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QCOM.OQ - Q1 2026 Qualcomm Inc Earnings Call

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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Mauricio Lopez-Hodoyan *Qualcomm Inc - Vice President, Investor Relations*

Cristiano Amon *Qualcomm Inc - President and Chief Executive Officer*

Akash Palkhiwala *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

Alexander Rogers *Qualcomm Inc - EVP, President – QTL and Global Affairs*

CONFERENCE CALL PARTICIPANTS

Joshua Buchalter *TDCowen and Company LLC - Analyst*

Samik Chatterjee *JPMorgan Chase & Co - Analyst*

Ross Seymore *Deutsche Bank AG - Research Analyst*

Stacy Rasgon *Sanford C Bernstein & Co LLC - Analyst*

Timothy Arcuri *UBS AG - Analyst*

C.J. Muse *Cantor Fitzgerald LP - Analyst*

Ben Reitzes *Melius Research LLC - Equity Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Qualcomm first quarter fiscal 2026 earnings conference call. (Operator Instructions) As a reminder, this conference is being recorded, February 4, 2026. The playback number for today's call is (877) 660-6853. International callers, please dial (201) 612-7415. The playback reservation number is 13758127.

I would now like to turn the call over to Mauricio Lopez-Hodoyan, Vice President of Investor Relations. Mr. Lopez-Hodoyan, please go ahead.

Mauricio Lopez-Hodoyan - Qualcomm Inc - Vice President, Investor Relations

Thank you, and good afternoon, everyone. Today's call will include prepared remarks by Cristiano Amon and Akash Palkhiwala. In addition, Alex Rogers will join the question-and-answer session. You can access our earnings release and a slide presentation that accompany this call on our Investor Relations website. In addition, this call is being webcast on qualcomm.com, and a replay will be available on our website later today.

During the call today, we will use non-GAAP financial measures as defined in Regulation G, and you can find the related reconciliations to GAAP on our website. We will also make forward-looking statements, including projections and estimates of future events, business or industry trends or business or financial results. Actual events or results could differ materially from those projected in our forward-looking statements. Please refer to our SEC filings, including our most recent 10-K, which contain important factors that could cause actual results to differ materially from the forward-looking statements.

And now to comments from Qualcomm's President and Chief Executive Officer, Cristiano Amon.

Cristiano Amon - Qualcomm Inc - President and Chief Executive Officer

Thank you, Mauricio, and good afternoon, everyone. Thanks for joining us today. In fiscal Q1, we delivered record revenues of \$12.3 billion and non-GAAP earnings per share of \$3.50. Within QCT, record revenues of \$10.6 billion were driven by strength in flagship handsets. We

also saw another quarter of record revenues in Automotive and positive momentum in IoT across industrial, edge networking applications and smart glasses.

Licensing business revenues were \$1.6 billion. While global consumer demand for handsets, especially premium and high tier exceeded our expectations with healthy sell-through observed through fiscal Q1 and the first few weeks of 2026, in the coming quarters, the handset industry will be constrained by the availability and pricing of memory, particularly DRAM.

As memory suppliers redirect manufacturing capacity to HBM to meet AI data center demand, the resulting industry-wide memory shortage and price increases are likely to define the overall scale of the handset industry through the fiscal year. Given the current environment, several handset OEMs, especially in China, are taking a cautious approach in reducing their chipset inventory.

This is reflected in our guidance for the upcoming quarter. We will continue to work closely with our customers and suppliers as the situation evolves. Akash will share more details on the memory impact in his prepared remarks.

And now, some key highlights from the business. We are pleased with the continued expansion of the premium and high-tier smartphone segments and traction of Snapdragon platforms, including broad OEM adoption for dual flagship product strategy. For Samsung's upcoming family of premium tier devices, we expect approximately 75% share, consistent with prior expectations. It's important to note that during the quarter, Bytedance launched the first Agentic AI smartphone powered by the Snapdragon 8 Elite. This is a significant milestone in the transition toward AI-native smartphones and a precursor to the agentic experiences shaping the future of mobile.

