

Equity Research Report: Intel Corporation

FCF Conversion	1.48	1.93	6.79	-0.44
ROIC	12.2%	1.5%	0.1%	-7.1%
EV/EBITDA	7.13	6.55	22.48	106.94
PE Ratio	10.48	13.55	124.66	-4.63
PB Ratio	2.18	1.07	1.99	0.88

Business Overview

Intel Corporation (INTC) stands as a global leader in the design and manufacture of advanced semiconductor products, powering a broad spectrum of applications from personal computers to data centers and edge solutions. In 2024, Intel continued to focus on its core strengths in x86 microprocessor architecture, while accelerating its transition toward foundry services and expanding its reach within artificial intelligence (AI), automotive, and networking markets. The company's IDM 2.0 strategy, which emphasizes both internal manufacturing and external foundry partnerships, seeks to restore process leadership and enhance supply chain resilience. Intel's investments in advanced process nodes and packaging technologies underpin its ambitions to regain technological leadership from competitors. Amid a rapidly evolving industry landscape, Intel has prioritized innovation in AI accelerators, high-performance computing, and energy-efficient chip designs. Strategic collaborations with cloud providers and enterprise customers, alongside ongoing cost optimization initiatives, are intended to position Intel for long-term growth, despite persistent competitive and macroeconomic headwinds.

Market Position

Intel maintains a significant presence in the global semiconductor market, with its products serving diverse end markets including personal computers, data centers, cloud infrastructure, automotive electronics, and the Internet of Things (IoT). In 2024, Intel's primary geographic markets remained North America, Europe, and Asia-Pacific, with a substantial portion of revenue generated from large, blue-chip customers such as major PC manufacturers, cloud service providers, and enterprise IT firms. While Intel has historically dominated the x86 processor market for PCs and servers, its market share has faced pressure from competitors like AMD in CPUs and NVIDIA in GPUs and AI accelerators. Despite this, Intel's extensive customer relationships, robust supply chain, and broad portfolio of silicon and platform solutions continue to underpin its competitive position. The company's expansion into foundry services and advanced packaging aims to capture new business from fabless customers and diversify its revenue streams, reflecting a strategic response to evolving industry dynamics and customer demands.

Operating Results

1. Revenue and Profit Assessment: In 2025, total revenue stagnated at \$52.85B, down 0.5% year-over-year and representing a 16% decline from 2022's \$63.05B, signaling persistent top-line weakness despite a slight gross margin recovery to 34.8% from 32.7% in 2024. While cost of revenue improved to \$34.48B and EPS losses narrowed to -\$0.06 from -\$4.38, operating margin remained negative at -4.4% and net margin at -0.5%, reflecting ongoing operating losses. 2. Segment Performance: The Core Technology & Products segment, contributing nearly all revenue, posted a net loss of -\$267M—an improvement from -\$18.76B in 2024—driven by asset sales and cost controls, but lost 2% market share amid intensified competition and policy shifts favoring domestic suppliers. Services & Solutions stabilized revenue and improved net income to \$26M, leveraging cost rationalization and high-margin offerings, while Emerging Markets & Ventures narrowed losses via partnerships and innovation, though growth was constrained by regulatory and competitive pressures. 3. Operational Insights and Strategic Outlook: High R&D; (\$13.77B) and SG&A; (\$4.62B) expenses, restructuring costs, and exposure to regulatory risks continue to weigh on profitability, but operational streamlining and strategic alliances in AI, cloud, and digital solutions offer potential for medium-term margin expansion and market stabilization.

