

Financial Results and Guidance

As of July 29, 2020

Quarterly Results and Guidance	Q3FY20 Guidance ⁽¹⁾	Q3FY20 Results ⁽²⁾	Q4FY20 Guidance ⁽³⁾
GAAP revenues	\$4.4B - \$5.2B	\$4.9B	\$7.3B - \$8.1B
Non-GAAP ⁽⁴⁾ revenues	Not provided	\$4.9B	\$5.5B - \$6.3B
Non-GAAP diluted earnings per share (EPS)	\$0.60 - \$0.80	\$0.86	\$1.05 - \$1.25
Non-GAAP combined R&D and SG&A expenses, sequential quarter change	~ Flat	Decrease 2%	Increase ~5%
GAAP interest and investment and other expense (income), net	~\$100M	(\$86M)	~\$125M
Non-GAAP tax rate	~14%	11%	~13%
Weighted average diluted share count	~1.14B	1.14B	~1.15B

Segment Results and Guidance:

QCT revenues	\$3.6B - \$4.2B	\$3.8B	\$4.3B - \$4.9B
QCT earnings before tax (EBT) margin %	14% - 16%	16%	17% - 19%
MSM TM chip shipments	125M - 145M	130M	145M - 165M
QTL revenues	\$750M - \$950M	\$1.0B	\$1.2B - \$1.4B
QTL EBT margin %	50% - 56%	62%	67% - 71%

Annual Guidance	FY20 Prior Guidance ⁽¹⁾	FY20 Guidance ⁽³⁾
Non-GAAP tax rate	~14%	~13%
	CY20 Prior Est. ⁽¹⁾	CY20 Current Est.
5G global handset shipments	175M - 225M	175M - 225M

Financial Strength

	June 2020	June 2019
Total cash, cash equivalents and marketable securities	\$10.6B	\$14.4B
Total assets	\$32.3B	\$34.1B
Stockholders' equity	\$3.3B	\$5.5B
Debt ⁽⁵⁾	\$15.9B	\$16.4B
	Q3FY20 ⁽⁷⁾	Q3FY19 ⁽⁷⁾
EBITDA ⁽⁶⁾	\$1.1B	\$5.7B
Adjusted EBITDA ⁽⁶⁾	\$1.5B	\$1.5B

1. Previous guidance as of April 29, 2020. Our financial guidance for the third quarter of fiscal 2020 excluded QTL revenues from Huawei. Our guidance for the third quarter of fiscal 2020 was based on a planning assumption that there would be an approximate 30% reduction in handset shipments relative to our prior expectations, resulting in an estimated impact of greater than (\$0.30) to EPS in the third quarter of fiscal 2020.
2. The rapid, global spread of COVID-19 negatively impacted consumer demand for devices that incorporate our products and intellectual property, which negatively impacted our GAAP and Non-GAAP results in the third quarter of fiscal 2020. Our third quarter fiscal 2020 GAAP and Non-GAAP results do not include revenues from the Huawei settlement or global patent license agreements.
3. In July 2020, we entered into a settlement agreement, as well as a new long-term, global patent license agreement with Huawei, including a cross license granting back rights to certain of Huawei's patents, covering sales beginning January 1, 2020. While we continue to assess the accounting impacts of the agreements, our financial guidance for the fourth quarter of fiscal 2020 includes the following: 1) estimated QTL revenues for royalties due on sales made by Huawei in the September 2020 quarter, and 2) estimated revenues of approximately \$1.8 billion (which will be excluded from our Non-GAAP results) related to amounts due from Huawei under the settlement agreement (which are incremental to amounts previously paid under two interim agreements) and estimated amounts due for the March 2020 and June 2020 quarters under the new global patent license agreement. Our guidance for the fourth quarter of fiscal 2020 also includes an impact of greater than (\$0.25) attributable to a planning assumption of an approximate 15% year-over-year reduction in handset shipments due to COVID-19, including a partial impact from the delay of a global 5G flagship phone launch. However, the actual impact may differ materially due to the challenging economic environment and highly uncertain effects of COVID-19.
4. Non-GAAP information excludes our QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Further discussion regarding our use of Non-GAAP financial measures and reconciliations between GAAP and Non-GAAP results are included in this presentation.
5. Includes short-term and long-term debt.
6. EBITDA is defined as net income before income tax expense, depreciation and amortization expense, interest expense and investment and other income, net. Adjusted EBITDA also excludes the following items: QSI segment, certain acquisition-related items, certain share-based compensation and certain other items that management views as unrelated to our ongoing business.
7. The third quarter of fiscal 2020 QTL results did not include revenues from the Huawei settlement or global patent license agreements. The third quarter of fiscal 2019 QTL results included \$150 million of royalties resulting from an interim agreement with Huawei, and GAAP results included \$4.7 billion of revenues resulting from settlement agreements with Apple and its contract manufacturers.

