



NYSE: \$264.35

Rating: Buy
Target: \$312.00
MarketCap: \$101B

BUY: Positioned to Benefit from AI Data Centre Expansion

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Figure 1. Stock Performance

Vertiv Holdings Co. (NYSE: VRT)

Investment Highlights:

Vertiv is well positioned to benefit from structural growth in data centre infrastructure driven by artificial intelligence and cloud computing. The company provides critical power management and thermal solutions that support high density computing environments. In addition, improving operating efficiency and scale benefits are expected to support continued margin expansion over the medium term.

FY26 Guidance:

Management expects continued revenue growth supported by sustained investment in data centre infrastructure and the expansion of artificial intelligence workloads. The company also highlighted improving margins driven by operational efficiencies and a more favourable product mix.

Catalysts:

Key catalysts include continued investment in artificial intelligence infrastructure and hyperscale data centres, which is expected to increase demand for high density power and cooling solutions.

Target Price Justification:

Our **\$312 target price** is primarily based on a discounted cash flow (DCF) valuation reflecting Vertiv's strong growth outlook driven by increasing demand for data centre infrastructure and AI-related power and cooling solutions. The valuation also considers peer multiple comparisons, which support a premium relative to traditional industrial companies. Overall, our analysis indicates that the current market price does not fully reflect Vertiv's long term growth potential.

Financial and Valuation Metrics

Year	12/24A	12/25E	12/26E	12/27E
GAAP EPS (US\$)	2.75	3.6	4.5	5.3
GAAP P/E (x)	96.1	73.4	58.7	49.9
Revenue (US\$m)	6,940	8,150	9,350	10,480
EV / Revenue (x)	14.8	12.6	11	9.8
EBITDA (US\$m)	2,207.70	2,650.00	3,261.80	3,850.00
EV / EBITDA (x)	46.4	38.7	31.4	26.6
Number of shares (m)	382.6	Enterprise Value (US\$m)	102,516	
BV / Shares (US\$m)	260.7	Market Cap (US\$m)	101,140	
Net Debt (US\$m)	1376.60			
Net Debt / Total Cap (%)	1.3			

