GE Vernova 4Q & Full Year 2024 Results

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Introduction

Michael Lapides

Vice President, Investor Relations, GE Vernova

Welcome

Welcome to GE Vernova's Fourth Quarter and Full Year 2024 Earnings Call. I am joined today by our CEO, Scott Strazik, and our CFO, Ken Parks.

Disclaimer

Our conference call remarks will include both GAAP and non-GAAP financial results. Reconciliations between GAAP and non-GAAP measures can be found in today's press release and in the presentation slides, all of which are available on our website. Please note that year-over-year commentary or variances on orders, revenue, adjusted and segment EBITDA and margin discussed during our prepared remarks are on an organic basis, unless otherwise specified.

We will make forward-looking statements about our performance. These statements are based on how we see things today. While we may elect to update these forward-looking statements at some point in the future, we do not undertake an obligation to do so. As described in our SEC filings, actual results may differ materially due to risks and uncertainties.

With that, I will hand the call over to Scott.

Overview

Scott Strazik

CEO, GE Vernova

An exciting time

Thanks, Michael. Good morning, everyone, and welcome to our fourth quarter earnings call.

We built a strong foundation in 2024 in our first year as an independent company. The investment supercycle in the electric power sector, driven by the growing need for reliable power generation, grid modernization and decarbonization, continues to accelerate.

The world is shifting, relying more on electrons and megawatts, and this is changing the energy landscape, driving increased demand for our equipment and services. We are investing in decarbonization technologies within our own portfolio. For example, advancing carbon capture and sequestration.

Late last year, we had a great customer milestone with the announcement of the Net Zero Teesside Power project, expected to be the first gas-fired power station fully integrated with carbon capture technology. Last week, we also announced efforts jointly with multiple large US utilities to accelerate the deployment of our small modular nuclear reactor, the BWRX-300. We expect these technologies to impact the electric power system in the coming decades.

Our progress in 2024 reinforced the important role we play at GE Vernova in electrifying and decarbonizing the world, while creating value for stakeholders.

Executing our strategy

Turning to slide four. I will spend a few minutes on each of our segments and how we are executing to meet demand.

In Power, market demand for gas generation is driving significant orders growth. For the full year, we booked approximately 20 gigawatts of Gas orders, double last year's level, and secured 9 gigawatts of slot reservation agreements for new turbines, agreements that should convert to orders in 2025 to 2026.

These agreements are tied to load growth in the US, partially driven by data center hyperscaler demand associated with AI. Given our expansion plans to produce 70 to 80 heavy-duty gas turbines per year beginning in the second half of 2026, up from 48 this year, we are positioning to meet this demand. We expect to grow our Gas equipment backlog considerably in 2025, even as we ramp to ship approximately 20 gigawatts annually starting in 2027, and expect to remain at that level going forward.

In addition to equipment demand growth, we are also seeing high-margin services growth in our install base as customers aim to get more capacity and better performance out of their plants. Today, we deliver about $2 billion of upgrades annually in our Gas business, and we anticipate this could grow by 50% by the end of the decade.

Beyond Gas Power, we are having more active customer discussions on Nuclear, about the existing install base of 65 plants here in the US that are running our technology today. We see an opportunity to add 5 gigawatts of nuclear power in the US between these existing facilities and potential restarts that could impact both Nuclear and Steam services beginning late in this decade. Against this backdrop, Power delivered 7% revenue growth and nearly 200 basis points of margin expansion in 2024.

Overall, there is a lot to be excited about as our Power segment drives profitable growth and significant free cash flow.

In Electrification, demand for our products remains strong, with equipment orders more than doubling in 4Q’24 compared to last year, as customers modernize and invest in critical grid components – such as transformers, switchgears and HVDC systems – which are essential to ensuring a reliable electricity system and effectively connecting new generation sources.

We are seeing significant orders and backlog growth in both Europe and North America, and while Europe remains our largest market for grid, we are seeing orders accelerate in North America – which was our fastest growing market in 2024.

For the full year, Electrification achieved 18% revenue growth and over 500 basis points of margin expansion. Demand trends and improving execution are driving an acceleration of margin expansion, increasing our confidence in our trajectory, and we expect this segment to deliver double-digit EBITDA margin in 2025 and expand further in 2026 and beyond.

Turning to Wind. We have made solid progress on our turnaround of this segment in 2024, cutting our EBITDA losses by almost half despite lower revenues. In Onshore, we delivered high single-digit EBITDA margins on roughly flat revenue in 2024. The timing of inflection in North America Onshore Wind orders remains uncertain, but we expect to continue accreting margin in this business with our focus on our key countries, improving quality and delivering cost out initiatives.

