Intel’s Second-Quarter 2024 (Q2’24) Financial Results

Total Intel Q2’24 Revenue
$12.8B △ 85% YoY

Q2’24 Segment Revenue

Q2’24 Non-GAAP EPS $0.02 △ 85% YoY

Revenue (12.5% △ 13.5%)
Gross Margin (non-GAAP) 38.0%
EPS (non-GAAP) (0.03)

“Second-quarter results were impacted by gross margin headwinds from the accelerated ramp of our AI PC product, higher than typical charges related to non-core businesses and the impact from unused capacity. By implementing our spending reductions, we are taking proactive steps to improve our profits and strengthen our balance sheet. We expect these actions to meaningfully improve liquidity and reduce our debt balance while enabling us to make the right investments to drive long-term value for shareholders.”

David Zinnmer, Intel CFO

“Process Leadership

- Shipped more than 15 million AI PCs since the December 2023 launch of Intel® Core™ Ultra processors and remain on track to ship more than 40 million AI PCs by year-end
- Achieved production release of Luna Lake ahead of schedule, will be the next industry-wide catalyst for AI PC device refresh
- Introduced the next-generation E-core Intel® Xeon®, code-named Sierra Forest, the company’s first Intel 3 server product
- On track to launch Intel® Gaudi® 3 AI accelerators in Q3 and expected to deliver ~2x the performance per dollar on both inference and training vs. the leading competition
- Intel’s first products on IBA, Panther Lake for client and Cleanserver Forest for server, are on track and will bring Intel IBA to the mass market in 2025
- Appointed Kevin O’Buckley to lead Foundry Services and Dr. Naga Chandrasekaran to lead Foundry Manufacturing and Supply Chain

“Execution Milestones

- Announced an array of AI-optimized scale-out Ethernet solutions, including the Intel AI Networking Card and foundry chips that will launch next year
- Created with others the Ultra Accelerator Link, a new industry-standard dedicated to advancing high-speed, low-latency communication for scale-up AI systems communication in data centers
- Demonstrated industry’s most advanced and first-ever fully integrated optical compute interconnect (OCC) chipset co-packaged with an Intel CPU and running live data, which is expected to revolutionise high-speed data processing for AI infrastructure

“Customer and Partner Wins

- Announced comprehensive reduction in spending to reinstate and refocus, including:
  - Reducing non-GAAP R&D and M&A to ~$20 billion in 2024 and ~$15 billion in 2025 through meaningful spending reductions and headcount reductions
  - Reducing capital expenditures in 2024 by more than 20% from prior projections
  - Generating $1 billion in savings in non-organic cost of sales in 2025

- Dell Technologies and Red Hat, among others, supported new IPVs for the enterprise
- Microsoft qualified Lunar Lake to power more than 80 new Copilot+ PCs across more than 20 OEMs

“Financial and Operational Updates

- Maintaining core investments to execute strategy, including maintaining leadership across hardware technology and products, and sustaining investments to build a resilient and sustainable semiconductor supply chain in the U.S. and around the world
- Suspending the dividend, effective next quarter, to support Intel’s priority investments

“Business Highlights

- Finished in sight to completing 5 nodes in 4 years
- Released Intel IBA 10 PDK to foundry customers, on track to be manufacturing ready by end of this year with production wafer start volumes in H1’25
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