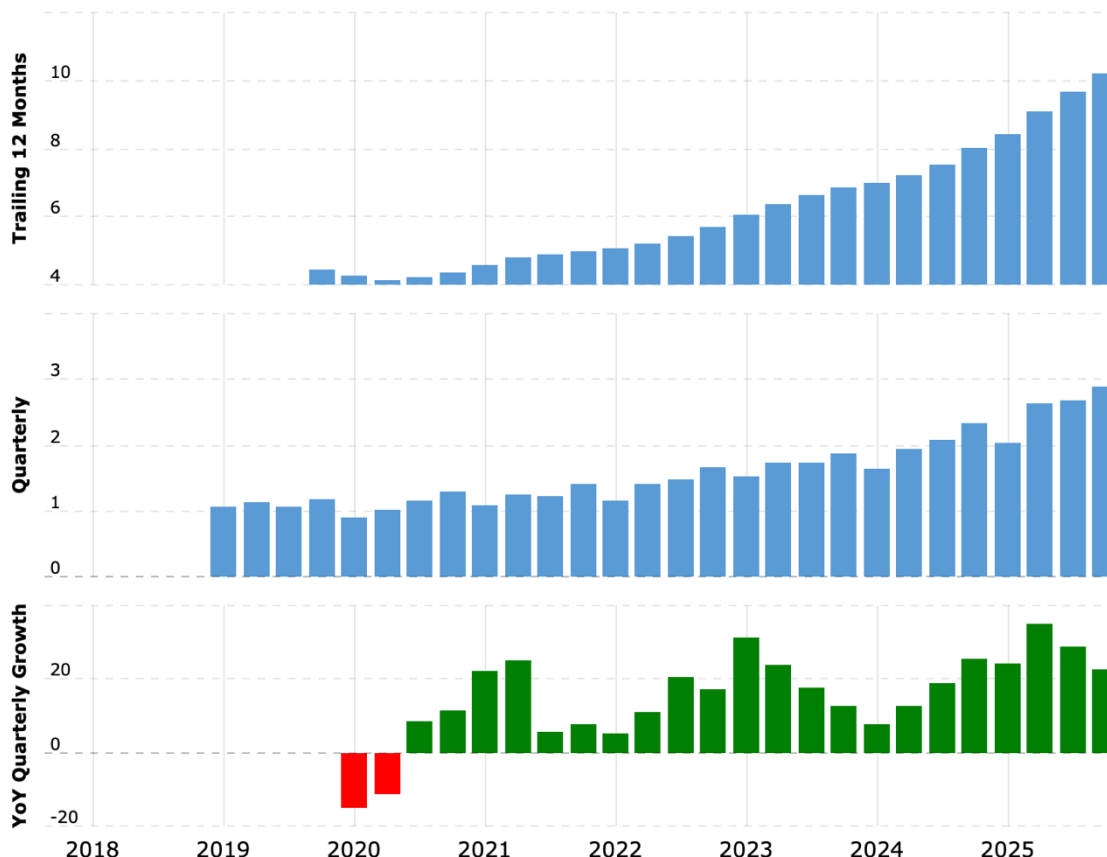
Company Overview

Company Overview & Mission critical solutions

Vertiv Holdings Co. (NYSE: VRT) is a global provider of critical digital infrastructure and continuity solutions supporting data centres, communication networks, and industrial facilities. Headquartered in Columbus, Ohio, the company designs and manufactures power management systems, thermal management technologies, and integrated infrastructure solutions that ensure reliable operation of mission critical digital environments. As computing demand accelerates, particularly with the rapid expansion of artificial intelligence workloads, Vertiv has become an increasingly important supplier of the power and cooling systems required to support high-density computing infrastructure.

Global Operations and Comprehensive Product portfolio

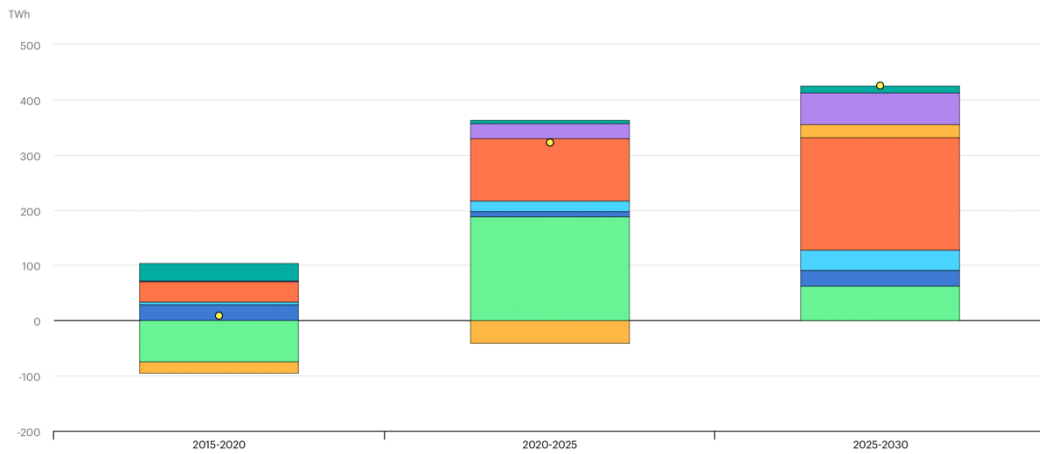
Vertiv operates globally across the Americas, Europe, the Middle East, Africa, and Asia-Pacific, serving a broad customer base that includes hyperscale cloud providers, enterprise data centre operators, telecommunications companies, and industrial clients. The company’s product portfolio includes uninterruptible power supply (UPS) systems, switchgear, power distribution units, rack power systems, and advanced thermal management technologies designed to regulate temperature and maintain stable operations in high-performance computing environments. In addition to product sales, Vertiv generates recurring revenue through lifecycle services such as installation, monitoring, and maintenance of critical infrastructure equipment.



Sources: Macro Trends; Vertiv Holding Revenue 2017-2025 VRT. https://www.macrotrends.net/stocks/charts/VRT/vertiv-holdings/revenue#google_vignette

AI-Driven Demand and Data Centre Expansion

The company’s growth is closely tied to the rapid expansion of global data centre capacity. Artificial intelligence workloads require significantly higher rack power density compared with traditional cloud computing, increasing demand for advanced power distribution and cooling infrastructure. Hyperscale technology companies such as Microsoft, Amazon, Google, and Meta are investing heavily in next-generation data centres to support AI development, creating a strong demand environment for Vertiv’s integrated infrastructure solutions.



IEA, Licence: CC BY 4.0

● Industry ● Cooling ● Heat pumps ● Data centres ● Rest of buildings ● Transport ● Other ● Total

Sources: IEA; *Electricity Demand Growth by sector and end-use in the United States, 2015-2030*.

