Thank you, operator. Welcome to Intel's fourth-quarter earnings conference call. By now, you should have received a copy of our earnings release and the earnings presentation. If you have not received both documents, they are available on our investor website, INTC.com. The earnings presentation is also available in the webcast window for those joining us online.

I'm joined today by our CEO, Pat Gelsinger, and our new CFO, Dave Zinsner. Also joining us is our prior CFO, George Davis. In a moment, we'll hear brief remarks from Pat and Dave followed by Q&A.

Before we begin, let me remind everyone that today's discussion contains forward-looking statements based on the environment as we currently see it, and, as such, it does include risks and uncertainties. Please refer to our press release for more information on the specific risk factors that could cause actual results to differ materially. A brief reminder that this quarter we have provided both GAAP and non-GAAP financial measures. Today, we will be speaking to the non-GAAP financial measures when describing our consolidated results. The earnings presentation and earnings release available on INTC.com include both the full GAAP and non-GAAP reconciliations.

In today's call, we will be discussing both Q4’21 and FY’21 results and providing forward looking guidance for Q1’22. We will provide guidance for FY’22 at our Investor Day on Feb 17.

With that, let me hand it over to Pat.
Thank you, Tony, and good afternoon, everyone.

First, let me say welcome to Dave who is joining us for his first earnings call. Many of you know Dave well and know his track record of successfully driving shareholder value. We’re very excited to have him join our team. I also want to take a moment to thank George for his many contributions during a critical period in the company’s transformation. Everyone here at Intel wishes him all the best in his future endeavors as he begins his planned retirement in May.

Q4 was a tremendous finish to a transformational year where we beat expectations on both the top and bottom line.

- We exceeded our guidance for the quarter by over $1 billion on the top line, finishing with our best quarter and our best full-year revenue ever.
- We had a record quarter for DCG, where we grew 20% year-over-year and where we continue to be the partner of choice for cloud and data center customers. We expect that our Xeon shipments in December alone exceeded the total server CPU shipments by any single competitor for all of 2021.
- We had a record year for our client business. And in Q4 we outperformed our plan and delivered another $10 billion quarter, highlighting again that the PC is more essential than ever.
• Continuing our momentum as the market leader in ADAS and AV solutions, Mobileye grew more than 40% year-over-year in 2021, delivering a 14th consecutive year of revenue growth.
• And finally, IoTG had another billion-dollar quarter to cap a record year, as the need for compute at the edge continues to grow.

Supporting these record results, our manufacturing network continued its superb execution throughout the year.

• As an IDM, we were able to rapidly adjust to support customer mix changes, often within normal lead time, and manufacture more than 2 million wafers.
• We broke ground on two new fabs in Arizona three months ahead of schedule as part of the largest overall manufacturing expansion in Intel’s history.
• And all while managing a challenging COVID environment and focusing on the safety of our employees, suppliers and partners.

We also took several in a series of key steps to shape our business.

• To begin with, we recently completed the first close of the sale of our NAND business on time – a critical step in optimizing our portfolio in line with our new strategy.
• Second, we began unfolding our plan to find innovative ways to sustainably unlock shareholder value with the announcement of our intent to take Mobileye public in 2022.
• Third, just last week, we announced our new manufacturing site in Ohio, which will support our future growth and advance our plan to create a more geographically balanced, resilient supply chain.

While there is a lot left to do, we’re building momentum and we intend to continue our laser focus on execution, innovation and growing the business.

Finally, Q4 was a sacred moment for the entire technology industry as we led the 50th anniversary celebration of the Intel 4004 – the chip that changed the world. Microprocessor technology, sparked by the Intel 4004, allows us to stay connected during the pandemic. It has opened up new ways to work and learn. It has removed geographical barriers and changed almost every aspect of our lives.

We are committed to accelerate this impact for the next 50 years as the insatiable need for compute that started with the 4004 continues to drive the value of Moore’s law. At IEDM, we outlined a long-term path toward more than 10x density improvement in packaging, and a 30% to 50% area improvement in transistor scaling. As the steward of Moore’s law, we remain committed to keeping it alive for the next decade and beyond.

Looking across the industry, 2021 was dominated by two recurring themes: unprecedented demand and ecosystem supply constraints.

The strong demand we saw throughout 2021 continued in Q4, and markets remained robust across all our businesses. We expect this trend to continue as the digitization of everything driven by the four superpowers of AI, pervasive connectivity, ubiquitous compute, and cloud-to-edge infrastructure leads to an era of sustainable growth.
2021 marked the best year in a decade for the PC industry, with third parties reporting a growth rate of approximately 15% driven by higher PC density, shorter replacement cycles and increased market penetration. In Q4, we also saw strong recovery in the channel as increased supply led to record sell-through for Intel and we started to see inventories return to pre-pandemic levels.

