

## Arista Networks, Inc. (ANET)

**\$132.44** (Stock Price as of 12/30/2025)

Price Target (6-12 Months): **\$142.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 10/06/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: D

Value: F

Growth: B

Momentum: D

### Summary

Arista is witnessing solid demand among enterprise customers backed by its multi-domain modern software approach which is built upon its unique and differentiating foundation, the single EOS (Extensible Operating System) and CloudVision stack. The versatility of Arista's unified software stack across various use cases including WAN routing, campus and data center infrastructure sets it apart from its competitors. The Arista 2.0 strategy is resonating well with customers with its modern networking platforms being foundational for transformation from silos to centers of data. However, Arista continues to derive a substantial portion of its revenue from a limited number of large customers, leading to high customer concentration. Stiff competition in cloud networking solutions is weighing on margins. Increasing operating costs are worrisome.

### Data Overview

52 Week High-Low	\$164.94 - \$59.43
20 Day Average Volume (sh)	5,661,842
Market Cap	\$168.9 B
YTD Price Change	21.4%
Beta	1.41
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Internet - Software</a>
Zacks Industry Rank	Top 26% (62 out of 243)

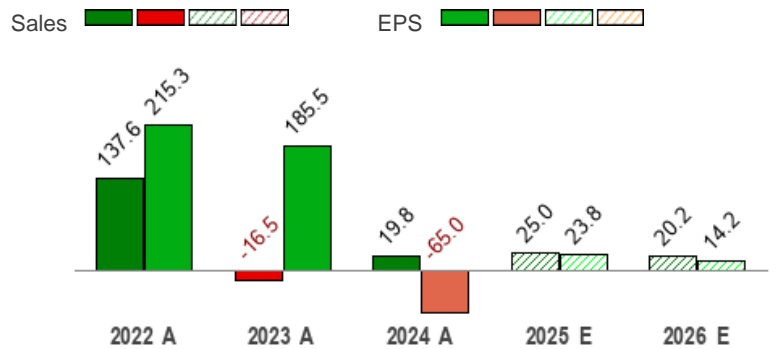
Last EPS Surprise	4.2%
Last Sales Surprise	2.1%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	02/17/2026
Earnings ESP	0.0%

P/E TTM	48.3
P/E F1	20.4
PEG F1	1.1
P/S TTM	20.0

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					10,519 E
2025	2,005 A	2,205 A	2,308 A		8,751 E
2024	1,571 A	1,690 A	1,811 A	1,930 A	7,003 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					3.21 E
2025	0.65 A	0.73 A	0.75 A		2.81 E
2024	0.50 A	0.52 A	0.60 A	0.65 A	2.27 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/30/2025.

(2) The report's text and the price target are as of 12/09/2025.

## Overview

Santa Clara, CA-based Arista Networks, Inc. is engaged in providing cloud networking solutions for data centers and cloud computing environments. The company offers 10/25/40/50/100 Gigabit Ethernet switches and routers optimized for next generation data center networks.

