



1st Quarter Earnings Presentation



Pat Gelsinger
Chief Executive Officer



David Zinsner
Executive Vice President and
Chief Financial Officer

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 April 27, 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; 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 and strategies; our anticipated growth, future market share, and trends in our businesses and operations; projected growth and trends in markets relevant to our businesses; anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints; expectations regarding government incentives; future technology trends; future macro environmental and economic conditions; future responses to and effects of COVID-19; geopolitical conditions; tax- and accounting-related expectations; expectations regarding our relationships with 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 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 April 27, 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 April 27, 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



Q1 beat expectations on the top and bottom line

Despite navigating through global challenges
Expecting modest 2H'23 recovery

Executing on our commitment to manage costs

On our way to deliver \$3B of cost savings in 2023, \$8-10B annually exiting 2025
Establishing internal foundry model central to IDM 2.0

Delivering on long-term strategy

Driving execution excellence across process, product, and foundry roadmaps
Remain on track to regain transistor and power performance leadership by 2025

Industry Outlook

Navigating Macro Headwinds

- PC inventory correction as expected
- Continued year over year server TAM contraction
- Network & Edge demand softened further



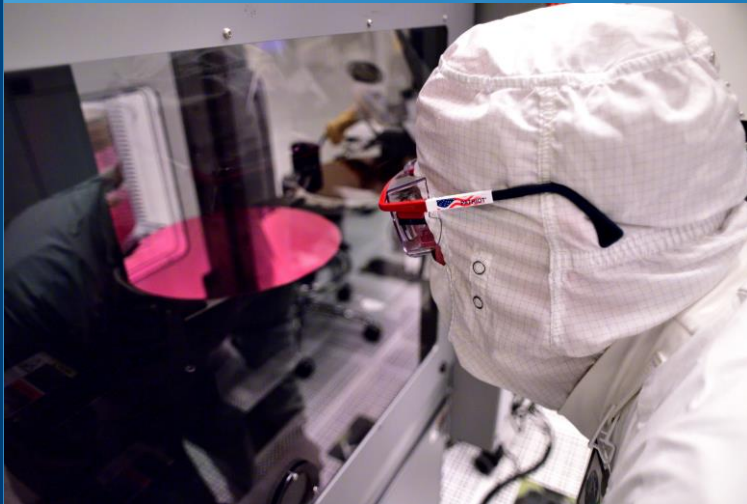
Long-Term Sustainable Demand

- PC usage remains strong; long-term TAM 300M +/-
- Mid-20s CAGR for server CPU cores; AI tailwind
- PSG, IFS, MBLY outpacing semi ex-memory market



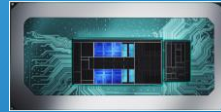
Executing our Strategy

Process and Manufacturing



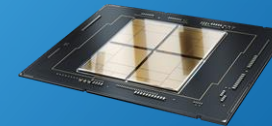
5 nodes in 4 years:
Intel 7 in HVM and Intel 4 ramping
Intel 3, Intel 20A, Intel 18A on track
Arm ecosystem partnership with IFS

CCG



Gained share in Q1'23
Raptor Lake NB introduced
Meteor Lake in 2H'23
Arrow Lake & Lunar Lake in
2024

DCAI



Emerald Rapids in Q4'23
Sierra Forest in 1H'24
Granite Rapids thereafter
Clearwater Forest in 2025

NEX



Launched 4th Gen Intel
Xeon Scalable with vRAN
Boost

mobileye



Continuing to deliver strong
growth and profitability

intel
foundry
services



Arm partnership
accelerates ecosystem
Working to close Tower

Q1 Financial Highlights¹

\$11.7B

Revenue

Down 36% YoY

\$0.7B above January outlook
mid-point

38.4%

Gross Margin

Down 14.7 pts YoY

0.6 ppt below January outlook

(\$0.04)

