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Modine Manufacturing Company (MOD)

Q2 FY2027 Update

A growing favorite, beat by margin.

Report date November 6, 2026. Every figure is struck on the November 6, 2026 close unless it carries its own stamp. Modine gave its vehicle-cooling business to Gentherm on October 1.

My view

> With an unraveling across many of the popular names, MOD survived a sobering Q2 earnings release that investors felt was the end of the game. It was Game 1. Since 2024 we have watched a growing favorite open a long, exciting series, and this quarter was not so much a surprise, as Modine is still showing grit in a ramp that has another few years to complete. When we look at the other side of the coin though, margin compressed to 15.25 percent, under my 16 percent line for the second quarter running, while competitors like Vertiv and nVent grew theirs in the same quarter. The market prices and trades as if it has given up on the name for the time being. So the question being, is it still a buy? I still say yes, but it is a hard one to make right now.
>
> Sentiment is hard to maintain on a behind the scenes name when everyone rushes to look at Nvidia and SpaceX, and it makes sense. But Modine is learning fast and managing its margin with real support behind it: a $400 million program award from a hyperscaler, long-term supplier agreements now signed, and cost sharing still to come. Modine does face tariff and material cost issues, and 15% margin could be a floor. A different issue caused the compression this time, and the level still held where the last quarter left it. I am confident that with time Modine regains investor confidence as it slowly captures market share in the background.

I initiated Modine at Overweight, $290, on July 24, 2026, and wrote on page 3 of that note what would make me wrong: an adjusted EBITDA margin below 16.0 percent for two quarters in a row in the two businesses that stay, "and the target goes to $225." The first quarter after I published came in at 15.29 percent. The second, reported November 3, came in at 15.25 percent. That is two. This update does what I said I would do and one thing more: the target goes to $190, under the $225 I named, because the multiple I pay for fiscal 2028 profit goes to 20 times from 25. The rating stays Overweight, because at $96.18 the target is 98 percent above the stock, and my scale prints the label off the numbers, not off the word I wrote four months ago at a price two and a half times this one. I say more about that below, because it is the one place where the July page and this one disagree.

The 4th was not only Modine's day. In the November 3 midterms, voters sided with restrictions in all but one of 41 local data center ballot measures across 10 states, and the incoming governors of Texas, Ohio and Georgia all ran on pausing or restricting new data centers. Combine that with the margin miss and a field where Modine carries issues its competitors don't necessarily face, and it makes sense that Modine had a day as bad as theirs. Growth slows only where it isn't already promised. The ramp completes in about two years, and the record orders and the $400 million award are already signed, so the name is fairly secure on growth for the next few years. The innovation question at the end of this note matters more now. My Overweight call does not change.

The quarter

Modine earned an adjusted $1.35 a share in the quarter, up 27 percent from $1.06 a year earlier, on sales of $994.4 million, up 35 percent from $738.9 million. Against what the Street expected, earnings missed and sales beat: $1.35 against $1.47, and $994.4 million against $947 to $963 million. Neither data service says whether its estimate still counts the vehicle-cooling business Modine handed to Gentherm on October 1.

STOCK RATING	
Rating	**OVERWEIGHT**
Price target, 12 months	**$190.00**
Last price, 6 Nov close	**$96.18**
Implied to target	**+97.5%**

KEY DATA, 6 NOVEMBER 2026 CLOSE	
Market cap	**$5.11B**
Enterprise value	**$5.48B**
Net debt, pro forma	**$375M**
Shares	**53.1M**
52-week range	**$91-$297**
Beta, DCF input	**1.67**
Next event	**Analyst Day, 18 November 2026**

KEY ESTIMATES, FISCAL YEARS TO MARCH

	FY26A whole co.	FY27E low	FY27E high	FY28E
Net sales, $M	3,181	3,100	3,200	**3,826**
Adj. EBITDA, $M	471	470	500	**672**
EBITDA margin, %	14.8	15.2	15.6	**17.6**
Adj. EPS, $	5.02		5.54 mid	**n/a**

FY26A is the whole company before the spin. FY27E is the 3 November guide for the business that stays, EPS implied, my figure. No FY28E EPS is set.

Exhibit 1: Price performance, one year



Source: daily closes, Nasdaq, 3 November 2025 to 6 November 2026. XLI is the S&P Industrials Select Sector fund.

