Intel Should Raise Capital

Intel Should Raise Capital Intel's woes are behind them. The heavy spending is ahead of them. Why an equity issuance in a hot equity market could make Intel so much better sooner.

JUN 11 https://newsletter.semianalysis.com/p/intel-should-raise-capital

We have written a lot about Intel. It’s a firm near and dear to our heart, and is the birth of the semiconductor industry. To say we love Intel and their role in the world is an understatement. We also have been very vocally right during their initial product mishaps, as well as supportive and excited for the turnaround. The thing we have believed the most is that Intel’s board is one of the biggest parties to blame for Intel’s death, and we recently got what we want.

QQ:1413221435

Intel on the Brink of Death | Culture Rot, Product Focus Flawed, Foundry Must Survive

DYLAN PATEL, DOUG, AND 3 OTHERS·DECEMBER 9, 2024



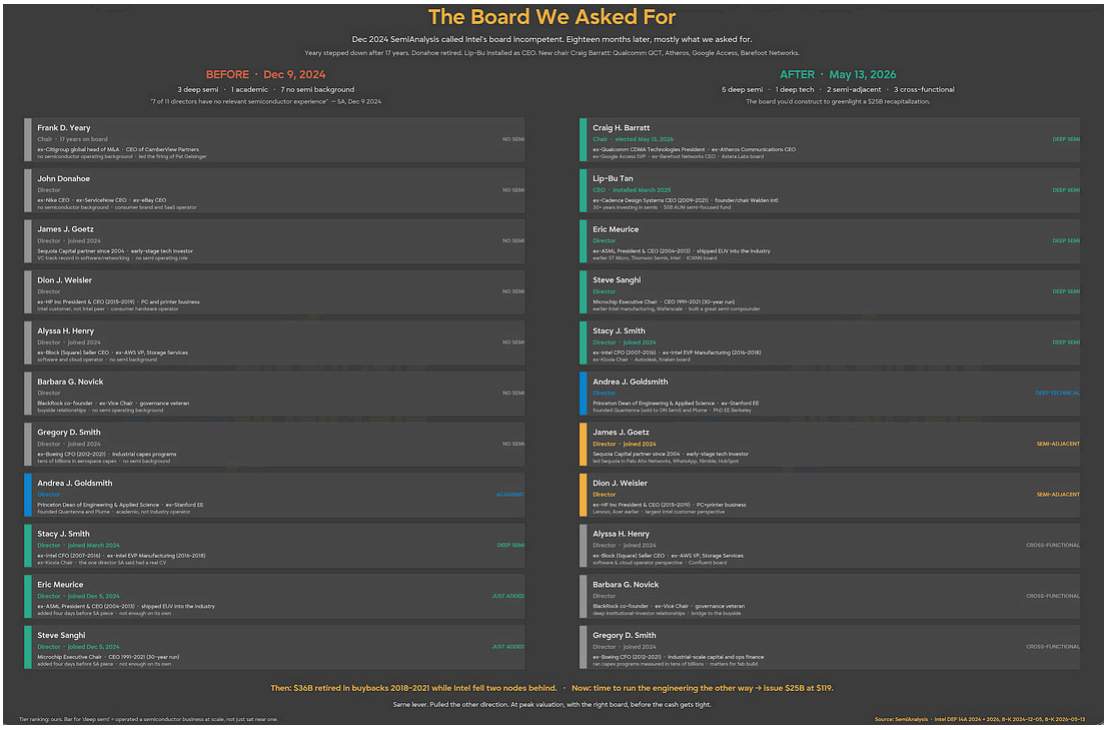
Intel’s board is incompetent and its horrible decisions over the decades are going to push it towards death. The decision to fire Pat Gelsinger, put in charge a CFO + career sales and marketing leader, and cut spending on fabs in favor of a renewed focus on x86 is an example of the incompetence that will end Intel.