<https://www.iea.org/data-and-statistics/charts/electricity-demand-growth-by-sector-and-end-use-in-the-united-states-2015-2030>

Competitive Landscape & Market Positioning

Within the broader industrial technology landscape, Vertiv occupies a specialized position at the intersection of electrical infrastructure and digital infrastructure. While traditional electrical equipment companies such as Eaton, Schneider Electric, and ABB operate in adjacent markets, Vertiv’s concentrated exposure to data centre infrastructure differentiates it from industrial peers. As a result, the company currently trades at a significant premium to the broader peer group, reflecting investor expectations that AI-driven infrastructure investment will support sustained earnings growth.



Sources: Koyfin; Vertiv Holdings Co EV/EBITDA. <https://app.koyfin.com/charts/g/eq-nyltpc>

Conclusion

Overall, Vertiv’s positioning within the rapidly expanding AI infrastructure ecosystem places the company at the centre of a multi-year digital infrastructure investment cycle. As data centre operators increase capacity and power density to support artificial intelligence workloads, demand for Vertiv’s power and thermal management systems is expected to remain structurally strong.

Outlook & Estimates

Macro Outlook

In evaluating Vertiv's long-term trajectory, we have applied a terminal growth rate of 6.5%. This is intentionally set higher than the long-run US nominal GDP (approx. 4.5%). As noted by Sasha, this premium is justified by the unprecedented structural demand for electricity driven by AI Data Centres. This sector possesses multi-year demand visibility and power density requirements that outpace the broader economy, providing a clear tailwind for Vertiv's terminal value.

Strategic Positioning

Vertiv is in the middle of a multi-year data centre build cycle. AI workloads are pushing power density higher, forcing customers to upgrade power, thermal, and integrated infrastructure faster than in a traditional cloud cycle. Demand is increasingly driven by time to deploy and energy efficiency, areas where Vertiv's end to end portfolio (power, cooling, and racks) is well aligned.

- FY2025A (LTM): Based on recent filings, Vertiv generated \$1,476.8M in Unlevered Free Cash Flow. LTM EBITDA stands at \$2,207.7M.
- FY2026E (NTM): Driven by high-density AI demand, NTM EBITDA is projected at \$3,261.8M.
- Valuation Context: The current LTM market multiple of 46.4x reflects a structural "AI platform premium" compared to industrial peers.

Vertiv sits in the middle of a multi year data-centre build cycle, where **AI workloads are pushing power density higher** and forcing customers to upgrade **power, thermal, and integrated infrastructure** faster than in a "traditional cloud" cycle. In our view, the near term setup remains constructive: demand is increasingly driven by **time-to-deploy, energy efficiency, and end to end integration**, areas where Vertiv's portfolio (power + cooling + racks/monitoring + services) is well aligned.

What drives the story

- **AI-led capacity additions:** Higher rack power density increases the need for UPS, switchgear, power distribution, and advanced thermal solutions.
- **Speed and modularity:** Customers prioritize standardized, scalable deployments (more repeatable solutions and faster installs).
- **Operating leverage:** With volume growth, we expect further benefits from scale, pricing discipline, and mix, supporting **margin expansion**.

FY2025E: Revenue ~\$10.23bn (~+27.7% YoY), EBITDA ~\$2.31bn (margin ~22.6%).

FY2026E: Revenue ~\$13.62bn, EBITDA ~\$3.21bn (margin ~23.6%).

FY2027E: Revenue ~\$16.87bn, EBITDA ~\$4.23bn (margin ~25.1%).

Mix and Geographic lens

- **Products remain the primary growth engine** (still ~80%+ of sales), while **services grow steadily** but at a slower pace than product shipments in these estimates.
- **Americas leads growth** (~62% of FY2025E revenue) with the strongest profitability profile (FY2025E segment EBITDA margin ~**26.8%**).
- **APAC scales from a smaller base** with gradual margin improvement (FY2025E ~**11%** segment EBITDA margin).
- **EMEA trends more stable on revenue**, with profitability normalizing in the forward view.

Balance sheet / Cash positioning

Cash generation remains a key support. The provided figures imply **improving leverage metrics** alongside continued investment flexibility (including bolt-on M&A capacity, if pursued).

