James Van Varick | June 12, 2026 | Ticker: AAON | Price: $127.19 (as of market close 6/12/2026)

AAON, Inc.

Sector: Industrial Manufacturing
Industry: Building Products

Summary: AAON is a manufacturer of high-performance, energy-efficient HVAC systems for commercial and industrial applications.

Key Stock Statistics[1]

52-Week Range:	$62.00 - $150.46	**Market Cap:**	$10.7bn	**FY25A EPS:**	$1.29
30D Avg. Volume:	1,354,538	**Enterprise Value:**	$11.1bn	**FY25A P/E:**	98.6x
5Y Adj. Beta:	1.12	**Institutional Ownership:**	88.3%	**FY26E EPS:**	$2.28[2]

3-Year Stock Performance[3]

Risk Assessment

AAON faces risks tied to the cyclicality of the commercial and industrial construction markets. The Architecture Billings Index has been in contraction for 42 of the past 43 months, [4] and reaccelerating inflation with the prospect of a rate hike later this year raises financing costs for new commercial projects. On the BASX side, any shift in hyperscaler capex sentiment could stall backlog conversion and undermine the thesis. Layered on top, two consecutive gross margin guide-downs mean margin recovery is not guaranteed.

Highlights

Stellar BASX Growth

- $1.62bn backlog in 1Q26 (+160% YoY).
- Stated capacity upgraded from $1.5bn to over $2bn.
- Management implied roughly $1bn in BASX revenue for 2026 (+83% YoY).

AAON Brand Recovery Is Real

- AAON brand sales +41.6% YoY in 1Q26 after an 8.3% decline in FY2025.
- Alpha Class sales +33% in FY2025 and National Accounts represented 35% of total FY2025 bookings.

Three Disruptions to Margins

- A2L refrigerant transition: full retooling of AAON-branded production lines in early 2025 which is now complete.
- ERP disruption at Longview: go-live in April 2025 caused temporary production chaos but has largely been resolved.
- Memphis overhead drag: $9.8mn in Q1 alone, ongoing but should normalize by 2027 as the plant reaches capacity.

New CFO & Disciplined Playbook

- Andy Cheung joined as CFO in April 2026 with nearly three decades of HVAC and automotive financial leadership experience.
- Management committed to "ramping responsibly" at BASX facilities to keep margins on target.

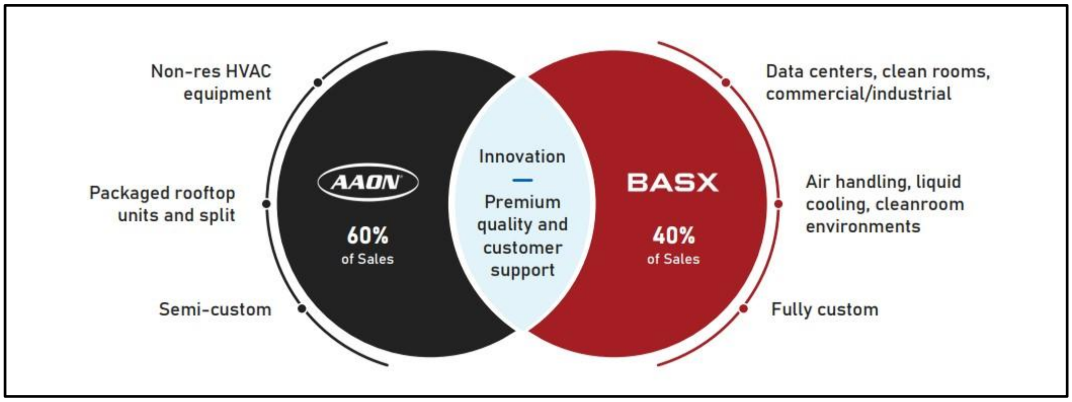
Moderate Buy at Current Price – DCF

- Implied FY2026 EPS of $2.28 (+77% YoY).
- Scenario share price range of $91 to $245 reflects uncertainty in AAON brand resilience, BASX execution, and margin recovery.
- Selected configuration yields fair value of $166/share vs. current price of $127/share, a 31% upside.

Business Overview

AAON is a manufacturer and designer of heating, ventilation, and air conditioning (HVAC) equipment, headquartered in Tulsa, Oklahoma. Founded in 1987, the Company has expanded from a regional player into a nationwide leader, specializing in high-performance, energy-efficient systems for commercial and industrial applications. It operates under three subsidiaries: AAON Oklahoma, AAON Coil Products (ACP), and BASX, and sells products under two flagship brands: AAON and BASX. Each subsidiary generally markets products under its corresponding brand, though ACP also sells certain products under the BASX brand. AAON is the flagship brand, primarily manufacturing rooftop units (RTUs), air handling units, heat pumps, and related controls, serving both new construction and replacement markets. BASX, co-founded by current CEO Matt Tobolski, was acquired in 2021 and delivers solutions for mission-critical facilities such as data centers and cleanrooms. Its products include computer room air handling (CRAH) units, direct-to-chip liquid cooling systems, and packaged chillers. At the end of Q1, the AAON brand contributed 60% of sales while BASX contributed 40% on a trailing 12-month basis.

