

Qualcomm

March 12, 2019

San Diego, CA

@qualcomm

Annual Meeting of Stockholders 2019



The Qualcomm logo is centered within a blue circle, which is itself centered within a larger, light gray circle. The background of the slide features a series of concentric circles in shades of gray.

Qualcomm

Jeff Henderson

Chairman of the Board, Qualcomm Incorporated

The Qualcomm logo is centered within a blue circle. This circle is set against a light gray background that features a larger, semi-transparent circle behind it, creating a layered effect.

Qualcomm

Steve Mollenkopf

CEO, Qualcomm Incorporated

Additional information and safe harbor

NON-GAAP FINANCIAL MEASURES

This presentation includes “non-GAAP financial measures” as that term is defined in Regulation G. Further discussion regarding our use of non-GAAP financial measures, as well as the most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to our financial results prepared in accordance with GAAP, are included at the end of this presentation.

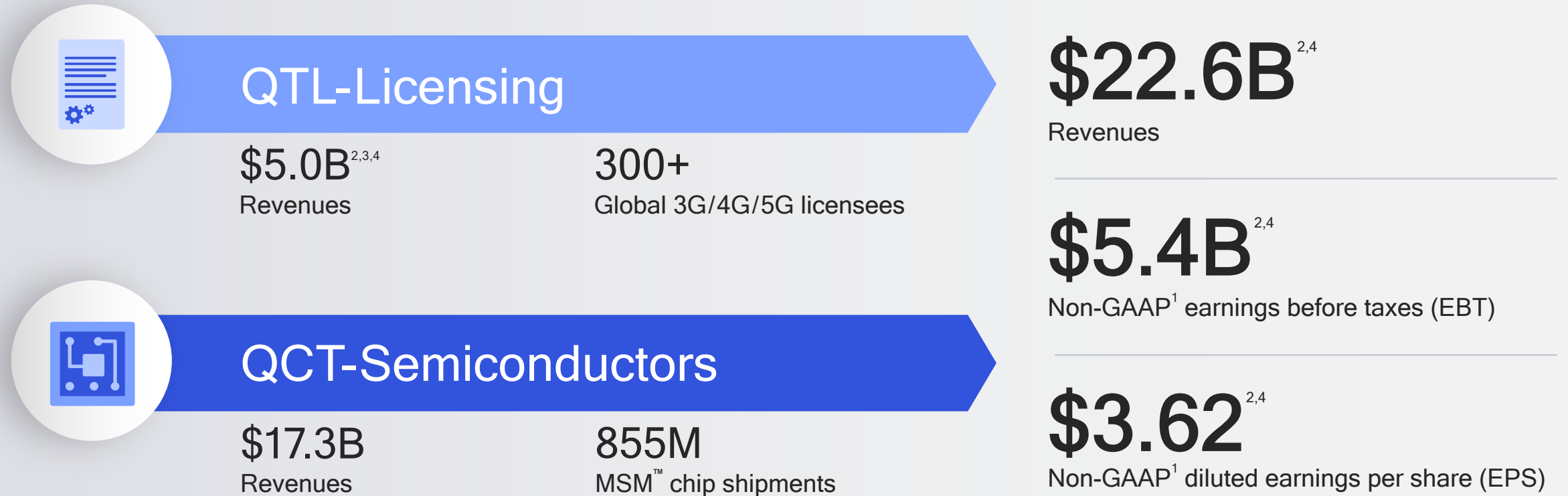
CORPORATE STRUCTURE / PRODUCT ATTRIBUTIONS

We refer to “Qualcomm” for ease of reference. However, in connection with our October 2012 reorganization, Qualcomm Incorporated continues to operate QTL and own the vast majority of our patent portfolio, while Qualcomm Technologies, Inc., its wholly-owned subsidiary, now operates, along with its subsidiaries, all of our products and services businesses, including QCT, and all of our research and development functions. Accordingly, any Qualcomm products referenced herein are products of Qualcomm Technologies, Inc. and/or its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements contained in this presentation that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding strongly positioning ourselves for future growth; our capital policy (including deferring any further decision on the dividend until we have greater clarity on the legal and regulatory issues facing the Company, our focus on improving return on invested capital (ROIC), our commitment to a strong investment-grade rating and our expectation that we will retain total liquidity of \$8B-\$10B); our intent to return significant capital to stockholders and drive stockholder value; 5G, accelerating our future growth through 5G leadership, and the potential economic impact of 5G; our proven strategy offering substantial, diversified growth opportunities; our business and growth opportunities, strategies and strategic priorities, including driving the transition to 5G, driving core mobile, and expanding opportunities in radio frequency front-end (RFFE) and adjacencies such as automotive, IoT, networking & connectivity and compute, and our momentum and positioning to take advantage of opportunities in these areas; our progress signing OEMs under our new 5G licensing framework; our cost plan; and the potential resolution of our licensing disputes. In addition, statements regarding our litigation with the U.S. Federal Trade Commission (FTC) and potential outcomes of that litigation; our expectation that Apple’s contract manufacturers and Huawei will continue to not pay royalties owed to us until their disputes with us are resolved, and the impact of such nonpayment and of potential resolutions of those disputes on our