



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 second-quarter 2026 earnings.

The following are the prepared remarks provided on Intel's second-quarter 2026 earnings conference call held at 2 p.m. PT on July 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 second-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.

July 23, 2026 – Lip-Bu Tan, chief executive officer of Intel ([bio](#)):

Q2 was another quarter of solid execution. Revenue, gross margin, and earnings per share were above our guidance. This marks the seventh consecutive quarter of exceeding our financial expectations.

Our core message is simple: strong demand for our products continues to outpace our growing supply, our design and manufacturing execution is improving, and the operating discipline we put in place fifteen months ago is beginning to show tangible results. Today, we are seeing the strongest revenue growth in more than fifteen years.

Our cultural transformation continues, and our organization is already operating with greater efficiency, moving faster, making better decisions, and staying closer to customers. Our recent announcement to deepen our collaboration with Google Cloud will help to accelerate this transformation as we fully embrace an "AI-first" mentality throughout our operations. We also continue to strengthen our leadership team with world-class talent.

The surging demand and rapid build-out of compute infrastructure across the world creates a meaningful opportunity for us in our products business as well as our foundry business. The industry is facing one of the most severe supply constraints in its history, across leading-edge logic silicon wafers, memory, and substrates. These shortages will persist for the foreseeable future.

Intel is well-positioned to benefit from this strong, sustained demand with three strategically important assets – our x86 CPU franchise, our advanced packaging technology, and our vast wafer foundry network.

As AI expands from training to inference; and increasingly to agentic and multi-agent systems, general-purpose server CPU density continues to increase, and our core server CPU franchise is growing faster than ever. Demand signals from our customers are driving increased confidence, and as Dave will discuss in more detail, we are substantially increasing our investments to support this improving demand outlook.

Let me talk first about Intel Foundry – my confidence in our foundry process roadmap has grown significantly since joining over a year ago. I am more confident than ever of the strategic significance and unique value proposition of Intel Foundry.



During Q2, our factories across Intel 7, Intel 3, and Intel 18A exceeded internal volume targets, driven by improving yields, better cycle times, and increasing wafer-starts.

18A output increased meaningfully in the quarter; yields continue to track ahead of expectations. We are now ramping multiple new products on 18A, while supporting growing demand for our lead products, including Panther Lake and Wildcat Lake. I keep raising the bar on the internal targets and the team continues to meet the challenge. The successful volume ramp of 18A for our internal products provides important validation as our Intel Foundry engages with external customers.

We also began risk production of 18A-P, providing additional performance and power advantages while maintaining IP and design compatibility with Intel 18A, positioning 18A-P as a competitive node for external customers.

Looking beyond 18A, I'm encouraged by our progress on Intel 14A. Defect density and transistor performance are all outpacing 18A development. PDK 0.5 is now complete and PDK 0.9 is on track for October. We continue to build-out and validate the IP portfolio for 14A, as we position the 14A family for broad-based adoption across a wide range of customers. I am pleased to see the increasing momentum on customer engagements for Intel 14A and I am increasingly confident that 14A will be a highly competitive process offering across key vectors of performance, power, density, cost and schedule. With encouraging external customer progress and increased demand for our internal products, we remain on track for 14A risk production for our internal products in the second half of 2027 and we made the decision in Q2 to fully commit to high volume ramps in 2028.

Lastly, on advanced packaging, customer interest for EMIB-T continues to be very high – the technology is compelling, providing capabilities for advanced AI silicon solutions which are not possible with today's mainstream offerings. We continue to have a growing EMIB-T backlog, yield and reliability are hitting targets, and we are focused on ramping the technology into high volume and high quality to support customer ramps in 2027.

Turning to Intel products, we recently re-named our PC business to our Client Computing and Physical AI Group – or CCPG. We did this to recognize the growing opportunity for AI at the edge – I am excited to have new, strengthened leadership driving this effort. In our core PC client segment, Intel 18A is now in volume production across multiple commercial and consumer products. Our factory output continues to increase sequentially every month.

The successful high-volume ramp of 18A for our internal products provides important validation as Intel Foundry engages with external customers. We still have work to do to establish a strong footprint in the edge and physical AI ecosystem but see this opportunity as an important future growth driver.

Our datacenter and AI group delivered a solid quarter. Demand accelerated across cloud and enterprise as customers increasingly recognize the critical role that CPUs in general, and x86 CPUs in particular, play in the AI infrastructure. Q2 year over year server growth was the strongest on record and Xeon 6 continues to be one of the fastest-ramping products in Intel's history, reflecting improving execution and strong customer demand. We also strengthened our outlook with additional strategic customer wins and long-term agreements in Q2. Our top priority is to ramp capacity and improve factory output as quickly as possible to support customer demand even as we work to improve our competitive roadmap.