WHAT CHANGED SINCE THE 24 JULY NOTE

	Was	Now
Rating	**Overweight**	**Overweight**
Price target	**$290**	**$190**
Multiple on FY2028E EBITDA	**25.0x**	**20.0x**
FY2028E margin	**19.0%**	**19.0%**

Investment thesis, valuation, and key metrics

Exhibit 2: Relative performance, one year, %



Source: Nasdaq daily closes, the change from each 3 November 2025 close. all to the 6 November 2026 close.

Exhibit 3: Peers at a glance, 6 November 2026 close

Peer	Close	Trailing EV/EBITDA
Vertiv (VRT)	182.82	22.0x
AAON (AAON)	57.20	16.7x
Munters (MTRS.ST), SEK	134.40	16.7x
nVent Electric (NVT)	106.14	15.4x
SPX Technologies (SPXC)	142.83	15.2x
Modine (MOD)	**96.18**	**11.9x**
Peer median, the note's FY2028E input		**16.0x**
Target multiple on FY2028E		**20.0x**

Source: stockanalysis.com, 6 November 2026 close, trailing EV/EBITDA. Munters, in SEK at 4 November, is a memo line outside the median.

Investment thesis

> A case of managed margin. They are gaining customers, not losing them, so this is not a dead stock, and the demand did more than I asked. But the margin printed 15.25 against my 16 for the second quarter running, and that number moved the target, not the demand: the 25x came off because of it. For the thesis this quarter was Game 1 of a long series, for the model it was the second half of the promise my line needed.

Valuation

The target is $190, and here is the math in one pass. Fiscal 2028 sales of $3,826 million from the two businesses that stay, at a 19.0 percent margin, less $55 million of head-office cost that stays with Modine, is $672 million of EBITDA. At 20 times, that is an enterprise value of $13.4 billion. Take off $375 million of net debt after the Gentherm deal and divide by 53.8 million shares, and the multiple gives $243 a share. The DCF gives $123.75. Weighted 55 to the multiple and 45 to the DCF, the blend is $189, and the target is $190. Hold the margin at the 15.25 percent that was reported and the same method gives $160. Hold the multiple at July's 25 times and it gives $223.

What the market pays

At $96.18 the equity is worth about $5.1 billion on 53.1 million shares. Add $375 million of net debt after the Gentherm deal closed and the enterprise value is about $5.5 billion. That is 11.3 times the midpoint of the company's own fiscal 2027 guidance and 8.2 times my fiscal 2028 figure. At the 23.45 times I published in July, the price implies a fiscal 2028 margin of about 8 percent, which is below any quarter on record.

Street

Every firm that has published on the name since the July results rates it a Buy or the equivalent. Before this quarter's results, B. Riley cut its target to $285 on October 29, Oppenheimer to $260 on October 2, D.A. Davidson reiterated at $330, and Baird started coverage at $300. On the results, KeyBanc cut to $225 from $280 on November 4 and kept its Overweight, and Cantor reiterated $275 on November 3. My $190 sits below every published target on the list, including KeyBanc's $225.

Exhibit 4: Key estimates, the 24 July note against this update

FYE March	24 July note	6 November
FY2027E net sales ($M)	4,055.9	3,100 to 3,200[a]
FY2027E adjusted EBITDA ($M)	665.0	470 to 500[a]
FY2027E adjusted EPS ($)	7.72	5.54[b]
FY2028E EBITDA, the two businesses that stay ($M)	671.9	671.9
FY2028E pre-corporate margin (%)	19.0	19.0
Target multiple on FY2028E (x)	25.0	**20.0**

Source: the 24 July 2026 note, the company's 3 November 2026 outlook and this update. (a) Retired by the spin-off, the new figures are the company's guide. (b) Implied at the guide midpoints on 53.9 million shares, my figure. The 19.0 is now the company's exit rate. Peers 16.0, Vertiv 22.0 at the 6 November close.

