“Amid a very challenging environment, cloud and network infrastructure and PC capabilities have been vital in allowing businesses and people to continue to work, learn, stay connected, and provide critical goods and services. Those trends contributed to a very strong quarter in which we generated $19.7 billion in revenue and delivered $1.23 in EPS. We exceeded our guidance by $1.2 billion on the top line and 13 cents on the bottom line. Our data-centric businesses grew 34 percent and drove approximately 52 percent of the company’s revenue, and our PC-centric business grew 7 percent.

I continue to be amazed by our employees and supply chain partners who have diligently worked to keep our business operating at a high level during this unprecedented challenge. COVID-19 has driven redesigned workflows and added additional environmental stress that I know has strained employees and ecosystem partners as they try to maintain productivity in this new world. I want to thank all our employees and partners for their incredible contributions. Our primary focus continues to be ensuring the safety and well-being of our global workforce, delivering for our customers and helping the communities in which we operate.

On each earnings call, I give updates about our progress against three key priorities: accelerating the growth of the company, improving our execution and continuing to thoughtfully deploy your capital. Let me give you a few thoughts on each.

We're transforming the company to accelerate growth. That means not just playing defense but positioning our business to grow share in the largest market opportunity in our history. We've built scale businesses indexed to key tech inflections such as cloud, AI, 5G, and the intelligent and autonomous edge. We see a world where everything increasingly looks like a computer, including our homes, our cars, our cities, our hospitals, our factories and now even our schools. In this new world, our opportunity set becomes more than just the CPU … it's more and more Intel silicon, inside more and more computers, so we can have a larger impact on our customers’ success. That diversity is one critical factor in driving today’s results. I'll highlight a few examples from the past 90 days.

AI use cases are becoming pervasive, and we are embedding AI capability into all our products. Our Intel® Xeon® platform is foundational for data center AI, with value, scalability, built-in AI acceleration and inference leadership. This quarter, we launched our 3rd generation Intel® Xeon® Scalable processor “Cooper Lake,” which is the first mainstream server CPU with built-in bfloat16 support, which increases AI throughput by reducing the amount of data required for the same accuracy. Developers can use the latest Intel-optimized versions of TensorFlow and PyTorch to train their models using bfloat16, and the Intel distribution of OpenVINO™ to deploy optimized inference from cloud to edge.

In Q2, both our cloud and comms service provider businesses grew more than 40 percent year-over-year as critical cloud-delivered applications continued to scale and 5G buildouts accelerated. Leading cloud service providers, including Alibaba, Baidu, Facebook and Tencent, announced they are adopting our 3rd Gen Intel® Xeon® Scalable processors into their infrastructure and services. Also this quarter, Azure introduced several new Xeon® Scalable instances, including general purpose and memory-
optimized Azure Virtual Machines. We were also excited to be a part of an industry first with Rakuten's full-scale commercial launch of its mobile carrier service. This service is the world's first end-to-end fully virtualized cloud-native mobile network and it's powered by Intel processors and FPGAs from the radio access network to the 5G-ready mobile core.

Compute capabilities are moving from the cloud to the edge and catalyzing a vast array of new usages and market opportunities. The largest opportunity we see at the edge is the $230 billion 2030 total addressable market (TAM) for advanced driver-assistance systems (ADAS), data and mobility-as-a-service technologies. Since the last call, we acquired Moovit, a leading mobility-as-a-service solution company. Combining Mobileye's market-leading ADAS and automated vehicle (AV) technologies with Moovit accelerates our ability to become a full-stack mobility provider and truly revolutionize transportation. The most important demonstration of the power of our technologies is the commitment of our customers, and we were excited this week to announce a significant design win with Ford. Design wins to date in 2020 include multiple new ADAS production programs representing cumulative volume of over 20 million units.

We're also driving incredible innovation for our customers across a wide spectrum of PC use cases. This quarter, we introduced three new additions to our 10th gen processor family, extending our leadership in gaming and business. The Intel® Core™ S and H series processors for desktop and mobile gaming deliver speeds out of the box reaching up to 5.3 gigahertz, making them the world's fastest gaming processors, and our new 10th Gen Intel® Core™ vPro® processors deliver uncompromised productivity and hardware-based security for commercial PCs. Q2 also marked the launch of "Lakefield," featuring our new Intel® Hybrid Technology, which is a hybrid CPU architecture for power and performance scalability.

We also continue to work on improving our execution. Intel employees and our supply chain partners have role-modeled teamwork in navigating difficult conditions while working to support customer upsides during this crisis. We have made significant progress in increasing our capacity and improving our supply, while delivering $2 billion above our plans through the first six months of the year. We're on track to return to more normal levels of PC inventory as we work through the second half of the year.

Acceleration of our next-generation products continues. We now expect to increase our 10nm-based product shipments for the year by more than 20 percent versus our January expectations. Customer demand for our family of 10nm-based SoCs for 5G base station designs is also very strong. We delivered a full node of performance improvement within our 14nm-based products by optimizing our product and process together, and the power of our intranode improvements continues with our next-generation 10nm-based client product, "Tiger Lake." Tiger Lake delivers breakthrough performance in CPU, graphics and AI, and will be shipping to customers in a matter of weeks. We are also targeting initial production shipments of our first 10nm-based Xeon Scalable product, "Ice Lake," for the end of the year. And we have a pipeline of exciting new product architectures for 2021, led by "Alder Lake" for client and "Sapphire Rapids" for server. Both products will start initial production shipments in the second half of 2021.

