AZ STOCKS
Stocks from A to Z

Intel

A real turnaround at a price that still requires everything to go right

DEEP DIVE

November 2026

COMPANY PROFILE

Intel

THESIS

Intel is going through one of the most ambitious turnarounds in the semiconductor industry. The analysis assesses whether its bet on regaining manufacturing leadership and turning Intel Foundry into a competitive business can justify a sustainable recovery in the company's value.

TARGET PRICE
USD 32

UPSIDE / DOWNSIDE
-43.4%

SECTOR
Semiconductors

EXCHANGE
NASDAQ

CURRENCY
USD

LAST UPDATED
November 2026

THE COMPANY

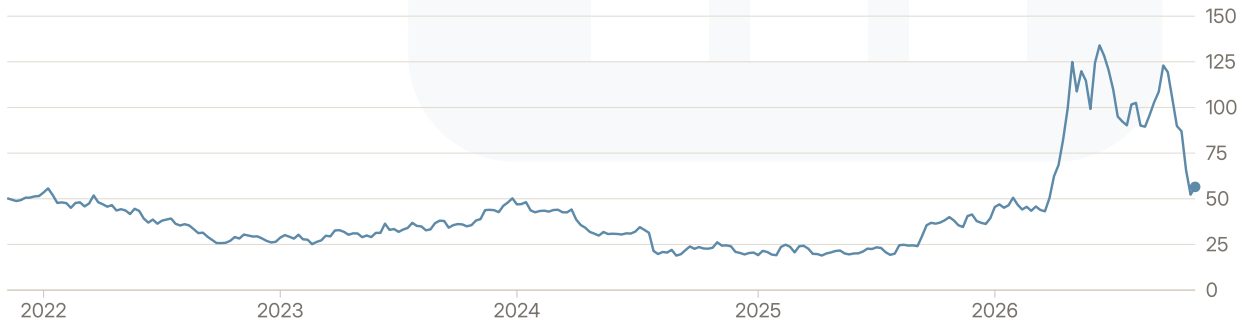
Intel was founded in 1968 and is headquartered in Santa Clara, California. For decades it dominated the PC and server market by controlling the architecture, design and manufacturing of microprocessors at the same time.

Today it keeps a dominant position in x86, but it comes from years of process delays, loss of share to AMD, the rise of ARM and pressure from TSMC in manufacturing, which led to falling revenue and margins since the 2021 peak.

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
USD 56.50	32.89 – 142.35	+12%	2.47

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

Intel was founded in 1968 and is headquartered in Santa Clara, California. For decades it was one of the most important companies in the tech industry, not only because it designed microprocessors but because it controlled the architecture, the design and the manufacturing at the same time. That integration allowed Intel to dominate the personal computing and server market for much of the history of the modern PC.

Today's Intel is quite different. The company still has one of the largest CPU ecosystems in the world and keeps a dominant position in x86, but it went through years of process delays, loss of share to AMD, the rise of ARM architectures, pressure from TSMC in manufacturing and an explosion in the capex needed to regain competitiveness. The result was a fall in revenue from the 2021 peak, a sharp compression of margins and several years of negative free cash flow.

The turn in the story started to become clearer in 2025 and, above all, in 2026. Lip Bu Tan became CEO in March 2025, sped up the simplification of the portfolio, strengthened cost discipline, kept the focus on x86 and Foundry and closed capital deals with the US Government, SoftBank and NVIDIA. In the third quarter of 2026 Intel reported USD 16.5B of sales, year-over-year growth of 21%, with DCAI growing 78% and a GAAP operating margin of 15%. At the same time, Foundry still lost USD 1.85B in the quarter, and guidance for the fourth quarter again showed weakness in PCs.

That contrast sums up the thesis quite well.

SECTION 02

Business model

Intel is an integrated semiconductor company. Unlike AMD or NVIDIA, which design chips and outsource most of their manufacturing, Intel combines product design with process development, wafer fabrication, assembly, test and packaging. That integration is a potential advantage, but it also makes its cost structure much heavier and makes execution mistakes far more costly financially.

The company reports **three main segments**: Client Computing and Physical AI Group, DCAI and Intel Foundry. It also has an All Other category, which mainly includes Mobileye, IMS and other businesses. Altera stopped being consolidated in September 2025 after 51% was sold to Silver Lake.

CLIENT COMPUTING AND PHYSICAL AI GROUP (CCPG)

CCPG, formerly CCG, groups the processors and platforms for PCs and edge devices. It includes CPUs for notebooks and desktops, Core Ultra solutions, Arc integrated graphics, management tools such as vPro and growing exposure to edge and physical AI. In Q2 2026 it generated USD 8.9B of revenue and USD 2.3B of operating income, a margin of 26%.

It is Intel's most mature business. Its strength comes from the huge x86 installed base, relationships with OEMs, software compatibility and a commercial presence that is hard to displace overnight. Even so, it is a far more competitive market than ten years ago. AMD has gained share, Apple has shown that ARM is viable in premium PCs and Qualcomm keeps trying to expand Windows on ARM.

DATA CENTER AND AI, DCAI

DCAI sells solutions for data centers, cloud, enterprise, telecommunications and high performance computing. The core is still Xeon, but the segment also includes accelerators, NICs, IPUs and custom ASICs. In the second quarter of 2026 DCAI billed USD 6.3B, grew 59% year over year and reached an operating margin of 40%.

This segment is particularly important because servers have long replacement cycles, high switching costs and a much higher ticket than a consumer CPU. It is also where Intel suffered one of its biggest losses of share to AMD. The positive news of 2026 is that the server CPU market is growing strongly because of the expansion of AI infrastructure, which allows Intel to grow sales even with intense competition.

INTEL FOUNDRY

Foundry includes process technology development, manufacturing, assembly, test, packaging and services for internal and external customers. On the accounting side, Intel tries to make Products and Foundry behave as if they were two separate companies. Products pays Foundry intersegment prices meant to approximate market prices, and those sales are eliminated on consolidation.

The distinction matters because the revenue reported by Foundry should not be read as the sales of an independent foundry. In 2025 Foundry reported USD 17.8B of revenue, but only USD 307M was third-party revenue. In Q2 2026 the segment billed USD 5.8B, of which USD 293M was external. In addition, part of the external growth comes from Altera, which became an external customer after its deconsolidation. That is why the relevant number to validate the thesis is not Foundry's total revenue, but its ability to win large external customers and turn that demand into adequate margins.

The technology bet revolves around Intel 18A, 18A-P and, later, 14A.

ALL OTHER AND NON-CORE ASSETS

All Other includes Mobileye, IMS and other smaller businesses. Altera deserves separate treatment because Intel keeps 49% after selling control to Silver Lake. The transaction valued Altera at USD 8.75B, so the retained stake had an implied value close to USD 4.3B at the deal price. Mobileye is still consolidated and Intel keeps a majority stake, although the decline in its market value led to a significant goodwill impairment in 2026.

Segmento	Q2 2026 revenue	Crecimiento interanual	Resultado operativo
CCPG	USD8.9B	+13%	USD2.3B, margen 26%
DCAI	USD6.3B	+59%	USD2.5B, margen 40%
Intel Products	USD15.1B	+28%	USD4.8B, margen 32%
Intel Foundry	USD5.8B	+31%	Pérdida USD2.1B
All Other	USD0.7B	-33%	No relevante para la tesis central

Source: Intel, Q2 2026.

