

DALALBYTES RESEARCH

Qualcomm

Will the Edge Pay Like the Cloud Did?

NASDAQ: QCOM | OCTOBER 14, 2026 | EXPANDED EDITION

Verdict: 75/100, Positive. As AI moves to the edge, can Qualcomm do what AMD just did? Three and a half of the four re-rate ingredients are already here: named data-center contracts (HUMAIN 200MW; Amazon custom silicon with SEC-filed warrants against up to \$60B of purchases; Meta and Microsoft in the Dragonfly portfolio), an audited auto business at a \$7B run rate, and the cheapest AI-adjacent multiple in large-cap semis. The missing half is the fiscal 2027 EPS air pocket, and it is the opportunity, not the objection. This edition adds the full roadmap and plan audit.

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

>> VERDICT

75/100, Positive

DalalBytes verdict: **75/100, Positive**. Three and a half of the four ingredients behind AMD's 2026 re-rate are already here: a depressed multiple (~13.6x fiscal 2028E EPS while Broadcom trades at ~45x trailing and Marvell ~91x), named hyperscaler contracts (HUMAIN 200MW; Amazon custom silicon with SEC-filed warrants for 25M shares against purchases of up to \$60B; Meta and Microsoft engagements in the Dragonfly data-center portfolio), and second-source scarcity. The missing half is the earnings slope: fiscal 2027 EPS dips as Apple modem revenue exits, so the AMD move, if it comes, arrives on a two-year delay through data-center proof. The audited ballast is automotive (a \$7B run rate, \$65B pipeline, revenue larger than NVIDIA's whole automotive segment) and licensing (about \$5.6B a year at a 72% margin, re-anchored by the Apple renewal). This expanded edition adds the full segment financials, a dedicated audit of the roadmap and the FY2029 plan, platform-level technology depth, and partner-by-partner evidence. The trigger is data-center revenue, not edge narrative.

75/100

Rating

\$175.50

Reference price

**\$290 /
\$430**

FY2029 base / bull

\$12.8B

FY2025 FCF, record

Buy the compounder, get the option on an AMD-style re-rate for free. The edge pays steadily; the cloud is what re-rates.

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The air pocket

Apple product revenue is guided down ~50% sequentially into the December 2026 quarter and fiscal 2027 consensus EPS (~\$10.20-10.45) sits at or below fiscal 2026. The year ahead is a show-me year: \$5B of guided fiscal 2027 data-center revenue starts from no disclosed base today.

Snapshot	Detail
Company	QUALCOMM Inc., San Diego; founded 1985; 52,000 employees, 200+ locations
Businesses	QCT chips (handsets, auto, IoT, data center); QTL patent licensing
FY2025	Revenue \$44.28B; QCT \$38.37B (handsets \$27.79B, auto \$3.96B, IoT \$6.62B); QTL \$5.58B
FY2025 cash	FCF \$12.82B (record); \$12.60B returned (buybacks \$8.79B, dividends \$3.81B)

Snapshot	Detail
Balance sheet	Cash and securities \$10.16B vs debt \$14.81B (Sep 2025); \$20B buyback authorized Apr 2026
Q3 FY2026	Revenue \$9.95B (-4%); handsets \$5.09B (-20%), auto \$1.59B (+61%), IoT \$1.83B; QTL \$1.28B
Geography	China (incl. Hong Kong) 46% of FY2025 revenue by customer HQ; US 24%; S. Korea 21%
FY2029 plan	Non-handset QCT \$40B (DC \$15B+, auto \$10B, IoT \$14B+); non-GAAP EPS above \$18
Data center	Dragonfly: AI200/AI250, AI300 with HBC memory, C1000 CPU (250 Oryon cores, reported)
Key deals	HUMAIN 200MW; Amazon silicon plus warrants (25M shares at \$161.26, to \$60B buys); Meta C1000; Microsoft HBC
Licensing	About \$5.6B/yr at 72% EBT margin; Apple renewed Sep 2026; Huawei multi-year Oct 2026
Next print	Q4 FY2026 results, November 4, 2026

1 WHAT AN AMD MOVE ACTUALLY REQUIRES

Strip AMD's 2026 to its mechanics and four things coincided. A depressed starting multiple relative to new earnings power. Named, sized, dated contracts (6GW with OpenAI, 6GW with Meta, warrants vesting on shipments) that a model can ingest. Consensus forced up: AMD's 2027 EPS consensus of \$13.57 stood 111% above the 2026 level, making every quarter a ratification event. And scarcity: exactly one credible second source to NVIDIA at scale.

Qualcomm, ingredient by ingredient. **Multiple:** ~17x fiscal 2027E and ~13.6x fiscal 2028E non-GAAP EPS, the cheapest large-cap AI-adjacent semiconductor in the market, because the earnings base is still a handset annuity with a melting Apple slice. **Contracts:** HUMAIN's 200MW is 0.2GW against AMD's 12GW of headlines (and against NVIDIA's and AMD's own 500MW commitments at the same customer), but the Amazon instrument is structurally identical to AMD's and its counterparty is larger, and Meta and Microsoft give the data-center line three hyperscaler logos before its first revenue dollar. **Estimates:** fiscal 2027 EPS of ~\$10.20 (consensus compilations) to ~\$10.45 (Morgan Stanley post-Investor Day) is flat-to-down versus fiscal 2026, recovering to ~\$12.95-13.62 in fiscal 2028, the opposite slope to AMD's. **Scarcity:** genuine for power-efficient inference compute and merchant silicon spanning edge to cloud; less so in custom ASIC design, where Broadcom holds ~70% share and Broadcom plus Marvell roughly 95% of co-design engagements.

