

Broadcom Inc

FY26 AI Sales On Track For \$56B+ (up 180% Y/Y+); TPU Design Win Roadmap Remains Intact; Market Continues To Ignore 12 Years of Solid TPU Execution And 5 Year TPU Agreement; Reit OW

Amidst all of the noise on Broadcom (AVGO) recently on near-term business trends as well as competitive concerns around its solid position at Google, our recent primary research efforts lead us to believe that **(1)** the team remains on track to deliver \$56B+ in AI revenues in FY26 and drive 2x-2.5x growth in AI revenues in FY27; **(2)** the team is now ramping its next-gen Google TPU v8i 3nm ASIC chipset and remains on track to ramp the follow-on 2nm TPU v9 in early CY28; **(3)** the 5-year Google/AVGO supply/revenue commitment signed in early April remains in full effect, with Google committed to annually increasing TPU-related revenues to AVGO and the next four generations of TPU secured (TPUv8-v11; see our note [here](#)); and finally **(4)** XPU ASIC programs at Meta (5 XPU MTIA ASIC programs), OpenAI (Jalapeno 1st/2nd gen XPU ASICs), Anthropic (TPU v7/v8/v9), ByteDance/Alibaba (XPU ASICs), SoftBank/ARM (XPU ASIC), Apple (AI CPU ASIC), and SambaNova (XPU ASIC) all remain on track and in various stages of design/ramp/full-blown production. As it relates to the competitive noise out there (Alchip, GUC, AMD, MRVL), we believe competitors (Alchip/GUC) are being brought in to support the Google COT team, which has struggled with its first program (TPU v8t), and to support TPU-attach programs (AMD/MRVL), all of which do not impact Broadcom's core TPU design wins and revenue opportunities. Moreover, the recent Samsung supply agreement (see our note [here](#)) implies >\$1T in Broadcom AI revenues cumulatively over the next five years. We believe the market continues to underestimate Broadcom's significant dominance/lead (18 months+) in leading-edge ASIC design, chip/advanced packaging design leadership, aggressive cadence of new designs, IP portfolio, and track record of execution (Broadcom has helped Google bring to market 14 of its most advanced ASIC chip designs over the past 12 years). We reiterate our OW rating on AVGO and would be aggressive buyers at current levels.

- **Market underappreciates the GOOG/AVGO 5-year agreement (through 2031) signed in April with revenue commits from Google and supply commits from Broadcom, which locks in the next four generations of TPU (v8, v9, v10, v11) for Broadcom...with commitments for rising annual TPU revenues...** The five-year agreement between Google and Broadcom in April (see note [here](#)) locks in Broadcom's TPU design win roadmap for the next four generations of TPU (v8, v9, v10, v11) and includes commitments for increasing TPU revenues on an annual basis through 2031.
- **FY26 AI sales on track for \$56B+ (up 180%+ Y/Y) and up 2x-2.5x growth in AI revenues in FY27... AI networking demand for Tomahawk 5 remains strong and next-gen Tomahawk 6 sold out through next year...** The team remains on track to deliver \$56B+ in AI revenues in FY26 and drive 2x-2.5x growth in AI revenues in FY27. In addition to strong ASIC XPU programs (Google TPU, Meta MTIA, OpenAI, Anthropic, ByteDance/Alibaba, SoftBank/ARM, SambaNova), the team's strong networking demand profile for Tomahawk 5 and Tomahawk 6 remains above supply capability for both this year and next year.



Overweight

AVGO, AVGO US
Price (19 Aug 26):\$362.48

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Capital Equipment / IT Hardware

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See page 3 for analyst certification and important disclosures.

- **Broadcom / Google TPU v8i ramping now and TPU v9 2nm XPU ASIC on track to ramp in CY28 – no CoWos cuts, no delays, no cancellations...** Based on our recent research efforts and reports (see [here](#)), we believe that Broadcom is on track to ramp its next-gen TPU v9 2nm (4 compute die, 16 HBM stacks, 400Gbps SerDes) in CY28 – contrary to recent sell-side, Asia supply chain, and various news outlets that have suggested delays or cancellations of this program. We believe the Broadcom team started the v9 2nm IP design of this program in 1H of last year and commenced the SOC design in the second half of last year, and this program remains one of the highest priority programs currently at Broadcom. We believe the team has already commenced early v10 IP design for the follow-on generation of this program.
- **Noise on competition does not impact Broadcom TPU ASIC design win roadmap... Design houses (Alchip/GUC) being evaluated to help struggling COT team... MRVL/AMD being evaluated to design TPU attach ASICs (support chips that sit next to TPU)...** As it relates to the competitive noise out there (Alchip, GUC, AMD, MRVL), we believe these competitors are being brought in to support the Google COT team (Alchip/GUC), which has struggled with its first program (TPU v8t), and to support TPU-attach programs (AMD/MRVL), all of which do not impact Broadcom's core TPU design wins and revenue opportunities.
- **Broadcom has led the ASIC market for 30+ years...it's not just about SerDes technology...it's compute/networking memory/storage architecture know-how, broad IP portfolio, advanced chip/package design know-how...and execution... and should continue to be a significant competitive advantage in maintaining its dominance in AI.** We think the market continues to underestimate Broadcom's significant dominance/lead (18 months+), chip/package design leadership, aggressive cadence of new designs, IP portfolio, and track record of execution (Broadcom has helped Google bring to market 14 of its most advanced chip designs over the past 12 years). We reiterate our OW rating on AVGO.