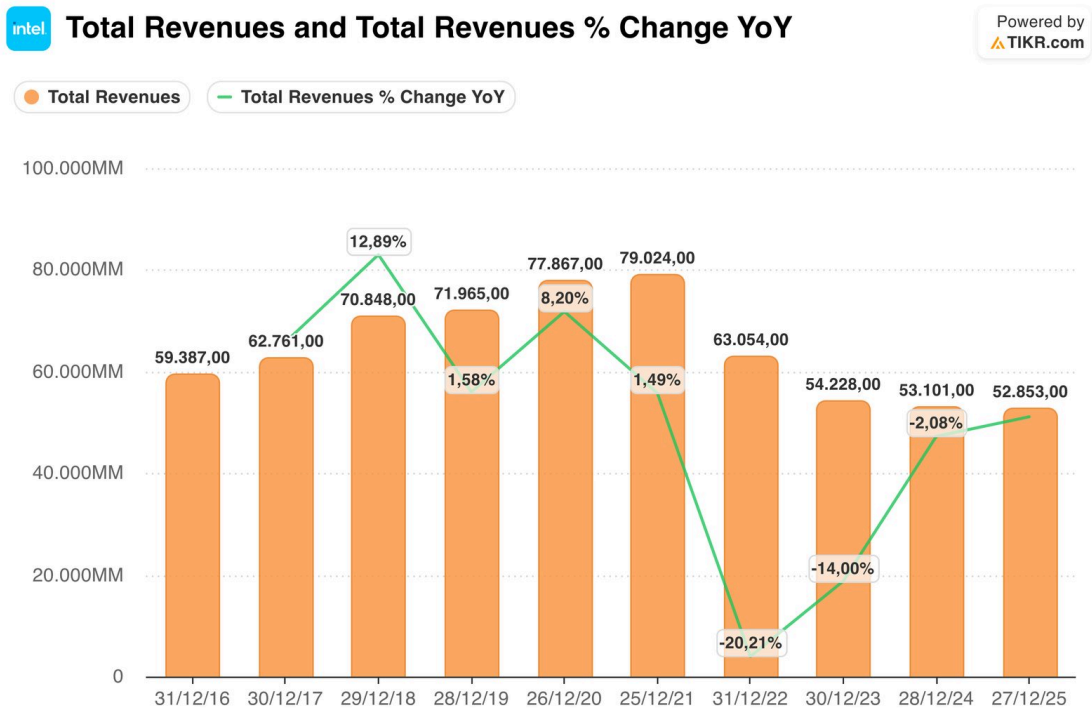
SECTION 03

Business quality

For many years Intel was a business of exceptional quality. It had technological leadership, scale, a standard architecture, huge switching costs and an industrial structure that gave it extraordinary margins. The problem is that a competitive advantage based on technology is not static. When the manufacturing process fell behind and AMD managed to execute its roadmap better using TSMC, part of that advantage disappeared.

Today I would describe Intel as a business with very high-quality assets, but whose economic quality is still being rebuilt.

REVENUE



Source: Tikr.

Revenue has two very clear stages. Between 2016 and 2021 Intel went from USD 59.4B to USD 79B, helped by the growth of the PC, cloud and data center markets and an extraordinary demand peak during the pandemic. From 2022 the story reversed. The normalization of PCs, the inventory correction, the loss of share in servers, product and process delays and the exit from some businesses took revenue down to USD 52.9B in 2025.

The decline cannot be explained only by a semiconductor recession. Intel went through a competitive problem of its own. The comparison with AMD matters because, while the data center market was growing, Intel was ceding share in one of its historically most profitable businesses. In other words, **part of the revenue decline was cyclical and part was a loss of competitiveness.**

The second quarter of 2026 showed an inflection. Sales grew 25% year over year to USD 16.1B. DCAI was the main contributor with growth of 59%, while CCPG grew 13%. Management attributed part of the improvement to higher volume, better mix, higher ASPs and price increases. It also said that demand exceeds available supply because of constraints in wafers, substrates and memory. That is good commercial news, although it also shows that Intel still cannot monetize all the demand it sees.

Latest results: third quarter of 2026

In October Intel reported third-quarter results. Sales were **USD 16.5B, 21% more than a year earlier**, with a GAAP gross margin of 43.0% (+4.8 points) and a GAAP operating margin of 15.3%. Adjusted earnings per share were USD 0.52, more than double a year earlier.

The composition of growth was very uneven. **DCAI billed USD 7.3B and grew 78%**, with operating income of USD 3.0B. CCPG, on the other hand, fell 5% to USD 8.1B. Foundry billed USD 6.7B (including sales to Intel) and lost USD 1.85B again in the quarter.

On the cash side, operating cash flow was USD 5.1B and adjusted free cash flow USD 1.6B. During the quarter Intel also completed a **USD 23B share offering** at USD 95 per share (242 million new shares), announced an agreement with Oracle to expand the use of Xeon in its cloud and released the 14A design kit.

The problem was guidance. For the fourth quarter Intel expects sales of USD 15B to 16B and a GAAP gross margin of just 37.1%, and the CFO said PC market weakness would continue at least through the first half of 2027. **The stock, which went above USD 100 in August, now trades at around USD 56.**

Revenue by region and customer concentration

Intel's geography reflects how the technology supply chain works. **Billing location does not necessarily represent where the product is finally used**, because large OEMs buy components in Asian hubs to assemble devices that are then sold globally. In 2025 the United States represented about 30% of sales, China 24%, Singapore 18% and Taiwan 14.5%.

Región	Revenue 2025	% del total
Estados Unidos	USD15.8B	29.8%
China	USD12.7B	24.0%
Singapur	USD9.5B	18.0%
Taiwán	USD7.7B	14.5%
Otros	USD7.2B	13.6%

Source: Intel, 10-K 2025.

VERTICAL ANALYSIS

- **Income Statement**

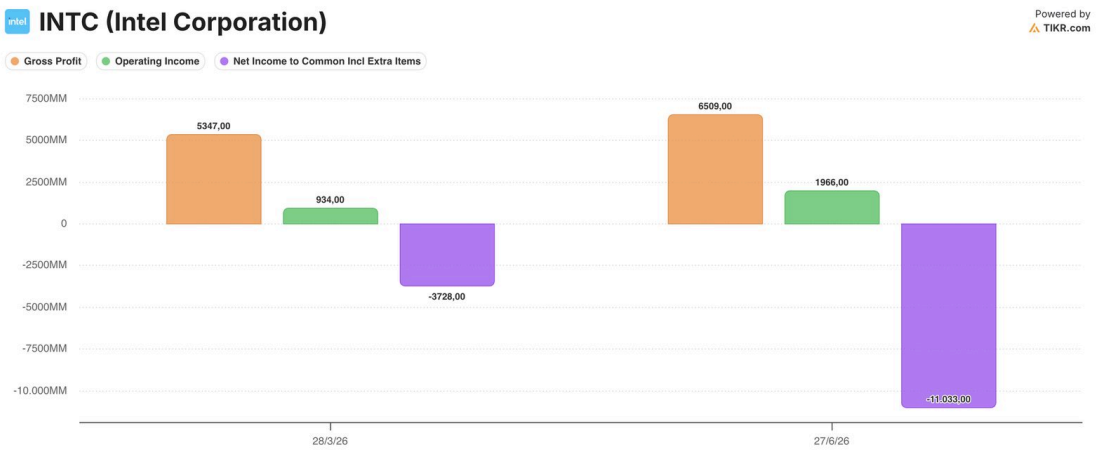
Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(38.3%)	(37.7%)	(38.3%)	(41.4%)	(44.0%)	(44.6%)	(54.9%)	(60.0%)	(61.1%)	(63.4%)	**(61.5%)**	**(56.8%)**
Gross Profit	**61.7%**	**62.3%**	**61.7%**	**58.6%**	**56.0%**	**55.4%**	**45.1%**	**40.0%**	**38.9%**	**36.6%**	**38.5%**	**43.2%**
Selling General & Admin Expenses	(14.5%)	(11.9%)	(9.8%)	(8.8%)	(7.9%)	(8.3%)	(11.1%)	(10.4%)	(10.4%)	(8.7%)	**(9.8%)**	**(9.8%)**
R&D Expenses	(21.4%)	(20.8%)	(19.1%)	(18.6%)	(17.4%)	(19.2%)	(27.8%)	(29.6%)	(31.2%)	(26.1%)	**(28.9%)**	**(26.8%)**
Total Operating Expenses	**(36.4%)**	**(32.9%)**	**(28.9%)**	**(27.4%)**	**(25.3%)**	**(27.5%)**	**(38.9%)**	**(40.0%)**	**(41.5%)**	**(34.8%)**	**(38.8%)**	**(36.5%)**
Operating Income	**25.3%**	**29.4%**	**32.8%**	**31.2%**	**30.7%**	**27.9%**	**6.2%**	**0.1%**	**(2.7%)**	**1.8%**	**(0.3%)**	**6.7%**
Interest Expense	(1.2%)	(1.0%)	(0.7%)	(0.7%)	(0.8%)	(0.8%)	(0.8%)	(1.6%)	(1.9%)	(2.1%)	**(1.9%)**	**(1.4%)**
EBT Incl. Unusual Items	**21.8%**	**32.4%**	**32.9%**	**33.4%**	**32.2%**	**27.5%**	**12.3%**	**1.4%**	**(21.1%)**	**2.9%**	**(5.6%)**	**4.6%**
Income Tax Expense	(4.4%)	(17.1%)	(3.2%)	(4.2%)	(5.4%)	(2.3%)	0.4%	1.7%	(15.1%)	(2.9%)	**(5.4%)**	**(3.6%)**
Net Income	**17.4%**	**15.3%**	**29.7%**	**29.2%**	**26.8%**	**25.1%**	**12.7%**	**3.1%**	**(35.3%)**	**(0.5%)**	**(10.9%)**	**1.0%**
EBITDA	38.4%	42.3%	45.6%	46.2%	46.4%	42.9%	26.9%	17.8%	18.8%	23.9%	**20.1%**	**26.0%**