MSMs are products of Qualcomm Technologies, Inc. and/or its subsidiaries.

Note Regarding Use of Non-GAAP Financial Measures

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. In addition, "Non-GAAP" is not a term defined by GAAP, and as a result, our Non-GAAP financial measures might be different than similarly titled measures used by other companies. Reconciliations between GAAP and Non-GAAP financial measures are presented herein.

We use Non-GAAP financial information: (i) to evaluate, assess and benchmark our operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of our 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 us include revenues, cost of revenues, research and development (R&D) expenses, selling, general and administrative (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, diluted earnings per share, EBITDA and Adjusted EBITDA. We are able to assess what we believe is a more meaningful and comparable set of financial performance measures for Qualcomm and its business segments by using Non-GAAP information. In addition, the HR and 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. We present Non-GAAP financial information to provide greater transparency to investors with respect to our 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 our business and assessing trends and future expectations.

Non-GAAP information excludes our QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items.

- QSI is excluded because we expect to exit our strategic investments in the foreseeable future, and the effects of fluctuations in the value of such investments and realized gains or losses are viewed as unrelated to our operational performance.
- Share-based compensation expense primarily relates to restricted stock units. We believe that excluding non-cash share-based compensation from the Non-GAAP financial information allows us and investors to make additional comparisons of the operating activities of our ongoing core businesses over time and with respect to other companies.
- Certain other items are excluded because we view such items as unrelated to the operating activities of our ongoing core businesses, as follows:
 - Acquisition-related items include amortization of acquisition-related intangible assets starting with acquisitions in the third quarter of fiscal 2011, substantially all of which relate to the amortization of technology-based intangible assets that is recorded in cost of revenues and will recur in future periods until the related intangible assets have been fully amortized. We view acquisition-related intangible assets as items arising from pre-acquisition activities determined at the time of an acquisition. Acquisition-related intangible assets contribute to revenue generation that has not been excluded from our Non-GAAP financial information. Acquisition-related items also include recognition of the step-up of inventories and property, plant and equipment to fair value and the related tax effects of acquisition-related items, as well as any effects from restructuring the ownership of such acquired assets. Additionally, we exclude 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.
 - We exclude certain other items that we view as unrelated to our ongoing businesses, 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. Beginning in the second quarter of fiscal 2020, we exclude gains and losses driven by the revaluation of our deferred compensation plan liabilities recognized in operating expenses and the offsetting gains and losses on the related plan assets recognized in investment and other income. Amounts prior to the second quarter of fiscal 2020, which were not material, continue to be included in Non-GAAP results.
 - 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 our ongoing Non-GAAP tax rate and after-tax earnings.

Reconciliations of GAAP to Non-GAAP Financial Measures

Third Quarter Fiscal 2020 Results

<i>(in millions, except per share data)</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items⁽¹⁾	Non-GAAP Results
Revenues	\$4,893	\$3	\$—	\$—	\$4,890
Net income (loss)	\$845	\$179	(\$241)	(\$75)	\$982
Diluted earnings per share (EPS)	\$0.74	\$0.16	(\$0.21)	(\$0.07)	\$0.86
Diluted shares	1,139	1,139	1,139	1,139	1,139

1. Other items excluded from Non-GAAP results included \$84 million of acquisition-related charges, \$7 million of interest expense related to the 2018 and 2019 European Commission fines and a \$2 million charge related to restructuring-related activities. Other items excluded from Non-GAAP results also included \$57 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses, offset by corresponding \$57 million of gains driven by the revaluation of the associated plan assets, which were included within investment and other income, net. The tax benefit in the "Other Items" column included a \$21 million tax benefit related to a prior year, an \$11 million tax benefit for the tax effect of acquisition-related charges and a \$9 million foreign currency gain related to a noncurrent receivable resulting from our refund claim of Korean withholding taxes paid in prior periods, partially offset by a \$12 million charge to reconcile the tax provision of each column to the total GAAP tax provision for the quarter and an \$11 million charge related to a foreign tax audit.

Sums may not equal totals due to rounding.