The mechanism has fired twice in miniature: +19.2% on the October 27, 2025 HUMAIN/AI200 announcement day, and roughly +10% intraday on the September 8, 2026 Amazon news, before each faded on the absence

of near-term revenue. That pattern is the whole thesis in price form: the market will pay for proof, and it keeps asking for the revenue line. Two or three quarters of reported data-center revenue is what converts this from a value compounder with an option into a re-rating.

The market keeps asking for the revenue line. Data-center proof, reported quarterly, is the whole re-rate trigger.

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2 THE COMPANY IN ONE PASS

Qualcomm is two businesses welded together. QCT sells chips: \$38.37B of fiscal 2025 revenue at a 30.4% segment EBT margin and a remarkably stable ~50% gross margin (49.4%, 49.8%, 49.7% across fiscal 2023-25). Inside QCT, fiscal 2025 split as handsets \$27.79B (62.8% of company revenue), automotive \$3.96B, IoT \$6.62B. QTL licenses the patent portfolio underpinning cellular standards: \$5.58B of revenue at a 72.4% EBT margin, roughly \$4.0B of annual pre-tax profit that does not depend on winning a single socket. The flywheel: three owned technology pillars (custom Oryon CPU cores, Hexagon AI acceleration, modem/connectivity leadership) amortized across phones, PCs, cars, glasses, robots, and now data-center racks, with the licensing annuity funding the expansion and the buyback simultaneously. R&D; runs at ~\$9.0B a year, about 20% of revenue, against ~52,000 employees, the substantial majority in engineering.

3 THE ROADMAP AND THE PLAN, AUDITED

This management team sells its future at Investor Days, so the plan deserves an audit before a summary. Three editions tell the story.

The 2021 plan. Promises: addressable market growing from ~\$100B to \$700B over a decade; QCT compounding at mid-teens with 30%+ margins by fiscal 2024; automotive to ~\$3.5B in five years and ~\$8B in ten; IoT up to \$9B by fiscal 2024; QTL stable. Delivery, from the fiscal 2025 10-K: automotive hit \$3.96B in fiscal 2025, exceeding the five-year target roughly a year early (pipeline \$10B to \$30B to \$45B to \$65B across the period). QTL delivered exactly as promised. IoT missed badly: \$5.42B in fiscal 2024 against the up-to-\$9B target, a ~40% shortfall. The QCT mid-teens CAGR was missed. Net audit: the car promise was conservative, the IoT promise was promotional, the core held.

The 2024 plan. Fiscal 2029 targets of automotive plus IoT at \$22B (auto \$8B; IoT \$14B split PC \$4B, industrial \$4B, XR above \$2B, rest \$4B), off an \$8.3B fiscal 2024 base. Nineteen months in, automotive tracks ahead (exit fiscal 2026 run rate ~\$7B) while PC tracks behind: reported cumulative Snapdragon X laptop sales near 720,000 units since launch, under 1% of PC shipments in the period.

The 2026 plan (June 24, 2026). Non-handset fiscal 2029 target nearly doubled to \$40B: data center above \$15B (new category), automotive raised to \$10B, IoT held above \$14B but re-cut as industrial, networking and robotics \$8B plus personal AI and compute \$6B, with the standalone \$4B PC target quietly absorbed. Non-GAAP EPS target above \$18 versus prior consensus of \$15.26. Phasing: non-handset growth ~24% in fiscal 2026 accelerating to over 60% in fiscal 2027; data center revenue of \$5B in fiscal 2027; non-handset

passing 50% of QCT revenue in fiscal 2027 and reaching roughly two-thirds by fiscal 2029; handsets shrinking to about one-third of QCT; Android handset revenue growing at only ~5% CAGR fiscal 2026-29 (management in sell-side Q&A;) versus 12% over fiscal 2020-25.

How to judge it

Every doubled number sits where 2021-24 promises were beaten (auto) or are contract-anchored (hyperscaler data center), while the category with the demonstrated miss (consumer PC) was folded into a broader bucket. The plan is aggressive where management has earned aggression and vague where it has not. Skeptic points: Meta's C1000 shipments only scale in H2 calendar 2028; design-win pipelines are cumulative wins, not contracted backlog; the stock gave back most of its +10% Investor Day pop the next day. Our base case assumes the plan lands at roughly 80%: data center ~\$10B, not \$15B.

4 THE SILICON ROADMAP: ONE CPU, ONE NPU, EVERY SURFACE

Before Nuvia, Qualcomm rented Arm reference CPUs and differentiated on modem and GPU. Since the \$1.4B Nuvia acquisition (2021), every flagship rides owned Oryon cores, marching in lockstep across categories:

Oryon generation	First product	Node	Notes
Gen 1 (Phoenix)	Snapdragon X Elite, PC (2024)	TSMC 4nm	12 cores; 45 TOPS NPU platform debut
Gen 2 (Phoenix-L/M)	8 Elite mobile (2024); Ride/Cockpit Elite	TSMC 3nm	Prime 4.32GHz; first Oryon in cars
Gen 3 (Pegasus)	8 Elite Gen 5 (2025); X2 Elite PC	TSMC N3P	Prime 4.6GHz; mobile/PC align on Arm v9
Gen 4 family	8 Elite Gen 6 / Extreme (Sep 2026)	TSMC 2nm	Prime above 5GHz; Element Accelerator