AAON's philosophy is to provide semi-custom or custom solutions of the highest quality and energy efficiency rather than standardized products. To bring these solutions to market, the Company utilizes independent manufacturer representatives across the U.S. and Canada, selling directly to contractors or end users. Products are shipped from one of five manufacturing plants in Tulsa, Oklahoma; Longview, Texas; Parkville, Missouri; Redmond, Oregon; or Memphis, Tennessee. AAON also emphasizes customer experience and aftermarket support, offering replacement parts, controls upgrades, and service training through its representative network.



In support of this philosophy, the Norman Asbjornson Innovation Center, a 134,000-square-foot research and development laboratory built in 2019, enables the Company to test equipment under a wide range of environmental conditions, including extreme temperatures, wind, rain, and snow. This allows AAON to verify performance beyond standard certification requirements, reinforcing its reputation for quality and reliability. The Company's engineering focus has also supported a price premium over competitors such as Lennox, Trane, Carrier, York, and Daikin. In recent years, operational efficiencies have helped narrow the premium while maintaining quality and competitiveness.

AAON's customer base includes several large representative groups such as Texas AirSystems and related portfolio groups like Meriton, Ambient, and AIR Control Concepts. On the BASX side, top customers operate primarily in the data center cooling market, with management pointing to companies such as Microsoft, Amazon Web Services, Google Cloud, QTS, and Applied Digital. The Company's consolidated backlog stood at $2.13bn at the end of Q1, with BASX-branded backlog now representing the larger share of the order book. Lead times for AAON-branded products have stretched to roughly 18-26 weeks, well above the historical norm of 10-12 weeks, while BASX orders continue to be placed many months in advance. This stable order base, supported by strong customer relationships, provides consistent production visibility across the Company's manufacturing footprint.

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Norman H. Asbjornson

Gary D. Fields

Angela E. Kouplen

Caron A. Lawhorn

Stephen O. LeClair

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What Changed Since August 2025

Since my initiating report in August 2025, AAON has returned roughly 44%, with most of the gain coming on the back of an outstanding Q1 2026 earnings report. The report felt like the turning of a corner, with BASX brand sales and backlog smashing expectations, AAON brand sales improving dramatically after their dip last year, and several internal problems beginning to fade away. Before addressing these improvements, however, I want to first clarify what the three major setbacks were over the back half of 2025.

Refrigerant Transition

The smallest of the three setbacks: new EPA regulations took effect at the start of 2025, requiring AAON to switch AAON-branded production to A2L refrigerants from the HFC refrigerants that had served as the industry standard for decades. A2L refrigerants carry a much lower global warming potential, but are mildly flammable, which meant retooling production lines and adding new handling and safety components across the AAON-branded lineup. As a result, margins were pressured early in the year. AAON Oklahoma segment gross margin came in at just 25.1% in Q1 2025, well below the mid-30s level management has since described as the segment's normalized long-term target. Even so, it was not a difficult hurdle to clear, and management has since described the transition as complete.

ERP Go-Live at Longview

A more significant drag on margins: AAON went live with a new enterprise resource planning (ERP) system at its Longview facility in April 2025, which created significant operational chaos. Production slowed, and inventory management and throughput issues hit internal coil production, weighing primarily on AAON brand finished product sales. This disruption was a primary driver of the 8.3% decline in AAON brand revenue for the year, as production constraints limited the volume available to sell even as underlying demand held up. Through the back half of 2025, margins remained under pressure, and management revised its full-year gross margin guidance down to 28.0%-28.5% from an original target of 32%-35%. Tobolski has since acknowledged the circumstances directly, calling 2025 AAON performance "not representative of expectations." He affirmed his commitment to a sequential production ramp through 2026 and backed it up in Q1, with AAON brand sales posting a 41.6% jump YoY to $269mn.

Memphis Overhead Drag

The most structurally important setback looking forward: the Memphis facility sits within the AAON Oklahoma segment but helps manufacture BASX-branded products, meaning BASX receives the revenue while Oklahoma absorbs the fixed overhead. This dynamic has been especially meaningful over the past couple of quarters and will remain so as the plant continues ramping toward full utilization. On the Q1 2026 earnings call, management quantified this drag for the first time at $9.8mn for the quarter, or roughly $40mn annualized, and noted that stripping out this cost would have put Oklahoma's gross margin at 29.6% rather than the reported 26.3%. The flip side is that BASX margins look better than they should, since the segment captures Memphis-driven revenue without bearing the corresponding overhead. Unlike the refrigerant or ERP hiccups, both of which were clearly transitory, this is an ongoing quirk in how AAON allocates costs, though the effect on margins should fade as Memphis ramps toward capacity.

