



# 2<sup>nd</sup> Quarter Earnings Presentation



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- This presentation contains non-GAAP financial measures. Intel revenue, gross margin, and earnings per share, including year-over-year comparisons, are presented on a non-GAAP basis except with respect to our Q2 2022 revenue, Q3 and full-year 2022 revenue outlook, or as otherwise indicated. 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 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



## Revenue, profits impacted by multiple factors

Deteriorating macro, inventory and supply disruptions, competitive pressures

## Delivering Moore's Law at scale

Shipping more than 35 million units built on Intel 7 process technology  
Intel 4 ready for production in 2H 2022; Intel 3, 20A, 18A on or ahead of schedule

## Making progress on long-term strategy

IFS partnership with MediaTek to manufacture chips for smart edge devices  
Focused on prioritizing investment, driving Smart Capital, improving execution



# Industry Outlook

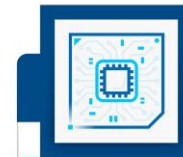
## Near-Term Cyclical Slowdown

- Expect approx. 10% decline in 2022 PC TAM
- Prolonged supply chain challenges
- Continued customer inventory reductions



## Long-Term Sustainable Demand

### The Four Superpowers



Ubiquitous Computing



Cloud-to-Edge Infrastructure



Pervasive Connectivity

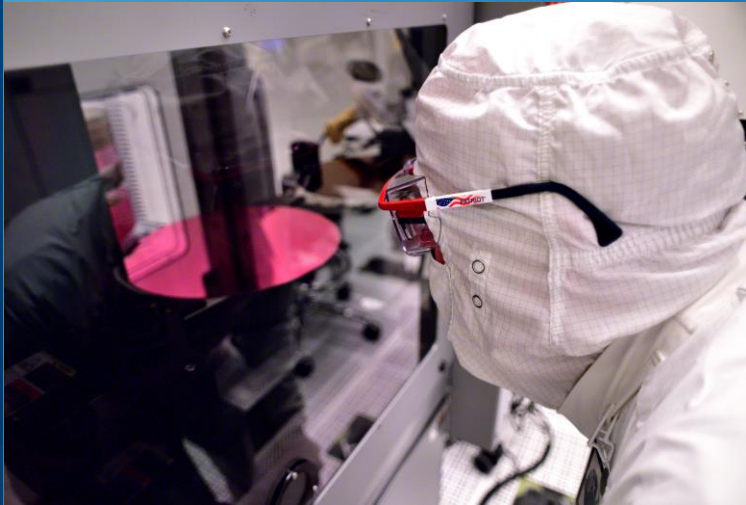


Artificial Intelligence (AI)

- PC essential in the post-pandemic world; expect ongoing PC TAM above 300M units
- Data growth supports multi-year CAGR in the mid-teens for data center TAM

# Executing our Strategy

## Process and Manufacturing



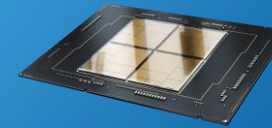
10nm: Exceeded Q2 wafer cost goals  
Intel 3: Granite Rapids CPU tile taped-in  
Foveros Omni, Hybrid on-track for 2023

## CCG



Alder Lake shipped >35 Mu  
Raptor Lake in 2H 2022  
Meteor Lake in 2023

## DCAI



Customer momentum with  
AWS, Meta, NVIDIA  
Launched Gaudi 2 for AI

## NEX



Record revenue in Q2  
Qualified Mount Evans

## AXG



Ramping ARC A-Series  
Shipping data center GPU  
Shipping Blockscale ASIC

## intel. foundry services



MediaTek partnership  
IFS Cloud Alliance

## mobileye An Intel Company



Record revenue in Q2  
3 OEM wins for SuperVision

# Q2 Financial Highlights<sup>1</sup>

**\$15.3B**

Revenue

**Down 17% YoY**  
\$2.7B below April outlook

**44.8%**

Gross Margin

**Down 15.0 ppt YoY**  
6.2 ppt below April outlook

**\$0.29**

EPS

**Down 79% YoY**  
\$0.41 below April outlook

<sup>1</sup> YoY comparisons exclude share-based compensation and gains/losses on equity investments.

