

Q2 2021

Earnings Presentation



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Disclosures

This presentation contains non-GAAP financial measures. Intel revenue, gross margin, operating margin, and earnings per share are presented on a non-GAAP basis unless otherwise indicated. This presentation also includes a non-GAAP 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 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.

Quarter-over-quarter comparisons (QoQ) in this presentation are Q2 2021 to Q1 2021. Year-over-year comparisons (YoY) compare 2021 periods to the corresponding periods in 2020.

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Executive Summary

Q2 revenue and EPS above expectations, raising full year guidance

Now expecting year-over-year revenue growth

The future is bright for semiconductor demand

We are on the front end of a decade of sustained growth for the industry

IDM 2.0 continues to gain momentum

100 potential IFS customers, signed major cloud customer for packaging solutions

Execution, innovation, and growth

Tiger Lake 50M+ units shipped, Ice Lake ramping, Meteor Lake compute tile taped in

Q2 Financial Highlights

Revenue

Up
2%
YoY

\$18.5B

\$0.7B above April guidance

Gross Margin

Up
2.9 ppt
YoY

59.2%

2.2 ppt above April guidance

EPS

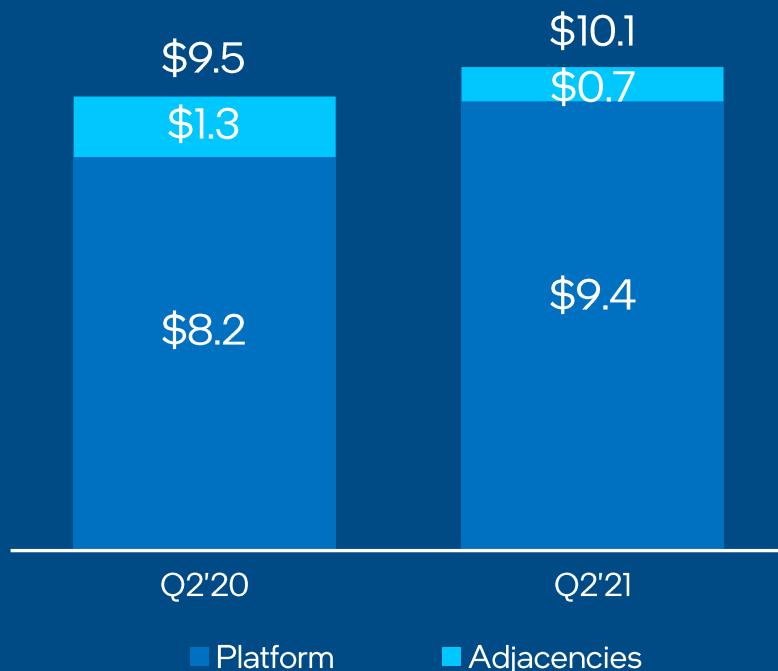
Up
12%
YoY

\$1.28

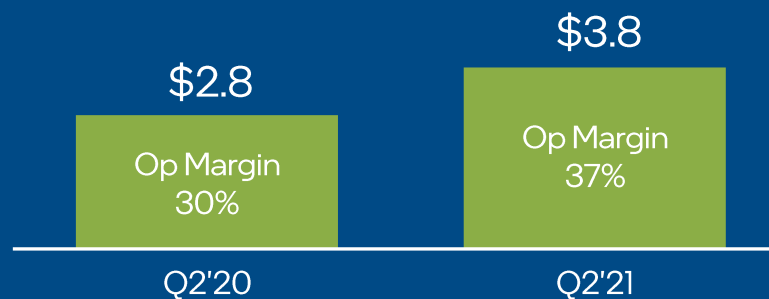
\$0.23 above April guidance

Client Computing Group

Revenue (\$B) up 6%



Operating Income (\$B) up 32%



	YoY Rev	QoQ Rev
Platform	14%	(2%)
Adjacencies ¹	(44%)	(28%)

