



3rd 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 October 26, 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, 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; environmental and economic conditions; COVID-19; geopolitical conditions; 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: 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 October 26, 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 October 26, 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



Q3 beat on Revenue, Gross Margin and EPS

Strong sequential revenue growth in client, edge, foundry; server revenue up QoQ
Operating leverage and expense discipline driving improved profitability

Re-establishing technology leadership

5N4Y nearing completion; 0.9 PDK on Intel 18A; wafer & adv packaging customer wins
EUV production in US/Europe; 1st High-NA EUV; glass substrate innovation

On a mission to deliver AI everywhere

Enabling AI across the continuum, propelling \$IT semi-industry revenue by 2030
Ushering in the age of the AI PC; leadership TCO on Gaudi and Xeon

Driving Our Transformation

Execution

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

On-Track or Ahead

Foundry

Wafer & Advanced Packaging Wins

At Scale, Geo Diverse, and Resilient

Open System Foundry

Transistor Leadership at Intel 18A

Unique Advanced Packaging IP

Artificial Intelligence

Cloud & Enterprise

Edge

AI PC

1
oneAPI
OpenVINO

Intel Gaudi, Intel Xeon, Intel GPU, Intel Xeon, Intel GPU, Intel Agilex, Intel Core Ultra, Intel Core, Intel Arc

Financial Discipline

Smart Capital
US/EU CHIPS, SCIPs, Customer Commitments

Operational Efficiencies
\$3B in FY'23, Internal Foundry Model

Value Unlock
Mobileye, IMS, PSG

Q3 Financial Highlights

\$14.2B

Revenue

Down 8% YoY

\$0.8B above July outlook¹

45.8%

Gross Margin

Flat YoY

2.8 ppt above July outlook¹

\$0.41

EPS

Up 11% YoY

\$0.21 above July outlook¹

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

Client Computing Group (CCG)

Revenue down 3%

Operating Income up 43%

\$8.1B

\$7.9B

Operating
Margin 18%

\$1.4B

Operating
Margin 26%

\$2.1B

Q3'22

Q3'23

Q3'22

Q3'23

Revenue

- Lower on overall TAM, partially offset by stabilizing OEM inventory

Operating Income

- Higher on reduced inventory reserves and spending discipline



Data Center and AI Group (DCAI)

Revenue down 10%

Operating Income up 151%

\$4.3B

\$3.8B

Operating
Margin (3%)
(\$0.1B)

Operating
Margin 2%
\$0.1B

Q3'22

Q3'23

Q3'22

Q3'23

Revenue

- Lower on reduced CPU TAM and competitive pressure

Operating Income

- Higher on spending discipline and lower start-up costs



Network and Edge Group (NEX)

Revenue down 32%

Operating Income down 91%



Revenue

- Lower on TAM softness and elevated customer inventories

Operating Income

- Lower on reduced revenue, partially offset by expense discipline



Intel Foundry Services (IFS)

Mobileye



Outlook

Q4 2023 Outlook

\$14.6-15.6B

Revenue

Up 8% YoY¹

46.5%

Gross Margin¹

Up 2.7 ppt YoY

\$0.44

EPS¹

Up 193% 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

	Three Months Ended	
	Sep 30, 2023	Oct 1, 2022
GAAP gross margin percentage	42.5%	42.6%
Acquisition-related adjustments	2.1%	2.2%
Share-based compensation	1.2%	1.1%
Non-GAAP gross margin percentage	45.8%	45.9%
GAAP earnings (loss) per share attributable to Intel—diluted	\$0.07	\$0.25
Acquisition-related adjustments	0.08	0.09
Share-based compensation	0.18	0.19
Restructuring and other charges	0.19	0.16
(Gains) losses on equity investments, net	0.05	0.03
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	--	--
Income tax effects ¹	(0.15)	(0.34)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$0.41	\$0.37

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

Reconciliation of Non-GAAP Q4 Outlook

	<u>Q4 2023 Outlook¹</u> Approximately	<u>Q4 2022 Actuals</u>
GAAP gross margin percentage	43.3%	39.2%
Acquisition-related adjustments	2.0%	2.3%
Share-based compensation	1.2%	1.1%
Optane inventory impairment	--	1.2%
Non-GAAP gross margin percentage	46.5%	43.8%
GAAP earnings (loss) per share attributable to Intel—diluted	\$0.23	\$(0.16)
Acquisition-related adjustments	0.08	0.09
Share-based compensation	0.19	0.18
Optane inventory impairment	--	0.04
Restructuring and other charges	0.01	0.11
(Gains) losses on equity investments, net	--	(0.04)
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	(0.01)	--
Income tax effects ²	(0.05)	(0.06)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$0.44	\$0.15

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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