Datacenter, and Automotive - posted record revenue. Gaming revenue was short of our expectations, and our fourth quarter outlook is impacted by excess channel inventory of mid-range Pascal products. We believe this is a near-term issue that will be corrected in one to two quarters, and remain confident in our competitive position and market opportunities.

GPU business revenue was \$2.77 billion, up 25 percent from a year earlier and up 4 percent sequentially, reflecting growth in Professional Visualization, Datacenter, and gaming GPUs.

Tegra® Processor business revenue - which includes Automotive, the Nintendo Switch gaming console, and embedded edge AI platforms - was \$407 million, down 3 percent from a year ago and down 13 percent sequentially.

Gaming revenue was \$1.76 billion, up 13 percent from a year ago driven by growth in gaming GPUs, and down 2 percent sequentially as gaming GPU growth was more than offset by a seasonal decline in SOC modules for Nintendo Switch. Gaming GPU growth was fueled by Turing™-based GPUs for desktops and by gaming notebooks based on our Max-Q technology.

Professional Visualization revenue reached a record \$305 million, up 28 percent from a year earlier and up 9 percent sequentially driven by strength across both desktop and mobile workstation products.

Datacenter revenue was a record \$792 million, up 58 percent from a year ago and up 4 percent sequentially, led by strong sales of our Volta architecture-based products, including NVIDIA® Tesla® V100 and DGX™ systems, with contribution from the new Turing T4 Cloud GPU.

Automotive revenue was a record \$172 million, up 19 percent from a year earlier and up 7 percent sequentially, incorporating infotainment modules, production DRIVE™ PX platforms, and development agreements with automotive companies.

OEM and IP revenue was \$148 million, down 23 percent from a year ago, due to the absence of crypto-currency mining.

Gross Margin

GAAP gross margin for the third quarter was 60.4 percent and non-GAAP gross margin was 61.0 percent. Gross margins increased from a year ago - reflecting our continued shift toward higher-value platforms, which more than offset the current quarter impact of \$57 million in charges related to prior architecture components and chips following the sharp fall-off in cryptocurrency mining demand.

Expenses

GAAP operating expenses were \$863 million, including \$133 million in stock-based compensation and other charges. Non-GAAP operating expenses were \$730 million, up 28 percent from a year earlier and up 5 percent sequentially. This reflects increased investments in growth initiatives - including gaming, professional visualization, AI, and autonomous driving.

Operating Income

GAAP operating income was \$1.06 billion in the third quarter, up 18 percent from a year earlier and down 9 percent sequentially. Non-GAAP operating income was \$1.21 billion, up 20 percent from a year earlier and down 6 percent sequentially.

Other Income & Expense and Income Tax

GAAP			
(\$ in millions)	Q3 FY19	Q2 FY19	Q3 FY18
Interest income	\$37	\$32	\$17
Interest expense	(15)	(14)	(15)
Other, net	1	5	(1)
Total	\$23	\$23	\$1

Non-GAAP			
(\$ in millions)	Q3 FY19	Q2 FY19	Q3 FY18
Interest income	\$37	\$32	\$17
Interest expense	(15)	(14)	(15)
Other, net	(1)	3	--
Total	\$21	\$21	\$2

Other income and expense, or OI&E, includes interest earned on cash and investments, interest expense associated with corporate bonds and remaining convertible debt, and other gains and losses. GAAP OI&E includes interest expense associated with corporate bonds and remaining convertible debt, interest income from our investment portfolio, gains or losses from investments, and charges from early conversions of convertible debt. Non-GAAP OI&E excludes the charges from early conversions of convertible debt, the portion of interest expense from the amortization of the debt discount, and the gains or losses from certain investments.

Due to recently issued IRS proposed regulations, we recorded a U.S. tax reform transition tax benefit of \$138 million, or \$0.22 per diluted share, in the third quarter. Our third quarter GAAP effective tax rate was a benefit of 14 percent, which includes the U.S. tax reform benefit as well as excess tax benefits related to stock-based compensation.

Third quarter non-GAAP effective tax rate was 7 percent, which excludes the U.S. tax reform benefit and excess tax benefits related to stock-based compensation.

Net Income and EPS

GAAP net income was \$1.23 billion and earnings per diluted share were \$1.97, up 47 percent and 48 percent, respectively, from a year earlier. Non-GAAP net income was \$1.15 billion and earnings per diluted share were \$1.84, both up 38 percent from a year earlier, fueled by strong revenue growth and improved gross margin.

