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PRESENTATION

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

All right. I think we're going to get going here. So welcome, everyone. Thanks for coming to the conference. Welcome to Day 1. We have the great pleasure of having Cristiano Amon from QUALCOMM, the CEO here. So Cristiano, welcome.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Thank you, Rod.

QUESTIONS AND ANSWERS

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Great to see you. I'm Rod Hall. I'm the communications technology, infrastructure tech analyst at Goldman Sachs. So just great to see everybody here in person (inaudible). I don't know if you can say that enough after COVID.

So let me just jump right into it. We have a lot to talk about -- you've been at the company since 2021, so not too long, but a definite change of tone here, a different strategy, I would say, for QUALCOMM, certainly different than the several years that I've covered the company. I wonder if you could dive into that a little bit, the diversification strategy, how you're thinking about things, maybe also how it's affecting employees in the company as well a little bit?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

I'm happy to talk about actually, thank you for this question. This is actually one of my favorite topics of conversation. Look, one thing about QUALCOMM now is diversification, diversification, diversification. But what we see right in front of us. And I really mean it when I say some of the probably the biggest opportunities for the company is still ahead of us, which is we have developed this incredible technology for mobile.

And as we -- we were very focused in the mobile industry, we end up having a unique technology portfolio. You can think about 3 pillars. It's everything wireless communication, everything high-performance computing for low-power device. We're actually more of a computing company than we are a communication company. And then we see this huge opportunity to scale artificial intelligence outside the data center.

So when we put that together, where we are right now is really changing QUALCOMM from a communications company to the mobile industry into a connected processor company for the Intelligent Edge. And we have this opportunity, which we described as a connected Intelligent Edge. And the summary is to get the type of technology that you have on the smartphone and take it to every other device. And then with that, we're seeing a lot of growth opportunity for a company.

We're no longer bound by a single end market, which is the mobile market. Still great market, it doesn't grow as much, but it's very significant. We like some of the structural changes we saw and how we position ourselves. But automotive, the IoT and all those things, this is a great opportunity

for us. And actually, that brought also a lot of excitement back to the company, including our employees are looking into the opportunity, which is QUALCOMM is now becoming relevant to so many other industries and expanding even how we interact with other companies. And that's a great time to be in the company right now.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Right. Right. I can imagine we -- the royalty model that we run is extensive, but quite boring. The diversification model is a lot more interesting. There's a lot more going on there. So I can imagine the employees are excited about that. So let's jump into IoT. That's the area that I think maybe investors are asking the most about, maybe most puzzled with too, in terms of what's in there. You guys have disclosed that 40% of IoT revenue comes from Edge, networking, 40% from consumer, 20% from industrial. But I wonder if you could describe the growth drivers within this, particularly the industrial IoT part of it? And maybe some of the applications you see there as well?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Absolutely. So you know, Rod, I'll start by talking a little bit what's in there. We can talk more. But it's -- the way we define IoT, and it's important to have a mindset change. In hindsight, we can argue whether IoT was a good name. I think when people talk IoT, they try to think about -- that's more appliance somewhere in the house when you have a microcontroller and a WiFi, that's not what we're doing.

But it's really an IoT nexus. Some key industry disruptions that are happening across the consumer, the Edge networking in the industrial space. And it's really thinking about how you bring advanced connectivity and computing to the segment as getting ourselves associated with the digital transformation for many industries.

So to go back to the breakdown, we talk about 40% consumer, 40% as networking and 20% industrial. Industrial is actually the one that is growing the fastest. And we had highlighted that it has been, in some cases, 60% year-over-year, definitely north of 50%. And I'm 100% convinced we're actually not demand bound, its ability to get all of those digital transformations happening in many enterprises. Before I spend time unpacking industrial, on the Edge networking side, we have 2 major components. One is for the first time, 5G is a technology that can be used for broadband. We used to have copper, coax, fiber. Coax is more a United States phenomena. Copper cannot give you a gigabit society anymore. So it's fiber or 5G.

