



FTSE4Good TIP Taiwan ESG Index stock

Outperform · Resumed

Price as of September 11 (NT\$)	1,885
12M target price (NT\$)	3,100
Previous target price (NT\$)	N/A
Unchanged / Revised up (down) (%)	N/A
Upside (%)	64.5

Key message

1. Higher scale-up switch penetration to shift data center investment toward interconnect infrastructure.
2. Meta to become second largest data center client, reducing customer concentration risk.
3. Ramp-up of four new products to drive 2026F growth.

Trading data

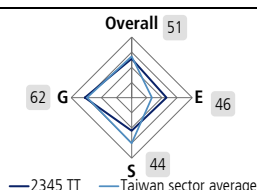
Mkt cap (NT\$bn/US\$mnn)	1,058 / 33,407
Outstanding shares (mn)	561
Foreign ownership (mn)	328
3M avg. daily trading (mn)	2.08
52-week trading range (NT\$)	904 –2,750

Performance	3M	6M	12M
Absolute (%)	-17.2	26.9	68.3
Relative (%)	-24.2	-8.5	-14.9

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2024	4.02A	4.62A	4.75A	8.10A
2025	9.17A	9.00A	14.00A	14.95A
2026	14.92A	19.78A	25.80F	25.24F

ESG score card



Source: Refinitiv

Accton Technology

(2345.TW/2345 TT)



Switches – Critical link between chips & racks in data centers

Event

We believe data center investment is increasingly shifting from computing infrastructure toward networking and interconnect solutions, making Accton Technology the most direct AI networking investment play in Taiwan. The company has expanded its Amazon Web Services (AWS; US) exposure from scale-out switches and compute tray AI cards to include scale-up switch trays, establishing three parallel growth engines. In addition, Accton's re-entry into Meta's (US) 800GbE switch supply chain in 2026 should reduce customer concentration risk. We forecast revenue growth of 62.3% YoY in 2026 and 35.2% YoY in 2027, with EPS increasing a respective 82.4% YoY and 45.8% YoY.

Impact

Higher scale-up switch penetration to shift data center investment toward interconnect infrastructure. We forecast the networking equipment market size will deliver a 2026-28 CAGR of 51.7%, outpacing the projected CAGR of 38.5% for computing equipment. This growth will be driven primarily by the increasing adoption of scale-up interconnects within racks, creating a sizable new addressable market for networking equipment.

Meta to become second largest data center client, reducing customer concentration risk. We expect Meta to become Accton's second largest data center client in 2026, contributing not only incremental revenue, but also improving the gross margin of its data center product range. We estimate combined revenue contribution from AWS and Meta, Accton's two largest CSP clients, will rise from about 70% in 2025 to 80% by 2027.

Ramp-up of four new products to drive 2026F growth. Accton's growth in 2026 will be supported by the ramp-up of four key products: (1) upgrade of AWS switches from 400GbE to 800GbE; (2) transition of AWS AI cards from Trainium2 to Trainium3; (3) introduction of switch trays for Trainium3 racks; and (4) ramp-up of Meta's 800GbE switches, with a further upgrade to 1.6TbE expected in 2H27. Based on these drivers, we forecast AWS-related revenue will grow 52.3% YoY in 2026 and 30.6% YoY in 2027, while Meta-related revenue is projected to increase 58.5% YoY in 2027.

Valuation & Action

We resume coverage of Accton Technology with Outperform and a target price of NT\$3,100, based on 25x 2027F EPS of NT\$124.87.

Risks

Slower-than-expected penetration of high-end white-box ethernet switches; AI accelerator card market share erosion.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT\$mnn)	84,188	110,425	248,320	403,083	544,935
Gross profit (NT\$mnn)	19,263	22,791	44,919	77,874	108,145
Operating profit (NT\$mnn)	11,501	13,601	32,135	59,747	86,728
Net profit (NT\$mnn)	8,920	12,000	26,342	48,040	70,067
EPS (NT\$)	15.99	21.49	47.13	85.78	124.87
Cash DPS (NT\$)	10.00	12.00	15.00	27.36	39.90
EPS growth (%)	9.2	34.4	119.4	82.0	45.6
PE (x)	117.9	87.7	40.0	22.0	15.1
PB (x)	41.9	29.1	18.4	9.5	6.3
EV/EBITDA (x)	82.3	57.4	26.0	15.9	10.8
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.5	0.6	0.8	1.5	2.1
Return on average equity (%)	39.1	39.0	56.1	56.7	50.2

Source: Company data; KGI Research estimates

Financial results & forecasts

2Q26 shipments of AWS Trainium3 AI cards accelerated. Accton reported 2Q26 revenue of NT\$95.5bn, up 36.2% QoQ and 57.6% YoY, primarily driven by the ramp-up of AWS Trainium3 AI card shipments (Figure 5), volume production of Meta's 800GbE switches, and increasing orders for 800GbE switches from existing clients. Gross margin improved to 19.7%, up 0.2ppt QoQ, while net profit reached NT\$11.0bn, up 32.5% QoQ and 119.0% YoY, for EPS of NT\$19.78.

2Q26 shipments of AWS Trainium3 AI cards accelerated. Revenue reached NT\$95.5bn in 2Q26, up 36.2% QoQ and 57.6% YoY, primarily driven by shipments of AWS Trainium3 AI cards (see Figure 5), volume ramp-up of Meta's 800GbE switches for a new client, and additional 800GbE switch orders from existing customers. Gross margin came in at 19.7%, up 0.2ppt QoQ. Net profit grew to NT\$11.0bn, up 32.5% QoQ and 119% YoY, for EPS of NT\$19.78.

3Q26 demand remains far above supply, despite temporary component constraints. Revenue totaled NT\$39.4bn in July, down 0.2% MoM, but up 71.7% YoY, followed by NT\$40.8bn in August, up 3.5% MoM and 59.4% YoY. The slight moderation in growth primarily reflected tight upstream component supply. In addition, rising raw material costs are expected to temporarily pressure 3Q26 gross margin. Nevertheless, we view these challenges as short-term bottlenecks, as Accton's order demand continues to significantly exceed available supply. As component availability improves, higher utilization rates and a greater weighting of high-end products should support gross margin expansion. We forecast 3Q26 revenue of NT\$120bn, up 25.7% QoQ and 64.6% YoY, with gross margin of 19.1% and net profit of NT\$14.4bn, up 31.0% QoQ and 85.0% YoY, for EPS of NT\$25.80.

Ramp-up of four new products to drive 2026 revenue growth of 62% YoY. Growth in 2026 will be driven by the ramp-up of four key products: (1) upgrade of AWS switches from 400GbE to 800GbE; (2) transition of AWS AI cards from Trainium2 to Trainium3; (3) introduction of switch trays for Trainium3 racks; and (4) ramp-up of Meta's 800GbE switches. In addition, demand for 800GbE switches from existing clients is expected to remain robust. We forecast 2026 revenue of NT\$403bn, up 62.3% YoY, with a gross margin of 19.3% and net profit of NT\$48.0bn, up 82.4% YoY, for EPS of NT\$85.78.

Growth to continue into 2027F, with three new growth drivers supplementing existing demand trends. In addition to sustained demand for AI cards, switch trays, and high-end switches introduced in 2026, Accton is poised to benefit from three incremental catalysts in 2027. First, AWS Trainium4 AI cards are expected to begin initial shipments, with upgraded specs and higher PCB layer counts supporting ASP expansion, while Accton's share of switch trays is likely to increase meaningfully. Second, Meta's 1.6TbE switches are expected to enter volume production in 2H27, providing another boost to switch revenue. Third, the company is actively expanding into the L11 assembly business, initially targeting non-US clients and contributing a mid-single digit share of total revenue. Taken together, we forecast 2027 revenue of NT\$545bn, up 35.2% YoY, with gross margin improving to 19.8%, net profit of NT\$70.0bn, up 45.8% YoY, and EPS of NT\$124.87.

Our 2027 forecasts exceed consensus. We expect further upward revisions to AWS Trainium3 shipment volumes, supported by strong end demand. Meanwhile, Accton continues to aggressively expand capacity, despite operating at nearly full utilization, indicating high order visibility.