The data center market was strong across all geographies in Q4, led by enterprise where the market continued to recover from COVID lows. We expect the data center, network and edge markets to continue to have robust growth as:

- Hyperscalers lay out multiyear cloud capex investment plans.
- The ongoing need for data privacy and security drives additional edge and on prem deployments.
- 5G network and edge buildouts are scaling.
- And workloads like AI continue to expand.

This unprecedented demand continues to be tempered by supply chain constraints as shortages in substrates, components and foundry silicon has limited our customers’ ability to ship finished systems. Across the industry, this was most acutely felt in the client market, particularly in notebooks. But constraints have widely impacted other markets, including automotive, the Internet of Things and the data center.

As we predicted, these ecosystem constraints are expected to persist through 2022 and into 2023, with incremental improvements over this period. The industry will continue to see challenges in a variety of areas including specialty and overall foundry shortages, substrates, as well as third-party silicon.
While constraints will remain, our IDM2.0 strategy affords us a superior position to navigate this environment. With control over our manufacturing network and supply chain, we are able to react to rapid changes in demand and help solve challenges for our customers, suppliers and partners. Equally important, as an IDM, we remain more resilient to foundry price increases, as only a minority of our volume is produced by third parties.

Turning from the ecosystem to Intel, we made incredible progress over the last year improving our execution in technology development, manufacturing and product leadership.

With unprecedented transparency, we laid out an ambitious path to deliver five process nodes in four years and regain process performance parity by 2024 and leadership by 2025. We are shipping Intel 7 in volume today. And as I was able to say last quarter and can reaffirm today, we remain on or ahead of schedule for Intel 4, 3, 20A and 18A against the timelines we laid out in July.

Our manufacturing execution continued to improve, and in Q4 we shipped a record number of servers and we had more than a 30% year-over-year reduction in 10nm wafer costs. We had a record quarterly increase in our substrate capacity with our vendors, and we accelerated our pace of innovation with a record number of PDK releases and new product introductions in our factories.

Finally, as part of our strategy to use both internal and external manufacturing, we signed multiple long-term supply agreements ranging from foundry partners to substrates to equipment suppliers that will support the growth of our business for years to come. In particular, we announced a deepening of our ASML partnership and our leadership position with the second generation of EUV, HiNA.
In client, we had another $10 billion quarter, and 2021 was our sixth straight year of revenue growth. We feel great about our position within the sustainably larger client market, and we had all-time record shipments with customers like Dell. We have a great product lineup starting with Tiger-Lake, which has now shipped over 100 million units, making it the fastest ramping notebook in our history. We are extending our leadership position further with products like our 12th Gen Alder Lake, the fastest client processor ever, which is now shipping to over 140 customers in 30 countries around the world. As our first performance hybrid product:

- It features the highest performance CPU core Intel has ever built, as well as efficient cores optimized for power.
- It leads the industry transition on DDR5 and PCIe5 to enhance gaming and creator experiences.
- The Alder Lake family will scale across every PC segment ... from ultra-thin-and-light laptops ... to enthusiast desktops, where we’ve set new overclocking records ... to mobile gaming, where the Core i9-12900HK, the world’s best mobile gaming processor, is up to 40% faster than the prior generation.

Following on the success of Alder Lake, we will continue to build momentum later this year when we expect to introduce Raptor Lake, which has already booted in our labs.

In addition to leadership products, we also are driving platform innovation, and at CES we unveiled our 3rd gen EVO platform. This new generation includes features like intelligent collaboration to optimize remote work and learning experiences,
as well as Thunderbolt 4 and Wi-Fi 6e. With no legacy Wi-Fi interference, Wi-Fi 6e will enable incredible performance with low latency – the biggest WiFi advancement in 20 years.

We are further reinvigorating the PC ecosystem with technologies like Screenovate, which provides a seamless multidevice and screen-sharing experience, which will begin rolling out on select Intel Evo platforms starting later this year.

Driven by this strong product and platform lineup, we feel confident in our ability to compete and drive growth going forward.

Our Data Center Group had its best quarter ever as customers continued rebuilding their confidence and choosing Intel. Enabled by our IDM advantage, Ice lake servers shipped more than 1 million units, equal to the amount we had shipped in the prior three quarters combined. All of our OEMs are currently shipping systems, and all of our major cloud customers have announced instances including our third instance with Amazon Web Services.

Going forward, our roadmap only gets better, and we expect to ship initial SKUs of Sapphire Rapids to select customers in Q1. Sapphire Rapids will offer significant performance improvements across a range of workloads, including AI where we are targeting up to a 30x total gain for Xeon. This demonstrates that a general-purpose CPU with built-in AI acceleration can solve even more customer use cases that once necessitated GPU acceleration.

Customers remain excited about Sapphire Rapids, and it has been chosen, along with HPE, to power the new Kestrel supercomputer. Built for the U.S. Department of Energy’s National Renewable Energy Laboratory, Kestrel will accelerate
discovery of renewable power. Once completed in 2023, Kestrel will have more than five times greater capability than NREL’s existing system, with approximately 44 petaflops of peak performance.