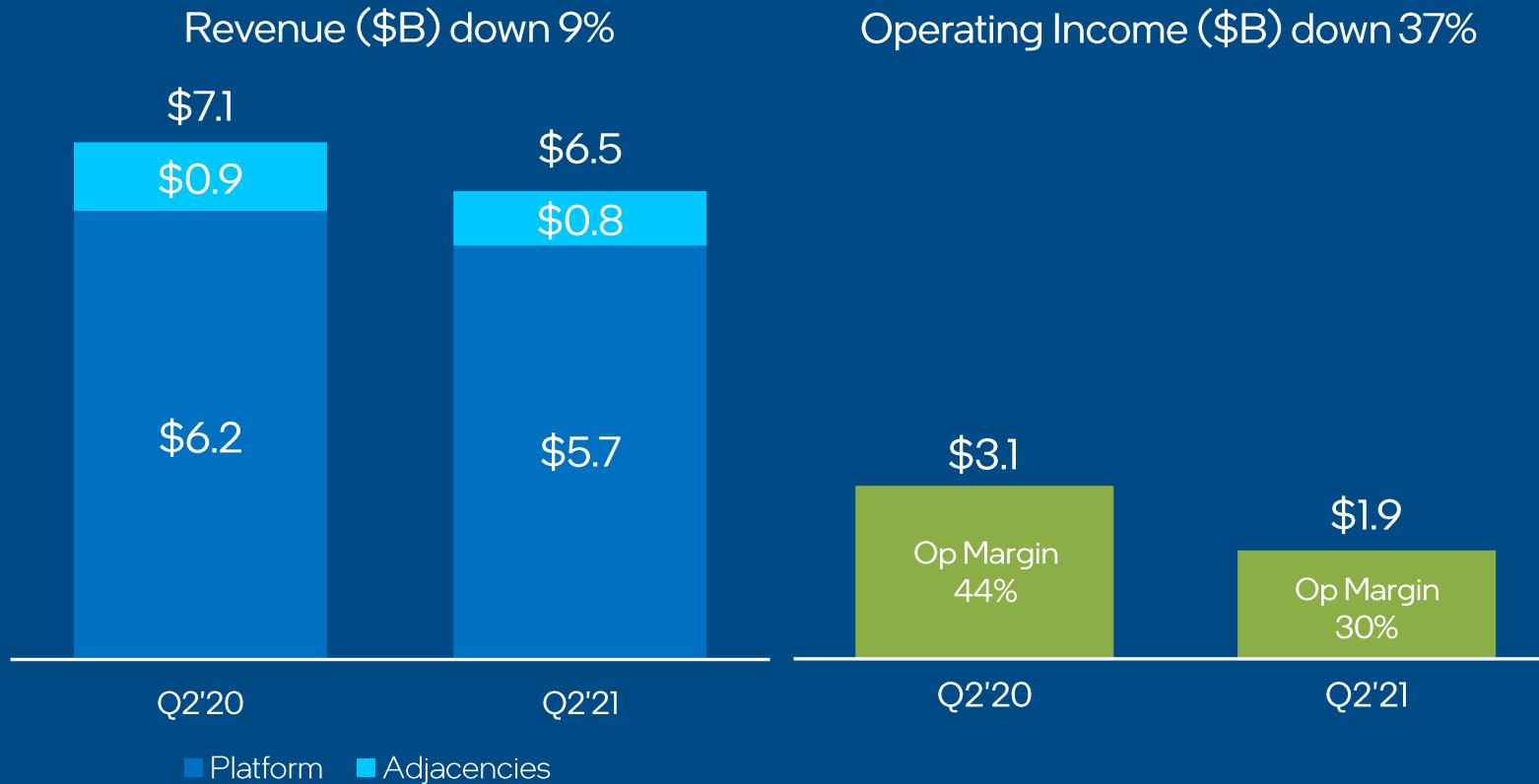
Market Segments	YoY Rev	QoQ Rev
Notebook	15%	(3%)
Desktop	11%	flat

CCG Platform	YoY	QoQ
PC Volumes	33%	(6%)
Notebook ASP	(17%)	6%
Desktop ASP	(5%)	(3%)

Record Q2 revenue on increased platform volume with higher small core mix, partially offset by modem ramp down
Operating income up on lower inventory reserves and improved 10nm production cost

1. CCG adjacencies include modem, wireless communications, wired connectivity, and (prior to Q3 2020 divestiture) connected home products.

