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PRESENTATION

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Good morning, everyone. I'm Samik Chatterjee. I cover hardware at J.P. Morgan, and I have the pleasure of hosting Akash Palkhiwala up here, CFO of Qualcomm, for the next session.

I know we have a packed room. I can see a few seats in between. So please feel free to sort of walk up and take those seats. Akash, thanks for taking the time to come to the conference. And thank you, everyone, for coming in person to the conference as well.

QUESTIONS AND ANSWERS

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

I do want to start with the same set of questions I'm asking every company, and I know sort of not the best ones to start with, but let me get a poll going here. What's the probability you put on a recession based on what you're hearing or seeing from your customers and looking into demand trends?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

So first of all, good morning, and everyone, thanks for attending. It's great to be here. A lot of familiar faces in the room. On your question on recession, to be honest, we're looking at the same data you're looking, right? The information that we're hearing from the customers is consistent with the data that we're seeing overall, both on inflation, kind of a little bit of a shift in demand from goods to services, which you would expect with COVID opening up.

The China situation, obviously, is a special case, and so we're monitoring that closely. I wouldn't -- I'm not going to try to predict a recession or not because I don't feel like we -- I have any specific knowledge. I mean, we are -- what we are focused on is in our business, we have tremendous opportunities for growth longer term, so definitely very focused on that, and we can talk through that later in the conversation. Also very focused on executing well in the short term.

I mean, we've been managing extremely well, both on the supply side through COVID for the last couple of years. Demand has been very strong across all of our businesses. And so pretty happy with where we're at and given the environment, just focusing on execution.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. So to the second one on that front, obviously, supply has already been constrained for a while here for the industry. How much worse is the China lockdowns making it? Is it sort of just on the edges, it makes it a bit worse? Is it materially worse on account of that? How much of an impact is that having?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So I think it's a different story for everyone. For us, in terms of our suppliers, we're actually very diversified from a total supply perspective. As you guys know well, we use both TSMC and Samsung from a foundry perspective.

And on the back-end side, we use a combination of several suppliers. So -- our exposure to China is limited from a supply chain perspective. Of course, there's pockets of things we're navigating through, but nothing that really directly impacts us at scale.

The second degree impact is our customers and what are they able to manufacture enough, if they're being constrained in any manner. And a lot of the manufacturing, especially on the semiconductor side, has stayed open.

There are companies that are dealing with kind of shorter-term manufacturing issues for especially devices where a lot of labor is involved. Semiconductor, obviously, is different. It's more about the machines and the labor. So those -- that manufacturing has continued to be in place.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. And when does -- like, what's the latest thinking of when does supply normalize? I know obviously, there's a big improvement in supply for you specifically as Qualcomm compared to last year. But in terms of getting to a normalized environment, what is your latest thinking?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

I mean as you know, well, we've been very upfront out our view on how we always thought supply was going to improve in the second half of calendar 2022. And we always said it will be a combination of 2 things: the improvement in supply and demand moderating a bit.

And it looks like that was pretty consistent with the -- with the way how things are playing out. And so we still have the same view later this year, we should have supply very well aligned with demand.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. Great. So let's move into the more meaty stuff and more company specific here. So from -- let's start with smartphone. From the data points, we can see growth of the smartphone market has been impacted by the current macro environment.

How is that offering an even greater opportunity for Qualcomm to showcase the diversification you've been talking about now for a while? And how does it help you navigate the current environment?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So if you recall, if you rewind back to our Investor Day in November last year, we said smartphone market, we expect it to be flat from '21 to '22. Since then, what we've seen happen, and we talked about this at the last earnings release, is we've seen weakness at the low tier in the market, and this is specifically in China.

We've also seen a mix improvement. Generally, what has happened through COVID is -- the phone was already a super important device for everyone individually, but it became an even more important device, especially in emerging markets.

If you look at how phones are now used in emerging market, most of the TV watching has shifted to phones. A lot of the schooling that happened for kids happened over the phone. So as people are buying phones, they're upgrading up.

