



# 2019 INVESTOR MEETING

## DELIVER ON THE PRESENT, CREATE THE FUTURE

**BOB SWAN**

CHIEF EXECUTIVE OFFICER



# DISCLOSURES

This presentation contains non-GAAP financial measures. You can find the reconciliation of these measures to the most directly comparable GAAP financial measure in the Appendix at the end of this presentation. The non-GAAP financial measures disclosed by Intel should not be considered a substitute for, or superior to, the financial measures prepared in accordance with GAAP. Please refer to “Explanation of Non-GAAP Measures” in Intel's quarterly earnings release for a detailed explanation of the adjustments made to the comparable GAAP measures, the ways management uses the non-GAAP measures and the reasons why management believes the non-GAAP measures provide investors with useful supplemental information.

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All information in this presentation reflects management's views as of May 8, 2019, unless an earlier date is indicated. Intel does not undertake, and expressly disclaims any duty, to update any statement made in this presentation, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.

# EXECUTIVE SUMMARY

**WE'VE EXPANDED OUR TAM...**

ACCELERATING TRANSFORMATION TO A DATA-CENTRIC COMPANY

**EXTEND PRODUCT LEADERSHIP ADVANTAGE...**

FROM CPU TO XPU

**IMPROVE EXECUTION... ACCELERATE INNOVATION... EVOLVE CULTURE**

**DISCIPLINED INVESTMENT... PROFITABLE GROWTH... ATTRACTIVE CAPITAL RETURNS**



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# OUR RECENT CHANGE IN GUIDE...

## WE EXCEEDED Q1 EXPECTATIONS... BUT LOWERED OUTLOOK

REVENUE

DOWN

**\$2.5B**

OPERATING MARGIN<sup>1</sup>

DOWN

**2PTS**

EPS<sup>1</sup>

DOWN

**\$0.25**



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<sup>1</sup>Non-GAAP. Refer to the Appendix for a reconciliation of these non-GAAP measures.

# WHAT WE SAID IN 2017...

## TOP PRIORITIES FOR 2017

### GROWTH IN DATA CENTER & ADJACENCIES



### STRONG & HEALTHY CLIENT BUSINESS



### GROWTH IN IOT & DEVICES



### FLAWLESSLY EXECUTE IN MEMORY & FPGAS





# WHAT WE SAID IN 2017...

# ...WHAT WE EXPECT<sup>1</sup>

## TOP PRIORITIES FOR 2017

**GROWTH IN DATA  
CENTER & ADJACENCIES**



**STRONG & HEALTHY CLIENT  
BUSINESS**



**GROWTH  
IN IOT & DEVICES**



**FLAWLESSLY EXECUTE IN  
MEMORY & FPGAS**



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FEBRUARY 2017 | 29

## DATA-CENTRIC

Increased revenue by \$9B since '16

## PC-CENTRIC

Record profitability in declining market  
Significant FCF

## VS 3-YR GUIDE

Beat revenue by \$6.7B and EPS by \$1.27

**OVER THE 3 YEARS... ADDED ~\$12B IN REVENUE...  
ON LOWER SPENDING... WITH ~64% INCREASE IN EPS**

<sup>1</sup> Data-centric businesses include DCG, IOTG, Mobileye, NSG, PSG and All Other. Growth from 2016 to 2019 outlook excludes \$2.5B of revenue from McAfee and Wind River which have been divested in 2017 and 2018, respectively. EPS is non-GAAP

WE HAVE AN OPPORTUNITY TO LEAD ONE OF THE MOST  
SUCCESSFUL **TRANSFORMATIONS** IN CORPORATE HISTORY

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...BUT IT WON'T BE EASY



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# OUR STRATEGY

**MAKE THE WORLD'S BEST SEMICONDUCTORS**

**LEAD THE AI, 5G, AND AUTONOMOUS REVOLUTION**

**BE THE LEADING END TO END PLATFORM PROVIDER FOR THE NEW DATA WORLD**

**RELENTLESS FOCUS ON OPERATIONAL EXCELLENCE & EFFICIENCY**

**CONTINUE TO HIRE, DEVELOP AND RETAIN THE BEST, MOST DIVERSE & INCLUSIVE TALENT**



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# OUR AMBITIONS...

**WE ARE IN THE  
MIDDLE OF A JOURNEY**

● **2013**  
A **PC-Centric**  
Company

● **2017-2021**  
Data-Centric

● **2021 & BEYOND**  
Intel Powers  
the **World**



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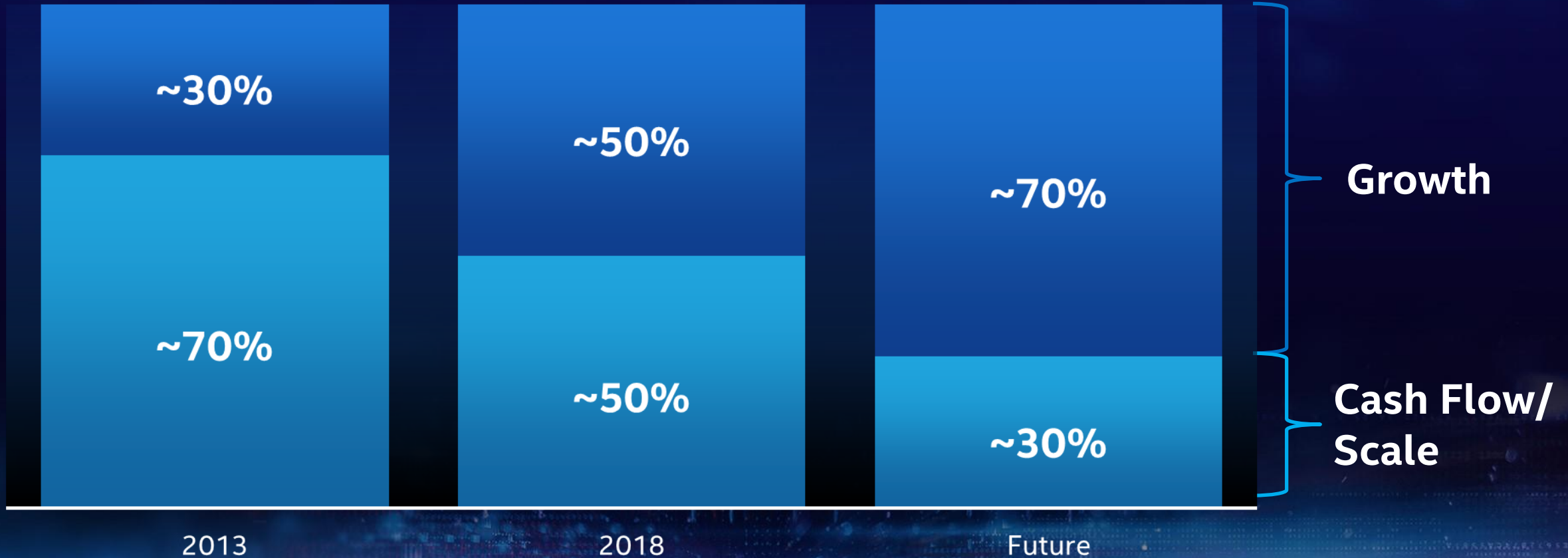
# ...OVER TIME



