First Read

Vertiv Holdings Co

Solid results despite some timing noise

Vertiv 2Q results missed on revenue but were in line on underlying operating profit; this is likely to pressure shares today given how critical growth is to the outlook for valuation.

But full-year organic growth guidance was raised to the high end of the prior range, and the company called out "timing shifts" in 2Q related to supply chain congestion, which means growth is expected to meaningfully recover in 3Q (organic growth guided to +35% in 3Q, which is about double 2Q's level).

The bottom line is some timing issues appear to have gone against Vertiv this quarter, which will pressure shares, but we still expect estimates to move higher, albeit now with a much bigger 2H ramp.

With respect to the quarter, organic growth was "only" 18%, vs. +23% in 1Q and vs. our model of 24%. To be sure, market participants were bracing for a meaningful beat on organic growth, so this is disappointing. Growth in the Americas was +21% (vs. +44% in 1Q), and the company called out "minor timing shifts, primarily due to temporary supply chain congestion and multi-phased project execution as deployments scale in size and complexity".

Margins were better across the board, with total incremental margins of about 40%. But VRT is a top-line story right now, so the miss on growth will pressure shares.

Full-year organic growth was raised to 31% (vs. 30% prior and vs. about 20% organic growth in 1H). So, organic growth in 3Q is guided to inflect to +35% and implied 4Q growth approaching 40%.

Net/net we'd expect a weak initial reaction but likely recovery intraday as market participants focus on structural demand trends as opposed to quarter-to-quarter timing and volatility. We note, bouts of weakness in VRT shares have usually been a compelling buying opportunity…..and we see no reason why this time would be likely to be different. Conf. call is at 11am ET.

Equities

United States
Industrial, Diversified

12-month rating	**Buy**
12m price target	**US$370.00**
Price (28 Jul 2026)	**US$269.56**

RIC: VRT.N **BBG:** VRT US

Trading data and key metrics

52-wk range	US$376.23-121.82
Market cap.	US$103b
Shares o/s	382m (COM)
Free float	98%
Avg. daily volume ('000)	1,363
Avg. daily value (m)	US$433.9
Common s/h equity (12/26E)	US$5.71b
P/BV (12/26E)	18.1x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (USD)

	12/26E	
	UBS	**Cons.**
Q1	1.17	1.17
Q2E	1.43	1.42
Q3E	1.76	1.79
Q4E	2.02	2.05
12/26E	6.38	6.48
12/27E	8.78	8.81
12/28E	10.35	11.15

Amit Mehrotra
Analyst
amit.mehrotra@ubs.com
+1-201-352 1410

Neal Burk
Analyst
neal.burk@ubs.com
+1-212-713 4066

Zachary Walljasper
Associate Analyst
zachary.walljasper@ubs.com
+1-212-713 9829

Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	6,863	8,012	10,230	13,783	17,643	19,937	22,528	25,457
EBIT (UBS)	1,054	1,552	2,090	3,217	4,417	5,214	6,045	7,004
Net earnings (UBS)	684	1,102	1,640	2,502	3,452	4,090	4,756	5,524
EPS (UBS, diluted) (US$)	1.77	2.85	4.20	6.38	8.78	10.35	12.02	13.93
DPS (net) (US$)	0.03	0.11	0.15	0.16	0.17	0.17	0.18	0.19
Net (debt) / cash	(2,161)	(1,701)	(1,185)	563	2,895	6,056	10,335	15,204
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	15.3	19.4	20.4	23.3	25.0	26.2	26.8	27.5
ROIC (EBIT) %	24.7	37.3	45.1	62.6	83.1	94.2	112.1	132.5
EV/EBITDA (UBS core) x	10.7	21.6	23.1	31.3	22.8	19.4	16.8	14.5
P/E (UBS, diluted) x	15.2	31.2	30.5	42.2	30.7	26.0	22.4	19.3
Equity FCF (UBS) yield %	7.6	3.4	4.1	2.3	2.7	3.5	4.7	5.3
Dividend yield (net) %	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 269.56 on 28-Jul-2026

