

Qualcomm Incorporated (QCOM)

\$176.12 (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **\$200.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/17/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: B

Value: C

Growth: B

Momentum: D

Summary

Qualcomm is foraying deeper into the realm of AI capabilities within the laptop and desktop business with the launch of the Snapdragon X chip for mid-range AI desktops and laptops. It is also benefiting from healthy fruition in the automotive business. Automakers' strategy of deploying high-performance, low-power computing and connectivity chips to bring next-generation experiences to consumers is driving demand for the Snapdragon Digital Chassis platform. Qualcomm Snapdragon mobile platforms are also gaining traction. However, a shift in the share among OEMs at the premium tier has reduced Qualcomm's near-term opportunity to sell integrated chipsets. Stiff competition in the mobile phone chipset market is also likely to hurt profits in the future. The strained bilateral Sino-US trade relationship clouds its revenue-generating potential.

Data Overview

| | |
|----------------------------|--|
| 52 Week High-Low | \$205.95 - \$120.80 |
| 20 Day Average Volume (sh) | 8,095,039 |
| Market Cap | \$192.0 B |
| YTD Price Change | 16.7% |
| Beta | 1.22 |
| Dividend / Div Yld | \$3.56 / 2.0% |
| Industry | Electronics - Semiconductors |
| Zacks Industry Rank | Top 28% (67 out of 243) |

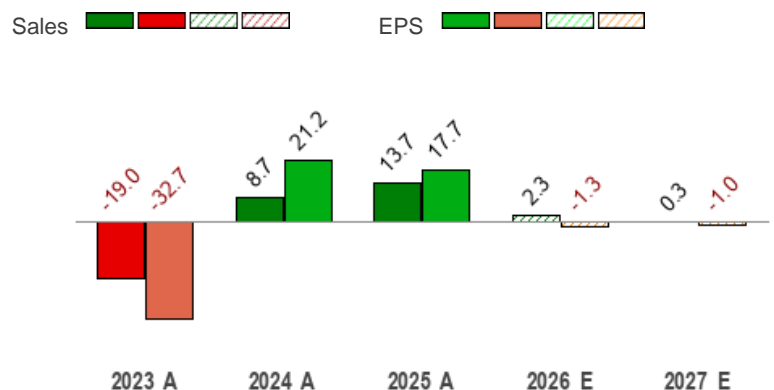
| | |
|---------------------------|------------|
| Last EPS Surprise | 4.2% |
| Last Sales Surprise | 4.4% |
| EPS F1 Est- 4 week change | 0.1% |
| Expected Report Date | 02/04/2026 |
| Earnings ESP | -1.1% |

| | |
|---------|-------|
| P/E TTM | 14.9 |
| P/E F1 | 14.8 |
| PEG F1 | -12.7 |
| P/S TTM | 4.3 |

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|----------|
| 2027 | 12,335 E | 11,145 E | 10,799 E | 11,129 E | 45,408 E |
| 2026 | 12,249 E | 11,118 E | 10,814 E | 11,111 E | 45,293 E |
| 2025 | 11,669 A | 10,836 A | 10,365 A | 11,270 A | 44,284 A |

EPS Estimates⁽²⁾

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|--------|--------|--------|--------|---------|
| 2027 | 3.36 E | 2.77 E | 2.85 E | 2.77 E | 11.75 E |
| 2026 | 3.34 E | 2.83 E | 2.74 E | 2.96 E | 11.87 E |
| 2025 | 3.41 A | 2.85 A | 2.77 A | 3.00 A | 12.03 A |

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/16/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/11/2025.

