UBS

Global Research
24 July 2026

Intel Corp.

Manufacturing Narrative Continues To Improve, But Remains Neutral

Equities

United States

Semiconductors

12-month rating	**Neutral**
12m price target	**US$121.00**
Price (23 Jul 2026)	**US$104.61**

RIC: INTC.O **BBG:** INTC US

Trading data and key metrics	
52-wk range	US$140.94-19.31
Market cap.	US$532b
Shares o/s	5,083m (COM)
Free float	100%
Avg. daily volume ('000)	131,741
Avg. daily value (m)	US$14,808.4
Common s/h equity (12/26E)	US$90.2b
P/BV (12/26E)	5.7x
Net debt to EBITDA (12/26E)	0.8x

EPS (UBS, diluted) (USD)

	12/26E			
	From	To	% ch	Cons.
Q1	0.29	0.29	0	0.29
Q2E	0.33	0.43	29	0.21
Q3E	0.37	0.39	5	0.27
Q4E	0.42	0.45	8	0.31
12/26E	1.42	1.56	10	1.10
12/27E	1.94	2.17	12	1.60
12/28E	2.50	2.82	13	2.57

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Summary

Results and guidance were solidly better than pre-call investor bogeys (though in-line w/ UBSe) and especially strong considering that INTC has fairly consistently been at the high-end of the range over the past 6-8Qs. Additionally, there is also a nice "glide path" into CQ4 as management is pointing to more significant improvement in supply/server CPU allocation toward the end of CQ3. Most importantly, INTC is now committing to high volume mfg for 14A in 2028 which implies it must finally have some sort of firm commitment from a customer interest group including (we think) AAPL, Google, or maybe now SPCX. This direction of travel in the mfg narrative is very consistent w/our view over the past year - here, here, here, here, here - but the product business has been our concern. We did not hear much to sway our view in this regard, but AI is creating such large opportunities in several markets where INTC has a presence (server CPU, custom silicon, advanced packaging, wafer foundry) that it might not take much share to drive a lot of revenue growth. In terms of the stock, the "story" will, we think, continue to improve and foundry deals will be announced and this alone is probably enough to keep an upside bias for the stock. But even if we consider a $150B revenue scenario for 2030 (~$60B server, ~$40B client, ~$40B advanced packaging + foundry, ~ $10B ASIC), this is ~$6-$7 in EPS - not enough to get us overly excited at this price given how fast these markets are moving and the financing risk/potential shareholder dilution to fund the capex for all of this. Net, we increase C2027/2028 EPS to $2.17/$2.82 but our PT stays at $121 and we maintain a Neutral rating.

Analysis/Key Highlights

- **Results:** Revenue of $16.1B was well above the $14.8B top of guidance and UBSe/Street of $15.3B/$14.4B, on the back of CCG and DCAI both ~4-5% ahead of our expectations with management citing supply as the main source of upside due to more wafer outs and cycle time improvements. Gross margin beat by 80bps - while OpM 260bps better than our expectations - resulting in EPS of $0.42 better than UBSe/Street $0.33/$0.22.
- **Guidance:** FQ3 (Sept) revenue guided to $16.3B midpt - spot in-line w/our model but nicely ahead of most pre-call investor bogeys we heard in the ~$15.9-16B range. Gross margin was guided about flat Q/Q - which actually appears to be down net of an unquantified inventory charge in CQ2 as INTC chose to strand some inventory that was mis-matched to demand. Guidance implies the Y/Y drop through falls back to the low 50% range - consistent with the company's rubric of 40-60% drop-through, but we would also note that INTC has been toward the high-end (or above) revenue guidance consistently the past 8Qs and the company usually beats significantly on gross margin so we would not read a whole lot into the margin guidance. Based on the guidance, gross margin ex depreciation

Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	54,228	53,101	52,853	64,448	75,192	87,382	107,761	132,499
EBIT (UBS)	4,666	(254)	2,916	10,030	14,355	18,700	25,875	36,926
Net earnings (UBS)	4,420	(566)	1,929	7,993	11,283	14,933	20,757	29,842
EPS (UBS, diluted) (US$)	1.05	(0.13)	0.42	1.56	2.17	2.82	3.84	5.41
DPS (net) (US$)	0.74	0.37	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	(24,232)	(27,949)	(9,169)	(18,526)	(21,269)	(14,343)	(1,513)	26,719
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	8.6	(0.5)	5.5	15.6	19.1	21.4	24.0	27.9
ROIC (EBIT) %	3.9	(0.2)	2.3	8.1	11.4	13.8	18.4	25.7
EV/EBITDA (UBS core) x	11.1	13.6	9.6	23.6	19.2	15.9	12.0	9.3
P/E (UBS, diluted) x	32.2	NM	62.1	64.1	46.1	35.5	26.1	18.5
Equity FCF (UBS) yield %	(10.1)	(11.8)	(4.2)	0.8	(0.5)	1.5	2.7	5.8
Dividend yield (net) %	2.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 96.57 on 24-Jul-2026 12:34:24 EDT continues to hover in the 60% range and the main headwinds to margins continue to be Panther Lake and Granite Rapids - where demand is better than expected, but margins on these products remain below corporate averages. Notably, the company suggested that supply will start to inflect more materially toward the end of CQ3 which implies a big step up in revenue for CQ4. INTC did not quantify how much it is still under-shipping demand, but last call it suggesting something >$1B/Q and is now saying that even exiting this year it will still not have caught up to demand.

- **Data Center**: DCAI revs grew (+24% Q/Q, +59% Y/Y to $6.3B with broad-based demand and management highlighted additional strategic customer wins and long-term agreements during the quarter that increased confidence in future growth. Similarly to peers, INTC noted a rising CPU-to-GPU ratio that is now approaching parity and expects the ratio to ultimately skew further toward CPUs as inference and agentic AI workloads proliferate with that, INTC sees strong double-digit industry unit growth through at least 2028. INTC suggested supply remains a key bottleneck in SepQ, but our model assumes fabs deliver ahead of guide (as we observed in JunQ). We also note that INTC is making progress in Custom ASIC business where revs now reached ~$2B run rate or 8% of DCAI revs (vs $1B run rate in 4Q25) and INTC expects the number to increase to $4B+ run rate in the not-too-distant future. INTC framed the ASIC opportunity as a $100B+ TAM where it thinks it has a shot at a meaningful share given its CPU IP, design-services capability, packaging assets and foundry footprint.
- **Client**: JunQ results were considerably better than expected, with management attributing the upside primarily to ASP strength driven largely by mix and also by pricing actions, as inflation-related cost increases were passed through more effectively than anticipated. Panther Lake continues to ramp well and remains one of the fastest-growing parts of the portfolio, although management reiterated that the product remains dilutive to corporate gross margin given its early lifecycle stage. The company noted that 18A is now at full scale, supporting 400+ Core Series 3 designs across consumer and commercial PCs. INTC cautioned for 2H26 expectations suggesting it expects sub seasonal PC market growth in 2H26 and full year market decline of low-double-digit percentage, amid memory inflation and supply constraints. Consistent with that, the callback emphasized that customer inventory remains lean and demand for newer Panther Lake and Arrow Lake products is healthy, but overall client demand is likely softer in 2H, as with Intel increasingly reallocating capacity toward the much higher-demand server business.
- **Foundry:** The most important development this quarter, in our view, was Intel's decision to fully commit 14A to high-volume manufacturing (and first external revenues) in 2028 and further ramp into 29/30. INTC now expects 0.9 PDK in October (key milestone for fabless customers as yield extrapolation becomes more linear after that point). JunQ external foundry revs came in at $293MM (up $93MM Q/Q) which we think reflects some early progress in advanced packaging. INTC also highlighted growing EMIB-T backlog as it views the technology and readiness as a differentiator. Our own checks suggest MediaTek may be among potential EMIB-T customers for its v9-gen TPU chip.
- **Capex and FCF:** Gross capex of ~$2.5B was quite a bit below our estimate, but the company raised its full year estimate to ~$20B from prior ~$17B and indicated that 2027 capex would be up "significantly" (which we take to mean something possibly in the $30B range). The company is now committing to moving 14A into high volume production in 2028, though we note this probably means that a material increase in revenue from either foundry wafers or internal products made on 14A will still not be until some time in 2029 - very consistent with our expectations. When queried, the company would not say whether it had customer commitments or prepayments to help fund the capex, but given its messaging on 14A since the start of the year, this would appear likely. We continue to believe the main 14A interest is from AAPL (compute processor), gaming console, and perhaps Google (though we believe this is mostly EMIB related). On FCF, the company was non-committal on this being positive in 2027 given the big step up in the business and we do note there are other financing options available including CHIPS grants, non-core assets and investments that could be divested, and potentially tapping the public markets (which INTC cited as a possibility).

