



**Nexus
Investment
Fund**

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EXECUTIVE SUMMARY

Vertiv is a leading AI-driven digital infrastructure provider with strong financial growth, market dominance in data centers, and a BUY recommendation.

- Vertiv Holdings Co. (NYSE: VRT) is a leading provider of critical digital infrastructure, capitalizing on the growth of AI and data centers with innovative power and cooling solutions

Key Financial Metrics

- **Revenue Growth:** 13.4% YoY in 2024
- **Gross Margin:** 36.4%.
- **Free Cash Flow:** \$772.6M.
- **Market Cap:** \$50.2B.
- **EPS Growth:** 233.96% from 2022 to 2023.

Market Positioning & Competitive Advantage

- 75% of revenue from data center infrastructure, a market projected to grow at **19.52% CAGR** through 2030.
- Strong partnerships, including co-development with **NVIDIA**.
- Expansion into high-growth **emerging markets (India, Brazil, Mexico)**.

Strategic Growth Catalysts:

- AI-driven demand fueling growth in high-density data centers.
- Sustainable innovations in power efficiency and liquid cooling systems.
- Subscription-based IT maintenance model, increasing revenue predictability.



COMPANY OVERVIEW

Vertiv Holdings Co. is a global critical digital infrastructure provider capitalizing on the growth of artificial intelligence and data centers

Business Model Overview

- Designs, manufactures, and services critical digital infrastructure solutions (power, cooling, integrated hardware).
- Focuses on data centers (75% of revenue), communications networks, and industrial facilities.
- Revenue streams from both product sales and service offerings (lifecycle management, predictive analytics, maintenance).
- Emphasizes customer focus, operational excellence, and continuous innovation.

Main Revenue Drivers

- **Data Centers (75% of revenue):** High-performance computing, AI applications.
- **Communications Networks:** Reliable infrastructure for telecommunications.
- **Commercial & Industrial:** Power and cooling solutions for various industrial settings.

Key Financials

- **Ticker:** NYSE: VRT
- **Market Cap:** \$50,238.72 million
- **Shares Outstanding:** 386 M
- **Current Share Price:** \$133.85

Share Price Analysis

- **Earnings per Share (EPS):** \$1.77
- **P/E Ratio :** 75.6
- EPS increased significantly from \$0.53 in 2022 to \$1.77 in 2023 (233.96% increase), reflecting improved profitability and growth.
- High P/E ratio (75.6) indicates strong market expectation of future growth and is justified by rapid growth and operational efficiency improvements.



COMPANY OVERVIEW

Vertiv's strong leadership drives consistent growth, achieving a 814.36% return over 5-Y, with share prices projected to rise further under favourable scenarios.