PC-CENTRIC BUSINESS



DATA-CENTRIC BUSINESSES

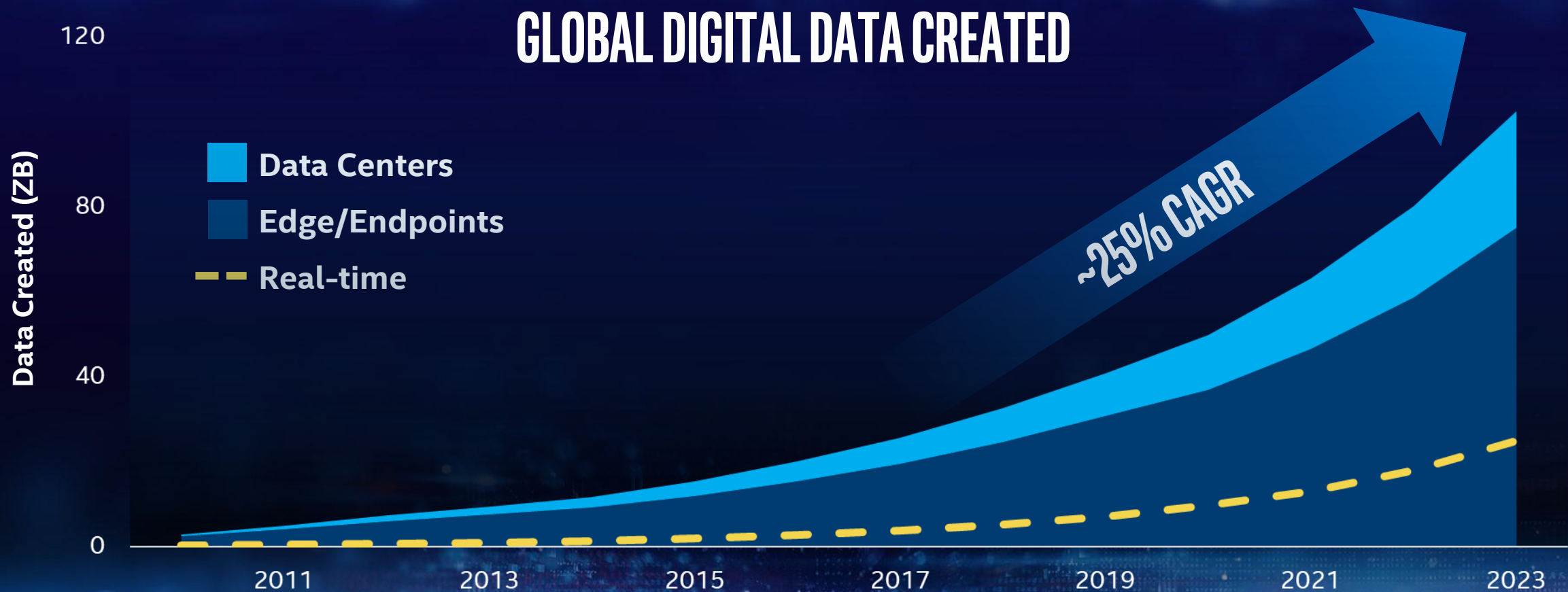


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# AT THE CORE OF OUR STRATEGY DATA IS GROWING EXPONENTIALLY

## GLOBAL DIGITAL DATA CREATED



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Source: IDC Data Age 2025 (2018)

