PRACTICAL INCOME INVESTING

# BROADCOM (AVGO)

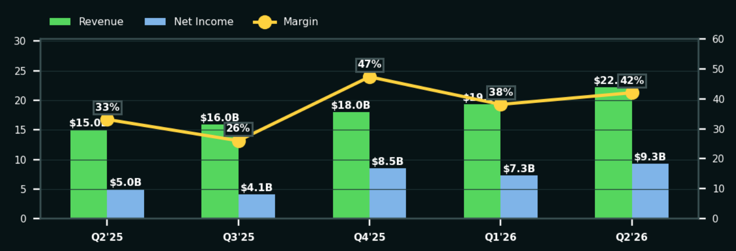
**AI Semiconductors | Custom ASICs | Networking | Infrastructure Software**

Broadcom is a leading AI infrastructure supplier, combining custom AI accelerators, networking chips, VMware software, high margins, and major free cash flow.

| CURRENT PRICE | MARKET CAP |
|---|---|
| $411.35 | $1.96T |
| TICKER: AVGO | NASDAQ |

| REVENUE GROWTH | AI SEMI REV | ADJ. EBITDA | FCF MARGIN | Q3 REV GUIDE | CASH / DEBT |
|---|---|---|---|---|---|
| +48% YoY | $10.8B | 69% | 46% | $29.4B | $19.6B / $64.9B |

## BUSINESS MOMENTUM DASHBOARD




Sources: Broadcom official quarterly releases; margins calculated from GAAP net income / revenue.

## GROWTH EFFICIENCY

**117%**

Revenue growth plus adjusted EBITDA margin. Not pure SaaS Rule of 40, but shows exceptional profitable growth.

## BALANCE SHEET

**78/100**

Strong cash generation and $19.6B cash help offset ~$64.9B short- and long-term debt from VMware-related leverage.

## KEY FINANCIAL SNAPSHOT

| | |
|---|---|
| Q2 Revenue | $22.19B (+48% YoY) |
| GAAP Net Income | $9.31B |
| Adj. EBITDA | $15.24B (69%) |
| Free Cash Flow | $10.26B (46%) |
| AI Semi Revenue | $10.8B (+143% YoY) |
| Q3 Revenue Guide | $29.4B (+84% YoY) |
| Q3 AI Semi Guide | $16.0B |
| Dividend | $0.65 quarterly |

## 7 FUNDAMENTAL PRINCIPLES

| | | |
|---|---|---|
| Growth | 10/10 | Q2 revenue +48%; AI semi +143%. |
| Moat | 9/10 | Custom silicon, networking, VMware ecosystem. |
| Management | 9/10 | Hock Tan execution and capital allocation. |
| Margins | 10/10 | Adj. EBITDA 69%; FCF margin 46%. |
| Cash Flow | 10/10 | Q2 FCF $10.26B. |
| Risk | 7/10 | Debt and customer concentration matter. |
| Valuation | 6/10 | Premium multiple after AI run-up. |
| TOTAL SCORE | 61/70 | |

## VALUATION

| | |
|---|---|
| Current Price | $411.35 |
| Market Cap | $1.96T |
| P/E (TTM) | 68.5x |
| EPS (TTM) | $6.01 |

Valuation is one input. Weigh it against growth, margin quality, balance sheet, and execution.

## CATALYSTS / RISKS

### Catalysts

- Custom AI accelerator demand continues scaling.
- AI networking demand expands in data centers.
- VMware software margin/renewal execution.

### Risks

- AI expectations are already very high.
- Customer concentration in custom ASICs.
- VMware integration and leverage risk.

## THESIS BREAKERS

- AI semiconductor growth decelerates sharply.
- Q3/Q4 guidance is walked down.
- Debt reduction stalls while FCF weakens.

### PRACTICAL INCOME INVESTING VERDICT

| | |
|---|---|
| CATEGORY: | AI Infrastructure Compounder |
| QUALITY: | A |
| VAL/RISK: | Premium / Execution Risk |
| ACTION: | Accumulate only on pullbacks |


Educational purposes only. Not financial advice.