business and financial results; our technologies and technology leadership, products and product leadership, and product roadmap; new product releases and/or announcements; our business and share trends, as well as market, industry and geographic trends, their potential impact on our business, and our positioning to take advantage thereof; operating results for future years, growth in operating results and the factors contributing to future operating results; future serviceable addressable market size and growth; and our positioning to benefit from any of the above and potential benefits to our stockholders related to any of the above, are forward-looking statements. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to: commercial network deployments, expansions and upgrades of CDMA, OFDMA and other communications technologies, our customers’ and licensees’ sales of products and services based on these technologies and our customers’ demand for our products and services; competition in an environment of rapid technological change; our dependence on a small number of customers and licensees, which increasingly include a small number of Chinese OEMs; our dependence on the premium-tier device segment; attacks on our licensing business model, including current and future legal proceedings and governmental investigations and proceedings, including potential adverse outcomes relating to the Federal Trade Commission lawsuit against us, and actions of quasi-governmental bodies and standards and industry organizations; potential changes in our patent licensing practices, whether due to governmental investigations, private legal proceedings challenging those practices, or otherwise; the difficulties in enforcing and protecting our intellectual property rights; our ability to extend our technologies, products and services into new and expanded product areas and adjacent industry segments and applications outside of traditional cellular industries; risks associated with operation and control of manufacturing facilities of our joint venture, RF360 Holdings; the continued and future success of our licensing programs, which requires us to continue to evolve our patent portfolio, and which may be impacted by the proliferation of devices in new industry segments, and the need to extend license agreements that are expiring; our dependence on a limited number of third-party suppliers; claims by third parties that we infringe their intellectual property; strategic acquisitions, transactions and investments and our ability to consummate planned strategic acquisitions; our cost plan; our compliance with laws, regulations, policies and standards; our use of open source software; our stock price and earnings volatility; our indebtedness and our significant stock repurchase program; security breaches of our information technology systems or other misappropriation of our intellectual property or proprietary or confidential information; potential tax liabilities; global, regional or local economic conditions or political actions that impact the industries in which we operate; our ability to attract and retain qualified employees; foreign currency fluctuations; and failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2018 filed with the SEC. Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

