Investor Webinar – June 21, 2023

Internal Foundry Model

Non-GAAP Financial Statements & Forward-Looking Statements

- This presentation contains references to Intel's long term gross margin % ambition. Non-GAAP financial measures utilized by Intel should not be considered a substitute for, or superior to, financial measures prepared in accordance with GAAP. Additional information regarding Intel's non-GAAP financial measures may be found in our earnings release dated April 27, 2023, our 2022 Annual Report on Form 10-K and our other filings with the SEC.
- This presentation contains forward-looking statements that involve a number of 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, including as to IDM 2.0, our independent foundry model and our independent foundry services; projections of our future financial performance, including with respect to SG&A and R&D expenses and gross and operating margins; 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 cost savings; 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; and 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.
- All information in this presentation reflects management's views as of June 21, 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.

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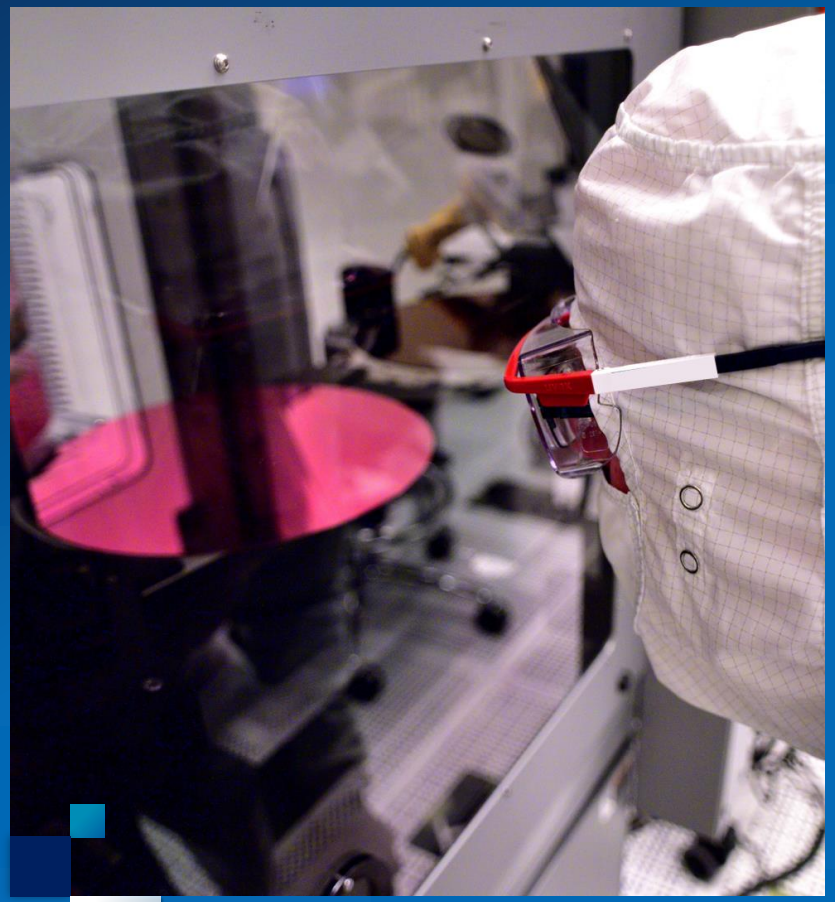
Presenters

Dave Zinsner
Executive Vice President
Chief Financial Officer

Jason Grebe
Corporate Vice President, General Manager, Corporate Planning Group

Internal Foundry Model Webinar: Agenda



- Evolution from IDM 1.0 to IDM 2.0
- Financial benefits of Internal Foundry Model
- Examples of Internal Foundry Model efficiencies
- Impacts to IFS
- Q&A

Dave Zinsner

Executive Vice President
Chief Financial Officer

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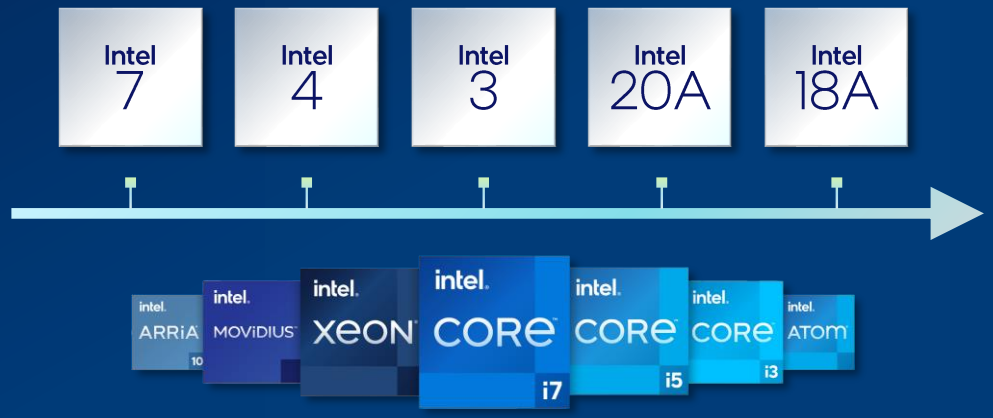
Accelerating cost reduction focus