Income Statement				
(figures in US\$MM except where noted)	FY2024A	FY2025F	FY2026F	FY2027F
Revenue	8011.8	10229.9	13616.5	16865.6
Cost of Goods Sold	5077.6	6514.7	8453.8	10355.5
Gross Profit	2934.2	3715.2	5162.7	6510.1
Operating Expenses	-1552.2	-1796.9	-2098.7	-2420.1
EBITDA	1726.1	2207.7	3261.8	4229.8
Margin %	21.54%	21.60%	24.00%	25.10%
Expenses				
Depreciation & Amortization	241.7	308.6	410.8	508.8
Operating Income (EBIT)	1382	1918.3	3064	4090
Interest Expense	-150.4	-86.1	-85	-85
EBT (Total)	765.4	1741.9	2872.8	3913.8
Income Tax Expense	-269.6	-409.1	-719.6	-992.1
Net Income	495.8	1332.8	2153.2	2921.7

Cash Flow Statement				
(figures in US\$MM except where noted)	FY2024A	FY2025F	FY2026F	FY2027F
Operating Activities				
Net income	495.8	1332.8	2153.2	2921.7
D&A	241.7	308.6	410.8	508.8
Stock Based Comp.	35.9	45.9	61.1	75.7
Change in non-cash WC	769.9	378.7	242.2	275.9
Cash from Operations	1543.4	2066	2867.2	3782.1
Investing Activities				
Capital Expenditure	-177.3	-226.4	-301.4	-373.3
Acquisitions	0	-1,210.80	0	0
Other Investing Activities	0	-89.6	0	0
Cash from Investing	-177.3	-1,526.80	-301.4	-373.3
Free Cash Flow (CFO-Capex)	1,366.10	1,839.60	2,565.80	3,408.80
Financing Activities				
Cash from Financing	-71.6	-73.3	-115	-150
Effect of FX	0	16.9	0	0
Net Change in Cash	1,294.50	482.8	2,450.80	3,258.80

Balance Sheet Statement				
(figures in US\$MM except where noted)	FY2024A	FY2025F	FY2026F	FY2027F
Assets				
Cash & Short-Term Investments	1,227.60	1,851.30	2,000.00	2,400.00
Other Current	3,874.20	4,991.60	7,077.10	8,843.00
Current Assets	5,101.80	6,819.50	9,077.10	11,243.00
Net PP&E	827.2	1,224.90	1,630.40	2,019.40
Other non-current assets (derived)	3,203.50	4,168.00	5,547.90	6,871.60
Total Assets	9,132.50	12,212.40	16,255.40	20,134.00
Liabilities				
Short-Term Borrowings	66.7	90.6	80	70
Current portion of LT debt	21	20.9	20	20
Current Liabilities	3,097.00	4,407.00	5,865.90	7,265.60
Long-Term Debt	3,073.90	3,227.90	3,200.00	3,000.00
Total Liabilities	6,698.20	8,271.10	10,240.90	11,287.80
Total Equity				
Total Equity	2,434.30	3,941.30	6,014.50	8,846.20
Net Debt (excl. current portion)	1,913.00	1,376.60	1,200.00	690

Valuation

Valuation Overview

Vertiv Holdings Co (NYSE: VRT) is valued using two complementary methodologies that reflect the company's unique positioning as a high growth AI infrastructure provider. Given Vertiv's rapid earnings expansion driven by hyperscaler demand and AI data centre build out, we use both a Discounted Cash Flow (DCF) and a Comparable Company Analysis (EV/EBITDA). The DCF captures intrinsic value through projected free cash flows, while the comps analysis benchmarks the market implied premium relative to industrial electrical equipment peers. Together, these two approaches allow us to triangulate a fair value range and assess whether the current market price reflects the company's long term growth potential.

1. DCF: Discounted Cash Flow Valuation

Vertiv's growth profile, anchored by multi-year AI data centre demand and a rapidly expanding contracted backlog, makes it well suited for a DCF valuation. We projected five years of Unlevered Free Cash Flows (UFCF) using a base UFCF of \$1,476.8M from FY2025A company filings, applying differentiated growth rates to reflect the near term demand surge and subsequent normalisation.

A perpetual growth model is applied at the terminal year, using a terminal growth rate of 6.5%. This sits above US long run nominal GDP of approximately 4.5%, which we view as justified given Vertiv's structural positioning in AI data centre infrastructure, a market with sustained, multi-year demand visibility that supports above economy growth over the forecast horizon.

For the discount rate, we apply a WACC of 8.5%, modestly below our calculated rate of 9.1%. The US 10 year Treasury at 4.35% serves as the risk-free base, with the remaining spread accounting for Vertiv's equity risk premium and capital structure. Although Vertiv's concentration in AI capex introduces some operating risk, two factors support a slight downward adjustment from the formulaic rate. First, Vertiv is a large cap company with a strong balance sheet and long term contracted revenues that provide meaningful downside protection. Second, it operates at the heart of AI infrastructure, the fastest growing and most strategically important segment of the technology sector today. On balance, we believe 8.5% more accurately reflects Vertiv's true risk profile than a purely mechanical calculation would suggest.