We also expanded our heterogeneous AI strategy through a multi-year collaboration with Samba Nova. We are pleased with their growing momentum as we work with them to drive performance and power improvements with disaggregated inference.



Lastly, we continue to make steady progress in our newly announced Design Services business with revenue growing nearly 3 times year-on-year. We see tremendous opportunities to leverage our strong x86-based general purpose computing franchise to build more purpose-built computing products for the AI era. Our unique assets in end-to-end design, our IP portfolio combined with access to our leading-edge wafer and packaging capabilities position us well to win this fast-growing space. We are already making great strides in expanding our purpose-built portfolio from networking to compute and eventually accelerators. Our recently announced collaboration with Fortinet for their security processor is a strong step forward in our ASIC strategy in the quarter.

As we look ahead, I am excited to see a new Intel take shape. We are operating with greater speed, accountability, and customer focus. While there is still significant work ahead, our priorities are clear – leverage our X86 computing franchise to strengthen our product leadership and establish Intel Foundry as a world-class wafer and packaging foundry business.

Intel is uniquely positioned to benefit from the overwhelming demand for compute as the entire industry continues a rapid and sustained build-out of compute infrastructure.

We are the only company that can design, manufacture and build the entire range of computing solutions from general-purpose, traditional CPUs and GPUs to more purpose-built ASICs and CPUs optimized for agentic AI. As we increasingly move from compute dominated by Systems-on-Chip towards Systems-in-Package, our advanced packaging and wafer foundry capabilities become increasingly vital assets. Our strategy is clear and pace of execution is accelerating.

The opportunities in front of us are substantial, our strategy is showing early results, and I am confident that Intel is well positioned to help define the next era of computing.

I want to thank our employees around the world for their focus, discipline, and hard work every day and also thank our many customers, partners and suppliers for their continued trust in Intel.

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

We delivered another strong quarter, driven by robust demand and disciplined execution that resulted in upside to our supply. Second quarter revenue was \$16.1 billion, \$1.8 billion above the midpoint of our guide. And collectively, our AI-driven businesses grew greater than 70 percent year over year, including record datacenter growth, and contributed approximately 70 percent of revenue. It's important to note that despite exceeding our expectations for wafer outs in the quarter, strengthening demand continues to outstrip our growing supply.

Q2 non-GAAP gross margin was 41.8 percent, approximately 280 basis points better than guidance. The upside was driven by higher revenue, better yields, and higher ASPs due to mix and pricing actions.

We delivered second quarter non-GAAP earnings per share of \$0.42 cents versus our guidance of \$0.20 on higher revenue, stronger gross margins, and solid operating leverage.

Q2 operating cash flow was \$7.0 billion, and we exited the quarter in a strong liquidity position, including approximately \$30 billion in cash and short-term investments.

Our Q2 results reflect the ongoing progress in our operational transformation. We are moving faster, holding ourselves more accountable, and staying closer to our customers.

Moving to segment results.



CCPG revenue was \$8.9 billion, up 15 percent sequentially, and better than our expectations. The client TAM continued to hold up well despite broad component constraints and price inflation. Our AI PC revenue grew 26 percent sequentially and now represents two thirds of our client revenue mix. In addition, we saw solid performance in our edge deployments, now representing roughly 10 percent of CCPG revenue.

Operating profit for CCPG was \$2.3 billion, 26 percent of revenue, and down approximately \$173 million quarter-over-quarter due to inventory charges taken to optimize our factory network to overall customer demand across client and server.

Our client group has now brought 18A to full scale with 400+ designs for Series 3 across consumer and commercial. During a period of inflationary pressures, CCPG brought Core Series 3 to market at the ideal time, on its A-stepping, to provide cost optimized mainstream compute capabilities.

Our Integrated Arc graphics solution continues to see strong market adoption. With 40+ Arc integrated graphics designs across Creator, workstation, Commercial and gaming targeted designs. Building on our success in gaming notebooks, in Q2, CCPG also introduced Intel® Arc™ G-Series processors, a new family of products designed for next-generation handheld gaming systems – an additional vector for growth.

On the commercial side, activations for our market leading vPro manageability software have surged fifteen hundred percent over the last four quarters. Underpinning that manageability and enhanced security are critical must-haves in the agentic workplace.

We expect enterprise adoption of AI to be a long-term tailwind for CCPG, but our AI driven market prospects don't stop there as the Edge and Physical AI opportunity is likely to at least match the client TAM overtime. CCPG showcased this growing opportunity with 130 Series 3 designs wins for edge AI applications including brain and control deployments for robotics.