Process and product

5 Nodes in 4 years



2 out 5 nodes essentially done;
rest on track; leadership on Intel 18A

Roadmap executing well

Cost

$3B in 2023

$8B-$10B exiting 2025

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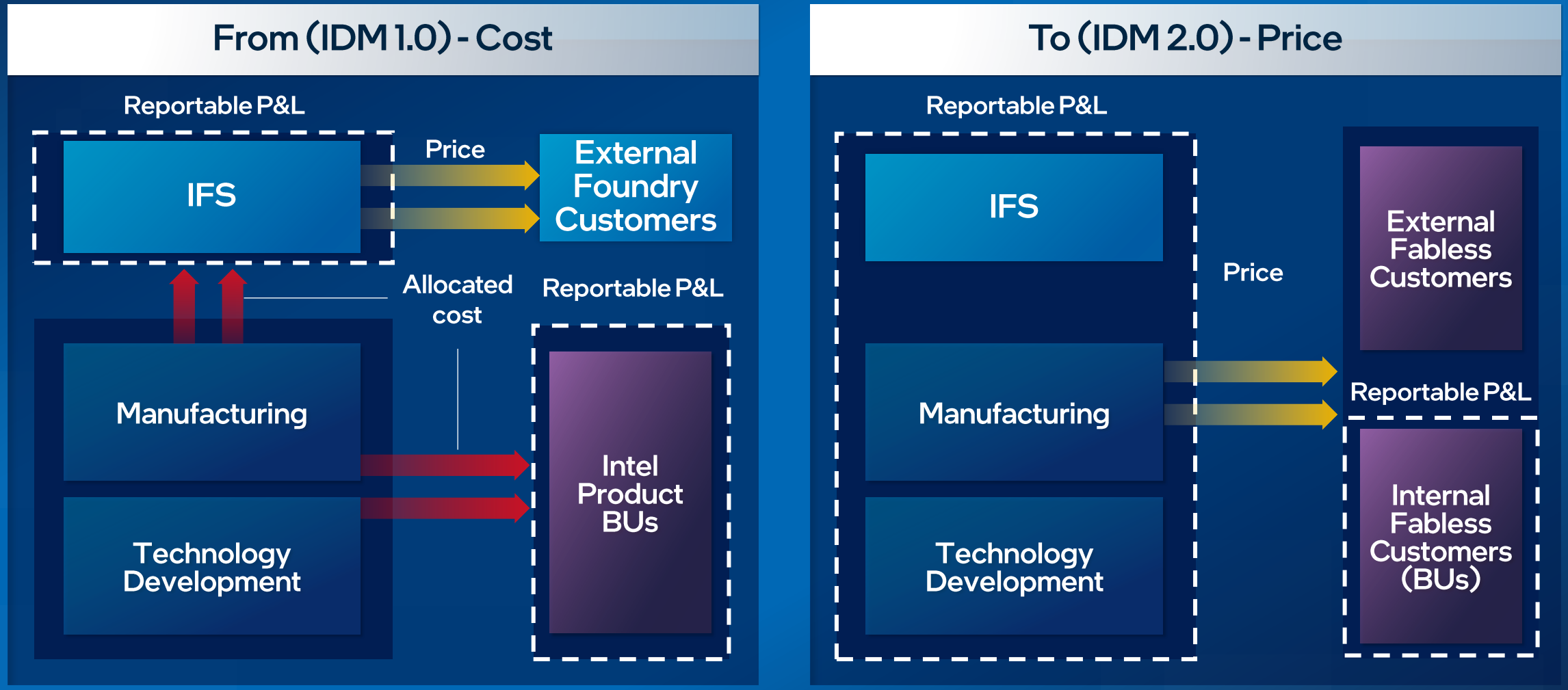
Internal Foundry Model