Hexagon's direction matters more than its TOPS: Qualcomm no longer headlines a phone TOPS figure, because the binding metric for agentic workloads is memory behavior. The Gen 6 NPU redesign (new Element Accelerator, 50% larger shared memory on the Extreme tier, a direct link letting the NPU pull from modem and ISP without touching system memory) targets holding multi-billion-parameter model state on chip. The modem roadmap runs X80 (10 Gbps, first integrated satellite NB-NTN) to X85 (12.5 Gbps, Release 18) to X105 (14.8 Gbps, first Release 19-certified), with Wi-Fi moving to the Wi-Fi 8-ready FastConnect 8800. Beyond 5G, Qualcomm convened a 50-plus-company 6G coalition at MWC 2026 (Amazon, Cisco, Google, Meta, Microsoft, Nokia, Samsung), targeting pre-commercial devices in 2028 and commercial rollout from 2029; the industry-consensus timeline is closer to 2030, so treat 2029 as Qualcomm's ambition. Foundry: every announced 2nm product is TSMC; Samsung's SF2P dual-source is under evaluation, unconfirmed, reportedly stuck on price. The roadmap's honest scars: Snapdragon Satellite, launched with Iridium in January 2023, was terminated eleven months later with zero devices shipped, and the 2018 Centriq

wind-down is why the data-center CPU carries a burden of proof no competitor faces.

5 HANDSETS: THE PREMIUM FRANCHISE, TWO-FRONT WAR

	8 Elite Gen 5 (Sep 2025)	8 Elite Gen 6 / Extreme (Sep 2026)
Process	TSMC 3nm (N3P)	TSMC 2nm (N2P)
CPU	Oryon Gen 3: 2 prime at 4.6GHz + 6 perf at 3.62GHz	Oryon: 2 prime above 5GHz + 6 perf at 4.0GHz; 16MB Flex Cache
GPU	Adreno 840, +23% (company claim)	Extreme: Matrix Cores + Neural Fusion, +44% perf, +40% efficiency (claims); standard +35%
NPU	Hexagon +37% (claim); no TOPS published	Element Accelerator; Extreme +35% perf, +33% per-watt, 50% larger shared memory; 30B+ param MoE on device (claims)
Modem	X85 integrated, 12.5 Gbps DL	X105, 14.8 Gbps DL, first Release 19-certified
Camera/video	Triple 20-bit AI ISP; first mobile APV codec	Extreme: 8K60, 4K240 slow-mo, VVC hardware decode
Memory	LPDDR5X, UFS 4.1	LPDDR5X/LPDDR6 (Extreme), UFS 5.0

Gen 6 devices were announced by Xiaomi (18 Pro standard, 18 Pro Max Extreme), Motorola (Signature 27, Extreme), HONOR (Magic 9 Pro Max), and the OPPO/vivo/iQOO/OnePlus bench. Independent reference-device testing (HotHardware) found +13-14% single-core over Gen 5 with multi-core roughly flat: Gen 6 spends its transistors on NPU and GPU, not CPU multi-core. Samsung is the swing account: Amon's planning baseline for the Galaxy S26 is ~75% Snapdragon share, down from 100% on the S25, as Samsung's Exynos 2600 (first 2nm GAA) took ~30% of S26/S26+ in Europe and Korea (ET News), while the S26 Ultra stays 100% Snapdragon with a for-Galaxy bin at 4.74GHz. Exynos 2600 benchmarks (~3,047/~10,025 Geekbench) trail the 8 Elite Gen 5 (~3,675/~11,096), capping Samsung's insourcing until the gap closes. July 2026 added Fold8 on Gen 5, Galaxy Watch on Wear Elite, and an Android XR glasses collaboration.

The second front is MediaTek, no longer theoretical. Dimensity 9500 (Arm C1-Ultra at 4.21GHz, ~100 TOPS-class NPU) took the Vivo X300 and Oppo Find X9, then Samsung's premium tablets (Galaxy Tab S12). Dimensity 9600 Pro (September 2026) is its first 2nm part: dual NPU, 30B-parameter on-device models, LPDDR6, UFS 5.0, a reported ~\$220 chip price, shipping in the Oppo Find X10 Pro Max and Vivo X500 Pro. Counterpoint unit shares (Q1 2026): MediaTek 32%, Qualcomm 23%, Apple 19%. MediaTek wins units; Qualcomm wins the revenue pool; the flagship credibility gap has narrowed to a generation, not a chasm. Over both fronts sits the 2026 memory crisis: AI-driven DRAM/NAND inflation cut chipset shipments (expected down ~7% in 2026, Counterpoint) and produced Q3 handset revenue of \$5.09B (-20%); Q4 guides ~\$5.2B, the digestion floor if management is right.

6 THE APPLE EXIT: PRICED, DATED, PARTIALLY OFFSET

The teardown timeline (TechInsights, via 9to5Mac): iPhone 16 carried Qualcomm's X71 (16e carried Apple's C1); iPhone 17/17 Pro carry X80, Air/17e carry C1X; iPhone 18 Pro and the foldable Duo carry Apple's C2 worldwide; the 18 Pro Max carries C2 outside the US and keeps X80 in the US only, the remnant of the 2023 supply deal covering launches through 2026. Every 2027 iPhone is expected on Apple silicon. Management guides Apple product revenue down ~50% sequentially into the December 2026 quarter, and Apple share for the 2026 launch landed materially below the old 20% planning assumption. Apple's C2 adds mmWave at ~15% less energy than C1X (company figures); the prior independent test (Ookla, C1X vs X80) had Apple matching downloads and winning latency in 19 of 22 markets, with X80 uploads up to 32% faster.