Figure 1: Breakdown of 2Q26 results & 3Q-4Q26 forecast revisions vs. consensus

NT\$m	2Q26			3Q26F					4Q26F				
	Actual	QoQ (%)	YoY (%)	KGI forecast	QoQ (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	95,538	36.2	57.6	120,053	25.7	64.6	112,774	6.5	117,371	(2.2)	63.0	121,535	(3.4)
Gross profit	18,817	37.3	73.2	22,930	21.9	83.2	21,962	4.4	22,418	(2.2)	73.9	23,594	(5.0)
Operating income	14,331	42.6	76.6	17,888	24.8	98.7	17,179	4.1	17,477	(2.3)	91.8	18,560	(5.8)
Pretax income	14,568	40.6	120.3	18,098	24.2	86.4	17,291	4.7	17,707	(2.2)	71.7	18,662	(5.1)
Net income	11,053	32.5	119.7	14,478	31.0	85.0	13,904	4.1	14,165	(2.2)	69.5	14,761	(4.0)
EPS (NT\$)	19.78	32.5	119.7	25.80	30.5	84.3	24.56	5.1	25.24	(2.2)	68.9	26.52	(4.8)
Gross margin (%)	19.7	0.1 ppts	1.8 ppts	19.1	(0.6)ppts	1.9 ppts	19.5	(0.4)ppts	19.1	0.0 ppts	1.2 ppts	19.4	(0.3)ppts
OP margin (%)	15.0	0.7 ppts	1.6 ppts	14.9	(0.1)ppts	2.6 ppts	15.2	(0.3)ppts	14.9	(0.0)ppts	2.2 ppts	15.3	(0.4)ppts
Net margin (%)	11.6	(0.3)ppts	3.3 ppts	12.1	0.5 ppts	1.3 ppts	12.3	(0.3)ppts	12.1	0.0 ppts	0.5 ppts	12.1	(0.1)ppts

Source: Company data; Bloomberg; KGI Research

Figure 2: Breakdown of 2026-27 forecast revisions vs. consensus

NT\$m	2026F				2027F			
	KGI forecast	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Sales	403,083	62.3	396,578	1.6	544,935	35.2	525,137	3.8
Gross profit	77,874	73.4	77,420	0.6	108,145	38.9	101,840	6.2
Operating income	59,744	85.9	59,151	1.0	86,728	45.2	80,589	7.6
Pretax income	60,735	84.5	60,236	0.8	87,583	44.2	81,685	7.2
Net income	48,038	82.4	47,731	0.6	70,067	45.9	64,904	8.0
EPS (NT\$)	85.78	82.0	83.36	2.9	124.87	45.6	115.80	7.8
Gross margin (%)	19.3	1.2 ppts	19.5	(0.2)ppts	19.8	0.5 ppts	19.4	0.5 ppts
OP margin (%)	14.8	1.9 ppts	14.9	(0.1)ppts	15.9	1.1 ppts	15.3	0.6 ppts
Net margin (%)	11.9	1.3 ppts	12.0	(0.1)ppts	12.9	0.9 ppts	12.4	0.5 ppts

Source: Company data; Bloomberg; KGI Research

Figure 3: Breakdown of product mix forecasts

	2025	2026F	2027F
Revenue (NT\$m)	248,320	403,083	544,935
Networking equipment	153,958	232,574	311,245
Switches	86,912	159,941	201,695
Access equipment	2,483	2,856	2,998
Wireless networking equipment	-	-	-
Other services	4,966	5,711	5,997
Rack	-	-	23,000
Product mix (%)	100	100	100
Networking equipment	62.0	57.7	57.1
Switches	35.0	39.7	37.0
Access equipment	1.0	0.7	0.6
Wireless networking equipment	-	-	-
Other services	2.0	1.4	1.1
Rack	-	-	4.2

Source: KGI Research estimates

Figure 4: Projected revenue contribution from key clients

	2025	2026F	2027F
Customer revenue mix (%)			
AWS	70.0	65.7	63.5
Networking equipment	53.6	51.4	52.0
Switch	16.5	14.3	11.5
Meta	0.8	14.7	17.3
Customer revenue growth YoY (%)			
AWS	-	52.3	30.6
Meta	-	-	58.5

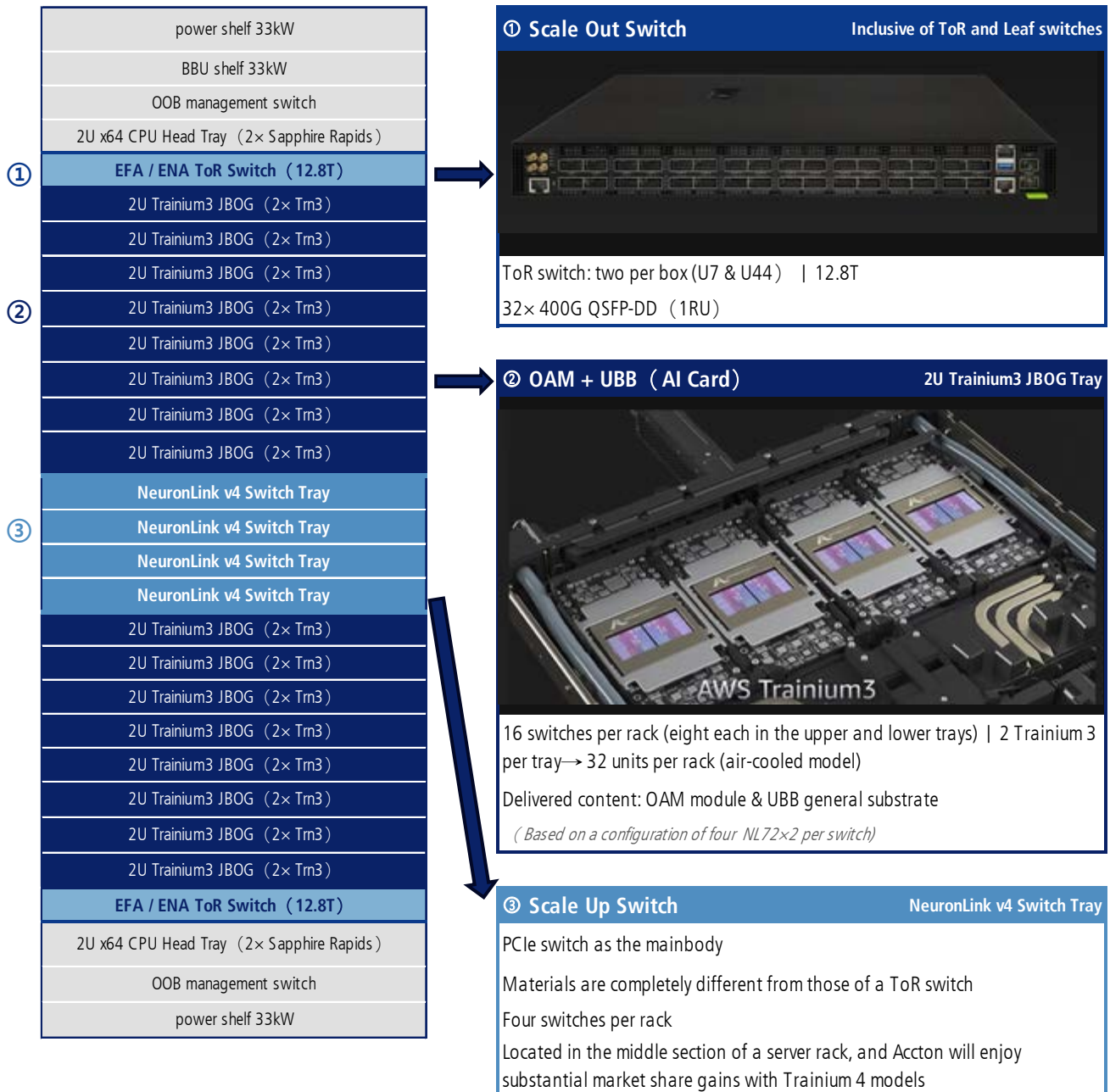
Source: KGI Research estimates

Company profile & future business focus

Accton was founded on February 9, 1988, and mainly engages in the manufacturing of enterprise- and carrier-grade high-speed ethernet switches, wireless LAN products, and broadband equipment. In its early years, the firm mainly served as a hardware ODM for brand vendors. In recent years, however, the firm has transformed into a joint design manufacturing (JDM) model as a direct provider of integrated hardware and software solutions by collaborating with software vendors or integrating customer-developed software into its offerings. In 2025, the firm's product mix consisted of network application equipment (62%), network switches (35%), network access equipment (1%), and other services (2%).

We believe networking will become the next critical battlefield after computing power. Accton is capable of producing both high-end switches and ASIC modules (AI cards), and is one of the few Taiwan firms boasting scalable sales in conjunction with a growing AI interconnect market.

Looking ahead, we believe Accton's long-standing presence in the networking industry and its close collaboration with networking chip vendors will put the firm in a favorable position to participate in the next-generation interconnect projects of major CSPs. In addition, the acquisition of optical communication firm InLC Technology (KR) has enabled the firm to expand into OCS switches, while the introduction of optical modules and liquid-cooling solutions has extended its assembly business horizon from L6 to L11.

Figure 5: Overview of Accton's AWS business


Per rack: 16 JBOG racks (consisting of 32 Trainium 3)

Four NeuronLink switch trays | two ToR switches

Source: Company data; AWS; KGI Research

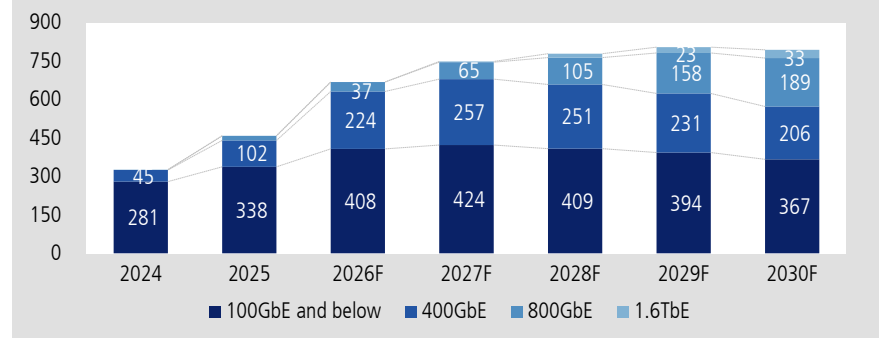
Data center business is growth engine for switch market

A switch is a networking device used to forward data traffic and connect devices within a local area network (LAN), providing communication pathways between network nodes. Operating at layer 2 of the OSI model (data link layer), a switch builds a forwarding table based on MAC addresses and upon receiving a packet, intelligently directs the data to the appropriate destination port. This ability makes switches one of the most critical networking components for data centers.

