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SOCIETE GENERALE GROUP

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U.S. Multi Industry & Electrical Equipment

## Vertiv Holdings Co

Rating

**Outperform**

Price Target

**VRT** **368.00 USD**

# Vertiv: Hyperscaler channel checks re-iterate our belief that product quality concerns are overblown (n=5)

*We conducted five channel checks with hyperscaler employees to ask if they see structural concerns on product / service quality and shipment timings at Vertiv. While we acknowledge this is a small sample set (n = 5), we think coupled with our earlier assessment, this offers a reasonably high-confidence perspective on where the company stands. Highlights laid out below. Abridged transcripts are appended at the end of the note.*

**Product quality:** All five employees we spoke to were largely satisfied with Vertiv's product quality. There were some pockets of areas for improvement however, these were not consistently flagged as issues across all customers (we asked about CDUs, switchgears, UPSs. etc.). QA/QC did come up as an area for improvement, but customers also seemed to acknowledge that this was more due to growth than something they see as a strructural issue with the company. **Most importantly, they all expressed both an intent and willingness to continue working with Vertiv as a key equipment partner, which we do not think would be the case if product quality was structurally poor.**

**Service quality:** Seen as an area of strength, with conversations highlighting Vertiv's services footprint, and continued ability to support hyperscaler deployments. As with products there were some areas for improvement flagged (e.g., better predictive failure analytics) but there was no specific through-line that we identified from our calls beyond customers being largely satisfied.

**Shipment delivery performance:** Also seen as broadly as in-line with industry peers, with delays occurring on part of industry-wide supply chain and capacity constraints on account of a steep increase in demand rather than company-specific execution challenges.

**Lastly, we also asked these hyperscaler employees if they were worried about moratoriums / the pace of the frontier slowing.** They remained positive on the overall demand for AI (and hence AI infrastructure) and viewed this as more of a politically motivated air-pocket (which does seem to be the view of investors as well). While some project timelines might lengthen, they seemed confident in long-term demand staying strong.

| | |
|---|---|
| Close Date | 24 Sep 2026 |
| VRT Close Price (USD) | 245.30 |
| Price Target (USD) | 368.00 |
| Upside/(Downside) | 50% |
| 52-Week Range | 379.94/133.85 |
| SPX | 7,743.41 |
| FYE | Dec |
| Div Yield | 0.1% |
| Market Cap (USD) (M) | 96,805 |
| EV (USD) (M) | 96,951 |

| Performance | YTD | 1M | 6M | 12M |
|---|---|---|---|---|
| Absolute (%) | 55.2 | (1.7) | (8.9) | 79.9 |
| SPX (%) | 13.1 | 0.9 | 17.5 | 17.2 |
| Relative (%) | 42.1 | (2.5) | (26.4) | 62.7 |

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR




## Investment Implications

We rate Vertiv Outperform, PT $368.

| Adjusted EPS | F25A | F26E | F27E |
|---|---|---|---|
| VRT (USD) | 4.20 | 6.60 | 9.06 |

| Financials | F25A | F26E | F27E | CAGR |
|---|---|---|---|---|
| Revenues (M) | 10,230 | 13,851 | 18,270 | -- |

| Valuation Metrics | F25A | F26E | F27E |
|---|---|---|---|
| Adjusted P/E (x) | 58.4 | 37.2 | 27.1 |

Source: Bloomberg, Bernstein estimates and analysis.


**See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.**





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## DETAILS

EXHIBIT 1: **Overall Summary**

| Question | *How would you rate Vertiv's product quality (on a scale of 1 to 5)?* | *How would you rate Vertiv's product quality (on a scale of 1 to 5)?* | *How would you rate Vertiv on a time-to-delivery basis? (always on-time / largely on-time / moderate delays / always delayed)* | *Would you continue working with Vertiv in the future?* |
|---|---|---|---|---|
| | **Product quality rating** | **Service quality rating** | **Time-to-delivery** | **Willingness to continue working in future?** |
| **Expert #1** | **4.0** | **4.0** | Largely on-time | **Yes** |
| **Expert #2** | **3.0** | **4.0** | Largely on-time | **Yes** |
| **Expert #3** | **4.5** | **3.5** | Moderate delays but not materially worse than peers | **Yes** |
| **Expert #4** | **3.5** | **4.5** | Largely on-time | **Yes** |
| **Expert #5** | **4.0** | **5.0** | Moderate delays but not materially worse than peers | **Yes** |
| **Average** | **3.8** | **4.2** | **In-line with other suppliers** | **Yes** |