Source: author's analysis based on Tikr data.

The Income Statement clearly shows the deterioration and the partial recovery. In 2025 Intel billed USD 52.9B with a gross margin of 36.6%. R&D consumed 26.1% of revenue and SG&A 8.7%. Operating margin was just 1.8% and net margin practically 0%.

Gross margin is probably the most important indicator to track the recovery. Intel historically operated with margins above 60%, but low factory utilization, the start-up costs of new nodes, impairments and a less favorable mix compressed it. In 2024 it was 38.9%, in 2025 36.6% and in the third quarter of 2026 it reached 43.0% GAAP. The improvement is significant because in a business with such high fixed costs, a few points of gross margin have a disproportionate impact on operating profit.

The second quarter of 2026 also showed why it is not a good idea to analyze Intel only through net income. The company recorded approximately USD 12.5B of non-operating losses related to the mark-to-market of shares issued and held in escrow for the US Government. That took Intel's net loss to USD 11.0B even though operating income was a positive USD 1.8B. The accounting loss should not be ignored because there is dilution and an economic liability associated with the deal, but it does not represent the quarter's operating performance either.



Gross, operating and net income. Q1 and Q2 2026.

- **Balance Sheet**

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**15.1%**	**11.4%**	**9.1%**	**9.6%**	**15.6%**	**17.4%**	**15.6%**	**13.1%**	**11.2%**	**17.7%**	**14.0%**	**15.0%**
Total Receivables	**4.5%**	**4.6%**	**5.7%**	**5.7%**	**4.8%**	**5.7%**	**2.4%**	**1.9%**	**4.7%**	**1.8%**	**2.8%**	**3.3%**
Inventory	4.9%	5.7%	5.7%	6.4%	5.5%	6.4%	7.3%	5.8%	6.2%	5.5%	**5.8%**	**6.2%**
Total Current Assets	**31.3%**	**23.9%**	**22.5%**	**22.9%**	**30.9%**	**34.8%**	**27.7%**	**22.6%**	**24.1%**	**30.1%**	**25.6%**	**27.8%**
Net Property Plant And Equipment	31.9%	33.4%	38.3%	40.6%	37.0%	37.6%	44.4%	50.7%	55.2%	50.1%	**52.0%**	**47.6%**
Long-term Investments	13.5%	10.0%	7.4%	5.3%	4.8%	3.7%	3.2%	3.0%	2.7%	4.0%	**3.3%**	**3.4%**
Goodwill	12.4%	19.8%	19.2%	19.2%	17.6%	16.0%	15.2%	14.4%	12.6%	11.3%	**12.8%**	**13.9%**
Other Intangibles	8.4%	10.3%	9.2%	7.9%	5.9%	4.3%	3.3%	2.4%	1.9%	1.3%	**1.9%**	**2.6%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**17.9%**	**14.1%**	**13.0%**	**16.3%**	**16.2%**	**16.3%**	**17.7%**	**14.6%**	**18.2%**	**14.9%**	**15.9%**	**16.3%**
Long-Term Debt	18.2%	20.3%	19.6%	18.5%	22.1%	19.9%	20.7%	24.5%	23.6%	20.9%	**23.0%**	**21.9%**
Capital Leases	–	–	–	–	–	–	–	0.2%	0.1%	0.2%	**0.1%**	**0.1%**
Total Liabilities	**41.6%**	**44.0%**	**41.7%**	**43.2%**	**47.1%**	**43.4%**	**43.3%**	**42.6%**	**46.5%**	**40.2%**	**43.1%**	**43.2%**
Total Equity	**58.4%**	**56.0%**	**58.3%**	**56.8%**	**52.9%**	**56.6%**	**56.7%**	**57.4%**	**53.5%**	**59.8%**	**56.9%**	**56.8%**
Total Debt	**22.3%**	**21.8%**	**20.6%**	**21.3%**	**23.9%**	**22.7%**	**23.1%**	**25.9%**	**25.7%**	**22.3%**	**24.6%**	**23.9%**
Net Debt	1.8%	7.0%	10.4%	11.3%	7.1%	4.0%	6.8%	12.3%	14.0%	4.4%	**10.2%**	**8.3%**

Source: author's analysis based on Tikr data.

Intel's balance sheet clearly reflects how the company has become increasingly **capital intensive**. Net PP&E went from **31.9% of assets in 2016 to 50.1% in 2025**, after peaking at 55.2% in 2024. It is a direct consequence of the heavy investment cycle in manufacturing capacity and explains why fab utilization matters so much for future profitability.

At the same time, **goodwill and intangibles lost a lot of weight**, falling together from more than 30% of assets in 2017 to just 12.6% in 2025. The asset structure thus shifted from acquisition-related assets towards physical assets.

Liquidity remains reasonably solid. Cash and short-term investments rose to **17.7% of assets in 2025**, against 11.2% in 2024. On the liabilities side, long-term debt represents around **20.9% of assets**, while total liabilities fell from 46.5% to 40.2% between 2024 and 2025.

The main balance sheet risk does not seem to be excessive debt, but Intel's ability to **earn adequate returns on a productive asset base that has expanded sharply**.