Assumptions & Market Data

ASSUMPTION	VALUE / RATIONALE
Growth Rate Y1–Y3	20.0% — AI data centre demand; ~34% revenue growth in 2026
Growth Rate Y4–Y5	11.0% — Growth normalisation as capex cycle moderates
Terminal Growth Rate (g)	6.5% — Long-run floor; market-implied rate at WACC 8.5%
WACC (Discount Rate)	8.5% — $R_f 4.35\% + ERP 4.0\% \times \text{Beta } 1.05$
Projection Horizon	5 years — Standard DCF horizon

MARKET DATA (09-Mar-2026)	
Closing Price (\$)	\$264.35
Shares Outstanding	382,598,464
Total Debt (\$000)	\$3,227,900
Cash & ST Investments (\$000)	\$1,851,300
LTM EBITDA (\$000)	\$2,207,700
Market Cap (\$000)	\$101,139,904
Net Debt (\$000)	\$1,376,600
Implied Mkt EV/EBITDA	46.4x

Discounted Cash Flow Schedule

	Y0 (Base)	Y1	Y2	Y3	Y4	Terminal
Unlevered Free Cash Flow (\$000)	\$1,476,838	\$1,772,205	\$2,126,646	\$2,551,975	\$2,832,692	\$167,433,370
Discount Factor [$1/(1+WACC)^t$]	Base	0.9217	0.8495	0.7829	0.7216	0.6650
PV of Cash Flow (\$000)	—	\$1,633,369	\$1,806,491	\$1,997,962	\$2,043,998	\$111,350,797

Valuation Summary

VALUATION SUMMARY & EQUITY BRIDGE	VALUE (\$000)
PV of Y1–Y5 Cash Flows	\$9,572,914
PV of Terminal Value	\$111,350,797
Enterprise Value	\$120,923,711
Less: Total Debt	(\$3,227,900)
Plus: Cash & ST Investments	\$1,851,300
Equity Value	\$119,547,111

Shares Outstanding	382,598,464
Implied Share Price	\$312.46
Current Share Price	\$264.35
Upside / (Downside)	+18.2%
Terminal Value as % of EV	92.1%
Implied EV/EBITDA (from DCF)	54.8x

The DCF yields an implied share price of \$312.46, representing 18.2% upside to the market price of \$264.35 as at 9 March 2026. The terminal value constitutes 92.1% of total enterprise value, which, whilst elevated, is consistent with high-growth technology adjacent infrastructure companies where near-term free cash flows remain constrained by aggressive reinvestment. The implied EV/EBITDA of 54.8x from the DCF compares to the current market-implied multiple of 46.4x, suggesting the model captures further multiple expansion as AI-driven earnings growth is realised.

Sensitivity Analysis: Implied Share Price (\$)

The table below shows implied share price across WACC (rows) and terminal growth rate (columns). The base case (WACC 8.5%, g 6.5%) is highlighted in navy.

WACC \ Term. g	4.0%	5.0%	5.5%	6.0%	6.5%	7.0%
7.5%	\$192	\$263	\$324	\$427	\$632	\$1,247
8.0%	\$167	\$218	\$258	\$318	\$419	\$620
8.5%	\$148	\$185	\$214	\$253	\$312	\$411
9.0%	\$132	\$161	\$182	\$210	\$249	\$307
9.5%	\$119	\$143	\$158	\$179	\$206	\$244

■ ≥ \$264 (above market) ■ \$200–\$264 ■ \$130–\$200 ■ < \$130 **Bold navy = Base Case (WACC 8.5%, g 6.5%)**

2. Comparable Company Analysis (EV / EBITDA)

To complement the DCF, we conducted a comparable company analysis using a peer group of five large cap industrial electrical and power management companies with meaningful overlap in data centre, grid infrastructure, and energy efficiency end-markets. Eaton Corporation (U.S./Ireland) and Schneider Electric (France) represent the closest peers given their scale and broad portfolios in power management, UPS systems, and electrical infrastructure serving data centres and other mission critical applications across North America and Europe. Additional comparables include ABB Ltd (Switzerland/Sweden), nVent Electric (U.K./U.S.), and Legrand (France), which operate at comparable scale in electrical equipment and infrastructure markets with exposure to data centre, industrial electrification, and building technology segments. While product portfolios may differ, the companies share similar industrial characteristics, international market exposure, and end market drivers, supporting their inclusion as EV/EBITDA valuation peers for Vertiv. All market data is as at 9 March 2026, with European companies converted at EUR/USD 1.083 and CHF/USD 1.128.