Source: Expert Interviews, Bernstein Analysis

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EXHIBIT 2: **Views on Vertiv product quality**

| | Product quality rating | Key highlights from conversation |
|---|---|---|
| **Expert #1** | **4.0** | • Vertiv is a top-tier DC infra provider, with strongest performance in power equipment (UPS, switchgear, power distribution), supported by a large installed base and proven operating history<br>• Liquid cooling products are viewed as technically credible but less mature than power; most CDU-related concerns due to industry-wide challenges rather than Vertiv-specific quality issues |
| **Expert #2** | **3.0** | • Rating based only on the expert's experience with CDU and UPS products and should not be extrapolated across the broader portfolio; core concern relates to QA/QC processes around electrical panels mounted on CDU / UPS rather than overall product functionality<br>• Expert believes Vertiv needs stronger end-of-line testing, validation, and QA/QC procedures before shipment; despite these concerns, the company remains a credible supplier |
| **Expert #3** | **4.5** | • Views Vertiv's portfolio as broad, well-integrated, reliable, and well-suited for data center applications, spanning power, thermal management, liquid cooling, and supporting infrastructure<br>• Primary gap is software, real-time monitoring, and predictive analytics layer; Schneider viewed as more advanced in predictive maintenance and real-time intelligence |
| **Expert #4** | **3.5** | • Rates power products (4/5) higher than cooling (3/5), citing stronger design, application engineering, and portfolio maturity in power equipment portfolio<br>• Cooling products are viewed as being earlier in the learning curve, with improvement opportunities around plumbing, sensors, leak detection, and software integration; delivery and support challenges in cooling are viewed partly as a function of rapid industry-wide demand ramp up |
| **Expert #5** | **4.0** | • Cited few operational issues and viewed cooling products as stable overall<br>• Lower assessment of UPS systems stems from power module reliability concerns and serviceability challenges; expert views Eaton and Schneider as stronger benchmarks in UPS stability |
| **Overall** | **3.8** | • **Strong overall confidence in Vertiv's core power and cooling product portfolios, with a product quality rating of 3.8 out of 5; recurring improvement themes center on portfoli software/controls integration, quality-control processes**<br>• **All experts nevertheless characterize Vertiv as a strategic top-tier supplier and indicat willingness to continue working with the company in the future** |

Source: Expert Interviews, Bernstein Analysis



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EXHIBIT 3: **Views on Vertiv service quality**

| | Service quality rating | Key highlights from conversation |
|---|---|---|
| **Expert #1** | **4.0** | • Views Vertiv's service organization as competitively strong, particularly in North America, with no material concerns around support quality<br>• Emphasizes that for mission-critical infrastructure: system design and resilience matter more than technician dispatch times; considers Vertiv's service capabilities comparable to industry peers |
| **Expert #2** | **4.0** | • Believes technician availability challenges are largely industry-wide rather than Vertiv-specific, reflecting rapid data center growth and a shortage of qualified field service labor<br>• Rates Vertiv favorably relative to the broader market, with primary improvement opportunity being continued investment in hiring and training additional field service technicians |
| **Expert #3** | **3.5** | • Views Vertiv's service quality as generally in line with industry standards, noting that response times are often influenced by labor availability, customer location rather than company-specific execution<br>• Sees improvement opportunity in expanding technician capacity and leveraging predictive diagnostics / remote monitoring tools to address issues before on-site technician intervention is required |
| **Expert #4** | **4.5** | • Rates Vertiv among the stronger service organizations, citing deep technical expertise, strong application engineering support, and meaningful local presence in the US<br>• Believes Vertiv's ability to support hyperscalers' global operating models is a key differentiator and contributes to strong service, support, and fulfillment capabilities overall |
| **Expert #5** | **5.0** | • Gives Vertiv the highest rating, highlighting strong workmanship and technical services capabilities with consistently high-quality field support<br>• Notes room for improvement in customer responsiveness / relationship management, but views these constraints due to elevated demand levels leading to industry-wide technician shortages |
| **Overall** | **4.2** | • **Expert feedback consistently points to strong service capabilities, with avg service quality rating of 4.2 out of 5; no expert raising any major fundamental concerns**<br>• **The most common limitation cited was industry-wide technician capacity constraints rather than Vertiv-specific weaknesses; several experts highlighted Vertiv's engineering expertise, field service capabilities, and customer support infrastructure as competitive strengths** |

Source: Expert Interviews, Bernstein Analysis

## ABRIDGED EXPERT CALL TRANSCRIPT #1

**Bernstein Interviewer: How would you rate Vertiv products on a product quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4/5. Their strongest area is power infrastructure, where I would score their UPS and power distribution portfolio closer to 4.5/5 given the maturity of the architecture, large installed base, and proven operating history. On liquid cooling, I would rate the engineering quality of the CDU portfolio around 4.0/5, but closer to 3.5/5 from a field-proven maturity perspective. The hardware is credible and the facility-level integration is strong, but I would like to see more operational data and long-term performance history before scoring it higher. I do not view the issues being discussed around CDUs as Vertiv-specific quality problems. Most of what people are discussing relates to industry-wide challenges around liquid cooling, including pump redundancy, power transfer events, control-loop tuning, pressure management, and thermal recovery during rapidly changing AI workloads. Those are physics and operational challenges that every supplier is dealing with. Vertiv's advantage is that it offers a much broader, integrated infrastructure stack spanning power, cooling, switchgear, busways, and CDUs. I also do not agree with the narrative that Vertiv has meaningful switchgear quality issues. I view them as strong in switchgear, busways, and electrical distribution infrastructure overall. I view the primary benchmark (best quality peers) as Schneider Electric and Eaton in power infrastructure, while in liquid cooling players such as Boyd and CoolIT maintain deeper expertise in cold plates and secondary-loop cooling.

