

Comments from CEO Lip-Bu Tan and CFO Dave Zinsner

Intel's chief executive officer and chief financial officer offer comments after the company released its third-quarter 2025 earnings.

The following are the prepared remarks provided on Intel's third-quarter 2025 earnings conference call held at 2 p.m. PDT on October 23, 2025. These remarks include forward-looking statements that are based on the environment as seen by the company as of the time of the call and, as such, are subject to various risks and uncertainties. They also contain references to non-GAAP financial measures that the company believes provide useful information to investors. Refer to the company's earnings release for the third-quarter 2025, most recent annual report on Form 10-K and other filings with the SEC for more information on the risk factors that could cause actual results to differ materially from the company's expectations and additional information on non-GAAP financial measures, including reconciliations where appropriate to the corresponding GAAP financial measures.

October 23, 2025 – Lip-Bu Tan, chief executive officer of Intel ([bio](#)):

We delivered a solid Q3 with revenue, gross margin and earnings per share above guidance. This marks the fourth consecutive quarter of improved execution, driven by the underlying growth in our core markets and the steady progress we are making to rebuild the company. While we still have a long way to go, we are taking the right steps to create sustainable shareholder value.

We significantly improved our cash position and liquidity in Q3, a key focus for me since becoming CEO in March. This includes accelerated funding from the United States Government and important investments from NVIDIA and SoftBank Group, as well as monetizing portions of Altera and Mobileye. The actions we took to strengthen the balance sheet give us greater operational flexibility and positions us well to continue to execute our strategy with confidence.

In particular, I am honored by the trust and confidence President Trump and Secretary Lutnick have placed in me. Their support highlights Intel's strategic role as the only U.S.-based semiconductor company with leading-edge logic R&D and manufacturing. We are fully committed to advancing the Trump Administration's vision of reshoring semiconductor production and proudly welcome the U.S. Government as an essential partner in our efforts.

We also made tangible progress to improve our execution this quarter. We remain on track not only to right-size the company by year-end, but also to evolve the talent mix, re-establish an engineering-first mindset, and optimize the executive and management levels across the organization. We are seeing a significant increase in day-to-day energy and collaboration as our employees return to office after a sustained period of remote and hybrid work.

Let me dive deeper into our underlying business trends. Over the course of my career, I have had the privilege of contributing to multiple waves of disruptive innovation. But I can't recall a time when I've been more excited about the future of computing and the opportunities in front of us.

We are still in the early stages of the AI revolution, and I believe Intel can and will play a much more significant role as we transform the company.

This starts with our core x86 franchise, which continues to play a critical role in the age of AI. AI is clearly accelerating demand for new compute architectures, hardware, models, and algorithms. At the same time, it's also fueling renewed growth for traditional compute as the underlying data

and resulting insights continue to rely heavily on our existing products from cloud to edge. AI is driving near-term upside to our business and it is a strong foundation for sustainable longer-term growth as we execute.

In addition, with unmatched compatibility, security and flexibility, and by virtue of being the largest installed base of general-purpose compute, x86 is well-positioned to power the hybrid compute environments that AI workloads demand — particularly for inference, edge workloads, and agentic systems. It is a great starting point from which to rebuild our market position by revitalizing and rejuvenating the x86 ISA and positioning it for the new era of computing with great products and partnerships.

Our collaboration with NVIDIA is a prime example. We're joining forces to create a new class of products and experiences spanning multiple generations that accelerate the adoption of AI for the hyperscale, enterprise and consumer markets. By connecting our architectures through NVIDIA's NVLink, we combine Intel's CPU and x86 leadership with NVIDIA's unmatched AI and accelerated computing strengths — unlocking innovative solutions that will deliver better customer experience and provide a beachhead for Intel in the leading AI platforms of tomorrow.

We need to continue to build on this momentum and capitalize on our position by improving our engineering and design execution. This includes hiring and promoting top architecture talent as well as re-imagining our core roadmap to ensure it has best-in-class features. To accelerate this effort, we recently created the Central Engineering Group, which will unify our horizontal engineering functions to drive leverage across fundamental IP development, test chip design, EDA tools and design platforms.