# DATA GROWTH DRIVES COMPUTE, STORAGE, NETWORK DEMAND

## PROCESS EVERYTHING

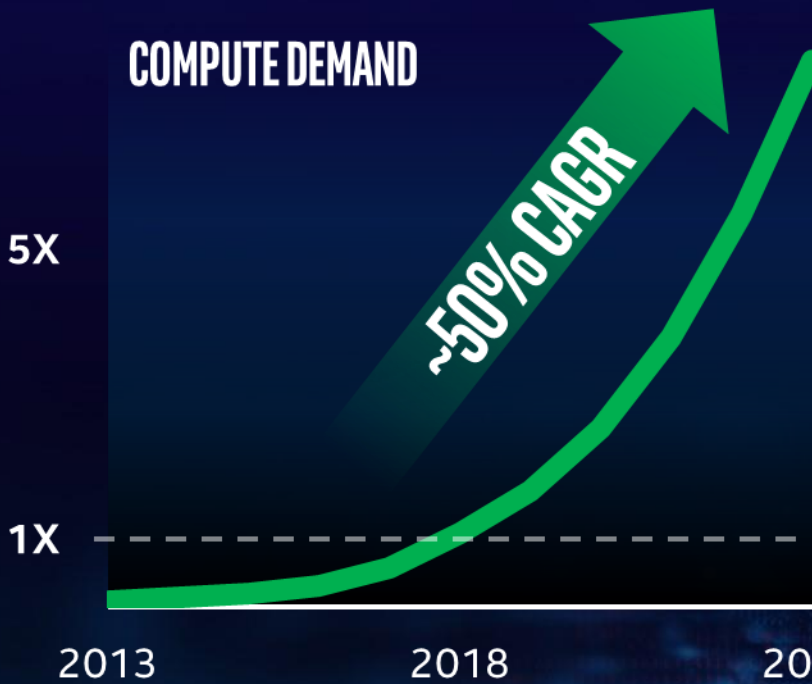
## STORE MORE

## MOVE FASTER

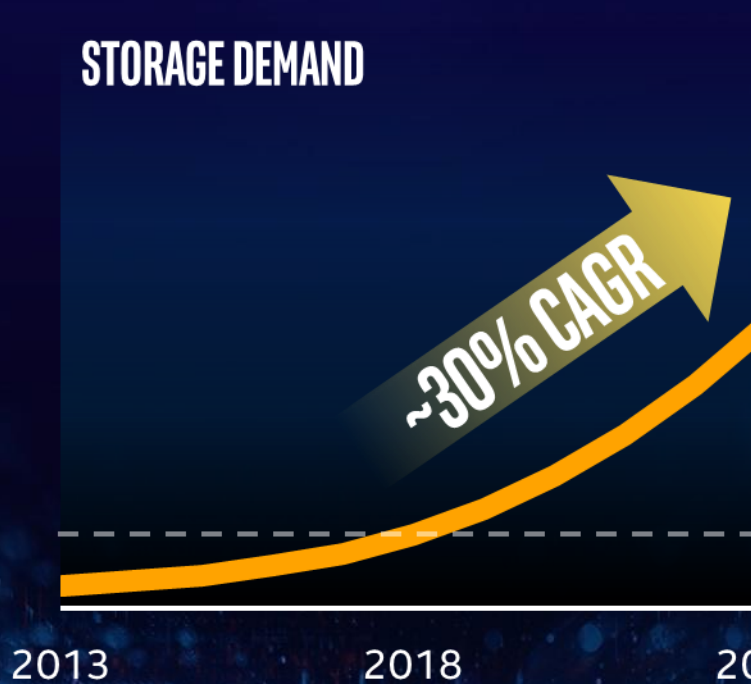
COMPUTE DEMAND

STORAGE DEMAND

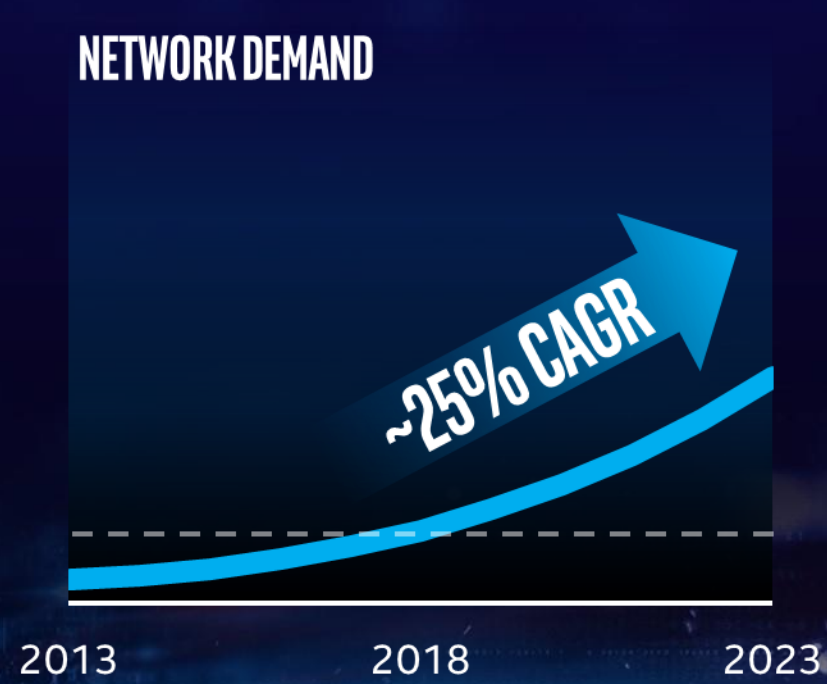
NETWORK DEMAND



Compute Demand, Data Centers (MIPS)



Stored Data, Data Centers (ZB)



Global Internet Traffic (ZB)