Three consequences. Roughly \$2-3B of high-margin chip revenue exits by fiscal 2028 (estimate framing; the Apple slice is undisclosed). The royalty does not exit: on September 24, 2026 Apple renewed its global patent license, effective April 1, 2027, so Qualcomm is paid on the standards inside Apple's own modem. And the narrative clears: from fiscal 2028 the equity can be underwritten as an Android-premium, auto, and data-center story with no Apple asterisk.

7 AUTOMOTIVE: THE AUDITED PROOF, IN DEPTH

Revenue: \$1.87B (fiscal 2023), \$2.91B (2024), \$3.96B (2025), then \$1.10B, \$1.33B, \$1.59B across fiscal 2026's first three quarters (+61% in Q3, the 23rd consecutive double-digit quarter), exiting at a ~\$7B annualized run rate against a \$65B design-win pipeline (raised from \$45B in June 2026; ~\$15B of the earlier pipeline was ADAS-specific). Roughly 350M vehicles on the road carry Digital Chassis technology (company figure). Per-car content runs from ~\$200 (connectivity plus basic cockpit) toward ~\$3,000 (cockpit plus ADAS plus connectivity, CFO framing), with Gen 5 platform content cited at roughly 8x Gen 3 (June 2026 Investor Day).

The stack is three layers. **Cockpit:** from the volume SA8155P/SA8295P generations to Cockpit Elite (Oryon CPU, up to 16 4K displays, zonal audio, LLM assistants), running concurrently with ADAS on one SoC. **Ride Flex** (SA8775P): the first mixed-criticality automotive SoC, cockpit plus ADAS plus AD on one chip with a dedicated ASIL-D safety island, hardware isolation, hypervisors, and the ex-Arriver Ride Vision stack. **Ride:** a ladder from Assist (L2, single vision sensor) through Pilot (L2+, 5-7 sensors) to Pilot Plus (2027, 11 sensors) and Pilot Max (2027, L3, optional lidar) on Elite silicon. Ride Elite targets ASIL-D with 40+ multimodal sensors; Qualcomm publishes relative claims only (NPU 12x prior gen), never an absolute TOPS, a telling contrast with NVIDIA Thor's 2,000 TOPS headline.

BMW is the flagship. Ride Pilot, co-developed over three years by 1,400+ specialists, launched in November 2025 in the Neue Klasse iX3: Level 2+ highway and urban NOA, glance-triggered lane changes, validated in 60+ countries expanding to 100+ in 2026, on BMW's central computer at a claimed 20x prior compute. In July 2026 BMW named Qualcomm its lead compute silicon provider for next-generation cockpit and automated driving, for model programs starting in the 2030s. Ride Pilot is now licensed to other automakers and Tier 1s: a software product with a silicon annuity attached.

OEM / partner	Scope (verified announcements)
BMW	Ride Pilot in iX3 (Nov 2025); lead compute silicon provider for next-gen cockpit and AD (Jul 2026, 2030s programs)
Stellantis	May 2026 expansion: Digital Chassis across cockpit, connectivity, ADAS on STLA Brain; Ride Pilot for L2+ at scale
Mercedes-Benz	Snapdragon Cockpit plus Auto 5G modem-RF in electric CLA and GLC (MBUX)
Volkswagen Group	Jan 2026 LOI: primary SoC provider for infotainment on zonal SDV architecture, Audi included
Toyota	Snapdragon Cockpit selected for upcoming RAV4 (CES 2026)
GM	Cockpit/connectivity widely today; BUT 2028 centralized platform and eyes-off Super Cruise move to NVIDIA Thor
Renault / Ampere	Cockpit since 2018 (Megane E-Tech); SDV co-development since 2022
Bosch	10M+ vehicle computers shipped on Snapdragon Cockpit (WardsAuto)
China OEMs	Cockpit/Ride Elite wins: Li Auto, Leapmotor, Zeekr, Great Wall, NIO, Chery (CES 2026)
Hyundai Mobis	Jan 2026 MoU: Ride Flex co-development for emerging-market ADAS (Tier 1 MoU, not a vehicle win)

The GM line is the honest debit: one marquee defection at the richest content tier proves the flagship AD slot is contestable, even as Qualcomm's automotive revenue exceeds NVIDIA's entire automotive segment (\$2.35B in its fiscal 2026). Watch whether Pilot Max's 2027 L3 slot answers it.

