



Broadcom Inc. (AVGO)

Updated December 22nd, 2025 by Jonathan Weber

Key Metrics

Current Price:	\$341	5 Year CAGR Estimate:	2.6%	Market Cap:	\$1.6T
Fair Value Price:	\$241	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	03/05/26 ¹
% Fair Value:	141%	5 Year Valuation Multiple Estimate:	-6.7%	Dividend Payment Date:	03/15/26 ²
Dividend Yield:	0.8%	5 Year Price Target	\$371	Years Of Dividend Growth:	16
Dividend Risk Score:	A	Sector:	Technology	Rating:	Hold

Overview & Current Events

Broadcom designs, develops, and sells semiconductors under the following business units: Wired infrastructure, wireless communication, enterprise storage and industrial. Its offerings include data center chips, factory automation, energy systems and power generation, broadband access, and home connectivity. Broadcom is a fabless semiconductor company, which means that the products it designs are manufactured by other companies/foundries. Broadcom domiciled to the US a couple of years ago and is now headquartered in San Jose, CA.

When Broadcom reported its fourth quarter earnings results in December, the company showcased revenues of \$18.0 billion, which represents an increase of 28% compared to the prior year's quarter. The strong revenue growth performance was driven by AI data center investments by many of Broadcom's customers. The company beat estimates, as analysts were expecting a slightly smaller revenue increase for the quarter.

Broadcom reported earnings-per-share of \$1.95 for the fiscal fourth quarter, which was ahead of the analyst consensus estimate. The company expects that revenues will come in at around \$19.1 billion during the current quarter, which would represent a nice revenue increase on a year-over-year basis and on a sequential basis. Broadcom is forecasted to see its earnings-per-share grow at a strong pace of close to 50% this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.15	\$1.60	\$2.08	\$2.13	\$2.22	\$2.80	\$3.76	\$4.22	\$4.87	\$6.82	\$10.05	\$15.46
DPS	\$0.25	\$0.48	\$0.70	\$1.06	\$1.30	\$1.44	\$1.64	\$1.84	\$2.12	\$2.36	\$2.60	\$3.82
Shares³	3980	4090	4160	4160	4250	4290	4290	4300	4620	4710	4700	4500

Broadcom's profitability has exploded over the last decade. Indeed, its earnings-per-share rose more than fivefold between 2016 and 2025. This earnings growth was driven by a significant amount of M&A, where Broadcom has always been very active, which includes the merger with Avago in 2015.

These acquisitions naturally have impacted Broadcom's growth tremendously, so what we see in the above table is not purely the result of Broadcom's organic growth rate. By moving towards acquisitions in the software industry with its CA takeover, Broadcom has moved away from a pure chip focus and diversified the business to some degree.

Broadcom's biggest market is wireless communication, where the company owns a strong connectivity portfolio that includes advanced LTE, Bluetooth 5.x, Wi-Fi, GNSS (GPS, Galileo, etc.), and so on. Broadcom is also well positioned in the enterprise storage market, where it provides switching and other connectivity solutions and storage products such as SSD controllers. These markets will continue to grow, including thanks to massive investments in AI data centers by the Hyperscalers such as Microsoft, and even without any major acquisitions, Broadcom's revenues should continue to grow as well. The combination of acquisitions and organic growth should result in solid revenue growth and increasing tailwinds for profitability stemming from improving economics of scale.

¹ Estimated date

² Estimated date

³ In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	13.5	14.4	10.6	13.8	15.8	18.9	12.4	19.9	34.9	54.3	33.9	24.0
Avg. Yld.	1.6%	2.1%	3.2%	3.6%	3.7%	2.7%	3.5%	2.2%	1.2%	0.6%	0.8%	1.0%

Broadcom's shares have risen sharply in the recent past, which has made them more expensive compared to how they were valued, on average, over the last decade. Shares are trading above our fair value estimate, as the recent share price increase was more pronounced than Broadcom's earnings growth. We believe that Broadcom's valuation will decrease in the future and that this will be a headwind for total returns going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	22%	30%	34%	50%	59%	51%	44%	44%	44%	35%	26%	25%