Management & Leadership



David M. Cote
Executive Chairman



Giordano Albertazzi
Chief Executive Officer

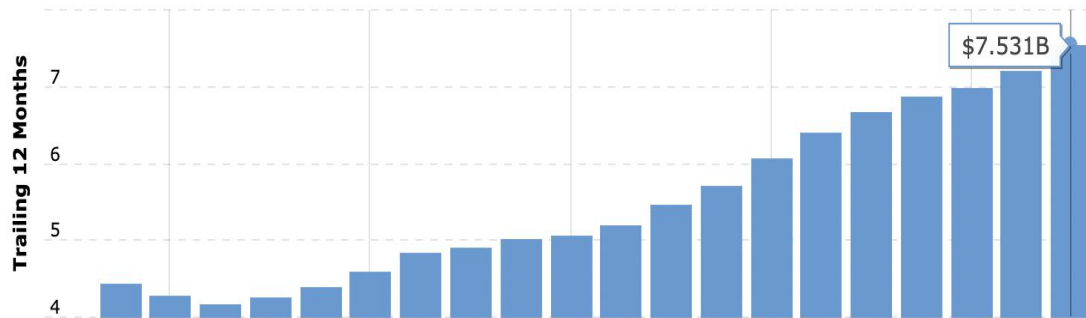


Jakki L. Haussler
Board Director

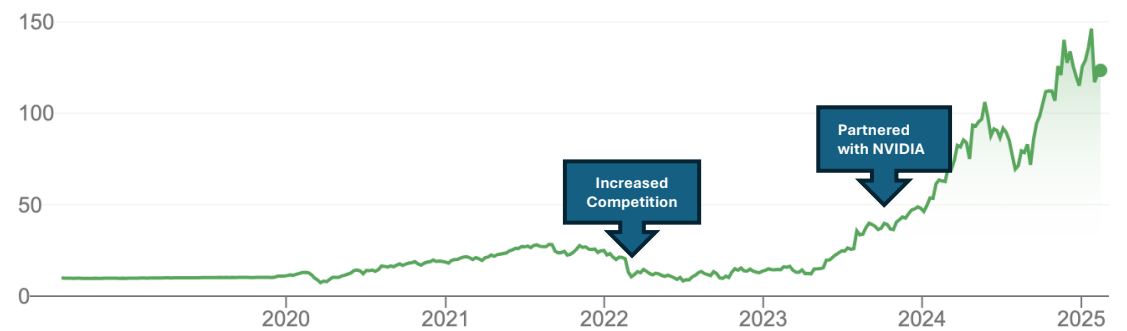
Historic Performance

Historic Performance			
6 Months	1 Year	3 Years	5 Years
73.88%	91.25%	354.67%	814.36%

Earnings Flash & Scenario Analysis



Historic Stock Price



INDUSTRY OVERVIEW

Vertiv operates in a rapidly growing critical digital infrastructure sector driven by AI, facing intense competition but possessing a strong competitive position.

Macroeconomic Outlook

- **Market Growth:** The global market for data center infrastructure is expanding rapidly due to increased demand for computing power, particularly for AI applications
- **Industry Demand:** The demand for reliable digital infrastructure is escalating. This creates significant market opportunity for Vertiv's power and cooling solutions.

- **Market Opportunity:** Vertiv is well-positioned to capitalize on this expanding market opportunity given its focus on energy-efficient technologies and advanced cooling solutions for high-density data centers.
- **Company Positioning:** Vertiv's strong competitive position is based on its innovative technology, extensive service network, and established partnerships.

Recent Industry Trends

- **Computing Densification:** The shift from CPUs to GPUs in compute-intensive workloads (AI) puts significant stress on existing cooling and power systems in data centers, driving demand for more advanced solutions.
- **Rising Power Demand:** Data centers consume a growing percentage of global energy (projected 3-4% by 2030, up from 1-2% currently), fueling demand for energy-efficient solutions
- **Increasing Rack Densities:** Average rack densities are rising dramatically, particularly in AI factory settings requiring 500-1000+ kW, necessitating innovative and efficient cooling solutions.
- **High Competition:** The critical digital infrastructure sector is highly competitive, with established players and new entrants vying for market share.
- **Strategic Partnerships:** Companies are increasingly forming alliances to enhance market position and leverage technological advancements. Vertiv's partnerships contribute to its service and spare sales growth.

Key Competitors

Schneider
Electric

EATON
Powering Business Worldwide


EMERSON



INVESTMENT THESIS

Vertiv's unique position in a high-growth AI-driven market and significant innovation in data center will allow for substantial growth.

• Vertiv's position in a high growth AI-Driven Market

- Global Green Data Centers Market USD 50.21 billion -> 187.71 billion.
- CAGR of roughly 19.52% through 2030
- A market share of 75% revenue from data centers
- Co-development with NVIDIA

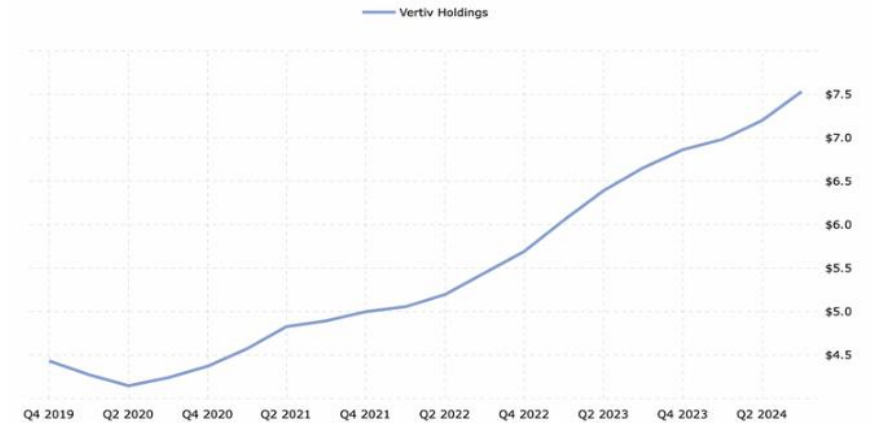
• Operational and Financial Strength

- Global footprint in over 40 countries
- 13.4% revenue growth in 2024
- Gross profit margin of 36.4%
- Strong free cash flow of \$772.6 million