Exhibit 5: Company snapshot

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November 6, 2026

Modine Manufacturing Company (MOD)
$96.18

FYE March, $M	FY26A, whole co.	FY27E guide	FY28E
Net sales	3,181	3,100 to 3,200	**3,826**
Adjusted EBITDA	471	470 to 500	**672**
Adj. EBITDA margin, %	14.8	15.2 to 15.6	**17.6**
Adjusted EPS, $	5.02	5.54 implied	**n/a**

RATING	**Overweight**
TARGET	**$190.00**
IMPLIED	**+97.5%**
MARKET CAP	**$5.11B**
HORIZON	**12 months**

Financial analysis

Market cap	$5.11B
Enterprise value	$5.48B
Net debt, pro forma	$375M
Shares	53.1M
52-week range	$91–$297
Beta, DCF input	1.67
DCF	$123.75
Relative, 20.0x FY2028E	$242.84
Blend, 55 and 45	$189.25
12-month price target	**$190.00**

Dated catalysts

13 November. Shareholders vote on renaming the company Modexus Solutions.

On or after 9 November. The call transcript posts.

18 November. Analyst and Investor Day, the first long-term targets for the business that stays.

December-quarter 10-Q. The first balance sheet without the vehicle business.

What changed since the 24 July note

	24 July	6 November
Rating	Overweight	Overweight
Price target	$290	$190
FY2027E, whole company	4,055.9 / 665.0 / $7.72	retired
FY2027 outlook, continuing	none	3,100–3,200 / 470–500
FY2028E EBITDA, the two businesses that stay	671.9 at 19.0%	671.9 at 19.0%
Multiple the target implies	23.45x	15.8x
Target multiple on FY2028E	25.0x	20.0x

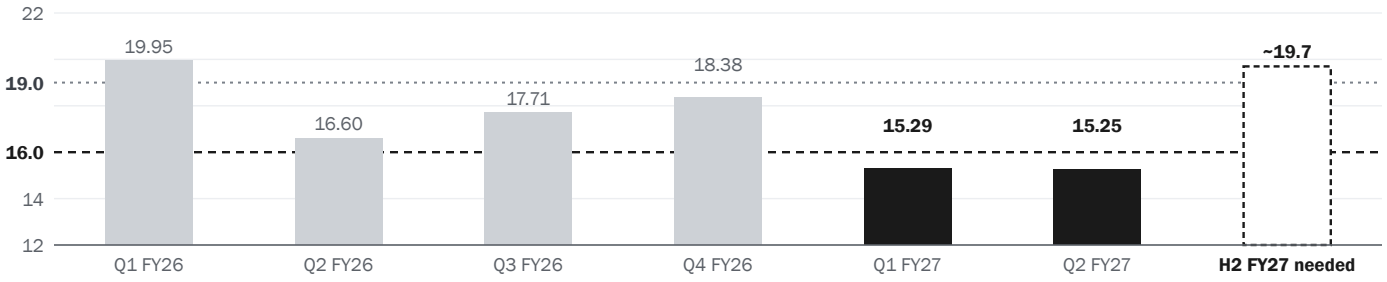
FY2027 figures are net sales, adjusted EBITDA ($M) and EPS.

Street coverage

House	Date	Target
KeyBanc	4 Nov	**$225**
Cantor	3 Nov	**$275**
B. Riley	29 Oct	**$285**
Oppenheimer	2 Oct	**$260**
Baird	Oct, initiated	**$300**
D.A. Davidson	reiterated	**$330**

Every house that has touched the name since the July print holds a Buy-class rating. MarketBeat and TipRanks, 4 November 2026, not corroborated on a house document. $190 sits below every published target.

Segment margin against the 16.0 line, six quarters, %



Segment margin is the two businesses that stay. Solid: the two quarters under the 16.0 line. Outlined: what the second half must print for the full-year guide, $358 million on $1.8 billion, near 19.7. Dotted: my 19.0.

Sources: company filings and the 3 November 2026 release, the 24 July 2026 recast 8-K, stockanalysis.com and MarketBeat, the note's own model. Prices are the 6 November 2026 close.

The revenue did more than the thesis asked. Data Centers sales were $439.7 million, up 95 percent from $225.0 million. Commercial HVAC rose 23 percent to $285.5 million. Management says it booked a record level of orders for the fourth quarter in a row, more than $1 billion in the quarter, and a $400 million program award from one large cloud customer.

The margin did less than management promised. On the July call the CFO said the Data Centers adjusted EBITDA margin would come "back between 19 and 20 percent" this quarter. It came in at 15.4 percent, down from 18.1 a year earlier. Commercial HVAC held its margin at 15.1 percent on sales up 23 percent, the quiet good news in the quarter.

