

Q4 2020

# Earnings Presentation



# Disclosures

This presentation contains non-GAAP financial measures. Earnings per share (EPS), gross margin, operating margin, and Q1 2021 revenue outlook 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.

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# Executive Summary

## **Fifth consecutive record year...**

Exceeded October guidance on revenue by \$2.6B and EPS by 42 cents  
Record full-year revenue for CCG, DCG, NSG, and Mobileye

## **Improving our execution...**

Meeting strong customer demand... Q4 PC unit growth up 33% YoY  
Ramping SuperFin technology in 3 HVM fabs... 10nm supply unit growth up 4x YoY  
Strong progress on 7nm

Ice Lake Server now shipping  
Alder Lake and Sapphire Rapids sampling to customers

Highest-ever free cash flow of \$21.1B... Raising dividend by 5%

# Our Priorities

## Improving Our Execution to Strengthen Our Core



CPU

- 3<sup>rd</sup> Gen Intel Xeon Scalable Processors (Ice Lake) shipping
- 11<sup>th</sup> Gen Intel Core desktop processors (Rocket Lake) shipping
- Sapphire Rapids sampling broadly to customers
- Alder Lake, Intel's first 10nm CPU for desktop, sampling to customers

XPU

- Habana Gaudi design win with AWS... Goya2 sampling with CSPs
- Shipping Intel Iris X<sup>e</sup> MAX Graphics and Intel Server GPU

## Extending Our Reach to Accelerate Growth



- ~\$6B revenue in networking
- Delivered Gold release of OneAPI developer toolkit
- Mobileye announced new Lidar SoC, software-defined radar and AV test vehicles in four new countries
- ~13,000 deployments of Intel IoT Market Ready Solutions
- Debuted cryogenic quantum computing control chip, Horse Ridge II

## Thoughtfully Deploying Your Capital



- 2020 cash from operations \$35.4B and free cash flow of \$21.1B, up 25% YoY
- Returned \$19.8B to shareholders in 2020
- Raising dividend by 5% to \$1.39/share
- Doubled 14/10nm manufacturing capacity since 2017