We are deploying more crews and cranes to insert technology that should improve the performance of the existing fleet and better serve our customers. As a result, we expect to grow these investments by over $100 million in 2025 versus 2024, with a heavy year-on-year increase in the first half, as we accelerate our operational improvements in this business.

In Offshore, we are focused on improving execution and delivering on the approximately $3 billion remaining backlog swiftly, safely and economically for our customers and ourselves. We are back to fully installing at both project sites, and as we discussed during our Investor Update in December, we expect to be materially complete with Vineyard Wind in 2025. And we have a pathway to be mostly complete with Dogger Bank in 2026.

We do not foresee adding to the Offshore backlog without substantially different industry economics than what we see in the marketplace today.

Looking ahead, we are applying what we have learned from the challenges in Offshore Wind to make us a stronger company going forward.

Now, over to the right hand side of the page. We are focused on further embedding the lean culture across the organization, driving operational improvement across safety, quality, delivery and cost.

Let me take you through an example where the lean journey over the last seven years has driven real results and improved performance across all of SQDC. Earlier this month, I visited a Gas Power services and repair facility in Singapore that focuses on F and H gas turbines.

On safety, this facility has achieved decades of fatality-free operations supported through implementation of lean lines, which has eliminated millions of mechanical lifts per year.

On quality, we have lowered escapes at this facility by 25% from driving standard work and have used lean to reduce the amount of rework, generating cost savings.

On delivery, through implementing eight lean lines, we have tripled the output, utilizing 50% less shop floor space and doubling the working hours.

On cost, by performing more data-based preventative maintenance and removing waste, we reduced machine costs by 50% and significantly increased productivity on existing machines. The Singapore example represents the culture we are building at GE Vernova as we accelerate our lean progress across the entire company and improve our own efficiency. There is significant growth we will achieve in this facility in the years ahead, all within the same four walls, without pouring concrete or adding new cranes, with a team that has fully embraced lean to serve our customers, while preserving our capital for our shareholder accretive actions.

Build a strong foundation in 2024

Turning to slide five on our financial performance in 2024. We booked $44 billion of orders with $35 billion in revenue, delivered EBITDA margin expansion across all segments, and more than $1 billion improvement in free cash flow. We grew our backlog to $119 billion and nearly doubled our cash balance to over $8 billion since spin, from a combination of strong free cash flow generation and capitalizing on value creation opportunities such as the partial stake sales of GEV T&D India and China XD Electric, which generated $1.3 billion of pre-tax proceeds in 2024.

As I said in December, this is representative of the culture we are building inside GE Vernova. When we see opportunities to simplify our organization or to monetize parts of the portfolio at attractive prices that creates capital that allows us to either invest back into our business or return to shareholders, we are going to act with urgency.

In December, we raised our multiyear financial outlook and framed our capital allocation strategy, including a shareholder return program with our initial dividend and first buyback authorization, reflecting our conviction in the substantial value creation opportunities ahead. One of the primary drivers of our conviction on our path forward is the significant growth and margin expansion in our equipment backlog again in 2024, which I will touch on in the next page.

Margin in equipment backlog increased >$6B since 2022

Over the past two years, we have added more than $6 billion of margin to our equipment backlog, given better pricing and more disciplined underwriting, as this backlog has grown over 50% to $43 billion. We also expanded margins across all three segments again in 2024.

Starting with Power and Electrification, we expect these segments to continue to materially grow their backlogs in 2025 at better margins. We see this clearly in front of us because of our wins in late 2024, such as the Gas slot reservation agreements that we expect to turn into orders this year, along with the continued strong demand for Electrification products, driven by increased grid investments.

Because these segments are longer cycle, we will not begin delivering on the majority of the higher margin orders of 2023 and 2024 until 2026 and beyond.

Moving to Wind. We project a stable to modestly lower backlog in 2025. Our backlog will reduce in Offshore Wind as we execute on the remaining $3 billion of backlog, but the margins will improve as this unprofitable business is completed. At Onshore, we expect backlog should remain approximately flat with stable margins as we remain focused on key markets and disciplined underwriting, while we leverage our existing footprint and our supply chain.

But as we said in December, we see incremental opportunity for the teams to expand margins that are not projected in our external backlog today. That starts with our operating teams delivering variable cost productivity from things like sourcing savings and project execution at important milestones that can secure lower costs and allow us to accrete margins as we execute.

The teams are also working hard to accelerate capacity additions, leveraging lean, which can create incremental slots we can sell at premium pricing.