Read Across

- **Positive for AMD**: Strong DCAI unit revenue growth consistent with AMD's own commentary adding confidence for near-term outlook.
- **Positive for Semicaps/KLAC**: INTC's capex increase to >$20B in C26 and "significantly" up in C27 reads positively for SPE. Also, INTC committing to 14A HVM in C28 further support for WFE spend.

Valuation: PT 121 (unchanged)

We maintain our $121 PT based on an SOTP framework, valuing Intel's product and foundry businesses separately. For Products, we assume a normalized 26% EBIT margin and apply a 31x EV/EBIT multiple, adjusted for non-controlling interests. For Foundry, we use an EV/k-wpm approach, assigning $11/share (down from $25) and applying a ~25% discount to TSMC to reflect technology, yield, utilization, and customer adoption risks.

Results: INTC reported Revenue/Non-GAAP EPS of $16.13B/$0.42 vs. UBS pre-call estimates of $15.33B/$0.33.

Figure 1: FQ2:26 results

Key Metrics	Actual	UBS Estimate	Street Estimate	Actual vs UBS	Actual vs Street
	Reported Quarter: Q2:26				
Revenue ($MM)	$16,128	$15,331	$14,435	5.2%	11.7%
Y/Y Growth	25.4%	19.2%	12.3%		
Guidance	$13.8-14.8B				
Gross Margin	41.8%	41.0%	39.7%	0.8%	2.1%
Guidance	39.0%				
Operating Margin	17.2%	14.6%	11.1%	2.5%	6.1%
Non-GAAP EPS	$0.42	$0.33	$0.22	25.8%	90.9%
Guidance	$0.20				
FCF	$7,169	$6,069	$1,327	18.1%	440.2%
Gross Capex	$2,479	$4,600	$3,756	-46.1%	-34.0%
Segment Revenues ($MM)					
Intel Products	$15,139	$14,515	$13,560	4.3%	11.6%
Y/Y Growth	28.2%	22.9%	14.8%		
Client Computing (CCPG)	$8,877	$8,499	$8,005	4.5%	10.9%
Y/Y Growth	12.8%	8.0%	1.7%		
Datacenter and AI (DCAI)	$6,262	$6,016	$5,429	4.1%	15.3%
Y/Y Growth	59.0%	52.7%	37.8%		
Intel Foundry	$5,765	$6,309	$5,588	-8.6%	3.2%
Y/Y Growth	30.5%	42.8%	26.5%		
of which external revenue	$293	$270	$113		
All Other	$701	$546	$596	28.4%	17.6%
Y/Y Growth	-33.4%	-48.1%	-43.4%		
Intersegment Eliminations	($5,477)	($6,039)	($5,475)	-9.3%	0.0%

Source: Company reports, UBS estimates, FactSet.

Guidance: INTC guided FQ3:26 Revenue/Non-GAAP EPS of $16.3B/$0.38 at the midpoint vs. UBS pre-call estimates of $16.36B/$0.37.

Figure 2: FQ3:26 Guidance

Key Metrics	Q3 Guidance	UBSe New	UBSe Old	Street Estimate
	Next Q: Q3:26			
Revenue ($MM)	$15.8B-$16.8B	$16,974	$16,362	$15,079
Y/Y Growth		24.3%	19.8%	10.4%
Gross Margin	42.0%	42.3%	41.3%	40.5%
Operating Margin		15.3%	15.1%	12.8%
Non-GAAP EPS	$0.38	$0.39	$0.37	$0.27
FCF		$2,362	$2,484	($107)
Gross Capex		$6,000	$4,200	$3,572
Segment Revenues ($MM)				
Intel Products		$15,932	$15,510	$14,141
Y/Y Growth		25.9%	22.6%	11.8%
Client Computing (CCPG)		$8,894	$8,835	$8,099
Y/Y Growth		4.2%	3.5%	-5.1%
Datacenter and AI (DCAI)		$7,037	$6,675	$5,929
Y/Y Growth		70.9%	62.1%	44.0%
Intel Foundry		$6,365	$6,948	$5,952
Y/Y Growth		50.3%	64.0%	40.5%
of which external revenue		$340	$305	$223
All Other		$702	$547	$608
Y/Y Growth		-29.3%	-44.9%	-38.8%
Intersegment Eliminations		($6,025)	($6,643)	($5,729)

Source: Company reports, UBS estimates, FactSet

ESTIMATE CHANGES

We revise FQ3:26E revs/EPS from $16.36B/$0.37 to $16.97B/$0.39. We revise CY26/27/28E revs from $62.3B/$69.2B/$74.7B to $64.4B/$75.2B/$87.4B. In terms of EPS, we revise CY26/27/28E EPS from $1.42/$1.94/$2.50 to $1.56/$2.17/$2.82 on higher margins.

Figure 3: New vs Old Estimates

	C2026E			C2027E			C2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue ($MM)	$64,448	$62,256	+3.5%	$75,192	$69,157	+8.7%	$87,382	$74,729	+16.9%
Y/Y Growth	21.9%	17.8%		16.7%	11.1%		16.2%	8.1%	
Gross Margin	42.0%	41.2%	+0.7%	43.5%	43.5%	+0.0%	44.4%	44.4%	+0.0%
Operating Margin	15.6%	14.6%	+1.0%	19.1%	18.0%	+1.1%	21.4%	20.2%	+1.2%
Non-GAAP EPS	$ 1.56	$ 1.42	+10.5%	$ 2.17	$ 1.94	+11.8%	$ 2.82	$ 2.50	+12.9%
FCF	$7,120	$2,020	+252.5%	($1,613)	$1,690	-195.4%	$8,400	$1,502	+459.1%
Gross Capex	$20,215	$18,236	+10.9%	$28,500	$21,500	+32.6%	$25,000	$25,000	-
Segment Revenues ($MM)									
Intel Products	$60,504	$58,830	+2.8%	$70,042	$64,627	+8.4%	$78,602	$68,309	+15.1%
Y/Y Growth	23.1%	19.7%		15.8%	9.9%		12.2%	5.7%	
Client Computing (CCPG)	$34,254	$33,896	+1.1%	$32,188	$32,455	-0.8%	$32,179	$32,392	-0.7%
Y/Y Growth	6.3%	5.2%		-6.0%	-4.3%		0.0%	-0.2%	
Datacenter and AI (DCAI)	$26,357	$24,934	+5.7%	$37,854	$32,172	+17.7%	$46,423	$35,917	+29.3%
Y/Y Growth	55.8%	47.4%		43.6%	29.0%		22.6%	11.6%	
Intel Foundry	$24,588	$26,394	-6.8%	$29,025	$31,776	-8.7%	$33,950	$35,134	-3.4%
Y/Y Growth	37.9%	48.1%		18.0%	20.4%		17.0%	10.6%	
of which external revenue	$1,208	$1,155		$2,190	$2,190		$5,440	$3,700	
All Other	$2,736	$2,271	+20.5%	$2,960	$2,340	+26.5%	$3,340	$2,720	+22.8%
Y/Y Growth	-23.2%	-36.3%		8.2%	3.0%		12.8%	16.2%	
Intersegment Eliminations	($23,380)	($25,239)		($26,835)	($29,586)		($28,510)	($31,434)	

Source: Company reports, UBS estimates.