Before Memphis was up and running, some BASX production was being temporarily handled out of the Tulsa facility because demand was outpacing what could be produced in the traditional Redmond facility. This kept pace with orders in the near term, but margins were ultimately affected through 2025 since Tulsa was never designed for BASX production. Memphis has since taken over that excess volume with the intention of being much more efficient, but the overhead drag described above is what that transition looks like in its early stages.

BASX's backlog sits at $1.62bn and demand isn't slowing down anytime soon, so it would be easy for AAON to push Memphis as hard and fast as possible. However, after the Tulsa experience, management has showcased that it's determined not to repeat the same mistake. Executives have talked about "ramping responsibly" and "moderating the gas pedal," and have said they want to grow the Company in a "profitable, responsible, high-quality manner" rather than chase the fastest possible backlog conversion. This is a different approach than what led to the ERP issues and the Tulsa workaround, and it's a good example of management discipline. It also helps that AAON just brought in a new CFO, Andy Cheung, who has nearly three decades of financial leadership experience across the HVAC and automotive industries.

Pulling The Threads Together

The refrigerant transition is far in the rearview mirror, the ERP disruption has faded simply with time as AAON adapted to the new system, and Memphis creates overhead drag today that should be filled out by 2027. Layered on top, there had also been some general inflationary cost pressure in 2026, though management labeled it temporary and it's a much smaller factor than the three issues above. The bottom line is that Q1 2026 showed 54% revenue growth YoY with gross margins still well below target, and it will be important to see how fast that gap closes over the next several quarters.

Investment Thesis

AAON Brand

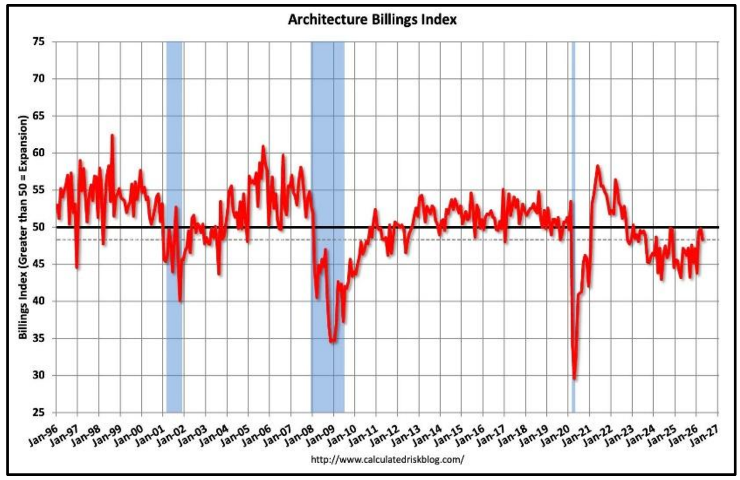
With the refrigerant transition and ERP disruption behind it, and the Memphis overhead drag being clarified, the real question for AAON brand heading into the rest of 2026 is how resilient it can be in a gloomy macro environment and commercial construction market.

The Architecture Billings Index, a leading indicator for nonresidential construction that typically leads activity by 9 to 12 months, came in at 48.3 in April 2026, with the commercial sector specifically at 48.9.[5] Both readings remain below the 50 threshold, marking the industry in contraction in 42 out of the past 43 months. At the same time, inflation has reaccelerated. Headline PPI rose 6.5% YoY in May, the highest level since November 2022,[6] driven in large part by the conflict in the Middle East. The 10-year Treasury yield has climbed back toward 4.5% as a result.[7] CME FedWatch still puts the odds of a hold at the Fed's June 17 meeting at 97.1%,[8] but investors are now anticipating a rate hike later this year, possibly in October, representing a major shift from where expectations sat for most of 2025. Higher rates raise financing costs for new commercial projects right as billings activity is already soft. None of this is AAON specific, but it's the environment their core market is operating in.

Against that backdrop, what gives me confidence is that AAON brand isn't relying on the macro to grow. Alpha Class sales were up 33% in 2025, the product line is now offered in three climate zone tiers, and National Accounts grew to 35% of total FY2025 bookings, which is real evidence that the expanded sales channel is converting into share gains with larger customers. Annualizing Q1's run rate implies something close to 20% growth for AAON brand in 2026.

My base case assumes 18%, slightly below that pace, which I think is the right level of conservatism given the headwinds above. I still believe, though, that AAON's execution is strong enough to deliver that growth even if the broader market doesn't cooperate.

