

Inventory (FIFO) Other
Current Assets Accts Payable Debt Due Other Current Liab.

BUSINESS: Intel is a leading manufacturer of integrated circuits. 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:
Intel reported somewhat mixed news

| ANNUAL RATES | Past | Past | Est'd '15-'17 |
| :--- | ---: | ---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to'22.24 |
| Sales | $7.0 \%$ | $5.0 \%$ | $7.0 \%$ |
| "Cash Flow" | $8.5 \%$ | $5.5 \%$ | $10.0 \%$ |
| Earnings | $9.5 \%$ | $5.5 \%$ | $12.5 \%$ |
| Dividends | $10.0 \%$ | $6.0 \%$ | $5.5 \%$ |
| Book Value | $8.0 \%$ | $8.0 \%$ | $7.0 \%$ |


| Calendar | QUARTERLY SALES (\$ mill.) |  |  |  | Full Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2016 | 13702 | 13533 | 15778 | 16374 | 59387 |
| 2017 | 14796 | 14763 | 16149 | 17053 | 62761 |
| 2018 | 16066 | 16962 | 19163 | 18657 | 70848 |
| 2019 | 16000 | 16850 | 19000 | 19200 | 71050 |
| 2020 | 17000 | 17550 | 19500 | 19700 | 73750 |
| Calendar | $\begin{array}{r} \text { EA } \\ \text { Mar. } 31 \end{array}$ | JuniNGS | ER SHAR | $\begin{aligned} & \hline \text { EA } \\ & \text { Dec. } 31 \end{aligned}$ | Full <br> Year |
| 2016 | . 54 | . 59 | . 80 | . 79 | 2.72 |
| 2017 | . 66 | . 72 | 1.01 | 1.08 | 3.47 |
| 2018 | . 87 | 1.04 | 1.40 | 1.28 | 4.59 |
| 2019 | . 87 | 1.01 | 1.30 | 1.32 | 4.50 |
| 2020 | . 94 | 1.05 | 1.35 | 1.41 | 4.75 |
| Calendar | $\begin{gathered} \hline \text { QUAR1 } \\ \text { Mar. } 31 \end{gathered}$ | TERLY DIV $\text { Jun. } 30$ | IDENDS P Sep. 30 | $\begin{aligned} & \hline \text { AID }_{\mathrm{B}}^{\mathrm{Dec} .} 31 \end{aligned}$ | Full Year |
| 2015 | . 24 | . 24 | . 24 | . 24 | . 96 |
| 2016 | . 26 | . 26 | . 26 | . 26 | 1.04 |
| 2017 | . 26 | . 273 | . 273 | . 273 | 1.08 |
| 2018 | . 30 | . 30 | . 30 | . 30 | 1.20 |
| 2019 | . 315 |  |  |  |  |

during its fourth-quarter conference call. The December quarter was a good one for the chip behemoth, with earnings per share dialing in at $\$ 1.28$, which was sharply above the previous year tally of $\$ 1.01$. The increase at the top line (9.4\% on a year-over-year basis) was generally broad based with most operating segments booking a gain from 2017's comparableperiod tallies. The Mobileye unit was the belle of the ball, registering a year-overyear improvement of 43\% (albeit off a smaller base than most of the other segments). However, leadership's outlook for the first quarter of 2019 wasn't quite up to snuff. On point, management believes that sales during the March interim will be about $\$ 16$ billion, with share earnings of $\$ 0.85$ to $\$ 0.90$. This pales in comparison to our expectations of three months ago.
We believe the chip behemoth may take a slight step back this year, though this requires an explanation. As noted in the previous paragraph, the first quarter of this year will likely be roughly on par with the previous year's tally. Comparisons will probably become
about $80 \%$ of ' 17 sales. R\&D: 20.9\% of sales. '17 dep. rate: $6.8 \%$. Has 103,700 empl. Off./dir. own less than $1 \%$ of common shares; The Vanguard Group, 7.3\%; BlackRock, 6.3\%. (4/18 proxy). Chair.: Andy Bryant. Pres.: Venkata Renduchintala. Interim CEO: Robert Swan. Inc.: DE. Address: 2200 Mission College Blvd., Santa Clara, CA 95054. Tel.: 408-765-8080. Internet: www.intc.com.
increasingly more difficult beginning in the J une period, as last year's final three quarters were impressive. Hence, on an absolute basis, 2019 should be a pretty good year, thanks to predominately favorable global economic conditions.
We have boosted our 3- to 5-year earnings view by $\$ 0.75$ a share since our December report. Our optimistic view is based on solid annual earnings advances, on average, coupled with us rolling out our projections by a year to 2022-2024.
These shares are an interesting choice for investors of all ilks. Indeed, they are ranked to be market outperformers in the year ahead, while also offering solid risk-adjusted total return potential over the pull to 2022-2024. An increasing dividend, which is well covered by future earnings according to our forecast, ought to entice income-hungry investors. These shares are an excellent choice for conservative accounts seeking a presence in the semiconductor industry. The stock's Price Stability score is above average, and near the front of the pack among its semiconductor peers.
Alan G. House
March 29, 2019

[^0]| Company's Financial Strength | A++ |
| :--- | ---: |
| Stock's Price Stability | 75 |
| Price Growth Persistence | 55 |
| Earnings Predictability | 75 |

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[^0]:    A) Dil. egs. Excl. nonrecurr. gains (losses): Aug., and Nov. ■ Dividend reinvestment plan 02, (5¢); '03, (1c); '10, (4¢); '16, (60¢). Next available. (C) In millions.
    egs. report due late April. $\quad$ (D) Excludes amortization of goodwill and other
    (D) Excludes amortization of go
    acquisition-related intangibles.

