

**Scott L. Strazik GE Vernova - CEO**

Larry, Steve, thank you for the introduction and for the strong partnership. Everyone, we are thrilled to have you with us here today, both in the room and virtually. This is a big day for us. As Larry said, we've been working towards this day for a while, and we're really looking forward to spending the morning with all of you.

For me, in leading this company going forward, it's hard in projecting forward to not take a second and reflect on the past. And in my case, I've been with GE since the summer of 1999 started in Plastics in Pittsfield, Mass. and then when I think about launching GE Vernova today, on the other side of Massachusetts in our new corporate headquarters in Cambridge, Mass. Looking at that span of time, there is no better moment than today for us to bring these energy businesses together and launch GE Vernova, a purpose-built company to electrify and decarbonize the world.

Now that's a big statement. There's a lot that's happened in this company, in the world over this period of time. And I want to spend a few minutes on this page at the start to really share with you what we're seeing in the markets, how we're running the business and how those 2 things combined give us so much confidence in our financials going forward and the value that we can create with GE Vernova.

At the start of the markets, just a handful of examples. In the U.S., if we just spend a minute on data centers, artificial intelligence. In the U.S., the load demand from data centers in 2020 was about 2%, the total load demand. Many people project that to be closer to 8% by 2030. Substantial growth, our U.S. customers in my 25 years with the company have not seen this dynamic of load growth, highly driven by things like data centers and artificial intelligence.

Think about our Gas Power business, an incredible business. When I started with the company, there were about 4,000 gas turbines in the installed base. Today, that number is north of 7,000 gas turbines. Why is that so important? Because that installed base is the foundation to an incredible business. When you look at Gas Power, 70% of the business is services, off of that installed base - an installed base that has growing utilization, customers investing into the fleet with upgrades, which is driving a business that's generating north of \$2 billion of free cash flow a year with more growth to follow.

Spend a minute on nuclear. There was very little investment in the world in nuclear after Fukushima for the better part of a decade. I sat in a room at COP28 in Dubai a few months ago, saw 22 heads of state committing to tripling the nuclear capacity in the world between now and 2050. We are excited about our small modular reactor and the role it's going to play in electrifying and decarbonizing the world going forward.

Spend a minute on wind. 1999 when I started with the company, wind generated less than 1% of the world's electricity. Today, it's 7%. So there's been growth. When you look at most projections for what the world needs, for the role that wind will play in decarbonizing the system, it needs to be closer to 25%, huge growth opportunity and we need to run the business well. We need to industrialize products

at scale. We know how to do that. Wind matters.

Grid, electrification. We're going to spend a lot of time today talking about electrification in grid and the opportunities we see going forward. But over the span of the last 25 years, our future GE Vernova investors are going to look back upon the assets we acquired with Alstom in 2015, and that was not an easy acquisition. But for our future owners, they'll see the assets from that Alstom acquisition as the most valuable parts of the deal. There is real demand surging and real opportunities for us to invest in that business and have a meaningful impact for Vernova in the world.

So we see these market dynamics that are driving a clear trajectory of multi-decade growth. And they're happening at the exact same time, we're running these businesses better. Foundationally, sustainability is where it starts. That is our true north. We're going to talk about that. Continuing to invest in innovation with a lean operating system that allows our teams to prioritize the critical KPIs most important to our customers, while simultaneously finding space and oxygen to invest in long-term breakthroughs. And that's very much the journey we've been on in Gas Power for over 5 years. We're seeing results. We're accelerating that journey with each of our businesses. And when you couple all this together, the markets running these businesses better, it gives us a high degree of confidence in the financials for GE Vernova going forward and our ability to create substantial value for the company from here.

Now, if we shift to the next page and just with the meaningful investments that are coming in the energy transition, I just wanted to take a second and contextualize this relative to other major investment supercycles that have happened in the world. If you just think about, in my lifetime, globalization, in the '80s and '90s. The Internet and software, 2000s and 2010s, how those trends shaped economies, changed our lives. And then think about the industries that we need to electrify the next 20 years. And as we electrify those, we need to simultaneously decarbonize the power system that becomes the fuel for those industries that today are powered by fossil fuels. This is a meaningful shaping of our lives and economies throughout the world.

If we try to make this real, on this page, and this is important. Left-hand side of the page, electrification, just think about headlines that we all see in the newspaper today, electric vehicles, the gigaton, gigafactories that are getting built and the factory loads associated with it. I talked about data centers and artificial intelligence earlier, but I want to spend another minute on it.

I mean you look at the projections in the new demand needed for data centers, in the U.S. alone, that new demand growth is equivalent to the existing load in many countries in Western Europe today. Pick your country, it may be Sweden, it may be Germany, maybe somewhere in between. And for me, in my time in GE in these energy businesses, the U.S. load growth has been less than 0.5% a year, many things that turns into 2% a year or more going forward.

