

Intel Corp.

No FCF Even With Unrealistic Growth Targets

Intel's much anticipated 2022 Investor Meeting fell flat as CY22 guide was below St. with no FCF expected through 2024, even on unrealistic growth targets.

The punchline of the day has to be the outlook for zero FCF through 2024, despite what we see as unrealistic growth targets. We appreciate optimism but at this point, we believe the management team seems disconnected from reality and the incoming CFO seems to have done little to steer the messaging back in the right direction by underwriting the growth and margin targets (maybe over time). We wrote a long time ago that the truth will set you free ([4Q19 Preview: Looking for Ideas as the Air Gets Thin - 01/16/2020](#)) and that is still what is needed here and definitely not what we got. You only have to compare the annual guides (31% vs LSD) to see that AMD is not in the rear view mirror. INTC sees LSD growth accelerating to 10-12% by 2026 but we believe that will be hard given continued share loss (AMD and ARM) and a PC market which is still running 50M units too high. On the process development side, we still need to see a lot more execution as Intel's condensed roadmap is primed to repeat the mistakes of the past and still doesn't catch up to TSMC until 2025. After over three years as an UW rating, we were looking for a reason to be more positive but this AD only highlighted why the stock could underperform for another three.

IFS Outlook Overstates Opportunity: See \$180B TAM by 2030 split 70% leading edge and 30% mature and specialty nodes. 85% of the market is made up by Auto (\$16B TAM), Compute (\$60B), and Mobile (\$77B). Highlighted an existing \$2.3B in IFS today (including TSEM) with limited growth through '23 (~\$3.2B). Material acceleration very back weighted with '26 at ~\$9B, mostly driven by leading technology nodes. The node cadence cited for foundry was Intel 16 in '22, Intel 3 in H2'23 and Intel 18A in H2'24. That timing would be extremely aggressive considering the launch of Intel 3 is supposed to come in H2'23 (one year after Intel 4) and Intel 18A in the following H2. In the past launch dates have been more synonymous with sampling/early production vs. volume. 5+ anchor prospects on design engagement today with >30 customer test chips in '22 (2 at Intel 18A, 4 in H1'23). While the TAM seems large, we would highlight that there are only a few leading edge opportunities where Intel doesn't have a conflict of interest and struggle to see any customer allocating a large portion of their business until Intel is a trusted partner given their spotty history of both internal and external performance.

Overly Lofty Accelerated Computing TAM: See \$155B TAM in '26 for accelerated compute with \$100M within that for silicon. Think revenue opportunity is \$10B in '26 (>\$1B in '22 from \$700M in '21), which is of similar size to what NVDA just did in the Datacenter business in FY22. While a single digit % of the market looks achievable, we think this TAM is way too robust. Launching

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Completed: 18-Feb-22, 05:50 GMT Released: 18-Feb-22, 05:55 GMT Restricted - External

| CORE

INTC	UNDERWEIGHT Unchanged
U.S. Semiconductors	NEUTRAL Unchanged
Price Target	USD 45.00 lowered -10% from USD 50.00
Price (17-Feb-22)	USD 47.57
Potential Upside/Downside	-5.4%
Market Cap (USD mn)	193705
Shares Outstanding (mn)	4072.00
Free Float (%)	99.94
52 Wk Avg Daily Volume (mn)	28.7
Dividend Yield (%)	3.07
Return on Equity TTM (%)	22.52
Current BVPS (USD)	23.44
Source: Bloomberg	

Price Performance Exchange-Nasdaq
52 Week range USD 68.49-46.30



Source: IDC
[Link to Barclays Live for interactive charting](#)

U.S. Semiconductors

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Alchemist GPU this year with NB in Q1, Desktop in Q2 and workstation in Q3 with sales of 4M discrete GPU this year.

Targeting External Production For Certain Client SKUs, 10-30% Capex Offsets: The slides showed external capacity as a % of total is expected to remain similar from '22 to '26, but INTC is still targeting some portion of client to move to TSMC (Arrow Lake and Lunar Lake). INTC highlighted they are comfortable with 10% capex offsets and outlined “targeted capital offsets” of another 20-30%. When looking at yearly total IDM2.0 capex IFS tools don't make up a substantial part of the spend until 2025, indicating foundry customers will have to use capacity that is commingled with internal production. '22 and '23 are highly levered to space buildout with IDM tools seeing the most growth in '23.

Process Technology on Aggressive Path: Reiterate performance per watt parity in '24 and leadership in '25. First with High NA tool in '25 but difficult to foot with 18A manufacturing in '24. Reiterated 5 nodes in 4 years with continued “tick-tock” 4/3 and 20A/18A. Alder Lake Intel 7 10% performance per watt gain using thick metal layers and MIMs, new lower-k dielectric, novel high-density patterning and thin barrier. Intel 4 20% improvement in performance per watt, first use of EUV with Meteor Lake CPU tile productions starting tape out in H2'22. Intel 3 18% improvement in performance per watt, higher performance library, optimized drive current & metal stack. '22 lead product test wafers running in fab H2'22. 20A 15% improvement, introducing RibbonFET and PowerVia, IP test wafers running in fab H2'22 with manufacturing ready H2'24. 18A 10% improvement, Ribbon innovation for design optimization, line width reduction, '22 foundry customer test chips in H1, IP shuttle in H2 with manufacturing ready in H2'24. In packaging, using EMIB (more die per substrate) and Foveros (stacking) with new EMIB 55um and Foveros 36um in '22 (also combination with Ponte Vecchio). Foveros Omni and Foveros Direct ready in H2'23 enabling mix and match chiplets, 4x higher interconnect bump vs EMIB and 10x higher interconnect bump density vs. Foveros.

