

Qualcomm

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@qualcomm





## Key financial priorities



Revenue  
growth



Diversification



Operating  
discipline



Capital  
allocation

# Significantly exceeding 2019 Analyst Day targets

One year in advance

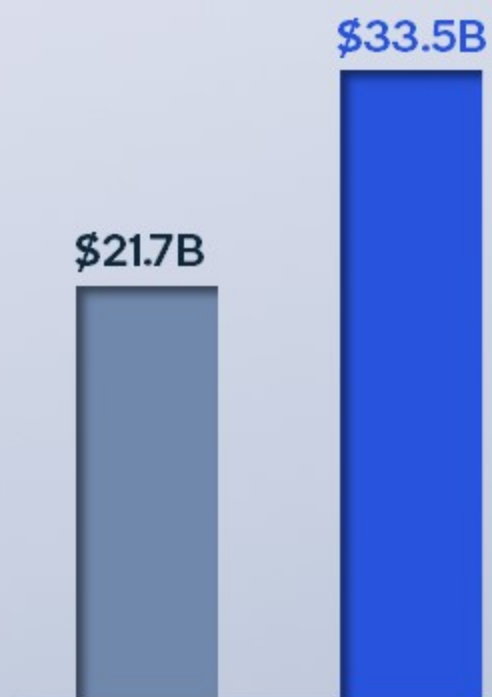


**FY21:**  
**Record year**  
**across key**  
**Non-GAAP**  
**metrics**

- FY20
- FY21

### Revenues

+55%



### Operating income

+98%



### Earnings per share

+104%



