

Q3 2019

EARNINGS PRESENTATION

DISCLOSURES

This presentation contains non-GAAP financial measures relating to our performance. You can find the reconciliation of these measures to the most directly comparable GAAP financial measure in the Appendix at the end of this presentation. 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 Intel's quarterly earnings release 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.

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EXECUTIVE SUMMARY

**Best quarter in Intel's history...
Record company and data-centric revenue**

**Q3 financial performance underscores our progress...
Exceeded revenue guidance by \$1.2B and EPS guidance by 18 cents**

**Focused on three priorities: accelerating growth, improving execution and
deploying capital for attractive returns**

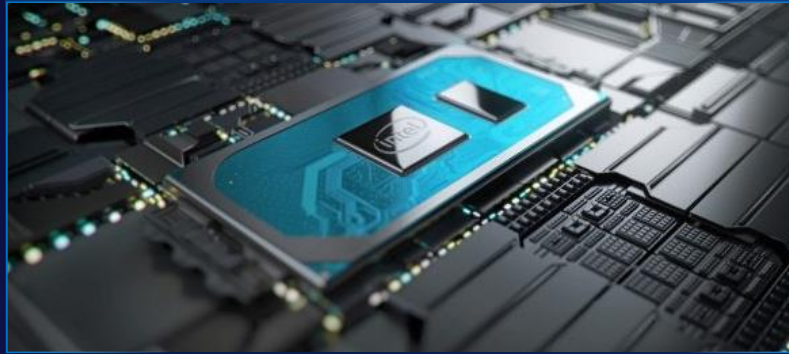
OUR PRIORITIES

ACCELERATING OUR GROWTH...



- AWS, Google and Alibaba launch Cascade Lake instances... Strategic collaboration w/Oracle on Optane
- 30 Ice Lake client designs launching this year
- Networking & IoT/Edge multi-billion \$ businesses growing double digits
- AI enabling growth across portfolio

...IMPROVING OUR EXECUTION...



- Increasing supply output in response to stronger than expected demand... more work to do
- 10nm yields ahead of expectations for client and data-center products
- Moving back to 2-2.5 year cadence... On-track for 7nm GPU in 2021

...DEPLOYING OUR CAPITAL



- Increasing R&D and capex over time... and generating leverage ('19 spending at 27% of revenue)
- Returned 122% of FCF YTD... committing 100% return of FCF in 2020
- Increased buyback authorization by \$20B... Repurchasing \$20B in shares in next 15-18 months

Q3'19 FINANCIAL HIGHLIGHTS

Record Data-centric revenue, now ~50% of total Intel revenue

- Record Q3 Revenue \$19.2B... Data-centric \$9.5B... PC-centric \$9.7B
- Q3 Non-GAAP Operating Margin ~36%, down 4ppt YoY... 1ppt ahead of expectations
- Delivered Q3 Non-GAAP EPS of \$1.42, up 1% YoY... \$0.18 above expectations
- Year-to-date generated \$11.7B of free cash flow... Returned \$14.3B to shareholders... Paid dividends of \$4.2B... Repurchased 209M shares

Raising FY Revenue Guide by \$1.5B to \$71B and EPS by \$0.20 to \$4.60

NON-GAAP EPS UP 1% YOY ¹

Platform ASP strength, lower spending & share count offset by lower platform volume & NAND ASP decline

EPS Drivers Year-Over-Year



EPS up \$0.02

Platform Execution

- Lower volume vs. record Q3 '18
- ASPs up on richer Client & Server mix
- Higher cost on ICL ramp, partially offset by lower 10nm start-up cost & sell-through of previously reserved units

Adjacencies

- NAND ASP degradation & absence of factory grant
- Lack of modem reserve sell-through vs. Q3'18

Lower Spending

- 5G smartphone modem exit, partially offset by Data-centric roadmap investments

Capital Allocation & Other

- Lower share count & tax rate
- Absence of Q3'18 IMFT impairment

1. EPS & Operating Margin are presented on a non-GAAP basis. Refer to the Appendix for a reconciliation of these non-GAAP measures.

