



# **BROADCOM INC.**

## **Q1 2026**

# **Earnings Report Update**

**PREPARED BY:  
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Broadcom Inc., headquartered in Palo Alto, California, designs and supplies semiconductor devices and infrastructure software solutions globally. Its core business spans semiconductor solutions, including networking, wireless connectivity, servers, storage, broadband, and industrial applications, and infrastructure software, covering cloud platforms, mainframe, cybersecurity, and enterprise software. Broadcom's technologies support data centers, AI networking, telecommunications, broadband, and industrial automation.

## GUIDANCE

Broadcom expects second-quarter fiscal 2026 revenue of approximately \$22.0 billion, with Adjusted EBITDA projected around 68% of revenue.

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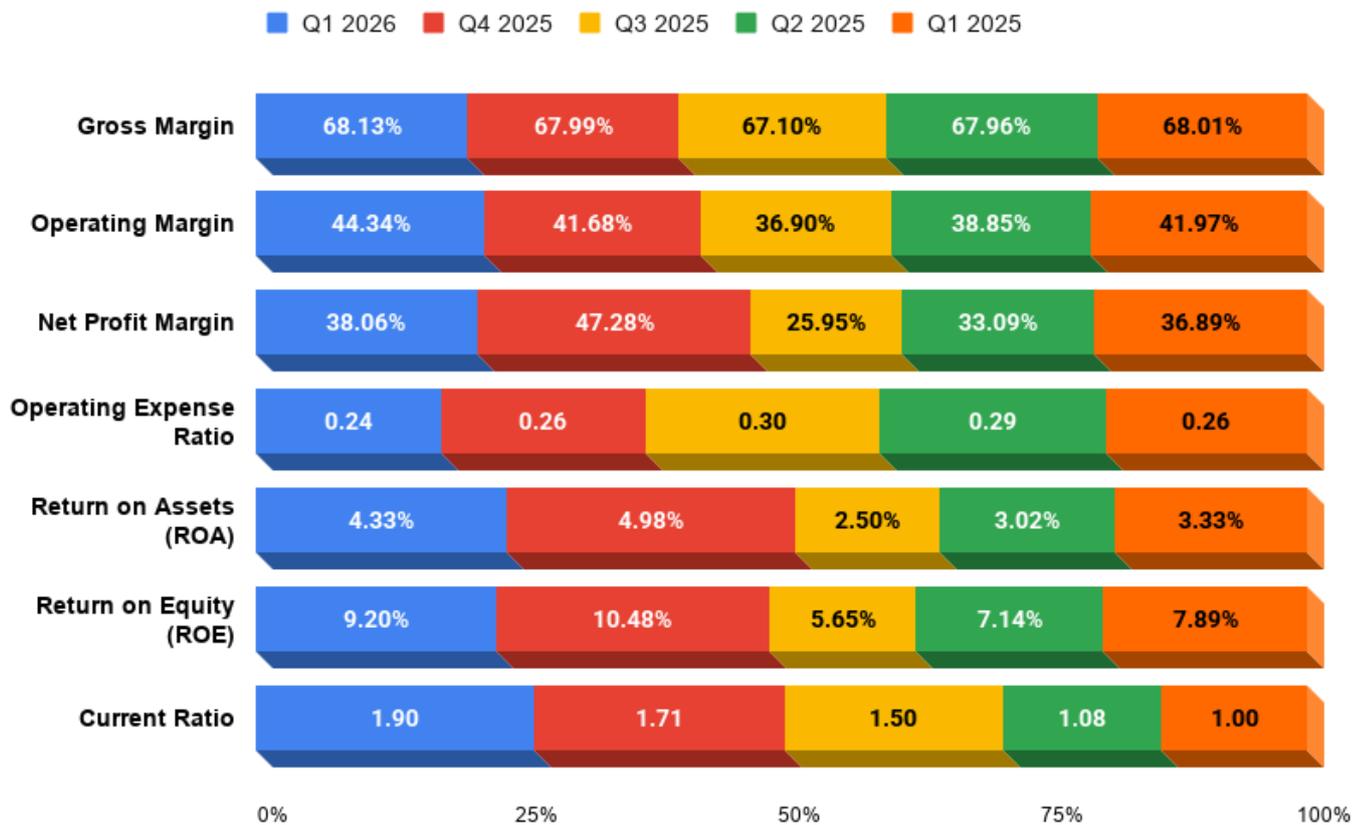
Broadcom achieved record first-quarter revenue, driven by strong demand in AI semiconductor solutions. Q1 AI revenue reached \$8.4 billion, up 106% year-over-year, exceeding forecasts through robust custom AI accelerator and AI networking demand,” said Hock Tan, President and CEO. “AI revenue growth is accelerating, with Q2 AI semiconductor revenue expected at \$10.7 billion.

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## Expectation Analysis

USD (\$)	Q1 2026	ESTIMATE	BEAT/MISS
REVENUE	19.30B	19.10B	0.90%
EBIT	13.10B	13.00B	1.30%
EBITDA	12.80B	12.60B	1.50%
EPS (adjusted)	2.05	2.02	1.30%

## Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q1 2026	QOQ	YOY	
Net revenue	19,311.00	7.19%	29.47%	
Gross profit	13,157.00	7.41%	29.69%	
Operating income	8,563.00	14.05%	36.79%	
Income before income taxes	8,195.00	19.30%	49.27%	
Net income	7,349.00	-13.72%	33.55%	
Earnings per share	1.50	-13.79%	31.58%	
Cost/Expenses Summary				
Million USD(\$)	Q1 2026	QOQ	YOY	
Total cost of revenue	6,154.00	6.73%	28.99%	
Research and development	2,965.00	-0.54%	31.60%	
Selling, general and administrative	1,019.00	-7.95%	7.38%	
Amortization of intangible assets	507.00	0.00%	-0.78%	
Restructuring and other charges	103.00	-29.45%	-40.12%	
Interest expense	801.00	5.26%	-8.25%	
Provision (benefit) for income taxes	846.00	151.30%	6607.69%	
Cash Flow Summary				
Million USD(\$)	Q1 2026	QOQ	YOY	
Net cash from operations	8,260.00	7.23%	35.12%	
Net cash from investing	-115.00	68.66%	33.91%	
Net cash from financing	-10,149.00	-440.99%	-69.72%	
Cash balance	14,174.00	-12.39%	52.29%	
Free cash flow	8,010.00	7.29%	33.21%	
Segment Performance				
Million USD(\$)	Q1 2026	% Revenue	QOQ	YOY
Semiconductor solutions	12,515.00	64.81%	13.03%	52.40%
Infrastructure software	6,796.00	35.19%	-2.12%	1.37%
Key Items of Financial Position Summary				
Million USD(\$)	Feb. 1, 2026	Nov. 2, 2025	QOQ	YOY
Current assets	32,062.00	31,573.00	1.55%	52.75%
Non-current assets	137,841.00	139,519.00	-1.20%	-4.52%
Total assets	169,903.00	171,092.00	-0.69%	2.75%
Current liabilities	16,859.00	18,514.00	-8.94%	-19.37%
Non-current liabilities	73,172.00	71,286.00	2.65%	-1.99%
Total liabilities	90,031.00	89,800.00	0.26%	-5.79%
Total equities	79,872.00	81,292.00	-1.75%	14.45%

# Performance Highlights

- Broadcom Inc. reported strong revenue growth in Q1 FY2026, driven primarily by robust demand for AI-related semiconductor solutions, including custom AI accelerators and AI networking products. This surge reflects accelerated enterprise and hyperscaler investment in AI infrastructure, positioning Broadcom as a leading supplier within the AI semiconductor value chain.
- The semiconductor solutions segment served as the primary growth engine, generating \$12.52bn in revenue, up 52% YoY. Its share of total revenue rose to 65%, driven by widespread adoption of Broadcom's AI chips and networking hardware by cloud and data center operators.
- The infrastructure software segment remained relatively stable, producing \$6.80bn in revenue, a 1% YoY increase. Its share of group revenue declined due to faster expansion in the semiconductor segment. The modest growth suggests the software business is consolidating following previous acquisitions, while continuing to contribute meaningfully to overall revenue.
- Gross profit rose 29.7% YoY to \$13.16bn, supported by higher revenue volumes and favorable product mix in the high-margin semiconductor segment. Cost of revenue increased to \$6.15bn, reflecting higher production volumes and amortization of acquisition-related intangibles.
- Operating expenses grew 18.3% YoY to \$4.59bn, primarily due to a 31.6% increase in research and development spending. Continued investment in next-generation semiconductor design and AI-related technology platforms underlines Broadcom's focus on sustaining competitive advantage in high-performance computing and AI networking.
- Operating income increased 36.8% YoY to \$8.56bn, reflecting strong operating leverage. Higher revenue and margin expansion more than offset the rise in operating expenses, demonstrating the company's continued efficiency and profitability across its semiconductor and infrastructure software businesses.
- GAAP net income rose 33.6% YoY to \$7.35bn, supported by stronger operating performance and revenue growth. The sequential decline from the prior quarter reflects the absence of a large tax benefit previously recognized. Core profitability remains strong, underscoring the resilience of Broadcom's high-margin semiconductor operations.
- Operating cash flow grew 35.1% YoY to \$8.26bn, while capital expenditures remained modest at \$250m. Free cash flow reached \$8.01bn, representing 41% of revenue. Strong cash generation highlights Broadcom's efficient operations, disciplined capital expenditure, and robust cash conversion capabilities, supporting reinvestment and shareholder returns.
- Broadcom maintained an active shareholder return profile, distributing \$10.9bn through dividends and share repurchases, and announcing a new \$10bn share repurchase program.

## Concerns Raised

- While AI-driven demand has significantly boosted revenue growth, the increasing concentration in semiconductor solutions introduces potential cyclical risks. The segment now accounts for 65% of total revenue, compared with 55% in the prior year, increasing the company's sensitivity to fluctuations in AI infrastructure spending by hyperscalers.
- Broadcom continues to report substantial amortization of acquisition-related intangible assets totaling \$1.97bn in the quarter. These recurring charges reflect the company's acquisition-driven growth strategy and may continue to weigh on GAAP profitability metrics despite strong underlying operating performance.
- The balance sheet shows long-term debt of \$63.81bn, highlighting a relatively high leverage position associated with past acquisitions and capital return strategies. Although the company generates strong cash flows, sustained debt levels could increase financial risk exposure in a higher interest rate environment.
- Cash and cash equivalents declined to \$14.17bn from \$16.18bn in the previous quarter, reflecting significant share repurchases and dividend payments during the period. While Broadcom maintains strong liquidity, continued large-scale capital returns could reduce financial flexibility.

### OUR INSIGHT



Broadcom Inc. delivered strong Q1 FY2026 performance, with revenue rising 29% YoY to \$19.3bn, driven primarily by a 52% expansion in semiconductor solutions amid surging demand for AI accelerators and networking infrastructure. Profitability strengthened alongside revenue scale, with operating income up 37% YoY and robust free cash flow of \$8.0bn, supporting continued shareholder returns through dividends and buybacks. The company remains well positioned to benefit from structural growth in AI infrastructure and hyperscale data center investment. However, long-term investment prospects will depend on sustained AI demand, disciplined debt management, and diversification beyond semiconductor growth as infrastructure software expansion remains relatively modest.



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