# 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 first-quarter 2026 earnings.

**The following are the prepared remarks provided on Intel's first-quarter 2026 earnings conference call held at 2 p.m. PT on April 23, 2026. 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 first-quarter 2026, 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.**

**April 23, 2026 – Lip-Bu Tan, chief executive officer of Intel (bio):**

Q1 results demonstrate continued and steady progress across the business, reflecting strong demand for our products and disciplined execution to expand available supply. Revenue, gross margin, and earnings per share were all above the high-end of guidance, marking our sixth consecutive quarter of exceeding financial expectations.

Even as we improve factory output, demand continues to run ahead of supply for all our businesses, especially for Xeon server CPUs, where we expect sustained momentum this year and next. Intel 3 based Xeon 6 and Intel 18A based Core Series 3 products are now in full volume production ramp, and each represents the fastest new product ramp in 5 years. We are maximizing and optimizing our factory output to meet customers' needs. It is our top priority.

Intel is now a very different company than when I first joined over a year ago. We have taken and continue to take deliberate steps to rebuild Intel into a more competitive and more profitable company. Our cultural transformation is well underway, and we are embracing our roots as data driven, paranoid and engineering-centric company. We are also listening closely to our customers and putting them at the center of everything we do.

Intel possesses some of the most vital assets necessary to be successful and to flourish in this era of extraordinary opportunity for the semiconductor industry.

With a stronger balance sheet, a new leadership team, a rejuvenated and motivated workforce and a renewed focus on engineering execution, we are turning our attention squarely towards innovation to capture opportunities in the near term and to position the company for robust growth in the long term.

Driven by tremendous demand for AI, the semiconductor industry TAM is now approaching $1 trillion. Intel is well-positioned to benefit from this demand with three strategically important assets – our x86 CPU franchise, our advanced packaging technology, and our vast manufacturing network.

Artificial intelligence is now moving into the real world towards more distributed, inference and reinforce learning workloads like agentic, physical AI, and robots and edge AI.

This shift is now beginning to show up in our results, as I want to spend some time on this today. For the last few years, the story around high-performance computing was almost exclusively about GPU and other accelerators. In recent months, we have seen clear signs that the CPU is reasserting itself as the indispensable foundation of the AI era.

The CPU now serves as the orchestration layer and critical control plane for the entire AI stack. This is not just our wishful thinking. It is what we hear from our customers, and it is evident in the demand profile for our products. Xeon server demand is seeing strong and sustained momentum. Customers are deploying server CPUs along accelerators in a ratio that is moving back towards the CPU.

The accelerator remain central to frontier AI, and we will continue to participate, innovate and partner in that category. Our recent announcement with Sambanova Systems is an example of such partnership on heterogeneous compute architectures.

But the backbone of AI computing "in production" remains a CPU-anchored architecture. That is good news for the x86 ecosystem. It is great news for Intel. And it is a structural reason I am confident that CPU franchise will continue to be a meaningful growth engine for the company in the years ahead – not just the quarters ahead.

Turning to Intel Foundry – the accelerating deployment of AI infrastructures creates a meaningful opportunity for us as we continue to build our external foundry business.

I am pleased with the progress we have made in Foundry Technology Development over the last year, even though I will continue to remind you this will be a long journey for us. We have made steady progress with Intel 4 and Intel 3. And 18A yields are now running ahead of the internal projections, representing a meaningful inflection in our execution and our factory finished goods output. We also continue to make steady progress on our advanced packaging technologies, including additional growth in customer backlog in the quarter.

On Intel 18A-P and Intel 14A, we continue to be encouraged by our external engagements. Intel 14A maturity, yield, and performance are outpacing Intel 18A at a similar point in time. And we continue to develop PDKs – with multiple customers actively evaluating the technology. Their partnership has been critical, and their feedback continues to help us define the technology so that we can cater to their needs.

We expect to see early design commitments emerge beginning in the second half of 2026 and expanding into the first half of 2027. I am particularly pleased that our progress-to-date has driven us to land more of our own future product tiles on Intel 14A as well. At a time when advanced wafer capacity is in short supply, this enables us to have better control over our supply chain.

Intel has pioneered nearly every major innovation that has enabled dimensional scaling and high-volume manufacturing of silicon transistors over the last 6 decades. We have always been willing to take measured risks that have eventually paved the way for step function improvements in transistor density, cost, power and performance.

As we look to continue challenging the status quo, I can think of no better partners than Elon Musk. We recently announced our partnership with SpaceX, xAI and Tesla to support Terafab. Elon and I share a strong conviction that global semiconductor supply is not keeping pace with the rapid acceleration in demand. We are excited to explore innovative ways to "refactor" silicon process technology – looking for unconventional ways to improve manufacturing efficiency that will eventually lead to a dynamic improvement in the economics of semiconductor manufacturing.

