February 22, 2023

Intel Updates Capital Allocation to Drive Long-Term Strategy, Declares Quarterly Dividend of $0.125

Company reaffirms first-quarter 2023 guidance

SANTA CLARA, Calif.--(BUSINESS WIRE)-- Intel Corporation today announced that its board of directors has reset its dividend policy, reducing the quarterly dividend to $0.125 per share (or $0.50 annually) on the company's common stock. The dividend will be payable on June 1, 2023, to stockholders of record on May 7, 2023. Intel also reaffirmed its first-quarter 2023 business outlook provided at its most recent earnings call, including revenue of between $10.5 billion and $11.5 billion; gross margin of 34.1% on a GAAP basis and 39% on a non-GAAP basis; tax rate of (84%) on a GAAP basis and 13% on a non-GAAP basis; and earnings per share of $(0.80) on a GAAP basis and $(0.15) on a non-GAAP basis.[1]

The decision to decrease the quarterly dividend reflects the board's deliberate approach to capital allocation and is designed to best position the company to create long-term value. The improved financial flexibility will support the critical investments needed to execute Intel's transformation during this period of macroeconomic uncertainty. Since first initiated in 1992, Intel's dividend has delivered more than $80 billion in cash returns to the company's stockholders, and the board is committed to maintaining a competitive dividend.

"Prudent allocation of our owners' capital is important to enable our IDM 2.0 strategy and sustain our momentum as we rebuild our execution engine," said Pat Gelsinger, CEO of Intel. "We remain on track to deliver five nodes in four years and continue to expand the IFS (Intel Foundry Services) customer base. We are well into the ramp of 13th Gen Intel® Core™ and 4th Gen Intel® Xeon® Scalable processors, and we look forward to the launch of Meteor Lake and Emerald Rapids in 2023 and Granite Rapids and Sierra Forest in 2024."

In addition to its prudent capital allocation, Intel continues to take decisive actions to advance its strategy, optimize its cost structure and provide transparency to its stakeholders. These actions include:

- **Delivering $3 billion in cost savings in 2023, on the path to $8 billion to $10 billion in annualized savings by the end of 2025.** This includes the difficult steps previously taken to reduce headcount and the company's ongoing efforts to reduce other operating expenses. The company is also temporarily reducing compensation and rewards programs for employees and executives, and the board has decided to temporarily reduce its compensation as well. This is in addition to the exit of seven non-core businesses since early 2021, as the company continues to sharpen its focus and drive a best-in-class operating structure.
- **Operating net CapEx intensity in the low 30% range in 2023** as the company

prioritizes investment in strategic capital and adjusts the timing of capacity expansion in response to near-term changes in demand.
- **Establishing an internal foundry model** that will help Intel unleash the structural advantages of IDM 2.0 with a competitive cost structure and optimized operating model while providing further transparency into its strategic progress and performance against industry benchmarks.
- **Advancing its Smart Capital strategy**, which allows Intel to access new pools of capital that provide additional financial flexibility to invest for the long term while executing its transformation. This includes the innovative Semiconductor Co-Investment Program (SCIP), for which Intel intends to announce a second partner later this year.

“We are well on our way to meeting our commitment to reduce $3 billion in costs this year as we look to deliver $8 to $10 billion in savings exiting 2025," said David Zinsner, chief financial officer of Intel. "While we will continue to prudently manage cash and capital outlays in the near term, we are setting the foundation for significant operating leverage and free cash flow growth when we emerge from this period of outsized investments."

Webcast

Intel will hold a public webcast at 5:45 a.m. PDT today to discuss this news. Please visit https://edge.media-server.com/mmc/p/pqmxigih to register for the webcast. The webcast replay will also be available on Intel's Investor Relations website at intc.com.

About Intel

Intel (Nasdaq: INTC) is an industry leader, creating world-changing technology that enables global progress and enriches lives. Inspired by Moore’s Law, we continuously work to advance the design and manufacturing of semiconductors to help address our customers’ greatest challenges. By embedding intelligence in the cloud, network, edge and every kind of computing device, we unleash the potential of data to transform business and society for the better. To learn more about Intel’s innovations, go to newsroom.intel.com and intel.com.