8 PCS: REAL PRODUCT, UNPROVEN FRANCHISE

	X Elite (2024)	X2 Elite Extreme (2026)	X2 Plus (2026)
Node / cores	TSMC 4nm; 12 Oryon, 4.2GHz boost	TSMC 3nm; 18 cores, 5.0GHz boost	TSMC 3nm; 10 or 6 cores
NPU	45 TOPS	80 TOPS	80 TOPS
Memory	LPDDR5x, 136 GB/s	LPDDR5x, 228 GB/s	LPDDR5x, 152 GB/s
Target	Premium thin-and-light	Flagship and agentic-PC tier	About \$800 Copilot+ laptops

At the September 2026 Summit the X2 line was repositioned as the agentic PC: up to 2x token generation versus Gen 1, 200K-token context, 30B-parameter local models, 450 supported models (company figures), Windows 11 26H1 releasing first for X2 machines. Microsoft launched a Surface Pro 12-inch and Surface Laptop 13-inch on X2 Plus (up to 22 hours battery, ~95% faster local inference, per Summit coverage), and

Google launched Googlebook, a Gemini-native laptop category fusing ChromeOS and Android on Snapdragon X silicon, Dell and HP first (on Gen 1 X Elite silicon, correcting early reports). The franchise question is conversion: reported cumulative Snapdragon X sales near 720,000 units sit far below the old standalone \$4B fiscal 2029 PC target's trajectory, which is why the 2026 plan folded PC into a \$6B personal-AI bucket with XR and wearables. PC contributes credibility more than cash today; it needs to stop being a rounding error by fiscal 2028, not to hit \$4B, for the thesis to hold.

9 XR, GLASSES, AND THE INDUSTRIAL LONG TAIL

Qualcomm owns the merchant silicon layer of spatial computing: XR2 Gen 2 powers Meta Quest 3/3S (2.5x GPU, 8x AI versus predecessor, ~12ms passthrough, company figures); XR2+ Gen 2 powers Samsung's Galaxy XR in the Android XR alliance; 100+ XR devices run on Snapdragon (company figure); a 2022 multi-year Meta agreement covers custom XR chipsets, and Llama models are optimized for Hexagon. Third-party estimates (Meta does not disclose) put Quest near 27M lifetime units and Ray-Ban Meta glasses near 9M. The glasses are the sleeper: AR1 powers Ray-Ban Meta, EssilorLuxottica reported 2M+ pairs by early 2025 with demand ahead of supply, Samsung showed AR1 glasses in its Android XR program, and the Galaxy Watch line moved to the new Snapdragon Wear Elite (MWC 2026). Glasses are the first AI-native category with no incumbent platform owner, and the use case (camera, microphone, all-day NPU) runs on Qualcomm's exact efficiency curve.

Dragonwing, the industrial brand, is priced separately for the first time in the 2026 plan: industrial, networking and robotics at \$8B of the fiscal 2029 IoT target, on a design-win pipeline above \$7B with more than \$3.5B won in fiscal 2026. The robotics flagship is the Dragonwing IQ10 platform (700 TOPS, per Investor Day summaries) with NEURA Robotics as anchor humanoid partner; the CFO calls robotics the company's next big bet. The surrounding acquisitions (Arduino boards and community, Edge Impulse tooling, Foundries.io OS, PickNik motion planning) buy the developer surface of physical AI. Small in fiscal 2027 numbers; potentially the fiscal 2030 story.

10 DATA CENTER: DRAGONFLY AND THE COST-PER-TOKEN BET

This is the section the multiple turns on. The Dragonfly portfolio (June 2026) has four pieces. **AI200/AI250** (announced October 27, 2025): inference accelerators on Hexagon DNA that invert NVIDIA's architecture, LPDDR instead of HBM, up to 768GB per card (more capacity than any flagship GPU), sold as chips, PCIe cards, or direct-liquid-cooled racks at ~160kW, PCIe scale-up and Ethernet scale-out, confidential computing. AI250 (2027) adds near-memory computing with a claimed >10x effective memory bandwidth. Qualcomm has published no per-card TOPS, bandwidth, or head-to-head cost-per-token figure, an evidence gap; independent scenario modeling (The Next Platform) found AI200 racks plausibly ~35% better on performance per watt than a GB300 NVL72 under one assumption set and at parity under another. **HUMAIN** is the first customer: 200MW from 2026, ALLAM Arabic LLMs integrated, no official dollar value (Bernstein estimates ~\$2B of revenue). Scale honesty: NVIDIA and AMD hold 500MW each at the same customer, whose total plan is 6.6GW by 2034.

AI300 and HBC memory: the follow-on pairs near-memory computing with second-generation High Bandwidth Compute (memory stacked on logic, bandwidth without HBM's cost and supply chain) and third-generation rack designs; Microsoft committed to deploying HBC on Azure, the first hyperscaler validation of the memory thesis. **Dragonfly C1000 CPU:** a custom Oryon server processor reported at 250 cores for agentic head nodes and general compute; Meta signed a multi-year, multi-generation deployment agreement, with shipments scaling in H2 calendar 2028. It argues most directly with Centriq's ghost, and its revenue is a fiscal 2029 event.

Amazon warrant (SEC filing, Sep 3, 2026)	Terms
Shares	Up to 25M QCOM shares (about 2.4% of shares outstanding)
Strike	\$161.26 per share (about \$4.03B total exercise value)
Vested at issuance	3.75M shares (15%), against initial purchase commitments
Vesting cap	Further tranches tied to purchases up to a \$60B maximum over the term
Expiry / mechanics	September 3, 2036; cashless exercise permitted; no voting rights pre-exercise
Deal scope	Multi-year, multi-generation custom inference silicon for AWS plus optical connectivity (to 1.6 Tbps links, per reporting); revenue from Dec 2026 quarter