According to Gartner estimates, the global switch market was worth about US\$46bn in 2025 and will expand to roughly US\$67bn in 2026, implying 45% YoY growth.

Figure 6: Global switch market output value

Market size, US\$100mn

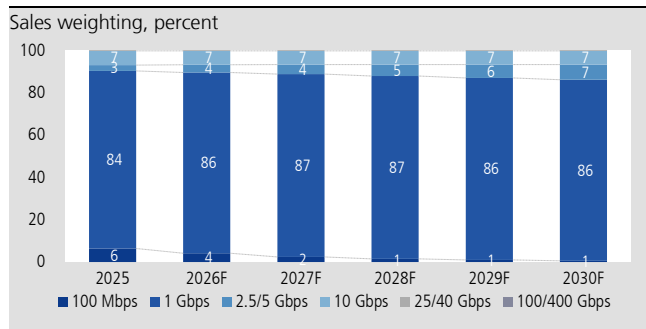


Source: KGI Research; Gartner

There are three major applications for switches:

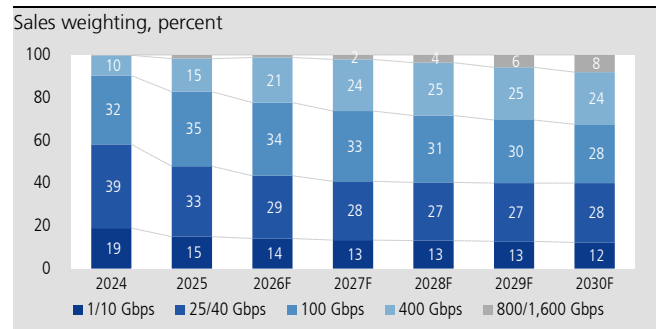
- **Enterprise/campus switches.** These are deployed in office and campus networks, with transmission speeds typically ranging from 1G to 100G.
- **Telecom/service provider switches.** These are primarily used in telecom backbone networks, metropolitan area networks, and edge access infrastructure.
- **Data center switches.** These are deployed within CSP and enterprise data centers. Since 2023, this segment has been the fastest-growing category, driven by the rapid expansion of AI workloads.

Figure 7: Breakdown of campus switch sales by switching capacity



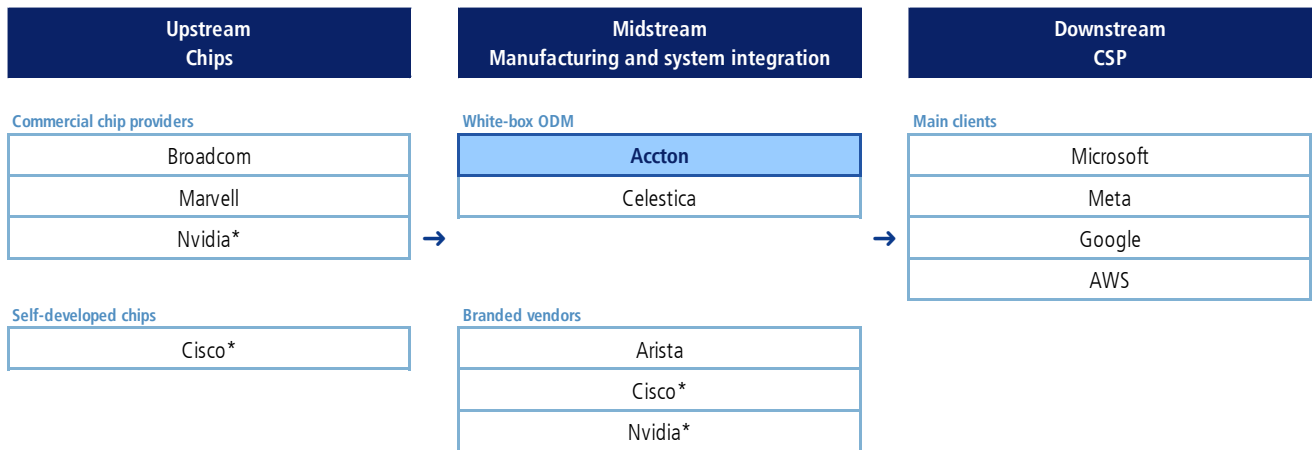
Source: KGI Research; Gartner

Figure 8: Breakdown of data center switch sales by switching capacity



Source: KGI Research; Gartner

The switch supply chain can be divided into the upstream (component), midstream (system manufacturing), and downstream (end market) segments, with CSPs representing one of the key end-markets. The upstream chip market is highly concentrated, with Broadcom (US) and Marvell (US) collectively accounting for more than 80% of the market. The midstream segment is responsible for manufacturing and system integration, that is, assembling chips, CPUs, PCBs, and other components into a complete system. Major brand vendors include Cisco (US), Arista (US), and Nvidia (US), while Celestica (CA) and Accton are among white-box and ODM manufacturers.

Figure 9: Breakdown of data center switch supply chain
Switch Supply Chain: Upstream Chip → Midstream Switch Manufacturers → Downstream CSPs


* Indicates suppliers with exposure to both upstream and midstream segments; Nvidia started as a chip provider, but is now also engaged in system integration, while Cisco took the bottom-up approach to develop chips for its own use.
 Source: KGI Research

Data center interconnect market size to outstrip computing equipment, with CAGR of 51%

Historically, spending on data center networking has been concentrated in the traditional ToR/leaf/spine (scale-out) architecture. However, as requirements for data transfer between GPUs and ASICs increases, penetration of scale-up interconnects within server racks is rising in tandem. We estimate that the adoption rate of scale-up architectures will increase from 18.0% in 2025 to 47.4% in 2028F. As a result, we project the networking equipment market size will deliver a 2026-28 CAGR of 51.7%, outpacing the CAGR of 38.5% for computing equipment.

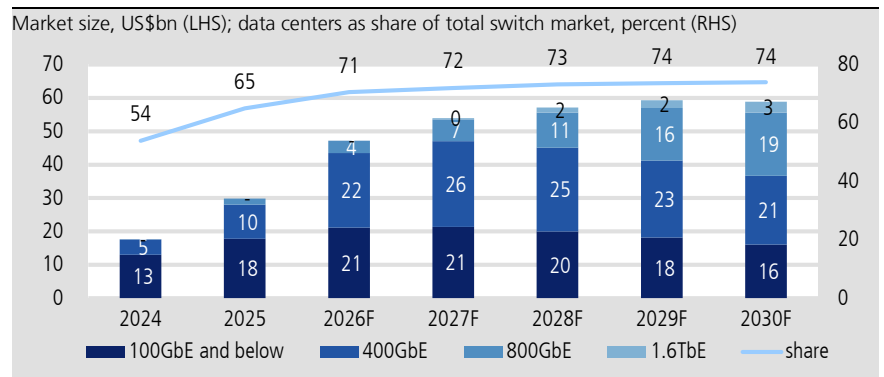
Figure 10: Networking equipment market size to grow faster than that of computing equipment

	2025	2026	2027	2028
ASP per GPU/ASIC (US\$)	19,406	22,849	21,862	23,367
Total shipments (k units)	10,814	16,694	24,250	31,300
NVIDIA	5,310	8,535	9,006	10,600
AWS Trainium	1,600	2,428	3,060	4,100
AMD	927	1,152	1,680	2,500
Meta MTIA	350	209	400	700
Google TPU	2,527	4,020	9,104	11,800
Microsoft Maia	100	350	1,000	1,600
Networking equipment ASP per GPU/ASIC (US\$)	4,882	6,696	7,398	8,224
Scale-up penetration rate (%)	18.0	41.1	44.2	47.4
Scale-up ASP	914	2,175	2,290	2,507
Network card ASP	1,075	1,272	1,136	1,304
Optical transceiver module ASP	1,326	1,463	1,960	2,120
Scale-out switch ASP per port	1,206	1,374	1,548	1,764
Front-end & management switch ASP per port	362	412	464	529
Networking equipment market size (US\$mn)	52,796	111,787	179,410	257,411
YoY (%)		112	60	43
Computing equipment market size (US\$mn)	209,856	381,440	530,160	731,400
YoY (%)		82	39	38

Source: KGI Research

Also, according to Gartner estimates, data center switches are expected to account for an increasingly larger share of the overall switch market, with their weighting rising from 65% in 2025 to 71% in 2026, and further to 74% by 2029.