Here is the number against the line I drew in July. For the two businesses Modine keeps, adjusted EBITDA of $67.6 million plus $43.0 million is $110.6 million. Their sales, $439.7 million plus $285.5 million, come to $725.2 million. That is **15.25 percent**. My line was 16.0, and this is the second quarter in a row under it.

Free cash flow was a $140.6 million outflow in the quarter, and inventory is up $191 million since March as the company builds ahead of the orders it already has.

The rule, and what I did with it

The rule named $225, and I went under it. The $225 on page 3 of the July note was a 45/55 blend of the DCF and the multiple as they stood on July 24: 25 times fiscal 2028 EBITDA on a 19.0 percent margin. The margin stays 19.0, but it is no longer my July estimate. It is now the company's own target for the end of the year: Data Centers to "20% or above in Q4" and Commercial HVAC "at least 300, 400 basis point plus improvement in the second half," which together comes to about 19 to 20 by March, and I hold it for a full year with half a point to spare. The multiple goes to 20 times from 25. The peer group trades at 17 times, and Vertiv, which has already finished its ramp, trades at 25. A multiple of 20 is a fair price for a ramp still two years from done. The blend comes to $189, and I set the target at $190. The $290 is retired.

The rating is Overweight, and the July page said Neutral. When I wrote "What takes me back to Neutral" on page 3, the stock was $241.79 and $225 sat 7 percent below it, which is what Neutral means on my scale. My scale is absolute, with Neutral inside 15 percent either way. A $190 target against $96.18 is an expected return of 98 percent, so the scale prints Overweight.

What that leaves open. I hold my fiscal 2028 EBITDA estimate for the two businesses that stay at $671.9 million, on a 19.0 percent margin before head-office costs. Work the target backwards and $190 is 15.8 times that figure, under the 16.0 times the peer median trades at today. So the target is not asking the market to pay up for Modine. It is asking Modine to earn what it said it would earn.

What moved under the margin

The reason the margin is low changed between the two quarters. In the June quarter it was factories running below the capacity they had staffed for. In the September quarter it was the cost of the parts and materials that go into the product.

The Q2 slides say the "production ramp continued to improve our overhead utilization." So the factory problem is easing. A cost problem took its place. The slides say the margin was "negatively impacted by logistics, including tariffs, raw material inflation, and higher prices from suppliers to secure volumes," and that the company is "recovering material cost increases through commercial actions."

> My own grade mentioned $225 back in July, with a stock trading at $241.79 at the time, and the sentence on page 3 read, "Either one and the target goes to $225." With a 55/45 blend taking the multiple and the DCF into account, I did maintain a focus on looking at the peers to determine that Modine at the current moment does not earn a 25x multiple to attach a $225 price target. Margin back then was also around a 19% line, and while guidance in Q4 is around those numbers, we've seen management miss their last promise, but not only do that, they barely mention it this time. The story stays that they are a case of "managed margin".

Competitors

The gap between Modine and the bigger players held for a second quarter. Vertiv reported its September quarter on October 28: net sales up 61 percent, an adjusted operating margin of 25.2 percent, up 2.9 points, and guidance raised on every line. nVent reported October 30: its Systems Protection business grew 53 percent, its profit margin on those sales rose 2.7 points, and it raised guidance. In the same three months, Modine's Data Centers gross margin fell 4.7 points on the cost of materials, components and tariffs.

What I will not say is that the margin hit is Modine's alone. Munters reported its September quarter on October 23, and the margin in its data-center business fell again, on "changed product mix, component shortages and ramp-up inefficiencies," with tariffs weighing too. The honest line runs between companies still in the middle of a ramp and the established leaders already at full size, and Modine is in the first group.

Guidance and estimates

The guidance now covers a different company, and none of it compares to the old one. The new outlook, for the business without vehicle cooling, is net sales of $3.1 to $3.2 billion, up 50 to 55 percent, and adjusted EBITDA of $470 to $500 million. The slides add Data Centers growth of 80 to 90 percent, Commercial HVAC growth of 10 to 15 percent, and free cash flow of flat to $25 million.

Run the guidance forward and it says something my line does not. At the midpoints, the business that stays earns a 15.4 percent adjusted EBITDA margin after head-office costs. To get there, the second half would need about $358 million on about $1.8 billion of sales from Data Centers and Commercial HVAC, near 19.7 percent. So the midpoint needs those two businesses well back over my line in the half that starts now. My cut is based on what was reported. The company's guidance is a promise about what has not happened yet.

