

cuits for use in voice and data communications, networking, application processing, multimedia, and GPS applications through its CDMA Technologies Segment (QCT, 70% of 2024 pre-tax earnings). It licenses WCDMA, CDMA TDD, LTE and 5G technology via the Technology Licensing segment (QTL, 30%). Makes strategic in-

stock; BlackRock, 8.4%; Vanguard Group, Inc. 10.1% (1/25 Proxy). CEO: Cristiano Amon. Chairman: Dr. Paul E. Jacobs. Inc.: DE. Addr.: 5775 Morehouse Dr., San Diego, California 92121. Telephone: 858-587-1121. Internet: www.qualcomm.com.

**ANNUAL RATES** Past Est'd '22-'24 Past 5 Yrs. 15.5% 17.5% of change (per sh) 10 Yrs. to '28-'30 10.0% Sales "Cash Flow" 5.0% 5.5% 7.5% 8.5% 8.5% 22.0% Earnings Dividends Book Value

22464

1912

6802

9628

914

25231

2584

1364

6556

10504

26065

2581

1365

6008

9954

**Current Assets** 

Accts Payable Debt Due

Current Liab.

Fiscal Year Ends		ARTERLY S r Mar.Pei		mill.) <sup>A</sup> r Sep.Per	Full Fiscal Year	
2022	10697	11158	10928	11387	44169	
2023	9456	9268	8442	8665	35832	
2024	9922	9386	9391	10244	38944	
2025	11669	10600	10300	10881	43450	
2026	11700	11150	11000	11650	45500	
Fiscal Year	EARNINGS PER SHARE AB Full					
Ends	Dec.Pe	r Mar.Pei	r Jun.Pe	r Sep.Per	Fiscal Year	
2022	3.23	3.21	2.96	3.13	12.53	
2023	2.37	2.15	1.87	2.02	8.43	
2024	2.75	2.44	2.33	2.69	10.22	
2025	3.41	2.80	2.65	2.94	11.80	
2026	3.30	3.00	2.95	2.95	12.20	
Cal-	Cal- QUARTERLY DIVIDENDS PAID P Full					
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year	
2021	.65	.68	.68	.68	2.69	
2022	.68	.75	.75	.75	2.93	
2023	.75	.80	.80	.80	3.15	
2024	.80	.85	.85	.85	3.35	
2025						

Qualcomm delivered solid Decemberquarter results. The top line rose 18% year over year to a record \$11.67 billion, with non-GAAP earnings per share increasing 24% to \$3.41, beating expectations. Growth was primarily driven by the chipset segment, where revenues climbed 20% to \$10.1 billion, marking its first-ever \$10 billion quarter. Smartphone chipset revenues grew 13% to \$7.6 billion, benefiting from higher shipment volumes and increased semiconductor content in premium Android devices, particularly the Snapdragon 8 Elite-powered Samsung Galaxy S25. Automotive chip revenues surged 61% to \$961 million, supported by broader adoption of Qualcomm's connectivity and high-performance computing technologies in new vehicle launches. The IoT segment's revenues rose 36%.

The stock still sank due to concerns **over licensing revenue.** Management also guided 2025 annual licensing revenues roughly 2% below market expectations. This shortfall is significant given licensing margins of 75% versus 32% in the chipset segment. Elsewhere, there's concern around Qualcomm's reliance on

smartphone revenues amid lengthening device replacement cycles and Apple's planned shift away from Qualcomm's 5G modems, which will start this fall and accelerate significantly by the end of 2026.

The company is addressing the challenges. Its response emphasizes revenue diversification into automotive and IoT markets, targeting \$22 billion in nonhandset revenues by fiscal 2029. The company continues to see strong design traction in PCs, achieving a 10% share of premium Windows laptops over \$800, and expanding partnerships in automotive technology, notably through its Snapdragon Digital Chassis platform. There is potential upside from China's smartphone subsidies and a possible licensing settlement with Huawei, neither of which is currently factored into guidance.

The risk-reward scenario for this timely stock is appealing. While risks tied to smartphone dependence remain, the diversification strategy and ongoing efforts provide meaningful innovation growth vehicles, supporting our cautiously optimistic long-term outlook.

Kevin Downing March 21, 2025

(A) Fiscal years end last Sunday in Sept. May not sum due to rounding.

(B) Egs. in 2009 and thereafter exclude QSI (C) In mill. (D) Dividends historically paid in late segment and stock option expenses. Next March, late June, late Sept, and late Dec. earnings report due early May. Egs. may not sum due to changes in share count.

Company's Financial Strength Stock's Price Stability A+ 55 Price Growth Persistence 70 **Earnings Predictability** 60