EPS

Down 105% YoY

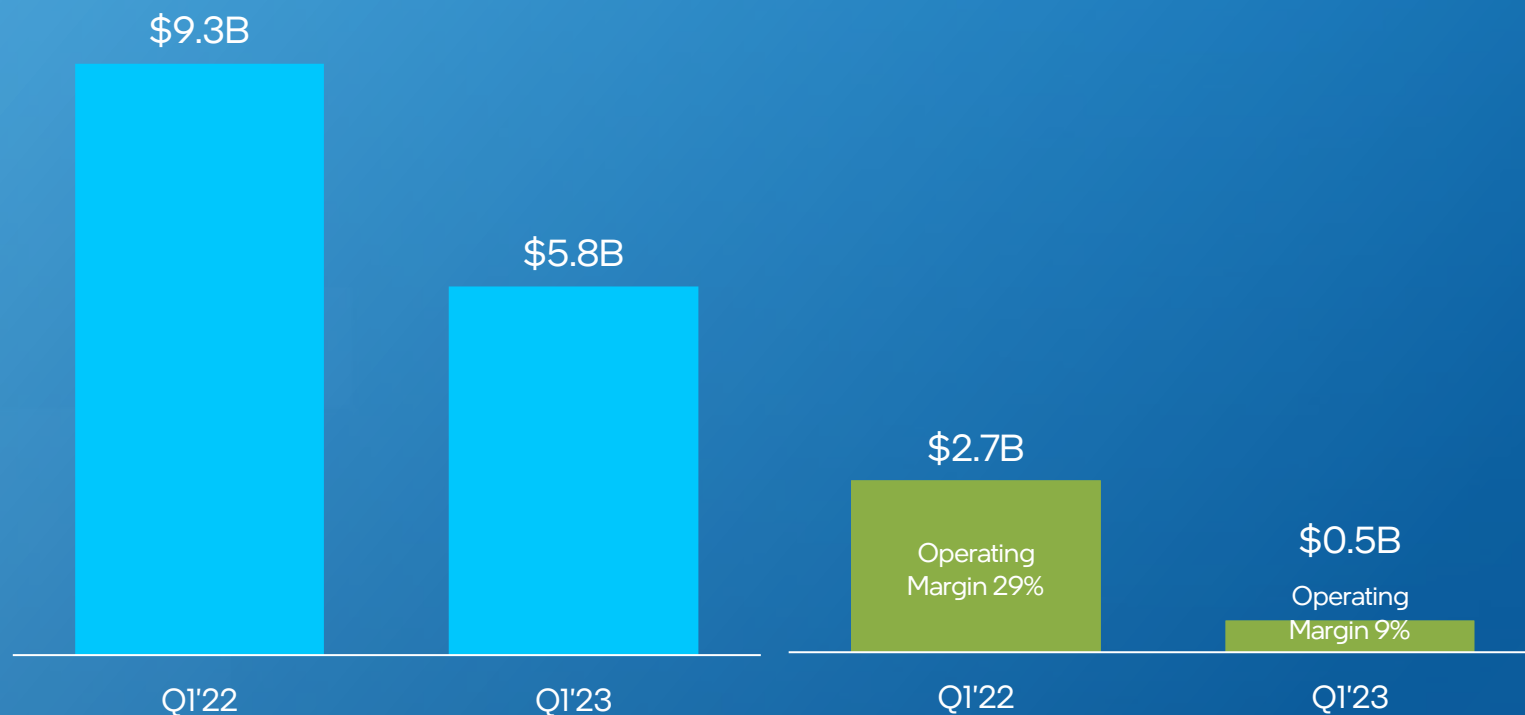
\$0.11 above January outlook

¹ Gross margin and EPS comparisons are based on the mid-point of revenue outlook.

Client Computing Group (CCG)

Revenue down 38%

Operating Income down 81%

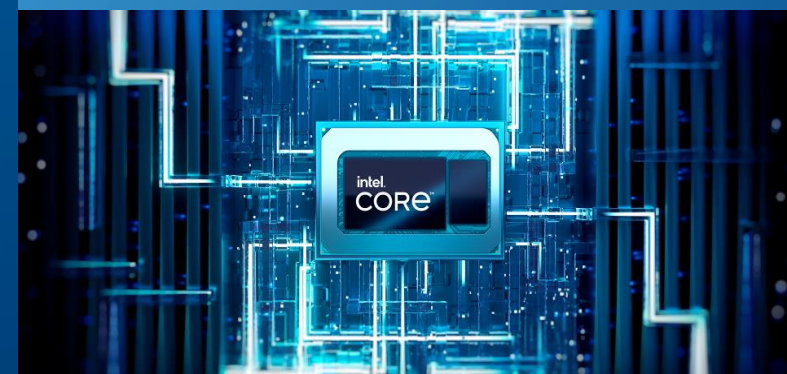


Revenue

- Lower revenue on overall TAM and OEM inventory reductions

Operating Income

- Lower revenue, higher unit cost and excess capacity charges



Data Center and AI Group (DCAI)