Figure 4: UBSe vs. Street

	Actual 2025	Actual 2026/1F	Actual 2026/2F	Estimate 2026/3F	Estimate 2026/4F	Estimate 2026	Estimate 2027/1F	Estimate 2027/2F	Estimate 2027/3F	Estimate 2027/4F	Estimate 2027	Estimate 2028/1F	Estimate 2028/2F	Estimate 2028/3F	Estimate 2028/4F	Estimate 2028
Revenues ($MM)																
UBS New	52,853	13,577	16,128	16,974	17,769	64,448	17,886	18,134	19,202	19,970	75,192	19,899	21,155	22,757	23,571	87,382
UBS Old				16,362	16,986	62,256	16,677	16,712	17,630	18,137	69,157	17,763	18,377	19,316	19,273	74,729
Consensus				15,428	15,890	61,023	15,607	16,525	17,305	17,901	67,339	17,475	18,485	19,665	20,412	76,038
Delta				10.0%	11.8%	5.6%	14.6%	9.7%	11.0%	11.6%	11.7%	13.9%	14.4%	15.7%	15.5%	14.9%
Non-GAAP EPS																
UBS New	$ 0.42	$ 0.29	$ 0.43	$ 0.39	$ 0.45	$ 1.56	$ 0.47	$ 0.49	$ 0.58	$ 0.63	$ 2.17	$ 0.60	$ 0.66	$ 0.76	$ 0.80	$ 2.82
UBS Old				$ 0.37	$ 0.42	$ 1.42	$ 0.41	$ 0.43	$ 0.53	$ 0.57	$ 1.94	$ 0.55	$ 0.60	$ 0.68	$ 0.67	$ 2.50
Consensus				$ 0.31	$ 0.34	$ 1.37	$ 0.32	$ 0.39	$ 0.48	$ 0.55	$ 1.74	$ 0.54	$ 0.62	$ 0.73	$ 0.80	$ 2.69
Delta				25.8%	30.4%	14.5%	45.1%	26.5%	20.5%	14.7%	24.6%	10.8%	7.0%	4.0%	(0.1%)	4.9%

