

Date: 31/01/2026
Analyst: Bhavya Patel

Current Price: \$186.18
Target Price: \$223.42

Recommendation: **BUY**
Upside: 20.0%

Figure 1: Vertiv Historical Share Price (3Y)



Company Overview

Vertiv provides the “keep the data center running” layer of the digital world; power and thermal management, IT infrastructure, and monitoring that keep mission-critical compute online, efficient, and protected. Its “grid-to-chip” positioning is noteworthy because AI data centers are materially more power-hungry and heat-constrained, forcing customers to engineer power and cooling together rather than buy point products. It typically wins large builds through a consultative design-and-size process, converts awards into backlog and deliveries, and then monetises the installed base through recurring services like maintenance, upgrades, and monitoring.

I like the stock because AI-driven compute density is structurally increasing power and cooling requirements, and Vertiv is positioned to gain share as customers standardize on integrated, high-density solutions. Its co-developed offerings with NVIDIA and the Waylay NV acquisition (Aug 2025) strengthen the “intelligent infrastructure” stack by adding AI-driven monitoring and predictive optimisation, which should deepen services attach and customer stickiness over time.

Investment Thesis

Contrarian View: The market still frames Vertiv as a high-multiple “AI capex proxy” that will de-rate when hyperscaler spend normalises. I think that misses the structural shift in rack density, which makes advanced power and thermal architecture mandatory. VRT should therefore compound via share/mix gains and a growing services layer, not just ride a single capex cycle.

Liquid cooling is becoming standard in AI data centres; VRT positioned to take outsized share.

Air cooling hits limits as AI racks push far higher power density; liquid/hybrid solutions become required, not optional. Vertiv’s breadth in thermal management and its co-development posture with ecosystem leaders gives it a credible path to capture disproportionate share as customers standardise on proven, deployable solutions.

Full-solution modular builds lift switching costs and expand recurring services.

Vertiv is moving from standalone products to integrated power, cooling and monitoring systems built for rapid, high-density deployment. Owning the full architecture lifts content per site and switching costs, then pulls through multi-year services and optimisation; making revenue more repeatable than a one-off hardware cycle.

Catalysts & Drivers

■ **AI builds increase power/thermal spend per MW**

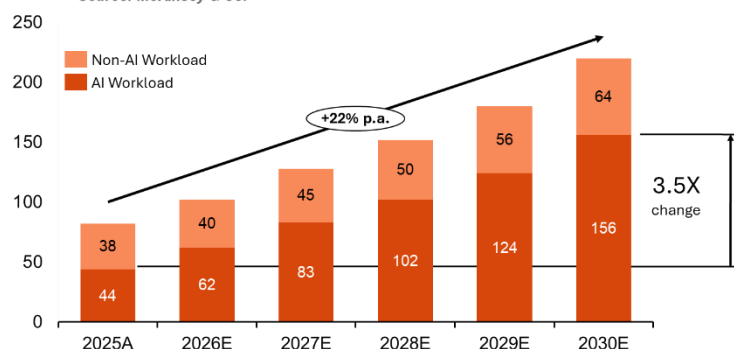
The key is not just more data centres but different data centres; where thermal and power become the bottleneck. As liquid cooling penetration rises, Vertiv should benefit from stronger pricing and richer solution content per build.

■ **Backlog conversion lifts visibility**

Vertiv’s award → backlog → delivery → services funnel gives clear line of sight into 3/5Y growth. As backlog converts and service attach scales, results should appear less “peak-cycle” and more execution-led, supporting a tighter valuation gap.

Figure 2: Global Demand for Data Centre Capacity (GW)

*Source: McKinsey & Co.



Risks & Downsides

■ **Tariffs & supply chain volatility**

This could squeeze margins and extend lead times; track margin cadence and pricing offsets, while Vertiv’s diversified footprint and sourcing flexibility should limit lasting damage.