# Financial Highlights

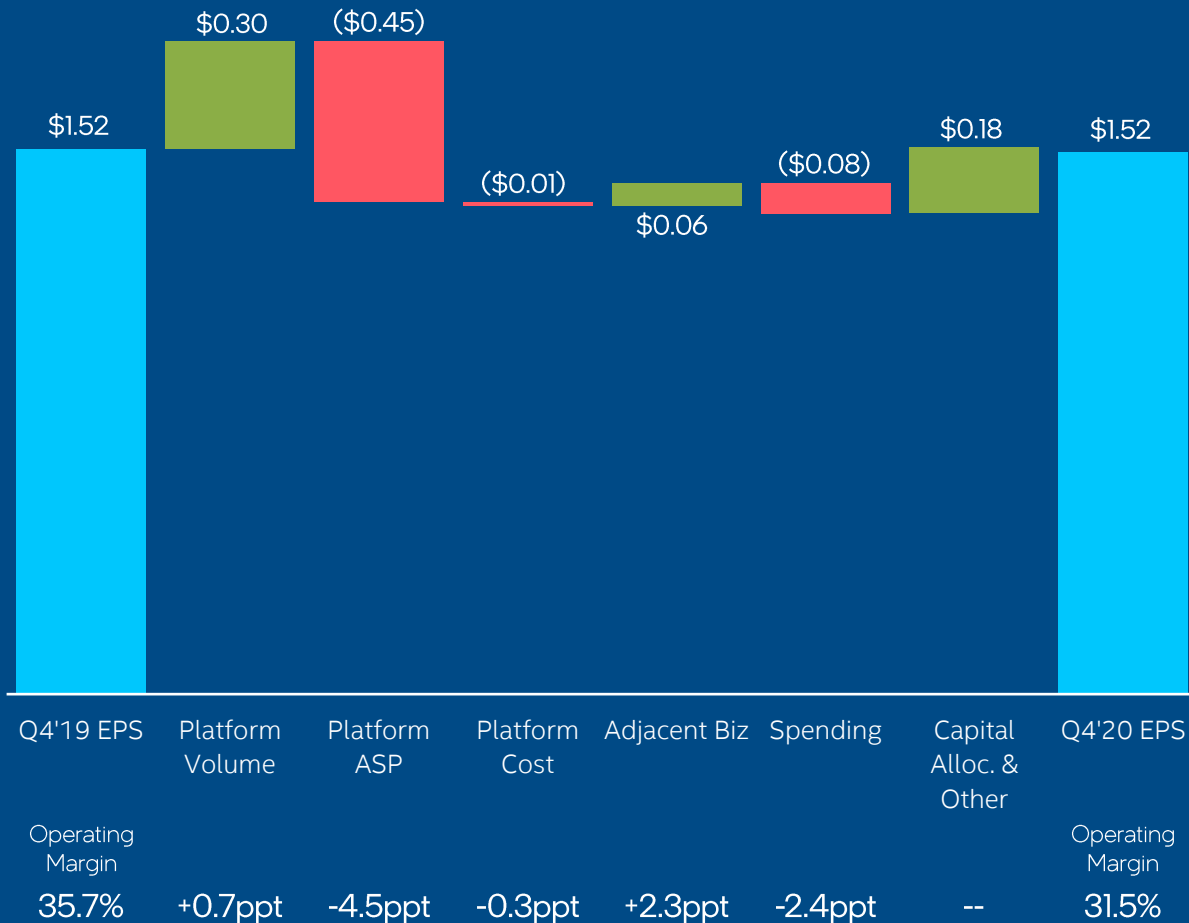
- Q4 Revenue \$20.0B, down 1% YoY... \$2.6B above expectations
- Q4 Operating Margin 31.5%, down 4ppt YoY... 5ppt above expectations
- Q4 EPS of \$1.52, flat YoY... \$0.42 above expectations



**Exceptional Q4 performance to close a fifth consecutive record year**

# EPS flat YoY

## EPS Drivers Year-Over-Year



## Platform Execution<sup>1</sup>

- Strong notebook demand, partially offset by decline in server and desktop demand
- ASP down in Data Center and Client
  - Desktop to Notebook... increased entry/education volume
  - DCG competitive pricing environment, customer mix, and SoC volume growth
- 10nm acceleration, partially offset by Tiger Lake sell-through and lower 10nm start-up cost

