

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:

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 Past Past Est'd '14-'16 to '20-'22 of change (per sh) 5 Yrs. Sales "Cash Flow" 7.5% 7.0% 10.0% 12.5% 6.5% Earnings 6.5% 12.0% 8.0% Dividends Book Value 9.5% 9.0% 3.5% 4.0%

27730

2748 1604

11667

16019

40356

2063 2634

15667

35508

2475 4634

20302

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY SALES (\$ mill.)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2014	12764	13831	14554	14721	55870
2015	12781	13195	14465	14914	55355
2016	13702	13533	15778	16374	59387
2017	14810	14370	15400	15420	60000
2018	15000	14750	15730	16000	61480
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2014	.36	.55	.66	.74	2.31
2015	.40	.55	.64	.74	2.33
2016	.54	.59	.80	.79	2.72
2017	.65	.64	.75	.76	2.80
2018	.68	.66	.77	.79	2.90
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	.225	.225	.225	.225	.90
2014	.225	.225	.225	.225	.90
2015	.24	.24	.24	.24	.96
2016	.26	.26	.26	.26	1.04
2017	.26	.273			
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Intel has made a splash in the acquisition market. In mid-March, the chip behemoth announced that it would purchase Mobileye NV, a developer of computer vision and mapping for driver assistance systems and autonomous driving technologies in a deal valued at approximately \$15.3 billion. Intel will purchase all of the outstanding shares of Mobileye for \$63.54 each, equivalent to a 34% premium to the previous day's closing price. The deal is slated to close by the end of this year, and has been approved by the board of directors of both companies. It still has to pass the customary regulatory and shareholder muster before the transaction can be finalized.

What does this mean for Intel? We have been writing for some time that the company is the market leader for chips in the personal computer industry. It is no secret that this sector is in the mature stage, and thus growth, at best, can be described as modest. Though demand can increase from time to time, this generally follows a prolonged period of decline. Hence, we felt (and still feel) that it is imperative for Intel to gain a strong foothold

in more-lucrative segments of the semiconductor industry. Hence, we believe that Mobileye could be a significant step in that direction. The planned marriage is likely to accelerate innovation in the automotive industry and positions Intel in the driver's seat in the fast-growing market for autonomous vehicles. The company intends to finance the agreement with cash from the balance sheet and Mobileye should be immediately additive to earnings once the deal is consummated.

Without Mobileye in the fold, we look for the company's bottom line to improve at a measured clip in each of the next two years. We do not include pending acquisitions in our projections until they are completed. During its fourth-quarter conference call, management guided that full-year 2017 revenue would be roughly flat. Our expectation for shareearnings advances in each of the next two years is based largely on margin gains.

Intel stock doesn't stand out for the year ahead. Long-term, conservative investors may be attracted to its worthwhile risk-adjusted total return potential.

Alan Ğ. House March 31, 2017

(A) Dil. egs. Excl. nonrecurr. gains (losses): '01, (34¢); '02, (5¢); '03, (1¢); '10, (4¢). Next egs. report late April. (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 A++ 80 Price Growth Persistence **Earnings Predictability** 65