**Bernstein Interviewer: How would you rate Vertiv products on a service quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4/5. I would rate Vertiv's service organization around 4.0/5. Their service capabilities are competitively strong, particularly across North America, and I have not seen anything that would suggest material concerns around support quality. From my perspective, service performance is largely governed by contractual SLAs. More importantly, for mission-critical infrastructure, the architecture itself needs to remain stable before a technician can arrive onsite. As a result, I view system design and resilience as more important than technician dispatch time alone. Overall, I would consider Vertiv's service organization solid and comparable to other industry providers.

**Bernstein Interviewer: How would you rate Vertiv on a time-to-delivery basis? (always on time / largely on-time / moderate delays / always delayed)**
**Expert Response:** I would place Vertiv in the "largely on time" category. Their mature product lines, including UPS systems, rack PDUs, and standard cooling equipment, generally support predictable deliveries. Schedule risk tends to be higher on more customized products such as switchgear, busways, larger CDU deployments, and modular power systems, where factory capacity and customer-specific engineering requirements can influence timing. That said, I often find that project delays are driven less by equipment delivery and more by building readiness, energization, and commissioning constraints (technicians can arrive and work only once the building is ready). In many cases, the bottleneck is commissioning capacity rather than equipment arrival.

**Bernstein Interviewer: Would you continue to work with Vertiv in the future? (Yes / Maybe / No)?**
**Expert Response:** Yes. I would absolutely continue to work with Vertiv and view them as a strategic supplier. They remain a major player across power infrastructure, cooling systems, switchgear, busways, and white-space equipment. I also view their recent acquisitions and efforts around vertical integration positively, as these should strengthen the breadth of their offering. Overall, I would rate Vertiv roughly 4/5 and consider them firmly within the industry's top tier alongside Schneider Electric and Eaton. Assuming they continue to execute on sourcing, commissioning capacity, and overall project delivery, I see no reason to reduce engagement with them.

**Bernstein Interviewer: What do you think about the recent calls on asking for a slowdown in the pace of AI development (moratoriums by NY / PA / TX, Anthropic essay)?**
**Expert Response:** I view these concerns as largely an air pocket rather than a structural demand problem. On data center moratorium discussions, I think the industry is experiencing delays rather than demand destruction. The constraint is increasingly shifting from GPU availability toward power availability, grid interconnection, and permitting. Those factors may delay projects, but I do not believe they materially change the long-term demand outlook for AI infrastructure. For companies such as Vertiv, the bigger risk is timing rather than underlying demand. Equipment can be delivered on schedule while project commissioning and site activation are pushed out due to permitting or power-related constraints. As for calls from Anthropic and others to slow AI development, I tend to view that as largely posturing. Companies advocating caution continue to invest heavily in compute infrastructure and GPUs. From my perspective, AI demand remains intact and current concerns affect deployment timing more than the overall trajectory of growth.

## ABRIDGED EXPERT CALL TRANSCRIPT #2

**Bernstein Interviewer: How would you rate Vertiv products on a product quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 3/5. My experience is limited to CDUs and UPS systems, so I would not generalize this assessment across Vertiv's entire portfolio, but specifically for these two products. The products generally perform as intended, but my concerns are centered around the electrical panels integrated within the equipment, rather than the overall CDU / UPS functionality itself. The key issue, in my view, is manufacturing quality control / QA/QC. Vertiv needs stronger end-of-line testing and validation processes to ensure all electrical components are compliant, safe to operate, and thoroughly reviewed before equipment leaves the factory / is shipped to customers. I am deliberately being careful about discussing specific issues due to confidentiality considerations, but broadly speaking, I believe Vertiv needs to improve quality-control procedures around the electrical panels incorporated into its CDU and UPS products. Among peers, I believe Boyd is currently among the strongest providers in liquid cooling equipment, while Eaton and Schneider Electric are the benchmark suppliers in UPS systems. However, the liquid cooling market is still relatively young, particularly for larger CDUs, and many products have not been deployed long enough to fully assess long-term reliability.

**Bernstein Interviewer: How would you rate Vertiv products on a service quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4/5. The challenges around technician availability are not Vertiv-specific and are largely an industry-wide issue driven by the rapid growth of the data center sector and a shortage of qualified technician labor. There is currently more work than available field service capacity across the industry. Relative to the broader market, I believe Vertiv performs well. The primary area for improvement would be continuing to hire and develop additional field service technicians to support system commissioning and service requirements.

**Bernstein Interviewer: How would you rate Vertiv on a time-to-delivery basis? (always on time / largely on-time / moderate delays / always delayed)**
**Expert Response:** I would classify Vertiv as "largely on time". I have not experienced any major delivery issues with the company. Given their scale, manufacturing footprint, and industry experience, they generally deliver products in line with expectations on time-to-delivery.

