# Communications

## Recommendation: Hold

## Verizon Communications Inc.

### Analysts

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### Company Information

**Ticker:** QCOM
**Exchange:** NASDAQ
**Sector:** Technology
**Industry:** Semiconductor Equipment
**Current Price:** $165.53
**Target Price Range:** $165-$183

### Investment Overview

We recommend a **HOLD** rating on Qualcomm as of November 18, 2025, as we estimate a target price of $173.70. At current levels, we view Qualcomm as fairly valued with balanced opportunities and risks.

Thesis Drivers:

- Automotive: Qualcomm's innovative Snapdragon Digital Chassis continues to gain traction, as automotive companies integrate more AI and ADAS capabilities, supporting long-term revenue growth
- Diversification: Beyond its core handset business, Qualcomm's automotive segment is growing and has announced plans to design and sell AI accelerators for data centers

Thesis Risks:

- Handset Dependence: Qualcomm remains reliant on its global handset business, which is slowing
- Adoption of In-House Chips: Apple and Samsung, Qualcomm's main handset customer, have each developed in-house chip
- Geopolitical exposure: With a substantial share of revenue coming from China and the Asia Pacific region, Qualcomm faces potential issues from trade restrictions and evolving US-China relations

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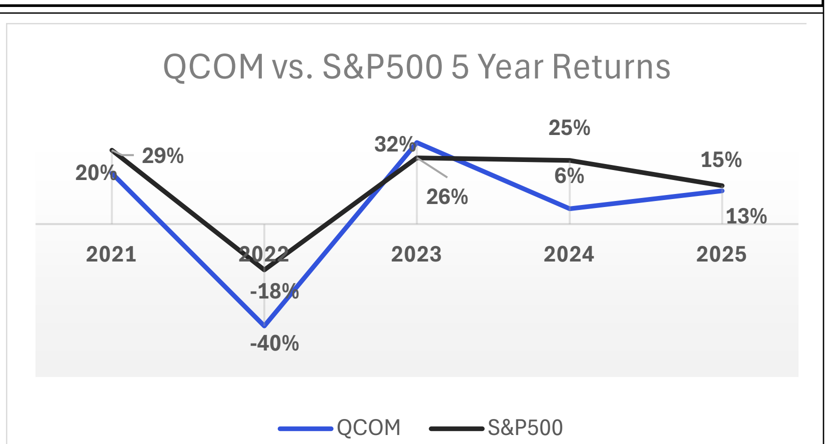



### Company Overview

Qualcomm is a leading global semiconductor technology and wireless communications. Operating in two main segments, Qualcomm CDMA Technologies (QCT) develops and sells chipsets and software's used in smartphones, automotive systems, and IoT devices, and Qualcomm Technology Licensing (QTL) owns and licenses patents for 3G, 4G, and 5G technologies. This combination positions Qualcomm as a leader in the wireless technology industry.

### Financial Highlights

**Model Price Projections**
DCF: $179.22
DDM: $114.01
Relative Valuation (P/E): $189.28
**Price Data**
Current Price: $165.53
52-Week Range: $120.80-$205.95
YTD Performance: +13.25%
**Key Statistics**
Revenue: $44.3B
Shares Outstanding: 1,074 million
2025 EPS:4.89
P/E Ratio 25: 35.57
Dividend Yield: 2.05%
Market Capitalization: 186.333B
Beta: 1.21
**Financial Ratios 2025**
Profit Margin: 28%
ROE: 26%
ROA: 11%

# Company Analysis

Qualcomm, headquartered in San Diego, California, is one of the global leaders in the semiconductor and wireless technology industry. A fabless semiconductor company, they design the chips but do not manufacture them, relying on third-party manufacturers to produce the chips. Qualcomm focuses on enabling high computing technology and connectivity through its two main segments: QCT and QTL.

**Company Analysis of Revenue Segments**

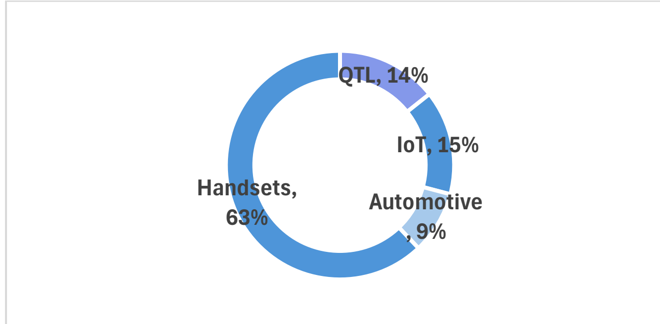
**Handsets:**
Handsets are the largest segment of QCT. Qualcomm specializes in designing specialized chipsets and integrated circuits, specifically the Snapdragon and Dragonwing products, that are used by smartphone companies worldwide [1].

**Automotives:**
In the automotive segment, Qualcomm provides chipsets and programs that help vehicle connectivity, internal technology systems, and automated driving technology [1].

**IoT:**
The IoT segment spans multiple industries, supplying chipsets to personal computing devices, including PC's and extended reality, supporting edge networking through 4G and 5G networks and providing IoT solutions that improve data processing and intelligence for industrial and retail companies [1].

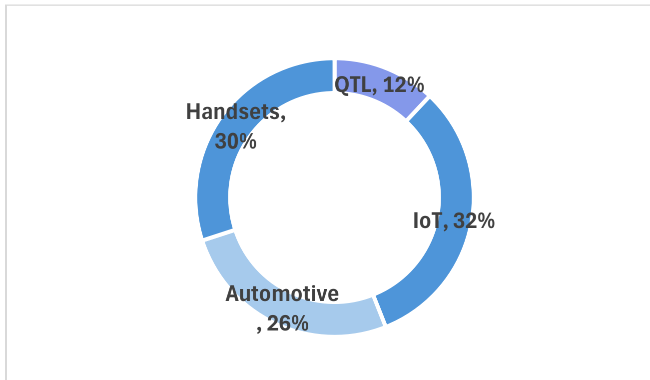
**QTL:**
QTL, Qualcomm Technology Licensing, is the other half of, which generates growth from licensing its 3G, 4G, and 5G patents to device manufacturers around the world. Most of this revenue comes from royalty payments, which are from a percentage of the whole sale price [1]. Qualcomm's early emergence innovation for 3G and 4G technology and its continued innovation into 5G provides a strong competitive advantage of its licensing segment.

**2025 Segment Breakdown**




*Numbers from Qualcomm's 2025 10-K*

**2034E Segment Breakdown**




# Revenue Analysis

**Historical Revenue Trends**
Qualcomm generates revenue from two main revenue segments, QCT which flows into Equipment and services, and QTL representing Licensing and services, are Qualcomm's two reported revenue segments on its income statement. Equipment and Services generated $37,869 million, 86% of total revenue. The licensing and services segment produced $6,415 million, and 14% of total revenue. Qualcomm's revenue initially reached highs 2021 and 2022, crediting the growth due to the adoption of its 5G chipsets [2]. In 2025, Qualcomm reported its highest earnings yet, attributing to an increased demand for the Snapdragon chips used in Androids [3].

## Revenue Growth Expectations

We forecast Qualcomm to continue its upwards trajectory over the next decade. Specifically driven by modest handset growth and strong momentum in both the automotive and IoT segments.

### Handsets:

A key assumption in our forecast is Apple ending its modem supply contract with Qualcomm in 2027, as Apple continues to develop its own chipset, the C1 modem chip [25]. We project handset revenue to grow at an average rate of just under 1% over the next decade, with a decline in 2027 and 2028 as Qualcomm adjusts to losing one of its core customers. Apple designing its own chipsets may also have a ripple effect on other phone companies in the industry. To that point, Samsung is also developing its own chipset, Exynos. However, Samsung's chipset has not been able to perform to the level of Snapdragon [4]. Overall, we still foresee handsets growing, 2.25% growth in 2034, due to Snapdragon's high performance, resulting in phone companies continuing the partnership. But it will grow at a slower rate to past trends, due to the uncertainty behind two of its major customers.

### Automotive:

In the automotive segment, the introduction and widespread adoption of AI and advanced driving assistance technologies place Qualcomm in a strong competitive position. We anticipate the demand for these technologies to significantly increase over the next 10 years. With estimates of the automotive 'silicon' market to be $100B by 2030 [27]. Qualcomm already holds a strong position in the automotive chipset industry, supplying more than 115 OEMs and most of the top end automotive companies are beginning to adopt Snapdragon technologies [5]. We are expecting the automotive revenues to grow at the fastest rate of the QCT segments, consisting of an average growth rate of 33% over the next three years. Supported by increased adoption of Snapdragon automotive technology, similar to the BMW and Qualcomm collaboration announced in September of this year [6].

### IoT:

We forecast the IoT segment to also experience substantial revenue growth, primarily driven by Qualcomm's announcement to develop AI chips. The emergence into the exponential growth of the AI chip market, paired with Qualcomm's strong technology foundation positions to be able to gain a meaningful percentage. We forecast IoT revenue to grow at an average rate of 19% over the next decade.

### QTL:

Within the QTL segment, we expect licensing and services revenue to grow at a similar rate to the past few years. Existing royalty agreements will continue to support consistent growth as new devices are launched. The ongoing adaptation of 5G technology will also influence revenue growth in this segment.

## Geographic Revenue Breakdown

### China:

China has historically represented most of Qualcomm's revenue, peaking at 67% in both 2018 and 2021. In recent years, however, this share has declined, falling to approximately 43% in 2025. A key contributor is the slowdown of China's smartphone market, which is down 4% YoY, reducing the overall device demand [7].

Looking forward, we predict this downward trend to continue, with China's share of Qualcomm's revenue declining to 33% in 2034. Primarily due to ongoing geopolitical & tariff risks, that could restrict future US-China technology trade and push Qualcomm to diversify to home markets and other stable foreign markets. Additionally, Beijing has funded the domestic semiconductor industry with $400 billion this past year [8]. Signaling that China wants to shift away from U.S suppliers like Qualcomm and become more reliant on domestic chips.

### South Korea:

South Korea represents 21.5% of Qualcomm's total revenue in 2025, having increased steadily since 2015 with a brief dip between 2019 and 2021. We expect this revenue share to decline over the next and forecast South Korea to make up 18.5% of revenue in 2034.

This decline is due to Samsung relying less on Qualcomm's Snapdragon over the next decade for some of their models. Although, we still expect a decent amount of revenue to come from South Korea due to Qualcomm's presence with automotive, other consumer electronic companies, and 5G/Telecom companies.

**U.S:**

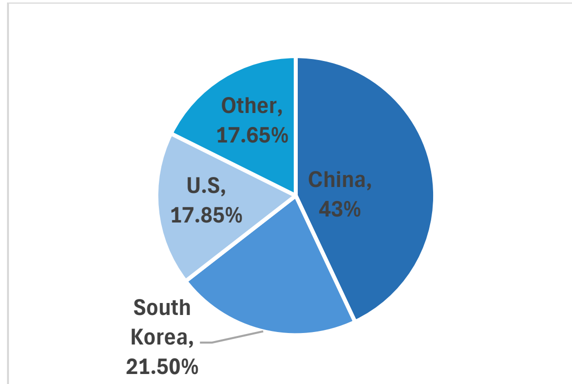
For many years, the U.S represented only a small share of Qualcomm's revenue, around 2% from 2015 to 2018, largely because of the handset sales driving revenue which occurred outside of the U.S. However, as Qualcomm's expanded into automotive, IoT, and higher-value licensing agreements, U.S represented 17.9% of sales in 2025.

We expect this number to continue to grow over the next decade, and to eventually reach approximately 26.5% of revenue in 2034. This projected growth is driven primarily by the U.S automotive sector's fast adoption of AI and ADAS technology, which directly benefits Qualcomm's U.S automotive business. Additionally, Qualcomm's expansion into AI chipsets, is expected to drive future growth in the U.S IoT segment.

**Other Foreign Revenue:**

Other foreign revenue represented 17.65% of total sales in 2025, primarily from Vietnam, Ireland, and Taiwan. We expect other foreign revenue to increase gradually over the next decade, as Qualcomm will diversify its markets to offset the declining revenue from China. Additionally, the expansion of Qualcomm's automotive industry, including its new Snapdragon technology deal with BMW, indicates similar deals to come. We estimate other foreign revenue to be 23% of Qualcomm's total revenue in 2034.

**<u>2025 Geographic Revenue Breakdown</u>**




*Numbers from Qualcomm's 2025 10-K*

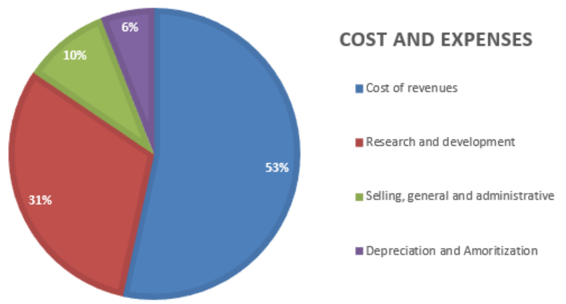
# Expense Analysis

**Cost of Revenue Forecast**

Qualcomm currently operates with a gross margin of about 55.4%, which is supported by its high value licensing business and premium chip platforms. As the company expands in automotive and IoT, we project the cost of revenue as a percentage of revenue to remain stable, with annual improvement. These expectations reflect the efficiency gains in manufacturing and supplier terms, and increased reliance on integrated software driven functionality. Overall, these factors should help maintain gross margins in the high 50% to low 60% range over the forecast horizon.

**Operating Expenses Forecast**

We expect Qualcomm to continue prioritizing R&D spending to advance on-device AI, 5G-Advanced capabilities, and automotive platform development. Even with these investments, operating expenses should stay near 30% of revenue, which is consistent with the company's long-term cost structure. As the company expands into other areas, its established customer relationships and sales infrastructure help keep SG&A growth paced with revenue.