Capital Return

Capital Return							
(in millions)	FY13	FY14	FY15	FY16	FY17	FY18	YTD FY19
Dividends	\$47	\$181	\$186	\$213	\$261	\$341	\$273
Share repurchases:							
\$	\$100	\$887	\$814	\$587	\$739	\$909	\$855
Shares	8	62	44	25	15	6	4

During the first nine months of fiscal 2019, we returned \$1.13 billion to shareholders through a combination of \$855 million in share repurchases and \$273 million in quarterly cash dividends.

In November 2018, our board of directors authorized an additional \$7 billion under our share repurchase program for a total of \$7.94 billion available through the end of December 2022.

We announced a 7 percent increase in our quarterly cash dividend to \$0.16 per share from \$0.15 per share, to be paid with our next quarterly cash dividend on December 21, 2018, to all shareholders of record on November 30, 2018.

We intend to return an additional \$3 billion to shareholders by the end of fiscal 2020, which may begin in the fourth quarter of fiscal 2019.

Since the restart of our capital return program in the fourth quarter of fiscal 2013, we have returned \$6.39 billion to shareholders. This return represents 64 percent of our cumulative free cash flow for fiscal 2013 through the third quarter of fiscal 2019.

Balance Sheet and Cash Flow

Cash, cash equivalents and marketable securities at the end of the third quarter were \$7.59 billion, down from \$7.94 billion in the prior quarter. This decrease was primarily related to third quarter stock repurchases, dividends and taxes paid related to restricted stock units, partially offset by operating income and changes in working capital.

Accounts receivable at the end of the quarter was \$2.22 billion compared with \$1.66 billion in the prior quarter. DSO at quarter-end was 63 days, up from 48 days in the prior quarter, as Turing RTX shipments began in the last month of the quarter.

Inventory at the end of the quarter was \$1.42 billion, compared with \$1.09 billion in the prior quarter, reflecting the ramp in production of Turing. DSI at quarter-end was 102 days, up from 86 days in the prior quarter and up from 73 days in the third quarter of fiscal 2018.

Cash flow from operating activities was \$487 million in the third quarter, down from \$913 million in the prior quarter. This decrease was primarily due to changes in working capital.

Free cash flow was \$337 million in the third quarter, compared with \$785 million in the previous quarter.

Depreciation and amortization expense amounted to \$68 million for the third quarter. Capital expenditures were \$150 million for the third quarter.

Fourth Quarter of Fiscal 2019 Outlook

Our gaming revenue outlook for the fourth quarter of fiscal 2019 is impacted by the expected work-down of Pascal mid-range gaming card inventory in the channel, and a decline in gaming console reflecting seasonal build patterns. This assumes no meaningful shipments of mid-range Pascal GPUs during the quarter, so that channel inventory can approach normal levels by the end of the fourth quarter. Our other markets are unaffected by the channel inventory correction.

Our outlook for the fourth quarter of fiscal 2019 is as follows:

- Revenue is expected to be \$2.70 billion, plus or minus two percent.
- GAAP and non-GAAP gross margins are expected to be 62.3 percent and 62.5 percent, respectively, plus or minus 50 basis points.
- GAAP and non-GAAP operating expenses are expected to be approximately \$915 million and \$755 million, respectively.
- GAAP and non-GAAP other income and expense are both expected to be income of approximately \$21 million.
- GAAP and non-GAAP tax rates are both expected to be 8 percent, plus or minus one percent, excluding any discrete items. GAAP discrete items include excess tax benefits or deficiencies related to stock-based compensation, which are expected to generate variability on a quarter by quarter basis.
- Capital expenditures are expected to be approximately \$190 million to \$210 million.

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Non-GAAP Measures

To supplement NVIDIA's Condensed Consolidated Statements of Income 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 from operations, non-GAAP other income (expense), non-GAAP income tax expense, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, non-GAAP diluted shares, 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 expense, legal settlement costs, acquisition-related costs, restructuring and other, contributions, gains from non-affiliated investments, interest expense related to amortization of debt discount, debt-related costs, the associated tax impact of these items, where applicable, and the tax benefit from income tax reform. Weighted average shares used in the non-GAAP diluted net income per share computation includes the anti-dilution impact of our Note Hedge. 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 the company's non-GAAP measures may be different from non-GAAP measures used by other companies.