Data Center Group



	YoY Rev	QoQ Rev
Platform	(8%)	19%
Adjacencies ¹	(20%)	flat

Market Segments	YoY Rev	QoQ Rev
Cloud SP	(20%)	18%
Enterprise & Gov.	6%	14%
Comms SP	(6%)	16%

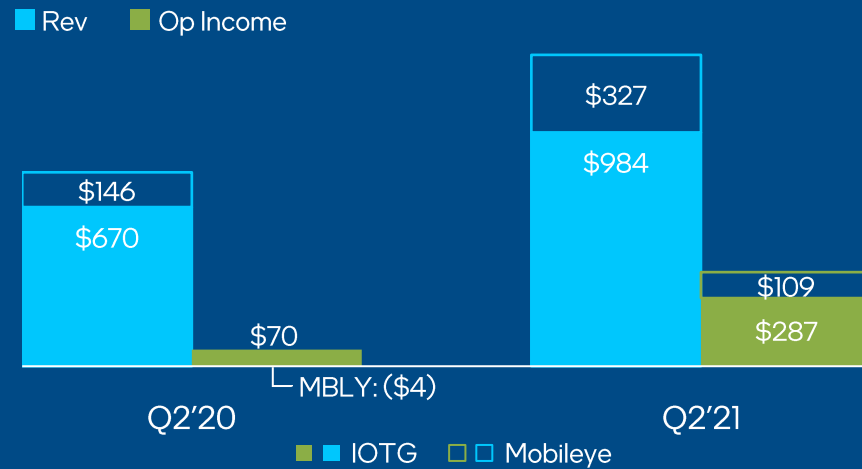
DCG Platform	YoY	QoQ
Unit Volumes	(1%)	12%
ASPs	(7%)	5%

Revenue down on challenging compare and competitive environment, partially offset by enterprise recovery
Operating income down on lower revenue, increased R&D, 10nm production ramp, and 7nm start-up

1. DCG adjacencies include Optane, AI accelerator, ethernet, 5G and silicon photonics products.

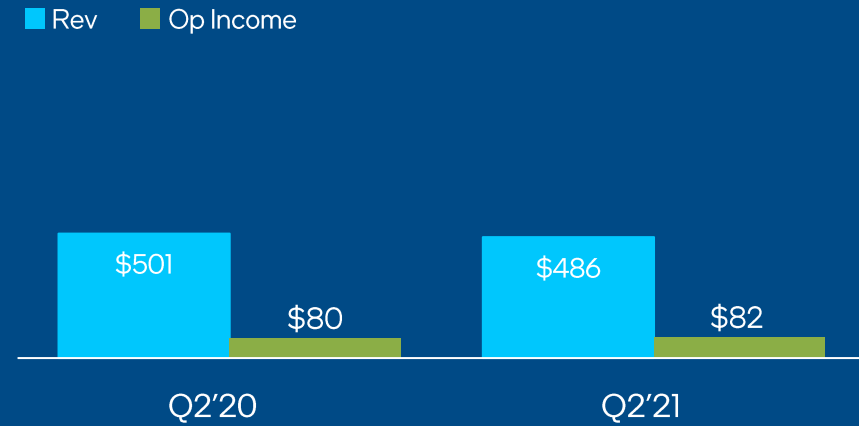
Other Business Segments

IOT: IOTG + Mobileye (\$M)



- IOTG revenue up 47% YoY and operating income up 310% YoY on COVID recovery across all segments
- MBLY revenue up 124% YoY on design win momentum and automotive recovery

PSG (\$M)



- PSG revenue down 3% YoY due to inventory digestion and supply constraints
- Operating income up 3% YoY