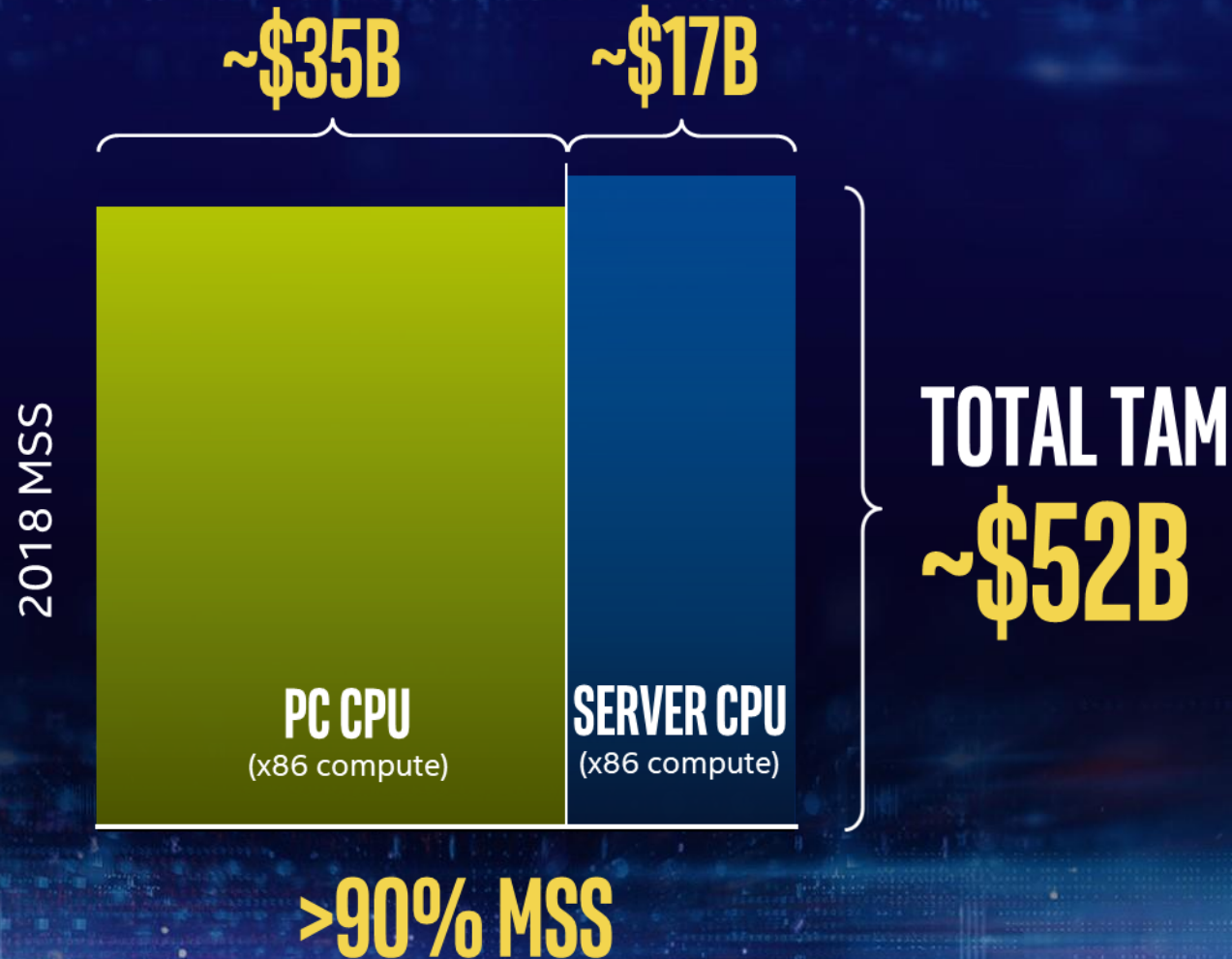


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Sources: Global Internet Traffic, Cisco VNI Forecasts (2016, 2017, 2018); Stored Data, IDC Data Age 2025 (2018); Compute demand, Intel analysis



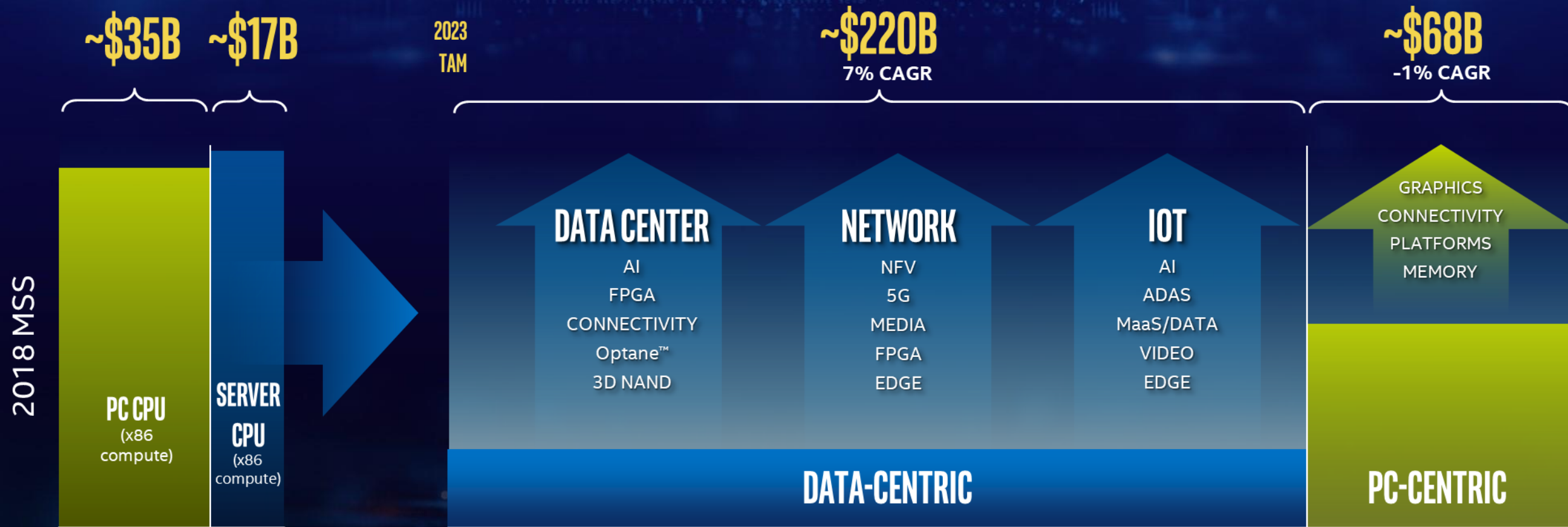
# OUR HISTORICAL TAM... LIMITED GROWTH OPPORTUNITIES



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Source: 2018 Intel Revenue is based on Intel financials. 2018 Si TAM is based on amalgamation of analyst data and Intel analysis.  
PC and Server include CPU and Chipsets revenue.

# OUR OPPORTUNITY... EXPANDED TAM



FROM DEFENDING MSS...