That is driving a lot of growth for us in 5G wireless fiber, that's in the Edge networking. Other thing we have in the networking is WiFi becomes the #1 interface for the broadband network. We see 2 things happening. Enterprise transformation at the home, which means you need enterprise-grade WiFi into the home as you start work and then the enterprise is changing to new use cases, on-demand computing, collaboration on Microsoft OneDrive, all of the collaboration tools.

So we've seen an incredible amount of growth happening. We saw the consumer cycle -- I'm sorry, the residential cycle now happening on the enterprise. So we're very happy with those 2 growth in the Edge networking. Consumer, we define as future PC and XR, we can talk about it later. And then I want to talk about industrial. The industrial is probably one of the most diversified part of our IoT segment. And we're really doing this, we are executing on trends for each vertical, for example, retail.

Retail has been a big component of the industrial. Problem statement is -- you are now bringing e-commerce to every brick in store. So when that happens to have a lot of different technology that is driving that from when somebody buys online and an associate is going to distort picking your purchase. There's a lot of handheld devices changing how you think about checkout, self-checkout system, smart connected cameras.

So you manage inventory in real time because you're selling your inventory online as well. Then we shift to utilities. We've been engaged utility companies, 5G connected meters to how you think about creating digital wins of the grid, putting different sensors and processor substation. We go to some of the partnerships we built in smart buildings, as an example.

A lot of companies making commitments to (inaudible). You see us working with Schneider Electric, Siemens, ABB and many other companies are not traditional companies from the mobile space, manufacturing, smart manufacturing, we work in new companies like Bosch. So this industrial IoT in a short period of time, we have 15,000 customers and growing, some directly, some indirectly. And when we talk about the 7x expansion of our addressable market, we think a lot of it's going to come from this industrial growth of IoT.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

So if you look at those 15,000, how many devices are we talking at one of these customers? I'm sure (inaudible) is all over the place, but just to give us an idea what the scale of this might look like?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Look, it's difficult to give a precise industry because it really changes from verticals. I can give you the type of devices. We see a lot of commonalities in connected computer vision systems, which makes use of our image signal processors, for connectivity and processing. The same platform we can deploy for surveillance, we can deploy in smart cities. We can deploy in a retail store and so forth. We see a lot of connectivity modules, especially the ability to connect, track, verify conditions, get telemetry data. We've seen a lot of Edge processors or doing a lot of processing at the Edge. So it's very diversified also on the application of our chips.

And in some cases, it's about the number of devices in case of modules, it's -- we have lower scale working with all the traditional, I think, module OEMs and ODMs. Some cases, it's about less units, more value giving some of the processor content in the Edge.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Great. Okay. Yes, a lot of opportunity there for you to sell chips and probably other things on top of that, other technologies (inaudible). Great. Let's go back to consumer IoT. You said you'd come back to that, but let's go back that way. Maybe talk a little bit. I know that today, hopefully, my backpack hasn't been thrown in the trash if I left it over there. So I think I told security that was mine. But the -- my Mac is in there, when I come to your automotive investor event next week, I am going to -- and I used to come to events like that. Now the first thing I do is where to plug the computer in and where do I plug it in, so I have power. Now I don't have to do that anymore. Talk to us about that for the PC world, your Nuvia acquisition, kind of how you see that going forward?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Yes. So as I said, within this IoT category that we defined in the consumer space, we have those 2 opportunities. Our entering into the PC space and then what's going to happen with (inaudible).

In the PC space, the reason we think that's very significant for QUALCOMM because for us, it's a brand new market. So we don't have a -- we don't need to plan for a lot of share in this market to be very meaningful.

And we see -- there is no better example of the convergence of mobile and PC. We also got an incredible opportunity because whatever change has happened in the pandemic is defining a next-generation computing device. And the next-generation PC has a lot of attributes that points to our technology, the ability to be connected 100% at the time, the ability to have a battery life because you have a workforce that's working from home, working in the office and working from anywhere.

You have the on-demand computing. You cannot move a workstation with you. So you have to be able to run some of the workloads from the cloud and be able to -- be connected as like in streaming and you have streaming of games and all of those things.