Two further custom engagements carry purchase orders (management); ByteDance is the reported second name (Bloomberg, May 2026: millions of ASICs structured inside US export controls; unconfirmed by either company; the stock spiked 8.3% on the report), and management states data-center processors began shipping to a significant hyperscaler in May 2026. The margin reality, from the CFO: initial custom revenue carries significantly lower gross margin than the 48-50% QCT baseline and will drag blended QCT gross margin 1.5-2 points as it ramps. That drag is the cost of admission, and Broadcom prints ~\$58B of fiscal 2026 AI revenue at similar mix economics. **Targets: \$5B in fiscal 2027, above \$15B by fiscal 2029.**

The software layer is bought, not wished for: Modular (~\$3.92B all-stock, closed July 2026 per Reuters) brings Mojo and the MAX inference engine, a portability layer across CPUs, GPUs, NPUs and custom silicon, and co-founder Chris Lattner (LLVM and Swift creator) as SVP for AI software; Alphawave (~\$2.4B) brought 224G SerDes, UCle and 800G/1.6T networking IP with ~1,000 engineers. Qualcomm is the first challenger to buy the full stack (silicon, interconnect, compiler, serving) rather than a point solution. It does not repeal ROCm's decade-long slog; it shortens Qualcomm's.

11 LICENSING (QTL): THE ANNUITY THAT FUNDS THE OPTION

QTL revenue has been strikingly stable (\$5.31B, \$5.57B, \$5.58B, fiscal 2023-25) at EBT margins of 68.4%, 72.3%, 72.4%, on roughly 140,000 granted and pending patents anchored in standards-essential cellular IP. The model charges handset makers a percentage of device price (historically ~5% at the 5G multimode tier,

subject to a \$400 wholesale-price cap under the post-2019 framework), so QTL profits from premiumization rather than units, and the Apple renewal (September 24, 2026, effective April 1, 2027) matters more than the Apple chip exit: Qualcomm gets paid on the standards inside Apple's own modem. Huawei's multi-year agreement followed on October 5, 2026 (5G, compute, AI, networking; economics undisclosed), a second anchor renewal within two weeks. The scar tissue is old: China's 2015 NDRC settlement (\$975M fine, restructured China terms), the FTC case Qualcomm ultimately won (closed by 2022), the 2019 Apple settlement (~\$4.7B). Open fronts: episodic EU/China rate-cap pressure and renewal cadence. In the fiscal 2029 plan mix, QTL stays roughly flat in dollars while QCT doubles around it, diluting licensing below 10% of revenue: if the chip story delivers, QTL becomes ballast; if it does not, QTL's ~\$4B of pre-tax profit is what the market is actually buying at 17x. Either way, it is the floor under the stock.

12 THE ARM QUESTION: RESOLVED, REMEDY PENDING

The Oryon roadmap runs on an Arm architecture license, and the Nuvia acquisition put it in court. A December 2024 Delaware jury found the Oryon cores properly licensed; Arm withdrew its remaining complaints in February 2025. In the second case, concluded October 13, 2026, a Delaware jury found Arm itself breached the architecture license and intentionally disrupted Qualcomm's business (withholding software tools around a \$170M Meta chip sale). Damages were \$2 nominal; the material item is the judge's pending ruling on Qualcomm's claim that the breach could excuse up to five years of Arm royalty payments, reported in the billions. The license runs to 2033. The existential version of this risk (an injunction against Oryon) is dead; what remains is a possible multi-year royalty holiday in Qualcomm's favor, de-risking the CPU core of the mobile, PC, auto and data-center roadmap at once. The stock added ~2% on the verdict.

13 FINANCIALS: THE FULL PICTURE

Segments (\$B)	FY2023	FY2024	FY2025
Handsets	22.57	24.86	27.79
Automotive	1.87	2.91	3.96
IoT	5.94	5.42	6.62
QCT total	30.38	33.20	38.37
QCT EBT (margin)	7.92 (26.1%)	9.53 (28.7%)	11.67 (30.4%)
QTL revenue	5.31	5.57	5.58
QTL EBT (margin)	3.63 (68.4%)	4.03 (72.3%)	4.04 (72.4%)
Total revenue	35.82	38.96	44.28

Consolidated	FY2023	FY2024	FY2025
Gross margin	55.7%	56.2%	55.4%
R&D; / SG&A; (\$B)	8.82 / 2.48	8.89 / 2.76	9.04 / 3.11
Operating income (margin)	7.79 (21.7%)	10.07 (25.8%)	12.36 (27.9%)
Net income (\$B)	7.23	10.14	5.54
GAAP EPS	6.42	8.97	5.01
Operating cash flow (\$B)	11.30	12.20	14.01
Free cash flow (\$B)	9.85	11.16	12.82

Fiscal 2026 quarters	Q1	Q2	Q3	Q4 guide
Revenue (\$B)	12.25	10.60	9.95	9.7 - 10.5
Handsets (\$B)	7.82	6.02	5.09	5.2E
Automotive (\$B)	1.10	1.33	1.59	+60% YoY
IoT (\$B)	1.69	1.73	1.83	n/d
QCT EBT margin	31%	27%	26%	23 - 25%
QTL (\$B, margin)	1.59 (77%)	1.38 (72%)	1.28 (69%)	1.2 - 1.4 (68 - 72%)
Non-GAAP EPS	3.50	2.65	2.21	2.05 - 2.25