- **Cash Flow Statement**

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**17.4%**	**15.3%**	**29.7%**	**29.2%**	**26.8%**	**25.1%**	**12.7%**	**3.1%**	**(35.3%)**	**(0.5%)**	**(10.9%)**	**1.0%**
Total Depreciation & Amortization	**13.1%**	**13.0%**	**12.8%**	**15.0%**	**15.7%**	**14.9%**	**20.7%**	**17.7%**	**21.4%**	**22.1%**	**20.4%**	**19.4%**
Stock-Based Compensation	2.4%	2.2%	2.2%	2.4%	2.4%	2.6%	5.0%	6.0%	6.4%	4.6%	**5.7%**	**4.9%**
Cash from Operations	**36.7%**	**35.2%**	**41.5%**	**46.1%**	**46.1%**	**37.3%**	**24.5%**	**21.2%**	**15.6%**	**18.3%**	**18.4%**	**23.4%**
Capital Expenditure	(16.2%)	(18.8%)	(21.4%)	(22.5%)	(18.6%)	(25.7%)	(39.4%)	(47.5%)	(45.1%)	(27.7%)	**(40.1%)**	**(37.1%)**
Cash Acquisitions	(26.0%)	(23.1%)	(0.3%)	(2.7%)	–	–	(1.1%)	–	–	–	**–**	**(0.2%)**
Cash from Investing	**(43.5%)**	**(25.1%)**	**(15.9%)**	**(20.0%)**	**(27.6%)**	**(30.7%)**	**(16.2%)**	**(44.3%)**	**(34.4%)**	**(28.0%)**	**(35.6%)**	**(30.7%)**
Total Debt Issued	**4.6%**	**12.3%**	**0.6%**	**4.7%**	**13.2%**	**6.3%**	**16.6%**	**21.0%**	**19.4%**	**6.6%**	**15.7%**	**14.0%**
Total Debt Repaid	**(2.6%)**	**(12.9%)**	**(4.3%)**	**(3.7%)**	**(5.8%)**	**(3.2%)**	**(7.9%)**	**(8.1%)**	**(18.1%)**	**(13.7%)**	**(13.3%)**	**(10.2%)**
Repurchase of Common Stock	(4.4%)	(5.8%)	(15.1%)	(18.9%)	(18.3%)	(3.1%)	(0.8%)	(1.0%)	(1.2%)	(0.8%)	**(1.0%)**	**(1.4%)**
Common Dividends Paid	(8.3%)	(8.1%)	(7.8%)	(7.7%)	(7.2%)	(7.1%)	(9.5%)	(5.7%)	(3.0%)	–	**(2.9%)**	**(5.1%)**
Cash from Financing	**(9.7%)**	**(13.5%)**	**(26.3%)**	**(24.4%)**	**(16.3%)**	**(7.9%)**	**1.8%**	**15.7%**	**21.0%**	**21.9%**	**19.5%**	**10.5%**
Free Cash Flow	20.5%	16.5%	20.1%	23.5%	27.5%	11.5%	(14.9%)	(26.3%)	(29.5%)	(9.4%)	**(21.7%)**	**(13.7%)**

Source: author's analysis based on Tikr data.

The Cash Flow Statement shows Intel's deterioration in recent years very clearly. Between 2016 and 2020, Cash from Operations represented roughly **35% to 46% of sales**, while FCF peaked at **27.5% of sales in 2020**.

Since then, the situation has changed radically. Cash from Operations fell to just **15.6% of sales in 2024**, recovering slightly to 18.4% in 2025. On top of that came an extraordinary investment cycle: capex went from around 20% of sales historically to **39.4% in 2022, 47.5% in 2023 and 45.1% in 2024**.

As a result, Free Cash Flow went from +27.5% of sales in 2020 to **(14.9%) in 2022, (26.3%) in 2023 and (29.5%) in 2024**. In 2025 it improved to (9.4%), mainly thanks to the reduction of capex to 27.7% of sales.

This deterioration also completely changed capital allocation. Buybacks practically disappeared and the dividend was eliminated, as Intel went from returning capital to shareholders to **needing outside financing to sustain its investments**.

That is why one of the keys to the thesis will be whether Intel can recover margins while gradually reducing capital intensity. **The normalization of FCF is probably one of the most important variables for determining whether the turnaround is really working.**

FINANCIAL RATIOS

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		5.7%	12.9%	1.6%	8.2%	1.5%	(20.2%)	(14.0%)	(2.1%)	(0.5%)	**(5.5%)**	**(7.1%)**
EBIT growth		22.9%	26.1%	(3.5%)	6.5%	(7.5%)	(82.3%)	(99.2%)	(4641.9%)	n.m.	**(2370.6%)**	**(1207.7%)**
Diluted EPS growth		(6.1%)	125.1%	5.1%	4.9%	(1.6%)	(60.1%)	(79.4%)	(1195.0%)	n.m.	**(637.2%)**	**(334.0%)**
Change in diluted shares (dilution / buybacks)		(0.8%)	(2.8%)	(4.9%)	(5.4%)	(3.4%)	0.8%	2.2%	1.6%	5.8%	**3.2%**	**1.4%**

Source: author's analysis based on Tikr data.

Sales fell four years in a row from the 2021 peak (-20% in 2022, -14% in 2023, -2% in 2024 and -0.5% in 2025). EBIT practically disappeared. In addition, the share count rose again: +5.8% in 2025 because of the investments from the Government, SoftBank and NVIDIA, plus the 2026 offering. In the good years Intel bought back shares; today it needs to issue them.

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	61.7%	62.3%	61.7%	58.6%	56.0%	55.4%	45.1%	40.0%	38.9%	36.6%	**38.5%**	**43.2%**
SG&A % revenue	14.5%	11.9%	9.8%	8.8%	7.9%	8.3%	11.1%	10.4%	10.4%	8.7%	**9.8%**	**9.8%**
R&D % revenue	21.4%	20.8%	19.1%	18.6%	17.4%	19.2%	27.8%	29.6%	31.2%	26.1%	**28.9%**	**26.8%**
EBIT margin	25.3%	29.4%	32.8%	31.2%	30.7%	27.9%	6.2%	0.1%	(2.7%)	1.8%	**(0.3%)**	**6.7%**
EBITDA margin (EBIT + D&A)	38.4%	42.3%	45.6%	46.2%	46.4%	42.9%	26.9%	17.8%	18.8%	23.9%	**20.1%**	**26.0%**
Net margin	17.4%	15.3%	29.7%	29.2%	26.8%	25.1%	12.7%	3.1%	(35.3%)	(0.5%)	**(10.9%)**	**1.0%**
Stock-based compensation % revenue	2.4%	2.2%	2.2%	2.4%	2.4%	2.6%	5.0%	6.0%	6.4%	4.6%	**5.7%**	**4.9%**
Effective tax rate	20.3%	52.8%	9.7%	12.5%	16.7%	8.5%	(3.2%)	(119.8%)	(71.6%)	98.3%	**(31.0%)**	**(17.6%)**

Source: author's analysis based on Tikr data.

Gross margin fell from 62% in 2017 to 36.6% in 2025 and EBIT margin from 33% in 2018 to 1.8%. The gap between EBIT margin and EBITDA margin (23.9%) shows the weight of depreciation from the new fabs: 22% of sales in 2025. R&D is still above 25% of sales, a very high level even for a semiconductor company.

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	36.7%	35.2%	41.5%	46.1%	46.1%	37.3%	24.5%	21.2%	15.6%	18.3%	**18.4%**	**23.4%**
FCF margin (TIKR FCF / revenue)	20.5%	16.5%	20.1%	23.5%	27.5%	11.5%	(14.9%)	(26.3%)	(29.5%)	(9.4%)	**(21.7%)**	**(13.7%)**
FCF conversion (FCF / net income)	118.1%	107.6%	67.7%	80.4%	102.4%	45.9%	(117.4%)	(845.4%)	n.m.	n.m.	**(845.4%)**	**(305.6%)**
Capex % revenue	16.2%	18.8%	21.4%	22.5%	18.6%	25.7%	39.4%	47.5%	45.1%	27.7%	**40.1%**	**37.1%**
D&A % revenue	13.1%	13.0%	12.8%	15.0%	15.7%	14.9%	20.7%	17.7%	21.4%	22.1%	**20.4%**	**19.4%**
Capex / D&A	1.2x	1.4x	1.7x	1.5x	1.2x	1.7x	1.9x	2.7x	2.1x	1.3x	**2.0x**	**1.9x**
D&A % beginning net PP&E		22.5%	22.1%	22.1%	22.1%	20.8%	20.6%	11.9%	11.7%	10.8%	**11.5%**	**15.2%**
Acquisitions % revenue	26.0%	23.1%	0.3%	2.7%	–	–	1.1%	–	–	–	**–**	**0.2%**

Source: author's analysis based on Tikr data.