Source: FactSet, Company reports, UBS estimates

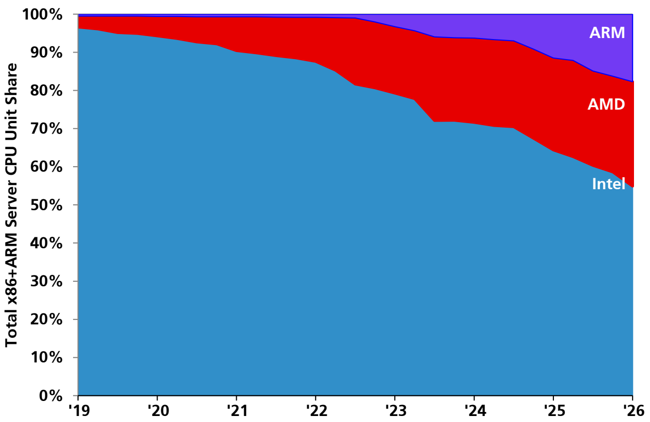
Figure 5: Summary model

Intel (INTC) - Key Metrics					Estimates												
(in $MM except EPS and units)	C2024A	C2025A	CQ1A	CQ2A	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E
Revenue (Non GAAP)	**$53,101**	**$52,853**	**$13,577**	**$16,128**	**$16,974**	**$17,769**	**$64,448**	**$17,886**	**$18,134**	**$19,202**	**$19,970**	**$75,192**	**$19,899**	**$21,155**	**$22,757**	**$23,571**	**$87,382**
Y/Y Growth	(2%)	(0%)	7%	25%	24%	30%	22%	32%	12%	13%	12%	17%	11%	17%	19%	18%	16%
Gross Profit (Non -GAAP)	19,099	19,410	5,570	6,737	7,180	7,552	27,039	7,566	7,797	8,449	8,897	32,709	8,746	9,361	10,138	10,583	38,828
Gross Margin	**36.0%**	**36.7%**	**41.0%**	**41.8%**	**42.3%**	**42.5%**	**42.0%**	**42.3%**	**43.0%**	**44.0%**	**44.6%**	**43.5%**	**44.0%**	**44.3%**	**44.6%**	**44.9%**	**44.4%**
R&D (Non-GAAP)	16,546	13,774	3,375	3,368	3,875	3,860	14,478	3,840	3,820	3,870	3,930	15,460	4,050	4,170	4,290	4,410	16,920
MG&A (Non-GAAP)	5,507	4,624	1,038	1,175	1,250	1,280	4,743	1,200	1,250	1,320	1,380	5,150	1,310	1,430	1,530	1,560	5,830
Other	(2,700)	(1,904)	(511)	(576)	--	--	(1,087)	--	--	--	--	--	--	--	--	--	--
Total Opex (Non-GAAP)	**$19,353**	**$16,494**	**$3,902**	**$3,967**	**$4,575**	**$4,564**	**$17,008**	**$4,503**	**$4,526**	**$4,614**	**$4,711**	**$18,354**	**$4,763**	**$4,965**	**$5,137**	**$5,263**	**$20,129**
Y/Y Growth	*2%*	*(15%)*	*(9%)*	*(8%)*	*16%*	*15%*	*3%*	*15%*	*14%*	*1%*	*3%*	*8%*	*6%*	*10%*	*11%*	*12%*	*10%*
Operating Income (Non-GAAP)	(254)	2,916	1,668	2,770	2,605	2,988	10,030	3,062	3,271	3,835	4,186	14,355	3,983	4,396	5,001	5,320	18,700
Operating Margin	**(0.5%)**	**5.5%**	**12.3%**	**17.2%**	**15.3%**	**16.8%**	**15.6%**	**17.1%**	**18.0%**	**20.0%**	**21.0%**	**19.1%**	**20.0%**	**20.8%**	**22.0%**	**22.6%**	**21.4%**
Non-GAAP EPS	**($0.13)**	**$0.42**	**$0.29**	**$0.43**	**$0.39**	**$0.45**	**$1.56**	**$0.47**	**$0.49**	**$0.58**	**$0.63**	**$2.17**	**$0.60**	**$0.66**	**$0.76**	**$0.80**	**$2.82**
Free Cash Flow																	
CFFO	8,288	9,697	1,096	7,006	6,462	4,622	19,186	3,804	6,244	7,317	7,222	24,587	6,407	8,264	9,168	8,761	32,600
Less: Gross Capex	25,122	17,672	5,136	2,479	6,000	6,600	20,215	7,500	7,000	7,000	7,000	28,500	6,250	6,250	6,250	6,250	25,000
Add: Contribution from Partners	14,650	6,685	1,607	2,642	1,900	2,000	8,149	1,200	700	200	200	2,300	200	200	200	200	800
Net Capex	10,472	10,987	3,529	(163)	4,100	4,600	12,066	6,300	6,300	6,800	6,800	26,200	6,050	6,050	6,050	6,050	24,200
FCF	**($2,228)**	**($1,612)**	**($2,433)**	**$7,169**	**$2,362**	**$22**	**$7,120**	**($2,496)**	**($56)**	**$517**	**$422**	**($1,613)**	**$357**	**$2,214**	**$3,118**	**$2,711**	**$8,400**
% of revenue	*(4%)*	*(3%)*	*(18%)*	*44%*	*14%*	*0%*	*11%*	*(14%)*	*(0%)*	*3%*	*2%*	*(2%)*	*2%*	*10%*	*14%*	*12%*	*10%*
Y/Y Growth			*(34%)*	*(783%)*	*164%*	*(99%)*		*3%*	*(101%)*	*(78%)*	*1,793%*		*(114%)*	*(4,084%)*	*503%*	*543%*	
Product Revenue																	
Intel Products	**$49,471**	**$49,147**	**$12,779**	**$15,139**	**$15,932**	**$16,654**	**$60,504**	**$16,634**	**$16,916**	**$17,884**	**$18,609**	**$70,042**	**$18,140**	**$19,177**	**$20,458**	**$20,828**	**$78,602**
Q/Q			(1%)	18%	5%	5%		(0%)	2%	6%	4%		(3%)	6%	7%	2%	
Y/Y	4%	(1%)	9%	28%	26%	29%	23%	30%	12%	12%	12%	16%	9%	13%	14%	12%	12%
Operating Income	**$13,008**	**$12,739**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating Margin	26%	26%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
CCPG	**$33,346**	**$32,228**	**$7,727**	**$8,877**	**$8,894**	**$8,756**	**$34,254**	**$8,098**	**$7,801**	**$8,147**	**$8,142**	**$32,188**	**$7,624**	**$8,013**	**$8,384**	**$8,158**	**$32,179**
Q/Q			(6%)	15%	0%	(2%)		(8%)	(4%)	4%	(0%)		(6%)	5%	5%	(3%)	
Y/Y		(3%)	1%	13%	4%	7%	6%	5%	(12%)	(8%)	(7%)	(6%)	(6%)	3%	3%	0%	(0%)
Operating Income	**$11,594**	**$9,317**	**$2,516**	**$2,343**	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating Margin	35%	29%	33%	26%	--	--	--	--	--	--	--	--	--	--	--	--	--
Desktop Revenue	**$9,650**	**$8,966**	**$2,141**	**$2,310**	**$2,159**	**$2,029**	**$8,639**	**$1,844**	**$1,741**	**$1,758**	**$1,671**	**$7,014**	**$1,503**	**$1,503**	**$1,549**	**$1,626**	**$6,182**
Q/Q			(7%)	8%	(7%)	(6%)		(9%)	(6%)	1%	(5%)		(10%)	--	3%	5%	
Y/Y	(5%)	(7%)	1%	7%	(10%)	(12%)	(4%)	(14%)	(25%)	(19%)	(18%)	(19%)	(18%)	(14%)	(12%)	(3%)	(12%)
Desktop Units ('000s)	58,316	52,506	10,886	11,288	10,498	9,868	42,540	8,881	8,260	8,260	7,847	33,248	7,062	7,062	7,274	7,638	29,036
Desktop ASP	$165	$171	$197	$205	$206	$206	$203	$208	$211	$213	$213	$211	$213	$213	$213	$213	$213
Notebook Revenue	**$19,091**	**$18,657**	**$4,449**	**$5,381**	**$5,537**	**$5,648**	**$21,015**	**$5,196**	**$5,013**	**$5,290**	**$5,340**	**$20,840**	**$5,011**	**$5,412**	**$5,683**	**$5,344**	**$21,450**
Q/Q			(8%)	21%	3%	2%		(8%)	(4%)	6%	1%		(6%)	8%	5%	(6%)	
Y/Y	12%	(2%)	1%	21%	12%	17%	13%	17%	(7%)	(4%)	(5%)	(1%)	(4%)	8%	7%	0%	3%
Notebook Units ('000s)	150,490	148,178	30,748	33,207	32,543	32,543	129,041	29,940	28,742	30,179	31,085	119,946	28,598	30,886	32,430	30,808	122,722
Notebook ASP	$127	$126	$145	$162	$170	$174	$163	$174	$174	$175	$172	$174	$175	$175	$175	$173	$175
Other	**$1,549**	**$1,365**	**$353**	**$355**	**$357**	**$359**	**$1,424**	**$364**	**$369**	**$374**	**$379**	**$1,485**	**$384**	**$390**	**$396**	**$402**	**$1,572**
NEX in CCG	**$3,056**	**$3,239**	**$784**	**$831**	**$848**	**$848**	**$3,310**	**$848**	**$848**	**$890**	**$917**	**$3,503**	**$899**	**$890**	**$934**	**$962**	**$3,685**
DCAI	**$16,125**	**$16,919**	**$5,052**	**$6,262**	**$7,037**	**$7,898**	**$26,357**	**$8,536**	**$9,115**	**$9,736**	**$10,466**	**$37,854**	**$10,517**	**$11,163**	**$12,074**	**$12,670**	**$46,423**
Q/Q			7%	24%	12%	12%		8%	7%	7%	7%		0%	6%	8%	5%	
Y/Y		5%	22%	59%	71%	67%	56%	69%	46%	38%	33%	44%	23%	22%	24%	21%	23%
Operating Income	**$1,414**	**$3,422**	**$1,542**	**$2,956**	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating Margin	9%	20%	31%	47%	--	--	--	--	--	--	--	--	--	--	--	--	--
Edge (ex-NEX in DCAI, incl Custom until D	**$3,308**	**$3,250**	**$766**	**$686**	**$693**	**$700**	**$2,846**	**$686**	**$700**	**$742**	**$772**	**$2,900**	**$756**	**$749**	**$786**	**$810**	**$3,100**
Custom ASIC	--	--	**$370**	**$500**	**$650**	**$800**	**$2,320**	**$1,000**	**$1,150**	**$1,288**	**$1,443**	**$4,881**	**$1,587**	**$1,745**	**$1,920**	**$2,112**	**$7,364**
Server Revenues	**$12,817**	**$13,419**	**$3,916**	**$5,076**	**$5,694**	**$6,398**	**$21,084**	**$6,786**	**$7,198**	**$7,636**	**$8,178**	**$29,798**	**$8,096**	**$8,587**	**$9,282**	**$9,658**	**$35,623**
Server Units ('000s)	15,315	16,709	4,354	4,920	5,215	5,528	20,016	5,638	5,807	5,982	6,221	23,648	6,034	6,276	6,652	6,785	25,747
Server ASP	$824	$791	$887	$1,020	$1,092	$1,157	$1,048	$1,192	$1,228	$1,265	$1,303	$1,248	$1,329	$1,355	$1,382	$1,410	$1,371
Accelerators	**$200**	**$200**	**$53**	**$55**	--	--	**$108**	**$64**	**$67**	**$71**	**$74**	**$276**	**$78**	**$82**	**$86**	**$90**	**$335**
Intel Foundry	**$17,317**	**$17,826**	**$5,421**	**$5,765**	**$6,365**	**$7,037**	**$24,588**	**$6,945**	**$7,060**	**$7,422**	**$7,598**	**$29,025**	**$7,600**	**$8,190**	**$8,861**	**$9,301**	**$33,950**
Q/Q			20%	6%	10%	11%		(1%)	2%	5%	2%		0%	8%	8%	5%	
Y/Y	(8%)	3%	16%	31%	50%	56%	38%	28%	22%	17%	8%	18%	9%	16%	19%	22%	17%
Internal Foundry Revenue	**$17,288**	**$17,683**	**$5,251**	**$5,477**	**$6,025**	**$6,627**	**$23,380**	**$6,495**	**$6,560**	**$6,822**	**$6,958**	**$26,835**	**$6,750**	**$7,020**	**$7,371**	**$7,371**	**$28,510**
External Foundry Revenue	**$29**	**$143**	**$170**	**$288**	**$340**	**$410**	**$1,208**	**$450**	**$500**	**$600**	**$640**	**$2,190**	**$850**	**$1,170**	**$1,490**	**$1,930**	**$5,440**
Operating Income	**($13,291)**	**($10,318)**	**($2,320)**	**($2,320)**	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating Margin	(77%)	(58%)	(43%)	(40%)	--	--	--	--	--	--	--	--	--	--	--	--	--
All Other	**$3,601**	**$3,563**	**$628**	**$701**	**$702**	**$705**	**$2,736**	**$802**	**$717**	**$719**	**$722**	**$2,960**	**$909**	**$808**	**$810**	**$813**	**$3,340**
Q/Q			9%	12%	0%	0%		14%	(11%)	0%	0%		26%	(11%)	0%	0%	
Y/Y		(1%)	(33%)	(33%)	(29%)	23%	(23%)	28%	2%	2%	2%	8%	13%	13%	13%	13%	13%
Operating Income	**($57)**	**$264**	**$103**	**($139)**	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating Margin	(2%)	7%	16%	(20%)	--	--	--	--	--	--	--	--	--	--	--	--	--

Source: Company reports, UBS estimates

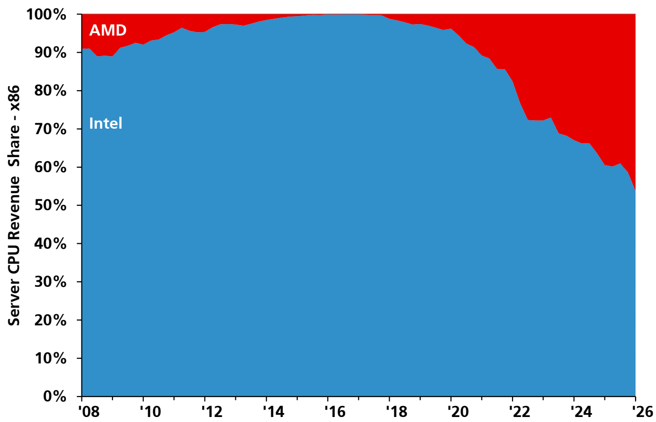
KEY CHARTS

Figure 6: Server CPU units share



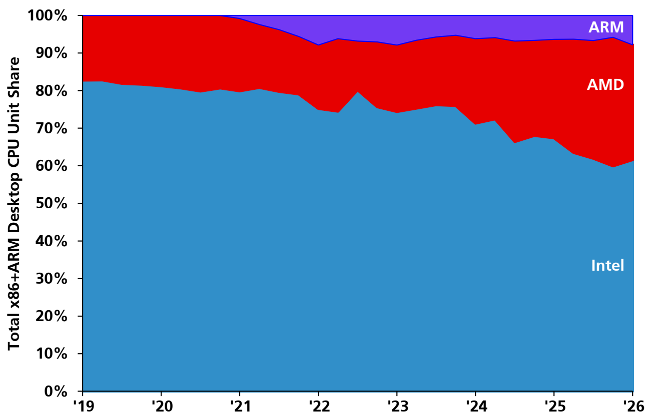
Source: Mercury Research, UBSe

Figure 7: Server CPU revenue share (x86)