## Adjacencies<sup>2</sup>

- Improved NAND unit cost, partially offset by lower NAND ASP

## Spending

- Increased investment in 7nm

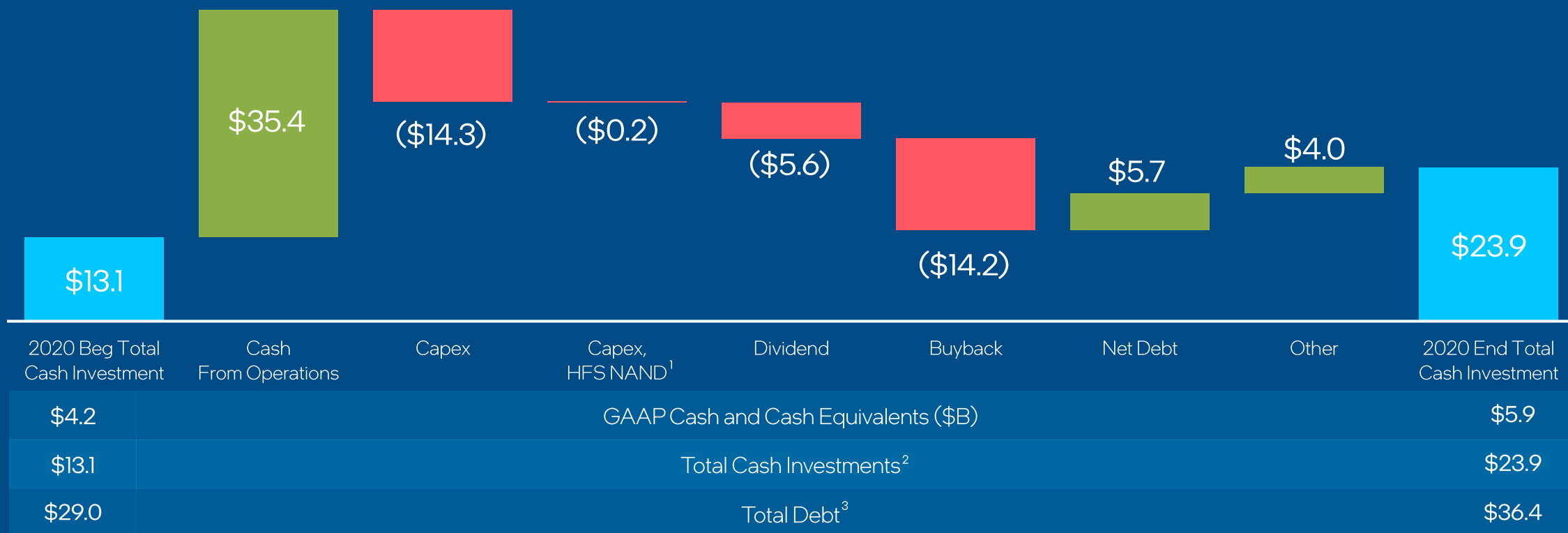
## Capital Allocation<sup>3</sup>

- Higher ICAP portfolio gains and share buyback partially offset by higher tax

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 Sources & Uses of Cash

Returned 94% of FCF to Shareholders



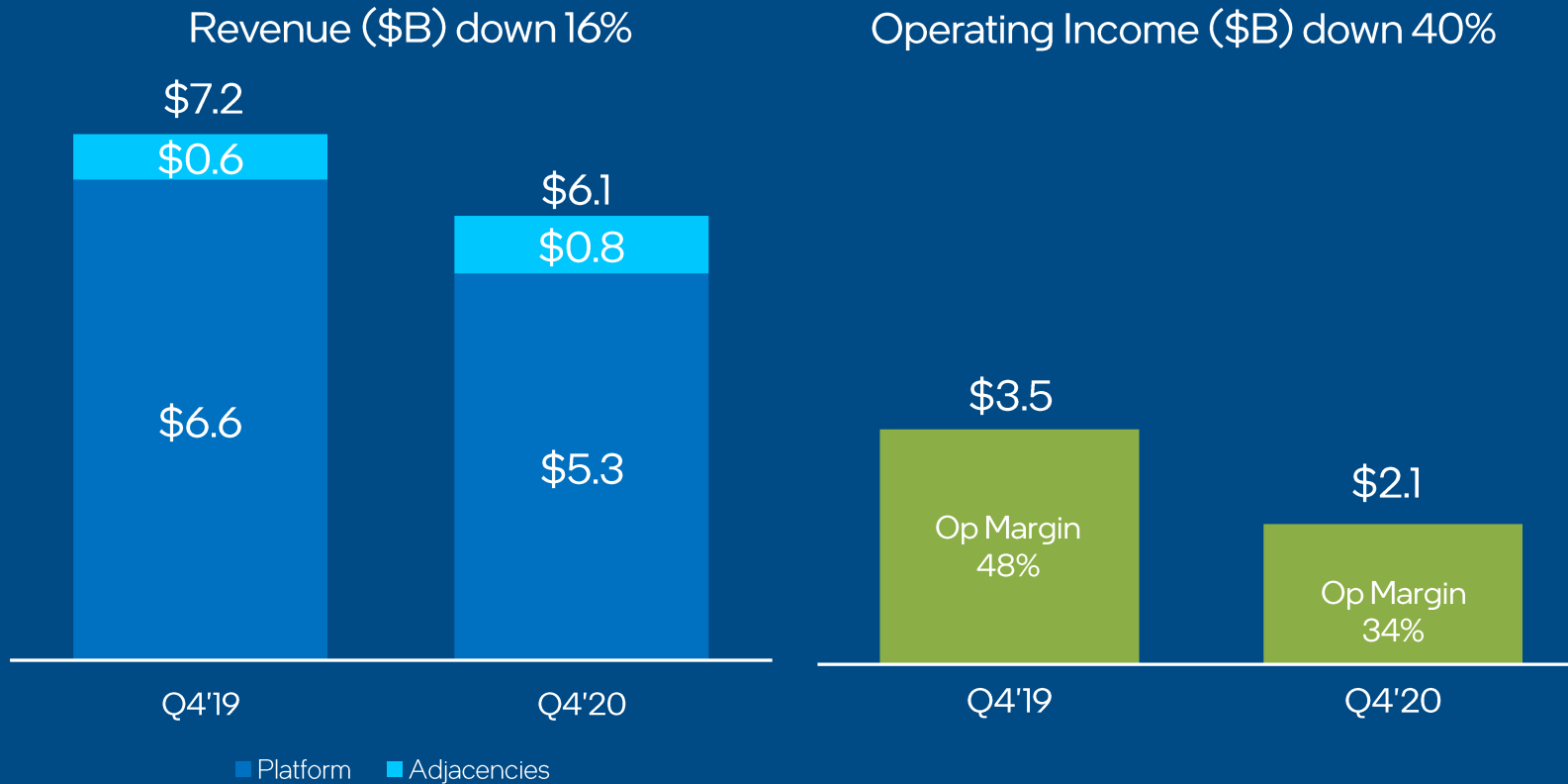
**Record Cash from Operations of \$35.4B**