In summary, we are encouraged with our progress here, but it is just the beginning. When I look at our pricing success in Gas in late 2024, our continued momentum in Electrification with things like switchgears in North America, and the internal expectations I have of the opportunity for teams to accrete incremental margin with variable cost productivity savings. I expect the margin we create in backlog in 2025 to be higher than our run rate the prior two years, further positioning GE Vernova for profitable growth over the long term.

With that, I will now turn the call over to Ken for more details on our fourth quarter performance.

Financial Review

Ken Parks

CFO, GE Vernova

Financial snapshot

Thanks, Scott. Turning to slide seven. We finished 2024 strong with record quarterly orders and revenues and adjusted EBITDA margin reaching 10.2%. We increased our cash balance to over $8 billion, with our third consecutive quarter of positive free cash flow generation and the benefit of two additional value-accretive portfolio actions.

Demand remained robust in the fourth quarter as we booked $13.2 billion of orders, an increase of 22% year-over-year and approximately 1.3 times revenue. Equipment orders grew 44% driven by strength in both Electrification and Power, partially offset by lower orders in Onshore Wind. As a result, our backlog continued to grow both year-over-year and sequentially across equipment and services, reaching $119 billion.

Equipment margin and backlog remains healthy, with overall margin and backlog increasing approximately 5 points versus year-end 2023, reflecting our focus on disciplined, profitable growth.

Revenue increased 9% driven by both higher equipment and services revenues. Wind and Electrification equipment revenue both grew double digits, while services revenue increased 6% with growth in all three segments. In addition, price was positive in each segment.

Adjusted EBITDA grew to approximately $1.1 billion, up 85%, and EBITDA margin expanded 440 basis points. We delivered our first quarter of double-digit margins with expansion in all three segments, driven by more profitable volume, price and productivity, which more than offset inflationary impacts.

In addition, we benefited from previously announced restructuring actions, primarily at Wind and Power.

We delivered approximately $600 million of positive free cash flow in the fourth quarter. As expected, free cash flow decreased year-over-year, primarily due to lower customer down payments at Wind and actions we have taken to improve cash linearity across the quarters, as we continue to more closely align the timing of disbursements and collections.

Working capital in the quarter was an approximately $200 million cash benefit, which, combined with our stronger EBITDA, more than offset higher capex investments to support future capacity expansion along with higher cash taxes on higher EBITDA.

We are using lean to drive better cash management and linearity. For example, the Electrification team implemented new standard work and daily management to improve the timing of invoices and reduce disputes. These actions drove a reduction in days sales outstanding by four days, resulting in approximately $80 million of additional free cash flow. We continue to leverage our lean culture across GE Vernova to deliver better financial results.

In the fourth quarter of 2024, we generated approximately $600 million of incremental pre-tax proceeds by selling partial ownership stakes in our GEV T&D India and China XD Grid businesses. These proceeds are classified outside of free cash flow, and the gain was removed from adjusted EBITDA.

We remain the majority shareholder of GEV T&D India and currently own 12% of China XD. Combined with our fourth quarter free cash flow, these proceeds increased our cash balance to $8.2 billion.

Our strong cash balance and further improved free cash flow profile enabled us to frame our capital allocation strategy at our Investor Update on December 10th, while maintaining our firm commitment to an investment grade balance sheet. We expect to return at least one third of cash generated to shareholders, starting with a $1 per share annualized dividend and our $6 billion share repurchase authorization. In late December, we initiated our share repurchase activity, buying approximately $3 million in the month.

We are pleased with our full year 2024 financial performance. As Scott said, it was strong, but it was just the start of where we expect to go.

During the year, we booked over $44 billion of orders, led by double-digit equipment growth in both Power and Electrification. Services orders increased 12% largely due to the strength at Power.

We delivered approximately $35 billion in revenue driven by high-teens growth in Electrification and high-single digit growth in Power. We doubled our adjusted EBITDA to over $2 billion and expanded margins nearly 300 basis points year-over-year, with significant improvement in each segment.

We also made solid progress towards our lower adjusted G&A target by achieving an almost $200 million reduction in 2024.

Finally, we generated $1.7 billion of free cash flow, a year-over-year improvement of $1.3 billion, primarily driven by our stronger EBITDA.

Our growing backlog with higher margin provides an excellent foundation for further improvement in our financial performance ahead.

Power

Turning to Power on slide eight. Power delivered strong full year 2024 results, led by the Gas Power business. Power orders grew 28% given robust demand for Gas equipment and 10% growth in services, which combined, increased adjusted backlog by more than $4 billion.

Power grew revenues 7% for the year, with Gas Power growing 9%. Power EBITDA increased by more than 20%, expanding margins by 180 basis points, driven by services strength, more profitable equipment and continued productivity, partially offset by inflation.

