



Comments from CEO Lip-Bu Tan and CFO Dave Zinsner

Intel's chief executive officer and chief financial officer offer comments after the company released its third-quarter 2026 earnings.

The following are the prepared remarks provided on Intel's third-quarter 2026 earnings conference call held at 2 p.m. PT on October 29, 2026. These remarks include forward-looking statements that are based on the environment as seen by the company as of the time of the call and, as such, are subject to various risks and uncertainties. They also contain references to non-GAAP financial measures that the company believes provide useful information to investors. Refer to the company's earnings release for the third-quarter 2026, most recent annual report on Form 10-K and other filings with the SEC for more information on the risk factors that could cause actual results to differ materially from the company's expectations and additional information on non-GAAP financial measures, including reconciliations where appropriate to the corresponding GAAP financial measures.

October 29, 2026– Lip-Bu Tan, chief executive officer of Intel ([bio](#)):

Good afternoon and thank you for joining us. The demand environment in Q3 was more balanced than previous quarters. Strong momentum in DCAI drove upside and enabled the strongest revenue growth for the segment in 15 years. This was partially offset by weakness in CCPG driven by industry-wide impacts from higher memory prices and limited IT budgets.

The industry continues to navigate one of the most significant supply shortages in history, driven by the unprecedented demand for Super Intelligence. Against this backdrop, I am pleased by the progress we made growing our server supply in Q3. I am mindful about the ongoing challenges we face in the future quarters to keep pace with server demand.

The successful completion of our equity offering in August provided us with the necessary financial resources to capture the growth ahead. I am very pleased to add new sovereign funds and long-term growth investors in addition to our existing shareholders.

We are deploying this capital quickly and prudently. We expect CapEx and purchase commitments for key components to increase significantly over the next several quarters. I want to thank our substrate, memory, foundry and equipment suppliers for their strong partnership and collaboration as we work together to expand supply and support growing demand.

DCAI: Turning to the business units. First DCAI. Within our server business, we are making steady progress on our roadmap. Granite Rapids on Intel 3 has become one of the fastest ramping server products. Clearwater Forest, our first Intel 18A server product, is shipping for revenue, and demand for 2027 is significant, especially in CPU-dense Agentic rack-scale infrastructure. Diamond Rapids, our first Intel 18A-P server product, is sampling and on track to ramp in 2027, with strong interest for inference and agentic workloads. We were pleased to announce a planned collaboration with Oracle which is expected to span current and future Xeon platforms, including planned Oracle Cloud Infrastructure X14 offerings based on our next gen server CPU, codenamed Diamond Rapids.

I also want to acknowledge headwinds limiting our progress to meet this extremely high AI driven demand. First, Intel 3 yield and cycle time continue to improve, but I am demanding significant execution from the team. Second, even as our Intel 3 wafer output ramps quickly an industry wide shortage of advanced organic substrates for our EMIB packaging is also impacting our ability to



scale output. Finally, earlier this month, an unfortunate and tragic accident led to a extended shutdown in our Israel factory. While the teams have worked quickly to address the situation, it will impact our Q4 10nm server shipments.

Purpose-built silicon remains our fastest growing business segment, tripling over the last 3 years and poised to triple again over the next few years. We see further growth opportunities with both existing and new potential customers, including AI labs, and are expanding our IP portfolio to meet the needs of a wider array of customers.

Lastly, we recently unveiled our Crescent Island inference-optimized GPU. Early feedback is encouraging, performance is tracking well. This is a new market for us, and it will take time to scale, but customer engagements are progressing towards firm commitments.

CCPG: Turning to our client business. In recent weeks, our customers began signaling a PC slowdown based on memory prices and availability. Year-to-date system end-point prices have increased significantly placing additional pressure on already limited IT budgets.

The pace of the PC correction has accelerated over the last 2 months, as our OEM partners are aggressively managing inventory to match the softer sell thru. We expect the current environment to persist until memory availability and prices begin to normalize.

While the next few quarters will be challenging for the PC market, our roadmap continues to strengthen and our long-term outlook remains positive. We have successfully ramped Panther Lake on Intel 18A and demand for Wildcat Lake is outstripping supply.

Nova Lake, our first Intel 18A-P client product, is tracking ahead of schedule, with design wins expected to be twice those of Panther Lake at launch. We look forward to sharing more at CES in January. As the market normalizes, we expect this portfolio to drive meaningful share gains.

Foundry: Intel Foundry execution continues to improve consistently. During the quarter, Intel 3 and Intel 18A yields both increased again, with Intel 18A improving at a double-digit rate. Wafer output on both nodes exceeded expectations.

Intel 18A-P remains on track for launch by year-end across our internal product portfolio, and external customer engagement continues to build. We are engaged with a couple of highly strategic customers, and I am increasingly confident that Intel 18A-P will be an attractive node for external foundry customers.

