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OVERVIEW:

Company Summary

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PRESENTATION

Samik Chatterjee - *J.P. Morgan - Analyst*

Good morning, everyone, and thank you for coming to the conference. I have the pleasure of hosting Qualcomm, and from Qualcomm, Akash Palkhiwala, who is the Chief Financial Officer and Chief Operating Officer of the company. Thank you for coming to the conference, and thank you to the audience as well for attending.

QUESTIONS AND ANSWERS

Samik Chatterjee - *J.P. Morgan - Analyst*

Akash, I'll start you off with recent developments and before we dive deeper into the business, and you did have an announcement yesterday, I believe, with sort of investments in the Middle East region with HUMAIN. So maybe just flesh out sort of the details of that announcement. And for investors, particularly what should be the key takeaways of the amount of investments there?

Akash Palkhiwala - *Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer*

Sure. So, for those who don't know, HUMAIN is Saudi government's data center initiative. And so, they're building very large data centers at scale. And what we announced yesterday is us working with HUMAIN to develop data center solutions, both for inference and for CPU chips.

If you step back, kind of our view on data centers and AI has been very consistent. We've always believed that AI will be hybrid, just like computing. You're going to have a lot of AI happen in the cloud, you're going to have a lot of AI happen on the device. And that vision is going to play out over time.

And so we've been very focused on on-device AI until now. As you know, kind of the USP for Qualcomm is really being able to do processing at very low power. And so, we've done that both from a CPU perspective. We believe we have the leading CPU in the world, period. And then we have our NPU, neural processing engine, that does AI inference workloads on the device as well. The change in data center that's happening is obviously the move to inference, inference becoming a lot more important, and the importance of low power and that's where Qualcomm shines.

Those are the two technologies, both from an inference perspective, low power perspective, where we have unique value proposition, we have unique technology on the device. And so, what you heard from HUMAIN, the announcement we made yesterday in the Middle East, is really us bringing those technologies to the data center. So, this is bringing our CPU to the data center and bringing our inference capabilities to the data center. And so, we're going to develop joint solutions with Saudi AI which is the HUMAIN entity, and you'll see that develop over time. So, this is an MOU for now. Over time, as we kind of go through the next few months, we'll be talking a lot more about it and outlining our strategy around it as well. So, very excited about the opportunity. It gives us a chance to leverage our technology portfolio in the data center, which is something we've been thinking about for a while.

Samik Chatterjee - J.P. Morgan - Analyst

Just following up on that. One, you said this develops over time. Any thoughts around sort of what that means in terms of timing? And then how are you thinking about the broader opportunity beyond sort of this project alone? I'm sure you're trying to quantify the market as you enter that. So how are you quantifying the market?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, I'm going to hold off on giving details on that question because there's a few pieces to this. This is one of the pieces, and we're going to assemble that and give kind of the overall strategy in the area. But I think the key message to take away in my mind is there's a lot of importance of low-power solutions, both from a CPU and AI perspective, and it's a strength that we have on the device, and this is our opportunity to bring it to the cloud.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. And I'll ask you another follow-up on this. So, forgive me for sort of pushing you on this. But we've talked about this opportunity on and off over the years, and when you think about the technology stack you have today, does it enable you organically to address this opportunity? Or do you think there's more that you need on the technology stack where you probably potentially have to go externally and look for pieces that add to your capabilities and enable you to realize the full opportunity over time?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah, I think in terms of processing, both on the AI and the CPU side, we have assets internally. It's really kind of the connectivity assets that are something that we don't have. And so, we'll look at both organic, inorganic opportunities to get those assets. But that's -- kind of those things combined will be the full solution that we need. And of course, there's work to do on the software side, but this would be everything we would need on the hardware.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Great. Since we've covered that recent sort of announcement, let's maybe move back to more of a thematic question, which is where do you think the industry stands today relative to edge AI adoption? How are you thinking about the different avenues Qualcomm participates in, sort of the broader edge AI adoption over time?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, I'll kind of start with the same place I started on the first question. Our view is pretty simple. I think over time, processing was split between cloud and device, AI is going to be split between cloud and device. And so, you need to be on both sides to be able to drive AI processing.