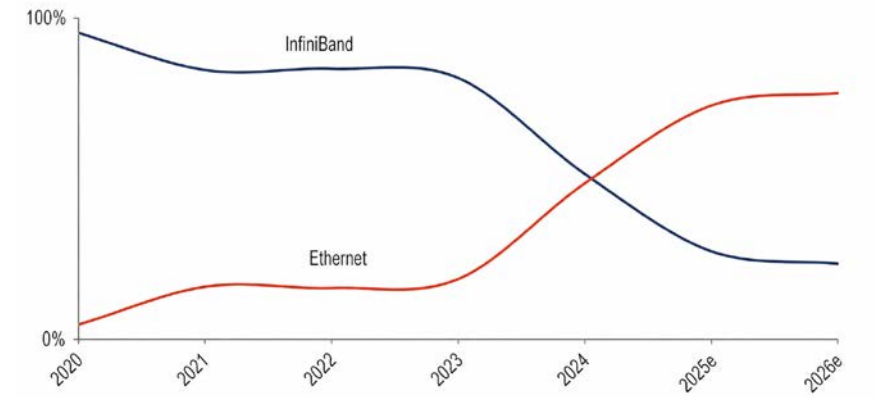
Figure 11: Data center switch market output



Source: KGI Research; Gartner

The expansion of white-box ethernet switches is being driven by two major catalysts: (1) ethernet is taking the place of InfiniBand in AI back-end networks; and (2) white-box vendors continue to gain market share from brand networking vendors within data centers. According to Dell'Oro, InfiniBand's share of AI back-end networking declined from 80% in 2023 to approximately 33% in 1Q26.

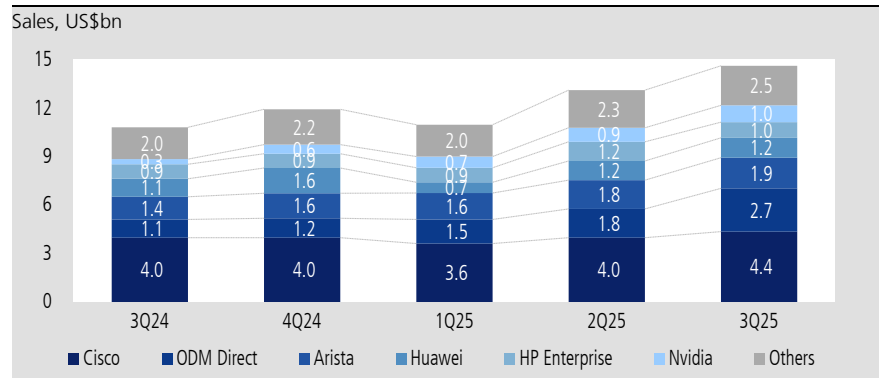
Figure 12: Ethernet switches have replaced InfiniBand switches as mainstream for data center applications



Source: Dell'Oro; KGI Research

White-box switches have been able to gain market share at the expense of brand vendors primarily thanks to their shorter development cycles. A standard development cycle for brand switches typically exceeds 18 months, creating a mismatch with the approximately two-year product refresh cycle of GPUs and ASICs. Combined with higher pricing and less flexibility in maintenance and customization, these factors have encouraged CSPs to procure white-box switches and deploy their own network operating systems. According to IDC, ODM direct (white-box switches supplied directly to cloud operators) increased its share of global data center ethernet switch sales from 20.5% in 4Q24 to 30.2% in 3Q25.

Figure 13: ODM direct accounted for 30% of data center ethernet switch sales in 3Q25



Source: KGI Research; IDC

Accton wins three key opportunities from AWS' new rack architecture

Opportunity 1:

Scale-out switches – Accton as key supplier

In scale-out switches, Accton has been a long-standing supplier to AWS, maintaining market share of over 90% across the 100GbE, 200GbE, and 400GbE generations. While Celestica entered the supply chain in the 800GbE generation, Accton still retains market share of approximately 70%.

Figure 14: Suppliers of 800GbE switches to four major CSPs

Cloud service provider	Primary suppliers	Secondary suppliers
AWS	Accton	Celestica
Meta	Celestica & Accton	Cisco
Google	Celestica	Flex
Microsoft	Arista	Cisco & Dell

Source: KGI Research compiled

AWS' 800GbE switch shipments remain solid. However, demand for 800GbE switches from Accton's other clients has increased significantly, leading us to estimate that AWS' contribution to 800GbE switch revenue declined slightly in 2Q26. In terms of shipment volume, our estimates are based on a system architecture featuring one Trainium3 processor paired with one AWS-developed Nitro-v6 400Gbps NIC, with the ToR layer utilizing 32-port 400G switches and scaling upward to the leaf and spine layers. To simplify network topology and reduce switch counts, some switch ports are expected to migrate to 800GbE. Accordingly, we expect 800GbE switch shipments to increase sequentially throughout 2027.

Opportunity 2:

AI cards integrating UBB & OAM – Accton as key supplier

The second business opportunity lies in AI cards within the compute tray. Accton has long served as the primary L5-L6 integration and manufacturing partner for both UBBs and OAMs, collectively referred to by the firm as AI cards. According to our channel checks, the UBBs used in the air-cooled versions of Trainium2 and Trainium3 both adopt a 26-layer HLC architecture, while the OAMs utilize a 22-layer HLC architecture. Based on a configuration of two ASICs per board, each ASIC contributes nearly US\$3,000 in revenue to Accton. Factoring in the Trainium product transition cycle and our shipment forecasts, we estimate AI card revenue growth of 52.9% YoY in 2026 and 33.2% YoY in 2027.

Opportunity 3:

Scale-up switches – Limited shipments currently, with Trainium4 expected to drive meaningful market share gains

The third business opportunity comes from the scale-up switch tray within AWS' rack architecture. Taking the air-cooled Trainium3 NL32 × 2 rack as an example, the system consists of 32 compute trays, each equipped with two Trainium3 processors, for a total of 64 Trainium3 ASICs. The rack also includes eight switch trays, each containing two ScorpioX PCIe 6.0 switch chips, for a total of 16 switch chips. The switch tray is a new architectural feature introduced in this generation. It leverages standard PCIe technology together with AWS' proprietary NeuronLink v4 protocol to enable scale-up interconnect topology. Accton has already secured qualification and begun limited shipments. We expect Accton to capture meaningful market share in the next generation platform as AWS opens its architecture to UALink, creating a new growth driver beginning in 2028F.

Figure 15: Diversified scale-up ecosystem

Standard	Leading company / consortium	Ecosystem openness
NVLink	Nvidia	Closed (fully closed)
NeuronLink	AWS	Closed (proprietary)
ICI (Inter-Chip Interconnect)	Google	Closed (proprietary)
NVLink Fusion	Nvidia	Open (licensing-based)
UALink (Ultra Accelerator Link)	AMD, Intel, Meta, Google, Microsoft & others (UALink Consortium)	Open
ESUN (Ethernet for Scale-Up Networking)	Led by the Open Compute Project (OCP) Foundation, with participation from Meta, Nvidia, AMD, Broadcom, Cisco, OpenAI, Arista, Arm, HPE Networking, Marvell, Microsoft, Oracle & others	Open

Source: KGI Research compiled

Figure 16: Accton's key opportunities within AWS' rack architecture

	Scale-up		Scale-out	
	Product	Supplier	Product	Supplier
ASIC	Trainium3	Annapurna (in-house)	-	-
Interconnect / networking protocol	NeuronLink v4 (over PCIe)	In-house	EFA (SRD protocol)	In-house
Switch chip	Scorpio-X	Astera Labs (ALAB)	Teralynx 12.8T/ Tomahawk 4/5	Marvell & Broadcom
Switch tray	PCIe Gen6 switch tray	Accton (secondary supplier)	-	-
Compute tray OAM/UBB	AI card	Accton (primary supplier)	-	-
NIC	-	-	Nitro-v6 400Gbps	Annapurna (in-house)
Switch	-	-	400GbE & 800GbE switches	Accton (primary supplier)

Source: KGI Research compiled

Incorporating AWS scale-out switches, compute tray AI cards, and scale-up switch trays, we forecast Accton's AWS-related revenue will grow 52.3% YoY in 2026 and 30.6% YoY in 2027.

Regaining Meta's high-end switch business & reducing client concentration risk

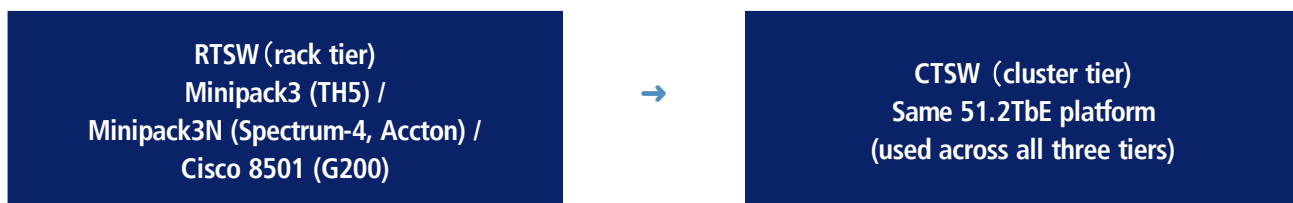
Accton was previously a supplier of Meta's 100GbE switches, but lost supplier allocation share in the 200GbE and 400GbE generations to Celestica. However, it has regained a major position in Meta's 800GbE switch supply chain.