Key fiscal 2018 results



We have strongly positioned ourselves for future growth

Stock repurchase plan and capital policy

\$86.5B cumulative return of capital to stockholders



Stock repurchase plan

- We have completed \$22B of the \$30B authorization*

*As of Q1FY19



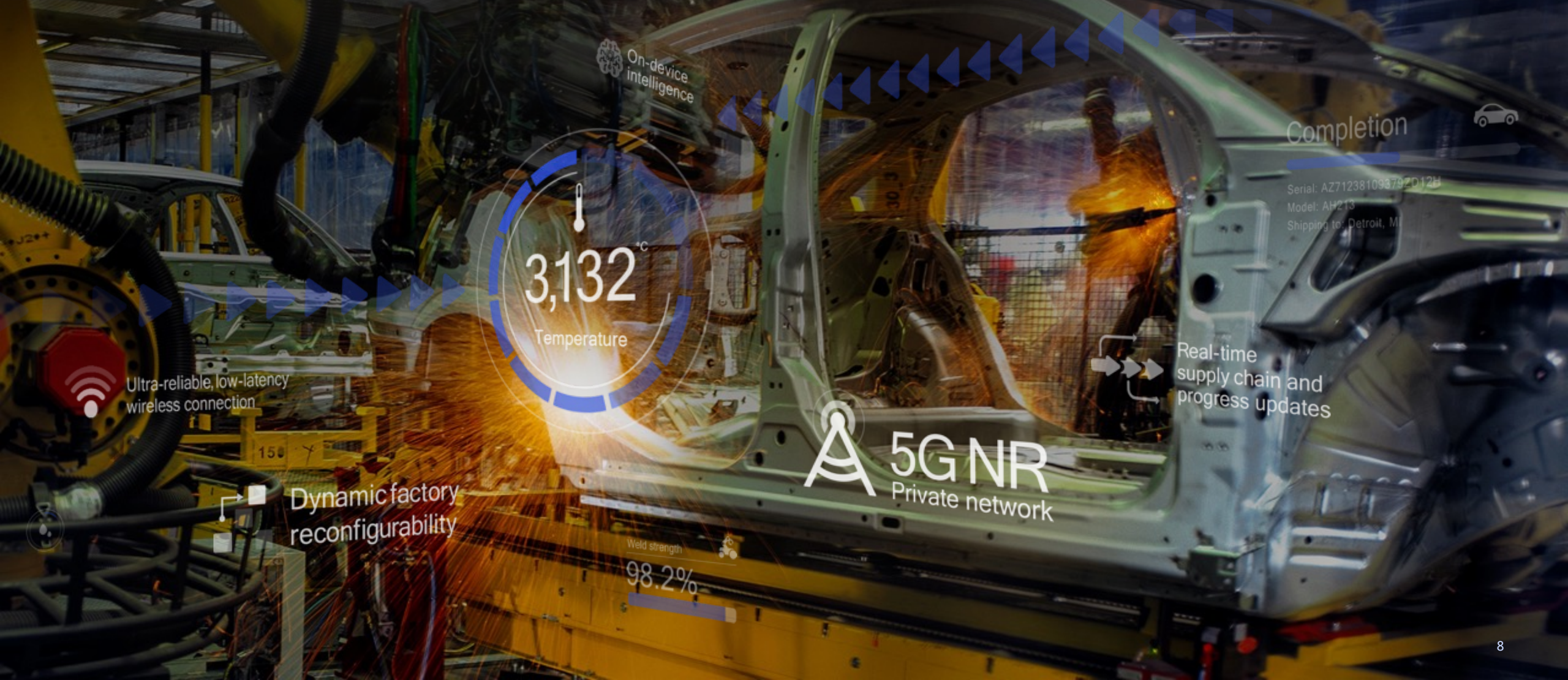