Ambitious Growth Rate Targets: INTC sees a path to accelerating top line growth over the next several years, with revenues expected up LSD through 2022, up M/HSD in 2023-2024 and ultimately up 10-12% from 2024 through 2026. Looking at traditional businesses, Client Computing (CCG) up L/MSD from \$41B in 2021 through 2026 (vs. St. down 3% CAGR during the same time period), Datacenter & AI (DCAI) up M/HSD from \$23B in 2021 through 2023 then up mid-teens through 2026, and Network & Edge (NEX) up mid-teens from \$8B in 2021 through 2026, with these 3 businesses accounting for roughly half the growth of the company (up M/HSD growth collectively over the next 5 years). Moving to emerging businesses, Accelerated Computing & Graphics (AXG) approaching \$10B by 2026 from >\$1B in 2022 and \$700M in 2021. . Lastly, Foundry (IFS) expected to grow steadily through 2026 from \$900M in 2021, with INTC signaling they will add an anchor customer in the H2'22. In all, we struggle to see Client up over this period given share loss and a likely reset in the PC market while the growth in AXG seems to be based solely on a TAM, which seems unrealistic (if true we would recommend exposure to NVDA for which we have an OW rating).

LT Financial Targets - No FCF in Sight: INTC guided 2022 revenue of \$76M (vs. St. \$75B), GM of 52% (vs. St. 52.1%) and EPS of \$3.50 (vs. St. \$3.65). FCF should be a negative \$1B-\$2B and remain close to zero through 2024. Looking ahead, revenue is guided up M/HSD in 2023 and 2024, with GM in the 51%-53% range, opex at 28-30% of revenue, capex/revenue spiking to ~35% amid investments in shell space. Finally INTC expects 10-12% revenue growth in 2025 and 2026, with GM rising to 54-58%, with product GMs running higher though offset by lower foundry (stated low 50s% for latter, which strikes us as quite ambitious given TSEM in 20s and TSMC overearning as monopoly). In reconciling the delta between 51-53% GMs to 54-58%, INTC pointed out 1-2 points from process technology leadership, 1-2 points from pricing for leading products, 1 point from business mix/scale and 1-2 points from fiscal discipline. Opex in

2025/2026 is also guided at 25-27% of revenue (implying some leverage but once again revenue is the question), capex/revenue at ~25%, and FCF at ~20% of revenue.

INTC: Quarterly and Annual EPS (USD)

	2021	2022			2023			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2022	2023
Q1	1.34A	0.81E	0.81E	0.80E	0.78E	0.78E	0.83E	-40%	-4%
Q2	1.36A	0.85E	0.83E	0.84E	0.83E	0.83E	0.86E	-39%	0%
Q3	1.45A	0.93E	0.93E	0.90E	0.96E	0.97E	0.94E	-36%	4%
Q4	1.15A	0.93E	0.93E	0.92E	1.00E	1.00E	0.98E	-19%	8%
Year	5.30A	3.52E	3.50E	3.45E	3.57E	3.58E	3.63E	-34%	2%
P/E	9.0		13.6			13.3			

Consensus numbers are from Bloomberg received on 17-Feb-2022; 16:49 GMT

Source: Barclays Research

U.S. Semiconductors

NEUTRAL

Intel Corp. (INTC)

UNDERWEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	74,718	75,878	76,242	N/A	N/A
EBITDA	36,052	30,297	32,468	N/A	N/A
EBIT	24,260	17,113	17,151	N/A	N/A
Pre-tax income	23,778	16,633	16,671	N/A	N/A
Net income (adj)	21,650	14,138	14,170	N/A	N/A
EPS (adj) (\$)	5.30	3.50	3.58	N/A	N/A
Diluted shares (mn)	4,084.9	4,039.5	3,958.1	N/A	N/A
DPS (\$)	1.39	1.46	1.53	N/A	N/A
Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA margin (%)	48.3	39.9	42.6	N/A	43.6
EBIT margin (%)	32.5	22.6	22.5	N/A	25.8
Pre-tax margin (%)	31.8	21.9	21.9	N/A	25.2
Net (adj) margin (%)	26.6	16.6	14.5	N/A	19.2
ROA (%)	14.1	8.4	7.9	N/A	10.2
ROE (%)	26.7	14.8	15.0	N/A	18.8
Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Tangible fixed assets	63,245	78,973	93,568	N/A	N/A
Intangible fixed assets	34,233	34,233	34,233	N/A	N/A
Cash and equivalents	28,413	21,128	15,659	N/A	N/A
Total assets	168,406	178,802	188,121	N/A	N/A
Short and long-term debt	38,101	49,475	57,189	N/A	N/A
Other long-term liabilities	7,738	7,738	7,738	N/A	N/A
Total liabilities	73,015	84,389	92,626	N/A	N/A
Net debt/(funds)	9,688	28,347	41,530	N/A	N/A
Shareholders' equity	95,391	94,413	95,495	N/A	N/A
Change in working capital	7,761	-16,706	-13,513	N/A	N/A
Cash flow from operations	29,991	25,621	28,609	N/A	N/A
Capital expenditure	-18,733	-27,000	-28,000	N/A	N/A
Free cash flow	11,258	-1,379	609	N/A	N/A
Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	9.0	13.6	13.3	N/A	12.0
EV/sales (x)	2.7	2.9	3.1	N/A	2.9
EV/EBITDA (x)	5.7	7.4	7.3	N/A	6.8
Equity FCF yield (%)	5.8	-0.7	0.3	N/A	1.8
P/Sales (x)	2.6	2.6	2.6	N/A	2.6
P/BV (x)	2.0	2.0	2.0	N/A	2.0
Dividend yield (%)	2.9	3.1	3.2	N/A	3.1

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (17-Feb-2022) **USD 47.57**
 Price Target **USD 45.00**

Why UNDERWEIGHT?

