



2nd Quarter Earnings Presentation



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Non-GAAP Financial Measures and Forward-Looking Statements

- This presentation contains non-GAAP financial measures. Intel gross margin, and earnings per share, including year-over-year comparisons, are presented on a non-GAAP basis. This presentation also includes a non-GAAP adjusted free cash flow (FCF) measure. The Appendix provides a reconciliation of these measures to the most directly comparable GAAP financial measure. 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 our earnings released dated July 27, 2023 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.
- Statements in this presentation that refer to business outlook, plans, and expectations are forward-looking statements that involve risks and uncertainties. Words such as “accelerate,” “achieve,” “aim,” “ambitions,” “anticipate,” “believe,” “committed,” “continue,” “could,” “designed,” “estimate,” “expect,” “forecast,” “future,” “goals,” “grow,” “guidance,” “intend,” “likely,” “may,” “might,” “milestones,” “next generation,” “objective,” “on track,” “opportunity,” “outlook,” “pending,” “plan,” “position,” “potential,” “possible,” “predict,” “progress,” “ramp,” “roadmap,” “seeks,” “should,” “strive,” “targets,” “to be,” “upcoming,” “will,” “would,” and variations of such words and similar expressions are intended to identify such forward-looking statements, which may include statements regarding: our business plans and strategy and benefits therefrom; projections of our future financial performance, including future revenue, gross margins, capital expenditures, and cash flows; future cash requirements and the availability and sufficiency of funding; expected returns to stockholders, such as stock repurchases and dividends; future products, services and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation and benefits of such products, services and technologies, including future process nodes and packaging technology, product roadmaps, schedules, future product architectures, expectations regarding process performance, per-watt parity, and metrics and expectations regarding product and process leadership; investment plans, and impacts of investment plans; internal and external manufacturing plans; future production capacity and product supply; supply expectations; plans and goals related to Intel’s foundry business; expected timing and impact of acquisitions, divestitures, and other significant transactions; expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives; future social, and environmental performance goals, measures, strategies and results; our anticipated growth, future market share, and trends in our businesses and operations; projected growth and trends in markets relevant to our businesses; anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints; expectations regarding government incentives; future technology trends; future macro environmental and economic conditions; future responses to and effects of COVID-19; geopolitical conditions; tax- and accounting-related expectations; expectations regarding our relationships with certain sanctioned parties; and other characterizations of future events or circumstances.
- Such statements involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied, including: changes in demand for our products; changes in product mix; the complexity and fixed cost nature of our manufacturing operations; the high level of competition and rapid technological change in our industry; the significant upfront investments in R&D and our business, products, technologies, and manufacturing capabilities; vulnerability to new product development and manufacturing-related risks, including product defects or errata; risks associated with a highly complex global supply chain; sales-related risks; potential security vulnerabilities in our products; cybersecurity and privacy risks; investment and transaction risk; IP risks and risks associated with litigation and regulatory proceedings; evolving regulatory and legal requirements across many jurisdictions; geopolitical and international trade conditions; our debt obligations; risks of large scale global operations; macroeconomic conditions; impacts of the COVID-19 or similar such pandemic; other risks and uncertainties described in this presentation, our earnings release dated July 27, 2023, our 2022 Annual Report on Form 10-K and our other filings with the SEC.
- Unless specifically indicated otherwise, the forward-looking statements in this presentation do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this presentation. All information in this presentation reflects management’s views as of July 27, 2023, unless an earlier date is specified. We do not undertake, and expressly disclaim any duty, to update such statements, whether as a result of new information, new developments, or otherwise, except to the extent that disclosure may be required by law.