So what we have done is we've been developing the transition into the PC storm. And we -- with some acquisitions we made, I think the acquisition of Nuvia was very important. We're going after the performance leadership for next-generation PCs. Now I'm going to tell what's available today and how this is going to ramp. Just today for -- with the product we have right now, which does not yet use our custom CPU. It's just a product we're just starting to ship, which is our second-generation part for Windows 11 on Snapdragon.

If you look of the first device that came out, for the first time, we have a device for the commercial segment. Most of the early laptops with Windows on Snapdragon was consumer focused. So that device I use is the ThinkPad 13s, I have a week of battery life. So we changed this a little bit, I think the perspective, it has 5G, has millimeter wave. And I think that's just the beginning. And we're preparing for this big transition.

I pointed to Microsoft at their last developer conference to build (inaudible) Forterra, which is basically a box that has the QUALCOMM processor. They're given to all the developers as they start moving new applications to ARM. And then I think the inflection point comes with the product that we're going to launch at second half of 2023, which is the product that has our custom CPU, and we're targeting the performance leadership point.

Look, to build on what you said. I think Apple did a very good job with M Series, and I think they show what's possible. When you look at the landscape today, if you put yourself in Microsoft shoes, QUALCOMM is the perfect candidate, maybe the only candidate with all of the technology capabilities to make that happen in Windows 11, and that's we're focused to do. And that's we expect in 2024 to see an inflection point for us in the PC.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Great. Okay. And one of the things I'm puzzled by is I've got that Mac, but there's no cellular modem in it. And yet, I have a cellular modem on my iPad, and I kind of use it a lot more than I thought I would, especially when I'm traveling. So do you think that, that is another -- I mean I'm sure you're going to say yes to this, but why haven't we seen that in PCs? And will we see cellular modems (inaudible)?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

The answer is yes. It's a great question. And I think there's a reason for that to happen, but there is a change of an environment right now. So I'd tell you what was -- what are some of the facts that are actually driving that change. In the past, I think there was not an expectation that a PC needs to be always connected, but it's not only about being I was connected. Being connected with a wide area network and manage.

And you have this -- seller will come after the fact, right? You have a desire to connect some devices, but the devices were not designing first place to have 5G. Therefore, you have just the (inaudible) ones, but the world is different now and because of the pandemic. I'll give you one data point that I'm sure will resonate with you and many of you that are here today. One of the #1 calls, volume of calls that our CIO at QUALCOMM gets in our help desk is to troubleshoot people's WiFi at home.

It's like I have this team meetings I need to participate. It's not working. I can -- I don't have a video. And by the way, operators probably talk about how much they have to troubleshoot WiFi. They're finally understanding that needs to be part of their network as well. So you can see, for example, the value of you having a 5G connectivity and that's an extension of the enterprise network.

That's one example. I think another example of that is the latency required and the mission-critical capabilities of 5G. Enterprises right now want you to be working on a cloud document, try to collaborate on Microsoft OneDrive for a PowerPoint file if you have a bad connection. It does not work very well. And I think that changes a little bit. And I can go all the way to how we're going to have to run different workloads.

So I'll give a practical example. Chip design. Some of our chip designers, they're working in chip design. They will have workstation at the office. But now with this hybrid work environment, we host some of our chip design tools and AWS and Azure, and you're going to run that over the cloud and you need to have a high-speed connection with lower latency and guarantee of connectivity. Those are all the new things. So eventually, we're going to move to a world that's going to be a lot more 5G connectivity and laptops.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Right. Okay. I'm not surprised to hear you say that. So let's talk about XR. I -- it looks like products will launch this fall. I know I've seen your platform at some of the events I go to. I think I'm the only investor that goes to these things...

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Thank you for coming by the way.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Yes. But I'm sure more will go in the future. But just curious, how big a market do you think this is as you look out, so talk to us about developments there, what your opportunity is?

Operator

Look, we're very bullish on this. And I think we're just at the very beginning of a secular growth. It's important, I think, to understand a little bit of the dynamics. And we kind of break it down in categories. So there's virtual reality. And I think virtual reality, -- you've got scale with the Oculus Quest 2 from Meta.