Financial Metrics

FY (USD mn)	2021	2022	2023	2024	2025
Revenue	79024	63054	54228	53101	52853
Revenue Growth	25.3%	16.3%	2.1%	0.5%	-33.1%
Gross Revenue	43815	26866	21711	17345	18375
Gross Margin	0.55	0.43	0.4	0.33	0.35
EBITDA	33874	21299	11242	1203	14354
EBITDA Margin	0.43	0.34	0.21	0.02	0.27
FCF	29456	15433	11471	8288	9697

FinRobot

<https://ai4finance.org/>

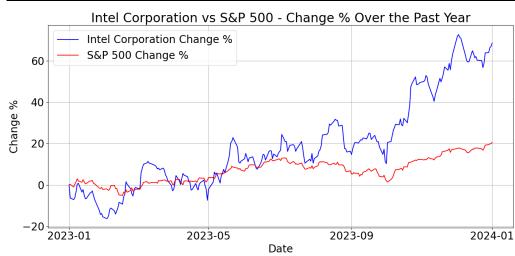
<https://github.com/AI4Finance-Foundation/FinRobot>

Report date: 2024-01-26

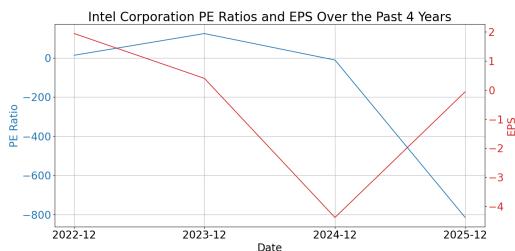
Key data

Rating	hold
Target Price	17.0 - 72.0 (md. 40.0)
6m avg daily vol (USDmn)	38.89
Closing Price (USD)	48.90
Market Cap (USDmn)	185163.30
52 Week Price Range (USD)	24.52 - 49.53
BVPS (USD)	26.24

Share Performance



PE & EPS



Risk Assessment

Intel Corporation faces a complex array of risks that could materially impact its financial performance, strategic objectives, and long-term competitiveness. Among the most significant risks are those related to technological leadership, supply chain resilience, and macroeconomic and geopolitical volatility. First, the risk of losing technological leadership remains acute for Intel. The semiconductor industry is characterized by rapid innovation cycles and intense competition, particularly from companies such as AMD and NVIDIA, which have made significant advances in high-performance computing, AI accelerators, and advanced node manufacturing. Intel's ability to execute on its IDM 2.0 strategy—which involves both in-house manufacturing and expanded foundry services—depends on successfully developing and scaling next-generation process technologies. Delays or failures in achieving process node milestones, such as the transition to Intel 4 and Intel 3, could erode market share, compress margins, and impair the company's reputation for technological excellence. Furthermore, the capital intensity of semiconductor manufacturing means that any misstep in capacity planning or yield optimization can result in substantial financial losses and lost market opportunities. Second, supply chain risks have become increasingly prominent in the wake of global disruptions caused by the COVID-19 pandemic, geopolitical tensions, and evolving trade policies. Intel's manufacturing operations rely on a vast and intricate network of suppliers for raw materials, equipment, and components. Disruptions in the availability or cost of critical materials—such as advanced photolithography equipment, rare earth elements, or specialty chemicals—could delay production schedules and increase costs. Additionally, the ongoing shift toward regionalization of supply chains, driven by US-China trade tensions and new export controls, exposes Intel to regulatory risks and the potential for retaliatory measures affecting its access to key markets. The company's efforts to diversify its supply base and invest in new fabrication facilities in the United States and Europe are intended to mitigate these risks, but such initiatives entail significant execution and financial risks of their own. Third, macroeconomic and geopolitical uncertainties present ongoing challenges. Fluctuations in global demand for PCs, data center infrastructure, and emerging technologies can lead to volatile revenue streams and inventory imbalances. Economic downturns, inflationary pressures, and currency fluctuations can further erode profitability and complicate capital allocation decisions. Geopolitical developments—including regulatory changes, the imposition of tariffs, and the risk of technology decoupling between major economies—can restrict Intel's ability to operate freely across international borders. For example, new export controls on advanced semiconductor technologies may limit Intel's ability to serve customers in China, one of its largest end markets, while also increasing compliance costs and operational complexity. In addition to these primary risks, Intel must navigate ongoing cybersecurity threats, the challenge of attracting and retaining top engineering talent, and the need to comply with an expanding array of environmental, social, and governance (ESG) regulations. Cybersecurity incidents or data breaches could compromise sensitive intellectual property, disrupt operations, and result in significant legal and reputational harm. The war for talent in the semiconductor industry is intensifying, with competitors and emerging startups vying for skilled engineers and technologists. Meanwhile, increasing regulatory scrutiny around sustainability and responsible sourcing requires Intel to invest in new compliance systems and reporting frameworks, with potential penalties for non-compliance. In summary, while Intel is taking proactive steps to address these risks—through strategic investments, supply chain diversification, and operational transformation—the company's ability to successfully navigate this challenging risk landscape will be critical to its long-term growth and value creation for shareholders.