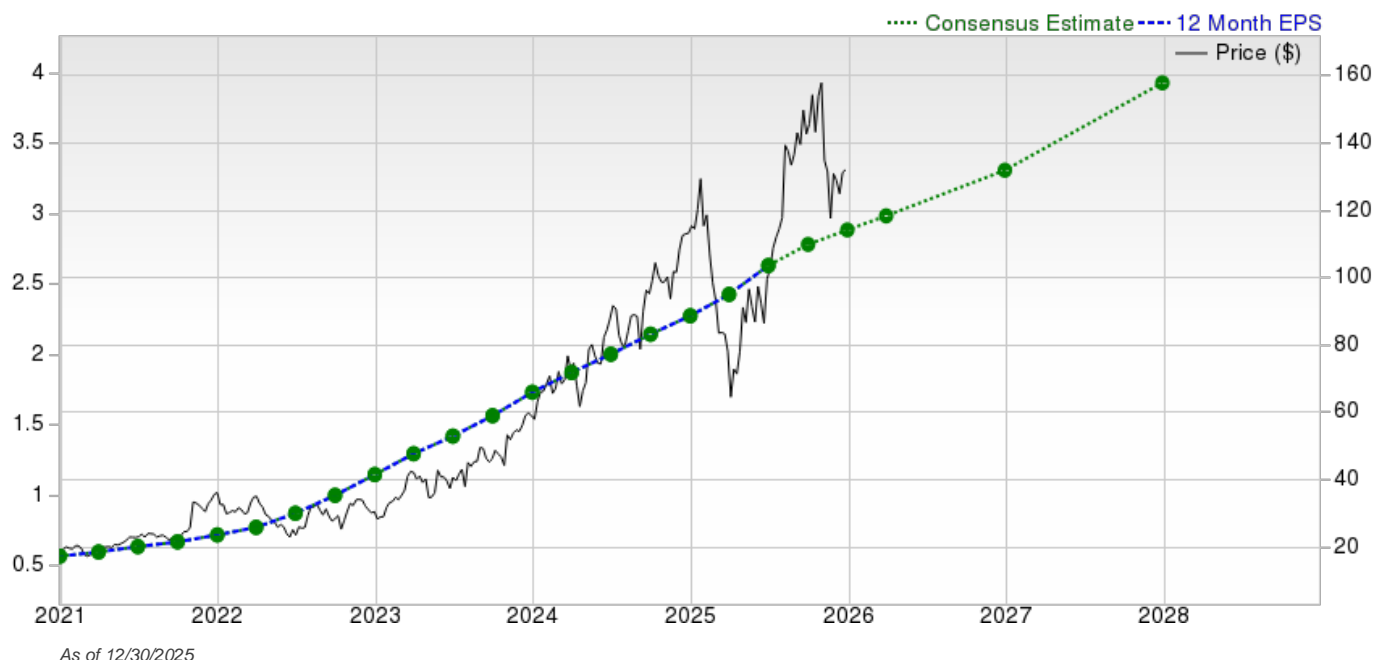
Arista uses multiple silicon architectures across its products. At the core of the company's cloud networking solutions is the Linux-based Extensible Operating System (EOS), which was architected to be fully programmable and highly modular.

EOS supports leading cloud and virtualization solutions, including Microsoft System Center, OpenStack and other cloud management frameworks. The company co-authored the Virtual Extensible LAN (VXLAN) protocol specification with VMware and was the first to demonstrate VXLAN integration. It has now expanded VXLAN routing and integration.

In 2015, Arista introduced CloudVision, a network-wide approach for workload orchestration and workflow automation delivering a turnkey solution for cloud networking. In 2019, Arista introduced 10 new 400G platforms. In the Leaf/Spine High Network Radix category, it now offers two new fixed 32 port 400G switches and a 128 port 100G/32 port 400G modular switch. For the Universal Leaf and Spine category of switching, the company introduced R3 series 100G and 400G products supporting up to 2.5M routes on its 7280R3 series fixed and 7500R3 series modular platforms.

Arista introduced a modular family called the 7800R3, a high density 100G and 400G platform supporting up to 460 Tbps of system throughput. Also, it launched the 720XP Series of fixed Power over Ethernet (PoE) leaf switches with 60W PoE, enabling it to offer a complete end-to-end solution for cognitive campus Ethernet as well as the introduction of WiFi-6 wireless Access Points (APs).

The company serves five verticals namely – cloud titans (customers that deploy more than one million servers), cloud specialty providers, service providers, financial services and rest of enterprise. Arista's customers include six of the largest cloud service providers based on annual revenues. In 2024, total revenues were \$7 billion.



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## Reasons To Buy:

- ▲ The **Arista 2.0 strategy** is resonating well with customers with its modern networking platforms being foundational for transformation from silos to centers of data. The company is well-positioned with the right network architecture for client-to-campus data center cloud and AI networking backed by three guiding principles. These include the best-in-class, highly proactive products with resilience, zero-touch automation and telemetry with predictive client-to-cloud one-click operations with granular visibility and prescriptive insights for deeper AI algorithms.
- ▲ Arista should benefit from its **software-driven, data-centric approach** that helps customers build their cloud architecture and enhance the cloud experience they offer their clients. The company holds a leadership position in 100-gigabit Ethernet switching for the high-speed datacenter segment. It is increasingly gaining market traction in 200- and 400-gig high-performance switching products and remains well-positioned for healthy growth in data-driven cloud networking business with proactive platforms and predictive operations.
- ▲ Arista has made several additions to its multi-cloud and cloud-native software product family with CloudEOS Edge. It has introduced new **cognitive Wi-Fi software** that delivers intelligent application identification, automated troubleshooting and location services. This supports video conferencing applications like Google Hangouts, Microsoft Teams and Zoom provides a competitive advantage against its rivals. The acquisition of Awake Security, a Network Detection and Response platform provider that combines artificial intelligence with human expertise to autonomously hunt and respond to insider and external threats, has expanded its cognitive campus portfolio with new platforms. These include the 750 Series modular chassis and the 720 Series 96 port fixed switch. Arista has also announced unified edge innovations across wired and wireless networks for its Cognitive Campus Edge portfolio for Enterprise Workspaces and an enterprise-grade Software-as-a-Service offering for the flagship CloudVision platform.
- ▲ Arista **continues to benefit from the expanding cloud networking market**, which is driven by the strong demand for scalable infrastructure. In addition to high capacity and easy availability, its cloud networking solutions promise predictable performance along with programmability that enables integration with third-party applications for network management, automation and orchestration. The company's product portfolio facilitates the implementation of high performance, highly scalable and appropriate solutions for every environment. It offers one of the broadest range of datacenter and campus Gigabit Ethernet switches (1/2.5/5/10/25/40/50/100/400) and routers in the industry. Arista provides routing and switching platforms with industry-leading capacity, low latency, port density and power efficiency. The company also continues to innovate in areas such as deep packet buffers, embedded optics and reversible cooling. Such a comprehensive portfolio augurs well for its long-term growth. Arista is witnessing solid demand among enterprise customers backed by its multi-domain modern software approach which is built upon its unique and differentiating foundation, the single EOS (Extensible Operating System) and CloudVision stack. The versatility of Arista's unified software stack across various use cases including WAN routing, campus and data center infrastructure sets it apart from its competitors.

