

DALALBYTES RESEARCH

Qualcomm

Five-Pillar Analysis

NASDAQ: QCOM | OCTOBER 14, 2026 | EXPANDED EDITION

Companion to the Qualcomm investment report (75/100, Positive). Four pillars pass, one is partial. The v2 evidence base: full segment financials, the Investor Day promise audit, the Dragonfly data-center portfolio, and the filed Amazon warrant terms.

Reference price \$175.50 (October 9, 2026 close). Fiscal 2029 targets: Bear \$140 / Base \$290 / Bull \$430.

>> THE SCORECARD

Four pass, one partial

Pillar	Grade	One-line basis
1. Sunrise	PASS	Edge AI compounding plus a data-center option, inside a ~\$1.5T accelerator TAM narrative
2. Leadership	PASS	Amon's auto build is audited delivery; IoT/PC misses and promotional targets are the debits
3. Moat	PARTIAL	Real technology leads, contested at three points: flagship ADAS, Samsung share, MediaTek's ascent
4. Iron Fortress	PASS	About \$4.7B net debt against \$12.8B FCF, ~100% of FCF returned, no maturity wall
5. Free Cash Flow	PASS	FCF \$9.85B to \$11.16B to \$12.82B across FY2023-25, a record in a transition year

The moat is the only partial, and it is partial for documented reasons: three named sappers, each with a date and a dollar figure.

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1 SUNRISE: PASS

The sunrise test asks whether the industry's sun is rising behind this company. Qualcomm now stands in three dawns at once. Premium mobile computing: one in three phones ships premium in 2026 (Counterpoint), on-device models scaling from 7B to 30B+ parameters in a single generation, every point of richer content landing in Qualcomm's ASPs. The software-defined vehicle: per-car silicon content climbing from ~\$200 toward ~\$3,000, a \$65B design pipeline compounded from \$10B in five years, validated by a \$7B revenue run rate. And inference economics, the largest and least proven dawn: a ~\$1.5T accelerator TAM by 2030 with inference at ~60% (AMD executive sizing), attacked by Qualcomm with a memory-architecture thesis (LPDDR capacity, HBC near-memory compute) rather than a smaller GPU. Around the edges, two new categories where Qualcomm holds the default silicon slot: AI glasses (Ray-Ban Meta on AR1, demand ahead of supply through 2025) and humanoid/industrial robotics (Dragonwing IQ10, NEURA as anchor partner). The cloud above it all: China at 46% of revenue is the company's largest geopolitical exposure. Sunrise passes, with the data-center dawn still a forecast rather than a photograph.

2 LEADERSHIP: PASS

The test is 'did they do what they said,' applied to the record. Credits, audited not narrated: the 2021 automotive promise (~\$3.5B by fiscal 2026) beaten a year early; the pipeline progression (\$10B, \$30B, \$45B, \$65B) reported at each step; the Nuvia acquisition fixing the CPU roadmap across mobile, PC, auto and server in five years; Apple and Huawei licensing renewals closed ahead of expiry; capital return mechanical (~100% of FCF every year, \$20B authorization refreshed April 2026). Debits, equally specific: the 2021 IoT target missed by ~40%; Snapdragon Satellite announced with a partner and terminated in eleven months with zero devices; the first PC generation selling (reported) under three-quarters of a million laptops against a standalone \$4B target; Investor Day arithmetic that prices the future at full conversion (a fiscal 2029 EPS target 18-20% above consensus). The M&A; discipline is the tiebreaker: nine acquisitions since 2021, each a missing layer of the stack (CPU design, ADAS software, SerDes interconnect, a CUDA-alternative compiler stack under Chris Lattner, developer community, robotics motion planning), none a revenue purchase. PASS, with the credibility budget now concentrated in one place: data-center phasing.

