Intel Corp. (INTC): First Take: Strong quarter across the board, with gross margin upside and positive forward commentary

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Key stock takeaways: We expect the stock to trade higher following a strong quarter and guidance driven by upside in the Datacenter and Client segments, significantly higher gross margins, and positive commentary on supply agreements and CapEx. Separately, in a press interview, CFO David Zinsner noted that Intel has signed several multi-year agreements for CPU and XPU supply, which we see as an incremental positive. In addition, Intel's CapEx is expected to be higher in 2026 ($18-$20bn), with a significant increase expected in 2027. We believe investors were constructively positioned heading into the quarter, driven by near-term strength in Server CPUs, sustained momentum in advanced packaging, and signs of progress on its advanced foundry nodes. On the conference call, we expect investors to focus on: (1) advanced packaging outlook; (2) progress on external foundry; (3) server CPU demand and share trends; (4) gross margin progression.

Quarterly results were well above the Street: Intel reported revenue of $16.1 bn, well above GS at $14.3 bn and the Street at $14.4 bn. Gross margin of 41.8% was well above GS at 39.3% and the Street at 39.2%. Operating margin of 17.2% was well above GS at 11.5% and the Street at 11.2%. Reported non-GAAP operating EPS of $0.42 was far above GS at $0.23 and the Street at $0.22. CCG revenue of $8.9 bn was well above GS and the Street at $8.0 bn. DCAI revenue of $6.3 bn was well above GS at $5.7 bn and the Street at $5.6 bn. Intel Foundry revenue of $5.8 bn was above GS at $5.6 bn and the Street at $5.5 bn.

3Q guidance is well above the Street. Intel guided 3Q revenue and gross margin well above the Street. Revenue was guided to $16.3 bn at the midpoint, which is well above GS at $14.7 bn and the Street at $15.1 bn. Non-GAAP gross margin was guided to 42%, which is well above GS at 39.5% and the Street at 40.3%. Non-GAAP EPS was guided to $0.38 which is above GS at $0.24 and the Street at $0.28.

Price target and risks: We are Neutral rated on INTC. Our 12-month target price of $150 is based on a 30X P/E multiple applied to our normalized EPS estimate of $5.00. Key upside risks: (1) increased traction for Intel Foundry services; (2) better demand and share trends in server CPUs; (3) stronger margin improvement. Downside risks include: (1) slower than anticipated ramp of advanced foundry nodes; (2) lower server CPU share.



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Exhibit 1: INTC - Variance summary

Financials ($ mn, except EPS)	2Q26 Actual	GS	Street	Actual/GS	Actual/Street
CCG	8,877	7,959	7,975	11.5%	11.3%
DCAI	6,262	5,683	5,595	10.2%	11.9%
Intel Foundry	5,765	5,556	5,525	3.8%	4.3%
All Other	701	558	630	25.7%	11.3%
Total Revenue	16,128	14,299	14,435	12.8%	11.7%
QoQ	*18.8%*	*5.3%*	*6.3%*		
YoY	*25.4%*	*11.2%*	*12.3%*		
Gross Margin (excl. SBC)	41.8%	39.3%	39.2%	*+254 bps*	*+258 bps*
Operating Income (excl. SBC)	2770	1644	1,617	68.5%	71.3%
Operating Margin (%)	17.2%	11.5%	11.2%	*+568 bps*	*+598 bps*
EPS (excl. SBC)	$0.42	$0.23	$0.22	81.1%	88.2%

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 2: INTC - Guidance

Financials ($ mn, except EPS)	3Q26E High	Low	Guidance (midpoint)	GS	Street	Guidance/GS	Guidance/Street
Total Revenue	16,800	15,800	16,300	14,708	15,118	10.8%	7.8%
QoQ			*1.1%*	*2.9%*	*4.7%*		
YoY			*28.7%*	*7.7%*	*10.7%*		
Gross margin (ex SBC)			42.0%	39.5%	40.3%	*+253 bps*	*+169 bps*
EPS (excl. SBC)			$0.38	$0.24	$0.28	60.5%	36.4%

Source: Company data, Goldman Sachs Global Investment Research

INTC	12m Price Target: **$150.00**	Price: **$102.62**	Upside: **46.2%**

Neutral

Market cap: $445.7bn
Enterprise value: $468.6bn
3m ADTV: $15.0bn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	52,853.0	58,150.9	68,495.7	81,486.0
EBITDA ($ mn)	12,187.0	17,009.5	21,969.9	31,622.7
EBIT ($ mn)	482.0	4,375.5	8,423.9	16,816.7
EPS ($)	(0.09)	0.69	1.12	3.04
P/E (X)	NM	148.0	91.3	33.7
EV/EBITDA (X)	10.5	32.1	24.5	16.5
FCF yield (%)	(4.2)	(0.8)	0.5	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Net debt/EBITDA (X)	0.8	1.3	0.6	(0.1)

	3/26	6/26E	9/26E	12/26E
EPS ($)	0.34	0.10	0.10	0.15

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Jul 2026 close.