Beyond the core data center, we continue to build on our leadership position from the network to the edge with our comprehensive portfolio of hardware and software solutions.

- We are leading the transformation of the network where our Xeon and Flexran software are used in almost all vRAN commercial deployments.
- We are driving AI Inferencing adoption at the edge with our OpenVINO software and partners like BMW Group and Samsung in factory and medical environments.
- And we are extending the IPU ecosystem and accelerating the creation of a fully programmable network by collaborating on new FPGA-based IPU solutions with Inspur, Ruijie Networks and Silicom.

In our discrete and accelerated graphics business we are starting the year quickly.

Alchemist, the first product in our Intel Arc discrete graphics lineup, is now shipping to customers with more than 50 new mobile and desktop designs, including with Acer, ASUS, Dell, HP, Lenovo, Samsung and others. Our ARC family of products will scale from mainstream up to the performance graphics segment and will be available in the market later this quarter.

In high performance computing, our Ponte Vecchio GPU is already sampling to customers. With 100 billion transistors, Ponte Vecchio has our highest compute density ever and, along with Sapphire Rapids, will power the 2 exaflop Aurora
supercomputer at Argonne National Laboratory. There are over 100 HPC applications running on Ponte Vecchio, which, enabled by oneAPI, provides a unified and open programming model across CPU and GPU. We are working with numerous partners and customers, including ATOS, Dell, HPE, Lenovo, Quanta and Supermicro, to deploy our HPC-tuned CPUs and GPUs in their latest systems.

Our IFS business continues to see strong and enthusiastic customer support. We have a strong pipeline of potential customers, and IP development with the ecosystem is progressing. We are shipping for revenue on our packaging solutions, and we continue to expect customer test chips in our factories on our Intel 16 process this year. Innovations like RibbonFET and PowerVia are proving to be very attractive features to potential customers, and the Intel 18A design kit has now been released to three RAMP-C customers. Overall, we are ahead of where I thought we’d be, and I am thrilled with the progress of our IFS team.

In mobility, Mobileye continues to be an industry leader in both ADAS and AV, and we recently hit a significant milestone shipping our 100 millionth EyeQ SoC. At CES, we gave a glimpse of the future with the EyeQ Ultra, which will do the work of 10 EyeQ5 SoCs in a single package and was designed to deliver the optimum power and performance for a fully self-driving vehicle.

In Q4, we also introduced our first autonomous on-demand service in Paris in collaboration with the RATP group. Paris is the latest in a list of locations where Mobileye is piloting autonomous vehicle test fleets, including New York, Munich, Detroit, Tokyo, Israel and China. Looking ahead, we still expect to launch commercial robotaxi services in Munich and Tel Aviv in 2022.
As we announced in December, we are working to take Mobileye public to unlock shareholder value. We are making good progress and we’ll share more as we go through the year.

You’ll hear a lot more about how we are rearchitecting our business for growth as part of our upcoming Investor Day. We will lay out details on how we are leveraging our core strengths to accelerate our plans and how we are uniquely positioned to create value. We’ll give you the proof points you should expect to see in 2022 that show we are on track for our long-term plan – all backed up by the transparency and accountability that our new reportable segments will provide.

Let me close by saying again that Q4 was an incredibly strong finish to a great 2021. And I believe that with growing markets, our strong product roadmap and our increasingly solid execution, 2022 will only be better.

In fact, just in the past 24 hours, we were pleased to see the ruling from the General Court in Europe and their decision to overturn the 1.1 billion euro fine. The semiconductor industry has never been more competitive than it is today, and we look forward to continuing to invest and grow in Europe.

At the same time, here in the U.S., we were very excited to see the progress on the CHIPS act, with the House introducing their version of the bill yesterday. The president and other members of the administration have been clear on the importance of this transformational investment, and it’s encouraging to see the strong bipartisan & bicameral support as we continue to work together to address the long-term impacts of the semiconductor shortage, restore U.S. leadership in this critical industry and rebalance the global supply chain.
With that, let me turn it over to Dave.
Q&A (Tony Balow)

All right. Thank you, Dave.

Moving on now to the Q&A, as is our normal practice, we would ask each participant to ask just one question.

Operator, please go ahead and introduce our first caller.
Let me wrap up today’s call by going back to my priorities when I came back to Intel. I wanted to clarify the strategy, build the team and improve execution. As I look back on 2021, I feel like we have made tremendous progress across all of the areas. We still have work to do, but we are focused, energized and building momentum. I look forward to sharing our progress with you as we continue to create amazing technology.

Thanks for joining.
Wrap Up Post Q&A (Tony)

Thanks, Pat, and thank you to all of you for joining us today. Operator, can you please close the call.