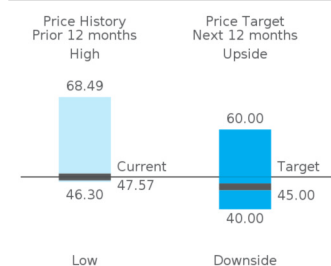
We are UW as the company continues to lose share, has an unproven and aggressive process roadmap, and now an additional fight in foundry.

Upside case **USD 60.00**

Our upside case of \$60 is based upon 15x our upside CY23 EPS of \$4.00, which assumes improved yields, greater government money, better growth in Data Center and PC markets.

Downside case **USD 40.00**

Our downside case of \$40 is based upon 12x our downside CY23 EPS of \$3.25, which assumes greater share loss to AMD, slowdown in server spending, slowing PC market, sustained yield issues, and/or outsourcing of leading edge Compute and DC chips leading to further share loss.

Upside/Downside scenarios

Changes to Estimates

Our CY22 revenue/EPS move to \$75.88B/\$3.50 (prior \$75.32B/\$3.52), and CY23 moves to \$76.24B/\$3.58 (prior \$75.27B/\$3.57).

Our price target of \$45 is based upon 13x our CY23 PF EPS of \$3.58. Our prior price target of \$50 was based upon -264x our CY23 FCF/Share of \$-0.19. We are moving back to using a P/E based valuation methodology, from FCF, as FCF is now negative.

FIGURE 1. Barclays vs. Consensus

Changes to Revenue and PF EPS Estimates - New vs. Old vs. Consensus					
		Mar Q	Jun Q	CY22	CY23
NEW	Revenues	\$18,310M	\$18,648M	\$75,878M	\$76,242M
	EPS	\$0.81	\$0.83	\$3.50	\$3.58
OLD	Revenues	\$18,310M	\$18,630M	\$75,316M	\$75,270M
	EPS	\$0.81	\$0.85	\$3.52	\$3.57
CONSENSUS	Revenues	\$18,307M	\$18,508M	\$75,265M	\$77,648M
	EPS	\$0.84	\$0.89	\$3.65	\$3.66