Section A — Peer Group Trading Multiples

Company	Ticker	Mkt Cap (\$000)	Total Debt (\$000)	Cash (\$000)	TEV (\$000)	LTM EBITDA (\$000)	NTM EBITDA (\$000)	LTM EV/EBITDA	NTM EV/EBITDA
Eaton Corp	ETN	\$146,238,300	\$9,895,000	\$803,000	\$155,330,300	\$6,300,000	\$7,300,000	24.7x	21.3x
Schneider Elec.	SU FP	\$166,769,004	\$21,562,530	\$5,014,290	\$183,317,244	\$8,122,500	\$8,988,900	22.6x	20.4x
ABB Ltd	ABB SS	\$101,520,000	\$9,236,000	\$6,621,000	\$104,135,000	\$8,300,000	\$9,000,000	12.5x	11.6x
nVent Electric	NVT	\$17,119,000	\$1,600,000	\$237,000	\$18,482,000	\$936,000	\$1,100,000	19.7x	16.8x
Legrand	LR FP	\$38,382,053	\$8,396,499	\$3,029,151	\$43,749,401	\$2,407,509	\$2,708,448	18.2x	16.2x
Average								19.5x	17.2x
Median								19.7x	16.8x
Maximum								24.7x	21.3x
Minimum								12.5x	11.6x

The peer group trades at a median NTM EV/EBITDA of 16.8x, with an average of 17.2x. ABB's tighter multiple of 11.6x NTM reflects its diversified conglomerate structure, while Eaton's 21.3x premium is driven by its data centre power business. Vertiv's current market multiple of 46.4x LTM / 31.4x NTM

stands materially above the peer group, reflecting the market's pricing of a structural AI-driven demand premium that traditional industrials do not yet command.

VERTIV HOLDINGS CO (VRT) — Current Market Multiples									
Company	Ticker	Mkt Cap (\$000)	Total Debt (\$000)	Cash (\$000)	TEV (\$000)	LTM EBITDA (\$000)	NTM EBITDA (\$000)	LTM EV/EBITDA	NTM EV/EBITDA
Vertiv Holdings Co	VRT	\$101,139,904	\$3,227,900	\$1,851,300	\$102,516,504	\$2,207,700	\$3,261,840	46.4x	31.4x

Section B — Implied Valuation for Vertiv

Three scenarios are applied to Vertiv's NTM EBITDA of \$3,261,840K. The Bear Case applies the peer NTM median multiple (16.8x) to represent a re-rating scenario where Vertiv loses its growth premium. The Base Case applies a 50% premium to the peer NTM median (25.2x) to reflect Vertiv's superior AI data centre exposure and contracted revenue visibility. The Bull Case uses Vertiv's current LTM market multiple (46.4x), implying the market's present premium is sustained into NTM earnings.

Scenario	Multiple Applied	NTM EBITDA (\$000)	Implied TEV (\$000)	Less: Debt (\$000)	Plus: Cash (\$000)	Equity Value (\$000)	Shares (000s)	Implied Price (\$)	vs. Mkt
Bear Case	16.8x	\$3,261,840	\$54,804,843	(\$3,227,900)	\$1,851,300	\$53,428,243	382,599	\$139.65	-47.2%
Base Case	25.2x	\$3,261,840	\$82,207,264	(\$3,227,900)	\$1,851,300	\$80,830,664	382,599	\$211.27	-20.1%
Bull Case	46.4x	\$3,261,840	\$151,466,428	(\$3,227,900)	\$1,851,300	\$150,089,828	382,599	\$392.29	+48.4%

Conclusion

Combining both methodologies, we present a consolidated view of implied value across all scenarios. The DCF base case of \$312.46 and the comps bull case of \$392.29 establish the upper range, with the comps base case of \$211.27 providing a conservative anchor. The bear case of \$139.65 reflects a full de-rating to peer group multiples, a scenario we consider unlikely given Vertiv's dominant position in AI power infrastructure and its multi-year contracted backlog.

SCENARIO	IMPLIED PRICE (\$)	vs. MARKET (\$264.35)	BASIS
Bear Case (Comps)	\$139.65	-47.2%	Peer NTM median EV/EBITDA (16.8x)
Base Case (Comps)	\$211.27	-20.1%	50% premium to peer NTM median (AI platform premium)
Bull Case (Comps)	\$392.29	+48.4%	Current Vertiv LTM market multiple (46.4x)
DCF (Base)	\$312.46	+18.2%	WACC 8.5%, Terminal Growth Rate 6.5%

The convergence of the DCF base case (\$312.46, +18.2% upside) with bullish comps scenarios reflects an asymmetric risk reward profile at current prices. The downside is anchored by the comps base case (\$211.27) in a scenario where AI capex normalises, while the upside is material if data centre spending remains elevated and Vertiv sustains its market multiple. At \$264.35, we view Vertiv as offering compelling value for investors with a medium term horizon.

