AZ STOCKS
Stocks from A to Z

Qualcomm

A high-quality company in the middle of a transition from smartphones to cars, IoT and the data center

DEEP DIVE

November 2026

COMPANY PROFILE

Qualcomm

THESIS

Qualcomm is no longer just a smartphone company. The analysis assesses what a company aiming to become a leading platform for connectivity, edge AI, automotive and data-center inference is really worth.

THE COMPANY

Qualcomm was founded in 1985 in San Diego by seven engineers led by Irwin Jacobs, and built its strength on CDMA technology and a huge patent portfolio.

It operates a fabless model (it designs chips but does not manufacture them) in two businesses: QCT, which sells Snapdragon platforms, modems and solutions for cars and IoT, and QTL, which licenses its cellular patents to device makers.

TARGET PRICE
USD 164

UPSIDE / DOWNSIDE
-0.7%

SECTOR
Semiconductors

EXCHANGE
NASDAQ

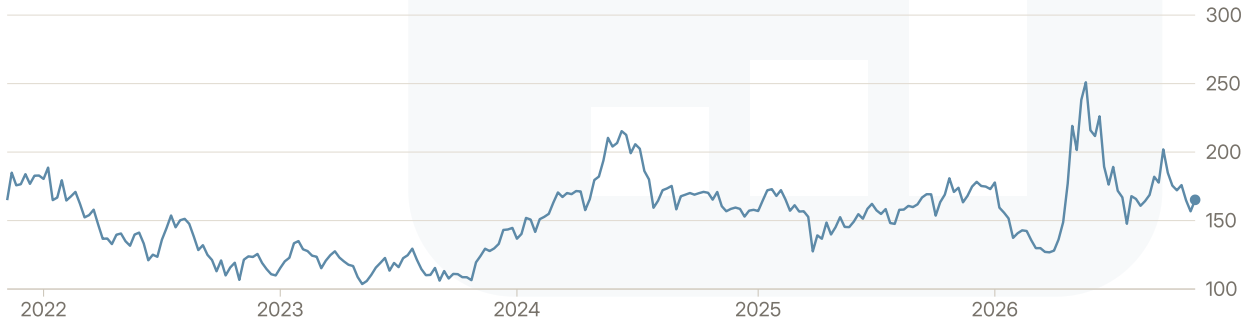
CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
USD 165.15	121.99 – 259.92	+0%	1.76

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

Qualcomm was founded on July 1, 1985, in San Diego, California, by seven telecommunications engineers, most of whom came from Linkabit Corporation. The group's leader was Dr. Irwin Jacobs, then a professor at MIT and UCSD, and included Andrew Viterbi, creator of the renowned decoding algorithm that bears his name. The name they chose, "QUAlity COMMunications," was as much a statement of principles as a brand.

The company began as an R&D lab for government and defense contracts. Its early years were modest: consulting work, a satellite tracking system for trucks called OmniTRACS (which would become its first commercially successful product and is still in use today), and a major intellectual gamble that almost no one in the industry took seriously.

That bet was CDMA (Code Division Multiple Access), a wireless transmission technology that Jacobs and his colleagues believed could handle 10 to 20 times more simultaneous users than the dominant standard of the time, TDMA. The telecommunications industry, led by Ericsson, was betting on TDMA for the transition to second-generation digital. Jacobs had a different bet. It was a bet of considerable scientific arrogance, and it proved correct.

In 1995, the first commercial CDMA network was launched in Hong Kong and South Korea, quickly followed by the United States. Qualcomm had built a patent base around the technology that would become the connective tissue of global 3G networks. Royalties began to flow. The QTL model (charging for each device that used CDMA) became a cash cow.

The company went public in 1991 and experienced a period of rapid growth that culminated in the tech boom of 1999-2000. But unlike most companies of that era, Qualcomm had a real business: by 2000, its revenues already exceeded $3 billion.

In 2005, Irwin Jacobs passed the reins to his son, Paul Jacobs, under whose leadership the company got through the transition to 4G/LTE and consolidated its dominant position in the smartphone chip market through the Snapdragon platform (launched in 2007 as the world's first high-performance mobile SoC (System-on-Chip) solution). In 2014, Steve Mollenkopf took over as CEO and led Qualcomm through a complex period marked by regulatory disputes, litigation with Apple, the transition to 5G, and the 2018 hostile takeover bid by Broadcom, which was ultimately blocked by the U.S. government for national security reasons.

Finally, in June 2021, Cristiano Amon became the company's fifth CEO, and the first born outside the United States. Under his leadership, the core thesis has shifted: from "we are the smartphone company" to "we are the company of in-device intelligent computing," or, in the words of Investor Day 2026, "AI everywhere."

SECTION 02

Business model

Qualcomm develops semiconductors, software, and intellectual property for wireless communications and low-power computing. Unlike integrated circuit manufacturers, Qualcomm primarily operates under a *fabless model* : it designs chips, invests in architecture, modems, processing, connectivity, and software, but does not manufacture its own semiconductors in its own facilities. Manufacturing relies on external foundries such as TSMC, Samsung, and GlobalFoundries.

The company is organized around **QCT** (the product business) and **QTL (** the licensing business **).** QCT sells Snapdragon and Dragonwing platforms, processors, modems, RF (radio frequency) front-ends, connectivity solutions, automotive solutions, edge networking, industrial products, and increasingly, AI solutions. QTL licenses Qualcomm's cellular patent portfolio to device manufacturers, making the company a kind of "technology tollbooth" within the mobile industry.

QCT: the product business

QCT is Qualcomm's operational heart. In FY2025, it generated $38.4 billion in revenue, a 16% increase over FY2024. Within QCT, handsets remain the dominant segment at $27.8 billion, while automotive reached $4.0 billion and IoT $6.6 billion. The improvement in fiscal year 2025 was driven by three factors: better average selling prices and product mix in premium Android handsets, higher volume at some OEMs, growth in IoT, and an increasingly significant contribution from automotive.

QCT's EBT margin was 30% in FY2025. For a fabless semiconductor business with consumer exposure, that's a very attractive margin. The key is that Qualcomm doesn't sell pure commodities. It sells complex platforms where the customer pays for integration, performance, efficiency, compatibility, and reduced execution risk.

Handsets are the largest segment, but also the most fraught. Apple's risk is real: Qualcomm expects Apple to increasingly use its own modems in future devices, which will negatively impact QCT's revenue. Also, China represents a significant exposure, both through Chinese OEMs and device sales in the Chinese market. Huawei, whose contribution has declined significantly since 2019 due to successive export restrictions, stopped contributing certain product revenues by 2024.

QTL: The licensing business

QTL is a much smaller business in terms of revenue, but extraordinary in profitability. In FY2025, it generated $5.6 billion in revenue and $4.0 billion in EBT, with a 72% margin. The logic is simple: Qualcomm owns a very large portfolio of patents essential to cellular technologies. Device manufacturers that use these technologies pay royalties.

The advantage of QTL is that it requires little incremental capital and converts a portion of the global growth in connected devices into high-quality cash flow. The disadvantage is that it's a business under constant scrutiny. OEMs and regulators have spent years trying to reduce royalties, challenge licensing practices, or renegotiate contracts. The high margins exist, but they also attract pressure.