Certain statements in this CFO Commentary including, but not limited to, statements as to: excess channel inventory's impact on our quarter being a near-term issue that will be corrected in one to two quarters; our market position remaining strong and our expectation that AI, datacenter, pro-visualization and self-driving car opportunities will continue to grow; our intended capital return by the end of fiscal 2020; our financial outlook for the fourth quarter of fiscal 2019 and the assumptions and information underlying our fourth quarter outlook; our expected tax rates for the fourth quarter of fiscal 2019; variability from excess tax benefits or deficiencies related to stock-based compensation; and our expected capital expenditures for the fourth quarter of fiscal 2019 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 most recent reports NVIDIA files with the Securities and Exchange Commission, or SEC, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. 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
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except per share data)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
GAAP gross profit	\$ 1,921	\$ 1,975	\$ 1,569	\$ 5,964	\$ 4,021
GAAP gross margin	60.4%	63.3%	59.5%	62.7%	59.1%
Stock-based compensation expense (A)	5	8	6	21	14
Legal settlement costs	14	—	—	14	—
Non-GAAP gross profit	\$ 1,940	\$ 1,983	\$ 1,575	\$ 5,999	\$ 4,035
Non-GAAP gross margin	61.0%	63.5%	59.7%	63.1%	59.3%
GAAP operating expenses	\$ 863	\$ 818	\$ 674	\$ 2,454	\$ 1,884
Stock-based compensation expense (A)	(135)	(124)	(101)	(379)	(251)
Acquisition-related costs (B)	(1)	(2)	(3)	(5)	(11)
Legal settlement costs	(1)	—	—	(3)	—
Restructuring and other	4	—	—	4	—
Contributions	—	—	—	—	(2)
Non-GAAP operating expenses	\$ 730	\$ 692	\$ 570	\$ 2,071	\$ 1,620
GAAP income from operations	\$ 1,058	\$ 1,157	\$ 895	\$ 3,510	\$ 2,137
Total impact of non-GAAP adjustments to income from operations	152	133	110	418	278
Non-GAAP income from operations	\$ 1,210	\$ 1,290	\$ 1,005	\$ 3,928	\$ 2,415
GAAP other income (expense)	\$ 23	\$ 23	\$ 1	\$ 62	\$ (20)
Gains from non-affiliated investments (C)	(2)	(2)	—	(11)	—
Interest expense related to amortization of debt discount	—	—	—	1	3
Debt-related costs (D)	—	—	1	—	19
Non-GAAP other income (expense)	\$ 21	\$ 21	\$ 2	\$ 52	\$ 2
GAAP net income	\$ 1,230	\$ 1,101	\$ 838	\$ 3,575	\$ 1,928
Total pre-tax impact of non-GAAP adjustments	150	131	111	409	300
Income tax impact of non-GAAP adjustments (E)	(91)	(22)	(116)	(199)	(224)
Tax benefit from income tax reform	(138)	—	—	(138)	—
Non-GAAP net income	\$ 1,151	\$ 1,210	\$ 833	\$ 3,647	\$ 2,004

	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
Diluted net income per share					
GAAP	\$ 1.97	\$ 1.76	\$ 1.33	\$ 5.71	\$ 3.05
Non-GAAP	\$ 1.84	\$ 1.94	\$ 1.33	\$ 5.83	\$ 3.20
Weighted average shares used in diluted net income per share computation					
GAAP	625	626	628	626	633
Anti-dilution impact from note hedge (F)	—	(1)	(2)	—	(7)
Non-GAAP	625	625	626	626	626
GAAP net cash provided by operating activities	\$ 487	\$ 913	\$ 1,157	\$ 2,845	\$ 2,144
Purchase of property and equipment and intangible assets	(150)	(128)	(69)	(397)	(178)
Free cash flow	\$ 337	\$ 785	\$ 1,088	\$ 2,448	\$ 1,966

(A) Stock-based compensation consists of the following:

	Three Months Ended			Nine Months Ended	
	October 28, 2018	July 29, 2018	October 29, 2017	October 28, 2018	October 29, 2017
Cost of revenue	\$ 5	\$ 8	\$ 6	\$ 21	\$ 14
Research and development	\$ 88	\$ 76	\$ 61	\$ 237	\$ 146
Sales, general and administrative	\$ 47	\$ 48	\$ 40	\$ 142	\$ 105

(B) Consists of amortization of acquisition-related intangible assets and compensation charges.

(C) Consists of unrealized gains from non-affiliated investments.

(D) Consists of loss on early debt conversions.

(E) Income tax impact of non-GAAP adjustments, including the recognition of excess tax benefits or deficiencies related to stock-based compensation under GAAP accounting standard (ASU 2016-09).

(F) Represents the number of shares that would be delivered upon conversion of the currently outstanding 1.00% Convertible Senior Notes Due 2018. Under GAAP, shares delivered in hedge transactions are not considered offsetting shares in the fully diluted share calculation until actually delivered.

NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

	Q4 FY2019 Outlook
GAAP gross margin	62.3%
Impact of stock-based compensation expense	0.2%
Non-GAAP gross margin	62.5%

	Q4 FY2019 Outlook
	(In millions)
GAAP operating expenses	\$ 915
Stock-based compensation expense, acquisition-related costs, and other costs	(160)
Non-GAAP operating expenses	\$ 755