In the fourth quarter, Power orders grew 24%, led by high equipment at Gas Power and Hydro, partially offset by lower services.

In Gas Power, equipment orders increased nearly 80% as we booked 24 heavy-duty gas turbines, including 4 HA units. This was almost triple the number of heavy-duty units booked in fourth quarter of 2023.

Power services orders remained strong but declined 6% largely due to a strong fourth quarter 2023 Gas transactional services comparison. Revenue increased low-single digits as Power services growth and higher HA deliveries more than offset lower aeroderivative shipments.

EBITDA margins expanded to approximately 15%, led by Gas Power from services volume, productivity and price, more than offsetting the impact of inflation.

Looking at the first quarter of 2025, we expect continued year-over-year growth in Gas equipment orders. We also anticipate low-single digit revenue growth at Power, but a low-single digit decline on a reported basis as a result of the impact of the divestiture of a portion of the Steam business in the second quarter of 2024.

We expect EBITDA margins of approximately 10% to 11%, as productivity and price should more than offset inflation, as well as higher investments at Nuclear and Gas.

Wind

Turning to slide nine. Wind results continued to progress in 2024, improving full year EBITDA losses by 42%. Onshore had a solid second half to 2024 and achieved approximately 7% EBITDA margins for the year. Offshore performance was challenging as we recorded approximately $1 billion of incremental contract losses in 2024, largely due to the impacts of blade events and project execution delays. These costs were partially offset by a $300 million gain recorded in the third quarter from a previously canceled Offshore project. We remain focused on continuing to improve results through better quality, delivery and cost productivity across Wind.

In the fourth quarter, Wind orders decreased 41%, driven by lower Onshore Wind, given we booked our largest ever Onshore order in the fourth quarter of 2023, the 2.4 gigawatt SunZia Wind project in the US. Excluding this large order, Onshore orders declined slightly.

In Offshore, we remain focused on executing our existing challenged backlog. Wind revenue increased 21% in the quarter on higher Onshore equipment deliveries, partially offset by lower Offshore revenue. We have now restarted blade installations at the Vineyard Wind project in December. Wind was modestly profitable in fourth quarter of 2024, with EBITDA improving approximately $300 million year-over-year.

Onshore delivered its most profitable quarter in over three years on strong volume, price and productivity, partially offset by higher services costs as we deployed more crews and cranes as we focus on improving installed fleet availability.

As we have discussed, we remain cautious on the timing of an onshore order inflection in North America as customers continue to navigate growing interconnection queues and higher interest rates. We do expect the Wind segment to grow revenue mid-single digits in the first quarter of 2025, driven by higher Onshore equipment deliveries.

EBITDA losses should remain relatively consistent year-over-year as the impact of higher Onshore volume is offset by increased services costs to further improve the operating performance of the installed Onshore fleet.

Electrification

Turning to Electrification. Strong demand and price resulted in high-teens full year orders and revenue growth, with EBITDA margins expanding to 9% in 2024. Electrification equipment orders grew nearly 20%, which further increased the equipment backlog to $20 billion. Electrification revenue grew 18%, led by Grid Solutions, and margins expanded 520 basis points from higher volume, favorable pricing and productivity.

In the fourth quarter, orders were robust at approximately $4.8 billion, roughly 2.2 times fourth quarter revenue, more than doubling year-over-year driven by the growing need for grid equipment and services. We booked two large HVDC orders in the quarter in Germany and Korea, and demand also remained strong for switchgears, particularly in North America.

Revenue increased 12%, even compared to a strong fourth quarter 2023, which benefited from the ramp in volume that started late last year. Revenue growth in the quarter was primarily driven by higher volume and price at Grid Solutions, where we saw meaningful growth in switchgears and substation equipment. The segment delivered another quarter of double-digit EBITDA margins, with 500 basis points of margin expansion on more profitable volume, higher price and increased productivity.

In the first quarter of 2025, we anticipate solid equipment orders at healthy margins.

Electrification revenues should increase at a growth rate in line with our full year guidance, led by Grid Solutions. We expect year-over-year margin expansion similar to what we delivered in the fourth quarter from higher volume, productivity and favorable pricing.

Consistent with prior years, we expect first quarter revenue and EBITDA margin to be lower sequentially, primarily due to the timing of project milestones, which tend to be more second-half weighted.

Reaffirming 2025 guidance

I will now turn to slide 11 to discuss GE Vernova guidance further.