Arista is well-poised for growth in data-driven cloud networking business with a leadership position in 100-gigabit Ethernet switches, industry-leading capacity, low latency, port density and power efficiency.

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## Reasons To Sell:

- ▼ Arista continues to enhance its existing product line and develop new technologies and products that address emerging technological trends, evolving industry standards and changing end-customer needs. This often **increases operating costs**. Total operating expenses in the second quarter of 2025 increased by around 36% to \$512 million, owing to higher headcount, new product introduction costs and higher variable compensation expenditures.
- ▼ Redesigning products and their supply chain mechanism has eroded the company's margins. The company is witnessing increased demand, but there are **lingering supply bottlenecks** for advanced products. Therefore, it is increasing orders for these components and trying to build up inventory, which is blocking working capital.
- ▼ Arista faces **stiff competition** in cloud networking solutions, particularly in the 10-gigabit Ethernet and above. Cisco is the dominant player in the data center networking market by virtue of its diverse portfolio of IP-based networking products. Apart from Cisco, Arista faces significant competition from large network equipment and system vendors such as Brocade, Dell, Hewlett-Packard, Extreme Networks and Mellanox Technologies.
- ▼ Arista continues to derive a substantial portion of its revenue from a limited number of large customers, leading to **high customer concentration**. Any change in demand patterns of these clients can significantly affect the top line. For instance, Microsoft and Meta Platforms represented 20% and 15% of total revenues in fiscal 2024.

Fierce competition, customer concentration and rising operating costs are major concerns for the company.

## Last Earnings Report

### Arista Q3 Earnings Beat Estimates on Solid Top-Line Improvement

Arista reported strong third-quarter 2025 results, with revenues and adjusted earnings soaring year over year, driven by robust demand trends. Innovative product launches and steady customer additions backed by the company's best-in-class portfolio strength led to top-line expansion, while steady margin improvement contributed to earnings growth. Both the bottom and the top lines beat the respective Zacks Consensus Estimate.

**FY Quarter Ending** 12/31/2024

Earnings Reporting Date	Nov 04, 2025
Sales Surprise	2.11%
EPS Surprise	4.17%
Quarterly EPS	0.75
Annual EPS (TTM)	2.78

### Net Income

GAAP net income in the reported quarter increased to \$853 million or 67 cents per share from \$748 million or 58 cents per share in the year-ago quarter, propelled by higher revenues.

On a non-GAAP basis, net income was \$962.3 million or 75 cents per share compared with \$769 million or 60 cents per share in the year-earlier quarter. The bottom line beat the Zacks Consensus Estimate by 3 cents.

### Revenues

Revenues surged to \$2.31 billion from \$1.81 billion in the prior-year quarter, driven by strength across the product portfolio. The company introduced various solutions for cloud, Internet service providers and enterprise networks to meet the rising demands of AI/ML-driven network architectures. These innovations enabled Arista to deliver a superior customer experience and increase customer engagement. The top line beat the consensus estimate of \$2.24 billion.

Net quarterly sales from Products totaled \$1.91 billion compared with \$1.52 billion in the year-ago quarter. Service revenues increased to \$396.6 million from \$287.1 million. Arista witnessed positive demand trends owing to its strong product portfolio, which is highly scalable, programmable and provides data-driven automation, analytics and world-class support services.