And this is not just a U.S., Western Europe phenomenon. We're seeing it across all markets, especially Southeast Asia, India, Latin America. So that's showing up in our mix. So market, overall (inaudible) units weaker, but stronger mix, and that's been reflected in our results and is reflected in our guidance.

The other thing -- and this is a broader trend that was set off by COVID, right? Digital transformation of the home, of industries, was already happening or beginning to happen and COVID just accelerated it.

And we see this as like a 5-, 10-year trend. And the fortunate place we are at is -- if you think about everything getting connected to the cloud and that trend, the most cloud-connected device today is the phone. So when you think about connecting everything else to the cloud, you need the same technologies you have in phones. You need either WiFi or 5G. You need low-power processing, because most of these devices are battery-powered, and you need AI at the edge.

And these are things that we do very well in phones. And so we have this tremendous opportunity to take the technologies in phones and apply it to all these other markets. And you're seeing that show up in our IoT numbers. I mean, last quarter, we grew 61% year-over-year in revenue, and it's being driven by this digital transformation. A highly diversified revenue stream with long-term secular growth drivers, so very attractive for us.

The next is auto. I mean, as you've seen, the auto industry, obviously, is going through a tremendous transformation. And it's not -- it's 2 things really: electrification and then journey to autonomous driving. So it goes into ADAS, Level 3, Level 2, then eventually Level 4 and 5.

And we are right in the middle of that transaction or that change that's happening in the industry. We've talked about a bunch of wins -- OEM wins on the ADAS side. We started with GM, BMW. We just announced Volkswagen. That's across all tiers of cars across all brands, which is obviously the largest OEM in the world, very, very high scale.

And Ferrari and the other customers as well. So just very strong pull for our technologies in automotive, and we see this -- just the amount of silicon that's going in cars is just exploding. And we're right in the middle of that transformation. So very excited about that as well.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Great. Just before I move on, I want to remind anyone on the webcast, you do have the option of sending in a question. And in a few minutes, we'll definitely open it up for the audience here as well to ask questions.

Akash, let's delve into the diversification a bit more. I mean there are multiple areas you outlined. But where is the heavy lifting in terms of R&D or investment already done? Which are the areas where when you think about these new end markets where there's still a pretty heavy sort of investment that's going to go through as you build up or scale up your capabilities there?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So what I'm excited about in terms of our diversification journey is the premise is we're pursuing things that need mobile phone technology. And the advantage of being in mobile phones is it forces you to develop not just connectivity technologies, 5G, WiFi, Bluetooth, GPS, we are #1 in every single one of those technologies, but it also forces you to develop CPU, GPU, AI, audio, video security.

so if you look across the landscape of chip companies, the number of technologies we have, the portfolio of technologies we have is just unrivaled. And the opportunity and the challenge for us is how do you take all those technologies from phones and apply it to these new markets.

So core premise of how we are operating is take the technologies we have and apply it to these new markets. So I'll give you an example. When you look at automotive, all cars getting connected to the cloud, very easy for us. We already have 5G, WiFi chips.

We apply the exact same chips that we sell into phones into cars. So highly, highly accretive from a margin perspective. The infotainment, the digital cockpit experience inside the car going from kind of -- the kind of dashboards we used to have in cars to the new experience, we're able to take our premium tier smartphone chips and apply it to those areas.

So there's a lot of technology reuse, which is how the company can scale in an efficient manner is we focus -- most of the company is just focused on the -- creating the core technology from phones. And then the rest of the company is really looking to use -- create different channels where those technologies can be used.

So if you look at how our operating margins have improved very significantly over the last couple of years, it's because we are able to take the technology we have and apply it to new markets.

And that's why I feel like we have a very sustainable strategy in terms of financial performance and growth of margins. There's 2 or 3 places where we felt like we did not have -- we needed additional technology. We did not have the exact technology that was needed.