A year ago, the conversation about Intel was about whether we could survive. Today it is about how quickly we can add manufacturing capacity and scale our supply to meet enormous demand for our products.

This is a fundamentally different company today. And we still have a lot of work ahead. I would like to take this opportunity to thank our many customers, partners and our hardworking employees across the world for their contributions towards building a new Intel.

I remain firmly convinced of, and focused on, the opportunity ahead for Intel.

**Dave Zinsner, chief financial officer of Intel (bio):**

We delivered robust Q1 results reflecting strong demand and better than expected available supply. We also benefited from improved product mix and pricing actions, in part to offset higher costs. First quarter revenue was $13.6 billion, $1.4 billion above the midpoint of our guide. Q1 Revenue would have been meaningfully higher, but demand continues to outpace our growing supply. Our collective AI-driven businesses now represent 60 percent of revenue and grew 40 percent year over year.

These results reflect real and deliberate changes we have made to be more responsive and accountable. This quarter, our teams worked directly and diligently with customers to reach mutually beneficial outcomes in weeks not months. We value the partnership and support shown by our customers, partners and suppliers, as we work to navigate this environment together.

Non-GAAP gross margin came in at 41 percent, approximately 650 basis points ahead of guidance due to the combination of higher volume, which included previously reserved inventory, mix and pricing. In addition, better yields on Intel 18A offset some of the higher cost we always incur in the early part of ramping a new node.

We delivered first quarter non-GAAP earnings per share of $0.29 cents versus our guidance of break-even on higher revenue, stronger gross margins, and continued spending discipline. Q1 EPS included a roughly 6 cents one-time gain in Interest and Other.

Q1 operating cash flow was $1.1 billion with gross capex of $5 billion in the quarter and adjusted free cash flow of minus $2 billion.

**Moving to segment results.**

**CCG revenue** was $7.7 billion, down 6 percent sequentially, and better than our expectations. Even with improved factory output, demand outstripped supply against a client TAM that remains resilient despite industry-wide component shortages and inflationary pressures. Our AI PC revenue grew 8% sequentially and now represents greater than 60% of our client CPU mix.

Operating profit for CCG was $2.5 billion, 33 percent of revenue, and up approximately $300 million quarter-over-quarter, on improved mix and product margins, sales of previously reserved inventory, better 18A yields and lower operating expenses.

Within the quarter, CCG launched Core Ultra Series 3 and expanded our offerings across consumer, commercial and edge. This has proven to be our strongest product launch in 5 years delivering better performance per watt, stronger integrated graphics, and more capable on-device AI features all while maintaining our broad ecosystem of compatibility that partners and

customers value. In Q1, CCG also expanded the reach of our Core family by launching the Intel Core Series 3 processor, which brings the latest IP, modern features, and all-day battery life to the mainstream for the first time. We are enabling a new class of mainstream systems that once again set the standard for everyday computing.

**DCAI revenue** was $5.1 billion, an increase of 7 percent sequentially and 22 percent year over year, well above expectations and reinforcing the strong year of growth for DCAI we signaled 90 days ago. Strength continued across all segments and customers as investments in CPUs are accelerating to support the evolution of AI from foundational training to inference and from inference to agentic. We also saw strong ASIC growth with revenue up more than 30 percent sequentially and nearly doubling year-over year.

Operating profit for DCAI was $1.5 billion, 31 percent of revenue, and up approximately $292 million quarter over quarter, on improved product margins, better cycle times and yields, especially on Intel 3, and lower operating expenses.

Within the quarter, DCAI signed multiple long-term agreements, including Google, supporting our view that the current business momentum is sustainable.

In addition, Xeon 6 was selected as the host CPU for NVIDIA's DGX Rubin NVL8 systems, and Xeon remains the most deployed host CPU due to its industry leading memory, security, and networking orchestration.

Lastly, DCAI also established a multi-year collaboration with SambaNova to design a next-generation, heterogeneous AI inference architecture combining SambaNova's RDUs, and Intel® Xeon® 6 processors.

**Intel Foundry** delivered revenue of $5.4 billion, up 20 percent sequentially, on increased EUV wafer mix driven by Intel 3 and significant growth in 18A. External Foundry revenue was $174 million in the quarter.

Intel Foundry operating loss in Q1 was $2.4 billion, and improved $72 million quarter-over-quarter, as better yields across Intel 4, 3, and 18A drove higher gross margins. This was mostly offset by increased operating expenses associated with an intentional step up in Intel 14A investments to support both internal and external customer evaluations.

As a reminder, Intel Foundry carries the bulk of the costs associated with the early ramp of Intel 18A. And we expect Intel Foundry's operating loss to improve through the year as 18A continues to ramp into volume and yields improve further.