Capital policy

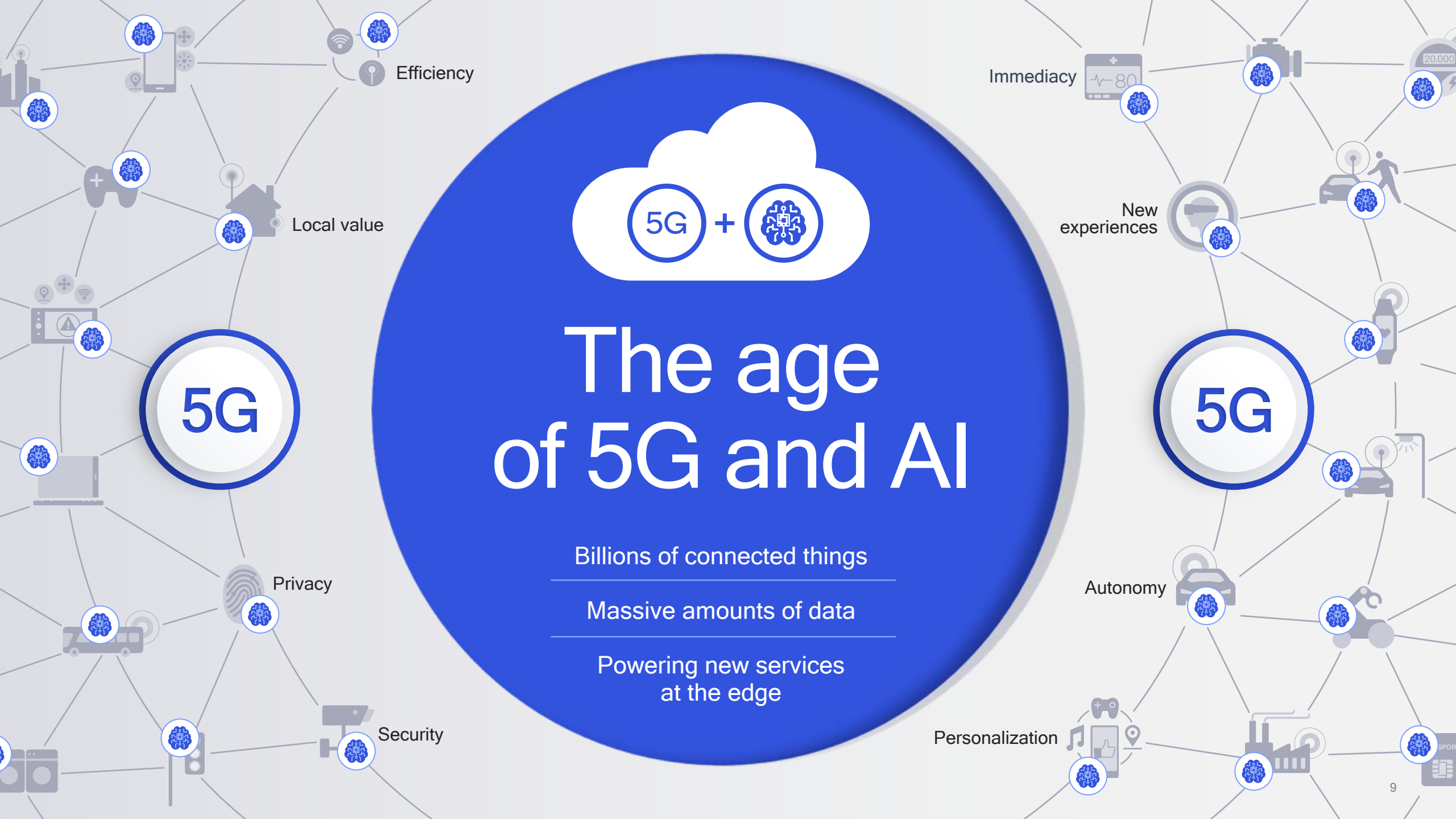
- No change to the quarterly dividend of \$0.62 at this time
- Continued focus on improving return on invested capital (ROIC)
- Long-term commitment to strong investment-grade rating
- Expect to target total liquidity of \$8B-\$10B