# Capital Expenditures

Operating as a fabless semiconductor company, capital expenditures account for only a small portion of total revenue. In 2025, capital expenditures were 1.2 billion, 3% of total revenue. Qualcomm expects capital spending to increase over the next few years as it tests integrated circuits [1].

**Capex Forecast:**

We have incorporated this into our Capex forecast, assuming 12% annual growth over the next decade, reflecting Qualcomm expanding into new markets and testing new technologies. Despite this growth, Capex as a percentage of revenue will remain relatively small, consistent with its current business model. By 2034, Capex will make up 4% of total revenue.

# Debt Structure

**Company Debt Overview & Capital Structure**

Qualcomm maintains a disciplined and conservative capital structure supported by steady cash generation and modest use of leverage. The company has roughly $15B in long term debt, primarily composed of fixed-rate senior notes, and they also hold more than $10B in cash and marketable securities. Qualcomm's capital allocation priorities R&D investment, share repurchases, dividend payments, while also keeping balance sheet risk minimal. Overall, the company operates with a strong liquidity profile, low refinancing pressure, and a capital structure designed to remain resilient across cycles.

**Debt Maturity Schedule:**

Qualcomm's debt maturity has staggered, limiting near-term obligations and reducing refinancing risk. The company has no major maturities until 2027, when $2B of notes come due. This is followed by $1B maturing in 2028, $1.7B maturing in 2030, and the remainder distributed across long-dated notes going into the 2030s and 2040s. This schedule provides stability, allowing Qualcomm to manage interest-rate environments effectively and maintain strategic flexibility for investments in automotive, IoT, and AI technologies.

| Company | Debt Rating (S&P) |
|---|---|
| Qualcomm | A |
| Intel | BBB |
| AMD | A- |

[28] [29]

Qualcomm has an A- range investment grade credit rating, which is supported by solid cash flows, strong liquidity, and disciplined leverage management. Qualcomm's credit profile stands out for its stability and long-term investment grade history.

| Company | Debt to Equity Ratio |
|---|---|
| Qualcomm | 0.73x |
| Intel | 0.44x |
| AMD | 0.05x |

[28] [29]

Intel has a lower debt load but has a weaker credit outlook, having been downgraded from a BBB+ in recent years due to margin pressure and elevated capital spending. AMD maintains a very light balance sheet and minimal net leverage but does not have a rating like Qualcomm.

# Recent Earnings

Qualcomm reported fourth quarter earnings on November 5th, 2025, delivering record revenue that beat Wall Street expectations. The strong performance was driven largely by handset revenue, historically the company's largest segment. Qualcomm also exceeded bottom-line estimates, signaling stronger profitability for the future. Earnings per share came in at $3.00, beating consensus by $0.12. However, Qualcomm recorded a one-time, non-cash charge of $5.7 billion which was related to the Big Beautiful Bill [32].

# SWOT Analysis

**Strengths**

Qualcomm benefits from leading in wireless and modem technology, which is supported by high margin licensing business that provides stability over peers like AMD or Intel. Its diversification into automotive, IoT, and AI reduces reliance on smartphones and broadens its long-term growth. Partnerships with TSMC ensure access to advanced manufacturing nodes, keeping Qualcomm competitive with leaders like NVIDIA and Broadcom

**Weaknesses**

Qualcomm faces supplier concentration risk due to its dependence on TSMC, like NVIDIA and AMD. Large customers such as Apple and Samsung have strong bargaining power and are building in house chips. Qualcomm lacks a strong presence in the growing datacenter AI segment dominated by NVIDIA and AMD.

**Opportunities**

Qualcomm has upside in automotive, where its Digital Chassis pipeline offers higher margin and multiyear growth. On device AI adoption favors Qualcomm's low power AI engines and strengthens its competitive position against Apple and other large companies. The shift toward ARM based PCs creates an opportunity to gain share from Intel and AMD as the PC ecosystem changes.

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**Threats**

In-house chip development by major customers like Apple and Google poses a long-term threat to Qualcomm's revenue streams. The semiconductor industry remains intense with NVIDIA leading AI, and AMD quickly expanding. Qualcomm is also exposed to geopolitical risk through reliance on Taiwan and China manufacturing, and smartphone cyclicality makes earnings less stable compared to peers.

# Industry Analysis

**Semiconductor Industry:**

Qualcomm operates within the semiconductor industry and historically had primarily competed in the mobile handset segment. The semiconductor industry is estimated to be a $697 million dollar industry in 2025, with a CAGR of 7.5% from 2025 to 2030 [11]. This growth expectation is due to increasing demand for AI capabilities, IoT, and 5G capabilities. Segments within the sector include communications equipment, industrial and government applications, consumer electronics, automotive and PCs. The products sold within the industry include semiconductor products and parts, integrated circuits, and memory devices. Some of the common growth drivers are increasing demand for AI, strong industry investment, advanced technologies, and the automotive industry integrating ADAS and AI intelligence.

**Key Players:**

The key players of the semiconductor industry are Nvidia, Broadcom, Advanced Micro Devices, Micron Technology, and Qualcomm. Nvidia currently holds a 12% market share in semiconductors, and is primarily focused on AI technology, whereas Qualcomm has led in mobile semiconductors with a market share of 10%. Qualcomm is also a leading semiconductor company in 5G chipset solutions [12].

| Company | Revenue | Market Cap | Net Income |
|---|---|---|---|
| NVIDIA | 165.2 B | 4.53 T | 72.8 B |
| AMD | 25.8 B | 391 B | 1.6B |
| Micron | 37.4 B | 271.6 B | 8.5 B |
| Broadcom | 51.6 B | 1.6 T | 5.9 B |
| QCOM | 44.3 B | 178.6 B | 5.5 B |

*Numbers from Companies Most Recent 10-Ks

**Industry Developments & Trends:**

The semiconductor industry's economic profit has increased exponentially since 2020, largely due to the introduction of artificial intelligence and semiconductors being used in automotive and industrial industries. However, the top 5% of companies within the have been primarily the companies that have benefited [13]. While growth in the industry has been significant since 2020, current trade tensions and tariffs will create potential for future volatility.

**AI:**

Demand for AI-focused chips is rapidly growing as generative AI, edge networking, and AI-enabled technologies for devices in various industries. Data centers are also driving this growth, as they need high-performing chips to manage the workload [14]. Qualcomm has recognized this need and is joining the AI chips for these data centers, releasing the AI200 and AI250 in 2026 and 2027 [15].

**5G:**

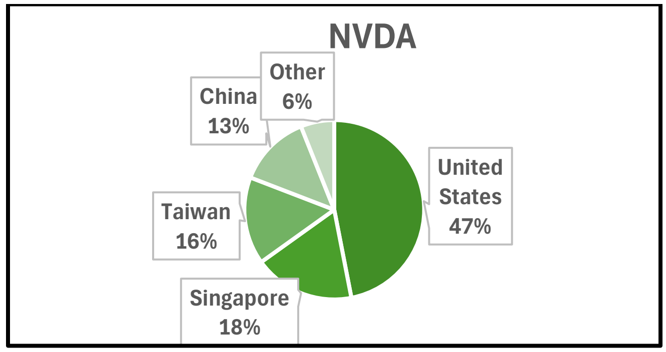
5G mobile network launched in 2019, which provides faster speeds, greater data capacity, and lower latency compared to the 3G and 4G networks [16]. 5G mobile subscriptions in 2023, were 2.3 billion and are expected to be 6.3 billion by the end of 2030, while expected to overtake 4G as the dominant network by 2027 [1]. The increase in 5G subscriptions eventually will lead to higher revenues as the price point of 5G networks will be higher due to the advanced technological aspects.

**Trade Tensions & Tariffs:**

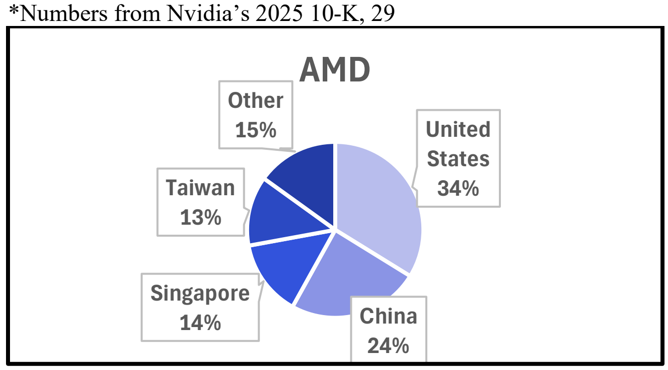
A lot of the manufacturing of chips and their components occur in the Asia Pacific region, and many of the industry's customers are in that region [19]. In April of this year, the United States in China were in a trade war, with the US announcing significant tariffs on Chinese goods, and China reacting with reciprocal tariffs of its own. The Chinese tariffs restricted the export of critical minerals used in chip manufacturing [20]. Since those events, the United States and China have agreed on terms that allow the export restrictions on the critical materials for AI-chips, although the deal is in place until the end of 2026 [21]. Uncertainty regarding the volatile nature of tariffs and trade agreements will present future challenges for industry.

# Competition and Peer Comparisons

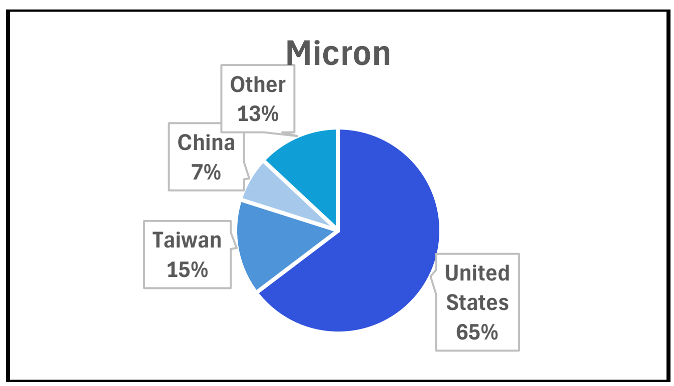
**Geographic Revenue Breakdown:**



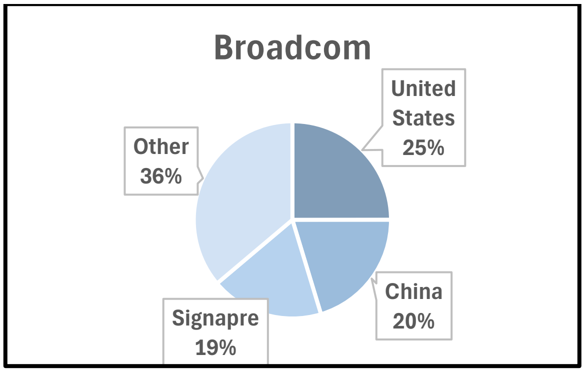

*Numbers from Nvidia's 2025 10-K, 29




**Numbers from AMD's 2024 10-K, 28*




**Numbers from Micron Technology 2025 10-K, 30*




**Number From Each Companies Most Recent 10-K, 31*

Through a geographic revenue decomposition, Qualcomm's main competitors have a diversified geographic revenue stream. Similarly, Qualcomm also produces revenue from multiple geographic locations. Although, Qualcomm's competitors derive most of their revenues from the United States. Whereas Qualcomm's main source of revenue is from China. Going forward, this favors Qualcomm's competitors as most of the Qualcomm's revenue may be volatile depending on future trade relations between the United States and China. However, the revenue concentration between Taiwan and China for the companies poses risks for the future.

**Research and Development**:

Nvidia, Advanced micro devices, Micron technology, and Broadcom reported R&D expenses equal to 10%, 25%, 10%, and 31% respectively. Qualcomm's R&D spending in 2025 was 20% of sales, placing it right in the middle of its closest competitors. This position reflects Qualcomm's continued commitment to innovation as it expands into new markets, including its recent push to design AI chips for data centers. Qualcomm's R&D spending signals prioritization for future growth in Automotive and IoT rather than relying on its maturing handset business.

**Operating Margin:**

Nvidia, Advanced Micro Devices, Micron Technology, and Broadcom reported operating margins in their most recent 10-Ks of 62%, 7%, 26%, and 26% respectively. Compared to Qualcomm's 2025 operating margin of 28%. Qualcomm is positioned as a healthy, profitable competitor. Its relatively low operating cost structure gives Qualcomm flexibility to invest in and diversify into new business segments or expand into existing areas.

**Revenue Segments:**

The semiconductor industry contains a wide range of revenue streams, and analyzing the composition of Qualcomm's competitors highlights which segments offer potential for growth and which may be losing potential.

Nvidia generates the vast majority of its revenue data centers (88%). While the automotive section accounts for 2% and $1.7 billion.

Advanced Mico Device's revenue is also concentrated in data center revenue. The AI focused chips for data centers represents 49% of AMD's revenue. While client devices and PC processors make up 27% and do not report an automotive segment.

Micron Technology depends on CMBU's, chips for smartphones and wireless communication, represents 36% of revenue, while automotive sales are 4.8 billion, and 12%.

**Comparison to Qualcomm:**

Comparing to Qualcomm's stronger competitors, it's clear that mobile chipsets are no longer a top priority for Nvidia and AMD, suggesting mobile chipsets are becoming a slower growth segment, showing signs of a low growth segment of Qualcomm and Micron's largest revenue stream. Nvidia and AMD's heavy focus on AI accelerators for data centers, and the strong growth expected in the market, makes Qualcomm's decision to design its own AI accelerators clearer.

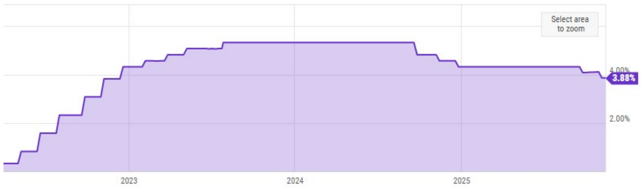
A notable advantage for Qualcomm, however, its automotive revenue of $4 billion, exceeds Nvidia's automotive segment and places just behind Broadcom. With the automotive AI market expected to grow rapidly in the coming years, Qualcomm's established positions give it a meaningful competitive advantage over its competitors.