That's where you started to get enough units out that the developer of a systems start to see the economic benefit of developing a lot of applications. And just to put it in perspective, in the fiscal year '21 that ended in September for us, we shipped 10 million units of Oculus Quest 2. I think we invested early in this technology. We have over 40 different designs of mixed reality, virtual reality, augmented reality. We announced at IFA a couple of weeks ago, I think our long-term partnership with Meta for all the future devices.

But look of the situation over the time horizon, what we're going to see. So Meta has done very well. They're definitely the leader with the largest scale with VR. And let's just -- before I go talk about AR, just think about VR alone. China is a big market. And as the China, some of the U.S. clouds, as you know, don't participate in China.

You don't see Meta, you don't see Google, but you have Tencent, (inaudible), Alibaba, Baidu. And China is about to start. So China has not even started. And you can easily see, if you found the market this big for VR outside China, there's going to be a market for that in China. So we just launched the device with (inaudible). And we have a number of devices in development with the China system. I think as hopefully, China gets out of the lockdown, we still have the ramp in China.

Then on top of this, you have AR. In AR, the way to think about that is this is going to get traction in AR mixed realities in enterprise and consumer applications. Consumer applications is likely -- as you give it a 5 years, maybe within a 5-year horizon, you have the ability to have a companion off your phone where you're just going to brand their applications into that screen as well in addition with your phone. And eventually, within a decade, it could be as big as phones.

And then you have the enterprise applications, which doesn't require the technology to be that mature because consumers will need this form factor. And you started to see that happen. For example, some of the PC companies now investing in mixed reality devices for the work from home, so you can wear that. You can see multiple screens as you work in your laptop. So a lot of education applications, training applications. So we're big on this. We're just the beginning. It's already material just on our engagement with Meta. And the next immediate milestone is to see the ramp of that in China.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Right. China and then I guess, devices launched this fall maybe in the other parts of the world. Yes. Let me ask you, just going back to this, though, the AR, to me, we've done a lot of deep work on the tech, and it seems like that tech is quite a ways out. It's very complex to put some glasses on your face like that and have it but it seems like the products that are coming sooner are higher res camera pass-through into something that includes your vision, but it integrates the real world with.

How important do you think that is an interface. In other words, does that -- do you see that as replacing a PC to some extent? Or do you see it augmenting PCs? How do you think it fits into people's world?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

No, it augments the PC. I think the observation you made is the same one I made before. For fully immersive, fully immersive AR and let's say, as -- let's put an ambitious goal, like a replacement of your phone, sounds pretty good. So we're maybe 5 to 10 years away because you have a lot of development in technology, in optics and display and also cost. Like if you have to put 2 high-density 8K displays, it's not going to be -- it's going to cost more than \$1,000 device. So we -- so forget to that level, it's going to take some time. However, between now and then, you're going to see a lot of applications like the one you described it, which if it's not something you're going to wear 24 hours a day, you're going to see that for an enterprise applications.

And the way a lot of the OEMs are looking into this is how you augment the existing devices. So it's not about replicating the functionality, but how you augment it. And I see very specific applications for training, for how you basically provide larger screens for the work remote, all the way to just pure entertainment as you move things from your phone to your device. But we're at the beginning of this whole transition.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Yes, it's going to be interesting to watch this fall. Auto, let's talk about automotive a little bit. So you've talked about a \$19 billion pipeline there of opportunity. Maybe dig in a little bit on what your content opportunity on a car looks like? Or anything you can do to give investors a little bit more color on how much revenue per car you could have or per vehicle you could have?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Yes. So of all the opportunities that for QUALCOMM in diversification, I think the one that we have in the fastest in terms of winning the future silicon in that industry is the Automotive. I think has been one of the fastest transformations, I think, for QUALCOMM and as an industry that is moving very fast. What is unique about what we do in the automotive industry is unlike our peers, we are not providing a point solution. We're providing a digital chassis platform.

And that concept is resonating with the core companies. I'll give you some examples when we effectively look as a platform in the same way that you're going to look at skateboard chassis (inaudible). This is the digital asset, put in every car and then you customize as such. As an example, when we announced our BMW Stellantis. Stellantis I'd like to point out, they said, across all brands, across all tiers in the QUALCOMM platform, Volkswagen Group announcement, et cetera, is resonating because we have an entire digital platform.

