Initiating Coverage:

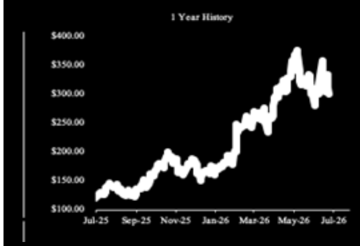
Vertiv Holdings Co ($VRT)

Keeping AI Cool While Valuation Runs Hot

Consortium Research Group
Industrials | Electrical Equipment
June 20th, 2026

Stock Rating:	Underweight
Price Target:	$255

Price:	$321.79
Potential Upside/Downside:	-22.0 %
Ticker:	$VRT



Industrials Coverage Team

Analyst
Arjun Virk
Cornell University
asv45@cornell.edu

Key Take-away: Vertiv is a best-in-class provider of data-center power and thermal-management infrastructure. They design and service the power and thermal infrastructure that keeps data centers operational and are seen one of the best large cap plays on AI data center build out. Their 2025 revenues reached roughly $10.2 billion, up about 28% YoY. Furthermore, their first quarter of 2026 adjusted operating margin grew to 20.8%, a 4.3% improvement, which led management to raise their 2026 guidance to $13.5-14.0 billion, suggesting 30% growth and 51% earnings growth. This is seen through Vertiv holding $15 billion in backlog and a growth in orders being up by about 81%. Vertiv's stock has almost tripled in a year and is now trading at more than 60x trailing EBIT, which assumes a flawless and uninterrupted version of their business model.

NVIDIA 800 VDC: Vertiv's biggest win is that it is currently co-developing an 800-volt DC power architecture, set to be rolled out in the second half of 2026, with NVIDIA to "feed" the next generation of "AI factories". The 800 VDC solves the problem with low voltage distribution in data centers that wastes copper, current, and heat. It can deliver the same power more efficiently and centrally to the entire system, rather than individual racks. This is particularly important as power architecture is designed years in advance and is expensive to revamp. Thus, setting the standard for power distribution at this point adds a huge switching cost advantage to Vertiv's products.

Record orders & backlog: AI and accelerated-compute capex drove 2025 revenue to $10.2B, showing 27.7% growth YoY, while also growing order backlog to about $15B, which stands at around double the previous years. This level of backlog represents orders that haven't been delivered, meaning that Vertiv holds around 12-18 months of locked in revenue streams. Furthermore, most of these orders come from hyperscalers who typically purchase infrastructure in the form of multi-year agreements, which adds another layer of safety to revenue concerns.

Priced for Perfection: Shares for Vertiv have almost tripled in one year, and are now trading at 60x EBIT, which is more than double the 23x EBITDA multiple of its comparable companies. That multiple leaves Vertiv with very little room for error. This is seen in our bull case, where despite growth held at 30% and margins pushing past Vertiv's own target, we see a proposed value of $323, only a few dollars more than what the stock is currently trading at. Basically, the market has currently priced in a perfect future, which doesn't leave Vertiv space to exceed expectations. Furthermore, there are still many questions to be answered as to whether they can maintain performance with competitors like Schneider and Boyd building out their liquid cooling capabilities, Vertiv's largest growing product base.

Valuation: We initiate coverage with a $255 PT.

Company Overview

Company Description: Vertiv Holdings Co designs critical digital infrastructure for data centers, communication networks, and industrial facilities. Their portfolio of products encompasses power management, thermal management, integrated rack and modular solutions, and a large installed-base services business. This unique "chip-to-grid" stack is their main differentiator, as they can provide both power and cooling to their consumers.

Critical Power: Around half of Vertiv's product revenue comes directly from critical power products like uninterrupted power supplies, switchgear, busways, and DC power systems. Their customer base is primarily made up of hyperscalers and colocation providers who purchase Vertiv's products in the form of multi-year infrastructure agreements. This is where products like the NVIDIA 800 VDC partnership become especially important in Vertiv's business model. By creating the power framework for the next wave of data centers, Vertiv positions itself in a spot where they can supply products at scale of electric grids all the way down to data center rack infrastructure.