Business Outlook

	Q3FY20 Guidance ⁽¹⁾	Q4FY20 Guidance ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
GAAP revenues	\$4.4B - \$5.2B	\$7.3B - \$8.1B
Less revenues attributable to other items	N/P	~\$1.8B
Non-GAAP revenues	N/P	\$5.5B - \$6.3B
GAAP diluted EPS	\$0.29 - \$0.49	\$2.12 - \$2.32
Less diluted EPS attributable to QSI	\$—	(\$0.01)
Less diluted EPS attributable to share-based compensation	(\$0.23)	(\$0.23)
Less diluted EPS attributable to other items	(\$0.08)	\$1.31
Non-GAAP diluted EPS	\$0.60 - \$0.80	\$1.05 - \$1.25

1. Previous guidance as of April 29, 2020. Our financial guidance for the third quarter of fiscal 2020 excluded QTL revenues from Huawei.
2. Guidance as of July 29, 2020. Our GAAP and Non-GAAP financial guidance for the fourth quarter of fiscal 2020 includes estimated QTL revenues for royalties due on sales made by Huawei in the September 2020 quarter.
3. Our guidance for the fourth quarter of fiscal 2020 includes an impact of greater than (\$0.25) to EPS attributable to a planning assumption of an approximate 15% year-over-year reduction in handset shipments due to COVID-19, including a partial impact from the delay of a global 5G flagship phone launch. However, the actual impact may differ materially due to the challenging economic environment and highly uncertain effects of COVID-19.
4. Our guidance throughout this presentation does not include provisions for future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast. Accordingly, we only include such items in our guidance to the extent they are reasonably certain; however, actual results may differ materially from the outlook.
5. Our guidance for revenues and diluted EPS attributable to other items for the fourth quarter of fiscal 2020 includes estimated revenues of approximately \$1.8 billion and estimated EPS of \$1.38 per share related to amounts due from Huawei under the settlement agreement and estimated amounts due for the March 2020 and June 2020 quarters under the new global patent license agreement. Our guidance for diluted EPS attributable to other items for the fourth quarter of fiscal 2020 also includes acquisition-related items.

N/P - Not provided

Combined R&D and SG&A Expenses

<i>(in millions, except percentages)</i>	Q2FY20 Results	Q3FY20 Results	Q3FY20 Sequential % Increase (Decrease)	Q3FY20 Guidance ⁽¹⁾	Q4FY20 Guidance ⁽²⁾
GAAP combined R&D and SG&A	\$1,951	\$2,031	4%	Increase 2% - 4% sequentially	Increase ~2% sequentially
Less QSI	3	3	N/P	N/P	N/P
Less share-based compensation	300	288	N/P	N/P	N/P
Less other items ⁽³⁾	(62)	64	N/P	N/P	N/P
Non-GAAP combined R&D and SG&A expenses	\$1,710	\$1,676	(2%)	Flat sequentially	Increase ~5% sequentially

1. Previous guidance as of April 29, 2020.
2. Guidance as of July 29, 2020.
3. Other items in the third quarter of fiscal 2020 consisted of \$57 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased R&D and SG&A expenses, \$5 million in acquisition-related charges and \$2 million in restructuring-related activities. Other items in the second quarter of fiscal 2020 consisted of a \$71 million gain driven by the revaluation of our deferred compensation plan liabilities, which reduced R&D and SG&A expenses, partially offset by \$7 million in acquisition-related charges and \$2 million in restructuring-related charges.

Tax Rates

	GAAP Results	Less QSI ⁽¹⁾	Less Share-Based Compensation ⁽¹⁾	Less Other Items ⁽¹⁾⁽²⁾	Non-GAAP Results
Estimated ⁽³⁾ Q3FY20 tax rate	15%	—%	—%	1%	14%
Q3FY20 Tax rate	3%	(3%)	(4%)	(1%)	11%
Estimated ⁽⁴⁾ Q4FY20 tax rate	14%	—%	—%	1%	13%
Previous estimated ⁽³⁾ FY20 annual tax rate	12%	—%	(1%)	(1%)	14%
Estimated ⁽⁴⁾ FY20 annual tax rate	11%	—%	(2%)	—%	13%

- The incremental effect of our adjustments to the Non-GAAP tax rate is calculated by allocating the difference between (i) the tax expense (benefit) calculated based on the GAAP tax rate and (ii) the actual or estimated tax expense (benefit) for each column.
- In the third quarter of fiscal 2020, the tax benefit in the "Other Items" column included a \$21 million tax benefit related to a prior year, an \$11 million tax benefit for the tax effect of acquisition-related charges and a \$9 million foreign currency gain related to a noncurrent receivable resulting from our refund claim of Korean withholding taxes paid in prior periods, partially offset by a \$12 million charge to reconcile the tax provision of each column to the total GAAP tax provision for the quarter and an \$11 million charge related to a foreign tax audit.
- Previous guidance as of April 29, 2020.
- Guidance as of July 29, 2020. While we continue to evaluate the impact of the U.S. Treasury Regulations that were issued in July 2020 and the agreements reached with Huawei in July 2020, our estimated tax rate guidance for the fourth quarter of fiscal 2020 includes the effects of the new regulations and the agreements reached with Huawei.