**QCT record**  
revenue growth  
beyond handsets

- FY20
- FY21

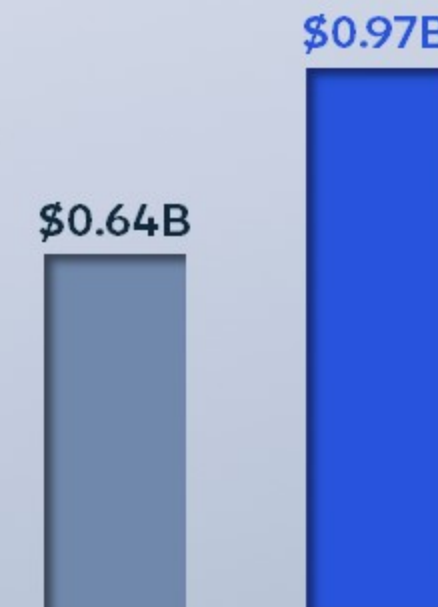
**RF front-end**

+76%



**Automotive**

+51%



**IoT**

+67%



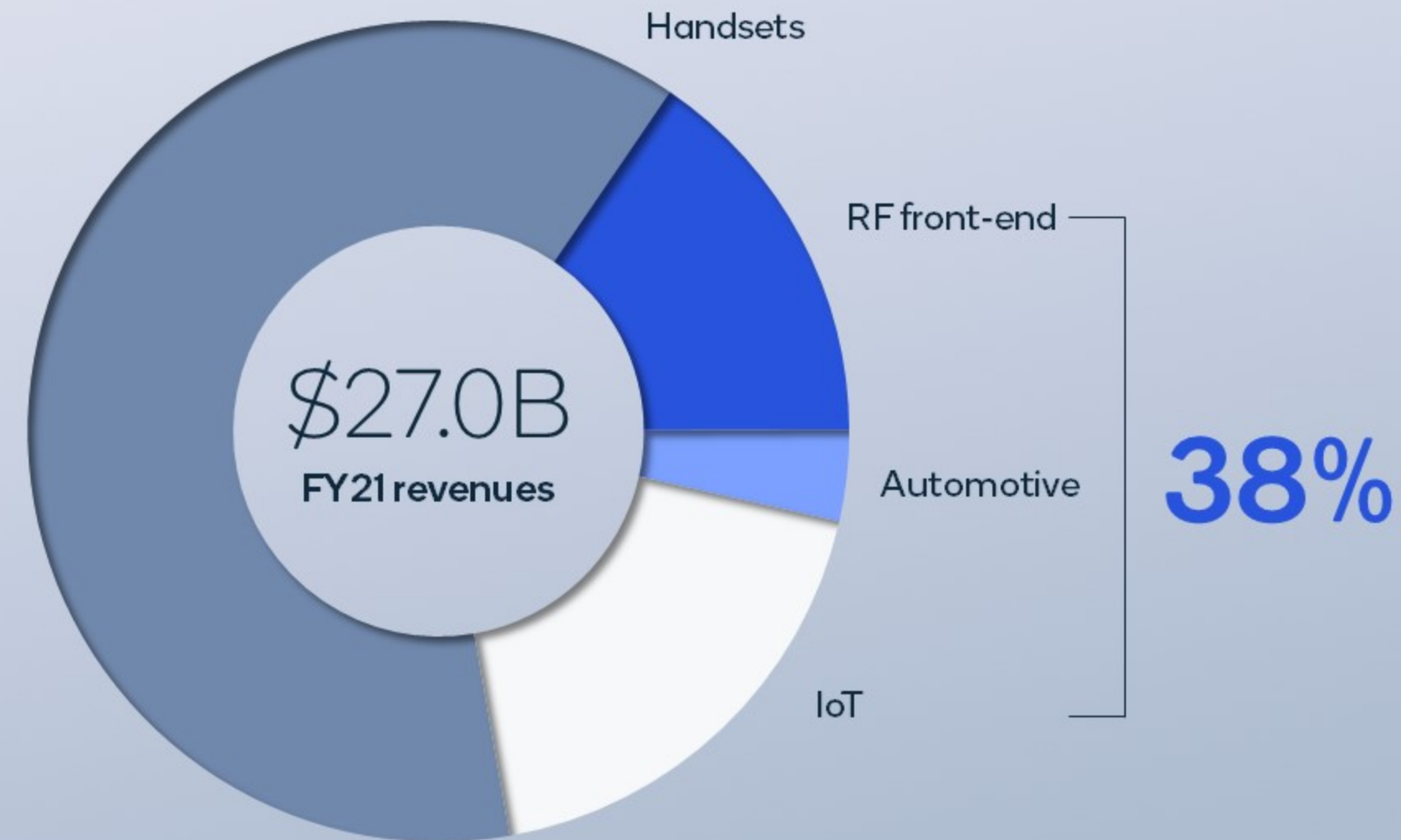


## QCT revenue diversification

Non-handset revenues more than doubled over two years

Combined revenues across RF front-end, Automotive and IoT

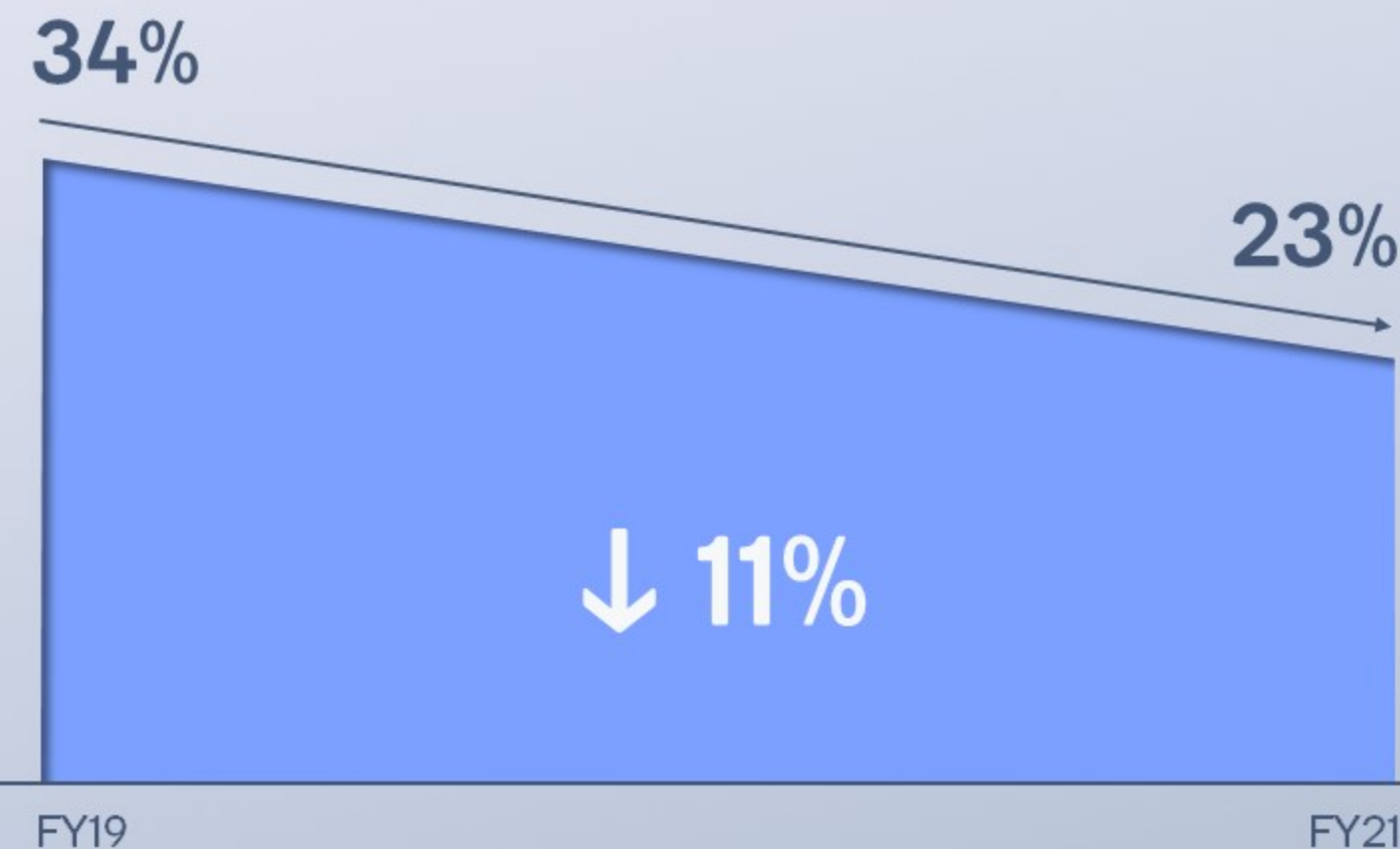
$\$4.8\text{B}$   $\longrightarrow$   $\$10.2\text{B}$   
FY19 FY21



