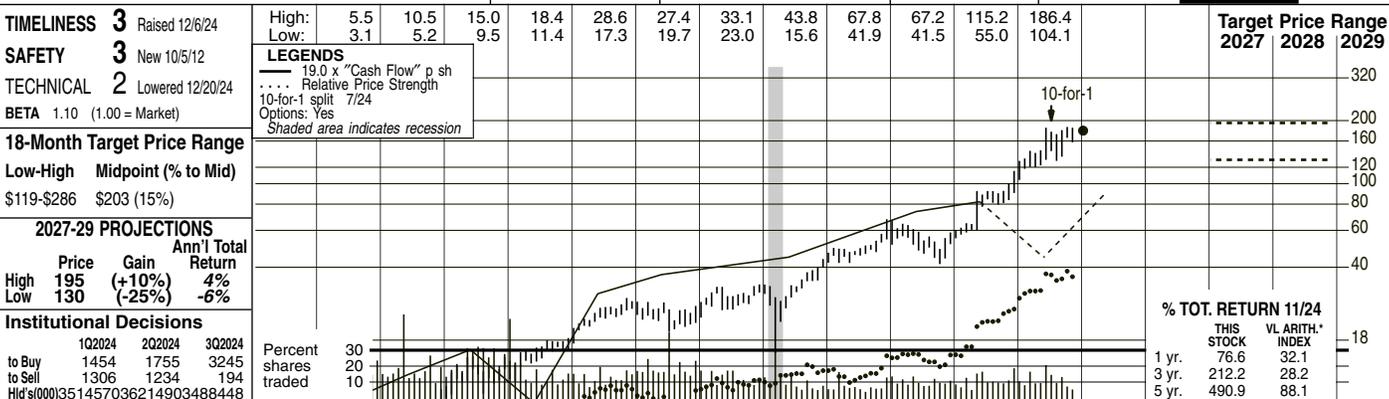


# BROADCOM INC. NDQ-AVGO

RECENT PRICE **178.94** P/E RATIO **NMF** (Trailing:NMF Median: 31.0) RELATIVE P/E RATIO **NMF** DIV'D YLD **1.1%** VALUE LINE



Avago Technologies Limited completed its initial public offering in August 2009. At that time, 21.5 million shares were sold to the public at an average price of \$15.00 per share. The company completed additional offerings on March 1, 2011 (25 million shares), May 31, 2011 (25 mill.), and September 28, 2011 (17.25 mill.). Avago acquired Broadcom Limited on February 1, 2016, adopting the Broadcom moniker following completion of the deal.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
Sales per sh	1.69	2.47	3.32	4.31	5.11	5.68	5.87	6.65	7.94	8.65	10.50	12.20	Sales per sh	15.40
"Cash Flow" per sh	.64	.85	.36	1.57	1.95	2.14	2.35	3.02	3.88	4.33	2.10	4.55	"Cash Flow" per sh	7.10
Earnings per sh <sup>A</sup>	.38	.50	d.46	.40	.88	.65	.63	1.50	2.65	3.30	1.02	3.85	Earnings per sh <sup>A</sup>	6.50
Div's Decl'd per sh <sup>B</sup>	.11	.16	.19	.41	.70	1.06	1.30	1.44	1.64	1.84	2.12	2.30	Div's Decl'd per sh <sup>B</sup>	3.20
Cap'l Spending per sh <sup>D</sup>	.16	.21	.18	.26	.16	.11	.11	.10	.10	.11	1.15	1.35	Cap'l Spending per sh <sup>D</sup>	21.20
Book Value per sh <sup>C</sup>	1.28	1.71	4.74	4.96	6.53	6.27	5.87	6.04	5.43	5.79	13.40	15.65	Book Value per sh <sup>C</sup>	21.15
Common Shs Outst'g <sup>C</sup>	2543.3	2762.6	3982.8	4087.3	4080.0	3980.0	4067.1	4130.0	4180.0	4140.0	4910.00	4925.00	Common Shs Outst'g <sup>C</sup>	5000.00
Avg Ann'l P/E Ratio	17.3	23.8	--	NMF	27.8	42.4	48.6	30.7	20.8	21.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
Relative P/E Ratio	.91	1.20	--	NMF	1.50	2.26	2.50	1.66	1.20	1.21			Relative P/E Ratio	1.40
Avg Ann'l Div'd Yield	1.7%	1.3%	1.3%	1.9%	2.9%	3.8%	4.2%	3.1%	3.0%	2.6%			Avg Ann'l Div'd Yield	2.6%