**Delivered \$21.1B of Free Cash Flow... Returned \$19.8B to shareholders**

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

Record full-year revenue... Up 11% YoY



|             | Q4 YoY Revenue | FY YoY Revenue |
|-------------|----------------|----------------|
| Platform    | (20%)          | 8%             |
| Adjacencies | 26%            | 49%            |

| Market Segments | Q4 YoY Revenue | FY YoY Revenue |
|-----------------|----------------|----------------|
| Cloud SP        | (15%)          | 20%            |
| Ent. & Gov.     | (25%)          | (8%)           |
| Comms SP        | (3%)           | 17%            |

| DCG Platform | Q4 YoY | FY YoY |
|--------------|--------|--------|
| Unit Volumes | (9%)   | 11%    |
| ASPs         | (12%)  | (3%)   |

**Q4 platform revenue down on challenging macro/competitive environment and Cloud digestion cycle, partially offset by adjacency growth on continued strong 5G ramp**

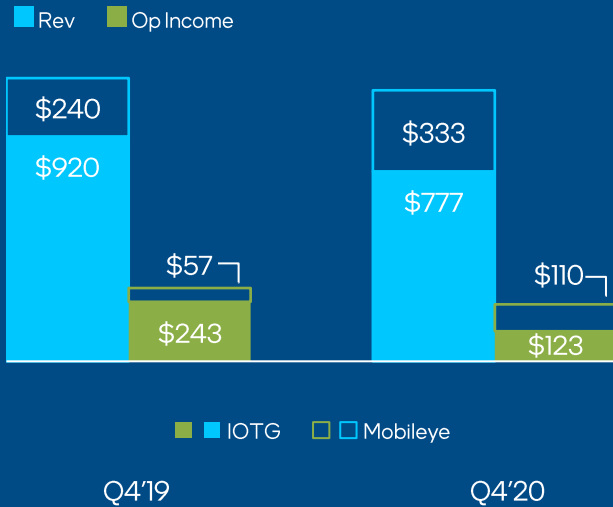
**Q4 operating income down on lower platform revenue and increased investment**