Three financial stories matter. **The tax saga is resolved:** the One Big Beautiful Bill Act forced a \$5.72B non-cash deferred-tax valuation allowance in Q4 fiscal 2025 (fiscal 2025 GAAP EPS of \$5.01 versus \$12.03 non-GAAP), and February 2026 IRS guidance allowed the full \$5.7B reversal in Q2 fiscal 2026. Forward non-GAAP tax rate: 13-14% guided. **The balance sheet is strong but not a cash fortress:** \$10.16B of cash and securities against \$14.81B of debt (net debt ~\$4.7B), trivial against \$12.8B of FCF; \$12.60B returned in fiscal 2025 (~98% of FCF, buybacks retiring 56M shares at an average of ~\$157); \$2.3B returned in Q3 fiscal 2026 alone; dividend raised to \$0.92 quarterly (\$3.68 annualized, ~2.1% yield); diluted share count down from 1.13B (fiscal 2023) to 1.11B (fiscal 2025), ~1.07B shares outstanding now. **Concentration:** China (including Hong Kong) was 46% of fiscal 2025 revenue by customer headquarters (\$20.34B). That is the largest structural risk in the equity, larger than Apple ever was.

14 THE COMPETITIVE FIELD, ARENA BY ARENA

Merchant mobile silicon. MediaTek leads units (Counterpoint Q1 2026: 32% vs Qualcomm 23%), Qualcomm leads the premium revenue pool, and the flagship credibility gap closed materially with the Dimensity 9500/9600 Pro line and the Galaxy Tab S12 win. Apple's A20 Pro (2nm, dual 16-core Neural Engines totaling 32 cores, 73 TOPS INT8, 115.2 GB/s) sets the vertical benchmark the Gen 6 Extreme answers on GPU and memory. Samsung's Exynos 2600 trails on benchmarks, capping insourcing near its ~30% toehold. One in three phones ships premium in 2026: premiumization, not units, is the growth pool.

Automotive compute. NVIDIA DRIVE Thor (2,000 TOPS FP4 headline) holds Zeekr, Li Auto's next fleet, Volvo (1,000 TOPS configuration, later this decade), BYD, and GM's 2028 flagship; Chinese reporting (36Kr) says Thor delays tested automaker confidence, and NVIDIA's automotive revenue (\$2.35B fiscal 2026) remains smaller than Qualcomm's. Mobileye guides fiscal 2026 revenue of \$1.90-1.98B (EyeQ6 ~34 TOPS, EyeQ Ultra 176 TOPS) and defends fleet ADAS on cost. Qualcomm's edge is the merged cockpit-plus-ADAS-plus-connectivity bill of materials on one roadmap, with an ASIL-D safety island and a licensable software stack.

Data center and custom silicon. Here Qualcomm is smallest against the leaders. Broadcom's AI revenue ran \$10.8B (fiscal Q2 2026), \$16.7B (Q3), guided \$21.7B (Q4), roughly \$58B for fiscal 2026, with management sketching ~\$115B for fiscal 2027; it holds ~70% of custom accelerator design, and with Marvell (fiscal 2026 revenue \$8.2B; designer of Amazon Trainium and Microsoft Maia) roughly 95% of co-design. AMD's data-center segment did \$6.7B in Q2 2026 (+107%), MI400 in production, Helios racks shipping to five named customers. NVIDIA Rubin claims 5x Blackwell inference, Rubin CPX attacks the prefill phase (the long-context niche where Qualcomm's memory-capacity pitch is strongest), and Google's Ironwood (192GB HBM) plus TPU 8i set the internal-silicon bar. The demand context justifies the attempt: a ~\$1.5T accelerator TAM by 2030 with inference at ~60% (AMD executive claim), of which Qualcomm's \$15B target is about 1%. Its wedge is narrow and real: cost per token on memory-bound, long-context inference, for buyers wanting a merchant second source. MediaTek is entering the same door (above \$2B of data-center revenue expected in 2026, first custom accelerator in production Q4 2026), and the market already paid it for the attempt (+213% in 2026 to ~77x trailing). That re-rate is simultaneously Qualcomm's best comparable and its sharpest warning: the multiple arrives with the first reported revenue, not the announcements.

15 MANAGEMENT: THE AMON RECORD

Cristiano Amon became CEO in June 2021 with one mandate: diversify before the handset annuity ran out. Delivered: the automotive transformation (sub-\$2B to a \$7B run rate, \$65B pipeline), the Nuvia bet that fixed the CPU roadmap across four categories, QTL stability through two renewal cycles, record FCF with ~100% returned, and a data-center option (HUMAIN, Amazon, Meta, Microsoft) assembled faster than skeptics allowed. Missed: the 2021 IoT target by ~40%, the first PC generation's commercial conversion, Snapdragon Satellite's eleven-month life, and Investor Day arithmetic that asks for trust precisely where contracts do not yet exist (the fiscal 2029 EPS target 18-20% above consensus). The M&A; pattern is the most disciplined part of the record: nine deals since 2021 (Nuvia \$1.4B, Arriver inside the \$4.5B Veoneer transaction, Alphawave \$2.4B, Modular \$3.92B, plus Foundries.io, Edge Impulse, Arduino, PickNik, and VinAI's generative-AI unit), each buying a missing layer of the stack rather than revenue. CFO/COO Akash Palkhiwala fronted the Amazon announcement himself; QTL president Alex Rogers holds the renewals; Chris Lattner's arrival as SVP for AI software is the tell that management knows the data-center fight is a software fight. This team has

earned belief on automotive cadence and capital return, and has not yet earned it on data-center scale or PC conversion. The plan prices accordingly.