# Client Computing Group (CCG)

Revenue down 25%

Operating Income down 73%

\$10.3B

\$7.7B

\$4.0B

Operating  
Margin 39%

\$1.1B

Operating  
Margin 14%

Q2'21

Q2'22

Q2'21

Q2'22

## Revenue

- Lower revenue on PC demand softening primarily in consumer and education, as well as OEM inventory reductions

## Operating Income

- Lower operating income on lower revenue base, increased unit cost, investment in product and process roadmap, and inventory reserves

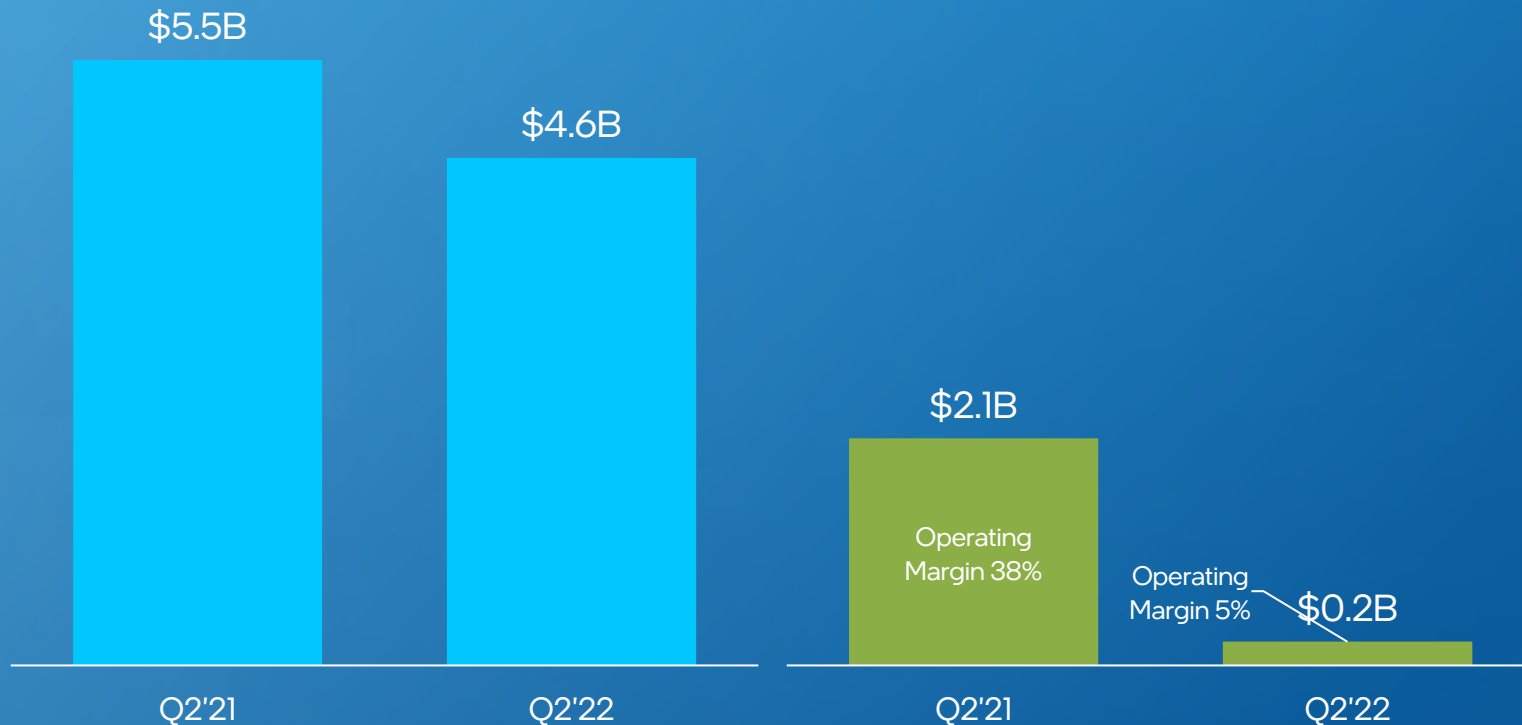




# Datacenter and AI Group (DCAI)

Revenue down 16%

Operating Income down 90%



## Revenue

- Lower revenue on OEM inventory reductions, mix-driven ASP decline, and competitive pressure