Operational update

- ✓ 5G product leadership
- ✓ Adjacent growth
 - RFFE – modem to antenna solutions
 - Automotive – >\$5.5B pipeline
 - C&N – Wi-Fi 6 leadership
- ✓ Core business execution
 - 100+ Qualcomm® Snapdragon™ 855 mobile platform design wins in development
- ✓ Investment discipline
 - Cost plan – on track*
 - Focused product roadmap
- ✓ 5G licensing framework
 - 35+ licensees have 5G agreements

The Invention Age





The age of 5G and AI

Billions of connected things

Massive amounts of data

Powering new services at the edge

5G

5G

Efficiency

Local value

Privacy

Security

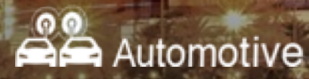
Immediacy

New experiences

Autonomy

Personalization

5G is here



5G rollout happening faster than 4G



Source: IHS Report Jan '19, Qualcomm Technologies data

Year 1 announcements underscore tremendous momentum with 5G

Making the impossible, inevitable

“5G smartphones will be too bulky”

“You won’t see any mainstream 5G launches”

“5G smartphones will have a poor battery life”

“mmWave won’t work in mobile environments”

“5G smartphones won’t be available in 2019”



Qualcomm® Snapdragon™ X50 5G modem family



Snapdragon 855 mobile platform



Qualcomm® 5G mmWave antenna modules



Qualcomm® 5G PowerSave



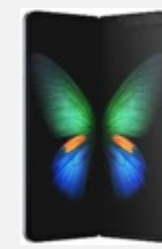
HTC 5G Hub



LG V50 ThinQ 5G



Nubia Mini 5G



Samsung Galaxy Fold 5G



Samsung Galaxy S10 5G



Xiaomi Mi MIX 3 5G



