

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 '18 sales. R&D: 19.1% of sales. '18 dep. rate: 6.6%. Has 107,400 empl. Off./dir. own less than 1% of common shares; The Vanguard Group, 8.0%; BlackRock, 6.6%. (4/19 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.

Past ANNUAL RATES Past Est'd '16-'18 of change (per sh) 5 Yrs. to '22-'24 Sales "Cash Flow" 8.0% 11.0% 5.5% 8.5% 5.5% 9.0% 11.0% 5.5% 8.0% Earnings 14 0% 10.5% 9.0% 8.0% 5.0% 7.0% Dividends Book Value

29500

2928 1776

17421

28787

3824 1251

16626

29060

4059 2750

18911

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY SALES (\$ mill.)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2016	13702	13533	15778	16374	59387
2017	14796	14763	16149	17053	62761
2018	16066	16962	19163	18657	70848
2019	16061	15600	17840	19149	68650
2020	16700	16200	18500	20220	71620
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	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	.89	.89	1.27	1.30	4.35
2020	.94	.94	1.32	1.35	4.55
Cal-	QUARTERLY DIVIDENDS PAID B .				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	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	.315			
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Intel shares have taken a bit of a hit since our March review. Though the company announced good results for the March quarter, its June-quarter forecast didn't live up to expectations. The all-important data-centric business, which has been on Wall Street's radar, declined 5% on a year-over-year basis during the March interim. Specially, enterprise and government comparisons plummeted more than 20%, which was the main factor behind the year-to-year decrease.

We have scaled back our earnings expectations by \$0.15 a share for each of the next two years. Intel's outlook for the June quarter fell short of our estimates. On point, company guidance suggested that sales would be \$15.6 billion, plus or minus \$500 million. Share earnings are likely to be just shy of \$0.90, which is considerably below our previous call of \$1.01. However, we believe this is a short-term speed bump, and earnings advances ought to continue during the back half of the year. Our optimism is based on decent economic conditions over that span. Further, our long-term bottom-line expectations remain intact. As noted, we

believe that the June period will likely be a short-term hiccup in an otherwise upward trend. Company-specific fundamentals remain healthy, while macroeconomic variables are favorable. Intel's strong balance sheet is also a plus and provides for financial flexibility. We wouldn't be surprised to see a tack-on acquisition down the road. (Acquisitions are not included in our expectations until consummated.)

Though only neutrally ranked for Timeliness, these shares have ample room to run over the 3 to 5 years ahead. The company appears to have a good game plan in place, which should result in solid annual earnings increases, on average, over the 3- to 5-year pull. The chip behemoth has diversified beyond its bread-and-butter personal computer business, which should help boost profits. However, the company is susceptible to economic downturns, reflecting its exposure to the cyclical semiconductor industry. It should be noted that Intel tends to hold up better than its peers during difficult times, which is reflected in its attractive Price Stability score.

Alan G. House June 28, 2019

(A) Dil. egs. Excl. nonrecurr. gains (losses): '02, (5¢); '03, (1¢); '10, (4¢); '16, (60¢). Next egs. report due late July.
(B) Dividends historically paid late Feb., May,

Aug., and Nov. Dividend reinvestment plan available. (C) In millions. (D) Excludes amortization of goodwill and other acquisition-related intangibles.

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