Sources: S&P Capital IQ; Company Filings (FY2025A 10-K); Market data as at 09-Mar-2026.

Management & Directors

Management & Directors

Management and directors collectively hold a relatively small portion of Vertiv's outstanding shares, which is typical for large publicly listed industrial technology companies. Nevertheless, equity-based compensation and long-term incentive structures help align management interests with those of shareholders.

Vertiv Holdings Management & Directors

Management

Name & Position	Biography	Share Holdings	Share (%)
Giordano Albertazzi Chief Executive Officer	Mr. Albertazzi has more than two decades of experience in industrial and digital infrastructure sectors. He has served as Chief Executive Officer of Vertiv since 2022 and previously held several senior leadership roles within the company's global operations and technology businesses.	1,101,821	<1%
David Fallon Chief Financial Officer	Mr. Fallon oversees Vertiv's global financial strategy, capital allocation, and financial operations. He plays a key role in supporting the company's growth strategy in the data centre infrastructure market.	929,672	<1%
Anand Sanghi President, Americas	Mr. Sanghi has served as President, Americas at Vertiv since 2023 and previously led the company's Asia-Pacific business, bringing over 25 years of experience in technology and engineering industries.	209,598	<1%
Stephanie Gill General Counsel & Corporate Secretary	Ms. Gill oversees Vertiv's global legal, regulatory, and corporate governance matters, supporting compliance and strategic initiatives across the company's international operations.	271,890	<1%
Anders Karlborg EVP, Manufacturing, Logistics & Operational Excellence	Mr. Karlborg has served as EVP of Manufacturing, Logistics and Operational Excellence at Vertiv since 2023, overseeing global operations and supply chain strategy.	38,293	<1%

Board of Directors

Name & Position	Biography	Share Holdings	Share (%)
David M Cote Executive Chairman of the Board	Mr. Cote previously served as Chairman and CEO of Honeywell and brings extensive experience in operational leadership, corporate governance, and industrial technology strategy.	443,798	<1%
Joseph J DeAngelo Director	Mr. DeAngelo has extensive experience in the power infrastructure sector, previously serving as President and CEO of HD Supply Power Solutions.	102,427	<1%
Roger Fradin Director	Mr. Fradin is a former executive at Honeywell with significant experience in industrial technology and global business leadership.	443,362	<1%

Total Management & Director Holdings

Category	Total Shares	Total (%)
Management + Directors	10,009,803	2.63%

Investment Risks

Key Investment Risks & Valuation Impact

The following section outlines the principal downside risks to an investment in Vertiv Holdings Co. Each risk is assessed for severity and its potential impact on key valuation metrics including P/E, EV/EBITDA, free cash flow, and DCF-derived intrinsic value. These risks should be weighed against the investment thesis when forming a Buy, Hold, or Sell recommendation.