With the development of agents and AI becoming the new UI, intelligent wearables are evolving into personal AI companions and quickly emerging as the next mobile computing category.

Our early investments in this area, including powerful and power-efficient chipsets, advanced connectivity, including micropower Wi-Fi as well as ambient sensing and perception technologies position Snapdragon XR, Wear and Sound as the platforms of choice for the industry. We're pleased to be working with 7 of the 9 largest cloud companies globally and more than 40 personal AI devices are in production or development.

In PCs, we introduced the Snapdragon X2 Plus, an expansion of our second-generation platforms purpose-built for the enterprise and commercial segment. The X2 Plus is powered by the third-generation Qualcomm Oryon CPU, which delivers up to 35% faster single core performance and up to 3.5 times faster multi-core performance compared to the competition in previous generations. Our Hexagon NPU provides up to 5.7 times and 3.4 times faster inferencing versus competitors' NPU and GPU, respectively.

18 Snapdragon powered PCs debuted at CES from ASUS, HP, Lenovo and Microsoft. The ASUS Zenbook A16 was one of the standouts, featuring the Snapdragon X2 Elite Extreme and is the fastest Snapdragon Power laptop to date. It features our 18 core third-generation Oryon CPU, an 80 TOPS Hexagon NPU for AI workloads in an Adreno GPU, delivering up to a 2.3 times improvement in performance per watt versus the prior generation. X2 Elite Extreme enables desktop class performance, advanced graphics and more than 21 hours of battery life in an ultra-light 16-inch form factor. We remain on track to commercialize 150 Snapdragon X-Powered PCs this year.

Demand for our Snapdragon Digital Chassis solutions remains incredibly strong, and we announced several collaborations with top automakers, OEMs and service providers during the quarter. We signed a Letter of Intent for a long-term supply agreement with Volkswagen Group, which spans many brands, including Audi and Porsche. Under this intended agreement, we would provide advanced infotainment and connectivity capabilities powered by our Digital Chassis across multiple vehicle segments, price tiers and markets. We would also serve as the group's primary technology provider for its software-defined vehicle architecture developed through its joint venture with Rivian Automotive. In addition, we're collaborating with the group's Automated Driving Alliance formed by CARIAD and Bosch to accelerate development of highly automated driving systems.

We're very proud that the newly launched RAV4, Toyota's top-selling vehicle globally and one of the best-selling cars worldwide is powered by our Snapdragon Cockpit Platform, delivering premium AI-enabled in-vehicle experiences.

We also announced new and expanded collaborations with Hyundai Mobis, Leapmotor, Li Auto, Zeekr, GreatWall Motor, NIO and Chery, bringing our total design wins for Snapdragon Elite platforms to 10 programs.

In industrial IoT, we continue to expand our portfolio of advanced computing, connectivity and AI solutions for an increasing number of verticals. With the recent acquisition of Augentix, we augmented our Dragonwing vision portfolio and Qualcomm Insight Platform with its AI-based, low-power image signal processing solution. At CES, we also introduced two new Dragonwing processors delivering on-device intelligence for security-focused drones, smart cameras and industrial vision, AI TVs/ media hubs and video collaboration systems.

Additionally, the launch of our new Dragonwing IQ-X series marked our entry into the industrial PC space with best-in-class compute performance and efficient edge AI engineered for PLCs, advanced HMIs, edge controls and panel and box PCs.

This quarter, we formally announced our expansion into advanced robotics and introduced a full suite of robotics technologies and solutions, including the Dragonwing IQ10 series. Our general-purpose robotics architecture supports advanced perception and motion planning using models such as VLAs and VLMs, allowing robots to perceive, reason, adapt and act in real-world environments. As part of a complete hardware-to-software stack, IQ10 is designed to accelerate commercialization of household, industrial and humanoid robots. It combines heterogeneous edge compute, safety-grade SoCs and end-to-end AI.

In a short period of time, we have engaged with Advantech, APLUX, AutoCore, Booster, Figure, Kuka Robotics, Robotech.ai and VinMotion to help define the compute architecture for their robotics and humanoid platforms. The physical AI and robotics space is experiencing rapid growth driven by advances in edge AI and sensor fusion, and Qualcomm is one of the best positioned companies to enable this next frontier of AI.

