J.P.Morgan

North America Equity Research
04 June 2026

Broadcom Inc

AI Momentum Accelerates on Strong Bookings; Multi-GW Customer Commitments De-Risk FY27/28; S/W and Traditional Semis Also Stepping Up; Reit OW

We came away from the F2Q (Apr-Q) print incrementally more positive on AVGO's growth outlook over the next couple of years, reinforcing our conviction that the AI compute buildout remains early-innings and that AVGO is the most strategically entrenched provider of ASIC/XPU compute/networking. Apr-Q results were solid and, despite a fair amount of hand-wringing ahead of the print, Jul-Q guidance still landed ahead of Street consensus with revenue of $29.4B (+84% Y/Y) and AI semis revenue up 200%+ Y/Y to $16B. But the more important signal was orders: AI bookings eclipsed $30B against $10.8B shipped, lifting backlog sharply and raising revenue visibility even further. Mgmt even struck a very confident tone on FY28 visibility (unusually early), with what we see as ample room for that FY28 pipeline to keep building over the next 12-18 months. Management detailed an expanding, increasingly diversified customer set, reaffirming a multi-generation TPU engagement with Google, underpinned by substantial revenue commitments from Google and reciprocal supply commitments from AVGO (which we have repeatedly highlighted - link, link); Anthropic, layering an incremental ~5 GW of next-gen TPU from FY27 atop its >1 GW FY26 footprint; OpenAI, with first silicon already delivered and 1.3 GW slated for FY27 within its 10 GW/2029 commitment; Meta's multi-generation MTIA program (3 GW through 2028, initial 1 GW XPU-plus-networking order delivering in 2H27); and two further customers ramping from late 2026, with $6B of POs already in hand. Notably, for AVGO's >20 GW XPV compute platform built with Apollo and Blackstone to fund capacity for Anthropic and OpenAI, we estimate only ~5 GW is delivered in FY27 (~1.3 GW OpenAI + ~3.5 GW Anthropic), implying ~15 GW still to ship in FY28 for those two customers alone; folding in Google, Meta, and other at-scale programs, we think FY28 AI revenue could approach $300B - far in excess of current expectations. We would also highlight accelerating software momentum: VMW is reaccelerating as rising server CPU core counts (increasingly deployed alongside GPUs) drive VCF adoption, with Jul-Q software guided to $8.9B (+31% Y/Y) and ARR growth holding in the high-teens% - we would expect this strength to persist for multiple quarters given the strong ramp in server CPU deployments currently underway. On profitability, while consolidated GM compresses as margin-dilutive XPU revenue mixes higher (Jul-Q GM guided to ~74%), relatively flat opex should keep operating margin roughly steady near-term before inflecting higher on sharply rising revenue (strong operating leverage setup). Though mgmt continues to anchor FY27 AI revenue at ">$100B," we read this as conservatism/moderation

Overweight

AVGO, AVGO US
Price (03 Jun 26):$479.23

▲**Price Target (Dec-26):$580.00**
Prior (Dec-26):$500.00

Semiconductors & Semiconductor Capital Equipment / IT Hardware

Harlan Sur AC
(1-415) 315-6700
harlan.sur@jpmorgan.com

Mayur Ramdhani
(1-212) 622-1664
mayur.ramdhani@jpmorgan.com
J.P. Morgan Securities LLC

Key Changes (FYE Oct)

	Prev	Cur	Δ
Adj. EPS - 26E ($)	12.29	11.62	-5.4%
Adj. EPS - 27E ($)	19.61	21.10	7.6%

Quarterly Forecasts (FYE Oct)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	1.60	2.05A	4.14
Q2	1.58	2.44A	5.01
Q3	1.69	3.25	5.61
Q4	1.95	3.87	6.34
FY	6.82	11.62	21.10

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	81	81	77	55	53
Growth	64	69	73	63	74
Momentum	14	18	14	30	55
Quality	14	47	55	12	29
Low Vol	57	62	60	15	21
ESGQ	13	7	16	26	94

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 12 for analyst certification and important disclosures.