And so we've done that through acquisitions. We wanted to develop our own custom ARM CPU, so we acquired this company called NUVIA. And they're extremely well -- doing extremely well. They're fit right into our road map. So excited about bringing their products, their technology to the table.

Second is we needed software for ADAS in addition to hardware. And so we wanted to be able to offer a full solution to OEMs. And so we acquired this company called Veoneer and kept the asset that we wanted, which we call Arriver, that is ADAS software.

And so -- that's the second one. Those are the kind of things we're looking at is how do we look if there are any missing technologies and if we can acquire it at very reasonable prices, that's great. Otherwise, we really have a great portfolio, and it's about the channel to the end customer that we are focused on.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

So you mentioned Arriver, the Veoneer asset. I mean one question that I get often from investors is, even with now Arriver in the portfolio, how should we think about Qualcomm competing with more entrenched players like NVIDIA and some of the existing automotive tier ones when it comes to autonomous?

Like, how much of a time line do you think in terms of investment are we looking at before you start to get where you want to be in competing with these sort of more entrenched players?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So in my mind, from an ADAS perspective, now we are the entrenched player. Given our design win pipeline, our technology portfolio, if you just -- people are familiar with the auto industry and if you -- if any of you are, you would know that we're probably the default company from a ADAS chipset perspective for larger OEMs when they think about adding capabilities.

So we compete with Mobileye in that area, and it's really kind of between the 2 of us is where the competition is at. And we -- if you kind of step back and say, what is Qualcomm strategy, our strategy is to bring a full digital chassis to the table. We call it a digital chassis.

So you have the physical chassis, on top of that you have the digital chassis. And it includes cloud connectivity chips, it includes infotainment chips inside the car, it includes drive policy, and it includes vision platform.

And so we bring all 4 to the table, hardware and software, and our software is scalable across all tiers. Our hardware is also scalable across all tiers of cars. So you can pick a low tier car and you can add Level 2, reuse that same software you developed for that and put -- take a very high tier car and put in Level 3, Level 3+ and our solution is scalable across all of it.

So our portfolio, very strong. Great relationships with the OEMs. So I think at this point, I think of us as entrenched player. What we have said is our design win pipeline is greater than $16 billion, and we've given pretty specific revenue forecast in the longer term. So very excited about the business. I think the industry is just at the front end of just incredible amount of transformation, and we're getting a lot of traction.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Akash, I'll hit one more topic before we start taking questions because, obviously, there are a lot of them coming in here. IoT, you had strong growth of over 60% even in the latest quarter.

I think fair to say you beat expectations on that front. But sort of how should -- investors have been a bit concerned about consumer spending and the impact that has on the IoT business, so maybe break down the drivers for your IoT business?

I still sort of get a lot of comments from investors saying, it's still sort of a black box to them. They want to figure out how to model it. And I know WiFi is a big business, maybe talk about EDGE networking and then sort of the other drivers that you see there?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. Yes. So our IoT business, it's 3 kind of separate set of end markets we address. The first one is consumer, and I'll go in a little more detail on that. Second is EDGE networking, and third is industrial. And all of these markets are very large scale within our revenue base.

So we're not concentrated in 1 of those 3. The second thing is that -- earnings, the last time we said each of those. So overall, IoT grew by greater than 60%, 61%. And each one of the 3 parts of IoT grew by greater than 50%. So they're all scale and at scale, and they're all growing very, very fast. From kind of breaking down the 3 though, the first one is consumer IoT. And what makes up consumer IoT for us is everything that you should think of looks like a phone on the inside but has a different form factor on the outside.

So you have tablets. PC is an upcoming market for us, XR variables and hearables. So everything that goes around kind of the consumer phone ecosystem, and we have an incredible road map very, very strong position in those devices.

As you'll know, on XR, Metaverse, we have pretty much all the design wins there are to get. So as that market takes off, we are probably one of the ways you could bet horizontally on the Metaverse opportunity because we have pretty much design wins with everyone, every major player out there.

