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IDEA

November 4, 2026 05:01 AM GMT

Arista Networks | North America

When the Network Becomes More Important, So Does Arista

WHAT'S CHANGED

Arista Networks (ANET.N)	From	To
Price Target	$220.00	**$230.00**

AlphaSignals Earnings Reaction

Strengthens our thesis	Modest upside	Modest revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

ANET introduced a $220bn+ TAM on their Q3 call, more than twice what they talked about just a year ago as scale-across and scale-up emerge as opportunities and capex data points continue to move higher. Results/outlook in Q3 meaningfully higher than expected, while staving off component headwinds.

Key Takeaways

- ANET continues to surprise to the upside, with presence across 10+ different accelerators and across 100+ AI customers driving significantly raised forecast.
- Managing to balance growth and margins, utilizing balance sheet / purchase agreements / managing to deliver 49.1% OM in Q3 and expectations for Q4 at 48–49%.
- More than doubling of TAM to $220bn from $105bn at the Analyst Day last year speaks to reasons we remain OW as the network becomes more important.

Managing to leave investors surprised, yet again. We had leaned more neutral into the print when we put our preview out last Wednesday, seeing a large beat and 30-35% guidance largely baked into investor expectations (particularly after CLS results / Analyst Day). However, post the selloff since then, our conversations had turned more constructive. The combination of ANET's ~10% FQ3 top-line beat, ~10% raise, and 2027 guide of 38-40% Y/Y growth proved once again why we remain OW on ANET. In our view it is a best in class asset, at a time and a place where their technology is becoming more important (~$220bn+ TAM), expecting that by the end of 2027 they could be in 10 gigawatts of deployment across 10 or more different types of compute accelerators. While valuation is at a premium, we continue to think that with scale-up opportunity in its infancy, investors should continue to be OW this name.

What we were encouraged about? ***1) Scale across opportunity is continuing to be greatest source of growth, a positive for margins. 2) Able to manage through component cost headwinds. 3) Campus continuing to grow, a positive for***

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Arista Networks (ANET.N, ANET UN)

Telecom & Networking Equipment | United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$230.00**
Shr price, close (Nov 3, 2026)	$169.91
Mkt cap, curr (mm)	$214,703
52-Week Range	$217.30-114.52

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
ModelWare EPS ($)	2.60	3.59	4.15	4.71
EPS ($)**	2.94	4.05	4.78	5.44
Prior EPS ($)**	-	-	-	-
P/E	50.4	47.4	40.9	36.0
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	0.65	-	0.87a	-	1.07
Q2	0.73	-	1.02a	-	1.17
Q3	0.75	-	1.07	-	1.23
Q4	0.82	-	1.09	-	1.31

e = Morgan Stanley Research estimates, a = Actual Company reported data

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margins. 1) Arista talked last quarter to a 1/3rd contribution of scale-across to 2026. They noted on the Q3 call that in 2027, this percentage should continue to grow. 2) Gross margins came in at 64%, at the high end of their range, and they are able to hold that range into Q4. This is in part utilizing their balance sheet to enter into a multi-year memory purchase agreement. 3) Arista talked to a $2bn target for 2027 on their campus business, 60% growth from their $1.25bn target this year. While this business gets far less attention than ANET's cloud / AI business, it is very helpful to the overall margins of ANET and something we continue to believe there is room for the company to take share in.

What are we watching? *1) Complexion of scale-up opportunity. 2) Supply chain. 3) Any signs of pullforward on enterprise / campus business.* 1) Arista talked to some scale-up trials in 2027 and seeing revenue in 2028 from the opportunity. The scale-up opportunity gets more complex overtime as cluster sizes grow, becoming a more attractive market as time goes on. With that view, we look to see how attractive early opportunities can be from a margin standpoint. 2) While Q1 seems like a lifetime ago, just 6 months ago, Arista was concerned around how much supply they could get. With $11.4bn of purchase commitments, the company has noted feeling good about supply, but it is something we continue to monitor. 3) While ANET's campus business is relatively small, given price increases, we have seen enterprises buy more in the 1H than we thought, with Q3 results of certain hardware / networking vendors disappointing. Given early days of campus opportunity here, not as concerned, but something we are actively monitoring.

Raising estimates on the back of results and commentary. Arista reported FQ3 non-GAAP revenue / GM / OM / EPS of $3.658bn / 64.0% / 49.1% / $1.20, ahead of our expectations of $3.3bn / 63.4% / 48.4% / $1.07. Strength was largely from cloud customers, with deferred revenue recognition helping (deferred revenue balance came down to $6.8bn from $6.9bn previously). On the back of 58.5% revenue growth and better deferred revenue recognition, the company is now expecting to exit the year at 58.8% Y/Y growth, setting the basis for their 2027 outlook of 38-40% revenue growth. As a result of this improved outlook, we revise our estimates upwards, which for Q4 / 2027 non-GAAP revenue / GM / OM / EPS are now $3.950bn / 63.5% / 48.6% / $1.27 and $18.473bn / 63.0% / 47.4% / $5.63 vs. $3.555bn / 63.3% / 48.1% / $1.09 and $16.002bn / 63.4% / 47.1% / $4.78 previously.