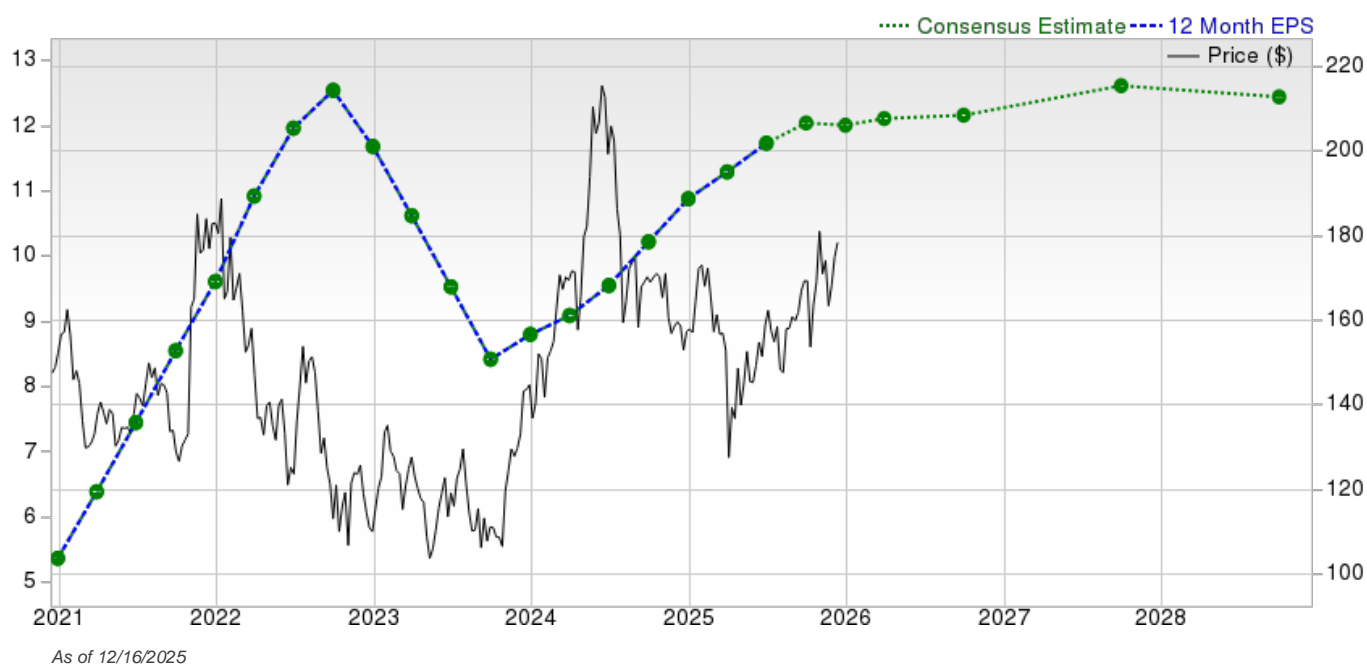
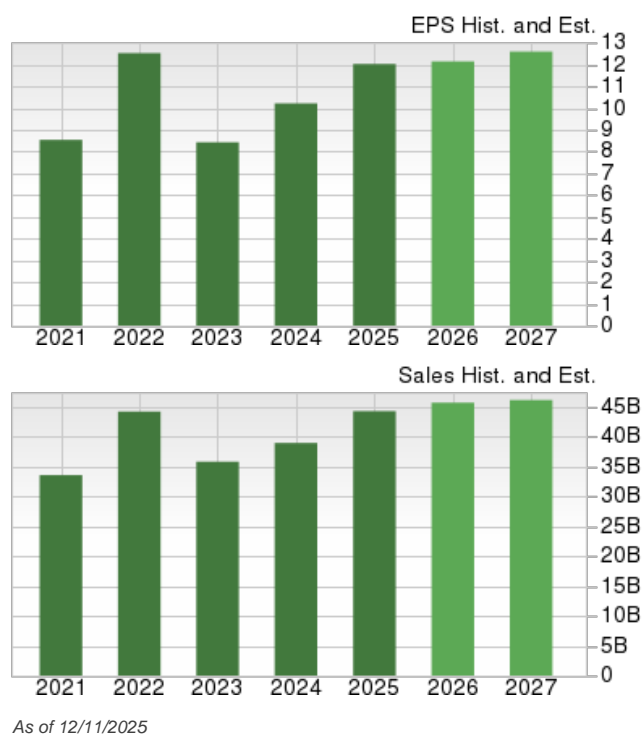
Overview

Headquartered in San Diego since 1985, Qualcomm is a fabless semiconductor company.

Its primary division, QTI (Qualcomm Technologies, Inc.) designs high-performance, low-power chip designs for mobile devices, PCs, XR, automotive, embedded, wearable, robotics, connectivity, and AI use cases. Qualcomm's brands include Snapdragon systems-on-chip, FastConnect Wi-Fi and Bluetooth systems, and Qualcomm-branded 5G, 4G, and IOT equipment. The company is currently pursuing the integration of on-device generative AI into all of its product lines.

Qualcomm's licensing division, QTL (Qualcomm Technology Licensing) manages the company's large intellectual property portfolio, which includes key patents involved in 3G, 4G, 5G and other technologies.

Qualcomm has three reportable segments, namely QCT, (Qualcomm CDMA Technologies), QTL and QSI (Qualcomm Strategic Initiatives). The company conducts business operations primarily through its QCT semiconductor business and QTL licensing business. QCT develops and supplies integrated circuits and system software based on 3G/4G/5G and other technologies, including RFFE (radio frequency front-end), for use in mobile devices, automotive systems, digital cockpit, and IoT including consumer electronic devices, industrial devices, and edge networking products. QTL grants licenses or provides rights to use portions of its intellectual property portfolio, while the QSI reportable segment makes strategic investments. Almost all the products and services businesses, including QCT, and substantially all the engineering and research and development functions are operated by QTI.



Reasons To Buy:

- ▲ Qualcomm delivered a trailing four-quarter earnings surprise of 6% on average. With the accelerated rollout of 5G technology, it is benefiting from investments toward building a licensing program in mobile. The company is **well-positioned to meet its long-term revenue targets** driven by solid 5G traction, greater visibility and a diversified revenue stream. The company is increasingly focusing on the seamless transition from a wireless communications firm for the mobile industry to a connected processor company for the intelligent edge. This is likely to expand its total addressable market to approximately \$900 billion by 2030. This augurs well for the long-term growth proposition of the company.
- ▲ The buyout of Veoneer, Inc. has offered Qualcomm a **firmer footing in the emerging market of driver-assistance technology**, as it aims to extend the Snapdragon Ride Advanced Driver Assistance Systems (ADAS) portfolio. The Arriver business of Veoneer operates the dedicated software unit focused on sensor perception and drive policy, including a full stack of features and functions. With the acquisition, Qualcomm has incorporated Arriver's Computer Vision, Drive Policy and Driver Assistance assets into its ADAS portfolio to deliver an open and competitive platform for automakers to better compete with rivals within the self-driving vehicle market. In fourth-quarter fiscal 2025, automotive revenues rose 17% to a record high of \$1.05 billion, driven by increased content in new vehicle launches with its Snapdragon Digital Chassis platform, with automakers deploying high-performance, low-power computing and connectivity chips to bring next-generation experience to consumers.
- ▲ Qualcomm is witnessing **healthy traction in EDGE networking** that helps to transform connectivity in cars, business enterprises, homes, smart factories, next-generation PCs, wearables and tablets. The automotive telematics and connectivity platforms, digital cockpit and C-V2X solutions are also fueling emerging automotive industry trends such as the growth of connected vehicles, the transformation of the in-car experience and vehicle electrification. Qualcomm believes that it is on track to become the largest smartphone RF front-end supplier by revenue in the near future.
- ▲ **Qualcomm is placing strong emphasis on developing advanced chipsets for the emerging market of AI PCs.** The strategy is aimed at moving beyond the slowing smartphone industry, which is its primary breadwinner. QCOM took the market by storm with the launch of the Snapdragon X chip for mid-range AI desktops and laptops. This SoC is the fourth such product in the Snapdragon X processor line, following the successful launch of the Snapdragon X Plus 8-core, Snapdragon X Plus and Snapdragon X Elite series. Based on a 4-nanometer process, the Snapdragon X chip comprises an 8-core Oryon central processor, a graphics component and a neural processing unit (NPU). The NPU accelerates AI workloads, offering 45 TOPS (trillions of operations per second), making it an ideal platform to power Copilot+PCs – Microsoft's vision of AI-first, flagship Windows hardware.

Qualcomm is positioned for solid long-term growth backed by leading position in 5G chipsets, innovative new products and technologies, expansion into ADAS, healthy traction in EDGE networking and a multi-year agreement with Apple.

Reasons To Sell:

- ▼ Shift in the share among OEMs at the premium tier has reduced Qualcomm's near-term opportunity to sell integrated chipsets from the Snapdragon platform. **Aggressive competition** in the mobile phone chipset market is also likely to hurt Qualcomm's profits in the future. Apple recently introduced a leading edge high performing chip called M3 Ultra. The launch of its first advanced chipset for its iPhones will reduce reliance on Qualcomm. The company is facing a severe competitive threat from its closest rival Intel, which has been redesigning its chipsets for the mobile computing market. Competition is also likely to come from formidable rivals like Broadcom and Nvidia. Moreover, Qualcomm has been facing challenges from low-cost chip manufacturers like MediaTek and Rockchip as well as handset manufacturers' SoC projects such as Exynos by Samsung. In addition, adverse court rulings relating to its licensing business could impair its growth potential to some extent.
- ▼ Qualcomm is expected to face **softness in demand from China**. OEMs based in the communist nation are largely pulling back on new 4G device orders and managing their inventory in advance for the transition to 5G. Consequently, Qualcomm expects a significant impact on device shipments as sell-in and sell-through growth rates realign and channel inventory levels are drawn down in China. Global 3G, 4G, 5G device shipments are anticipated to be affected by lengthening of handset replacement rates due to adverse economic impact from the coronavirus pandemic, likely impacting unit volumes. Moreover, the majority of its customers include Chinese manufacturers, which further cloud the revenue-generating potential owing to the strained bilateral trade relationship with the United States.
- ▼ The company has a **highly leveraged balance sheet**. As of Sept. 28, 2025, the company had \$5.52 billion in cash and cash equivalents with \$14.81 billion of long-term debt. It remains to be seen how Qualcomm manages its huge debt burden in the near future given the secular decline in profitability and growing competition.

Growth challenges in the smartphone market, aggressive competition, inventory rebalancing and other issues in China and a highly leveraged balance sheet are concerns for Qualcomm.

Last Earnings Report

Qualcomm Beats Q4 Earnings Estimates on Solid Revenue Growth

Qualcomm reported strong fourth-quarter fiscal 2025 results, with adjusted earnings and revenues exceeding the respective Zacks Consensus Estimate, driven by healthy demand trends in IoT and automotive businesses. Revenues increased year over year, led by the strength of the business model, diversification initiatives and the ability to respond proactively to the evolving market scenario.

FY Quarter Ending **9/30/2025**

| Earnings Reporting Date | Nov 05, 2025 |
|-------------------------|--------------|
| Sales Surprise | 4.43% |
| EPS Surprise | 4.17% |
| Quarterly EPS | 3.00 |
| Annual EPS (TTM) | 12.03 |

Net Income

On a GAAP basis, net loss in the September quarter was \$3.12 billion or a loss of \$2.89 per share against a net income of \$2.92 billion or \$2.59 per share in the prior-year quarter. Despite a healthy revenue growth, the bottom line declined due to a non-cash charge of \$5.7 billion due to the requisite changes in the new tax legislation regime.

Non-GAAP net income for the reported quarter came in at \$3.26 billion or \$3.00 per share compared with \$3.04 billion or \$2.69 per share in the year-ago quarter. The bottom line beat the Zacks Consensus Estimate by 12 cents.