Our content is the communications of the car to the cloud. And that is everything from WiFi, position location, cellular, but you also have processing because you have a lot of applications that you run as part of the connectivity of the car to the cloud. There's a critical platform there. Then digital cockpits for all the different screens in the car, dashboard, the infotainment, heads-up display, smart mirrors, you're starting to see some different designs.

I think Mercedes or BMW announced a foldable screen that comes from the back as part of our digital cockpit. Then we have an ADAS and autonomy solution. A couple of things that we did also that was interesting with capabilities in all domain plus the heritage of phones. We come up with a

solution that scales up and down. Even to the point that in some cases, you can use the same silicon to run ADAS and infotainment on the same silicon. We have some very unique capabilities with both hardware and software. We don't make a disclosure of the revenue per car. But you -- if you -- if you just look at all those different elements that I talked about it, it's probably multiple thousands of dollars opportunities we have. And the design pipeline continues to grow, and I think QUALCOMM is really winning the future of the auto semiconductor industry.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

When do you think we see cars rolling off the assembly line with \$1,000 or \$2,000 worth your content?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Look, we have cars that are now coming up with a lot of the digital cockpit. That's been one of the key drivers you see our revenue coming up from this. Then ADAS plus everything else, it's SOP 2025. And I think from that point in time, you're going to see a lot of QUALCOMM content.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. A couple of years out.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

And look, we're going to have a lot more details next week.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Yes, I shouldn't ask too many questions about that.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

No, that's good. I'm reserving some of the exciting stuff next week.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Speaking of exciting things, probably the million-dollar question I get asked the most at this conference or like heading into it is what in the world is going on with the consumer, like what is happening with consumer demand? And I wonder if maybe you could give us your perspective on at least the part of the world you see, maybe take it by region, what do you think is happening? Are consumers weakening here post Labor Day? How does the rest of the year play out? What are your thoughts?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Very good. I'll do my best because it's hard to really understand what's going on fully, but there are a couple of things we can point to. And we said at the last earnings call that we saw from the consumer side, we started to see some weakness. You can't ignore the macroeconomic headwinds. We talk about seeing weakness in mobile towards the low end in the last year. And it's hard to predict.

We kind of expect that weakness to propagate for maybe 1 or 2 quarters. But we're more probably optimistic than many that -- they're '23 at some point, we get back to normal. But the reality is we are seeing weakness in anything associated with the consumer. And here's what I'd like to describe it. And I -- look, I can't really precise it, but there are 2 factors playing in at the same time.

One is, obviously, the macroeconomic headwinds. If you just look at Europe, for example, the -- how much of the energy cost went up, utility bill, it impacts disposable income, to upgrade your phone or buy other customer products. That's the European situation. China, we are in lockdowns. We saw in lockdowns, people don't buy phones. So we're going to go through that cycle.

But there's another component that nobody is really talking much about it that I want to talk about, which is mix into this. We first -- we saw during pandemic that service economy contracted and then all of that money went to goods. So people buy more goods. What that created is massive demand over supply. We have the biggest semiconductor supply chain crisis because chips are in everything. And then the industry was running pretty hot.

You have a supply constraint environment. That means the industry is very high on demand. People trying to -- they have pent-up demand. They have to fill up the channels, they have to do all everything. And now as we predicted, we're getting to a little bit of a supply -- at least for QUALCOMM, supply/demand balance on semiconductors. The pandemic is -- it's over in many locations. We started to see an adjustment.

So here's how I described the situation. Within that current environment weakness, there's definitely a macroeconomic input but there's also an adjustment, which is a typical cycle of the semiconductor industry. So like I said, I'm more optimistic than many. We'll see what happens as we go through a few quarters. But there's no reasons for at some point in '23 for the industry to get back to normal. And what we like about it, the fundamentals are in place.