Remain OW, raising PT to $230 from $220. Our revised base case reflects ~35x FY28E EPS of ~$6.60 and ~41x FY27E EPS of $5.63 (vs. ~40x FY28E prior). Higher estimates and improved demand visibility support our PT increase, with ANET's expanded $220bn+ TAM (vs. $105bn last year) reflecting growing scale-across and emerging scale-up opportunities. We expect scale-across to drive 2027 growth and support margins, aided by Cloud Titan spending, 100+ AI customers and deployments across 10+ accelerator types. Campus provides another growth lever, targeting $2bn in 2027 vs. $1.25bn in 2026, while scale-up could contribute revenue from 2028. Multi-year memory agreements and $11.4bn of purchase commitments improve supply visibility. We view ANET's valuation premium as warranted by its AI growth profile, with risks around cloud capex, component inflation and enterprise demand pull-forward.

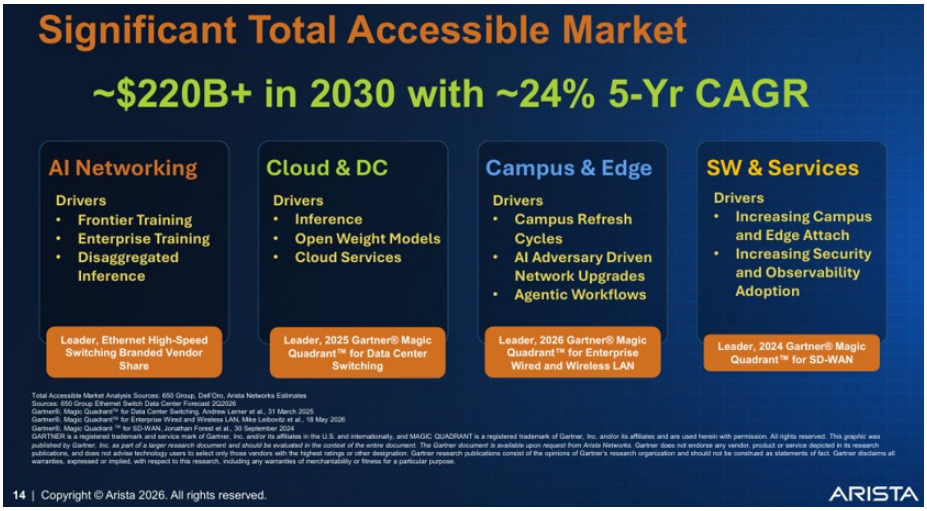
Analysis

Exhibit 1: Changes to Our Model

($ millions, except per share data)	FY25A	Y/Y (%)	Q1-26A	Q2-26A	Q3-26A	Q4-26E	FY26E	Y/Y (%)	FY27E	Y/Y (%)
New Revenue	$9,005.7	29%	$2,709.0	$3,035.7	$3,657.6	$3,949.5	$13,351.8	48%	$18,472.7	38%
Old Revenue	$9,005.7	29%	$2,709.0	$3,035.7	$3,300.0	$3,555.3	$12,600.0	40%	$16,002.0	27%
% Change	*0%*		*0%*	*0%*	*11%*	*11%*	*6%*		*15%*	
New Gross Profit	$5,815.4	29%	$1,690.8	$1,924.7	$2,341.1	$2,507.9	$8,464.5	46%	$11,637.8	37%
New Gross Margin	*65%*		*62.4%*	*63.4%*	*64.0%*	*63.5%*	*63.4%*		*63.0%*	
Old Gross Profit	$5,815.4	29%	$1,690.8	$1,924.7	$2,092.2	$2,250.5	$7,958.2	37%	$10,143.4	27%
Old Gross Margin	*65%*		*62.4%*	*63.4%*	*63.4%*	*63.3%*	*63.2%*		*63.4%*	
% Change	*0%*		*0%*	*0%*	*12%*	*11%*	*6%*		*15%*	
New Operating Income	$4,337.0	30%	$1,294.0	$1,513.7	$1,795.8	$1,918.9	$6,522.4	50%	$8,754.8	34%
New Operating Margin	*48%*		*47.8%*	*49.9%*	*49.1%*	*48.6%*	*48.9%*		*47.4%*	
Old Operating Income	$4,337.0	30%	$1,294.0	$1,513.7	$1,598.3	$1,709.8	$6,115.8	41%	$7,544.4	23%
Old Operating Margin	*48%*		*47.8%*	*49.9%*	*48.4%*	*48.1%*	*48.5%*		*47.1%*	
% Change	*0%*		*0%*	*0%*	*12%*	*12%*	*7%*		*16%*	
New Adjusted EPS	$2.94	30%	$0.87	$1.02	$1.20	$1.27	$4.36	48%	$5.63	29%
Old Adjusted EPS	$2.94	30%	$0.87	$1.02	$1.07	$1.09	$4.05	38%	$4.78	18%
% Change	*0%*		*0%*	*0%*	*12%*	*16%*	*8%*		*18%*	

Source: Morgan Stanley Research estimates.

Exhibit 2: Updated TAM as ANET Continues to Look at Outgrowing the TAM



Source: Arista.

Exhibit 3: Opportunity Not Just With META and MSFT



Source: Arista.

Risk Reward – Arista Networks (ANET.N)

Cloud Capex Proving More Durable, with AI Opportunity on the Horizon

PRICE TARGET $230.00

Our $230 PT is based on ~35x 28e P/E is a premium to networking peers given growth / hyperscale cycle / AI opportunity, but ~1x P/E/G, a discount to software peers.