Meta employs two switch architectures: non-scheduled fabric (NSF) and disaggregated scheduled fabric (DSF), both of which support Nvidia, AMD (US), and Meta's in-house AI chips. The key difference between the two lies in their network architecture. Under the NSF architecture, all switches feature 51.2Tbps switching capacity. Major platforms include Accton's Minipack 3N (powered by Nvidia Spectrum-4), Celestica's Minipack 3 (powered by Broadcom Tomahawk 5), and Cisco's Cisco 8501 (powered by Silicon One G200). These switches are interconnected via 2 × 400G FR4 or 2 × 400G DR4 optical transceivers.

The NSF architecture adopts a three-tier network design. The first-tier rack training switch (RTSW) and second-tier cluster training switch (CTSW) form the basic network building block, which can be further scaled to the third-tier spine training switch (STSW) layer. The STSW layer connects to the backend aggregation (BAG) backbone network, enabling inter-data center and inter-region connectivity.

Figure 17: Example of Meta's switch network architecture

Tier 1: NSF building block (rack tier → cluster tier)



Source: KGI Research compiled

Meta opportunity:

800GbE switches used today, with 1.6TbE to take over in 2027F.

Accton has successfully re-entered Meta's switch supply chain with its 800GbE offerings. The firm's Minipack 3N platform, powered by Nvidia's Spectrum-4 chip, has seen robust demand. Based on our estimates, revenue from Meta's 800GbE switches accounted for a mid-teens percent of Accton's 2Q26 revenue, with contribution expected to rise further.

Based on our supply chain checks, we believe Meta's 1.6TbE switches will begin shipping in 3Q27. This timeline is broadly consistent with comments from Arista management, which indicated during earnings calls that its 1.6TbE products had entered pilot production and would require approximately one year before reaching mass production. Assuming initial shipments of nearly 1,000 units per month, we estimate that Meta's 1.6TbE switches will contribute a low-single digit share of Accton's 2027 revenue.

Considering these factors, we forecast Meta's revenue contribution to Accton will reach 14.7% in 2026 and increase further to 17.3% in 2027, implying 58.5% YoY growth. In addition to supporting revenue growth, this will help reduce client concentration risk.

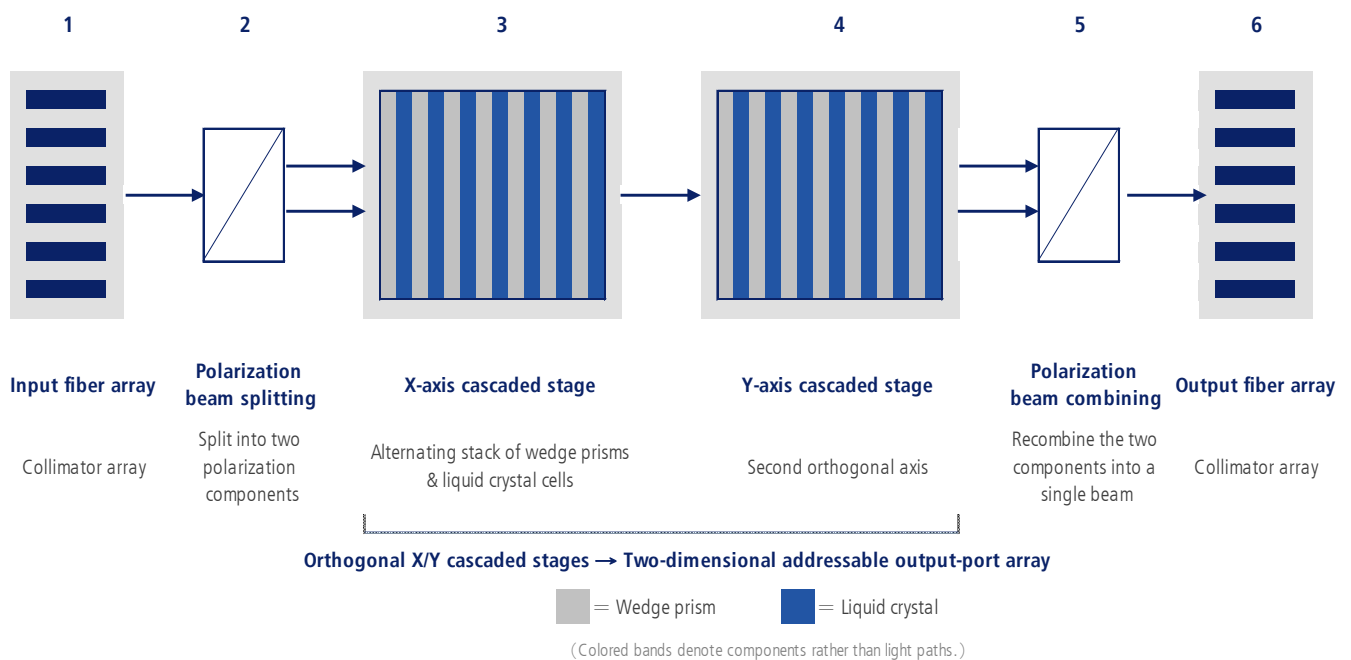
We believe Accton's successful re-entry into Meta's high-end switch supply chain could serve as a gateway to broader opportunities within Meta's networking infrastructure, enabling the firm to replicate its AWS playbook by expanding into ASIC core modules and switch trays.

OCS offers long-term growth potential; not yet included in our model

Accton completed the full acquisition of optical communications company InLC Technology in 2025, aiming to enter the optical circuit switch (OCS) market. OCS eliminates the need for optical-electrical-optical (OEO) conversion, allowing optical signals to be switched directly between fiber ports. This approach improves transmission efficiency while reducing power consumption.

Four major OCS technology routes currently exist. InLC adopts a liquid crystal (LC)-based approach, whereby an external electric field changes the alignment of LC molecules, altering the polarization state of incident light. Combined with polarization beam splitters, this enables optical path switching.

Figure 18: Optical transmission mechanism of liquid crystal-based OCS



Source: KGI Research compiled

Currently, the data-center OCS market is dominated by MEMS-based solutions jointly promoted by Google (US) and Lumentum (US). According to QY Research, Google is the market leader, while Coherent (US), which utilizes the same LC technology as Accton, ranks third in market share. Importantly, during its 3Q FY26 (FY ends June) and 4Q FY26 earnings calls, Coherent raised its estimate of the OCS TAM from US\$2.0bn to US\$4.0bn. While we expect MEMS-based solutions to remain the dominant OCS technology in the near term, we believe a more diverse technology landscape will preserve meaningful long-term opportunities for Accton.

Figure 19: Comparison of OCS technologies

Technology type	Port count	Cost per port	System cost	Insertion loss	Switching time	Drive voltage	Mechanical components	Representative vendors
Micro-electro-mechanical systems (MEMS)	High	High	High	< 3 dB	25 ms	High	Yes	Google & Lumentum
Liquid crystal (LC)	High	High	High	< 3 dB	100 ms	Low	No	Coherent
Piezoelectric	Low	High	High	< 3 dB	Moderate	Moderate	Yes	Polatis
Silicon photonic waveguide	Low	Low	Low	Around 6 dB	1 ms	Moderate	Yes	iPronics

Source: Coherent; KGI Research compiled

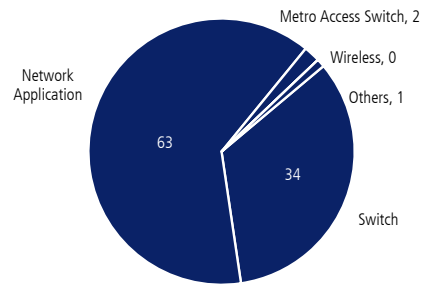
Figure 20: Company profile

Founded in 1988, Accton Technology manufactures telecom and enterprise networking devices. It is based in China (Shenzhen) and Taiwan (headquarters in Hsinchu), and supplies a spectrum of solutions to advanced networking, IT and telecom operators. Accton's sales mix in 1Q-3Q25 was switches (34%), network applications (63%), metro access switch (2%), wireless (0%), and broadband access & other (1%).