And so we are very excited about edge AI opportunities. If you think about our strategy, we obviously started with phones, but now we have PCs, XR, industrial, robotics. And in each of these areas -- and networking -- in each of these areas, being able to run AI workloads on the device is incredibly important.

And so, we are very excited. We think this is kind of a long-term trend that drives multiple things for us. It drives differentiation in performance, it drives ASP growth because more content is going to be required, and it drives new use cases, which will also eventually result in increased replacement rates for devices. So, very excited. I think the strategy for us is pretty clear. We are enabling the guts that are needed to drive these use cases. And then, of course, our partners who are making the devices are going to play a very key role in having the use cases and enabling them at scale.

So I'd say we are in the first innings, right? We've obviously seen a lot of use cases that have come through on Samsung devices. Google Gemini, very focused on the edge, very focused on it as a part of Android. We've obviously heard other OEMs talk about it. Microsoft has been very focused on it as well. So, we're excited. We think eventually what will happen is a transformation of use cases, transformation of devices, and of course, it creates an opportunity for us.

Maybe to leave kind of a couple very specific use cases. If you think about having agentic AI -- so having an agent on a device that you can talk to that can give you information about things -- the phone, obviously, being the most personal device you have at this point is going to be incredibly well positioned to take advantage of it. And so I think that is very important, and it's going to play out at scale very soon, I think, over the next 12 months.

The second is the reason to do things on the phone outside of cost because obviously, cost-wise, it's free versus using data center, that's expensive, we're going to have a lot of context data on the device about the user, about what the camera is seeing as an example, what the audio is hearing, what the position location of that person is, it gives you a lot of context data to run AI workloads that are important. So that is the second reason.

The third is privacy and security, right? A lot of these agentic AI use cases, there's a lot of information about the user that they're going to learn, and you want to leave it on the device. You don't want to move it to the cloud and then there is an opportunity because of that as well.

So we are convinced it's a transition that is happening, has started to happen, it's going to happen at scale, and it's going to happen in every device we are in. So, for us, it's kind of foundational to the transformation of the company.

Samik Chatterjee - J.P. Morgan - Analyst

For my next question though, I'll start you off on another -- not PCs or smartphones, but industrial IoT, I mean, an area that you sounded very excited about in recent times. And you have a target now of \$4 billion of revenue from industrial IoT. Maybe just help us understand the driver there? Like how much of the growth is about creating a new market opportunity with your products versus displacing some of the incumbents? And how do the acquisitions of Edgelpulse, FocusAI support the build out there?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, this is definitely an area we're incredibly excited about it. I'll draw the parallel to auto. And let me talk about auto for a second because it leads to how you need to think about industrial IoT. Automotive had a very established semiconductor market and there were a set of players who participated in that market. When the transformation of the automotive came about a few years ago, two things happened. One is there was a massive increase in the amount of silicon that was needed in the car to enable connectivity cockpit and ADAS.

The second thing that happened is the existing players in the ecosystem did not have the technologies that were needed to enable the transition. And so that allowed us to establish an incredibly strong position going into it. We think industrial is the same as the auto market was five years ago, and this is a much, much bigger market.

So you have a set of players that are microcontroller players that have significant presence there. We are seeing the beginning of a tremendous -- and a lot of it is driven by edge AI -- tremendous transformation of the use cases that can be enabled in industrial -- and I'll give you a few examples in a second -- with AI, with processing, with cloud connectivity that weren't being done before.

And if you think about the data that gets created at the edge on an industrial device, so far, we haven't been able to harness that data. And what AI gives you is this unique opportunity to harness the data and make decisions based on it. And so we are at the very, very front end of a massive transformation of what you can do in industrial devices with processing and AI at the edge.

And the existing players are not going to be able to make the transition, right? So, whether you look at the microcontroller industry, whether you look at industrial PC industry, these current suppliers will not be able to transition to wireless connectivity, low power processing and AI. And

Qualcomm is kind of uniquely positioned to play that role. So that's -- the general premise is the industry transforms, it brings the technology requirements closer to what we do, and we're in an incredible position to take advantage of it.