For fiscal 2025, GAAP net income decreased to \$5.54 billion or \$5.01 per share from \$10.14 billion or \$8.97 per share in fiscal 2024. Non-GAAP earnings for fiscal 2025 were \$13.3 billion or \$12.03 per share compared with \$11.54 billion or \$10.22 per share in fiscal 2024.

Revenues

Total revenues in the fiscal fourth quarter were \$11.27 billion, up from \$10.24 billion in the year-ago quarter. The top line surpassed the consensus mark of \$10.77 billion. Qualcomm registered record automotive revenues owing to solid momentum in the Snapdragon Digital Chassis platform. Strength within the handset and industrial Internet of Things (IoT) businesses also buoyed the top line. For fiscal 2025, non-GAAP revenues increased 13% year over year to \$44.14 billion with solid IoT and automotive revenues.

Segment Results

Quarterly revenues from Qualcomm CDMA Technologies (QCT) were \$9.82 billion, up from \$8.68 billion a year ago, as strength in the automotive platform, higher demand in handsets and Snapdragon chipset within the IoT business aided the top-line growth. The company witnessed solid market traction in the EDGE networking business that helps transform connectivity in cars, business enterprises, homes, smart factories, next-generation PCs, wearables and tablets.

Automotive revenues rose 17% to a record high of \$1.05 billion, driven by increased content in new vehicle launches with its Snapdragon Digital Chassis platform, with automakers deploying high-performance, low-power computing and connectivity chips to bring next-generation experience to consumers. Handset revenues jumped 14% to \$6.96 billion, led by healthy traction in premium Android handsets enabled by the Snapdragon Elite Gen 5 platform. IoT revenues were up 7% to \$1.81 billion on solid demand for the Snapdragon AR1 chipset for the emerging AI smart glasses category. EBT margin for the QCT segment rose to 29% from 28%.

Qualcomm Technology Licensing (QTL) revenues totaled \$1.41 billion, down 7% year over year, with EBT margin declining to 72% from 74%.

Cash Flow & Liquidity

Qualcomm generated \$14.01 billion of net cash from operating activities in fiscal 2025 compared with \$12.2 billion a year ago. As of Sept. 28, 2025, the company had \$5.52 billion in cash and cash equivalents with \$14.81 billion of long-term debt compared with respective tallies of \$7.85 billion and \$13.27 billion in the prior-year period. The company repurchased 16 million shares during the quarter for \$2.44 billion.

Guidance

For the first quarter of fiscal 2026, Qualcomm expects GAAP revenues of \$11.8-\$12.6 billion due to solid demand and portfolio strength. Non-GAAP earnings are projected to be \$3.30-\$3.50 per share, while GAAP earnings are likely to be \$2.55-\$2.75 per share. Revenues from QTL are expected to be between \$1.4 billion and \$1.6 billion. For QCT, the company anticipates revenues between \$10.3 billion and \$10.9 billion, with record handset revenues, relatively flat automotive revenues and a slight decline in IoT revenues sequentially.

Recent News

On Oct 27, 2025, Qualcomm announced the launch of AI 200 and AI250 chips to match growing AI inference requirements across data centers.

On Oct 27, 2025, Qualcomm announced that HUMAIN, a global artificial intelligence company, has selected Qualcomm's AI200 and AI250 solutions to deliver high-performance AI inference services in Saudi Arabia and worldwide.

On Oct. 14, 2025, Qualcomm announced that Iridium data services were integrated into the Snapdragon Mission Tactical Radio-equipped devices, ranging from handheld and mounted radios to autonomous vehicles, for adoption and use by U.S. government customers and approved allied partners. This is likely to facilitate highly reliable and secure L-band satellite communications in environments where terrestrial networks are congested, compromised or unavailable.

On Sept. 18, 2025, Qualcomm announced that it has selected Adobe GenStudio to accelerate its content supply chain with generative AI. The deal would enable Qualcomm to leverage AI for production, activation and measurement of personalized experiences for optimization of its entire content supply chain. This, in turn, will enable it to deliver impactful campaigns to improve productivity across the marketing organization.

On Sept. 8, 2025, Qualcomm announced that it has extended its long-standing relationship with Google Cloud to help automakers deliver enhanced in-car experiences through agentic AI. The new collaboration integrates Google Cloud's Automotive AI Agent with Qualcomm's Snapdragon Digital Chassis solutions to help automakers build and deploy multimodal, hybrid edge-to-cloud AI agents.

On Sept. 5, 2025, Qualcomm announced that it had introduced Snapdragon Ride Pilot in the all-new BMW iX3, the first production vehicle in BMW's Neue Klasse. This automated driving system is engineered to meet the highest safety standards and supports automated driving levels ranging from entry-level New Car Assessment Program to Level 2+ highway and urban navigation on autopilot capabilities.

Valuation

Qualcomm's shares are up 14.8% in the past six months and up 15.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 47.5% over the past six months, while stocks in the Zacks Computer and Technology sector are up 26.3% in the same period. Over the past year, the Zacks sub-industry is up 74.3% and the sector is up 25.8%.

The S&P 500 Index is up 15.9% in the past six months and up 15.2% in the past year.

The stock is currently trading at 10.17X trailing 12-month EV/EBITDA, which compares to 27.24X for the Zacks sub-industry, 19.9X for the Zacks sector and 18.63X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 27.6X and as low as 7.24X, with a 5-year median of 14.36X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$200 price target reflects 13.43X forward 12-month earnings.

