

# Equity Research Report: Intel Corporation

## Business Overview

Intel Corporation, founded in 1968, is a global leader in semiconductor design, manufacturing, and sales, serving diverse markets such as data centers, personal computers, autonomous vehicles, and edge computing. The company is renowned for its advanced process technologies, extensive research and development capabilities, and integrated manufacturing model. Its product portfolio includes high-performance CPUs, GPUs, accelerators, and foundry services, supported by a dominant x86 ecosystem. Intel maintains a strong market position in server and PC segments, competing with industry giants like AMD, NVIDIA, and TSMC. The company is strategically focused on expanding manufacturing capacity through its IDM 2.0 initiative, launching innovative processors, and forming key industry partnerships. With a global presence, Intel continues to capitalize on emerging trends like AI, cloud computing, and 5G, aiming to reinforce its leadership in the evolving semiconductor industry.

## Market Position

key\_financials: In fiscal year 2024, Intel's revenue declined by 14% to 54.2 billion dollars, mainly due to drops in data center, AI, network, and edge segments, as well as client computing. Gross margins contracted from 42.6% to 40%, reducing gross profit to 21.7 billion dollars, reflecting lower revenue and higher costs. Net income fell sharply by 79% to 1.7 billion dollars, with earnings per share dropping from 1.94 to 0.40, indicating significant profit erosion. The company's total assets are approximately 196.5 billion dollars, with current assets of 47.3 billion and liabilities of 91.45 billion dollars, including long-term debt of 46.3 billion. Shareholders' equity remains strong at nearly 99.3 billion dollars. Despite operational challenges, Intel maintains a stable capital structure, healthy liquidity, and a robust asset base, positioning it for future strategic investments.

## Operating Results

Intel's valuation reflects its strong asset base and manageable leverage amid declining revenues and profitability. With total assets of approximately 196.5 billion dollars and shareholders' equity near 99.3 billion dollars, the company demonstrates solid financial stability. Current assets of 47.3 billion dollars comfortably cover current liabilities of 35.7 billion dollars, indicating good liquidity. Although long-term debt has increased to 46.3 billion dollars from prior levels, it remains proportionate to total assets, supporting ongoing operations and strategic initiatives. The high value of property, plant, and equipment underscores significant investment in infrastructure. Despite recent revenue declines and margin pressures, Intel's robust asset position and prudent capital structure suggest resilience and potential for future growth, provided it can address operational challenges and innovate effectively.

## Summarization

FY (USD mn) 2024		2023	2022	2021	2020
Revenue	53,101	54,228	63,054	79,024	77,867
Revenue Growth	-2.1%	-14.0%	-20.2%	1.5%	8.2%
Gross Profit	17,345	21,711	26,866	43,815	43,612
Gross Margin	0.33	0.40	0.43	0.55	0.56
EBITDA	1,203	11,242	15,610	33,874	36,115
EBITDA Margin	0.02	0.21	0.25	0.43	0.46
FCF	-15,656	-14,279	-9,617	9,127	20,931
FCF Conversion	0.83	-8.45	-1.20	0.46	1
ROIC	-12.2%	0.1%	1.6%	12.2%	15.1%
EV/EBITDA	106.94	22.48	8.94	7.13	6.32
PE Ratio	-4.63	124.66	13.55	10.48	9.46
PB Ratio	0.88	1.99	1.07	2.18	2.44
CFO	8,288	11,471	15,433	29,456	35,384

## FinRobot

Team9 - UOA

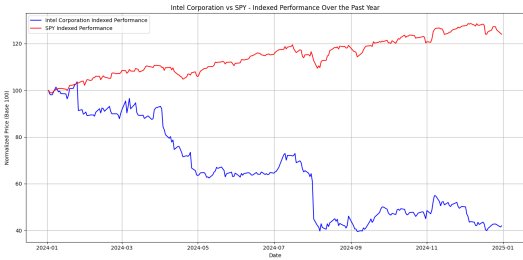
GitHub:ashreim-UPL/FinRobot-Langgraph.git