Executive Summary



Q2 beat on Revenue, Gross Margin and EPS

Return to profitability; expecting modest 2H'23 recovery

Effective execution across process and products is rebuilding customer confidence

Executing to capture the insatiable demand for compute

Positioned to democratize AI across the continuum of workloads and usage models

Deploying Smart Capital to create a secure, diversified, and resilient global supply chain

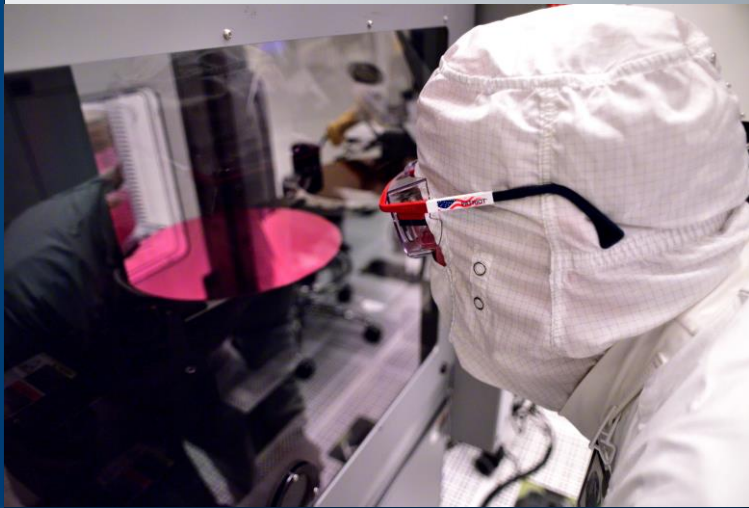
Delivering on long-term shareholder value

On track to deliver \$3B of cost savings in 2023, \$8-10B exiting 2025

EU CHIPS, US CHIPS application, IMS investment, MBL Y secondary, NUC agreement

Executing our Strategy

Process and Manufacturing



5 nodes in 4 years:

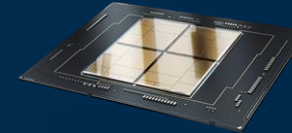
Intel 7 done, Intel 4 production ramping
Intel 3, Intel 20A, Intel 18A on track
RibbonFet and PowerVia on 20A and 18A

CCG



Meteor Lake PRQ in Q3'23
bringing AI to the PC at scale
Arrow Lake and Lunar Lake
in 2024
NUC agreement with ASUS

DCAI



Emerald Rapids in Q4'23
Sierra Forest in 1H'24 followed
by Granite Rapids both on Intel 3
Clearwater Forest on 18A in '25
Gaudi3 in 1H'24

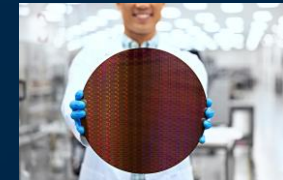
NEX



Ericsson partnering on Industry
Scale Open RAN and next gen
5G infrastructure on Intel 18A



SuperVision design win with
Porsche
Mobility-as-a-Service
collaboration with VW Group