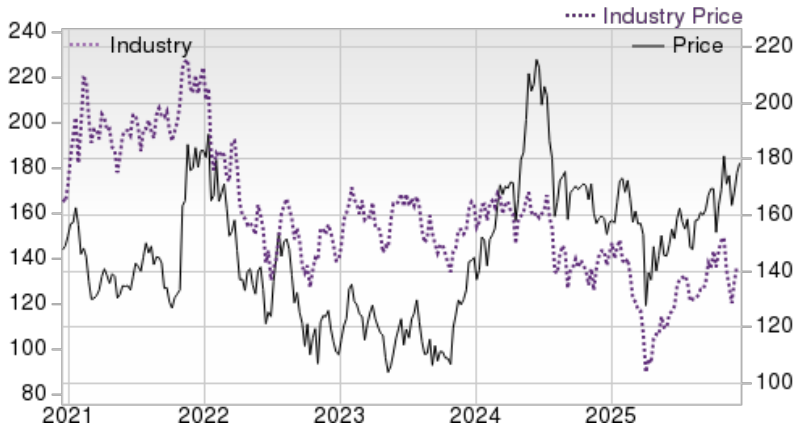
The table below shows summary valuation data for QCOM.

| Valuation Multiples - QCOM | | | | | |
|----------------------------|---------------|-------|--------------|--------|---------|
| | | Stock | Sub-Industry | Sector | S&P 500 |
| EV/EBITDA TTM | Current | 10.17 | 27.24 | 19.9 | 18.63 |
| | 5-Year High | 27.6 | 28.00 | 23.68 | 22.4 |
| | 5-Year Low | 7.24 | 8.09 | 12.05 | 13.87 |
| | 5-Year Median | 14.36 | 15.77 | 18.36 | 17.95 |
| P/E F12M | Current | 14.89 | 40.33 | 29.09 | 23.44 |
| | 5-Year High | 26.65 | 40.33 | 29.92 | 23.78 |
| | 5-Year Low | 9.03 | 11.15 | 18.71 | 15.73 |
| | 5-Year Median | 16.91 | 20.27 | 26.62 | 21.21 |
| P/S F12M | Current | 4.27 | 8.19 | 6.8 | 5.3 |
| | 5-Year High | 6.2 | 9.85 | 7.39 | 5.52 |
| | 5-Year Low | 2.49 | 3.53 | 4.24 | 3.84 |
| | 5-Year Median | 4.04 | 5.88 | 6.28 | 5.05 |

As of 12/10/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 28% (67 out of 243)



Top Peers⁽¹⁾

| Company (Ticker) | Rec | Rank |
|---------------------------------|---------|------|
| Applied Materials, I..(AMAT) | Neutral | 3 |
| Advanced Micro Devic...(AMD) | Neutral | 3 |
| Amkor Technology, In...(AMKR) | Neutral | 3 |
| Broadcom Inc. (AVGO) | Neutral | 2 |
| GlobalFoundries Inc. (GFS) | Neutral | 3 |
| Infineon Technologiek...(IFNNY) | Neutral | 3 |
| Lam Research Corpora...(LRCX) | Neutral | 2 |
| United Microelectron...(UMC) | Neutral | 3 |

