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Q1 Earnings

April 25,
2024

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1st Quarter Earnings Presentation



Pat Gelsinger

Chief Executive Officer



David Zinsner

Executive Vice President and
Chief Financial Officer

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. 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 April 25, 2024 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. Such statements may include, but not be limited to, those regarding: our business plans and strategy and anticipated 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, including with respect to anticipated customers, future manufacturing capacity and service, technology and IP offerings; 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 market trends; anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints; expectations regarding government incentives; technology trends, such as AI; environmental and economic conditions; geopolitical tensions and conflicts and their potential impact on our business; tax- and accounting-related expectations; expectations regarding 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: the high level of competition and rapid technological change in our industry; the significant long-term and inherently risky investments we are making in R&D and manufacturing facilities that may not realize a favorable return; the complexities and uncertainties in developing and implementing new semiconductor products and manufacturing process technologies; our ability to time and scale our capital investments appropriately and successfully secure favorable alternative financing arrangements and government grants; implementing new business strategies and investing in new business and technologies; changes in demand for our products; macroeconomic conditions and geopolitical tensions and conflicts, including geopolitical and trade tensions between the US and China, the impacts of Russia’s war on Ukraine, tensions and conflict affecting Israel and the Middle East, and rising tensions between mainland China and Taiwan; the evolving market for products with AI capabilities; our complex global supply chain, including from disruptions, delays, trade tensions and conflicts, or shortages; product defects, errata and other product issues, particularly as we develop next-generation products and implement next-generation manufacturing process technologies; potential security vulnerabilities in our products; increasing and evolving cybersecurity threats and privacy risks; IP risks including related litigation and regulatory proceedings; the need to attract, retain, and motivate key talent; strategic transactions and investments; sales-related risks, including customer concentration and the use of distributors and other third parties; our significantly reduced return of capital in recent years; our debt obligations and our ability to access sources of capital; complex and evolving laws and regulations across many jurisdictions; fluctuations in currency exchange rates; changes in our effective tax rate; catastrophic events; environmental, health, safety, and product regulations; our initiatives and new legal requirements with respect to corporate responsibility matters; and other risks and uncertainties described in this presentation, our earnings release dated April 25, 2024, our 2023 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 April 25, 2024, 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

Q1 Revenue In-Line, Beat on Gross Margin and EPS (non-GAAP)

Expect full year revenue and EPS growth in 2024 with revenue growth accelerating in 2H

Numerous Accomplishments to Start the Year

Direct Connect, CHIPS, Intel Vision, Sustainability Summit, Open Source Summit, Leap Forward & implemented new operating model to drive profitability

Significant Opportunity to Create Value

Working to overachieve conservative foundry target financial model, AI PC exceeding volume expectations, Sierra Forest ready to ship, Gaudi 3 shipping for revenue in Q2



2024 YTD Highlights



intel foundry
Direct Connect



CHIPS Act
Largest Proposed Award



Intel Vision
Intel® Gaudi® 3 Intro



Open
Source Summit



Sustainability Summit



Rebranded FPGA
Business



New Operating & Financial
Reporting Structure

intel

intel foundry

intel products

altera™
An Intel Company

in mobileye™

Driving Our Transformation

Execution Engine

5 Nodes in 4 Years Nearing Completion

- Intel 7: Sapphire Rapids, Emerald Rapids
- Intel 4: EUV, Meteor Lake
- Intel 3: Sierra Forest, Granite Rapids
- Intel 20A: PowerVia, + RibbonFET, Arrow Lake
- Intel 18A: Clearwater Forest, Panther Lake
- Intel 14A: High NA EUV

Intel Foundry

Systems Foundry for the AI Era

At Scale, Geo Diverse, Sustainable & Resilient

EUV Wafer Mix Drives ASP & Profits

6 Intel 18A Customers

5 Advanced Packaging Designs

>\$15B Lifetime Deal Value

Intel Products

Modular Platforms for the AI Era

Solid Franchise with Established Ecosystems

Forecast Accelerating Growth in 2H

Defining AI PC Category, >40mu in '24

Xeon 6 E-Core Released, P-Core Expected Q3

Project >\$500M Rev in 2H with Gaudi 3

Financial Discipline

Smart Capital
US/EU CHIPS, SCIPs, Customer Commitments

Operational Efficiencies
New Operating Model

Value Unlock
Mobileye, IMS, Altera

Q1 Financial Highlights

\$12.7B

Revenue

Up 9% YoY

Flat to Jan outlook¹

45.1%

Gross Margin

(non-GAAP)