And then PC is kind of a longer-term opportunity for us. We are very excited, bringing the technology portfolio that we have in phones. You combine it with a NUVIA team designed custom CPU and bring it to the PC ecosystem, and really the transformation that MAC has gone through where the mobile technologies now are the chipset that powers the MAC.

And as everyone knows, Apple switched from Intel to their internal chip. We could be the vehicle for the PC ecosystem to keep up with that transition on the MAC side. And we -- it's really just down to us if that transition happens in PC.

So tremendous opportunity for us coming up there as well. So that's consumer IoT. EDGE networking has 2 components to it. First is 5G, we call it wireless fiber, but it's 5G as a broadband technology into homes and businesses. As 5G gets deployed, the performance is so strong that it becomes a legitimate technology for home broadband.

And I think you have to think about different markets than develop markets, urban areas. When you think about rural areas in developed markets, but then also emerging markets where really deploying fiber is not an option, 5G will become the technology that gives home broadband.

And so very, very excited about that. We're at the front end of it, obviously, with 5G deployments just starting in several emerging markets. The second part of EDGE networking is WiFi access points. So through COVID, we saw a lot of demand increase in home WiFi access points.

But as now employees are going back to work and the new kind of normal in the workplace now is really you have -- you don't have dedicated spots, you're just picking a spot and using it, and as that transition happens, WiFi actually becomes the main network in the work environment.

It's not a wireline anymore. And so we are seeing demand increase significantly because of that reason. And then finally, industrial. This is -- industrial is like very, very broad, very large set of customers. And what's happening is you think about retail and utilities and manufacturing, construction, all these industries -- health care, are trying to connect everything to the cloud, and that's a tremendous opportunity for us.

I mean, if you walk into a retail environment, whether it's a point-of-sale terminal, if you walk into a restaurant, the checkout handheld that is being used, a retail -- someone working in a retail store is walking around with a handheld in their hands. All of those things -- security cameras, use chips from us. So it's a tremendous opportunity for us to expand in those areas. Maybe I'll pause there.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. No, that's good. Let me take a quick couple of questions from the webcast, and then we'll open it up. I do want to sort of give everyone an opportunity here. And I'll combine 2 questions here, Akash, that are more specific to -- I guess, more near term. Another -- and it says another broker today said China weakness is causing Qualcomm to cut prices.

I'm assuming this is smartphone. So take it in that context. The question is, is that correct? Will the China lockdown affect your guidance given last month?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Well, we don't have any change to our guidance. We're definitely not updating guidance here. But what we said when we gave guidance is the following: We were expecting China kind of to carry on from the situation we saw in March into this quarter and gradual improvements in the situation by the end of the quarter.

So none of us really know how this is going to play out, but that's the assumption we picked, and we gave guidance based on that assumption. And of course, we are monitoring it very, very closely.

On pricing, I mean, we've heard this for the last 12 months, I think, related to pricing. And you've seen the strength in our gross margin performance. We've continued to do extremely well, and we've given pretty specific margin targets. We feel like we're in a good place for that.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Let's open it up for questions from anyone in the audience.

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes, sir.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Wait -- If you can just wait for the microphone -- sorry.

Unidentified Participant

Can you -- maybe 2 questions on the foundry side. First, what are you seeing today? And how does sort of higher foundry wafer pricing also potentially eat into margins, but also feeds into your pricing strategy?

And then second, if you think about foundry longer term, right, Intel is coming into the mix. What would they need to do in order to get business from you? And how do you think it will affect wafer pricing on the foundry side, longer term?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So in the shorter term, you've seen us navigate pretty well through foundry price increases over the last couple of years. And so we feel confident that one, kind of having a diversified foundry strategy helps us; second is we've been able to navigate the increases from a margin perspective.

And so looking forward, our strategy will remain unchanged. We'll continue to do what we've done. Longer term, as you know well, we are probably one of the few large semiconductor company that has dual sourcing at the leading edge.

We've used TSMC, we've used Samsung, and our volume across both of them changes over time. No fundamental change to that strategy, right? We're happy to see Intel.