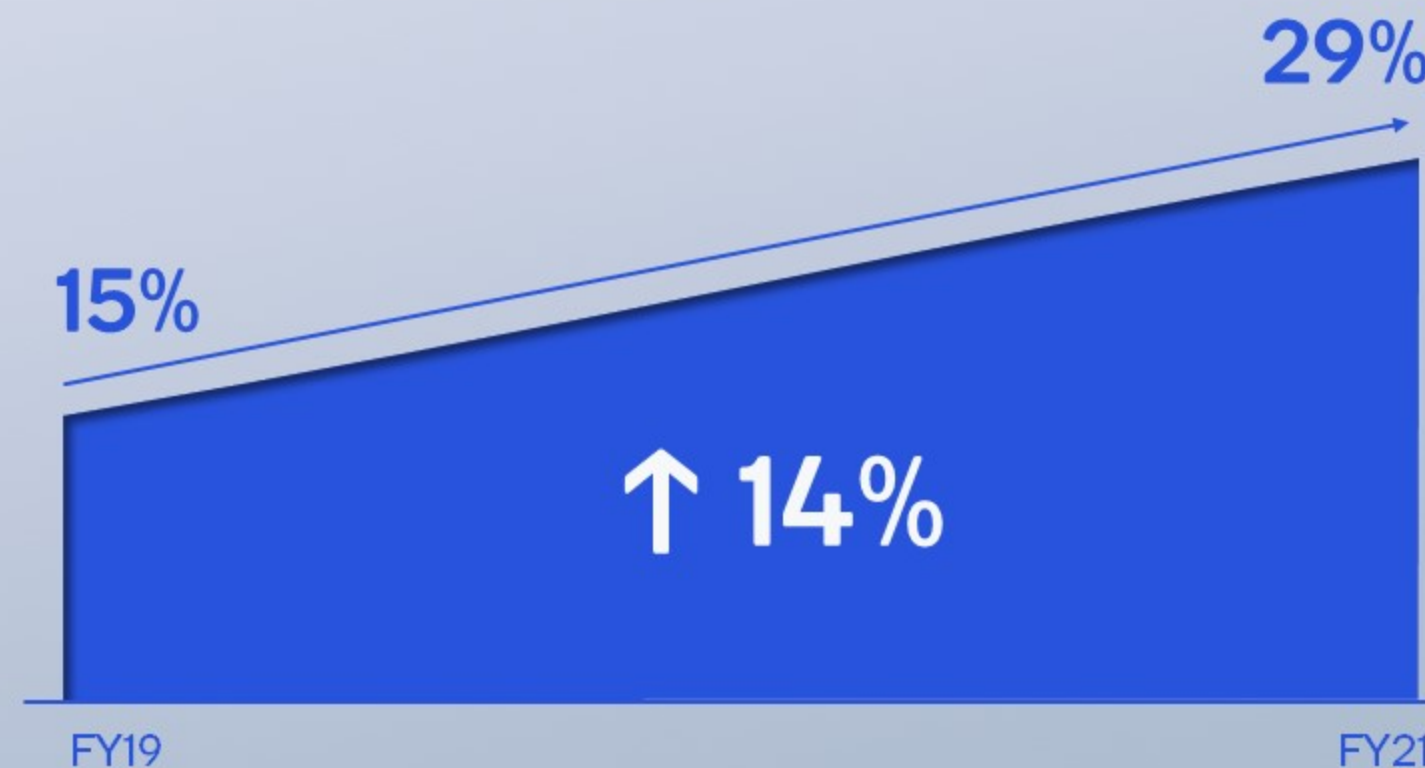
## Operating margin expansion

One technology roadmap across all products

Non-GAAP OpEx<sup>1</sup> as % of revenues



QCT EBT<sup>2</sup> margin



1. Operating Expense (OpEx) = Combined Non-GAAP R&D and SG&A expense

2. EBT = Earnings before taxes

# Qualcomm's commitment to ESG

## Net-zero

across global greenhouse gas emissions for Scopes 1, 2, 3 by 2040



100%

renewable purchased electricity for our San Diego headquarters



50%

reduction in Scope 1 and 2 greenhouse gas emissions by 2030



25%

reduction in Scope 3 greenhouse gas emissions by 2030



10%

reduction in power consumption every year<sup>1</sup> in our Snapdragon products by 2025

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

## 5G adoption improves energy efficiency across industries

<sup>1</sup>. Given equivalent features

Source: Environmental sustainability and a green economy: The transformative role of 5G (Qualcomm report), September 2021; Snapdragon platforms are products of Qualcomm Technologies, Inc. and/or its subsidiaries



# QCT



## Handsets

Snapdragon is the platform of choice for premium- and high-tier Android smartphones