Competitors Analysis

Below is a comprehensive financial analysis for Intel Corporation (INTC) and its key competitors—NVIDIA (NVDA), AMD, Apple (AAPL), and Alphabet (GOOGL)—across the last four fiscal years (2020–2023), focusing on EBITDA Margin, EV/EBITDA, FCF Conversion, Gross Margin, ROIC, Revenue, and Revenue Growth. For clarity, year 3 corresponds to 2023, year 2 to 2022, year 1 to 2021, and year 0 to 2020. Year-over-Year Trends for Intel (INTC): EBITDA Margin for Intel has shown considerable volatility over the period. In 2020 (year 3), the margin stood at 0.34, reflecting decent profitability. This figure dropped sharply to 0.21 in 2021, then plummeted further to 0.02 in 2022, indicating a dramatic decline in core earnings relative to revenue. By 2023, there was a partial recovery to 0.27, though still below its 2020 level. This trend suggests significant operational headwinds in 2022, with some stabilization in the latest year. EV/EBITDA for Intel was at a low of 6.55 in 2020, indicating a relatively undervalued status. This ratio rose to 22.48 in 2021, spiked dramatically to 106.94 in 2022—a sign of either a depressed EBITDA or a surge in enterprise value, likely the former given the EBITDA Margin collapse. It then normalized somewhat to 14.5 in 2023, though still higher than in 2020, reflecting lingering valuation concerns. FCF Conversion, which measures the efficiency of translating EBITDA into free cash flow, was 1.93 in 2020, jumped to an extraordinary 6.79 in 2021 (possibly due to one-off working capital movements), then turned negative at -0.44 in 2022, and worsened further to -36.32 in 2023. This negative trend in recent years signals severe cash flow challenges, possibly due to heavy capex, restructuring, or operational inefficiencies. Gross Margin for Intel remained relatively stable, at 0.43 in 2020, 0.4 in 2021, 0.33 in 2022, and 0.35 in 2023. While there was a dip in 2022, the modest recovery in 2023 suggests some improvement in cost management, though margins remain below their historical highs. ROIC (Return on Invested Capital) for Intel has been weak throughout this period. From a low 1.5% in 2020, it barely budged to 0.1% in 2021, turned negative at -7.1% in 2022, and was still negative at -0.0% in 2023. This consistent underperformance indicates Intel has struggled to generate meaningful returns from its investments, a major red flag for long-term value creation. Revenue for Intel has fluctuated. It was \$63,054 million in 2020, dropped to \$54,228 million in 2021, slightly increased to \$53,101 million in 2022, and then fell further to \$52,853 million in 2023. The absence of explicit revenue growth rates in the data suggests a stagnant to slightly declining top line over the period. Competitor Comparison by Year: In 2023, Intel's EBITDA Margin of 0.27 was far below NVIDIA's 0.66, Apple's 0.35, Google's 0.45, and even AMD's 0.21. NVIDIA, in particular, stands out with exceptional profitability, reflecting its dominant position in high-growth markets like AI and data centers. Intel's margin, while improved from the prior year, remains uncompetitive. The 2023 EV/EBITDA for Intel at 14.5 is much lower than NVIDIA (33.78), AMD (47.85), Apple (26.97), and Google (21.3). This suggests the market assigns a lower valuation multiple to Intel, likely due to its weaker growth prospects and profitability profile. While this could indicate undervaluation, the underlying operational challenges justify the discount. Intel's FCF Conversion in 2023 was deeply negative at -36.32, a stark contrast to NVIDIA (0.88), AMD (1.78), Apple (1.0), and Google (1.25), all of which demonstrated strong or at least positive cash flow generation. This is a critical weakness for Intel, as it signals ongoing cash burn and potential funding or liquidity risks. Gross Margin for Intel in 2023 was 0.35, well below