Harlan Sur [AC]
(1-415) 315-6700
harlan.sur@jpmorgan.com

Price Performance

	YTD	1m	3m	12m
Abs	38.5%	13.8%	52.7%	86.6%
Rel	28.2%	9.3%	41.9%	60.1%

Company Data

Shares O/S (mn)	4,969
52-week range ($)	495.00-241.11
Market cap ($ mn)	2,381,294.00
Exchange rate	1.00
Free float (%)	98.1%
3M ADV (mn)	24.12
3M ADV ($ mn)	8,958.4
Volatility (90 Day)	42
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	56|3|0

Key Metrics (FYE Oct)

$ in millions	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	63,887	105,674	184,537
Adj. EBIT	41,997	70,931	126,721
Adj. EBITDA	43,204	71,127	127,013
Adj. net income	33,728	57,448	104,244
Adj. EPS	6.82	11.62	21.10
BBG EPS	6.75	11.03	17.97
Cashflow from operations	27,537	50,064	95,722
FCFF	26,914	49,121	94,522
Margins and Growth			
Revenue Growth Y/Y (%)	23.9%	65.4%	74.6%
EBIT margin	65.7%	67.1%	68.7%
EBIT Growth Y/Y (%)	36.6%	68.9%	78.7%
EBITDA margin	67.6%	67.3%	68.8%
EBITDA Growth Y/Y (%)	23.2%	64.6%	78.6%
Net margin	52.8%	54.4%	56.5%
Adj. EPS growth	40.3%	70.4%	81.6%
Ratios			
Adj. tax rate	17.3%	18.4%	17.7%
Interest cover	15.6	29.6	67.6
Net debt/Equity	0.6	0.2	NM
Net debt/EBITDA	1.1	0.3	NM
ROE	45.3%	56.8%	62.2%
Valuation			
FCFF yield	1.1%	2.1%	4.0%
Dividend yield	0.5%	0.5%	-
EV/Revenue	38.2	22.8	12.6
EV/EBITDA	56.5	33.9	18.3
Adj. P/E	70.3	41.2	22.7

Summary Investment Thesis and Valuation

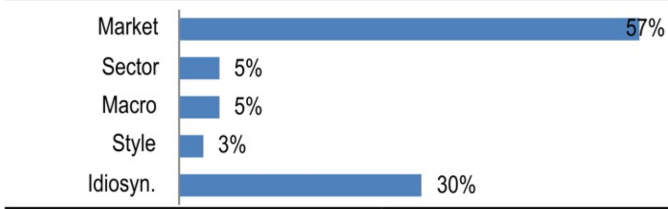
Investment Thesis

We see Broadcom as a leader in wireless, data center networking, AI/deep learning ASICs, storage, and infrastructure silicon, hardware, software with broad-based exposure to positive trends in these end markets. Broadcom is a technology infrastructure powerhouse with unmatched scale and technology capabilities in the industry, securing its leadership positions in a diverse set of end markets.

Valuation

Our Dec-26 PT of $580 assumes that AVGO trades at 20-25x (23x) $25.35 of earnings power exiting FY27.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.65	0.75
Sect: Technology	0.00	0.36
Ind: Semicond & S Equip	0.21	0.48
Macro:		
US 10yr Breakeven	-0.24	-0.27
US Dollar	0.11	-0.20
Crude Oil	-0.16	-0.18
Quant Styles:		
Momentum	0.36	0.34
DivYld	-0.19	-0.33
Growth	0.07	0.30

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Harlan Sur [AC]
(1-415) 315-6700
harlan.sur@jpmorgan.com

(the team wants more certainty on brick/mortar datacenter build/securing power commitments) and we reiterate our $150B+ outlook for FY27. Net, we are increasing our estimates and consequently raising our price target to $580 (from $500). We reiterate our Overweight (OW) rating on AVGO, which remains our top pick in the semiconductor sector.