...TO GROWING MSS



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2023F TAM is based on an amalgamation of analyst data and Intel analysis, based upon current expectations and available information and is subject to change without notice. PC-Centric includes CPU & Chipsets, Connectivity (including modems other than 5G smartphone), Gateways, Gaming Consoles, Memory and Discrete Graphics. Data-Centric includes Data Center and Networking Compute, Memory, Storage and Connectivity, and IOT addressable Logic ASIC/ASSP, MPU, MCU, DSP for Industrial, Transportation, Automated Driving, Retail, Video Surveillance, Healthcare, Public Sector, Office Automation, Gaming and Smart Home. IOT also includes MaaS and intelligent transportation enabled data opportunities.



# OUR PLAN OF ATTACK

- Lead technology inflections
- Extend product leadership... redefine Intel Inside
- Make big bets... with attractive returns
- Focus on execution
- Evolve our culture
- Lead CSR and D&I



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# OUR GAME PLAN... LEADING TECHNOLOGY INFLECTIONS

## ARTIFICIAL INTELLIGENCE

AI unlocks value from data, enables new business models and experiences

## 5G

5G transforms the network, increases consumption of data-rich experiences

## AUTONOMOUS SYSTEMS

Autonomous systems require real-time analysis of data flows, drive new compute, network architectures

# ...AND PLAYING A LARGER ROLE IN OUR CUSTOMERS' SUCCESS



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# OUR GAME PLAN... EXTENDING PRODUCT LEADERSHIP

WORKLOAD-OPTIMIZED PLATFORMS,  
EFFORTLESS CUSTOMER &  
DEVELOPER INNOVATION

SOFTWARE

SECURITY

INTERCONNECT

MEMORY

XPU ARCHITECTURES

PROCESS AND PACKAGING

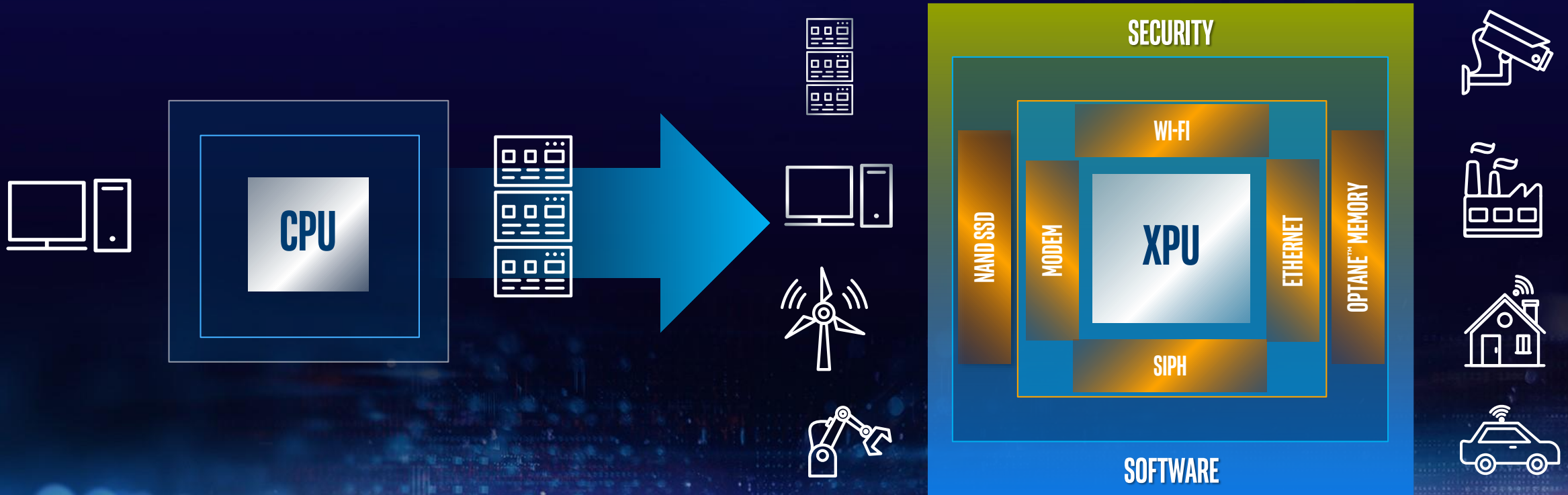


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# OUR GAME PLAN... REDEFINING INTEL INSIDE

INTEL INSIDE =  
CPU INSIDE A PC AND SERVER

INTEL INSIDE =  
XPU PLATFORMS INSIDE EVERYTHING





# OUR GAME PLAN... INVESTING IN PROCESS LEADERSHIP

## EXTEND 14nm

Build Capacity  
to Support  
Customer Growth

vs. TSMC 10nm

## RAMP 10nm

Client Systems on  
Shelf for 2019  
Holiday Season  
Server in 1H'20

vs. TSMC 7nm

## ACCELERATE TO 7nm

Production and  
Launch in 2021

vs. TSMC 5nm

## WORLD CLASS PACKAGING TECHNOLOGY COMPLEMENTS PROCESS LEADERSHIP



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# OUR GAME PLAN... MAKING BIG BETS OUR INVESTMENTS MUST...

...ADDRESS THE LEADING EDGE OF A **TECHNOLOGY INFLECTION**...

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...ALLOW US TO PLAY A LARGER ROLE IN THE **SUCCESS OF OUR CUSTOMERS**...

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...OFFER A CLEAR PATH TO **PROFITABILITY/ATTRACTIVE RETURNS**...