Forward-Looking Statements

Intel’s business outlook and other statements in this release that refer to future plans and expectations are forward-looking statements that involve a number of risks and uncertainties. Words such as "access," "adjust," "advance, " "allow," "believes," "committed," "continues," "deliver," "drive," "establish, " "evaluate, " "execute, " "expand," "expects," "focus," "future," "guidance," "improve," "intend, " "invest, " "look, " "manage," "meet, " "on track," "optimize, " "outlook," "plan," "positioned," "potential," "prioritize, " "progress," "provide, " "ramp," "set, " "sharpen," "support," "take, " "unleash, " "will," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, uncertain events or assumptions, including statements relating to Intel's strategy and its anticipated benefits, including our IDM 2.0 strategy, Smart Capital strategy, SCIP, the transition to an internal foundry model, and updates to our reporting structure; manufacturing expansion, financing, and investment plans; plans, customers, and goals related to Intel’s foundry business; projected costs; pending or anticipated transactions; expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives; market

opportunity; business plans and financial expectations; future macroeconomic and geopolitical conditions, including regional or global downturns or recessions; tax- and accounting-related expectations; future products, technology, and services, and the expected regulation, availability, production, and benefits of such products, technology, and services, including product ramps, manufacturing goals, plans, timelines, and future progress, future process nodes and technologies, process performance parity and leadership expectations, future product architectures, and future GPU and IPU products; future business, social, and environmental performance, goals, measures, and strategies; availability, uses, sufficiency, and cost of capital resources and sources of funding, including future capital and R&D investments, and expected returns to stockholders such as stock repurchases and dividends; expectations regarding customers, including with respect to designs, wins, orders, and partnerships; projections regarding competitors; and anticipated trends in our businesses or the markets relevant to them, including with respect to future demand and industry growth, also identify forward-looking statements. All forward-looking statements included in this release are based on management's expectations as of the date of this release and, except as required by law, Intel disclaims any obligation to update these forward-looking statements to reflect future events or circumstances. Unless specifically indicated otherwise, the forward-looking statements in this release 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 release. Forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statements. Detailed information regarding the risk factors that could affect Intel's business and results is included in Intel's SEC filings, including the company's most recent reports on Forms 10-K and 10-Q, particularly the "Risk Factors" sections of those reports. Copies of these filings may be obtained by visiting our Investor Relations website at www.intc.com or the SEC's website atwww.sec.gov.

Intel Corporation
Reconciliations of GAAP Outlook to Non-GAAP Outlook

Set forth below are reconciliations of the non-GAAP financial measure to the most directly comparable US GAAP financial measure. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with US GAAP, and the financial outlook prepared in accordance with US GAAP and the reconciliations from this business outlook should be carefully evaluated.

	Q1 2023 Outlook	
	Approximately	
GAAP gross margin	**34.1**	**%**
Acquisition-related adjustments	3.3	%
Share-based compensation	1.6	%
Non-GAAP gross margin	**39.0**	**%**
GAAP tax rate	**(84)**	**%**
Income tax effects	97	%

Non-GAAP tax rate	**13**	**%**

GAAP earnings (loss) per share—diluted[1]	**$**	**(0.80)**
Acquisition-related adjustments	0.11	
Share-based compensation	0.20	
Restructuring and other charges	(0.03)	
(Gains) losses on equity investments, net	(0.01)	
(Gains) losses from divestiture	(0.01)	
Income tax effects	0.39	
Non-GAAP earnings (loss) per share—diluted	**$**	**(0.15)**

For more information on these adjustments, please see our disclosure in the "Explanation of Non-GAAP Measures" section of our most recent earnings release on INTC.com or as furnished with the SEC on Jan. 26, 2023.

[1]The impact of non-controlling interest to our non-GAAP adjustments in Q1 2023 is expected to be insignificant and thus is not included in our reconciliation of non-GAAP measures. Outlook contemplates the change in depreciable life from 5 to 8 years, described in our most recent earnings release, and a fixed long-term projected non-GAAP tax rate.

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Penelope Bruce
Media Relations
1-408-893-0601
penelope.bruce@intel.com

Erin Tyrrell
Investor Relations
1-916-377-9036
erin.tyrrell@intel.com

Source: Intel Corporation