



Symbol: Nasdaq:AVGO	Current Price: \$342.65	52 Wk Range: \$138.10 - \$386.48
Target Price: \$393.97 Avg	Stop Loss (-25%): \$256.98	Market Cap: \$1.64 T
P/E: 89.37 (TTM)	Div Yield: \$2.36 (0.7%)	Vol/Avg: \$17.01 B / \$23.08 B
EPS: \$3.91 (TTM)	Credit Rating: A- - A-1	Beta: 1.21

Company Background

Broadcom is a leading global supplier specializing in analog semiconductor devices and Infrastructure Software solutions. The firm utilizes a dual-engine business model that emphasizes structural diversification and high-performance, mission-critical functionality across numerous end markets, including enterprise, cloud, and wireless platforms. The business segments are delineated as Semiconductor Solutions, which constituted 58% of fiscal year (FY) 2024 sales, and Infrastructure Software, which contributed 42%. The Semiconductor Solutions segment is focused on high-bandwidth data center networking, custom artificial intelligence (AI) accelerator Application-Specific Integrated Circuit (ASIC) microchips, and advanced radio frequency (RF) technology (such as FBAR filters). The Infrastructure Software segment, significantly expanded by the strategic, high-margin VMware acquisition, focuses on hybrid cloud, app-delivery acceleration, zero-trust security, and management/automation tools for mainframe and cloud platforms, providing structural stability and high profitability.

Industry Outlook

The fundamental outlook for the Semiconductor sub-industry remains positive, with expectations pointing toward a sustained "supercycle" over the next decade. Secular growth is projected to occur at a 6%-7% Compound Annual Growth Rate (CAGR), representing at least double the anticipated pace of global GDP expansion. Near-term momentum is driven by unprecedented capital expenditure (CAPEX) from major cloud providers, who are heavily investing in compute, networking, and memory tools specifically required for the development and operation of Generative AI (GenAI) capabilities. This trend is projected to translate into industry-wide sales growth of 10%-15% in 2026, building upon the mid-teens growth pace seen in 2025.

Investment Thesis

Core Thesis: AI Infrastructure Dominance

Broadcom is positioned as a foundational winner in the massive AI infrastructure buildout due to its proprietary custom silicon (ASIC) and networking products. The custom ASIC business provides unrivaled revenue visibility through secured, long-term contracts with the world's largest AI hyperscalers (including a recent addition of a fourth major customer OpenAI). AI semiconductor revenue is growing at over 60% annually and is expected to reach a \$25 billion annual run rate.

Structural Profitability and FCF Engine

The Infrastructure Software segment, driven by successful VMware integration, provides a crucial counter-cyclical hedge and structural profitability, boasting operating margins of 77%. This dual model is expected to drive exceptional Free Cash Flow (FCF) generation, projecting an increase from ~\$19 billion in FY 2024 to more than \$50 billion by FY 2027. This cash generation supports debt reduction and enhanced shareholder returns (11% dividend boost).

Industry Outlook

The Semiconductor sub-industry is undergoing a "supercycle," projecting a 6%-7% Compound Annual Growth Rate (CAGR) over the next decade. Near-term momentum is driven by unprecedented capital expenditure (CAPEX) from cloud providers investing heavily in Generative AI (GenAI) capabilities, supporting industry-wide sales growth forecasted at 10%-15% in 2026.

Catalysts & Drivers (Upside)

Custom AI Accelerator Sales: AI semiconductor sales are accelerating dramatically, expected to exceed \$6.2 billion in the October quarter. Multi-year partnership with OpenAI to co-develop custom silicon for 10 GW of AI compute buildout (2026–2029).

New Hyperscale AI Customers: Successful addition of a fourth major hyperscaler customer OpenAI (\$10B potential sales) to the previous three customers Alphabet (Google), Meta Platforms, and ByteDance, with three more in development. VMware Cloud Foundation (VCF) software with a "license portability" model allows customers to run their VCF environments on hyperscale clouds.

Technological Leadership: Next-generation 2nm XPU are positioned to be "first-to-market" scheduled for volume shipment by FY 2026.