## Operating Income

- Lower operating income on lower revenue, investment in process and product roadmap, and inventory reserves

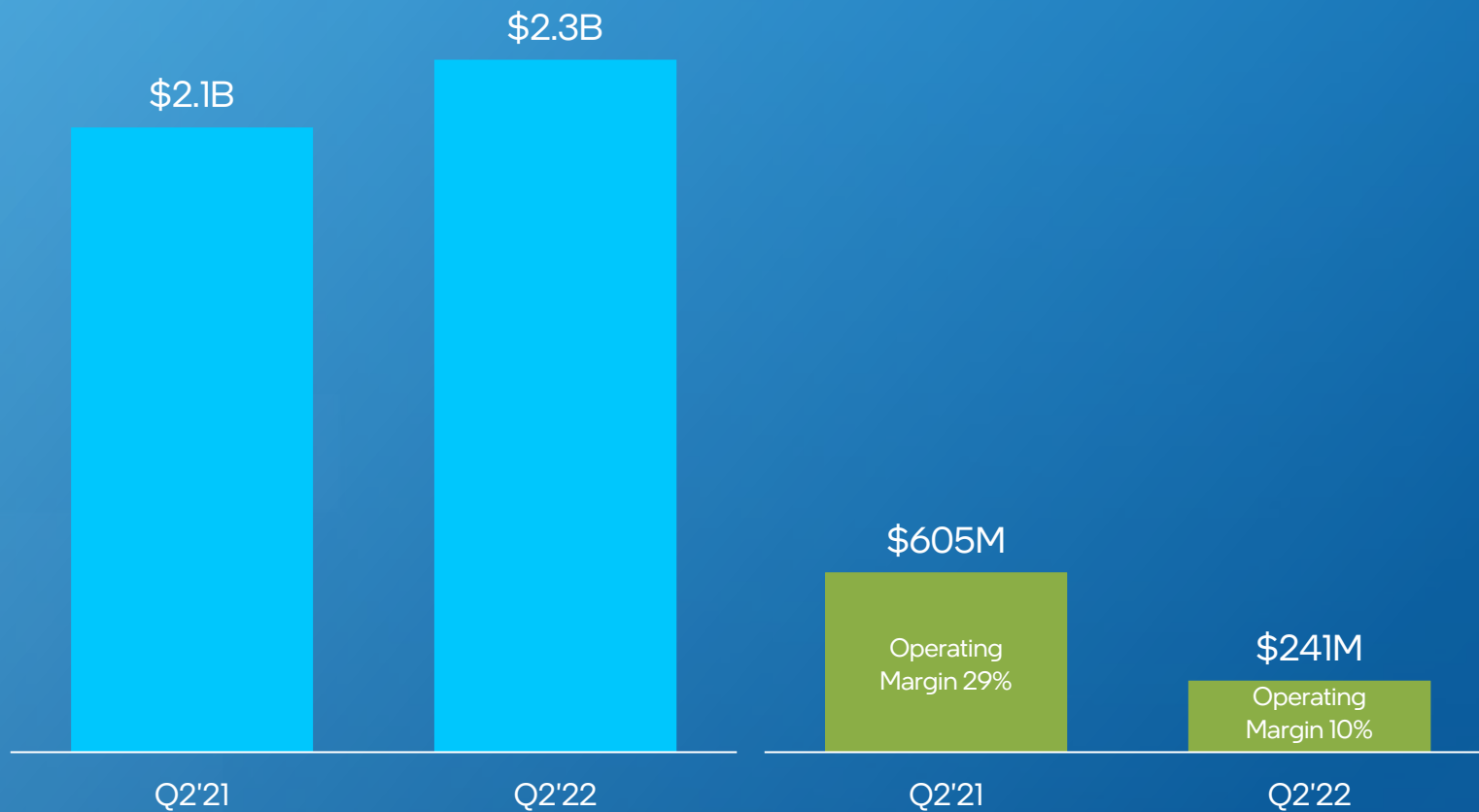




# Network and Edge Group (NEX)

Revenue up 11%

Operating Income down 60%



## Revenue

- Record quarterly revenue led by strength in networking Ethernet and 5G products