We will do this by leveraging our strengths in high-performance, power-efficient computing, connectivity and edge intelligence as well as our experience in ADAS and autonomy, industrial and safety-grade silicon and perception and sensing technologies. Many of the drivers of our leadership in automotive are applicable to advanced robotics.

Finally, we continue to develop our data center solutions and engage with leading hyperscalers, cloud service providers, sovereign AI projects and other global partners. We remain encouraged by the positive feedback on our CPU and innovative AI processing and memory architecture for next-generation inferencing data centers.

Additionally, the recent developments in the industry validate Qualcomm's view of the importance of specialized and power-efficient AI platforms as inferencing becomes the key driver of data center growth.

In fiscal Q1, we completed the Alphawave Semi acquisition, adding high-speed wire connectivity technologies to further strengthen our platforms. We also acquired Ventana Micro Systems, reinforcing our leadership and commitment to expanding the RISC-V standard and ecosystem and development of our high-performance RISC-V CPU for data-center workloads. We look forward to providing more information, including an update on our road map at our next investor event. We'll also share our progress in robotics, automotive and next-generation autonomy, industrial IoT and 6G.

I will now turn the call to Akash.

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

Thank you, Cristiano, and good afternoon, everyone. Let me begin with our strong first fiscal quarter results. Total revenues of \$12.3 billion and non-GAAP EPS of \$3.50 were both records, with non-GAAP EPS coming in at the high end of our guidance. QTL revenues of \$1.6 billion and EBIT margin of 77% were at the high end of our guidance, driven by higher units and favorable mix. We delivered record revenues in QCT of \$10.6 billion including strong year over year growth across Automotive and IoT.

QCT Handset revenues reached a record \$7.8 billion, reflecting the benefit of recently launched flagship smartphones. QCT IoT revenues of \$1.7 billion grew 9% year over year, driven by demand across consumer and networking products. In QCT Automotive, we delivered another record quarter with revenues growing to \$1.1 billion, up 15% versus the year ago period on increased demand for our Snapdragon digital chassis platforms.

QCT EBT margin of 31% came in line with expectations, exceeding our long-term target of 30%. Lastly, we returned \$3.6 billion to stockholders, including \$2.6 billion in stock repurchases and \$949 million in dividends.

Before turning to guidance, I'd like to address the impact of the memory industry dynamics on our financial outlook. The fundamentals of our handset business remain favorable with a stable global economic environment, total handset shipments exceeding expectations in the December quarter, especially in the premium and high tiers, and a strong design win pipeline for our Snapdragon chipsets.

However, increasing demand for memory solutions in AI data centers is driving near-term uncertainty in memory supply and pricing for handset OEMs. As a result, the handset OEMs are taking a cautious approach in planning their business. We've seen several OEMs, especially in China, take actions to reduce their handset build plans and channel inventory.

Our guidance for the upcoming quarter reflects the latest signals from these customers, which includes reduced chipset orders aligned with their scaled back expectations for build plans. We expect to return to our prior run rate and growth trajectory for QCT Handset revenues when these conditions normalize.

Now turning to guidance. In the second fiscal quarter, we are forecasting revenues of \$10.2 billion to \$11 billion and non-GAAP EPS of \$2.45 to \$2.65. In QTL, we estimate revenues of \$1.2 billion to \$1.4 billion and EBT margins of 68% to 72%, reflecting normal sequential trend. In QCT, we expect revenues of \$8.8 billion to \$9.4 billion and EBT margins of 26% to 28%.

We are forecasting QCT Handset revenues to be approximately \$6 billion, as a result of the impact of memory constraints I just outlined. We anticipate QCT IoT revenues to grow by low teens percentage versus the year ago period, driven by growth across industrial and consumer products. In QCT Automotive, following another record quarter, we expect year over year revenue growth to accelerate to greater than 35% in the second fiscal quarter.