## RF front-end

Redefine connectivity as modem + RF front-end and expand across industries



## Automotive

Preferred partner for the digital chassis



## IoT

Connectivity and smart processing for the cloud-connected edge

# QTL



## Licensing

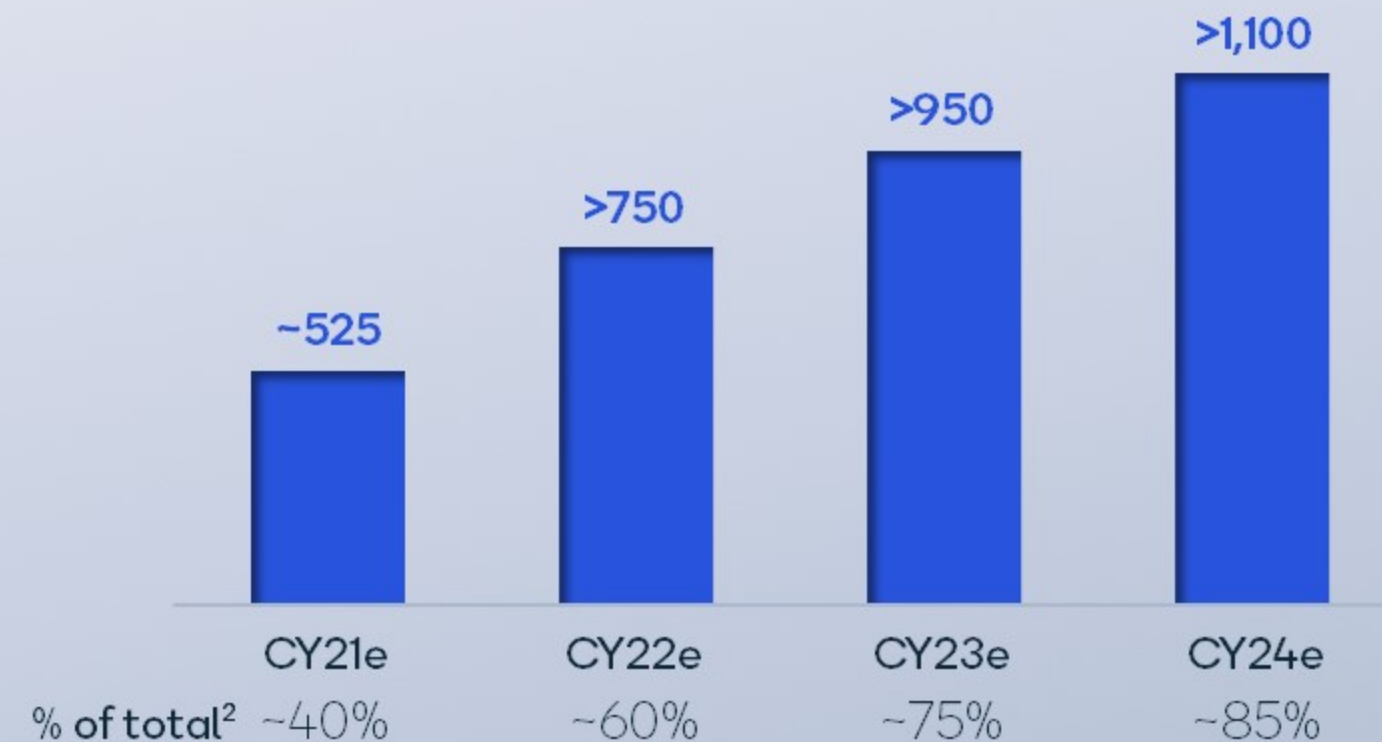
Industry-leading licensing program

## 5G is a long-term growth driver for Qualcomm

1. IDC and ABI Research, August and July 2021;  
internal analysis  
2. Internal estimates

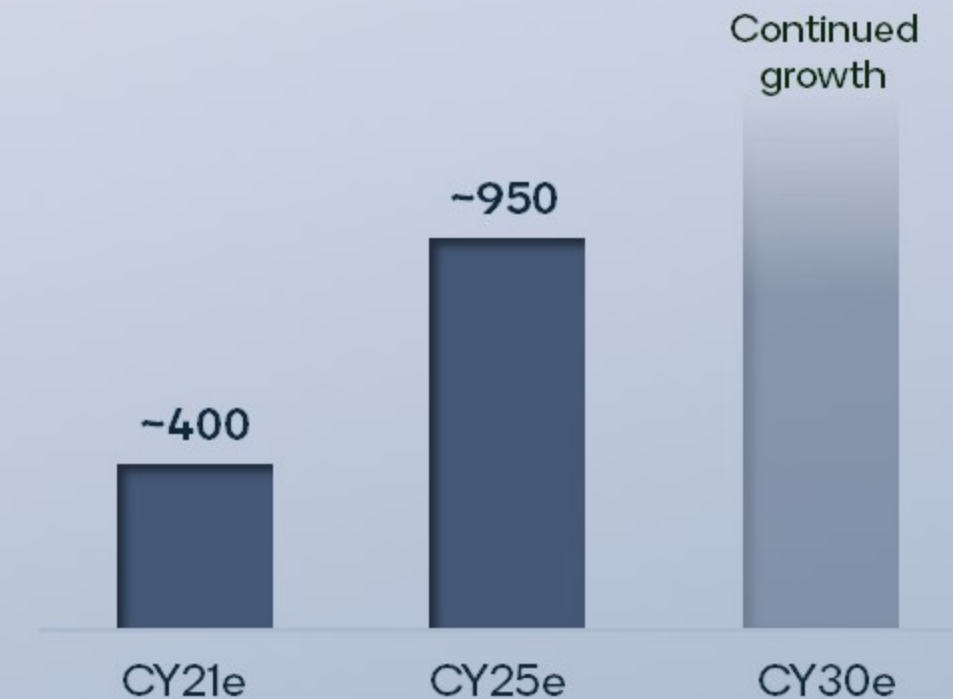
### 5G handset shipments<sup>1</sup>

Units in millions



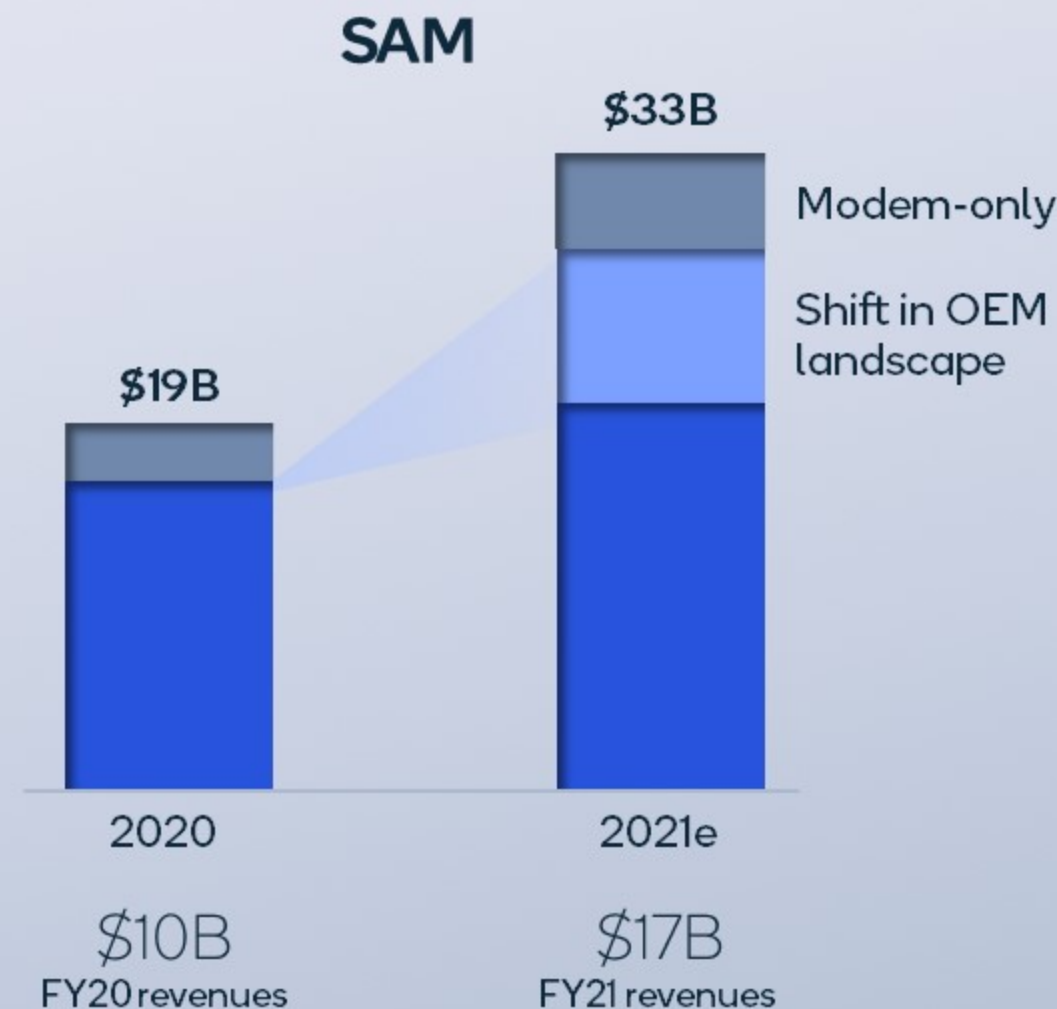
### 3G/4G/5G non-handset shipments<sup>1</sup>

Units in millions



## QCT Handsets: SAM expansion in FY21

SAM: Serviceable Addressable Opportunity  
Source: A combination of third-party and internal  
estimates for calendar year