Added RAMP-C partnerships
with Boeing and Northrop
Grumman

Q2 Financial Highlights

\$12.9B

Revenue

Down 15% YoY

\$0.9B above April outlook¹

39.8%

Gross Margin

Down 5.0 pts YoY

2.3 ppt above April outlook¹

\$0.13

EPS

Down 54% YoY

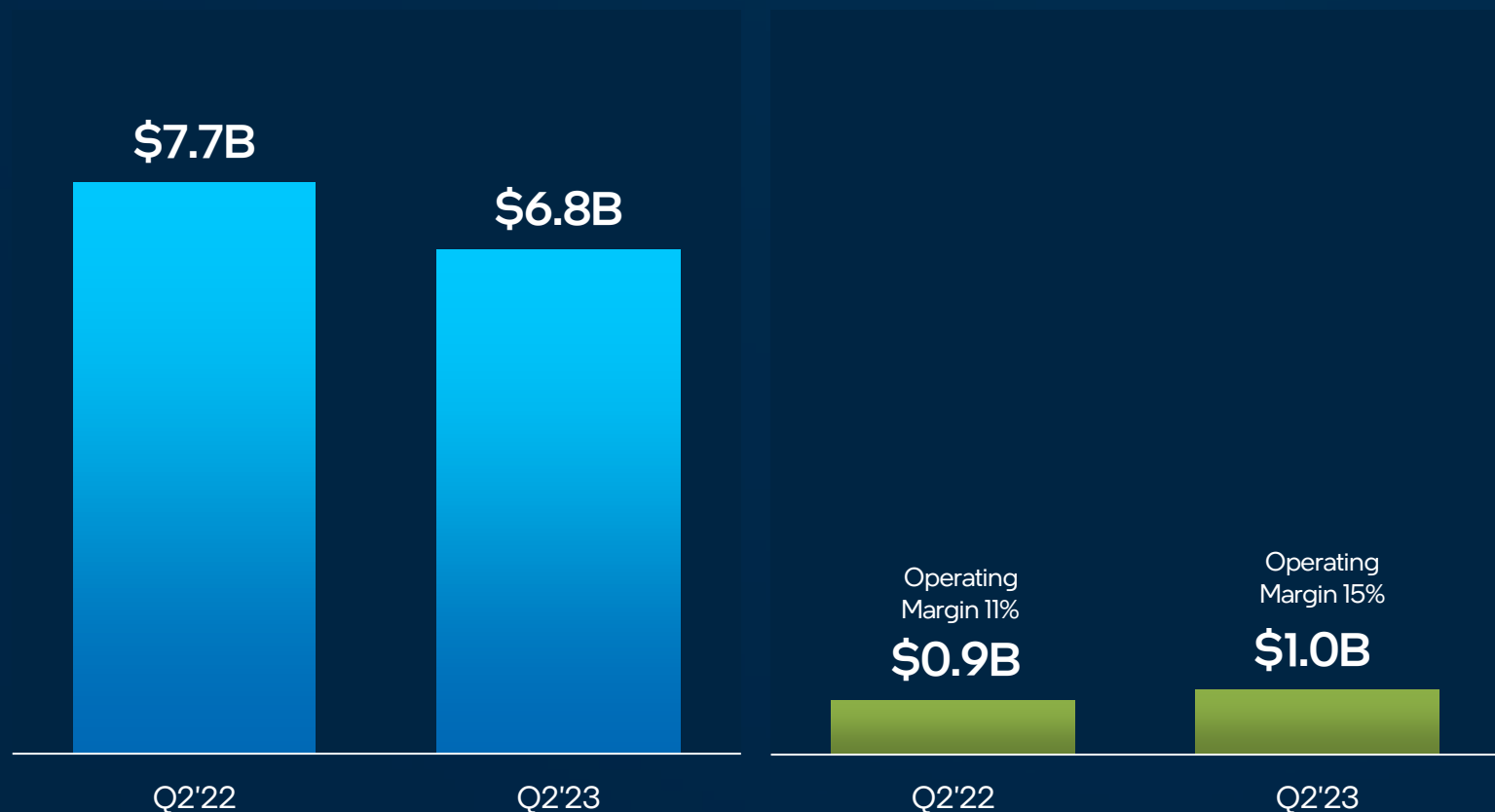
\$0.17 above April outlook¹

¹ Comparisons are based on the mid-point of revenue outlook

Client Computing Group (CCG)

Revenue down 12%

Operating Income up 19%

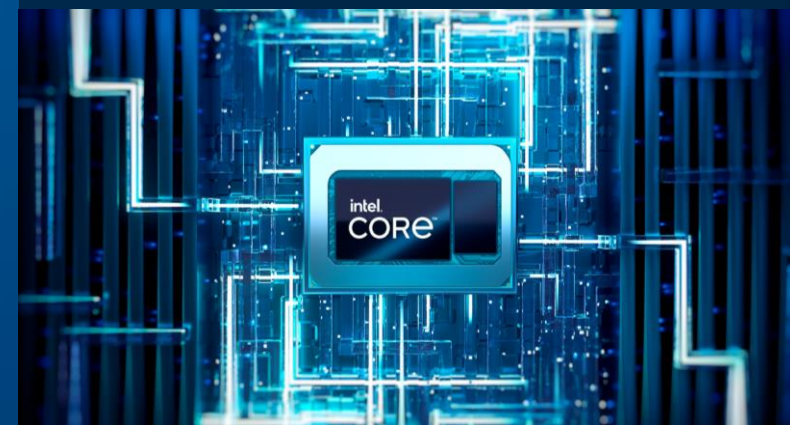


Revenue

- Lower on overall TAM contraction and OEM inventory reductions

Operating Income

- Higher on reduced spending and inventory reserves



Data Center and AI Group (DCAI)

Revenue down 15%

Operating Income down 101%

\$4.7B

\$4.0B

Q2'22

Q2'23

Operating
Margin (2%)
(\$0.1B)