For the first quarter, based on our expectations for the segments, which I have already outlined, we expect continued year-over-year revenue growth and adjusted EBITDA margin expansion in the quarter. We also expect positive free cash flow in the first quarter, a significant improvement year-over-year, driven by our continuing focus on better cash linearity, along with increased EBITDA, partially offset by higher capex. As discussed in December, we expect to generate positive free cash flow in all four quarters this year.

For the full year, we are reaffirming the 2025 guidance we provided at our Investor Update on December 10th. We continue to expect full year 2025 revenue to be in the $36 billion to $37 billion range, a mid-single digit year-over-year increase, with growth in both services and equipment.

We also expect continued expansion in adjusted EBITDA margin to high-single digits as we deliver our growing backlog at better pricing and with better execution. We anticipate free cash flow to be between $2 billion and $2.5 billion.

By segment, we continue to expect mid-single-digit organic revenue growth in Power, driven by higher Gas services and equipment, with EBITDA margins between 13% and 14%.

In Wind, we expect revenue to be down mid-single digits, given our continued geographic selectivity in Onshore and the benefit of the one-time settlement from an Offshore contract termination in 2024. We expect 2025 Wind EBITDA losses to be between $200 million and $400 million, improving year-over-year, driven by Onshore margin expansion within the high-single-digit range and slightly lower losses at Offshore.

In Electrification, we anticipate continued strong demand and favorable price to drive mid- to high-teens organic revenue growth with 11% to 13% EBITDA margins as we deliver a more profitable backlog.

We expect 2025 adjusted EBITDA to be more second-half weighted, similar to last year. We anticipate the typical Gas services seasonality with the highest outage volume in the fourth quarter. In addition, Wind EBITDA should improve in the second half compared to the first, largely due to the timing of Onshore turbine deliveries already in backlog and improved services profitability. Finally, we expect Electrification earnings to grow sequentially through the year.

Overall, we built a solid foundation in 2024, delivering significant margin expansion with growing free cash flow generation. In 2025, we expect to drive even stronger results as we deliver our growing, more profitable backlog with improved execution enabled by our lean culture.

With that, I will turn it back to Scott.

Conclusion

Scott Strazik

CEO, GE Vernova

Energy transition is a growing, exciting market

Thanks, Ken. We are pleased with our performance this year and are excited about our future as we help our customers electrify and decarbonize the world.

2024 has increased my conviction that GE Vernova is well-positioned to lead.

In Power, it is about delivering continued margin expansion with growing free cash flow, both from equipment as well as strong services. In Wind, it is about disciplined margin expansion in Onshore while we position for the market inflection, and quality and execution in Offshore. For Electrification, it is about delivering on accelerated, high-margin profitable growth from rising demand for grid technologies.

Market dynamics continue to drive strong demand that will lead to multi-decade growth for GE Vernova and continue creating value for our stakeholders. As we head into 2025, I am optimistic about the future, and we are just getting started.

With that, I will hand it back to Michael for the Q&A portion of the call.

Q&A

Andrew Percoco (Morgan Stanley): Maybe just to start out at a very high level here. I mean, you guys gave a very comprehensive update back in December, but it has been a pretty active 48 hours or so with the new administration. Certainly some positives to point to on the AI investments and gas infrastructure side, but also some potential headwinds that we are seeing on wind. So can you maybe just give us your latest thoughts on on how you are thinking about this incoming administration and how it might impact the outlook across each of your businesses?

Scott Strazik: You bet, Andrew. I will start. I just would take it a step back beyond maybe the last 48 hours and let us just talk about the last six weeks since we were together December 10th for the Analyst Day. I would say in our largest scale businesses, the market continues to get stronger. I mean, we see accelerated activity in pipeline and gas, that is very focused in the US, but not just the US.

What I would emphasize on Gas is it is becoming an even more diversified demand cycle, and that you can start to see in the numbers. I mean, we had 25 HAs that we had on order this year. We also had 20 F-class units. We had north of 40 aeroderivative units. So the diversity of demand just continues to get stronger.

Similar theme in Grid. Even the last six weeks, we closed the year very strongly with Grid orders. The pipeline remains very strong, but the diversity of the pipeline is really what I would emphasize. I mean, this was a business that two years ago was basically a European company.

Today, we have taken a business that was $6 billion of backlog two years ago. It is $20 billion today. Yes, a little bit more than half of that is still Europe, but 20% to 25% is in North America. The other 20% to 25% is the rest of the world, with Asia really growing. So the diversity of demand in Grid is just giving me that much more confidence in the durability of those two businesses.