Now let me give you a couple of examples of how to think about this. Camera is an easiest one to think about. If you look at security cameras today, the way it works is you'll have a bunch of security cameras, then there is a person in a room looking at the screens, trying to figure out if there's an event or something happens that they need to act on. The reality is, going forward, what you should be using to make decisions on it is AI. And so you can easily have AI running at the camera, taking in the stream of video that comes through the camera and making a decision on if there has been something inconsistent that happens, right? So, very simple home security camera. If you're outside your home and if it's you, the camera should know that this is the person who lives here and so I don't need to give a warning. But someone else shows up, you need to give a warning.

If you think about an industrial setting, if a person walks into an area who is not allowed to be in that area, the camera can flag something that has happened. If you think about an enterprise, what time did someone come in, what time did someone go out? You can look at secure areas, nonsecure areas, about attendance very easily with the availability of a camera. And then if you think about a manufacturing line, the camera can do the same. It can look at something and make a decision on whether there is inconsistency in the manufacturing line, you need to reset the line or look at something that's not specifically correct. Very easy to do that. If you want to take it to oil and gas, you can use a camera to make a decision on corrosion of a pipe that you need to go and repair as an example. So, there's just tremendous set of use cases once you combine something like a camera with AI to be able to do it.

The second example I'll give is robotics. If you think about robotics today, the larger scale robots today are ADAS in cars and something like a Roomba at home. But you're going to see a lot of robotics come through. Of course, there's a lot of conversation about humanoid on one end, but then manufacturing robots are going to get transformed. You're going to have drones playing a very critical role. And if you think about robotics, what are the technologies you need for robotics? You need wireless connectivity, you need low-power processing, you need AI, you need a really good camera, you need great vision technology, you need object tracking technology. It's everything that Qualcomm does well in one device would be robotics. So, we are incredibly excited, and these are just two examples within industrial where we feel like we have the right to be the leader. Just like we had the right to be the leader in cockpit and ADAS in cars, we have the right to be leader in these places as well. Sorry for the long answer, but clearly, I'm excited about this.

Samik Chatterjee - *J.P. Morgan - Analyst*

Thank you. I'll move you to another segment where you have an established target from the Investor Day: XR. The XR market. And I think when you look at the average investor perception of XR market, it's seen as a market that really didn't fulfill sort of the volume expectations that investors had. But you have a target of \$2 billion of revenue relative to what I would call more bearish investor expectations. So maybe outline what do you see as drivers, how much more of a volume opportunity do you see for the XR market to realize the \$2 billion revenue opportunity that you stated?

Akash Palkhiwala - *Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer*

Yeah. So, I think fundamentally, when you step back, we have this belief that there is going to be a computing engine, a personal computing engine that you're going to be wearing in some form and you can argue that it's a watch, you can argue that it's glasses, you can argue that it's a ring.

But eventually, you're going to have something that is very powerful, that can hear what you hear, see what you see, sense things around you and then help you act accordingly. And we think that the glasses are a perfect way to do it. So, let me first kind of put our financial forecast in context and then really outline why I believe the market has the opportunity to be much bigger.

The financial forecast we laid out, which is \$2 billion in '29, is really based on 30 million units per year: 15 million for XR, 15 million for AR. And we think that's a very conservative, small number. I think most bears on the market would probably align with that number as well. We think the market has the opportunity to be much bigger. And I think kind of using agentic AI as a trigger is very important because once you are wearing a device like this, and it can hear what you hear and see what you see, you have the ability to have an AI agent sitting on it and be able to interact with it.

And it's just a tremendously powerful paradigm that is -- could be a stand-alone device or it could be a device that uses the processing capabilities available in the phone. And I think it creates a set of use cases that are incredibly powerful. One kind of recent example I've seen is using glasses as a form of hearing aid because if you have microphones on glasses, it can take in the volume, it knows which ear is not great in hearing, and it can amplify it and play it through a speaker.

And that's just one example of being able to take advantage of what this brings. A simple use case of an older person wearing glasses and just being able to say, hey, remind me to do this at 4 o'clock. And you have an agentic AI agent sitting on top of the glasses and listening to it and following up on it later would be a great thing to do. You can obviously look at something and say, what phone is this, and it would say it's the Samsung Galaxy 25 phone. So, I think there's just a lot of use cases that will come through, and I'm already ahead of the curve because I wear glasses.