Harlan Sur AC
(1-415) 315-6700
harlan.sur@jpmorgan.com

- **Modest AI semis upside again drove better-than-expected Apr-Q results.** F2Q26 revenue of $22.19B (+14.9% Q/Q, +48% Y/Y) came in slightly better than Street consensus ($22.13B), driven by AI semiconductor revenue of $10.8B (up ~28% Q/Q and ~143% Y/Y), on continued XPU strength and accelerating AI networking (networking represented ~40% of AI revenue). Non-AI semiconductor revenue was $4.2B (+2% Q/Q, +6% Y/Y), with broadband, storage, and enterprise networking up and partly offset by seasonal wireless softness. Infrastructure software was $7.2B (+6% Q/Q, +9% Y/Y), in line, with ARR growth of ~17%. GM was roughly flat Q/Q at 77.1%, while record operating margin of 67.3% (+200bps Y/Y) and adjusted EBITDA of 69% (ahead of Street) underscored strong operating leverage. EPS of $2.44 came in ahead of consensus of $2.39. Most notably, AI semiconductor bookings exceeded $30B against $10.8B shipped, lifting backlog sharply.
- **July quarter outlook points to a sharp AI inflection.** Jul-Q revenue was guided to $29.4B (+33% Q/Q, +84% Y/Y), solidly above consensus ($28.6B), driven by AI semis revenue, which is accelerating ~50% Q/Q to $16B (up 200%+ Y/Y) on the ramp of Google's next-gen TPU (v8i) and accelerating AI networking. As we mentioned in our preview note, the AI revenue was negatively impacted by the Anthropic switch from chip-only sale from full rackscale. We look for non-AI semis revenue of ~$4.5B (+12% Y/Y), reflecting a broadening cyclical recovery (non-AI bookings exceeded $6B in the quarter), and infrastructure software of ~$8.9B (+31% Y/Y), a notable acceleration we attribute to strong VCF 9.1 adoption as rising server CPU core counts (increasingly deployed alongside GPUs) pull through VMware. On margins, we model GM stepping down to ~74% as margin-dilutive AI semi revenue mixes higher; we would note this reflects revenue mix rather than any structural change in semiconductor margins. Even so, we see operating margin holding roughly flat Q/Q at ~67% on a slight step-down in opex.
- **AI revenue build: we see a pathway to $150B+ in FY27, with ~$300B potentially in the cards for FY28.** We expect FY26 AI semis revenue of ~$57B+ (up 180%+ Y/Y), and while mgmt's official FY27 framing remains ">$100B" (which we view as driven by conservatism) we maintain our view that AI revenue will ultimately exceed $150B in FY27. For AI networking alone, we see potential for revenue to exceed $45B next year (see our recent report on this here) on the fastest product ramp in Broadcom's history (Tomahawk 6 already nearly sold out for next year, alongside Jericho 4 scale-across routing, Tomahawk Ultra scale-up Ethernet, and 1.6T PAM4 DSPs), with Broadcom holding ~70% share of a switching/routing silicon market we expect to grow at a 50%+ CAGR over the next several years. On the compute side, we see FY27 underpinned by Google (multiple TPU generations, ~6.5M TPUs in Broadcom's FY27 order book), Anthropic (~3.5 GW), OpenAI (1.3 GW), the initial Meta MTIA ramp, and two additional customers ($6B of POs already in hand). The more powerful signal, in our view, is FY28: of the >20 GW XPV compute platform built with Apollo and Blackstone to fund Anthropic and OpenAI, we estimate only ~5 GW is delivered in FY27 (~1.3 GW OpenAI + ~3.5 GW Anthropic), leaving ~15 GW to ship in FY28 for those two customers alone - worth roughly $180-225B at $12-15B of content per gigawatt. Layering in Google, Meta, the two additional at-scale programs, and continued networking growth, we see FY28 AI revenue potentially approaching $300B, with content per gigawatt continuing to rise gen-over-gen (multi-die designs, embedded CPU, higher HBM). That AVGO already has this degree of FY28 visibility and an order pipeline extending into 2028, with room to build further over the next 12-18 months, speaks to the durability and magnitude of the AI infra build-out cycle that still remains ahead.

Harlan Sur [AC]
(1-415) 315-6700
harlan.sur@jpmorgan.com

- **Increasing estimates and raising our PT to $580.** Given what we believe is a better FY27 backlog number and higher confidence around that backlog, we are taking up our FY27 EPS estimates. Our new PT of $580 assumes that AVGO trades at 20-25x (23x) $25.35 of earnings power exiting FY27.

Harlan Sur AC
(1-415) 315-6700
harlan.sur@jpmorgan.com

Table 1: Broadcom F2Q26 Earnings

$ in millions, except per share data

	F2Q26				F3Q26 Outlook	
	Actual	JPM Est.	Diff	Consensus	Guidance	Consensus
Revenue ($M, Non-GAAP)	$22,187	$22,000	$187	$22,129	$29,400	$28,613
Q/Q Change	14.9%	13.9%	1.0%			
Gross Margin (Non-GAAP)	77.1%	77.0%	0.1%	76.8%	74.0%	75.0%
Op Margin (Non-GAAP)	67.3%	66.6%	0.7%			
Net Income (Non-GAAP)	$12,074	$11,715	$359			
EPS (Non-GAAP)	$2.44	$2.37	$0.07	$2.39		$3.15

Source: Company reports, Bloomberg Finance L.P., and J.P. Morgan estimates

Table 2: Broadcom F2Q26 End Market Summary

$ in millions

	F2Q26 Revenue	% of Revenues
Semi Solutions	$15,009	68%
Infrastructure Software	$7,178	32%

Source: Company reports

Balance Sheet and Cash Flow

Broadcom generated $10.5B in cash from operations during F2Q26 (Apr-Q) and FCF margin of 46.3%. The company exited the quarter with $19.6B in cash and equivalents, up from $14.2B in F1Q26 (Jan-Q). Capex was $231M for the quarter. The company paid out $3.1B in dividends and $600M in share repurchases.