# Economic Analysis

**Interest Rates:**

Interest rates play a critical role in Qualcomm's financing environment and shaping demand across the mobile and semiconductor markets. As of 2025, the Federal Reserve held the federal funds rate near 3.90%.

In our valuation we use a 4.06% 10-year treasury yield as the risk-free rate. Elevated rates modestly increase Qualcomm's cost of capital and can slow device upgrade cycles.



[9]

Qualcomm's most recent bond issuances, carrying coupons around 4.25%-5.00%, reflect this higher-rate environment, though the impact is partially offset by the firm's strong balance sheet and strong credit profile. Qualcomm's revenue is tied to smartphone demand, IoT expansion, and automotive growth, not government budgets, higher interest rates influence the company through slower consumer upgrade cycles and enterprise spending.

## Consumer Confidence:

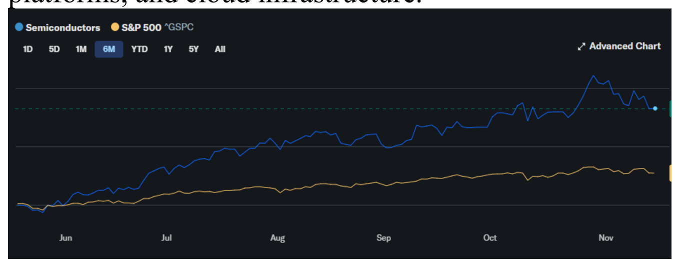
Consumer demand for connectivity is expected to remain stable, which supports the hold outlook. Wireless subscriber growth, rising data usage, and continued reliance on mobile devices and IoT have steady demand for Qualcomm's products across their core markets. Carriers face ARPU pressure, overall device usage and data consumption continue to expand, reinforcing long-term demand for advanced chipsets and processing capabilities.

### GDP Growth:

GDP measures the total market value of all goods and services produced in an economy, and its trends directly influence demand in the semiconductor and wireless technology sectors where Qualcomm operates. As of 2025, U.S. real GDP growth has been forecasted for moderate expansion in the 1-2% range. Despite this slowdown, the digital economy remains one of the strongest contributors to the U.S. output, supported by adaptation of 5G, increased data usage, and the expanding IoT markets. The semiconductor industry, driven by advanced chips, connectivity solutions, and AI, continues to be a key driver of productivity and long-term economic expansion. Qualcomm benefits from structural demand since they are at the center of mobile computing and wireless innovation.

### Capital Market Forecast:

Capital markets in 2025 provide a constructive backdrop for Qualcomm, with stronger than expected economic performance and continued momentum in the communication and semiconductor sectors. U.S. real GDP grew 3.8% in Q2 2025, while the communications Services sector has delivered 15% year to date returns and 23% growth over the past year, outperforming the broader S&P 500. Investor interest has increased as AI adoption accelerates across devices, advertising platforms, and cloud infrastructure.



[10] Semiconductor Industry (**38%**) Vs. S&P500 (**11%**)

Qualcomm is well positioned in this environment. With rate cuts, expectations should improve financing conditions and support continued investment in 5G, automotive technology, and IoT systems. While risks remain, such as slower handset upgrades, inflation pressure, and global trade concerns. Qualcomm's strong cash generation, diversified business lines, and leadership in mobile and automotive connectivity create a favorable setup for steady performance.

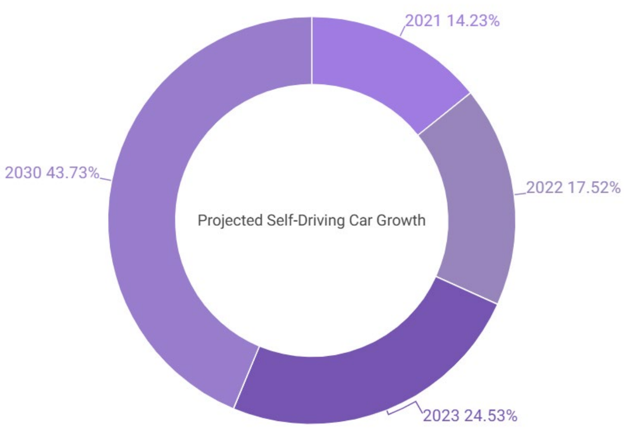
Overall, the sector is expected to slightly outperform as macro conditions stabilize. Qualcomm's expanding opportunities in auto, IoT, and AI driven devices position the company well for continued growth and potential multiple expansion as capital flows return to the technology sector.

### Inflation:

Inflation in the U.S. currently stands at 3.0% year-over-year. Projections from large institutions suggest inflation may increase to 3.3% by end of 2025 and gradually decline to around 2.4% by Q4 2026. For Qualcomm, this inflation means input costs remain under pressure, which can squeeze margins if not passed through or offset by productivity gains. However, the 3% inflation range supports consumer and enterprise spending, especially on mobile, connectivity, and IoT devices. This helps maintain demand for Qualcomm's core chip and connectivity business.

### AI Spendings:

AI spending in the transportation sector is accelerating and highlights economic gains for Qualcomm. Consumer interest in autonomous vehicles has steadily increased from 14.23% in 2021 to 24.53% in 2023, with adoption expected to reach nearly 44% by 2030. The rapid expansion reflects rising trust in AI powered driving tools and wider integration of platforms such as Google and Android Auto, which are increasingly embedding advanced connectivity, edge-processing, and real time decision-making capabilities. As automakers adopt more AI driven features, such as sensors, connectivity chips, and ADAS systems, Qualcomm stands to benefit. The companies Snapdragon Digital Chassis and automotive AI solutions are positioned to capture growing semiconductor content per vehicle. This long-term shift toward AI-enabled mobility creates significant and durable growth avenue for Qualcomm, supporting higher revenue visibility and strengthening its position in the automotive semiconductor market.

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# Company Valuation

### Revenue Forecast:

In our valuation, which yields a price of $173.70, we project revenues to grow steadily over the next decade. This growth is primarily driven by Qualcomm's increasing presence in the automotive market and its development of AI accelerators for data centers. Additionally, there is a steady increase in QCOM's licensing segment, as the royalty setup provides strong and stable revenues. However, we anticipate a slowdown in handset revenue, with declines of -7% and -4% in 2027 and 2028, largely due to our assumption that Apple will end its contract with QCOM in 2027 as it transitions to in-house chips. A further risk is that other smartphone manufacturers, such as Samsung, may follow suit. Although we still expect revenue to grow, the slow growth from its core handset segment could weaken its long-standing competitive position in the semiconductor industry.

### Cost of Revenues Forecast:

In terms of Qualcomm's cost of revenue forecast we expect its operating cost structure to remain relatively stable. We project a small increase in operating margins over next decade as Qualcomm expands its presence in the automotive and IoT markets and reduces exposure to the high-cost handset segment.

### Operating Expenses Forecast:

We expect Qualcomm's research and development (R&D) expenses to grow steadily as a percentage of sales, consistent with Qualcomm's recent historical average of roughly 23%. Given Qualcomm's need to diversify into new markets amid a slowing handset segment, we expect R&D expenses will continue to account for a significant portion of costs.

We forecast SG&A using the historical average from recent years, which has remained stable. Accordingly, we do not expect SG&A expenses to be volatile in the future and expect it to stay similar to the historical average.
Depreciation and amortization expense are projected using the average rate over the past decade, which has been approximately 35%.

### WACC

Our estimated WACC is 11.53%, reflecting a risk profile with current macroeconomic conditions and Qualcomm's competitive positioning. The cost of equity used in our model is 12.10%, which is driven by a 4.06% risk-free rate (Bloomberg 10-year treasury bond) and a beta of 1.40 (3 year weekly raw beta). This beta shows Qualcomm's exposure to cyclical semiconductor demand, and an equity risk premium of 5.76% (Average CF yield last 10 years) aligned with long-term market returns. We estimate the after-tax cost of debt at 4.66% and a 13% marginal tax rate. With equity representing around 92% of the firm's market value and debt, just 8% reflects Qualcomm's capital light business model, high cash generation, and limited reliance on leverage. Our WACC is consistent with our DCF and EP models, serving as a discount rate that balances the near-term rate uncertainty and the company's long-term outlook in automotive and IoT.

## Discounted Cash Flow and Economic Profit

Estimated Share Price: $179.22

Our DCF and EP models form the foundation of our intrinsic valuation for Qualcomm, as they best reflect the company's long-term ability to generate sustainable free cash flow. Using a 10-year projection period, these models incorporate Qualcomm's expanding cash flows from automotive, IoT, and edge AI. With a WACC of 11.53% and a terminal NOPLAT rate of 5.07%, our valuation captures the near-term risk environment and its strong competitive position supported by high ROIC. The resulting intrinsic value highlights Qualcomm's capacity to produce consistent value creation for the next decade, making the DCF and EP the most reliable basis for our final valuation, we weighed this model the highest at 80% of our total valuation.

## Relative Valuation:

Estimated Share Price: $189.20

Our relative valuation model applies an equal weighting to Qualcomm's 2026E and 2027E following Qualcomm recently reported its 2025 earnings. The average company in the relative valuation trades at 27.98x P/E in 2026, and 21.79x P/E in 2027. Qualcomm trades below peer multiples in 2026, suggesting it is currently undervalued on near term earnings. However, in 2027, Qualcomm trades at a premium relative to the industry average. To balance the different indications from the two forward years, we weighed the 2026E and 2027E valuations equally. This approach yields an implied value of $189.20 for Qualcomm. The overall weight assigned to the relative valuation is 10%, ensuring that it does not significantly influence our total valuation given its volatility.

## Dividend Discount Model

Estimated Share Price:  $114.01

Our DDM produced the lowest valuation at $114.01, making it our least reliable framework for assessing the intrinsic value. Qualcomm maintains a stable dividend; its yield remains modest, and the company has more of an emphasis on share repurchases. Also, the DDM does not fully capture the company's reinvestment into high growth areas such as automotive, IoT, and on device AI, nor does it reflect the long-term earning power in its licensing segment. As a result, the DDM understates Qualcomm's long run potential and serves a supplemental check. With this in mind, we assigned the DDM a 10% weight in our value valuation.

**Estimated Share Price:**

By applying our weighted average across the three valuation methods, we derive an estimated intrinsic value of **$173.70** per share. This represents approximately a 5% upside from the current market price and supports a **HOLD** recommendation.

# Sensitivity Analysis

Beta Vs. Equity Risk Premium

| Equity Risk Premium | Beta | | | | | | |
|---|---|---|---|---|---|---|---|
| $ 179.22 | 1.10 | 1.20 | 1.30 | 1.40 | 1.50 | 1.60 | 1.70 |
| 5.00% | 178.71 | 178.81 | 178.91 | 179.01 | 179.11 | 179.21 | 179.31 |
| 5.25% | 178.77 | 178.87 | 178.98 | 179.08 | 179.19 | 179.29 | 179.39 |
| 5.50% | 178.82 | 178.93 | 179.04 | 179.15 | 179.26 | 179.37 | 179.47 |
| 5.76% | 178.88 | 178.99 | 179.11 | 179.22 | 179.34 | 179.45 | 179.56 |
| 6.00% | 178.93 | 179.05 | 179.17 | 179.28 | 179.41 | 179.52 | 179.64 |
| 6.25% | 178.99 | 179.11 | 179.23 | 179.35 | 179.48 | 179.60 | 179.72 |
| 6.50% | 179.04 | 179.17 | 179.30 | 179.42 | 179.55 | 179.68 | 179.80 |

This table shows that Qualcomm's valuation is very stable across a wide range of beta and equity risk premium asssumptions. Even large shifts in market risk inputs move the implied share price by less than $2, indicating low sensitivity to systematic risk. Overall, the results reinforce the strength of Qualcomm's cash flow profile and support our base cost of equity assumption.

CapEx Growth Rate Vs. ROI

| ROI | CapEx Growth Rate | | | | | | |
|---|---|---|---|---|---|---|---|
| 179.22 | 7.00% | 9.00% | 11.00% | 13.00% | 15.00% | 17.00% | 19.00% |
| 2.05% | 188.83 | 186.23 | 183.30 | 180.00 | 176.30 | 172.13 | 167.46 |
| 2.55% | 188.58 | 185.98 | 183.05 | 179.75 | 176.04 | 171.88 | 167.21 |
| 3.05% | 188.32 | 185.72 | 182.79 | 179.49 | 175.78 | 171.62 | 166.95 |
| 3.55% | 188.05 | 185.45 | 182.52 | 179.22 | 175.51 | 171.34 | 166.68 |
| 4.05% | 187.77 | 185.17 | 182.24 | 178.94 | 175.23 | 171.07 | 166.40 |
| 4.55% | 187.48 | 184.88 | 181.95 | 178.65 | 174.94 | 170.78 | 166.11 |
| 5.05% | 187.18 | 184.58 | 181.65 | 178.35 | 174.64 | 170.48 | 165.81 |

This table demonstrates that Qualcomm's valuation is more sensitive to increases in CapEx growth than to changes in ROI. Higher CapEx assumptions reduce intrinsic value, while stronger ROI provides moderate upside through better reinvestment efficiency. The results highlight the importance of mainting disciplined capital spending given the company's capital light business model.