# Other Data-centric Business Segments

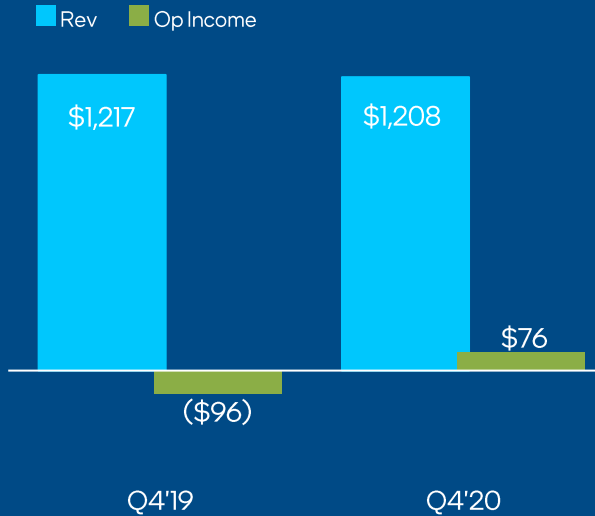
## Full-year revenue up 1%

IOT: IOTG + Mobileye (\$M)



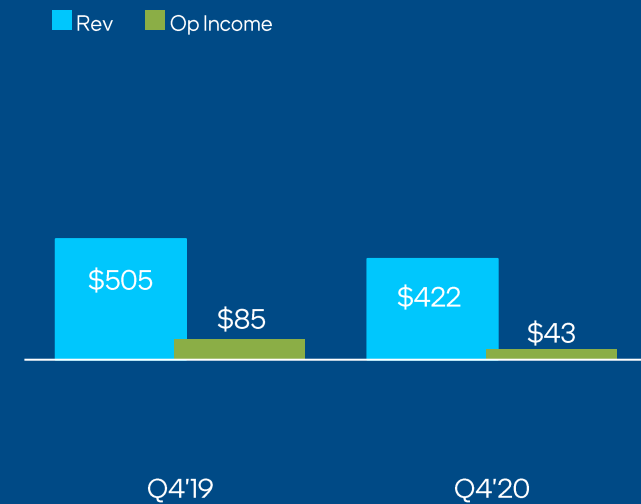
- IOTG Q4 revenue down 16% YoY and operating income down 49% YoY on COVID-related headwinds
- Record Mobileye Q4 revenue up 39% YoY on increased EyeQ SoC demand; operating income up 93%
- IOTG full-year revenue down 21% YoY... MBL record full-year revenue; up 10% YoY

NSG (\$M)



- NSG Q4 revenue down 1% on lower ASPs offset by bit growth
- Higher Q4 operating income on unit cost improvements
- Record full-year revenue; up 23% YoY