Lastly, we expect non-GAAP operating expenses to be approximately \$2.6 billion in the quarter. The sequential increase is driven by typical calendar year resets for certain employee-related costs and completion of our acquisition of Alphawave to further strengthen our platforms for next-generation AI data centers.

In closing, we are pleased with our strong first quarter performance, delivering record results across the following metrics: Total company revenue, non-GAAP EPS, QCT revenues, QCT Handset revenues and QCT Automotive revenues. While near-term QCT Handset guidance is being impacted by memory industry dynamics, the underlying fundamentals around consumer demand for handsets and Snapdragon product leadership remain strong.

Our second quarter guidance reflects the continued revenue acceleration across Automotive and IoT with their combined growth outpacing the run rate required to achieve our long-term revenue targets. Our product announcements and strong customer engagement at CES 2026 further demonstrated our momentum across multiple growth vectors. In Automotive, we have reinforced our technology leadership with 10 design wins for Snapdragon Ride Elite and Cockpit Elite, 8 global programs for Snapdragon Ride Flex and continued success in building an automated driving stack ecosystem for our customers.

In Robotics, we announced a full suite of technologies, including the industry-leading Dragonwing IQ10 chipset platform and engagement with several players in the ecosystem to drive commercialization of our products. In Industrial, we showcased our ability to serve a wide spectrum of customers from global enterprises to local developers with an expanded portfolio that offers advanced edge computing and AI solutions across industry verticals.

This concludes our prepared remarks. Back to you, Mauricio.

Mauricio Lopez-Hodoyan - *Qualcomm Inc - Vice President, Investor Relations*

Thank you, Akash. Operator, we are now ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Joshua Buchalter, TD Cowen.

Joshua Buchalter - *TD Cowen and Company LLC - Analyst*

I wanted to start with the handset outlook. Any other factors that are driving the weakness beyond the memory pricing. It was good to hear the reiterated Samsung share. But I think most importantly, how should we think about the TAM for the year? And do you feel like this inventory correction is sort of the last shoe to drop in the March quarter that you're seeing?

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Thanks, Josh, for the question. I will start, and I'll ask Akash to add more color. -- it's 100% related to memory. Actually, I'll say the macroeconomic indicators have been strong. We look at the handset demand has been strong. I think because of our licensing business, we have a good understanding of the overall demand, we look at sell-through data, also very strong. But unfortunately, I think what we saw in Q1, as we guide to Q2, is 100% sized by the availability of memory.

So as you all know, as all the indication shows that DRAM availability for consumer electronics, especially handsets, is actually down biased on a year-over-year because of the prioritization of HBM for data center. I think the market is going to be sized by that. And I think we saw the reaction right away from our customers are adjusting, I think their build production to the memory they have available. And I don't know if Akash, you'd like to add some more color to that.

Akash Palkhiwala - *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

No, I think that covers it.

Joshua Buchalter - *TD Cowen and Company LLC - Analyst*

Okay. I guess to follow up, I mean, just backing into the guidance you just gave on QCT, I mean, that Auto number is implying a pretty sharp acceleration sequentially. Is this some of the ADAS wins that you've talked about previously layering in? And maybe you could speak to both the drivers and the durability of this higher -- the higher watermark that you're guiding to?

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

As we have said consistently, I think the pipeline we have built in Automotive -- it has continued to translate into revenue, especially as new cars ramp and new cars launch. And I think that's why we continue to see record revenues in Automotive. We don't move with the industry, you move primarily with our share gains. I think we're very excited about the trajectory. I'll say, we feel good about all the projections we have made about the size of the revenue when you look at our targets for fiscal '29. It's all going in the right direction. And we continue to have more design wins.

I think our position in the industry becomes stronger, I think with the platform. We're seeing traction with Flex, which both the ability to bring ADAS and digital cockpit in the same chipset across other tiers. We're seeing now some of the major, I think, volume drivers achieving SOP. We did announce a very broad partnership with Volkswagen Group and to your comment, it is correct. We're getting more traction with ADAS, once OEMs were able to see the stack that we launched with BMW, that was an option for them. We're seeing interest and those things are progressing very well.