■ **Execution risk (services scale + M&A integration)**

If service capacity doesn’t scale or acquisitions don’t cross-sell, earnings quality may disappoint; monitor service growth/attach and integration progress, with Vertiv’s global service base reducing execution risk versus smaller peers.

A peer avoid/short vs Vertiv is **Eaton**. It’s a high-quality electrification name, but its data-centre exposure is more incremental whereas Vertiv is directly levered to the binding constraint in AI infrastructure; power and thermal. If the next leg is driven by liquid cooling and integrated deployments, Vertiv should take more share-of-wallet and see greater mix upside.

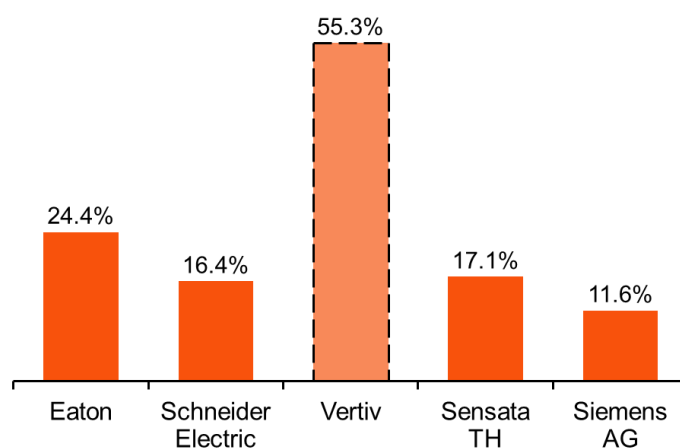
Financials

Figure 3: Market Profile (as of 01/02/2026)

Closing Price	\$186.18
52-Week High/low	\$53.60 / \$202.45
Avg Daily Volume (L3M)	2.22M
Market Cap (Current)	71.18B
Shares Outstanding	382.34M
Beta (3Y)	2.27
EV / Revenue (FY2E)	5.44x
EV / EBITDA (FY2E)	23.07x
Enterprise Value	75.76B

* FY2E = second forward fiscal year estimate per LSEG SmartEstimate; multiples use current market values

Return on Equity (% LTM) vs Peers



As the highest in its peer set, Vertiv's 55.3% ROE reinforces its ability to convert AI-driven growth into outsized return for investors.

Operating Metrics & Drivers

\$ in millions, unless otherwise noted

For Fiscal Year Ending	2024A	2025E	2026E	2027E	2028E	2029E
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Revenue by Segments

Product Revenue	6,393.5	8,950.9	11,636.2	16,290.6	20,363.3	24,436.0
% growth		40.0%	30.0%	40.0%	25.0%	20.0%
Services Revenue	1,618.3	2,298.0	3,102.3	3,877.9	4,653.4	5,584.1
% growth		42.0%	35.0%	25.0%	20.0%	20.0%
Total Revenue	8,011.8	11,248.9	14,738.5	20,168.5	25,016.7	30,020.1
% growth		40.4%	31.0%	36.8%	24.0%	20.0%

COGS

COGS	5,077.6	7,030.6	9,064.1	12,101.1	14,509.7	16,811.2
% revenue	63.4%	62.5%	61.5%	60.0%	58.0%	56.0%

Scenario Analysis

Figure 5: Scenario Analysis Matrix (FY27E exit, 1-2Y Horizon)

	Bear	Base	Bull
Product Revenue	\$14,661.5	\$16,290.6	\$17,919.7
Services Revenue	\$3,490.1	\$3,877.9	\$4,265.7
COGS (\$mm)	\$11,072.5	\$12,101.1	\$13,089.4
FY27E EV / EBITDA (x)	15.5x	17.8x	19.5x
Implied Price Target	\$157.44	\$223.42	\$289.74
Upside / (downside)	(15.4%)	20.0%	55.6%

*Exit EV/EBITDA assumes multiple normalises from current FY2E (23.1x) to 17.8x by FY27E (conservative)