Up 6.7 ppt YoY

0.6 ppt above Jan outlook¹

\$0.18

EPS

(non-GAAP)

Up \$0.22 YoY

\$0.05 above Jan outlook¹

GAAP Gross Margin 41.0%, up 6.8 ppt YoY
GAAP EPS (\$0.09), up \$0.57 YoY

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

Intel Segment Reporting

Intel Products

Client Computing Group

Data Center & AI

Network & Edge

Intel Foundry

Foundry Services

Foundry Manufacturing
& Supply Chain

Foundry Technology
Development

All Other

Altera

Mobileye

Other



(\$B)

Revenue GM% (non-GAAP) Op Income (non-GAAP)



- New operating model driving transparency & accountability
- Target model reasonable & conservative, working to overachieve
- Capital allocations & efficiency in focus post 5N4Y



GAAP GM%: Q1'23 34.2%, Q2'23 35.8%, Q3'23 42.5%, Q4'23 45.7%, Q1'24 41.0%
GAAP Op Income: Q1'23 (\$1.5), Q2'23 (\$1.0), Q3'23 \$0.0, Q4'23 \$2.6, Q1'24 (\$1.1)
GAAP EPS: Q1'23 (\$0.66), Q2'23 \$0.35, Q3'23 \$0.07, Q4'23 \$0.63, Q1'24 (\$0.09)

intel products

(\$B)

Revenue OM% Op Income

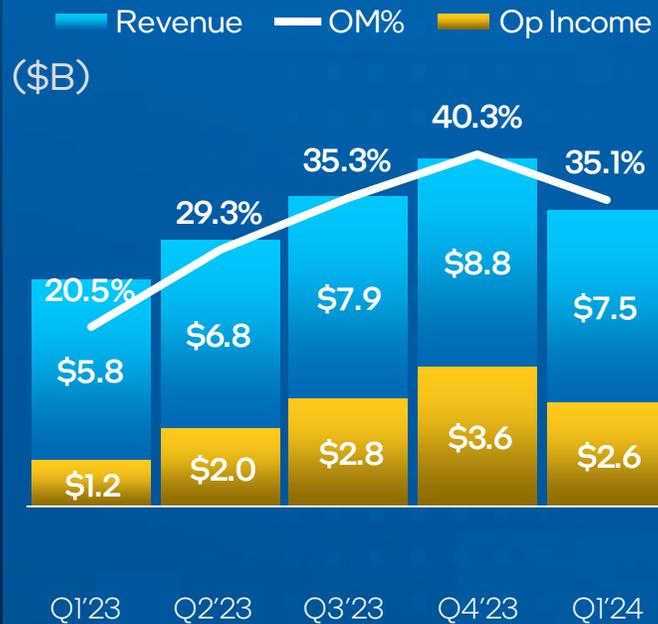


- Solid fabless business with strong ecosystem from edge to cloud
- Well positioned in AI for on prem inference, AI PC & connectivity
- Expect strong 2H growth with momentum into 2025



intel products

CCG



- Nearly 5Mu of AI PC's shipped, on track to >40Mu by end of year
- 2nd Gen AI PC shipping in volume in 2H & Panther Lake in Fab now

DCAI



- Xeon 6 E-Core now ready to ship and P-Core following in Q3
- Gaudi 3 launching in Q2, >\$500M revenue in 2H

NEX



- Telco weakness partially offset by Network & Edge growth
- AI inferencing a clear catalyst for 2024 Edge growth