Thermal Management: Thermal management is Vertiv's fastest growing service. While their traditional business is precision air cooling through selling technology such as CRAH units and free-cooling chillers, their recent growth has been driven by their liquid cooling products such as cold plates, rear-door heat exchangers, and coolant distribution units. They sit as one of the only companies who have the capacity to ship liquid cooling at high volumes, and because of that are being implemented into other companies' reference designs, like NVIDIA, which supports consistent future revenue streams.

Services & Installed Base: Vertiv's services business is quietly becoming their largest moat in the industry. They maintain one of the largest installed bases of data center power and cooling equipment, which provides the company maintenance and monitoring contracts that are serviced over 10-15 years and act as a strong source of sustainable revenue. Furthermore, Vertiv has developed a large global infrastructure across not just the Americas but also has significant coverage over Asia and the Middle East, which positions themselves to service most major data center hubs.

Industry Overview

AI & data-center capex cycle: Hyperscaler spending on AI training is driving record numbers of AI infrastructure development, particularly data-center construction. Microsoft, Alphabet, Amazon, and Meta, along with "neocloud" builders like CoreWeave are spending hundreds of billions of dollars every year to push AI capacity. With every added gigawatt of AI capacity, these hyperscalers spend an additional $2-3 billion on power and thermal infrastructure. These power and thermal infrastructure vendors are positioned to benefit significantly from hyperscaler CAPEX spend, as they win regardless of the chip manufacturer or chip price.

Liquid-cooling adoption: With GPU racks now exceeding the limits of air cooling, there is an increasing demand shifting towards direct-to-chip cooling and immersion liquid cooling. Air cooling caps off at 20-35k per rack, but new chips like NVIDIA's GB200 chip producing around 120kW which is expected to grow even more, making the demand for liquid cooling practically mandatory for high performance data centers. As a 1lt, industry forecasts have liquid cooling demand compounding at 25-40% over the next 10 years.

Power availability & grid constraints: Electricity accessibility is slated to become the bottleneck for data-center proliferation. Data centers consumed around 4% of U.S. electricity in 2024 and are predicted to grow close to double digits by 2030. This global demand for electricity is now expanding the market for technologies like switchgear, busways, and grid-interconnection equipment, giving suppliers significant pricing power.

Peer Comparisons

Comparable Companies

$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
ROK	$53,731	$57,416	50.1x	$8,804	$1,969
CARR	$58,224	$69,775	46.7x	$21,870	$3,141
EMR	$79,288	$91,570	32.8x	$18,316	$5,875
AME	$54,353	$56,328	35.8x	$7,598	$2,420
VRT	$122,327	$123,092	80.0x	$10,843	$2,383

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
ROK	29.2x	52.5%	22.4%	18.9%	0.9%
CARR	22.2x	24.8%	14.4%	8.5%	(3.3%)
EMR	15.6x	52.7%	32.1%	24.5%	3.0%
AME	23.3x	36.3%	31.9%	26.3%	6.6%
VRT	51.7x	37.2%	22.0%	18.8%	27.7%
High	51.65x	52.7%	32.1%	26.3%	27.7%
75th Percentile	29.16x	52.5%	31.9%	24.5%	6.6%
Average	28.38x	40.7%	24.5%	19.4%	7.0%
Median	23.27x	37.2%	22.4%	18.9%	3.0%
25th Percentile	22.21x	36.3%	22.0%	18.8%	0.9%
Low	15.59x	24.8%	14.4%	8.5%	(3.3%)

Vertiv Holdings Co Valuation		
Implied Enterprise Value (25th Percentile)	$	52,936
Implied Enterprise Value (Median)	**$**	**55,460**
Implied Enterprise Value (75th Percentile)	$	69,488
Implied Share Price (25th Percentile)	$	134.91
Implied Share Price (Median)	**$**	**141.48**
Implied Share Price (75th Percentile)	$	178.01