Industry Comparison⁽¹⁾ Industry: Electronics - Semiconductors

| | QCOM | X Industry | S&P 500 | AMAT | ASX | AVGO |
|----------------------------------|-----------|------------|-----------|-----------|-----------|------------|
| Zacks Recommendation (Long Term) | Neutral | - | - | Neutral | Neutral | Neutral |
| Zacks Rank (Short Term) | 3 | - | - | 3 | 3 | 2 |
| VGM Score | B | - | - | B | A | C |
| Market Cap | 191.99 B | 1.03 B | 39.20 B | 207.17 B | 34.56 B | 1,604.71 B |
| # of Analysts | 11 | 2 | 22 | 11 | 1 | 14 |
| Dividend Yield | 1.99% | 0.00% | 1.4% | 0.70% | 1.68% | 0.69% |
| Value Score | C | - | - | D | B | D |
| Cash/Price | 0.07 | 0.11 | 0.04 | 0.04 | 0.08 | 0.01 |
| EV/EBITDA | 13.00 | 10.31 | 14.73 | 20.56 | 11.83 | 47.55 |
| PEG Ratio | -12.72 | 1.91 | 2.24 | 2.71 | 0.91 | 1.02 |
| Price/Book (P/B) | 9.12 | 3.44 | 3.35 | 10.19 | 3.05 | 19.74 |
| Price/Cash Flow (P/CF) | 15.17 | 22.86 | 15.24 | 25.88 | 12.13 | 43.94 |
| P/E (F1) | 14.88 | 34.75 | 19.90 | 27.38 | 25.54 | 36.48 |
| Price/Sales (P/S) | 4.34 | 5.29 | 3.09 | 7.30 | 1.72 | 25.12 |
| Earnings Yield | 6.78% | 1.82% | 5.01% | 3.65% | 3.92% | 2.74% |
| Debt/Equity | 0.70 | 0.04 | 0.57 | 0.32 | 0.64 | 0.76 |
| Cash Flow (\$/share) | 11.82 | 0.48 | 8.99 | 10.10 | 1.28 | 7.73 |
| Growth Score | B | - | - | B | B | C |
| Hist. EPS Growth (3-5 yrs) | 7.74% | -2.58% | 8.16% | 11.67% | -10.81% | 20.23% |
| Proj. EPS Growth (F1/F0) | -1.33% | 7.60% | 8.57% | 1.27% | 35.56% | 36.51% |
| Curr. Cash Flow Growth | 13.11% | -5.63% | 6.75% | 5.79% | -2.78% | 30.10% |
| Hist. Cash Flow Growth (3-5 yrs) | 19.49% | 10.40% | 7.43% | 13.76% | 4.83% | 18.95% |
| Current Ratio | 2.82 | 2.75 | 1.18 | 2.61 | 1.13 | 1.71 |
| Debt/Capital | 41.12% | 11.51% | 38.01% | 24.02% | 39.20% | 43.26% |
| Net Margin | 12.51% | -3.04% | 12.78% | 24.67% | 5.61% | 36.20% |
| Return on Equity | 43.22% | 2.90% | 17.00% | 39.26% | 10.67% | 37.45% |
| Sales/Assets | 0.82 | 0.49 | 0.53 | 0.83 | 0.81 | 0.38 |
| Proj. Sales Growth (F1/F0) | 2.30% | 0.09% | 5.77% | 2.00% | NA | 41.30% |
| Momentum Score | D | - | - | B | A | A |
| Daily Price Chg | 0.54% | -1.34% | -0.16% | 0.79% | -1.14% | -5.59% |
| 1 Week Price Chg | 1.99% | -1.05% | -0.44% | -3.28% | 3.62% | -7.77% |
| 4 Week Price Chg | 7.50% | 5.98% | 2.16% | 14.24% | 8.95% | -0.83% |
| 12 Week Price Chg | 5.62% | -6.12% | 1.83% | 30.30% | 33.05% | 0.30% |
| 52 Week Price Chg | 13.53% | -0.54% | 12.22% | 54.22% | 51.56% | 35.92% |
| 20 Day Average Volume | 8,095,039 | 599,293 | 2,744,252 | 6,967,779 | 6,198,012 | 31,331,404 |
| (F1) EPS Est 1 week change | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.88% |
| (F1) EPS Est 4 week change | 0.07% | 0.00% | 0.00% | 0.24% | 5.17% | 1.75% |
| (F1) EPS Est 12 week change | 2.77% | 3.16% | 0.69% | 0.73% | 5.17% | 3.16% |
| (Q1) EPS Est Mthly Chg | -0.26% | 0.00% | 0.00% | -0.10% | NA | 1.95% |

Analyst Earnings Model⁽²⁾

QUALCOMM Incorporated (QCOM)