This new structure will eliminate duplication, improve time to decision making, and enhance coherence across all product development. In addition, and just as important, the group will spearhead the build-out of a new ASIC and design services business to deliver purpose-built silicon for a broad range of external customers. This will not only extend the reach of our core x86 IP, but also leverage our design strength to deliver an array of solutions from general purpose to fixed function computing.

In Client, we are on track to launch our first Panther Lake SKU by year-end, followed by additional SKUs in the first half of next year. These will help us to solidify our strong position in the notebook segment across both consumer and enterprise with cost-optimized products across our full PC stack from our entry-level offerings to our mainstream Core family up through our highest performing Core™ Ultra family.

In high-end desktop, competition remains intense, but we are making steady progress. Arrow Lake shipments have increased throughout the year, and our next-gen Nova Lake product will bring new architectural and software upgrades to further strengthen our offerings, particularly in the PC gaming halo space. With this lineup, we believe we will have the strongest PC portfolio in years.

In traditional servers, AI workloads are driving both refresh of the installed base and capacity expansion, fueled by rapid growth in tokenization, the increasing demands around data storage and processing, and the need to alleviate power and space constraints. We remain the AI head node of choice, with solid demand for Granite Rapids, including instances across every major hyperscaler. We're listening to what customers need; and strong performance per watt and TCO are top of mind. As I shared with you last quarter, a key part includes improving our multi-threading capabilities as we close existing gaps and work to regain share.



Finally, on our AI accelerator strategy: I continue to believe that we can play a meaningful role in developing compute platforms for emerging inference workloads driven by agentic AI and physical AI. This will be a far larger market than that for AI training workloads. We will work to position Intel as a compute platform of choice for AI inference and will look to partner with an array of incumbent as well as emerging companies that are defining this new computing paradigm. This is a multi-year initiative, and we will strike partnerships where we can deliver true differentiation and market-leading products.

In the near term, we'll continue delivering AI capabilities through Xeon, AI PCs, Arc GPUs, and our open software stack. Looking ahead, we plan to launch successive generations of inference-optimized GPUs on an annual cadence that feature enhanced memory and bandwidth to meet enterprise needs.

Turning to Intel Foundry – our momentum continues. We are making steady progress on Intel 18A and are on track to bring Panther Lake to the market this year. Intel 18A yields are progressing at a predictable rate, and Fab 52 in Arizona, which is dedicated to high-volume manufacturing, is now fully operational. In addition, we are advancing our work on Intel 18A-P and we continue to hit our PDK milestones. Our Intel 18A family is the foundation for at least the next three generations of client and server products, our work with the U.S. Government within the Secure Enclave, and other committed customers. It's a critical node that will drive wafer volumes well into the next decade and generate a healthy return on our investments.

On Intel 14A, the team continues to focus on technology definition and transistor architecture, process flow, design enablement, and foundational IPs. We remain actively engaged with potential external customers and are encouraged by the early feedback, which helps us to drive and inform our decisions. Lastly, our advanced packaging activities continue to progress well especially in areas like EMIB and EMIB-T, where we have true differentiation.

Like Intel Products, my conviction in the market potential for Intel Foundry continues to grow. The rapid expansion of critical AI infrastructure is fueling unprecedented demand for wafer capacity and advanced packaging services and presents a substantial opportunity demanding multiple suppliers. Intel Foundry is uniquely positioned to capitalize on this unprecedented demand as we execute.

As I mentioned last quarter, our investment in Foundry will be disciplined. We will focus on capability and scalability, giving us flexibility to ramp quickly, and we will only add capacity when we have confirmed external demand.

Building a world-class foundry is a long-term effort founded on trust. As a foundry, we need to ensure that our process can be easily used by a variety of customers, each with a unique way of building their own products. We must learn to delight our customers, so they count on us to build wafers that meet all their needs for power, performance, yield, cost and schedule. It is only by doing this that they can rely on us as a true long-term partner. This requires a change in mindset that I am driving across Intel Foundry as we position this business for long-term success.

As we look ahead, my focus remains firmly on the long-term opportunities across every market we serve today — and those we will enter tomorrow. Our strategy is crystallizing around our unique strengths and value proposition, supported by the accelerating and unprecedented demand for compute in the AI-driven economy. Our leadership team continues to strengthen, our culture is becoming more accountable, collaborative and execution-oriented, and my confidence in the

future grows stronger every day. I look forward to keeping you updated as we advance on this journey.