My fiscal 2027 estimates are retired rather than revised, because the company I estimated no longer exists in that shape.

The call

On orders, Neil Brinker, the chief executive, said they exceeded "$1 billion in quarterly order intake for the first time in our history," and that one award covers "more than $400 million of custom air handling units through calendar year 2027."

On the rest of the year, Lucareli, the CFO, said "margins will improve at a lower rate than originally anticipated, mostly due to ongoing cost increases across the supply base."

What I am watching

The next test, written before the event. The Analyst and Investor Day on November 18 is the first time the company, now just Data Centers and Commercial HVAC, will set its own long-term targets. The question I will grade myself on is whether the margin path it lays out reaches the 18.1 percent the business earned in fiscal 2026, and by when. The December quarter has its own test. Management said it expects "100 to 200 basis points sequential improvement" in the Data Centers margin for the third quarter, so it should come in at 16.4 percent or better, up from 15.4. If it does not, the 19.0 percent my model holds for fiscal 2028 comes down with it.

If Modine presents a third issue, or excuse in the investor's eye, that represents margin compression, I don't believe that in the extended short-term Modine earns a clawing back to a multiple that their peers trade around.

The other dates. Shareholders vote November 13 on renaming the company Modexus Solutions. Insiders have bought no shares in the open market in calendar 2026, through a fall from $297 (adjusted for the Gentherm deal) to $96.

With how things are unraveling in the market, with what we saw this week, it's important to look at our tools and notice that shovels are still in use decades later from the gold rush. This is a long term play, in a very volatile and uncertain market. So naturally we must ask where innovation is involved. We don't have shovels anymore, but we have tractors. Our next question must naturally be, will Modine or its competitors get to the tractor first.

Important disclosures

RATINGS DISTRIBUTION

This analyst covers **one** company, Modine Manufacturing Company, rated Overweight.

RATING	COUNT	SHARE OF COVERED UNIVERSE
Overweight	**1**	**100%**
Neutral	**0**	**0%**
Underweight	**0**	**0%**

RATINGS DEFINITIONS

RATING	EXPECTED 12-MONTH TOTAL RETURN
Overweight	Above +15%
Neutral	Between -15% and +15%
Underweight	Below -15%

Absolute expected total return over 12 months. The S&P 500 is named as the reference index, not as a subtraction.

RATING AND PRICE TARGET HISTORY, MODINE (MOD)

DATE	ACTION	RATING	TARGET	PRICE
24 July 2026	Initiation of coverage	Overweight	**$290**	**$241.79**
6 November 2026	Q2 FY2027 update	Overweight	**$190**	**$96.18**

Published targets only. Prices are the 24 July 2026 and 6 November 2026 closes.

ANALYST NOTES ARCHIVE

November 6, 2026. Q2 FY2027 Update. Overweight held, target $190 from $290, the second quarter under the 16.0 line.

July 24, 2026. Initiation of coverage, Overweight, $290. Sent July 27.

SOURCES

Form 8-K Exhibits 99.1 and 99.2 furnished November 3, 2026 (accession 0001104659-26-122032). Form 8-K of October 1, 2026 and Form 8-K/A of October 7, 2026, the pro forma financials. Form 8-K Exhibit 99.1 furnished July 29, 2026. Modine's July 30 and November 4, 2026 calls, third-party transcripts. Vertiv, nVent and Munters September-quarter releases, AAON August 10, 2026. Street targets per MarketBeat and TipRanks, retrieved November 4, 2026, not corroborated on a house document. Consensus per Chartmill and Benzinga, retrieved November 4, 2026. Midterm results per CNBC, November 5, 2026, citing Ballotpedia, and Fortune, November 4, 2026, early and uncertified. Prices from stockanalysis.com and Yahoo Finance, November 6, 2026 close.

ANALYST CERTIFICATION

I, Eddy R. Lora, certify that the views in this report are my own, and that no part of my compensation is related to the recommendation. This is an independent research writing sample, not investment advice. I am not a registered broker-dealer or research analyst. I hold no position in Modine (MOD), Gentherm (THRM) or any named peer as of November 6, 2026, and have no business relationship with any company mentioned.