Qualcomm

Handset steady, hyperscaler in sight

7 July 2026

Company Overview

Qualcomm Inc is a leading wireless technology innovator. It develops and supplies integrated circuits and system software based on 3G/4G/5G and other technologies, including radio-frequency front end (RFFE), for use in mobile devices, automotives, consumer electronic devices, and industrial devices. Its segments include the QCT (Qualcomm CDMA Technologies) semiconductor business and QTL (Qualcomm Technology Licensing) business.

Investment Overview

Leading communications semiconductor & solutions company. QCOM is a beneficiary of the growing 5G opportunities in the premium handset, automotive, IoT, and edge networking segments. Recently announced product line-up as well as its blue-chip customer bases attest to its competitive edge in each of the respective sub-sectors, e.g., Samsung and leading Chinese OEMs in handset and Mercedes and BMW in automotive. Qualcomm has also made inroads into Gen AI smartphones/PC market, and targets the AI/data center segment come 2026.

Diversification away from handset to more stable, fast-growing sectors. QCOM looks to diversify its business into the non-handset segments to (i) offset cyclicality associated with the global smartphone industry, and (ii) tap into areas of higher growth potential. In its 5-year growth roadmap, management has guided an additional USD40bn in annual revenue through its other operating segments. Management remains confident in achieving its long-term targets following the latest FY25 results, underpinned by sustained growth in the automotive and IoT segments, as well as a potential multi-billion dollar opportunity through its recently unveiled data center venture.

We maintain our BUY rating on QCOM with a higher TP of USD255 per share (prev. USD200), pegged at 24x FY26/27 earnings (+4SD above historical mean). Although elevated memory costs remain a near-term headwind for the core handset business, Android handset revenue is still expected to grow at a c.5% CAGR through FY29. This should be supported by Snapdragon's strong positioning, sustained traction with leading Chinese OEMs and rising content in the premium Android market. Beyond handsets, investor focus is likely to shift increasingly towards newer growth segments such as automotive, PCs and data centre, which are becoming more meaningful contributors to Qualcomm's diversification story.

Risks

Slowdown in handset segment, higher memory costs

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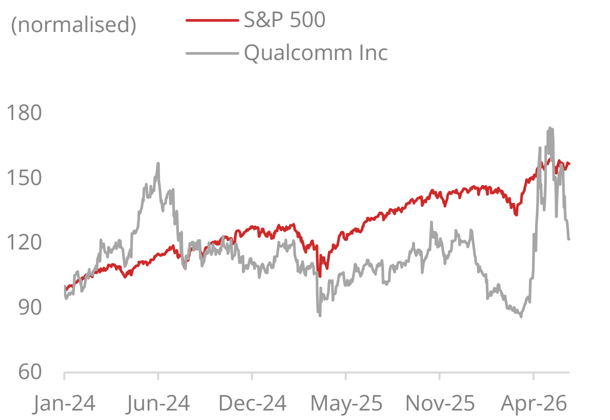
Key Financial Data

Bloomberg Ticker	QCOM US
Sector	Information Technology
Share Price (USD)	176.25
DBS Rating	BUY
12-mth Target Price (USD)	255.0
Market Cap (USDb)	185.8
Volume (m shares)	18.7
Free float (%)	99.9
Dividend yield (%)	2.0
Net Debt to Equity (%)	25.9
Fwd. P/E (x)	16.4
P/Book (x)	6.8
ROE (%)	36.1

Closing Price as of 5 Feb 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

Financial Summary (USDmn)

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	35,831	38,943	44,140	42,435	43,414
% y/y	*(18.9)*	*8.7*	*13.3*	*(3.9)*	*2.3*
Gross Profit	20,184	22,115	24,670	23,352	23,845
% y/y	*(21.8)*	*9.6*	*11.6*	*(5.4)*	*2.1*
EBITDA	13,270	15,025	17,056	14,832	14,641
% y/y	*(29.5)*	*13.2*	*13.5*	*(13.2)*	*(1.3)*
Net Profit	9,486	11,546	13,299	11,440	11,311
% y/y	*(33.4)*	*21.7*	*15.2*	*(14.2)*	*(1.1)*
FCF	9,849	11,161	12,820	11,996	10,621
% y/y	*44.1*	*13.3*	*14.9*	*(1.5)*	*(10.8)*
CAPEX	1,450	1,041	1,192	1,904	1,884
% y/y	*(35.9)*	*(28.2)*	*14.5*	*61.1*	*(2.6)*
EBITDA Margin (%)	37.0	38.6	38.6	35.0	33.8
Net Margin (%)	26.5	29.6	30.1	27.0	26.0
ROA (%)	19.0	21.7	25.3	22.0	21.5
ROE (%)	47.9	48.3	56.0	49.5	51.6
Tax Rate (%)	14.3	13.1	14.0	13.3	12.7

Source: Company, DBS

Valuation Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	20.8	17.0	14.5	16.5	16.2
P/B (x)	9.2	7.6	9.2	7.5	7.5
Dividend Yield (%)	1.7	1.9	2.0	2.0	2.1
EV/EBITDA (x)	9.9	12.7	10.6	12.9	13.1
FCF Yield (%)	5.0	5.6	6.6	6.4	5.6
Dividend Per Share (DPS)	3.1	3.3	3.5	3.5	3.6

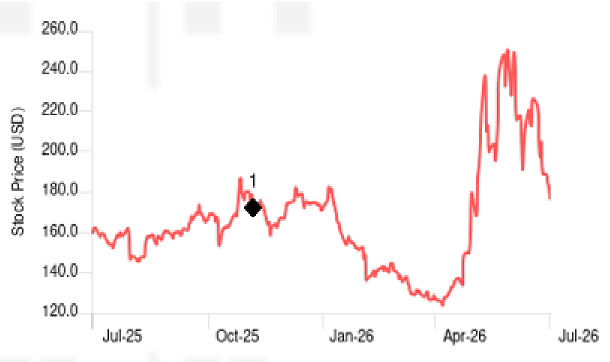
Source: Company, DBS

Credit & Cashflow Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	71.3	55.7	69.8	61.6	100.1
Net Debt / Equity (x)	0.2	0.1	0.1	0.2	0.2
Debt / Assets (%)	30.2	26.5	29.5	28.4	29.3
Net Debt / Assets (x)	0.1	0.0	0.0	0.1	0.1
ST Debt / Total Debt (x)	0.1	0.1	0.00	0.0	0.0
Debt / EBITDA (x)	1.2	1.0	0.9	1.0	1.0
[Cash + CFO] / ST Debt (%)	24.8	18.7	nm	35.2	40.4
Receivables Days	32.4	36.8	35.7	34.4	36.4
Days Payable	19.5	24.2	23.1	21.9	24.3
Inventory Days	65.4	60.2	54.0	54.6	57.9

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	06 Nov'25	179.7	200.0	BUY

Source: DBS
Analysts: Amanda Tan
Lee Keng Ling

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

Share price appreciation + dividends

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