Free cash flow was negative four years in a row (-29.5% of sales in 2024). Capex reached 47.5% of sales in 2023 and fell to 27.7% in 2025. Between 2016 and 2021, by contrast, Intel generated free cash flow of between 11% and 27% of sales. **The normalization of FCF is probably the most important variable for knowing whether the turnaround works.**

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	29.4	33.0	35.5	39.2	32.4	43.8	25.5	24.8	64.0	26.5	**38.4**	**36.9**
Inventory days (DIO)	89.0	107.7	97.6	107.0	89.8	111.7	139.5	124.9	137.2	126.5	**129.5**	**127.9**
Payables days (DPO)	39.7	45.2	51.5	50.5	59.5	59.6	101.2	96.3	141.2	107.6	**115.0**	**101.2**
Cash conversion cycle (DSO + DIO − DPO)	78.7	95.6	81.6	95.7	62.7	95.9	63.8	53.4	60.0	45.4	**52.9**	**63.7**
Deferred revenue % revenue	2.9%	3.1%	3.8%	2.8%	1.8%	–	–	–	–	–	**–**	**–**
Operating NWC % revenue	4.6%	1.9%	(0.4%)	(1.7%)	0.2%	9.4%	(5.6%)	(11.6%)	(8.9%)	(3.8%)	**(8.1%)**	**(4.1%)**

Source: author's analysis based on Tikr data.

Inventory days went from 89 in 2016 to 126 in 2025, and days payable from 40 to 108. Intel stretched its payment terms to fund part of its working capital, which reduced the cash conversion cycle to 45 days.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	11,254	13,826	17,433	16,821	17,907	16,562	2,937	23	(1,056)	695	**(113)**	**3,832**
Invested capital = debt + equity − cash & ST inv.	74,410	81,830	89,272	93,436	93,672	104,304	117,011	134,628	133,441	136,053	**134,707**	**125,087**
ROIC = NOPAT / average invested capital		17.7%	20.4%	18.4%	19.1%	16.7%	2.7%	0.0%	(0.8%)	0.5%	**(0.1%)**	**3.8%**
ROIC incl. cash = NOPAT / average (debt + equity)		14.8%	17.7%	16.2%	16.0%	13.2%	2.1%	0.0%	(0.7%)	0.4%	**(0.1%)**	**3.0%**
Pre-tax ROIC = EBIT / average invested capital (reference)		23.6%	27.2%	24.6%	25.5%	22.3%	3.5%	0.0%	(1.1%)	0.7%	**(0.1%)**	**5.1%**
ROE = net income / average equity		14.2%	29.3%	27.7%	26.4%	22.5%	8.1%	1.6%	(17.4%)	(0.2%)	**(5.4%)**	**2.9%**
ROA = net income / average total assets		8.1%	16.8%	15.9%	14.4%	12.4%	4.6%	0.9%	(9.7%)	(0.1%)	**(3.0%)**	**1.6%**

Source: author's analysis based on Tikr data.

ROIC went from around 20% between 2017 and 2020 to practically 0% between 2023 and 2025. Invested capital grew from USD 74,000 to 136,000 million, while operating profit disappeared. **Intel not only needs to grow again or recover margins, it also needs to show that it can earn attractive returns on the enormous amount of capital it has invested.**

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	8,184	12,811	14,709	15,932	12,634	8,913	13,725	24,663	28,409	9,693	**20,922**	**17,081**
Net debt / EBITDA	0.4x	0.5x	0.5x	0.5x	0.3x	0.3x	0.8x	2.6x	2.8x	0.8x	**2.1x**	**1.4x**
Interest coverage (EBIT / interest expense)	20.5x	28.5x	49.7x	45.9x	38.0x	37.0x	7.9x	0.0x	(1.4x)	0.8x	**(0.2x)**	**8.9x**
Debt / (debt + equity), book	27.6%	28.0%	26.1%	27.3%	31.1%	28.6%	28.9%	31.1%	32.5%	27.2%	**30.2%**	**29.7%**
Current ratio	1.75	1.69	1.73	1.40	1.91	2.13	1.57	1.54	1.33	2.02	**1.63**	**1.72**

Source: author's analysis based on Tikr data.

Net debt reached USD 28,400 million in 2024 (2.9 times EBITDA) and fell to USD 9,700 million in 2025 thanks to capital investments and the sale of Altera. With the 2026 offering, Intel now has more cash than debt. Liquidity was never a problem (current ratio of 2.02), but interest coverage is still very weak (0.85 times) as long as operating profit does not recover.

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	61.7%	84.1%	114.2%	113.1%	92.5%	88.3%	n.m.	n.m.	n.m.	n.m.	**n.m.**	**88.3%**
EV / EBITDA	7.7x	8.4x	7.0x	8.4x	5.8x	6.3x	7.4x	24.8x	11.8x	15.7x	**17.4x**	**13.2x**
EV / revenue	3.0x	3.6x	3.2x	3.9x	2.7x	2.7x	2.0x	4.4x	2.2x	3.7x	**3.5x**	**3.0x**
P/E	16.7x	22.5x	10.1x	12.4x	9.2x	10.5x	13.6x	125.4x	n.m.	n.m.	**125.4x**	**49.8x**
FCF yield (FCF / market cap)	7.1%	4.8%	6.7%	6.5%	11.1%	4.4%	(8.6%)	(6.7%)	(17.9%)	(2.9%)	**(9.2%)**	**(6.3%)**

Source: author's analysis based on Tikr data.

Until 2021 Intel returned practically all of its free cash flow to shareholders. Since 2022 it has eliminated the dividend and buybacks. In terms of valuation, the stock ended 2025 at 15.7 times EBITDA, twice its historical average, with negative free cash flow. The market no longer values it for what it generates today, but for what it could generate if the turnaround works.

SECTION 04

Management and capital allocation

Lip Bu Tan became CEO on March 18, 2025. His profile is different from that of a purely financial manager. He was CEO of Cadence Design Systems and has decades of experience as an investor and operator in semiconductors. Intel needed precisely a leader able to assess products, processes, customers and capital allocation.

Skin in the game

The most interesting point of his compensation is that Tan committed to buy approximately USD 25M of Intel shares with his own money and must hold them for certain PSUs (*Performance Stock Units*) granted on joining to vest. In addition, a significant part of his long-term compensation depends on relative TSR (*Total Shareholder Return*) against the S&P 500 and on the absolute growth of the stock. The structure does not remove the risk of high pay, but the alignment is better than a package made up only of restricted stock that vests progressively while he stays at the company.

Capital allocation

Current management is doing three things I consider right: simplifying non-core assets, stopping cash distributions to shareholders while the business needs funding, and concentrating resources on x86, Foundry and advanced packaging. It is also cutting costs and organizational layers.

But I still have some doubts. Raising capex above USD 20B in 2026 and even more in 2027 is reasonable if there are clear signs of demand. But shareholders need to distinguish between investing because the expected return is attractive and investing because a semiconductor fab cannot stop without losing technological relevance. For that same reason I said in the ratios section that the evolution of ROIC will be key to see whether it is really creating value for shareholders.

The USD 23B offering of August 2026 is consistent with this logic: Intel took advantage of the share price rally to strengthen the balance sheet and fund capex without increasing its debt. But it also means that current shareholders are funding, through dilution, an investment cycle whose return has not yet been proven.

SECTION 05

Competitive position

MOAT

Intel's moat exists, but it is no longer the same as fifteen years ago. Software compatibility, relationships with OEMs and certifications, among others, still create switching costs.