FCF and Shareholder Returns: Impressive 40-45% FCF-to-revenue generation supports continuous debt reduction and enhanced shareholder returns (e.g., 11% dividend boost).

Investment Risks (Downside)

Geopolitical Exposure: Approximately 20% of the firm's revenue is derived from China-based manufacturing operations. While the substantial majority of this revenue relates to non-China customers (such as Apple/Foxconn). This exposure presents material risks related to tariffs, trade sanctions, and potential supply chain disruptions. Possible rare-earth restrictions may delay production.

Execution Risk: Risk in sustaining the rapid pace of AI monetization, successfully integrating acquisitions, and achieving a seamless ramp of the next-generation 2nm XPU into volume production remain critical operational hurdles. Excess compute buildout could create near-term oversupply.

Valuation Risk: The analyst’s 12-month target price of \$380 is predicated on a forward Price-to-Earnings (P/E) multiple of 34x the Calendar Year (CY) 2027 EPS estimate. This multiple significantly exceeds Broadcom’s historical forward average of 21x to 24x, suggesting that high growth expectations are heavily factored into the current valuation.

Discounted Cash Flow (DCF) Analysis

1. Key Assumptions & Inputs

	Value	Rationale
Current Stock Price	\$369.63	CFRA Report (10/31/2025)
Shares Outstanding	4,722 M	
Terminal Growth Rate (g)	3.00%	Stable long-term growth for a diversified technology giant.
WACC (Discount Rate)	9.50%	Reflects high Beta 1.21 and increased debt load from the VMware acquisition.
FCF (FY 2024 Base)	\$19,000 M	Based on the CFRA Report thesis of FCF increasing from ~\$19 B in FY 2024.
Estimated Net Debt	\$60,000 M	Estimate of total debt minus cash, reflecting post-VMware balance sheet leverage.

2. Projected Free Cash Flow (FCF)

Year	Fiscal Year	FCF Growth Rate	Projected FCF (M)	PV Factor (9.50%)	Present Value of FCF (M)
1	2025E	35.0%	\$25,650	0.9132	\$23,428
2	2026E	55.0%	\$39,758	0.8340	\$33,149
3	2027E	28.0%	\$50,890	0.7616	\$38,767
4	2028E	15.0%	\$58,524	0.6955	\$40,707
5	2029E	8.0%	\$63,186	0.6351	\$40,192
Sum of PV of FCF					\$176,243

3. Terminal Value (TV) Calculation (End of FY 2029)

	Calculation	Value (M)
FCF in 2030	= \$63,186 * (1 + 5%)	\$66,345
Terminal Value (TV)	= FCF 2030 * (1 + g) / (WACC - g) = \$66,345 *(1 + 3%) / (0.095 - 0.03)	\$1,051,323
PV of Terminal Value	TV * PV Factor (Year 5)	\$667,690

4. Valuation Conclusion

	Value (M)	Calculation, Notes
Enterprise Value (EV)	\$843,933	= \$176,243 (PV FCF) + \$667,690 (PV TV)
Less: Estimated Net Debt	\$60,000	Post-VMware leverage
Equity Value	\$783,933	= EV - Net Debt
Shares Outstanding	4,722	
Intrinsic Value per Share	\$166.02	= Equity Value / Shares Outstanding
Current Market Price	\$369.63	
Over/Under Valued	(55.1%)	

The DCF analysis yields an Intrinsic Value per Share of \$166.02, which is 55% lower than the current market price of \$369.63.

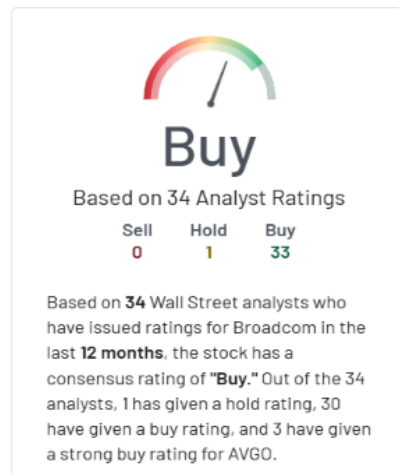
Financial Performance

	Fiscal Year 2024	Fiscal Year 2025E	Fiscal Year 2026E	Fiscal Year 2027E
Revenue (B)	\$51.6	\$63.3	\$81.6	\$105.4
EPS	\$4.87	\$6.71	\$9.00	\$10.95
EBITDA Margin	60%	66%	67%	67%
FCF (B)	\$21.9	\$30+	\$40+	\$50+
Dividend (yr)	\$2.36	\$2.36	\$2.50	\$2.75