The piece I'm still cautious about is lead times. They're sitting in the mid-20-week range against a normalized 10 to 12, and management has described this as a balancing act of how much production volume to push against what the order book

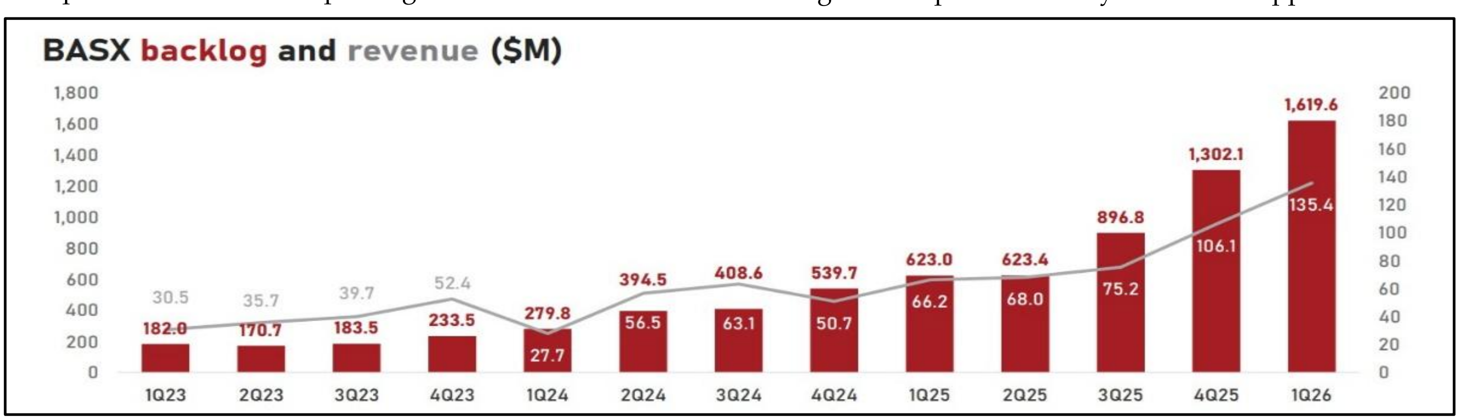


can absorb. That's a good problem to have, but it's still a constraint, and it means the AAON brand recovery needs to prove itself over a few more quarters before I'd treat it as fully de-risked. Altogether, I'm in wait-and-see mode with the AAON brand, leaning slightly positive given the Alpha Class and National Accounts momentum and the conservative growth assumption underlying it, but I wouldn't bet the thesis on this side of the business alone.

BASX Brand

Working in the commercial construction industry last year, I saw firsthand how quickly data center construction was accelerating, and AAON's June 2026 investor day helps put that into perspective. Annual data center buildout spending grew from $20bn in 2023 to $43bn in 2025, installed capacity nearly tripled from 2 GW to 11 GW over the same period, and the current industry pipeline sits at roughly 240 GW, with 8-12 GW being added annually.[9] This is a sustained, multi-year buildout, and cooling is one of the main bottlenecks.

That matters for BASX because its focus on bespoke cooling solutions, and increasingly liquid cooling specifically, sits right at the center of what is driving up the cost of AI infrastructure. In a standard data center, mechanical, electrical, and plumbing systems, which include cooling, account for around half the construction budget. In AI-focused facilities, that figure rises to roughly 75%,[10] driven mainly by cooling and the power delivery needed to support it. As