Operator

Samik Chatterjee, JPMorgan.

Samik Chatterjee - *JPMorgan Chase & Co - Analyst*

I have one on data center and one on the smartphone side. Maybe on the data center, Cristiano, if you can give us an update in terms of the progress with your customers on that front. And given sort of the volatility we are seeing in memory, is that sort of being more disruptive to making progress with your customers? Or instead, is it sort of augmenting some of the pace of the discussions given sort of a big focus on that side of the sort of bill of materials as well? And I have a follow-up.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Thank you so much, Samik. So let me start with the data center. I think everything is going in the way we have planned. I think the only public, I think customer announced today as HUMAIN, that is progressing well. We have started shipping. We have been working with them in ISV on third-party workloads. We're encouraged about the progress our teams are doing on our road map. We continue to get very positive feedback, I think from broad engagements. You would imagine that the company at our size will be engaged in conversations with some of the largest hyperscalers and in cloud service providers in the industry.

We have something very unique. We always said we have a dedicated platform for the disaggregated data center. We do very, very well in certain workloads such as decode with our different approach to compute and memory. If anything, I think the transaction of Groq kind of validates that, when you think about this aggregated data center, you have specialized hardware versus just a GPU that would do everything.

And we're getting good traction. What we're really focused on right now is on execution. I think we had identified some of the milestones. We're executing on two fronts. It's CPU, we added a RISC-V CPU now to a road map in addition to Oryon, which is ARM compatible. And we're executing on AI250 with our new memory architecture. And we will provide details of our road map in our investor event. But so far, everything is on track. We still restate, we would expect '27 to start showing in revenues. And we feel good. We're just going to keep executing that.

And I don't know if Akash want to add anything before I go to memories.

Akash Palkhiwala - *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

No, I think the only thing I'll add on data center is -- we've mentioned previously that we expect this to be a multibillion revenue opportunity in a couple of years. And so everything that Cristiano outlined kind of just reiterates that opportunity for us.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Okay. So the memory thing, -- and look, I think we're going to see how this thing played out. I'm going to give maybe a little bit of the dynamics. When we step back and we look at the business, we're very, very happy with everything in the business. We just wish there was more memory. And the handsets get hit the most given its scale and its cycle time.

So we expect that the impact is going to be more muted in other business. For example, automotive is a little bit less sensitive to memory price increases. As you pointed out, the impact on handsets in the BOM. Having said that, when we go back to situations that we saw in the past, I think the best proxies will happen to do in a pandemic. The premium and high tier has proven to be more resilient to price increases. And we think that, that may be a factor that play out. But the most important thing is to that issue is not just the price. The issue is just availability. So I think the memory availability will determine the overall size of the handset market.

OEMs are very likely to prioritize premium and high-tier, how they have done in the past. That could be less impacted, and we will see the reaction on consumers as their price increases for the finished product. I do stand by what I said, I think the whole fiscal year mobile/ handset size will be determined by memory availability, and we're just going to monitor this on a quarter as phones get repriced, tiers kind of shift towards high-end premium, and we'll see what happened in the marketplace.

Samik Chatterjee - *JPMorgan Chase & Co - Analyst*

Got it. If I just can quickly follow up on that, Cristiano. On the OEMs prioritizing the higher tier, I mean, within that higher tier, do you expect them to downshift in terms of the tiering of the chipsets or the SoCs that they go for just to be able to manage their overall cost in relation to what they need to pass on to consumers? And that's it for me.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

So as a general trend, and I wanted to emphasize what we saw in the quarter. Yes, there's a memory shortage, but when there was memory, we saw the results, was very good. Consumer demand was very good. And what we have seen, which it's been going on like for years now: the premium tier continues to expand in a market that has been relatively flat, which is the handset market, we have seen growth in the mix where the premium tier are expanding.

So I think that's a factor that is likely going to drive OEMs to continue to be focused on the premium tier. I did mention one thing in my prepared remarks, which is a dual flagship strategy that we have adopted, and there has been also very well received, I think, by the market. You probably see that when you think of different OEMs, how they have like ultra or different categories, and they have multiple tiers of the premium tier. I expect that's going to play. But overall, our hope is that the premium tier will be more resilient, granted, the memory that is available is the memory that's available.