I will now turn it over to Dave for more detail on our current business trends and financials.

Dave Zinsner, chief financial officer of Intel ([bio](#)):

Thank you, Lip-Bu. In Q3, we delivered the fourth consecutive quarter of revenue above our guidance, driven by continued strength in our core markets. Although we remain vigilant regarding macroeconomic volatility, customer purchasing behavior and inventory levels are healthy, and industry supply has tightened materially. Furthermore, we are increasingly confident that the rapid adoption of AI is driving growth in traditional compute and reinforcing momentum across our businesses.

In client, we are 5 years post the COVID pull-forward and are benefiting from the refresh of a larger installed base, enterprises continue to migrate to Windows 11, and AI PC adoption is growing. In data center, the accelerating build-out of AI infrastructure is positive for server CPU demand from head-nodes, inference, orchestration layers and storage. We are cautiously optimistic that the CPU TAM will continue to grow in 2026 even as we have work to do to improve our competitive position.

Third quarter revenue was \$13.7 billion, coming in above the high end of our guidance range, and up 6% sequentially. Capacity constraints, especially on Intel 10 and Intel 7, limited our ability to fully meet demand in Q3 for both data center and client products.

Non-GAAP gross margin was 40%, 4 percentage points better than our guidance on higher revenue, a more favorable mix, and lower inventory reserves, partially offset by higher volume of Lunar Lake and the early ramp of Intel 18A.

We delivered third quarter earnings per share of 23 cents versus our guidance of break-even EPS, driven by higher revenue, stronger gross margin and continued cost discipline.

Q3 operating cash flow was \$2.5 billion with gross capex of \$3 billion in the quarter and positive adjusted free cash flow of \$900 million.

One of our top priorities for 2025 was shoring up our balance sheet. To that end, we executed on deals to secure roughly \$20 billion of cash, including 3 important strategic partnerships. We exited Q3 with \$30.9 billion of cash and short-term investments. In Q3, we received \$5.7 billion from the U.S. Government, \$2 billion from SoftBank Group, \$4.3 billion from the Altera closure, and \$900 million from the Mobileye stake sale. We expect NVIDIA's \$5.0 billion investment to close in Q4. Finally, we repaid \$4.3 billion of debt in the quarter, and we will continue prioritizing de-leveraging by paying maturities as they come due in 2026.

Moving to segment results for Q3.

Intel Products revenue was \$12.7 billion, up 7 percent sequentially and above our expectations across client and server. The team executed well to support upside in the quarter given the current tight capacity environment, which we expect to persist into 2026. We are working closely with customers to maximize our available output, including adjusting pricing and mix to shift demand toward products where we have supply and they have demand.



CCG revenue was \$8.5 billion, up 8 percent quarter over quarter and above our expectation due to a seasonally stronger TAM, Windows 11-driven refresh, and a stronger pricing mix with the ramp of Lunar Lake and Arrow Lake. Within the quarter, CCG further advanced its relationship with Microsoft through a collaboration with Windows ML and the deep integration of Intel® vPro® manageability with Microsoft Intune enabling secure, cloud connected fleet management for businesses of all sizes. The team also met all key milestones in support of launching Core™ Ultra 3 (code-named Panther Lake).

We expect the client consumption TAM to approach 290 million units in 2025, marking two straight years of growth off the post-COVID bottom in 2023. This represents the fastest TAM growth since 2021, and we're prudently preparing for another year of strong demand in 2026 as Core Ultra 3 ramps into a healthy PC ecosystem.

DCAI revenue was \$4.1 billion, up 5 percent sequentially, above expectations, driven by improved product mix and higher enterprise demand. The strength in host CPUs for AI servers and storage compute continued in the quarter even as supply constraints limited additional upside. Our latest Xeon 6 processors (code-named Granite Rapids) offer significant benefits, including up to 68% TCO savings and up to 80% less power as compared to the average server installed today.

It is increasingly clear that CPUs play a critical role today and will going forward within the AI data center as AI usage expands, and, especially, as inference workloads outpace that of training. Some data center customers are beginning to ask about longer-term, strategic supply agreements to support their business goals due to the rapid expansion of AI infrastructure. This dynamic, combined with the underinvestment in traditional infrastructure over the last couple of years, should enable the revenue TAM for server CPUs to comfortably grow going forward.