Samik Chatterjee - J.P. Morgan - Analyst

Moving to PCs. You talked last quarter about or the earnings call itself about the 9% share that you have of the market. But maybe sort of help us think about the drivers of the revenue expansion that you're looking at for the PC market. Like how much of it is driven by the market growth versus Qualcomm proliferating more across price tiers in the different price tiers in the PC market?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. I mean, obviously, we're a very small player in the PC market today. And as a result, we're not really tied to what is the size of the market. It's really adoption of our solution. And let me break it down into two parts. First is kind of transition from x86 to Arm. And we think that has already happened on the Mac and we think it's going to happen over the next several years on the PC as well on Windows. And it's not just us, I think you're going to see other players come in and drive that transition. I think in China, there was a new PC announced with Arm by the largest PC player in China recently as well. So, very excited about that transition happening.

Now as that transition happens, Qualcomm is in an incredible position because we are the leading Arm supplier in a lot of other markets that require high-end computing. And so, we're going to bring those capabilities into the PC industry. Now that's kind of the broader statement.

If you look at the specific strategy we have in the shorter term is we launched our first set of chips in less than a year ago. And what we've done since is we've launched four different platforms. We are addressing all PCs above \$600, all Windows PCs above \$600, and so that is obviously a very large portion of the market. I'd say we've done a very good job of addressing applications porting for the consumer ecosystem, right?

And so the number that we quoted was 9% share of all retail devices greater than \$600 in kind of the western part of the world, US and five countries in Western Europe. And we think we're in a great place to kind of continue to scale that volume. The next step for us, obviously, is to get to a similar app ecosystem parity on enterprise and that's a longer problem statement, right? And so, we think that comes over time. But very confident in our long-term strategy, in the long-term addressable market and revenue target we've set up.

This is -- the total revenue in the market today based on today's scale is \$35 billion. We have targeted approximately \$4 billion, which is 12%-ish of the market, which we think puts us in a very good position to get there over time and hopefully exceed that target. So, super excited about the transition in the PC industry. It's going to move over to AI-centric devices that will require very strong NPU and CPU capabilities. And we think the existing players are not as well positioned as we are to make that transition.

Samik Chatterjee - J.P. Morgan - Analyst

And you talked about the \$4 billion target by 2029. Let me just talk about how back-end loaded should we think the driver will be given that enterprise comes over time? Or do you see a more linear ramp? Or should we just expect a more back-end loaded with the enterprises?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah, I think we've been clear about this. We expect the kind of the layering into the market to happen over time, no different than how auto played out for us, right? And so kind of similarly thinking about as you hit new milestones you start scaling revenue a lot more, it will play out the same way.

Samik Chatterjee - J.P. Morgan - Analyst

So I'll switch over to autos and really what I was wondering about, and we were doing the math on what your autos revenue target implies, it implies about a 26% revenue CAGR between FY26 to '29 and relative to what you performed in the last few years. So, it was 56% growth in fiscal '24, 24% in fiscal '23, 36% in fiscal '22. And given how the automotive backlog or pipeline really translates into revenue, we would typically think growth from an absolute dollar perspective starts to accelerate as you go through that pipeline. So why shouldn't I think of the guidance from here on till fiscal '29 for autos being a bit on the conservative side?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

I'll say the opportunity for us in automotive is tremendous. I think we've come in as an outsider in the industry five years ago, and arguably, we are the most important chip supplier in the industry going forward. A couple kind of things have happened, right? So, as I said earlier at the beginning of this conversation, the amount of silicon content in the car when you make this transition from, let's say, Auto 1.0 to Auto 2.0 is just tremendous change in terms of amount of silicon you need, both on the cockpit, digital cockpit side and the ADAS side. And that creates this incredible opportunity for us. So in what is perceived to be a flat market, the silicon SAM is growing incredibly fast.

If you think about our advantages in digital cockpit, which is really where all the revenue growth has come from for us over the last three or four years, I think it's going to be very difficult for someone else to come in because you're going to need a lot of processing technologies, you're going to need a lot of new AI technologies coming in. The software skills that are required are very, very difficult for people to address as well because you need a safety software system, whether it's QNX or Linux, you need Android or other operating systems for the user interface and you need to be able to do all of these in one piece of silicon and be able to enable AI agentic use cases as well on top of it.