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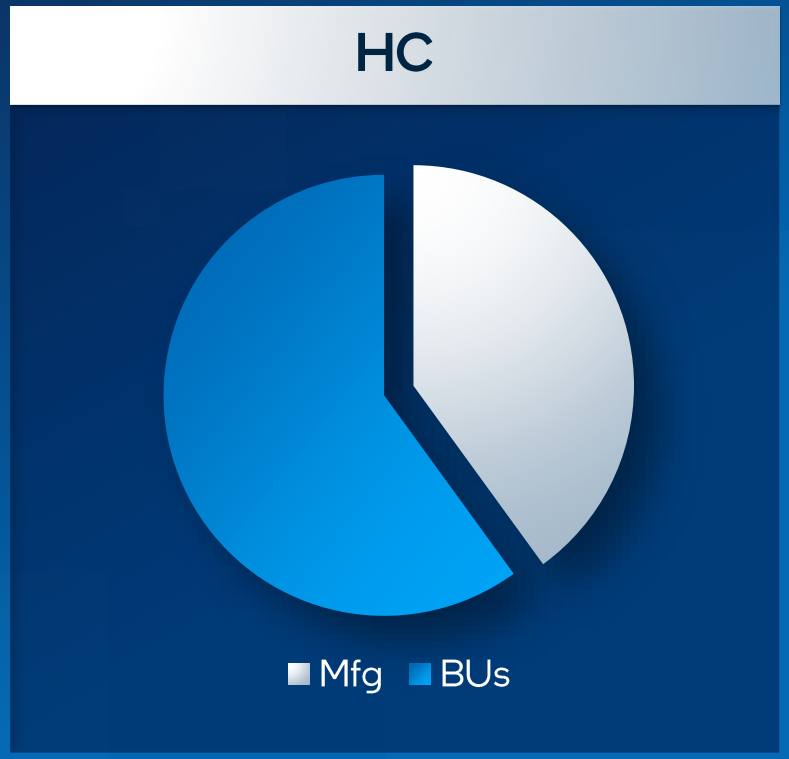
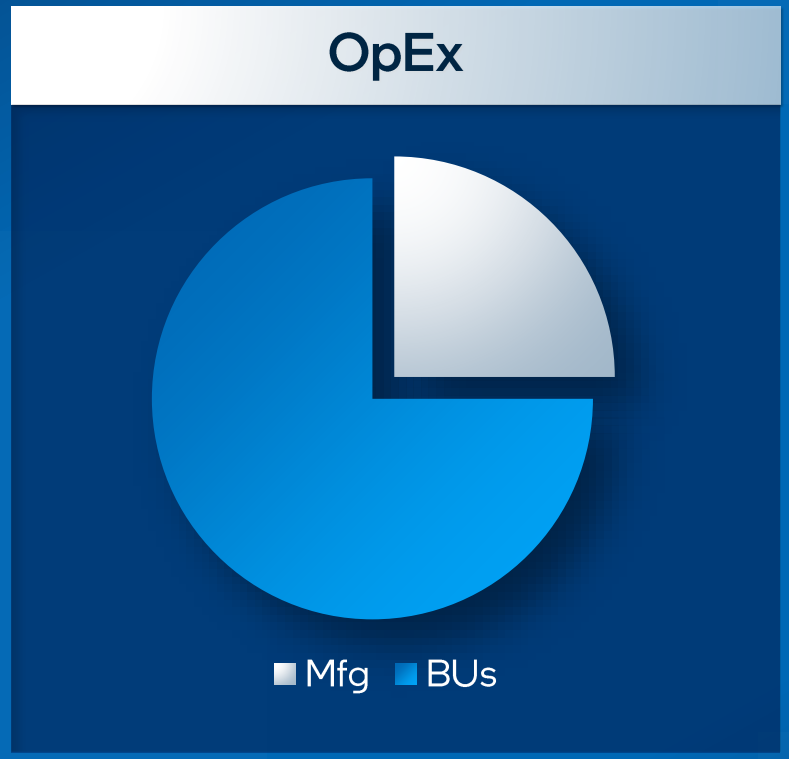
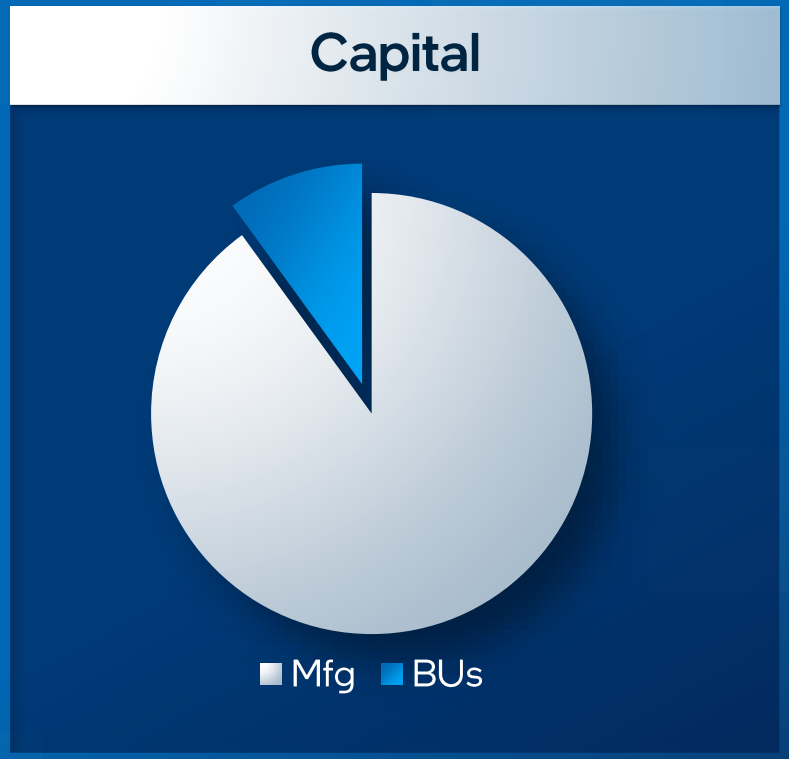
Manufacturing vs Business Unit Splits







Manufacturing significant portion of HC, OpEx & Capital . . .
And historically all allocated to the business units

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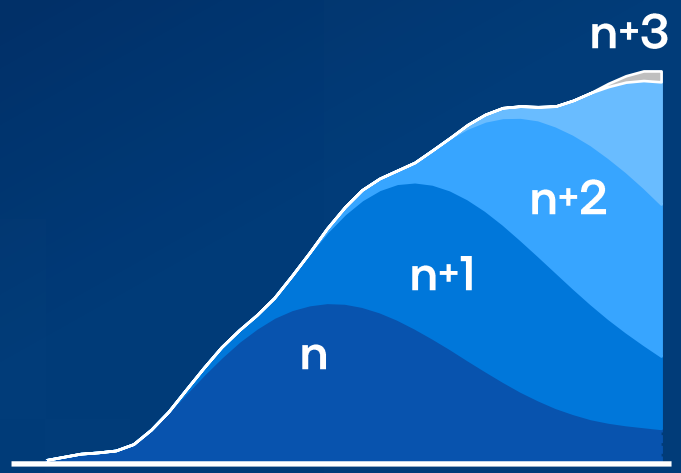
IDM 1.0 – Drove decades of success