ZTE Axon 10 Pro 5G

What they said

What we invented

What the ecosystem created

Our 5G innovations are powering award-winning products



Snapdragon 5G
mobile platforms



HTC
5G Hub



LG
V50 ThinQ 5G



Samsung
Galaxy Fold 5G



Samsung
Galaxy S10 5G



Xiaomi
Mi MIX 3 5G



ZTE
Axon 10 Pro 5G

Best of MWC 2019 awards



The 5G opportunity will be massive

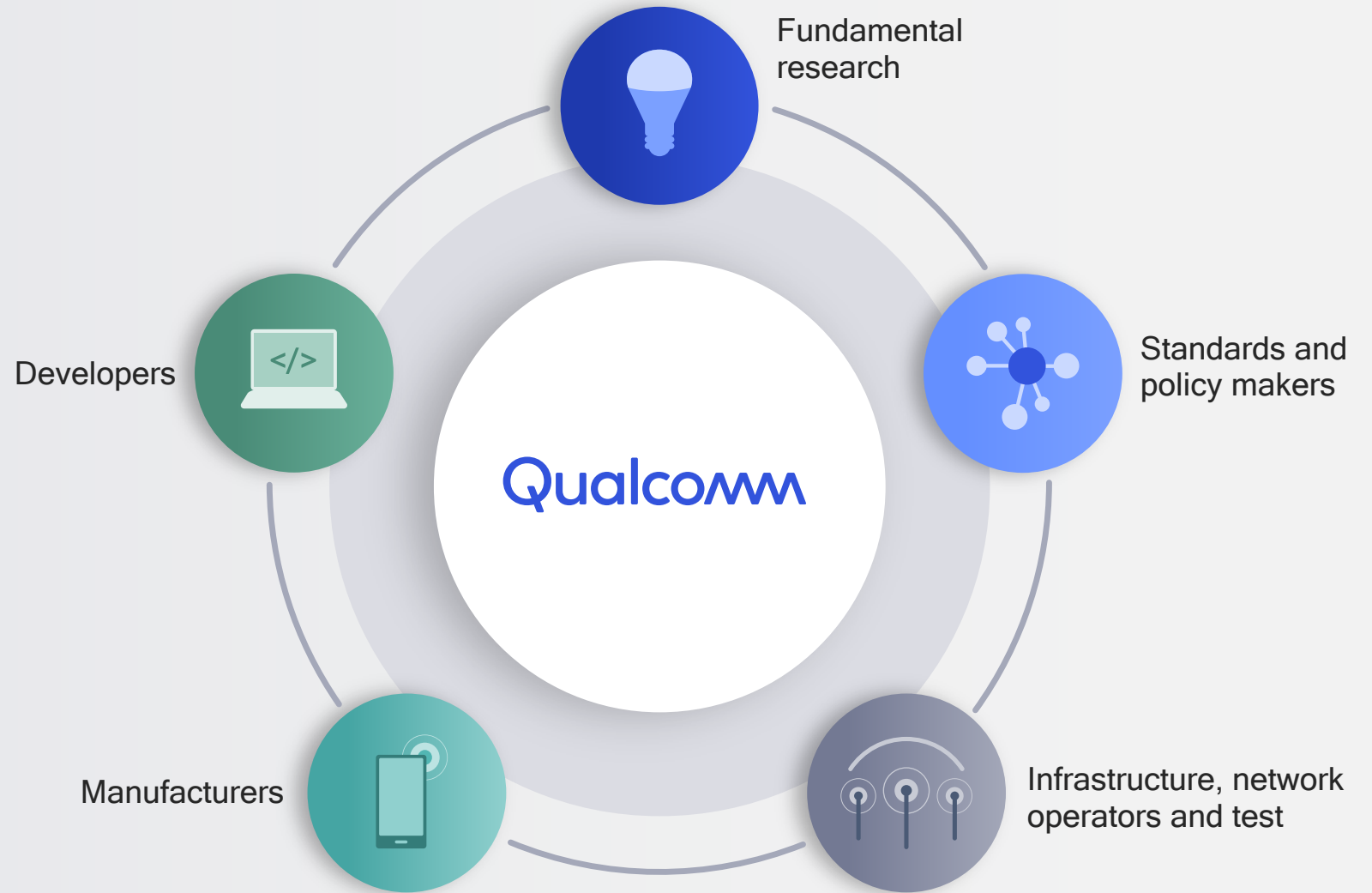
Qualcomm is uniquely positioned
to be a leader in the 5G era

\$12
Trillion*

In goods and services
enabled by 5G in 2035

*The 5G Economy, an independent study from IHS Markit, Penn Schoen Berland and Berkeley Research Group, commissioned by Qualcomm

A model
that powers
ecosystems
to growth



Legal and dispute update




U.S. Federal
Trade Commission

Apple
litigation

Huawei

Qualcomm 5G

Thank you

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References in this presentation to “Qualcomm” may mean Qualcomm Incorporated, Qualcomm Technologies, Inc., and/or other subsidiaries or business units within the Qualcomm corporate structure, as applicable. Qualcomm Incorporated includes Qualcomm’s licensing business, QTL, and the vast majority of its patent portfolio. Qualcomm Technologies, Inc., a wholly-owned subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, all of Qualcomm’s engineering, research and development functions, and all of its product and services businesses, including its semiconductor business, QCT.

