Morgan Stanley | RESEARCH

UPDATE

July 28, 2026 09:19 PM GMT

Accton Technology Corporation | Asia Pacific

Read-across from Celestica's 2Q26 Results

Positive implications from Celestica's optimistic comments on the network switch and overall AI demand in 2026-27 and beyond.

Celestica (CLS.N, NC, US$318.24) 2Q26 results:

- 2Q26 revenue of US$4,699mn (+16% QoQ/+62% YoY), non-GAAP operating margin of 8.2%, a record high, and non-GAAP EPS of US$2.54 (+18% QoQ/+83% YoY).
  - Surpassed high end of guidance and 7%/10% above consensus for revenue/earnings, respectively.
  - Drivers: Stronger CCS revenue (81% of the mix in 2Q26), including communications (networking) and enterprise (server+storage) growth of 62% and 167% YoY, respectively, vs. guidance 50% and 130% YoY.
- 3Q26 revenue guided at US$5,250-5,550mn (+15% QoQ/+69% YoY at the midpoint) vs. consensus at US$4,999mn and 2026 revenue target raised to US$20.5bn for revenue (+65% YoY vs. prior US$19bn).
  - Drivers: Strong demand for network switches (ramps of 800G and initial shipments of 1.6T) and AI/ML compute as well as improved storage orders.
- 2027 revenue guided to grow over 65% YoY, off the high base this year.
  - Drivers: Network switch (growing 800G, more 1.6T, AMD Helios scale up switch) and AI/ML compute (next-generation platform from its largest customer and customize rack for OpenAI).
- Other comments
  - Samples for its CPO project will come out in 1H27 with mass production in 2H27.
  - Component supply still tight, but guidance has taken that into consideration.

Our view:

- We see positive implications from Celestica's comments on the increasing demand from 800G switches and the ramp of 1.6T, on top of the continuous strength from 400G, extending into 2027.
- Component supply tightness remains an issue, but that could put big players, e.g., Accton and Celestica, better positioned to fulfill orders.
- We stay constructive on Accton, as it will continue to benefit from the secular growth in network switches amid increasing data traffic, spec upgrades, and a wider customer base as well as the AI accelerator modules on the initiatives for compute diversity.

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Accton Technology Corporation (2345.TW, 2345 TT)

Top Pick

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$3,800.00
Up/downside to price target (%)	86
Shr price, close (Jul 28, 2026)	NT$2,040.00
52-Week Range	NT$2,825.00-791.00
Sh out, dil, curr (mn)	559
Mkt cap, curr (mn)	NT$1,140,172
EV, curr (mn)	NT$1,079,521
Avg daily trading value (mn)	NT$7,637

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	47.13	85.77	115.77	145.77
EPS (NT$)§	45.42	77.68	115.26	161.41
Revenue, net (NT$ mn)	248,320	396,284	507,015	619,002
EBITDA (NT$ mn)	33,894	63,604	85,643	106,946
ModelWare net inc (NT $ mn)	26,342	47,937	64,707	81,469
P/E	25.1	23.8	17.6	14.0
P/BV	11.5	12.1	7.9	5.5
RNOA (%)	622.3	(1,508.8)	4,169.4	1,577.1
ROE (%)	72.6	83.2	68.6	56.6
EV/EBITDA	17.8	16.5	11.7	8.8
Div yld (%)	0.9	1.0	1.3	1.7
FCF yld ratio (%)**	4.5	3.8	5.4	6.8
Leverage (EOP) (%)	(101.7)	(96.3)	(95.1)	(94.8)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
** = Based on consensus methodology
e = Morgan Stanley Research estimates

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Accton Technology Corporation 2345.TW			
Celestica 2Q26 results	28 Jul 2026	Unchanged	↑ Modest upside surprise

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Accton Technology Corporation (2345.TW)

Base case, P/E, which we believe better captures the company's earnings growth momentum. We assign a target P/E of 33x to our 2027 EPS estimate, which we view as justified by an operating profit CAGR of 48% for 2025-28, based on our estimates. This implies a PEG of around 0.7, vs. its average of 0.7 over 2019-25, when the stock was trading at a P/E of 22x for an operating profit CAGR of 32%.

Risks to Upside

- Stronger data center capex
- Faster network switch spec migration
- InfiniBand losing share in AI networks
- Stronger custom AI accelerator growth
- Stronger ODM direct business model adoption

Risks to Downside

- Weaker data center capex
- Slower network switch spec migration
- InfiniBand taking more share in AI networks
- Softer custom AI accelerator growth
- Softer ODM direct business model adoption

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(as of June 30, 2026)

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	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	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

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.