Intel 14A also remains on track. In October, as committed, we released our industry standard 0.9 PDK to select customers. It is our highest-quality 0.9 PDK, meeting industry standard yield and performance criteria at release.

As is standard practice in the foundry business, I have consistently maintained that we will not disclose customer details. That being said, I remain highly encouraged by the progress we are making with multiple potential customers on 14A.

On advanced packaging – we are pleased by the progress we are making with EMIB and EMIB-T for our internal products. Both continue to see significant external customer traction as well. We continue to improve on execution, working with our supply chain to secure the capacity to meet the needs of our advanced packaging customers. We are also seeing robust progress in the readiness of HBI, which is an enabler of 3D chip stacking for our upcoming server products.



Capacity build-out: Across our own manufacturing network, additional capacity continues to come on-line. Intel 3 tool installation is progressing well in Ireland, as is the ramp of Intel 18A in both Oregon and Arizona, including Fab 62 our second high volume 18A fab. In New Mexico and Malaysia, we are adding capacity to support strong customer ramps for advanced packaging next year.

In New Albany, Ohio, the team recently achieved an important construction milestone with installation of the first major structural truss, and we continue to evaluate unique and highly differentiated opportunities to accelerate our Ohio build-out, and I hope to share more on this in the near future.

Looking to the future: I have always emphasized that rebuilding Intel is going to be a multiyear journey, and I remain firmly committed to making it happen. We are only a year and a half into this journey. We have made enormous strides in these 18 months, including a dramatic re-sizing of our workforce, eliminating middle management and bureaucracy, streamlining our executive ranks and establishing an almost entirely new leadership team. We have instilled once again an engineering centric culture, streamlined our product portfolio, and put in place a more competitive roadmap for Intel Products and Intel Foundry. We still have much more to do.

The resurgence in demand for CPUs is a meaningful tailwind for us along our transformation journey. Increasingly, energy efficiency is becoming the most important metric for the AI infrastructure build-out. While GPUs are great at “thinking tasks”, deterministic CPUs are far more efficient at “finding” tasks. While a GPU reasoning query can run as high as multiple watt-hours of energy, a single CPU-based query could cost only joules of energy.

Applying even conservative estimates to the total number of digital agents, and agents serviced per CPU, it is easy to anticipate a massive dollar and unit TAM for CPUs over the coming 5 years. By our estimates, server CPU TAM, largely driven by agentic workloads, could increase as much as 5X from where it is today, from \$40B to more than \$200B over 5 years.

This makes the opportunity for Intel enormous. We are, of course, mindful of the fierce competition underway as nearly every fabless company races to meet this unprecedented demand with their own offering.

But Intel is uniquely positioned to benefit from this demand in 3 ways –

First, as the custodian of x86, the most widely deployed ISA in the world, we are doubling down on x86 innovation and have an exciting tick-tock roadmap of CPU innovations in the pipeline. In addition, for the first time, we are making fully modular, verified instances of our x86 CPUs, optimized for custom workloads, available to our customers.

Second, as one of just three advanced node semiconductor foundries in the world, and the only one domiciled in the United States, we are well positioned to support not only our own demand, but also the demands of the wider fabless industry. We are also open to building any CPUs at-scale, for our customers, fully agnostic to the underlying ISA.

Third, as modern computing platforms increasingly become complex “systems in a package”, our leadership in advanced packaging offers highly differentiated solutions, essential to meeting the requirements of the massive AI infrastructure build-out underway. This is why I remain optimistic on the opportunities ahead for Intel even as we have work to do.



Lastly, while we remain focused on executing against our near-term priorities, we cannot lose sight of what comes next. Intel has a deep portfolio of technology and IP that positions us to drive the next wave of computing. We continue to invest in breakthrough technologies, including silicon photonics, neuromorphic computing, advanced materials and quantum computing, that we believe can unlock important new opportunities over time. This week, we announced our intent to acquire Classiq, an Israel-based quantum software provider, moving our quantum efforts from foundational research towards commercialization. Classiq's overarching, hardware agnostic software platform layer provides a gateway for more consumers to explore quantum computing and is a wonderful complement to our already strong internal quantum hardware and software stacks and enables us to further extend our compute platform offering to include QPUs, in addition to CPUs, GPUs and ASICs. Post acquisition, Intel will become a full-stack revenue generating quantum computing company.

In summary, while we did well in Q3, there is clearly more work to do. I am disappointed that we were not able to meet strong customer demand in this quarter. We face near term challenges, including manufacturing supply shortages, the unprecedented memory crunch, and the resulting softness in PC demand. But I remain confident in our path forward.