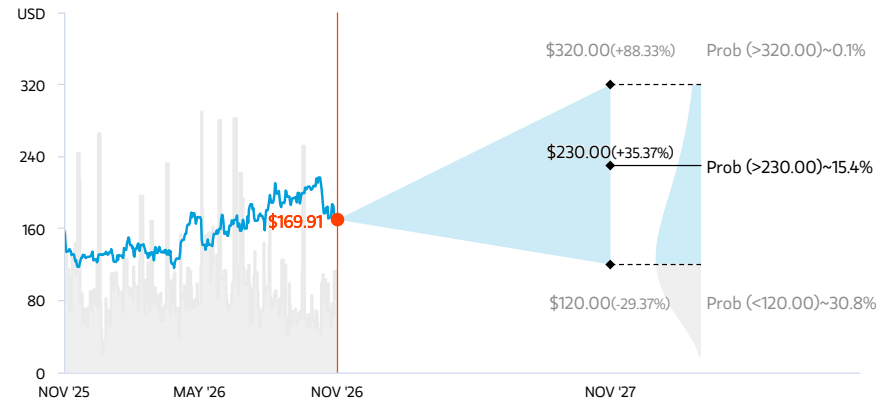
Consensus Price Target Distribution $140.00 — $240.33 — $290.00

MS PT

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 3 Nov 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- With upgrade cycles coming to an end, AI investment becomes the driver of cloud investment
- Enterprise / campus market share gains continue as business is now scaled and provides a more durable growth engine through hyperscale cycle drivers. Initial share gains were possible without significant investment in channel, but greater scale could lead to more reliance to maintain growth, with cost. However, macro/tariffs pressure spend environment.
- Data center exposure is relatively more attractive within enterprise budget scenarios, affording premium to networking peers outside of cloud upgrade cycle drivers.
- Opportunity at Google has potential as a catalyst but remains further out.

Consensus Rating Distribution

100%	Overweight
0%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $320.00

~40x bull case 28e EPS (~$8)

Meaningful share gains in AI. Cloud investments remain elevated through '28 given moves into scale-up TAM. Net incremental wins for AI supports expectation of continued higher growth for longer. Enterprise/Service Provider business meaningfully benefits channel expansion. Operating margins ~50% result in FY28 EPS of ~$8. 40x is above the 75th percentile of the trading range over the past 5 years, but would represent optimism that ~30% growth could continue at leading margins.

BASE CASE $230.00

~35x FY28 expects

AI drives revenue growth. Growth continues through '27 with strong spend from Cloud Titan customers, Enterprise share gains and a strong Tier 2 / Specialty Cloud growth. Scale-up opportunity begins to scale Multiple accounts for AI enthusiasm. Minimal memory headwinds. Our base case ~$6.6 FY28 EPS.

BEAR CASE $120.00

22x FY28e bear case EPS (~$5.5)

AI spending slows on financing / power concerns / constraints. Cloud customers face continued bottlenecks that slow timing of trials moving to production and share losses. Flattening hyperscale investment levels, results in period of slower growth and pressures multiple. Supply tightness impedes growth acceleration longer-term. ANET trades towards the lower end of the range that the name has traditionally traded at.

Risk Reward – Arista Networks (ANET.N)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Revenue Growth (%)	28.6	39.9	27.0	15.4
Gross Margin (%)	64.6	63.2	63.4	63.2
Operating Margin (%)	48.2	48.5	47.1	46.7
EPS Growth (%)	29.6	37.6	18.1	13.7
FCF Growth (%)	22.1	26.1	2.9	(5.4)

INVESTMENT DRIVERS

- Is Arista demand macro sensitive?
- Will cloud builders move towards white box solutions, and away from branded vendors?
- Can Arista expand beyond the data center switching?

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% Europe ex UK
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% MEA
- 0-10% Mainland China
- 0-10% UK
- 70-80% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	5/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Incremental wins for AI supports expectation of continued higher growth for longer
- Cloud investments remain elevated
- Scale up incremental opportunity
- Enterprise/campus share gains accelerate

RISKS TO DOWNSIDE

- Customer concentration, specifically Microsoft and META
- New campus products struggle to gain traction
- Macro conditions get materially worse, particularly given tariffs/component costs.
- Cloud capex weakens

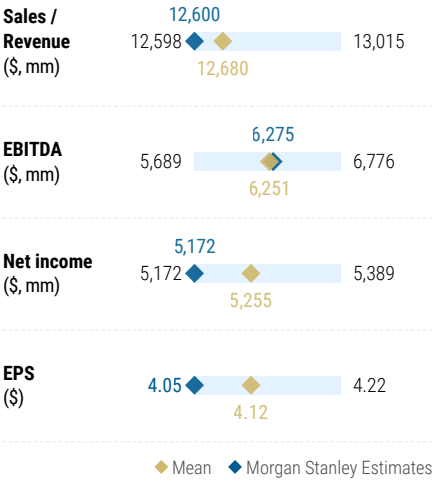
OWNERSHIP POSITIONING

Inst. Owners, % Active	57.8%
HF Sector Long/Short Ratio	2.2x
HF Sector Net Exposure	30.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Financials