Automotive Rev Growth Vs. Handset Rev Growth

| Hanset Revenue Growth Rate 2026E | Automotive Revenue Growth Rate 2026E | | | | | | |
|---|---|---|---|---|---|---|---|
| 179.22 | 18.90% | 20.90% | 22.90% | 24.90% | 26.90% | 28.90% | 30.90% |
| 1.95% | 175.68 | 176.50 | 177.32 | 178.14 | 178.97 | 179.79 | 180.61 |
| 2.45% | 176.03 | 176.86 | 177.68 | 178.50 | 179.32 | 180.15 | 180.97 |
| 2.95% | 176.39 | 177.21 | 178.04 | 178.86 | 179.68 | 180.50 | 181.33 |
| 3.45% | 176.75 | 177.57 | 178.39 | 179.22 | 180.04 | 180.86 | 181.68 |
| 4.05% | 177.18 | 178.00 | 178.82 | 179.65 | 180.47 | 181.29 | 182.11 |
| 4.55% | 177.54 | 178.36 | 179.18 | 180.00 | 180.83 | 181.65 | 182.47 |
| 5.05% | 177.90 | 178.72 | 179.54 | 180.36 | 181.18 | 182.01 | 182.83 |

This Table shows that automotive revenue growth has a stronger impact on valuation than handset growth. Stabilizing handsets adds incremental value, accelerating automotive expansion generates the most upside due to higher content and long term demand. This confirms the inportance of Qualcomm's automotive segment in driving future growth.

IoT Rev Growth Vs. Cost of Rev%

| Cost of Revenue % 2026 E | IoT Revenue Growth Rate 2026E | | | | | | |
|---|---|---|---|---|---|---|---|
| 179.22 | 7.70% | 8.70% | 9.70% | 10.70% | 11.70% | 12.70% | 13.70% |
| 33% | 200.48 | 201.12 | 201.76 | 202.40 | 203.04 | 203.68 | 204.32 |
| 34% | 192.82 | 193.44 | 194.05 | 194.67 | 195.29 | 195.91 | 196.53 |
| 35% | 185.15 | 185.75 | 186.35 | 186.94 | 187.54 | 188.14 | 188.74 |
| 36% | 177.49 | 178.06 | 178.64 | 179.22 | 179.79 | 180.37 | 180.95 |
| 37% | 169.82 | 170.38 | 170.93 | 171.49 | 172.05 | 172.60 | 173.16 |
| 38% | 162.15 | 162.69 | 163.23 | 163.76 | 164.30 | 164.83 | 165.37 |
| 39% | 154.49 | 155.00 | 155.52 | 156.03 | 156.55 | 157.06 | 157.58 |

This table illustrates that IoT growth boosts valuation only if cost of revenue remains controlled. As COGS rises, valuation declines, showing how margin pressure can offset top line gains. This result emphasizes the need for continued efficiency improvements within Qualcomm's IoT segment.

WACC Vs. CV NOPLAT Growth

| CV Noplat Growth Rate | WACC | | | | | | |
|---|---|---|---|---|---|---|---|
| 179.22 | 10.03% | 10.53% | 11.03% | 11.53% | 12.03% | 12.53% | 13.03% |
| 3.57% | 201.32 | 184.65 | 170.26 | 157.63 | 146.69 | 136.92 | 128.21 |
| 4.07% | 212.33 | 193.67 | 177.73 | 163.86 | 151.95 | 141.39 | 132.03 |
| 4.57% | 225.36 | 204.20 | 186.35 | 170.99 | 157.91 | 146.42 | 136.30 |
| 5.07% | 241.01 | 216.65 | 196.41 | 179.22 | 164.74 | 152.12 | 141.12 |
| 5.57% | 260.18 | 231.62 | 208.32 | 188.83 | 172.62 | 158.65 | 146.57 |
| 6.07% | 284.19 | 249.94 | 222.63 | 200.19 | 181.82 | 166.18 | 152.81 |
| 6.57% | 315.13 | 272.89 | 240.15 | 213.85 | 192.71 | 174.98 | 160.02 |

This shows how our valuation shifts under changes in the WACC and NOPLAT growth. Our valuation is more sensitive to changes in WACC than adjustments in long term growth. With higher discount rates driving a steep decline in intrinsic value. While stronger terminal NOPLAT growth provides upside, small increases in WACC compress valuation, reflecting the heavier influence of macro risk.

SGA% of Sales Vs. Risk Free Rate

| Risk Free Rate | SGA% of Sales | | | | | | |
|---|---|---|---|---|---|---|---|
| 179.22 | 7.50% | 8.00% | 8.50% | 9.00% | 9.50% | 10.00% | 10.50% |
| 3.31% | 190.65 | 186.79 | 182.93 | 179.07 | 175.21 | 171.35 | 167.49 |
| 3.56% | 190.70 | 186.84 | 182.98 | 179.12 | 175.26 | 171.39 | 167.53 |
| 3.81% | 190.76 | 186.89 | 183.03 | 179.17 | 175.30 | 171.44 | 167.58 |
| 4.06% | 190.81 | 186.94 | 183.08 | 179.22 | 175.35 | 171.49 | 167.63 |
| 4.31% | 190.86 | 187.00 | 183.13 | 179.27 | 175.40 | 171.54 | 167.67 |
| 4.56% | 190.91 | 187.05 | 183.18 | 179.32 | 175.45 | 171.58 | 167.72 |
| 4.81% | 190.97 | 187.10 | 183.23 | 179.36 | 175.50 | 171.63 | 167.76 |

This table illustrates how the company valuation responds to change in risk free rate and SG&A as a % of sales. Increases in the risk-free rate have a larger negative impact on valuation than shifts in SG&A spending, reflecting Qualcomm's sensitivity to interest rate conditions and their influence on cost of equity. Overall, this analysis reinforces that macroeconomic rate environments are a more meaningful driver of Qualcomm's valuation than small variations in SG&A cost structure

# Conclusion

Overall, we are recommending a HOLD rating. We believe Qualcomm remains well positioned within the semiconductor industry, supported by growth opportunities in both the automotive and Iot segments. Qualcomm's strong operating margins and continued investment into R&D enable them to continue to further diversify into new markets, including AI processors. However, Qualcomm's primary revenue, handsets, faces a slowing market with smartphone sales expected to decline over the next decade [26]. In addition, the potential for Apple and other smartphone manufacturers to shift toward in-house chips poses a significant risk to a segment Qualcomm has historically relied on. Qualcomm is also more exposed than industry peers to the U.S-China trade and tariff risks, as the majority of its revenue is tied to China.

While we still expect Qualcomm's revenue to grow over the next decade, we forecast ROIC to eventually plateau at 67.5% as competitive pressure increases. Based on our valuation, we believe Qualcomm is positioned for long-term growth, but uncertainty within the handset segment and ongoing geopolitical risks justify a HOLD recommendation.

**Important Disclaimer**

This report was created by students enrolled in the Security Analysis (6F:112) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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**Qualcomm**

*Revenue Decomposition*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **QTL (Qualcomm Technology Licensing)** | 5,306 | 5,572 | 6,415 | 6,619 | 7,099 | 7,990 | 8,690 | 9,328 | 9,947 | 10,564 | 11,187 | 11,690 |
| *Growth Rate* | *-16.55%* | *5.01%* | 15.13% | 3.18% | 7.25% | 12.55% | 8.76% | 7.34% | 6.64% | 6.20% | 5.90% | 4.50% |
| **QCT (Qualcomm's CDMA Technologies)** | 30,382 | 33,196 | 38,367 | 41,019 | 43,646 | 47,676 | 53,711 | 61,421 | 68,281 | 75,463 | 82,387 | 86,627 |
| *Growth Rate* | *-19.36%* | *9.26%* | *15.58%* | *6.91%* | *6.40%* | *9.23%* | *12.66%* | *14.35%* | *11.17%* | *10.52%* | *9.18%* | *5.15%* |
| **QSI (Qualcomm's Strategic Intitiatives)** | 28 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Growth Rate* | *-9.7%* | *-35.7%* | -100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Reconcilling Items | $ 104 | $ 176 | (498) | | | | | | | | | |
| | | | | | | | | | | | | |
| Equipment and Services | 30,028 | 32,791 | 37,869 | 41,019 | 43,646 | 47,676 | 53,711 | 61,421 | 68,281 | 75,463 | 82,387 | 86,627 |
| Growth Rate | -19.22% | 9.20% | 15.58% | 6.91% | 6.40% | 9.23% | 12.66% | 14.35% | 11.17% | 10.52% | 9.18% | 5.15% |
| Licenisng and Services | 5,792 | 6,171 | 6,415 | 6,619 | 7,099 | 7,990 | 8,690 | 9,328 | 9,947 | 10,564 | 11,187 | 11,690 |
| Growth Rate | -17.60% | 6.54% | 3.95% | 3.18% | 7.25% | 12.55% | 8.76% | 7.34% | 6.64% | 6.20% | 6.00% | 4.50% |
| **Total Revenues** | 35,820 | 38,962 | 44,284 | 47,638 | 50,745 | 55,665 | 62,400 | 70,748 | 78,227 | 86,026 | 93,574 | 98,318 |
| Growth Rate | -18.96% | 8.77% | 13.66% | 7.57% | 6.52% | 9.70% | 12.10% | 13.38% | 10.57% | 9.97% | 8.77% | 5.07% |
| | | | | | | | | | | | | |
| **QCT** | | | | | | | | | | | | |
| **Handsets** | 22,570 | 24,863 | 27,793 | 28,752 | 26,739 | 25,670 | 26,183 | 26,772 | 27,441 | 28,333 | 29,027 | 29,681 |
| *Growth Rate* | *-9.8%* | *10.2%* | 11.78% | 3.45% | -7.00% | -4.00% | 2.00% | 2.25% | 2.50% | 3.25% | 2.45% | 2.25% |
| **Automotive** | 1,872 | 2,910 | 3,957 | 4,942 | 7,018 | 9,299 | 12,089 | 16,199 | 19,114 | 21,494 | 23,751 | 25,414 |
| *Growth Rate* | *36.4%* | *55.4%* | 35.98% | 24.90% | 42.00% | 32.50% | 30.00% | 34.00% | 18.00% | 12.45% | 10.50% | 7.00% |
| **IoT** | 5,940 | 5,423 | 6,617 | 7,325 | 9,889 | 12,707 | 15,439 | 18,450 | 21,725 | 25,635 | 29,608 | 31,533 |
| *Growth Rate* | *-14.5%* | *-8.7%* | 22.02% | 10.70% | 35.00% | 28.50% | 21.50% | 19.50% | 17.75% | 18.00% | 15.50% | 6.50% |
| | | | | | | | | | | | | |
| **Revenue By Country** | | | | | | | | | | | | |
| China (including Hong Kong) | 13,386 | 17,826 | 19,042 | 19,532 | 19,791 | 20,596 | 23,088 | 25,116 | 27,380 | 30,969 | 32,283 | 31,462 |
| % Of Total Revenue | 37.37% | 45.75% | 43.00% | 41.00% | 39.00% | 37.00% | 37.00% | 35.50% | 35.00% | 36.00% | 34.50% | 32.00% |
| | | | | | | | | | | | | |
| South Korea | 8,075 | 7,995 | 9,521 | 9,051 | 9,388 | 9,185 | 11,544 | 13,973 | 13,690 | 17,033 | 16,375 | 18,189 |
| % Of Total Revenue | 22.54% | 20.52% | 21.50% | 19.00% | 18.50% | 16.50% | 18.50% | 19.75% | 17.50% | 19.80% | 17.50% | 18.50% |
| | | | | | | | | | | | | |
| USA | 10,503 | 9,686 | 7,905 | 10,657 | 11,909 | 13,160 | 14,412 | 15,663 | 16,915 | 18,166 | 19,417 | 20,669 |
| % Of Total Revenue | 29.32% | 24.86% | 17.85% | 16.75% | 18.25% | 22.50% | 23.50% | 24.25% | 25.50% | 26.70% | 25.75% | 26.50% |
| | | | | | | | | | | | | |
| Other Foreign | 3,856 | 3,455 | 7,816 | 11,076 | 12,306 | 13,360 | 13,104 | 14,503 | 17,210 | 15,055 | 20,820 | 22,613 |
| % Of Total Revenue | 10.76% | 8.87% | 17.65% | 23.25% | 24.25% | 24.00% | 21.00% | 20.50% | 22.00% | 17.50% | 22.25% | 23.00% |