We need to address these challenges with urgency without losing sight of the massive opportunities in front of us. I want to thank our employees, partners and suppliers for their tireless efforts this quarter.

With that, I will turn the call over to Dave for additional details.

Dave Zinsner, chief financial officer of Intel ([bio](#)):

Thank you, Lip-Bu.

We delivered a strong quarter, exceeding our guidance for revenue, gross margin and earnings per share. This marks the eighth consecutive quarter of exceeding our financial expectations. Our Q3 results reinforce the essential role our server CPUs play in the buildout of Super Intelligence or AI infrastructure. Results also demonstrate our improving execution as we grow supply to capture the strong demand for AI compute.

Third-quarter revenue was \$16.5 billion, led by record year-over-year growth in DCAI. Strong execution across our factory network and external supply chain drove better-than-expected server CPU output. This strength was partially offset by weakness in client where industrywide PC consumption is being impacted by memory shortages and limited IT budgets.

Third-quarter non-GAAP gross margin was 44.1 percent, approximately 200 basis points higher than Q2 and our guidance. The sequential improvement was driven by improved costs on Intel 3 and Intel 18A, and a more favorable product mix.

Third-quarter non-GAAP EPS was \$0.52, compared with our guidance of \$0.38. The upside was driven by higher revenue, stronger gross margin and disciplined spending, which together produced better-than-expected operating leverage.

Operating cash flow was \$5.1 billion. We ended the quarter with approximately \$54 billion in cash and short-term investments, in addition to \$15 billion of borrowing capacity under our new, extended revolvers, up from \$10 billion previously.



In early August, we further strengthened our balance sheet through a \$23 billion equity offering. The incremental interest income associated with the offering contributed approximately one cent to Q3 EPS that was not contemplated in our original guidance.

Moving to segment results.

DCAI revenue was \$7.3 billion, up 17 percent sequentially and nearly 80 percent year over year. Revenue was meaningfully ahead of our expectations as our factory network and external suppliers supported higher output.

The work our teams have done to increase supply is having a tangible impact. Based on our current outlook, DCAI revenue is on track to finish 2026 nearly \$10 billion above expectations entering the year.

Q3 growth was broad-based across hyperscale, enterprise and neo-cloud customers. We also continued to see strong momentum in purpose-built silicon, with revenue increasing more than 50 percent sequentially and more than doubling year over year. Despite our progress to increase capacity, demand for DCAI products continues to meaningfully exceed available supply.

DCAI operating profit was \$3.0 billion, representing 42 percent of revenue and increasing approximately \$600 million sequentially. The improvement was driven by higher revenue and lower operating expenses.

Granite Rapids is now the largest product family in our server portfolio as we continue to increase output from our Ireland facility.

Earlier this month, at the Open Compute Project Global Summit, we demonstrated select Clearwater Forest configurations that scale beyond 46,000 cores per rack at approximately 133 kilowatts of total rack power, delivering best-in-class performance per watt.

We also introduced the Intel GPU D-series, formerly code-named Crescent Island, which is designed to improve the economics of sustained, memory-intensive AI inference. Customer interest in both product families is running ahead of our initial expectations.

CCPG revenue was \$8.1 billion, down 9 percent sequentially and below our expectations. We previously noted that memory shortages could pressure the second-half PC TAM. That pressure intensified during Q3, particularly late in the quarter, and resulted in a meaningful adjustment in customer purchasing patterns.

Despite the near-term weakness, we saw several positive developments. Our AI PC revenue grew 35 percent year over year, even as total CCPG revenue declined 5 percent. Our client products on Intel 18A continued to ramp well. Wildcat Lake, our cost-optimized Intel 18A client CPU, increased units by approximately 70 percent sequentially and is sold out. Lastly, our Edge business was more resilient, supported by continued momentum in edge and physical AI design wins.

CCPG operating profit was \$2.3 billion, representing 28 percent of revenue and approximately flat sequentially, primarily due to lower inventory charges.

Turning to Intel Foundry.



Intel Foundry revenue was \$6.7 billion, up 16 percent sequentially, driven by better-than expected growth on Intel 3 and Intel 18A. External Foundry revenue was \$411 million, an increase of \$118 million sequentially, primarily due to a non-recurring customer program.

Intel Foundry reported an operating loss of \$1.9 billion, an improvement of \$236 million sequentially, even as we continued to invest aggressively to prepare Intel 14A for risk production next year.

Higher yields, better cycle times, and increased factory utilization continued to reduce wafer costs. Intel 3 costs improved approximately 15 percent from Q1 levels, while volumes increased in the mid-teens sequentially. Intel 18A costs have declined approximately 40 percent since Q1, reflecting continued yield and cycle-time improvements. Intel 18A yields continued their upward trajectory to industry standard levels ahead of our internal projections. Since Q1, Intel 18A client CPUs have grown from less than 5% of revenue to now nearly one third of client CPU revenue.

