Intel Corporation (Nasdaq: INTC)

By: Eduardo Fidalgo
**Investment Thesis**

**Target Price:** $56.77

**Current Price:** $47.07

**Upside:** 20%

**Key Drivers**
- New CEO and Restructuring
- New Fabs
- Leader in microprocessors in PCs and in Data Center
Company Overview

**Key Metrics**

- **Market Cap**: 194.19B
- **Debt/Equity**: 31.30%
- **P/E**: 9.85
- **P/B**: 2.33
- **EPS**: 1.09
- **Div Yield**: 3.06%
- **ROE**: 24.10%
- **Beta**: 0.55
- **Institutional Ownership**: 63.12%

**Price Chart**

- Sector: Semiconductors
- HQ: Santa Clara, California
- 121,100 Employees
New CEO: Pat Gelsinger

New CFO: Dave Zinsner

New Manufacturing Locations

- Ohio
- Germany

Exiting Memory and Mobile Broadband
Business Segments

- Client Computing Group (CCG)
- DataCenter and AI Group
- Network and Edge Group
- Accelerated Computing Systems
- Graphics Group
- Intel Foundry Services
- Mobileye

Global Revenue Exposure

- Europe: 35%
- Americas: 20%
- Mainland China: 15%
- APAC: 30%
Industry Analysis - Semiconductors

- Chip Shortages Continue
- Localized Chip Manufacturing
- Chips for America Act/FABS Act
- Semiconductors to reach $600 billion in total sales
## Sector Competitors

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Cap</th>
<th>P/E</th>
<th>P/B</th>
<th>ROE</th>
<th>Beta</th>
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<tr>
<td>Intel Corp</td>
<td>194.19 B</td>
<td>9.85</td>
<td>2.33</td>
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<td>Advanced Micro Devices</td>
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Financial Analysis - Operating Performance

Operating Margins (%)

Revenue ($)
Financial Analysis- Profitability

- Return On Equity (%): 2009-2021
- Return On Asset (%): 2011-2021
# Valuation - Dividend Discount Model

<table>
<thead>
<tr>
<th>Constant Growth Model</th>
<th>k / terminal g</th>
<th>0.50%</th>
<th>1.00%</th>
<th>1.50%</th>
<th>2.00%</th>
<th>2.50%</th>
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### Valuation - Free Cash Flow Model

**Free Cash Flow Model**

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<th>Growth Path</th>
<th>Number of Years in Stage 1</th>
<th>Stage 2 Growth Rate</th>
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<th>Stage 3 Growth Rate</th>
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<th>3.50%</th>
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<td>Number of Years in Stage 1</td>
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<td><strong>7.25%</strong></td>
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<td><strong>8.25%</strong></td>
<td>$35.69</td>
<td>$38.73</td>
<td>$42.31</td>
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<td>Free Cash Flow, LTM</td>
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**For FCF and FCFE models only:**

- Total Debt ($ millions): $33,510.00
- Cash ($ millions): $4,827.00
- Shares Outstanding (millions): 4,070.00
- Weighted Average Cost of Capital (%): 7.75%
- Free Cash Flow, LTM: $9,662.00

**Terminal Value ($)**: $57.53

**Notes:**

- For FCF and FCFE models only.
- Growth Path: Constant.
Investment Risks

- Activist Investor Third Point
- Competitive Risks
- General Economic Downturn
- Spotty Record in Acquisitions
Investment Thesis

- Target Price: $56.77
- Current Price: $47.07
- Upside: 20%

Key Drivers:
- New CEO and Restructuring
- Newfabs
- Leader in Microprocessors in PCs and in Data Center