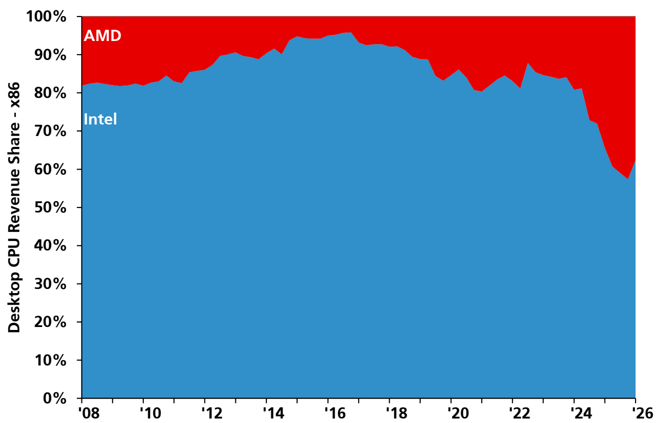
Source: Mercury Research, UBSe

Figure 8: PC desktop CPU units share



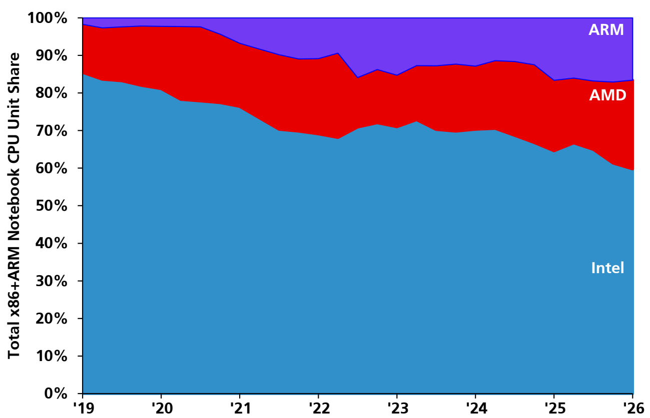
Source: Mercury Research, UBSe

Figure 9: PC desktop CPU revenue share (x86)



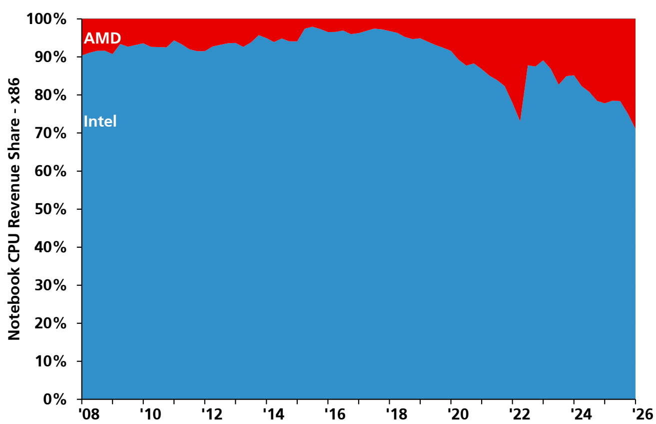
Source: Mercury Research, UBSe

Figure 10: PC notebook CPU units share



Source: Mercury Research, UBSe

Figure 11: PC notebook CPU revenue share (x86)



Source: Mercury Research, UBSe

Valuation and Multiple Justification

We maintain our PT of $121 based on our SOTP valuation framework. We value each business separately. We value INTC's product business assuming a higher normalized EBIT margin of 26% - higher margins for Server CPUs. We apply a 31x EV/EBIT multiple (no change), and netting off the non-controlling interest (basically debt represented by the SCIP agreements for Arizona and Ireland). Our framework looks at an independent valuation for Intel's manufacturing assets based on how other global foundry comps are valued per installed wafer of capacity. We value INTC's Foundry business based on an EV/k-wpm basis of $11/sh (vs. prior of $25). We believe this to be the best metric to assign a market-implied valuation to the company's Foundry aspirations, but apply a ~25% discount vs. TSMC to reflect node and yield gaps, customer stickiness, and utilization risk.

Figure 12: Intel SOTP Valuation (New)

	Total $MM	Per Share	Comments
Intel Products			
Revenue	70,042		
Normalized EBIT margin	26%		
Normalized EBIT	18,281		
Peer EV/EBIT	31x		
Products SoTP Value	**575,834**	**$113**	
Intel Foundry			
Intel Capacity (k-wsm)	364		
Peer Value per k-wsm	191		
Gross Foundry Value	**69,603**	**$14**	
Noncontrolling Interest	(14,200)	($3)	Brookfield only, at historical cost
Net Foundry SoTP Value	**55,403**	**$11**	
Altera			
Market Cap	8,750		Based on Silver Lake valuation.
Intel Stake	49%		
Altera SoTP Value	**4,288**	**$1**	
Mobileye			
Market Cap	6,291		MBLY market cap.
Intel Stake	80%		Current INTC stake.
Mobileye SoTP Value	**5,033**	**$1**	
TOTAL			
SoTP Enterprise Value	**640,557**	**$125**	
Net Debt	(21,269)	($4)	
SoTP Equity Value	**619,288**	**$121**	

Source: UBS estimates, FactSet.

Figure 13: Intel SOTP Valuation (Old)

	Total $MM	Per Share	Comments
Intel Products			
Revenue	64,627		
Normalized EBIT margin	25%		
Normalized EBIT	15,834		
Peer EV/EBIT	31x		
Products SoTP Value	**490,844**	**$96**	
Intel Foundry			
Intel Capacity (k-wsm)	466		
Peer Value per k-wsm	309		
Gross Foundry Value	**144,182**	**$28**	
Noncontrolling Interest	(14,200)	($3)	Brookfield only, at historical cost
Net Foundry SoTP Value	**129,982**	**$25**	
Altera			
Market Cap	8,750		Based on Silver Lake valuation.
Intel Stake	49%		
Altera SoTP Value	**4,288**	**$1**	
Mobileye			
Market Cap	8,026		MBLY market cap.
Intel Stake	80%		Current INTC stake.
Mobileye SoTP Value	**6,421**	**$1**	
TOTAL			
SoTP Enterprise Value	**631,534**	**$124**	
Net Debt	(12,925)	($3)	
SoTP Equity Value	**618,610**	**$121**	

Source: UBS estimates, FactSet.