Within the quarter, Intel Foundry delivered output above our expectations, drove steady improvements in yields, and met key 14A milestones. Intel Foundry also added to its backlog of advanced packaging services and announced a multi-year expansion of our back-end facilities in Malaysia. This expansion will help support the committed demand that will begin to convert to revenue in 2027.

**Turning to All Other**.

Revenue came in at $628 million and was up 9 percent sequentially due to a strong quarter for Mobileye. Collectively the category delivered an operating profit of $102 million.

**Now Turning to guidance.**

As we look ahead, we remain mindful that the macroeconomic and geopolitical environments are dynamic. Views on global growth, policy and trade continue to shape customer behavior and investment decisions. In addition, constraints and rising prices around key components like memory, wafers, and substrates are driving higher costs that could impact demand for our products at some point in the year. We are prudently planning for PC demand to weaken in the second half of the year and expect the full year PC unit TAM to be down low double digit percent in line with industry peers and experts.

Offsetting this, near-term customer order patterns remain very robust across all of our businesses. In addition, our confidence in the sustained growth of CPUs driven by the AI infrastructure buildout is growing. Our outlook for server CPU demand has improved over the last 90 days and we expect a strong year of double-digit unit growth for the industry and for us, with momentum extending into 2027.

Combining all of these factors, we are guiding Q2 revenue to a range of $13.8 to $14.8 billion, up 2 to 9 percent sequentially. As we work hard to support the needs of all of our customers, we expect sequential revenue growth in both CCG and DCAI on improved supply and a full quarter of pricing actions, with DCAI up double digits.

At the midpoint of $14.3 billion, we forecast a gross margin of 39 percent, a tax rate of 11 percent, and EPS of $0.20 cents, all on a non-GAAP basis. Our Q2 gross margin guide declines modestly from Q1 due to a meaningfully larger contribution from Intel 18A, still early in its ramp, and some inventory benefits in Q1 that aren't expected to repeat in Q2.

Before I close, I'll share some additional insights on the full year. We expect our factory network to continue increasing available supply in the third and fourth quarters, though at a more measured pace than we anticipated 90 days ago, reflecting the base-effect of much stronger than expected first half output. We also expect 2026 revenue on a half-on-half basis to follow the seasonal trends experienced over the last 10 years, with servers above and PCs below.

We were very pleased with Q1 gross margins and we will continue to push for gross margin expansion. It is my top priority. Our Foundry team is delivering consistent yield and throughput improvements across all process nodes, which will help gross margins. With that said, Intel 18A is still early in its ramp and rising input costs, especially in memory, present growing headwinds in the second half, that we need to overcome.

For OpEx in 2026, we have been directionally targeting $16 billion but are likely to be higher due to inflationary pressures, variable compensation and targeted investments we are making to capture the opportunities ahead. The drive for efficiency is core to the new culture Lip-Bu is creating and we will remain laser focused on finding additional operational improvements and maximizing ROI on all of our investing activities.

We forecast capital expenditures in 2026 to be flat to last year vs our prior expectation of flat to down, reflecting increased capacity investments to support committed demand and a continued emphasis on improving fab productivity and output. We now expect expenditures to be roughly equal across the year and still to be heavily weighted towards the equipment that directly grows wafer outs to support growth this year and next.

We recently closed the transaction to repurchase the 49% equity interest in the joint investment in Fab 34 in Ireland, a highly accretive deal allowing our shareholders to participate in the full economic benefits from a fab just now hitting its stride.

As a result, we now expect non-controlling interest, or NCI, to net to approximately $250 million in each of Q2, Q3, and Q4 of this year and be approximately $1.1 billion for 2027 and 2028, on a GAAP basis.

Lastly, excluding the buyout of the Fab 34 joint investment, we still expect positive adjusted free cash flow for the full year. As a reminder, we funded our purchase with approximately $7.7 billion in cash and $6.5 billion in new debt. We remain committed to retiring all $2.5 billion of maturities as they come due this year and all $3.8 billion in 2027.

In closing, Q1 was a strong quarter financially and operationally. All demand signals continue to emphasize the growing and essential role of the CPU in the AI era and the unprecedented demand for leading edge wafers and advanced packaging to realize the vision of driving silicon-based intelligence to the edge, efficiently and at scale.

Our confidence is growing. We have the right team and the broad IP portfolio needed to solve our customers' most pressing economic challenges and drive long-term value for our shareholders.

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**About Intel**

Intel (Nasdaq: INTC) designs and manufactures advanced semiconductors that connect and power the modern world. Every day, our engineers create new technologies that enhance and shape the future of computing to enable new possibilities for every customer we serve. Learn more at intel.com.