Source: Company Reports, Barclays Research and Bloomberg

FIGURE 2. INTC Income Statement

Intel Corporation																				
Fiscal Year-End: December	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	2020	2021	2022	2023
\$ in millions	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE	CY	CY	CYE	CYE
Revenues	\$19,828	\$19,728	\$18,333	\$19,978	\$18,566	\$18,533	\$18,087	\$19,532	\$18,310	\$18,648	\$19,329	\$19,591	\$18,390	\$18,676	\$19,315	\$19,862	\$77,867	\$74,718	\$75,878	\$76,242
QoQ	(1.9%)	(0.5%)	(7.1%)	9.0%	(7.1%)	(0.2%)	(2.4%)	8.0%	(6.3%)	1.8%	3.7%	1.4%	(6.1%)	1.6%	3.4%	2.8%				
YoY	23.5%	19.5%	(4.5%)	(1.1%)	(6.4%)	(6.1%)	(1.3%)	(2.2%)	(1.4%)	0.6%	6.9%	0.3%	0.4%	0.1%	(0.1%)	1.4%	8.2%	(4.0%)	1.6%	0.5%
Cost of Goods	7,523	8,919	8,282	8,320	7,667	7,482	7,560	8,631	8,797	9,038	9,190	9,426	8,810	8,902	8,980	9,358	33,044	31,340	36,450	36,050
Gross Profit	\$12,305	\$10,809	\$10,051	\$11,658	\$10,899	\$11,051	\$10,527	\$10,901	\$9,513	\$9,610	\$10,140	\$10,166	\$9,580	\$9,774	\$10,334	\$10,505	\$44,823	\$43,378	\$39,428	\$40,193
R&D	3,275	3,354	3,272	3,655	3,274	3,251	3,372	3,681	3,650	3,675	3,725	3,750	3,869	3,869	3,819	3,834	13,556	13,578	14,800	15,391
SG&A	1,491	1,397	1,383	1,705	1,104	1,319	1,408	1,709	1,850	1,860	1,885	1,920	1,924	1,894	1,899	1,934	5,976	5,540	7,515	7,651
Total Operating Expense	4,766	4,751	4,655	5,360	4,378	4,570	4,780	5,390	5,500	5,535	5,610	5,670	5,793	5,763	5,718	5,768	19,532	19,118	22,315	23,042
Operating Income	\$7,539	\$6,058	\$5,396	\$6,298	\$6,521	\$6,481	\$5,747	\$5,511	\$4,013	\$4,075	\$4,530	\$4,496	\$3,787	\$4,011	\$4,616	\$4,737	\$25,291	\$24,260	\$17,113	\$17,151
Gains (losses) on Investments	(111)	267	56	1,692	0	0	0	0	0	0	0	0	0	0	0	0	1,904	0	0	0
Interest Income (expense)	(210)	(194)	66	(40)	(156)	(96)	(76)	(154)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(378)	(482)	(480)	(480)
Profit Before Taxes	7,218	6,131	5,518	7,950	6,365	6,385	5,671	5,357	3,893	3,955	4,410	4,376	3,667	3,891	4,496	4,617	26,817	23,778	16,633	16,671
Taxes	986	853	843	1,706	889	834	(251)	656	584	593	661	656	550	584	674	693	4,388	2,128	2,495	2,501
Net Income	\$6,232	\$5,278	\$4,675	\$6,244	\$5,476	\$5,551	\$5,922	\$4,701	\$3,309	\$3,362	\$3,748	\$3,719	\$3,117	\$3,307	\$3,822	\$3,924	\$22,429	\$21,650	\$14,138	\$14,170
EPS - Pro Forma	\$1.45	\$1.23	\$1.11	\$1.52	\$1.34	\$1.36	\$1.45	\$1.15	\$0.81	\$0.83	\$0.93	\$0.93	\$0.78	\$0.83	\$0.97	\$1.00	\$5.31	\$5.30	\$3.50	\$3.58
EPS - GAAP	\$1.31	\$1.19	\$1.02	\$1.42	\$0.82	\$1.24	\$1.67	\$1.13	\$0.76	\$0.75	\$0.85	\$0.75	\$0.59	\$0.63	\$0.76	\$0.81	\$4.94	\$4.86	\$3.11	\$2.79
Dividends per share	\$0.33	\$0.33	\$0.33	\$0.33	\$0.35	\$0.35	\$0.35	\$0.35	\$0.37	\$0.37	\$0.37	\$0.37	\$0.38	\$0.38	\$0.38	\$0.38	\$1.32	\$1.39	\$1.46	\$1.53