## SAM growth drivers

- 4G→5G transition
- Increased Snapdragon features and content

## Shift in OEM landscape

- Chinese OEMs gaining share
- Expands premium- and high-tier opportunity

**SAM expansion from shift in  
OEM landscape larger than  
modem-only opportunity**



## Android scale in handsets

QCT FY21 Android revenues  
~40% higher than  
primary competitor

~85%

of CY22 global handsets

~87%

of QCT CY22 handset SAM

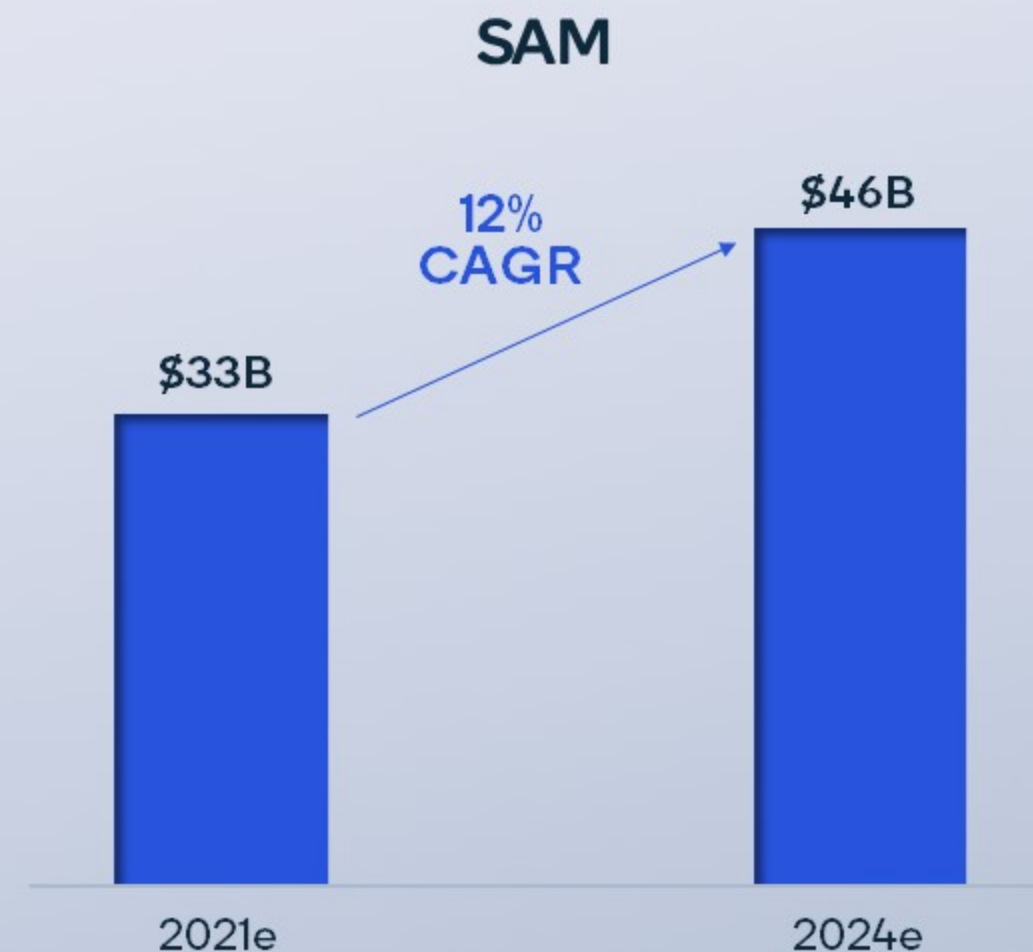


## QCT Handsets: Revenue growth opportunity

SAM: Serviceable Addressable Opportunity

Source: A combination of third-party and internal estimates for calendar year

1. Growth includes handset and RF front-end content; 2. Over the next 12 to 24 months



## SAM growth drivers

- 4G→5G transition: 1.5x ASP multiplier<sup>1</sup>
- Increased Snapdragon features and content

## Revenue grows at least in-line with SAM

- Planning assumption: 20% share of iPhone 2023 launch

## Android revenue grows significantly faster than SAM

## Commitments from all major OEMs<sup>2</sup>

## RF front-end: Positioned to be the global revenue leader



### Handsets

#1 in revenues — \$3.9B FY21

Continued migration to 5G

OEM landscape shift

mmW global adoption



### Automotive

>\$0.6B current design-win pipeline<sup>1</sup>

~70% of 2024 cars connected<sup>2</sup>

5G RF content/car: up to \$30



### IoT

~\$0.3B FY21 revenues

5G adoption: wireless fiber, tablets,  
PC, XR, wearables

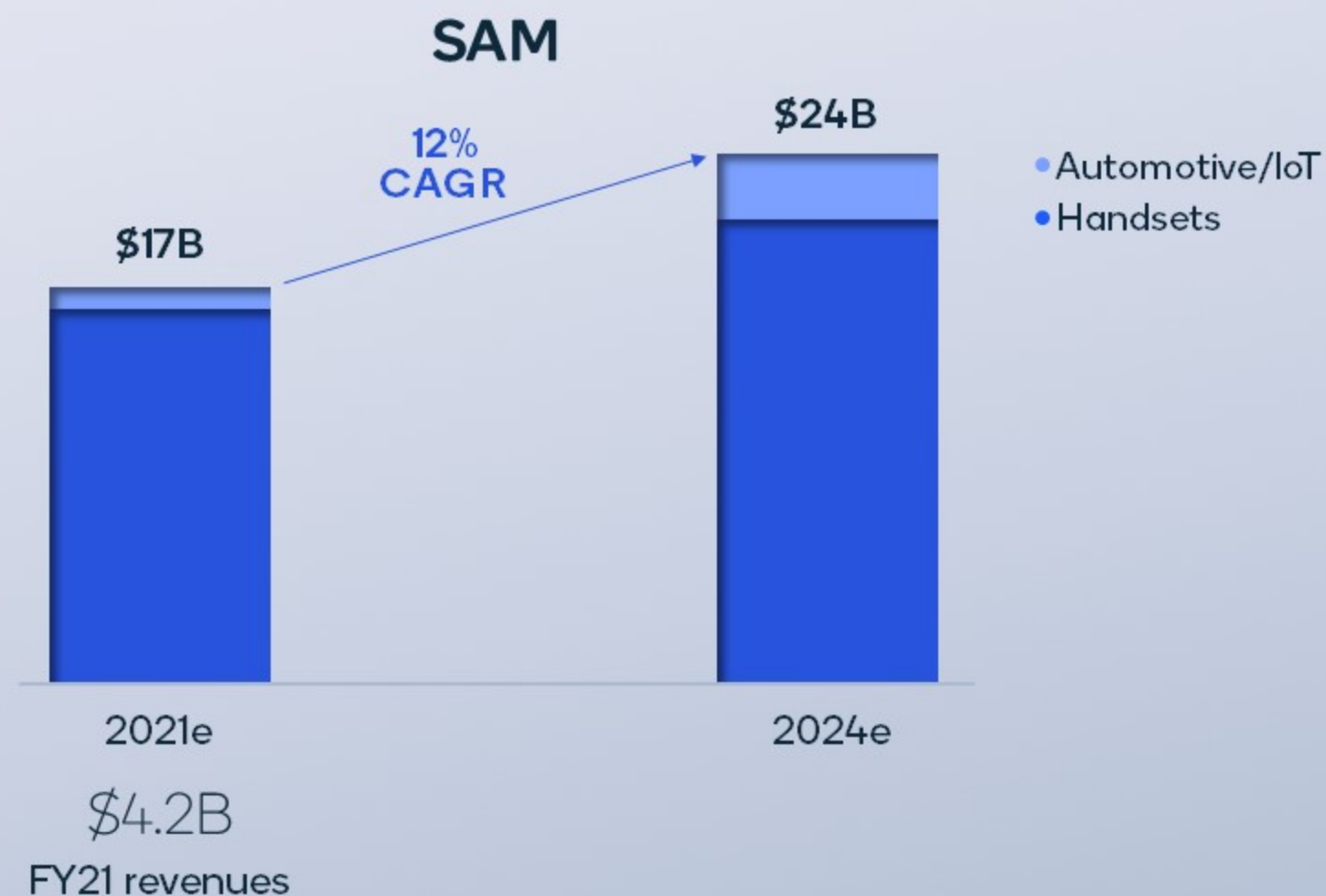
Drive adoption with Wi-Fi 7

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Extend handset leadership with modem-to-antenna solutions



## RF front-end: Revenue growth opportunity



## SAM growth drivers

- 4G→5G transition
- Automotive and IoT

Revenue grows at least in-line  
with SAM

Non-Apple revenue grows  
significantly faster than SAM

Commitments from all major OEMs<sup>1</sup>

SAM: Serviceable Addressable Opportunity

Source: A combination of third-party and internal estimates for calendar year

1. Over the next 12 to 24 months

## **Snapdragon** digital chassis

A platform for the future  
of automotive

### **Snapdragon** car-to-cloud

Pre-integrate software and  
services platforms to drive  
new monetization models

### **Snapdragon** ride platform

Scale ADAS L2+ with  
Arriver<sup>1</sup> and integrate  
platform into digital chassis