So the market is changing by a lot, and Qualcomm is incredibly well positioned. I think our design win pipeline is also very geographically diverse. So, if you look at the major players in the U.S., in Europe, in Japan, Korea, in India, in China, we're very, very broadly deployed across all of them. I think at the recent Shanghai Auto Show, there were about 60 cars that launched, 6-0 cars. 100 cars total launched, 60 of those had our digital cockpit chip launching on that day.

So we feel very, very optimistic on our position in digital cockpit. In ADAS chipset side, again, very strong position because we bring the strength of our cockpit franchise into ADAS through our Flex solution. So, what Flex is, is you can use the same piece of silicon to do both, to do cockpit and ADAS. And then you can also -- when you get to higher tier cars, you can use the same silicon platform to do both, which is a tremendous advantage that we bring in. And so, very, very excited that we're seeing a lot of adoption for our ADAS chipset platform.

On the ADAS stack side, you will see BMW over the next several months launch globally with a Qualcomm jointly developed stack between BMW and Qualcomm. And so, we're very, very excited about it because I think what is going to happen is there is going to be a lot of demand from auto OEMs to have a stack that is a Western stack. And we can be an incredibly good alternative for people to leverage. And so, very excited about the stack business going forward as well. So, I think you're right in your observation that we're kind of on the front end of our journey. Although we are scaling incredibly fast, the opportunities for us are very significant. And so, very optimistic about how we do relative to our long-term targets.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. And maybe just on the capability side, particularly on the ADAS front, if you compare you to companies like NVIDIA or Mobileye on that front, which are your competitors, and specifically maybe focusing on sort of Level 3+ autonomous systems. Where does Qualcomm's capabilities sit

today? And clearly, a lot of the market excitement this year has been about robotaxis. I mean, where do you see Qualcomm participating in that opportunity as well?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. I think there's no constraint on us in terms of silicon presence and participating in the higher end of the ADAS market. I think a lot of the design wins that we have in China, which is really focused on that tier of the market kind of is the proof of that. And I think as we go forward, we're going to have the ability to continue to leverage this strategy that I just outlined across all levels of ADAS. It's not just a Level 2, Level 2+ conversation. It goes over to Level 3 and 4 as well.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Great. So maybe let's switch over to smartphone for a bit. Talk about the growth drivers for Qualcomm within the smartphone market excluding Apple as a customer. You reported low double-digit growth consistently over the last six quarters in your handset business. How sustainable do you think that growth rate is?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

We've been very explicit about how we see the handset business growing going forward in Android, right? Two very important trends are happening. We are continuing to see a mix shift up in devices. And that is not a one-year trend, that is not a three-year trend. I think we've seen that over five years. So from fiscal 2019 to 2024, the number of devices over \$400 has gone from 20% of the market to 30% of the market. That trend is continuing, all our recent kind of quarterly performance has benefited from that trend. And also, I'll say it's not a one market trend. It's not just a trend in the Western hemisphere, it's not a trend just in China. It's a global trend. So that's the first driver.

The second driver is within a tier, especially at the top of the market and the premium tier, we're adding a lot more capability to our devices, to our chips. And I know we've had this same conversation over the last 5 years. Can you keep adding capability and can you keep increasing the prices? And the reality is the amount of functionality that's required in the device and now AI being like the next big driver, we're going to have to add capability to deliver what the OEMs want. And so, we have pretty good predictability over the next three years that we're going to add more capability and which is going to drive our ASP. So, feel very confident about where the device is. I think we are going to see the device transform with AI use cases coming in, which will also create kind of, one, content increase opportunities, but then also this mix shift up and eventually an increase in replacement rates as well. So, we think the market is very well positioned. And then within that, we are very well positioned.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Good. So maybe now including Apple in this discussion, talk about the cost structure in relation to being able to protect earnings while Apple moves to the in-sourced modem. Particularly like should we think about the 30% QCT margins as still the right long-term framework without Apple revenues in there?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, if you step back and think about the target we set for our Auto IoT business in '29, we talked about \$8 billion going to \$22 billion in revenue. That increase is much, much bigger than the loss of the Apple revenue. So, I think that's kind of your foundational principle on how we are thinking about the company overall. As we lose the Apple product revenue, we're going to grow auto and IoT that far surpasses the loss on the Apple revenue. So that's kind of the big foundational framework.