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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.

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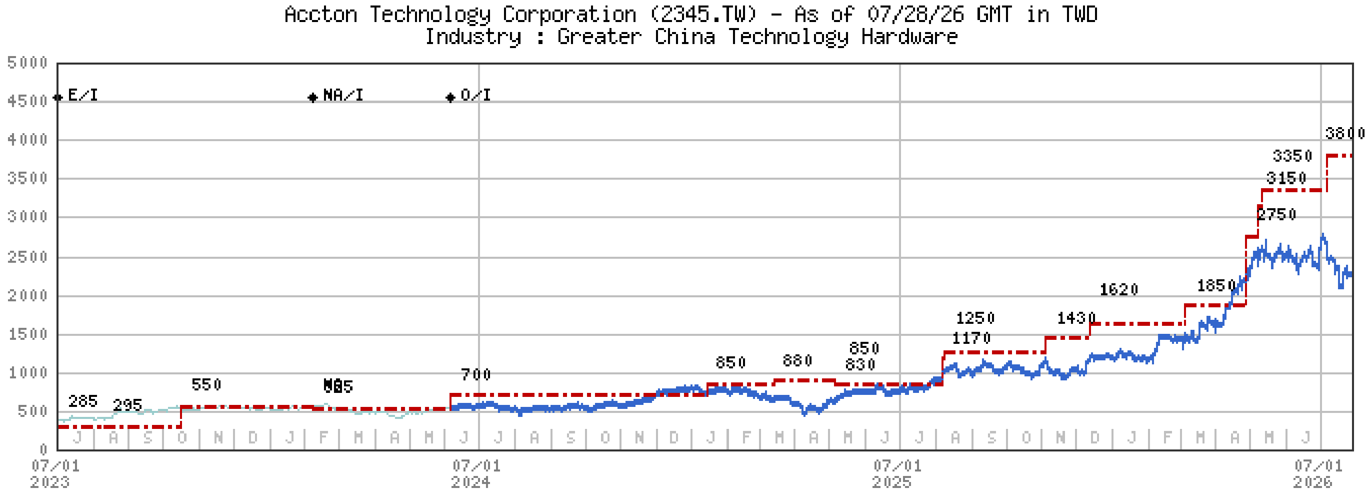
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 7/1/21 : O/I; 11/12/21 : E/I; 2/7/24 : NA/I; 6/6/24 : O/I

Price Target History: 3/19/21 : 320; 7/28/21 : 336; 11/12/21 : 265; 1/10/22 : 280; 3/7/22 : 270; 5/13/22 : 235; 6/7/22 : 248; 8/12/22 : 275; 5/22/23 : 285; 8/10/23 : 295; 10/17/23 : 550; 2/7/24 : NA; 2/8/24 : 525; 6/6/24 : 700; 1/14/25 : 850; 3/13/25 : 880; 5/6/25 : 830; 5/9/25 : 850; 8/6/25 : 1170; 8/8/25 : 1250; 11/4/25 : 1430; 12/12/25 : 1620; 3/6/26 : 1850; 4/27/26 : 2750; 5/7/26 : 3150; 5/11/26 : 3350; 7/6/26 : 3800

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)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/28/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$38.84
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb173.57
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.18
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.53
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.37
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb406.90
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$482.50
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb22.85
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.42
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb36.14
Largan Precision (3008.TW)	O (07/10/2026)	NT$3,900.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.23
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.03
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb60.10
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.83
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.78
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb48.92
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$29.46
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb65.60
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.05
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb181.56
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.84
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$29.26
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb302.30

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$109.30
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb101.66
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb26.10
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb908.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$24.12
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.03
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,040.00
Advantech (2395.TW)	O (01/20/2021)	NT$556.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,365.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,240.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$23.90
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$870.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,215.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.58
Chenbro (8210.TW)	O (07/23/2025)	NT$1,020.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,940.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,580.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$173.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$49.20
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,340.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$300.00
Innolux (3481.TW)	E (04/07/2025)	NT$45.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,450.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb33.86
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$194.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.91
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.33
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb209.40
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$28.85
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$735.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$184.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.70
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.86
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb58.08
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$327.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$809.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$238.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb79.85
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,710.00
Lenovo (0992.HK)	O (07/10/2026)	HK$23.42
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,835.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$976.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$83.20
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$313.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb113.39
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb318.10
Unimicron (3037.TW)	O (02/23/2026)	NT$764.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$302.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$170.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,315.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$563.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$427.50

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.