...**WITH REGULAR EVALUATION**



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# MAKING BIG BETS... MODEM

## INFLECTIONS



Influencing and shaping 5G standards  
World class 5G modem IP ready for 2020 industry ramp

## CUSTOMER IMPACT



Built momentum and won share at 4G/LTE  
High customer concentration

## PROFIT AND RETURN



Unprofitable despite share and scale  
Evaluating options to maintain modem capabilities for PC/IOT  
Significant outside interest in our modem team, technology, and IP



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# MAKING BIG BETS... MEMORY & STORAGE

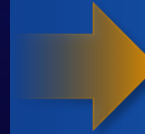
## MEMORY

## STORAGE

### INFLECTIONS



Optane™ offers ~performance of DRAM, persistence of NAND



High-density 3D NAND for storage transition to NVM  
Industry leading density

### CUSTOMER IMPACT

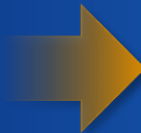


Optane™ + Xeon® = breakthrough platform-level innovation



#2 DC SSD provider 3+ years  
Challenging tech transitions impacted execution

### PROFIT AND RETURN



Significant potential for Optane™  
Systems challenges slow ramp



Aggressive capacity build + market conditions slowed progress & limited returns



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# MAKING BIG BETS... AUTONOMOUS SYSTEMS... MOBILEYE

## INFLECTIONS



ADAS penetration rising globally, growing from 30% to 70% by '23<sup>1</sup>  
L4/5 AV designs on track for 2021, enabling a MaaS opportunity  
Data services such as REM present new adjacent opportunities

## CUSTOMER IMPACT



>60% global ADAS market segment share  
L2+ designs w OEMs representing >50% of global vehicle production  
Real-time crowdsourced map tech, customers launching new data svcs

## PROFIT AND RETURN



Revenue up ~2x in 2 yrs<sup>2</sup>; positive OM contribution, in line w/deal thesis



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<sup>1</sup>Internal analysis

<sup>2</sup>2017 revenue compared to 2019 revenue; 2017 revenue includes revenue prior to acquisition in Aug'17.



# OUR GAME PLAN... IMPROVING OUR EXECUTION DELIVERING IN 2019

## MEET CUSTOMER DEMAND

### ENSURE SUPPLY

Investing to ensure we don't  
constrain growth

## RECOUP PROCESS LEADERSHIP

### 10NM PRODUCTS ON SHELVES

On track to full-year 10nm  
shipment goals

## DELIVER WITH PREDICTABILITY

### LEADERSHIP PRODUCTS ON SCHEDULE

Ice Lake and Lakefield for client  
Cascade Lake, AgileX™, Teton Glacier  
for data-centric



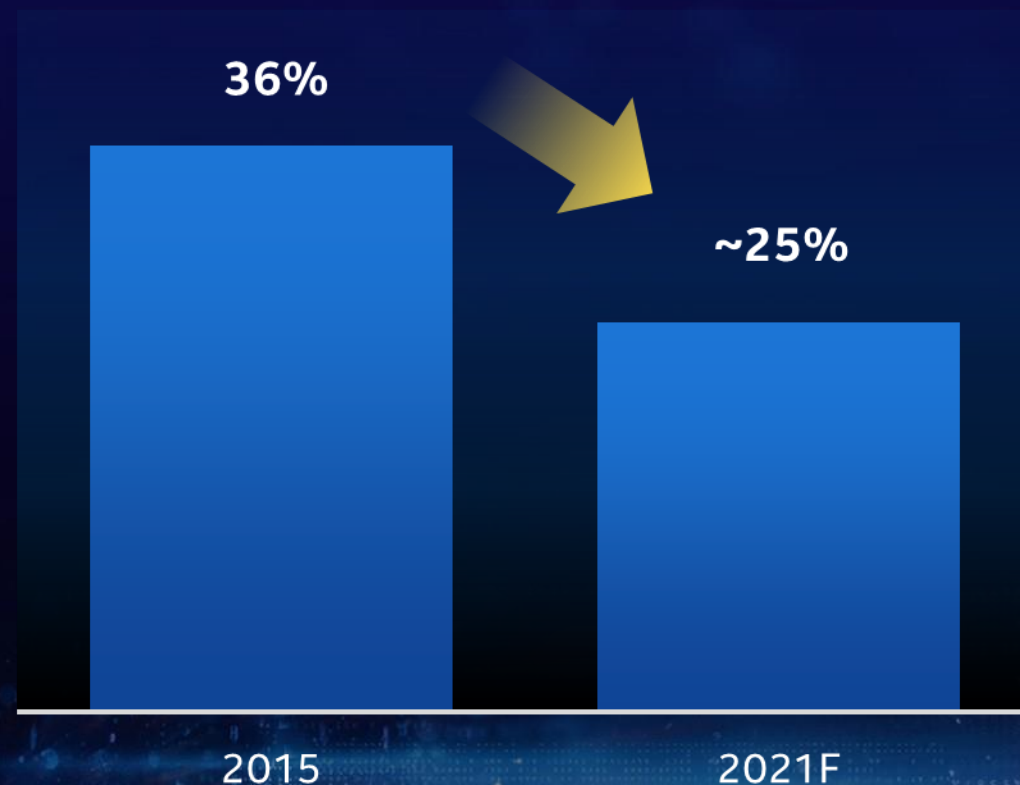
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# OUR GAME PLAN... IMPROVING OUR EXECUTION