Appendix



Footnotes

1. Non-GAAP results exclude the QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Further discussion regarding the Company's use of Non-GAAP financial measures and detailed reconciliations between GAAP and Non-GAAP results are included in this presentation.
2. In connection with the preparation of our condensed consolidated financial statements for the three months ended December 30, 2018, we identified an immaterial error related to the recognition of certain royalty revenues of our QTL (Qualcomm Technology Licensing) segment in the quarterly and annual periods in fiscal 2018 and third and fourth quarters and annual period in fiscal 2017. We have corrected this error in our GAAP and Non-GAAP results for all prior periods presented herein. See "Notes to Condensed Consolidated Financial Statements, Note 1. Basis of Presentation and Significant Accounting Policies Update" and "Note 11. Revision of Prior Period Financial Statements" included in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2018 filed with the SEC.
3. For fiscal 2018 and prior, royalties were recognized on an as reported basis, generally one quarter following the period in which our licensees' sales occur. Starting in the first quarter of fiscal 2019, we adopted new accounting guidance which required royalties to be estimated and recognized in the period in which our licensees' sales occur, resulting in an acceleration of royalty revenues by one quarter. As a result of recognizing revenues in the period in which our licensees' sales occur using estimates, adjustments to revenues are required in subsequent periods to reflect changes in estimates as new information becomes available, primarily resulting from actual amounts reported by our licensees.
4. Beginning in the third quarter of fiscal 2017, GAAP and Non-GAAP results have been negatively impacted by our dispute with Apple and its contract manufacturers (who are our licensees). QTL revenues in fiscal 2018 do not include royalties due on sales of Apple or other products by Apple's contract manufacturers. We expect the actions taken by these companies will continue until this dispute is resolved. QTL revenues in fiscal 2018 included \$600 million of royalties paid under an interim agreement with Huawei (who was previously disclosed as the other licensee in dispute). This amount represented partial payments for royalties due by Huawei while negotiations continue, and it does not reflect the full amount of royalties due under the underlying license agreement. If we do not reach a final agreement with Huawei prior to the conclusion of the interim agreement, Huawei may not make any other payments or may not make full payments under the existing license agreement.

Reconciliations



Note regarding use of Non-GAAP financial measures

The Non-GAAP financial information presented herein should be considered in addition to, not as a substitute for or superior to, financial measures calculated in accordance with GAAP. In addition, “Non-GAAP” is not a term defined by GAAP, and as a result, the Company’s measure of Non-GAAP results might be different than similarly titled measures used by other companies. Reconciliations between GAAP and Non-GAAP results used herein are presented herein.

The Company uses Non-GAAP financial information: (i) to evaluate, assess and benchmark the Company’s operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of the Company’s ongoing core operating businesses, including the QCT (Qualcomm CDMA Technologies) and QTL (Qualcomm Technology Licensing) segments; and (iii) to compare the performance and efficiency of these segments against competitors. Non-GAAP measurements used by the Company include revenues, cost of revenues, R&D expenses, SG&A expenses, other income or expenses, operating income, interest expense, net investment and other income, income or earnings before income taxes, effective tax rate, net income and diluted earnings per share. The Company is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. In addition, the Compensation Committee of the Board of Directors uses certain Non-GAAP financial measures in establishing portions of the performance-based incentive compensation programs for our executive officers. The Company presents Non-GAAP financial information to provide greater transparency to investors with respect to its use of such information in financial and operational decision-making. This Non-GAAP financial information is also used by institutional investors and analysts in evaluating the Company’s business and assessing trends and future expectations.

Non-GAAP information used by management excludes its QSI segment and certain share-based compensation, acquisition-related items, tax items and other items.

- QSI is excluded because the Company expects to exit its strategic investments in the foreseeable future, and the effects of fluctuations in the value of such investments and realized gains or losses are viewed by management as unrelated to the Company’s operational performance.
- Share-based compensation expense primarily relates to restricted stock units. Management believes that excluding non-cash share-based compensation from the Non-GAAP financial information allows

management and investors to make additional comparisons of the operating activities of the Company’s ongoing core businesses over time and with respect to other companies.