Operating profit for Intel Products was \$3.7 billion, 29 percent of revenue, and up \$972 million quarter-over-quarter, on stronger product margin, lower operating expenses and a favorable compare due to period costs in Q2.

Before discussing Intel Foundry, I want to acknowledge the tireless effort of the NVIDIA and Intel teams. There's a lot of work in front of us, but the collaboration we announced this quarter was the culmination of almost a year of hard work with a company that cuts no corners and prioritizes engineering excellence above all. The x86 architecture has been the foundation of the digital revolution that powers the modern world. AI is the next phase of that revolution, and we are on a path to ensure x86 remains at the heart of it. Engagements like this one with NVIDIA are critical to this effort.

Moving to Intel Foundry.

Intel Foundry delivered revenue of \$4.2 billion, down 4 percent sequentially. In Q3, Intel Foundry delivered Intel 10 and 7 volume above expectations, met key 18A milestones and released hardened 18A-P PDKs to the ecosystem. Foundry also advanced the development of Intel 14A, and continues to make progress expanding its advanced packaging deal pipeline.

Intel Foundry operating loss in Q3 was \$2.3 billion, better by \$847 million sequentially, primarily on favorable comparison due to the approximately \$800 million impairment charge in Q2.

As Lip-Bu discussed, our confidence in the long-term foundry TAM continues to grow, bolstered by accelerating deployment and adoption of AI and the growing need for wafers and advanced packaging services. Projections are calling for a greater than 10x increase of gigawatts of AI

capacity by 2030, creating significant opportunities for Intel Foundry with external customers both for wafer and our differentiated advanced packaging capabilities like EMIB-T. We continue the work to earn the trust of our customers, and our improved balance sheet flexibility will allow us to quickly and responsibly respond to demand as it comes.

Turning to All Other.

Revenue came in at \$1 billion, of which Altera contributed \$386 million, and was down 6% sequentially due to the intra-quarter closure of Altera. The three primary components of All Other in Q3 were Mobileye, Altera and IMS. Collectively, the category delivered \$100 million of operating profit.

Now turning to guidance.

For Q4, we're forecasting a revenue range of \$12.8 to \$13.8 billion. At the midpoint, and adjusting for the Altera deconsolidation, Q4's revenue is roughly flat quarter over quarter. We expect Intel Products up modestly sequentially, but below customer demand as we continue to navigate a tight supply environment.

Within Intel Products, we expect CCG to be down modestly and DCI to be up strongly sequentially as we prioritize wafer capacity for server shipments over entry level client parts. We expect Intel Foundry revenue up quarter-over-quarter on increased Intel 18A revenue, and its external foundry revenue up due to the deconsolidation of Altera. For All Other, which now excludes Altera, we expect revenue to decline consistent with Mobileye's guidance, partially offset by sequential growth in IMS.

At the midpoint of \$13.3 billion, we forecast a gross margin of approximately 36.5 percent, down sequentially due to product mix, the impact of the first shipments of Core Ultra 3, which has the typically higher costs you see in the early stages of a new product ramp, and the deconsolidation of Altera. We forecast a tax rate of 12 percent and EPS of 8 cents, all on a non-GAAP basis. We expect non-controlled income to be approximately \$350 to \$400 million in Q4, on a GAAP basis. We forecast average fully diluted share count of roughly 5 billion shares for Q4.

Moving to capex. We continue to anticipate 2025 gross capital investment will be approximately \$18 billion, and we expect to deploy more than \$27 billion of capex in 2025 vs. \$17 billion deployed in 2024.

I'll wrap up by saying we exit Q3 with a significantly stronger balance sheet, solid demand in the near term and growing confidence in our core x86 franchise as well as the longer-term opportunities in Foundry, ASICs and accelerators. We also recognize the work we need to do to reach our full potential. We continue to add external talent and unlock our workforce to improve our execution across product and process development as well as manufacturing. We will closely manage what's in our control, react quickly as the environment evolves, and focus on delivering long-term shareholder value.

Closing – Lip-Bu Tan, chief executive officer:

I want to thank everyone for joining us today. We are on a journey to rebuild Intel, we have a lot of work ahead of us, but we made solid progress in Q3. I look forward to seeing many of you throughout the quarter and providing another update in January.



About Intel

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