**RELENTLESS FOCUS  
ON THINGS THAT  
MATTER MOST**

Spending % of Revenue



# OUR GAME PLAN... EVOLVING OUR CULTURE

FROM

TO

Build the best products... customers will come

Listen to customers & enable their growth

\$52B TAM... MSS >90%... protect & defend

Nearly \$300B TAM... Low MSS... growth mode

Competition has <10% MSS... compete internally

Very capable competition has high MSS

IDM advantage/process lead trumps all

Product leadership trumps all

**AN INCREDIBLE 50 YEARS**

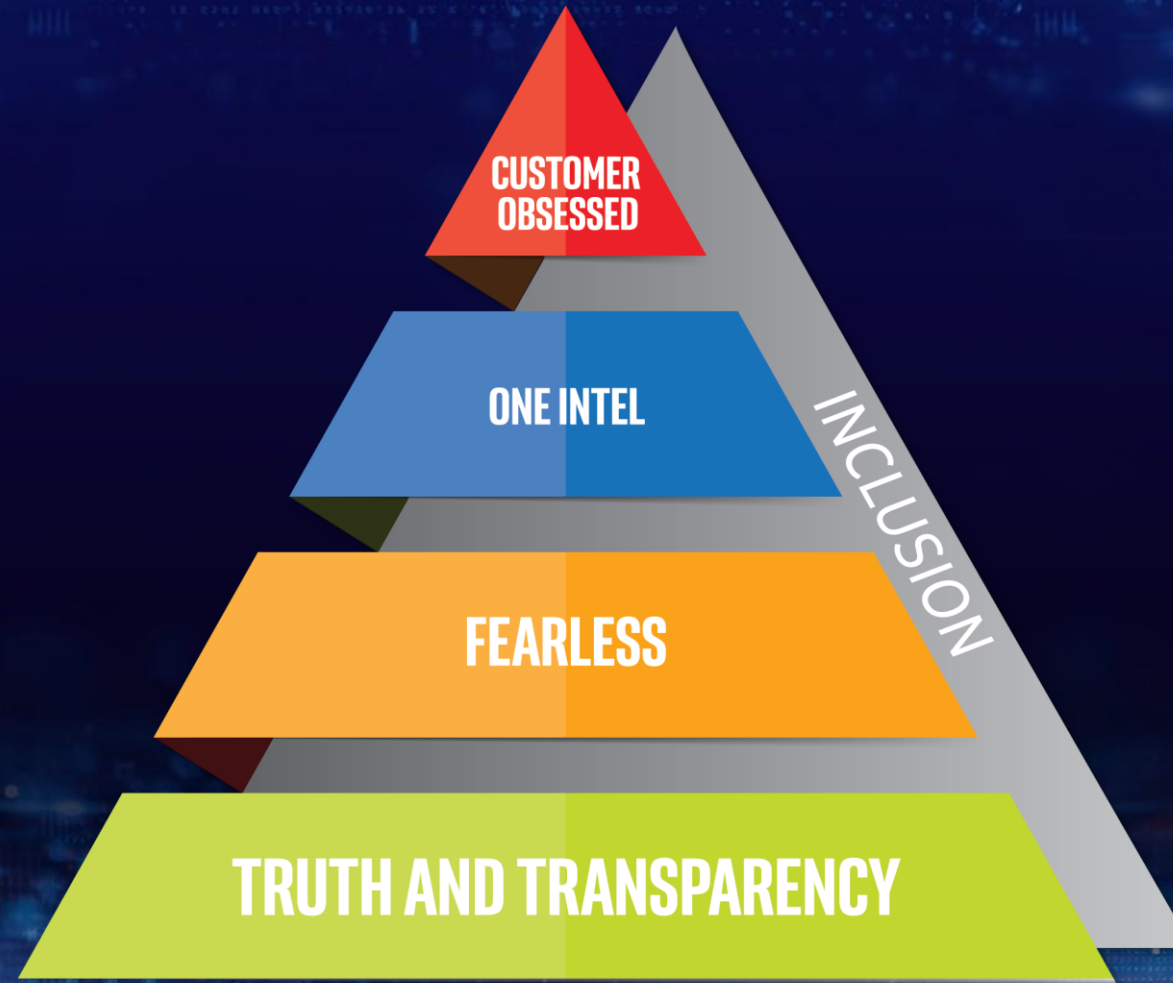
**AN INCREDIBLE OPPORTUNITY**



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# OUR GAME PLAN... EVOLVING OUR CULTURE



# OUR GAME PLAN... LEADING IN CORPORATE RESPONSIBILITY

We are a recognized leader in corporate responsibility and take action to advance progress in environmental sustainability, supply chain responsibility, and social impact.



**4B** KWH ENERGY SAVED

SINCE 2012, RESULTING IN  
>\$500M IN COST SAVINGS



**#1** SCORES

FOR OUR ENVIRONMENTAL &  
SOCIAL DISCLOSURE QUALITY BY  
ISS ETHIX



**>20** YEARS

OF TRANSPARENCY & PROACTIVE  
ENGAGEMENT WITH INVESTORS ON ESG  
ISSUES



**90%** RECYCLE RATE

FOR NON-HAZARDOUS WASTE IN  
OUR GLOBAL OPERATIONS



**17.4M** SQUARE FEET

OF LEED CERTIFIED SPACE IN  
SUPPORT OF OUR GREEN  
BUILDINGS GOAL



**+500** SUPPLIER AUDITS

COMPLETED SINCE 2014 AS PART OF  
OUR SUPPLY CHAIN RESPONSIBILITY  
PROGRAMS

[www.intel.com/responsibility](http://www.intel.com/responsibility)



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# OUR GAME PLAN... ENABLING A DIVERSE & INCLUSIVE ENVIRONMENT

## INNOVATIVE & INCLUSIVE TALENT



**2 YEARS EARLY**

MET OUR 2020 U.S. WORKFORCE  
DIVERSITY GOAL

## INNOVATIVE SUPPLY CHAIN



**\$1B ANNUALLY**

GLOBAL INITIATIVE TO SPEND WITH  
DIVERSE-OWNED BUSINESSES BY 2020 TO  
GENERATE AN INCLUSIVE SUPPLY CHAIN

## COMPREHENSIVE WORKFORCE PAY



**EQUITY** FOR GLOBAL GENDER PAY

CLOSED THE GAP OF AVERAGE PAY BETWEEN  
EMPLOYEES OF DIFFERENT GENDERS IN SIMILAR  
ROLES CREATING INCLUSIVE WORKPLACE

[www.intel.com/diversity](http://www.intel.com/diversity)



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# OVER THE NEXT 3 YEARS...