From a QUALCOMM standpoint, I'll go back to the conversation we had in the beginning. A lot of the things that are happening to us -- yes, we're going to see a phone market is mature, it's going to go up and down whatever those things we talk about it. But the -- the auto is all future. We're winning as part of the design pipeline for cars that are going to come up. So we're kind of not really impacted by some of the short-term. And IoT, digital transformation of enterprises, somewhat people do it for growth, people do it for cost reduction. So we're excited about that. We continue to see auto and IoT in a good place, and we'll see what happens.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Yes, I'm glad you went there because we're very confused because that normalization effect that you described, I think, is happening to PCs and people assume it's more macro than normalization out of COVID, but it could easily be the case that it's mostly normalization. And if you talk to our retail analysts, they had a conference last week, the retailers aren't really seeing that much weakness. So I wonder if in the electronics industry could feel a lot worse than the broader economy (inaudible)?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Like I said, I think that you have to take into consideration that the industry was running very hot. And I think you have that process of adjustment, but people are still going to need phones, people are still going to need computers and so forth.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Yes. Let's talk about Snapdragon differentiation a little bit. And I'm going to weave into this, I want to weave into the high-end Android ecosystem a little as well because we kind of know that Huawei exited that ecosystem, left a lot of opportunity on the table. Apple took most of that opportunity, but it still feels like there's a world out there that would like to see good high-end Android phones. Snapdragon has been the primary chip there. We've got competitors like MediaTek coming in, trying to compete with it.

So maybe let's start with how you think you sit relative to some of those competitors for that system on chip and then maybe dive into how that -- you see that affecting that high-end Android world a little bit if you're willing to talk about that?

Cristiano Renno Amon - QUALCOMM Incorporated - President & Chief Executive Officer

No, happy to. We do like, I think, the structure of changes, if I can say that way, that happened in mobile. I think we have been a beneficiary of that, especially when you look at some point, Huawei had 50% share in China, and you look where the share went, Apple picked some, but then a lot of other customers picked up, companies like Xiaomi, Oppo, OnePlus, Vivo, Honor.

And it's interesting, as we look of our mobile strategy going forward, we have a very clear strategy. And it's coming from the fact that the industry is mature. We're really focused on share of wallet. And I think it's being reflected how we've been changing the operating margin of QCT.

And then as we get new business that we use the technology out to IoT continues to be a benefit. And we really position Snapdragon as the platform of choice for premium and high. And that's working very well. The way you look at the market, it's a little bit of a 2-horse race. It's us and MediaTek. We've been very focused on premium and high, and we compete with MediaTek for some of the high, the mid in the last year. I think Snapdragon is very well positioned.

And the way I describe this to you is when you just needed, you can see it is on the Internet. When you see the launch of the flagship of all of our customers now even including Samsung, which is a new thing, we can talk about Samsung later. They talk about, I have the latest Snapdragon. And in some cases, you see the Snapdragon advertising for our customer.

And we don't have like an Intel Inside type program. It actually is being done by the customer because of the awareness. Before I talk technical, aided awareness of Snapdragon in China when you asked the question, name a mobile processor. Snapdragon, it's getting in excess of 80%. It's really big. And as part of the fact our customers advertise, I have Snapdragon 8.

Here's what we're doing, which makes different and why we're very well positioned in the top tier. We have -- it's not only about 5G anymore. Actually, when investors ask me, Oh, the 5G cycle is over than QUALCOMM growth is going to cap. Just look over the past several quarters, what happened in mobile. We're growing content on CPU and GPU on camera, 5G already happened for the premium tier, fully penetrated at least 3 generations ago, like from the Galaxy -- we're in the Galaxy S22, the Galaxy S20 was 5G.

Actually, the best 4G phone you can buy today is a 5G phone. So transition already happened, we're actually growing in content. And we're going to be bringing our custom CPU to mobile. We have the highest (inaudible) mark on camera. And it's no secret. Innovation is happening on Android, and it's happening on Snapdragon. And then you see new form factors like the fold and the flip. And if anything, I think our partnership with Samsung, it's a sign that the strategy is working and we develop a good product, and that's what customer wants.

Roderick B. Hall - Goldman Sachs Group, Inc., Research Division - MD

I was impressed Samsung didn't change the pricing on the royalty deal. I don't know if I can remember that ever happening.