### **Snapdragon** cockpit platform

Transform the in-car  
experience and provide  
window to services

### **Snapdragon** auto connectivity

Transition industry to 5G  
connected car and  
intelligent transportation

>10x

Future silicon + software  
opportunity per car across  
telematics, digital cockpit  
and ADAS



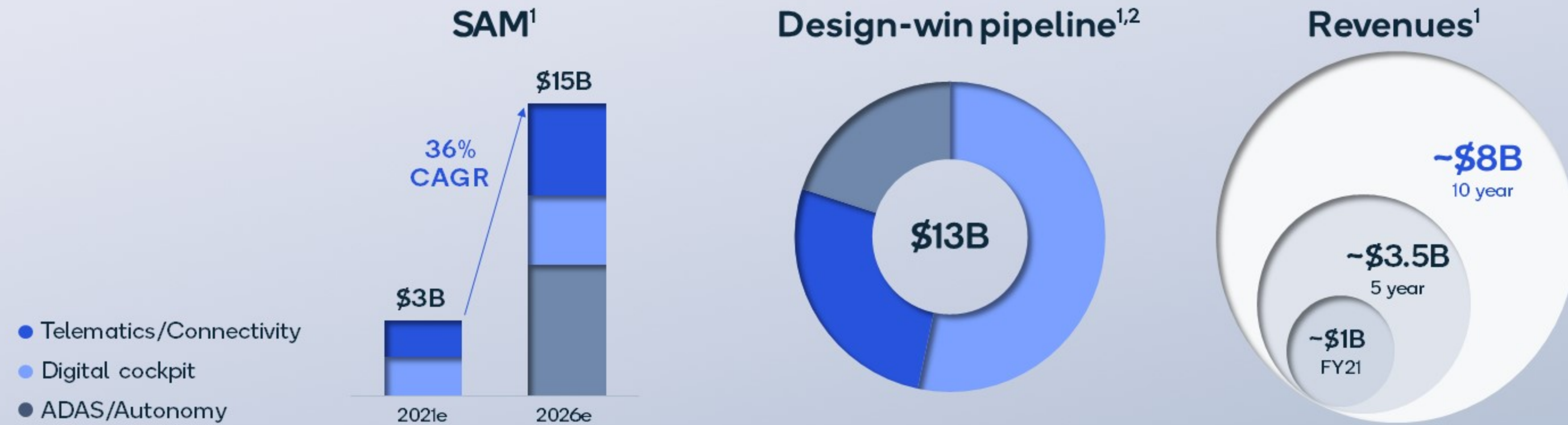
## Automotive: Revenue growth opportunity

SAM: Serviceable Addressable Opportunity

1. Includes Arriver/ADAS Software (Arriver expected to close in 2022, subject to regulatory approval and other closing conditions)

2. As of 11/16/2021

Source: A combination of third-party and internal estimates for calendar year



### High confidence: 70% revenue coverage over next five years forecast

- Design-win pipeline doubled since 2019 Analyst Day
- SAM expansion with increasing telematics, connectivity and digital cockpit content with inclusion of ADAS/autonomy



## IoT:

Diversified revenues

One technology  
roadmap

Nearly 14K customers

Top 10 customers = 42% of revenues

### Consumer



Compute



XR



Wearables



Consumer  
electronics

### Edge Networking



5G  
wireless fiber



Wi-Fi  
access points



vRAN infrastructure

### Industrial



Retail



Smart cities

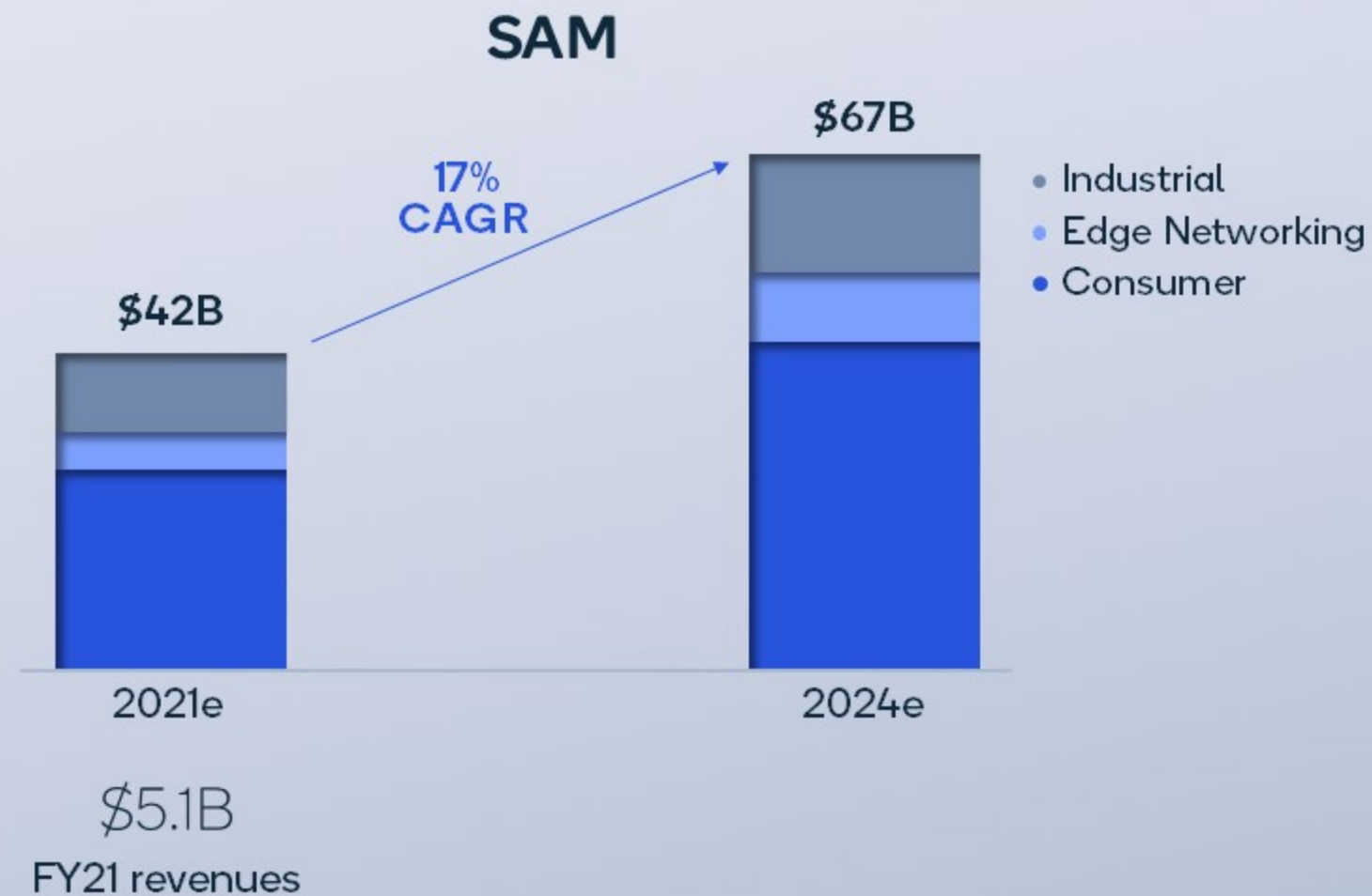


Energy



Manufacturing

## IoT: Revenue growth opportunity



## Digital transformation drives SAM growth and demand for mobile technologies

- Consumer growth driven by Windows PC and XR/metaverse devices
- Edge Networking growth driven by wireless fiber and enterprise transformation of the home
- Industrial growth across several verticals