Operator

Ross Seymore, Deutsche Bank.

Ross Seymore - Deutsche Bank AG - Research Analyst

You mentioned a couple of different things on the handset side for my first question. But I guess what it comes down to is what percentage of your handset business do you think is in China, considering that you cited them as being especially hit. And do you think normal seasonality is likely to occur after the step down in the March quarter? Or is that too difficult to tell?

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

Yeah. I think on your first question, Ross, we don't really kind of break down by regions. But if you think about the percent of volume that is driven by the Chinese OEMs but then adjust it down for the tiers that they play in. So our exposure would be less than what you would just see based on the units.

Ross Seymore - Deutsche Bank AG - Research Analyst

And the seasonality side?

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

The seasonality on the handset side, I think you should think of the seasonality in the demand from the consumers is going to be consistent with what we've seen in the past. I think consumers wait for premium tier launches and there is significant purchases that happen when that plays out. I think to Cristiano's earlier point, it's really a question of how supply aligns against the demand. We don't have a demand issue, as we said earlier. The demand continues to be strong. Our design win pipeline continues to be strong. And then it's just a question of supply alignment with it over the next few months.

Ross Seymore - Deutsche Bank AG - Research Analyst

And then I guess just for my follow-up, on the OpEx side of things, you gave a good explanation why it's popping up a bit in the March quarter. After that, are there any adjustments given what you're saying in the memory side? Or are you guys kind of investing right through this?

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

I think it's the way we've guided the March quarter is a reasonable way of thinking about the rest of the year. I think our focus, as we've said before, is the following framework on OpEx, really kind of reduce the investments in mature businesses and use it to fund the diversification priorities. And then we have these acquisitions, including Alphawave, kind of driving incremental expense and investment in data center. But it's really just focused on those things as we've been extremely disciplined over the last several years and grown OpEx significantly slower than revenue and gross profit. That framework for our operating plan doesn't change going forward.

Operator

Stacy Rasgon, Bernstein Research.

Stacy Rasgon - Sanford C Bernstein & Co LLC - Analyst

For the first one, I want to ask that seasonality question in a different way. And I think it was really getting at June. It usually just seasonally, I know your revenues stepped down in June. So you're guiding \$6 billion on Handsets. You're guiding \$6 billion in March quarter, which is down about 13% year over year. Are you expecting, just given what you're seeing in the memory market right now is similar and what you

-- what can be supplied a similar type of year over year growth like in June? Or do you think there's like \$6 billion number given it is sort of supply content is like a good number to have, given the current supply that is out there until things normalize? Like just how do we think about June in the context of March given the March decline in the context of the memory situation.

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

Yeah. So Stacy, given the uncertainty in the market, we're obviously not guiding beyond the second quarter at this point. But as Cristiano said earlier, -- when you think about the demand fundamentals, they're strong. And really, it's a question of how supply aligns against it, and we expect that supply will really define the financial forecast for the year for the rest of the fiscal year, specifically kind of between quarters, you should think of March as a reasonable way to model June as well is really kind of a similar seasonality profile that you would have seen in other years.

Stacy Rasgon - Sanford C Bernstein & Co LLC - Analyst

Got it. And for my follow-up, I want to ask just about QTL. So again, it sounds like the demand is there, but we just don't know how many handsets are going to be able to be built. I guess in that context, how are you thinking about sort of like just a typical QTL run rates in the various quarters through the year? Do you think they're similar to what we've seen in the past. I think your guidance is maybe in line to maybe slightly below what would we typically see for March? And below? I mean how do you think about that?

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

Yeah, Stacy, it's Akash. So let me try to address it a couple of ways. I think first is just strong performance in December quarter. We saw units, handset units higher than expectation in the quarter. I think as you go into the next quarter, we are guiding QTL just slightly below what we did last year. So pretty consistent with trend. But of course, that's subject to supply considerations. As you think about the full year at this point, given the supply, we have a negative bias on units, but really, we're going to have to see how it plays out as we go through the next several months.

