Intel Corp. (INTC): First Take: Solid quarter, but very weak guidance on PCs with cautious forward commentary

James Schneider, Ph.D.
+1(212)357-2929 | jim.schneider@gs.com
Goldman Sachs & Co. LLC

Anmol Makkar
+1(212)357-1366 | anmol.makkar@gs.com
Goldman Sachs & Co. LLC

Luya You
+1(212)902-5297 | luya.you@gs.com
Goldman Sachs & Co. LLC

Khalil Fenina
+1(212)357-6392 | khalil.fenina@gs.com
Goldman Sachs & Co. LLC

Liana Wadhwani
+1(212)357-3204 | liana.wadhwani@gs.com
Goldman Sachs & Co. LLC

Marshall Wong
+1(646)446-0222 | marshall.wong@gs.com
Goldman Sachs & Co. LLC

Key stock takeaways: We expect the stock to trade lower following a solid quarter with guidance that was significantly below the Street. We believe investor expectations were skewed positive, 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 and any update to 2026/27 CapEx outlook; (3) server CPU demand and share trends; (4) gross margin progression.

Quarterly results were above the Street: Intel reported revenue of $16.5 bn, below GS at $17.0 bn and in line with the Street at $16.4 bn. Gross margin of 44.1% was well above GS at 42.7% and the Street at 41.9%. Operating margin of 19.6% was above GS at 17.9% and the Street at 16.5%. Reported non-GAAP operating EPS of $0.52 was above GS at $0.47 and the Street at $0.39. CCG revenue of $8.1 bn was below GS at $9.0 bn and the Street at $8.9 bn. DCAI revenue of $7.3 bn was above GS at $7.1 bn and the Street at $6.6 bn. Intel Foundry revenue of $6.7 bn was above GS at $6.1 bn and the Street at $6.0 bn.

4Q guidance is well below the Street. Intel guided 4Q revenue and gross margin well below the Street. Revenue was guided to $15.5 bn at the midpoint, which is well below GS at $18.0 bn and the Street at $17.0 bn. Non-GAAP gross margin was guided to 38%, which is far below GS at 43.6% and the Street at 42.5%. Non-GAAP EPS was guided to $0.25 which is also below GS at $0.46 and the Street at $0.43.

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)	3Q26 Actual	GS	Street	Actual/GS	Actual/Street
CCG	8,097	8,952	8,891	-9.5%	-8.9%
DCAI	7,318	7,057	6,588	3.7%	11.1%
Intel Foundry	6,697	6,088	5,973	10.0%	12.1%
All Other	692	722	665	-4.2%	4.1%
Total Revenue	16,513	17,027	16,419	-3.0%	0.6%
QoQ	*2.4%*	*5.6%*	*1.8%*		
YoY	*20.9%*	*24.7%*	*20.3%*		
Gross Margin (excl. SBC)	44.1%	42.7%	41.9%	*+139 bps*	*+217 bps*
Operating Income (excl. SBC)	3237	3040	2,650	6.5%	22.1%
Operating Margin (%)	19.6%	17.9%	16.1%	*+175 bps*	*+346 bps*
EPS (excl. SBC)	$0.52	$0.47	$0.39	10.6%	32.2%

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

Exhibit 2: INTC - Guidance

Financials ($ mn, except EPS)	4Q26E High	Low	Guidance (midpoint)	GS	Street	Guidance/GS	Guidance/Street
Total Revenue	16,000	15,000	15,500	17,954	17,018	-13.7%	-8.9%
QoQ			*-6.1%*	*5.4%*	*3.7%*		
YoY			*13.4%*	*31.3%*	*24.5%*		
Gross margin (ex SBC)			38.0%	43.6%	42.5%	*-563 bps*	*-445 bps*
EPS (excl. SBC)			$0.25	$0.46	$0.43	-46.1%	-42.1%

Source: Company data, Goldman Sachs Global Investment Research

INTC	12m Price Target: **$150.00**	Price: **$95.53**	Upside: **57.0%**

Neutral

Market cap: $487.6bn
Enterprise value: $511.5bn
3m ADTV: $10.4bn
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	64,685.6	80,367.2	98,051.3
EBITDA ($ mn)	12,187.0	20,248.3	30,067.3	43,490.0
EBIT ($ mn)	482.0	7,734.3	14,161.3	24,504.0
EPS ($)	(0.09)	1.29	2.09	4.51
P/E (X)	NM	74.1	45.7	21.2
EV/EBITDA (X)	10.5	25.3	16.9	11.3
FCF yield (%)	(4.2)	(0.5)	(0.4)	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Net debt/EBITDA (X)	0.8	1.2	0.6	(0.0)

	6/26	9/26E	12/26E	3/27E
EPS ($)	0.30	0.33	0.31	0.33

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 28 Oct 2026 close.