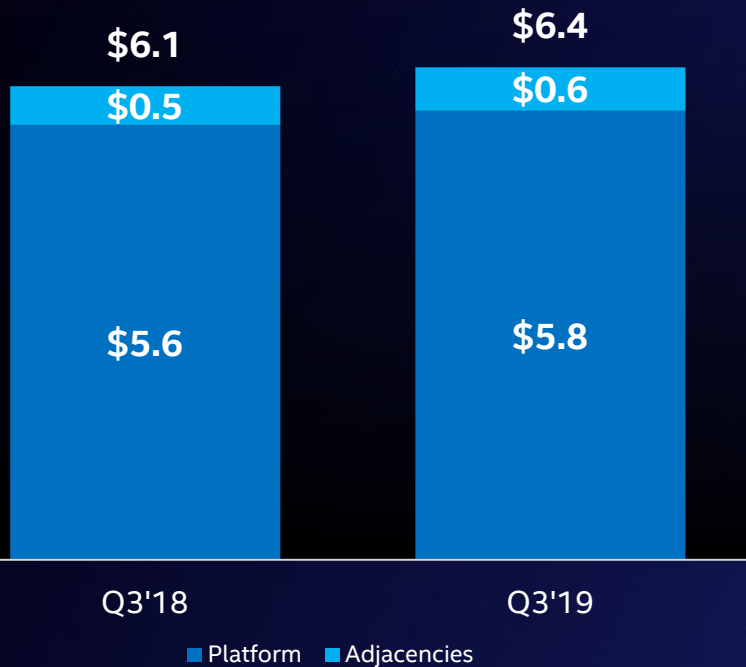
2. Platform includes CCG, DCG and IOTG microprocessors and chipsets.

3. Adjacent Business includes gross margin impact from non-platform products.

4. Capital Alloc. & Other includes impact of changes in share count, tax rate, gains/losses on equity investments, interest and other.

DATA CENTER GROUP

Revenue (\$B) up 4% YoY



Operating Income (\$B) up 1% YoY



Q3'18 to Q3'19	YoY Revenue
Platform	3%
Adjacencies	12%

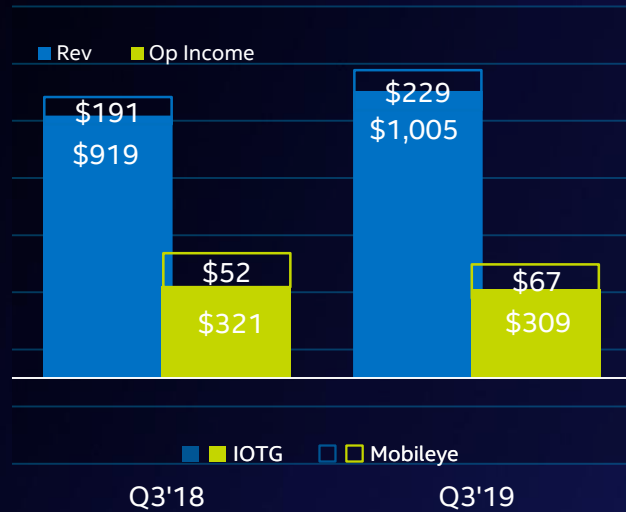
Market Segments	YoY Revenue
Cloud SP	3%
Enterprise & Gov.	1%
Comms SP	11%

DCG Platform	YoY Growth
Unit Volumes	(6%)
Average Selling Prices	9%

Record quarterly revenue... 2H recovery ahead of expectations on strong Xeon mix
Growth across all segments... Cloud returns to growth
Record operating income with operating margin up 13ppt QoQ on ASP strength

OTHER DATA-CENTRIC BUSINESS SEGMENTS... REVENUE UP 13%

IOT: IOTG + Mobileye (\$M)