Outlook

Q3 2021 Outlook

Revenue

\$18.2B

Up
5%
YoY

Gross Margin

55%

Down
1.5 ppt
YoY

EPS

\$1.10

Up
2%
YoY

FY 2021 Outlook

Revenue

\$73.5B

Increased \$1.0B from prior outlook

Up
1%
YoY

Gross Margin

56.5%

Flat to prior outlook

Down
2.9 ppt
YoY

EPS

\$4.80

Increased \$0.20 from prior outlook

Down
6%
YoY

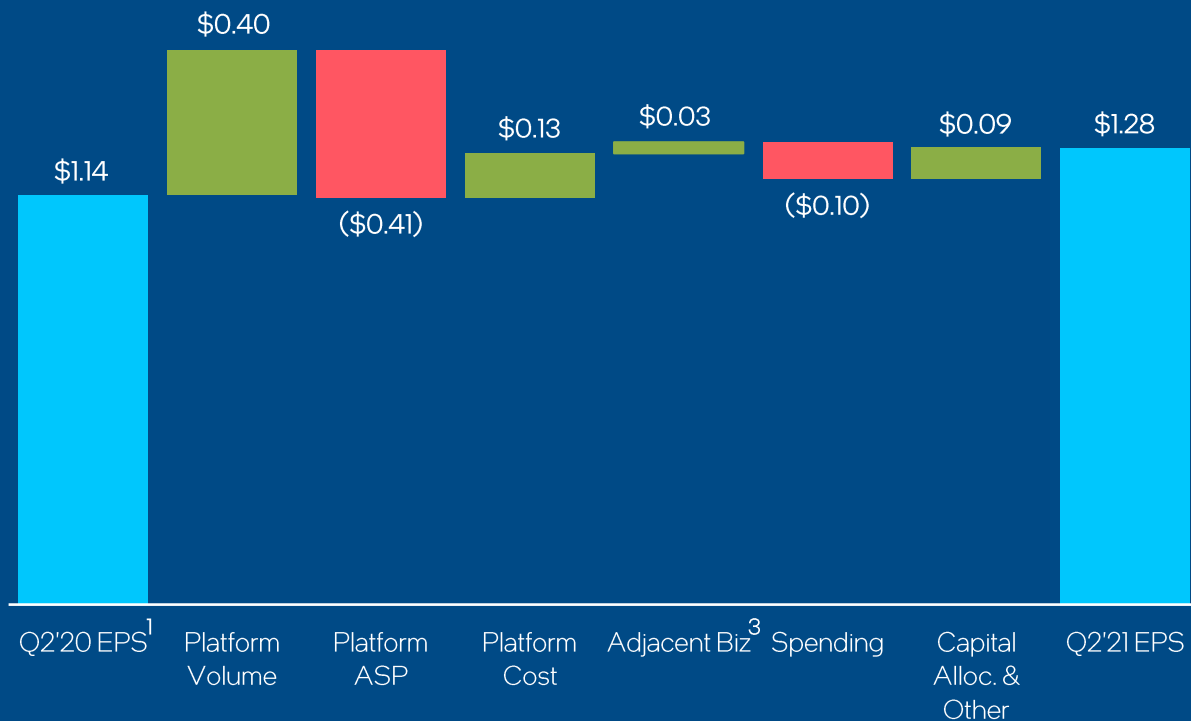
Capital Expenditures \$19-20B

Free Cash Flow \$11B, increased \$0.5B from prior outlook

Appendix

EPS up 12% YoY

EPS Drivers Year-Over-Year



Platform²

- Strong PC and IOTG demand
- ASP down in client and data center
 - Growth in education and consumer notebook
 - Increasingly competitive environment in server
- Lower cost on small core mix, partially offset by higher 7nm factory startup