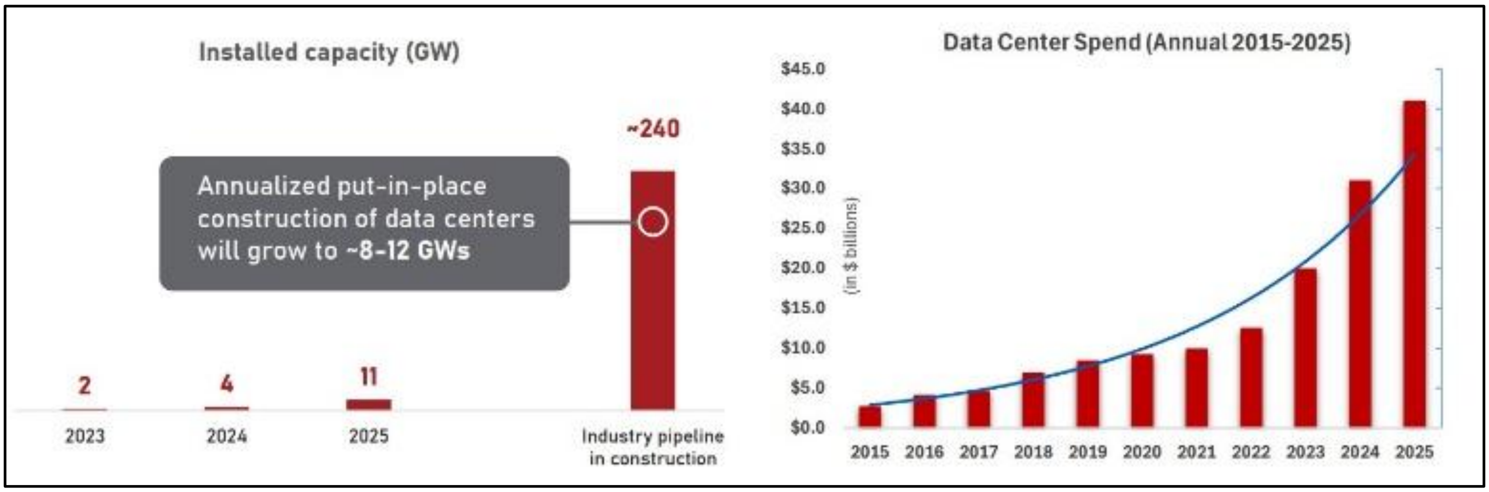


higher-density AI compute pushes more facilities toward liquid cooling, BASX is exposed to one of the fastest-growing parts of data center spend.

The backlog numbers show how fast this has played out. BASX backlog has grown from $623mn at the time of my original pitch to $1.62bn at the end of Q1 2026. Management also upgraded BASX's stated capacity from $1.5bn to above $2bn on the most recent earnings call. For 2026, management's guidance implies roughly $1bn in BASX revenue, representing YoY growth of around 83%. The broader liquid cooling market nearly doubled in 2025 to approach $3bn and is forecast to reach $7bn by 2029,[11] so BASX's growth is not happening in isolation.

On the Q1 call, Tobolski said the BASX beat came from a deliberate decision to lean into production once demand proved stronger than expected. To me, that suggests demand is not the near-term bottleneck and that the company has more control over its growth trajectory than the guidance implies. Management has also consistently understated the production ramp and overdelivered anyway. For both reasons, I have BASX brand sales on the optimistic switch rather than base case.

The other side of this growth is what it is doing to the balance sheet. BASX jobs are long-cycle, and cash comes in at delivery rather than at booking, so a backlog growing this fast means BASX is spending on materials and labor today for orders that will not convert to cash for months. That funding gap is exactly why debt has climbed from $317mn at the time of my original pitch to $425mn at Q1 2026, and why the revolver has been expanded three times to $600mn to cover it. I don't see this as a red flag given what is driving it, but it is worth noting, and it's part of why my WACC assumption stays conservative.



Valuation & Catalyst Path

The DCF is built around three scenarios for each key input. The selected combination reflects the overarching stance established in the Investment Thesis section: genuine conviction on BASX demand, respect for the margin recovery that is still progressing, and caution on the macro and balance sheet backdrop.

AAON brand sales are on the base case switch, anchored to the 18% growth assumption for 2026 and normalizing toward management's mid-single digit long-term target from 2027 onward. Q1 confirmed that the recovery is real, but the Company must sustain it through a soft commercial construction backdrop over the next several quarters. BASX brand sales are on the optimistic switch for the reasons already laid out in the Investment Thesis section. To reiterate, management's pattern of underpromising, Tobolski's explicit acknowledgment that demand is not the constraint, and the structural shift toward liquid cooling being undersold in the guidance figures are all key factors. If the BASX thesis plays out, the model's optimistic BASX revenue path ($1.2bn in 2026, compounding from there) will approach the current stated capacity ceiling of above $2bn by 2028-2029. At that point, another major capex cycle would become necessary, which is exactly what the model captures.

Gross margins are on the base case switch. Two consecutive guide-downs are a clear signal to be cautious about getting ahead of management on this metric, even if the underlying reasons are well understood. The base case assumes 27.5% in 2026 in line with management's most recent guidance range, recovering toward 31% by 2028 and beyond as the Memphis overhead drag is absorbed. The ceiling on consolidated margins is also structurally limited. BASX brand margins run in the mid-20s, below the AAON Oklahoma segment's mid-30s normalized target, so the faster BASX grows as a share of revenue, the more pressure it places on the consolidated figure. Being bullish on BASX growth and simultaneously bullish on margin recovery are in tension with each other at this stage, and the model resolves that tension honestly by holding margins at base case while the optimistic BASX revenue plays out.

SG&A is modeled at 14.5% of sales for 2026, consistent with explicit management guidance, stepping down gradually to 13.5% by 2028 as revenue scales. Even at 13.5%, the assumption remains above the historical range of 8.9%-13.0%, so this is not a case where operating leverage is being assumed aggressively.

The 2026 capex figure of $190mn is hard-coded from company guidance, reflecting the tail end of the Memphis build. In 2027, capex steps down to approximately 7.5% of sales as the major expansion cycle concludes and the business enters a maintenance period. In 2028, capex steps back up to 12% of sales and remains elevated through 2029 before tapering in 2030. This is a direct consequence of the BASX optimistic switch. If BASX revenue approaches the $2bn+ capacity ceiling by 2028-2029 as the model projects, another round of facility investment will almost certainly follow.

