

# INTEL NDQ-INTC

RECENT PRICE **23.88** P/E RATIO **12.6** (Trailing: 11.9; Median: 20.0) RELATIVE P/E RATIO **0.75** DIV'D YLD **3.8%**

## VALUE LINE

**TIMELINESS** 3 Raised 6/21/13  
**SAFETY** 1 Raised 4/10/09  
**TECHNICAL** 2 Raised 6/14/13  
**BETA** .95 (1.00 = Market)

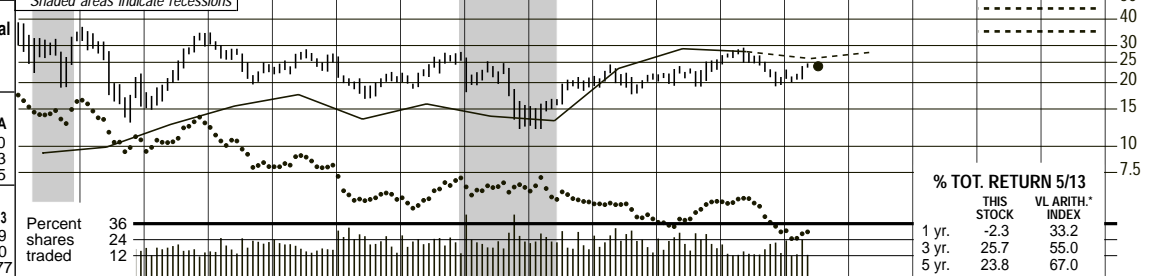
High: 36.8 34.5 34.6 28.8 26.6 28.0 26.3 21.3 24.4 25.8 29.3 26.0  
 Low: 13.0 14.9 19.6 21.9 16.8 18.8 12.1 12.0 17.6 19.2 19.2 20.1

LEGENDS  
 — 8.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 2-for-1 split 7/00  
 Options: Yes  
 Shaded areas indicate recessions

**2016-18 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 45 (+90%) 20%  
 Low 35 (+45%) 13%

**Insider Decisions**  
 A S O N D J F M A  
 to Buy 0 0 0 0 0 0 0 0  
 Options 0 0 1 0 0 1 0 0  
 to Sell 2 0 4 0 0 4 1 3

**Institutional Decisions**  
 3Q2012 4Q2012 1Q2013  
 to Buy 727 677 789  
 to Sell 740 864 660  
 Hlds(000) 306533730630030047477



1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
3.85	3.96	4.41	5.02	3.97	4.07	4.65	5.47	6.56	6.14	6.59	6.76	6.36	7.92	10.80	10.79	10.80	11.25	Sales per sh	14.00
1.40	1.36	1.68	2.07	1.16	1.24	1.59	1.94	2.20	1.68	1.98	1.74	1.65	2.92	3.62	3.51	3.25	3.50	"Cash Flow" per sh	5.10
.97	.89	1.17	1.53	.53	.51	.86	1.16	1.40	.86	1.18	.92	.77	2.05	2.39	2.13	1.90	2.05	Earnings per sh <sup>A</sup>	3.40
.03	.03	.05	.07	.08	.08	.08	.16	.32	.41	.45	.55	.56	.63	.78	.87	.90	.96	Div'ds Decl'd per sh <sup>B</sup>	1.15
.69	.54	.51	.99	1.09	.72	.56	.61	.98	1.00	.86	.93	.82	.94	2.15	2.23	2.45	2.75	Cap'l Spending per sh	3.75
2.96	3.53	4.88	5.55	5.36	5.40	5.83	6.17	6.11	6.37	7.35	7.03	7.55	8.97	9.18	10.36	11.30	12.35	Book Value per sh	14.00
6512.0	6630.0	6668.0	6721.0	6690.0	6570.0	6487.0	6253.0	5919.0	5766.0	5818.0	5562.0	5523.0	5511.0	5000.0	4944.0	4950.0	4950.0	Common Shs Outst'g <sup>C</sup>	5000.0
20.6	24.3	29.5	36.1	55.0	45.8	27.5	22.1	17.8	23.3	19.9	21.7	22.2	10.1	9.2	11.7			Avg Ann'l P/E Ratio	12.0
1.19	1.26	1.68	2.35	2.82	2.50	1.57	1.17	.95	1.26	1.06	1.31	1.48	.64	.58	.75			Relative P/E Ratio	.80
.1%	.1%	.1%	.1%	.3%	.3%	.3%	.6%	1.3%	2.0%	1.9%	2.8%	3.3%	3.0%	3.5%				Avg Ann'l Div'd Yield	2.8%

**CAPITAL STRUCTURE as of 3/30/13**  
 Total Debt \$13231 mill. Due in 5 Yrs \$1070 mill.  
 LT Debt \$13143 mill. LT Interest \$130.0 mill. (20% of Cap'l)

Interest Coverage: NMF  
 Leases, Uncapitalized Annual rentals \$206.0 mill.