Source: S&P Capital IQ

Investment Theses

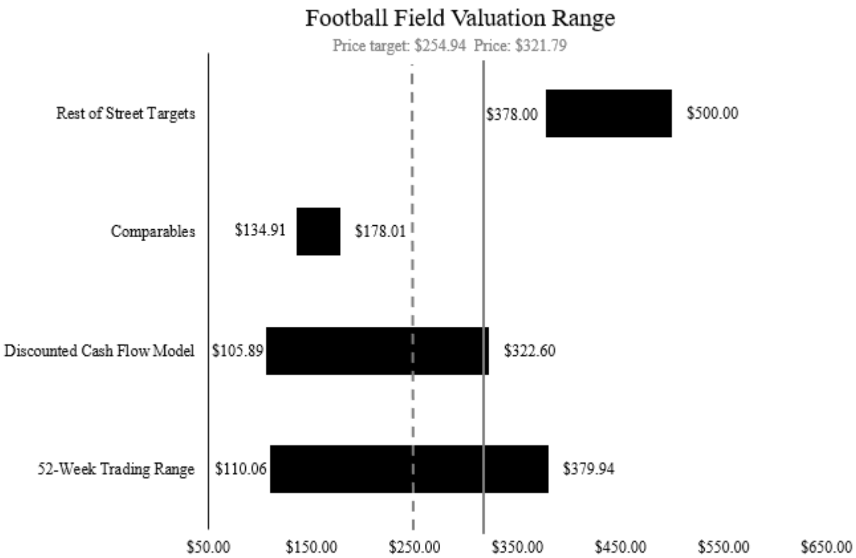
AI-driven demand with backlog visibility: Vertiv sits at a unique position in the industrials space, with its combination of a $15 billion backlog, around 1.4x its 2025 revenues, and 81% order growth showing an extremely unique 12–18-month revenue visibility. Furthermore, the 800 VDC NVIDIA partnership embeds Vertiv products in the next generation of data center designs, and since power architecture is at the heart of these designs, it is specified years in advance which attaches serious switching costs to Vertiv products. These designs don't just provide revenue in the form of the one-time purchase, but also in the form of decades of recurring revenue in the form of servicing and maintenance. Accordingly, our street case takes revenue from $10.2 billion in 2025 to $13.75 billion in 2026, through to $32.9 billion by 2031, even despite the assumption of slowed growth from 34% to 10% over the same timeframe.

Continued margin expansion: In 2021, Vertiv was a business with minimal profitability, and operated with an industry low operating margin of around 5%. However, in 2025 their operating margin hit 19%, and rose to 20.8% in the first quarter of 2026, making it one of the highest among their competitors. The first reason for this is their scale, as their factories, employees, and overhead costs grow at a limited pace compared to their revenues over the past five years, which results in each dollar of sales bringing more profit. The other reason is their product mix, which encompasses liquid cooling, full scale solutions, and long-term service contracts, which all earn higher margins than the legacy hardware that they used to sell. Lastly, with the demand for data center proliferation vastly outpacing the infrastructure supply, Vertiv has been able to raise their prices without losing any business. Our model assumes that margins slightly fall to around 21% by 2030, which is lower than management's targets, and which presents a potential opportunity for Vertiv to do better than our forecasts.

Priced beyond perfection: Despite these bullish theses, our Underweight rating is grounded in issues with the stock rather than the company. At $321.79, someone investing in Vertiv needs it to grow faster and earn margins higher than its management's own targets for multiple years. Our DCF arrives at Vertiv's value to be around $255 per share. A large piece of that gap comes from risk, as the stock is volatile, with a beta of 2.04, and subject to very extreme price swings. Our model uses a 13.1% WACC, which suggests a risky company, so investors will demand more compensation, making future profits worth less today. Even our bull case, where growth stays high and margins keep expanding, produces a value of $323, roughly in line with what the stock trades at today. Its peers, who are growing slower, but earning similar margins trade at around 23x EBITDA, and at that multiple Vertiv would be worth approximately $141. While Vertiv might be an attractive business, to justify the stock price Vertiv would require years of uninterrupted, perfect, execution.

Price Target & Valuation

Our analysis gives Vertiv ($VRT) a price target of $255 and an Underweight rating.



Potential Downsides to Our Rating

AI capex runs hotter & longer: If today's level of data center spending continues to grow above our assumptions, with rising 2027 hyperscaler CAPEX spending and sovereign AI programs starting to proliferate, Vertiv's backlog may continue to grow resulting in more revenue streams and in multiples that don't compress. In that case, our assumption of deceleration would be wrong, resulting in share prices outperforming expectations.