Fully Diluted Shares	4,312	4,284	4,211	4,119	4,096	4,084	4,086	4,095	4,075	4,055	4,035	4,015	3,995	3,975	3,955	3,935	4,224	4,085	4,039	3,958
Percent of Sales																				
Gross Margin	62.1%	54.8%	54.8%	58.4%	58.7%	59.6%	58.2%	55.8%	52.0%	51.5%	52.5%	51.9%	52.1%	52.3%	53.5%	52.9%	57.6%	58.1%	52.0%	52.7%
R&D	16.5%	17.0%	17.8%	18.3%	17.6%	17.5%	18.6%	18.8%	19.9%	19.7%	19.3%	19.1%	21.0%	20.7%	19.8%	19.3%	17.4%	18.2%	19.5%	20.2%
SG&A	7.5%	7.1%	7.5%	8.5%	5.9%	7.1%	7.8%	8.7%	10.1%	10.0%	9.8%	9.8%	10.5%	10.1%	9.8%	9.7%	7.7%	7.4%	9.9%	10.0%
Operating Income	38.0%	30.7%	29.4%	31.5%	35.1%	35.0%	31.8%	28.2%	21.9%	21.9%	23.4%	22.9%	20.6%	21.5%	23.9%	23.8%	32.5%	32.5%	22.6%	22.5%
Tax Rate	13.7%	13.9%	15.3%	21.5%	14.0%	13.1%	(4.4%)	12.2%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	16.4%	8.9%	15.0%	15.0%
Net Income	31.4%	26.8%	25.5%	31.3%	29.5%	30.0%	32.7%	24.1%	18.1%	18.0%	19.4%	19.0%	16.9%	17.7%	19.8%	19.8%	28.8%	29.0%	18.6%	18.6%
Sequential Change																				
R&D	(3.2%)	2.4%	(2.4%)	11.7%	(10.4%)	(0.7%)	3.7%	9.2%	(0.8%)	0.7%	1.4%	0.7%	3.2%	0.0%	(1.3%)	0.4%	1.5%	0.2%	9.0%	4.0%
SG&A	(3.3%)	(6.3%)	(1.0%)	23.3%	(35.2%)	19.4%	6.8%	21.3%	8.3%	0.5%	1.3%	1.9%	0.2%	(1.6%)	0.3%	1.8%	(2.8%)	(7.3%)	35.6%	1.8%

Source: Company Reports, Barclays Research Estimates

Reconciliation of Pro Forma to GAAP																				
Restructuring and other	(162)	(9)	25	(52)	(2,209)	(346)	(42)	(29)									(198)	(2,626)	0	0
SBC - COGS					(50)	(75)	(75)	(75)	(78)	(78)	(78)	(78)	(80)	(80)	(80)	(80)	0	(275)	(312)	(320)
SBC - OPEX					(375)	(550)	(470)	(385)	(450)	(550)	(550)	(450)	(500)	(550)	(550)	(450)	0	(1,780)	(2,000)	(2,050)
NAND - COGS					317	544	616	518	500	500	500						0	1,995	1,500	0
NAND - OPEX					(146)	(142)	(174)	(164)									0	(626)	0	0
Acq-related - COGS	(289)	(302)	(310)	(310)	(312)	(314)	(322)	(335)	(335)	(335)	(335)	(335)	(335)	(335)	(335)	(335)	(1,211)	(1,283)	(1,340)	(1,340)
Acq-related - Other	(50)	(50)	(52)	(52)	(52)	(52)	(53)	(52)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(204)	(209)	(200)	(200)
Gain(Loss) on Equity Investments	(103)	165	(140)	(48)	368	295	1,707	369	150	150	150	150	150	150	150	150	(126)	2,739	600	600
Tax Impact	33	23	78	75	344	150	(286)	85	45	45	45	45	45	45	45	45	209	293	180	180
Net Income - GAAP	\$5,661	\$5,105	\$4,276	\$5,857	\$3,361	\$5,061	\$6,823	\$4,633	\$3,091	\$3,044	\$3,430	\$3,001	\$2,347	\$2,487	\$3,002	\$3,204	\$20,899	\$19,878	\$12,566	\$11,040
Pro Forma Shares	4,312	4,284	4,211	4,119	4,096	4,084	4,086	4,095	4,075	4,055	4,035	4,015	3,995	3,975	3,955	3,935	4,232	4,090	4,045	3,965
EPS - GAAP	\$1.31	\$1.19	\$1.02	\$1.42	\$0.82	\$1.24	\$1.67	\$1.13	\$0.76	\$0.75	\$0.85	\$0.75	\$0.59	\$0.63	\$0.76	\$0.81	\$4.94	\$4.86	\$3.11	\$2.79