Exhibit 4: ANET: Income Statement

	Mar-25 Q1-25A	Jun-25 Q2-25A	Sep-25 Q3-25A	Dec-25 Q4-25A	Mar-26 Q1-26A	Jun-26 Q2-26A	Sep-26 Q3-26A	Dec-26 Q4-26E	Mar-27 Q1-27E	Jun-27 Q2-27E	Sep-27 Q3-27E	Dec-27 Q4-27E	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E
Total Net Sales	2,004.8	2,204.8	2,308.3	2,487.8	2,709.0	3,035.7	3,657.6	3,949.5	4,067.5	4,472.5	4,797.7	5,135.1	7,003.1	9,005.7	13,351.8	18,472.7	21,726.6
% Chg y/y	*27.6%*	*30.4%*	*27.5%*	*28.9%*	*35.1%*	*37.7%*	*58.5%*	*58.8%*	*50.1%*	*47.3%*	*31.2%*	*30.0%*	*19.5%*	*28.6%*	*48.3%*	*38.4%*	*17.6%*
% Chg q/q	*3.9%*	*10.0%*	*4.7%*	*7.8%*	*8.9%*	*12.1%*	*20.5%*	*8.0%*	*3.0%*	*10.0%*	*7.3%*	*7.0%*					
Total Gross Profit	1,284.8	1,447.0	1,505.2	1,578.4	1,690.8	1,924.7	2,341.1	2,507.9	2,562.5	2,817.7	3,022.5	3,235.1	4,523.9	5,815.4	8,464.5	11,637.8	13,644.3
Total Gross Margin	*64.1%*	*65.6%*	*65.2%*	*63.4%*	*62.4%*	*63.4%*	*64.0%*	*63.5%*	*63.0%*	*63.0%*	*63.0%*	*63.0%*	*64.6%*	*64.6%*	*63.4%*	*63.0%*	*62.8%*
Research & Development	209.4	243.3	251.4	272.5	271.5	278.1	408.5	422.6	423.0	465.2	499.0	534.1	784.9	976.6	1,380.7	1,921.3	2,325.0
Sales & Marketing	94.3	105.3	109.5	98.3	103.5	109.8	110.9	134.3	174.9	192.3	206.3	220.8	338.5	407.4	458.5	794.3	869.1
G&A	23.7	22.0	22.4	26.3	21.8	23.1	25.9	32.2	40.7	44.7	48.0	34.1	73.7	94.4	103.0	167.4	174.5
Total Op Expenses	**327.4**	**370.6**	**383.3**	**397.1**	**396.8**	**411.0**	**545.3**	**589.0**	**638.6**	**702.2**	**753.3**	**788.9**	**1,197.1**	**1,478.4**	**1,942.1**	**2,883.0**	**3,368.6**
Average Basic Shares Outstanding	1,255.3	1,247.3	1,252.7	1,257.1	1,247.3	1,252.1	1,254.3	1,257.3	1,260.3	1,263.3	1,266.3	1,269.3	1,255.6	1,253.1	1,252.8	1,264.8	1,276.8
Fully Diluted Shares Outstanding	1,279.2	1,271.2	1,276.6	1,281.0	1,271.2	1,276.0	1,278.2	1,281.2	1,284.2	1,287.2	1,290.2	1,293.2	1,281.2	1,277.0	1,276.7	1,288.7	1,300.7
Change	1.0	(7.0)	3.0	2.0	(7.0)	2.0	3.0	3.0	3.0	3.0	3.0	3.0	12.7	(4.2)	(0.4)	12.1	12.0
Pro Forma EPS	**$0.65**	**$0.73**	**$0.75**	**$0.82**	**$0.87**	**$1.02**	**$1.20**	**$1.27**	**$1.24**	**$1.36**	**$1.46**	**$1.57**	**$2.27**	**$2.94**	**$4.36**	**$5.63**	**$6.57**
Adjustments for EPS calculation:																	
Net income applicable to common sto	**813.8**	**888.8**	**834.5**	**913.5**	**1,022.9**	**1,212.9**	**1,560.4**	**1,420.0**	**1,389.6**	**1,521.5**	**1,635.5**	**1,766.4**	**2,852.1**	**3,450.6**	**5,216.2**	**6,313.1**	**7,432.0**
Per Share Impact of PF Items	($0.01)	($0.03)	($0.10)	($0.10)	($0.07)	($0.07)	$0.02	($0.16)	($0.16)	($0.18)	($0.19)	($0.20)	($0.04)	($0.24)	($0.27)	($0.73)	($0.85)
Reported EPS - GAAP	**$0.64**	**$0.70**	**$0.65**	**$0.71**	**$0.80**	**$0.95**	**$1.22**	**$1.11**	**$1.08**	**$1.18**	**$1.27**	**$1.37**	**$2.23**	**$2.70**	**$4.09**	**$4.90**	**$5.71**