**Qualcomm**

*Income Statement*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Equipment and services | 30,028 | 32,791 | 37,869 | 41,019 | 43,646 | 47,676 | 53,711 | 61,421 | 68,281 | 75,463 | 82,387 | 86,627 |
| Licensing and royalty fees | 5,792 | 6,171 | 6,415 | 6,619 | 7,099 | 7,990 | 8,690 | 9,328 | 9,947 | 10,564 | 11,187 | 11,690 |
| **Total Revenues** | 35,820 | 38,962 | 44,284 | 47,638 | 50,745 | 55,665 | 62,400 | 70,748 | 78,227 | 86,026 | 93,574 | 98,318 |
| **Costs and Expenses:** | | | | | | | | | | | | |
| Cost of revenues | 14,060 | 15,353 | 18,136 | 17,150 | 18,268 | 20,040 | 22,464 | 25,469 | 28,162 | 30,969 | 33,687 | 35,394 |
| Research and development | 8,818 | 8,893 | 9,042 | 10,957 | 11,671 | 12,803 | 14,352 | 16,272 | 17,992 | 19,786 | 21,522 | 22,613 |
| Selling, general and administrative | 2,483 | 2,759 | 3,110 | 4,287 | 4,567 | 5,010 | 5,616 | 6,367 | 7,040 | 7,742 | 8,422 | 8,849 |
| Depreciation and Amoritization | 1,809 | 1,707 | 1,602 | 1,663 | 1,613 | 1,651 | 1,755 | 1,911 | 2,114 | 2,359 | 2,646 | 2,977 |
| Other | 862 | 179 | 39 | 953 | 1,015 | 1,113 | 1,248 | 1,415 | 1,565 | 1,721 | 1,871 | 1,966 |
| **Total Operating costs and expenses** | 28,032 | 28,891 | 31,929 | 35,010 | 37,135 | 40,617 | 45,435 | 51,435 | 56,873 | 62,577 | 68,148 | 71,800 |
| **Operating Income** | | | | | | | | | | | | |
| Operating income / loss | 7,788 | 10,071 | 12,355 | 12,628 | 13,610 | 15,049 | 16,965 | 19,313 | 21,355 | 23,449 | 25,426 | 26,518 |
| Interest expense | 694 | 697 | 664 | 943 | 989 | 1,029 | 1,082 | 1,156 | 1,252 | 1,342 | 1,438 | 1,535 |
| Investment and other income (expense), net | 349 | 962 | 972 | 361 | 421 | 524 | 653 | 836 | 1,082 | 1,388 | 1,755 | 2,185 |
| Income from continuing operations before income tax | 7,443 | 10,336 | 12,663 | 12,045 | 13,042 | 14,543 | 16,537 | 18,993 | 21,184 | 23,495 | 25,744 | 27,168 |
| Income tax expense | 104 | 226 | 7,122 | 1,566 | 1,695 | 1,891 | 2,150 | 2,469 | 2,754 | 3,054 | 3,347 | 3,532 |
| Income from continuing operations | 7,339 | 10,110 | 5,541 | 10,479 | 11,347 | 12,652 | 14,387 | 16,524 | 18,430 | 20,441 | 22,397 | 23,636 |
| Discontinued operations, net of income taxes | (107) | 32 | | | | | | | | | | |
| **Net income / loss** | 7,232 | 10,142 | 5,541 | 10,479 | 11,347 | 12,652 | 14,387 | 16,524 | 18,430 | 20,441 | 22,397 | 23,636 |
| Basic Earnings Per Common Share | 6.57 | 9.06 | 5.05 | 9.60 | 10.54 | 11.98 | 13.87 | 16.20 | 18.21 | 20.32 | 22.53 | 24.04 |
| Total Shares Outstanding | 1,114 | 1,113 | 1,096 | 1,088 | 1,066 | 1,046 | 1,028 | 1,012 | 1,012 | 1,000 | 988 | 978 |
| Weighted Average Shares Outstanding (millions) | 1,117 | 1,116 | 1,105 | 1,092 | 1,077 | 1,056 | 1,037 | 1,020 | 1,012 | 1,006 | 994 | 983 |
| Annual Dividends Per Share | 3.10 | 3.30 | 3.48 | $ 3.68 | $ 3.88 | $ 4.08 | $ 4.28 | $ 4.48 | $ 4.68 | $ 4.88 | $ 5.08 | $ 5.28 |

**Qualcomm**

*Balance Sheet*

| ***Fiscal Years Ending 9/28*** | **2023** | **2024** | **2025** | **2026E** | **2027E** | **2028E** | **2029E** | **2030E** | **2031E** | **2032E** | **2033E** | **2034E** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current Assets:** | | | | | | | | | | | | |
| Cash and cash equivalents | 8,450 | 7,849 | 5,520 | 7,057 | 9,779 | 13,248 | 18,228 | 24,951 | 33,372 | 43,533 | 55,422 | 68,453 |
| Marketable securities | 2,874 | 5,451 | 4,635 | 4,800 | 4,970 | 5,146 | 5,329 | 5,518 | 5,714 | 5,917 | 6,127 | 6,345 |
| Accounts receivable, net | 3,183 | 3,929 | 4,315 | 5,240 | 5,582 | 6,123 | 6,864 | 7,782 | 8,605 | 9,463 | 10,293 | 10,815 |
| Inventories | 6,422 | 6,423 | 6,526 | 7,622 | 8,119 | 8,906 | 9,984 | 11,320 | 12,516 | 13,764 | 14,972 | 15,731 |
| Held for sale assets | 341 | - | | | | | | | | | | |
| Other current assets | 1,194 | 1,579 | 4,758 | 4,927 | 5,102 | 5,283 | 5,470 | 5,665 | 5,866 | 6,074 | 6,290 | 6,513 |
| **Total Current Assets:** | 22,464 | 25,231 | **25,754** | **29,645** | **33,552** | **38,707** | **45,876** | **55,236** | **66,073** | **78,751** | **93,104** | **107,857** |
| Marketable securities | | | | | | | | | | | | |
| Deferred tax assets | 3,310 | 5,162 | 743 | 765 | 788 | 812 | 836 | 861 | 887 | 914 | 941 | 969 |
| Property, plant and equipment, net | 5,042 | 4,665 | 4,690 | 4,549 | 4,656 | 4,948 | 5,390 | 5,960 | 6,651 | 7,461 | 8,396 | 9,465 |
| Goodwill | 10,642 | 10,799 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 | 11,358 |
| Other intangible assets, net | 1,408 | 1,244 | 1,148 | 907 | 707 | 552 | 434 | 417 | 400 | 383 | 366 | 349 |
| Held for sale assets | 88 | - | | | | | | | | | | |
| PV Operating Lease Assets | 669 | 806 | 832 | 807 | 826 | 878 | 956 | 1,057 | 1,180 | 1,324 | 1,489 | 1,679 |
| Other Assets | 7,417 | 7,247 | 5,618 | 5,817 | 6,024 | 6,238 | 6,459 | 6,689 | 6,926 | 7,172 | 7,426 | 7,690 |
| **Total Assets** | 51,040 | 55,154 | **50,143** | **53,849** | **57,910** | **63,493** | **71,309** | **81,578** | **93,475** | **107,363** | **123,081** | **139,367** |
| **Current Liabilities:** | | | | | | | | | | | | |
| Trade accounts payable | 1,912 | 2,584 | 2,791 | 2,902 | 3,218 | 3,476 | 3,885 | 4,437 | 4,887 | 5,375 | 5,853 | 6,145 |
| Payroll and other benefits related liabilities | 1,685 | 1,834 | 1,839 | 2,154 | 2,263 | 2,437 | 2,779 | 3,135 | 3,458 | 3,815 | 4,144 | 4,354 |
| Dividends payable | | | | | | | | | | | | |
| Unearned revenues | 293 | 297 | 358 | 379 | 400 | 444 | 496 | 562 | 622 | 683 | 743 | 781 |
| Short-term debt | 914 | 1,364 | - | - | - | - | - | - | - | - | - | - |
| Held for sale liabilities | 333 | - | | | | | | | | | | |
| Other current liabilities | 4,824 | 4,425 | 4,156 | 4,304 | 4,456 | 4,615 | 4,778 | 4,948 | 5,124 | 5,305 | 5,494 | 5,689 |
| Total current liabilities | 9,628 | 10,504 | 9,144 | 9,738 | 10,338 | 10,972 | 11,938 | 13,081 | 14,091 | 15,179 | 16,235 | 16,969 |
| Defered tax liabilities | 111 | 114 | 131 | 135 | 139 | 143 | 147 | 152 | 156 | 161 | 166 | 171 |
| Unearned revenues | 99 | 88 | 71 | 105 | 103 | 108 | 128 | 142 | 157 | 174 | 188 | 198 |
| Income taxes payable | $ 1,717 | $ 1,080 | 1,007 | 896 | 798 | 710 | 632 | 562 | 500 | 445 | 396 | 353 |
| Long-term debt | 14,484 | 13,270 | 14,811 | 15,554 | 15,987 | 16,704 | 17,687 | 18,930 | 20,145 | 21,450 | 22,791 | 23,916 |
| Held for sale liabilities | 38 | - | | | | | | | | | | |
| Other liabilities | 3,382 | 3,824 | 3,773 | 3,907 | 4,046 | 4,189 | 4,338 | 4,492 | 4,651 | 4,817 | 4,988 | 5,165 |
| **Total Liabilities** | 29,459 | 28,880 | 28,937 | 30,335 | 31,410 | 32,826 | 34,870 | 37,359 | 39,701 | 42,226 | 44,764 | 46,771 |
| **Stockholders equity:** | | | | | | | | | | | | |
| Common Equity | 490 | - | | | | | | | | | | |
| Retained earnings | 20,733 | 25,687 | 20,646 | 22,954 | 25,941 | 30,107 | 35,879 | 43,659 | 53,214 | 64,577 | 77,757 | 92,036 |
| Accumulated other comprehensive income / loss | 358 | 587 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 |
| **Total stockholders' equity** | 21,581 | 26,274 | 21,206 | 23,514 | 26,501 | 30,667 | 36,439 | 44,219 | 53,774 | 65,137 | 78,317 | 92,596 |
| **Total liabilities and stockholders equity** | 51,040 | 55,154 | 50,143 | 53,849 | 57,910 | 63,493 | 71,309 | 81,578 | 93,475 | 107,363 | 123,081 | 139,367 |

**Qualcomm**

*Historical Cash Flow Statement*

| *Fiscal Years Ending, Dec.31* | 2023 | 2024 | 2025 |
|---|---|---|---|
| **Operating Activites** | | | |
| Net income from continuing operations | 7,339 | 10,110 | 5,541 |
| Adjustments to reconcile net income used by operating activities | | | |
| Depreciation and amortization expense | 1,809 | 1,706 | 1,602 |
| Indefinite and long-lived asset impairment charges | 182 | 7 | 17 |
| Income tax provision less than income tax payments | (1,269) | (3,064) | (3,980) |
| Share-based compensation expense | 2,484 | 2,648 | 2783 |
| Net (gains) losses on marketable securities and other instruments | (152) | (349) | (381) |
| Impairment losses on marketable securities and other investments | 132 | 79 | 113 |
| Other items, net | 339 | 19 | (57) |
| | | | |
| **Changes in assets and liabilities:** | | | |
| Accounts receivable, net | 2,472 | (768) | (365) |
| Inventories | 8 | 13 | (138) |
| Other assets | 603 | 230 | 971 |
| Trade accounts payable | (1,880) | 682 | 119 |
| Payroll, benefits and other liabilities | 1 | 1,046 | (235) |
| Unearned revenues | (56) | 20 | 62 |
| Net cash used by operating activities from discontinued operations | (399) | (91) | - |
| Net cash used / provided by operating activities | 11,299 | 12,202 | 14,012 |
| | | | |
| **Investing Activities:** | | | |
| Capital expenditures | 1,450 | 1,041 | 1,192 |
| Purchases of debt and equity marketable securities | 668 | 5,069 | 4,694 |
| Proceeds from sales and maturities of available-for-sale securities | 1,566 | 2,677 | 5,755 |
| Acquisitions and other investments, net of cash acquired | 235 | 254 | 743 |
| Proceeds from sales of property, plant and equipment | 127 | 10 | 14 |
| Proceeds from other investments | 20 | 88 | 61 |
| Other items, net | 19 | (36) | 1 |
| Net cash used by investing activities from discontinued operations | 1,383 | 2 | - |
| Net cash used / provided by investing activities | 762 | (3,623) | (800) |
| | | | |
| **Financing Activities:** | | | |
| Proceeds from short-term debt | 5,068 | 799 | 998 |
| Repayment of short-term debt | (5,566) | (799) | (998) |
| Repayment of debt of acquired company | - | - | 1487 |
| Repayment of long-term debt | (1,446) | (914) | (1,365) |
| Proceeds from long-term debt | 1,880 | - | |
| Proceeds from issuance of common stock | 434 | 383 | 404 |
| Repurchases and retirements of common stock | (2,973) | (4,121) | (8,791) |
| Dividends paid | (3,462) | (3,687) | (3,805) |
| Payment of tax withholdings related to vesting of share-based award | (521) | (932) | (1,115) |
| Other items, net | (19) | (17) | (11) |
| Net cash used by financing activities from discontinued operations | (58) | 19 | 0 |
| Net cash provided / used by financing activities | (6,663) | (9,269) | (13,196) |
| | | | |
| Effect of exchange rate changes on cash and cash equivalents | 30 | 12 | (22) |
| **Net (decrease) increase in cash and cash equivalents** | 5,428 | (678) | (6) |
| **Total cash and cash equivalents at beginning of period** | 3,099 | 8,527 | 7,849 |
| **Total cash and cash equivalents at end of period** | 8,527 | 7,849 | 7,843 |