- Certain other items are excluded because management views such items as unrelated to the operating activities of the Company’s ongoing core businesses, as follows:
 - Acquisition-related items include amortization of certain intangible assets, recognition of the step-up of inventories to fair value and the related tax effects of these items, as well as any effects from restructuring the ownership of such acquired assets. Additionally, the Company excludes expenses related to the termination of contracts that limit the use of the acquired intellectual property, third-party acquisition and integration services costs and costs related to temporary debt facilities and letters of credit executed prior to the close of an acquisition. Starting with acquisitions in the second quarter of fiscal 2017, the Company excludes recognition of the step-up of property, plant and equipment from the net book value based on the original cost basis to fair value. Such charges related to acquisitions that were completed prior to the second quarter of fiscal 2017 continue to be allocated to the segments, and such amounts are not material.
 - The Company excludes certain other items that management views as unrelated to the Company’s ongoing business, such as major restructuring and restructuring-related costs, goodwill and indefinite- and long-lived asset impairments and awards, settlements and/or damages arising from legal or regulatory matters.
 - Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of the Company’s ongoing Non-GAAP tax rate and after tax earnings. In fiscal 2018, the Company excluded the full impact of the Toll Charge, including the portion that relates to earnings and profits of U.S.-owned foreign subsidiaries generated in the first quarter of fiscal 2018.

Fiscal 2018 results³

In millions, except per share data

	Non-GAAP results	QSI	Share-based compensation	Other items ¹	GAAP results
FY '18					
Revenue	\$22,611	\$100	\$ –	(\$100)	\$22,611
Earnings (loss) before tax	5,383	24	(883)	(4,132)	392
Net income (loss)	5,343	22	(743)	(9,586)	(4,964)
Diluted EPS ²	\$3.62	\$0.01	(\$0.50)	(\$6.53)	(\$3.39)
Diluted shares ²	1,475	1,475	1,475	1,475	1,463

1. In fiscal 2018, other items excluded from Non-GAAP revenues consisted of reductions to licensing revenues related to a portion of a business arrangement that resolved a legal dispute. Other items excluded from Non-GAAP EBT, Non-GAAP net income and Non-GAAP EPS included a \$2.0 billion charge related to a termination fee paid to NXP Semiconductors N.V., a \$1.2 billion charge related to the fine imposed by the European Commission (EC), \$836 million of acquisition-related charges, \$687 million of restructuring and restructuring-related charges related to our Cost Plan and \$10 million of interest expense related to the EC fine, partially offset by a \$676 million gain related to the Taiwan Fair Trade Commission (TFTC) settlement and \$8 million of foreign currency transaction gains related to the EC and TFTC fines, net of associated losses on derivative instruments. Other items excluded from Non-GAAP net income and Non-GAAP EPS also included a \$5.8 billion charge related to the combined effect of the repatriation tax on deemed repatriated earnings and profits of U.S.-owned foreign subsidiaries, the remeasurement of deferred tax assets and liabilities and our decision to no longer indefinitely reinvest certain foreign earnings, all of which relate to the Tax Cuts and Jobs Act (Tax Legislation), and an \$8 million increase in unrecognized tax benefits, partially offset by tax benefits of \$165 million for the combined effect of other items in EBT, \$147 million for the tax effect of acquisition-related items in EBT and \$2 million from a new tax incentive agreement in Singapore.
2. As a result of the net loss in our GAAP results in fiscal 2018, all of the common share equivalents issuable under share-based compensation plans had an anti-dilutive effect and were therefore excluded from the computation of GAAP diluted loss per share. The diluted EPS impacts of a \$5.7 billion charge resulting from the Tax Legislation recorded in fiscal 2018 was calculated using the GAAP diluted shares. Amounts in all other columns included the common share equivalents issuable under share-based compensation plans in the calculation of diluted earnings per share because the Company reported Non-GAAP net income.
3. In connection with the preparation of our condensed consolidated financial statements for the three months ended December 30, 2018, we identified an immaterial error related to the recognition of certain royalty revenues of our QTL segment in the quarterly and annual periods in fiscal 2018 and third and fourth quarters and annual period in fiscal 2017. We have corrected this error in our GAAP and Non-GAAP results for all prior periods presented herein. See “Notes to Condensed Consolidated Financial Statements, Note 1. Basis of Presentation and Significant Accounting Policies Update” and “Note 11. Revision of Prior Period Financial Statements” included in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2018 filed with the SEC.

Sums may not equal totals due to rounding.