Data center: the new bet

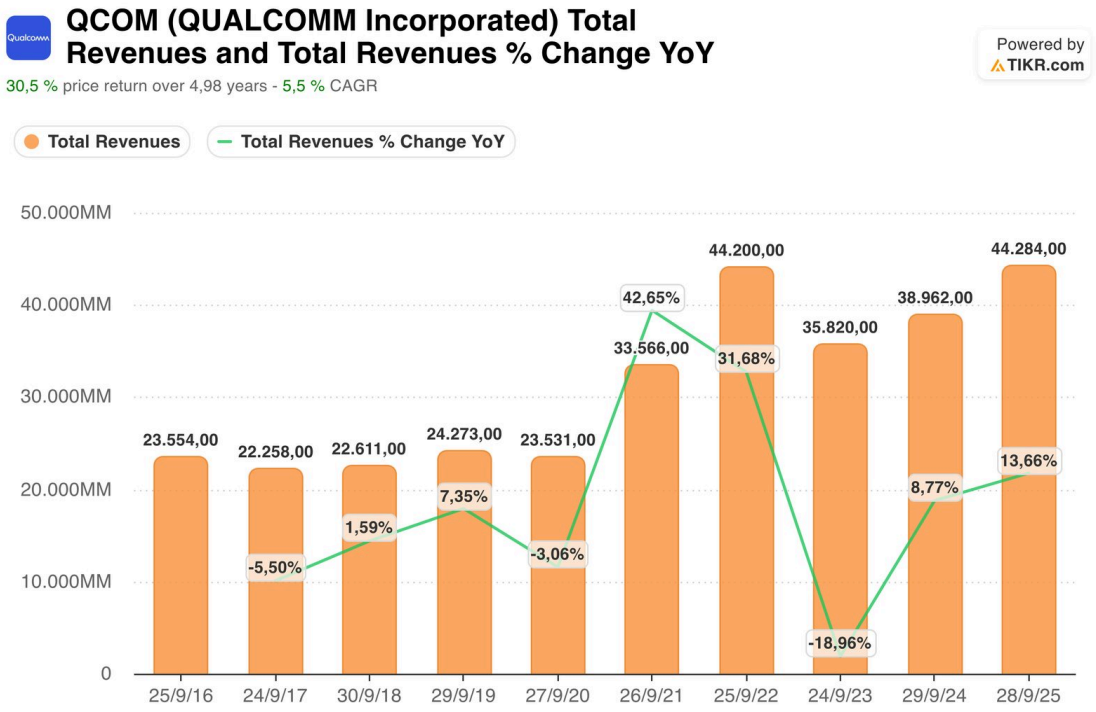
The data center is not yet a reportable segment on the scale of QCT or QTL, but the company has placed it at the heart of its diversification strategy. At Investor Day 2026, Qualcomm unveiled a data center AI infrastructure strategy targeting over $15 billion in revenue by FY2029. This strategy relies on an inference-oriented architecture, featuring the Dragonfly C1000 CPU, AI200, AI250, and AI300 accelerators, High Bandwidth Compute technology, and connectivity acquired through Alphawave Semi.

This point changes the narrative. Qualcomm isn't trying to compete head-on with Nvidia in training massive models from day one. It's trying to position itself in the part of the market where its core strengths matter most: inference, performance per watt, cost per token, and scalability. If the AI world shifts from training models to constantly running agents, energy efficiency could become as important a purchasing factor as raw power.

SECTION 03

Business quality

Revenue



Source: Tikr.

Qualcomm's revenue shows a typical semiconductor pattern: broad cycles influenced by the global smartphone market, 5G penetration rates, and macroeconomic conditions. The downward cycle of 2022-2023 (a consequence of post-COVID inventory overshooting) was replaced by a solid recovery starting in FY2024.

A key seasonal factor: fiscal Q1 (October-December) is historically the strongest due to the holiday season and the smartphone sales cycle. Qualcomm reported $11.7 billion in revenue in Q1 FY2025, an all-time high at that time. Q3 (April-June) is typically the weakest.

Latest results: fourth quarter of fiscal 2026

On November 4 Qualcomm reported results for the quarter ended September, completing fiscal 2026. The numbers clearly show the transition the company is going through:

- **Quarterly revenue:** USD 10.44 billion (excluding one-off items), down 7% from a year earlier.
- **Handsets:** USD 5.14 billion, **-26%**, because of the memory shortage limiting Android phone production and Apple's move to its own modems.

- **Automotive:** USD 1.99 billion, **+89%**, a record. **IoT:** USD 1.89 billion (+4.5%). Non-phone businesses already represent 43% of QCT.
- **Adjusted EPS:** USD 2.17, down 28% from a year earlier.

For the full **fiscal 2026**, revenue was USD 43.12 billion (-2.6%), free cash flow USD 8.65 billion (-32%) and buybacks USD 7.8 billion. Inventory rose 32% and CapEx doubled to USD 2.49 billion.

For the first quarter of fiscal 2027 the company expects revenue of USD 10.4-11.2 billion, about 12% lower than a year earlier, and said price increases to offset higher memory and manufacturing costs will only lift margins in the second half of the year. The big news is the data center: Qualcomm is targeting **USD 5 billion of revenue in fiscal 2027**, up from about USD 300 million in 2026, supported by agreements with Amazon and Meta. It also renewed its long-term patent licenses with Apple, Huawei and Transsion, giving visibility to QTL.

The results are mixed: the handset business is under pressure, but diversification toward cars and the data center is moving faster than expected a few months ago.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(44.0%)	(45.3%)	(35.4%)	(39.3%)	(42.5%)	(42.2%)	(44.3%)	(43.8%)	(44.6%)	(46.9%)	**(45.1%)**	**(44.3%)**
Gross Profit	**56.0%**	**54.7%**	**64.6%**	**60.7%**	**57.5%**	**57.8%**	**55.7%**	**56.2%**	**55.4%**	**53.1%**	**54.9%**	**55.7%**
Selling General & Admin Expenses	(10.9%)	(13.2%)	(9.0%)	(8.8%)	(7.0%)	(5.8%)	(6.9%)	(7.1%)	(7.0%)	(8.6%)	**(7.6%)**	**(7.1%)**
R&D Expenses	(24.5%)	(24.9%)	(22.2%)	(25.4%)	(21.4%)	(18.5%)	(24.6%)	(22.8%)	(20.4%)	(23.7%)	**(22.3%)**	**(22.0%)**
Total Operating Expenses	**(35.4%)**	**(38.0%)**	**(31.3%)**	**(34.2%)**	**(28.3%)**	**(24.4%)**	**(31.5%)**	**(29.9%)**	**(27.4%)**	**(32.3%)**	**(29.9%)**	**(29.1%)**
Operating Income	**20.6%**	**16.7%**	**33.3%**	**26.5%**	**29.2%**	**33.5%**	**24.1%**	**26.3%**	**28.0%**	**20.8%**	**25.0%**	**26.6%**
Interest Expense	(2.2%)	(3.4%)	(2.6%)	(2.6%)	(1.7%)	(1.1%)	(1.9%)	(1.8%)	(1.5%)	(1.6%)	**(1.6%)**	**(1.6%)**
EBT Incl. Unusual Items	**13.4%**	**1.7%**	**30.8%**	**24.3%**	**30.6%**	**33.9%**	**20.8%**	**26.5%**	**28.6%**	**21.8%**	**25.7%**	**26.3%**
Income Tax Expense	(2.4%)	(23.7%)	(12.8%)	(2.2%)	(3.7%)	(4.6%)	(0.3%)	(0.6%)	(16.1%)	9.8%	**(2.3%)**	**(2.3%)**
Net Income	**11.0%**	**(22.0%)**	**18.1%**	**22.1%**	**26.9%**	**29.3%**	**20.2%**	**26.0%**	**12.5%**	**31.6%**	**23.4%**	**23.9%**
EBITDA	27.1%	23.6%	39.1%	32.4%	33.9%	37.5%	29.2%	30.7%	31.6%	24.6%	**29.0%**	**30.7%**

Source: author's analysis based on Tikr data.

