DBS

Intel Corp

Turnaround hinges on ability to regain market leadership

15 Jun 2026

Company Overview

Intel is one of the leading microprocessor chips manufacturers mainly for computing (c.50% of total revenue) and data center (c.30-35%). The company is an IDM, engaging in the design, manufacture, and sale of computer products and technologies worldwide.

Investment Overview

CPUs are re-emerging as a critical foundation of the next phase of AI. Intel noted CPU-to-GPU ratios are around 1:8 in training workloads, improving to c.1:3 to 1:4 in inference, and potentially moving toward parity or better in agentic AI. This suggests rising CPU content as AI workloads evolve, reinforcing Intel's x86 franchise as the orchestration and control layer of AI infrastructure, and a key beneficiary as spending broadens beyond GPU-led training clusters.

Foundry losses continue to weigh in the near term, albeit mitigated by cost discipline. Intel Foundry operating loss in 1Q26 was USD2.4bn as early-node ramp costs and heavier 14A investment offset yield gains. Nonetheless, opex was guided to USD16 bn in FY26, reflecting sustained fiscal discipline and a structurally leaner organisation, which helps cushion near-term margin pressure.

2Q26 guidance remains constructive, supported by server CPU strength and incremental supply. Intel guided 2Q26 revenue to USD13.8bn-14.8bn, implying sequential growth of 2%-9%, with non-GAAP EPS of USD0.20 and gross margin of 39%. The lower margin versus 1Q26 is largely mix-driven, as Intel 18A volumes scale, while one-off inventory benefits seen in 1Q26 are not expected to repeat. Management stated both Client Computing and Data Centre should grow sequentially, with Data Centre up double digits, reinforcing confidence that server CPU demand has structurally improved over the past three months.

Hold INTC with TP of USD115 (vs USD74 prev). Our TP is based on 5.1x forward PB, with the recent re-rating reflecting improved sentiment, driven by growing interest from major chip companies in Intel Foundry Services, the repurchase of Apollo's stake in Fab 34, which signalled management confidence, and strong AI-related CPU demand.

Risks

Prolonged supply shortage, cyclical semiconductor cycle affecting demand, competitive pressure.

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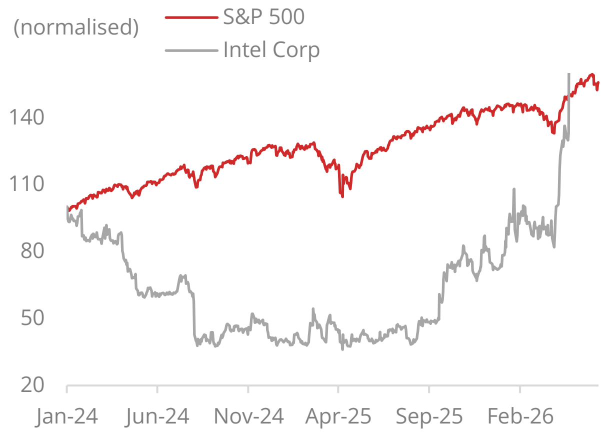
Key Financial Data

Bloomberg Ticker	INTC US
Sector	Information Technology
Share Price (USD)	124.57
DBS Rating	HOLD
12-mth Target Price (USD)	115.0
Market Cap (USDb)	626.1
Volume (m shares)	155.1
Free float (%)	81.6
Dividend yield (%)	-
Net Debt to Equity (%)	0.8
Fwd. P/E (x)	113.2
P/Book (x)	5.6
ROE (%)	0.3

Closing Price as of 12 Jun 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

Financial Summary (USDmn)

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	54,228	53,101	52,853	58,578	64,585
% y/y	*(14.0)*	*(2.1)*	*(0.5)*	*10.8*	*10.2*
Gross Profit	23,650	19,099	19,410	23,725	27,807
% y/y	*(20.6)*	*(19.2)*	*1.6*	*21.5*	*17.0*
EBITDA	14,268	11,125	14,622	19,984	24,125
% y/y	*(31.9)*	*(22.0)*	*31.4*	*36.9*	*21.1*
Net Profit	4,420	(566.0)	1,929	5,638	8,179
% y/y	*(35.8)*	*(112.8)*	*240.8*	*193.4*	*44.2*
FCF	(14,279)	(15,656)	(4,949)	2,309	6,391
% y/y	*(251.7)*	*(209.6)*	*(131.6)*	*(66.6)*	*109.8*
CAPEX	25,750	23,944	14,646	15,017	16,646
% y/y	*3.6*	*(7.0)*	*(38.8)*	*2.0*	*11.1*
EBITDA Margin (%)	26.3	21.0	27.7	34.1	37.5
Net Margin (%)	8.2	(1.1)	3.6	9.6	12.6
ROA (%)	2.4	(0.3)	0.9	2.6	3.8
ROE (%)	4.1	(0.5)	1.7	4.4	6.2
Tax Rate (%)	13.0	(13.0)	12.0	26.7	11.7

Source: Company, DBS

Valuation Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	118.1	(942.0)	292.5	112.6	77.0
P/B (x)	5.0	5.4	4.9	5.3	4.9
Dividend Yield (%)	0.6	0.3	0.00	0.0	0.0
EV/EBITDA (x)	16.8	10.6	14.4	32.4	27.3
FCF Yield (%)	(2.7)	(2.9)	(0.9)	0.4	1.0
Dividend Per Share (DPS)	0.7	0.4	0.00	0.0	0.0

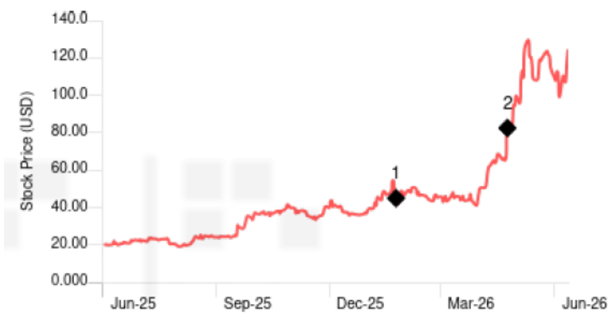
Source: Company, DBS

Credit & Cashflow Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	44.8	47.6	36.9	35.8	32.3
Net Debt / Equity (x)	0.2	0.3	0.1	0.0	(0.1)
Debt / Assets (%)	25.7	25.5	22.0	21.6	19.8
Net Debt / Assets (x)	0.1	0.1	0.0	0.0	(0.0)
ST Debt / Total Debt (x)	0.0	0.1	0.1	0.0	0.0
Debt / EBITDA (x)	3.5	4.5	3.2	2.3	1.9
[Cash + CFO] / ST Debt (%)	16.0	8.1	18.9	27.3	34.7
Receivables Days	22.9	23.9	26.5	27.0	27.4
Days Payable	57.7	86.3	68.2	56.6	54.4
Inventory Days	74.9	83.8	80.2	81.1	76.4

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	24 Jan'26	45.07	40.00	HOLD
2	24 Apr'26	66.78	74.00	HOLD

Source: DBS
Analysts: Amanda Tan
Ling Lee Keng

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:
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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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**Share price appreciation + dividends*

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