**CAPITAL STRUCTURE as of 8/4/24**  
 Total Debt \$69959 mill. Due in 5 Yrs \$9538 mill.  
 LT Debt \$66798 mill. LT Interest \$3800 mill.  
 (61% of Cap'l)  
 Leases, Uncapitalized: Annual rentals \$75 mill.  
 Pension Assets-11/23 \$1105 mill.  
 Oblig. \$1101 mill.

4289.0	6824.0	13240	17636	20848	22597	23888	27450	33203	35819	51500	61000	Sales (\$mill)	77000
39.4%	38.0%	19.9%	40.4%	44.2%	40.9%	45.7%	53.0%	58.0%	56.6%	44.5%	46.0%	Operating Margin	56.5%
625.0	962.0	3042.0	4737.0	4081.0	5808.0	6905.0	6041.0	4984.0	3835.0	5440	4500	Depreciation (\$mill)	3000
1014.0	1391.0	d1627	1698.0	3855.0	2736.0	2961.0	6736.0	11495	14082	4980	17855	Net Profit (\$mill)	32465
5.0%	5.2%	--	1.9%	7.5%	--	--	4%	7.6%	6.7%	65.0%	13.0%	Income Tax Rate	14.0%
23.6%	20.4%	NMF	9.6%	18.5%	12.1%	12.4%	24.5%	34.6%	39.3%	9.7%	29.8%	Net Profit Margin	42.2%
2819.0	2656.0	4047.0	13294	6769.0	3018.0	5524.0	10305	11452	13442	150	1250	Working Cap'l (\$mill)	21105
4543.0	3903.0	13188	17431	17493	30011	40235	39440	39075	37621	66000	65000	Long-Term Debt (\$mill)	50000
3243.0	4714.0	18892	20285	26657	24970	23901	24989	22709	23988	65690	77115	Shr. Equity (\$mill)	105700
13.7%	17.3%	NMF	5.1%	9.4%	6.3%	6.0%	11.9%	20.0%	24.2%	4.0%	12.5%	Return on Total Cap'l	21.0%
31.3%	29.5%	NMF	8.4%	14.5%	11.0%	12.4%	27.0%	50.6%	58.7%	7.5%	23.0%	Return on Shr. Equity	31.0%
22.5%	20.9%	NMF	NMF	3.2%	NMF	NMF	2.1%	18.5%	26.8%	6.0%	23.0%	Retained to Com Eq	20.0%
28%	29%	NMF	103%	78%	NMF	NMF	92%	64%	54%	48%	37%	All Div'ds to Net Prof	52%

**MARKET CAP: \$835 billion (Large Cap)**

CURRENT POSITION	2022	2023	8/4/24
Cash Assets	12416	14189	9952
Receivables	2958	3154	4665
Inventory (FIFO)	1925	1898	1894
Other	1205	1606	3436
Current Assets	18504	20847	19947
Accts Payable	998	1210	1757
Debt Due	440	1608	3161
Other	5614	4587	14303
Current Liab.	7052	7405	19221