Spending

- Increased R&D investment

Capital Allocation⁴

- Lower share count

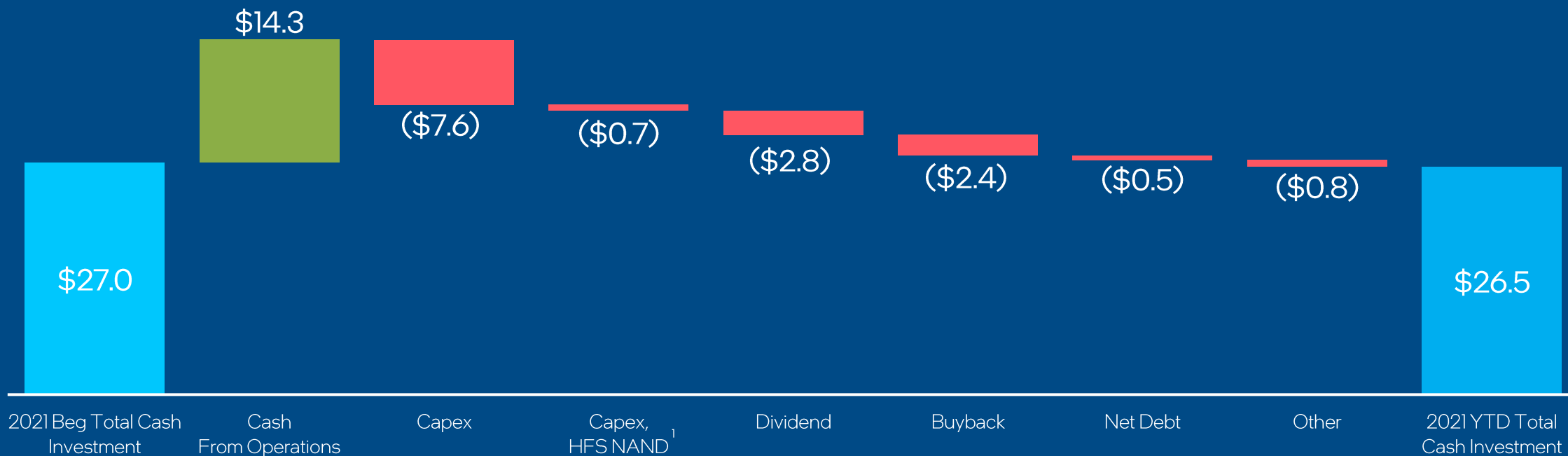
1. Adjusted to exclude NAND memory business.

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.

2021 YTD Sources & Uses of Cash



\$5.9	GAAP Cash and Cash Equivalents (\$B)	\$4.7
\$27.0	Total Cash and Investments ²	\$26.5
\$36.4	Total Debt ³	\$35.4

1. NAND capital expenditures subsequent to the held for sale date.

2. Total cash and investments include cash and cash equivalents, short-term investments, trading assets, other long-term investments, loans receivable, and other.

3. Total debt includes short-term and long-term debt.

Reconciliation of Non-GAAP Actuals

(In Billions, Except Per Share Amounts)	Three Months Ended	
	Jun 26, 2021	Jun 27, 2020
GAAP revenue	\$19.6	\$19.7
NAND memory business	(1.1)	(1.5)
Non-GAAP revenue	\$18.5	\$18.2
GAAP gross margin percentage	57.1%	53.3%
Acquisition-related adjustments	1.6%	1.5%
NAND memory business	0.5%	1.4%
Non-GAAP gross margin percentage	59.2%	56.3%
GAAP earnings per share—diluted	\$1.24	\$1.19
Acquisition-related adjustments	0.09	0.08
Restructuring and other charges	0.08	--
Ongoing mark-to-market on marketable equity securities	(0.03)	(0.04)
NAND memory business	(0.09)	(0.10)
Income tax effect	(0.01)	0.01
Non-GAAP earnings per share—diluted	\$1.28	\$1.14