In terms of OpEx, the way we've been managing it over the last three years is you've seen us keep the OpEx flat, but within that, one, kind of absorb the merit increases; second, redirect our investments to these new areas of growth. And that's the strategy we are planning to continue going

forward, right? So, we want to be able to fund these new areas of growth, execute on our plan, give investors kind of breadcrumbs as we go through the execution of those strategies.

And feel pretty comfortable that we have a core technology base that is leverageable across these areas. That's kind of the key thing to remember is we create the technology once and then apply it to all these different end markets rather than having to reinvest from scratch on every new area we're going into. And that's why we've been able to scale the OpEx.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Last two questions, and I'll try to squeeze them in here. I want you to compare the AI opportunity on smartphones to how the 5G cycle played out. Where do you see the sort of similarity versus the differences between the two cycles?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yes. So I wouldn't compare it to 5G. I would compare it to the transition from feature phone to smartphones. I think it's not about adding more capability in the existing use cases. It is about transforming the use case of the device. And so that's the right way of thinking about it. And if you go back to the lesson on what happened when you made the transition from feature phones to smartphones, there was massive increase in what the chip needed to do. It created demand for 4G and 5G as a result of it but I think that's the foundational transition that you should think about and compare it to, and I think it's coming over the next several years.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Got it. And then there was a step up -- on the last earnings call, there was a step-up in capital return that you announced. And I think investors largely appreciated that, but maybe if you can talk about the, one, sort of what's driving that, secondly, implications on your M&A strategy. Do we see those sort of step-ups in capital return as being sort of exclusive to M&A? Or sort of how should we think about them?

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, I think our overall capital return program has been consistent over the last several years. We've always said we'll return most of our free cash flow to shareholders. We've seen our free cash flow grow significantly over the last two years. And so, what we announced at the earnings call is we're going to return 100% of our free cash flow to the shareholders this year. And so, I kind of see it as consistent with our strategy at the higher end of the band, but not different than what we've said before. Clearly given where the stock price is and was, we've been taking advantage of that. And so, that has been one of our motivations to step up capital return.

And as it relates to M&A, really, the strategy doesn't change. We've done a large number of acquisitions that have been kind of acquiring teams or technologies very small in terms of size. We've done a few acquisitions that have been material in a low single-digit billion scale. And the goal of each acquisition is to accelerate the organic strategy. And so that's what we've done. And I think we've done well with the strategy. If you kind of think about all the different acquisitions we've done, you would probably consider most of them successes. And that strategy also remains unchanged. We're going to look for opportunities like that, that help accelerate our plan.

Samik Chatterjee - J.P. Morgan - Analyst

Okay. Since we have a minute left, I'll try to squeeze in one more, which is your latest thoughts on how the tariffs impact the overall industry and any insights or any thoughts you have about the implications of the Section 332 investigation and what the different scenarios there are.

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Yeah. So, I mean, I'll be candid like this. Don't have enough insight on scenarios that can play out in the future, right? So, the way we've approached it is how does things as they stand today impact us and we've -- as we said at the earnings call, we don't see a direct impact to us at this point, right? It's immaterial in the scheme of things.

And so that was contemplated in the guidance we gave, the commentary we gave for kind of our company going forward as well. I think in terms of end product demand, we'll have to see how the tariff scenario plays out. And it's really an industry question. It's not a Qualcomm-specific question. I think as we diversify into different kinds of devices, it helps us. The second is because of our global presence, it's a different conversation for us than maybe it's for other companies where they're very concentrated in the US. I think global presence helps us.

Samik Chatterjee - J.P. Morgan - Analyst

Great. I'll wrap it up there, but thank you for coming to the conference. Thank you to the audience as well. Thank you.

Akash Palkhiwala - Qualcomm Inc. - Chief Financial Officer and Chief Operating Officer

Thanks, everyone. Thanks for coming.

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