Source: Company data, Morgan Stanley Research

Exhibit 5: ANET: Revenue Breakdown

	Mar-25 Q1-25A	Jun-25 Q2-25A	Sep-25 Q3-25A	Dec-25 Q4-25A	Mar-26 Q1-26A	Jun-26 Q2-26A	Sep-26 Q3-26A	Dec-26 Q4-26E	Mar-27 Q1-27E	Jun-27 Q2-27E	Sep-27 Q3-27E	Dec-27 Q4-27E	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E
Revenue by Type																	
Product	1,692.5	1,877.0	1,911.7	2,095.7	2,311.3	2,605.2	3,190.0	3,396.6	3,498.0	3,838.2	4,184.3	4,416.2					
Services	312.3	327.8	396.6	392.1	397.7	430.5	467.6	552.9	569.4	634.3	613.3	718.9					
Total Revenue	**2,004.8**	**2,204.8**	**2,308.3**	**2,487.8**	**2,709.0**	**3,035.7**	**3,657.6**	**3,949.5**	**4,067.5**	**4,472.5**	**4,797.7**	**5,135.1**	**7,003.1**	**9,005.7**	**13,351.8**	**18,472.7**	**21,726.6**
Y/Y Growth																	
Product	27.4%	31.9%	25.5%	30.3%	36.6%	38.8%	66.9%	62.1%	51.3%	47.3%	31.2%	30.0%					
Services	28.8%	22.7%	38.1%	21.6%	27.3%	31.3%	17.9%	41.0%	43.2%	47.3%	31.2%	30.0%					
Total Revenue	**27.6%**	**30.4%**	**27.5%**	**28.9%**	**35.1%**	**37.7%**	**58.5%**	**58.8%**	**50.1%**	**47.3%**	**31.2%**	**30.0%**	**19.5%**	**28.6%**	**48.3%**	**38.4%**	**17.6%**
Q/Q Growth																	
Product	5.2%	10.9%	1.8%	9.6%	10.3%	12.7%	22.4%	6.5%	3.0%	9.7%	9.0%	5.5%					
Services	-3.1%	5.0%	21.0%	-1.1%	1.4%	8.2%	8.6%	18.2%	3.0%	11.4%	-3.3%	17.2%					
Total Revenue	3.9%	10.0%	4.7%	7.8%	8.9%	12.1%	20.5%	8.0%	3.0%	10.0%	7.3%	7.0%					
Revenue Mix																	
Product	84%	85%	83%	84%	85%	86%	87%	86%	86%	86%	87%	86%					
Services	16%	15%	17%	16%	15%	14%	13%	14%	14%	14%	13%	14%					
Total Revenue																	
Vertical Revenue																	
Cloud Titan	*994.7*	*1052.8*	*1067.0*	*1191.1*	*1381.0*	*1590.3*	*1835.2*	*2048.7*	*2264.8*	*2528.5*	*2495.9*	*2786.2*	*3328.5*	*4305.6*	*6855.2*	*10075.5*	*12115.0*
Enterprise	*383.7*	*411.2*	*458.0*	*480.6*	*518.0*	*493.5*	*638.2*	*665.7*	*657.9*	*616.9*	*785.0*	*785.5*	*1520.9*	*1733.6*	*2315.4*	*2845.3*	*3246.6*
Financials	*238.9*	*301.5*	*294.4*	*301.7*	*298.7*	*346.7*	*409.2*	*417.9*	*379.3*	*433.4*	*503.3*	*493.1*	*899.9*	*1136.5*	*1472.4*	*1809.0*	*1953.7*
Tier 2 / Specialty Cloud	*268.3*	*320.1*	*366.5*	*389.6*	*387.7*	*480.2*	*630.4*	*670.2*	*632.0*	*758.6*	*857.4*	*911.5*	*790.6*	*1344.6*	*2168.5*	*3159.4*	*3810.2*
Service Provider	*119.0*	*119.1*	*122.5*	*124.6*	*123.5*	*125.1*	*144.6*	*147.1*	*133.4*	*135.1*	*156.2*	*158.8*	*463.4*	*485.3*	*540.3*	*583.5*	*601.0*
Total	**2004.6**	**2204.8**	**2308.4**	**2487.7**	**2709.0**	**3035.7**	**3657.6**	**3949.5**	**4067.5**	**4472.5**	**4797.7**	**5135.1**	**7,003.2**	**9,005.5**	**13,351.8**	**18,472.7**	**21,726.6**
Y/Y																	
Cloud Titan	25%	30%	30%	32%	39%	51%	72%	72%	64%	59%	36%	36%	31%	29%	59%	47%	20%
Enterprise	35%	20%	5%	5%	35%	20%	39%	39%	27%	25%	23%	18%	19%	14%	34%	23%	14%
Financials	25%	36%	25%	20%	25%	15%	39%	39%	27%	25%	23%	18%	12%	26%	30%	23%	8%
Tier 2 / Specialty Cloud	45%	61%	81%	92%	45%	50%	72%	72%	63%	58%	36%	36%	0%	70%	61%	46%	21%
Service Provider	4%	5%	5%	5%	4%	5%	18%	18%	8%	8%	8%	8%	3%	5%	11%	8%	3%
Total	**28%**	**30%**	**27%**	**29%**	**35%**	**38%**	**58%**	**59%**	**50%**	**47%**	**31%**	**30%**	**20%**	**29%**	**48%**	**38%**	**18%**