**Qualcomm**

*Forecasted Cash Flow Statement*

| *Fiscal Years Ending 9/28* | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|
| Net Income | 10,479 | 11,347 | 12,652 | 14,387 | 16,524 | 18,430 | 20,441 | 22,397 | 23,636 |
| Depreciation and amortization expense | 1,663 | 1,613 | 1,651 | 1,755 | 1,911 | 2,114 | 2,359 | 2,646 | 2,977 |
| Change In Accounts Recievable | (925) | (342) | (541) | (741) | (918) | (823) | (858) | (830) | (522) |
| Change In Inventories | (1,096) | (497) | (787) | (1,078) | (1,336) | (1,197) | (1,248) | (1,208) | (759) |
| Change in Other Current Assets | (169) | (175) | (181) | (188) | (194) | (201) | (208) | (216) | (223) |
| Change in Deferred Tax Assets | (22) | (23) | (24) | (24) | (25) | (26) | (27) | (27) | (28) |
| Change in Deferred Tax Liabilities | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Change in Trade Accounts payable | 111 | 317 | 258 | 409 | 552 | 451 | 488 | 478 | 292 |
| Change in Payroll and other benefits related liabilities | 315 | 110 | 174 | 342 | 356 | 324 | 357 | 329 | 209 |
| Change in Unearned Revenues | 56 | 19 | 49 | 72 | 80 | 75 | 79 | 74 | 48 |
| Change in other current liabilties | 148 | 153 | 158 | 164 | 170 | 176 | 182 | 188 | 195 |
| Change in Income Taxes Payable | (111) | (99) | (88) | (78) | (69) | (62) | (55) | (49) | (44) |
| Net Cash Flows From Operating Activities | 10,452 | 12,426 | 13,326 | 15,024 | 17,054 | 19,265 | 21,514 | 23,788 | 25,786 |
| Change in Marketable Securities | (165) | (170) | (176) | (183) | (189) | (196) | (203) | (210) | (218) |
| Change in PPE | (1,522) | (1,720) | (1,944) | (2,196) | (2,482) | (2,804) | (3,169) | (3,581) | (4,046) |
| Change in Goodwill | - | - | - | - | - | - | - | - | - |
| Change in Other intangible assets, net | 241 | 200 | 155 | 118 | 17 | 17 | 17 | 17 | 17 |
| Change in PV Operating Lease Assets | 25 | (19) | (52) | (78) | (101) | (123) | (144) | (166) | (190) |
| Change in Other Assets | (199) | (207) | (214) | (221) | (229) | (237) | (246) | (255) | (264) |
| Net Cash Flows From Investing Activities | (1,620) | (1,916) | (2,231) | (2,561) | (2,984) | (3,343) | (3,744) | (4,194) | (4,700) |
| Change in Short Term Debt | - | - | - | - | - | - | - | - | - |
| Change in Long-Term Debt | 743 | 433 | 717 | 983 | 1,243 | 1,215 | 1,305 | 1,341 | 1,125 |
| Payment of Dividends | (4,033) | (4,221) | (4,348) | (4,476) | (4,606) | (4,737) | (4,940) | (5,078) | (5,219) |
| Change in Other Liabilities | 134 | 139 | 144 | 149 | 154 | 159 | 165 | 171 | 177 |
| Repurchase of Shares | (4,138) | (4,138) | (4,138) | (4,138) | (4,138) | (4,138) | (4,138) | (4,138) | (4,138) |
| Net cash flows from financing activites | (7,295) | (7,788) | (7,625) | (7,483) | (7,347) | (7,501) | (7,608) | (7,705) | (8,055) |
| Net increase (decrease) in total cash and cash equivalents | 1,537 | 2,722 | 3,470 | 4,980 | 6,723 | 8,421 | 10,162 | 11,889 | 13,031 |
| Cash At beginning of period | 5,520 | 7,057 | 9,779 | 13,248 | 18,228 | 24,951 | 33,372 | 43,533 | 55,422 |
| Cash at end of period | 7,057 | 9,779 | 13,248 | 18,228 | 24,951 | 33,372 | 43,533 | 55,422 | 68,453 |

**Qualcomm**

*Common Size Income Statement*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Equipment and services | 83.83% | 84.16% | 85.51% | 86.11% | 86.01% | 85.65% | 86.07% | 86.82% | 87.28% | 87.72% | 88.04% | 88.11% |
| Licensing and royalty fees | 16.17% | 15.84% | 14.49% | 13.89% | 13.99% | 14.35% | 13.93% | 13.18% | 12.72% | 12.28% | 11.96% | 11.89% |
| **Total Revenues** | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| **Costs and Expenses:** | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Cost of revenues | 39.25% | 39.41% | 40.95% | 36.00% | 36.00% | 36.00% | 36.00% | 36.00% | 36.00% | 36.00% | 36.00% | 36.00% |
| Research and development | 24.62% | 22.82% | 20.42% | 23.00% | 23.00% | 23.00% | 23.00% | 23.00% | 23.00% | 23.00% | 23.00% | 23.00% |
| Selling, general and administrative | 6.93% | 7.08% | 7.02% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| Depreciation and Amoritization | 5.05% | 4.38% | 3.62% | 3.49% | 3.18% | 2.97% | 2.81% | 2.70% | 2.70% | 2.74% | 2.83% | 3.03% |
| Other | 2.41% | 0.46% | 0.09% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| **Total Operating costs and expenses** | 78.26% | 74.15% | 72.10% | 73.49% | 73.18% | 72.97% | 72.81% | 72.70% | 72.70% | 72.74% | 72.83% | 73.03% |
| | | | | | | | | | | | | |
| **Operating Income** | | | | | | | | | | | | |
| Operating income / loss | 21.74% | 25.85% | 27.90% | 26.51% | 26.82% | 27.03% | 27.19% | 27.30% | 27.30% | 27.26% | 27.17% | 26.97% |
| Interest expense | 1.94% | 1.79% | 1.50% | 1.98% | 1.95% | 1.85% | 1.73% | 1.63% | 1.60% | 1.56% | 1.54% | 1.56% |
| Investment and other income (expense), net | 0.97% | 2.47% | 2.19% | 0.76% | 0.83% | 0.94% | 1.05% | 1.18% | 1.38% | 1.61% | 1.88% | 2.22% |
| Income from continuing operations before income taxes | 20.78% | 26.53% | 28.60% | 25.28% | 25.70% | 26.13% | 26.50% | 26.85% | 27.08% | 27.31% | 27.51% | 27.63% |
| Income tax expense | 0.29% | 0.58% | 16.08% | 3.29% | 3.34% | 3.40% | 3.45% | 3.49% | 3.52% | 3.55% | 3.58% | 3.59% |
| Income from continuing operations | 20.49% | 25.95% | 12.51% | 22.00% | 22.36% | 22.73% | 23.06% | 23.36% | 23.56% | 23.76% | 23.94% | 24.04% |
| Discontinued operations, net of income taxes | -0.30% | 0.08% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Net income / loss** | 20.19% | 26.03% | 12.51% | 22.00% | 22.36% | 22.73% | 23.06% | 23.36% | 23.56% | 23.76% | 23.94% | 24.04% |

**Qualcomm**

*Common Size Balance Sheet*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current Assets:** | | | | | | | | | | | | |
| Cash and cash equivalents | 23.59% | 20.15% | 12.46% | 14.81% | 19.27% | 23.80% | 29.21% | 35.27% | 42.66% | 50.60% | 59.23% | 69.62% |
| Marketable securities | 8.02% | 13.99% | 10.47% | 10.07% | 9.79% | 9.25% | 8.54% | 7.80% | 7.30% | 6.88% | 6.55% | 6.45% |
| Accounts receivable, net | 8.89% | 10.08% | 9.74% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% |
| Inventories | 17.93% | 16.49% | 14.74% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% |
| Held for sale assets | 0.95% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other current assets | 3.33% | 4.05% | 10.74% | 10.34% | 10.05% | 9.49% | 8.77% | 8.01% | 7.50% | 7.06% | 6.72% | 6.62% |
| **Total Current Assets:** | 62.71% | 64.76% | 58.16% | 62.23% | 66.12% | 69.54% | 73.52% | 78.07% | 84.46% | 91.54% | 99.50% | 109.70% |
| Marketable securities | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Deferred tax assets | 9.24% | 13.25% | 1.68% | 1.61% | 1.55% | 1.46% | 1.34% | 1.22% | 1.13% | 1.06% | 1.01% | 0.99% |
| Property, plant and equipment, net | 14.08% | 11.97% | 10.59% | 9.55% | 9.17% | 8.89% | 8.64% | 8.42% | 8.50% | 8.67% | 8.97% | 9.63% |
| Goodwill | 29.71% | 27.72% | 25.65% | 23.84% | 22.38% | 20.40% | 18.20% | 16.05% | 14.52% | 13.20% | 12.14% | 11.55% |
| Other intangible assets, net | 3.93% | 3.19% | 2.59% | 1.90% | 1.39% | 0.99% | 0.70% | 0.59% | 0.51% | 0.45% | 0.39% | 0.35% |
| Held for sale assets | 0.25% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating Lease Assets | | | | | | | | | | | | |
| Other Assets | 20.71% | 18.60% | 12.69% | 12.21% | 11.87% | 11.21% | 10.35% | 9.45% | 8.85% | 8.34% | 7.94% | 7.82% |
| **Total Assets** | 142.49% | 141.56% | 113.23% | 113.04% | 114.12% | 114.06% | 114.28% | 115.31% | 119.49% | 124.80% | 131.53% | 141.75% |
| | | | | | | | | | | | | |
| **Current Liabilities:** | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Trade accounts payable | 5.34% | 6.63% | 6.30% | 6.09% | 6.34% | 6.25% | 6.23% | 6.27% | 6.25% | 6.25% | 6.26% | 6.25% |
| Payroll and other benefits related liabilities | 4.70% | 4.71% | 4.15% | 4.52% | 4.46% | 4.38% | 4.45% | 4.43% | 4.42% | 4.43% | 4.43% | 4.43% |
| Dividends payable | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unearned revenues | 0.82% | 0.76% | 0.81% | 0.80% | 0.79% | 0.80% | 0.79% | 0.79% | 0.80% | 0.79% | 0.79% | 0.79% |
| Short-term debt | 2.55% | 3.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Held for sale liabilities | 0.93% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other current liabilities | 13.47% | 11.36% | 9.38% | 9.03% | 8.78% | 8.29% | 7.66% | 6.99% | 6.55% | 6.17% | 5.87% | 5.79% |
| Total current liabilities | 26.88% | 26.96% | 20.65% | 20.44% | 20.37% | 19.71% | 19.13% | 18.49% | 18.01% | 17.64% | 17.35% | 17.26% |
| Unearned revenues | 0.28% | 0.23% | 0.16% | 0.22% | 0.20% | 0.19% | 0.21% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| Income Taxes Payable | 4.79% | 2.77% | 2.27% | 1.88% | 1.57% | 1.28% | 1.01% | 0.79% | 0.64% | 0.52% | 0.42% | 0.36% |
| Long-term debt | 40.44% | 34.06% | 33.45% | 32.65% | 31.50% | 30.01% | 28.34% | 26.76% | 25.75% | 24.93% | 24.36% | 24.32% |
| Held for sale liabilities | 0.11% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other liabilities | 9.44% | 9.81% | 8.52% | 8.20% | 7.97% | 7.53% | 6.95% | 6.35% | 5.95% | 5.60% | 5.33% | 5.25% |
| **Total Liabilities** | 82.24% | 74.12% | 65.34% | 63.68% | 61.90% | 58.97% | 55.88% | 52.81% | 50.75% | 49.09% | 47.84% | 47.57% |
| | | | | | | | | | | | | |
| **Stockholders equity:** | | | | | | | | | | | | |
| Common Equity | 1.37% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Retained earnings | 46.82% | 53.92% | 40.69% | 41.24% | 41.57% | 42.55% | 45.87% | 50.75% | 56.87% | 65.68% | 83.10% | 93.61% |
| Accumulated other comprehensive income / loss | 1.00% | 1.51% | 1.26% | 1.18% | 1.10% | 1.01% | 0.90% | 0.79% | 0.72% | 0.65% | 0.60% | 0.57% |
| **Total stockholders' equity** | 60.25% | 67.43% | 47.89% | 49.36% | 52.22% | 55.09% | 58.40% | 62.50% | 68.74% | 75.72% | 83.70% | 94.18% |
| **Total stockholders' equity** | 60.25% | 67.43% | 47.89% | 49.36% | 52.22% | 55.09% | 58.40% | 62.50% | 68.74% | 75.72% | 83.70% | 94.18% |
| Total liabilities and stockholders equity | 142.49% | 141.56% | 113.23% | 113.04% | 114.12% | 114.06% | 114.28% | 115.31% | 119.49% | 124.80% | 131.53% | 141.75% |