Net sales from the Americas contributed approximately 80% to total revenues, while international revenues accounted for the remainder. Driven by its relentless pursuit of innovative products, Arista maintains a strong leadership position in the Data Center and Cloud Networking vertical.

### Other Details

Non-GAAP gross profit rose to \$1.51 billion from \$1.17 billion for respective margins of 65.2% and 64.6%. The margin was above the company's guidance and was buoyed by improved inventory management and supply-chain discipline.

Total operating expenses were \$512 million, up from \$376.4 million in the year-ago quarter. Research & development costs rose to \$326 million from \$235.8 million. Sales and marketing expenses also increased to \$151.2 million from \$106.8 million due to a rise in headcount, new product introduction costs and higher variable compensation expenditures. Operating income for the quarter was \$978.2 million, up from \$785.3 million.

### Cash Flow & Liquidity

In the first nine months of 2025, Arista generated \$3.11 billion of net cash from operating activities compared with \$2.68 billion in the year-ago period. As of Sept. 30, 2025, the company had \$2.33 billion in cash and cash equivalents and \$309.6 million in other long-term liabilities. Arista has \$1.4 billion worth of shares available for repurchase under its \$1.5 billion share buyback program.

### Outlook

For the fourth quarter of 2025, management expects revenues to be between \$2.3 billion and \$2.4 billion, driven by healthy growth momentum and solid demand trends. Non-GAAP gross margin is expected to be 62%-63% and non-GAAP operating margin about 47%-48%.

Revenues for 2025 are likely to grow 26%-27% year over year to approximately \$8.87 billion, with a gross margin of 64% and an operating margin of 48%. Revenues for 2026 are expected to be roughly \$10.65 billion, up 20% year over year.

## Recent News

On Oct. 29, 2025, Arista announced the launch of the next-generation family of R4 Series platforms for AI, data center (DC) and routed backbone deployment. With a broad portfolio of fixed and modular solutions for scalable and multiple use cases, the R4 family of routers helps customers reduce the total cost of ownership (TCO) while ensuring high performance, low AI job completion time, low power consumption and integrated security.

On July 1, 2025, Arista announced that it had acquired the VeloCloud SD-WAN portfolio from Broadcom Inc. for an undisclosed amount. The buyout has offered Arista complementary products and services with a production-proven SD-WAN architecture, a dedicated customer base of more than 20,000 and a seasoned sales channel. The acquisition will enable Arista to offer end-to-end networking solutions to a wider range of customers and augment its secure access service edge networking gear, which supports remote workers and branch offices.

## Valuation

Arista's shares are up 37.8% over the past six months and up 23.2% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 2.8% over the past six months, while stocks in the Zacks Computer and Technology sector are up 39% in the same period. Over the past year, the Zacks sub-industry is up 4.7% and the sector is up 27.3% in the same period.

The S&P 500 Index is up 22.6% in the past six months and up 15.6% in the past year.

The stock is currently trading at 39.41X forward 12-month earnings, which compares to 34.16X for the Zacks sub-industry, 29.03X for the Zacks sector and 23.59X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 66.49X and as low as 24.58X, with a five-year median of 37.21X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$142 price target reflects 3.6X forward 12-month earnings.

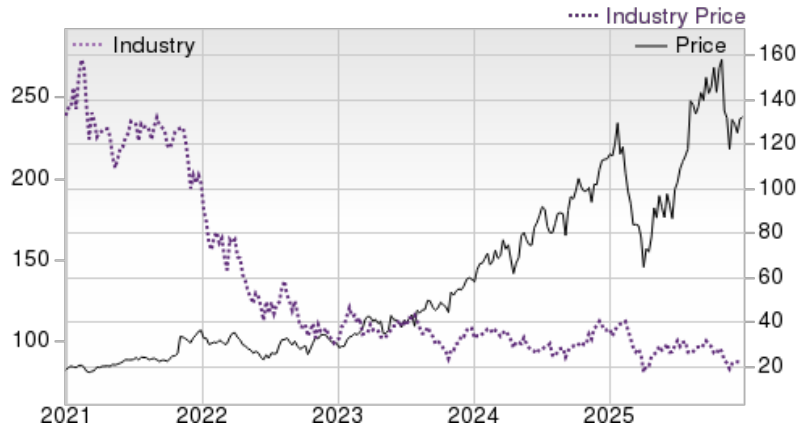
The table below shows summary valuation data for ANET.