Q2'22

Operating
Margin (4%)
(\$0.2B)

Q2'23

Revenue

- Lower on CPU TAM contraction and competitive pressure

Operating Income

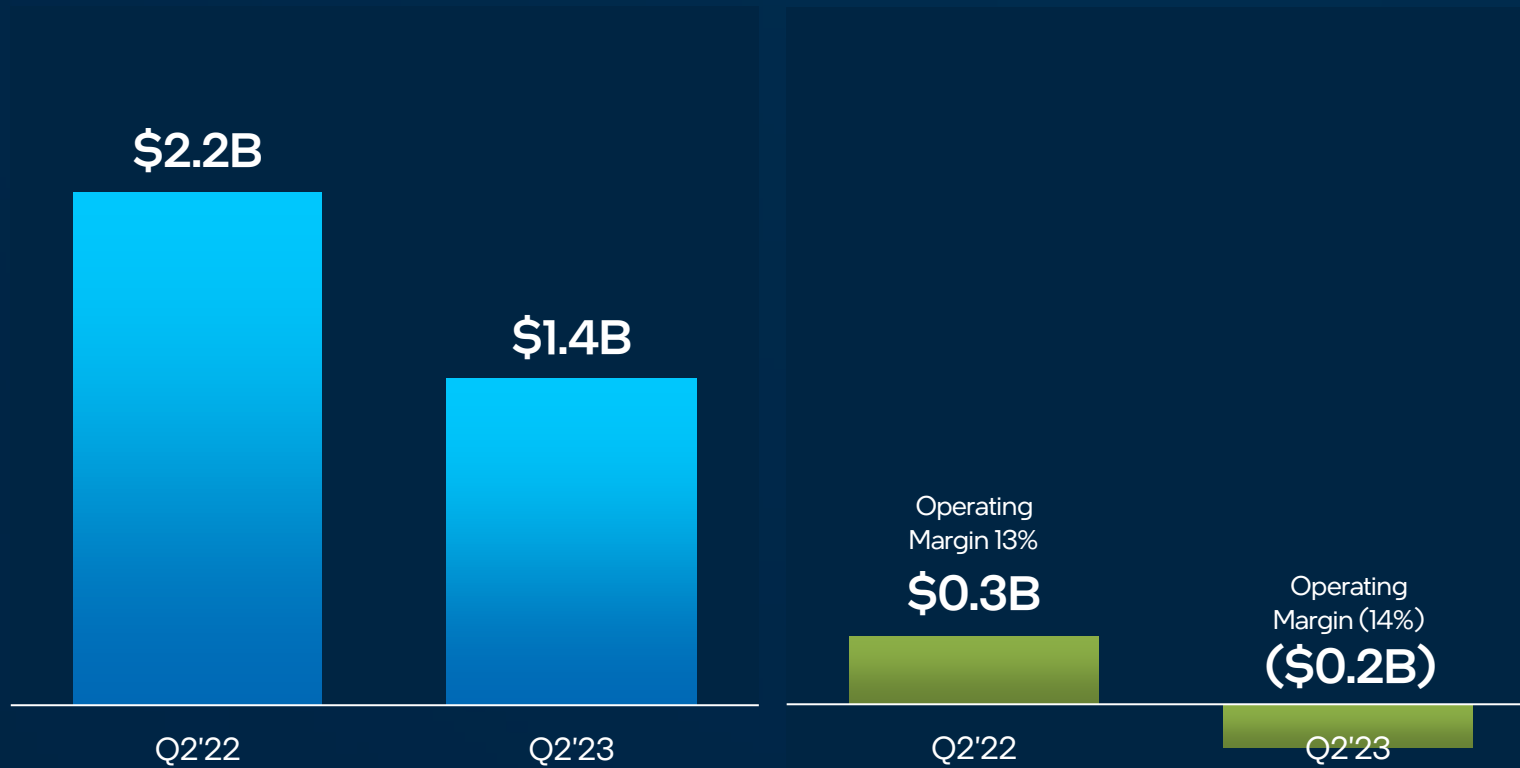
- Lower on higher unit costs driven by factory utilization and product mix



Network and Edge Group (NEX)