Revenue down 39%

Operating Income down
137%

\$6.1B

\$3.7B

\$1.4B

Operating
Margin 23%

(\$0.5B)

Operating Margin -14%

Q1'22

Q1'23

Q1'22

Q1'23

Revenue

- Lower revenue on TAM contraction and competitive pressure

Operating Income

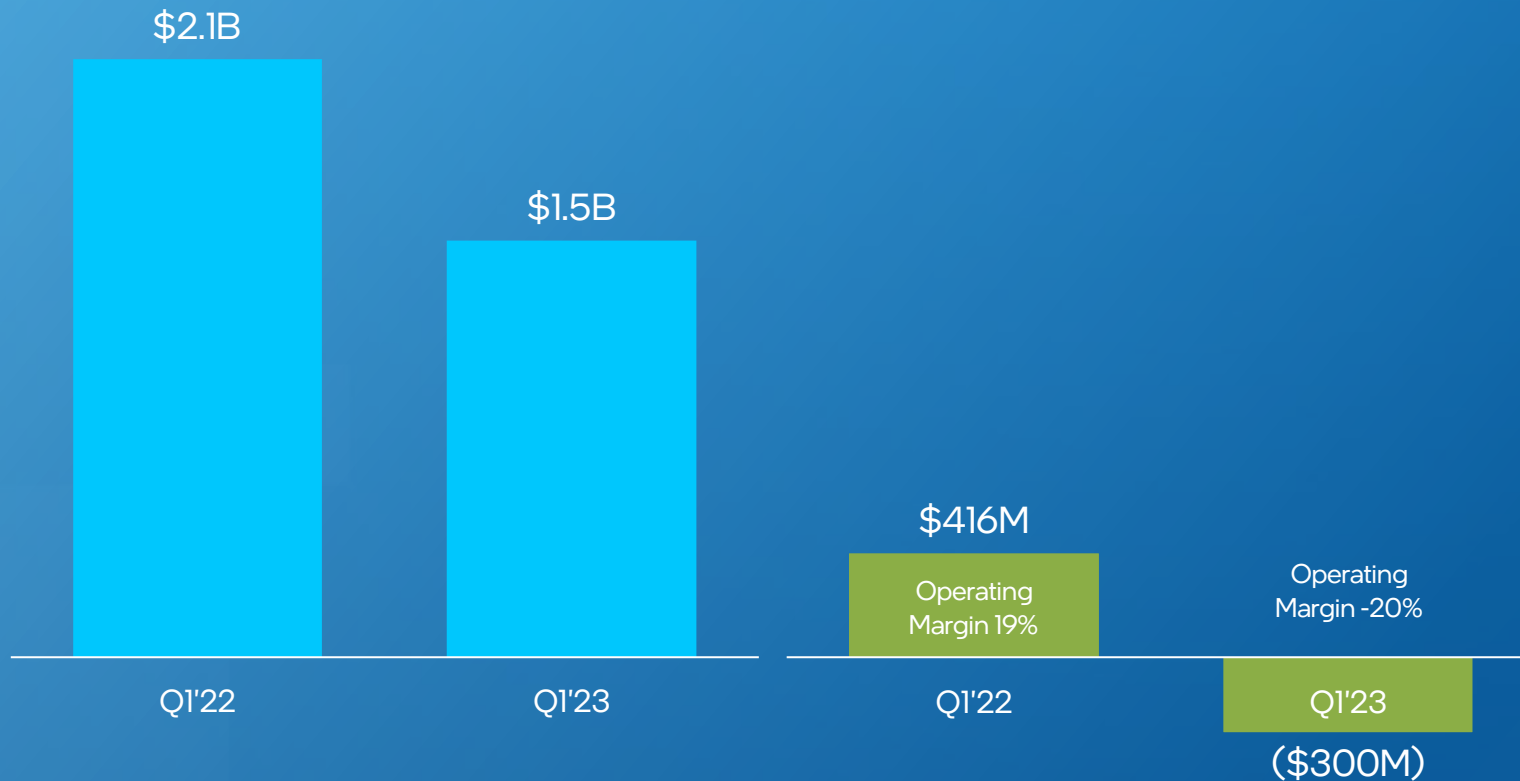
- Lower revenue, higher unit costs, and excess capacity charges