Figure 14: Intel Foundry Comps

Ticker	Company Name	Capacity	EV	EV/k-wsm
2330-TW	TSMC	1,642	1,851,528	620
005930-KR	Samsung Foundry	1,685	1,128,250	208
2303-TW	UMC	440	52,079	118
981-HK	SMIC	507	97,872	193
GFS-US	GlobalFoundries	292	30,003	103
1347-HK	Hua Hong	247	35,248	143
688249-CN	Vanguard (200mm)	146	12,920	88
6770-TW	PSMC (200mm)	163	9,231	57
	Simple Average	640	402,141	**191**
	Median	366	43,664	**131**

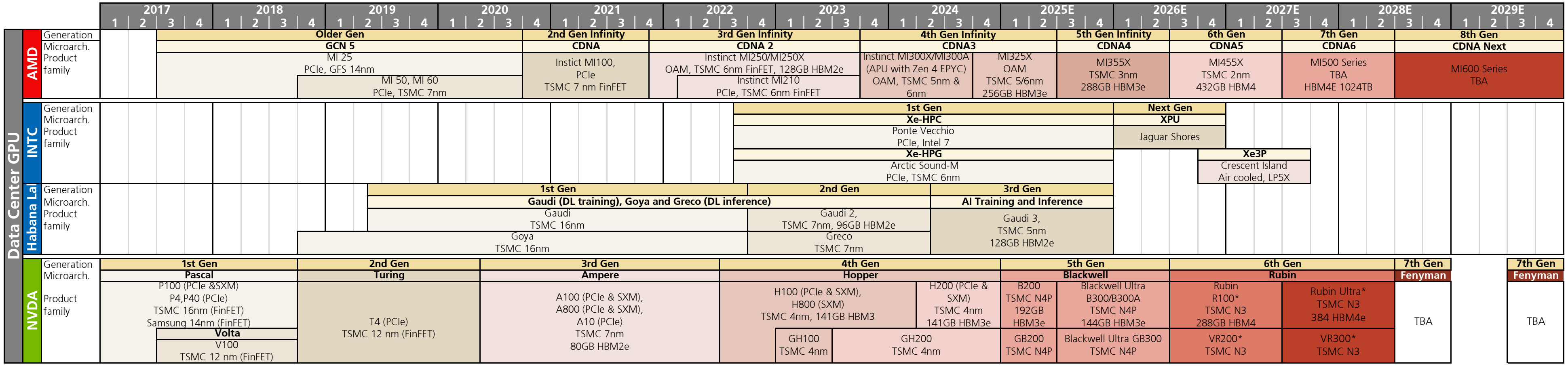
Source: UBS research, FactSet. Note: Samsung EV adjusted for Foundry capacity, TSMC 45% haircut to EV reflect node and yield gaps, customer stickiness, and utilization risk.

Figure 15: CPU Units Sell-In

	2020	2021	2022	2023	2024	Q125	Q225	Q325	Q425	2025	Q126	Q226E	Q326E	Q426E	2026	Q127E	Q227E	Q327E	Q427E	2027
INTC CPU Units (UBSe)	278,620	303,003	208,303	195,774	208,806	47,974	48,778	51,232	52,700	200,684	41,698	45,519	43,041	42,411	172,670	38,821	37,002	38,439	38,931	153,193
Q/Q growth						*-13.1%*	*1.7%*	*5.0%*	*2.9%*		*-20.9%*	*9.2%*	*-5.4%*	*-1.5%*		*-8.5%*	*-4.7%*	*3.9%*	*1.3%*	
AMD CPU Units (UBSe)	62,179	68,108	47,747	38,559	52,144	13,005	13,140	15,215	14,983	56,343	14,220	14,729	15,084	15,110	59,142	14,053	13,742	14,292	15,149	57,236
Q/Q growth						*-17.3%*	*1.0%*	*15.8%*	*-1.5%*		*-5.1%*	*3.6%*	*2.4%*	*0.2%*		*-7.0%*	*-2.2%*	*4.0%*	*6.0%*	
Total CPU Units (UBSe)	**340,799**	**371,112**	**256,049**	**234,334**	**260,950**	**60,978**	**61,918**	**66,448**	**67,683**	**257,026**	**55,917**	**60,249**	**58,125**	**57,521**	**231,812**	**52,874**	**50,744**	**52,731**	**54,081**	**210,430**
Q/Q growth						*-14.0%*	*1.5%*	*7.3%*	*1.9%*		*-17.4%*	*7.7%*	*-3.5%*	*-1.0%*		*-8.1%*	*-4.0%*	*3.9%*	*2.6%*	
Y/Y growth	*18.9%*	*8.9%*	*-31.0%*	*-8.5%*	*11.4%*	*-3.6%*	*-1.1%*	*3.5%*	*-4.6%*	*-1.5%*	*-8.3%*	*-2.7%*	*-12.5%*	*-15.0%*	*-9.8%*	*-5.4%*	*-15.8%*	*-9.3%*	*-6.0%*	*-9.2%*
Global PC Units (UBSe)	**308,171**	**341,727**	**284,052**	**242,296**	**247,646**	**60,349**	**65,943**	**72,230**	**72,301**	**270,823**	**62,417**	**61,624**	**59,617**	**57,966**	**241,624**	**53,465**	**59,122**	**65,671**	**68,371**	**246,629**
Q/Q growth						*-7.7%*	*9.3%*	*9.5%*	*0.1%*		*-13.7%*	*-1.3%*	*-3.3%*	*-2.8%*		*-7.8%*	*10.6%*	*11.1%*	*4.1%*	
Y/Y growth	*10.5%*	*10.9%*	*-16.9%*	*-14.7%*	*2.2%*	*6.6%*	*8.1%*	*11.8%*	*10.5%*	*9.4%*	*3.4%*	*-6.5%*	*-17.5%*	*-19.8%*	*-10.8%*	*-14.3%*	*-4.1%*	*10.2%*	*17.9%*	*2.1%*
Total Mac Units (UBSe)	**22,009**	**26,944**	**26,824**	**21,532**	**22,458**	**5,933**	**5,926**	**6,279**	**6,689**	**24,827**	**6,684**	**6,756**	**6,405**	**7,053**	**26,897**	**7,488**	**7,654**	**6,526**	**7,359**	**29,027**
Q/Q growth						*-5.5%*	*-0.1%*	*6.0%*	*6.5%*		*-0.1%*	*1.1%*	*-5.2%*	*10.1%*		*6.2%*	*2.2%*	*-14.7%*	*12.8%*	
Y/Y growth	*20.0%*	*22.4%*	*-0.4%*	*-19.7%*	*4.3%*	*7.0%*	*17.9%*	*12.0%*	*6.5%*	*10.6%*	*12.7%*	*14.0%*	*2.0%*	*5.4%*	*8.3%*	*12.0%*	*13.3%*	*1.9%*	*4.3%*	*7.9%*
Global PC Units (ex. Mac)	**286,162**	**314,783**	**257,229**	**220,764**	**225,188**	**54,416**	**60,017**	**65,951**	**65,612**	**245,996**	**55,733**	**54,868**	**53,212**	**50,914**	**214,727**	**45,978**	**51,468**	**59,145**	**61,012**	**217,602**
Q/Q growth						*-8.0%*	*10.3%*	*9.9%*	*-0.5%*		*-15.1%*	*-1.6%*	*-3.0%*	*-4.3%*		*-9.7%*	*11.9%*	*14.9%*	*3.2%*	
Y/Y growth	*9.8%*	*10.0%*	*-18.3%*	*-14.2%*	*2.0%*	*6.6%*	*7.2%*	*11.8%*	*11.0%*	*9.2%*	*2.4%*	*-8.6%*	*-19.3%*	*-22.4%*	*-12.7%*	*-17.5%*	*-6.2%*	*11.1%*	*19.8%*	*1.3%*
CPU vs PC Units	**32,628**	**29,385**	**(28,003)**	**(7,963)**	**13,304**	**629**	**(4,025)**	**(5,782)**	**(4,619)**	**(13,797)**	**(6,499)**	**(1,375)**	**(1,492)**	**(446)**	**(9,812)**	**(591)**	**(8,378)**	**(12,940)**	**(14,290)**	**(36,200)**
CPU vs PC Units (ex. Mac)	**54,637**	**56,329**	**(1,179)**	**13,569**	**35,761**	**6,562**	**1,901**	**497**	**2,070**	**11,030**	**185**	**5,380**	**4,913**	**6,607**	**17,085**	**6,896**	**(724)**	**(6,414)**	**(6,931)**	**(7,172)**

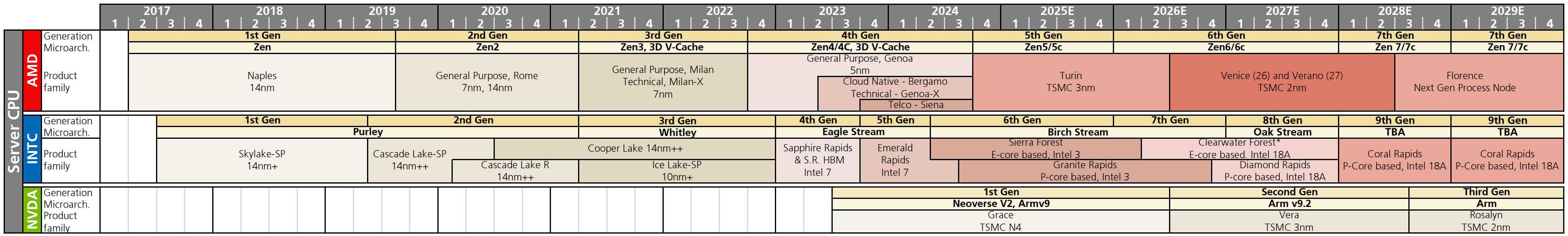
Source: Company reports, Mercury, UBS estimates