A vertical analysis of the income statement reveals one of Qualcomm's key strengths: the stability of its gross margin. In recent years, the gross margin has generally hovered around 55%-58% of sales, reaching 55.4% in FY2025. For a fabless semiconductor company, this level is very solid and reflects both the technological quality of its chips and the structurally profitable contribution of the QTL licensing business.

The second key takeaway lies in operational discipline. SG&A spending remains relatively low, at around 7% of sales in FY2025, while R&D accounts for 20.4% of sales. This confirms that Qualcomm is not simply a company reaping the benefits of a mature business: it continues to invest heavily to sustain its technological position in connectivity, modems, RF, automotive, edge AI, and potentially, data center inference. The cost of this strategy is that a significant portion of revenue must be reinvested every year to maintain the moat.

Operating income was 28.0% of sales in FY2025, up from 26.3% in FY2024 and 24.2% in FY2023. This operational recovery is more relevant than the reported net income. In FY2025, the net margin fell to 12.5%, but this decline was distorted by an extraordinary tax burden. Therefore, to analyze the quality of the business, I prefer to look at operating income, operating cash flow, and free cash flow rather than the GAAP net income for that specific year.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Total Cash And Short Term Investments	**57.0%**	**36.9%**	**37.2%**	**31.5%**	**30.1%**	**13.0%**	**22.2%**	**24.1%**	**20.3%**	**12.6%**	**19.0%**	**18.4%**
Total Receivables	**5.5%**	**8.9%**	**7.5%**	**11.2%**	**8.7%**	**11.5%**	**6.2%**	**7.1%**	**8.6%**	**6.9%**	**7.5%**	**8.1%**
Inventory	3.1%	5.2%	4.2%	7.3%	7.8%	14.4%	13.4%	13.0%	16.0%	14.5%	**14.5%**	**14.3%**
Total Current Assets	**66.6%**	**53.1%**	**50.9%**	**52.0%**	**48.7%**	**42.3%**	**44.0%**	**45.7%**	**51.4%**	**36.6%**	**44.6%**	**44.0%**
Net Property Plant And Equipment	4.9%	9.1%	9.3%	11.7%	12.3%	11.8%	11.1%	9.8%	10.8%	11.3%	**10.6%**	**11.0%**
Long-term Investments	3.4%	3.2%	3.5%	2.9%	3.1%	2.6%	2.4%	2.4%	2.8%	3.3%	**2.8%**	**2.7%**
Goodwill	10.1%	19.9%	19.1%	17.8%	17.6%	21.4%	20.9%	19.6%	22.7%	26.9%	**23.0%**	**22.3%**
Other Intangibles	5.7%	9.0%	6.6%	4.6%	3.5%	3.8%	2.8%	2.3%	2.3%	3.2%	**2.6%**	**2.9%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**16.7%**	**34.8%**	**27.1%**	**24.4%**	**29.0%**	**24.2%**	**18.9%**	**19.0%**	**18.2%**	**19.7%**	**19.0%**	**20.0%**
Long-Term Debt	29.6%	47.0%	40.8%	42.8%	33.2%	27.6%	28.4%	24.1%	29.5%	20.7%	**24.8%**	**26.1%**
Capital Leases	–	–	–	1.0%	1.0%	1.2%	1.1%	1.3%	1.5%	1.2%	**1.3%**	**1.3%**
Total Liabilities	**53.0%**	**97.5%**	**85.1%**	**82.9%**	**75.9%**	**63.2%**	**57.7%**	**52.4%**	**57.7%**	**50.0%**	**53.4%**	**56.2%**
Total Equity	**47.0%**	**2.5%**	**14.9%**	**17.1%**	**24.1%**	**36.8%**	**42.3%**	**47.6%**	**42.3%**	**50.0%**	**46.6%**	**43.8%**
Total Debt	**33.4%**	**50.0%**	**48.3%**	**45.6%**	**39.5%**	**33.0%**	**31.5%**	**28.0%**	**31.2%**	**26.3%**	**28.5%**	**30.0%**
Net Debt	(25.5%)	13.1%	11.0%	14.0%	9.4%	19.9%	9.3%	3.9%	10.9%	13.7%	**9.5%**	**11.5%**

Source: author's analysis based on Tikr data.

Qualcomm's balance sheet shows a solid company, although not entirely free of areas to monitor. In FY2025, current assets represented 51.4% of total assets, and cash plus short-term investments were around 20.3%. This gives the company flexibility to fund R&D, share buybacks, dividends, and acquisitions without relying aggressively on the debt market.

The most striking point is inventory. In FY2025, inventory represented 16.0% of assets, up from 13.0% in FY2024 and well above pre-2021-2022 cycle levels. This figure doesn't invalidate the thesis, but it serves as a reminder that Qualcomm remains exposed to the semiconductor cycle. A balance sheet with high inventory levels can anticipate future cash flow normalization, but it can also reflect excess stock if final demand doesn't keep pace.

On the fixed asset side, net PP&E was just 10.8% of assets in FY2025. This is consistent with the fabless model and explains some of the high cash conversion. Qualcomm doesn't need to build its own factories in the style of an integrated manufacturer, which reduces capital intensity. Instead, it relies on external foundries.