On the other side, to your question on Wind, it remains soft. I mean, we talked about a generally flat financial projection with Wind through the next few years. That is still really what we see. Six weeks later from where we were on December 10th, we are cautious on when that inflection point is going to come in North America. We have been for a while. We still are today. We are going to keep focused on executing and serving our customers as well as we can there. But the market fundamentals are softer there, certainly relative to the other two large businesses.

Julian Mitchell (Barclays): Maybe just wanted to ask my question around the Power organic sales outlook for the year. So you grew, I think, low-single digits or you are guiding for low-single digits growth starting out the year. Organically, you have got that mid-single-digit guide for the year. Maybe help us understand how we should think about that pace of acceleration through the balance of 2025. And also, help us understand within Power service, how we should think about the growth there? Should it be equivalent to equipment this year at mid-single digits, or do you see opportunities on the transactional side of Power service, maybe to get higher volume and price as gas power utilization rises?

Ken Parks: Thanks, Julian. Maybe if we just think about the pace of that business, I would say if you think about equipments and services, which is really how you broke down your question. As we look at what is in backlog, while we are growing at a slightly slower organic pace early in the year and we are still projecting mid-single-digit growth overall for that business for the year, it is really just built upon how we expect the backlog to roll out. So the build cycle for that, for the equipment piece. So nothing surprising there.

We have about 90% of our overall GE Vernova volumes in backlog today, so that gives us really good visibility on how it is going to roll. So I would not take any indication of maybe a slightly slower first quarter growth against a full year guide that is higher than that as anything other than us having the knowledge of how that backlog is going to roll out.

On the services side, there is certainly opportunity, as we are in this cycle of higher utilization, to see opportunities not only on the contract service part of our portfolio, but also the transactional part of our service business, which equates for about half of the overall total. So we feel really good about where we are starting, and we feel good about the visibility into the backlog and the visibility into the service outages that will take us to the right place on the guide.

Scott Strazik: Julian, the only thing I would emphasize is, as we talked about in December, this being really the last year at mid-single-digit revenue growth with an acceleration to high-single digits in 2026 and beyond in the segment. I spent a lot of the first month of the year with some of our suppliers and partners in this space and continue to have real confidence and conviction that their capacitizing as we need them to for this growth that comes in 2026 and beyond.

Mark Strouse (JP Morgan): When we were together in December, you gave some color about increasing your pricing on the Gas Power side. Just curious if you can talk about order activity since then, or maybe just general customer receptivity to that? Do you have any near term plans to raise pricing further?

Scott Strazik: Sure, Mark. Again, I am picking on words a little bit, but the truth of it is in explicit orders in the last six weeks, there has not been an incredible amount of orders activity because we trended into the holidays and it is early in the new year.

What I would say, though, is the intensity of discussions for more and bidding activity right now and the receptivity to pay for what I will call premium slots in the out years – I am talking premium slots, 2028-2029 really, to a large extent – the discussions are much more focused on how can the end customers fulfill than the last dollar of price.

I would not say there has been another explicit price increase since we were together December 10th because the reality is we had, at that point, had a very, very productive month of November and had just taken the market up another level. So that has not changed. But I would not say at all in Gas that the pricing dynamics are the main event. It is us continuing to partner with these end customers on their ability to actually generate the power when they need it.

We will continue to do everything we can to serve them, but also maximize our economics.

Nicole DeBlase (Deutsche Bank): Can we talk a little bit about last week's SMR announcement? I thought that was really interesting. I guess, what extent can deployment actually be accelerated? And does this come with increased customer interest in the SMR offering?

Scott Strazik: Nicole, I think it is a great question. I am glad to get a chance to spend a little bit more time talking about that. I mean, it is a longer term play for us, but last week was meaningful because when you think about where we were previous to that, our launch customers in North America with Ontario Power Generation and Tennessee Valley Authority, these are two customers that are 100% government-owned.

Last week's announcement was that next shift forward, having Duke, having AEP join into the mix and join into the consortium to invest in this product and commit towards our technology for projects that they have slotted for new zero-carbon power between 2032 and 2034 in the US.

The activity of customer interest here, not just in the US but also outside the US, is only strengthening. I mean, to give you a little bit more color, I was in Japan the first week of the new year. We have turned on two of our BWR nuclear plants in Japan very recently. There is another 18 in Japan that have not been restarted. That is only accelerating in activity.

I generally spend the first week of the new year in Japan for the New Year's greetings. It is the first year I have left the market saying, okay, this is happening now. These plants are going to be turned back on, whether it be from the federal government or from the local communities because of the clear need.

