

PRACTICAL **INCOME** INVESTING

ARISTA NETWORKS (ANET)

AI/Data Center Networking | Cloud • Campus • Routing • Ethernet AI Fabrics

Arista is a high-quality AI infrastructure beneficiary with strong cloud networking demand, elite operating margins, heavy cash generation, and a net-cash balance sheet.

CURRENT PRICE

\$169.67

MARKET CAP

\$216.1B

TICKER: **ANET**

NASDAQ

REVENUE GROWTH

+35.1% YoY

Q1 REVENUE

\$2.709B

NON-GAAP GM

62.4%

NON-GAAP OP MARGIN

47.8%

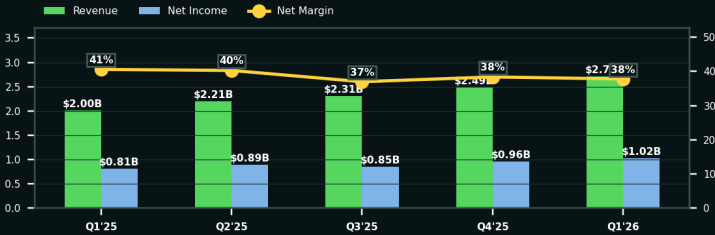
OP CASH FLOW

\$1.69B

CASH+SECURITIES

\$12.35B

BUSINESS MOMENTUM DASHBOARD



Sources: Arista official quarterly releases; margins calculated from revenue and GAAP net income.

GROWTH EFFICIENCY

82.9%

Revenue growth plus non-GAAP operating margin. Not SaaS Rule of 40, but it shows unusually profitable infrastructure growth.

BALANCE SHEET

92/100

Cash and marketable securities were about \$12.35B at Q1 2026. No debt line was listed on the balance sheet.

KEY FINANCIAL SNAPSHOT

Q1 Revenue	\$2.709B (+35.1% YoY)
GAAP Gross Margin	61.9%
Non-GAAP Gross Margin	62.4%
GAAP Op Margin	42.7%
Non-GAAP Op Margin	47.8%
GAAP Net Income	\$1.023B
Non-GAAP EPS	\$0.87
Operating Cash Flow	\$1.694B

7 FUNDAMENTAL PRINCIPLES

Growth	9/10	Q1 revenue +35.1%; AI/cloud demand strong.
Moat	9/10	Deep cloud relationships, EOS, switching scale.
Management	9/10	Long record of disciplined execution.
Margins	10/10	Non-GAAP op margin 47.8%.
Cash Flow	10/10	Q1 operating cash flow \$1.69B.
Risk	7/10	Customer concentration and supply constraints.
Valuation	6/10	Premium multiple; quality earns some premium.

TOTAL SCORE 60/70

VALUATION

Current Price	\$169.67
Market Cap	\$216.1B
P/E	57.3x
EPS	\$2.96

Valuation is one input. Weigh it against growth, margin quality, balance sheet, and execution.

CATALYSTS / RISKS

Catalysts

- AI data center Ethernet demand expands.
- Cloud titan capex remains elevated.
- XPO / AI spine product cycle gains traction.

Risks

- Supply constraints can cap near-term upside.
- Customer concentration with large cloud buyers.
- Gross margin pressure from product mix.

THESIS BREAKERS

- AI networking demand slows materially.
- Cloud customers reduce capex or dual-source aggressively.
- Operating margins fall below historical strength.

PRACTICAL INCOME INVESTING VERDICT

CATEGORY:	AI Infrastructure Compounder A
QUALITY:	
VAL/RISK:	Premium / Quality Growth
ACTION:	Accumulate on pullbacks