Source: Company data, Morgan Stanley Research

Exhibit 6: ANET: Balance Sheet

	Mar-25 Q1-25A	Jun-25 Q2-25A	Sep-25 Q3-25A	Dec-25 Q4-25A	Mar-26 Q1-26A	Jun-26 Q2-26A	Sep-26 Q3-26A	Dec-26 Q4-26E	Mar-27 Q1-27E	Jun-27 Q2-27E	Sep-27 Q3-27E	Dec-27 Q4-27E	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E
ASSETS																	
Cash and cash equivalents	1,845.1	2,225.5	2,326.6	1,963.9	2,789.5	2,290.2	2,288.1	5,012.7	5,414.9	7,246.0	8,955.7	11,438.6	2,762.4	1,963.9	5,012.7	11,438.6	17,618.7
Marketable securities	6,304.5	6,618.9	7,779.6	8,779.1	9,563.7	11,053.1	12,070.9	12,070.9	12,070.9	12,070.9	12,070.9	12,070.9	5,541.1	8,779.1	12,070.9	12,070.9	12,070.9
Accounts receivable, net	1,435.9	1,623.6	1,489.4	1,886.9	1,923.8	2,266.2	2,327.8	2,294.2	2,453.1	2,846.4	2,626.9	2,526.4	1,140.5	1,886.9	2,294.2	2,526.4	2,514.2
Inventories	1,957.3	2,059.1	2,155.7	2,247.1	2,380.0	2,535.3	3,209.8	3,562.1	3,762.4	3,776.3	4,328.0	4,694.8	1,834.6	2,247.1	3,562.1	4,694.8	5,733.3
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-paid expenses and other current assets	733.5	976.4	1,433.5	1,510.0	1,899.7	2,018.6	2,235.7	2,414.1	2,486.2	2,733.8	2,932.6	3,138.8	632.3	1,510.0	2,414.1	3,138.8	3,812.5
Total current assets	12,276.3	13,503.5	15,184.8	16,387.0	18,556.7	20,163.4	22,132.3	25,353.9	26,187.5	28,673.4	30,914.1	33,869.6	11,910.8	16,387.0	25,353.9	33,869.6	41,749.7
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	123.9	152.3	172.6	203.1	250.3	312.5	378.8	347.3	322.8	307.0	297.4	293.0	98.8	203.1	347.3	293.0	295.4
Intangible assets, net	324.9	-	-	-	-	-	-	-	-	-	-	-	330.5	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	1,544.3	1,802.5	1,665.4	1,773.6	1,887.2	2,001.6	1,437.7	1,487.7	1,537.7	1,587.7	1,637.7	1,687.7	1,440.4	1,773.6	1,487.7	1,687.7	1,887.7
Deposits and other assets	245.2	1,075.9	1,026.0	1,084.9	962.3	1,242.6	1,315.3	1,315.3	1,315.3	1,315.3	1,315.3	1,315.3	263.3	1,084.9	1,315.3	1,315.3	1,315.3
Total Assets	**14,514.6**	**16,534.2**	**18,048.8**	**19,448.6**	**21,656.5**	**23,720.1**	**25,264.1**	**28,504.2**	**29,363.3**	**31,883.5**	**34,164.5**	**37,165.6**	**14,043.9**	**19,448.6**	**28,504.2**	**37,165.6**	**45,248.1**
LIABILITIES & STOCKHOLDER'S EQUITY																	
Accounts payable	389.1	543.9	481.0	651.7	608.4	692.7	682.6	1,033.1	899.3	1,031.8	920.4	1,361.6	381.1	651.7	1,033.1	1,361.6	1,662.8
Accrued liabilities	263.1	380.7	471.0	475.4	441.5	486.6	640.8	691.9	712.6	783.6	840.5	899.7	435.3	475.4	691.9	899.7	1,092.8
Deferred revenue	2,072.7	2,787.6	3,520.7	4,002.6	4,909.5	5,100.7	5,102.2	6,319.2	5,694.5	6,261.5	6,716.7	7,189.2	1,727.3	4,002.6	6,319.2	7,189.2	6,237.3
Convertible notes payable, related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable, related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	396.7	339.2	193.9	246.8	600.7	538.4	296.4	296.4	296.4	296.4	296.4	296.4	188.6	246.8	296.4	296.4	296.4
Total current liabilities	3,121.6	4,051.4	4,666.6	5,376.5	6,560.1	6,818.4	6,722.0	8,340.6	7,602.7	8,373.2	8,774.1	9,746.8	2,732.2	5,376.5	8,340.6	9,746.8	9,289.2
Income taxes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease financing obligations, non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	1,273.9	1,581.2	1,475.1	1,701.6	1,609.3	2,104.0	2,095.4	2,095.4	2,095.4	2,095.4	2,095.4	2,095.4	1,316.9	1,701.6	2,095.4	2,095.4	2,095.4
Total Liabilities	**4,395.5**	**5,632.6**	**6,141.7**	**7,078.1**	**8,169.4**	**8,922.4**	**8,817.4**	**10,436.0**	**9,698.1**	**10,468.6**	**10,869.5**	**11,842.2**	**4,049.1**	**7,078.1**	**10,436.0**	**11,842.2**	**11,384.6**
Convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	2,551.7	2,635.6	2,784.1	2,911.8	3,036.4	3,155.3	3,304.4	3,505.8	3,713.3	3,941.4	4,186.0	4,447.9	2,465.4	2,911.8	3,505.8	4,447.9	5,556.0
Accumulated other comprehensive income	(1.9)	3.8	7.8	12.0	(19.3)	(40.5)	(101.0)	(101.0)	(101.0)	(101.0)	(101.0)	(101.0)	(13.2)	12.0	(101.0)	(101.0)	(101.0)
Retained earnings	7,569.2	8,262.1	9,115.1	9,446.6	10,469.9	11,682.8	13,243.2	14,663.2	16,052.9	17,574.4	19,209.9	20,976.4	7,542.5	9,446.6	14,663.2	20,976.4	28,408.4
Total Shareholders' Equity	**10,119.1**	**10,901.6**	**11,907.1**	**12,370.5**	**13,487.1**	**14,797.7**	**16,446.7**	**18,068.2**	**19,665.2**	**21,414.8**	**23,295.1**	**25,323.4**	**9,994.8**	**12,370.5**	**18,068.2**	**25,323.4**	**33,863.5**
Total Liabilities and Shareholders' Equity	**14,514.6**	**16,534.2**	**18,048.8**	**19,448.6**	**21,656.5**	**23,720.1**	**25,264.1**	**28,504.2**	**29,363.3**	**31,883.5**	**34,164.5**	**37,165.6**	**14,043.9**	**19,448.6**	**28,504.2**	**37,165.6**	**45,248.1**