Read full story

QQ:1413221435

Franky Yeary just stepped down from the board after 17 years, and now the new board is filled with people who actually understand the industry, and not financial engineering. The new chair is ex-Qualcomm, Lip Bu Tan is the CEO, and Steve

Sanghi of Microchip, Stacey Smith, Eric Meurice of ASML are all there. The board actually understands technology. But while Intel's turnaround has *partially begun*, there is a lot more on this long road to a completely revitalized Intel. Today we think that Intel should make another large strategic bet with their fresh board, and it's instead of buying back shares, it's time to issue enough shares to fix Intel's finances for good.



Lip Bu Tan has taken Intel back from the brink, and has raised ~20 billion dollars from the government stake, Softbank, Altera and Nvidia's strategic investments. They should not stop partially, and capitalize on share prices. They were large net buyers of shares during the bad years, it's time to issue equity into strength, and if they do it right, it will make Intel's turnaround that much more successful.

Dilution Here Rewards The Investors Who Already Bet

Look at where that capital came in. The U.S. government took up to 433 million shares at $20.47, a 9.9% stake at signing, with 149 million still in escrow at the end of Q1. SoftBank paid $23.00, Nvidia paid $23.28. Every one of those holders is already above water.

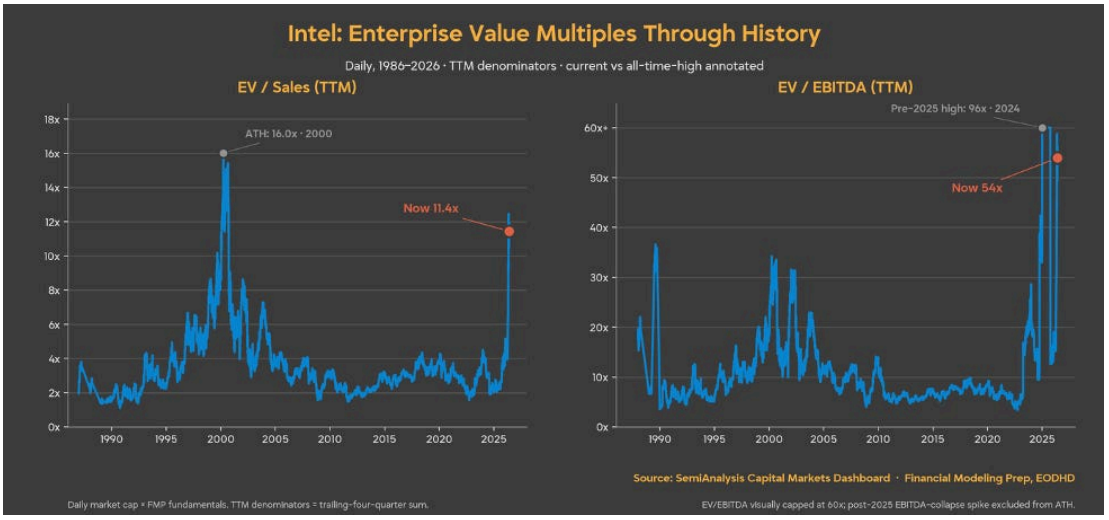
So the instinct that a raise punishes the people who just showed up runs the wrong way. Issuing stock at today's price, well above those entry marks, lifts book value per share and hands the government, SoftBank and Nvidia a gain. That 10% sovereign anchor is also the reason a large offering clears cheaply in the first place. Intel is one

QQ:1413221435

of the very few companies on earth that can sell size into a hot tape with the U.S. government holding the floor, and that is leverage worth using while it exists.

Intel Needs Capital for Execution

Intel has pretty much never traded this expensive on a trailing twelve month basis since the 2000 bubble. While we believe there is a bright future, one of the most critical things it will take is capital, and the share price is not discounting real execution risk.



What's more, even in the best of cases from the new renewed demand from Agentic CPU, Intel cannot pay for the best of upsides even. We think it's time for Intel to do a reverse buyback, and issue equity during this equity demand window.

Equity Is Now The Cheapest Money Intel Can Get

The objection will be that Intel has other ways to fund a fab. It tried all of them, and just told us they don't work. Apollo put $11.2B into 49% of the Fab 34 joint venture. Brookfield structured the Arizona build. Silver Lake took 51% of Altera at an $8.75B enterprise value, netting Intel about $4.3B. Intel sold its NAND business to SK hynix in stages and sold additional Mobileye shares. Smart Capital was the whole identity.