NVIDIA (0.75), Apple (0.47), Google (0.6), and AMD (0.5). This reflects a cost structure that is less efficient and/or pricing power that is inferior to its peers, especially NVIDIA and Google, which operate at much higher margins. ROIC for Intel in 2023 was negative (-0.0%), while competitors like NVIDIA (75.3%), Apple (52.0%), Google (21.8%), and AMD (5.4%) all posted positive figures, with NVIDIA and Apple delivering extraordinary returns on capital. Intel's inability to generate positive returns on its investments is a major competitive disadvantage. Revenue in 2023 for Intel (\$52,853 million) is dwarfed by Apple (\$416,161 million) and Google (\$402,963 million), and trails NVIDIA (\$130,497 million). AMD's revenue (\$34,639 million) is smaller, but AMD is growing faster and is more profitable on several metrics. Intel's stagnant or declining revenue contrasts with the growth seen at NVIDIA and, to a lesser extent, AMD. Looking back to 2020, Intel's EBITDA Margin (0.34) was more competitive, though still below NVIDIA (0.42), Apple (0.34), and Google (0.3), and only slightly ahead of AMD (0.23). Intel's EV/EBITDA was very low (6.55), suggesting the market then saw it as undervalued, but performance since then has deteriorated. FCF Conversion was positive (1.93), but not as strong as AMD (2.7) or Google (1.53). Gross Margin was reasonable at 0.43, but again below NVIDIA (0.65) and Google (0.55). ROIC was weak at 1.5%, compared to NVIDIA (24.6%), Apple (45.2%), and Google (21.1%). Revenue was higher than AMD and NVIDIA but far below Apple and Google. Metric-Specific Insights: For EBITDA Margin, Intel's 2023 figure of 0.27 reflects a partial recovery but is still significantly below all major competitors, especially NVIDIA, which has nearly two and a half times Intel's margin. This highlights Intel's struggles with profitability in a highly competitive and capital-intensive industry. In terms of EV/EBITDA, Intel's ratio is the lowest among the peer group in 2023, reflecting the market's skepticism about its future earnings power and growth. While a low multiple can indicate undervaluation, in Intel's case it is more a reflection of weak fundamentals and eroded investor confidence. FCF Conversion is a major red flag for Intel, with a deeply negative figure in 2023, contrasting sharply with all competitors who are generating positive free cash flow from operations. This suggests Intel faces significant operational or investment-related cash drains, which could constrain future growth or necessitate external financing. Gross Margin analysis shows Intel lagging its peers, especially NVIDIA and Google, which enjoy significant pricing power and/or lower cost bases. Intel's inability to maintain high gross margins suggests either competitive pricing pressure or a less efficient manufacturing process. ROIC trends for Intel are particularly concerning, with negative or near-zero returns in recent years, while competitors, especially NVIDIA and Apple, are delivering very strong returns. This signals that Intel's investments are not yielding the desired results and may reflect strategic missteps or execution challenges. Revenue and Revenue Growth for Intel have been flat to declining, while competitors like NVIDIA have experienced explosive growth, especially in the latest year. Apple and Google maintain much higher revenue bases, and even AMD is closing the gap with Intel through faster growth. Conclusion: Intel's overall financial health has deteriorated over the past four years. While it was once more competitive on margins and valuation, recent years have seen a collapse in EBITDA Margin, negative free cash flow conversion, and persistently low or negative ROIC. The company's revenue has stagnated while competitors, especially NVIDIA, have grown rapidly and improved profitability. Intel's low EV/EBITDA ratio in the latest year is justified by its weak financial performance, operational challenges, and poor returns on capital. Unless Intel can reverse these trends—by improving profitability, restoring positive cash flow, and generating better returns on investment—its discounted valuation is likely to persist, reflecting ongoing market skepticism about its future prospects.