Node transitions

Each Node 2 Years



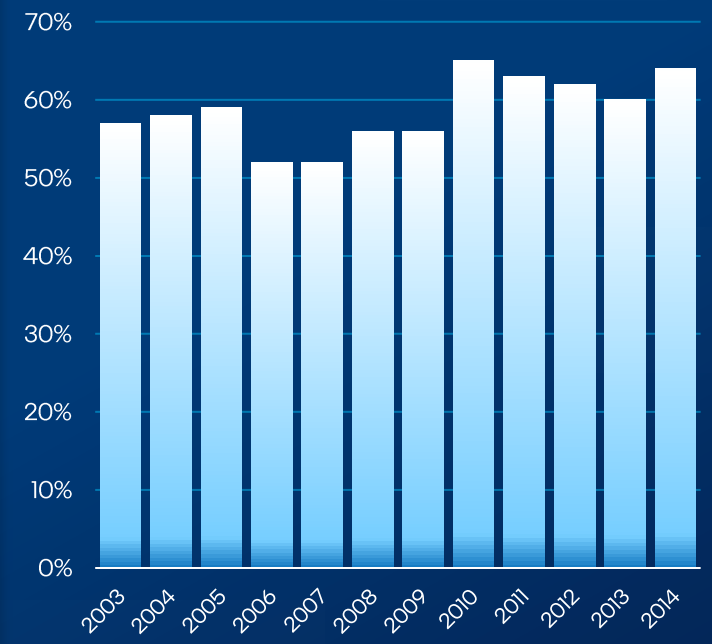
Quick ramp up & down

Process Timing

Intel	Lead	Comp
90nm	+	90nm
65nm	+	65nm
45nm	+	40nm
32nm	++	28nm
22nm	++	20nm
14nm	+	16nm

Consistent INTC Process Leadership (first on HVM)

High GM%



50% to mid 60%

GAAP #s

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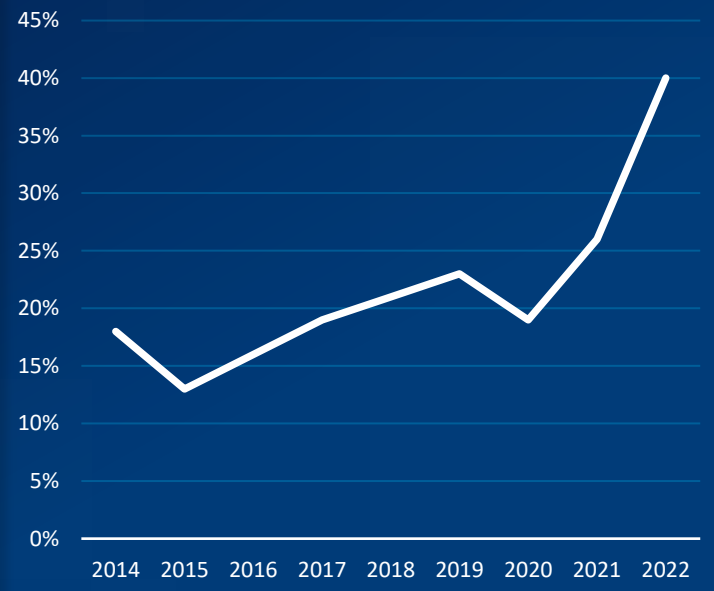
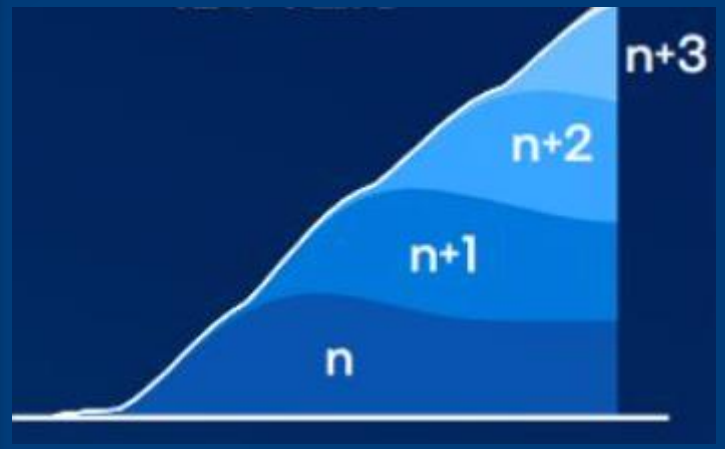
What changed in the environment?

Net Capital Intensity



Capital intensity up 10+ ppts
Requiring foundry to have scale to monetize investment

Chiplets/Disaggregation



Disaggregated die will lead to longer tails

Process timing

Intel	Lead/Lag	Comp
32nm	++	28nm
22nm	++	20nm
14nm	+	16nm
10nm	- -	7nm
Intel 4	-	5nm
Intel 3	-	TSMC 3nm
Intel 20A	-	TSMC 3nm
Intel 18A	+	TSMC 2nm

Structurally more competitive environment

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Better Together – IDM Competitive Advantages

IDM 1.0

1. Co-dev. process for custom product needs
2. Get products to market faster

IDM 2.0 - Same benefits of IDM 1.0 +

3. De-risk process for our external customers
4. Increased scale & broadest ecosystem (EDA, IP, design services)

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Mfg Orgs + Business Units

Strategic Partnership to Regain Leadership

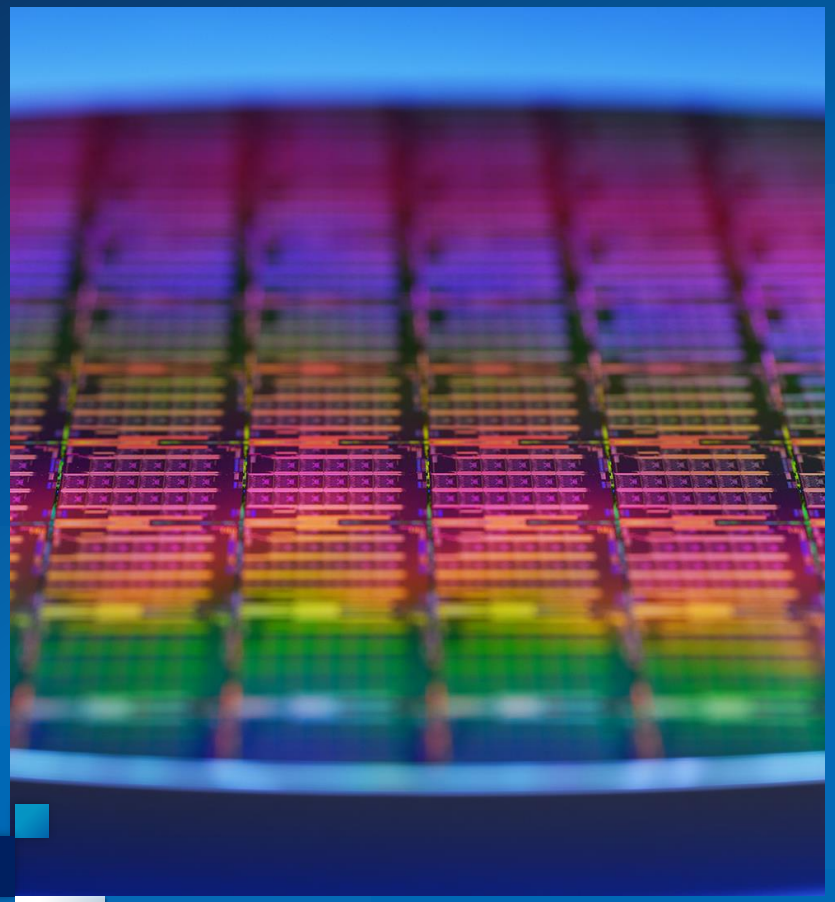
IDM 1.0

	Intel	MFG		BU
Revenue	**$200**	--	Allocated Cost	**$200**
COS	**$100**	**$100**		**$100**
Gross Profit	**$100**	--		**$100**
GM %	*50%*	-- %		*50%*
OpEx	$80	$30		$80
Direct OpEx	*$20*	--	Allocated Opex	*$20*
TD OpEx	*$30*	*$30*		*$30*
Other Allocation	*$30*	--		*$30*
Oper. Profit	**$20**	--		**$20**
OM %	*10%*	-- %		*10%*

IDM 2.0

	Intel	MFG	MFG Revenue BU COS	BU
Revenue	**$200**	**$110**		**$200**
COS	**$100**	**$100**		**$110**
Gross Profit	**$100**	**$10**		**$90**
GM %	*50%*	9%		45%
OpEx	$80	**$30**		**$50**
Direct OpEx	*$20*	$0		$20
TD OpEx	*$30*	$30		$0
Other Allocation	*$30*	$0		$30
Oper. Profit	**$20**	**($20)**		**$40**
OM %	*10%*	-18%		20%

Benefits of Internal Foundry Model



Manufacturing group to have stand alone P&L
- Enabling benchmarking
- Shine bright light on cost opportunities
- 2nd largest foundry

Price vs cost
- Changes behaviors with business units

Market dynamics
- Mfg group compete for volume based on performance & price
- Over time, BUs to have increased flexibility where they manufacture

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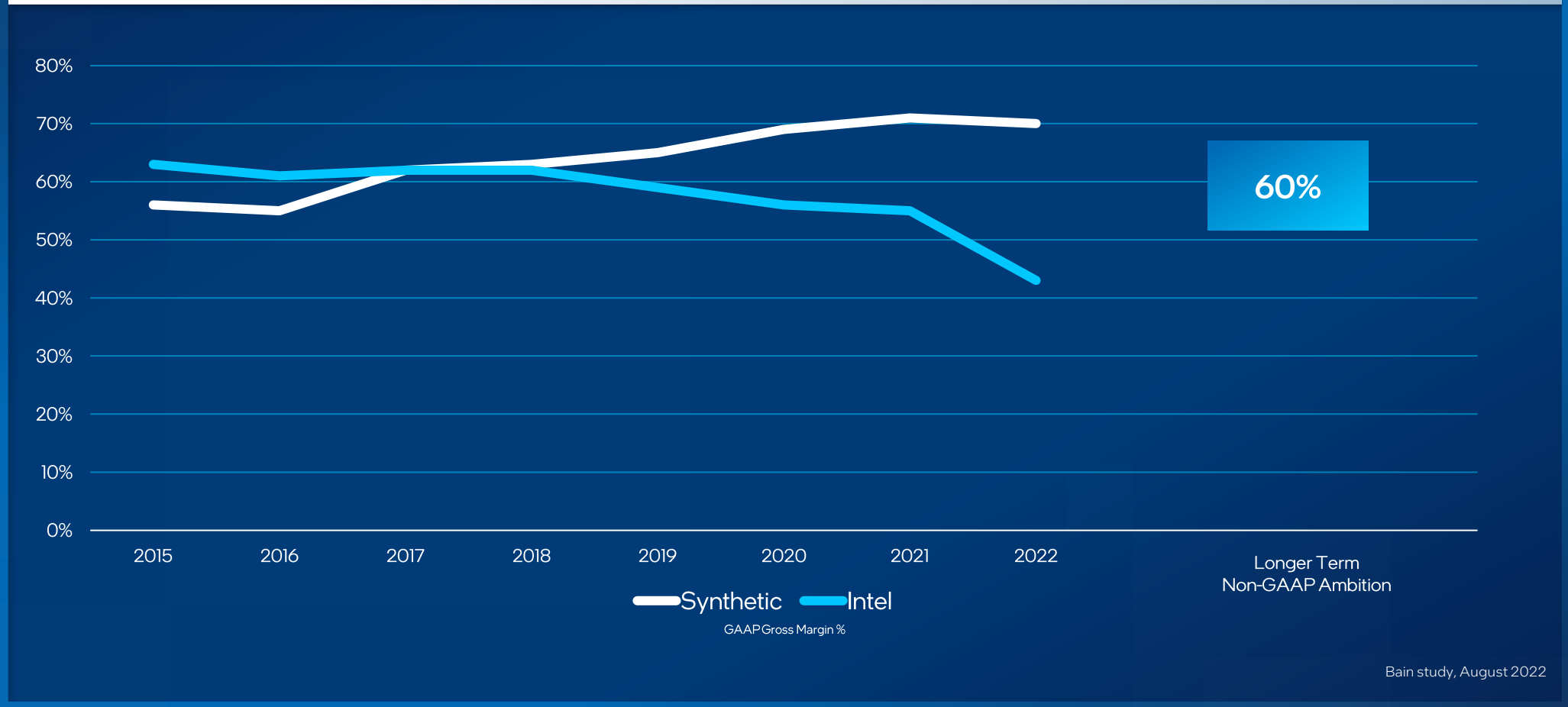
The Financial Opportunity For Intel

"Synthetic IDM" Gross Margin is >20pts higher than Intel....



Bain study, August 2022

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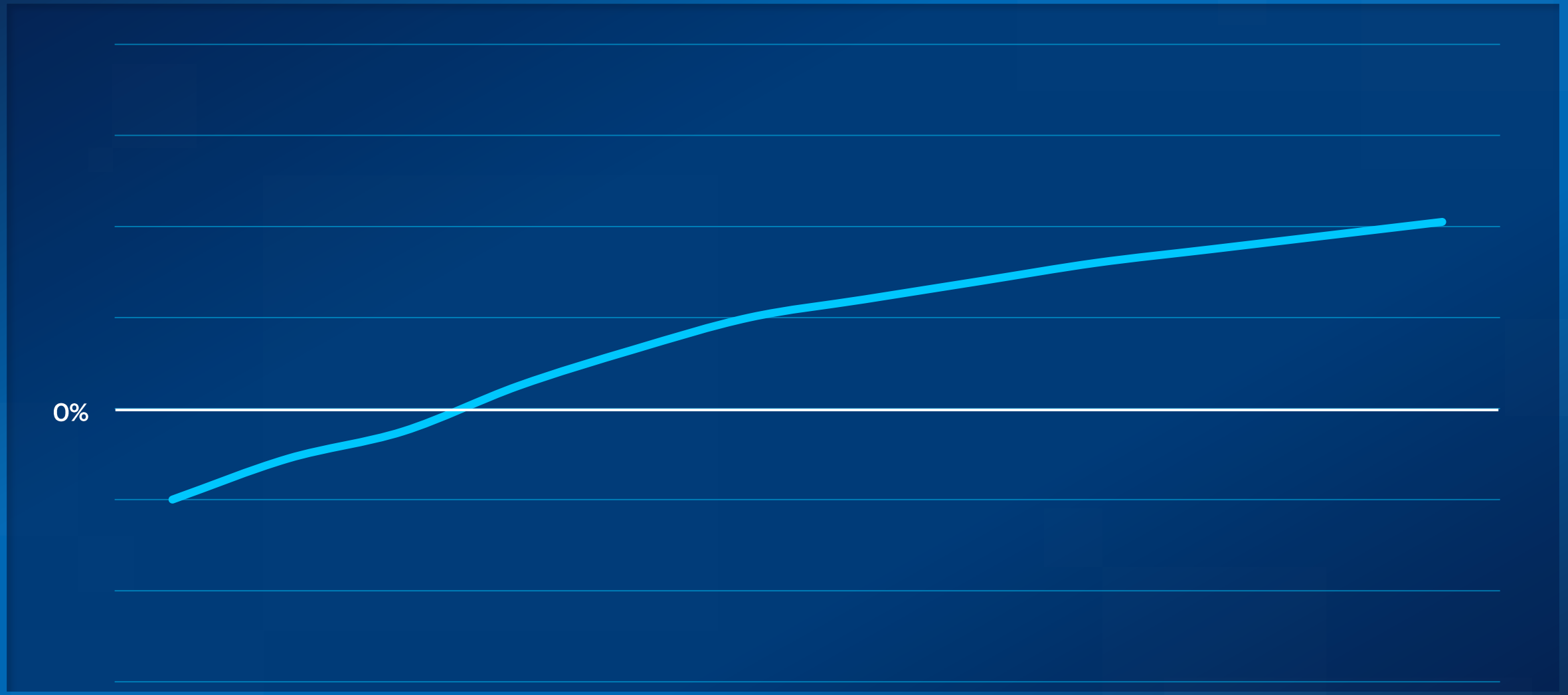
Intel Manufacturing Operating Margin improving over time



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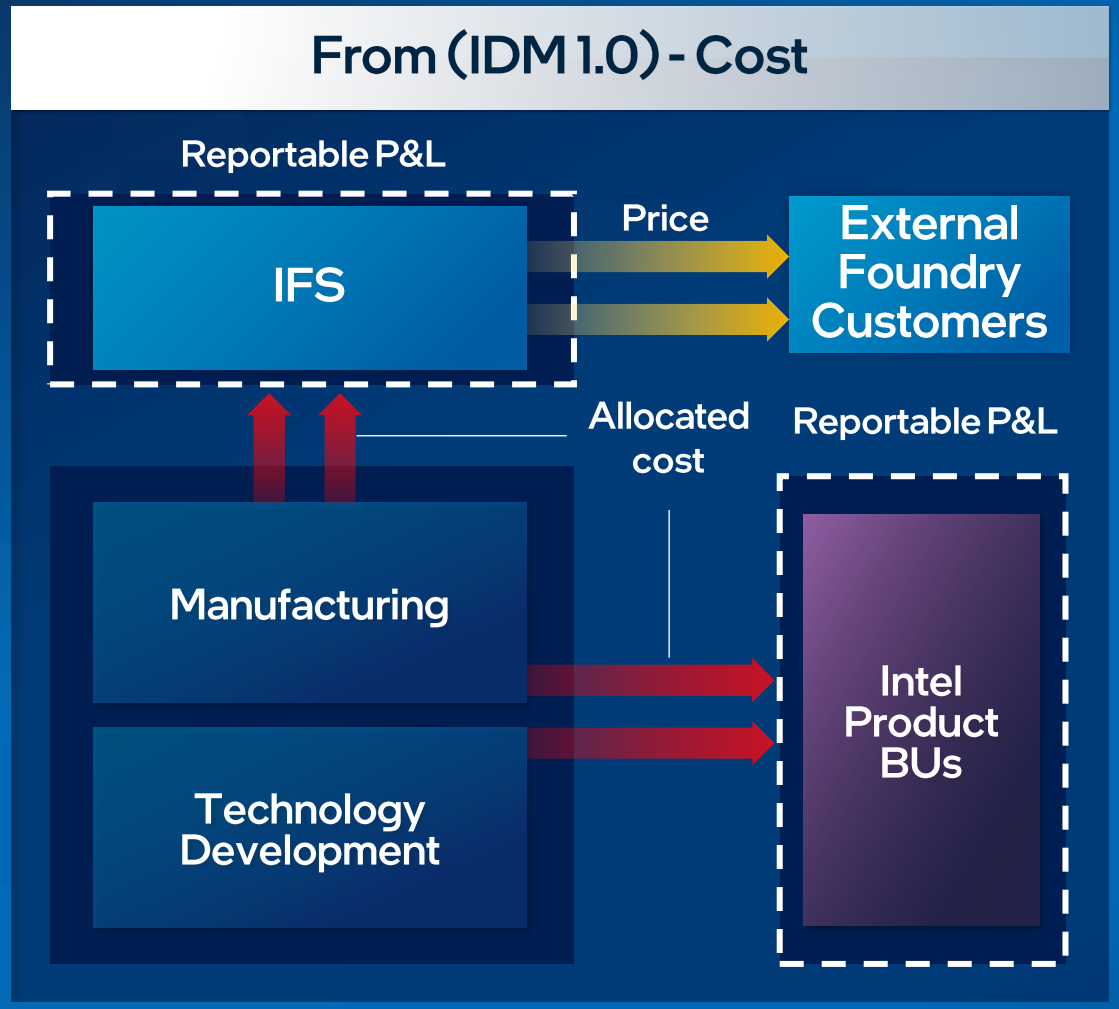
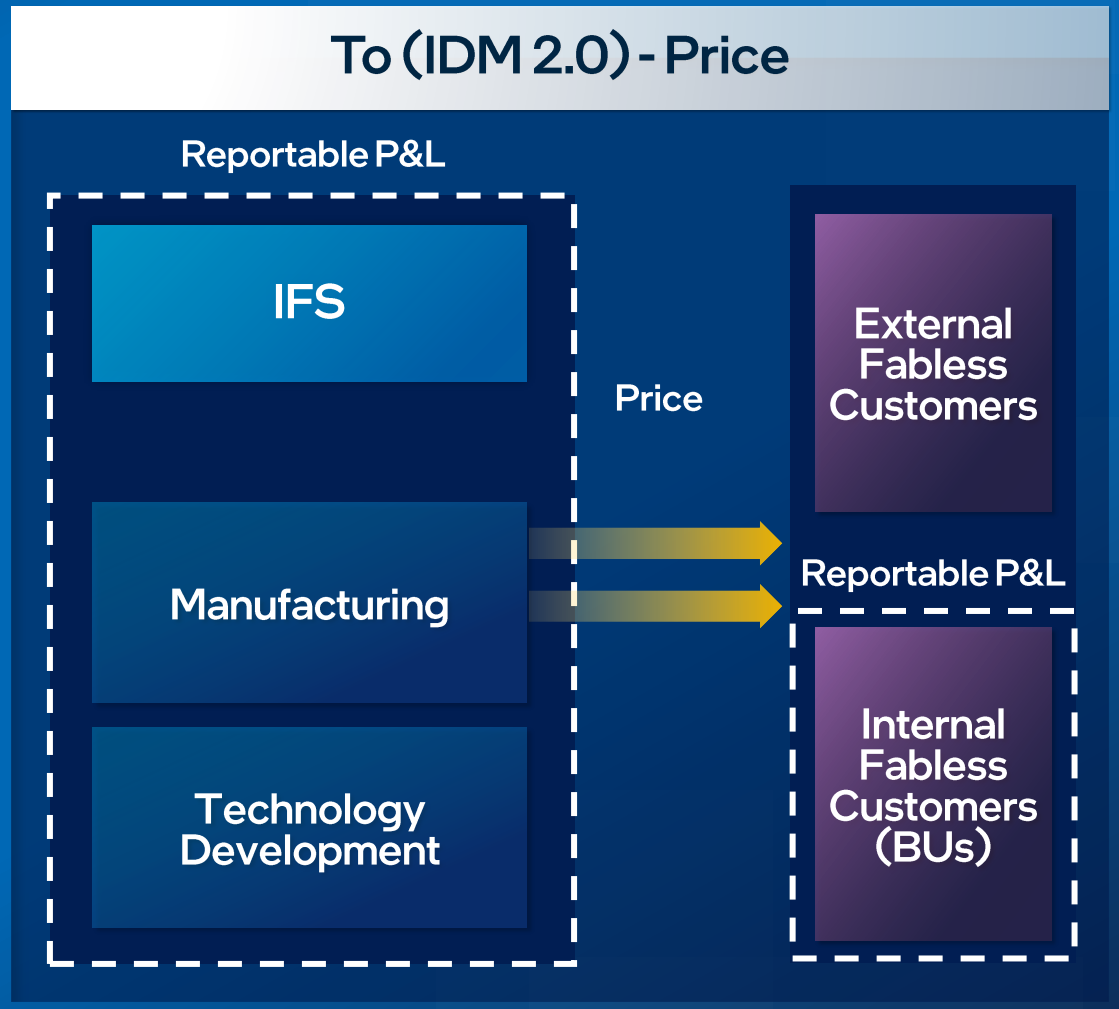
Jason Grebe

Corporate Vice President and
General Manager of the Corporate Planning Group

Internal Foundry Model





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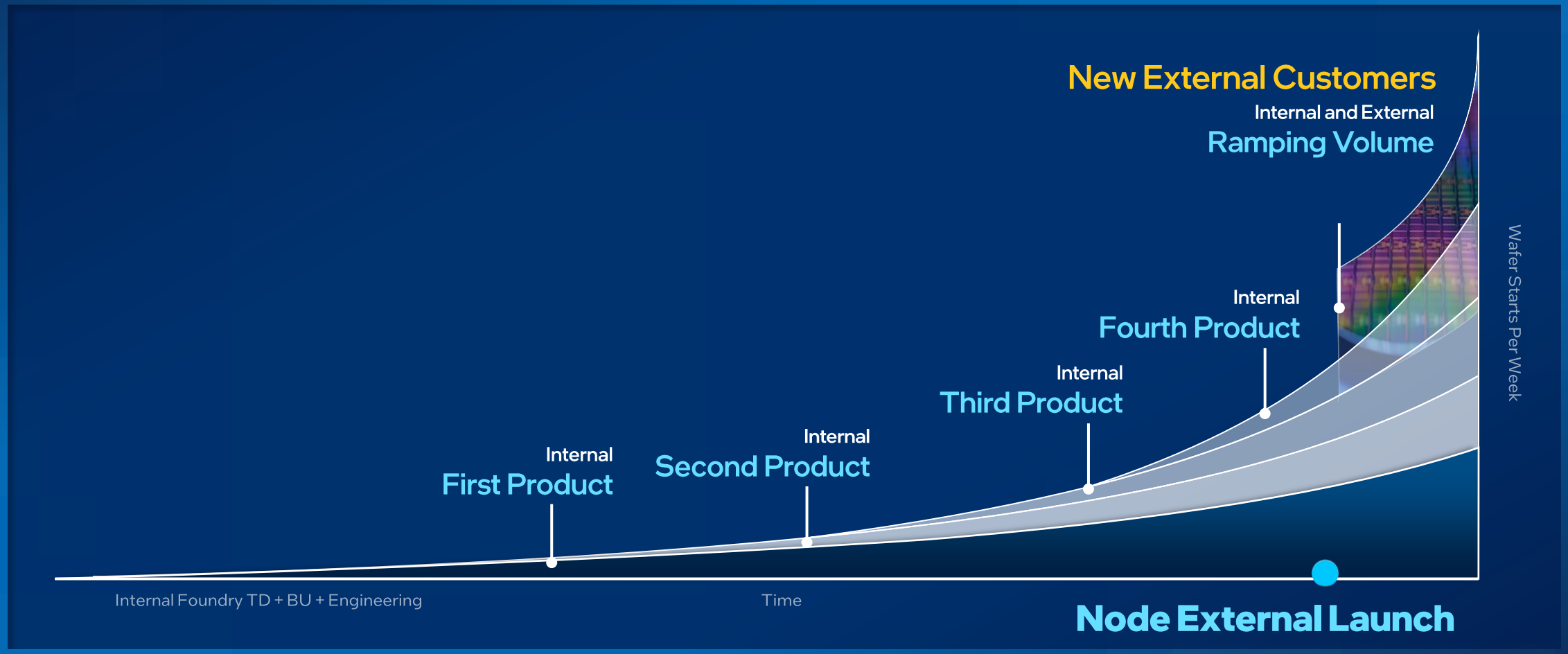
IFS Customers Benefit from IDM Engineering



Illustrative example and not based on real ramp rates

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Cost Savings Opportunities

Expedites
Charge for mix changes or increased factory velocity, reducing requests

Financial savings:
$500M-$1B per year

Test & Sort Times
Charging a market-based test price, helps eliminate non-standard tests

Financial savings:
$500M + per year

Ramp Rate
Charged standard market wafer price, flattening the cost curve during ramp

Financial savings:
$500M to $1B per year

Product Architecture
Market-based pricing allows BUs to more easily identify feature ROI

Financial savings:
>$1B per year

Samples
Charge for all samples the same way a foundry would

Financial savings:
$500M to $1B per year

And More...
- Capacity Utilization
- Tool Utilization
- Steppings Cost

Total Identified Savings Opportunity: $4B-$5B

Internal Foundry Model Creates a Tailwind for IFS

Foundry Customer Needs

- Portfolio of Process & IP
- Supply Assurance
- Protected Data & IP
- World Class Design Service

Addressing Customer Needs

IDM2.0 Delivers 5 Nodes in 4 Years

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In Summary

- Evolution from IDM 1.0 to IDM 2.0 necessary for Intel to win
- Internal foundry model changes culture & incentives to make IDM 2.0 a success
- Cost reduction opportunities for Intel are significant – key enabler of $8B-$10B
- Creates significant tailwind for IFS


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