In \$MM, except per share data

| | 2022A | 2023A | 2024A | 2025A | | | | 2026E | | | | 2027E | 2028E | | |
|--|-------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| | FY | FY | FY | 1QA | 2QA | 3QA | 4QA | FY | 1QE | 2QE | 3QE | 4QE | FY | FY | FY |
| FY Ends September 30th | Sep-22 | Sep-23 | Sep-24 | 31-Dec-24 | 31-Mar-25 | 30-Jun-25 | 30-Sep-25 | Sep-25 | 31-Dec-25 | 31-Mar-26 | 30-Jun-26 | 30-Sep-26 | Sep-26 | Sep-27 | Sep-28 |
| | | | | | | | | | | | | | | | |
| Income Statement | | | | | | | | | | | | | | | |
| Total Revenue, Non-GAAP | \$44,169.0 | \$35,832.0 | \$38,944.0 | \$11,669.0 | \$10,836.0 | \$10,365.0 | \$11,270.0 | \$44,141.0 | \$12,249.3 | \$11,118.1 | \$10,814.3 | \$11,111.1 | \$45,292.8 | \$45,407.9 | \$45,426.4 |
| Total Revenue, GAAP | \$44,200.0 | \$35,820.0 | \$38,962.0 | \$11,669.0 | \$10,979.0 | \$10,365.0 | \$11,270.0 | \$44,284.0 | \$12,249.3 | \$11,118.1 | \$10,814.3 | \$11,111.1 | \$45,292.8 | \$45,407.9 | \$45,426.4 |
| Cost of Sales, Non-GAAP | \$18,364.0 | \$15,649.0 | \$16,830.0 | \$5,102.0 | \$4,879.0 | \$4,541.0 | \$4,948.0 | \$19,471.0 | \$5,555.4 | \$5,178.1 | \$4,994.3 | \$5,012.9 | \$20,740.8 | \$19,271.6 | \$18,811.7 |
| Cost of Sales, GAAP | \$18,635.0 | \$15,869.0 | \$17,060.0 | \$5,161.0 | \$4,937.0 | \$4,606.0 | \$5,033.0 | \$19,738.0 | \$5,747.7 | \$5,485.6 | \$5,079.9 | \$5,305.0 | \$21,618.2 | \$21,632.1 | \$21,503.9 |
| Gross Profit, Non-GAAP | \$25,805.0 | \$20,183.0 | \$22,114.0 | \$6,567.0 | \$5,957.0 | \$5,824.0 | \$6,322.0 | \$24,670.0 | \$6,693.9 | \$5,940.0 | \$5,820.0 | \$6,098.2 | \$24,552.0 | \$26,136.2 | \$26,614.8 |
| Gross Profit, GAAP | \$25,565.0 | \$19,951.0 | \$21,902.0 | \$6,508.0 | \$6,042.0 | \$5,759.0 | \$6,237.0 | \$24,546.0 | \$6,501.6 | \$5,632.5 | \$5,734.5 | \$5,806.1 | \$23,674.6 | \$23,775.7 | \$23,922.5 |
| Selling, General, and Administrative, Non-GAAP | \$2,017.0 | \$1,895.0 | \$2,072.0 | \$535.0 | \$582.0 | \$594.0 | \$712.0 | \$2,423.0 | \$711.3 | \$728.4 | \$700.1 | \$711.4 | \$2,851.3 | \$2,900.4 | \$2,873.6 |
| Selling, General, and Administrative, GAAP | \$2,570.0 | \$2,483.0 | \$2,759.0 | \$723.0 | \$706.0 | \$771.0 | \$910.0 | \$3,110.0 | \$940.8 | \$981.8 | \$886.3 | \$915.1 | \$3,723.9 | \$3,760.3 | \$3,729.4 |
| Research and Development, Non-GAAP | \$6,721.0 | \$6,828.0 | \$6,722.0 | \$1,649.0 | \$1,688.0 | \$1,654.0 | \$1,802.0 | \$6,794.0 | \$1,746.4 | \$1,703.8 | \$1,639.4 | \$1,740.0 | \$6,829.6 | \$7,492.9 | \$8,191.0 |
| Research and Development, GAAP | \$8,194.0 | \$8,818.0 | \$8,893.0 | \$2,230.0 | \$2,216.0 | \$2,226.0 | \$2,370.0 | \$9,042.0 | \$2,354.9 | \$2,287.7 | \$2,192.8 | \$2,225.1 | \$9,060.6 | \$9,173.4 | \$9,154.6 |
| Other Income | (\$1,059.0) | \$862.0 | \$179.0 | \$0.0 | \$0.0 | \$0.0 | \$39.0 | \$39.0 | \$39.0 | \$39.0 | \$39.0 | \$39.0 | \$156.0 | \$156.0 | \$156.0 |
| Total Operating Expenses, Non-GAAP | \$8,738.0 | \$8,723.0 | \$8,794.0 | \$2,184.0 | \$2,270.0 | \$2,248.0 | \$2,514.0 | \$9,217.0 | \$2,457.7 | \$2,432.2 | \$2,339.6 | \$2,451.4 | \$9,680.9 | \$10,393.3 | \$11,064.6 |
| Total Operating Expenses, GAAP | \$9,705.0 | \$12,163.0 | \$11,831.0 | \$2,953.0 | \$2,922.0 | \$2,997.0 | \$3,319.0 | \$12,917.0 | \$3,334.7 | \$3,308.6 | \$3,118.1 | \$3,179.2 | \$12,940.5 | \$13,089.7 | \$13,040.0 |
| Adjusted EBITDA | \$18,829.0 | \$13,269.0 | \$15,026.0 | \$4,819.0 | \$4,084.0 | \$3,974.0 | \$4,179.0 | \$17,055.0 | \$4,675.0 | \$3,904.8 | \$3,856.9 | \$4,040.8 | \$16,477.6 | \$17,345.3 | \$17,153.0 |
| Depreciation and Amortization | \$1,762.0 | \$1,809.0 | \$1,706.0 | \$436.0 | \$397.0 | \$398.0 | \$371.0 | \$1,602.0 | \$438.8 | \$397.1 | \$376.6 | \$393.9 | \$1,606.4 | \$1,602.3 | \$1,602.8 |
| Stock-Based Compensation | \$2,031.0 | \$2,484.0 | \$2,648.0 | \$759.0 | \$702.0 | \$659.0 | \$663.0 | \$2,783.0 | \$760.9 | \$683.9 | \$657.7 | \$683.1 | \$2,785.5 | \$2,781.5 | \$2,782.9 |