Source: Company data, Morgan Stanley Research

Exhibit 7: ANET: Cash Flow Statement

	Mar-25 Q1-25A	Jun-25 Q2-25A	Sep-25 Q3-25A	Dec-25 Q4-25A	Mar-26 Q1-26A	Jun-26 Q2-26A	Sep-26 Q3-26A	Dec-26 Q4-26E	Mar-27 Q1-27E	Jun-27 Q2-27E	Sep-27 Q3-27E	Dec-27 Q4-27E	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E
GAAP Cash Flow Statement																	
OPERATING ACTIVITIES:																	
Net Income (loss)	813.8	888.8	853.0	955.8	1,022.9	1,212.9	1,560.4	1,420.0	1,389.6	1,521.5	1,635.5	1,766.4	2,852.1	3,511.4	5,216.2	6,313.1	7,432.0
Adjustments:																	
Depreciation	13.8	12.8	23.2	22.8	23.3	23.4	23.6	71.0	65.1	60.5	57.6	55.8	62.0	72.6	141.3	239.0	214.9
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	93.0	85.2	127.9	133.1	120.9	120.4	138.1	201.4	207.4	228.1	244.7	261.9	355.4	439.2	580.8	942.1	1,108.1
Deferred income taxes	(107.1)	(230.8)	135.4	(109.5)	(104.9)	(108.2)	582.4	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(492.9)	(312.0)	319.3	(200.0)	(200.0)
Provision for bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of debt discount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess tax benefit on stock-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(12.1)	(8.9)	(2.5)	(3.6)	(3.4)	(7.2)	(137.6)						(53.5)	(27.1)	(148.2)	-	-
Changes in operating assets and liabilities:																	
Accounts receivable	(295.4)	(187.7)	134.2	(397.5)	(36.9)	(342.4)	(61.6)	33.6	(158.9)	(393.4)	219.5	100.5	(106.1)	(746.4)	(407.3)	(232.2)	12.2
Inventory	(122.7)	(101.8)	(96.6)	(91.4)	(133.0)	(155.2)	(674.6)	(352.3)	(200.3)	(13.9)	(551.7)	(366.8)	110.6	(412.5)	(1,315.1)	(1,132.7)	(1,038.5)
Prepaid expenses and other current assets		-	-	-		-	-	(178.4)	(72.1)	(247.6)	(198.8)	(206.3)	-	-	(178.4)	(724.7)	(673.7)
Deposits and other assets	(113.7)	(289.5)	(280.5)	(253.7)	(298.7)	(321.0)	15.5	-	-	-	-	-	(234.2)	(937.4)	(604.2)	-	-
Accounts payable	6.7	153.3	(61.9)	162.4	(35.6)	76.5	(21.0)	350.5	(133.8)	132.5	(111.4)	441.2	(51.6)	260.5	370.4	328.5	301.2
Accrued liabilities	-	-	-	-	-	-	-	51.1	20.7	71.0	57.0	59.1	47.8	-	51.1	207.7	193.1
Deferred revenue	297.4	844.0	624.3	686.3	826.2	667.3	(26.4)	1,217.0	(624.8)	567.0	455.2	472.4	1,285.2	2,452.0	2,684.1	869.9	(951.9)
Interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payable - related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes payable	241.3	(88.9)	(257.6)	57.4	352.9	(154.5)	(358.3)	-	-	-	-	-	(66.5)	(47.8)	(159.9)	-	-
Other liabilities	(173.3)	123.6	69.3	99.8	(40.2)	71.0	160.4	-	-	-	-	-	-	119.4	191.2	-	-
Net cash from Operating Activities	**641.7**	**1,200.1**	**1,268.2**	**1,261.9**	**1,693.5**	**1,083.0**	**1,200.9**	**2,764.1**	**442.9**	**1,875.8**	**1,757.7**	**2,534.3**	**3,708.2**	**4,371.9**	**6,741.5**	**6,610.7**	**6,397.4**
INVESTING ACTIVITIES:																	
Purchases of property and equipment	(28.4)	(24.0)	(30.1)	(37.0)	(54.5)	(29.7)	(100.7)	(39.5)	(40.7)	(44.7)	(48.0)	(51.4)	(32.0)	(119.5)	(224.4)	(184.7)	(217.3)
Purchases of marketable securities and notes receivab	(746.3)	(292.3)	(1,146.0)	(987.0)	(1,192.7)	(1,133.2)	(1,088.3)	-	-	-	-	-	(2,422.7)	(3,171.6)	(3,414.2)	-	-
Proceeds from repayment of notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activities	8.8	(308.8)	(10.0)	24.9	381.9	(416.9)	(25.1)	-	-	-	-	-	(2.6)	(285.1)	(60.1)	-	-
Net cash from Investing Activities	**(765.9)**	**(625.1)**	**(1,186.1)**	**(999.1)**	**(865.3)**	**(1,579.8)**	**(1,214.1)**	**(39.5)**	**(40.7)**	**(44.7)**	**(48.0)**	**(51.4)**	**(2,457.4)**	**(3,576.2)**	**(3,698.7)**	**(184.7)**	**(217.3)**
FINANCING ACTIVITIES:																	
Proceeds from issuance of convertible notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of convertible notes payable –	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock in conjunctio	-	-	-	(1,603.1)	-	-	-	-	-	-	-	-	(234.7)	(1,603.1)	-	-	-
Repayments of notes payable - related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payments - lease financing obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments - deferred offering costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock upon exercis	(759.0)	(192.7)	25.6	983.8	29.9	3.5	29.5	-	-	-	-	-	(128.8)	57.7	62.9	-	-
Excess tax benefit on stock-based comp	(34.8)	(4.5)	(5.0)	(6.2)	(29.9)	(5.0)	(18.5)	-	-	-	-	-	(58.4)	(50.5)	(53.4)	-	-
Net cash provided by financing activities	**(793.8)**	**(197.2)**	**20.6**	**(625.5)**	**-**	**(1.5)**	**11.0**	**-**	**-**	**-**	**-**	**-**	**(421.8)**	**(1,595.9)**	**9.5**	**-**	**-**
Effect of exchange rate changes on cash and cash equiva	0.7	2.6	(1.6)	-	(2.6)	(1.0)	0.1	-	-	-	-	-	(5.3)	1.7	(3.5)	-	-
Net change in cash	(917.3)	380.4	101.1	(362.7)	825.6	(499.3)	(2.1)	2,724.6	402.2	1,831.1	1,709.7	2,482.9	823.8	(798.5)	3,048.8	6,426.0	6,180.1
Cash and cash equivalents at beg. of period	2,762.4	1,845.1	2,225.5	2,326.6	1,963.9	2,789.5	2,290.2	2,288.1	5,012.7	5,414.9	7,246.0	8,955.7	1,938.6	2,762.4	1,963.9	5,012.7	11,438.6
Cash and cash equivalents at end of period	1,845.1	2,225.5	2,326.6	1,963.9	2,789.5	2,290.2	2,288.1	5,012.7	5,414.9	7,246.0	8,955.7	11,438.6	2,762.4	1,963.9	5,012.7	11,438.6	17,618.7