WACC is on the conservative switch at 9.49%, 50 basis points above the CAPM-derived base of 8.99%. The rationale is the same macro context already described. Elevated CPI, the 10-year Treasury at approximately 4.5%, and markets now pricing a hike in 2026 rather than a cut, all argue for a higher discount rate than a neutral environment would imply. The $425mn in floating-rate debt reinforces this, as rate sensitivity on the balance sheet is a direct operating risk. As for the terminal growth rate, it's on the base case switch at 2.5%. I'm genuinely optimistic about what AI does to long-run US productivity, and if that plays out, trend growth could surprise to the upside. But the debt load, a higher rate environment, and structural inflation are headwinds that I think offset a good chunk of that optimism.

Across all three scenarios, the model implies an extremely wide price range per share of approximately $91 on the conservative end to approximately $245 on the optimistic end. If BASX growth plays out and margins recover, the stock is worth meaningfully more than where it trades today. If either leg underdelivers, the downside is substantial. The selected switch configuration, base AAON brand sales growth, optimistic BASX brand sales growth, base gross margins, conservative WACC, and base TGR, implies a fair value of approximately $166 per share. Against the current share price of approximately $127, that's a 31% upside, enough for me to maintain a Moderate Buy. My model also implies FY2026 EPS of approximately $2.28. At the current price, that puts the forward P/E near 56x, down sharply from the 98.6x FY2025 multiple, most of which reflects the depressed earnings of last year normalizing. Overall, BASX's growth trajectory supersedes the AAON brand and margin uncertainty at the bottom line in the model, but those issues are holding me back from upgrading to a Strong Buy.

Catalysts to Watch

The Moderate Buy rating is not a permanent conclusion. Several developments would warrant a reassessment.

On the upside, continued AAON brand sales growth through Q2 and Q3 2026 would confirm the Q1 recovery for the brand was real and not just an easy YoY comparison. BASX backlog pushing further toward $2bn without material cancellations would reinforce the demand picture. Two consecutive quarters of gross margin above 28% would be the clearest signal that the margin recovery is real and not another guide-down waiting to happen. And any signs that inflation is stabilizing or that the Fed is moving toward holding or cutting rates, with Treasury yields reflecting that shift, would argue for a lower discount rate than what the model currently assumes.

On the downside, AAON brand Q2 disappointment would collapse the disruption-is-over narrative. A stall or reversal in BASX backlog, particularly if tied to a shift in hyperscaler capex sentiment, would directly undermine the thesis. A third consecutive gross margin guide-down would be difficult to dismiss as transitory and would call the base case margin assumptions into question. And continued inflation acceleration or any signal that the Fed is moving toward a rate hike would push the discount rate assumption in the wrong direction.

Ticker	AAON	Implied Price Per Share	166.28
Date	6/17/2026	Current Share Price	127.19
EOY	12/31/2026	Implied Upside / (Downside)	31%

Assumptions

Switches		Conservative			Base			Optimistic		
Assumptions		**Assumptions**	**Year**	**Metric**	**Assumptions**	**Year**	**Metric**	**Assumptions**	**Year**	**Metric**
AAON Brand Sales	2	AAON Brand Sales	2026-2031	*(15.0%)*	AAON Brand Sales	2029-2031	*(10.0%)*	AAON Brand Sales	2026-2031	*15.0%*
BASX Brand Sales	3	BASX Brand Sales	2026-2031	*(15.0%)*	BASX Brand Sales	2029-2031	*(20.0%)*	BASX Brand Sales	2026-2031	*15.0%*
Gross Margin	2	Gross Margin	2027-2031	*(10.0%)*	Gross Margin	2029-2031	*0.0%*	Gross Margin	2027-2031	*10.0%*
WACC	1									
TGR	2									
Valuation										
WACC	9.5%	WACC		9.5%	WACC		9.0%	WACC		8.5%
TGR	2.5%	TGR		2.0%	TGR		2.5%	TGR		3.0%