Source: Company Reports and Barclays Research

FIGURE 3. INTC Balance Sheet

Intel Corporation																				
Fiscal Year-End: December	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	2020	2021	2022	2023
\$ in millions	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE	CY	CY	CYE	CYE
BALANCE SHEET																				
Assets																				
Cash and Cash Equivalents	\$20,803	\$25,815	\$18,253	\$23,895	\$22,397	\$24,857	\$34,635	\$28,413	\$24,683	\$23,420	\$22,581	\$21,128	\$19,076	\$17,403	\$16,681	\$15,659	\$23,895	\$28,413	\$21,128	\$15,659
Accounts Receivable	8,455	7,441	7,140	6,782	7,208	7,460	8,400	9,457	10,060	10,246	10,621	10,764	10,104	10,261	10,612	10,913	6,782	9,457	10,764	10,913
Total Inventories	9,246	8,969	9,273	8,427	8,487	8,817	9,798	10,776	11,117	11,421	11,108	11,394	11,133	11,250	10,855	11,311	8,427	10,776	11,394	11,311
Other	2,997	2,165	2,119	8,145	7,681	8,238	8,471	9,072	8,504	8,661	8,978	9,099	8,542	8,674	8,971	9,225	8,145	9,072	9,099	9,225
Total Current Assets	\$41,501	\$44,390	\$36,785	\$47,249	\$45,773	\$49,372	\$61,304	\$57,718	\$54,364	\$53,749	\$53,288	\$52,386	\$48,855	\$47,588	\$47,120	\$47,110	\$47,249	\$57,718	\$52,386	\$47,110
Property and Equipment	56,770	58,036	59,205	56,584	57,330	58,166	59,733	63,245	67,131	70,890	74,994	78,973	82,800	86,502	90,081	93,568	56,584	63,245	78,973	93,568
Goodwill & Intangible Assets, Net	36,705	37,246	36,836	35,997	35,379	34,786	34,470	34,233	34,233	34,233	34,233	34,233	34,233	34,233	34,233	34,233	35,997	34,233	34,233	34,233
Other Assets	12,734	12,867	12,435	13,261	12,140	12,273	12,455	13,210	13,210	13,210	13,210	13,210	13,210	13,210	13,210	13,210	13,261	13,210	13,210	13,210
Total Assets	\$147,710	\$152,539	\$145,261	\$153,091	\$150,622	\$154,597	\$167,962	\$168,406	\$168,938	\$172,082	\$175,725	\$178,802	\$179,099	\$181,533	\$184,644	\$188,121	\$153,091	\$168,406	\$178,802	\$188,121
Liabilities																				
Accounts Payable	\$4,638	\$5,045	\$5,159	\$5,581	\$5,434	\$5,917	\$6,792	\$5,747	\$5,317	\$5,462	\$5,554	\$5,697	\$5,809	\$5,869	\$5,921	\$6,170	\$5,581	\$5,747	\$5,697	\$6,170
Accrued Liabilities (Compensation and	2,358	2,833	3,197	3,999	2,757	3,176	14,060	12,589	11,589	11,939	12,289	12,639	11,639	11,989	12,339	12,689	3,999	12,589	12,639	12,689
Other Current Liabilities	13,435	12,349	13,252	12,670	13,313	12,048	4,026	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	12,670	4,535	4,535	4,535
Current Portion of Notes Payable	3,464	2,254	504	2,504	2,647	3,695	4,694	4,591	9,762	15,761	15,730	15,965	24,967	26,186	25,822	23,679	2,504	4,591	15,965	23,679
Total Current Liabilities	\$23,895	\$22,481	\$22,112	\$24,754	\$24,151	\$24,836	\$29,572	\$27,462	\$31,203	\$37,697	\$38,108	\$38,836	\$46,950	\$48,579	\$48,617	\$47,073	\$24,754	\$27,462	\$38,836	\$47,073
Notes Payable	36,455	36,093	36,059	33,897	33,237	31,714	35,610	33,510	33,510	33,510	33,510	33,510	33,510	33,510	33,510	33,510	33,897	33,510	33,510	33,510
Income Taxes Payable, Non-Current	4,651	4,795	4,811	4,578	4,605	4,172	4,223	4,305	4,305	4,305	4,305	4,305	4,305	4,305	4,305	4,305	4,578	4,305	4,305	4,305
Other Liabilities	6,355	7,160	7,725	8,824	8,822	8,668	8,470	7,738	7,738	7,738	7,738	7,738	7,738	7,738	7,738	7,738	8,824	7,738	7,738	7,738
Total Liabilities	\$71,356	\$70,529	\$70,707	\$72,053	\$70,815	\$69,390	\$77,875	\$73,015	\$76,756	\$83,250	\$83,661	\$84,389	\$92,503	\$94,132	\$94,170	\$92,626	\$72,053	\$73,015	\$84,389	\$92,626
Shareholders' Equity																				
Shareholders' Equity	\$76,354	\$82,010	\$74,554	\$81,038	\$79,807	\$85,207	\$90,087	\$95,391	\$92,183	\$88,832	\$92,064	\$94,413	\$86,596	\$87,400	\$90,474	\$95,495	\$81,038	\$95,391	\$94,413	\$95,495
Total Shareholders' Equity	\$76,354	\$82,010	\$74,554	\$81,038	\$79,807	\$85,207	\$90,087	\$95,391	\$92,183	\$88,832	\$92,064	\$94,413	\$86,596	\$87,400	\$90,474	\$95,495	\$81,038	\$95,391	\$94,413	\$95,495
Total Liabilities & Equity	\$147,710	\$152,539	\$145,261	\$153,091	\$150,622	\$154,597	\$167,962	\$168,406	\$168,938	\$172,082	\$175,725	\$178,802	\$179,099	\$181,533	\$184,644	\$188,121	\$153,091	\$168,406	\$178,802	\$188,121
CHECK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VALUATION RATIOS																				
Profitability Ratios																				
Return On Invested Capital	25%	21%	18%	20%	15%	22%	29%	20%	12%	11%	12%	10%	8%	8%	10%	10%	21%	22%	12%	9%
Return On Equity	32%	28%	23%	34%	27%	28%	28%	21%	14%	15%	17%	16%	13%	15%	17%	17%	29%	27%	15%	15%
Return On Avg Equity *	32%	27%	24%	32%	27%	27%	27%	20%	14%	15%	17%	16%	14%	15%	17%	17%	28%	25%	15%	15%
Return On Assets	18%	14%	12%	17%	14%	15%	15%	11%	8%	8%	9%	8%	7%	7%	8%	9%	16%	14%	8%	8%
Return On Net Assets	34%	26%	25%	32%	28%	27%	26%	20%	15%	15%	17%	16%	15%	15%	17%	17%	35%	27%	15%	15%
Return On Sales	31%	27%	26%	31%	29%	30%	33%	24%	18%	18%	19%	19%	17%	18%	20%	20%	29%	29%	19%	19%
* Avg Over Last 4 Qtrs																				