3 MOAT: PARTIAL

The moat is real and narrower than the bulls say. Strong walls: modem leadership that still wins the only head-to-head that matters (X80 uploads up to 32% faster than Apple's C1X in Ookla testing; Apple's C2 keeps a Qualcomm modem in the US Pro Max by contract); a patent estate of ~140,000 assets monetizing at a 72% segment margin through two anchor renewals signed within two weeks of each other in fall 2026; the only merchant platform spanning phone, PC, car, glasses and rack on one CPU architecture; and an automotive software asset (Ride Pilot) that converts silicon wins into licensable IP. The breaches, each documented in the main report: GM moved its 2028 flagship AD platform to NVIDIA Thor, proving the richest content tier is contestable; Samsung's Exynos 2600 took back ~30% of the S26 generation, resetting the anchor account's baseline to 75% by management's own words; MediaTek shipped a credible 2nm flagship, won Samsung's premium tablets, and is entering custom data-center silicon a step ahead on reported revenue; and in custom ASIC design Broadcom and Marvell hold roughly 95% of co-design engagements, making the Amazon win an insurgency, not a position. Add the dependencies (TSMC for every flagship die; Arm's ISA through 2033, now litigation-tested in Qualcomm's favor) and the grade holds at PARTIAL: a moat with three demonstrated sappers, defended by the deepest licensing annuity in semiconductors.

4 IRON FORTRESS: PASS

The fortress test is whether the balance sheet lets the company survive its own transition. At September 2025: \$10.16B of cash and marketable securities against \$14.81B of total debt (no short-term debt outstanding), net debt of ~\$4.7B, roughly four months of free cash flow. No maturity wall in the air-pocket years, no capital-markets reliance for the data-center buildout (fabless; capex of \$1.19B in fiscal 2025), and the fiscal 2025 tax shock absorbed without touching the return program. Honest qualifications: this is not a net-cash fortress, and the OBBBA deferred-tax episode (a \$5.72B valuation allowance, then a full \$5.7B reversal within two quarters) shows GAAP book values can swing on tax law rather than operations; the forward non-GAAP rate of 13-14% and restored R&D; expensing stabilize that line. The dividend (\$0.92 quarterly, ~2.1% yield) is covered roughly 3x by free cash flow after buybacks. PASS: a fortress built from cash flow rather than a cash hoard, which suits a transition funded internally by design.

5 FREE CASH FLOW: PASS

The engine's favorite kind of evidence, three clean years: free cash flow of \$9.85B (fiscal 2023), \$11.16B (2024), \$12.82B (2025, a record, on \$14.01B of operating cash flow and just \$1.19B of capex), a ~29% FCF margin in fiscal 2025. Quality markers: licensing contributes ~\$4B of pre-tax profit with near-zero incremental capital; the chip business converts at a stable ~50% gross margin; and the return of \$12.60B in fiscal 2025 (~98% of FCF) means shareholders, not empire, received the cash even in the year management assembled a data-center entry. Forward watch items are mix, not integrity: custom-silicon revenue carries significantly lower gross margin (management guides a 1.5-2 point drag on QCT gross margin as it ramps), and fiscal 2026 quarters show QCT EBT margin stepping down from 31% to 26% on the memory crisis and Apple mix before data-center contribution starts. FCF passes decisively; fiscal 2027 tests the slope, not the existence, of the cash machine.

>> WHAT WOULD CHANGE THE GRADES

Moat upgrades to PASS if Pilot Max's 2027 L3 slot holds BMW-class OEMs and Samsung's share stabilizes at the 75% baseline through the S27 cycle. Leadership's grade concentrates: the fiscal 2027 data-center guide (\$5B, with no disclosed base today) is a binary credibility event for the June 2026 plan; a clean hit upgrades this team's promise-keeping to best-in-class, a quiet walk-back costs the PASS. Iron Fortress or FCF would crack only on a China revenue shock (46% of the base) or a licensing rate-cap outcome, both tracked in the main report's watch list. Overall fit: four passes and a partial, consistent with the 75/100 Positive verdict and the \$140 / \$290 / \$430 fiscal 2029 targets in the companion report.

Sources: FY2025 Form 10-K (segment and tax notes), quarterly releases through Q3 FY2026, June 2026 Investor Day materials, the SEC-filed Amazon warrant, partner announcements, and the research base detailed in the companion investment report. Company claims and third-party estimates are labeled in that report.