Broadcom

Broadcom Inc. · AVGO · NASDAQ

AI chip revenue of $16.7B (+221%) and a $21.7B guide meet a $43B customer rack-lease backstop (press reports name Anthropic), with the stock 32.9% below its high

Overall Verdict
HOLD
Bull 4 · Bear 3 · Deferred 0

Price at Issue	External Average Target Price	52-Week Low · High	Next Earnings
$331.98	$533.42	$289.77 ~ $495.00	Dec 9
Nov 10, 2026 close · +3.9%	+60.7% · 47 analysts	vs. high −32.9%	Q4 2026 earnings

01 4 Key Data Points

Q2 2026 revenue +85.5%, AI chips +221%
Revenue $29.6B (year ago $16.0B) · AI semiconductors $16.7B · operating income $16.1B (+164.4%) · Q4 2026 guide $34.8B and AI chips $21.7B

Customer rack-lease backstop up to $43B (press: Anthropic)
8-K item 2.03 signed Oct 27 · pays the gap below 72.5% of the lease balance · plus an earlier $29B backstop (TIKR) · net debt $35.4B excludes it

Nov 5: −10.4% to a three-month closing low
Close $291.53 on 2.1x average volume · no company filing that day · AMD about −17%, NVIDIA about −9% (Trefis) · rebound +8.8% and +3.9%

Forward P/E 17.1x vs peer median 23.2x
FY27 EPS $19.47 vs FY26 $11.67 (+66.9%) · PEG 0.26 · TTM P/E 42.4x · P/S 17.8x vs median 13.5x

02 Research Team Debate — 6 Issues

Rack-lease backstop ×2	Bear	The Bear side wins. The question is whether the backstop is a remote contingency or hidden leverage. The combined exposure is large against equity, it sits with a customer set to dominate sales, and rack resale values will not be known until deliveries start in 2027. Cash flow softens the risk but does not remove it.
Growth	Bull	The Bull side wins. The question is whether AI demand converts to revenue, and a quarter of guidance plus record results answer yes for now. The Q4 2026 report (Yahoo Dec 9) is the next test of the $34.8B guide.
Nov 5 chip selloff	Bull	The Bull side wins. The question is whether the fall reflects company damage, and with no company news and a 13.9% two-day rebound it does not. The policy risk stays open and would matter if it reaches orders.
Valuation	Bull	The Bull side wins. The question is whether the price is high for the growth, and a PEG of 0.26 against a 23.2x peer median says no. The estimate risk is real and is tested at the December report.
Price targets	Bull	The Bull side wins. The question is the direction of recent target changes, and the listed changes are two raises (DA Davidson, Citigroup), two initiations and one maintained target, with no cuts. The risk is that cuts have not yet come.
Customer concentration	Bear	The Bear side wins. The question is whether concentration is spread or building, and the AI share rose seven points in a quarter while the largest buyer is also the guaranteed one. Several customers reduce but do not remove it.

The call is HOLD. AI chip growth and a 17.1x forward multiple favor the stock, but the $43B backstop and customer concentration are not settled until the Q4 2026 report and 2027 deliveries.

03 Conditions That Change the Verdict

▲ Upgrade Conditions

Q4 2026 earnings
Revenue at or above the $34.8B guide and AI chips at or above $21.7B

Close above the 60-day average of $349.39
5.2% above the current price · retaking the 60-day average would

▼ Downgrade Conditions

Q4 2026 earnings
Revenue below $34.8B or AI chips below $21.7B would question the ramp

Close below the Nov 6 low of $289.77
12.7% below the current price · a break would make a new 52-week

04 Quarterly Results Unit: $B

	Q2 2025	Q3	Q4	Q1 2026	Q2
Revenue	16	18	19.3	22.2	**29.6**
Operating Income	6.1	7.7	8.7	10.9	**16.1**
Net Income	4.1	8.5	7.3	9.3	**13.1**
Operating Margin	38.1%	42.5%	44.9%	48.9%	**54.3%**

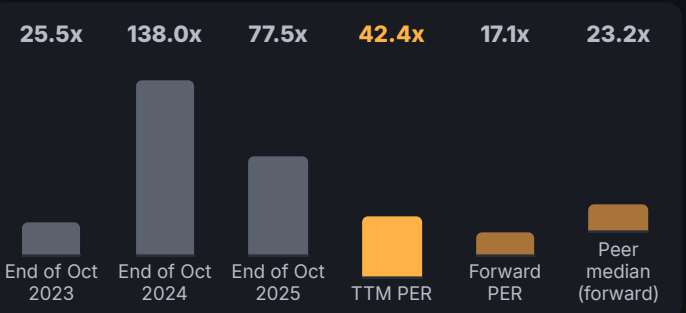
Operating margin
54.3%
Year ago 38.1%

Net margin
44.2%
Year ago 26.0%

Gross margin (Yahoo basis)
69.1%
Year ago 67.1%

Free cash flow margin
46.2%
Year ago 44.0%

05 P/E trend



06 Street Opinions

Buy 49 Hold 2 Sell 0

Avg $533.42 · High $660.00 · Low $400.00

Rosenblatt	600	2026.10.27
DA Davidson	400	2026.10.27
Tigress Financial	600	2026.10.22
Piper Sandler	460	2026.09.10

07 Financial Strength

Cash and short-term investments (7/31)
$23.98B
$16.18B → +48.2%

Total debt (7/31, Yahoo basis)
$59.42B
$65.14B → −8.8%

Equity (7/31)
$99.69B
$81.29B → +22.6%

08 Recent News

9/23 Director Henry Samueli sells 774,664 shares, about $250M
Form 4 filed Sep 25 · 17 open-market sales (code S) on Sep 23 · weighted value about $250.0M, 0.016% of market cap · whether it was a 10b5-1 plan was not checked

10/27 8-K discloses up to $43B residual-value backstop on AI rack leases
Item 2.03, signed Oct 27 · Broadcom pays any shortfall between 72.5% of the lease balance and rack sale value · customer not named in the filing (press reports name Anthropic)

10/30 Shares fall 5.5% to $326.08 in a chip selloff
Volume 1.4x the 20-day average · TIKR ties the day to Intel's weak PC outlook (headline-level source)

09 Upcoming Events

Dec 9 (Wed) · Q4 2026 earnings
Yahoo date, not flagged as an estimate; company date not checked and TIKR says Dec 10 · Yahoo expects EPS $3.84 and revenue $34.9B

Nov 13 (Fri) · Weekly options expiry
Max pain $320, 3.6% below the close

Nov 20 (Fri) · Monthly options expiry
Open interest 175,751 calls and 161,059 puts · max pain $340

10 Key Risks

Backstop up to $43B (about $72B with the earlier one)
Impact Medium · Likelihood High · Watch Disclosures on rack financing and any draw on the backstop

Customer concentration (AI chips 56% of revenue)
Impact High · Likelihood High · Watch Whether the AI share keeps rising and who the largest buyer is

Data center policy risk (Nov 5 selloff)
Impact Medium · Likelihood High · Watch Moratorium proposals and peer orders

11 Checkpoints

★★★ **Q4 2026 earnings (Yahoo Dec 9)**
Check revenue against the $34.8B guide and AI chips against $21.7B. Yahoo shows Dec 9; TIKR says Dec 10.

★★★ **Backstop and customer financing**
Watch for new 8-Ks on rack financing and any reported OpenAI financing.

★★☆ **Close above the 60-day average of $349.39**
5.2% above the current price · a close above shows recovery