Long-term debt represented 29.5% of assets in FY2025, while total liabilities accounted for 57.7%. It's not a debt-free balance sheet, but it doesn't appear to be a problem either. The debt is manageable given operating cash flow generation and free cash flow (FCF) capacity. The balance sheet allows for share buybacks and dividends, although capital allocation must remain disciplined if the company accelerates investments in new product verticals.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Net Income	**11.0%**	**(22.0%)**	**18.1%**	**22.1%**	**26.9%**	**29.3%**	**20.2%**	**26.0%**	**12.5%**	**31.6%**	**23.4%**	**23.9%**
Total Depreciation & Amortization	**6.6%**	**6.9%**	**5.8%**	**5.9%**	**4.7%**	**4.0%**	**5.1%**	**4.4%**	**3.6%**	**3.8%**	**3.9%**	**4.2%**
Stock-Based Compensation	4.1%	3.9%	4.3%	5.2%	5.0%	4.6%	6.9%	6.8%	6.3%	8.0%	**7.0%**	**6.5%**
Cash from Operations	**22.5%**	**17.3%**	**30.0%**	**24.7%**	**31.4%**	**20.6%**	**31.5%**	**31.3%**	**31.6%**	**25.8%**	**29.6%**	**28.2%**
Capital Expenditure	(3.1%)	(3.5%)	(3.7%)	(6.0%)	(5.6%)	(5.1%)	(4.0%)	(2.7%)	(2.7%)	(5.8%)	**(3.7%)**	**(4.1%)**
Cash Acquisitions	(6.9%)	(1.4%)	(1.0%)	(0.8%)	(4.1%)	(11.1%)	(0.7%)	(0.7%)	(1.7%)	(3.7%)	**(2.0%)**	**(3.6%)**
Cash from Investing	**91.9%**	**10.5%**	**(3.3%)**	**(22.4%)**	**(10.0%)**	**(13.1%)**	**2.1%**	**(9.3%)**	**(1.8%)**	**(4.7%)**	**(5.3%)**	**(5.4%)**
Total Debt Issued	**87.7%**	**49.2%**	**24.7%**	**20.6%**	**8.6%**	**19.2%**	**19.4%**	**2.1%**	**5.6%**	**11.8%**	**6.5%**	**11.6%**
Total Debt Repaid	**(41.8%)**	**(73.6%)**	**(26.7%)**	**(21.5%)**	**(8.6%)**	**(20.1%)**	**(19.6%)**	**(4.4%)**	**(5.3%)**	**(11.0%)**	**(6.9%)**	**(12.1%)**
Repurchase of Common Stock	(7.2%)	(101.1%)	(8.5%)	(11.9%)	(12.2%)	(8.8%)	(9.8%)	(13.0%)	(22.4%)	(20.8%)	**(18.7%)**	**(14.9%)**
Common Dividends Paid	(14.6%)	(15.3%)	(12.2%)	(12.2%)	(9.0%)	(7.3%)	(9.7%)	(9.5%)	(8.6%)	(8.9%)	**(9.0%)**	**(8.8%)**
Cash from Financing	**25.0%**	**(139.3%)**	**(26.3%)**	**(24.3%)**	**(20.3%)**	**(16.3%)**	**(18.6%)**	**(23.8%)**	**(29.8%)**	**(28.5%)**	**(27.4%)**	**(23.4%)**
Free Cash Flow	19.4%	13.8%	26.4%	18.7%	25.8%	15.5%	27.5%	28.6%	28.9%	20.1%	**25.9%**	**24.1%**

Source: author's analysis based on Tikr data.

The cash flow statement is probably the best indicator of Qualcomm's quality. In FY2025, operating cash flow represented 31.6% of sales, virtually in line with FY2024 and FY2023. This shows that, despite the volatility of GAAP net income, the business continues to convert a very high portion of its revenue into cash.

The low capital intensity is clearly reflected in the capex. In FY2025, capex was only 2.7% of sales, similar to FY2024 and lower than the heaviest years of the 2021-2022 cycle. This reinforces one of the advantages of the model: Qualcomm can invest heavily in R&D without having to tie up capital in its own manufacturing plants. As a result, free cash flow reached 29.0% of sales in FY2025.

The other side of cash flow is the shareholder return policy. In FY2025, share buybacks represented 22.4% of sales and dividends 8.6%. This is a company that returns a significant amount of capital. This is positive if the buybacks are done at reasonable prices, but it also means that investors should look at management discipline. If the stock is trading without a margin of safety, aggressive buybacks may create less value than during periods of greater discounting.

Financial ratios

- **Growth**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Growth												
Revenue growth		1.6%	7.4%	(3.1%)	42.6%	31.7%	(19.0%)	8.8%	13.7%	(2.6%)	**6.6%**	**6.5%**
EBIT growth		(17.6%)	114.1%	(22.9%)	57.2%	51.2%	(41.6%)	18.5%	20.9%	(27.5%)	**4.0%**	**4.3%**
Diluted EPS growth		(306.7%)	n.m.	25.9%	74.1%	45.0%	(42.9%)	37.1%	(44.0%)	153.5%	**48.9%**	**29.8%**
Change in diluted shares (dilution / buybacks)		(1.8%)	(16.6%)	(5.8%)	–	(1.0%)	(1.0%)	0.4%	(2.2%)	(2.9%)	**(1.6%)**	**(1.4%)**

Source: author's analysis based on Tikr data.

After growing 13.7% in FY2025, sales fell 2.6% in FY2026 and EBIT 27.5%. EPS rose because of an extraordinary tax benefit, not the business. The share count falls every year (-2.9% in FY2026) thanks to buybacks.

- **Profitability**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Profitability												
Gross margin	56.0%	54.7%	64.6%	60.7%	57.5%	57.8%	55.7%	56.2%	55.4%	53.1%	**54.9%**	**55.7%**
SG&A % revenue	10.9%	13.2%	9.0%	8.8%	7.0%	5.8%	6.9%	7.1%	7.0%	8.6%	**7.6%**	**7.1%**
R&D % revenue	24.5%	24.9%	22.2%	25.4%	21.4%	18.5%	24.6%	22.8%	20.4%	23.7%	**22.3%**	**22.0%**
EBIT margin	20.6%	16.7%	33.3%	26.5%	29.2%	33.5%	24.1%	26.3%	28.0%	20.8%	**25.0%**	**26.6%**
EBITDA margin (EBIT + D&A)	27.1%	23.6%	39.1%	32.4%	33.9%	37.5%	29.2%	30.7%	31.6%	24.6%	**29.0%**	**30.7%**
Net margin	11.0%	(22.0%)	18.1%	22.1%	26.9%	29.3%	20.2%	26.0%	12.5%	31.6%	**23.4%**	**23.9%**
Stock-based compensation % revenue	4.1%	3.9%	4.3%	5.2%	5.0%	4.6%	6.9%	6.8%	6.3%	8.0%	**7.0%**	**6.5%**
Effective tax rate	18.2%	1366.3%	41.4%	9.1%	12.0%	13.4%	1.4%	2.2%	56.2%	(44.8%)	**4.6%**	**5.7%**

Source: author's analysis based on Tikr data.

Gross margin fell to 53.1% in FY2026, the lowest of the decade, because of higher memory and manufacturing costs. EBIT margin fell to 20.8% from 28% in FY2025. The 31.6% net margin is inflated by a one-off tax benefit.