Faster margin expansion: Stronger adoption of Vertiv's liquid-cooling technology or a faster services mix could push EBIT margins past our 21% assumptions and more towards management's higher targets. Margins around 23% support our bull case with a share price of $323, with each additional point of margin pushing that value closer to the current share price.

Valuation re-rating or M&A: Just like the semiconductor industry was re-rated from a volatile commodity industry to AI tech stocks, there is potential for power infrastructure companies to become so integrated in AI proliferation. This could result in their multiples increasing to the point where a 50x EBITDA valuation becomes an average rather than a high.

Our Price Target: $255

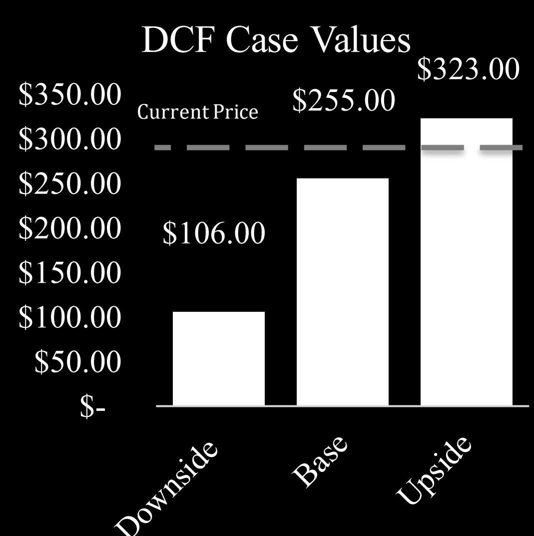
Base case: Our price target is based on Vertiv translating record backlog into consistent revenue streams, as well as the projected gradual decrease of AI data center spending towards the end of the decade. While margins do continue to improve with their new cooling products, the market's premium high multiple premiums will likely move to 22x EV/EBIT, a value that is usually held for mature infrastructure companies. This case still gives Vertiv's management for its raise guidance yet values the shares 20% lower than the share price, despite our comps suggesting a floor of $141.

Our Upside Case: $323

The upside case assumes AI buildout continues its current record-breaking trajectory. Hyperscaler orders continue to increase, while growth stays around 32%, and margins push past managements targets to 23%. Even with these assumptions, we estimate that this scenario produces a value roughly in line with where the stock trades today.

Our Downside Case: $106

The downside case assumes a reduction in AI CAPEX. Hyperscalers limit spending after two consecutive years of record investment, competition in liquid cooling causes pricing reduction, and growth slows to high single digits. The history shows that this isn't out of the question, as in 2022-2023 when Vertiv had similar levels of demand and margins their stock traded around $10.



Projections

Income Statement ($mm)	2025A	2026E	2027E	2028E	2029E	CAGR%
Revenue	10,230	13,750	17,669	21,887	26,100	36.6%
EBITDA	2,208	2,970	3,887	4,925	6,003	39.6%
EBIT	1,899	2,558	3,357	4,268	5,220	40.1%
NOPAT	1,490	2,020	2,652	3,372	4,124	40.4%

Margin & Growth Data	2025A	2026E	2027E	2028E	2029E	AVG%
EBITDA Margin	21.6%	21.6%	22.0%	22.5%	23.0%	22.1%
EBIT Margin	18.6%	18.6%	19.0%	19.5%	20.0%	19.1%
Revenue Growth	27.7%	34.4%	28.5%	23.9%	19.3%	26.7%
EBIT Growth	37.2%	34.7%	31.3%	27.1%	22.3%	30.5%

Valuation Metrics	2025A	2026E	2027E	2028E	2029E	AVG%
P/FCF	70.3x	57.2x	43.7x	34.4x	28.1x	46.7x
EV/Sales	12.1x	9.0x	7.0x	5.6x	4.7x	7.7x
EV/EBITDA	55.9x	41.6x	31.8x	25.1x	20.6x	35.0x
FCF Yield	1.4%	1.7%	2.3%	2.9%	3.6%	2.4%