Figure 16: AMD, INTC, and NVDA - Data Center GPU Roadmap



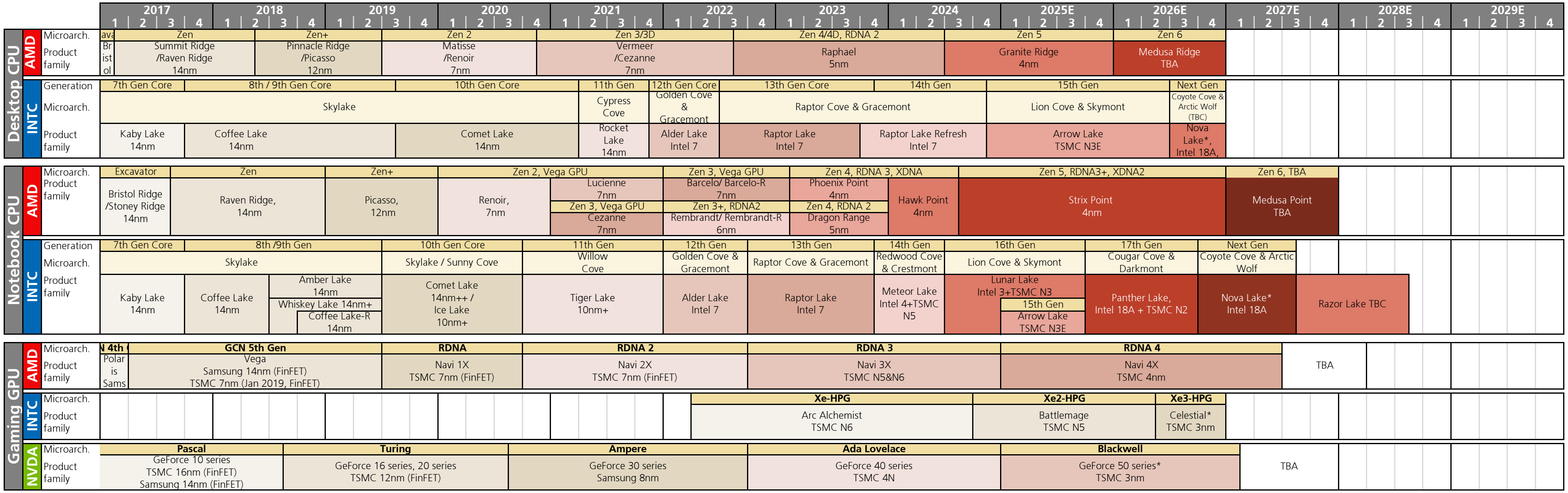
Source: Company data, UBS research

Figure 17: AMD, INTC, and NVDA - Server CPU Roadmap



Source: Company data, UBS research

Figure 18: AMD, INTC, NVDA - Desktop/Notebook/Gaming CPU Roadmap



Source: Company data, UBS research

Intel Corp. (INTC.O)

Income Statement (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**54,228**	**53,101**	**52,853**	**64,448**	21.9	**75,192**	16.7	**87,382**	**107,761**	**132,499**
Gross profit	23,650	19,099	19,410	27,039	39.3	32,709	21.0	38,828	49,022	62,891
EBITDA (UBS)	**14,268**	**11,125**	**14,622**	**22,817**	56.0	**28,157**	23.4	**34,052**	**42,869**	**55,205**
Depreciation & amortisation	(9,602)	(11,379)	(11,706)	(12,787)	-9.2	(13,802)	-7.9	(15,352)	(16,994)	(18,279)
EBIT (UBS)	**4,666**	**(254)**	**2,916**	**10,030**	244.0	**14,355**	43.1	**18,700**	**25,875**	**36,926**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	669	468	3,771	(13,499)	-	(283)	97.9	(271)	5	(53)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**5,335**	**214**	**6,687**	**(3,469)**	-	**14,072**	-	**18,429**	**25,880**	**36,872**
Tax	(670)	97	(317)	(1,131)	-256.8	(1,689)	-49.3	(2,396)	(3,623)	(5,531)
Profit after tax	**4,665**	**311**	**6,370**	**(4,600)**	-	**12,383**	-	**16,033**	**22,257**	**31,342**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	14	477	(293)	(132)	54.9	(1,100)	NM	(1,100)	(1,500)	(1,500)
Extraordinary items	(2,990)	(19,544)	(6,344)	(6,825)	-7.6	(3,202)	53.1	(3,611)	(4,305)	(5,138)
Net earnings (local GAAP)	**1,689**	**(18,756)**	**(267)**	**(11,557)**	NM	**8,082**	-	**11,323**	**16,452**	**24,703**
Net earnings (UBS)	**4,420**	**(566)**	**1,929**	**7,993**	314.4	**11,283**	41.2	**14,933**	**20,757**	**29,842**
Tax rate (%)	12.6	(45.3)	4.7	0.0	-	12.0	-	13.0	14.0	15.0

Per Share (US$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.05	(0.13)	0.42	1.56	269.6	2.17	39.0	2.82	3.84	5.41
EPS (local GAAP, diluted)	0.40	(4.38)	(0.06)	(2.26)	NM	1.56	-	2.14	3.05	4.48
EPS (UBS, basic)	1.05	(0.13)	0.43	1.56	266.5	2.17	39.0	2.82	3.84	5.41
DPS (net) (US$)	0.74	0.37	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) [1]	3.33	2.53	2.99	4.07	35.9	4.83	18.8	5.72	6.99	8.73
Book value per share	24.97	22.93	23.98	17.54	-26.8	18.85	7.5	20.76	23.71	28.23
Average shares (diluted)	4,210	4,280	4,559	5,111	12.1	5,192	1.6	5,291	5,401	5,514

Balance Sheet (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	25,034	22,062	37,416	32,011	-14.4	26,018	-18.7	30,194	40,174	65,656
Other current assets	18,235	25,262	26,272	29,273	11.4	32,591	11.3	36,282	42,051	47,059
Total current assets	**43,269**	**47,324**	**63,688**	**61,284**	-3.8	**58,609**	-4.4	**66,476**	**82,225**	**112,716**
Net tangible fixed assets	96,647	107,919	105,414	111,514	5.8	125,412	12.5	134,260	146,466	152,387
Net intangible fixed assets	27,591	24,693	23,912	20,465	-14.4	20,465	0.0	20,465	20,465	20,465
Investments / other assets	24,065	16,549	18,415	18,520	0.6	18,020	-2.7	18,020	18,020	18,020
Total assets	**191,572**	**196,485**	**211,429**	**211,783**	0.2	**222,506**	5.1	**239,222**	**267,176**	**303,588**
Trade payables & other ST liabilities	25,765	31,937	29,076	37,008	27.3	41,272	11.5	48,618	60,746	71,750
Short term debt	2,288	3,729	2,499	3,250	30.1	2,750	-15.4	2,850	0	0
Total current liabilities	**28,053**	**35,666**	**31,575**	**40,258**	27.5	**44,022**	9.3	**51,468**	**60,746**	**71,750**
Long term debt	46,978	46,282	44,086	47,287	7.3	44,537	-5.8	41,687	41,687	38,937
Other long term liabilities	6,576	9,505	9,408	15,077	60.3	15,077	0.0	15,077	15,077	15,077
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**81,607**	**91,453**	**85,069**	**102,622**	20.6	**103,636**	1.0	**108,232**	**117,510**	**125,764**
Common s/h equity	**105,590**	**99,270**	**114,281**	**90,160**	-21.1	**98,469**	9.2	**110,689**	**129,066**	**156,923**
Minority interests	4,375	5,762	12,079	19,001	57.3	20,401	7.4	20,301	20,601	20,901
Total liabilities & equity	**191,572**	**196,485**	**211,429**	**211,783**	0.2	**222,506**	5.1	**239,221**	**267,176**	**303,588**