Stacy Rasgon - Sanford C Bernstein & Co LLC - Analyst

So maybe a touch below those similar to what we saw in March seems reasonable given what we know right now.

Akash Palkhiwala - Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer

I think that's the framework that I outlined is the way we are thinking about it.

Operator

Tim Arcuri, UBS.

Timothy Arcuri - UBS AG - Analyst

Akash, I wanted to ask about the Op margin guidance in QCT. The drop-through is more than 100%. I mean it's not surprising that margins would come down, but they seem to be coming down pretty quickly like faster than I would have thought. Is there -- is there something else going on there? I know that wafer costs are going up and MediaTek said on their call that they're still gaining share at the high end. Is there something going on to make the drop through more than 100% on the top line for March?

Akash Palkhiwala - *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

No, there isn't, Tim. I think we're expecting gross profit margin to be largely in line with the December quarter. And so it's just the scale of the revenue coming through and the OpEx guidance that we provided.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Okay. Sorry, Tim, I just want to add one thing. No, look, we saw how I think the other company reported as well, very consistent view, on what we're seeing sequentially on the quarter. It's just the whole market is kind of being adjusted to the new build-out reality. So we actually don't see anything other than that. And remind you of the seasonality that we always have, regardless of this memory issue, a lot of the premium tier launched in Chinese New Year. So you actually normally see some of the Chinese go down on a sequential basis, because they just build for the premium launches.

Timothy Arcuri - *UBS AG - Analyst*

Okay. And then do you have any update on the Huawei license, I know we're still waiting for it. And maybe what's the sticking point? And is there risk -- we talked about this before, but is there a risk and precedent for the big customer, if you don't sign a license with Huawei? Thanks for that.

Alexander Rogers - *Qualcomm Inc - EVP, President – QTL and Global Affairs*

This is Alex. Really no update on the Huawei discussions. The discussions are still underway. In terms of sticking points that really can't get into what are confidential discussions. I see these two sets of negotiations is fairly distinct, actually significantly distinct operating in different paths. And as you know, with the other company, whenever we see a renewal date on the horizon, we start discussions very well in advance. And so that's underway, and we don't have any update on that.

Operator

C.J. Muse, Cantor Fitzgerald.

C.J. Muse - *Cantor Fitzgerald LP - Analyst*

I guess curious, obviously, the DRAM makers have been talking about satisfying only 50% to 70% of the demand, and they're highlighting shortages into 2028. So curious how you're planning for a situation where this could be sustained -- are your Chinese customers looking to design in CXMT -- and could you get qualified inside of that? I would assume your business with Samsung would be strong given their internal supply from DRAM and as well as your supply chain in terms of your wafer commits to TSM, I guess how are you managing all of that given all this great uncertainty.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Look, very good question. I know it's obvious but just in case, I'm going to use this opportunity a clarification. For handsets, we don't buy memory. I think there are some memory to get stacked on models, but the majority of the memory is purchased directly by our customers. You should expect, given our scale, we're probably among the first to be qualified with every memory provider. Every single memory, you can imagine, CXMT and other smaller companies, we have been qualified. And also, we have flexibility versus some of the other companies. If you actually double click, you're going to see we have flexibility about working with new versions of memory as well as older version of

memory on our platforms. We have multi-generation memory controllers. So from a platform perspective, we're going to work with whatever is available. I think that's kind of the approach we always took when you have a shortage.

So the second part of the question, which is the bigger question. Look, the trend, I think, of growth in the data center continues, and it's pretty obvious. I think the memory vendors have prioritized the build-out HBM, and some of the data that you just provided is kind of what we see. As I said before, it's a very clear indication that as of today, the availability of memory for consumer electronics year-over-year has been below the demand, and we've seen that in handsets.

You start to see commentary on gaming consoles and other consumer electronic devices. We can't really predict if this will continue for '27 or '28. I think there's capacity build-out in plans. It all depends also on how much the trend on data center continues to accelerate. It is fair to assume at this point that for the fiscal year, the size of the handset market, which is one that is probably getting the brunt of the impact in our business is going to be defined by the availability of DRAM.