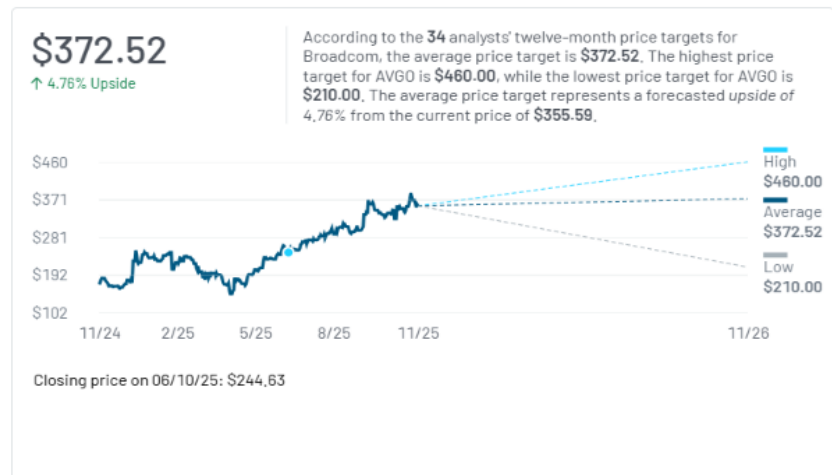
Analyst Opinions

Broadcom - Analysts' Recommendations and Stock Price Forecast (2025)

Consensus Rating



Consensus Price Target



Based on **34** Wall Street **analysts** who have issued ratings for Broadcom in the last 12 months, the stock has a consensus rating of "**Buy**". Out of the 34 analysts, **1** has given a **hold** rating, **30** have given a **buy** rating, and **3** have given a **strong buy** rating for AVGO. According to the 34 analysts' twelve-month price targets for Broadcom, the average **price target** is **\$372.52**. The highest price target for AVGO is \$460.00, while the lowest price target for AVGO is \$210.00. The average price target represents a **forecasted upside of 4.76%** from the **current price of \$355.59**.

Peer Analysis

Company	Ticker	Market Cap (B)	P/E Ratio (TTM)	1Yr-Price Change	LTD to Cap Ratio
Broadcom Inc.	AVGO	\$1,778	60	+113%	45.7%
Nvidia Corp.	NVDA	\$2,860	75	+160%	9.6%
Advanced Micro Devices, Inc.	AMD	\$414	74	+72%	5.1%
Taiwan Semiconductor Mfg. Co.	TSM	\$1,271	31	+56%	14.7%
Qualcomm Inc.	QCOM	\$190	15	+6%	35.2%

Broadcom's 1-year price performance of 113% significantly outpaced most major peers, reflecting strong market confidence in the successful execution of the AI growth strategy and the VMware synergies. The comparatively high Long-Term Debt (LTD) to Capitalization ratio of 45.7% (versus 5.1% for Advanced Micro Devices, Inc.) clearly identifies Broadcom as an M&A-driven conglomerate. However, the market continues to support this leverage, accepting the debt incurred in exchange for the high-quality, predictable, and structurally high-margin revenue base acquired via the Infrastructure Software segment.