Then, on March 31, 2026, Intel agreed to buy Apollo's 49% of Fab 34 back, closing April 8 for $14.2B, roughly $7.7B of cash and a $6.5B bridge loan. Management called the unwind accretive, and they were right, which is the whole point. If buying a fab stake back is accretive, then selling fab economics to a partner was expensive money all along. A SCIP hands a sponsor a permanent cut of your best asset in exchange for capital that costs more than it looks, and Intel has now shown with its own checkbook that it would rather own the fab and carry the debt.

QQ:1413221435

So cross the alternatives off. More SCIPs are the option management just spent $14.2B reversing. More debt stacks on top of the $45.0B already on the balance sheet, roughly $51.5B once the Apollo bridge is in. The big asset sales are already harvested, with Mobileye and Altera gone or majority gone. That leaves equity, and against this valuation equity is the cheapest capital in the building.

The foundry business is just beginning with their large Terafab announcement as well as overflow demand from the great N3 shortage. To truly capitalize on this special moment, Intel must be the great supplier of the rest of the industry hungry for leading edge wafers. And that huge bet requires capital well in excess of their ability to fund from operations today.



The Great AI Silicon Shortage

IVAN CHIAM, MYRON XIE, AND 4 OTHERS·MAR 12

Read full story

Just a 4-5% dilution would raise ~$25 billion dollars and easily allow for the most bullish supply capacity story to come true during this critical time.

Agentic CPU Demand Ain’t Enough to Pay for Terafab

SpaceX and Tesla as well as Terafab is the large customer commit that solves the 14A capacity issue. And the initial target of 100k WSPM scaling to 1 million (going to be hard) is going to be extremely rough in terms of capital. This needed to happen, as Lip Bu Tan has publicly told the market he would shut Foundry down if there were no customers. And now that a customer has come, its time to build.

Beyond the Terafab partners, the order book is filling in. Nvidia’s DGX Rubin NVL8 lists dual Intel Xeon 6 host CPUs. Google signed a multiyear deal covering Xeon and custom IPUs. SambaNova came in on inference. The wafer volumes behind these wins are not all disclosed, but capital markets fund a visible book far more cheaply than they fund a turnaround story, and Intel finally has one to point at. An equity raise sold against signed demand prices very differently from one sold against a promise.

Intel has been working it’s absolute hardest to defer capex on lower than expected demand for CPU, but it’s time to bet the farm again ala Gelsinger style. This is the critical moment for silicon sovereignty, and its time to press.

The full multi-phase project for Intel is going to cost up to $119 billion dollars, and while SpaceX is putting up the initial capital, Intel has to contribute meaningfully. Even a marginal amount of capital matching means that this is 10s of billions of dollars that were not in the capex decision matrix just a month ago.

QQ:1413221435

It’s time to undo a decade of financial engineering and issue equity now. Because while the ramp is exciting, it’s going to cost a lot. The equity issuance window is the biggest it’s been in a moment, and if Cerebras can raise 5.55 billion, Intel can raise 25. The point only gets stronger, since Intel’s roughly $498B market cap easily supports a far larger follow-on

Datapoint	Value	Source
Q1 2026 US traditional IPOs	**22 deals, $9.4B raised — strongest Q1 in 5 years** (vs 15 / $7.9B in Q1 2025)	PwC Capital Markets Watch, Q1 2026
Q1 2026 US SPAC IPOs	**62 deals, $11.8B — highest since 2021** (4x prior-year proceeds)	PwC Capital Markets Watch, Q1 2026
Q1 2026 mega VC rounds (>$1B)	**11 rounds**, up from 8 in Q4 2025	PwC Q1 2026
2025 global ECM volume	**"Best year for equity dealmakers since COVID"**	Dealogic / ION Analytics
Largest 2025 global tech equity placement	**Xiaomi $5.5B top-up** — biggest tech placement since April 2021	Dealogic
2026 IPO aftermarket performance	**−1% vs S&P −5%** through Q1 — issuers outperforming	PwC Q1 2026
Late-stage growth equity deployed in 2025	**$350B**; 43 deals >$1B (vs 32 in 2024)	Capstone Partners Jan 2026