We continue to see more activity on upgrades and uprates into the install base in North America. We have talked in the past, we have got 65 plants running with our technology. We will add more megawatts to those existing plants. And more and more customers with those plants are coming back to us and saying, within the security apparatus of the existing plant, we can fit an SMR. Then, when you have already got the security infrastructure, that creates a lot of economic and operational arbitrage for them. So you can hear the enthusiasm in my voice on this.

Can we move it to the left earlier than the first plant being commissioned in Ontario in 2029? I do not think that will happen. The first plant will be commissioned in Canada in 2029. There is even more confidence that, in the US, many more plants can be commissioned, let us just call it 2032 and beyond. But this is about the next decade. It is not going to create a substantial amount of incremental megawatts until we get there.

Andrew Obin (Bank of America): There were headlines like Constellation buying Calpine. Seems people are getting excited about natural gas. As we think about services and the scope of your activities as price of gas is going up over the next several years. Just trying to understand what happens to the scope of your service activities if price of gas structurally goes up, and if you are starting to have those conversations with your customers?

Scott Strazik: Andrew, if you just take the F-class fleet, which is our largest fleet in North America, we have over 700 F-class gas turbines in the US that we have incremental technology that we can insert into the existing install base in the US and drive output and efficiency savings. That is just the F-class fleet in North America as an illustration, amongst the 7,000 gas turbines we have globally. That is what we are going to see happen.

Admittedly, today the discussions with incremental investments is more focused on megawatts than it is efficiency. I agree with your train of thought on where gas pricing is going, but the discussion is much more on we need every megawatt we can get right now, and how can you operationally allow us to generate those megawatts, even if in the end it leads to a few more outages over time because we run the gas turbines at higher firing temperatures as an example.

But what this is clearly going to lead to is the scope per outage is going up because the amount that our customers are willing to invest in technology at that outage event is going up – at the moment, megawatts, but ultimately efficiency will matter too.

That is why we have talked for the better part of, call it the last four months, about the fact that we see the upgrades growing directionally 50% by the end of the decade in the Gas business because of this market opportunity. And a lot of it is going to be in North America.

The demand signals with more investment into gas, like you alluded to with Constellation, is a great indicator.

Julien Dumoulin-Smith (Jefferies): You made an allusion to this earlier about the diversification in your turbine sales, right? Not just H-class, but F and Aero. Can you speak a little bit more to the extent to which that might be accelerating, given the availability dynamics and the supply constraints? And how that might drive volumetric upside, where folks might have otherwise thought you were constrained in what you can do in that 2026, 2027 timeframe.

Scott Strazik: Julien, thanks for the question. It is not going to materially change 2026. At the end of the day, the same amount of forgings and castings in at least 2026 is really what we are going to have, to be clear. I mean, we are working this very hard. But the premise of your question is spot on in the sense that the more that we do F-class gas turbines, as an example – we have been making them for 25 years – it is easier for us to make an F-class gas turbine than it is an H.

The supply base has an ability to ramp those faster. The reality is, yes, there is a lot of base load power needs, a lot of the data centers, AI will be H class. Because the end customers are underwriting a business case where they need the power 24 hours a day 7 days a week, and the efficiency is a given, it will be a base load H class. At the same time, you look at where the reserve margins are today in PJM and ERCOT and where pricing is going. There is a lot of simple cycle pipeline demand growth for F-class that makes a lot of sense.

The truth of it is those are easier for us to make. As we continue to drive our lean improvement – and I will be back down in Greenville, South Carolina next week with the team for the entire week to partner with them on our path forward. That diversification of gas turbines, including, let us call it, more mature gas turbines like F-class, does give us a little bit more of a kick in our step that we are going to find every opportunity we can to serve our customer base with as many gas turbines as practical.

But we have got to balance that with what our supply base is able to serve, annd in that regard today, nothing has changed from our previous comments that we will be at directionally 20 gigawatt by 2027 and steady there going forward.

Andrew Kaplowitz (Citigroup): Scott, can you give more color into your commentary regarding accelerating capacity expansion to sell premium slots that you have on slide six. I think at the Investor Day, you were careful to say that you are going to be thoughtful about how quickly you grow capacity. Maybe slide six commentary today seems slightly more pointed. I know you just talked about Power and no real changes there, but what about in Electrification? Are you potentially going to accelerate capacity a little bit on that side of the business?

Scott Strazik: Yes. That comment is exactly, Andrew, as you said, more applicable to Electrification. I am looking forward to being at one of our factories in Pennsylvania in a few weeks, for the better part of a week, that makes switchgears for us.