I mean, if they execute to the technology road map and they can make their technology available to us at the right commercial terms, we'd be interested in them as well. So you should expect us to work across all the leading foundry vendors and which we have done in the past, and we'll pick the balance between technology and commercial terms.

Unidentified Participant

A quick question back on auto (inaudible) and ADAS. You kind of addressed ADAS as a maybe Level 2, plus maybe getting into Level 3. Can you talk a little bit longer term and the software strategy? One of the things that NVIDIA talks about is them having kind of the recurring software model as companies move into autonomous and it kind of being more of a revenue share.

Can you talk about how you think about that? And have you won any partnerships at this point on the software side?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So we have -- because of the acquisition of Arriver, we have an incredible asset on the software side, right? So we're pretty far ahead in being able to do 2 things. One is the vision software, and then second is drive policy. And we are leveraging Arriver, plus a combination of our internal technologies, for that.

We also announced an agreement with BMW, where we are going to jointly develop full-scale commercial solutions between their software assets and ours. And it will not just get used for their cars but we will have the rights to use it for other OEMs as well. So very excited about that partnership.

In the end, to make these solutions at scale, you need an automotive company as a partner who has the safety expertise. So we acquired a portion of the safety expertise with Arriver. And working with the OEM partners, we'll be able to really scale commercial quality, safety-quality software. And so we think we're in a great spot from a software perspective.

Unidentified Participant

You talked about MAC going to ARM and that creating some sort of a catalyst for the PC ecosystem to open up to ARM and Qualcomm. I guess another way you could look at that is Apple has a premium customer that the Android ecosystem really hasn't penetrated as well. There's a big revenue pool opportunity.

How can Qualcomm work with Android ecosystem? Or what can you point to that you can really get not just handsets, but sort of that entire sweep of customers, strategically for Android?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Just to confirm your question is it about the PC or other devices?

Unidentified Participant

It's across the entirety of the devices, right? So one reason people use Apple is because my iPod -- I mean, my iPhone, iPad, MAC, there's a synergy across them. Really don't have that in Android.

But Qualcomm is kind of becoming a hardware platform for that. What can you do to work with Android to kind of make that consistent? Is it just branding? Is it -- is there some technology underlying that? Does it make sense?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. Yes, absolutely. It's a great question. It's -- there's a tremendous opportunity for us. So from a hardware perspective, we've already been making chips for wearables, for hearables, tablets and now for Android tablets and then Chrome devices as well.

So you kind of have this entire ecosystem around the phones where we have all the hardware solutions. The advantage of now the position we've built over a period of time is that you can start enabling unique peer-to-peer features across all these devices. And which is what Apple does for their ecosystem.

And so working with Android, a tremendous opportunity for us to do the same for -- working with Google, tremendous opportunity for us to do the same on the Android side. So definitely something that we're very focused on and different ecosystem than Apple, obviously, it's an open ecosystem. So -- we're working closely with Google because their cooperation is what we need to make it happen.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Akash. If I can just sort of squeeze in one here and -- so I wanted to go back to your handset guidance then. You're now positioned to deliver more than 50% revenue growth in handsets this year. And I think given your targets that were outlined at the Investor Day for fiscal '24, which was about 12% CAGR in line with the industry, I think the 50% growth already puts you sort of eclipsing that sort of 3-year target, right?

So how should we think about it? Because one of the questions I've been getting from investors is, so is it like flat from here on? Or how do you think about it? So just talk to us about sustainability of the growth. Obviously, it doesn't have to be 50%, but how do you keep growing from here because it seems like you're expecting to get here in 3 years and you're already going to be there in like 1 year horizon?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So definitely very excited about how the business has done. I mean we set targets 3 years and it's true, we've done extremely well. We've done better than we had expected when we set the target in the first year. So definitely happy about that.

There are a couple of key drivers that -- looking back what has happened in the handset business, first is the amount of content in a handset from -- even if you just look at 5G device to a 5G device. So no change on the modem.

