

NVIDIA CORP
Form 10-Q
December 07, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended October 31, 2010

OR

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

Commission file number: 0-23985

NVIDIA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

94-3177549
(I.R.S. Employer
Identification No.)

2701 San Tomas Expressway
Santa Clara, California 95050
(408) 486-2000

(Address, including zip code, and telephone number,
including area code, of principal executive offices)

N/A

(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company)
 Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The number of shares of common stock, \$0.001 par value, outstanding as of December 3, 2010, was 581 million.

NVIDIA CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED OCTOBER 31, 2010

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	October 31, 2010	October 25, 2009	October 31, 2010	October 25, 2009
Revenue	\$ 843,912	\$ 903,206	\$ 2,656,933	\$ 2,343,957
Cost of revenue	451,850	511,423	1,674,202	1,605,755
Gross profit	392,062	391,783	982,731	738,202
Operating expenses				
Research and development	204,527	197,948	633,267	692,600
Sales, general and administrative	83,752	85,990	273,495	278,829
Total operating expenses	288,279	283,938	906,762	971,429
Income (loss) from operations	103,783	107,845	75,969	(233,227)
Interest income	4,220	5,444	14,596	17,347
Other income (expense), net	(4,418)	(3,082)	(5,302)	(5,835)
Income (loss) before income tax benefit	103,585	110,207	85,263	(221,715)
Income tax expense (benefit)	18,723	2,630	3,768	(22,652)
Net income (loss)	\$ 84,862	\$ 107,577	\$ 81,495	\$ (199,063)
Basic net income (loss) per share	\$ 0.15	\$ 0.20	\$ 0.14	\$ (0.36)
Shares used in basic per share computation	577,323	551,283	572,420	546,737
Diluted net income (loss) per share	\$ 0.15	\$ 0.19	\$ 0.14	\$ (0.36)
Shares used in diluted per share computation	582,648	574,381	584,500	546,737

See accompanying Notes to Condensed Consolidated Financial Statements

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands)

	October 31, 2010	January 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 451,174	\$ 447,221
Marketable securities	1,536,046	1,281,006
Accounts receivable, net	399,502	374,963
Inventories	377,812	330,674
Prepaid expenses and other	34,416	38,214
Deferred income taxes	8,752	8,752
Total current assets	2,807,702	2,480,830
Property and equipment, net	585,672	571,858
Goodwill	369,844	369,844
Intangible assets, net	112,642	120,458
Deposits and other assets	39,719	42,928
Total assets	\$ 3,915,579	\$ 3,585,918
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 324,770	\$ 344,527
Accrued liabilities and other	491,719	439,851
Total current liabilities	816,489	784,378
Other long-term liabilities	177,851	111,950
Capital lease obligations, long term	23,359	24,450
Commitments and contingencies - see Note 12		
Stockholders' equity:		
Preferred stock	—	—
Common stock	671	653
Additional paid-in capital	2,386,257	2,219,401
Treasury stock, at cost	(1,479,392)	(1,463,268)
Accumulated other comprehensive income	12,667	12,172
Retained earnings	1,977,677	1,896,182
Total stockholders' equity	2,897,880	2,665,140
Total liabilities and stockholders' equity	\$ 3,915,579	\$ 3,585,918

See accompanying Notes to Condensed Consolidated Financial Statements.

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended	
	October 31, 2010	October 25, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 81,495	\$ (199,063)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock-based compensation expense related to stock option purchase	-	135,735
Depreciation and amortization	140,596	148,750
Stock based compensation expense	74,985	82,471
Other	5,382	3,854
Deferred income taxes	(172)	(25,773)
Changes in operating assets and liabilities:		
Accounts receivable	(24,567)	(79,749)
Inventories	(46,746)	257,729
Prepaid expenses and other current assets	3,798	8,125
Deposits and other assets	4,864	(2,657)
Accounts payable	(21,868)	96,588
Accrued liabilities and other long-term liabilities	23,357	(7,448)
Net cash provided by operating activities	241,124	418,562
Cash flows from investing activities:		
Purchases of marketable securities	(1,193,323)	(804,610)
Proceeds from sales and maturities of marketable securities	931,099	624,295
Purchases of property and equipment and intangible assets	(76,547)	(55,026)
Other	(1,656)	(218)
Net cash used in investing activities	(340,427)	(235,559)
Cash flows from financing activities:		
Payments related to stock option purchase	-	(78,075)
Proceeds from issuance of common stock under employee stock plans	104,131	92,192
Payments under capital lease obligations	(875)	(318)
Net cash provided by financing activities	103,256	13,799
Change in cash and cash equivalents	3,953	196,802
Cash and cash equivalents at beginning of period	447,221	417,688
Cash and cash equivalents at end of period	\$ 451,174	\$ 614,490
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net	\$ 2,522	\$ 2,611
Cash paid for interest on capital lease obligations	\$ 2,359	\$ 2,453
Other non-cash activities:		

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Assets acquired by assuming related liabilities	\$	67,785	\$	13,596
Change in unrealized gains from marketable securities	\$	497	\$	5,780

See accompanying Notes to Condensed Consolidated Financial Statements.