Source: Company data; KGI Research

Figure 21: 1Q-3Q25 sales mix

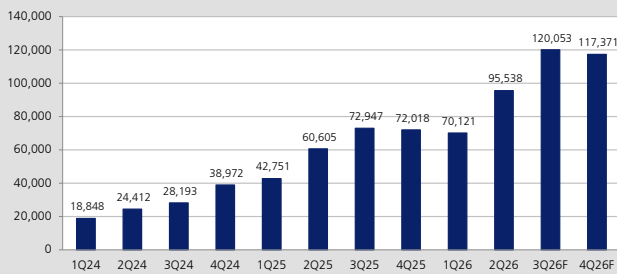
Sales weighting, percent



Source: Company data; KGI Research

Figure 22: Sales

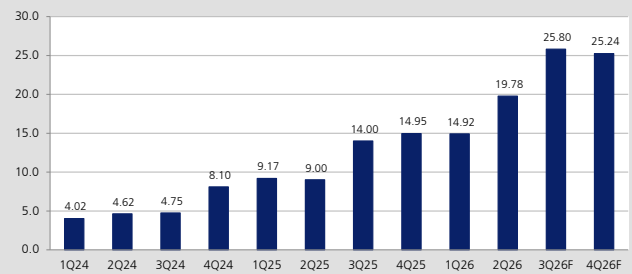
Sales, NT\$m



Source: KGI Research

Figure 23: EPS

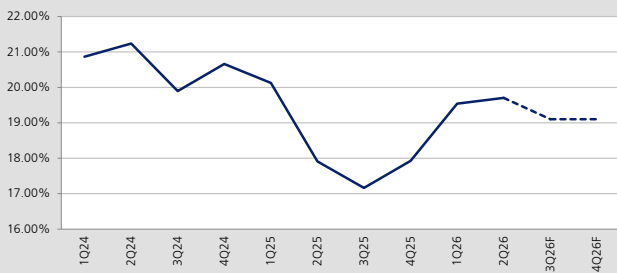
EPS, NT\$



Source: KGI Research

Figure 24: Gross Margin

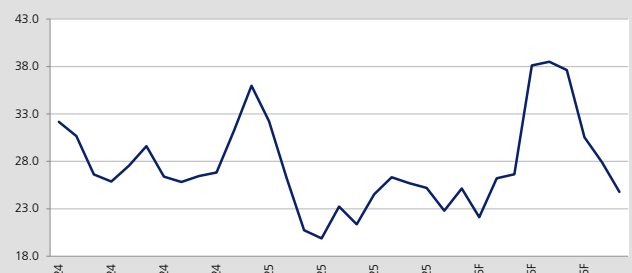
Gross margin, percent



Source: KGI Research

Figure 25: Rolling PE

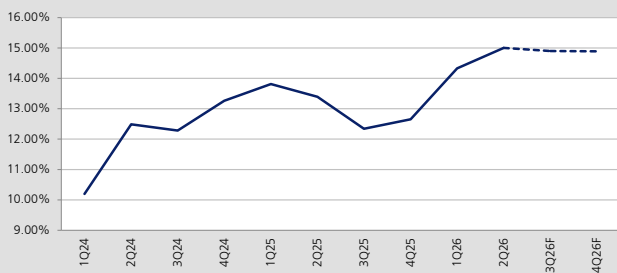
Rolling PE, times



Source: KGI Research

Figure 26: Operating Margin

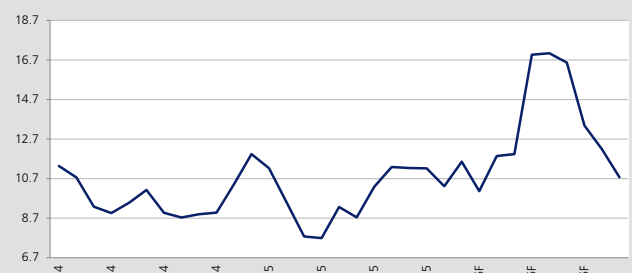
Operating margin, percent



Source: KGI Research

Figure 27: Rolling PB

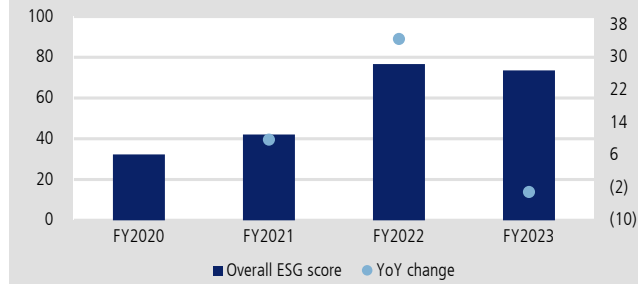
Rolling PB, times



Source: KGI Research

Figure 28: Overall ESG score

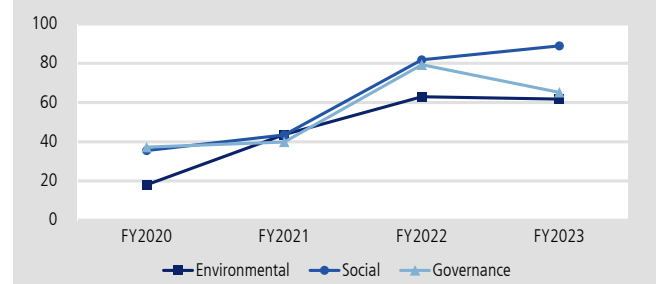
Overall ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; Company data

Figure 29: ESG score by category

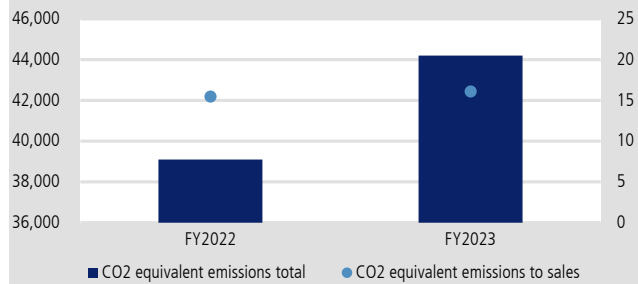
ESG score, points



Source: Refinitiv; Company data

Figure 30: CO2 equivalent emissions

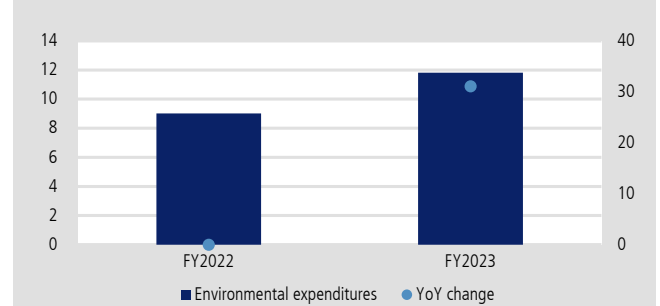
CO2 equivalent emissions, mt (LHS); emissions to revenue, mt/ US\$m (RHS)



Source: Refinitiv; Company data

Figure 31: Environmental Expenditures

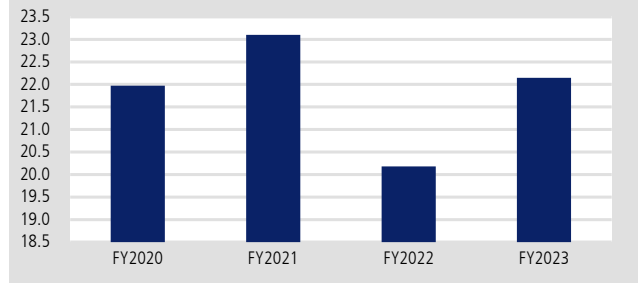
Environmental expenditures, NT\$m (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 32: Employees Turnover

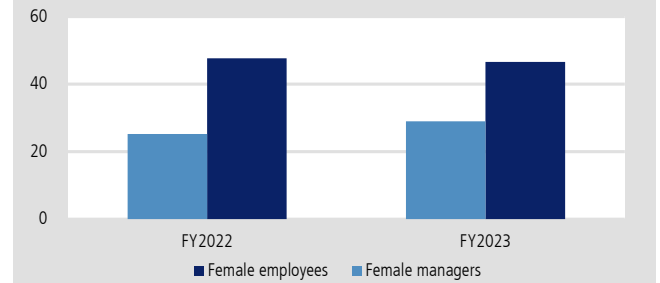
Employee turnover, percent



Source: Refinitiv; Company data

Figure 33: Gender Diversification

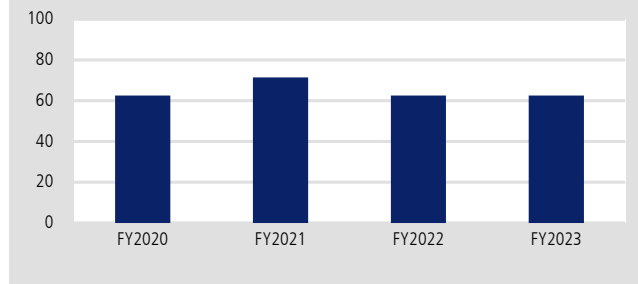
Weighting of female managers & employees, percent