- **Cash flow and reinvestment**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	22.5%	17.3%	30.0%	24.7%	31.4%	20.6%	31.5%	31.3%	31.6%	25.8%	**29.6%**	**28.2%**
FCF margin (TIKR FCF / revenue)	19.4%	13.8%	26.4%	18.7%	25.8%	15.5%	27.5%	28.6%	28.9%	20.1%	**25.9%**	**24.1%**
FCF conversion (FCF / net income)	176.3%	n.m.	145.9%	84.8%	95.6%	52.8%	136.2%	110.0%	231.4%	63.5%	**135.0%**	**118.8%**
Capex % revenue	3.1%	3.5%	3.7%	6.0%	5.6%	5.1%	4.0%	2.7%	2.7%	5.8%	**3.7%**	**4.1%**
D&A % revenue	6.6%	6.9%	5.8%	5.9%	4.7%	4.0%	5.1%	4.4%	3.6%	3.8%	**3.9%**	**4.2%**
Capex / D&A	0.5x	0.5x	0.6x	1.0x	1.2x	1.3x	0.8x	0.6x	0.7x	1.5x	**1.0x**	**1.0x**
D&A % beginning net PP&E		48.5%	47.1%	45.2%	37.9%	34.7%	31.2%	30.2%	29.8%	30.0%	**30.0%**	**31.2%**
Acquisitions % revenue	6.9%	1.4%	1.0%	0.8%	4.1%	11.1%	0.7%	0.7%	1.7%	3.7%	**2.0%**	**3.6%**

Source: author's analysis based on Tikr data.

Free cash flow was 20.1% of sales in FY2026, below the 28-29% of previous years, because CapEx doubled (5.8% of sales) and inventory consumed cash.

- **Working capital**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	59.6	46.9	37.2	62.1	38.9	46.6	32.4	36.8	35.6	35.5	**36.0**	**37.4**
Inventory days (DIO)	75.9	60.3	59.4	102.5	82.6	137.9	157.0	153.8	148.4	159.0	**153.7**	**151.2**
Payables days (DPO)	73.5	65.0	58.1	88.7	70.4	74.4	44.0	55.3	51.6	55.2	**54.0**	**56.1**
Cash conversion cycle (DSO + DIO − DPO)	61.9	42.2	38.5	75.9	51.2	110.2	145.5	135.3	132.4	139.4	**135.7**	**132.5**
Deferred revenue % revenue	11.3%	9.4%	7.1%	5.6%	2.9%	1.2%	1.1%	1.0%	–	–	**0.3%**	**0.6%**
Operating NWC % revenue	(17.2%)	(27.7%)	(10.8%)	(4.0%)	(4.8%)	11.3%	11.6%	10.0%	11.8%	13.5%	**11.8%**	**11.6%**

Source: author's analysis based on Tikr data.

Inventory is the point to watch: 159 days in FY2026, versus 60-75 days at the end of the last decade. The cash conversion cycle exceeds 135 days.

- **Returns on capital**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	3,895	3,208	6,869	5,293	8,321	12,581	7,353	8,713	10,535	7,642	**8,963**	**9,364**
Invested capital = debt + equity − cash & ST inv.	15,331	5,089	8,582	11,094	13,835	27,790	26,324	28,414	26,694	38,712	**31,273**	**29,587**
ROIC = NOPAT / average invested capital		31.4%	100.5%	53.8%	66.8%	60.4%	27.2%	31.8%	38.2%	23.4%	**31.1%**	**36.2%**
ROIC incl. cash = NOPAT / average (debt + equity)		9.2%	36.1%	24.5%	34.3%	41.6%	20.5%	22.0%	26.8%	18.4%	**22.4%**	**25.9%**
Pre-tax ROIC = EBIT / average invested capital (reference)		37.0%	118.2%	63.3%	78.5%	71.1%	32.0%	37.5%	45.0%	27.5%	**36.6%**	**42.6%**
ROE = net income / average equity		(31.5%)	153.5%	94.6%	112.8%	92.5%	36.5%	42.4%	23.3%	52.8%	**39.5%**	**49.5%**
ROA = net income / average total assets		(10.1%)	13.4%	15.2%	23.5%	28.7%	14.5%	19.1%	10.5%	24.6%	**18.1%**	**19.5%**

Source: author's analysis based on Tikr data.

ROIC remains high, although it fell in FY2026 along with operating profit. Qualcomm earns well above its cost of capital, above all thanks to QTL.

- **Leverage and liquidity**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	(15,415)	4,282	3,673	5,017	3,885	9,777	4,743	2,140	5,488	8,311	**5,313**	**6,092**
Net debt / EBITDA	(2.6x)	0.8x	0.4x	0.7x	0.3x	0.6x	0.5x	0.2x	0.4x	0.8x	**0.5x**	**0.5x**
Interest coverage (EBIT / interest expense)	9.3x	4.9x	12.9x	10.3x	17.5x	30.2x	12.5x	14.7x	18.7x	13.0x	**15.5x**	**17.8x**
Debt / (debt + equity), book	41.6%	95.3%	76.4%	72.8%	62.1%	47.3%	42.7%	37.0%	42.5%	34.5%	**38.0%**	**40.8%**
Current ratio	4.00	1.53	1.88	2.14	1.68	1.75	2.33	2.40	2.82	1.86	**2.36**	**2.23**

Source: author's analysis based on Tikr data.

Net debt is USD 8.3 billion, less than 1x EBITDA, with interest coverage of 13x. The balance sheet is solid.

- **Shareholder returns and valuation**

Fiscal year	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	112.8%	842.7%	78.6%	128.9%	82.2%	104.0%	70.6%	78.3%	107.0%	148.0%	**111.1%**	**101.6%**
EV / EBITDA	10.1x	16.3x	10.0x	17.7x	13.5x	8.7x	12.1x	16.0x	13.3x	21.0x	**16.8x**	**14.2x**
EV / revenue	2.7x	3.8x	3.9x	5.7x	4.6x	3.3x	3.5x	4.9x	4.2x	5.2x	**4.8x**	**4.2x**
P/E	31.4x	n.m.	21.2x	24.9x	16.7x	10.5x	16.6x	18.7x	32.8x	15.8x	**22.4x**	**18.9x**
FCF yield (FCF / market cap)	5.6%	3.1%	6.9%	3.4%	5.7%	5.0%	8.2%	5.9%	7.1%	4.0%	**5.7%**	**6.0%**

Source: author's analysis based on Tikr data.

Qualcomm returned 148% of its free cash flow in FY2026 through dividends and buybacks. At the end of the fiscal year it traded at 21x EBITDA and 16x earnings (inflated by the tax benefit), with a 4% FCF yield.

SECTION 04

Management and capital allocation

Cristiano Amon, President & CEO

Cristiano Amon (born in 1970 in Campinas, São Paulo, Brazil) is an electrical engineer, a graduate of the Universidade Estadual de Campinas (UNICAMP), where he also received an honorary doctorate. His career began at NEC's Brazilian subsidiary, where he came into contact with Qualcomm during frequent trips to San Diego. In 1996, he was formally hired by the company to assist with its expansion in Latin America.

For nearly 30 years, Amon held virtually every role possible in Qualcomm's semiconductor division. He led the development of Snapdragon platforms, then chaired QCT, and was finally appointed President of Qualcomm in 2018, where he co-designed the 5G strategy and began charting the diversification course. On June 30, 2021, he assumed the role of CEO, becoming the first person born outside the United States to lead the company.

His management style is that of an engineer turned strategist. He doesn't arrive at presentations with empty rhetoric: he arrives with specific technological roadmaps, quantifiable commitments, and top-level relationships with the CEOs of his main clients.

In August 2025, Time magazine included him in its list of the 100 Most Influential People in AI of the year, recognizing the strategic direction he gave to the Snapdragon platform as an Edge AI platform.