These results represent meaningful progress, although we still have considerable work ahead of us to deliver a sustainably profitable Foundry business.

Turning to outlook.

Demand signals from our datacenter customers continue to strengthen. We expect the industry to remain supply-constrained throughout 2027 and into 2028.

As Lip-Bu discussed, the adoption of agentic AI is broadening the role of CPU compute. AI workloads are moving beyond prompt-based responses toward multi-step reasoning, orchestration, and autonomous persistent action. Our CPUs play a central role in enabling these workloads.

As a result, we continue to see strong demand for our DCAI products. We now expect industry server CPU units to grow more than 30 percent in both 2026 and 2027. Growth would be higher in both years if additional industry supply were available. At the same time, the PC market is weakening after remaining resilient during the first half of 2026.

We expect the 2026 PC unit TAM to decline approximately 12 percent, with second-half units down more than 20 percent. We do not expect a sustained recovery until memory availability improves and pricing begins to normalize. For 2027, we are planning for the PC unit TAM to decline roughly 10 percent. We expect year-over-year declines to be more pronounced during the first half, with the potential for improvement in the second half against an easier comparison.

Our long-term view of the PC market remains unchanged. Traditional PCs will play an important role in enabling AI applications and driving strong returns on AI infrastructure spending. In addition, we are just now seeing new agentic systems in the market. We also continue to see attractive longer-term opportunities in edge and physical AI as agentic applications spread across the economy.

Taking these factors together, we are guiding Q4 revenue to a range of \$15.0 billion to \$16.0 billion.

At the midpoint of \$15.5 billion, we expect a gross margin of 38 percent, a tax rate of 11 percent and EPS of \$0.25, all on a non-GAAP basis. Our guidance includes an impact of roughly \$300m to revenue and 200 basis points to gross margin based on our early assessment of the incident at Fab 28.



By segment, we expect DCAI revenue to grow mid-teens percent sequentially, with Purpose Built Silicon growing faster than DCAI overall. Please note almost all of the \$300m impact from Fab 28 is related to 10nm server products. We expect CCPG revenue to decline greater than 20% percent sequentially as customers move quickly to reduce weeks of inventory and align purchases with their expectations for 2027 consumption.

The sequential decline in Q4 gross margin primarily reflects lower overall revenue against our fixed-cost base as we adjust client wafer starts to current demand conditions. In addition, revenue mix, especially the strong growth expected in purpose-built silicon, is creating difficult quarter on quarter compares. These headwinds will be partially offset by continued yield and cost improvements on Intel 3 and 18A.

We expect non-GAAP operating expenses of approximately \$4.4 billion in Q4 and approximately \$16.3 billion for the full year.

We expect non-controlling interest, or NCI, to be approximately \$250 million in Q4 and we currently expect NCI of approximately \$1.1 billion in both 2027 and 2028. Lastly, we expect Q4 fully diluted share count of 5.44 billion, representing a full quarter of shares issued for our August equity offering.

Moving to CapEx.

Our 2026 gross capital expenditures remain on track to be \$20 billion, and we expect 2027 gross capital spending to be up strongly. We have made good progress securing the equipment required to support our growth plans, with firm purchase orders to equipment suppliers increasing nearly 40 percent sequentially. We are also accelerating clean-room buildouts, including Fab 62 in Arizona, and exploring opportunities to accelerate in Ohio. Despite this increase in capital spending and working capital, we remain committed to deleveraging in 2027.

We will remain disciplined as we invest. And we will not spend a dollar of capital unless we have confidence in the health of our products and process technologies and clear evidence of customer demand. Our confidence in all three is improving.

In closing, I want to offer a few words outlining the opportunity we see ahead:

Our core server CPU market is growing faster than ever, and edge and physical AI represent meaningful incremental opportunities for client-class CPUs, even as we navigate the current market conditions. Importantly, as we improve our product execution and roadmap, we have opportunities to regain share and grow even faster than our underlying markets.

Beyond our core x86 franchise, we are investing in three large opportunities where we have meaningful momentum but relatively modest revenue today: purpose-built silicon, advanced packaging and external wafer foundry. Each represents tens of billions of dollars of new markets where our technology, manufacturing assets and customer relationships provide us a differentiated opportunity to participate.

Taken together we have line of sight to long-term double-digit revenue growth with meaningful leverage and improving margins. We have significant work ahead of us. However, the combination of stronger markets and the cultural changes set into motion by Lip-Bu to improve execution, transparency and discipline gives us increasing confidence in Intel's long-term earnings power and free cash flow growth, ----- a solid foundation for building sustainable shareholder value.



About Intel

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