

## DESK NOTE

31.12.2024

### **QUALCOMM (QCOM) – Positioned for Growth in Key**

#### ***Tech Sectors – Buy on Weakness for Attractive Risk-Reward***

**Conclusive Summary:** Qualcomm is well-positioned as a leader in several technology sectors, including mobile processors, IoT, 5G, and automotive, with its Snapdragon platforms and extensive IP portfolio. Recent favorable legal outcomes, such as the ruling on its ARM licensing agreement, open the door for more aggressive expansion into AI, PC, and edge computing markets. While Qualcomm's strong partner ecosystem and broad product offerings solidify its role as a technology enabler, it faces ongoing challenges, including intense competition from companies like MediaTek, Apple, and Samsung and is dependent on Chinese OEMs for about 40% of its handset revenue, which amplify geopolitical risks and pricing pressures. Consumer spending volatility also adds risk, potentially offering more favorable entry points for investors. We suggest considering adding QCOM stock around the \$132 which offers an attractive risk/reward profile.

**Competitive Position:** holds a strong position across key markets, driven by its 5G leadership, extensive IP portfolio, and partnerships with major Android OEMs. It dominates premium Android smartphones with Snapdragon chipsets but faces mid-tier competition from MediaTek and challenges from vertically integrated rivals like Apple and Samsung. Qualcomm's recent legal victory regarding Nuvia technology affirms its innovation rights and clears the way to expand into the personal computer market, further solidifying its growth prospects. With early investment in 5G and a growing presence in automotive connectivity and IoT, Qualcomm is well-positioned to capitalize on emerging opportunities.

**Valuation:** Based on a combination of FCFE valuation and multiple valuation calculations we reach a blended target price (TP) of \$178.20, around 12% above current levels. The stock is currently trading around its historic multiple averages and has room for upside when compared with competitors. At a price of around \$132, QCOM is a solid investment opportunity.

**Ticker: QCOM US**

Previous day close price: \$157.24

Price range (52w.): \$ 134.94 - \$230.63

Target price: \$178.00 (+35% upside)

Buy price: \$132.00

Reason for note: PM Request

Recommendation: ***Buy@ \$132***

**Description:** Qualcomm is a global leader in wireless communication, 5G, computing, and AI, driving innovation across mobile devices, automotive systems, and IoT through its Snapdragon® platforms and patented technologies. The company generates revenue from integrated circuit product sales, including SoCs and connectivity components for smartphones, automotive, and IoT; licensing fees and royalties from its extensive 3G, 4G, and 5G patent portfolio; and strategic investments in high-growth areas like AI and 5G. This diversified model, supported by strong partnerships and a fabless manufacturing approach, positions Qualcomm at the forefront of digital transformation.

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(Forward) Target Multiple		Current Factor	Target EV	Net Debt	Target MCap	Shares	Target Price	Standard Deviation	Buy Price
BF EV/Sales	5.00	42,992	214,958	2,140	240,350	1,113	\$191.21	35.36%	\$141.27
BF EV/EBITDA	13.50	15,740	212,436	2,140	210,356	1,113	\$189.00	35.36%	\$139.63
BF EV/EBIT	15.00	14,192	212,881	2,140	210,741	1,113	\$189.34	35.36%	\$139.89
BF P/E	17.50	12,594	212,881	2,140	224,242	1,113	\$201.48	35.36%	\$147.43
Multiple Price							\$192.76		\$142.41
DCF Price							\$164.13		\$121.26
Blended Price							\$178.20		\$131.66

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