A second barrier is the fabs. Replicating a network like Intel's requires tens of billions of dollars, access to scarce equipment, specialized talent and years of know-how.

Although I lean towards some of Intel's competitors in its different segments, that does not mean there is no moat, although in my opinion it is being rebuilt. Intel still has assets a new competitor cannot replicate, but it can no longer charge as if there were no alternatives. AMD, ARM and TSMC have shown that the historical advantage can be attacked from different points in the chain.

INDUSTRY CHARACTERISTICS

The semiconductor industry combines growth that does not depend on short-term economic cycles with violent cycles. Each new generation requires more R&D, more expensive equipment and greater manufacturing complexity. At the leading edge, scale becomes cumulative: the manufacturer with more volume learns faster, improves yields and spreads fixed costs over more wafers. That favors the leader and makes it hard to regain ground once lost.

The industry is also fragmenting computing. CPUs, GPUs, NPUs, ASICs, chiplets and advanced packaging coexist within the same system. The consequence is that the total TAM can grow very quickly without a single type of processor capturing all the growth. For Intel, the opportunity is to monetize several layers: CPUs, custom silicon, wafers and packaging.

WSTS (World Semiconductor Trade Statistics) projects a global semiconductor market of approximately USD 1.51T for 2026, with growth of 90% driven mainly by memory. For microprocessors it projects growth of 20%. The figure helps to understand the strength of the current cycle, but the total semiconductor TAM should not be confused with the one Intel can serve.

MARKET SHARE

In x86 CPUs Intel keeps the lead, but the gap has narrowed. Intel is estimated to have approximately 70.4% of client x86 units and 68.6% of revenue, while AMD reached 29.6% and 31.4% respectively. In server x86 the pressure is greater: AMD reached 33.2% of units and 46.2% of revenue, which leaves Intel with 66.8% of units and 53.8% of revenue.

The gap between unit share and revenue share in servers suggests AMD earns much more per unit.

In foundry the gap is much larger. Estimates indicate that TSMC reached more than 70% of the foundry market in Q1 2026, followed by Samsung with 6.5% and SMIC with 5.1%.

MAIN COMPETITORS

- **AMD**, the main x86 rival in PCs and servers, with manufacturing outsourced to TSMC.
- **NVIDIA**, dominant in accelerated computing and GPUs for AI. It competes for data center budgets and is, at the same time, a strategic partner of Intel.
- **ARM** and its ecosystem, including in-house designs from hyperscalers and solutions from Qualcomm, Apple and other manufacturers.
- **TSMC**, the main foundry benchmark and Intel Foundry's central competitor.
- **Samsung Foundry and GlobalFoundries**, manufacturing competitors across different nodes and geographies.
- **Broadcom, Marvell** and hyperscalers' in-house teams in custom silicon and ASICs.

Ticker	Revenue Forward 1Y CAGR	Gross Profit Margin	Free Cash Flow Margin	Operating Margin	Return on Invested Capital	CapEx to Revenue	Forward EV/EBITDA
INTC	19.3%	38.9%	5.0%	7.8%	3.2%	0.2	14.6
AMD	46.7%	55.7%	20.3%	15.8%	9.2%	0.0	24.6
NVDA	82.4%	74.1%	47.0%	64.0%	107.0%	0.0	20.0
2330	42.3%	64.2%	25.8%	56.1%	38.8%	0.3	13.7
ARM	23.0%	97.5%	29.2%	17.3%	11.8%	0.1	88.8
AVGO	66.0%	76.3%	43.4%	44.2%	20.3%	0.0	21.8

Source: Fiscal AI.

For this comparison I use **AMD, Nvidia, TSMC, ARM and Broadcom** as references. They are not perfect comparables, since their business models are quite different. AMD and Nvidia are mainly fabless, ARM monetizes intellectual property and licenses, TSMC is focused on foundry and Broadcom combines semiconductors with software. Intel, on the other hand, keeps an integrated model in which design and manufacturing coexist within the same company.

Even with these differences, the comparison lets us see clearly where Intel stands today against some of the main players in the industry.

In growth, Intel still lags. Consensus expected revenue growth of approximately **19% for the next year**, against 47% for AMD, 42% for TSMC, 66% for Broadcom and more than 80% for Nvidia. The good news is that Intel is growing again, but its competitors keep expanding at a considerably faster pace.

The gap becomes even more evident when looking at margins. Intel has a **gross margin close to 39%**, against 56% for AMD, 64% for TSMC and more than 70% for Nvidia and Broadcom. In operating margin the gap is even larger: Intel is around **8%**, while TSMC exceeds 50%, Nvidia 60% and Broadcom 40%.

Part of this difference is structural. Intel bears the cost of maintaining and developing its own fabs, while companies such as AMD or Nvidia outsource practically all of their production. ARM is an even more extreme case: its gross margin close to 98% reflects a model based mainly on licenses and intellectual property, so it should not be read as a direct comparison of manufacturing efficiency.

This can also be seen in cash generation. **Intel's FCF margin is currently around 5%**, far below AMD's 20%, TSMC's 26% and more than 40% for Nvidia and Broadcom. Intel not only generates less operating margin, but it also needs to reinvest a much larger share of its sales in production capacity.

In the table, Capex/Revenue is shown in decimal format because of a limitation of the website I took the data from; for example, **0.2 is roughly 20% of sales**.

Perhaps the metric that best sums up the current problem is **ROIC**. Intel earns a return on invested capital of just 3.2%, against 9.2% for AMD, 20.3% for Broadcom and 38.8% for TSMC. Nvidia shows an exceptional 107%, reflecting an extremely profitable model with little physical asset intensity. In Intel's case, after years of heavy investment, the challenge is not only to grow again, but to show that its huge asset base can generate adequate returns.

Valuation adds another interesting point. At the time of that comparison, Intel traded at around **14.6x forward EV/EBITDA**, practically in line with TSMC's 13.7x and below AMD, Nvidia or Broadcom. At first sight it might look cheap against some competitors, but that difference has to be analyzed together with the quality of the fundamentals. Today Intel has lower growth, considerably lower margins, worse FCF conversion and a much lower ROIC.

That is why, in my opinion, Intel's relative discount to its competitors is not a sign that it is cheap.

PORTER'S FIVE FORCES

- **Rivalry among competitors = Very high.**
  AMD, ARM, NVIDIA and TSMC compete with short product cycles and heavy R&D spending.
- **Threat of new entrants = Low in foundry / medium in design.**
  Building a foundry is extremely difficult. Designing chips is more accessible thanks to external foundries and licensable architectures.
- **Supplier power = High.**
  ASML and suppliers of materials, substrates and memory can become bottlenecks.
- **Customer power = Medium to high.**
  OEMs and hyperscalers buy large volumes, can negotiate and increasingly design their own silicon.
- **Threat of substitutes = High.**
  ARM, GPUs, ASICs and custom silicon can replace part of the traditional value of the x86 CPU.

SWOT

Strengths: x86 ecosystem and installed base. Scale in PCs and servers. Fabs and packaging in the United States. Integrated design and manufacturing capability. Strategic support from the Government.

Opportunities: 18A and 14A. External customers for Foundry. Collaboration with NVIDIA. Advanced packaging. Physical AI and edge. Custom chips. Monetization of Altera and Mobileye.

Weaknesses: Foundry still deeply loss-making. High capex and depreciation. Recent history of delays. Loss of share in servers. Weak FCF.

Threats: TSMC keeps a huge lead in foundry. AMD and ARM keep gaining share. Dilution, debt and geopolitical risk.

SECTION 06

The bulls vs. the bears

Intel is probably the most debated stock in the semiconductor sector. In a few months it went from USD 20 to more than USD 100 and back to around USD 56.

What do the bulls say?