The amount of content has gone up tremendously. And so -- if you look at the camera, what has happened on the camera side, the GPU, the CPU, AI. A lot more content is going into the device. And so you're seeing ASP strength for us that has played out over the last couple of years. And as we look forward, that is not stopping, right? So the demand for increased technology -- and, of course, we have insight into the next several generation of chips, that remains. So that's a key driver for increased content.

The second is the mix is improving. We're seeing more devices at the high tier, more devices at the premium tier. As people upgrade, they're buying more expensive devices, and you're seeing that happen overall in the numbers as well. So that helps us, and I think that's sustainable.

Third is we've picked up share. We picked up share in China once kind of our supply constraints eased, and we picked up share at Samsung. We talked about that at length in our earnings. We're very comfortable that we have the position to keep our strength and share going forward as well. So lot of drivers.

But the most important thing to remember is the phone independent of 5G, there is tremendous increase in content because there's a demand for the device to do more and more. And that puts us in a strong position to keep growing revenue.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Any other questions? Okay. So let me move back here to -- I think, let's move to last question on RF. We haven't really talked about RF here. Again, a strong growth driver. I think investors have largely sort of -- initially when you had guided at the past -- at the last Analyst Day, there were a lot of sort of questions about where your capabilities lie relative to your competitors.

So maybe when you now think forward again, where does the market share opportunity lie? And how do you sort of continue to grow that business? And how are you thinking about growth in that business relative to the handset revenue?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Yes. So if you look at RF front-end, so first of all, we're very excited about our portfolio, a very broad portfolio of products across all technologies. And we largely created it organically with a smaller acquisition and worked out great for us. So very happy to the performance so far.

When you look forward, we still see tremendous opportunities for growth because what's happening is, as 5G gets adopted in all devices except phones, and I'll come back to phones, in cars, in IoT applications in electric meter reading, in drones, all these places, when we sell our 5G chip, we sell our RF front-end with it.

It's a tremendous opportunity for us just to keep attaching our RF front-end content with our 5G chips as we go outside phones. We've talked about our design win pipe in our pipeline in automotive, wireless fiber, all these areas, RF front-end design wins looking very good.

Second is WiFi. So till -- as you know, we are the largest WiFi company globally. So far, we have not started offering RF front-end for WiFi. We plan to do that going forward. And so that's going to be a very large established market that we're going to be able to participate in as well.

Within phones, as you know well, our content growth is tied to 5G. And so last year, 5G, approximately 525 million of the 1.3 billion, 1.4 billion phones were 5G. The rest of the market will transition to 5G over time.

And so as that happens, there is this opportunity for us to keep attaching our RF front-end with our solutions. So definitely a key growth driver there for us. The way you should think of handsets versus RF front-end and how those 2 move relative to each other, RF front-end growth is tied to modem, 5G growth in handsets.

Handset obviously has this whole applications processor that we talked about earlier, a bunch of other content growing. So when, say, the camera improves or when a CPU improves, RF front-end doesn't change. So RF front end is tied to the modem part of 5G in handset revenue stream. And then there's a bunch of other drivers within handsets that's also growing.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

Akash, we have 1 minute here. So let me take a quick one, which is how should investors think about M&A?

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

M&A, I think our strategy, what we've done over the last several years has worked. In our minds, we have a plan going forward, and we've been very clear about how we keep -- expect to keep driving growth.

And we've been buying assets that accelerate our organic plan. That's how NUVIA happened. That's how EPCO's RF360 happened. That's how we're doing Arriver. And that strategy is not going to change. When we see an asset that can accelerate an organic plan, we'll look to acquire it.

Samik Chatterjee - *JPMorgan Chase & Co, Research Division - Analyst*

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Great. Thank you. Thank you, everyone, for attending. Akash, thank you for the time.

Akash Palkhiwala - *QUALCOMM Incorporated - CFO*

Thank you very much. Thanks for coming.