Source: Refinitiv; Company data

Figure 34: Independent Board Members

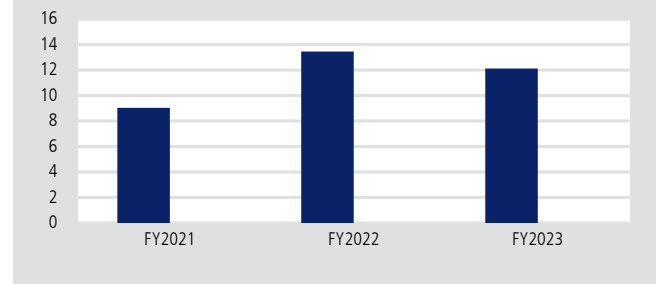
Independent Board Members, percent



Source: Refinitiv; Company data

Figure 35: Employee Training

Average annual training hours per employee



Source: Refinitiv; Company data

Figure 36: Comparison of ESG scores of communications & networking peers

Rank	Company Name	Country	ESG Combined Score	Rank	Company Name	Country	ESG Combined Score
1	Telefonaktiebolaget LM Ericsson	SE	85.05	49	Basler AG	DE	43.06
2	Dormakaba Holding AG	CH	82.97	50	Netas Telekomunikasyon AS	TR	42.66
3	Juniper Networks Inc	US	77.89	51	Avaya Holdings Corp	US	40.97
4	OKI Electric Industry Co Ltd	JP	76.32	52	Yealink Network Technology Co Ltd	CN	40.93
5	Zhejiang Dahua Technology Co Ltd	CN	74.34	53	Viavi Solutions Inc	US	40.35
6	Allegion PLC	IE	73.26	54	Aviat Networks Inc	US	39.94
7	ADVA Optical Networking SE	DE	71.38	55	Shenzhen Sunway Communication Co Ltd	CN	38.36
8	HMS Networks AB	SE	69.43	56	Extreme Networks Inc	US	37.99
9	Vtech Holdings Ltd	HK	68.19	57	Sonim Technologies Inc	US	36.34
10	Ascom Holding AG	CH	67.77	58	Digi International Inc	US	35.48
11	Spirent Communications plc	GB	65.66	59	Ituran Location and Control Ltd	IL	35.39
12	Kapsch Trafficcom AG	AT	64.79	60	Sensys Gatso Group AB	SE	35.13
13	Ciena Corp	US	64.47	61	InterDigital Inc	US	32.98
14	Huber+Suhner AG	CH	63.92	62	Comtech Telecommunications Corp	US	32.67
15	NETGEAR Inc	US	63.91	63	Teleste Oyj	FI	32.00
16	Arista Networks Inc	US	63.38	64	TESSCO Technologies Inc	US	28.74
17	Hangzhou Hikvision Digital Technology Co Ltd	CN	63.28	65	Ceragon Networks Ltd	IL	28.50
18	Sierra Wireless Inc	CA	62.59	66	Aferian PLC	GB	28.44
19	China Railway Signal & Communication Corp Ltd	CN	61.32	67	Net Insight AB	SE	27.80
20	Foxconn Industrial Internet Co Ltd	CN	60.24	68	Genasys Inc	US	27.60
21	Infinera Corp	US	58.99	69	Ovzon AB (publ)	SE	27.06
22	CommScope Holding Company Inc	US	58.63	70	Clavister Holding AB	SE	24.97
23	Ribbon Communications Inc	US	58.48	71	Kaile Science and Technology Co Ltd Hubei	CN	24.58
24	Plantronics Inc	US	57.94	72	Beijing BDStar Navigation Co Ltd	CN	24.47
25	Motorola Solutions Inc	US	57.86	73	Quarterhill Inc	CA	24.44
26	Fiberhome Telecommunication Technologies Co Ltd	CN	57.72	74	ADT Inc	US	23.65
27	Viasat Inc	US	55.42	75	Zhongji Innolight Co Ltd	CN	22.61
28	Cisco Systems Inc	US	55.29	76	Vivint Smart Home Inc	US	22.08
29	Maxar Technologies Inc	US	54.61	77	Inseego Corp	US	21.44
30	Lumentum Holdings Inc	US	54.56	78	Calix Inc	US	21.10
31	Bittium Oyj	FI	54.53	79	8x8 Inc	US	20.90
32	ADTRAN Inc	US	53.08	80	EchoStar Corp	US	19.86
33	Taiwan Secom Co Ltd	TW	52.78	81	Evertz Technologies Ltd	CA	19.24
34	Garmin Ltd	CH	50.64	82	Silicom Ltd	IL	17.94
35	Nokia Oyj	FI	50.20	83	Wrap Technologies Inc	US	15.90
36	Harmonic Inc	US	50.19	84	Ubiquiti Inc	US	15.02
37	Batm Advanced Communications Ltd	IL	49.91	85	EMCORE Corp	US	14.89
38	Iteris Inc	US	48.89	86	Airgain Inc	US	14.75
39	TomTom NV	NL	48.27	87	KMW Co Ltd	KR	14.44
40	PCTEL Inc	US	47.11	88	Audinate Group Ltd	AU	14.22
41	Hytera Communications Corp Ltd	CN	47.02	89	Casa Systems Inc	US	14.02
42	ZTE Corp	CN	46.92	90	London Security PLC	GB	13.48
43	KVH Industries Inc	US	45.76	91	S1 Corp	KR	12.71
44	Cambium Networks Corp	US	45.50	92	Fujian Star-net Communication Co Ltd	CN	11.32
45	Belden Inc	US	45.35	93	NAPCO Security Technologies Inc	US	9.46
46	Clearfield Inc	US	44.87	94	Tianjin 712 Communication & Broadcasting Co Ltd	CN	7.71
47	Accton Technology Corp	TW	44.52	95	Irisity AB (publ)	SE	6.99
48	Frequents AG	AT	44.11				

Source: Refinitiv

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'	
Renewable energy purchased	Total primary renewable energy purchased in gigajoules. - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	Direct CO2 and CO2 equivalent emissions in metric tons. - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
CO2 equivalent emissions to sales	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn) - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
Waste total	Total amount of waste produced in metric tons. - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered	
Waste recycling ratio	The waste recycling ratio as reported by the company. - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste	
Water withdrawal total	Total water withdrawal in cubic meters. - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered	
Environmental expenditures	Total amount of environmental expenditures. - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures	
Turnover of employees	Percentage of employee turnover. - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving	
Women managers	Percentage of women managers. - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100	
Women employees	Percentage of women employees. - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100	
Training hours total	Total training hours performed by all employees. - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv; Company data

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25A	Sep-25A	Dec-25A	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	42,751	60,605	72,947	72,018	70,121	95,538	120,053	117,371	248,320	403,083	544,935
Cost of goods sold	(34,103)	(49,741)	(60,428)	(59,129)	(56,412)	(76,720)	(97,123)	(94,953)	(203,401)	(325,208)	(436,790)
Gross profit	8,647	10,864	12,518	12,889	13,709	18,817	22,930	22,418	44,919	77,874	108,145
Operating expenses	(2,698)	(2,739)	(3,518)	(3,797)	(3,652)	(4,491)	(5,042)	(4,941)	(12,752)	(18,127)	(21,417)
Operating profit	5,905	8,116	9,001	9,112	10,049	14,331	17,888	17,477	32,135	59,747	86,728
Depreciation of fixed assets	(330)	(349)	(408)	(464)	(615)	(683)	(625)	(576)	(1,551)	(2,500)	(2,500)
Amortisation of intangible assets	(26)	(64)	(43)	(43)	(44)	(45)	(44)	(43)	(176)	(175)	(143)
EBITDA	6,262	8,529	9,452	9,619	10,708	15,059	18,557	18,096	33,861	62,422	89,371
Interest income	252	244	230	361	262	246	206	223	1,087	936	1,597
Investment income	-	-	-	1	-	-	15	44	88	59	21
Other non-op income	20	47	4	67	20	25	(15)	(44)	127	(14)	(21)
Non-operating income	272	290	234	429	282	270	206	223	1,302	981	1,597
Interest expense	(27)	(23)	(26)	(25)	(39)	(59)	(84)	(109)	(100)	(292)	(690)
Investment loss	(2)	-	-	-	(52)	17	-	35	-	-	-
Other non-op expenses	134	(1,771)	499	798	122	9	88	82	(420)	300	(52)
Non-operating expenses	105	(1,793)	473	773	31	(33)	4	7	(520)	9	(742)
Pre-tax profit	6,282	6,613	9,708	10,314	10,362	14,568	18,098	17,707	32,917	60,737	87,583
Current taxation	(1,160)	(1,596)	(1,888)	(1,966)	(2,029)	(3,521)	(3,620)	(3,541)	(6,611)	(12,711)	(17,517)
Minorities	6	15	7	8	8	6	-	-	36	14	-
Normalised net profit	5,127	5,032	7,827	8,356	8,341	11,053	14,478	14,165	26,342	48,040	70,067
Extraordinary items	(0)	(0)	0	(0)	0	(0)	-	-	-	-	-
Net profit	5,127	5,032	7,827	8,356	8,341	11,053	14,478	14,165	26,342	48,040	70,067
EPS (NT\$)	9.17	9.00	14.00	14.95	14.92	19.78	25.80	25.24	47.13	85.78	124.87
Margins (%)											
Gross profit margin	20.1	17.9	17.2	17.9	19.5	19.7	19.1	19.1	18.1	19.3	19.8
Operating margin	13.8	13.4	12.3	12.7	14.3	15.0	14.9	14.9	12.9	14.8	15.9
EBITDA margin	14.6	14.1	13.0	13.4	15.3	15.8	15.5	15.4	13.6	15.5	16.4
Pretax profit margin	14.7	10.9	13.3	14.3	14.8	15.2	15.1	15.1	13.3	15.1	16.1
Net profit margin	12.0	8.3	10.7	11.6	11.9	11.6	12.1	12.1	10.6	11.9	12.9
Sequential growth (%)											
Revenue growth	9.7	41.8	20.4	(1.3)	(2.6)	36.2	25.7	(2.2)			
Gross profit growth	6.9	26.2	15.3	3.1	6.1	37.4	21.8	(2.2)			
Operating profit growth	14.2	37.4	10.9	1.2	10.3	42.6	24.8	(2.3)			
EBITDA growth	13.7	36.2	10.8	1.8	11.3	40.6	23.2	(2.5)			
Pretax profit growth	11.0	5.3	46.8	6.2	0.5	40.6	24.2	(2.2)			
Net profit growth	13.3	(1.9)	55.5	6.8	(0.2)	32.5	31.0	(2.2)			
YoY growth (%)											
Revenue growth	126.8	148.3	158.7	84.8	64.0	57.6	64.6	63.0	124.9	62.3	35.2
Gross profit growth	119.9	109.5	123.2	59.8	58.5	73.2	83.2	73.9	97.1	73.5	38.9
Operating profit growth	207.4	166.3	159.9	76.3	70.2	76.6	98.7	91.8	136.3	85.9	45.2
EBITDA growth	188.1	157.2	150.8	74.7	71.0	76.6	96.3	88.1	129.3	84.3	43.2
Pretax profit growth	125.1	95.9	193.4	82.3	64.9	120.3	86.4	71.7	117.5	84.5	44.2
Net profit growth	128.5	94.9	195.3	84.7	62.7	119.7	85.0	69.5	119.5	82.4	45.8