About $VRT

Vertiv Holdings Co ($VRT), founded in 1965 as Emerson Network Power, on the back of their invention of precision computer-room cooling. Vertiv is headquartered in Westerville, Ohio and was recently acquired in 2016 by private equity firm Platinum Equity who renamed it Vertiv. The company went public in February 2020 with their merger with GS Acquisition Holdings, a shell corporation led by former Honeywell CEO David Cote. Vertiv employs around 34,000 people and services customers who operate around data centers, communication networks, and industrial facilities. Furthermore, they operate across three main geographic regions including the Americas, Asia-Pacific, and EMEA. Their portfolio of products encompasses everything from AC and DC power management to thermal management, direct-to-chip liquid cooling, and a large services and maintenance network. Vertiv's stated goal is to become the "architects of continuity" for the digital world, as they position themselves to be the key infrastructure surrounding the rise of AI and machine learning.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis ($mm)	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023 12/31/2023	FY2024 12/31/2024	FY2026 12/31/2026	FY2027 12/31/2027	FY2028 12/30/2028	FY2029 12/30/2029	FY2030 12/30/2030	FY2031 12/31/2031
Stub						0.52	1.52	2.52	3.52	4.52	5.52
Discount Period						0.24	0.98	1.98	2.98	3.98	4.98
Revenue	4,998	5,692	6,863	8,012	10,230	13,750	17,669	21,887	26,100	29,918	32,909
Revenue Growth	*0%*	*14%*	*21%*	*17%*	*28%*	*34%*	*29%*	*24%*	*19%*	*15%*	*10%*
Revenue	4,998	5,692	6,863	8,012	10,230	13,750	17,669	21,887	26,100	29,918	32,909
Other Revenue	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
EBIT	273	227	918	1,385	1,899	2,558	3,357	4,268	5,220	6,133	6,911
EBIT Margin	*5%*	*4%*	*13%*	*17%*	*19%*	*19%*	*19%*	*20%*	*20%*	*21%*	*21%*
Tax Expense	47	90	74	270	409	537	705	896	1,096	1,288	1,451
Effective Tax Rate	*17%*	*40%*	*8%*	*19%*	*22%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*
NOPAT	226.60	137.00	844.10	1,114.90	1,490.00	2,020.43	2,652.08	3,371.72	4,123.87	4,845.16	5,459.67
D&A	227	302	271	277	309	413	530	657	783	898	987
Capex	73	100	128	167	220	296	380	471	561	643	708
Changes in NWC	159	554	(86)	(130)	(162)	0	0	0	0	0	0
UFCF	221	(215)	1,074	1,355	1,740	2,137	2,802	3,558	4,346	5,099	5,739
PV of FCF						2,075	2,484	2,789	3,013	3,127	3,112

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	2.04
Risk Free Rate	4.49%
Cost of Equity	12.98%
Weighted Average Cost of Debt	5.00%
Tax Rate	21.00%
Cost of Debt	0.10%
Total Equity	$122,327
Total Debt	$1,114
Equity/Total Capitalization	97.40%
Debt/Total Capitalization	2.60%
WACC	13.08%

Terminal Value Perpetuity Growth Method	
2034 FCF	$5,739
Growth	2.50%
Terminal Value	$54,250
PV of Terminal Value	$29,416
PV of Projection Period	$16,601
PV of Terminal Value	$29,416
Implied TEV	$46,016
(-) Debt	$3,265
(+) Cash	$2,151
Implied Equity Value	$44,902
Basic Shares Outstanding	384
Implied Share Price	$116.90
Upside/Downside	(63.9%)

Implied Exit BF EV/EBIT	6.7x

Terminal Value Exit Multiple Method	
2034 EBIT	$6,911
EV/EBIT Exit Multiple	22.0x
Terminal Value	$152,041
PV of Terminal Value	$82,440
PV of Projection Period	$16,601
PV of Terminal Value	$82,440
Implied TEV	$99,041
(-) Debt	$3,265
(+) Cash	$2,151
Implied Equity Value	$97,927
Diluted Shares Outstanding	384
Implied Share Price	$254.94
Upside/Downside	(21.3%)

Implied PGR	5.7%

Blended Share Price	
Perpetutity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	$254.94
Upside/Downside	(21.3%)