Morgan Stanley | RESEARCH

UPDATE

October 26, 2026 10:24 PM GMT

Accton Technology Corporation | Asia Pacific

Announced Rights Issuance

What's new:

- Accton's BoD has approved a rights issuance of up to 10mn common shares.
- Proceeds will be used for working capital and bank loan repayment.

Our view:

- The share dilution will be manageable at up to ~2%.
- We view the recent correction (-10% vs. flat for Taiex over the past 2 trading sessions) a good opportunity to accumulate positions, as the current valuation of 15-16x 2027e P/E has approached the trough level since 2020 and the revenue and gross margin should continue to grow on a QoQ basis into 4Q26.
- Stay OW.

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Morgan Stanley appreciates your support in the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

Accton Technology Corporation (2345.TW, 2345 TT)

Top Pick

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$3,500.00
Up/downside to price target (%)	97
Shr price, close (Oct 22, 2026)	NT$1,775.00
52-Week Range	NT$2,825.00-888.00
Sh out, dil, curr (mn)	559
Mkt cap, curr (mn)	NT$992,062
EV, curr (mn)	NT$931,410
Avg daily trading value (mn)	NT$8,391

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	47.13	83.77	115.77	145.77
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	45.42	85.80	118.74	166.21
Revenue, net (NT$ mn)	248,320	413,479	541,272	667,428
EBITDA (NT$ mn)	33,894	62,436	85,653	106,950
ModelWare net inc (NT $ mn)	26,342	46,817	64,707	81,472
P/E	25.1	21.2	15.3	12.2
P/BV	11.5	10.6	6.9	4.8
RNOA (%)	622.3	(1,479.8)	4,110.1	1,435.9
ROE (%)	72.6	81.2	69.2	56.9
EV/EBITDA	17.8	14.4	10.0	7.4
Div yld (%)	0.9	1.1	1.5	1.9
FCF yld ratio (%)**	4.5	4.3	6.1	7.8
Leverage (EOP) (%)	(101.7)	(96.2)	(94.8)	(94.4)

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

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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 30x 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 0.6, 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 September 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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.

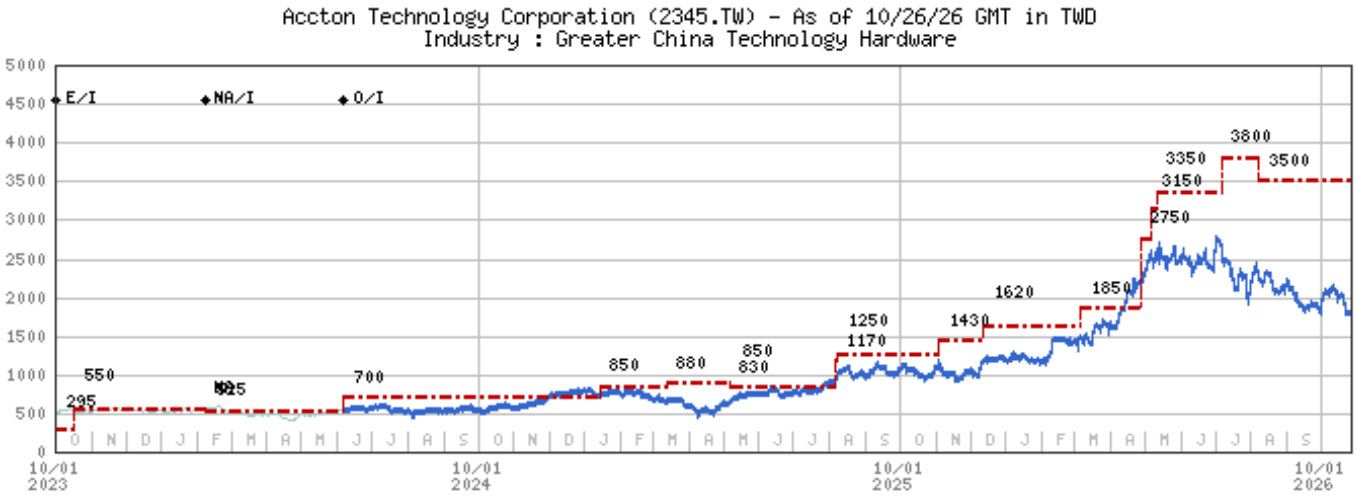
Analyst Stock Ratings

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



Stock Rating History: 10/1/21 : O/I; 11/12/21 : E/I; 2/7/24 : NA/I; 6/6/24 : O/I

Price Target History: 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; 8/7/26 : 3500

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* (10/26/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$35.38
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb122.53
BYD Electronics (0285.HK)	O (04/28/2023)	HK$22.58
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.05
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.69
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb251.69
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,160.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb23.52
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.42
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.99
Largan Precision (3008.TW)	O (10/13/2026)	NT$6,175.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.70
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.59
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$4.81
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$49.00
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb49.81
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.37
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.66
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb76.09
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$36.52
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb56.59
Sunny Optical (2382.HK)	E (03/23/2026)	HK$62.95
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb196.98

Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb10.85
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.90
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb297.80
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$102.30
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb96.23
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb22.13
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb594.50
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$721.50
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$19.10
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb28.03
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,775.00
Advantech (2395.TW)	O (01/20/2021)	NT$670.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,100.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,145.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$35.40
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,360.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,875.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.87
Chenbro (8210.TW)	O (07/23/2025)	NT$764.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,980.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,560.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$153.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$61.70
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,335.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$299.00
Innolux (3481.TW)	E (04/07/2025)	NT$46.75
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,755.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb27.96
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$255.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.47
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.92
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.45
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$946.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$196.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$37.30
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$5,070.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.59
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb46.73
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$349.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,115.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$245.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb57.16
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$35.98
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,375.00
Lenovo (0992.HK)	O (07/10/2026)	HK$21.74
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,795.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,265.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$103.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$322.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb100.26
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb267.51
Unimicron (3037.TW)	O (02/23/2026)	NT$1,085.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$467.00

Wistron Corporation (3231.TW)	O (07/12/2023)	NT$190.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,840.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$507.00
Zhen Ding (4958.TW)	++	NT$567.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$438.50
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,420.00

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