Let me provide some updates on our technology roadmap. We continue to demonstrate proof points of our breakthrough advanced packaging technologies. Our Lakefield product, which I mentioned earlier, delivers scale production of our 3D packaging technology, "Foveros," combining both 10nm and 22nm capabilities in a disaggregated architecture. This quarter also marked a significant milestone in our data
center GPU technology. We successfully powered on a petaflop-scale GPU with high bandwidth memory using our advanced embedded multi-die interconnect bridge “EMIB” 2D packaging technology.

Turning to our 7nm technology: We are seeing an approximate six-month shift in our 7nm-based CPU product timing relative to prior expectations. The primary driver is the yield of our 7nm process, which based on recent data, is now trending approximately twelve months behind our internal target. We have identified a defect mode in our 7nm process that resulted in yield degradation. We’ve root-caused the issue and believe there are no fundamental roadblocks, but we have also invested in contingency plans to hedge against further schedule uncertainty. We’re mitigating the impact of the process delay on our product schedules by leveraging improvements in design methodology such as die disaggregation and advanced packaging. We have learned from the challenges in our 10nm transition and have a milestone-driven approach to ensure our product competitiveness is not impacted by our process technology roadmap.

Our overarching priority is to deliver product leadership for our customers, and we are taking the right steps to produce a strong lineup of leadership products. We will continue to invest in our future process technology roadmap, but we will be pragmatic and objective in deploying the process technology that delivers the most predictability and performance for our customers, whether that be our process, external foundry process or a combination of both. Our advanced packaging technologies combined with our disaggregated architecture give us tremendous flexibility to use the process technology that best serves our customers. As an example, our data center GPU design, “Ponte Vecchio,” will now be released in late 2021 or early 2022 utilizing external and internal process technologies combined with our world-leading packaging technologies.

We now expect to see initial production shipments of our first Intel-based 7nm product, a client CPU in late 2022 or early 2023. We are also focused on maintaining an annual cadence of significant product improvements independent of our process roadmap, including the holiday refresh window of 2022. In addition, we expect to see initial production shipments of our first Intel-based 7nm data center CPU design in the first half of 2023.

Finally, while process technology is very important, it is only one of the six technology pillars of innovation that drive differentiation in our products. You will hear more about advances across all six technology pillars – process, packaging, architecture, memory, interconnect and security/software – at the upcoming Intel Architecture Day.

Last, we are focused on the thoughtful allocation of your capital. We are investing to grow our capabilities even as we deliver significant free cash flow this year. Since 2015, we have grown R&D spending by more than $1 billion while divesting non-core assets and reducing overall spending as a percentage of revenue by 9 points. We also look for opportunities to augment our product lines and speed the pace at which we can grow the company. As discussed earlier, we acquired Moovit this quarter, investing approximately $900 million to dramatically accelerate our capability to capitalize on the $160 billion mobility-as-a-service opportunity. We also announced a $250 million investment in Jio Platforms, a high-speed wireless connectivity and digital services provider, to help fuel digital transformation in India.

Our purpose to deliver world-changing technology that enriches the lives of every person on Earth has never been more essential. But the global problems we face are bigger than any one company can solve
alone. That's why we established 2030 corporate responsibility goals, which call for a collective response to revolutionize health and safety, and make technology fully inclusive and help address climate change. We've also committed more than $50 million and extended our expertise, global reach and influence to combat COVID-19 as well as social injustice. The early results of our Pandemic Response Technology Initiative, which we announced earlier this week, underscore Intel's unique ability to partner and collectively solve critical problems.

In closing, I want to thank all our employees who are working through this challenging time to deliver our purpose and support our customers.”

Forward-Looking Statements

Statements in these prepared remarks that refer to business outlook, future plans, and expectations are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipate," "expect," "intend," "goals," "plans," "believe," "seek," "estimate," "continue," "positioned," "on track," "may," "will," "would," "should," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, uncertain events or assumptions, including statements relating to total addressable market (TAM) or market opportunity, future products and technology and the expected availability and benefits of such products and technology, including our 10nm and 7nm process technologies, products, and product designs, and anticipated trends in our businesses or the markets relevant to them, also identify forward-looking statements. Such statements are based on management's expectations as of July 23, 2020 and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Important factors that could cause actual results to differ materially from the company's expectations, including risks related to the COVID-19 pandemic, are set forth in Intel's earnings release dated July 23, 2020, which is included as an exhibit to Intel's Form 8-K furnished to the SEC on such date, as well as in Intel's SEC filings, including the company's most recent reports on Forms 10-K and 10-Q. Copies of Intel's Form 10-K, 10-Q and 8-K reports may be obtained by visiting our Investor Relations website at www.intc.com or the SEC's website at www.sec.gov.

All information in these prepared remarks reflects management's views as of July 23, 2020. Intel does not undertake, and expressly disclaims any duty, to update any statement made in this presentation, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.

About Intel

Intel (Nasdaq: INTC) is an industry leader, creating world-changing technology that enables global progress and enriches lives. Inspired by Moore's Law, we continuously work to advance the design and manufacturing of semiconductors to help address our customers' greatest challenges. By embedding intelligence in the cloud, network, edge and every kind of computing device, we unleash the potential of data to transform business and society for the better. To learn more about Intel's innovations, go to newsroom.intel.com and intel.com.
Reconciliation of Non-GAAP Measures

These prepared remarks contain non-GAAP financial measures. Please refer to “Explanation of Non-GAAP Measures” in Intel's earnings release dated July 23, 2020 for a detailed explanation of the adjustments made to the comparable GAAP measures, the ways management uses the non-GAAP measures, and the reasons why management believes the non-GAAP measures provide investors with useful supplemental information.

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