Cash Flow (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	1,689	(18,756)	(267)	(11,557)	NM	8,082	-	11,323	16,452	24,703
Depreciation & amortisation	9,602	11,379	11,706	12,787	9.2	13,802	7.9	15,352	16,994	18,279
Net change in working capital	(2,569)	1,103	(1,747)	(732)	58.1	946	-	3,655	6,359	5,996
Other operating	2,749	14,562	5	18,687	NM	1,758	-90.6	2,270	3,526	4,565
Operating cash flow	**11,471**	**8,288**	**9,697**	**19,186**	97.9	**24,587**	28.2	**32,600**	**43,331**	**53,543**
Tangible capital expenditure	(25,750)	(23,944)	(14,646)	(15,292)	-4.4	(27,000)	-76.6	(25,000)	(30,000)	(25,000)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(13)	(82)	6,157	(96)	-	500	-	0	0	0
Other investing	1,722	5,770	(6,332)	6,519	-	800	-87.7	800	800	800
Investing cash flow	**(24,041)**	**(18,256)**	**(14,821)**	**(8,869)**	40.2	**(25,700)**	-189.8	**(24,200)**	**(29,200)**	**(24,200)**
Equity dividends paid	(3,088)	(1,599)	0	0	-	0	-	0	0	0
Share issues / (buybacks)	1,042	987	13,477	427	-96.8	(430)	-	(273)	(101)	89
Other financing	3,527	11,063	1,860	(13,575)	-	(1,200)	91.2	(1,200)	(1,200)	(1,200)
Change in debt & pref shares	7,024	687	(3,750)	4,000	-	(3,250)	-	(2,750)	(2,850)	(2,750)
Financing cash flow	**8,505**	**11,138**	**11,587**	**(9,148)**	-	**(4,880)**	46.7	**(4,223)**	**(4,151)**	**(3,861)**
Cash flow inc/(dec) in cash	**(4,065)**	**1,170**	**6,463**	**1,169**	-81.9	**(5,993)**	-	**4,176**	**9,980**	**25,482**
FX / non cash items	761	(4,142)	8,891	(6,574)	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(3,304)**	**(2,972)**	**15,354**	**(5,405)**	-	**(5,993)**	-10.9	**4,176**	**9,980**	**25,482**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Intel Corp. (INTC.O)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	NM	NM	NM	67.2	48.9	34.3	23.4
P/E (UBS, diluted)	32.2	NM	62.1	66.9	48.1	37.1	27.2	19.3
P/CEPS	10.1	12.3	8.7	24.7	20.7	17.5	14.3	11.5
Equity FCF (UBS) yield %	(10.1)	(11.8)	(4.2)	0.7	(0.5)	1.4	2.5	5.4
Dividend yield (net) %	2.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	1.4	1.4	1.1	5.7	5.3	4.8	4.2	3.5
EV/revenues (core)	2.9	2.9	2.7	8.4	7.2	6.2	4.8	3.9
EV/EBITDA (UBS core)	11.1	13.6	9.6	23.6	19.2	15.9	12.0	9.3
EV/EBIT (core)	34.1	NM	48.4	53.8	37.7	28.9	19.8	13.9
EV/OpFCF (core)	NM	NM	NM	79.4	>100	42.6	26.7	14.2
EV/op. invested capital	1.3	1.2	1.1	4.4	4.3	4.0	3.6	3.6

Enterprise value (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	141,469	132,272	118,483	531,733	531,733	531,733	531,733	531,733
Net debt (cash)	18,973	18,973	18,973	18,973	18,973	18,973	10,645	10,645
Buy out of minorities	4,375	5,762	12,079	19,001	20,401	20,301	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**164,817**	**157,007**	**149,534**	**569,706**	**571,106**	**571,006**	**542,378**	**542,378**
Non core assets	(5,829)	(5,383)	(8,512)	(7,910)	(7,410)	(7,410)	(7,410)	(7,410)
Core enterprise value	**158,988**	**151,624**	**141,022**	**561,796**	**563,696**	**563,596**	**534,968**	**534,968**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	(14.0)	(2.1)	(0.5)	21.9	16.7	16.2	23.3	23.0
EBITDA (UBS)	(31.9)	(22.0)	31.4	56.0	23.4	20.9	25.9	28.8
EBIT (UBS)	(41.0)	-	-	NM	43.1	30.3	38.4	42.7
EPS (UBS, diluted)	(43.1)	-	-	NM	39.0	29.9	36.2	40.8
Net DPS	(49.3)	(49.3)	(100.0)	-	-	-	-	-

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	43.6	36.0	36.7	42.0	43.5	44.4	45.5	47.5
EBITDA margin	26.3	21.0	27.7	35.4	37.4	39.0	39.8	41.7
EBIT (UBS) margin	8.6	(0.5)	5.5	15.6	19.1	21.4	24.0	27.9
Net earnings (UBS) margin	8.2	NM	3.6	12.4	15.0	17.1	19.3	22.5
ROIC (EBIT)	3.9	NM	2.3	8.1	11.4	13.8	18.4	25.7
ROIC post tax	3.2	1.0	0.8	8.1	10.0	12.0	15.8	21.8
ROE (UBS)	4.3	(0.6)	1.8	7.8	12.0	14.3	17.3	20.9

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	1.7	2.5	0.6	0.8	0.8	0.4	0.0	(0.5)
Net debt / total equity %	22.0	26.6	7.3	17.0	17.9	10.9	1.0	(15.0)
Net debt / (net debt + total equity) %	18.1	21.0	6.8	14.5	15.2	9.9	1.0	(17.7)
Net debt/EV %	11.5	16.6	12.4	2.4	3.5	3.1	1.5	(2.3)
Capex / depreciation %	NM	NM	136.2	129.1	NM	173.5	186.9	144.2
Capex / revenue %	NM	NM	27.7	23.7	NM	28.6	27.8	18.9
EBIT / net interest	-	-	-	0.7	50.7	69.0	-	NM
Dividend cover (UBS)	1.4	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	70.0	-	-	-	-	-	-	-

Revenues by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	54,228	53,101	52,853	64,448	75,192	87,382	107,761	132,499
Total	**54,228**	**53,101**	**52,853**	**64,448**	**75,192**	**87,382**	**107,761**	**132,499**

EBIT (UBS) by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	4,666	(254)	2,916	10,030	14,355	18,700	25,875	36,926
Total	**4,666**	**(254)**	**2,916**	**10,030**	**14,355**	**18,700**	**25,875**	**36,926**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	15.7%
Forecast dividend yield	0.0%
Forecast stock return	15.7%
Market return assumption	9.4%
Forecast excess return	6.3%

Company Description

Intel Corporation is the leading producer of x86-based microprocessor chips and platforms for client computing (~50% of sales), data center (30-35%), internet of things (~5%), memory solutions (~8%), security (~1%), and programmable solutions (~3%). Its products and solutions are widely used in notebook and desktop PCs, enterprise/cloud servers, communications infrastructure equipment, mobile phones and tablets, wireless and wired connectivity products, IoT, industrial, military, and automotive applications, among others.

Valuation Method and Risk Statement

Intel: Our PT is based on a SOTP analysis of the five contributing segments (Intel Products, Intel Foundry, Altera, Mobileye and All Other) each one valued using a tailored P/S multiple applied to F2026E revenues. NVDA has built a formidable moat for new compute-intensive workloads in the data center and could ultimately leverage its GPU architecture to more broadly displace INTC. New client and server CPUs from AMD also present a threat that we could be underestimating.We value AMD based on a NTM P/E methodology. Upside risks to our AMD thesis include higher-than-anticipated penetration into cloud/data center servers and better traction in AI. Downside risks include margin pressure in the form of aggressive price competition from Intel and an inability to effectively shift production to TSMC in a timely manner.KLAC: We use a P/E valuation methodology on KLAC. Risk to upside and downside for our universe of semiconductor and semiconductor equipment stock include macroeconomic and geopolitical environments, M&A, market share loss/gain, currency fluctuations, tax policies, amongst others. Macroeconomic conditions and a slowdown in end markets for semiconductors may lead to curtailment of spending on capital equipment and deferral/ postponement of orders placed with KLAC.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Intel Corp.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	