Source: Company data, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Axon Enterprise Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from **Arista Networks**, Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, F5 Inc, Keysight Technologies Inc, Lumentum Holdings Inc, Motorola Solutions Inc, Zebra Technologies Corporation.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, Lumentum Holdings Inc, Motorola Solutions Inc, Zebra Technologies Corporation.

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Global Stock Ratings Distribution

(as of October 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

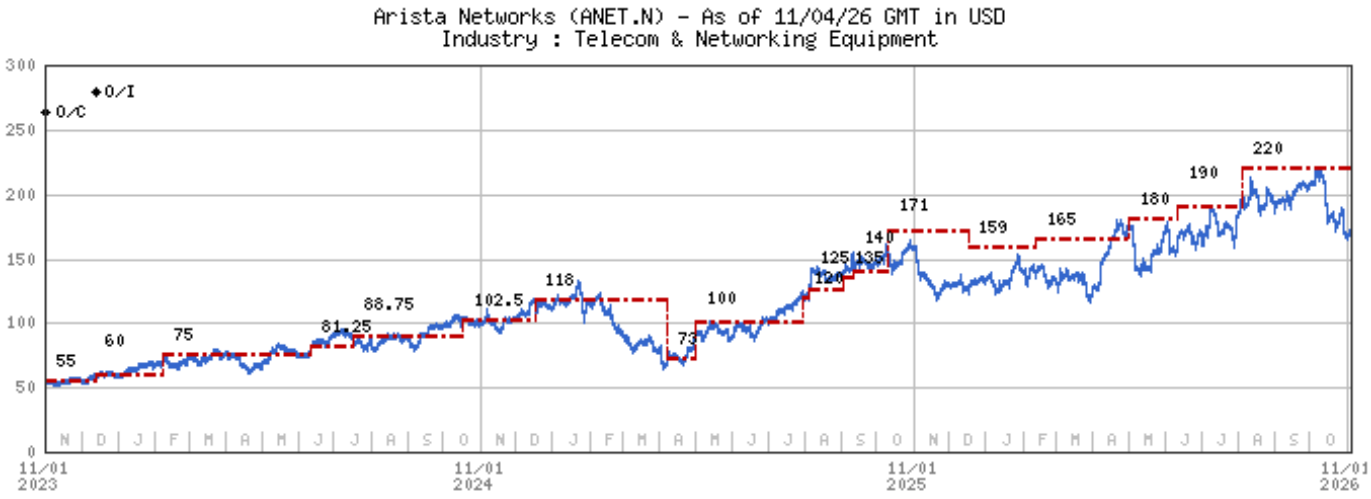
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 11/1/21 : O/I; 11/19/21 : E/I; 4/12/22 : E/C; 10/31/23 : O/C; 12/13/23 : O/I

Price Target History: 7/6/21 : 26.25; 11/1/21 : 28.75; 11/19/21 : 34.5; 2/14/22 : 36; 6/13/22 : 28.5; 8/1/22 : 31.25; 10/11/22 : 28.75; 11/4/22 : 32.5; 2/13/23 : 35; 4/14/23 : 37.5; 7/31/23 : 46.25; 10/31/23 : 55; 12/13/23 : 60; 2/8/24 : 75; 6/11/24 : 81.25; 7/18/24 : 88.75; 10/17/24 : 102.5; 12/17/24 : 118; 4/8/25 : 73; 5/1/25 : 100; 7/31/25 : 120; 8/5/25 : 125; 9/3/25 : 135; 9/12/25 : 140; 10/10/25 : 171; 12/17/25 : 159; 2/12/26 : 165; 5/1/26 : 180; 6/12/26 : 190; 8/5/26 : 220

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

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INDUSTRY COVERAGE: Telecom & Networking Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (11/03/2026)
Meta A Marshall		
Arista Networks (ANET.N)	O (10/31/2023)	$169.91
Axon Enterprise Inc (AXON.O)	O (12/03/2024)	$416.57
Ciena Corporation (CIEN.N)	E (10/10/2025)	$300.08
Cisco Systems Inc (CSCO.O)	O (04/08/2024)	$102.97
Coherent Corp (COHR.N)	E (12/13/2023)	$207.49
Corning Inc (GLW.N)	E (06/13/2024)	$126.14
F5 Inc (FFIV.O)	E (04/12/2022)	$331.15
Keysight Technologies Inc (KEYS.N)	O (07/13/2026)	$305.11
Lumentum Holdings Inc (LITE.O)	E (05/12/2021)	$680.16
Motorola Solutions Inc (MSI.N)	O (12/17/2025)	$491.00
Zebra Technologies Corporation (ZBRA.O)	E (12/02/2024)	$329.50

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