16 VALUATION: PRICING EACH VERSION OF 2029

Company	Price	Trailing P/E	Note
Qualcomm	176.86	20.2x	About 13.6x on FY2028E EPS of about \$12.95; 2.1% yield
NVIDIA	228.52	28.6x	The incumbent
Broadcom	357.31	45.1x	The custom-silicon landlord
Marvell	268.73	91.4x	Trainium and Maia designer
MediaTek	TWD 4,475	77.5x	After a +213% 2026 re-rate on the same story
ARM	255.39	281.6x	IP royalty model
AMD	605.53	154.3x GAAP	About 45x 2027E non-GAAP EPS

Fiscal 2029 build	Bear	Base	Bull
Handsets (\$B)	26.0	32.0	35.0
Automotive (\$B)	7.5	9.5	11.0
IoT incl. PC, XR, industrial (\$B)	10.0	12.5	14.5
Data center (\$B)	3.0	10.0	16.0
QTL (\$B)	5.3	5.6	6.0
Total revenue (\$B)	51.8	69.6	82.5
Non-GAAP EPS	\$9.50	\$17.50	\$21.00
Exit P/E	15x	17x	20x
Price target	\$140	\$290	\$430

The bear case is a delivery failure, not an industry downturn: data center stalls near \$3B, the auto pipeline converts slowly, handsets stagnate, and a handset multiple sits on flat EPS. The base case is the company plan at roughly 80%: automotive near target, data center at \$10B of the \$15B goal, EPS of \$17.50 just below management's above-\$18 target, at 17x, a discount to every AI-adjacent peer. The bull case is the plan delivered plus the AMD mechanism: full \$15B+ data center, EPS above \$21 with buyback shrink, 20x, still less than half of Broadcom's multiple. Against \$175.50: base +65%, bull 2.4x, bear -20%. Sensitivity: every

\$5B of fiscal 2029 data-center revenue at a mid-teens net margin is worth roughly \$0.65 of EPS, or about \$11-13 of share price at base and bull multiples. Data-center delivery is the valuation.

17 RISKS AND THE DATED WATCH LIST

Risks, ranked. (1) Data-center execution: the \$5B fiscal 2027 target has no reported revenue base today (data center sits in a nonreportable segment; fiscal 2025's nonreportable total including government systems was \$192M), so the first disclosed number does all the work. (2) Custom-silicon margin math: low-margin ASIC revenue scaling faster than the merchant line dilutes QCT gross margin (guided 1.5-2 points) while headline revenue flatters. (3) China: 46% of revenue by customer HQ, export-control escalation in both directions, OEM insourcing, QTL terms politics. (4) The fiscal 2027 air pocket deepening if memory pricing persists and handsets undershoot the ~\$5.2B quarterly floor; the November 4, 2026 print sets the fiscal 2027 frame. (5) MediaTek's ascent plus Samsung insourcing compressing the premium pool from both ends. (6) Automotive contestability: the GM Thor defection repeating before Pilot Max's 2027 L3 slot ships. (7) Licensing: an EU or China rate-cap framework. (8) Single-foundry N2 concentration.

Dated checkpoints. November 4, 2026: Q4 FY2026 results (data-center disclosure language, fiscal 2027 framing). December 2026 quarter: first Amazon custom-silicon revenue; Apple product revenue down ~50% sequentially is the guide to audit. Through 2027: HUMAIN deployment cadence against 200MW; ByteDance confirmation or silence; AI250/AI300 milestones and first cost-per-token disclosures; X2 PC sell-through; Pilot Plus/Pilot Max design wins; the Arm remedy ruling. H2 calendar 2028: Meta C1000 shipment scale, the largest single marker for the fiscal 2029 data-center target. Fiscal 2027 is the proving year: if non-handset growth prints near the guided 60%+ with named data-center revenue, the re-rate conversation restarts with numbers attached.

Bottom line

Qualcomm at \$175.50 is a cash compounder (auto audited, licensing annuitized, \$12.8B of free cash flow) carrying a free option on the only re-rate mechanism semiconductors respect: reported data-center revenue at hyperscaler scale. The roadmap audit says this team delivers on cars and cash, over-promises on consumer timelines, and has now bet its credibility on one phasing line: \$5B of data-center revenue in fiscal 2027. Believe the compounder today; let the option prove itself quarterly.

Sources and method: FY2025 Form 10-K (segment and tax notes), quarterly earnings releases and guidance through Q3 FY2026, June 24, 2026 Investor Day materials, the SEC-filed Amazon warrant (September 3, 2026), partner releases (BMW, Stellantis, Hyundai Mobis, Samsung), Reuters and Bloomberg reporting (ByteDance unconfirmed by either company), The Register, The Next Platform scenario modeling, Counterpoint Research unit shares, TechInsights teardowns via 9to5Mac, Ookla modem comparisons, TrendForce pricing reporting, Finnhub spot valuation data (October 14, 2026). Company performance claims are labeled as claims; analyst figures (Bernstein HUMAIN sizing, Morgan Stanley models) are labeled as estimates; single-source items (the ~720,000 Snapdragon X unit compilation, the reported May 2026 shipment start, C1000's reported 250-core count, IQ10's 700 TOPS) are flagged in the text. Consensus EPS varies by provider (fiscal 2027 ~\$10.20-10.45; fiscal 2028 ~\$12.95-13.62). No automotive semiconductor TAM is cited because no clean third-party figure was verified. Scenario targets are DalalBytes estimates.