Akash Palkhiwala, CFO & COO

Akash Palkhiwala is both the Chief Financial Officer and the Chief Operating Officer, an unusual dual role that reflects the importance of operational efficiency to Qualcomm's strategy. He is the primary point of contact with Wall Street on earnings calls and has consistently communicated financial guidance accurately, earning credibility among industry analysts.

His recent partial sale of shares on the open market (~$328K to ~$131/share in March 2026) was noted by some as a negative sign, although it is within the normal range of portfolio diversification for equity-based compensation executives.

Management Evaluation

Amon's track record at the helm of the company is, so far, that of someone who delivers on his promises. The FY2024 targets set at the 2022 Investor Day were largely met or exceeded in the automotive and IoT sectors. The response to Apple's challenge was proactive (not reactive). The new data center venture, with Meta as the client, is not just a PowerPoint presentation; it has a real CPU, a production timeline, and a top-tier validation partner.

The management risk is more about execution at scale: successfully diversifying a $44 billion business across four simultaneous fronts (handsets, automotive, IoT, data centers) while absorbing the loss from Apple, in a complicated geopolitical context with China representing 63% of QCT's revenue, is a challenge of extraordinary complexity.

SECTION 05

Competitive position

Industry and TAM

Qualcomm operates at the intersection of several structurally growing markets: premium smartphones, automotive, industrial IoT, edge AI, AI PCs, robotics, and data center inference. According to the company, these markets represent a combined TAM of approximately $1.7 trillion by 2030. The important point, however, is not to confuse TAM with captureable revenue: the potential market is enormous, but Qualcomm has yet to demonstrate how much it can profitably capture outside of handsets.

Growth Drivers

Global 5G Transition . The adoption of 5G in emerging markets remains a long-term driver. In many countries in Asia, Africa, and Latin America, the replacement of 4G devices with 5G is just beginning. Each upgrade involves a new Snapdragon chip.

Edge AI . The growth of Small Language Models (SLMs) that run directly on the device (without a cloud connection) is one of the most significant structural changes in the industry. Latest-generation Snapdragon processors have Neural Processing Units (NPUs) of up to 45 TOPS, making them the preferred platform for models like those from Google, Meta, Mistral, and Microsoft that already run on-device.

The connected car . The semiconductor content per vehicle is multiplying. A modern car with ADAS, a digital cockpit, and telematics connectivity can incorporate chips worth $500-$1,000. Qualcomm's $65 billion automotive pipeline and relationships with more than 20 global OEMs give it multi-year revenue visibility.

Robotics + Physical AI . The third wave of AI (after cloud and edge mobile) is physical AI: industrial robots, last-mile drones, and cobots (collaborative robots). Qualcomm chips, designed to operate under severe power and latency constraints, have advantages in this context.

Inference data centers . The AI industry is beginning to spend as much on inference (running models) as on training. NVIDIA dominates training; inference is the new battleground, and Qualcomm is entering the fray with a differentiated energy-efficient proposition.

Main competitors

MediaTek

MediaTek is Qualcomm's most direct competitor in the smartphone chip market, and in terms of global market share by units, it has already surpassed it. The Taiwanese company built its dominant position in the mid-range and low-end segments over the last decade, and since 2021, it has been successfully moving into the premium segment with the Dimensity family. Its advantage is price: MediaTek chips offer a performance-to-cost ratio that is very attractive to Chinese OEMs competing in price-sensitive markets. Its disadvantage remains the ecosystem: the Snapdragon platform has a head start in terms of relationships with software developers, network operator certifications, and optimizations for the major platforms (Google, Meta, Microsoft) that run their AI models on Qualcomm hardware. But the gap is narrowing every cycle, and MediaTek is aggressively investing in on-device AI capabilities that it previously lacked.

Apple

Strictly speaking, Apple doesn't belong in this section. Apple doesn't compete with Qualcomm in the open market, since it doesn't sell chips to third parties, but its impact on Qualcomm's business is greater than that of any conventional competitor. By deciding to develop its 5G modems in-house, Apple will eliminate between $7 billion and $8 billion in annual revenue from Qualcomm's income statement starting in 2027. What makes Apple unique is that the threat doesn't come from winning customers in the market, but from disappearing as a customer. The A-series chip and the upcoming Ganymede modem are the best example of the most worrying trend for independent semiconductor manufacturers: the vertical integration of Big Tech companies that design their own silicon to capture the margins they previously ceded to their suppliers.

Samsung

Samsung competes with Qualcomm on two fronts simultaneously, with varying degrees of success. As a smartphone manufacturer, Samsung uses a mix of its own Exynos chips and Qualcomm's Snapdragon chips, depending on the market and model. Its Exynos chips have historically suffered from performance and energy efficiency issues compared to equivalent Snapdragon processors, forcing Samsung to use Qualcomm in the most competitive markets (including the United States) even when it would prefer not to. As a foundry, Samsung Foundry is the primary alternative to TSMC for manufacturing advanced chips. For Qualcomm, Samsung is simultaneously a major customer, a competitor in the mobile chip segment, and a backup supplier for manufacturing—a relationship of unusual strategic complexity.

NXP Semiconductors

NXP is the long-standing leader in the automotive semiconductor market and Qualcomm's most direct competitor in the segment where the Dutch company has spent decades building relationships with global OEMs. Its strength lies in microcontrollers for critical safety functions (braking systems, power steering, airbags), radar electronics for ADAS, and V2X connectivity chips. NXP has ASIL-D certifications, long-term supply agreements with virtually every relevant automaker worldwide, and a presence in customer plants that Qualcomm is still developing. The difference in positioning is significant: NXP dominates functional safety hardware; Qualcomm focuses on the digital cockpit, AI, and 5G connectivity. In practice, the two coexist in the same vehicle, performing different functions, but as the car evolves into an integrated computing platform, the line between the two worlds is blurring.

NVIDIA

NVIDIA is the most formidable adversary Qualcomm has chosen to face with its entry into the data center market. Jensen Huang's company not only has the world's most advanced hardware for AI training and inference, but it has also spent twenty years building a software ecosystem, CUDA, which now boasts over four million developers and represents the highest barrier to entry for any technology platform on the market. Hyperscalers buy NVIDIA not only because the hardware is superior, but also because their engineering teams know how to program CUDA, their models are optimized for CUDA, and migrating to another platform entails enormous transition costs. Qualcomm is betting that the inference market (running pre-trained models, where energy efficiency matters more than raw throughput) is a sufficiently differentiated segment for its offering to find a place. Having Meta as its first customer for the Dragonfly C1000 is a meaningful signal, but it's entering the territory of the most dominant player in the technology industry with one of the most solid software moats in existence. Gaining market share isn't impossible, but it requires flawless execution over several consecutive years.

Porter's Five Forces Analysis

The industry in which Qualcomm competes has very high barriers to entry, but that doesn't eliminate competitive pressure. The business is protected by intellectual property, scale, and technological complexity, although it also faces increasingly powerful customers, critical suppliers like TSMC and ARM, and growing rivalry in mobile, automotive, and data center.

1. Threat of new entrants = Very low
Enormous barriers driven by capital requirements, technological complexity, TSMC/ASML dependency, and decades of accumulated intellectual property.