Income Statement	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
AAON Brand Sales							771	1,002	976	894						
% growth								*29.9%*	*(2.6%)*	*(8.3%)*						
Brand mix							*86.8%*	*85.7%*	*81.3%*	*62.0%*						
BASX Brand Sales							118	167	225	548						
% growth								*41.5%*	*35.1%*	*143.5%*						
Brand mix							*13.2%*	*14.3%*	*18.7%*	*38.0%*						
Total Sales	384	405	434	469	515	535	889	1,169	1,201	1,442	2,067	2,415	2,821			
% growth		*5.5%*	*7.1%*	*8.2%*	*9.6%*	*3.9%*	*66.3%*	*31.5%*	*2.7%*	*20.1%*	*43.4%*	*16.8%*	*16.8%*			
Gross Profit	118	123	104	120	156	138	238	399	397	386	564	711	875			
% of sales	*30.8%*	*30.5%*	*23.9%*	*25.5%*	*30.3%*	*25.8%*	*26.7%*	*34.1%*	*33.1%*	*26.7%*	*27.3%*	*29.4%*	*31.0%*			
SG&A Expense	34	37	38	43	52	59	94	142	151	188						
% of sales	*8.9%*	*9.2%*	*8.9%*	*9.1%*	*10.1%*	*11.1%*	*10.6%*	*12.1%*	*12.6%*	*13.0%*						
EBIT	80	74	56	68	102	69	127	227	209	146	263	375	494			
% of sales	*20.7%*	*18.3%*	*12.9%*	*14.5%*	*19.8%*	*13.0%*	*14.3%*	*19.5%*	*17.4%*	*10.1%*	*12.7%*	*15.5%*	*17.5%*			
Taxes	27	20	13	14	23	10	24	46	38	21						
Tax rate	*34.1%*	*27.0%*	*24.0%*	*20.0%*	*22.6%*	*15.0%*	*19.1%*	*20.0%*	*18.2%*	*14.5%*						

Cash Flow Items	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
D&A	13	15	18	23	26	30	35	47	63	79						
% of sales	*3.4%*	*3.7%*	*4.1%*	*4.9%*	*5.0%*	*5.7%*	*4.0%*	*4.0%*	*5.2%*	*5.5%*						
CapEx	27	42	37	37	68	55	54	104	196	191						
% of sales	*6.9%*	*10.3%*	*8.6%*	*7.9%*	*13.2%*	*10.4%*	*6.1%*	*8.9%*	*16.3%*	*13.2%*						
Change in NWC	(8)	(17)	(16)	2	5	(44)	(78)	(77)	(49)	(236)						
% of sales	*(2.2%)*	*(4.2%)*	*(3.7%)*	*0.4%*	*1.0%*	*(8.3%)*	*(8.7%)*	*(6.6%)*	*(4.1%)*	*(16.4%)*						

