

Intel FY2024 + FY2025 Run-Rate Due Diligence Brief

22 November 2025

Executive takeaways

- Intel finished FY2024 at 53.1B in revenue (-2% YoY) with gross margin compressed to 32.7% and a GAAP operating loss of 11.7B as IDM 2.0 modernization, inventory reserves, and restructuring charges totaled 7B (FY2024 Form 10-K).
- Client Computing returned to modest growth (30.3B, +3.5%) on AI PC enablement, while Data Center & AI (12.8B, +1.4%) leaned on Gaudi and Granite Rapids sampling; Network & Edge stayed flat, and Intel Foundry posted a 13.4B operating loss as 18A/20A fabs ramped below absorption targets (Operating Segments note).
- Cash from operations held at 8.3B despite losses, but 23.9B of capex kept free cash flow negative 15.6B; Intel is relying on 10B+ of CHIPS/EU subsidies, preferred equity, and strategic partnerships (U.S. DOE, Brookfield) to fund IDM 2.0.
- Balance sheet liquidity remains solid (cash + short-term investments 22B), yet debt sits at 46.3B and inventories climbed to 12.2B; cost controls, factory loading, and working-capital discipline are critical in 2025.
- Q1 FY2025 revenue was 12.7B (-0.4% YoY): DCAI grew 7.8%, NEX +46%, and Foundry +7% while CCG fell 8% awaiting AI PC launches; GAAP EPS stayed negative (-\$0.09) as foundry absorption and restructuring charges persisted (March 29, 2025 Form 10-Q).

Source corpus

- Intel Corporation Form 10-K for the fiscal year ended December 28, 2024 (filed February 2025).
- Intel Corporation Form 10-Q for the quarter ended March 29, 2025 (filed April 2025).
- Intel Corporation Form 10-Q for the quarter ended September 28, 2025 (filed November 2025, PDF reference for outlook/color).
- “Semiconductor List.xlsx” (updated November 2025) for peer growth, valuation, and profitability benchmarks.

IDM 2.0 transformation map

- **Foundry services (IFS):** 18A/20A process portfolio, advanced packaging (Foveros, EMIB), CHIPS-funded mega fabs in Arizona/Ohio/Germany, and external customers (MediaTek, Amazon, U.S. DoD) alongside internal wafers.
- **Client (CCG):** Meteor Lake/Arrow Lake, Lunar Lake ultra-mobile, AI PC platforms with on-die NPU (Copilot+), and Evo/Commercial vPro device stack.
- **Data Center & AI (DCAI):** Xeon 6 (E-core/Sierra Forest, P-core/Granite Rapids), Gaudi 2/3 accelerators, Falcon Shores GPU, Ethernet switching, and Habana software stack.

- **Network & Edge (NEX):** 5G vRAN, Time Coordinated Computing, industrial control, Movidius/Altera FPGA edge accelerators, private wireless partnerships.
- **Software and services:** OpenVINO, oneAPI, AI PC frameworks, internal foundry PDK/IP catalog.
- **Capital partnerships:** Brookfield/OH STID financing, CHIPS Act grants/loans, EU/German subsidies, and customer co-invest (e.g., Microsoft for IFS packaging).

FY2024 scoreboard

Metric (USD in billions)	FY2024	FY2023	YoY
Revenue	53.1	54.2	-2.1%
Gross margin	17.3	21.7	-20.1%
Operating income	-11.7	0.1	NM
Net income	-19.2	1.7	NM
Operating cash flow	8.3	11.5	-27.7%
Capital expenditures	23.9	25.8	-7.0%
Free cash flow	-15.6	-14.3	Worse
R&D expense	16.5	16.0	+3.1%
Restructuring & other	7.0	(0.1)	NM
Gross margin	32.7%	40.0%	-730 bps
Operating margin	-22.0%	0.2%	NM
Net margin	-36.2%	3.1%	NM

Table 1: Consolidated results derived from Intel FY2024 Form 10-K (amounts converted from millions).

Observations

- 6.97B of restructuring/product charges plus higher start-up depreciation erased the modest gross profit base, yielding full-year operating losses despite positive operating cash flow.
- R&D intensity (31% of revenue) reflects concurrent CPU, GPU, accelerator, and process-node roadmaps; Intel reiterated \$15B+ annual R&D through 2026.
- Free cash flow stayed deeply negative until IFS loads its megafabs; management expects external wafers and subsidies to close the gap by 2026.

Segment and mix dynamics

FY2024 segment revenue

Latest quarterly pulse (Q1 FY2025)

- Revenue 12.7B (-0.4% YoY); CCG 7.63B (-7.8%), DCAI 4.13B (+7.8%), NEX 0.94B (+46%), Intel Foundry 4.67B (+7.1%).

Segment	Revenue (\$B)	Mix	YoY
Client Computing Group	30.3	57%	+3.5%
Data Center & AI	12.8	24%	+1.4%
Network & Edge	5.8	11%	+1.2%
Intel Foundry (IFS)	17.5	33%	-7.2%
All other/eliminations	-13.3	-25%	Improved

Table 2: Reportable segment breakout per FY2024 Form 10-K, Note 3. Segment mix shown versus consolidated revenue.