Cristiano Renno Amon - QUALCOMM Incorporated - President & Chief Executive Officer

Look, this -- I think we're very proud of the announcement. The announcement that we did actually at the last earnings call with Samsung. It's very significant for a number of reasons, right? And I want to build back on your question about Snapdragon.

If you think of a market like the United States as an example, right, pretty stable market. I think iOS to Android and vice versa, you don't see a lot of migration. You walk into an operator store today, where there's a Verizon, (inaudible) or AT&T, they say, I want to buy a phone, they say, what phone do you have, a Galaxy user on the Galaxy, iPhone user on the iPhone. It's a 2-horse race, right?

So -- it's -- we renew our license agreement with Samsung all the way to 2030, at the same royalty terms and includes 6G. So I cannot think of anything more significant to set up a benchmark for license renewals and it shows probably stable or licensing revenue stream in. But the most important part of the announcement, everybody want to talk about the license, which is a great achievement is that Samsung is now going to use Snapdragon globally for their Galaxy series devices and extend that to PCs and XR devices and tablets.

So we're very close to Samsung and we grew from the Galaxy S21 to 22 because of the things we're doing on Snapdragon to 75%. And now we have the ability to grow share towards a larger number as we're going to partner with them Global, a multi-year agreement, we could not be more pleased about where we are.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

That's great. We've got a couple of minutes left. Let me see if there's anybody in the audience that's got any questions. (Operator Instructions) Any questions out there? Yes, see everybody. So I don't think I see any. If you've got one, raise your hand really high. Otherwise, we'll keep going.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

There's 1 question there.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

You see one. Okay. Yes, back there then.

Unidentified Analyst

(inaudible) Sorry about that. What is your view on RISC-V? I mean, QUALCOMM definitely is a leader in ARM processors and RISC-V is gaining traction and especially in probably China, et cetera?

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Let's see what company you're with as well.

Unidentified Analyst

Well, yes, this is (inaudible).

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Thank you for your question. So RISC-V is definitely something to watch. We're also investing in RISC-V. And I think you're right. For example, when you look at China, especially when you think about the data center, high performance, China is very motivated because it's an open source instruction set to develop a RISC-V ecosystem, and I expect that to happen, it may happen at different speeds in different markets. It may get to at some point into automotive. And eventually, it can get to other devices.

We are using RISC-V today, but we use them in some of the smaller-performance processors within the chip. It's an ecosystem that is just at the beginning. We're investing in it. We're monitoring. We're very focused right now in this. We're doing a lot of work. We're doing a lot of work for many years to bring ARM to PCs, and that's what we're very focused on. But I think RISC-V is always going to be an option for us. And it's important to monitor what's happening in China. China may actually give scale to RISC-V.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Great. Good. Let's finish up with capital returns as we've got a bunch of investors here. You want to maybe talk to us a little bit about your strategy there, kind of how you're thinking about capital returns going forward? How allocation policy is evolving in your mind, especially as you look at this high interest rate environment and kind of what's going on in that world?

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

So 2 topics we're currently considering. Look, we'll -- we have provided, I think, in some of our financial disclosures, we announced what we're going to do with dividends. I think continue to have a policy on how we're going to grow dividends. We have been doing anti-dilutive buybacks.

We are -- we have been doing opportunistic buybacks. But we also look in this whole environment some opportunities, I think, for inorganic growth. So what you're going to see QUALCOMM doing is probably looking into balance in the ability to continue to return capital shareholders, but also preserve our ability to take advantage of this environment and look at acquisitions that is going to accelerate our auto and IoT, very focused in auto and IoT.

Those are the 2 growth elements. And then when we think about allocation of our engineering resources because the company is really focused on diversification, I think most of the increase has been focused on some of those new areas in auto and IoT that we're growing.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

So if you're thinking things get better next year, you better hurry before the -- call the bottom.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

That's correct.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. All right. All right. Great. Cristiano, it was excellent. We're out of time, unfortunately. I've got a bunch more questions, but thank you very much.

Cristiano Renno Amon - *QUALCOMM Incorporated - President & Chief Executive Officer*

Thank you for the opportunity. Great talking to you, great talking to you all.

Roderick B. Hall - *Goldman Sachs Group, Inc., Research Division - MD*

Thank you.

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