intel foundry

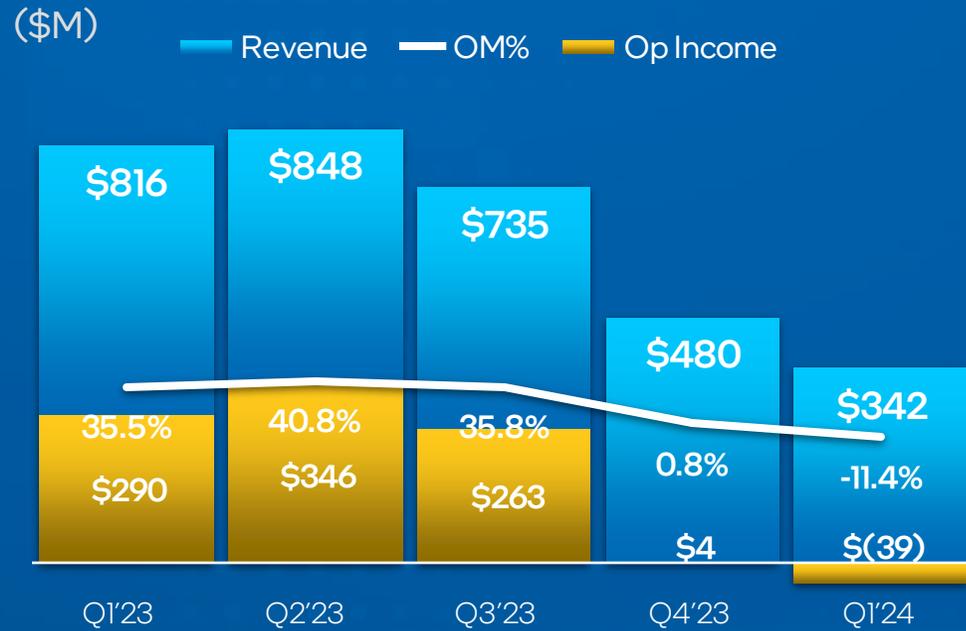
(\$B)

Revenue OM% Op Income

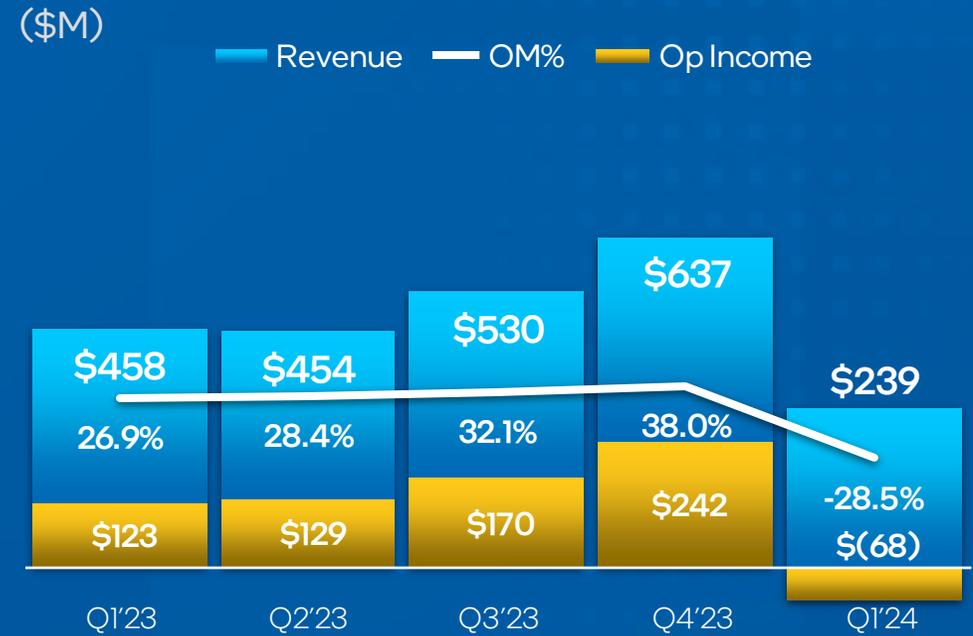


- Expect PnL trough in 2024, path to breakeven is largely in our control
- Pre-EUV to post-EUV, expect wafer ASPs to grow 3x faster than cost
- Announced 6th 18A customer, PDK 1.0 in Q2 with vol ramp in 1H'25





- Industry wide inventory digestion continues
- Expect ~\$2B revenue run rate exiting 2024



- EyeQ inventory digestion on track
- Business environment accelerates post Q1

Outlook

Q2 2024 Outlook

\$12.5-13.5B

Revenue

~Flat YoY¹

43.5%

Gross Margin¹

(non-GAAP)

Up 3.7 ppt YoY

\$0.10

EPS¹

(non-GAAP)

Down \$0.03 YoY

¹ Revenue growth comparison, gross margin outlook and EPS outlook based on the mid-point of the revenue range