**Bernstein Interviewer: Would you continue to work with Vertiv in the future? (Yes / Maybe / No)?**
**Expert Response:** Yes. I would continue working with Vertiv. The company has substantial manufacturing capacity, significant experience in the data center infrastructure market, and remains a major supplier across the industry. While I have concerns around product quality control on certain equipment, I believe Vertiv remains a credible supplier and would continue engaging with them going forward. Vertiv is actively working on the product quality concerns and we expect products to reach industry leading levels in the coming months.

**Bernstein Interviewer: What do you think about the recent calls on asking for a slowdown in the pace of AI development (moratoriums by NY / PA / TX, Anthropic essay)?**
**Expert Response:** I believe these concerns are overblown and largely premature. Regarding data center moratoriums, I do not see a fundamental issue that would materially alter long-term demand. Many of the concerns being raised, particularly around water consumption, can be addressed through technologies such as closed-loop cooling systems. In my view, some of the opposition resembles what is often seen in other large infrastructure projects, where special-interest groups seek concessions despite the underlying concerns being overstated. I therefore view these permitting and moratorium discussions as unlikely to meaningfully slow long-term data center buildouts. On calls from Anthropic to slow AI development, I view the discussion primarily as positioning rather than something that will translate into real-world behavior. In practice, companies are unlikely to voluntarily slow development because doing so would put them at a competitive disadvantage. As a result, I expect AI infrastructure investment and development activity to continue largely unchanged, with only incremental guardrails added where necessary.

## ABRIDGED EXPERT CALL TRANSCRIPT #3

**Bernstein Interviewer: How would you rate Vertiv products on a product quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4.5/5. My experience spans both the power infrastructure side, including UPS and power distribution systems (think PDUs / busways), as well as the cooling side, including liquid cooling systems deployed in data centers. Vertiv has a broad and well-integrated portfolio, covering power, thermal management, liquid cooling, and supporting infrastructure. The products are generally reliable and well suited for data center applications. The primary area where I believe

Vertiv still trails some peers is in the software, controls, monitoring, and predictive analytics layer. The industry is increasingly moving towards proactive monitoring, predictive maintenance, root-cause analysis, and AI-driven diagnostics. While Vertiv has capabilities in these areas, I believe competitors such as Schneider Electric are further ahead in integrating software and analytics into the infrastructure stack. Rather than simply notifying operators when something breaks, the leading platforms are increasingly able to predict failures, identify recurring patterns, and proactively recommend corrective actions. That is the biggest area where I think Vertiv could improve to move towards a 5. Among peers, I would rate Schneider Electric closest to 5/5, particularly because of their stronger integration of hardware, software, controls, and lifecycle analytics across the infrastructure ecosystem.

**Bernstein Interviewer: How would you rate Vertiv products on a service quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 3.5/5. Which is broadly in line with the rest of the industry. I do not view technician response times as a Vertiv-specific issue. The entire industry is facing capacity constraints as data center demand has expanded significantly faster than the availability of trained field service labor. Service quality is heavily dependent on technician availability, location, and the complexity of the issue. In some cases, response times may vary because data centers are located far from major population centers or because highly specialized expertise is required. The biggest opportunity for improvement across the industry (including for Vertiv), is expanding the number of qualified and trained service technicians. Better remote diagnostics and predictive software tools could also help reduce response times by identifying issues before dispatching personnel to a site.

**Bernstein Interviewer: How would you rate Vertiv on a time-to-delivery basis? (always on time / largely on-time / moderate delays / always delayed)**
**Expert Response:** I would classify Vertiv as "moderate delays". The delays are largely driven by industry-wide supply demand imbalances rather than company-specific execution issues. Data center demand has grown so rapidly that suppliers must design, engineer, test, and manufacture increasingly complex power and cooling systems, which naturally creates lead-time pressure. That said, I would estimate Vertiv's lead times are slightly higher than the industry average, perhaps by roughly 10%, largely because demand for its products remains extremely strong. Importantly, I view these delays as a consequence of market demand and capacity constraints rather than operational shortcomings. In fact, Vertiv's strong order flow is one of the reasons it is experiencing elevated lead times today. I would also expect lead times to improve as industry capacity expands over time.

**Bernstein Interviewer: Would you continue to work with Vertiv in the future? (Yes / Maybe / No)?**
**Expert Response:** Yes. I would absolutely continue working with Vertiv. The company remains one of the leading global providers of data center infrastructure and has a broad, full-stack portfolio covering power, cooling, liquid cooling, automation, controls, and supporting infrastructure. Their global presence, lifecycle support capabilities, and deep experience serving data center customers are significant strengths. I also view Vertiv as particularly well-positioned in liquid cooling infrastructure, including CDU deployments and broader cooling system integration. While there is room for improvement in software, controls, and predictive analytics, I continue to view Vertiv as one of the industry's leading suppliers and would expect to work with them going forward.