2. Bargaining power of buyers = Medium-high
Large clients like Apple and hyperscalers gain power when they can design their own chips or pressure on price.

3. Bargaining power of suppliers = High
Critical dependency on suppliers like TSMC and ARM, with few real alternatives at advanced nodes.

4. Threat of substitute products = Low-medium
The main threat is not an alternative technology, but the vertical integration of clients who develop their own chips.

5. Rivalry among competitors = High
Intense competition with MediaTek in mobile, NXP/Infineon/Renesas in automotive, and NVIDIA/AMD in data center.

SWOT Analysis

Strengths

- Leading patent portfolio in 4G / 5G / CDMA
- Strong Snapdragon position in premium Android
- Fabless model: low capex and high free cash flow
- Solid automotive pipeline and growing diversification
- Attractive dividends and buybacks

Weaknesses

- Historical dependence on the smartphone business
- Risk of revenue loss from Apple's in-house modem
- High exposure to China in QCT revenues
- Data center is still an early-stage bet
- QTL under ongoing regulatory and legal risk

Opportunities

- Expansion of AI inference at the edge and on-device
- Scaling of the automotive business
- Adoption of AI PCs and new connected devices
- Future monetization via 5G Advanced and 6G

Threats

- Apple modem as an immediate revenue risk
- Geopolitical tensions with China
- Competitive pressure from MediaTek and other players

SECTION 06

The bulls vs. the bears

What do the bulls say?

The first argument is **diversification**: automotive grew 89% in the last quarter and non-phone businesses are already 43% of QCT. If the data center reaches USD 5 billion in 2027, the company will be very different in two years.

The second is **QTL**: a licensing business with 72% margins and renewed contracts with Apple, Huawei and Transsion, generating cash with very little capital.

The third is **shareholder returns**: buybacks and dividends exceeding free cash flow, with a share count that falls every year.

What do the bears say?

The first argument is **handsets**: -26% in the last quarter, with Apple replacing Qualcomm modems and the memory shortage hitting Android manufacturers.

The second is **execution in the data center**: going from USD 300 million to USD 5 billion in one year against Nvidia, AMD and hyperscaler ASICs is a very ambitious goal.

The third is **cyclicality**: it is a semiconductor company exposed to consumer demand, with margins and earnings that can fall sharply in the down phases of the cycle.

SECTION 07

Valuation

Valuing Qualcomm today requires understanding two businesses at once: today's (very profitable but with a mature smartphone core under pressure) and the business of 2028-2030, when the revenue mix will have changed. I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)															
Driver	**Δ vs Base**	**FY2024A**	**FY2025A**	**FY2026A**	**3Y avg**	**FY2027E**	**FY2028E**	**FY2029E**	**FY2030E**	**FY2031E**	**FY2032E**	**FY2033E**	**FY2034E**	**FY2035E**	**FY2036E**
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		8.8%	13.7%	(2.6%)	**6.4%**	**5.0%**	**15.0%**	**19.0%**	**6.0%**	**5.0%**	**4.5%**	**4.0%**	**3.5%**	**3.0%**	**3.0%**
Best case	3.0%					8.0%	18.0%	22.0%	9.0%	8.0%	7.5%	7.0%	6.5%	6.0%	6.0%
Base case						5.0%	15.0%	19.0%	6.0%	5.0%	4.5%	4.0%	3.5%	3.0%	3.0%
Worst case	(3.0%)					2.0%	12.0%	16.0%	3.0%	2.0%	1.5%	1.0%	0.5%	–	–
Gross margin ▸ selected scenario		56.2%	55.4%	53.1%	**54.9%**	**53.0%**	**54.0%**	**55.0%**	**55.5%**	**56.0%**	**56.0%**	**56.0%**	**56.0%**	**56.0%**	**56.0%**
Best case	1.0%					54.0%	55.0%	56.0%	56.5%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%
Base case						53.0%	54.0%	55.0%	55.5%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%
Worst case	(2.0%)					51.0%	52.0%	53.0%	53.5%	54.0%	54.0%	54.0%	54.0%	54.0%	54.0%
EBIT margin ▸ selected scenario		26.3%	28.0%	20.8%	**25.0%**	**22.0%**	**24.0%**	**25.0%**	**26.0%**	**27.0%**	**27.0%**	**27.0%**	**27.0%**	**27.0%**	**27.0%**
Best case	3.0%					25.0%	27.0%	28.0%	29.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Base case						22.0%	24.0%	25.0%	26.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Worst case	(5.0%)					17.0%	19.0%	20.0%	21.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Capex % of revenue ▸ selected scenario		2.7%	2.7%	5.8%	**3.7%**	**5.0%**	**4.5%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Best case	(0.5%)					4.5%	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Base case						5.0%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Worst case	0.5%					5.5%	5.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Source: author's analysis.

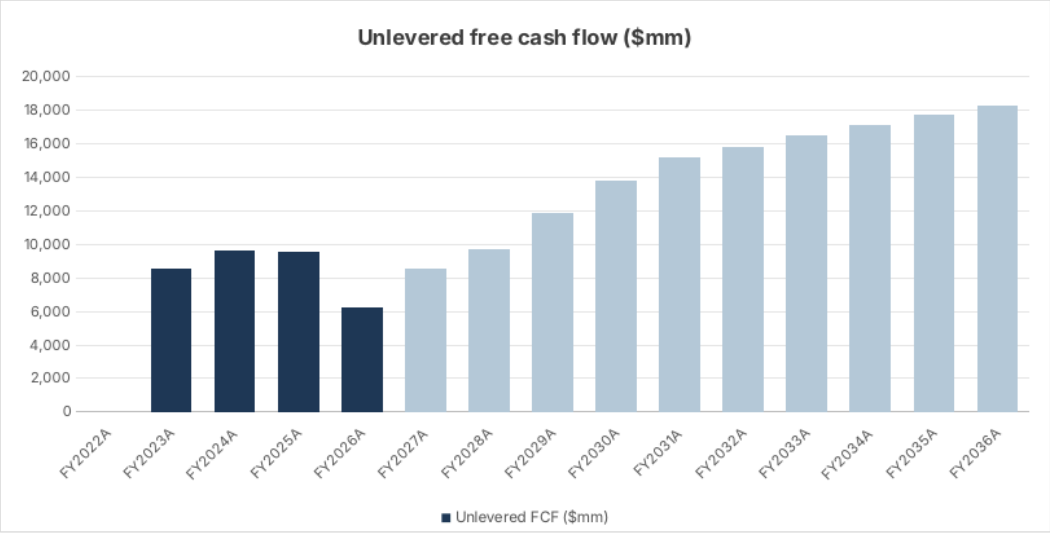
Revenue growth: in the Base Case sales grow 5% in FY2027 (the drop in handsets offset by the data center and autos), 15% in FY2028 and 19% in FY2029 as diversification gains weight and the data center approaches the company's target, and then gradually slow to 3%.

Margins: gross margin starts at 53% and recovers to 56% with price increases and a more diversified mix. EBIT margin goes from 22% in FY2027 to 27% at maturity, somewhat below FY2024-2025 levels.