EBITDA and Adjusted EBITDA

<i>(In millions)</i>	Q3FY20	Q3FY19
Net income	\$845	\$2,149
Plus income tax expense	23	3,352
Plus depreciation and amortization expense	363	353
Plus interest expense	143	160
Less investment and other income, net	229	344
EBITDA	\$1,145	\$5,670
Adjustments		
Less QSI operating (loss) income ⁽¹⁾	(\$2)	\$10
Less share-based compensation operating loss ⁽¹⁾	(296)	(246)
Less other items*	(63)	4,438
Adjusted EBITDA	\$1,506	\$1,468
*Other items includes:		
Apple settlement	\$—	(\$4,723)
2019 European Commission fine	—	275
Revaluation of deferred compensation plan liabilities	57	—
Acquisition-related charges ⁽²⁾	4	7
Restructuring and restructuring-related charges ⁽²⁾	2	3
Total other items	\$63	(\$4,438)

- As depreciation and amortization was \$0 for the third quarter of fiscal 2020 and 2019, EBITDA for the QSI segment and certain share-based compensation is equal to operating income.
- Excludes depreciation and amortization.

Combined R&D and SG&A Expenses

<i>(in millions, except percentages)</i>	Q3FY19 Results	Q4FY19 Results	Q4FY19 Sequential % Increase (Decrease)
GAAP combined R&D and SG&A	\$1,927	\$1,989	3%
Less QSI	3	3	N/P
Less share-based compensation	238	327	N/P
Less other items ⁽¹⁾	11	6	N/P
Non-GAAP combined R&D and SG&A expenses	\$1,675	\$1,653	(1%)
Less estimated variable compensation costs related to Apple agreements ⁽²⁾	~\$135	~\$50	N/P
Non-GAAP combined R&D and SG&A expenses excluding estimated variable compensation costs related to Apple agreements	\$1,540	\$1,603	4%

1. Other items in the third and fourth quarter of fiscal 2019 consisted primarily of acquisition-related items.

2. As a result of the agreements signed with Apple and its contract manufacturers in April 2019, we incurred higher employee variable compensation costs in the third and fourth quarters of fiscal 2019.

Note Regarding Forward Looking Statements

In addition to the historical information contained herein, this presentation and the conference call that accompanies it contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding: the coronavirus (COVID-19) pandemic and its impact on the global economy, demand for devices that incorporate our products and intellectual property, our supply chain, our workforce, 5G network deployments, device forecasts, and our business and financial results; the impact of our settlement and global patent license agreements with Huawei on our financial guidance; the impact of the delay of a 5G flagship phone launch on our financial guidance; our continuing to advance our product and technology roadmaps, support customers and meet a very complex set of development and supply chain requirements; our anticipating the next inflection point of our 5G ramp to start in fiscal Q4, with strong year-over-year growth in revenues and earnings per share (EPS); our being well positioned for continued growth in FY21; our strong design pipeline heading into next year; our 6-series Snapdragon 5G mobile platform having the potential to make 5G accessible to more than 2 billion smartphone users around the world; our expectation that we will emerge as one of the largest global radio frequency (RF) front-end vendors by revenue in FY21; our seeing a significant market transition occurring as the Cloud converges with 5G and AI, positioning 5G as the next evolution of the internet; the new architecture at the edge playing to our strengths in low power high performance computing and connectivity where our wireless innovation leadership can drive new opportunities for growth as we have in 5G enabled smartphones; our working on 5G NR Release 17 projects and researching advanced technologies for Release 18 and beyond; our growth opportunities, including opportunities in 5G, RF front-end, and adjacencies such as automotive, IoT, security, networking, mobile compute, always connected PCs and cloud AI, and our growth, revenues, design wins, share and investments therein and our positioning to take advantage thereof; our business, product and technology strategies; our technologies and technology leadership; our products, product performance, product leadership, product pipeline and product roadmap; new product releases and announcements; 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; and our expectations, estimates, forecasts and guidance related to revenues, EPS, MSM chip shipments, EBT margins, combined R&D and SG&A expenses, interest expense net of investment and other income, tax rates, weighted average share count, and 5G global handset shipments, as well as the drivers, factors and planning assumptions underlying such expectations, estimates, forecasts and guidance.

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 coronavirus (COVID-19) pandemic and its impact on the global economy, economic uncertainty, consumer and business confidence, demand for devices that incorporate our products and intellectual property, our and the global wireless industry’s supply chains and transportation and distribution networks and workforces, and 5G network deployments; 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 includes 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 the operation and control of our manufacturing facilities; 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 renew or renegotiate 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 compliance with laws, regulations, policies and standards; our use of open source software; the cyclical nature of the semiconductor industry, and 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 technology, intellectual property or other 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 in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2020 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.

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. The non-GAAP financial measures presented herein should be considered in addition to, and not a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

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, operates, along with its subsidiaries, substantially all of our products and services businesses, including QCT, and substantially all of our research and development functions.