| Operating Income, Non-GAAP | \$17,067.0 | \$11,460.0 | \$13,320.0 | \$4,383.0 | \$3,687.0 | \$3,576.0 | \$3,808.0 | \$15,453.0 | \$4,236.2 | \$3,507.8 | \$3,480.4 | \$3,646.8 | \$14,871.2 | \$15,743.0 | \$15,550.2 |
| Operating Income, GAAP | \$15,860.0 | \$7,788.0 | \$10,071.0 | \$3,555.0 | \$3,120.0 | \$2,762.0 | \$2,918.0 | \$12,355.0 | \$3,167.0 | \$2,323.9 | \$2,616.4 | \$2,626.9 | \$10,734.1 | \$10,686.1 | \$10,882.6 |
| Interest (Income)/Expense, Non-GAAP | \$538.0 | \$690.0 | \$692.0 | \$162.0 | \$162.0 | \$167.0 | \$170.0 | \$659.0 | \$173.3 | \$218.5 | \$175.9 | \$176.2 | \$743.9 | \$761.1 | \$754.5 |
| Interest (Income)/Expense, GAAP | \$490.0 | \$694.0 | \$697.0 | \$163.0 | \$163.0 | \$168.0 | \$171.0 | \$664.0 | \$174.6 | \$169.1 | \$160.9 | \$164.2 | \$668.9 | \$676.7 | \$676.2 |
| Investment & Other (Income)/Expense, Non-GAAP | (\$68.0) | (\$300.0) | (\$659.0) | (\$206.0) | (\$169.0) | (\$135.0) | (\$154.0) | (\$664.0) | (\$103.6) | (\$234.5) | (\$109.0) | (\$220.1) | (\$667.2) | \$343.0 | (\$428.1) |
| Investment & Other (Income)/Expense, GAAP | \$372.0 | (\$349.0) | (\$962.0) | (\$243.0) | (\$148.0) | (\$358.0) | (\$224.0) | (\$972.0) | (\$144.2) | (\$245.3) | (\$193.6) | (\$191.6) | (\$774.6) | \$1,386.8 | (\$3,308.2) |
| Pre-Tax Income, Non-GAAP | \$16,598.0 | \$11,070.0 | \$13,287.0 | \$4,427.0 | \$3,694.0 | \$3,544.0 | \$3,792.0 | \$15,458.0 | \$4,166.4 | \$3,523.7 | \$3,413.5 | \$3,690.8 | \$14,794.5 | \$14,638.9 | \$15,223.7 |
| Pre-Tax Income, GAAP | \$14,998.0 | \$7,443.0 | \$10,336.0 | \$3,635.0 | \$3,105.0 | \$2,952.0 | \$2,971.0 | \$12,663.0 | \$3,136.5 | \$2,400.0 | \$2,649.1 | \$2,654.3 | \$10,839.9 | \$8,622.6 | \$13,514.7 |
| Income Tax, Non-GAAP | \$2,344.0 | \$1,584.0 | \$1,742.0 | \$597.0 | \$522.0 | \$504.0 | \$535.0 | \$2,160.0 | \$562.5 | \$475.7 | \$460.8 | \$498.3 | \$1,997.3 | \$1,976.3 | \$2,055.2 |
| Income Tax, GAAP | \$2,012.0 | \$104.0 | \$226.0 | \$455.0 | \$293.0 | \$286.0 | \$6,088.0 | \$7,122.0 | \$313.7 | \$240.0 | \$264.9 | \$265.4 | \$1,084.0 | \$862.3 | \$1,351.5 |
| Tax Rate, Non-GAAP | 14.1% | 14.0% | 13.0% | 13.5% | 14.0% | 14.0% | 14.0% | 14.0% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% |
| Tax Rate, GAAP | 13.0% | 1.0% | 2.0% | 13.0% | 9.0% | 10.0% | 205.0% | 56.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Discontinued Operations, Net of Income Taxes | \$50.0 | \$107.0 | (\$32.0) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Net Income, Non-GAAP | \$14,254.0 | \$9,486.0 | \$11,545.0 | \$3,830.0 | \$3,172.0 | \$3,040.0 | \$3,257.0 | \$13,298.0 | \$3,604.0 | \$3,048.0 | \$2,952.7 | \$3,192.6 | \$12,797.3 | \$12,662.7 | \$13,168.5 |
| Net Income, GAAP | \$12,936.0 | \$7,232.0 | \$10,142.0 | \$3,180.0 | \$2,812.0 | \$2,666.0 | (\$3,117.0) | \$5,541.0 | \$2,822.9 | \$2,160.0 | \$2,384.2 | \$2,388.8 | \$9,755.9 | \$7,760.3 | \$12,163.2 |
| Basic Shares Outstanding | 1,123.0 | 1,117.0 | 1,116.0 | 1,110.0 | 1,104.0 | 1,092.0 | 1,078.0 | 1,096.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 |
| Diluted Shares Outstanding | 1,137.0 | 1,126.0 | 1,130.0 | 1,122.0 | 1,115.0 | 1,099.0 | 1,078.0 | 1,105.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 | 1,078.0 |
| Basic EPS | \$11.52 | \$6.47 | \$9.09 | \$2.86 | \$2.55 | \$2.44 | (\$2.89) | \$5.05 | \$2.62 | \$2.00 | \$2.21 | \$2.22 | \$9.05 | \$7.20 | \$11.28 |
| Diluted EPS, Non-GAAP | \$12.53 | \$8.43 | \$10.22 | \$3.41 | \$2.85 | \$2.77 | \$3.00 | \$12.03 | \$3.34 | \$2.83 | \$2.74 | \$2.96 | \$11.87 | \$11.75 | \$12.22 |
| Diluted EPS, GAAP | \$11.37 | \$6.42 | \$8.97 | \$2.83 | \$2.52 | \$2.43 | (\$2.89) | \$5.01 | \$2.62 | \$2.00 | \$2.21 | \$2.22 | \$9.05 | \$7.20 | \$11.28 |
| Dividend Per Share | \$2.86 | \$3.10 | \$3.30 | \$0.85 | \$0.85 | \$0.89 | \$0.89 | \$3.48 | \$0.89 | \$0.89 | \$0.93 | \$0.93 | \$3.64 | \$3.80 | \$3.96 |

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

| | |
|----------------|---|
| Value Score | C |
| Growth Score | B |
| Momentum Score | D |
| VGM Score | B |

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.