## REVENUE GROWTH

Low-single digit growth,  
\$76B-\$78B

Data-Centric businesses  
high-single digit growth

PC-Centric business  
~flat to slightly down

## OPERATING EFFICIENCY

Operating Margin ~32%

Gross Margins declines  
offset by spending  
leverage and 5G  
smartphone modem exit

## EARNINGS/FCF

EPS growth in line  
with revenue

FCF growing faster  
than earnings

# CLOSING FCF/EARNINGS GAP (>80%)... ATTRACTIVE CAPITAL RETURNS



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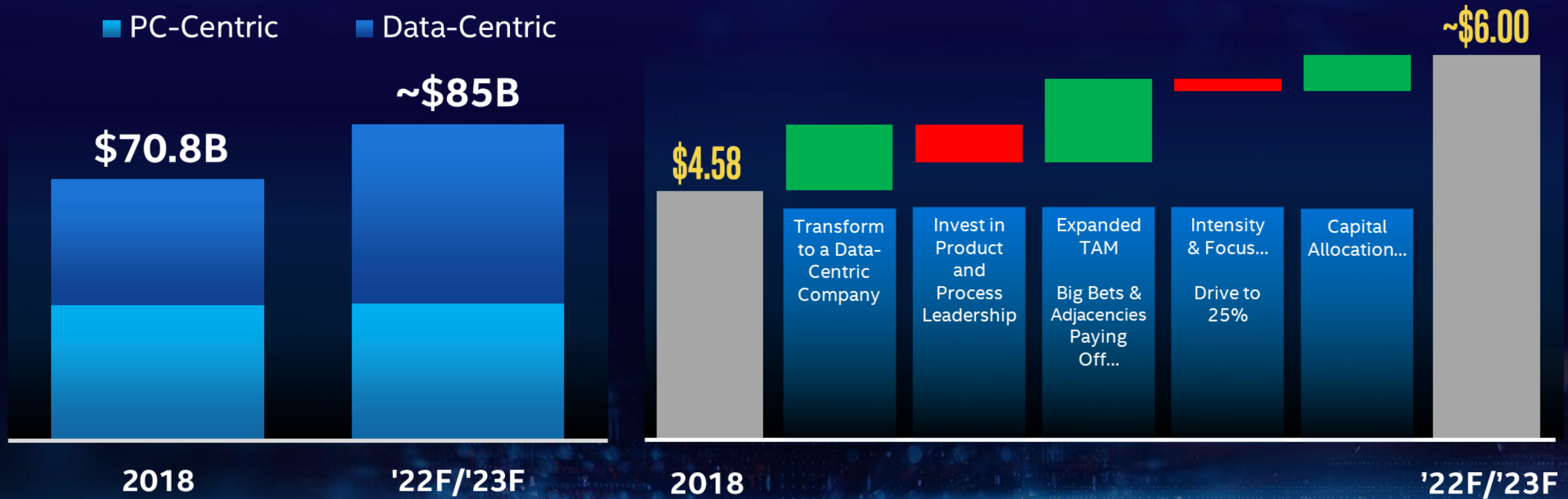
Operating margin, gross margin, EPS, and FCF are non-GAAP.  
Forecasts are Intel estimates, based upon current expectations and available information and are subject to change without notice.



# BEYOND YEAR 3... SIGNIFICANT OPPORTUNITY

~\$85B REVENUE

~\$6.00 EARNINGS PER SHARE



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EPS presented on a non-GAAP basis. Refer to the Appendix for a reconciliation of this non-GAAP measure.  
Forecasts are Intel estimates, based upon current expectations and available information and are subject to change without notice.

# AGENDA

## SPEAKER

## TOPIC

Murthy Renduchintala

*Walk-on: Raja Koduri*

Product Leadership

Navin Shenoy

*Walk-On: Sandra Rivera*

The Data-Centric Opportunity

Gregory Bryant

The Transformation of the PC Sector

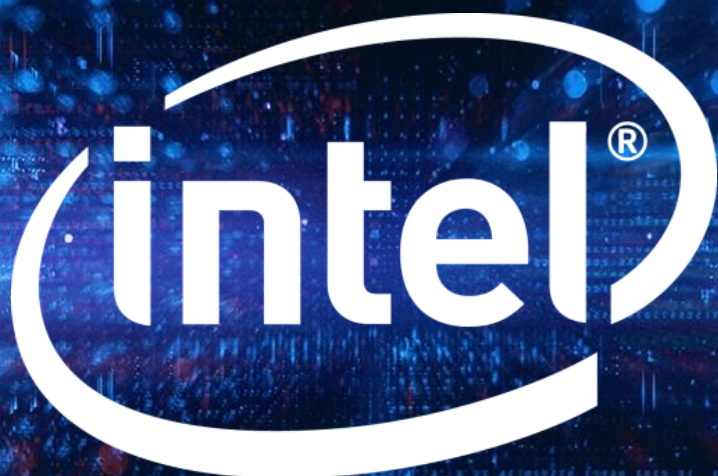
George Davis

A Focus on Performance



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# APPENDIX



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# RECONCILIATION OF NON-GAAP

	2018	Full-year 2019 Outlook Approximately
GAAP OPERATING MARGIN	33%	30%
Amortization of acquisition-related intangible assets	2%	2%
NON-GAAP OPERATING MARGIN	35%	32%
GAAP EARNINGS PER SHARE	\$4.48	\$4.14
Inventory valuation adjustments	—	—
Amortization of acquisition-related intangible assets	0.28	0.29
Other acquisition-related charges	—	—
Restructuring and other charges	(0.02)	—
(Gains) losses from divestitures	(0.11)	—
Ongoing mark-to-market on marketable equity securities	0.03	(0.06)
Tax reform	(0.06)	—
Income tax effect	(0.02)	(0.02)
NON-GAAP EARNINGS PER SHARE	4.58	\$4.35

Forward-looking non-GAAP measures relating to fiscal years 2020 and beyond represent targets and are based on internal forecasts subject to significant uncertainty. We are unable to provide a full reconciliation of such measures to GAAP measures without unreasonable efforts as we cannot predict the amount or timing of certain elements that are included in reported GAAP results and that may significantly affect GAAP results, including acquisition-related adjustments, ongoing mark-to-market adjustments on marketable equity securities, and other non-recurring events or transactions. In addition, certain comparable GAAP measures such as net cash provided by operating activities are difficult to accurately estimate for such time frames and are dependent on future events. We believe such a reconciliation would also imply a degree of precision that could be confusing or inappropriate for these forward-looking measures.