**Qualcomm**

*Value Driver Estimation*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **NOPLAT:** | | | | | | | | | | | | |
| Revenues | $ 35,820 | $ 38,962 | $ 44,284 | $ 47,638 | $ 50,745 | $ 55,665 | $ 62,400 | $ 70,748 | $ 78,227 | $ 86,026 | $ 93,574 | $ 98,318 |
| Operating Expenses | | | | | | | | | | | | |
| (-) Cost of Revenues | $ 14,060 | $ 15,353 | $ 18,136 | $ 17,150 | $ 18,268 | $ 20,040 | $ 22,464 | $ 25,469 | $ 28,162 | $ 30,969 | $ 33,687 | $ 35,394 |
| (-) Research and Development | $ 8,818 | $ 8,893 | $ 9,042 | $ 10,957 | $ 11,671 | $ 12,803 | $ 14,352 | $ 16,272 | $ 17,992 | $ 19,786 | $ 21,522 | $ 22,613 |
| (-) Selling, General, & Admin | $ 2,483 | $ 2,759 | $ 3,110 | $ 4,287 | $ 4,567 | $ 5,010 | $ 5,616 | $ 6,367 | $ 7,040 | $ 7,742 | $ 8,422 | $ 8,849 |
| (-) Depreciation & Amortization | $ 1,809 | $ 1,707 | $ 1,602 | $ 1,663 | $ 1,613 | $ 1,651 | $ 1,755 | $ 1,911 | $ 2,114 | $ 2,359 | $ 2,646 | $ 2,977 |
| (-) Other Expenses | $ 862 | $ 179 | $ 39 | $ 953 | $ 1,015 | $ 1,113 | $ 1,248 | $ 1,415 | $ 1,565 | $ 1,721 | $ 1,871 | $ 1,966 |
| (+) Implied Interest on Operating Lease As | $ 36 | $ 43 | $ 45 | $ 43 | $ 44 | $ 47 | $ 51 | $ 57 | $ 63 | $ 71 | $ 80 | $ 90 |
| **EBITA** | $ 7,824 | $ 10,114 | $ 12,400 | $ 12,672 | $ 13,655 | $ 15,096 | $ 17,017 | $ 19,370 | $ 21,418 | $ 23,520 | $ 25,506 | $ 26,608 |
| | | | | | | | | | | | | |
| Less: Adjusted Tax | | | | | | | | | | | | |
| Income Tax Provision | $ 104 | $ 226 | $ 7,122 | $ 1,566 | $ 1,695 | $ 1,891 | $ 2,150 | $ 2,469 | $ 2,754 | $ 3,054 | $ 3,347 | $ 3,532 |
| (+) Tax Shield on Interest Expense | $ 90 | $ 91 | $ 86 | $ 123 | $ 129 | $ 134 | $ 141 | $ 150 | $ 163 | $ 174 | $ 187 | $ 200 |
| (-) Tax Shield on Interst Income | $ (45) | $ (125) | $ (126) | $ (47) | $ (55) | $ (68) | $ (85) | $ (109) | $ (141) | $ (180) | $ (228) | $ (284) |
| (+) Tax Shield on Operating Leases | $ 5 | $ 6 | $ 6 | $ 6 | $ 6 | $ 6 | $ 7 | $ 7 | $ 8 | $ 9 | $ 10 | $ 12 |
| **Adjusted Tax** | $ 154 | $ 197 | $ 7,088 | $ 1,647 | $ 1,775 | $ 1,962 | $ 2,212 | $ 2,518 | $ 2,784 | $ 3,058 | $ 3,316 | $ 3,459 |
| | | | | | | | | | | | | |
| EBITA | $ 7,824 | $ 10,114 | $ 12,400 | $ 12,672 | $ 13,655 | $ 15,096 | $ 17,017 | $ 19,370 | $ 21,418 | $ 23,520 | $ 25,506 | $ 26,608 |
| Less Adjusted Taxes | $ (154) | $ (197) | $ (7,088) | $ (1,647) | $ (1,775) | $ (1,962) | $ (2,212) | $ (2,518) | $ (2,784) | $ (3,058) | $ (3,316) | $ (3,459) |
| Plus: Change in Deferred Taxes | $ (1,563) | $ (1,849) | $ 4,436 | $ (18) | $ (19) | $ (19) | $ (20) | $ (21) | $ (21) | $ (22) | $ (23) | $ (23) |
| **NOPLAT** | $ 6,107 | $ 8,068 | $ 9,748 | $ 11,006 | $ 11,861 | $ 13,114 | $ 14,784 | $ 16,831 | $ 18,612 | $ 20,441 | $ 22,168 | $ 23,126 |
| | | | | | | | | | | | | |
| **Invested Capital (IC):** | | | | | | | | | | | | |
| Operating Current Assets | | | | | | | | | | | | |
| (+) Normal Cash | $ 716 | $ 779 | $ 886 | $ 953 | $ 1,015 | $ 1,113 | $ 1,248 | $ 1,415 | $ 1,565 | $ 1,721 | $ 1,871 | $ 1,966 |
| (+) Accounts receivable | $ 3,183 | $ 3,929 | $ 4,315 | $ 5,240 | $ 5,582 | $ 6,123 | $ 6,864 | $ 7,782 | $ 8,605 | $ 9,463 | $ 10,293 | $ 10,815 |
| (+) Inventory | $ 6,422 | $ 6,423 | $ 6,526 | $ 7,622 | $ 8,119 | $ 8,906 | $ 9,984 | $ 11,320 | $ 12,516 | $ 13,764 | $ 14,972 | $ 15,731 |
| (+) Other Current Assets | $ 1,194 | $ 1,579 | $ 4,758 | $ 4,927 | $ 5,102 | $ 5,283 | $ 5,470 | $ 5,665 | $ 5,866 | $ 6,074 | $ 6,290 | $ 6,513 |
| **Total Operating Current Assets** | **$ 11,515** | **$ 12,710** | **$ 16,485** | **$ 18,742** | **$ 19,818** | **$ 21,426** | **$ 23,567** | **$ 26,182** | **$ 28,552** | **$ 31,022** | **$ 33,426** | **$ 35,025** |
| | | | | | | | | | | | | |
| (-) Trade accounts Payable | $ 1,912 | $ 2,584 | $ 2,791 | $ 2,902 | $ 3,218 | $ 3,476 | $ 3,885 | $ 4,437 | $ 4,887 | $ 5,375 | $ 5,853 | $ 6,145 |
| (-) Payroll and other benefits related liabil | $ 1,685 | $ 1,834 | $ 1,839 | $ 2,154 | $ 2,263 | $ 2,437 | $ 2,779 | $ 3,135 | $ 3,458 | $ 3,815 | $ 4,144 | $ 4,354 |
| (-) Dividends Payable | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| (-) Unearned Revenues | $ 293 | $ 297 | $ 358 | $ 379 | $ 400 | $ 444 | $ 496 | $ 562 | $ 622 | $ 683 | $ 743 | $ 781 |
| (-) Other Current Liabilities | $ 4,824 | $ 4,425 | $ 4,156 | $ 4,304 | $ 4,456 | $ 4,615 | $ 4,778 | $ 4,948 | $ 5,124 | $ 5,305 | $ 5,494 | $ 5,689 |
| **Total Operating current liabilites** | $ 8,714 | $ 9,140 | $ 9,144 | $ 9,738 | $ 10,338 | $ 10,972 | $ 11,938 | $ 13,081 | $ 14,091 | $ 15,179 | $ 16,235 | $ 16,969 |
| **Total operating working capital** | $ 2,801 | $ 3,570 | $ 7,341 | $ 9,004 | $ 9,480 | $ 10,454 | $ 11,629 | $ 13,101 | $ 14,461 | $ 15,843 | $ 17,191 | $ 18,056 |
| | | | | | | | | | | | | |
| (+) Net property, plant & equipment | $ 5,042 | $ 4,665 | $ 4,690 | $ 4,549 | $ 4,656 | $ 4,948 | $ 5,390 | $ 5,960 | $ 6,651 | $ 7,461 | $ 8,396 | $ 9,465 |
| (+) Other intangible assets, net | $ 1,408 | $ 1,244 | $ 1,148 | $ 907 | $ 707 | $ 552 | $ 434 | $ 417 | $ 400 | $ 383 | $ 366 | $ 349 |
| (+) Capatalized PV of Operating Leases | $ 669 | $ 806 | $ 832 | $ 807 | $ 826 | $ 878 | $ 956 | $ 1,057 | $ 1,180 | $ 1,324 | $ 1,489 | $ 1,679 |
| (+) Other Assets | $ 7,417 | $ 7,247 | $ 5,618 | $ 5,817 | $ 6,024 | $ 6,238 | $ 6,459 | $ 6,689 | $ 6,926 | $ 7,172 | $ 7,426 | $ 7,690 |
| (-) Unearned revenues, non-current | $ 99 | $ 88 | $ 71 | $ 105 | $ 103 | $ 108 | $ 128 | $ 142 | $ 157 | $ 174 | $ 188 | $ 198 |
| (-) Income taxes payable, non-current | $ 1,717 | $ 1,080 | $ 1,007 | $ 896 | $ 798 | $ 710 | $ 632 | $ 562 | $ 500 | $ 445 | $ 396 | $ 353 |
| Invested Capital | $ 12,720 | $ 12,794 | $ 11,210 | $ 11,079 | $ 11,312 | $ 11,798 | $ 12,479 | $ 13,418 | $ 14,499 | $ 15,720 | $ 17,093 | $ 18,632 |
| **Invested Capital + NWC** | $ 15,521 | $ 16,364 | $ 18,551 | $ 20,083 | $ 20,792 | $ 22,251 | $ 24,107 | $ 26,519 | $ 28,960 | $ 31,563 | $ 34,284 | $ 36,688 |
| | **-12.48%** | **5.43%** | **13.36%** | **8.26%** | **3.53%** | **7.02%** | **8.34%** | **10.01%** | **9.20%** | **8.99%** | **8.62%** | **7.01%** |
| | | | | | | | | | | | | |
| **Free Cash Flow (FCF):** | | | | | | | | | | | | |
| NOPLAT | $6,107.3 | $8,068.0 | $9,747.9 | $11,005.9 | $11,860.6 | $13,113.8 | $14,784.4 | $16,831.1 | $18,612.3 | $20,440.7 | $22,167.7 | $23,125.6 |
| Change in IC | (2,213.6) | 842.8 | 2,186.4 | 1,531.9 | 709.3 | 1,459.6 | 1,856.0 | 2,412.0 | 2,440.6 | 2,602.6 | 2,721.8 | 2,403.9 |
| **FCF** | **$8,321** | **$7,225** | **$7,561** | **$9,474** | **$11,151** | **$11,654** | **$12,928** | **$14,419** | **$16,172** | **$17,838** | **$19,446** | **$20,722** |
| | | | | | | | | | | | | |
| **Return on Invested Capital (ROIC):** | | | | | | | | | | | | |
| NOPLAT | 6,107.3 | 8,068.0 | 9,747.9 | 11,005.9 | 11,860.6 | 13,113.8 | 14,784.4 | 16,831.1 | 18,612.3 | 20,440.7 | 22,167.7 | 23,125.6 |
| Beginning IC | 17,735.0 | 15,521.4 | 16,364.2 | 18,550.7 | 20,082.6 | 20,791.8 | 22,251.4 | 24,107.4 | 26,519.4 | 28,960.0 | 31,562.6 | 34,284.5 |
| **ROIC** | 34.44% | 51.98% | 59.57% | 59.33% | 59.06% | 63.07% | 66.44% | 69.82% | 70.18% | 70.58% | 70.23% | 67.45% |
| | | | | | | | | | | | | |
| **Economic Profit (EP):** | | | | | | | | | | | | |
| Beginning IC | 17,735.0 | 15,521.4 | 16,364.2 | 18,550.7 | 20,082.6 | 20,791.8 | 22,251.4 | 24,107.4 | 26,519.4 | 28,960.0 | 31,562.6 | 34,284.5 |
| x (ROIC - WACC) | 22.9% | 40.4% | 48.0% | 47.8% | 47.5% | 51.5% | 54.9% | 58.3% | 58.6% | 59.0% | 58.7% | 55.9% |
| **EP** | 4,061.84 | 6,277.84 | 7,860.48 | 8,866.29 | 9,544.35 | 10,715.70 | 12,218.01 | 14,050.61 | 15,553.62 | 17,100.55 | 18,527.40 | 19,171.28 |

**Qualcomm**

*Weighted Average Cost of Capital (WACC) Estimation*

| | | |
|---|---|---|
| **Cost of Equity:** | | *ASSUMPTIONS:* |
| Risk-Free Rate | 4.06% | *Bloomberg 10 Year treasury Bond* |
| Beta | 1.40 | *3 year weekly raw beta* |
| Equity Risk Premium | 5.76% | *Average CF yield last 10 years (Adamodar)* |
| **Cost of Equity** | **12.10%** | |
| | | |
| **Cost of Debt:** | | |
| Risk-Free Rate | 4.06% | *10-yr Treasury Bond as of 11/12/25* |
| Implied Default Premium | 1.30% | |
| Pre-Tax Cost of Debt | 5.36% | *YTYM on 10YR Qualcomm Corporate Bond* |
| Marginal Tax Rate | 13% | |
| **After-Tax Cost of Debt** | **4.66%** | |

| | | | |
|---|---|---|---|
| **Market Value of Common Equity:** | | | **MV Weights** |
| Total Shares Outstanding | $ | 1,096 | |
| Current Stock Price | | $165.53 | |
| **MV of Equity** | | **181,420.88** | 92.06% |
| | | | |
| **Market Value of Debt:** | | | |
| Short-Term Debt | $ | - | |
| Long-Term Debt | $ | 14,811 | |
| PV of Operating Leases | $ | 832 | |
| **MV of Total Debt** | | **15,643.00** | 7.94% |
| | | | |
| **Market Value of the Firm** | | **197,063.88** | 100.00% |

| | |
|---|---|
| **Estimated WACC** | **11.51%** |

**Qualcomm**

*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

| | |
|---|---|
| CV Growth of NOPLAT | 5.07% |
| CV Year ROIC | 67.5% |
| WACC | 11.53% |
| Cost of Equity | 12.10% |

| *Fiscal Years Ending 9/28* | | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|
| **DCF Model:** | | | | | | | | | | |
| Free Cash Flow (FCF) | | $ 9,474 | $ 11,151 | $ 11,654 | $ 12,928 | $ 14,419 | $ 16,172 | $ 17,838 | $ 19,446 | $ 20,722 |
| Continuing Value (CV) | | | | | | | | | | $ 330,883 |
| PV of FCF | | $ 8,494 | $ 8,964 | $ 8,400 | $ 8,355 | $ 8,354 | $ 8,401 | $ 8,308 | $ 8,120 | $ 138,173 |
| Value of Operating Assets: | $ 205,570 | | | | | | | | | |
| Non-Operating Adjustments | | | | | | | | | | |
| Excess Cash | **$ (886)** | | | | | | | | | |
| Short Term Debt | **$ -** | | | | | | | | | |
| Long Term Debt | **$ (14,811)** | | | | | | | | | |
| Operating Leases | **$ (832)** | | | | | | | | | |
| Marketable Securities | **$ 4,635** | | | | | | | | | |
| Value of Equity | $ 193,676 | | | | | | | | | |
| Shares Outstanding | $ 1,096 | | | | | | | | | |
| Intrinsic Value of Last FYE | $ 176.71 | | | | | | | | | |
| **Implied Price as of Today** | $ 179.22 | | | | | | | | | |
| **EP Model:** | | | | | | | | | | |
| Economic Profit (EP) | | $ 8,866 | $ 9,544 | $ 10,716 | $ 12,218 | $ 14,051 | $ 15,554 | $ 17,101 | $ 18,527 | $ 19,171 |
| Continuing Value (CV) | | | | | | | | | | $ 296,598 |
| PV of EP | | $ 7,949 | $ 7,672 | $ 7,723 | $ 7,895 | $ 8,141 | $ 8,080 | $ 7,965 | $ 7,737 | $ 123,856 |
| Total PV of EP | $ 187,019 | | | | | | | | | |
| Invested Capital (last FYE) | $ 18,551 | | | | | | | | | |
| Value of Operating Assets: | $ 205,570 | | | | | | | | | |
| Non-Operating Adjustments | | | | | | | | | | |
| Excess Cash | **$ (886)** | | | | | | | | | |
| Short Term Debt | **$ -** | | | | | | | | | |
| Long Term debt | **$ (14,811)** | | | | | | | | | |
| Operating Leases | **$ (832)** | | | | | | | | | |
| Marketable Securities | **$ 4,635** | | | | | | | | | |
| Value of Equity | $ 193,676 | | | | | | | | | |
| Shares Outstanding | $ 1,096 | | | | | | | | | |
| Intrinsic Value of Last FYE | $ 176.71 | | | | | | | | | |
| **Implied Price as of Today** | $ 179.22 | | | | | | | | | |