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	56,576	86,320	143,231	270,887	364,633
Current assets	49,991	70,639	121,067	245,353	335,078
Cash & ST securities	24,333	25,465	51,463	79,571	121,167
Inventory	13,551	19,371	30,202	95,797	123,264
Accounts receivable	11,119	20,763	37,275	67,858	88,520
Other current assets	989	5,041	2,127	2,127	2,127
Non-current assets	6,584	15,681	22,164	25,534	29,555
LT investments	316	6,018	7,593	1,611	1,611
Net fixed assets	3,181	5,445	9,228	15,427	19,552
Other assets	3,086	4,217	5,342	8,495	8,392
Total liabilities	31,388	50,032	85,596	158,943	197,130
Current liabilities	29,080	46,920	82,184	154,386	193,130
Accounts payable	13,681	25,955	58,486	105,372	135,585
Interest bearing ST liabilities	434	476	492	12,442	20,974
Other current liabilities	14,964	20,489	23,206	36,571	36,571
Non-current liabilities	2,308	3,112	3,412	4,557	4,000
Long-term debt	538	281	84	1,910	1,167
Other L-T liabilities	389	987	1,023	342	528
Total equity	25,188	36,289	57,635	111,944	167,503
Share capital	5,604	5,611	5,611	5,611	5,611
Retained earnings reserve	15,100	22,004	41,330	95,650	151,209
Minority interests	-	(38)	96	85	85
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	9.0%	31.2%	124.9%	62.3%	35.2%
Operating profit growth	19.4%	18.3%	136.3%	85.9%	45.2%
EBITDA growth	18.6%	18.5%	129.3%	84.3%	43.2%
Net profit growth	9.2%	34.5%	119.5%	82.4%	45.8%
EPS growth	9.2%	34.4%	119.4%	82.0%	45.6%
Profitability					
Gross profit margin	22.9%	20.6%	18.1%	19.3%	19.8%
Operating margin	13.7%	12.3%	12.9%	14.8%	15.9%
EBITDA margin	14.8%	13.4%	13.6%	15.5%	16.4%
Net profit margin	10.6%	10.9%	10.6%	11.9%	12.9%
Return on average assets	17.4%	16.8%	23.0%	23.2%	22.1%
Return on average equity	39.1%	39.0%	56.1%	56.7%	50.2%
Stability					
Gross debt to equity	3.9%	2.1%	1.0%	12.8%	13.2%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	161.8	174.0	330.2	209.1	128.0
Interest & ST debt coverage (x)	1.0	1.0	1.0	0.8	0.8
Cash flow interest coverage(x)	251.8	113.7	348.5	48.6	79.4
Cash flow/int. & ST debt (x)	36.3	17.6	58.8	1.1	2.5
Current ratio (x)	1.7	1.5	1.5	1.6	1.7
Quick ratio (x)	1.3	1.1	1.1	1.0	1.1
Net debt (NT\$m)	(13,099)	(17,359)	(27,314)	(48,583)	(82,391)
Per share data					
EPS (NT\$)	15.99	21.49	47.13	85.78	124.87
CFPS (NT\$)	32.93	17.80	62.36	25.34	97.65
BVPS (NT\$)	44.95	64.74	102.54	199.35	298.37
Adj BVPS (NT\$)	45.14	65.04	102.95	199.74	298.37
SPS (NT\$)	150.88	197.71	444.29	719.77	971.16
EBITDA/share (NT\$)	22.32	26.44	60.58	111.47	159.27
Cash DPS (NT\$)	10.00	12.00	15.00	27.36	39.90
Activity					
Sales / avg assets	1.64	1.55	2.16	1.95	1.71
Days receivable	48.2	68.8	54.8	61.4	59.3
Days inventory	76.2	80.9	54.2	107.5	103.0
Days payable	76.9	108.4	105.0	118.3	113.3
Cash cycle	47.5	41.3	4.0	50.7	49.0

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	84,188	110,425	248,320	403,083	544,935
Cost of goods sold	(64,926)	(87,634)	(203,401)	(325,208)	(436,790)
Gross profit	19,263	22,791	44,919	77,874	108,145
Operating expenses	(7,762)	(9,176)	(12,752)	(18,127)	(21,417)
Operating profit	11,501	13,601	32,135	59,747	86,728
Non-operating income	727	991	1,302	981	1,597
Interest income	639	870	1,087	936	1,597
Investment income	15	17	88	59	21
Other non-op income	72	104	127	(14)	(21)
Non-operating expenses	(496)	541	(520)	9	(742)
Interest expense	(73)	(87)	(100)	(292)	(690)
Investment loss	(3)	(3)	-	-	-
Other non-op expenses	(420)	632	(420)	300	(52)
Pre-tax profit	11,732	15,134	32,917	60,737	87,583
Current taxation	(2,812)	(3,135)	(6,611)	(12,711)	(17,517)
Minorities	-	1	36	14	-
Extraordinary items	-	(0)	(0)	-	-
Net profit	8,920	12,000	26,342	48,040	70,067
EBITDA	12,455	14,764	33,861	62,422	89,371
EPS (NT\$)	15.99	21.49	47.13	85.78	124.87

Cash flow

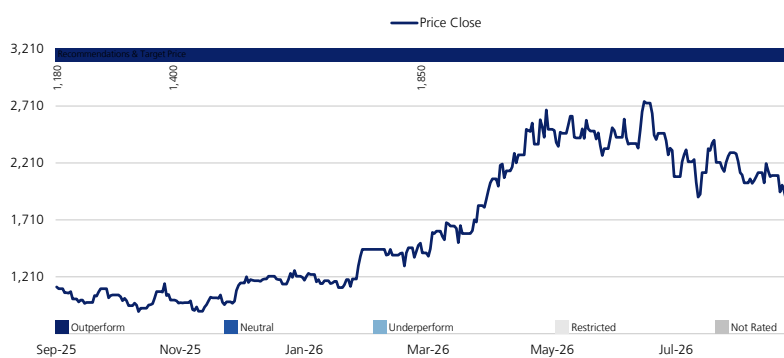
NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	18,371	9,942	34,852	14,190	54,793
Net profit	8,920	12,000	26,342	48,040	70,067
Depreciation & amortisation	953	1,163	1,727	2,675	2,643
Decrease in working capital	2,131	(3,784)	3,360	(51,276)	(40,304)
Other operating cash flow	6,366	564	3,423	14,749	22,388
Investing cash flow	(5,666)	262	(19,149)	7,604	(8,000)
Sale of ST investment	(3,967)	2,957	(15,697)	-	-
New investments	-	(98)	550	226	388
Capital expenditure	(2,245)	(2,762)	(4,894)	(8,000)	(8,000)
Others investing cashflow	546	164	892	15,378	(388)
Free cash flow	9,509	5,309	25,698	(9,532)	23,579
Financing cash flow	(7,056)	(6,215)	(6,663)	6,265	10,633
Increase in short term debt	137	(38)	154	8,766	11,376
Increase in long term loans	(2,701)	(301)	(342)	2,147	(743)
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(4,185)	(5,582)	(6,148)	-	-
Other financing cashflow	(307)	(295)	(327)	(4,648)	-
Forex effects	(275)	635	156	(68)	(220)
Total cash generated	5,375	4,623	9,197	27,991	57,206

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	9.2%	8.3%	5.1%	4.5%	3.9%
= Operating margin	13.7%	12.3%	12.9%	14.8%	15.9%
1 / (Working capital/revenue	(0.0)	(0.0)	(0.0)	0.1	0.1
+ Net PPE/revenue	0.0	0.0	0.0	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	95.8	22.5	(147.3)	10.0	8.7
Operating margin	13.7%	12.3%	12.9%	14.8%	15.9%
x Capital turnover	95.8	22.5	(147.3)	10.0	8.7
x (1 - tax rate)	76.0%	79.3%	79.9%	79.1%	80.0%
= After-tax ROIC	994.8%	220.0%	(1523.4%)	116.8%	111.0%

Source: Company data; KGI Research estimates

Accton Technology – Recommendation & target price history



Date	Rating	Target	Price
2026-03-12	Outperform	1,850	1,505
2025-11-08	Outperform	1,400	1,005
2025-08-07	Outperform	1,180	975
2025-05-08	Outperform	950	648
2025-03-13	Outperform	930	650
2025-02-20	Outperform	930	706
2024-12-02	Outperform	760	704
2024-11-08	Outperform	700	584
2024-08-08	Outperform	700	491
2024-05-09	Outperform	620	444

Source: TEJ; KGI Research

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