• Focus on Sustainable Innovation and Market Leadership

- \$200 million R&D investment in 2024
- Next-gen PowerSystems & Advancing Liquid cooling system
- Subscription model for I.T maintenance
- Increases entry barriers

Revenue Graph



Gross Profit Graph



CATALYSTS

Vertiv is poised for growth through new products and expanding market opportunities in AI and sustainable technologies.

Short-Term Drivers

Successful Product Launches

- New product introductions, such as the Vertiv PowerUPS 9000, are driving sales and improving profitability. These products offer significant improvements in efficiency and reduce physical footprint.

Navigating Macroeconomic Headwinds

- Vertiv demonstrates consistent financial performance despite broader market challenges. This resilience highlights its ability to navigate economic fluctuations and capitalize on opportunities.

Long-Term Drivers

Expansion in Emerging Markets

- Establishment of R&D centres in China signifies commitment to technological innovation tailored to specific regional needs.
- Development of products tailored to specific emerging markets (Brazil, Mexico, India) demonstrates a proactive approach to capturing substantial growth potential in these regions

Rising Demand for AI-Specific Data Centers

- The rapid growth of the AI sector directly fuels the demand for specialized data centers and related infrastructure.
- Vertiv's energy-efficient liquid cooling solutions are uniquely positioned to address the significant cooling demands of high-density AI data centers, providing a long-term competitive advantage.

Increased Focus on Sustainability

- The growing demand for energy-efficient solutions is driving increased demand for Vertiv's products and services. This trend is fueled by regulatory pressures to reduce carbon emissions and a broader shift toward environmentally conscious business practices. Vertiv's investments in energy-efficient technologies are well-positioned to capitalize on this

Growth in Hybrid and Cloud-Native Environments

- The ongoing migration of IT infrastructure to cloud and hybrid models is creating sustained demand for Vertiv's solutions. Companies require scalable, flexible, and efficient data center infrastructure to support these dynamic IT environments. Vertiv's services and solutions directly address these needs.



RISKS & MITIGATION

Government-led industrialization and infrastructure development drive economic growth through strategic investments, policy support, and public-private partnerships.

1	Market Volatility and Competitive Threats	➔	Vertiv's collaboration with industry leaders like NVIDIA for developing advanced power and cooling solutions for AI-driven data centers demonstrates its strong position in this high-growth sector
2	Compliance/ESG standards	➔	Vertiv issues annual responsible business reports, providing updates on its environmental impact and governance efforts. This transparency helps maintain stakeholder trust and demonstrates the company's commitment to ESG practices
3	Supply Chain Disruption	➔	Vertiv's distributed operations across regions help them prepare for various potential risks, including geopolitical risks. By having a geographically diverse supply chain and operational presence, Vertiv can better manage disruptions that might affect a specific area.
4	Regulatory Challenges	➔	Vertiv's experience in operating globally and its ability to adapt to changing regulations helps mitigate the risk of these regulatory challenges. Vertiv's focus on sustainability and resilience in its supply chain also positions it well to meet evolving regulatory requirements.
5	Global Economic and Political Risks	➔	Vertiv's focus on sustainability and resilience in its supply chain also positions it well to meet evolving regulatory requirements



VALUATION

Vertiv trades at a premium valuation, supported by strong growth, profitability, and higher R&D investment, justifying its BUY recommendation.