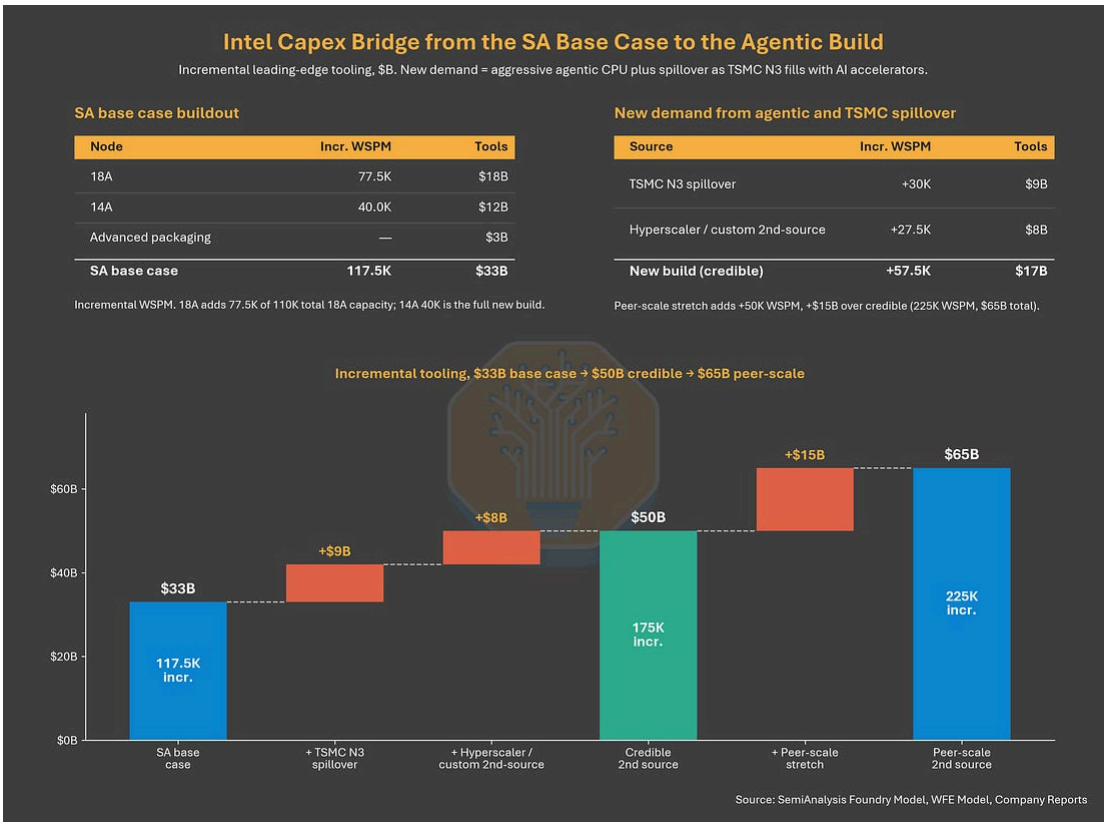
QQ:1413221435

How Big The Agentic CPU, Terafab, and 14A Ramp Needs to Be

We believe that most participants don’t understand the magnitude of the ramp ahead of us. As TSMC continues to be conservative in capex, capacity at N3 is shifting obviously to 18A and 14A. If Agentic CPU TAM is actually $200 billion dollars, we should assume that is approximately ~100k WSPM.