**Bernstein Interviewer: What do you think about the recent calls on asking for a slowdown in the pace of AI development (moratoriums by NY / PA / TX, Anthropic essay)?**
**Expert Response:** I believe these concerns are real and already having an impact on the industry, although I would characterize the effort as a slowdown rather than outright demand destruction. At the enterprise level, many AI use cases are still facing challenges around reliability, hallucinations, ROI justification, and production deployment. While infrastructure investment has surged, there are growing questions around the pace at which enterprise adoption will ultimately materialize. At the same time, communities are increasingly pushing back against new data center developments due to concerns around power consumption, water usage, environmental impact, and local infrastructure requirements. In my view, these concerns are contributing to permitting challenges and increasing scrutiny around new projects. I am already seeing evidence of greater caution around data center development and capacity planning decisions. As a result, I do expect some slowdown in the pace of data center construction relative to the extremely rapid growth seen over the past few years. Customers and developers are becoming more deliberate about future capacity additions while evaluating long-term demand visibility. Regarding Anthropic's comments and broader calls for AI guardrails, I believe they reflect genuine concerns around how quickly AI is being deployed. More broadly, the industry is beginning to focus less on "build at all costs" and more on ensuring that demand, economics, regulation, and infrastructure development remain aligned over the long term. Overall, I view the risk as a real near-term slowdown and increased scrutiny around deployments, rather than a complete collapse in AI demand.

## ABRIDGED EXPERT CALL TRANSCRIPT #4

**Bernstein Interviewer: How would you rate Vertiv products on a product quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 3.5/5. I would rate Vertiv's power portfolio at 4/5 and cooling portfolio at 3/5. My assessment considers not only product design and reliability, but also application engineering, supply-chain resilience, availability of spare parts, software integration, and the ability to meet rapidly growing demand. Vertiv's design and application-engineering capabilities are strong, particularly in power, where the company has greater experience (due to legacy portfolio) and a more mature portfolio. Cooling is comparatively newer and still moving through the learning curve. Vertiv has faced some challenges around spares and supply chain, although these are also broader industry issues. To improve, Vertiv needs to build a more geographically diversified supply chain, particularly given tariffs and differences in deployment requirements across the US, Europe, and Southeast Asia. On cooling, it must also continue improving components such as plumbing, sensors, and leak detection. In addition, stronger software integration would improve telemetry, diagnostics, and serviceability across its portfolio. In power infrastructure, I view Schneider Electric and Eaton as the strongest benchmarks, particularly given their technical road maps, modular designs, and software integration. In cooling, Boyd (Eaton) is a strong benchmark for CDU technology, while Delta has strong technical capabilities in cold plates, cooling loops, and leak detection, although it also has some limitations around software and application engineering.

**Bernstein Interviewer: How would you rate Vertiv products on a service quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4.5/5. Vertiv is technically strong, provides good application-engineering support, and has a meaningful local presence in the US. These capabilities translate into strong service, support, and fulfillment. Its ability to support hyperscaler global operating model is also important to the overall service assessment.

**Bernstein Interviewer: How would you rate Vertiv on a time-to-delivery basis? (always on time / largely on-time / moderate delays / always delayed)**
**Expert Response:** I would classify Vertiv as "largely on time". Where Vertiv has experienced disruptions, some reflect industry-wide capacity constraints and exceptionally strong demand, that has been growing much faster than what any company in the industry can service. Other challenges relate to the need for greater geographic diversity across its supply chain. Vertiv is making investments in this area, and I expect its delivery performance to continue improving. Delivery challenges have been somewhat more apparent on the cooling side, including components such as plumbing, sensors, and leak-detection systems. However, liquid cooling remains a relatively nascent industry that is learning and scaling rapidly.

**Bernstein Interviewer: Would you continue to work with Vertiv in the future? (Yes / Maybe / No)?**
**Expert Response:** Yes. Vertiv is a strong industry player and a good partner. Its power portfolio is more mature because of its legacy and experience across multiple product generations, while its cooling portfolio is only around its second generation and therefore remains earlier in its learning curve. I believe Vertiv is here to stay, but it must continue investing in its supply chain, technical expertise, and geographic diversification. There will continue to be competition among suppliers, but I expect the relationship with Vertiv to continue.

**Bernstein Interviewer: What do you think about the recent calls on asking for a slowdown in the pace of AI development (moratoriums by NY / PA / TX, Anthropic essay)?**
**Expert Response:** I do NOT believe the fundamental demand for AI infrastructure is changing. AI adoption should continue expanding across industries, particularly as agentic capabilities develop. However, AI infrastructure is highly capital-intensive, and current investment remains significantly ahead of the revenues being generated from that capacity. I therefore view calls for a slowdown as an effort to spread investment over time and make more deliberate decisions around architecture, model efficiency, security, trustworthiness, and economics. This does not mean that the underlying business will stop growing. Rather, the industry needs to ensure that the cost of infrastructure can ultimately be justified by the revenue opportunity. Community pushback around data center development is also a legitimate issue. Data centers require land, water, and power, and the industry needs to do a better job of explaining their local economic contribution and the technologies being used to mitigate resource consumption. For example, hyperscalers are signing long-term power contracts, supporting new energy generation (bringing their own BTM power in many cases), and increasingly using recycled water. City of Quincy (WA) recently did a study which showed how poverty in the state has gone down from ~29% to ~10% levels because of data center development. I expect some scrutiny and potential slowdown in data center development as the industry becomes more thoughtful about investment and resource requirements. However, I do not view this as structural demand destruction. The focus is on making AI infrastructure growth more efficient, sustainable, secure, and economically justified.