**Grow revenues up to \$9B in FY24**

# QTL opportunity: **Maintain current revenue scale and margin profile**

Strong cash flow supports R&D investments

## Handset

Represents >90% of current licensing revenues

Every major handset OEM licensed

All OEMs obligated to pay royalties independent of chipset supply relationship

Upside: 5G ASP increase and faster replacement rates

## Non-handset

Established program in Automotive and IoT modules

Automotive: strong trend towards connected cars

IoT: 5G adoption across tablets, PCs, wearables, XR, wireless fiber, industrial applications

Upside: accelerated 5G adoption in IoT





# Transformative growth opportunities | 7x TAM expansion in the next decade



## PC

~250M units per year<sup>1</sup>

\$35B+ chip revenue SAM<sup>1</sup>

Arm transition

Snapdragon + Next-gen CPU leadership



## XR/Metaverse

50+ Snapdragon AR/VR devices launched

~90% share of global design wins

Chinese OEM product launches starting 2023

Up to 1B units in 10 years<sup>2</sup>



## Industry 4.0<sup>3</sup>

\$50–\$100B SAM long-term

Target 10% share

10-year digital transformation impact



## ADAS

Arriver<sup>4</sup> software and Snapdragon Ride

Integrated roadmap with OEMs

BMW and GM cornerstone customers

10-year revenue ramp starting in 2024

SAM: Serviceable Addressable Opportunity

Source: A combination of third-party and internal estimates

1. Internal analysis, IDC August 2021 (expected to remain constant through CY25. Units per year excludes desktops. Chip revenue SAM includes laptops and desktops); 2. Morgan Stanley November 11, 2021; 3. A combination of third-party and internal estimates through CY25; 4. Acquisition expected to close in 2022, subject to regulatory approval and other closing conditions

# Our M&A model

## Successful acquisitions



RF front-end technology



OFDMA technology



Wi-Fi and networking



Position location



Bluetooth and audio

## Recent



Next-gen CPU

## Pending<sup>1</sup>



ADAS software

**Strong track record of transforming acquisitions into industry leaders**

**M&A model to remain consistent**

- Technology and team acquisitions
- Business acquisitions to accelerate existing strategy
- Opportunistically consider larger acquisitions

1. Acquisition expected to close in 2022, subject to regulatory approval and other closing conditions



## Capital structure priorities

90% of free cash flow<sup>1</sup> returned to stockholders in the last two years



175% of free cash flow<sup>1</sup> returned to stockholders in the last five years



## Consistent capital return strategy

### Continue to grow dividends

- \$2.72 current annualized dividend

### Baseline of anti-dilutive buybacks

- Announced a new \$10B stock authorization (expect \$2–3B per year)

### Incremental opportunistic buybacks

### Strong balance sheet and investment grade rating

- A2/A- stable rating<sup>2</sup>

1. Non-GAAP

2. S&P Global Rating and Moody's Investor Services Inc.



## Three-year financial targets

FY22–FY24

1. Includes Arriver (acquisition expected to close in 2022,  
subject to regulatory approval and other closing conditions)

### QCT: Mid-teens revenue CAGR and 30%+ operating margin

Apple % of QCT revenues: low single digit exiting FY24

Handset and RF front-end revenues: grow at least in-line with 12% SAM CAGR

Automotive<sup>1</sup> revenues: ~\$3.5B in five years and ~\$8B in 10 years

IoT revenues: up to \$9B in FY24

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### QTL: Current revenue scale and margin profile

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### Non-GAAP OpEx as % of revenues: 21%–23%

Tax: 14% pending potential tax reform | Shares: 1.15B

# Key takeaways

Cloud economy adoption has accelerated demand for the **connected intelligent edge**

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**Diversified revenue growth** across large addressable opportunities

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Leading **technology roadmap** that extends across all growth opportunities

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Financial discipline and **focused execution**

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**Strong operating cash flow** and consistent capital return policy

# Thank you

Qualcomm

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# Safe harbor

In addition to historical information, this presentation contains forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding: our business, product, technology, financial and acquisition strategies, priorities, plans, drivers, opportunities, outlook, estimates, targets and expectations; our growth opportunities, including in 5G, Handsets, RF Front-End, Automotive and IoT, and our being well positioned to take advantage of those opportunities; the continued evolution of 5G technology, including the anticipated timing of future 3GPP releases and the additional capabilities and use cases that will be enabled thereby; our technologies, technology leadership and technology roadmap; our products, product performance, product leadership, product pipeline, product mix and product roadmap; new product releases, announcements and design wins; the benefits of our technologies, products, business model and early investments in research and development; our business and share trends, as well as market and industry trends and their potential impact on our business and our positioning to take advantage thereof; our pending acquisition of Veoneer's Arriver business, including the timing and anticipated benefits thereof; anticipated demand for our products and technologies; supply issues, including anticipated improvements to the supply constraints affecting the industry and the timing thereof; our capital allocation strategy, including anticipated dividend growth and

share repurchases; our estimates for global handset and non-handset shipments; our estimates, forecasts and guidance related to our financial results; and our goals relating to reduction of greenhouse gas emissions. 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: the impact of the COVID-19 pandemic, and government policies and other measures designed to limit its spread; our dependence on a small number of customers and licensees, and particularly from their sale of premium-tier devices; our customers vertically integrating; a significant portion of our business being concentrated in China, which is exacerbated by U.S./China trade and national security tensions; our ability to extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets; our strategic acquisitions, transactions and investments, and our ability to consummate strategic acquisitions; our dependence on a limited number of third-party suppliers; risks associated with the operation and control of our manufacturing facilities; security breaches of our information technology systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information; our ability to attract and

retain qualified employees, and to successfully operate under a hybrid working environment; the continued and future success of our licensing programs, which requires us to continue to evolve our patent portfolio and to renew or renegotiate license agreements that are expiring; efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property, and other attacks on our licensing business model; potential changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise; adverse rulings in governmental investigations or proceedings; our customers' and licensees' sales of products and services based on CDMA, OFDMA and other communications technologies, including 5G, and our customers' demand for our products based on these technologies; competition in an environment of rapid technological change, and our ability to adapt to such change and compete effectively; failures in our products or in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors; difficulties in enforcing and protecting our intellectual property rights; claims by third parties that we infringe their intellectual property; our use of open source software; the cyclical nature of the semiconductor industry, declines in global, regional or local economic conditions, or our stock price and earnings volatility; our ability to comply with laws, regulations, policies and standards; our indebtedness; and potential tax liabilities. These and other risks are set forth in our

Annual Report on Form 10-K for the fiscal year ended September 26, 2021 filed with the SEC. Our reports filed with the SEC are available on our website at [www.qualcomm.com](http://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.