**Qualcomm**

*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

| ***Fiscal Years Ending*** | | **2026E** | **2027E** | **2028E** | **2029E** | **2030E** | **2031E** | **2032E** | **2033E** | **2034E** |
|---|---|---|---|---|---|---|---|---|---|---|
| EPS | | $ 9.60 | $ 10.54 | $ 11.98 | $ 13.87 | $ 16.20 | $ 18.21 | $ 20.32 | $ 22.53 | $ 24.04 |
| ***Key Assumptions*** | | | | | | | | | | |
| CV growth of EPS | 2.50% | | | | | | | | | |
| CV Year ROE | 30.18% | | | | | | | | | |
| Cost of Equity | 12.10% | | | | | | | | | |
| ***Future Cash Flows*** | | | | | | | | | | |
| P/E Multiple (CV Year) | | | | | | | | | | 9.56 |
| EPS (CV Year) | | | | | | | | | | $ 24.04 |
| Future Stock Price | | | | | | | | | | $ 229.75 |
| Dividends Per Share | | 3.68 | 3.88 | 4.08 | 4.28 | 4.48 | 4.68 | 4.88 | 5.08 | |
| Discounted Cash Flows | | $ 3.28 | $ 3.09 | $ 2.90 | $ 2.71 | $ 2.53 | $ 2.36 | $ 2.19 | $ 2.04 | $ 92.16 |
| Intrinsic Value as of Last FYE | $ 113.26 | | | | | | | | | |
| **Implied Price as of Today** | $ 114.65 | | | | | | | | | |

**Qualcomm**

*Relative Valuation Models*

| Ticker | Company | Price | EPS 2026E | EPS 2027E | P/E 26 | P/E 27 |
|---|---|---|---|---|---|---|
| 2454.T | MediaTek Inc. | $1,170.00 | $73.72 | $88.40 | 15.90 | 13.20 |
| AVGO | Broadcom Inc | $344.21 | $9.33 | $12.18 | 37.00 | 28.30 |
| NVDA | Nvidia | $183.44 | $4.56 | $6.82 | 39.90 | 26.70 |
| IBM | IBM | $293.98 | $12.19 | $12.97 | 24.10 | 22.60 |
| AAPl | Apple | $267.44 | $8.23 | $9.06 | 29.50 | 27.00 |
| MU | Micron | $230.66 | $17.06 | $20.42 | 13.40 | 11.30 |
| AMD | Advanced Micro | $231.53 | $6.42 | $9.88 | 36.06 | 23.43 |
| INTC | Intel Corp | $34.26 | $0.60 | $1.06 | 57.10 | 32.32 |
| | | | | Average | **27.98** | **21.79** |
| | | | | | | |
| QCOM | Qualcomm | $ 179.22 | $ 9.60 | 5.05 | 18.7 | 35.5 |

**Implied Relative Value:**

| | | | |
|---|---|---|---|
| **P/E (EPS26)** | | | **$ 268.52** |
| **P/E (EPS27)** | | | **$ 110.04** |
| | Weighted Average | $ 189.28 | |

**Qualcomm**

*Key Management Ratios*

| *Fiscal Years Ending 9/28* | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Liquidity Ratios:*** | | | | | | | | | | | | |
| Current Ratio (Current Assets/Current Liabilities) | 2.33 | 2.40 | 2.82 | 3.04 | 3.25 | 3.53 | 3.84 | 4.22 | 4.69 | 5.19 | 5.73 | 6.36 |
| Quick Ratio (Cash+Marketable Securities + Accounts Recievable/Current Liabilities) | 1.67 | 1.79 | 2.10 | 2.26 | 2.46 | 2.72 | 3.01 | 3.36 | 3.80 | 4.28 | 4.81 | 5.43 |
| Operating Cash Flow Ratio (Operating Cash Flow/Current Liabilities) | 1.17 | 1.16 | 1.53 | 1.07 | 1.20 | 1.21 | 1.26 | 1.30 | 1.37 | 1.42 | 1.47 | 1.52 |
| ***Asset-Management Ratios:*** | | | | | | | | | | | | |
| Inventory Turnover Ratio (COGS/Average Inventory) | 2.20 | 2.39 | 2.80 | 2.42 | 2.32 | 2.35 | 2.38 | 2.39 | 2.36 | 2.36 | 2.34 | 2.31 |
| Accounts Recievable Turnover Ratio (Revenue/(Beginning + Ending AR)/2)) | 8.12 | 10.96 | 10.74 | 9.97 | 9.38 | 9.51 | 9.61 | 9.66 | 9.55 | 9.52 | 9.47 | 9.32 |
| Total Asset Turnover Ratio (Revenue/Total Assets) | 0.70 | 0.71 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.87 | 0.84 | 0.80 | 0.76 | 0.71 |
| ***Financial Leverage Ratios:*** | | | | | | | | | | | | |
| Debt to Equity Ratio (Total Debt/Shareholders Equity) | 0.71 | 0.56 | 0.70 | 0.66 | 0.60 | 0.54 | 0.49 | 0.43 | 0.37 | 0.33 | 0.29 | 0.26 |
| Equity Multiplier (Total Assets/Total Shareholders Equity) | 2.37 | 2.10 | 2.36 | 2.29 | 2.19 | 2.07 | 1.96 | 1.84 | 1.74 | 1.65 | 1.57 | 1.51 |
| Debt Ratio (Total Debt/Total Assets) | 0.30 | 0.27 | 0.30 | 0.29 | 0.28 | 0.26 | 0.25 | 0.23 | 0.22 | 0.20 | 0.19 | 0.17 |
| ***Profitability Ratios:*** | | | | | | | | | | | | |
| Return on Equity (NI/Beg TSE) | 33.51% | 38.60% | 26.13% | 44.57% | 42.82% | 41.26% | 39.48% | 37.37% | 34.27% | 31.38% | 28.60% | 25.53% |
| Gross Profit Margin (Gross Profit/Revenue) | 21.74% | 25.85% | 27.90% | 26.51% | 26.82% | 27.03% | 27.19% | 27.30% | 27.30% | 27.26% | 27.17% | 26.97% |
| Return on Assets (Net Income/Total Assets) | 14.17% | 18.39% | 11.05% | 19.46% | 19.59% | 19.93% | 20.18% | 20.26% | 19.72% | 19.04% | 18.20% | 16.96% |
| ***Payout Policy Ratios:*** | | | | | | | | | | | | |
| Dividend Payout Ratio (Dividend/EPS) | 47.18% | 36.42% | 68.91% | 38.35% | 36.82% | 34.04% | 30.85% | 27.66% | 25.70% | 24.02% | 22.55% | 21.97% |
| Total Payout Ratio ((Divs. + Repurchases)/NI) | 89% | 77% | 227% | 78% | 74% | 67% | 60% | 53% | 48% | 44% | 41% | 40% |
| Retention Ratio (1-Div. Payout Ratio) | 52.82% | 63.58% | 31.09% | 61.65% | 63.18% | 65.96% | 69.15% | 72.34% | 74.30% | 75.98% | 77.45% | 78.03% |

**Qualcomm**

*Sensitivity Tables*

Beta (columns) / Equity Risk Premium (rows)

| $ 179.22 | 1.10 | 1.20 | 1.30 | 1.40 | 1.50 | 1.60 | 1.70 |
|---|---|---|---|---|---|---|---|
| 5.00% | 178.71 | 178.81 | 178.91 | 179.01 | 179.11 | 179.21 | 179.31 |
| 5.25% | 178.77 | 178.87 | 178.98 | 179.08 | 179.19 | 179.29 | 179.39 |
| 5.50% | 178.82 | 178.93 | 179.04 | 179.15 | 179.26 | 179.37 | 179.47 |
| 5.76% | 178.88 | 178.99 | 179.11 | 179.22 | 179.34 | 179.45 | 179.56 |
| 6.00% | 178.93 | 179.05 | 179.17 | 179.28 | 179.41 | 179.52 | 179.64 |
| 6.25% | 178.99 | 179.11 | 179.23 | 179.35 | 179.48 | 179.60 | 179.72 |
| 6.50% | 179.04 | 179.17 | 179.30 | 179.42 | 179.55 | 179.68 | 179.80 |

CapEx Growth Rate (columns) / ROI (rows)

| 179.22 | 7.00% | 9.00% | 11.00% | 13.00% | 15.00% | 17.00% | 19.00% |
|---|---|---|---|---|---|---|---|
| 2.05% | 188.83 | 186.23 | 183.30 | 180.00 | 176.30 | 172.13 | 167.46 |
| 2.55% | 188.58 | 185.98 | 183.05 | 179.75 | 176.04 | 171.88 | 167.21 |
| 3.05% | 188.32 | 185.72 | 182.79 | 179.49 | 175.78 | 171.62 | 166.95 |
| 3.55% | 188.05 | 185.45 | 182.52 | 179.22 | 175.51 | 171.34 | 166.68 |
| 4.05% | 187.77 | 185.17 | 182.24 | 178.94 | 175.23 | 171.07 | 166.40 |
| 4.55% | 187.48 | 184.88 | 181.95 | 178.65 | 174.94 | 170.78 | 166.11 |
| 5.05% | 187.18 | 184.58 | 181.65 | 178.35 | 174.64 | 170.48 | 165.81 |

SGA % of Sales (columns) / Risk Free Rate (rows)

| 179.22 | 7.50% | 8.00% | 8.50% | 9.00% | 9.50% | 10.00% | 10.50% |
|---|---|---|---|---|---|---|---|
| 3.31% | 190.65 | 186.79 | 182.93 | 179.07 | 175.21 | 171.35 | 167.49 |
| 3.56% | 190.70 | 186.84 | 182.98 | 179.12 | 175.26 | 171.39 | 167.53 |
| 3.81% | 190.76 | 186.89 | 183.03 | 179.17 | 175.30 | 171.44 | 167.58 |
| 4.06% | 190.81 | 186.94 | 183.08 | 179.22 | 175.35 | 171.49 | 167.63 |
| 4.31% | 190.86 | 187.00 | 183.13 | 179.27 | 175.40 | 171.54 | 167.67 |
| 4.56% | 190.91 | 187.05 | 183.18 | 179.32 | 175.45 | 171.58 | 167.72 |
| 4.81% | 190.97 | 187.10 | 183.23 | 179.36 | 175.50 | 171.63 | 167.76 |

Automotive Revenue Growth Rate 2026E (columns) / Hanset Revenue Growth Rate 2026E (rows)

| 179.22 | 18.90% | 20.90% | 22.90% | 24.90% | 26.90% | 28.90% | 30.90% |
|---|---|---|---|---|---|---|---|
| 1.95% | 175.68 | 176.50 | 177.32 | 178.14 | 178.97 | 179.79 | 180.61 |
| 2.45% | 176.03 | 176.86 | 177.68 | 178.50 | 179.32 | 180.15 | 180.97 |
| 2.95% | 176.39 | 177.21 | 178.04 | 178.86 | 179.68 | 180.50 | 181.33 |
| 3.45% | 176.75 | 177.57 | 178.39 | 179.22 | 180.04 | 180.86 | 181.68 |
| 4.05% | 177.18 | 178.00 | 178.82 | 179.65 | 180.47 | 181.29 | 182.11 |
| 4.55% | 177.54 | 178.36 | 179.18 | 180.00 | 180.83 | 181.65 | 182.47 |
| 5.05% | 177.90 | 178.72 | 179.54 | 180.36 | 181.18 | 182.01 | 182.83 |

IoT Revenue Growth Rate 2026E (columns) / Cost of Revenue % 2026E (rows)

| 179.22 | 7.70% | 8.70% | 9.70% | 10.70% | 11.70% | 12.70% | 13.70% |
|---|---|---|---|---|---|---|---|
| 33% | 200.48 | 201.12 | 201.76 | 202.40 | 203.04 | 203.68 | 204.32 |
| 34% | 192.82 | 193.44 | 194.05 | 194.67 | 195.29 | 195.91 | 196.53 |
| 35% | 185.15 | 185.75 | 186.35 | 186.94 | 187.54 | 188.14 | 188.74 |
| 36% | 177.49 | 178.06 | 178.64 | 179.22 | 179.79 | 180.37 | 180.95 |
| 37% | 169.82 | 170.38 | 170.93 | 171.49 | 172.05 | 172.60 | 173.16 |
| 38% | 162.15 | 162.69 | 163.23 | 163.76 | 164.30 | 164.83 | 165.37 |
| 39% | 154.49 | 155.00 | 155.52 | 156.03 | 156.55 | 157.06 | 157.58 |

WACC (columns) / CV NOPLAT Growth (rows)

| 179.22 | 10.03% | 10.53% | 11.03% | 11.53% | 12.03% | 12.53% | 13.03% |
|---|---|---|---|---|---|---|---|
| 3.57% | 201.32 | 184.65 | 170.26 | 157.63 | 146.69 | 136.92 | 128.21 |
| 4.07% | 212.33 | 193.67 | 177.73 | 163.86 | 151.95 | 141.39 | 132.03 |
| 4.57% | 225.36 | 204.20 | 186.35 | 170.99 | 157.91 | 146.42 | 136.30 |
| 5.07% | 241.01 | 216.65 | 196.41 | 179.22 | 164.74 | 152.12 | 141.12 |
| 5.57% | 260.18 | 231.62 | 208.32 | 188.83 | 172.62 | 158.65 | 146.57 |
| 6.07% | 284.19 | 249.94 | 222.63 | 200.19 | 181.82 | 166.18 | 152.81 |
| 6.57% | 315.13 | 272.89 | 240.15 | 213.85 | 192.71 | 174.98 | 160.02 |