DCAI revenue was \$6.3 billion, an increase of 24 percent sequentially and 59 percent year over year, meaningfully ahead of expectations. The result was driven by strong demand across hyperscale and enterprise. We also continue to see strong momentum in our purpose-built silicon product line with revenue up roughly 20 percent sequentially and nearly tripling year-over year.

Operating profit for DCAI was \$2.5 billion, 40 percent of revenue, and up approximately \$1 billion quarter over quarter, on higher revenue, improved product margins, and lower operating expenses.

Within the quarter, DCAI launched Xeon 6 plus, code named Clearwater Forest, our first server class product on 18A. The team announced rackscale and disaggregated inference innovations with partners SambaNova and Foxconn. In addition, DCAI further enhanced our connectivity offerings by introducing new controller and adapter products supporting Data Center, Enterprise and Telco applications which scale from 10 to 200 gigabit ethernet.

Turning to Intel Foundry. Revenue of \$5.8 billion was up 6 percent sequentially, on higher fab volumes driven by strong growth in Intel 18A with output approximately 25% above target and up more than 50% quarter-over-quarter. External Foundry revenue was \$293 million in the quarter.

Intel Foundry operating loss in Q2 was \$2.1 billion, and \$348 million better quarter-over-quarter, as higher yields, improved cycle times and increased factory scale across Intel 4/3 and 18A drove improved wafer costs. Progress on 18A has been very good. Intel Foundry has driven down the cost



of our primary Panther Lake SKU by roughly 50 percent year to date and is on track for an additional 20 percent this year with further meaningful reductions planned in 2027.

Within the quarter, in addition to delivering output above our expectation, Intel Foundry also entered risk production for 18A-P and met critical milestones towards delivering the 0.9 PDK for Intel 14A in October. We stepped up investments in Q2 for Intel 14A to prepare for risk production in 2027 and committed high volume ramps in 2028.

Now turning to guidance.

Looking ahead, customers continue to signal a strong and sustainable spending environment driven by the unprecedented demand for AI compute. Industry-wide supply constraints across wafers, memory and substrates remain the dominant challenge our customers are facing to support the AI infrastructure build-out. Our wafer output across our major nodes exceeded expectations from 90 days ago, and Q3 quarter to date 18A yields are trending ahead of targets set in March. Even with this strong execution and the positive trends as we enter the quarter, supply remains very tight and the near-term linearity of our supply growth is more skewed towards the end of Q3 and into Q4, especially for servers.

From an end market perspective, we expect PC consumption to be sub-seasonal in the second half of the year and down low double digits percent for all of 2026, impacted by rising memory prices and constraints. This is in-line with industry peers and 3rd party estimates. At the same time, improving supply, a strengthening product portfolio, and encouraging tailwinds for edge deployments provide us with some positive offsets. Our outlook for server CPU demand has improved again since our last earnings report, and we are forecasting strong double-digit unit growth for the industry this year and next, with momentum extending into 2028.

Taken together, we are guiding Q3 revenue to a range of \$15.8 to \$16.8 billion. At the midpoint of \$16.3 billion, we forecast gross margin of 42 percent, a tax rate of 11 percent, and EPS of \$0.38 cents, all on a non-GAAP basis.

We continue to tightly manage non-gaap operating expenses to roughly \$16.5 billion for the year. And we expect non-controlling interest, or NCI, to net to approximately \$250 million in each of Q3 and Q4 of this year and be approximately \$1.1 billion for 2027 and 2028, on a GAAP basis.

Turning to CapEx. Due to strong customer demand signals, we are raising our outlook for 2026 and now expect our cap ex to be more than \$20 billion, which is up significantly versus our expectations entering the year. We are also aggressively locking in tool purchase orders from our vendors, accelerating our clean room buildouts, and actively securing supply of substrates and memory. As a result, we are forecasting 2027 capital expenditures to be significantly above the 2026 levels with the vast majority spent across our US network.

In fact, as we look back from 2021 through 2026, our total capital spending in tools and space in the US is approaching \$100 billion, significantly higher than any other semiconductor company over that timeframe. We remain committed to tightly matching our expenditures with customer demand and remain financially disciplined as we capture the growth ahead.

In closing, Q2 was another strong quarter financially and operationally. The client TAM is unfolding as expected and server CPU demand continues to far outpace available supply. Emerging markets in Physical AI, purpose-built silicon, advanced packaging, and external wafers are each multibillion-dollar annual revenue opportunities for us in the not-too-distant future. I'm confident in our ability to leverage our broad IP portfolio to solve our customers' most pressing needs and drive long-term value for our shareholders.

Closing – Lip-Bu Tan, chief executive officer:

We made good progress this quarter on our journey to transform Intel, but we still have a lot of work ahead of us. I look forward to seeing many of you throughout the quarter and providing another update in October.

About Intel

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