Appendix

Reconciliation of Non-GAAP Actuals

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
(In Billions, Except Per Share Amounts)					
GAAP gross margin percentage	34.2%	35.8%	42.5%	45.7%	41.0%
Acquisition-related adjustments	2.8%	2.4%	2.1%	1.9%	1.8%
Share-based compensation	1.4%	1.6%	1.2%	1.1%	2.3%
Non-GAAP gross margin percentage	38.4%	39.8%	45.8%	48.8%	45.1%
GAAP operating income (loss)	\$(1.5)	\$(1.0)	–	\$2.6	\$(1.1)
Acquisition-related adjustments	0.4	0.4	0.3	0.3	0.3
Share-based compensation	0.7	0.9	0.8	0.8	1.2
Restructuring and other charges	0.1	0.2	0.8	(1.1)	0.3
Non-GAAP operating income (loss)	\$(0.3)	\$0.5	\$1.9	\$2.6	\$0.7
GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.66)	\$0.35	\$0.07	\$0.63	\$(0.09)
Acquisition-related adjustments	0.09	0.08	0.08	0.08	0.06
Share-based compensation	0.18	0.22	0.18	0.18	0.28
Restructuring and other charges	0.01	0.05	0.19	(0.27)	0.08
(Gains) loss on equity investments, net	(0.04)	0.01	0.05	(0.02)	(0.05)
(Gains) losses from divestiture	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	–	–	–	–	–
Income tax effects	0.39	(0.57)	(0.15)	(0.05)	(0.09)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.04)	\$0.13	\$0.41	\$0.54	\$0.18

Reconciliation of Non-GAAP Q2 Outlook

	Q2 2024 Outlook ¹ Approximately	Q2 2023 Actuals
GAAP gross margin percentage	40.2%	35.8%
Acquisition-related adjustments	1.7%	2.4%
Share-based compensation	1.6%	1.6%
Non-GAAP gross margin percentage	43.5%	39.8%
GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.05)	\$0.35
Acquisition-related adjustments	0.06	0.08
Share-based compensation	0.22	0.22
Restructuring and other charges	—	0.05
(Gains) losses on equity investments, net	—	0.01
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	—	—
Income tax effects ²	(0.12)	(0.57)
Non-GAAP earnings per share attributable to Intel—diluted	\$0.10	\$0.13

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

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

Recast Segment Results (2023)

(In Millions, unaudited)	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating Segment Revenue:				
Intel Products:				
CCG	\$ 5,767	\$ 6,780	\$ 7,867	\$ 8,844
DCAI	2,901	3,155	3,076	3,503
NEX	1,489	1,364	1,450	1,471
Total Intel Products Revenue	\$10,157	\$11,299	\$12,393	\$13,818
Intel Foundry	\$ 4,831	\$ 4,172	\$ 4,732	\$ 5,175
All Other				
Altera	816	848	735	480
Mobileye	458	454	530	637
Other	166	117	187	180
Total All Other Revenue	\$1,440	\$1,419	\$1,452	\$1,297
Total Operating Segment Revenue	\$16,428	\$16,890	\$18,577	\$20,290
Intersegment Eliminations	(4,713)	(3,941)	(4,419)	(4,884)
Total Net Revenue	\$11,715	\$12,949	\$14,158	\$15,406
Segment Operating Income (loss):				
Intel Products:				
CCG	\$ 1,180	\$ 1,986	\$ 2,780	\$ 3,567
DCAI	22	469	391	738
NEX	(69)	64	100	109
Total Intel Products Operating Income	\$1,133	\$2,519	\$3,271	\$4,414
Intel Foundry	\$ (2,360)	\$ (1,869)	\$ (1,407)	\$ (1,319)
All Other				
Altera	290	346	263	4
Mobileye	123	129	170	242
Other	(66)	(120)	(198)	(104)
Total All Other Operating Income	\$ 347	\$ 355	\$ 235	\$ 142
Total GAAP Segment operating Income (loss)	\$ (880)	\$ 1,005	\$ 2,099	\$ 3,237
Intersegment Eliminations	456	(413)	5	(251)
Corporate unallocated expenses	(1,044)	(1,608)	(2,112)	(401)
Total GAAP Operating Income (loss)	\$ (1,468)	\$ (1,016)	\$ (8)	\$ 2,585
Acquisition-related adjustments	371	350	344	342
Share-based compensation	739	922	772	795
Restructuring and other charges	64	200	816	(1,142)
Total Non-GAAP operating income (loss)	\$ (294)	\$ 456	\$ 1,924	\$ 2,580