

Intel Beats Expectations in Q1 2020

Written by Marco Attard
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Intel reports strong performance for Q1 2020, with revenues reaching \$19.8 billion, a 23% Y-o-Y increase-- results the company says demonstrate the technology industry is "more essential now than it has ever been."

OUR PRIORITIES

ACCELERATING OUR GROWTH	IMPROVING OUR EXECUTION	DEPLOYING OUR CAPITAL
 <ul style="list-style-type: none">• Cloud up >50% YoY and Comms up >30% YoY... Now ~70% of Data Center segment• Expect base station silicon market leadership in 2021... One year pull-in• Mobileye ADAS design win with major Asian OEM (first ever with this OEM)• Sampling Habana's first deep learning training processor to large CSPs	 <ul style="list-style-type: none">• Despite COVID-related disruptions, fulfilled all committed client CPU orders• Launched 10nm-based 5G base station SoC, Snow Ridge• Tiger Lake client CPU coming mid-year• Sampling Ice Lake server• Launched 10th Gen Intel Core, Comet Lake, first to 5GHz+ in laptops	 <ul style="list-style-type: none">• Committed to maintaining the dividend• Repurchased \$4.2B in shares• Strengthened liquidity... \$10.3 billion in debt offerings... Suspended buybacks in-light of pandemic...• Managing FCF through disciplined control of OpEx, CapEx and working capital

Chipzilla profits total \$5.7bn, a 43% Y-o-Y increase, while gross margins reach 60.6%. Driving such results is the Datacentre Group (DCG), with revenues growing by 43% Y-o-Y to \$7bn. The memory business emerges as a surprise champion, with 46% Y-o-Y growth on \$1.3bn in revenues, while ADAS adoption leads to a record quarter for the Mobileye business. The rest of the Intel IoT business does see a -3% Y-o-Y drop in revenue, however.

The PC-centric client computing group (CCG) also sees gains, as revenues are up by 14% Y-o-Y following recently "troubled" times. Such results are primarily thanks to notebooks, as ASPs see a 22% Y-o-Y increase, leading to growth despite shipments slipping by -3% Y-o-Y. Intel plans to further improve the supply of Ice Lake laptops, and is shipping the recently launched Comet Lake-H CPUs to OEMs.

The coronavirus (aka Covid-19) pandemic did affect Intel operations, but the company says it

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still managed to meet 90% of deliver targets. Chipzilla has pledged to support employees with a \$100 million investment, as well as \$60m in technology to relief effort. In addition, it has joined the Open Covid Pledge for scientific research, and donated 1m PPE items to healthcare workers.

Looking to the future, Chipzilla remains committed to release the first 10nm+ Tiger Lake (TGL) CPUs in H2 2020 before ramping up production lines to the next generation of CPUs.

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