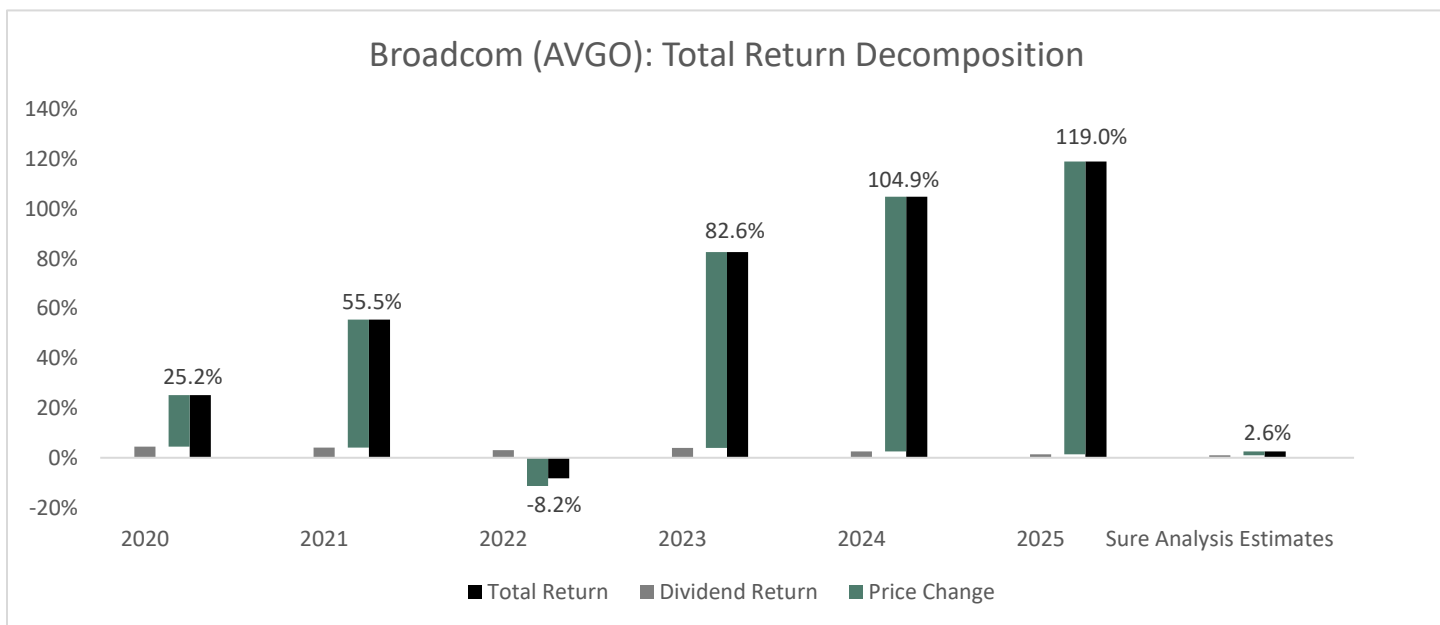
Broadcom's dividend payout ratio has risen considerably over the last decade, due to the huge dividend increases that Broadcom has offered to its owners over that time frame. Since 2010, Broadcom increased its dividend by an incredible factor of more than 100. Broadcom's dividend still looks relatively safe, however, as it is well-covered by both profits as well as by the cash flows that the company generates.

Broadcom did not remain profitable during the Great Recession, but the company was much smaller and less diversified back then. Due to low fixed costs, as Broadcom is operating a fabless business, and due to a lot of diversification across industries and across geographic markets, the company is well-prepared for future recessions. Due to its strong IP portfolio with tens of thousands of patents, Broadcom is well positioned in the markets it targets.

Final Thoughts & Recommendation

Broadcom is one of the largest semiconductor companies in the world. The company's fabless model results in high cash flows and low capital expenditures, which is why Broadcom has ample free cash that is available for dividend payments and acquisitions. Industry tailwinds should allow for strong earnings growth going forward. But due to the stock's high valuation, we rate Broadcom a hold right here.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	13,240	17,636	20,848	22,597	23,888	27,450	33,203	35,819	51,574	63,887
Gross Profit	4,125	6,765	10,212	10,662	11,150	14,885	20,588	23,300	29,519	41,339
Gross Margin	31.2%	38.4%	49.0%	47.2%	46.7%	54.2%	62.0%	65.0%	57.2%	64.7%
SG&A Exp.	806	787	1,056	1,709	1,935	1,347	1,382	1,592	4,959	4,211
D&A Exp.	3,042	4,737	4,081	5,808	6,905	6,041	4,984	3,835	10,010	8,775
Operating Profit	783	2,686	5,388	4,330	4,357	8,684	14,287	16,455	15,250	26,151
Operating Margin	5.9%	15.2%	25.8%	19.2%	18.2%	31.6%	43.0%	45.9%	29.6%	40.9%
Net Profit	(1,749)	1,790	12,629	2,736	2,961	6,736	11,495	14,082	6,168	23,126
Net Margin	-13.2%	10.1%	60.6%	12.1%	12.4%	24.5%	34.6%	39.3%	12.0%	36.2%
Free Cash Flow	2,688	5,482	8,245	9,265	11,598	13,321	16,312	17,633	19,414	26,914
Income Tax	642	35	(8,084)	(510)	(518)	29	939	1,015	3,748	(397)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	49,966	54,418	50,124	67,493	75,933	75,570	73,249	72,861	165,645	171,092
Cash & Equivalents	3,097	11,204	4,292	5,055	7,618	12,163	12,416	14,189	9,348	16,178
Accounts Receivable	2,181	2,448	3,325	3,259	2,297	2,071	2,958	3,154	6,332	12,150
Inventories	1,400	1,447	1,124	874	1,003	1,297	1,925	1,898	1,760	2,270
Goodwill & Int. Ass.	39,800	35,538	37,675	54,268	60,229	54,824	50,725	47,520	138,456	130,074
Total Liabilities	28,090	31,232	23,467	42,523	52,032	50,581	50,540	48,873	97,967	89,800
Accounts Payable	1,261	1,105	811	855	836	1,086	998	1,210	1,662	1,560
Long-Term Debt	13,642	17,548	17,493	32,798	41,589	40,190	39,904	39,588	68,709	66,317
Shareholder's Equity	18,892	20,285	26,657	24,941	23,874	24,962	22,709	23,988	67,678	81,292
LTD/E Ratio	0.72	0.87	0.66	1.31	1.74	1.61	1.76	1.65	1.02	0.82

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-5.8%	3.4%	24.2%	4.7%	4.1%	8.9%	15.4%	19.3%	5.2%	13.7%
Return on Equity	-13.2%	7.9%	50.7%	10.6%	12.1%	27.6%	48.2%	60.3%	13.5%	31.0%
ROIC	-7.9%	4.7%	29.8%	5.4%	4.8%	10.3%	18.0%	22.3%	6.2%	16.3%
Shares Out.	3980	4090	4160	4160	4250	4290	4290	4300	4620	4710
Revenue/Share	3.46	4.19	4.84	5.39	5.67	6.40	7.85	8.39	10.79	13.16
FCF/Share	0.70	1.30	1.91	2.21	2.75	3.11	3.86	4.13	4.06	5.55

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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