- Gross margin 5.5B (43.4%) vs. 5.2B (41.0%) prior year; operating loss -1.1B as Foundry GM stayed -21%.
- Cash from operations 1.1B; capex 4.8B keeps quarterly free cash flow near -3.7B despite initial CHIPS inflows.

Balance sheet, liquidity, and capital intensity

- **Liquidity:** Cash 8.2B plus short-term investments 13.8B provide 22B of liquidity; Intel also has 10B+ undrawn green/CHIPS-linked credit facilities.
- **Leverage:** Total debt 46.3B (including 3.7B short-term) vs. equity 99.3B; rating agencies keep Intel at A-/Baa1 contingent on subsidy execution and negative free cash flow narrowing.
- **Working capital:** Inventories 12.2B (days inventory textascitilde190) as Intel stages EUV nodes; accounts payable 12.6B reflects tool deliveries and co-invest structures.
- **Capex pipeline:** 2025 capex guide remains “low-20B” even after Brookfield partnership; subsidies (US CHIPS, EU/Germany, Israel) expected to reimburse 5–7B annually once milestones hit.
- **Capital returns:** Dividend remains suspended; buybacks paused since 2022 to prioritize fab funding.

Strategic themes and catalysts

1. **Foundry scale-up:** Landing anchor customers (DoD, AWS, MediaTek, Microsoft) on 18A/20A and Foveros Direct is key to absorbing 13B+ of annual fixed cost.
2. **AI PC refresh:** Copilot+ premium notebooks, Lunar Lake, and Arrow Lake are the primary levers to stabilize CCG mix and margin.
3. **Gaudi/Falcon Shores ramp:** Offering a lower-cost accelerator alternative while Falcon Shores unifies GPU + vector IP in 2026; need proof points (Azure, AWS) to validate software stack.
4. **Cost resets:** 10B cost-out program through 2025 targets opex and COGS; monitoring factory loading, EUV utilization, and headcount actions.
5. **Government/partner funding:** Execution on CHIPS grants, DOE loans, and customer co-invest (Brookfield, Apollo, PC OEMs) determines whether capex stays sustainable.

Risks and watch items

- **Foundry economics:** Prolonged negative gross margin at IFS would pressure liquidity before subsidies arrive.
- **PC cycle timing:** If AI PC uptake slips beyond holiday 2025, CCG mix could revert to low-end Chromebooks with weaker ASPs.
- **Accelerator competition:** NVIDIA Blackwell and custom silicon (Amazon, Google) may limit Gaudi attach unless Intel rapidly expands software support.
- **Supply chain execution:** 18A/20A yield learning, tool install bottlenecks, or HVM delays could jeopardize both internal Xeon 6 and external foundry commitments.
- **Macro/geo:** Export controls on China data centers (where Intel still has share) and potential delays in EU subsidy disbursements remain key swing factors.

Scenario outlook

Scenario	Key assumptions	FY2025 revenue (\$B)	FY2025 EPS (USD)
Bear	AI PC adoption slips to late 2026, Foundry GM stays below -15%, CHIPS cash pushes to 2026, DCAI share losses to NVIDIA Gaudi alternatives.	50	-0.40
Base	AI PCs reach mid-teens PC mix, DCAI grows high-single digits on Xeon 6 + Gaudi, Foundry losses narrow with first external 18A wafers and CHIPS reimbursements.	55	0.15
Bull	CHIPS funds arrive early, Microsoft/DoD lock multi-year IFS capacity, Gaudi wins two hyperscale training clusters, PC refresh drives double-digit CCG growth.	58	0.60

Table 3: Scenario guardrails anchored on FY2024 actuals, Q1 FY2025 run-rate, and peer estimates from Semiconductor List.xlsx.

Action items

- Monitor CHIPS Act grant/loan milestones (U.S. and EU) and related cash inflows to gauge capex funding risk.
- Track OEM launches of Copilot+ and AI PC skus (HP, Dell, Lenovo) plus attach rates for Intel's NPU roadmap.

- Compare Gaudi win announcements versus NVIDIA Blackwell/Hopper deployments to judge DCAI upside.
- Review quarterly disclosures on IFS external revenue, backlog, and packaging utilization to assess fixed-cost absorption.
- Refresh valuation comps (PS NTM 3.2x, PE NTM 63.8x, beta 1.36) against AMD, NVIDIA, Broadcom, Qualcomm once FY2025 guide updates arrive.

Appendix: data notes

- Figures sourced from Intel FY2024 Form 10-K and Q1 FY2025 Form 10-Q; amounts reported in millions converted to USD billions and rounded to one decimal unless noted.
- Free cash flow defined as net cash provided by operating activities minus additions to property, plant, and equipment.
- Segment percentages calculated against consolidated revenue; negative “all other” reflects corporate allocations and inter-segment eliminations.
- Valuation data (market cap, PS/PE, beta, net margin) taken from “Semiconductor List.xlsx” (November 2025 refresh).