CapEx: between 4% and 5% of sales, above the historical level, because of the data center investment.

What does each scenario mean?

- **Base Case:** handsets stabilize, autos and IoT keep growing and the data center becomes a relevant business, although below management's most ambitious targets.
- **Best Case:** diversification succeeds and the market once again sees Qualcomm as a computing platform, not just a phone company. It adds 3 points of growth and 3 of EBIT margin.
- **Worst Case:** the loss of Apple and competition in Android weigh more than expected and the data center does not take off. It subtracts 3 points of growth and 5 of EBIT margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)

		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.40
Equity risk premium		4.2%
Country risk premium		-
Cost of equity		10.8%
Pre-tax cost of debt		5.0%
Tax rate (debt tax shield)		15.0%
After-tax cost of debt		4.3%
Market value of equity	$ mm	176,711
Total debt	$ mm	15,992
Debt / (Debt + Equity)		8.3%
Equity / (Debt + Equity)		91.7%
WACC		10.2%

Source: author's analysis.

I use a 4.9% risk-free rate, a 4.2% equity risk premium and a beta of 1.4 (the five-year historical beta is 1.76). The result is a **cost of equity of 10.8%**. For debt I use a 5% pre-tax cost. With a capital structure of 92% equity and 8% debt, the **resulting WACC is 10.2%**.

To go from Enterprise Value to Equity Value I subtracted net debt of USD 6.3 billion. The diluted share count is 1,070 million.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 20% return on new invested capital, the model gives an Enterprise Value of USD 170.5 billion and an Equity Value of USD 164.1 billion, equivalent to **USD 153.40 per share**.

QUALCOMM Incorporated

QCOM · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$153.40

Current share price	$165.15
Upside / (downside)	(7.1%)

VALUATION SUMMARY

Enterprise value	170,471
Equity value	164,142
PV of forecast cash flows	86,597
PV of terminal value	83,874
Terminal value % of EV	49.2%
Implied exit EV / EBITDA	8.7x

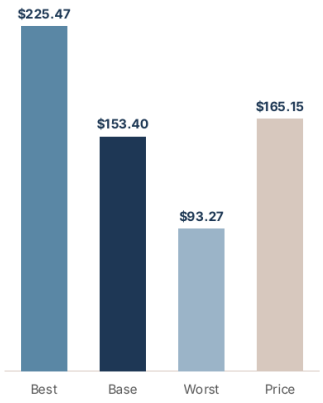
KEY ASSUMPTIONS

WACC (year 1)	10.2%
Terminal WACC	10.2%
Terminal growth (g)	2.5%
RONIC (terminal)	20.0%
Net debt & other claims	6,329
Diluted shares (mm)	1,070.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	247,587	241,258	**$225.47**	+36.5%
Base case	2.5%	170,471	164,142	**$153.40**	(7.1%)
Worst case	2.0%	106,124	99,795	**$93.27**	(43.5%)
Current share price				*$165.15*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
	Terminal growth rate (g)				
9.2%	$169.36	$173.00	$177.19	$182.04	$187.75
9.7%	$158.23	$161.15	$164.47	$168.29	$172.71
10.2%	$148.40	$150.75	**$153.40**	$156.42	$159.89
10.7%	$139.65	$141.55	$143.68	$146.09	$148.83
11.2%	$131.81	$133.36	$135.08	$137.01	$139.19

Source: author's analysis.

In the Best Case the value is **USD 225.47** and in the Worst Case **USD 93.27**.

With a WACC half a point lower, the value rises to USD 164; with one half a point higher, it falls to USD 144.

EBITDA MULTIPLE METHOD

Applying an **11x** multiple to EBITDA in the last projected year of the Base Case (14x in the Best Case and 8x in the Worst Case), the model gives an Enterprise Value of USD 192.1 billion and a value of **USD 173.66 per share**.

QUALCOMM Incorporated

QCOM · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$173.66

Current share price	$165.15
Upside / (downside)	+5.2%

VALUATION SUMMARY

Enterprise value	192,149
Equity value	185,820
PV of forecast cash flows	86,597
PV of terminal value	105,553
Terminal value % of EV	54.9%
Implied perpetual growth	3.4%

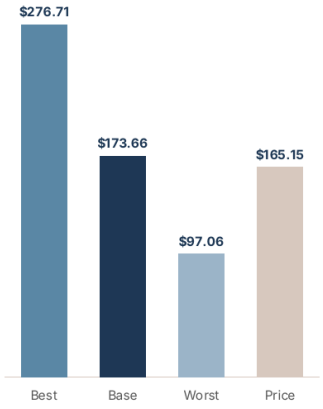
KEY ASSUMPTIONS

WACC (year 1)	10.2%
Terminal WACC	10.2%
Exit EV / EBITDA	11.0x
EBITDA, final forecast year	25,166
Net debt & other claims	6,329
Diluted shares (mm)	1,070.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	14.0x	302,404	296,075	**$276.71**	+67.5%
Base case	11.0x	192,149	185,820	**$173.66**	+5.2%
Worst case	8.0x	110,182	103,853	**$97.06**	(41.2%)
Current share price				*$165.15*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	9.0x	10.0x	11.0x	12.0x	13.0x
9.2%	$167.00	$176.81	$186.63	$196.44	$206.26
9.7%	$161.24	$170.62	$180.00	$189.38	$198.76
10.2%	$155.73	$164.70	**$173.66**	$182.63	$191.60
10.7%	$150.46	$159.03	$167.61	$176.18	$184.76
11.2%	$145.41	$153.61	$161.81	$170.01	$178.21

Source: author's analysis.

11x seems a reasonable multiple for a high-quality company with good returns on capital and a very profitable licensing business, but one that still has to prove the new verticals can offset the maturity of the smartphone. It implies 3.4% perpetual growth.

In the Best Case the value is **USD 276.71** and in the Worst Case **USD 97.06**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of USD 164 per share**, compared with a market price of USD 165.15. In other words, practically the current price (-1%).

SECTION 08

Conclusion

Qualcomm is a high-quality company. It has a very relevant competitive position in connectivity, a huge intellectual property base, attractive margins, high returns on capital and strong cash generation. And the transition toward cars, IoT, AI PCs and the data center gives it a much more interesting long-term story than that of a simple phone chip company.

The last quarter showed both sides of that transition. On one hand, handsets fell 26% and guidance for the next quarter is weak. On the other, automotive almost doubled and the company is targeting USD 5 billion of data center revenue in 2027.

At the current price I do not see a sufficient margin of safety. My model gives a **target price of USD 164 per share**, versus a price of USD 165. The market already seems to be pricing in much of the future improvement, just as the core business is going through a weak moment.

The thesis is also not perfect. The smartphone core still weighs too much to ignore. Apple is a real risk. China is a real risk. MediaTek and local competitors can keep pressuring Android. And the data center still has to prove it is not just an ambitious Investor Day presentation.

So my position has nuances. I like Qualcomm as a company and I find its strategic direction interesting. But I do not like the stock as much at these levels. To become more positive I would need one of two things: a more attractive entry price or clear evidence that autos, IoT and the data center are becoming engines of profitable growth. In other words, I like the company more than the stock.

Alan



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