Report date: 2024-04-02

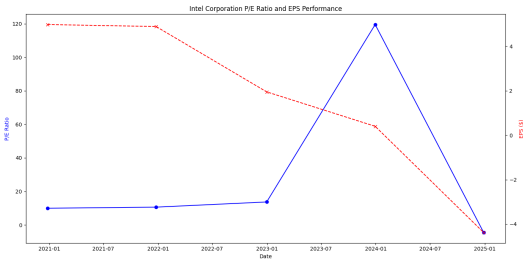
## Key data

Rating	C
Currency	USD
Closing Price (USD)	33.10
Market Cap (USD) (Millions)	98101.38
52 Week Price Range (USD)	26.86 - 51.28
BVPS (USD)	24.54

## Share Performance



## PE & EPS



## Risk Assessment

Risk assessment for Intel highlights the company's exposure to several significant challenges inherent in the semiconductor industry. The industry is characterized by intense competition and rapid technological change, which require continuous innovation and substantial investment. The fast pace of technological advancements often leads to product obsolescence, demanding ongoing research and development efforts to maintain market relevance. Intel's substantial capital expenditures on process technology and manufacturing capacity, including investments in new process nodes and advanced equipment, reflect the high capital intensity and technological risks involved. Delays in developing and deploying advanced manufacturing processes, such as 10nm and 7nm nodes, have historically caused product launch setbacks and competitive disadvantages, emphasizing the importance of timely execution. The competitive landscape is highly dynamic, with key players like AMD, NVIDIA, Qualcomm, and emerging Chinese entrants vying for market share through innovation and pricing strategies. Intellectual property disputes and trade restrictions further complicate the environment, especially given geopolitical tensions between the US and China. These tensions pose risks to supply chains and market access, potentially disrupting operations and revenue streams. The industry's cyclical nature adds another layer of risk, with demand fluctuations driven by macroeconomic conditions, inventory levels, and product lifecycle stages. During downturns, underutilized manufacturing capacity and inventory write-downs can significantly impact financial performance, while periods of high demand may strain supply chains and lead to missed opportunities. Intel's reliance on a limited number of suppliers, such as ASML for EUV equipment, and a concentrated customer base—where the top three customers account for approximately 40% of revenue—amplifies vulnerability to supply chain disruptions and customer dependency. Market volatility also affects the company's investment portfolio, with a potential 35% decline in marketable securities representing a substantial financial impact. Despite some downside protections, including diversification across segments, long-term customer contracts, government incentives, and strategic partnerships, the inherent volatility of the industry means risks remain elevated. Success in navigating these challenges depends on Intel's agility in innovation, supply chain resilience, and geopolitical risk management, but the overall risk profile remains high due to the industry's rapid pace of change and external uncertainties.

## Competitors Analysis

Competitors analysis for Intel reveals a landscape where operational efficiency, profitability, and valuation metrics are critical indicators of competitive positioning. Compared to its peers, Intel's EBITDA Margin, if higher, suggests superior profitability efficiency, while a lower EV/EBITDA ratio could indicate undervaluation or perceived higher risk by the market. The company's ability to convert earnings into free cash flow effectively is vital; a stable or improving FCF Conversion rate demonstrates strong cash management and financial stability, making it more attractive to investors. Higher ROIC relative to competitors signals effective utilization of capital and operational excellence, which can translate into sustained shareholder value creation. Revenue growth trends are equally important; consistent expansion indicates strong market acceptance and competitive strength, whereas stagnation or decline may highlight challenges such as market saturation or competitive pressures. Recent margins, particularly EBITDA and gross margins, serve as key indicators of cost control and pricing power. If these margins outperform industry averages, it underscores Intel's operational robustness. The valuation, as reflected in the EV/EBITDA ratio, should be interpreted in conjunction with these margins; a lower ratio compared to peers might suggest undervaluation, especially if margins and cash flow metrics are strong. Conversely, a high valuation coupled with lagging profitability or cash flow metrics could point to overvaluation or inflated growth expectations. Overall, Intel's competitive position is shaped by its ability to maintain or improve margins, generate strong cash flows, and efficiently deploy capital. Its revenue trajectory and market acceptance further influence its standing relative to competitors. If Intel demonstrates consistent operational improvements and maintains favorable valuation metrics, it could be viewed as undervalued or fairly valued within the industry. However, if profitability and cash flow metrics lag behind valuation levels, concerns about overvaluation or underlying risks may arise. The company's future prospects hinge on its capacity to sustain revenue growth, enhance operational efficiency, and deliver higher returns on invested capital amidst a competitive environment.