Given that we think the majority of N3 will be accelerators, that demand has to flow somewhere, and the most logical option is clearly Intel. There is a real chance 50k WSPM could flow their way, and that is just CPU. There is a mix of consumer GPUs, networking, smartphone chips, and FPGAs that could find it’s way to Intel if TSMC doesn’t add capacity. The most aggressive of cases could be 100s of thousands of wafer starts per month. For simplicity let’s just round it all up to a 50 to 100k WSPM on top of the current expectation. A simple bridge is below:

QQ:1413221435



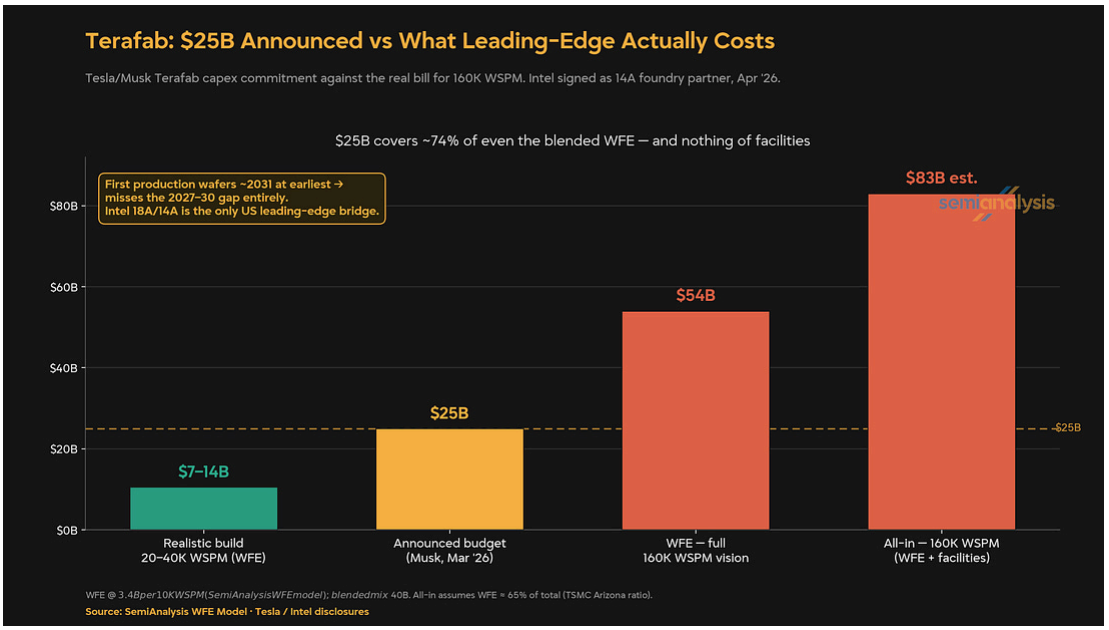
The Capex Turn Has Already Started

Watch what changed in the first quarter of 2026. After a year of pushing spend out, with Ohio delayed to 2030 and Magdeburg paused at the cost of nearly €10B of forfeited German subsidy, Intel raised its full-year capex guide to flat year on year from a prior flat-to-down, and tilted it toward wafer-out. The Penang advanced packaging build was expanded and starts converting to revenue in 2027. That is the first capex guide-up in the whole saga, and it came in the same quarter the Terafab framework was signed. The deferral era is closing and the spending era has opened.

The trouble is funding it from the base Intel runs today. Q1 gross capex was about $5.0B. The committed plan in our bridge alone calls for roughly $33B of leading-edge tooling, and the credible case runs toward $50B before any peer-scale stretch. Closing that gap means a step change in cash going out the door well ahead of the wafers that pay for it. The federal help arrives late, because the investment tax credit and what is left of the CHIPS money land as reimbursement after the cash is spent. Intel booked $629M of capital tax credits and $176M of other grants in Q1, useful, and collected in arrears. Intel writes the checks first, and a base that is only now turning cannot pre-fund a doubling of the tooling bill.

Pretty much there is a 20-35 billion dollar hole in their financing, and while cash from operations is about to flip positive, that still will not be enough to pay the bill. Also if Terafab happens in any real and meaningful way, it will cost 10s of billions of dollars to fund. Once again, this is not something Intel can pay for alone.

QQ:1413221435
QQ:1413221435



All signs point to increased capex for incremental wins meaningfully ahead of what the street has modeled for capex. The net capital subsidies will start to expire just as the business inflects. It’s time for Intel to raise!

Intel should raise $40B from an offering. It's the best action to take advantage opportunity and set them up to actually ramp in volume.

QQ:1413221435

QQ:1413221435