**BUSINESS:** Broadcom Inc. is a technology conglomerate (formerly known as Avago), which originated as a semiconductor company. It designs, develops, and supplies a range of analog, mixed-signal, and digital semiconductor devices (62% of q1 24 revenues). It has acquired numerous software (38% of revs.) companies, including CA (2018), Symantec ('19) and VMware ('23), as well as storage company LSI ('14) and networking equipment co. Brocade ('17). Employs approximately 20,000 (as of 10/23). Pres./CEO: Hock E. Tan. Officers/directors own 2.0% of common stock; Vanguard Group, 9.4%; BlackRock, 7.5%; Capital World Investors, 6.1% (2/24 proxy). Inc.: DE. Address: 3421 Hillview Ave., Palo Alto, CA 94304. Telephone: (650) 427-6000. Internet: www.broadcom.com.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '21-'23 to '27-29

Sales	23.0%	13.0%	12.0%
"Cash Flow"	29.0%	23.5%	16.5%
Earnings	27.5%	55.0%	30.0%
Dividends	40.0%	30.5%	18.5%
Book Value	19.5%	1.0%	10.0%

**Broadcom likely finished fiscal 2024 (ended October 31st) on solid footing.** Unlike some other prominent semiconductor companies, which are also benefiting from artificial-intelligence (AI)-related spending by their customers, Broadcom is simultaneously integrating its massive acquisition of VMware, too. Hence, near-term hyperscaling forecasts, as well as the profitability of its unique software business, will greatly influence the direction of the share price. We view both favorably from a long-term perspective, but results may not be as smooth on a quarter-to-quarter basis. Note: Financial results were slated to be released after this Issue went to press.

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)				Full Fiscal Year
	Jan.Per	Apr.Per	Jul.Per	Oct.Per	
2021	6655	6610	6778	7407	27450
2022	7706	8103	8464	8930	33203
2023	8915	8733	8876	9295	35819
2024	11961	12487	13072	13980	51500
2025	14500	14700	15300	16500	61000

**Apple's development of an internal AI chip were circulating.** The lower-profile businesses appear mixed. Although its known for networking and its exposure to higher growth chip segments, Broadcom has a vast product portfolio that has been dealing with generally higher inventory levels among many customers. Third-quarter non-AI related semiconductor bookings were up 20%, suggesting the worst has past. Meanwhile though VMware supplied about \$3.8 billion in revenue in the August period, other infrastructure revenue businesses have been just mediocre of late.

Fiscal Year Ends	EARNINGS PER SHARE <sup>A</sup>				Full Fiscal Year
	Jan.Per	Apr.Per	Jul.Per	Oct.Per	
2021	.31	.33	.42	.44	1.50
2022	.56	.59	.72	.78	2.65
2023	.88	.82	.77	.83	3.30
2024	.28	.44	d.40	.70	1.02
2025	.85	.90	1.00	1.10	3.85

**Barring a major earnings upgrade, we think this neutrally ranked stock is set for a pause after its recent run.** The AI product portfolio has helped the share price outperform notably weaker returns from most chip stocks over the back half of 2024. Fundamental prospects out to 2027-2029 are very promising, but giving an appropriate multiple for this megacap is tricky. Interested buy-and-hold investors will likely have an opportunity to commit at lower prices in our view.

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.33	.33	.33	.33	1.32
2021	.36	.36	.36	.41	1.49
2022	.41	.41	.41	.46	1.69
2023	.46	.46	.46	.53	1.91
2024	.53	.53	.53		

**Upward revisions to artificial intelligence contributions should continue.** Judging from the news flow surrounding major hyperscalers, as well as suppliers, there is little reason to doubt that ongoing demand remains robust. Management has upped its 2024 AI business forecast three times this year, from an estimated \$7.5 billion revenues to \$12 billion revenues. And as we went to press, rumors of Broadcom's involvement with

(A) Diluted GAAP earnings. Fiscal years end last Sunday in October. Quarterly EPS may not sum due to rounding. Next earnings report due early March. (B) Dividends paid late March, June, September, and December. (C) In millions. (D) Includes intangibles. In 2023, \$47.5 billion, or \$114.73 per share.

Company's Financial Strength	B++
Stock's Price Stability	25
Price Growth Persistence	95
Earnings Predictability	45