Key Ratios	Vertiv	Competitors
Enterprise Value	47.09B	144.78B
Forward P/E	33.44	24.81
Enterprise Value/ Revenue	6.25	3.97
R&D Spending as % of revenue	8%	5%
Gross Margin	36.48%	32.5%
WACC	15.61%	13.9 %
FCF increase 2023	\$333 million	\$250 million

- **Enterprise Value:** \$47.09B vs. \$144.78B (competitors), showing growth potential.
- **Forward P/E:** 33.44 vs. 24.81, indicating strong market expectations.
- **EV/Revenue:** 6.25 vs. 3.97, reflecting a premium valuation.
- **R&D Spending:** 8% vs. 5%, highlighting innovation focus.
- **Gross Margin:** 36.48% vs. 32.5%, demonstrating superior profitability.
- **WACC:** 15.61% vs. 13.9%, suggesting higher cost of capital.
- **FCF Growth:** \$333M vs. \$250M, reinforcing financial strength.

Vertiv trades at a premium but justifies it with higher growth, margins, and R&D investment, supporting its **BUY** recommendation.



RECOMMENDATION

Vertiv is a BUY due to strong AI-driven growth, strategic investments, and global market expansion, positioning it to outperform market expectations.

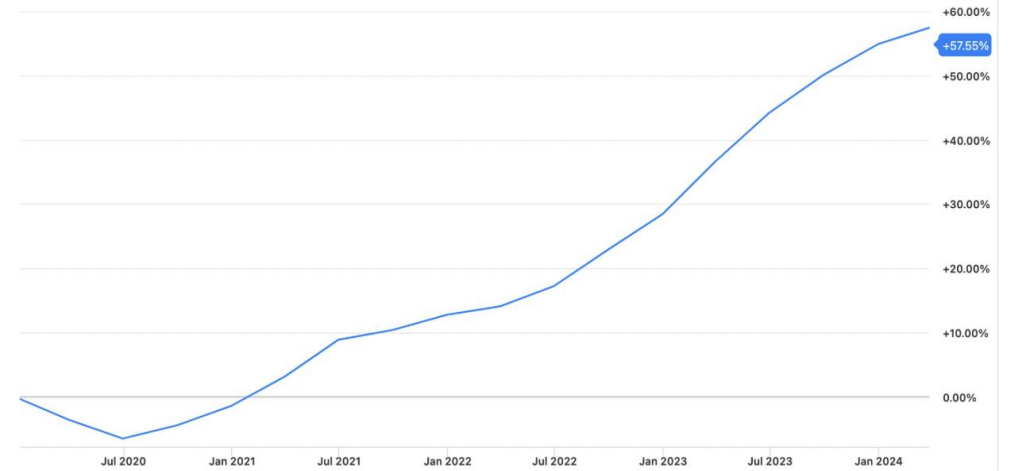
We Issue a LONG BUY recommendation

With Vertiv Holdings' upcoming solutions for data centre infrastructure and strategic investment in R & D, we predict that this company will continue to grow and outpace the market expectations.

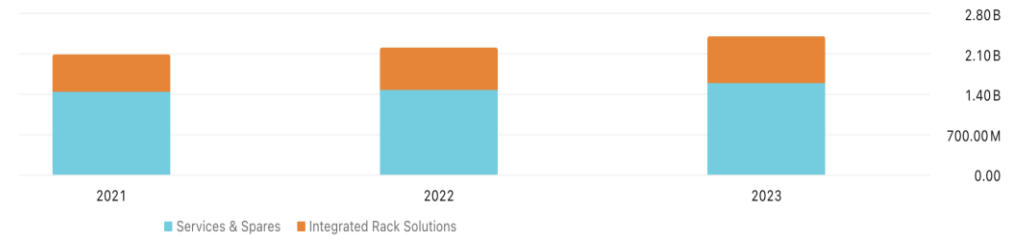
Main Catalysts

- AI-driven growth and significant investment in Power systems and Liquid Cooling.
- Expect Market growth of 19.52% CAGR with Vertiv benefiting an expected 14% CAGR
- Potential of global market penetration, specifically in emerging economics like India and Brazil.
- Reliable entry barrier, reducing future competition and promoting high value collaborations.
- Continuous financial growth in revenue with 13.4% YoY revenue growth in 2024, as AI adoption scales rapidly across industries.
- Data centres usage expected to be 3-4% of global energy by 2030, Vertiv's innovations in energy-efficiency align with long-term ESG goals and regulatory demands.

Revenue Growth



Revenue Breakdown





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