But this isn't just about the U.S. We can get on a plane together and go to Southeast Asia and look at economies that are industrializing today, requiring real load growth, which is an incredible opportunity

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for our Gas Power business.

Beyond electrification, decarbonization is critical to our pathway forward. We still have 800 gigawatts of coal running in the world today, and that's excluding China and India. It's going to take \$4 trillion of capital to replace that coal. You talked about industries that today are powered by fossil fuels that will electrify and create further opportunity for us to grow the electric power system while decarbonizing it.

Grids today, in the U.S., efficiency losses in the grid are approximately 5%. It's exactly what our Electrification businesses are here to address and solve. So you couple all of this together, it's very clear. The demand for electricity is going to grow by north of 50% between now and 2040. And as that electricity demand grows, the gigawatts needed in the system is going to more than double.

One real message on this page, we play in big markets that are growing. Energy transition market today, \$2 trillion, growing to \$2.5 trillion to \$3 trillion plus. Our addressable market, \$265 billion today, growing to at least \$435 billion by 2030. So we have real conviction on the opportunities to serve these markets and are excited about it.

This allows me to pivot and shift towards introducing how GE Vernova plays across that incredible market opportunity. And just start with Power because the reality is that's what people first think of when they think of Vernova. They think of our power generation businesses, whether that be gas or wind and when I talk about a \$265 billion addressable market, the reality is \$190 billion of that today is in the power space. It's \$27 billion of our 2023 revenue.

The important message on this page beyond that is we do play across the spectrum, transferring electrons, orchestrating the grid, ultimately converting and storing those electrons at the point of use. That is our Electrification segment. It's our smallest segment today. \$6 billion of revenue last year, but we also had \$12 billion of orders. This is our fastest-growing segment inside GE Vernova. \$75 billion addressable market today, but real opportunities to grow.

And beyond that growth and that opportunity in these businesses, a few companies can play across this whole spectrum. We can and with the customer commitments that they've made to both electrify and decarbonize their system, it uniquely positions GE Vernova to serve that customer base and solve their problems.

More on each of the business segments. Going back to Power. These are great businesses. They have electrified the world for a century. Big installed bases, big services businesses, generating a lot of cash today and will generate more cash tomorrow. We're also decarbonizing these businesses. Look at Gas, and we're confident and excited about what we're doing with hydrogen combustion and gas. We're excited about carbon capture and where that goes, while nurturing and growing our small modular reactor and nuclear.

Wind matters for the world. We clearly have opportunities and see a clear path to run these businesses

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better, and you can already see that today with Onshore Wind. We returned to Onshore Wind to profitability. In the second half of last year, Vic will walk through a clear pathway to a substantially more profitable business in 2024, and we're running a very similar playbook with Offshore Wind. For those that have been with me in meetings like this the last few years, I've been very open about the tough economics of our existing Offshore Wind backlog. It's about \$4 billion which will meaningfully convert to revenue over the next 2 years. But we have our arms around this business with Offshore. We're working it. We're improving it. You'll see that in the financials in '24 into '25 and we will only add to that backlog with meaningfully better economics and terms than what is in our backlog today.

Electrification. Smallest business, most growth potential, industries are going to electrify. We need to modernize the grid and we'll play a meaningful role in doing it. Incredibly excited about the art of the possible in Electrification.

Now I want to introduce our sustainability framework, and this is important for us. When you think about a world that creates 36 gigatons of man-made carbon and 40% of that being in the power sector, a lot of it coal, as I mentioned earlier, it's right in our strike zone. But on top of that, the other 60% in industries that consume fossil fuel today is going to electrify, and that creates opportunity for us.

So 4 real pillars here. Electrification, top left-hand corner, gigawatts that we add to the system every year. But while we're adding gigawatts of new power, we need to simultaneously be decarbonizing the installed base in totality, and we're going to proactively talk about the carbon intensity of our fleet in totality every single year as it comes down.

As we do that, this is about investing in the communities in which we serve and ensuring they thrive in the top right-hand corner. This is the SG of ESG, safety, diversity, investing in our partners and where we do business in ensuring they thrive as we thrive, reaching our goals up top. And as we do all of this, it comes down to getting better every single year in conserving resources on running our core operations towards our pathway to zero carbon operations with our internal operations by 2030. We're incredibly excited to launch our first GE Vernova Sustainability Report later in the year. And when we do that, we're going to be very actionable, with very explicit measurements across this framework on what we're going to hold ourselves accountable for in running GE Vernova.

Now as you shift from sustainability, it's impossible to not then go to our incredible customer base. This is one of our greatest assets. It's the most humbling part of my role on how we serve our customers on their missions every day. When you look at the stats on this page, our 20 largest customers serve 40% of their respective markets. 9 of our 10 largest customers in both the U.S. and Europe, transact with at least 6 of our GE Vernova businesses. That stickiness, that customer relationship is at the core of our competitive strength. Now we have to nurture and protect that every day, that's top of the list in my role. This is the best part of what we offer with GE Vernova today and tomorrow.