Network and Edge Group (NEX)

Revenue down 30%

Operating Income down
172%



Revenue

- Softening demand as broad-based consumption remains slow and customer inventories remain high

Operating Income

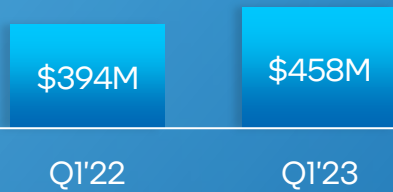
- Lower revenue and increased inventory reserves



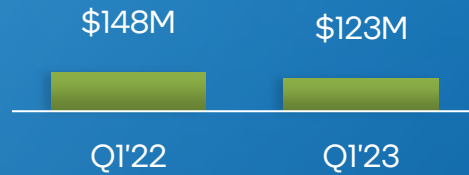
Other Business Segments

Mobileye

Revenue



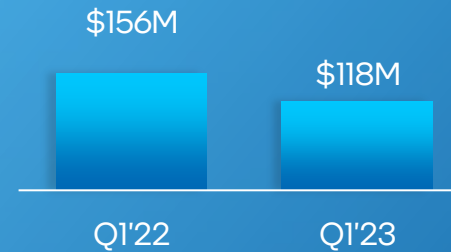
Operating Income



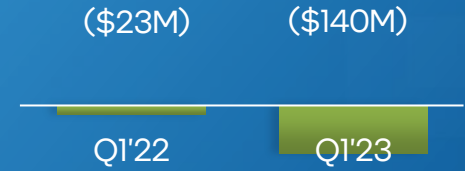
- Revenue up 16% year-over-year on higher demand for EyeQ products
- Operating income down 17% year-over-year on increased investments in leadership products

Intel Foundry Services (IFS)

Revenue



Operating Income



- Revenue down 24% year-over-year
- Operating loss driven by increased spending to support strategic growth

Outlook

Q2 2023 Outlook¹

\$11.5-12.5B

Revenue

Down 22% YoY

37.5%

Gross Margin

Down 7.3 ppt YoY

(\$0.04)

EPS

Down 114% YoY

¹ Gross margin and EPS outlook based on the mid-point of the revenue range.

Appendix

Reconciliation of Non-GAAP Actuals

	Three Months Ended	
	Apr 1, 2023	Apr 2, 2022
GAAP gross margin percentage	34.2%	50.4%
Acquisition-related adjustments	2.8%	1.9%
Share-based compensation	1.4%	0.8%
Non-GAAP gross margin percentage	38.4%	53.1%
GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.66)	\$1.98
Acquisition-related adjustments	0.09	0.10
Share-based compensation	0.18	0.17
Restructuring and other charges	0.01	(0.30)
(Gains) losses on equity investments, net	(0.04)	(1.05)
(Gains) losses from divestiture	(0.01)	(0.27)
Total adjustments attributable to non-controlling interest	--	--
Income tax effects	0.39	0.24
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.04)	\$0.87

Reconciliation of Non-GAAP Q2 Outlook

	Q2 2022 Actuals	Q2 2023 Outlook ¹ Approximately
GAAP gross margin percentage	36.5%	33.2%
Acquisition-related adjustments	2.2%	2.6%
Share-based compensation	1.2%	1.7%
Patent settlement	1.3%	--
Optane inventory impairment	3.6%	--
Non-GAAP gross margin percentage	44.8%	37.5%
GAAP earnings (loss) per share attributable to Intel—diluted	\$(0.11)	(\$0.62)
Acquisition-related adjustments	0.09	0.08
Share-based compensation	0.22	0.23
Patent settlement	0.05	--
Optane inventory impairment	0.14	--
Restructuring and other charges	0.02	--
(Gains) losses on equity investments, net	0.02	(0.01)
(Gains) losses from divestiture	--	(0.01)
Total adjustments attributable to non-controlling interest	--	--
Income tax effects ²	(0.15)	0.29
Non-GAAP earnings (loss) per share attributable to Intel—diluted	\$0.28	(\$0.04)

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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