Source: Company Reports, Barclays Research

FIGURE 4. INTC Cash Flow Statement

Intel Corporation																				
Fiscal Year-End: December																				
\$ in millions	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE	CY	CY	CYE	CYE
CASH FLOW																				
Cash Flow from Operations																				
Net Income	\$5,661	\$5,105	\$4,276	\$5,857	\$3,361	\$5,061	\$6,823	\$4,623	\$3,091	\$3,044	\$3,430	\$3,001	\$2,347	\$2,487	\$3,002	\$3,204	\$20,899	\$19,868	\$12,566	\$11,040
Share Based Compensation	449	492	452	461	425	619	543	449	449	449	449	449	449	449	449	449	1,854	2,036	1,796	1,796
Depreciation	2,623	2,625	2,677	2,557	2,454	2,408	2,495	2,596	2,614	2,741	2,896	3,021	3,173	3,299	3,420	3,513	10,482	9,953	11,272	13,405
Amortization	427	438	446	446	448	449	464	478	478	478	478	478	478	478	478	478	1,757	1,839	1,912	1,912
Other	134	(226)	(13)	(1,682)	1,910	90	(516)	(316)									(1,787)	1,168	0	0
<i>Changes in Operating Assets & Liabilities</i>																				
Accounts Receivable, net	(796)	1,020	301	358	(426)	(252)	(940)	(1,056)	(603)	(186)	(375)	(144)	660	(157)	(351)	(301)	883	(2,674)	(1,307)	(149)
Inventories	(548)	277	(299)	(117)	180	(306)	(1,086)	(1,127)	(341)	(304)	313	(285)	260	(116)	394	(456)	(687)	(2,339)	(618)	82
Accounts Payable	117	91	147	57	303	122	670	95	(430)	145	92	143	112	61	52	249	412	1,190	(50)	473
Accrued Compensation & Benefits	(1,500)	581	431	951	(1,283)	447	820	531	(1,000)	350	350	350	(1,000)	350	350	350	463	515	50	50
Income Tax Payable & Receivable	753	450	(710)	1,127	383	(269)	(684)	129									1,620	(441)	0	0
Prepaid Supply Agreements	(87)	(74)	70	(90)	(1,566)	(5)	(6)	(6)									(181)	(1,583)	0	0
Other Asset & Liabilities	(1,075)	378	401	(35)	(641)	382	1,317	(599)									(331)	459	0	0
Net Cash From Operations	\$6,158	\$11,157	\$8,179	\$9,890	\$5,548	\$8,746	\$9,900	\$5,797	\$4,257	\$6,717	\$7,633	\$7,013	\$6,479	\$6,850	\$7,794	\$7,486	\$35,384	\$29,991	\$25,621	\$28,609
Cash Flow from Investing																				
PP&E	(\$3,268)	(\$3,408)	(\$3,716)	(\$3,867)	(\$3,972)	(\$3,602)	(\$4,005)	(\$7,154)	(\$6,500)	(\$6,500)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$14,259)	(\$18,733)	(\$27,000)	(\$28,000)
Acquisition (Divestiture) of Business	0	0	0	(1,031)	(416)	(266)	(436)	(687)									(1,031)	(1,805)	0	0
Maturities and Sales (Purchases) of Available-for-Sale Investments	112	(3,367)	1,969	1,205	639	(2,639)	1,474	1,942									(81)	1,416	0	0
Maturities and Sales (Purchases) of Trading Assets	(237)	(3,762)	482	(3,293)	796	(371)	(7,955)	859									(6,810)	(6,671)	0	0
Other	(343)	(73)	499	1,302	406	(26)	240	6									1,385	626	0	0
Net Cash from Investing	(\$3,736)	(\$10,610)	(\$766)	(\$5,684)	(\$2,547)	(\$6,904)	(\$10,682)	(\$5,034)	(\$6,500)	(\$6,500)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	(\$20,796)	(\$25,167)	(\$27,000)	(\$28,000)
Cash Flow from Financing																				
Proceeds from (repurchase) of common stock	(\$3,726)	\$9	(\$9,615)	\$0	(\$1,736)	(\$90)	\$427	\$4									(\$13,332)	(\$1,395)	\$0	\$0
Proceeds from (payment for) term loan	9,172	(1,700)	(1,750)	0		(500)	4,974	(2,000)									5,722	2,474	0	0
Payment of Dividend to Shareholders	(1,408)	(1,403)	(1,404)	(1,353)	(1,411)	(1,410)	(1,410)	(1,413)	(1,487)	(1,480)	(1,473)	(1,465)	(1,531)	(1,523)	(1,516)	(1,508)	(5,568)	(5,644)	(5,906)	(6,078)
Others	726	(97)	(24)	(344)	(527)	(288)	(85)	(397)									261	(1,297)	0	0
Net Cash from Financing	\$4,764	(\$3,191)	(\$12,793)	(\$1,697)	(\$3,674)	(\$2,288)	\$3,906	(\$3,806)	(\$1,487)	(\$1,480)	(\$1,473)	(\$1,465)	(\$1,531)	(\$1,523)	(\$1,516)	(\$1,508)	(\$12,917)	(\$5,862)	(\$5,906)	(\$6,078)
Effects of FX Fluctuations on Cash																				
																	0	0	0	0
Cash and Cash equiv at beginning	\$4,194	\$11,380	\$8,736	\$3,356	\$5,865	\$5,192	\$4,746	\$7,870	\$4,827	\$1,097	(\$166)	(\$1,005)	(\$2,458)	(\$4,510)	(\$6,183)	(\$6,905)	\$4,194	\$5,865	\$4,827	(\$2,458)
Net Increase in cash and cash equiv.	7,186	(2,644)	(5,380)	2,509	(673)	(446)	3,124	(3,043)	(3,730)	(1,263)	(839)	(1,453)	(2,052)	(1,673)	(721)	(1,022)	1,671	(1,038)	(7,285)	(5,469)
Cash and Cash equiv at end	11,380	8,736	3,356	5,865	5,192	4,746	7,870	4,827	1,097	(166)	(1,005)	(2,458)	(4,510)	(6,183)	(6,905)	(7,927)	5,865	4,827	(2,458)	(7,927)
Marketable Securities	9,423	17,079	14,897	18,030	17,205	20,111	26,765	23,586	23,586	23,586	23,586	23,586	23,586	23,586	23,586	23,586	18,030	23,586	23,586	23,586
Total Cash and Cash eqv plus MS at end	\$20,803	\$25,815	\$18,253	\$23,895	\$22,397	\$24,857	\$34,635	\$28,413	\$24,683	\$23,420	\$22,581	\$21,128	\$19,076	\$17,403	\$16,681	\$15,659	\$23,895	\$28,413	\$21,128	\$15,659
Check	20,803	25,815	18,253	23,895	22,397	24,857	34,635	28,413	24,683	23,420	22,581	21,128	19,076	17,403	16,681	15,659	23,895	28,413	21,128	15,659
Cash Flow from Operations																				
Capex	(3,268)	(3,408)	(3,716)	(3,867)	(3,972)	(3,602)	(4,005)	(7,154)	(6,500)	(6,500)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(14,259)	(18,733)	(27,000)	(28,000)
Free Cash Flow	\$2,890	\$7,749	\$4,463	\$6,023	\$1,576	\$5,144	\$5,895	(\$1,357)	(\$2,243)	\$217	\$633	\$13	(\$521)	(\$150)	\$794	\$486	\$21,125	\$11,258	(\$1,379)	\$609
FCF Per Share	\$0.67	\$1.81	\$1.06	\$1.46	\$0.38	\$1.26	\$1.44	(\$0.33)	(\$0.55)	\$0.05	\$0.16	\$0.00	(\$0.13)	(\$0.04)	\$0.20	\$0.12	\$4.99	\$2.75	(\$0.34)	\$0.15

Source: Company Reports and Barclays Research

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Primary Stocks (Ticker, Date, Price)

Intel Corp. (INTC, 17-Feb-2022, USD 47.57), Underweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Materially Mentioned Stocks (Ticker, Date, Price)

NVIDIA Corp. (NVDA, 17-Feb-2022, USD 245.07), Overweight/Neutral, CD/CE/J/K/M

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Below is the list of companies that constitute the "industry coverage universe":

U.S. Semiconductors

Advanced Micro Devices (AMD)	Allegro Microsystems (ALGM)	Analog Devices (ADI)
Broadcom Inc. (AVGO)	Cirrus Logic Inc. (CRUS)	Coherent Inc. (COHR)
II-VI Incorporated (IIVI)	Intel Corp. (INTC)	Lumentum Holdings Inc. (LITE)
MACOM Technology Solutions Holdings, Inc. (MTSI)	Marvell Technology Group, Ltd. (MRVL)	Micron Technology, Inc. (MU)