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.**

Figure 1: VRT 2Q26 vs UBSe & consensus

Quarterly Comparison ($M)	UBS Estimates	Actuals	Delta ($) vs. UBS	Delta (%) vs. UBS	EPS Impact	Consensus	Delta (%) vs. Consensus
Revenues							
Americas	2,267	2,071	(196)	(8.7%)		2,268	-8.7%
Asia Pacific	644	720	76	11.7%		658	9.5%
EMEA	452	484	32	7.0%		449	7.7%
Total Revenues	**3,363**	**3,274**	**(89)**	**(2.6%)**		**3,379**	**-3.1%**
Operating Profit							
Americas	619	571	(48)	(7.7%)	($0.10)	618	-7.6%
Asia Pacific	83	96	13	15.3%	$0.03	85	13.0%
EMEA	97	124	27	28.4%	$0.06	88	41.5%
Total Segment Profit	**799**	**791**	**(7)**	**(0.9%)**		**791**	**0.1%**
EBIT (w/ corporate)	724	738	15	2.0%		716	3.2%
Sales Growth							
Americas	41.5%	29.2%				41.6%	
Asia Pacific	15.0%	28.5%				17.4%	
EMEA	(5.0%)	1.7%				(5.6%)	
Total Sales Growth	**27.5%**	**24.1%**				**28.1%**	
Operating Margin							
Americas	27.3%	27.6%	30			27.3%	30
Asia Pacific	12.9%	13.3%	40			12.9%	40
EMEA	21.4%	25.7%	430			19.6%	610
Total Operating Margin	**21.5%**	**22.6%**	**100**			**21.2%**	**140**
Corporate expense	(74.8)	(52.8)	22.0		$0.04		
Interest expense, net	(19.8)	(17.4)	2.4		$0.00		
Other income / (expense)	0.0	0.0	0.0		$0.00		
Tax rate	20.5%	16.9%			$0.06		
Share count	392.0	392.7			($0.00)		
EPS	**$1.43**	**$1.52**			**6.8%**	**$1.42**	**7.2%**

Organic growth	Estimates	Actuals	1Q26
Americas	35%	21%	44%
Asia Pacific	15%	26%	12%
EMEA	(5%)	(2%)	(29%)
Total Vertiv	**24%**	**18%**	**23%**

Source: Company Reports, FactSet consensus estimates, UBS estimates

Forecast returns

Forecast price appreciation	37.3%
Forecast dividend yield	0.1%
Forecast stock return	37.3%
Market return assumption	9.3%
Forecast excess return	28.0%

Company Description

Vertiv Holdings Co provides critical digital infrastructure for data centers, communications networks, and commercial/industrial environments.

Valuation Method and Risk Statement

Our price target is based on relative PE valuation methodology.
Risk Statement: The Electrical Equipment and Multi Industry sector faces a broad range of risks. It is cyclical in nature with exposure to the underlying cycles inherent in everything from aviation, auto, trucking and trains to construction and consumer electronics to mining, power, oil and gas and more depending on the specific stock. EEMI companies are subject to risks associated with unexpected changes in the underlying global macro environment, currency and interest rate movements, commodity price inflation as well as company-specific execution, M&A, integration, labor relations and changes in the competitive or regulatory environment. These changes can be in the form of product technology, e-commerce and other digital disruption and/or channel disintermediation. Capacity and related pricing pressures are also a risk through the cycle. Finally, these multinational companies are subject to policy changes taking place in the United States and internationally, including those related to environmental regulation and tariffs.
Specific to the company, risks include slowing growth and misexecution. Any slowing demand activity in data centers could have a material impact due to VRT's high exposure to data centers. VRT's high valuation leaves little room for error, so slowing growth could impact valuation levels.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

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Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