Reconciliation of Non-GAAP Outlook

(In Billions, Except Per Share Amounts)	Q3 2020 Actuals	Q3 2021 Outlook Approximately	Full-year 2020 Actuals	Full-year 2021 Outlook Approximately
GAAP net revenue	\$18.3	\$19.1	\$77.9	\$77.6
NAND memory business	(1.1)	(0.9)	(5.0)	(4.1)
Non-GAAP net revenue	\$17.3	\$18.2	\$72.9	\$73.5
GAAP gross margin	53.1%	53.1%	56.0%	54.2%
Acquisition-related adjustments	1.7%	1.6%	1.6%	2.1%
NAND memory business	1.6%	0.2%	1.8%	0.2%
Non-GAAP gross margin	56.5%	55.0%	59.4%	56.5%
GAAP earnings per share—diluted	\$1.02	\$1.08	\$4.94	\$4.09
Acquisition-related adjustments	0.09	0.09	0.33	0.45
Restructuring and other charges	(0.01)	0.01	0.05	0.64
(Gains) losses from divestiture	--	--	--	(0.24)
Ongoing mark-to-market on marketable equity securities	0.03	--	0.03	0.04
NAND memory business	(0.04)	(0.08)	(0.22)	(0.40)
Income tax effects	(0.01)	--	(0.03)	0.22
Non-GAAP earnings per share—diluted	\$1.08	\$1.10	\$5.10	\$4.80

(In Billions)	Full-year 2021 Outlook
GAAP cash from operations	\$30.5
Additions to property, plant and equipment	(19.5)
Free cash flow	\$11.0

2020 Non-GAAP Adjustments

(In Billions, Except Per Share Amounts)	Q1 2020 Actuals	Q2 2020 Actuals	Q3 2020 Actuals	Q4 2020 Actuals	Full-year 2020 Actuals
GAAP net revenue	\$19.8	\$19.7	\$18.3	\$20.0	\$77.9
NAND memory business	(1.2)	(1.5)	(1.1)	(1.1)	(5.0)
Non-GAAP net revenue	\$18.6	\$18.2	\$17.3	\$18.9	\$72.9
GAAP gross margin	\$12.0	\$10.5	\$9.7	\$11.3	\$43.6
Acquisition-related adjustments	.3	.3	.3	.3	1.2
NAND memory business	(.3)	(.6)	(.3)	(.3)	(1.5)
Non-GAAP gross margin	\$12.0	\$10.2	\$9.7	\$11.3	\$43.3
GAAP gross margin percentage	60.6%	53.3%	53.1%	56.8%	56.0%
Acquisition-related adjustments	1.5%	1.5%	1.7%	1.6%	1.6%
NAND memory business	2.4%	1.4%	1.6%	1.7%	1.8%
Non-GAAP gross margin percentage	64.5%	56.3%	56.5%	60.0%	59.4%
GAAP operating income	\$7.0	\$5.7	\$5.1	\$5.9	\$23.7
Acquisition-related adjustments	.3	.4	.4	.4	1.4
Restructuring and other charges	.2	--	--	.1	.2
NAND memory business	(.2)	(.4)	(.1)	(.2)	(.9)
Non-GAAP operating income	\$7.3	\$5.6	\$5.3	\$6.1	\$24.4
GAAP operating margin	35.5%	28.9%	27.6%	29.5%	30.4%
Acquisition-related adjustments	1.7%	1.8%	2.0%	1.8%	1.8%
Restructuring and other charges	0.8%	--	(0.1)%	0.3%	0.3%
NAND memory business	1.5%	0.4%	0.9%	0.9%	0.9%
Non-GAAP operating margin	39.5%	31.0%	30.4%	32.4%	33.4%
GAAP earnings per share—diluted	\$1.31	\$1.19	\$1.02	\$1.42	\$4.94
Acquisition-related adjustments	0.08	0.08	0.09	0.09	0.33
Restructuring and other charges	0.04	--	(0.01)	0.02	0.05
Ongoing mark-to-market on marketable equity securities	0.03	(0.04)	0.03	0.01	0.03
NAND memory business	(0.05)	(0.10)	(0.04)	(0.04)	(0.22)
Income tax effects	--	0.01	(0.01)	(0.02)	(0.03)
Non-GAAP earnings per share—diluted	\$1.41	\$1.14	\$1.08	\$1.48	\$5.10

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