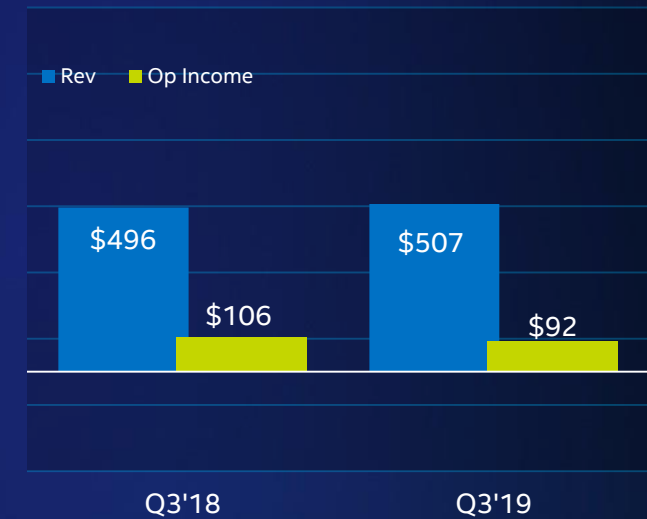
- Record IOTG revenue, up 9% on strength in retail & transportation... Operating income down 4% YoY on mix shift to lower margin products
- Record Mobileye revenue up 20% YoY on increasing ADAS adoption

NSG (\$M)



- Record NSG revenue, up 19% YoY on continued NAND & Optane™ bit growth, partially offset by lower ASPs
- Operating income down on NAND ASP degradation & one time impacts, partially offset by cost improvements

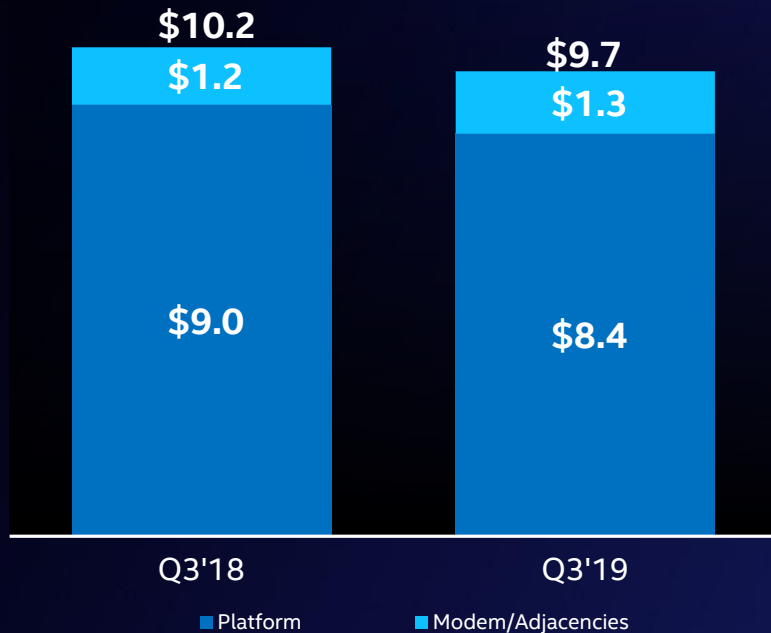
PSG (\$M)



- PSG revenue up 2% YoY on strength in Wireless/5G, partially offset by Cloud and Enterprise softness. Advanced products grew 26% YoY
- Operating income down on segment mix and investment in Communications and Video IP portfolio

CLIENT COMPUTING GROUP

Revenue (\$B) down 5%



Operating Income (\$B) down 5%



Q3'18 to Q3'19	YoY Revenue
Platform	(7%)
Modem/Adjacencies ¹	10%

Market Segments	YoY Revenue
Notebook	(7%)
Desktop	(8%)

CCG Platform	YoY Growth
PC Volumes	(10%)
Notebook ASP	4%
Desktop ASP	3%

Revenue down YoY due to lower platform volume partially offset by ASP strength
Operating income down on lower revenue partially offset by lower spending

1. CCG adjacencies include modem, connected home products, wireless communications and wired connectivity.

YTD SOURCES & USES OF CASH

Returned >120% of FCF to Shareholders



\$3.0	GAAP Cash and Cash Equivalents	\$3.9
\$11.7	Total Cash Investments ¹	\$12.0
\$26.4	Total Debt ²	\$28.9

Operating cash flow of \$23.3B... Ramping 10nm capacity & investing in 7nm
Repurchased 209M shares YTD for \$10.1B

1. Total cash investments include cash and cash equivalents, short-term investments and trading assets.
 2. Total debt includes short-term and long-term debt.