The first argument is the **data center**. DCAI is growing at 78% because the expansion of AI infrastructure also needs CPUs, and Intel has capacity and relationships with the main customers.

The second is **strategic importance**. Intel is the only US company able to make leading-edge chips in its own country, and it has explicit support from the Government, SoftBank and NVIDIA. In a world of geopolitical tension, that has a value that is hard to measure.

The third is **operating leverage**. Intel has already made much of the investment. If 18A and 14A work and it wins external customers for Foundry, the improvement in margins and free cash flow could be enormous.

What do the bears say?

The first argument is **Foundry**: it is still losing close to USD 2,000 million a quarter and external customers are still minimal. Competing against TSMC requires scale, and scale requires customers it does not have today.

The second is the PC business, which is still half of sales and is entering a period of weakness. In addition, AMD and ARM keep gaining share.

The third is **dilution**. Between the 2025 investments and the 2026 offering, Intel issued close to 1,000 million new shares. The growth in the value of the company has to be shared among many more shareholders.

And fourth, returns: a ROIC close to zero after investing more than USD 100,000 million in fabs.

SECTION 07

Valuation

To value Intel I used a ten-year **discounted cash flow (DCF) model** with three scenarios (Best, Base and Worst Case) and two methods to calculate the terminal value: **perpetuity growth and exit multiple on EBITDA**.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		(14.0%)	(2.1%)	(0.5%)	**(5.7%)**	**17.0%**	**12.0%**	**21.0%**	**9.0%**	**8.0%**	**7.0%**	**6.0%**	**5.0%**	**4.5%**	**4.0%**
Best case	3.0%					20.0%	15.0%	24.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.5%	7.0%
Base case						17.0%	12.0%	21.0%	9.0%	8.0%	7.0%	6.0%	5.0%	4.5%	4.0%
Worst case	(3.0%)					14.0%	9.0%	18.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.5%	1.0%
Gross margin ▸ selected scenario		40.0%	38.9%	36.6%	**38.5%**	**40.0%**	**43.0%**	**46.0%**	**48.0%**	**50.0%**	**51.0%**	**52.0%**	**53.0%**	**53.0%**	**53.0%**
Best case	4.0%					44.0%	47.0%	50.0%	52.0%	54.0%	55.0%	56.0%	57.0%	57.0%	57.0%
Base case						40.0%	43.0%	46.0%	48.0%	50.0%	51.0%	52.0%	53.0%	53.0%	53.0%
Worst case	(6.0%)					34.0%	37.0%	40.0%	42.0%	44.0%	45.0%	46.0%	47.0%	47.0%	47.0%
EBIT margin ▸ selected scenario		0.1%	(2.7%)	1.8%	**(0.3%)**	**10.0%**	**12.0%**	**15.0%**	**18.0%**	**20.0%**	**22.0%**	**23.0%**	**24.0%**	**25.0%**	**25.0%**
Best case	6.0%					12.0%	18.0%	21.0%	24.0%	26.0%	28.0%	29.0%	30.0%	31.0%	31.0%
Base case						10.0%	12.0%	15.0%	18.0%	20.0%	22.0%	23.0%	24.0%	25.0%	25.0%
Worst case	(8.0%)					6.0%	6.0%	7.0%	10.0%	12.0%	14.0%	15.0%	16.0%	17.0%	17.0%
Capex % of revenue ▸ selected scenario		47.5%	45.1%	27.7%	**40.1%**	**29.0%**	**30.0%**	**28.0%**	**25.0%**	**22.0%**	**20.0%**	**18.0%**	**17.0%**	**16.0%**	**15.0%**
Best case	–					29.0%	30.0%	28.0%	25.0%	22.0%	20.0%	18.0%	17.0%	16.0%	15.0%
Base case						29.0%	30.0%	28.0%	25.0%	22.0%	20.0%	18.0%	17.0%	16.0%	15.0%
Worst case	2.0%					31.0%	32.0%	30.0%	27.0%	24.0%	22.0%	20.0%	19.0%	18.0%	17.0%

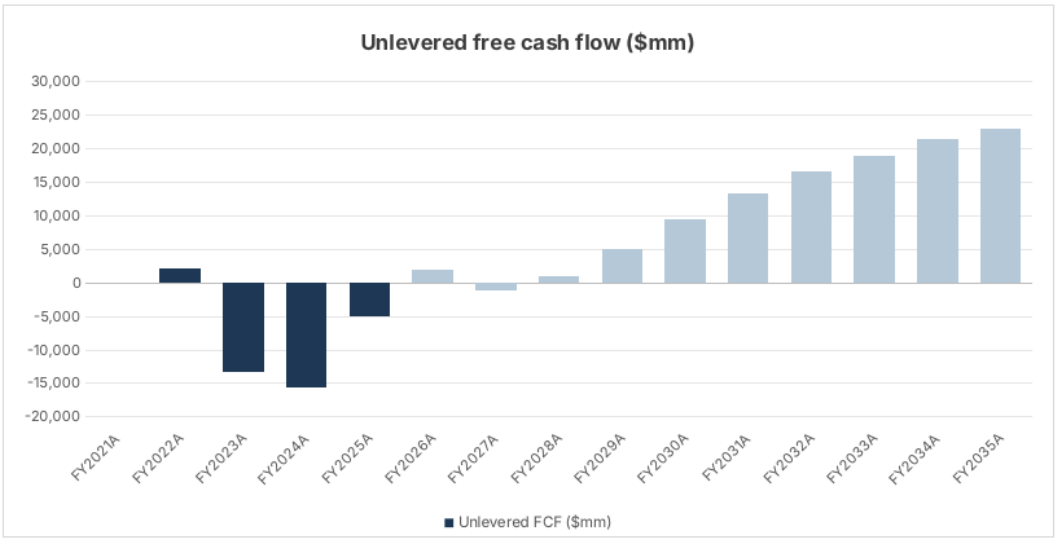
Source: author's analysis.

In the **Base Case** I assume Intel's current recovery continues but gradually moderates. Sales would grow 17% in 2026 (in line with the first three quarters and fourth-quarter guidance), 12% in 2027 and 21% in 2028, then slow down to 4% in 2035.

Gross margin would recover gradually from **40% in 2026 to 53%**, while EBIT margin would go from 10% to **25%**. These margins are still well below those of the Intel of 2018, but considerably above today's. Capex would stay high over the next few years (29-30% of sales) before normalizing towards 15%.

In the **Best Case** I assume a much more successful recovery: three points more growth per year, four points more gross margin and six points more EBIT margin, with a long-term EBIT margin of 31%. It is the scenario in which 18A and 14A work, Foundry wins relevant external customers and the data center keeps growing strongly.

The **Worst Case** represents a much more limited recovery: three points less growth, six points less gross margin, eight points less EBIT margin and capex two points higher. Foundry does not achieve scale and the loss of share to AMD and ARM continues.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)			Value
Risk-free rate			4.9%
Equity beta (levered)		x	1.75
Equity risk premium			4.2%
Country risk premium			-
Cost of equity			12.3%
Pre-tax cost of debt			5.5%
Tax rate (debt tax shield)			25.0%
After-tax cost of debt			4.1%
Market value of equity		$ mm	295,891
Total debt		$ mm	47,109
Debt / (Debt + Equity)			13.7%
Equity / (Debt + Equity)			86.3%
WACC			11.1%

Source: author's analysis.

As discount rate I use a **WACC of 11.1%**, made up of a risk-free rate of 4.9%, an equity risk premium of 4.2% and a beta of 1.75 (the historical five-year beta is even higher, 2.47). That gives a cost of equity of 12.3%. The pre-tax cost of debt is 5.5%.

To go from Enterprise Value to Equity Value I added USD 9,360 million of net cash: net debt at the end of 2025 minus the net proceeds of the 2026 offering. For the share count I use **5,237 million**, including the new shares.