## ABRIDGED EXPERT CALL TRANSCRIPT #5

**Bernstein Interviewer: How would you rate Vertiv products on a product quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 4/5. I would rate Vertiv's cooling / thermal management portfolio at 5/5 and UPS at 3/5. I've had very few issues with the cooling products. From my perspective, cooling equipment itself is generally fairly stable across vendors and a lot of the differentiation comes down to the controls layer rather than the underlying equipment. I would rate Vertiv's UPS products closer to 3/5. We've experienced issues with power modules failing, and I find the modules large, heavy and cumbersome to replace. They're difficult to move through standard single-door electrical rooms and often require multiple people (at least 2 or more) to handle. Compared to Vertiv, my experience with Eaton and Schneider UPS systems has generally been more positive, with fewer power-module related issues and better overall stability.

**Bernstein Interviewer: How would you rate Vertiv products on a service quality basis (scale of 1 to 5, 5 best)?**
**Expert Response:** Overall, 5/5. Workmanship and technical services itself are very good. Where I think they can improve is on the customer relationship and responsiveness side. However, I don't view this as a Vertiv-specific issue. The entire industry is struggling to keep up with demand and suppliers are finding it difficult to hire enough skilled technicians to support increasingly demanding service requirements. Some competitors may be slightly better at staffing, logistics and getting technicians to sites quickly, but this is broadly an industry-wide challenge.

**Bernstein Interviewer: How would you rate Vertiv on a time-to-delivery basis? (always on time / largely on-time / moderate delays / always delayed)**
**Expert Response:** I would classify Vertiv as "moderate delays". I don't think this is a Vertiv-specific issue. The entire industry is dealing with extremely strong demand and most products are built to customer requirements rather than sitting in inventory. One way suppliers could improve would be through additional manufacturing capacity and greater factory diversification, although that obviously comes with significant cost / upfront capex that companies would have to invest into building capacity. From my perspective, industry demand remains exceptionally strong. Within my own organization, we're effectively doubling capacity every six months and I don't see that growth slowing down anytime soon.

**Bernstein Interviewer: Would you continue to work with Vertiv in the future? (Yes / Maybe / No)?**
**Expert Response:** Yes. You can't put all your eggs in one basket. As a data center operator, it's important to maintain relationships with all the major suppliers. Limiting yourself to a smaller group of vendors would ultimately constrain your ability to grow and support future deployments. We enjoy a great relationship with Vertiv and expect to continue working with them as a key supplier going into the future.

**Bernstein Interviewer: What do you think about the recent calls on asking for a slowdown in the pace of AI development (moratoriums by NY / PA / TX, Anthropic essay)?**
**Expert Response:** I do NOT see a slowdown in demand happening. Even if certain states impose moratoriums on new data center development, all that does is slow activity in those specific locations. The projects don't 1 disappear but simply move somewhere else. If New York, Pennsylvania or Texas become more restrictive, companies will pivot and build in other states instead. I also do NOT think the broader calls for slowing AI development are likely to succeed. We operate in a highly competitive market, and historically the companies that get to market first tend to capture the largest share of the opportunity. See SpaceX for example - Elon was able to gain significant market share because SpaceX reached the market first with a reusable launch solution. I believe AI infrastructure follows a similar dynamic. Companies want to move quickly because there is a meaningful advantage to scaling ahead of competitors. More broadly, I continue to see strong underlying demand drivers across the digital economy. We are not seeing a slowdown in electronic transactions, online activity, streaming services, short-form video consumption, blogs, or other digital services. In fact, most of those trends continue to grow. As online activity expands, the supporting compute infrastructure must expand alongside it. Because of that, I expect demand for AI infrastructure and data center capacity to remain strong. If anything, I expect growth to continue at an aggressive pace. The requests for a slowdown seem more like an attempt to find a way to moderate the pace of development, but ultimately we live in a supply-and demand market. From my perspective, the demand is clearly there and I do not expect meaningful changes to the industry's growth trajectory.

The authors would like to thank Sakansh Mittal for his help in preparing this report.