NVIDIA Corp. (NVDA)	NXP Semiconductors NV (NXPI)	Ouster, Inc (OUST)
Qorvo Inc. (QRVO)	QUALCOMM, Inc. (QCOM)	Seagate Technology plc (STX)
SGH (SGH)	Silicon Laboratories, Inc. (SLAB)	SiTime Corporation (SITM)
Skyworks Solutions, Inc. (SWKS)	Texas Instruments, Inc. (TXN)	Western Digital Corporation (WDC)
Xilinx, Inc. (XLNX)		

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To see a list of companies that comprise a particular industry coverage universe, please go to <https://publicresearch.barclays.com>.

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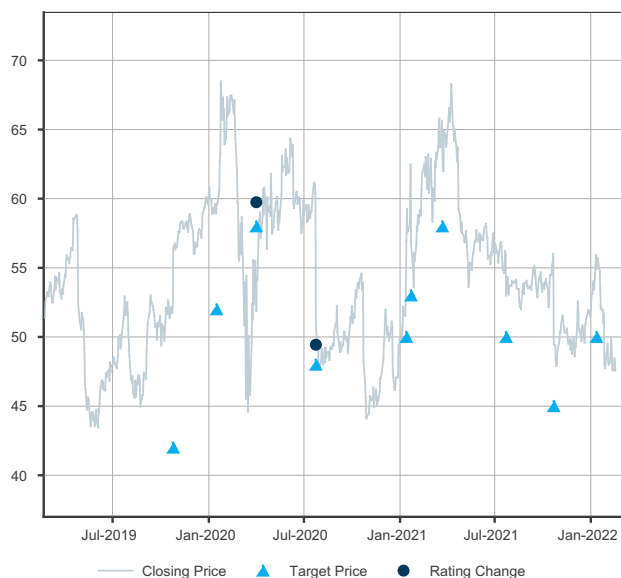
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Intel Corp. (INTC / INTC)Stock Rating: **UNDERWEIGHT**Industry View: **NEUTRAL****USD 47.57** (17-Feb-2022)**Rating and Price Target Chart - USD (as of 17-Feb-2022)**

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
12-Jan-2022	55.21		50.00
22-Oct-2021	56.00		45.00
23-Jul-2021	53.00		50.00
23-Mar-2021	63.48		58.00
22-Jan-2021	56.66		53.00
13-Jan-2021	56.95		50.00
24-Jul-2020	50.59	Underweight	48.00
01-Apr-2020	51.88	Equal Weight	58.00
16-Jan-2020	59.66		52.00
25-Oct-2019	56.46		42.00

On 18-Feb-2019, prior to any intra-day change that may have been published, the rating for this security was Underweight, and the adjusted price target was 40.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$45 is based upon 13x our CY23 PF EPS of \$3.58.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks to our thesis include continued PC growth at above historical rates, better share in PC and Server markets, technology transitions accelerating, and poor execution by AMD.

NVIDIA Corp. (NVDA / NVDA)

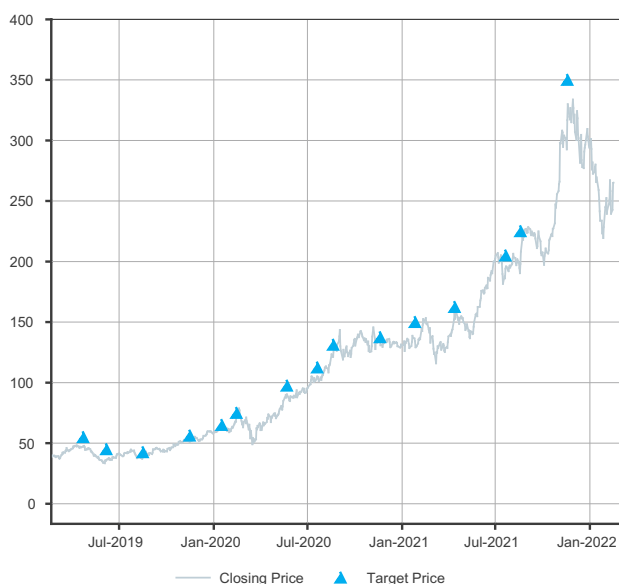
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

USD 245.07 (17-Feb-2022)

Rating and Price Target Chart - USD (as of 17-Feb-2022)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
18-Nov-2021	292.61		350.00
19-Aug-2021	197.98		225.00
21-Jul-2021	194.10		205.00
13-Apr-2021	156.80		162.50
26-Jan-2021	134.35		150.00
19-Nov-2020	134.40		137.50
20-Aug-2020	121.41		131.25
20-Jul-2020	105.11		112.50
22-May-2020	90.26		97.50

14-Feb-2020	72.45	75.00
16-Jan-2020	62.23	65.00
15-Nov-2019	51.05	56.25
16-Aug-2019	39.89	42.50
06-Jun-2019	35.95	45.00
22-Apr-2019	47.12	55.00

On 18-Feb-2019, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 43.75.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$350 is based upon 53x our FY23 non-GAAP EPS of \$6.57.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: (a) dependence on short product cycles; (b) dependence on PC industry; (c) lumpy adoption in the data center; (d) dependence on external foundries; and (e) dependence on the cyclical semiconductor industry.

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U.S. Semiconductors

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