

Intel ACTUAL Plans for Survival, Foundry, and Recovery

- Intel has made many aggressive commitments and strategy changes on new business model
 - o IDM2.0. Commitment to have large (#2 overall) wafer foundry business
 - o Upgrade all existing sites for Intel 7,4,3. ADD 6 to 8 new fabs for foundry
 - o 5 nodes in 4 years. So far Intel have delivered 1 node in 2 years so now we need 4 nodes in 2 years (4,3,20,18)
- **Intel cash flow, market share loss and overall soft market is making those plans impossible**
 - o Intel historically does not lose money and does not have negative FCF. They do now
 - o This makes funding fabs even with subsidies and JV partnerships difficult.
 - o When the smoke clears we will see that semiconductor spending increased in 2022, and 2023 decrease for year as whole will be less than 5%. But Intel share losses and lack of growth in new areas has cut revenue and eliminated profit and positive cash flow
 - o Intel is outsourcing more chips than ever to lower costs. Meteor Lake and Granite Rapids products are mostly non-Intel chips
 - o End result is that Intel doesn't need ANY new Fabs for Internal work and is not a priority for equipment vendors.
- **The public plan stated is unlikely to be what will actually happen. What we expect (Most of this was predicted in early 2022):**
 - o Intel will tool out and expand Arizona, Oregon, Ireland and Israel Fabs for Intel 7,4,3
 - o Intel will complete and tool out 1 new Fab in Arizona by 2024. The other Arizona Fab will not be tooled out until demand is shown. This may lead to Intel payments to Brookfield Capital and tension in their relationship per contract details
 - o Ohio will be "slow walked" with a new timeline and new milestones.
 - o Other announced sites and factories will be "dependent on macro trends"
 - o Macro has almost nothing to do with it. It will be dependent on whether Intel can develop a competitive GAA technology and have internal and foundry demand to fill the factory. Macro is a +/- 5% impact. Intel execution is +/- 30% impact on revenue.
 - o Intel Foundry "Commitments" are <1 Fab right now. It is not clear how they increase commitments
- **We show what potential scenarios are with the most likely scenario detailed for you**
 - o Intels new Capex plans aligns with the fab roadmap strategy we will show
- While Intel IDM2.0 strategy is not likely to be successful based on current data, Intel **will recover** to be a successful company again by focusing on where they ACTUALLY add value (This will be just like the IBM Journey 10-20 years ago)

JOIN OUR ZOOM MEETING. We discuss details and questions on what will happen in the next 1-5 years

Intel Future: Tuesday 2/21 3PM Pacific Time (30 Minutes+questions)

828 0396 9706 Passcode 021289

Intel Future: Wed 2/22 5:30PM Pacific Time (30 Minutes)

817 1243 6496 Passcode 773007

We are free to meet by zoom or in person in San Francisco. text us for a appointment

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