AVGO US Equity										
Export Settings										
Comp Source Reported Comps Curr USD										
Segment	Revenue %	Metric	AVGO	Low	Comp Range	High				
Semiconductor Devices	100%	Est P/E Current Yr	50.82	7.96		144.20				
		EV/T12M Sales	23.64	0.65		25.31				
		Sales Growth Yoy (%)	43.99	-48.00		114.20				
		EBITDA Margin (%)	50.39	-36.11		64.58				
		Sales (TTM)	59.93B	115.18M		293.81B				
Overview	Comp Sheets	ESG	Markets	EPS Preview	Ownership	Credit	Custom			
Name	Mkt Cap (USD)	Last Px (USD)	Chg Pct 1D	Chg Pct 1M	Rev - 1 Yr Gr:Y	EPS - 1 Yr Gr:Y	P/E	ROE	Dvd 12M Yld	
Median	43.04B	82.70	-1.68%	-2.44%	5.52%	15.22%	32.10	9.92%	2.09%	
101) BROADCOM INC	1.62T	342.65	0.06%	-1.91%	43.99%	-21.87%	83.19	28.68%	0.69%	
102) NVIDIA CORP	4.53T	186.60	-1.88%	1.84%	114.20%	143.92%	54.63	106.49%	0.02%	
103) MICROSOFT CORP	3.77T	507.49	-0.53%	-1.19%	14.93%	15.80%	35.93	32.39%	0.65%	
104) ORACLE CORP	626.78B	219.86	-1.34%	-24.53%	8.38%	13.98%	49.02	73.89%	0.86%	
105) ADVANCED MICRO DEVICES	391.58B	240.52	-2.55%	3.19%	13.69%	83.75%	116.64	5.74%	--	
106) CISCO SYSTEMS INC	307.48B	77.78	-0.28%	10.91%	5.30%	-8.67%	28.20	23.86%	2.10%	
107) INTL BUSINESS MACHINES CORP	277.78B	297.17	-2.79%	5.65%	1.44%	31.85%	27.35	39.23%	2.26%	
108) SALESFORCE INC	225.65B	237.03	-2.72%	-2.49%	8.72%	36.57%	32.46	11.89%	0.70%	
109) QUALCOMM INC	178.59B	166.75	-4.16%	2.02%	13.66%	22.40%	16.48	47.06%	2.09%	
110) SERVICENOW INC	173.41B	835.79	-1.72%	-7.50%	22.44%	-17.83%	94.49	17.98%	--	
111) INTEL CORP	165.57B	34.71	-2.28%	-6.21%	-2.08%	--	--	-1.56%	--	
112) TEXAS INSTRUMENTS INC	140.83B	154.99	-2.72%	-12.23%	-10.72%	-30.16%	28.70	29.22%	3.55%	
113) PALO ALTO NETWORKS INC	136.70B	202.90	-1.14%	-2.40%	14.87%	19.53%	128.02	17.23%	--	
114) CROWDSTRIKE HOLDINGS INC - A	132.95B	529.78	-1.45%	9.31%	29.39%	--	--	-4.58%	--	
115) ANALOG DEVICES INC	113.12B	229.94	-2.11%	-5.32%	-23.39%	-36.75%	32.10	10.32%	1.69%	
116) KKR & CO INC	101.63B	114.02	-4.92%	-3.04%	37.79%	-16.28%	46.93	9.12%	0.64%	
117) MARVELL TECHNOLOGY INC	71.94B	83.45	-3.47%	-5.12%	4.71%	33.04%	105.32	5.04%	0.29%	
118) MEDIATEK INC	63.30B	39.47	0.00%	-7.52%	22.41%	36.59%	18.44	25.52%	4.39%	
119) FORTINET INC	60.93B	81.94	-0.45%	-1.80%	12.27%	50.54%	34.44	223.22%	--	
120) MITSUBISHI ELECTRIC CORP	58.20B	27.53	0.85%	11.22%	5.02%	15.22%	22.41	9.62%	1.29%	
121) NXP SEMICONDUCTORS NV	47.95B	190.51	-3.34%	-11.12%	-4.99%	-14.94%	19.58	25.53%	2.13%	
122) ZSCALER INC	46.69B	294.92	-1.51%	-1.78%	23.31%	60.77%	--	-1.59%	--	
123) MURATA MANUFACTURING CO LTD	39.40B	20.06	0.16%	10.54%	6.29%	17.58%	24.45	9.65%	1.93%	
124) ATASSIAN CORP-CL A	38.42B	146.02	-3.80%	-3.90%	19.66%	18.96%	--	-13.55%	--	
125) SUMITOMO CORP	37.83B	31.21	-1.04%	9.34%	5.52%	30.87%	9.62	14.03%	2.79%	
126) TDK CORP	31.38B	16.13	-1.22%	11.04%	4.80%	40.97%	27.49	9.92%	1.28%	

ESG

Broadcom's ESG score is 4.95 out of 10 according to Bloomberg, that's above median.