Part of why we built these customer relationships over time is because our customers know we are investing in the future. Spending \$1 billion a year in research and development. We have 80 active DOE

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grants we're working today with the U.S. government. Our CEOs are going to talk through a lot of these innovations on the page, but I just want to hit on a few.

I mentioned nuclear. A lot of dialogue on nuclear today. We're doing. Our first small modular reactor 300-megawatt block of power will shift from the engineering phase to construction with our first project in Canada with Ontario Power Generation next year. We will commission the first 300-megawatt block of power this decade. These are modularized 300-megawatt blocks of power that we have a high degree of confidence we can build the same thing over and over. This first project was a coal plant once in Ontario. We'll build four 300-megawatt blocks of power that replaced what once was a 1.2 gigawatt coal plant and drive this product down the learning curve, both on schedule and cost in a different way than it has been in the past with nuclear.

Carbon capture. If we could all parachute into our Advanced Research Center in Niskayuna, New York right now, we would see a carbon capture plant that is pulling carbon out of the air today. We will demonstrate with that an ability to pull out 10 tons of carbon this year at our Advanced Research Center, and we will shift towards industrializing that product in 2025. Real opportunity for us.

We haven't talked a lot about GridOS or grid software, yes. But GridOS is foundational to the \$1 billion of Electrification Software revenue that we have within Electrification in total. And I've got to tell you, if I compare today to 2 years ago and being out at dinner with one of my customer CEOs 2 years ago, it would be hard for that conversation to not primarily focus on gas and wind. And the reality is those are the big CapEx investments that our customer, Board of Directors will opine on. Today, 2 years removed, a lot more of that conversation is on the grid and how we serve and support them with the complexity that they're managing everyday and we see huge opportunity with GridOS to serve our customer base going forward.

I want to spend a minute on the team. I am incredibly fortunate and proud to have this team leading GE Vernova with me. This is an experienced team. Seven of the 12 leaders are new to GE Vernova since we launched the spin in November '21. If you look at the left-hand side with our corporate functions, these are leaders that have 30 years of experience -- over 30 years, leading public companies. Our business leaders in the middle, have decades of experience in their domain, in their industries, and I can't wait for each of them to come up and share where they're taking these businesses. And then our enabling functions play horizontally across Vernova to make the company worth more than the individual businesses. This is a global team, an experienced team, and a team that's going to play a critical role attracting our next level of talent to lead the energy transition forward.

How we run these businesses? I want to spend some time on our lean operating system. It starts with safety, quality, delivery, and cost in that order. If we talk about each, I just want to hit on a few examples with safety. For the last 4 years in these businesses, we've been taking potential safety severe events and aggressively problem-solving how we ensure the potential safety events that did not become safety events don't materialize in the future. You've seen our injury and illness rate come down 45% in those 4 years. Actionable progress.

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Quality. Foundational to our improvement in Onshore Wind has been a focus on quality. Vic has talked about and will again today on product simplification, 9 nacelle variants to 5. The product simplification has been driving a much higher quality product that's foundational to a business that returned to profitability in the second half of last year and it's only going to get better from here.

Delivery. Larry mentioned earlier, lean is farthest along inside GE Vernova and Gas. In our factory in Greenville, South Carolina, we've reduced the amount of blade moves around that factory by 3 miles -- 3 miles. The waste we've eliminated in the process, accelerating the cycle time, allowing us to serve our customers faster and pull in our cash collections. It's all the heart of the business that's been generating more and more cash each of the last 4 years.

Cost. We're going to run this company being responsible with our owners' money. You can see that on our 3 largest businesses over the last 4 years, we've reduced structural costs by \$1.8 billion, and that's just across Gas, Grid and Onshore Wind. And we're not done, we see substantial opportunity to continue to drive a more productive business. Ken will talk about that later in the afternoon as a clear opportunity of future margin accretion for us.

Now, these are examples I'd give. At the same time, you're going to have an opportunity to see some videos today that are parachuting everyone into our CEO Kaizen week that we had in the end of January. And just to contextualize that, we took over 1,000 people inside GE Vernova the last week of January and put them on about 70 teams and when we do these kaizen weeks, we identify problems we can solve in 5 days. In these teams from starting out on a Monday morning to leaving and going home on a Friday afternoon, one very clear objective, cut in the solution. So for the operators and the teams that following Monday, that work has changed. You'll see a number of those videos.

Now examples are important. But ultimately, what's more important is that the business results follow. And if we go to the next page, you can see it here. I mentioned Gas Power. I had the privilege of taking on the CEO role at Gas Power in 2019. 2018, this is a business that was bleeding north of \$2 billion of cash a year. Turned cash flow positive in 2020. Has generated more cash every year since to the point that now this is a business generating north of \$2 billion of positive free cash flow. