

Q3 2020

Earnings Presentation



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Disclosures

This presentation contains non-GAAP financial measures. Earnings per share (EPS), gross margin, and operating margin are presented on a non-GAAP basis unless otherwise indicated, and 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.

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Executive Summary

Beat quarterly revenue and EPS expectations

Shipping the world's best thin-and-light notebook CPU¹ with SuperFin technology
100 Tiger Lake-based designs by end of year, 2x April expectations

Announced sale of NAND business to SK hynix for \$9B...
Initiated \$10B accelerated share repurchase

1. "World's best thin-and-light notebook CPU" as measured by unique features and testing of the Intel® Core™ i7-1185G7 processor on industry benchmarks and Representative Usage Guides, including in comparison to AMD Ryzen 7 4800U. For more complete information about performance and benchmark results, visit www.intel.com/11thgen.

Our Priorities

Improving Our Execution to Strengthen Our Core



- **CPU:** Tiger Lake delivers breakthrough performance with 100 designs by EOY, including 40+ Evo™ designs... Targeting Ice Lake Server qualification by EOY, volume ramp shortly after in Q1'21
- **Beyond the CPU:** Shipping DG1 GPU for revenue, powered-on DG2... Habana's AI inference card shipping, and training card in trials with major CSPs
- **Six Pillar Capabilities:** SuperFin delivers largest single intranode enhancement in Intel history... OneAPI Spec 1.0... 2nd phase of DoD SHIP adv packaging program

Extending Our Reach to Accelerate Growth



- OpenVINO-related edge design wins up 5x 1H'20 vs 1H'19
- Verizon's first fully virtualized 5G data session enabled by Intel's networking portfolio
- DCG adjacencies revenue up 34% YoY on strong growth in 5G solutions
- Mobileye deals with Geely, AHG, and WILLER... 29 new design wins YTD for 26M lifetime units

Thoughtfully Deploying Your Capital

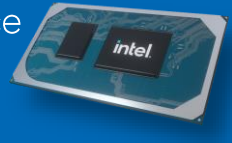


- Announced sale of NAND business to SK hynix for \$9B
- Initiated \$10B accelerated share repurchase
- YTD cash from operations \$25.5B and free cash flow of \$15.1B, up 29% YoY
- Paid dividends of \$4.2B YTD

Delivering Customer Value in Our Products

Guiding Principles

Predictable Cadence of Leadership Products



Preserve and Extend the Advantages of IDM



Investing in Technology Leadership



Steps We Have Taken

Differentiation through six pillars of technology innovation
Transition to die disaggregation enabled by industry-leading advanced packaging
Embracing industry ecosystem
Adopting hybrid architecture and manufacturing

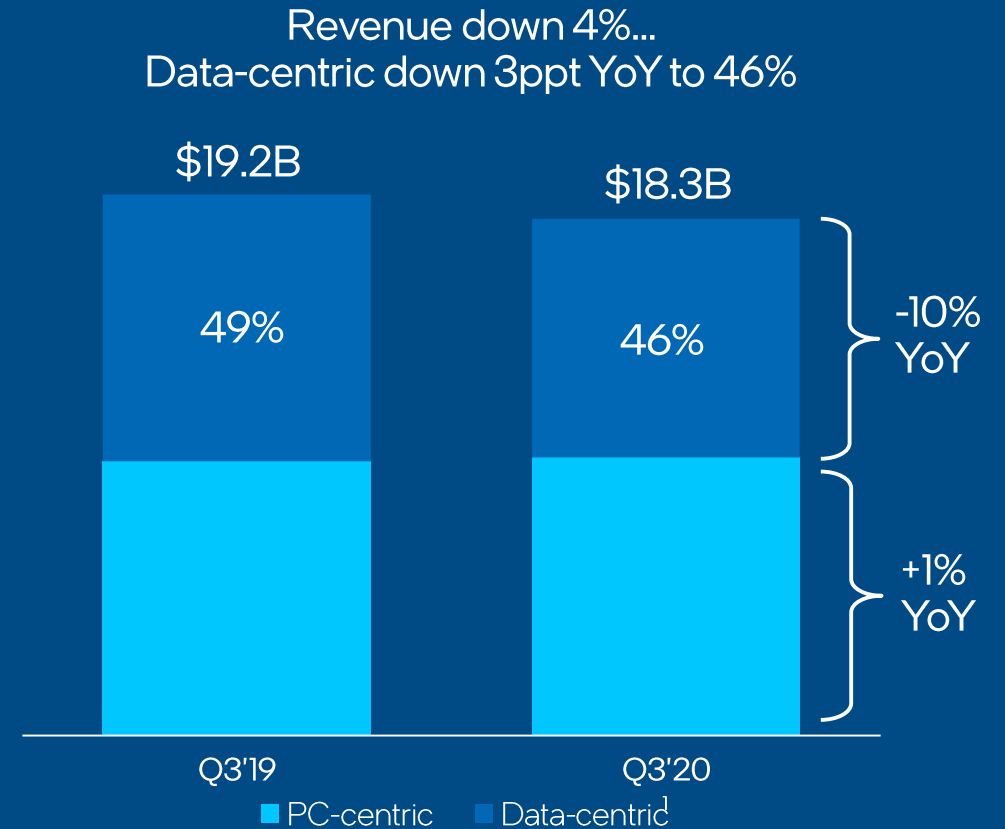
Results

Increased flexibility and optimized capital intensity
Leadership products in '21 and '22... Alder Lake and Sapphire Rapids sampling this year
Confident in 2023 product leadership on either Intel 7nm or external foundry or mix of both

Predictable cadence of leadership products across segments through 2023

Financial Highlights

- Q3 Revenue \$18.3B... Data-centric \$8.5B... PC-centric \$9.8B
- Q3 Operating Margin 29%, down 6ppt YoY... 1ppt below expectations
- Delivered Q3 EPS of \$1.11, down 22% YoY... \$0.01 above expectations

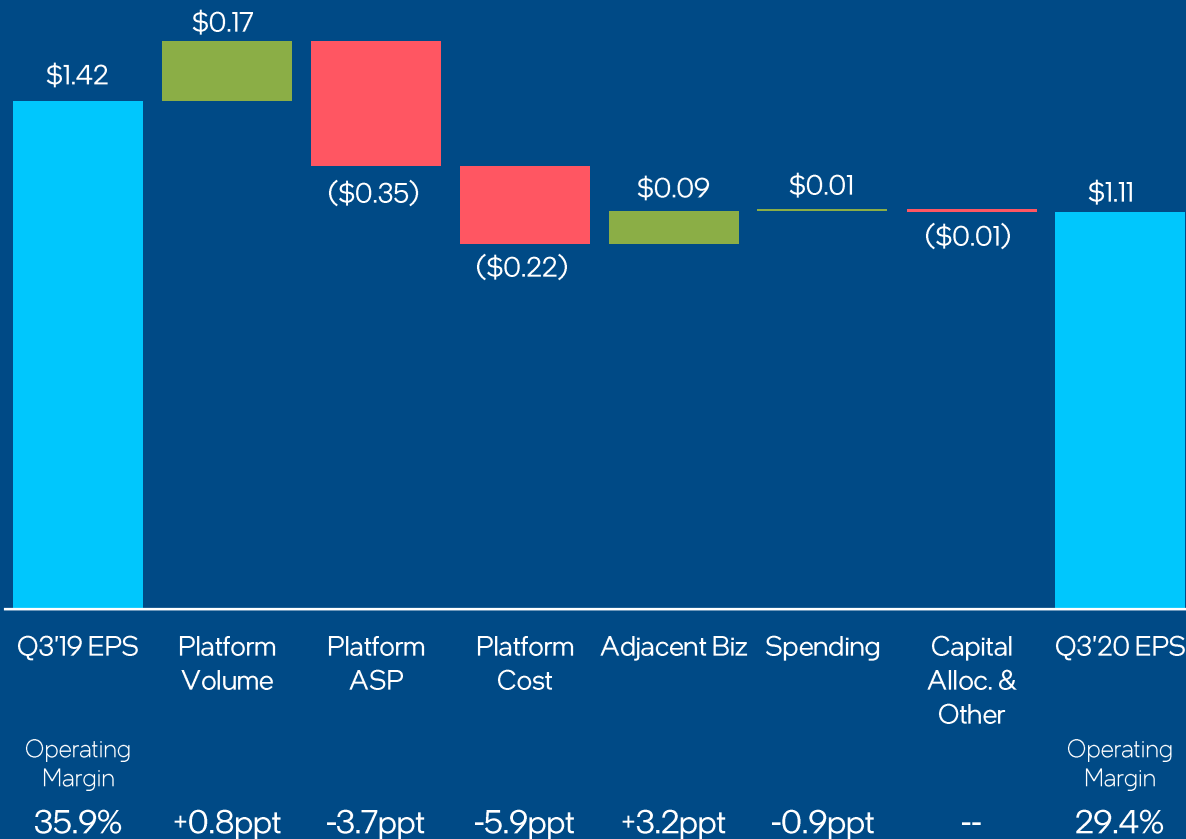


Q3 results slightly above expectations despite difficult macro environment

1. Data-Centric businesses include DCG, IOTG, MBLY, NSG, PSG and All Other.

EPS Down 22% YoY

EPS Drivers Year-Over-Year



EPS down \$0.31

Platform Execution¹

- Strong notebook demand and increased server volume, partially offset by lower desktop volume
- ASP down on mix shifts in data center and client
 - Increased SoC units... Enterprise & Government to Cloud
 - Commercial to consumer... Desktop to notebook... Increased entry/education volume
- Client 10nm acceleration and lower inventory reserve releases

Adjacencies²

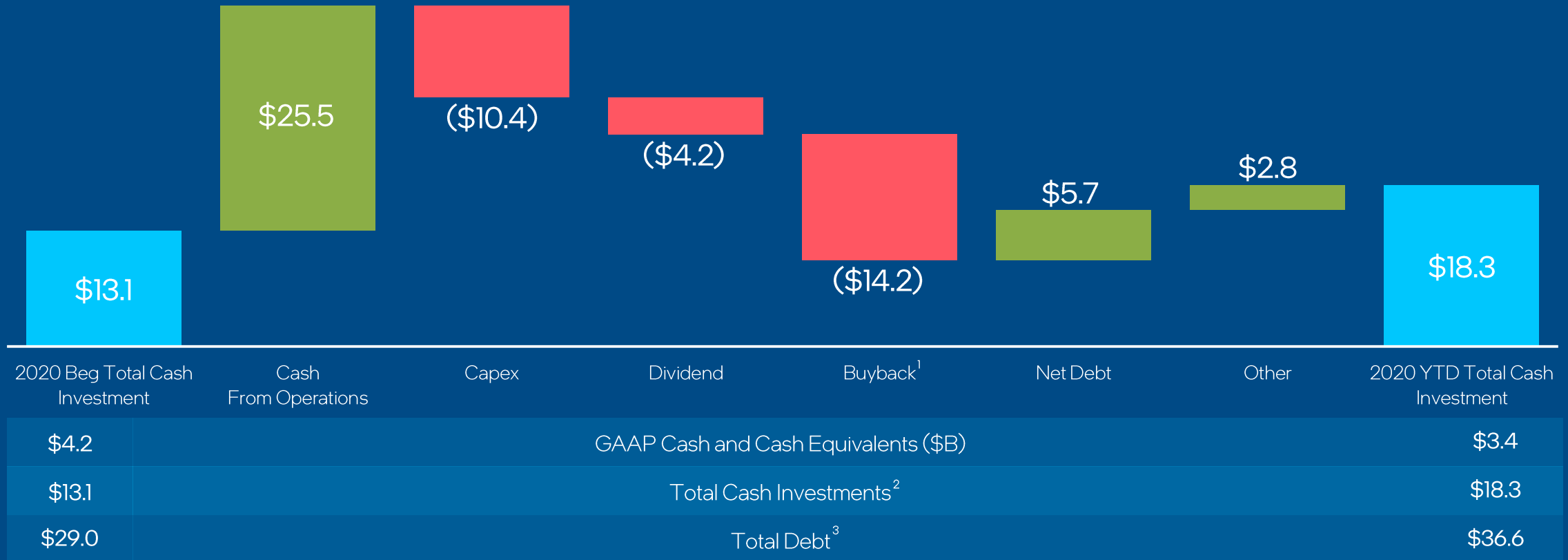
- NAND ASP growth and improved unit cost

Capital Allocation³

- Higher tax rate largely offset by share buyback

1. Platform includes CCG, DCG and IOTG microprocessors and chipsets.
 2. Adjacent Business includes gross margin impact from non-platform products.
 3. Capital Alloc. & Other includes impact of changes in share count, tax rate, gains/losses on equity investments, interest and other.

2020 YTD Sources & Uses of Cash

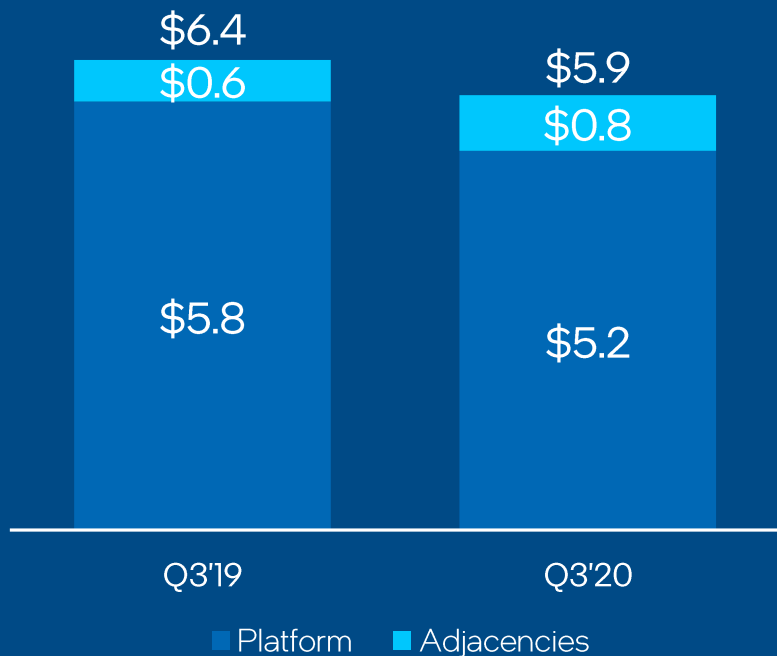


Operating cash flow of \$25.5B... Delivered \$15.1B of Free Cash Flow YTD
 Confident in long-term strategy... Initiated \$10B accelerated share repurchase

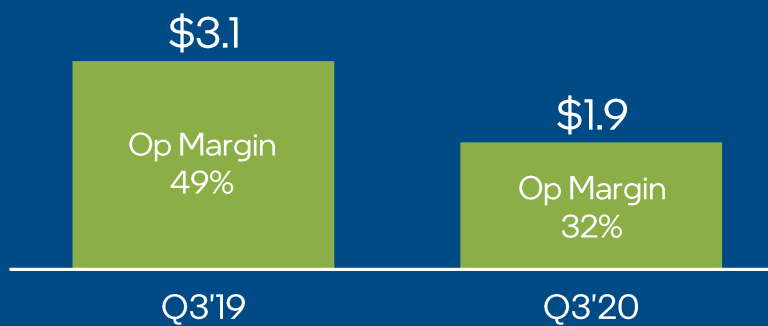
1. Buybacks include those repurchased under ASR agreements entered into in Q3 2020, of which \$2.0 billion remains to be settled by the end of 2020.
 2. Total cash investments include cash and cash equivalents, short-term investments and trading assets.
 3. Total debt includes short-term and long-term debt.

Data Center Group

Revenue (\$B) down 7% YoY



Operating Income (\$B) down 39% YoY



Q3'19 to Q3'20	YoY Revenue
Platform	(11%)
Adjacencies	34%

Market Segments	YoY Revenue
Cloud SP	15%
Enterprise & Gov.	(47%)
Comms SP	4%

DCG Platform	YoY Growth
Unit Volumes	4%
Average Selling Prices	(15%)

Revenue down on COVID-driven impacts to Enterprise & Government

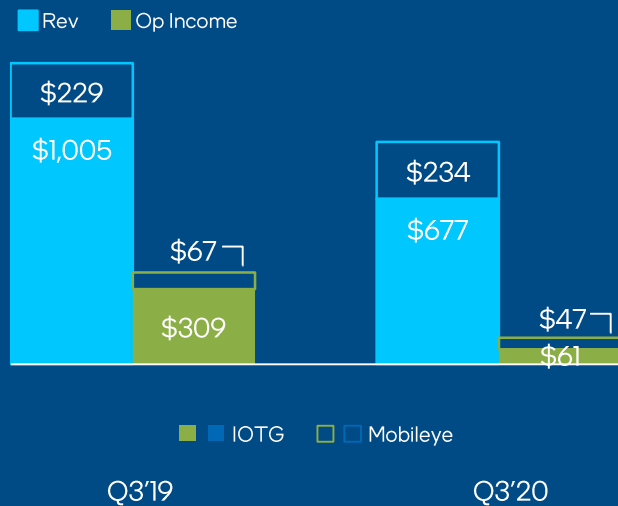
ASP down on 93% YoY increase in SoC volume and customer mix

Operating income down on mix-driven ASP decline and higher costs related to 10nm ramp of 5G SoCs

Other Data-centric Business Segments

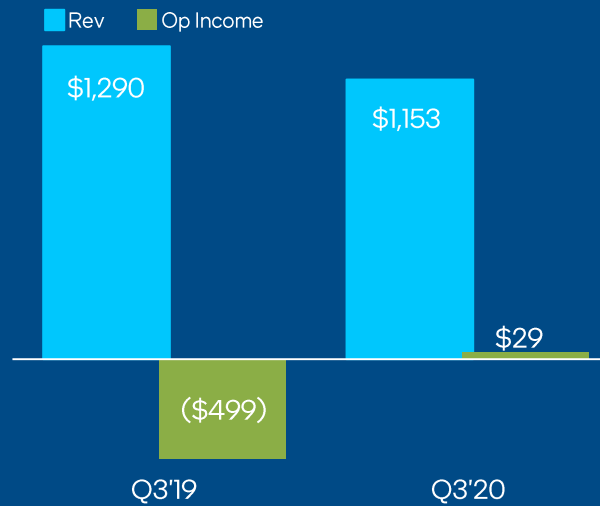
Revenue Down 18% on COVID-driven Headwinds

IOT: IOTG + Mobileye (\$M)



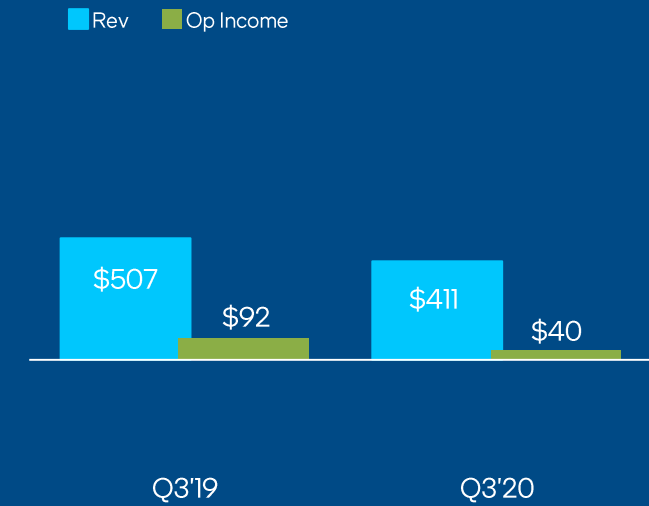
- IOTG revenue down 33% YoY and operating income down 80% YoY on COVID-19 and U.S. government Entity List impacts
- Mobileye revenue up 60% QoQ and 2% YoY as global vehicle production improves; Operating income down 30% on increased investment in MaaS

NSG (\$M)



- NSG revenue down 11% YoY on bit decline, partially offset by higher ASPs
- Higher operating income on increased ASPs and unit cost improvements

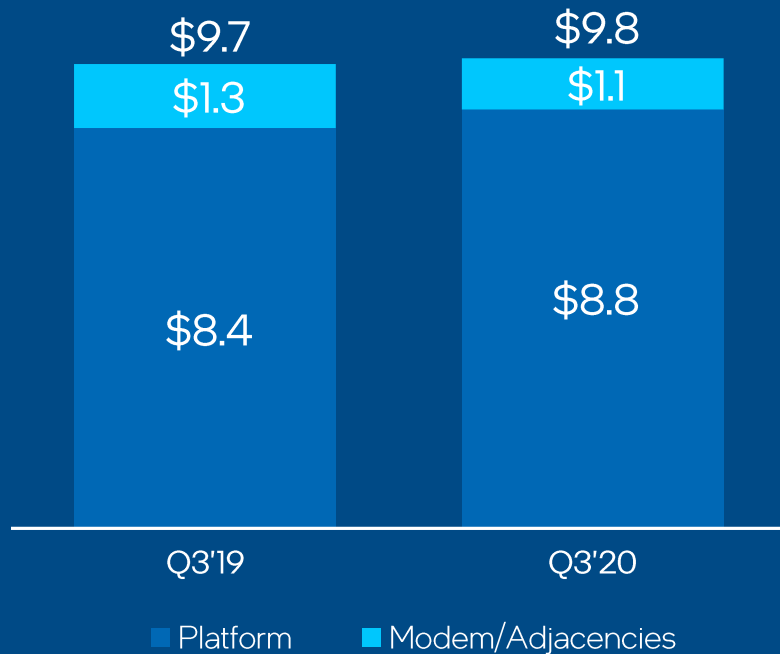
PSG (\$M)



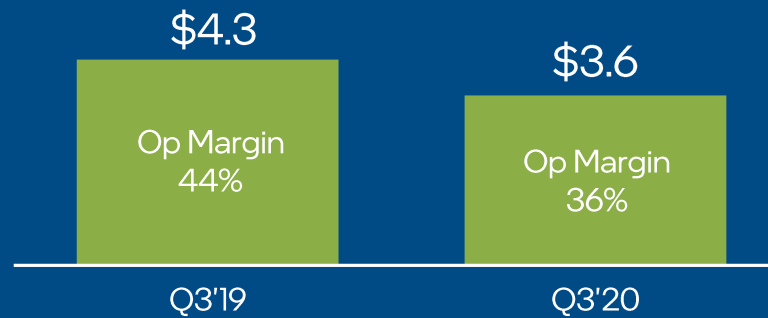
- PSG revenue down 19% YoY on weaker Comms and Embedded segments, partially offset by Cloud strength
- Operating income down 57% YoY on lower revenue and product mix

Client Computing Group

Revenue (\$B) up 1%



Operating Income (\$B) down 17%



Q3'19 to Q3'20	YoY Revenue
Platform	5%
Modem/Adjacencies ¹	(18%)

Market Segments	YoY Revenue
Notebook	16%
Desktop	(16%)

CCG Platform	YoY Growth
PC Volumes	11%
Notebook ASP	(7%)
Desktop ASP	Flat

Revenue up on record notebook unit sales, partially offset by mix shift from commercial to consumer, desktop to notebook, and increased entry/education volume

Lower operating income on 10nm acceleration and product mix

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

Outlook

Q4'20 Outlook

Revenue

\$17.4B

Down
14%
YoY

PC-centric down low single digits YoY
Data-centric down ~25% YoY

Operating Margin

26.5%

Down
9 ppt
YoY

GM 55%, down 5ppt YoY

EPS

\$1.10

Down
28%
YoY

Tax Rate ~14.5%

Full Year 2020 Outlook

Revenue

\$75.3B

Up
5%
YoY

PC-centric up mid-single digits YoY
Data-centric up mid-single digits YoY

Operating Margin

31.5%

Down
1.5 ppt
YoY

GM ~57%, down 3ppt YoY

EPS

\$4.90

Up
1%
YoY

Tax Rate ~14.5%

CapEx \$14.2-\$14.5B

FCF \$18.0-\$18.5B

Three Quarters through 2020...

Growing revenue in a volatile environment	<ul style="list-style-type: none">▪ Revenue up \$1.8B vs January guide▪ COVID-driven catalysts for notebook PCs and Cloud... Headwinds to desktop PCs, Enterprise, IOTG, PSG and Mobileye
Accelerating 10nm... Increasing supply for our customers	<ul style="list-style-type: none">▪ GM down 2 pts vs January guide▪ Accelerated ramp of 10nm products (2020 volume expectation up 30% vs Jan)▪ COVID-driven mix shifts affecting ASPs in client and data-center
Disciplined spending and portfolio management	<ul style="list-style-type: none">▪ FY spending to revenue ~25%, down 2 pts year-over-year▪ Sale of NAND business for \$9B will deliver 1-2 ppt of future non-GAAP gross margin accretion
Thoughtful capital allocation	<ul style="list-style-type: none">▪ \$10B ASR committed▪ Intel Capital portfolio to deliver ~10 cents higher EPS vs January

Despite the challenging environment, we expect to deliver \$1.8B more revenue, \$1.5-2.0B more FCF vs our January expectations

Appendix

Reconciliation of Non-GAAP Actuals

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Sep 26, 2020	Sep 28, 2019
GAAP operating income	\$5,059	\$6,447
Acquisition-related adjustments	362	338
Restructuring and other charges	(25)	104
Non-GAAP operating income	\$5,396	\$6,889
GAAP operating margin	27.6%	33.6%
Acquisition-related adjustments	2.0%	1.8%
Restructuring and other charges	(0.1)%	0.5%
Non-GAAP operating margin	29.4%	35.9%
GAAP diluted earnings per common share	\$1.02	\$1.35
Acquisition-related adjustments	0.09	0.08
Restructuring and other charges	(0.01)	0.02
(Gains) losses from divestiture	—	—
Ongoing mark-to-market on marketable equity securities	0.03	(0.02)
Income tax effect	(0.02)	(0.01)
Non-GAAP diluted earnings per common share	\$1.11	\$1.42
	Three Months Ended	Nine Months Ended
(In Billions)	Sep 26, 2020	Sep 26, 2020
GAAP cash from operations	\$8.2	\$25.5
Additions to property, plant and equipment	(3.7)	(10.4)
Free cash flow	\$4.5	\$15.1
GAAP cash used for investing activities	\$(0.8)	\$(15.1)
GAAP cash provided by (used for) financing activities	\$(12.8)	\$(11.2)

Reconciliation of Non-GAAP Outlook

(In Billions, Except Per Share Amounts)	Q4 2020 Outlook	Full-year Outlook
	Approximately	Approximately
GAAP gross margin	53%	55%
Acquisition-related adjustments	2%	2%
Non-GAAP gross margin	55%	57%
GAAP R&D and MG&A		\$19.3
Acquisition-related adjustments		(0.2)
Non-GAAP R&D and MG&A		\$19.1
GAAP operating margin	24.5%	29.5%
Acquisition-related adjustments	2.0%	2.0%
Non-GAAP operating margin	26.5%	31.5%
GAAP diluted earnings per common share	\$1.02	\$4.55
Acquisition-related adjustments	0.09	0.33
Restructuring and other charges	—	0.04
Ongoing mark-to-market on marketable equity securities	—	0.02
Income tax effect	(0.01)	(0.04)
Non-GAAP diluted earnings per common share	\$1.10	\$4.90
	Full-year 2020 Outlook	
(In Billions)		
GAAP cash from operations		\$32.2-33.0
Additions to property, plant and equipment		(14.2-14.5)
Free cash flow		\$18.0-18.5

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