DCF	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
AAON Brand Sales							771	1,002	976	894	1,055	1,140	1,197	1,251	1,301	1,349
% growth								*29.9%*	*(2.6%)*	*(8.3%)*	*18.0%*	*8.0%*	*5.0%*	*4.5%*	*4.1%*	*3.6%*
Conservative Case											*15.3%*	*6.8%*	*4.3%*	*3.8%*	*3.4%*	*3.1%*
Base Case											*18.0%*	*8.0%*	*5.0%*	*4.5%*	*4.1%*	*3.6%*
Optimistic Case											*20.7%*	*9.2%*	*5.8%*	*5.2%*	*4.7%*	*4.2%*
Brand mix							*86.8%*	*85.7%*	*81.3%*	*62.0%*	*49.6%*	*40.3%*	*32.7%*	*27.1%*	*23.0%*	*20.0%*
BASX Brand Sales							118	167	225	548	1,071	1,686	2,462	3,368	4,360	5,386
% growth								*41.5%*	*35.1%*	*143.5%*	*95.5%*	*57.5%*	*46.0%*	*36.8%*	*29.4%*	*23.6%*
Conservative Case											*70.6%*	*42.5%*	*34.0%*	*27.2%*	*21.8%*	*17.4%*
Base Case											*83.0%*	*50.0%*	*40.0%*	*32.0%*	*25.6%*	*20.5%*
Optimistic Case											*95.5%*	*57.5%*	*46.0%*	*36.8%*	*29.4%*	*23.6%*
Brand mix							*13.2%*	*14.3%*	*18.7%*	*38.0%*	*50.4%*	*59.7%*	*67.3%*	*72.9%*	*77.0%*	*80.0%*
Total Sales	384	405	434	469	515	535	889	1,169	1,201	1,442	2,126	2,826	3,659	4,619	5,661	6,735
% growth	*0.0%*	*5.5%*	*7.1%*	*8.2%*	*9.6%*	*3.9%*	*66.3%*	*31.5%*	*2.7%*	*20.1%*	*47.4%*	*32.9%*	*29.5%*	*26.2%*	*22.6%*	*19.0%*
Gross Profit	80	74	56	68	102	69	127	227	209	146	585	820	1,134	1,432	1,755	2,088
% of sales	*30.8%*	*30.5%*	*23.9%*	*25.5%*	*30.3%*	*25.8%*	*26.7%*	*34.1%*	*33.1%*	*26.7%*	*27.5%*	*29.0%*	*31.0%*	*31.0%*	*31.0%*	*31.0%*
Conservative Case											*26.5%*	*26.1%*	*27.9%*	*27.9%*	*27.9%*	*27.9%*
Base Case											*27.5%*	*29.0%*	*31.0%*	*31.0%*	*31.0%*	*31.0%*
Optimistic Case											*28.5%*	*31.9%*	*34.1%*	*34.1%*	*34.1%*	*34.1%*
SG&A Expense	34	37	38	43	52	59	94	142	151	188	308	396	494	600	708	842
% of sales	*8.9%*	*9.2%*	*8.9%*	*9.1%*	*10.1%*	*11.1%*	*10.6%*	*12.1%*	*12.6%*	*13.0%*	*14.5%*	*14.0%*	*13.5%*	*13.0%*	*12.5%*	*12.5%*
EBIT	80	74	56	68	102	69	127	227	209	146	276	424	640	831	1,047	1,246
% of sales	*20.7%*	*18.3%*	*12.9%*	*14.5%*	*19.8%*	*13.0%*	*14.3%*	*19.5%*	*17.4%*	*10.1%*	*13.0%*	*15.0%*	*17.5%*	*18.0%*	*18.5%*	*18.5%*
Taxes	27	20	13	14	23	10	24	46	38	21	69	106	160	208	262	311
Tax rate	*34.1%*	*27.0%*	*24.0%*	*20.0%*	*22.6%*	*15.0%*	*19.1%*	*20.0%*	*18.2%*	*14.5%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
EBIAT											**207**	**318**	**480**	**623**	**785**	**934**
D&A	13	15	18	23	26	30	35	47	63	79	117	155	201	277	340	404
% of sales	*3.4%*	*3.7%*	*4.1%*	*4.9%*	*5.0%*	*5.7%*	*4.0%*	*4.0%*	*5.2%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*6.0%*	*6.0%*	*6.0%*
CapEx	27	42	37	37	68	55	54	104	196	191	190	212	439	554	481	505
% of sales	*6.9%*	*10.3%*	*8.6%*	*7.9%*	*13.2%*	*10.4%*	*6.1%*	*8.9%*	*16.3%*	*13.2%*	*8.9%*	*7.5%*	*12.0%*	*12.0%*	*8.5%*	*7.5%*
Change in NWC	(8)	(17)	(16)	2	5	(44)	(78)	(77)	(49)	(236)	(114)	(151)	(195)	(247)	(302)	(360)
% of sales	*(2.2%)*	*(4.2%)*	*(3.7%)*	*0.4%*	*1.0%*	*(8.3%)*	*(8.7%)*	*(6.6%)*	*(4.1%)*	*(16.4%)*	*(5.3%)*	*(5.3%)*	*(5.3%)*	*(5.3%)*	*(5.3%)*	*(5.3%)*
Unlevered FCF											**248**	**412**	**438**	**593**	**946**	**1,193**
PV of Unlevered FCF											**226**	**343**	**333**	**412**	**600**	**1,193**
Period											0.53888889					
Discount Period											0.26944444	1.03888889	2.03888889	3.0388889	4.0388889	5.038888889
Terminal Value																**17,580**
PV of Terminal Value																**11,150**
Enterprise Value																**14,256**
(+) Cash																0
(-) Debt																425
Equity Value																**13,831**
Shares Outstanding																83.18
Implied Price Per Share																**166.28**

Sensitivity Analysis (Share Price)

		TGR				
		2.00%	2.25%	2.50%	2.75%	3.00%
Cost of Equity	9.46%	156.68	161.31	166.28	171.61	177.36
	9.21%	162.67	167.68	173.07	178.87	185.14
	8.96%	169.10	174.54	180.40	186.72	193.58
	8.71%	176.03	181.94	188.33	195.25	202.78
	8.46%	183.50	189.95	196.93	204.53	212.83

Endnotes

[1] FactSet, as of June 12, 2026.
[2] Author estimate.
[3] CapitalIQ, as June 12, 2026
[4] AIA/Deltek Architecture Billings Index, April 2026.
[5] AIA/Deltek Architecture Billings Index, April 2026.
[6] U.S. Bureau of Labor Statistics, Producer Price Index Release, May 2026.
[7] FRED, 10-Year Treasury Constant Maturity Rate, June 2026.
[8] CME Group FedWatch Tool, June 12, 2026.
[9] AAON June 2026 Investor Day Presentation.
[10] TrueLook, "Data Center Construction Costs Explained: Where Your Budget Really Goes" (March 2026); iRecruit, "Data Center Cost Per MW: 2026 Benchmarks." MEP share of standard data center budgets is reported as total project budget; the AI-facility figure is reported as a share of Guaranteed Maximum Price, so the two figures use slightly different cost bases.
[11] Dell'Oro Group, "Data Center Liquid Cooling Market to Approach $7 Billion by 2029 as AI Deployments Accelerate," January 2026.