Risk

Risk Factor	Severity	Valuation Impact
<p>1. Valuation Risk</p> <p>Vertiv's market capitalisation of \$101.1bn (as at 09-Mar-2026, closing price \$264.35) reflects extremely elevated growth expectations already embedded in the share price. The stock trades at 46.4x LTM EV/EBITDA and 31.4x NTM EV/EBITDA, a significant premium to the industrial peer group median of 19.7x LTM / 16.8x NTM. Any disappointment in earnings, order intake, or AI data centre capex guidance, even marginally, could trigger a sharp de-rating. At these multiples, the margin of safety for new investors is limited.</p>	HIGH	<p><i>Downward pressure on P/E and EV/EBITDA multiples; a re-rating to the peer NTM median (16.8x) implies a bear case share price of \$139.65 (-47.2% vs. current). Even the comps base case (25.2x NTM) implies \$211.27 (-20.1%).</i></p>
<p>2. Execution Risk</p> <p>Vertiv is scaling rapidly to meet surging AI infrastructure demand, including industrialising AI deployment through digitally orchestrated solutions. This pace of expansion introduces meaningful operational complexity. Supply chain bottlenecks, manufacturing capacity constraints, labour shortages, and integration challenges with new product lines (e.g. AI-ready liquid cooling) could delay delivery timelines and erode margins.</p>	HIGH	<p><i>Margin compression leading to lower EBITDA and free cash flow estimates; negative impact on EV/EBITDA and DCF intrinsic value. NTM EBITDA of \$3,261.8M underpins the base case comps valuation of \$211.27, any shortfall would compress this materially.</i></p>
<p>3. Customer Concentration Risk</p> <p>Vertiv is heavily exposed to a small number of hyperscaler customers, primarily Microsoft, Google, Amazon, and Meta, who collectively drive a significant proportion of revenues. If any major customer delays, reduces, or redirects its capital expenditure programme, or develops proprietary in-house alternatives for power and cooling, Vertiv's revenue visibility could deteriorate rapidly.</p>	MEDIUM	<p><i>Revenue shortfall leading to downward EPS revisions; compression of the P/S and EV/Sales multiples.</i></p>
<p>4. Leverage / Interest Rate Risk</p> <p>Vertiv's long-dated bond issuance to fund AI data centre expansion increases the company's debt burden at a time when interest rates remain elevated. Rising debt servicing costs constrain free cash flow generation and reduce financial flexibility. Should interest rates remain higher for</p>	MEDIUM	<p><i>Reduction in free cash flow (FCF) forecasts; higher WACC in DCF models lowers intrinsic equity value. Our DCF applies a WACC of 8.5% (Rf 4.35% + ERP 4.0% × Beta 1.05) yielding an intrinsic price of \$312.46, a 25bps increase in WACC alone reduces the implied price materially per the sensitivity table. Monitor Debt/EBITDA (currently \$3,227.9M gross debt</i></p>

Risk Factor	Severity	Valuation Impact
longer, the discount rate applied in DCF-based valuations will increase, compressing the implied share price.		<i>vs. \$2,207.7M LTM EBITDA = 1.46x) and interest coverage ratios.</i>
<p>5. Technology Obsolescence Risk</p> <p>The thermal management and power infrastructure landscape is evolving rapidly. As AI chips generate substantially more heat, liquid cooling is increasingly displacing traditional air-cooling systems. While Vertiv is actively showcasing AI-ready cooling solutions, there is a risk that a competitor develops superior or more cost-effective technology, or that architectural shifts in AI hardware reduce demand for certain Vertiv product lines.</p>	MEDIUM	<i>Long-term revenue and margin risk if market share erodes; potential impairment of existing product-line valuations.</i>
<p>6. AI Capex Cyclical Risk</p> <p>Vertiv's revenues are tightly correlated with data centre construction cycles and the broader AI investment boom. If the pace of AI infrastructure spending decelerates — due to a technology downturn, regulatory intervention, or a breakthrough in compute efficiency reducing demand for large-scale data centres (as demonstrated by developments such as DeepSeek in early 2025) — order volumes could fall materially and rapidly.</p>	HIGH	<i>Significant downside to revenue and EBITDA forecasts; risk of inventory build-up and margin pressure in a downturn scenario.</i>
<p>7. Geopolitical / Supply Chain Risk</p> <p>Vertiv relies on critical components including semiconductors, copper, and specialist electrical materials whose supply chains are geographically concentrated. Escalating US-China trade tensions, export controls, or broader geopolitical disruptions could create supply shortfalls, increase input costs, or force costly supply chain restructuring. Tariff changes could further impact cost of goods sold.</p>	MEDIUM	<i>Input cost inflation compresses gross and operating margins; negative impact on EBITDA and net income projections.</i>
<p>8. Regulatory / ESG Risk</p> <p>Increasing regulatory scrutiny around the energy consumption of data centres, particularly as AI workloads are highly power-intensive, may result in new compliance requirements or restrictions on data centre development in certain jurisdictions. ESG-driven investor mandates may also increase Vertiv's cost of capital or limit its investor base if the company is perceived as facilitating environmentally intensive infrastructure.</p>	LOW	<i>Medium-term risk to order volumes if data centre build-out is slowed by regulation; potential increase in WACC from ESG-related discount.</i>

Risk Summary

Three risks are rated High severity: valuation risk, execution risk, and AI capex cyclicality. These represent the most material near-term threats to the investment case. Vertiv's premium valuation leaves limited margin of safety, its rapid operational scaling introduces execution uncertainty, and its revenue is acutely sensitive to any slowdown in the AI infrastructure investment cycle. Medium-severity risks, customer concentration, leverage, technology obsolescence, and geopolitical exposure, are structurally present but manageable in the context of the company's market position. Regulatory and ESG risk is currently assessed as Low but warrants ongoing monitoring as data centre energy consumption comes under increasing public and political scrutiny.