Overview	ESG Scores	Climate Transition	Physical Risk	Nature	EU Taxonomy	SFDR	
Financial Materiality Scores ESG SCORE »						Third-Party Scores RV ESG »	
	Score	Trend	Vs Peers				
ESG Score	4.95	+0.31	Above Median		MSCI Rating	AA	
Environmental	4.97	+0.05	Leading		Sustainalytics Risk Score	19.98	
Social	2.59	+0.32	Below Median		S&P Global ESG Rank	41.00	
Governance	7.87	+0.67	Leading		RepRisk Rating	BB	
View results of the latest shareholder meeting on 04/21/25 »							
Corporate Governance ESGD GOVN »		GHG Targets ESG NETZ »					
% Independent Directors	88.9%	Net Zero Targets		N			
CEO Compensation	2.6M	Science-Based Targets		N			
Average Board Tenure	9.1Yr						
Shareholder Activity View Proxy »		GHG Emissions ESG GHG »					
Float Owned by Institutions	90.5%	GHG Data Type		Reported			
Shareholder Proposals (count)	0	Total GHG		220.40			
Say on Pay Support	92.5%	Total GHG/Sales		4.27			
EU SFDR ESG SFDR »		Total GHG/EVIC		0.26			
M4 Fossil Fuel Exposure	.00	Temperature Rise ESG TR »					
M10 UNGC Violations	N	Scope 1+2 Mid Term		1.38C			
M13 % Women on Board	33.33	Country/Region Climate Score GOVS »					
Revenue Breakdown CCB »		Ctry of Risk		US			
Semiconductor Devices	100.00%	Ctry Net Zero Status		No policy			
		Ctry Net Zero Target Year		--			
		Ctry Climate Score		4.29			
				ESG Fund Exposure FSRC »			
				ESG Funds			
				EU SFDR Fund Exposure FSRC »			
				Article 9 Funds			
				Article 8 Funds			

Overview	ESG Scores	Climate Transition	Physical Risk	Nature	EU Taxonomy	SFDR
Inputs Latest		Peer Distribution Semiconductors CCB BECS »		Trend ESG Score Trending Up 3Y		
ESG Score		4.95 Above Median				
Metric	Score	Level	Weight	Score	Disclosure	Peer Rank
▼ Environmental		Pillar	40.00%	4.97	70%	Leading
▶ Energy Management		Issue	29.96%	6.41	100%	Leading
▶ Water Management		Issue	29.96%	6.30	33%	Above Median
▶ Sustainable Product		Issue	16.11%	0.00	0%	Lagging
▶ GHG Emissions Management		Issue	12.94%	6.85	75%	Leading
▶ Waste Management		Issue	11.02%	6.20	58%	Above Median
▼ Social		Pillar	30.00%	2.59	15%	Below Median
▶ Occupational Health & Safety Management		Issue	36.29%	3.00	0%	Median
▶ Product Quality Management		Issue	25.85%	0.00	0%	Lagging
▶ Ethics & Compliance		Issue	19.52%	3.00	0%	Below Median
▶ Labor & Employment Practices		Issue	15.68%	6.55	33%	Leading
▶ Community Rights & Relations		Issue	2.67%	10.00		Leading
▼ Governance		Pillar	30.00%	7.87	100%	Leading
▶ Board Composition		Theme	35.00%	7.67	100%	Leading
▶ Executive Compensation		Theme	24.94%	7.40	100%	Leading
▶ Shareholder Rights		Theme	24.94%	7.93	100%	Leading
▶ Audit		Theme	15.12%	9.05	100%	Leading

Sources

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<https://finance.yahoo.com/quote/AVGO/>

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Morningstar - Stocks > Broadcom Inc AVGO

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Alpha Spread - Broadcom (AVG) DCF Valuation

<https://www.alphaspread.com/security/nasdaq/avgo/dcf-valuation/base-case>