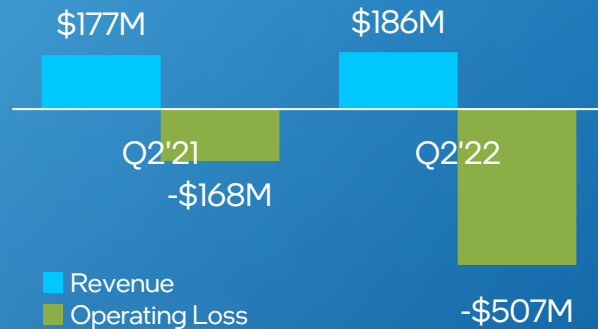
## Operating Income

- Lower operating income on product mix shift, lower inventory sell-through, and investment in process and product roadmap



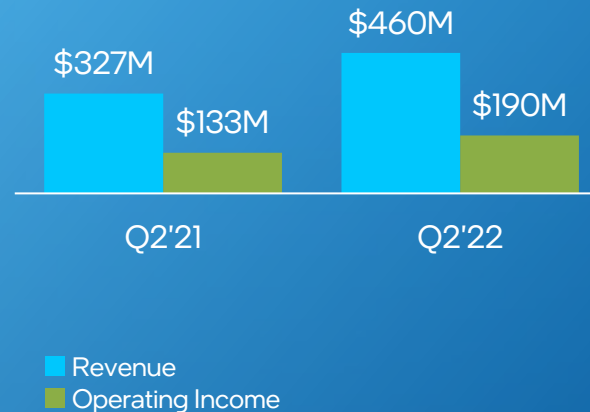
# Emerging Business Segments

## Accelerated Computing Systems and Graphics Group (AXG)



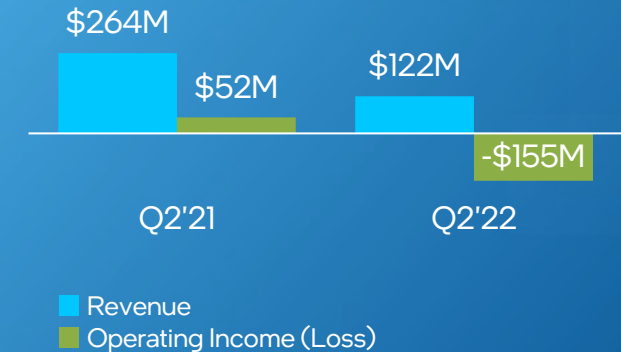
- Revenue up 5% on Alchemist and Super Compute product ramps
- Higher operating loss on inventory reserves and roadmap investment

## Mobileye



- Record quarterly revenue up 41% YoY on higher demand for EyeQ products
- Operating income up 43% YoY

## Intel Foundry Services (IFS)



- IFS revenue down 54% YoY driven by lower sales of mask writing tools
- Operating income down on lower revenue and ramp of IFS operations

