

Markets served: primarily makers of personal computers; also communications, industrial automation, military, and other electronic equipment. Main products: microprocessors (notably, the Pentium series), microcontrollers, and memory chips. Also sells computer modules and boards, and network products. Foreign business: about 80% of '15 sales. R&D: 22% of sales. '15 dep. rate: 9.4%. Has 107,300 employees. Off./dir. own less than 1% of common shares; BlackRock, 6.1%; The Vanguard Group, 6.0% (4/16 proxy). Chair.: Andy Bryant. Pres.: Venkata Renduchintala. CEO: Brian Krzanich. Incorp.: DE. Add.: 2200 Mission College Blvd., Santa Clara, CA 95054. Tele.: 408-765-8080. Internet: www.intc.com.

 ANNUAL RATES of change (per sh) Sales
 Past 10 Yrs.
 Past 5 Yrs.
 to '19-21 to '19-21

27730

2748 1604

11667

16019

40356

2063 2634

15667

31188

3420 4560 10731

18711

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY SALES (\$ mill.)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	12580	12811	13483	13834	52708
2014	12764	13831	14554	14721	55870
2015	12781	13195	14465	14914	55355
2016	13702	13533	15600	15900	58735
2017	14300	14550	15400	15750	60000
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	.41	.39	.58	.51	1.89
2014	.36	.55	.66	.74	2.31
2015	.40	.55	.64	.74	2.33
2016	.54	.59	.69	.73	2.55
2017	.59	.64	.75	.82	2.80
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2012	.21	.21	.225	.225	.87
2013	.225	.225	.225	.225	.90
2014	.225	.225	.225	.225	.90
2015	.24	.24	.24	.24	.96
2016	.26	.26	.26		
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Intel reported decent results for the June period. Revenues were \$13.5 billion, a 2.6% improvement over the previous year's tally and on par with our expectation. Too, share net was \$0.59, \$0.06 higher than our estimate and above the year-ago figure of \$0.55. The earnings advance was fueled by a gross margin of 61.8%, 1% above the midpoint of company guidance. Intel also produced about \$3.8 billion in operating cash flow, while its overhaul actions remain on track. The restructuring is slated to result in \$1.4 billion in annual savings once completed. Too, the Intel Security group posted a 10% top-line advance compared to last year, with flat sequential results. Also, the Programmable Solutions group, a new division created following the early-2016 Altera acquisition, was up 30% from last quarter.

September-quarter revenues are likely to be above previous expectations. On point, management stated that revenues should be \$15.6 billion (plus or minus \$500 million) compared to prior guidance of \$14.9 billion. The gross margin is now likely to be 62%, a 2% improvement over

the previous estimate. The primary factor behind the upgrade was a replenishment in the personal computer (PC) supply chain, coupled with signs that the overall PC industry is experiencing increasing demand. We are more optimistic regarding both this year and next, and have adjusted our forecast accordingly.

Intel's long-term fortunes depend on its ability to diversify. The company's personal computer unit is mature and highly susceptible to economic fluctuations. The company's recent purchase of Altera is a step in the right direction. Also, management recently announced a partnership with ARM Holdings, which is scheduled to start in the first half of next year. This is good news, since it allows the company to participate in the smartphone market on a broader basis. Likely solid long-term gains at the Data Center group, which has seen its rate of growth decelerate of late (a near-term hiccup), is another reason for optimism.

Intel stock offers decent long-term risk-adjusted total return prospects. A good dividend adds to its appeal.

Alan G. House September 30, 2016

(A) Dil. egs. Excl. nonrecurr. gains (losses): '00, (2¢); '01, (34¢); '02, (5¢); '03, (1¢); '10, (4¢). Next egs. report mid-Oct.
(B) Dividends historically paid in early March,

June, September, and December. ■ Dividend reinvestment plan available. (C) In millions. (D) Excludes amortization of goodwill and other acquisition-related intangibles.

Company's Financial Strength Stock's Price Stability 75
Price Growth Persistence 55
Earnings Predictability 50