Akash Palkhiwala - *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

And C.J., on your second part of your question on wafers for leading nodes. As you know, kind of leading nodes are constrained on the wafer side as well. But we have great relationships with our suppliers, and so we're confident that we'll have enough way for us to address the demand.

C.J. Muse - *Cantor Fitzgerald LP - Analyst*

And I guess as a follow-up, curious, -- if we do see a mix shift, higher Snapdragon, but unit volume is lower, how should we think about that impacting your QCT EBT margins?

Akash Palkhiwala - *Qualcomm Inc - EVP, Chief Financial Officer and Chief Operating Officer*

Yeah. I mean, as you know, well, C.J., we do very well in the premium and high tiers. And so as the volume shifts up, that is usually a benefit for us.

Operator

Ben Reitzes, Melius Research.

Ben Reitzes - *Melius Research LLC - Equity Analyst*

I wanted to just kind of keep going on the memory side. As we kind of look at Apple and their propensity for double-digit growth, maybe even the whole year, it just seems like they are going to continue to get disproportionate share of the available DRAM. Is it possible -- how do you kind of navigate that with all your partners -- and I guess the question would be, does that add to some of the uncertainty that could linger into the next fiscal year with one vendor getting disproportionately this kind of unit growth. And obviously, kind of allocation they get.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Look, it's hard to make predictions, but I will also probably remind you that we have another large customer, they also have the memory division as well. So I think as a general statement, it probably effects OEMs with larger scale, will have probably better ability to have enough memory, and they will make priority calls than OEMs with smaller scale. But I think that this problem is probably going to be industry-wide.

I don't think any OEM has been immune. In general, I think the statements we have seen broader in the industry is not a demand issue, it's all supply constraint.

Ben Reitzes - *Melius Research LLC - Equity Analyst*

Okay. Well, look, there's been a lot of questions on that. Just my next one, I just wanted to double-click on the data center. And I know you got asked about whether there'll be memory available for that. But just in terms of the recent events that validate I believe the decoding aspect of your solution. I was wondering if you could just provide a little bit of an update there, what's happened since Groq-NVIDIA, and how are discussions going beyond HUMAIN and just that overall trend and your ability to play.

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

Look, here's what I can say without front-running our investor event. First of all, I would describe it like this. I think there's a lot of companies right now that recognize, the technology and the technical capability of Qualcomm. I think our track record on technology execution has been very successful. And I think we also understand some of the dynamics on compute and memory. I think given the breadth of our IP road map. We're probably one of the few companies that go from sub 5 watts to now all the way to 500 watts.

And we have said in the past, as we're going to enter this market, we needed to kind of intercept where the market is going, and we're going to be really, really focused on inference and especially the disaggregated. I think you pointed to the right way, for example, decode applications, we believe, incredibly competitive. Not only from a power consumption, but also from an overall TCO, compute density, memory density.

And we really focus on execution. The feedback we have been given from a lot of the large companies on the technical side and on the product side is very positive. Now the ball is in our court to execute have hardware available and kind of show the results and/or just going to continue doing that.

Operator

Thank you. That concludes today's question-and-answer session. Mr. Cristiano, do you have anything further to add before adjourning the call?

Cristiano Amon - *Qualcomm Inc - President and Chief Executive Officer*

The only thing I want to add, look, it's unfortunately, I think that the whole sector is impacted by memory, but we remain incredibly encouraged about, the foundation we set up for the company to be relevant to many industries. We are on track to the commitments we made on the diversification revenue for the company for fiscal '29.

We have, in a record time, I think, been having a very good traction in the future opportunity of robotics, physical AI and robot is the best example I can provide other than in autonomous driving of what edge AI is, and we believe that we are creating really a completely different company with relevance in many, many markets.

And we'll just continue to execute on a road map. I would like to thank all of our partners, suppliers, they're dealing with us in this memory shortage and our employees, and we look forward to talking to you next quarter.

Operator

Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

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