

Qualcomm (QCOM): Key takeaways from Bernstein's SDC

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Qualcomm (QCOM)

Cristiano Amon, President and Chief Executive Officer

Wednesday, 5/27 1:30pm - 2:20pm

Key Takeaways: The conversation was focused on QCOM's diversification story and performance within end markets as well as future opportunities and demand drivers. The core handset business, while currently artificially constrained by memory availability is fundamentally healthy and is seen as troughing in Q3 as QCOM has good visibility and has been undershipping demand. Longer-term, the company has strong confidence in AI phone upgrades cycles driven by agentic AI. Both the Auto and IoT segments are on track with respect to FY29 targets with the former underpinned by a growing \$45B+ pipeline and share gains. While the latter sees outperformance in AI devices (AR/VR and wearables), PCs are also impacted by memory availability. The Datacenter opportunity is expected to contribute multiple-billions in FY27 and will be operating margin accretive.

Highlights:

- The handset business is artificially constrained by memory availability but is expected to trough in 3Q, with management having strong confidence of recovery due to undershipping end demand and strong visibility. Longer term, QCOM is very confident in AI phone upgrades cycles driven by agentic AI for which current handsets offer insufficient compute.
- The Auto business is healthy and is on or slightly ahead of its \$8B trajectory for FY29, underpinned by a growing \$45B+ pipeline. QCOM is gaining share in the market with market growth driven by increasing compute needs in the car (ADAS level 2++, digital cockpit and connectivity).
- IoT which consists of core industrial IoT, PCs, Personal AI devices (AR/VR, smart glasses, wearables) is also on track to hit FY29 targets, with a smart glasses being a bright spot (currently 10s of million of units which could move to 100s of billions). PCs while impacted by the same memory dynamics as handsets in the short-term are also tracking in terms of market share.
- The Datacenter opportunity is viewed as material (multiple billions of revenue \$ in FY27) and is expected to be operating margin accretive. QCOM views itself as strongly positioned in the market with valuable IP, execution capabilities and scale and is targeting the inference market where it sees its CPU offering and different memory architecture (no HBM required) as differentiators.

Presentation attendance: High

BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	26 May 2026		TTM	Adjusted EPS			Adjusted P/E (x)			
			Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
QCOM (Qualcomm)	M	USD	248.82	140.00	24.3%	USD	12.03	10.64	9.77	20.7	23.4	25.5
SPX			7,519.12									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY**Qualcomm Inc**

We value QCOM by setting a target multiple of ~14x applied to our FY2027 diluted EPS estimate (~\$9.77) and set our price target at \$140.

RISKS**Qualcomm Inc**

Downside risks to our price target on QCOM include further customer lawsuits, disputes, or revolts over licensing practices, further issues monetizing China, "leakage" of IP issues, 5G penetration and ramp slower than we model resulting in lower device or chipset unit growth, or device and/or chipset ASPs declining faster than we model. Upside risks include better-than-expected smartphone shipments, memory constraints easing, share gains, or material datacenter wins.

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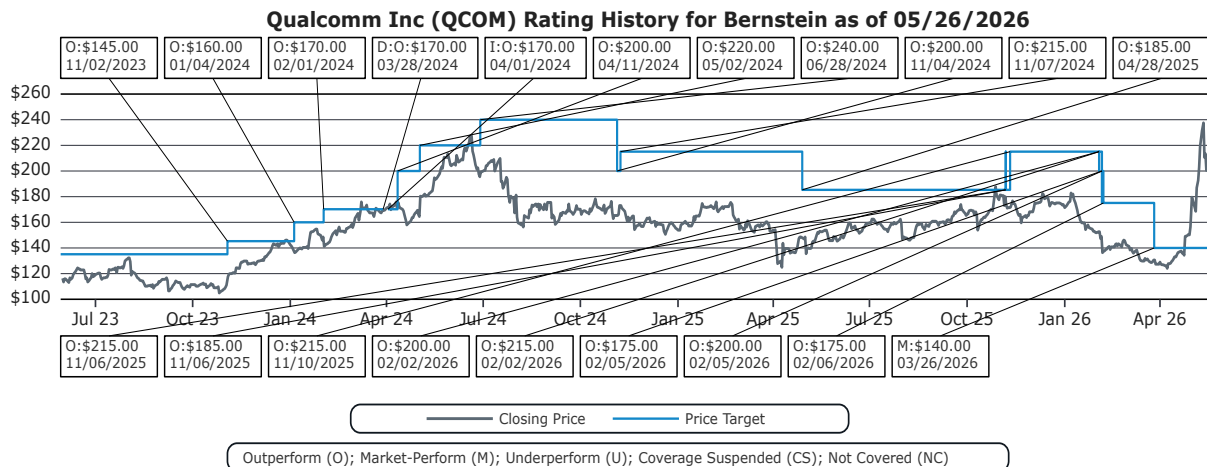
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Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	36.3%	17.8%
Underperform	SELL	12.6%	14.9%

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