We do see opportunity to continue to accelerate capacity build out in Electrification. That is in North America, in the near term, leveraging some of our industrial footprint. As we do, the ability to sell those premium slots is something we are very, very focused on. So we did try to talk about this in December that if there was an upside case within our, call it, what is in and what is out of our by 2028 guide. We did talk about accelerated fulfillment in Electrification

being the most applicable example. That remains the case. We have got a team that is incredibly focused on making progress there and a leadership team that is here to serve them because the market needs everything we can give them. We are hopeful we are going to ramp that up even faster, and with it, we should have fulfillment and price opportunity.

Ken Parks: Yes. I think the only thing I would add to that is that one of the things we called out in December, which is still true only a few weeks later, is a big portion of the Electrification capacity expansion really is not driven by bricks and mortar. The lean culture within some of the businesses that are faster flow businesses, less project moving through the factory, but flow businesses. We are getting a significant amount of capacity expansion with lean initiatives, which are some of the most effective from a return perspective because you are not putting that brick and mortar in the ground forever.

Joe Ritchie (Goldman Sachs): I think very few of us would have thought that over the past two years you would be able to grow that Electrification equipment backlog to over $20 billion. It is pretty incredible. As you are looking out for 2025, Scott, any thoughts around how much that backlog can build? And then specifically as it relates to North America, really encouraging to hear that that business is now 20% to 25% of your business today. What is the opportunity in North America?

Scott Strazik: Substantial. It continues to be the part of the business that, as we lean into the front end, I continue to be encouraged that the GE Vernova symmetry, synergy helps the most on the front end. We continue to educate our customers on our offerings in Electrification, and we are liking the response.

I have alluded to the fact that I spent a week in Asia to start the year in both Singapore and Japan. That is applicable in those markets too. We are not a known commodity, but there are industrial footprint opportunities for us to invest into in both Asia and North America that are attractive and that are things that we are going to keep working very hard right now.

Of our three business segments, Joe, it is very clear to me from a commercial perspective – beyond market growth, us simply gaining share, let us say – within the market, regardless of where it goes, there is a lot more for us to do in Electrification. I expect that $20 billion equipment backlog to grow substantially in 2025 and beyond as we continue to run this business better.

Moses Sutton (BNP Paribas): I wanted to continue on gas turbine pricing. At this point, new CCGTs are costing $2,000 per kilowatt, all in and rising, perhaps. Is your content still tracking at 30% to 35% of that new build cost? And – are pricing and bids – is there any differentiation between US 2027 versus an international 2028, which might have a little more open room? So like, just thoughts on that price level against the total content and then variation by geography and shipment year.

Scott Strazik: Moses, the directional numbers you are giving for an H-class gas turbine in North America or a plant build are directionally accurate today. Our share of that is directionally accurate too. I would not think it is different than what you are saying.

The only thing maybe I would distinguish is we are very quickly getting to a point that, the premium slot dynamic, there is not really a difference between 2027 and 2028 right now. I

mean, I think if you want to start to distinguish between schedule and capacity, it is really turning into more 2028 versus 2032.

Internationally, there are markets that will plan out that far. That may lead to a modestly different way to think about things. But 2027, 2028, we are going to be talking about 2029 in Gas before the year is over on some of these calls. That is very clear to me because we have got 20 gigawatts of capacity. We are going to have a strong orders year. We are going to fill the bathtub, so to speak, of those 20 gigawatts per year fairly quickly and be into the out years.

So I do not think we are going to be making much of a pricing distinction between 2027 and 2029 right now. It is really going to continue to be a challenge of how the customers secure, not just our equipment, but everything else required. The EPC support is going to be a big open switch and one that I am going to invest a lot of time in in 2025 because I continue to believe that could be one of the bigger challenges towards fulfillment, is just whether the projects stay on schedule, notwithstanding our explicit gas turbine deliveries.

We have a number of strategic sessions in the first quarter with those EPCs to just stay stay very aligned on their schedule and ours. Thanks for the question.

Michael Lapides: Before we wrap up, let me turn it back to Scott for closing comments.

Scott Strazik: Everybody, I just want to thank everyone again for your continued interest in GE Vernova. As I do on all of these calls, I think it is important to recognize our employees in our first year as a public company. I have an incredible amount of pride to lead this group, a lot of optimism and ambition for the company that we are creating.

I have a huge appreciation for the customers that are leaning in with us right now on the opportunity and the excitement they have for the art of the possible for what GE Vernova can be. We had a good first year. But there is nobody inside the walls of GE Vernova that is celebrating right now. We have got our feet on the ground. We are very focused on the opportunity in front of us in these markets and serving it and going into a new year with a lot of energy and a lot of optimism.

Thanks for giving us the time today, and we look forward to seeing all of you out in the field in the next few months.

[END OF TRANSCRIPT]