Pension Assets-12/12 \$684 mill. Oblig. \$1742 mill.  
 Pfd Stock None

Common Stock 4,971,000,000 shs. as of 4/19/13  
 MARKET CAP: \$119 billion (Large Cap)

30141	34209	38826	35382	38334	37586	35127	43623	53999	53341	53540	55730	Sales (\$mill)	70000
43.5%	43.6%	42.7%	30.8%	34.7%	37.3%	29.8%	45.9%	42.4%	39.9%	40.0%	42.0%	Operating Margin	48.0%
4651.0	4590.0	4345.0	4654.0	4546.0	4360.0	4744.0	4398.0	5141.0	6357.0	6800	7200	Depreciation (\$mill) <sup>D</sup>	8500
5641.0	7516.0	8664.0	5044.0	6976.0	5292.0	4369.0	11692	12942	11005	9405	10150	Net Profit (\$mill)	17000
24.2%	27.8%	31.3%	28.6%	23.9%	31.1%	23.4%	28.7%	27.2%	26.0%	27.0%	27.0%	Income Tax Rate	28.0%
18.7%	22.0%	22.3%	14.3%	18.2%	14.1%	12.4%	26.8%	24.0%	20.6%	17.6%	18.2%	Net Profit Margin	24.3%
16003	16052	11960	9766.0	15314	12053	13566	22284	13844	18460	19000	19500	Working Cap'l (\$mill)	21000
936.0	703.0	2106.0	1848.0	1980.0	1886.0	2049.0	2077.0	7084.0	13136	12000	9000	Long-Term Debt (\$mill)	4000
37846	38579	36182	36752	42762	39088	41704	49430	45911	51203	56000	61250	Shr. Equity (\$mill)	70000
14.6%	19.2%	22.7%	13.1%	15.6%	12.9%	10.0%	22.8%	24.5%	17.2%	14.0%	14.5%	Return on Total Cap'l	23.0%
14.9%	19.5%	23.9%	13.7%	16.3%	13.5%	10.5%	23.7%	28.2%	21.5%	17.0%	16.5%	Return on Shr. Equity	24.5%
13.5%	16.8%	18.5%	7.4%	10.2%	5.6%	3.0%	16.6%	19.2%	13.0%	9.0%	9.0%	Retained to Com Eq	16.0%
9%	14%	23%	46%	38%	59%	71%	30%	32%	40%	47%	47%	All Div'ds to Net Prof	34%

**CURRENT POSITION** 2011 2012 3/30/13 (\$MILL.)

Cash Assets	14837	18162	10021
Receivables	3650	3833	3536
Inventory (FIFO)	4096	4734	4358
Other	3289	4629	10762
Current Assets	25872	31358	28677
Accts Payable	2956	3023	2654
Debt Due	247	312	88
Other	8825	9563	9056
Current Liab.	12028	12898	11798

**BUSINESS:** Intel Corp. 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: about 84% of '12 sales. R&D: 19% of sales. '12 dep. rate: 9.6%. Has approximately 105,000 employees. Off/dir. own less than 1% of common shares; BlackRock, 6% (4/13 proxy). Chair.: Andy Bryant. Pres.: Renee James. CEO: Brian Krzanich. Incorp.: Delaware. Add.: 2200 Mission College Blvd., Santa Clara, California 95054-1549. Tele.: 408-765-8080. Internet: www.intc.com.

**ANNUAL RATES** Past Past Est'd '10-'12 of change (per sh) 10 Yrs. 5 Yrs. to '16-'18

Sales	8.5%	9.0%	6.0%
"Cash Flow"	8.5%	11.5%	7.5%
Earnings	10.0%	14.0%	7.5%
Dividends	26.0%	14.0%	7.0%
Book Value	5.5%	7.5%	6.5%

**Intel stock has climbed about 10% in price since our review three months ago.** Though the broader market averages have performed decently over that period, these shares have performed even better. We believe this might well be due to the election of Brian Krzanich as CEO, which was effective as of the company's annual shareholder meeting on May 16th. Mr. Krzanich replaced Paul Otellini, who unexpectedly retired. We believe the stock price ascent is a sign of relief in response to the election of a new CEO.

double digits in the March interim, and this segment is Intel's breadwinner. Hence, when you factor in these variables, we think management did a good job of weathering the less-than-opportune conditions. Moving ahead, management believes that June-quarter revenues were about \$12.9 billion, which is in line with our estimate. The gross margin was probably 58%, plus or minus a couple of percent. The company's full-year guidance remains unchanged, at low single-digit growth from 2012, while the gross margin might well be about 60% or so. Capital expenditures, meantime, may likely approximate \$12 billion, a \$1 billion reduction from our prior estimate. This will help free up cash for other pursuits. Next year, we are cautiously optimistic in our revenue and share-net forecasts, which are dependent on a return to stronger economic conditions.

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	10299	10765	11102	11457	43623
2011	12847	13032	14233	13887	53999
2012	12906	13501	13457	13477	53341
2013	12580	12930	13750	14280	53540
2014	13000	13400	14350	14980	55730

**We have boosted the stock's Timeliness rank by two notches.** Hence, these shares are now ranked to be market performers in the year ahead.

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.43	.51	.52	.59	2.05
2011	.56	.54	.65	.64	2.39
2012	.53	.54	.58	.48	2.13
2013	.40	.39	.50	.61	1.90
2014	.43	.45	.53	.64	2.05

**Earnings per share will likely fall this year, before bouncing back moderately in 2014.** Overall, we view Intel's first-quarter results as fairly good news, given the current macroeconomic environment. (EPS during the March period roughly matched our expectation of \$0.41.) The U.S. economy is in recovery mode, but gains have been at a measured and uneven pace. Additionally, recent industry reports suggest that global PC sales fell

**Intel stock offers appeal as a long-term holding.** Although the PC industry is mature and growth is likely to be modest, we look for the company to use its immense size and healthy finances to pursue other, high-growth endeavors.

(A) Dil. egs. Excl. nonrecurr. gains (losses): '98, (3¢); '99, (11¢); '00, (2¢); '01, (34¢); '02, (5¢); '03, (1¢); '10, (4¢). Next egs. report mid-July.

(B) Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock splits.

**Company's Financial Strength** A++  
**Stock's Price Stability** 85  
**Price Growth Persistence** 30  
**Earnings Predictability** 45

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