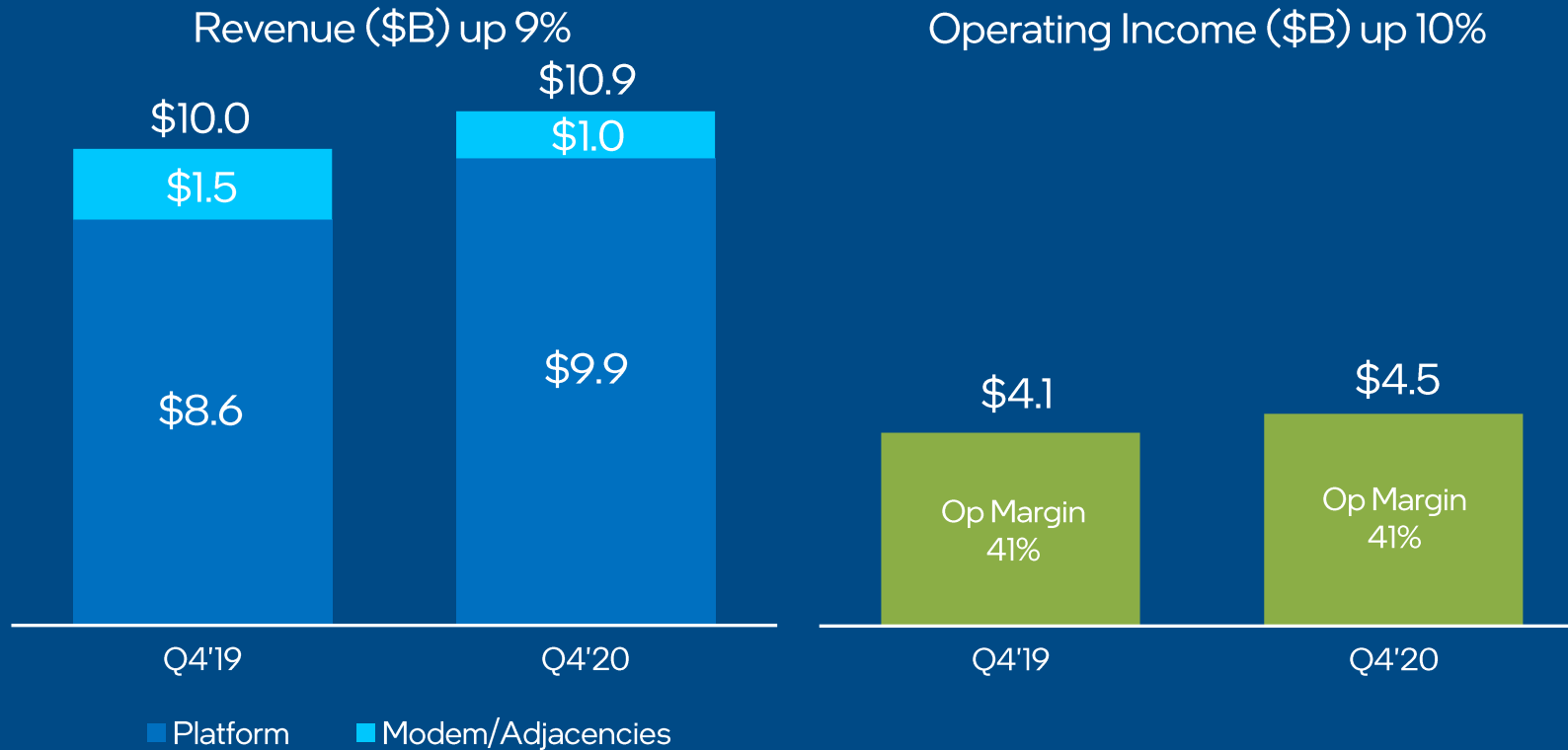
PSG (\$M)



- PSG revenue down 16% YoY on customer transition to 5G ASICs
- Operating income down 49% YoY on lower revenue
- Full-year revenue down 7% YoY

# Client Computing Group

Fifth straight year of record revenue... Up 8% YoY



|                          | Q4 YoY Revenue | FY YoY Revenue |
|--------------------------|----------------|----------------|
| Platform                 | 16%            | 9%             |
| Adjacencies <sup>1</sup> | (31%)          | (1%)           |

| Market Segments | Q4 YoY Revenue | FY YoY Revenue |
|-----------------|----------------|----------------|
| Notebook        | 30%            | 20%            |
| Desktop         | (6%)           | (10%)          |

| CCG Platform | Q4 YoY | FY YoY |
|--------------|--------|--------|
| PC Volumes   | 33%    | 15%    |
| Notebook ASP | (15%)  | (6%)   |
| Desktop ASP  | 1%     | 2%     |

**Record Q4 revenue on increased platform volume, partially offset by product mix and lower modem volume**  
**Higher Q4 operating income on increased volume, partially offset by 10nm acceleration**

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

# Outlook

# Q1 2021 Outlook<sup>1</sup>

## Revenue

**\$17.5B**

Down  
12%  
YoY

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

Excl. NAND from Q1'20:  
Revenue down 6% YoY  
Data-centric down ~15% YoY

## Operating Margin

**30%**

Down  
8ppt  
YoY

GM 58%, down 4ppt YoY  
(Excl. NAND from Q1'20, down 6.5 ppt YoY)