Revenue down 38%

Operating Income down 164%



Revenue

- Lower on edge and telco demand softness and elevated network inventories

Operating Income

- Lower on reduced revenue

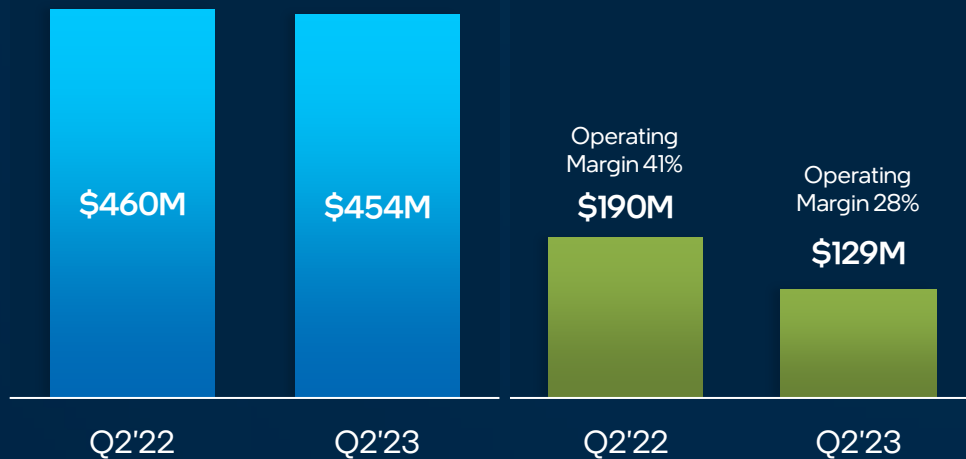


Other Business Segments

Mobileye

Revenue

Operating Income



- Revenue roughly flat YoY
- Operating income down 32% YoY on increased investments in leadership products

Intel Foundry Services (IFS)

Revenue

Operating Income



- IFS revenue up 307% YoY
- Operating loss driven by increased spending to support strategic growth

Outlook

Q3 2023 Outlook

\$12.9-13.9B

Revenue

Down 13% YoY

43.0%

Gross Margin¹

Down 2.9 ppt YoY

\$0.20

EPS¹

Down 46% YoY

¹ Gross Margin and EPS outlook based on the mid-point of the revenue range

Appendix

Reconciliation of Non-GAAP Actuals

	Three Months Ended	
	Jul 1, 2023	Jul 2, 2022
GAAP gross margin percentage	35.8%	36.5%
Acquisition-related adjustments	2.4%	2.2%
Share-based compensation	1.6%	1.2%
Patent settlement	--	1.3%
Optane inventory impairment	--	3.6%
Non-GAAP gross margin percentage	39.8%	44.8%
GAAP earnings (loss) per share attributable to Intel—diluted	\$0.35	\$(0.11)
Acquisition-related adjustments	0.08	0.09
Share-based compensation	0.22	0.22
Patent settlement	--	0.05
Optane inventory impairment	--	0.14
Restructuring and other charges	0.05	0.02
(Gains) losses on equity investments, net	0.01	0.02
(Gains) losses from divestiture	(0.01)	--
Adjustments attributable to non-controlling interest	--	--
Income tax effects ¹	(0.57)	(0.15)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$0.13	\$0.28

1 Contemplates a fixed long-term projected non-GAAP tax rate

Reconciliation of Non-GAAP Q3 Outlook

	Q3 2022 Actuals	Q3 2023 Outlook ¹ Approximately
GAAP gross margin percentage	42.6%	39.1%
Acquisition-related adjustments	2.2%	2.5%
Share-based compensation	1.1%	1.4%
Non-GAAP gross margin percentage	45.9%	43.0%
GAAP earnings (loss) per share attributable to Intel—diluted	\$0.25	\$0.04
Acquisition-related adjustments	0.09	0.10
Share-based compensation	0.19	0.20
Restructuring and other charges	0.16	--
(Gains) losses on equity investments, net	0.04	(0.03)
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	--	(0.01)
Income tax effects ²	(0.35)	(0.09)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$0.37	\$0.20

¹ Non-GAAP gross margin percentage and non-GAAP earnings (loss) per share outlook based on the mid-point of the revenue range

² Contemplates a fixed long-term projected non-GAAP tax rate

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