# Outlook

# FY 2022 Outlook<sup>1</sup>

**\$65-68B**

Revenue

**Down 9-13% YoY**

Down \$8-11B from prior outlook

**49%**

Gross Margin

**Down 9.1 ppt YoY**

Down 3 ppt from prior outlook

**\$2.30**

EPS

**Down 57% YoY**

Down \$1.30 from prior outlook

**Net CapEx \$23B**

**Adjusted Free Cash Flow (\$1-2B)**



# Q3 2022 Outlook<sup>1</sup>

**\$15-16B**

Revenue

Down 12-17% YoY

**46.5%**

Gross Margin

Down 11.8 ppt YoY

**\$0.35**

EPS

Down 76% YoY

# Appendix

# Reconciliation of Non-GAAP Actuals

(In Billions, Except Per Share Amounts)	Three Months Ended	
	Jul 2, 2022	Jun 26, 2021
<b>GAAP revenue</b>	<b>\$15.3</b>	<b>\$19.6</b>
NAND memory business	--	(1.1)
<b>Non-GAAP revenue</b>	<b>\$15.3</b>	<b>\$18.5</b>
<b>GAAP gross margin percentage</b>	<b>36.5%</b>	<b>57.1%</b>
Acquisition-related adjustments	2.2%	1.6%
Share-based compensation	1.2%	0.5%
Patent settlement	1.3%	--%
Optane inventory impairment	3.6%	--%
NAND memory business	--%	0.5%
<b>Non-GAAP gross margin percentage</b>	<b>44.8%</b>	<b>59.8%</b>
<b>GAAP earnings (loss) per share—diluted</b>	<b>(\$0.11)</b>	<b>\$1.24</b>
Acquisition-related adjustments	0.09	0.09
Restructuring and other charges	0.02	0.08
Share-based compensation	0.22	0.15
Patent settlement	0.05	--
Optane inventory impairment	0.14	--
(Gains) losses on equity investments, net	0.02	(0.07)
NAND memory business	--	(0.09)
Tax Reform	0.01	--
Income tax effects	(0.15)	(0.04)
<b>Non-GAAP earnings per share—diluted</b>	<b>\$0.29</b>	<b>\$1.36</b>

# Reconciliation of Non-GAAP FY Outlook

(In Billions, Except Per Share Amounts)	Full-year 2021 Actuals	Full-year 2022 Outlook Approximately
<b>GAAP revenue</b>	<b>\$79.0</b>	<b>\$65 - \$68</b>
NAND memory business	(4.3)	--
<b>Non-GAAP revenue</b>	<b>\$74.7</b>	<b>\$65 - \$68</b>
<b>GAAP gross margin percentage</b>	<b>55.4%</b>	<b>44.8%</b>
Acquisition-related adjustments	1.6%	2.0%
Share-based compensation	0.4%	1.1%
Patent settlement	--%	0.3%
Optane inventory impairment	--%	0.8%
NAND memory business	0.6%	--%
<b>Non-GAAP gross margin percentage</b>	<b>58.1%</b>	<b>49.0%</b>
<b>GAAP earnings per share—diluted</b>	<b>\$4.86</b>	<b>\$2.57</b>
Acquisition-related adjustments	0.36	0.37
Restructuring and other charges	0.65	(0.23)
Share-based compensation	0.49	0.79
Patent settlement	--	0.05
Optane inventory impairment	--	0.14
(Gains) losses from divestiture	--	(0.30)
(Gains) losses on equity investments, net	(0.67)	(1.05)
NAND memory business	(0.33)	--
Tax Reform	--	(0.17)
Income tax effects	(0.06)	0.13
<b>Non-GAAP earnings per share—diluted</b>	<b>\$5.30</b>	<b>\$2.30</b>
(In Billions)		Full-year 2022 Outlook
<b>GAAP cash flow from operations</b>		<b>\$16.8</b>
Net additions to property, plant and equipment		(23.0)
Payments on finance leases		(0.4)
Sale of equity investment <sup>1</sup>		4.6
<b>Adjusted free cash flow</b>		<b>\$(2.0)</b>

<sup>1</sup> Reflects Q1 2022 proceeds from the McAfee equity sale, which are included to facilitate a better, more consistent comparison to past presentations of liquidity and historical treatment of McAfee equity distributions and sales.



# Reconciliation of Non-GAAP Q3 Outlook

(In Billions, Except Per Share Amounts)	Q3 2021 Actuals	Q3 2022 Outlook Approximately
<b>GAAP revenue</b>	<b>\$19.2</b>	<b>\$15.5</b>
NAND memory business	(1.1)	--
<b>Non-GAAP revenue</b>	<b>\$18.1</b>	<b>\$15.5</b>
<b>GAAP gross margin percentage</b>	<b>56.0%</b>	<b>43.2%</b>
Acquisition-related adjustments	1.7%	2.1%
Share-based compensation	0.5%	1.2%
NAND memory business	0.1%	--%
<b>Non-GAAP gross margin percentage</b>	<b>58.3%</b>	<b>46.5%</b>
<b>GAAP earnings per share—diluted</b>	<b>\$1.67</b>	<b>\$0.12</b>
Acquisition-related adjustments	0.09	0.09
Restructuring and other charges	0.01	0.03
Share-based compensation	0.13	0.20
(Gains) losses from divestiture	--	(0.01)
(Gains) losses on equity investments, net	(0.42)	(0.01)
NAND memory business	(0.10)	--
Tax Reform	--	(0.03)
Income tax effects	0.07	(0.04)
<b>Non-GAAP earnings per share—diluted</b>	<b>\$1.45</b>	<b>\$0.35</b>

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