Excl. NAND from Q1'20, Operating Margin  
down 9.5ppt YoY

## EPS

**\$1.10**

Down  
24%  
YoY

Tax Rate 14.5%

Excl. NAND from Q1'20, EPS down 21% YoY

# Reconciliation of Non-GAAP Actuals

| (In Millions, Except Per Share Amounts)                | Three Months Ended |              | Twelve Months Ended |
|--|--------------------|--------------|---------------------|
|  | Dec 26, 2020       | Dec 28, 2019 | Dec 26, 2020        |
| GAAP operating income                                  | \$5,884            | \$6,797      |                     |
| Acquisition-related adjustments                        | 363                | 318          |                     |
| Restructuring and other charges                        | 52                 | 105          |                     |
| Non-GAAP operating income                              | \$6,299            | \$7,220      |                     |
| GAAP operating margin                                  | 29.5%              | 33.6%        |                     |
| Acquisition-related adjustments                        | 1.8%               | 1.6%         |                     |
| Restructuring and other charges                        | 0.3%               | 0.5%         |                     |
| Non-GAAP operating margin                              | 31.5%              | 35.7%        |                     |
| GAAP earnings per share—diluted                        | \$1.42             | \$1.58       | \$4.94              |
| Acquisition-related adjustments                        | 0.09               | 0.07         | 0.33                |
| Restructuring and other charges                        | 0.02               | 0.02         | 0.05                |
| (Gains) losses from divestiture                        | —                  | (0.16)       | —                   |
| Ongoing mark-to-market on marketable equity securities | 0.01               | (0.02)       | 0.03                |
| Income tax effect                                      | (0.02)             | 0.03         | (0.05)              |
| Non-GAAP earnings per share—diluted                    | \$1.52             | \$1.52       | \$5.30              |
|  |                    |              | Twelve Months Ended |
|  |                    |              | Dec 26, 2020        |
| (In Billions)  |                    |              |                     |
| GAAP cash from operations                              |                    |              | \$35.4              |
| Additions to property, plant and equipment             |                    |              | (14.3)              |
| Free cash flow   |                    |              | \$21.1              |
| GAAP cash used for investing activities                |                    |              | \$(20.8)            |
| GAAP cash provided by (used for) financing activities  |                    |              | \$(12.9)            |

# Reconciliation of Non-GAAP Outlook

| (In Billions, Except Per Share Amounts)                | Q1 2020<br>Actuals | Q1 2021 Outlook<br>Approximately |
|--|--------------------|----------------------------------|
| GAAP net revenue                                       | \$19.8             | \$18.6                           |
| NAND memory business                                   | (1.2)              | (1.1)                            |
| Non-GAAP net revenue                                   | \$18.6             | \$17.5                           |
| GAAP gross margin                                      | 60.6%              | 55%                              |
| Acquisition-related adjustments                        | 1.5%               | 2%                               |
| NAND memory business                                   | 2.4%               | 1%                               |
| Non-GAAP gross margin                                  | 64.5%              | 58%                              |
| GAAP operating margin                                  | 35.5%              | 27%                              |
| Acquisition-related adjustments                        | 1.7%               | 2%                               |
| Restructuring and other charges                        | 0.8%               | —                                |
| Income tax effect                                      | —                  | 2%                               |
| NAND memory business                                   | 1.5%               | (1)%                             |
| Non-GAAP operating margin                              | 39.5%              | 30%                              |
| GAAP earnings per share—diluted                        | \$1.31             | \$1.03                           |
| Acquisition-related adjustments                        | 0.08               | 0.09                             |
| Restructuring and other charges                        | 0.04               | 0.01                             |
| Ongoing mark-to-market on marketable equity securities | 0.03               | —                                |
| Income tax effect                                      | (0.01)             | (0.01)                           |
| NAND memory business                                   | (0.05)             | (0.02)                           |
| Non-GAAP earnings per share—diluted                    | \$1.40             | \$1.10                           |

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