

DESK NOTE

13.06.2025

Intel Corporation (INTC US) – *Wait for Proof, Not Plans: Intel's Road to Recovery Remains Unclear*

Conclusive Summary: We recommend **avoiding INTC at current levels**, as the stock appears **fairly valued with limited near-term upside and ongoing execution risks**. We suggest revisiting the stock around \$15.

Intel has ceded process technology leadership to TSMC and Samsung, with persistent **delays in node execution and ongoing losses in its foundry unit** raising concerns about the viability of its integrated model. While Q1 2025 revenue of \$12.7 billion met the high end of guidance, sequential declines in both client and data center segments, along with a negative free cash flow of -\$3.7 billion, highlight **persistent financial strain**. Gross margin guidance of ~36.5% for Q2 reflects continued pressure from product mix and ramp costs. Its capital intensity remains high, and its foundry unit continues to generate losses despite sequential revenue growth, making **near-term recovery unlikely**. Competitive headwinds from AMD, Nvidia, and TSMC remain strong, and analysts remain cautious on Intel's ability to deliver on its product roadmap and reclaim leadership. While CHIPS Act subsidies and a potential reshoring-driven turnaround could offer longer-term upside, we view this scenario as a 3–5 year play. **Until Intel delivers milestones and a path to sustained profitability, the stock's risk/reward profile remains unattractive.**

Competitive Position: competes across **PCs, data centers, AI, edge, and foundry services** against rivals like AMD, Nvidia, TSMC, and Apple. It **differentiates through vertical integration, designing and manufacturing its own chips, and a broad compute portfolio** that includes CPUs, GPUs, FPGAs, and AI accelerators. Its growing foundry business, backed by advanced packaging, U.S./EU capacity, and IP assets, positions it as a strategic alternative to TSMC. Intel's "AI Everywhere" push, open platform approach, and government-backed manufacturing investments support its turnaround. Execution on process leadership (Intel 18A), foundry scaling, and AI competitiveness remains critical.

Valuation: Using EV/Sales, EV/EBITDA, EV/EBIT and P/E multiple valuations, **we reach a target price of \$21, representing a +2% upside** from current prices. INTC is trading about 1.5 standard deviations above its 5-year mean profitability multiples (EV/EBIT, P/E), and about 1.0 standard deviation below its 5-year EV/Revenue and EV/EBITDA multiples, demonstrating profitability deterioration. **INTC appears to trade at fair market value with no material upside for the stock.**

Ticker: INTC US

Previous day close price: \$20.77

Price range (52w.): \$17.67 - \$37.16

Reason for note: Initiation

Target price: \$21 (+2% Upside)

Recommendation: *Avoid*

Description: Intel is a global contender in Integrated Device Manufacturing (IDM), spanning chip design, global manufacturing, xPU platforms, foundry services, and software. Revenue is generated across the following segments:

- **Client Computing Group (CCG):** CPUs, chipsets, and SoCs for laptops, desktops, and edge devices (43.1% of Revenue).
- **Data Center & AI (DCAI):** High-performance processors, GPUs, and AI accelerators for cloud, enterprise, and AI workloads (18.2%).
- **Intel Foundry Services (IFS):** Third-party contract manufacturing, advanced packaging, and design services using Intel's process nodes (24.9%).
- **Internet of Things / Network & Edge (NEX/IoT):** Connectivity, embedded systems, and telecom/industrial edge platforms (8.3%).
- **Other Segments:** Software tools (oneAPI, OpenVINO), legacy IP businesses, and incubation initiatives (5.4%).

Geographically, the company's revenue split is approximately 24.5% from the U.S. and 75.5% from Other Countries.

Andreas Eliades, ae@dprginvestment.com
Sergey Malygin, CFA, sm@dprginvestment.com
Tel: +357 223 22030

Target Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/Sales	2.5	51,807	129,517	24,076	105,411	4,362	\$24.17
EV/EBITDA	10.0	13,000	103,000	24,076	105,924	4,362	\$24.28
P/EBIT	30.0	3,455	103,658	24,076	79,582	4,362	\$18.24
P/E	30.0	0.56			73,813	4,362	\$16.92
Avg. Multiple Price							\$21.21

Private and Confidential. For Designated Party only.

Disclaimer: This document is issued by DPRG IM LTD (HE433850), a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CIF license number 454/25) to offer certain investment and ancillary services and activities under the provisions of the Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets, and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended or replaced from time to time (the "Law"), with CIF license number (license number to be added upon authorization). The information contained herein is for informational purposes only and does not constitute an offer to buy or sell any financial instrument, nor should it be considered as personalized investment advice. Investments involve significant risks, including the potential loss of the initial investment. Past performance is not indicative of future results. DPRG IM LTD and its affiliates may hold positions in the financial instruments mentioned herein, which may create potential conflicts of interest. The company adheres to strict compliance policies to manage such conflicts and ensure transparency. For further details, please contact compliance@dprginvestment.com or +357 22322010.



DESK NOTE

13.06.2025

Quarterly Earnings Preview:

INTC	Expected Report Date		Next FY End	Preview Date
INTEL CORP	8/1/2025	?	12/28/2025	6/13/2025
Targets	DPRG	21.21	Street	21.15
Current Price/ Upside	20.77	2.1%		1.8%
Quarterly Preview		Last Q Report		
Last Close	Estimate	4/24/2025		
20.77	Q2	2025 Q1		Year Ago
		% Surprise		
Sales, \$ mil.	11,861	12,667	2.83%	12,724
growth	qoq	-6.4%	yoy	-6.8%
EBITDA, \$ mil.	2,728	2,529	0.84%	2,178
growth	qoq	7.9%	yoy	25.2%
Net Income, \$ mil.	51	-383	2186.89%	257
growth	qoq	-113.2%	yoy	-80.4%
EPS, \$	0.01	-0.09	1525.00%	0.06
growth	qoq	-115.7%	yoy	-76.8%
EPS GAAP, \$	-0.26	-0.19	17.03%	-0.09
growth	qoq	36.3%	yoy	187.8%
Valuation	Current	-1STD	Average 2Y	+1STD
EV to Forward 12M Sales	2.34	2.19	2.72	3.25
EV to Forward 12M EBITDA	8.81	8.30	10.26	12.21
Price to Forward 12M EPS	36.76	22.08	28.06	34.03
EV/Sales	Slightly Underpriced			
EV/EBITDA	Slightly Underpriced			
PE	Overpriced			
Total Rating on Valuation	Fairly Priced			

Private and Confidential. For Designated Party only.

Disclaimer: This document is issued by DPRG IM LTD (HE433850), a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CIF license number 454/25) to offer certain investment and ancillary services and activities under the provisions of the Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets, and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended or replaced from time to time (the "Law"), with CIF license number (license number to be added upon authorization). The information contained herein is for informational purposes only and does not constitute an offer to buy or sell any financial instrument, nor should it be considered as personalized investment advice. Investments involve significant risks, including the potential loss of the initial investment. Past performance is not indicative of future results. DPRG IM LTD and its affiliates may hold positions in the financial instruments mentioned herein, which may create potential conflicts of interest. The company adheres to strict compliance policies to manage such conflicts and ensure transparency. For further details, please contact compliance@dprginvestment.com or +357 22322010.