## APPENDIX - FINANCIAL FORECASTS

| VRT Financial Summary<br>Fiscal year ends: Dec 31 | FY2021A<br>12/31/2021 | FY2022A<br>12/31/2022 | FY2023A<br>12/31/2023 | FY2024A<br>12/31/2024 | FY2025A<br>12/31/2025 | FY2026E<br>12/31/2026 | FY2027E<br>12/31/2027 | FY2028E<br>12/31/2028 | FY2029E<br>12/31/2029 | FY2030E<br>12/31/2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement (M)** | **FY2021A** | **FY2022A** | **FY2023A** | **FY2024A** | **FY2025A** | **FY2026E** | **FY2027E** | **FY2028E** | **FY2029E** | **FY2030E** |
| Americas | 2,188 | 2,729 | 3,845 | 4,501 | 6,386 | 9,182 | 12,396 | 16,115 | 20,144 | 24,172 |
| APAC | 1,609 | 1,601 | 1,528 | 1,718 | 2,019 | 2,720 | 3,536 | 4,243 | 5,092 | 6,110 |
| EMEA | 1,202 | 1,362 | 1,491 | 1,793 | 1,824 | 1,949 | 2,339 | 2,806 | 3,368 | 4,041 |
| **Total revenue** | **4,998** | **5,692** | **6,863** | **8,012** | **10,230** | **13,851** | **18,270** | **23,164** | **28,603** | **34,323** |
| **Total Gross Profit** | **2,700** | **3,219** | **3,576** | **4,099** | **5,447** | **7,237** | **9,667** | **12,273** | **15,165** | **18,197** |
| Americas | 441 | 426 | 959 | 1,098 | 1,714 | 2,785 | 3,884 | 5,129 | 6,597 | 8,140 |
| APAC | 253 | 274 | 249 | 175 | 222 | 379 | 550 | 723 | 944 | 1,225 |
| EMEA | 218 | 235 | 380 | 439 | 377 | 401 | 499 | 641 | 820 | 1,045 |
| Others | (224) | (261) | (154) | 279 | 153 | 130 | 134 | 178 | 248 | 358 |
| **Underlying EBIT** | **471** | **439** | **1,054** | **1,552** | **2,090** | **3,293** | **4,567** | **6,030** | **7,790** | **9,723** |
| EBIT margin Americas | 20.2% | 15.6% | 24.9% | 24.4% | 26.8% | 30.3% | 31.3% | 31.8% | 32.8% | 33.7% |
| EBIT margin APAC | 15.7% | 17.1% | 16.3% | 10.2% | 11.0% | 13.9% | 15.5% | 17.0% | 18.5% | 20.0% |
| EBIT margin EMEA | 18.1% | 17.2% | 25.5% | 24.5% | 20.7% | 20.6% | 21.3% | 22.8% | 24.3% | 25.8% |
| **Group EBIT margin** | **9.4%** | **7.7%** | **15.3%** | **19.4%** | **20.4%** | **23.8%** | **25.0%** | **26.0%** | **27.2%** | **28.3%** |
| Net Income to shareholders | 120 | 77 | 460 | 496 | 1,333 | 2,326 | 3,362 | 4,504 | 5,891 | 7,431 |
| **Diluted underlying EPS ($)** | **0.78** | **0.53** | **1.73** | **2.86** | **4.20** | **6.60** | **9.06** | **12.01** | **15.56** | **19.45** |
| Diluted shares outstanding (m) | 360 | 378 | 386 | 386 | 391 | 393 | 393 | 393 | 393 | 393 |
| **Balance Sheet (M)** | **FY2021A** | **FY2022A** | **FY2023A** | **FY2024A** | **FY2025A** | **FY2026E** | **FY2027E** | **FY2028E** | **FY2029E** | **FY2030E** |
| PP&E | 489 | 489 | 560 | 625 | 922 | 1,393 | 1,771 | 2,251 | 2,836 | 3,524 |
| Other non-current assets | 3,752 | 3,937 | 3,997 | 4,031 | 5,393 | 6,001 | 6,145 | 6,387 | 6,812 | 7,361 |
| Other current assets | 2,260 | 3,159 | 4,002 | 5,102 | 6,820 | 10,262 | 15,555 | 22,010 | 29,910 | 39,345 |
| Cash and cash equivalents | 439 | 261 | 780 | 1,228 | 1,728 | 2,623 | 5,763 | 9,821 | 15,061 | 21,707 |
| **Total assets** | **6,940** | **7,096** | **7,999** | **9,133** | **12,212** | **16,262** | **21,700** | **28,397** | **36,722** | **46,706** |
| Current liabilities ex-debt | 1,833 | 1,876 | 2,284 | 3,076 | 4,386 | 6,173 | 8,282 | 10,514 | 12,992 | 15,590 |
| Total debt | 2,972 | 3,191 | 2,941 | 2,928 | 2,913 | 2,940 | 2,940 | 2,940 | 2,940 | 2,940 |
| Non current liablities ex-debt | 717 | 587 | 759 | 694 | 972 | 961 | 961 | 961 | 961 | 961 |
| Total equity | 1,418 | 1,442 | 2,015 | 2,434 | 3,941 | 6,189 | 9,518 | 13,982 | 19,829 | 27,215 |
| **Total equity and liabilities** | **6,940** | **7,096** | **7,999** | **9,133** | **12,212** | **16,262** | **21,700** | **28,397** | **36,722** | **46,706** |
| Net debt | 2,533 | 2,930 | 2,161 | 1,701 | 1,185 | 317 | (2,823) | (6,881) | (12,122) | (18,767) |
| Net debt/ EBITDA | 4.6x | 5.6x | 1.9x | 1.0x | 0.5x | 0.1x | -0.6x | -1.1x | -1.5x | -1.9x |
| Underlying ROIC | | 4% | 2% | 14% | 14% | 17% | 21% | 23% | 29% | 28% |
| **Cash Flow Statement (M)** | **FY2021A** | **FY2022A** | **FY2023A** | **FY2024A** | **FY2025A** | **FY2026E** | **FY2027E** | **FY2028E** | **FY2029E** | **FY2030E** |
| Underlying EBITDA | 554 | 526 | 1,143 | 1,644 | 2,198 | 3,434 | 4,737 | 6,246 | 8,062 | 10,065 |
| Working capital | (133) | (449) | 67 | 114 | 365 | (856) | (44) | (164) | (182) | (191) |
| Net capex | (73) | (100) | (128) | (167) | (220) | (563) | (548) | (695) | (858) | (1,030) |
| Other cash movements | (443) | (151) | (567) | (1,148) | (1,786) | (1,117) | (1,004) | (1,329) | (1,782) | (2,199) |
| **Change in cash and cash equivalents** | **(95)** | **(174)** | **515** | **444** | **558** | **898** | **3,141** | **4,058** | **5,240** | **6,645** |