VALUATION RESULTS

1) Perpetuity method

In the Base Case, with perpetual growth of 2.5% and a return on new invested capital of 11%, the Enterprise Value is approximately USD 141,000 million, which after adding net cash leads to an Equity Value of USD 150,400 million. That translates into a price per share of **USD 28.71**.

Intel Corporation

AZ STOCKS Acciones de la A a la Z

INTC · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

$28.71

Current share price	$56.50
Upside / (downside)	(49.2%)

VALUATION SUMMARY

Enterprise value	141,012
Equity value	150,372
PV of forecast cash flows	56,096
PV of terminal value	84,916
Terminal value % of EV	60.2%
Implied exit EV / EBITDA	4.5x

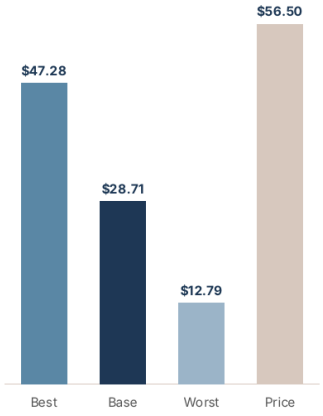
KEY ASSUMPTIONS

WACC (year 1)	11.1%
Terminal WACC	11.1%
Terminal growth (g)	2.5%
RONIC (terminal)	11.0%
Net debt & other claims	(9,360)
Diluted shares (mm)	5,237.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	238,233	247,593	**$47.28**	(16.3%)
Base case	2.5%	141,012	150,372	**$28.71**	(49.2%)
Worst case	2.0%	57,616	66,976	**$12.79**	(77.4%)
Current share price				*$56.50*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
10.1%	$32.79	$32.90	$33.02	$33.16	$33.33
10.6%	$30.65	$30.69	$30.73	$30.78	$30.84
11.1%	$28.74	$28.73	**$28.71**	$28.70	$28.68
11.6%	$27.03	$26.98	$26.92	$26.86	$26.79
12.1%	$25.49	$25.41	$25.32	$25.22	$25.12

Source: author's analysis.

In the Best Case the value is **USD 47.28** and in the Worst Case **USD 12.79**.

The sensitivity table shows something striking: the value practically does not change with the perpetual growth rate. It is the consequence of a return on capital very close to the cost of capital: **if Intel does not earn more than its capital costs, growth does not add value**. Even with a WACC of 10.1% the value barely reaches USD 33.

2) Exit multiple on EBITDA method

As a second method I use a multiple on terminal-year EBITDA: **9x for the Best Case, 6.5x for the Base Case and 5x for the Worst Case**.

I know 6.5x looks low for a semiconductor company (Intel currently trades at almost 16 times EBITDA). But in 2035 Intel would still be a very capital-intensive business: with capex at 15% of sales, a significant part of EBITDA never reaches shareholders. In fact, the 6.5x multiple already implies perpetual growth of 3.7%. Using higher multiples would be the same as assuming Intel will grow forever faster than the economy.

In the Base Case we get an Enterprise Value of approximately USD 179,400 million and an Equity Value of USD 188,800 million, equivalent to **USD 36.05 per share**.

Intel Corporation

INTC · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$36.05

Current share price	$56.50
Upside / (downside)	(36.2%)

VALUATION SUMMARY

Enterprise value	179,411
Equity value	188,771
PV of forecast cash flows	56,096
PV of terminal value	123,315
Terminal value % of EV	68.7%
Implied perpetual growth	3.7%

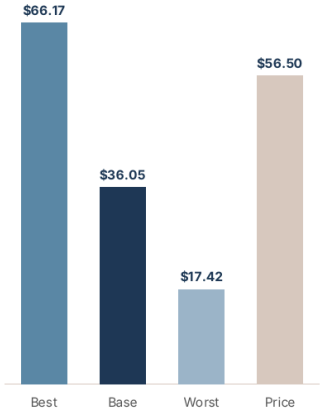
KEY ASSUMPTIONS

WACC (year 1)	11.1%
Terminal WACC	11.1%
Exit EV / EBITDA	6.5x
EBITDA, final forecast year	49,785
Net debt & other claims	(9,360)
Diluted shares (mm)	5,237.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	9.0x	337,184	346,544	**$66.17**	+17.1%
Base case	6.5x	179,411	188,771	**$36.05**	(36.2%)
Worst case	5.0x	81,866	91,226	**$17.42**	(69.2%)
Current share price				*$56.50*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	4.5x	5.5x	6.5x	7.5x	8.5x
10.1%	$30.81	$34.74	$38.68	$42.61	$46.55
10.6%	$29.78	$33.56	$37.33	$41.11	$44.88
11.1%	$28.80	$32.42	**$36.05**	$39.67	$43.29
11.6%	$27.86	$31.33	$34.81	$38.29	$41.77
12.1%	$26.95	$30.29	$33.63	$36.97	$40.31

Source: author's analysis.

In the Best Case the value is **USD 66.17** and in the Worst Case **USD 17.42**.

Reading the two methods together

Averaging both methods in the base case I get a **target price of USD 32 per share**, against a share price of USD 56.50. Even after the sharp fall from the August highs, the price is still above my intrinsic value. Only the Best Case, using the multiple method, justifies the current price.

SECTION 08

Conclusions

Intel is quite an interesting (but also more complex) turnaround story within the semiconductor sector.

For decades it was one of the most dominant companies in the industry, with high margins, huge cash generation and very attractive ROIC. That position deteriorated significantly in recent years, first because of technology mistakes and loss of competitiveness against AMD and TSMC, and then because of the enormous investment effort needed to try to regain leadership in manufacturing.

Today Intel seems to be entering a different stage. The Products business is showing better signs again, data center demand has regained strength and progress on 18A reduces part of the technology risk that weighed on Intel. At the same time, Foundry is still the unknown. Losses are still very high and Intel has yet to show that it can attract enough external customers to turn its fabs into a truly profitable asset.

That, in my opinion, is the main point of the thesis. Intel has already made a large part of the investment, so a recovery in volumes, utilization and margins could generate strong operating leverage. If it manages to grow without raising capex again at the pace of recent years, the improvement in Free Cash Flow could be very significant.

The problem is that the company still has a lot to prove. Its margins, cash generation and ROIC are still far below its main competitors, while the huge base of productive assets requires high utilization levels to generate attractive returns.

And this brings us to valuation.

In my base case, Intel gradually recovers growth and profitability, reaching a long-term gross margin of 53% and an operating margin of 25%. Even so, the DCF gives a **target price of USD 32 per share**, against the USD 56.50 at which it trades today.

The Best Case can justify values between USD 47 and USD 66, but to get there we need very good execution for several years, strong margin expansion, normalization of Free Cash Flow and, probably, an Intel Foundry much more competitive than it is today.

I think there are reasonable arguments to believe the business is improving. The question is how much of that recovery is already in the price.

At current levels, the market seems to be pricing in a significant part of the turnaround and leaves relatively little room for mistakes. That changes the risk-reward balance quite a bit. A company can improve operationally and, at the same time, not be a good investment if the price already anticipates an even bigger recovery.

Intel has assets that are hard to replicate, strategic support because of its importance to the United States and the possibility of regaining part of the ground lost in both products and manufacturing. If Foundry works, there is also considerable optionality that would probably be hard to value precisely today.

But that optionality is not free. To justify its current valuation, Intel needs to turn years of investment into **profitable growth, better margins and, above all, returns on capital significantly higher than today's**.

For all these reasons, **at the current price I do not find an adequate margin of safety.**

Because in the end, with Intel we do not only need to get the turnaround right. **We also need to pay a price that lets us make money if the turnaround simply goes well, and not only if it goes perfectly.**

Alan



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