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 (accounting principles generally accepted in the United States) financial measures and information reconciling these Non-GAAP financial measures to our financial results prepared in accordance with GAAP, are included in this presentation.

References to "Qualcomm" refer to Qualcomm Incorporated and/or its subsidiaries, as applicable. Qualcomm Incorporated includes QTL and the vast majority of our patent portfolio. Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, substantially all of our engineering, research and development functions and substantially all of our products and services businesses, including QCT.



## **Note regarding use of Non-GAAP financial measures**

This presentation includes “Non-GAAP financial measures” as that term is defined in Regulation G. The Non-GAAP financial measures presented herein should be considered in addition to, not as a substitute for or superior to, financial measures calculated in accordance with GAAP. Reconciliations between GAAP and Non-GAAP financial measures are provided below. Non-GAAP results exclude the QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Other items excluded from Non-GAAP results include third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and indefinite- and long-lived asset impairment charges and litigation settlements and/or damages. We define free cash flow as net cash provided by operating activities less capital expenditures and percentage return of our free cash flows to stockholders as cash paid to repurchase shares of our common stock and cash dividends paid divided by free cash flow.

# Reconciliations of GAAP to Non-GAAP financial measures

Free cash flow and return of our free cash flow to stockholders

<i>In millions, except percentages</i>	FY2021	FY2020	Sum of 2 years	FY2019	FY2018	FY2017	Sum of 5 years
Net cash provided by operating activities	\$10,536	\$5,814	\$16,350	\$7,286	\$3,908	\$5,001	\$32,545
Capital expenditures	(1,888)	(1,407)	(3,295)	(887)	(784)	(690)	(5,656)
<b>Free cash flow (Non-GAAP)</b>	<b>\$8,648</b>	<b>\$4,407</b>	<b>\$13,055</b>	<b>\$6,399</b>	<b>\$3,124</b>	<b>\$4,311</b>	<b>\$26,889</b>
Cash paid to repurchase shares of our common stock	\$3,366	\$2,450	\$5,816	\$1,793	\$22,580	\$1,342	\$31,531
Cash dividends paid	3,008	2,882	5,890	2,968	3,466	3,252	15,576
<b>Total return of capital to stockholders</b>	<b>\$6,374</b>	<b>\$5,332</b>	<b>\$11,706</b>	<b>\$4,761</b>	<b>\$26,046</b>	<b>\$4,594</b>	<b>\$47,107</b>
Total return of capital to stockholders as a percentage of net cash provided by operating activities			72%				145%
Total return of capital to stockholders as a percentage of free cash flow (Non-GAAP)			90%				175%



# Reconciliations of GAAP to Non-GAAP Results

<i>In millions, except per share data</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items (1)(2)	Non-GAAP Results
<b>Fiscal 2021</b>					
Revenues	\$33,566	\$45	\$-	\$54	\$33,467
Operating income (loss)	9,789	22	(1,670)	(335)	11,772
Net income (loss)	9,043	751	(1,235)	(284)	9,811
Diluted earnings per share	\$7.87	\$0.65	(\$1.07)	(\$0.25)	\$8.54
Diluted Shares	1,149	1,149	1,149	1,149	1,149
<b>Fiscal 2020</b>					
Revenues	\$23,531	\$36	\$-	\$1,841	\$21,654
Operating income (loss)	6,255	13	(1,212)	1,522	5,932
Net income (loss)	5,198	(3)	(974)	1,359	4,816
Diluted earnings per share	\$4.52	\$-	(\$0.85)	\$1.18	\$4.19
Diluted Shares	1,149	1,149	1,149	1,149	1,149

1. In fiscal 2021, other items excluded from Non-GAAP revenues were comprised of revenues related to the release of a variable constraint against revenues that were previously excluded from our Non-GAAP results. Other items excluded from Non-GAAP results also included \$260 million of acquisition-related charges and \$4 million of restructuring-related losses, partially offset by a \$7 million gain related to a favorable legal settlement. Other items excluded from Non-GAAP results also included \$132 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses.

2. In fiscal 2020, other items excluded from Non-GAAP results included \$1.8 billion resulting from the settlement agreement with Huawei and royalties for sales made in the March 2020 and June 2020 quarters under the new global patent license agreement with Huawei, \$329 million of acquisition-related charges and \$2 million of charges related to restructuring-related activities, partially offset by a \$28 million gain related to a favorable legal settlement. Other items excluded from Non-GAAP results also included \$17 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses.



# Reconciliations of GAAP to Non-GAAP financial measures

## Operating Expenses as a Percent of Revenues

<i>In millions, except percentages</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items (1)(2)	Non-GAAP Results
<b>Fiscal 2021</b>					
Revenues	\$33,566	\$45	\$-	\$54	\$33,467
Combined R&D and SG&A expenses	9,515	16	1,623	161	7,715
Combined R&D and SG&A expenses as a percent of revenues	28%				23%
<b>Fiscal 2019</b>					
Revenues	\$24,273	\$152	\$-	\$4,723	\$19,398
Combined R&D and SG&A expenses	7,593	13	1,002	31	6,547
Combined R&D and SG&A expenses as a percent of revenues	31%				34%
<b>Fiscal 2022–2024 Guidance (3)(4)</b>					
Combined R&D and SG&A expenses as a percent of revenues	26–28%	Not provided	Not provided	Not provided	21-23%

1. In fiscal 2021, other items excluded from Non-GAAP revenues were comprised of revenues related to the release of a variable constraint against revenues that were previously excluded from our Non-GAAP results. Other items excluded from Non-GAAP combined R&D and SG&A included \$131 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses, \$33 million of acquisition-related charges and \$4 million of restructuring-related losses, partially offset by a \$7 million gain related to a favorable legal settlement.

2. In fiscal 2019, other items excluded from Non-GAAP revenues included \$4.7 billion related to settlement with Apple and its contract manufacturers. Other items excluded from Non-GAAP combined R&D and SG&A included \$31 million of acquisition-related charges.

3. Guidance as of November 16, 2021.

4. Total GAAP combined R&D and SG&A expenses guidance includes an estimate of share-based compensation expense allocated to R&D and SG&A.