Valuation Multiples - ANET					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	39.41	34.16	29.03	23.59
	5-Year High	66.49	67.56	29.92	23.78
	5-Year Low	24.58	32.22	18.7	15.73
	5-Year Median	37.21	45.32	26.62	21.21
P/B TTM	Current	13.66	6	10.8	8.56
	5-Year High	17.63	7.07	11.69	9.16
	5-Year Low	6.1	2.85	6.52	6.6
	5-Year Median	9.72	5.33	9.56	8.05
P/S F12M	Current	15.31	4.98	6.8	5.33
	5-Year High	20.22	6.09	7.4	5.5
	5-Year Low	6.48	3.01	4.24	3.83
	5-Year Median	9.87	4.68	6.29	5.05

As of 12/08/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 26% (62 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Autodesk, Inc. (ADSK)	Neutral	3
Broadridge Financial...(BR)	Neutral	3
Compass, Inc. (COMP)	Neutral	2
Opendoor Technologie...(OPEN)	Neutral	3
Paychex, Inc. (PAYX)	Neutral	3
Snap Inc. (SNAP)	Neutral	2
Atlassian Corporatio...(TEAM)	Neutral	3
Workday, Inc. (WDAY)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Internet - Software

	ANET	X Industry	S&P 500	ADSK	BR	COMP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	2
VGM Score	D	-	-	F	D	B
Market Cap	168.93 B	850.90 M	39.66 B	63.86 B	26.54 B	6.00 B
# of Analysts	8	4	22	11	4	3
Dividend Yield	0.00%	0.00%	1.41%	0.00%	1.72%	0.00%
Value Score	F	-	-	D	D	C
Cash/Price	0.06	0.14	0.04	0.04	0.01	NA
EV/EBITDA	48.62	5.05	14.77	36.07	17.29	-89.88
PEG Ratio	1.09	1.85	2.23	1.73	NA	NA
Price/Book (P/B)	14.19	3.20	3.35	22.07	10.07	7.71
Price/Cash Flow (P/CF)	64.25	23.49	15.41	38.91	17.69	NA
P/E (F1)	20.53	28.78	20.04	29.50	24.22	NA
Price/Sales (P/S)	20.00	3.69	3.13	9.27	3.76	0.90
Earnings Yield	2.15%	2.69%	4.96%	3.39%	4.13%	-0.84%
Debt/Equity	0.00	0.00	0.57	0.86	1.06	0.00
Cash Flow (\$/share)	2.09	0.06	8.98	7.74	12.85	-0.14
Growth Score	B	-	-	C	C	A
Hist. EPS Growth (3-5 yrs)	46.44%	14.56%	8.21%	23.74%	11.04%	NA
Proj. EPS Growth (F1/F0)	185.46%	31.50%	8.58%	20.54%	9.82%	70.97%
Curr. Cash Flow Growth	33.04%	-14.98%	7.00%	36.72%	7.91%	-69.08%
Hist. Cash Flow Growth (3-5 yrs)	29.26%	15.47%	7.48%	29.21%	11.20%	12.41%
Current Ratio	3.25	1.61	1.18	0.82	0.93	0.80
Debt/Capital	0.00%	4.68%	38.15%	46.18%	51.35%	0.00%
Net Margin	39.73%	-1.03%	12.77%	16.09%	13.11%	-0.85%
Return on Equity	30.28%	2.11%	17.03%	52.06%	43.28%	-8.83%
Sales/Assets	0.54	0.59	0.53	0.63	0.85	4.53
Proj. Sales Growth (F1/F0)	-16.50%	4.12%	5.85%	16.80%	5.40%	22.70%
Momentum Score	D	-	-	F	D	F
Daily Price Chg	1.75%	-0.29%	-0.35%	0.17%	-0.35%	1.04%
1 Week Price Chg	0.55%	0.00%	0.40%	0.21%	0.99%	0.09%
4 Week Price Chg	4.71%	0.00%	1.37%	-1.27%	0.37%	0.66%
12 Week Price Chg	-10.27%	-12.16%	2.45%	-6.86%	-3.31%	40.05%
52 Week Price Chg	20.37%	-14.06%	16.91%	1.24%	0.83%	84.80%
20 Day Average Volume	5,661,842	603,408	2,722,877	1,409,400	664,617	9,463,490
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.05%	0.00%	0.00%	-0.06%	0.00%	0.00%
(F1) EPS Est 12 week change	2.48%	4.47%	0.68%	4.81%	0.70%	26.33%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-0.13%	0.00%	0.00%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	F
Growth Score	B
Momentum Score	D
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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