OUTLOOK

FULL YEAR 2019 OUTLOOK

REVENUE

\$71B



UP YOY

Data-centric flat to slightly up YoY
PC-centric flat to slightly down YoY

UP \$1.5B vs JULY GUIDE

OPERATING MARGIN¹

~32.5%



DOWN ~2PPT
YOY

GM down YoY on 10nm ramp,
NAND pricing

Partly offset by spending
reductions ~\$0.9B YoY

UP .5PPT vs JULY GUIDE

EPS¹

\$4.60



UP YOY

Tax Rate ~12%

UP \$0.20 vs JULY GUIDE

Gross Capex ~\$16B... up \$0.5B vs July guide

FCF at ~\$16B... up \$1B vs July guide

1. Presented on a non-GAAP basis. Refer to the Appendix for a reconciliation of these non-GAAP measures.

Q4'19 OUTLOOK

REVENUE

\$19.2B

UP 3%
YOY

Data-centric up 6% to 8% YoY
PC-centric flat to slightly down YoY

OPERATING MARGIN¹

~33.5%

DOWN 2PPT
YOY

Gross margin down YoY on 10nm costs
& adjacency businesses

EPS¹

\$1.24

DOWN 3%
YOY

Tax Rate ~13.5%



APPENDIX

RECONCILIATION OF NON-GAAP ACTUALS

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Sep 28, 2019	Sep 29, 2018
GAAP OPERATING INCOME	\$6,447	\$7,349
Amortization of acquisition-related intangible assets	338	326
Restructuring and other charges	104	(72)
NON-GAAP OPERATING INCOME	\$6,889	\$7,603
GAAP DILUTED EARNINGS PER COMMON SHARE	\$1.35	\$1.38
Amortization of acquisition-related intangible assets	0.08	0.07
Restructuring and other charges	0.02	(0.02)
Ongoing mark-to-market on marketable equity securities	(0.02)	—
Tax Reform	—	(0.02)
Income tax effect	(0.01)	(0.01)
NON-GAAP DILUTED EARNINGS PER COMMON SHARE	\$1.42	\$1.40

	Nine Months Ended	
	Sep 28, 2019	
FREE CASH FLOW (In Billions)		
GAAP CASH FROM OPERATIONS	\$23.3	
Additions to property, plant and equipment	(11.5)	
FREE CASH FLOW	\$11.7	
GAAP CASH USED FOR INVESTING	\$(9.9)	
GAAP CASH USED FOR FINANCING	\$(12.4)	

RECONCILIATION OF NON-GAAP OUTLOOK

	Q4 2019 Outlook	Full-year 2019 Outlook
	Approximately	Approximately
GAAP GROSS MARGIN		58%
Amortization of acquisition-related intangible assets		2%
NON-GAAP GROSS MARGIN		60%
GAAP OPERATING MARGIN	31.5%	30.0%
Amortization of acquisition-related intangible assets	2.0%	2.5%
NON-GAAP OPERATING MARGIN	33.5%	32.5%
GAAP TAX RATE	15.0%	12.5%
Other	(1.5)%	(0.5)%
NON-GAAP TAX RATE	13.5%	12.0%
GAAP EARNINGS PER SHARE	\$1.28	\$4.42
Amortization of acquisition-related intangible assets	0.08	0.30
Restructuring and other charges	0.01	0.08
Ongoing mark-to-market on marketable equity securities	—	(0.04)
(Gains) losses from divestiture	(0.16)	(0.16)
Income tax effect	0.03	—
NON-GAAP EARNINGS PER SHARE	\$1.24	\$4.60
FREE CASH FLOW (In Billions)	Full-year 2019 Outlook	
GAAP CASH FROM OPERATIONS	\$32.0	
Additions to property, plant and equipment	(16.0)	
FREE CASH FLOW	\$16.0	