Source: Company, Bernstein analysis and estimates

## BERNSTEIN TICKER TABLE

| | | | 24 Sep 2026 | | TTM | | Adjusted EPS | | | Adjusted P/E (x) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ticker | Rating | Cur | Closing Price | Price Target | Rel. Perf. | Cur | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E |
| VRT (Vertiv) | O | USD | 245.30 | 368.00 | 62.7% | USD | 4.20 | 6.60 | 9.06 | 58.4 | 37.2 | 27.1 |
| SPX | | | 7,743.41 | | | | | | | | | |

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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### VALUATION METHODOLOGY

**Vertiv Holdings Co**

We value Vertiv at 27x NTM + 1 EBITDA of $5.3B to reach our target price of $368.

### RISKS

**Vertiv Holdings Co**

Downside: (i) Efficiency increasing to the point where less cooling needed, (ii) Unexpected slowing of data center expansion, (iii) Faster than expected shift away from NVIDIA chips to custom silicon (impacts Vertiv because of strong relationships), (iv) Tech. shift away from DTC / 800 VDC if Vertiv can’t react fast enough

### RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

### EQUITY RATINGS DEFINITIONS

**Bernstein brand**

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

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- Market-Perform: Stock will perform in line with the market index to within +/-15 pp
- Underperform: Stock will trail the performance of the market index by more than 15 pp

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Bernstein brand stock ratings are based on a 12-month time horizon.

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Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

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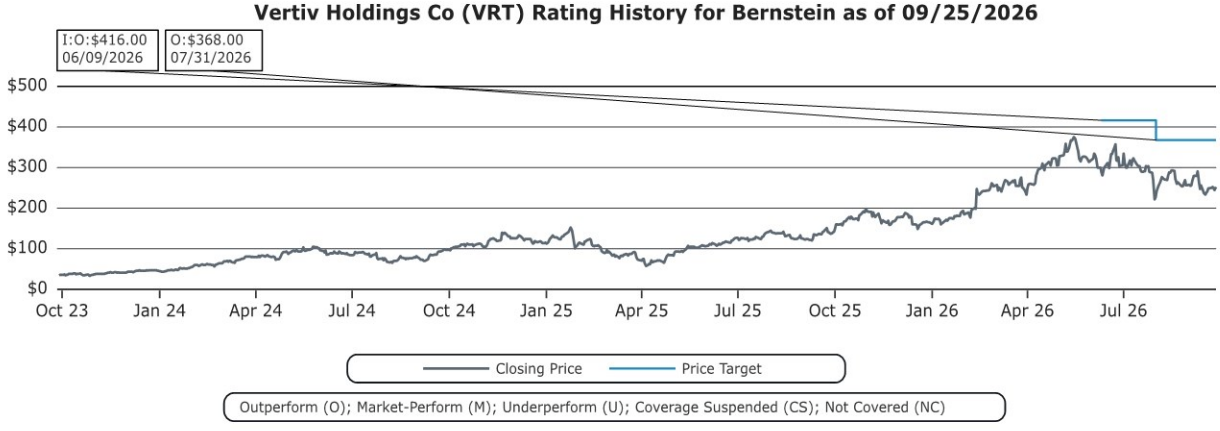
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|---|---|---|---|
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| Market-Perform (Bernstein Brand)<br>Neutral (Autonomous Brand) | HOLD | 35.8% | 16.2% |
| Underperform | SELL | 13.1% | 13.6% |

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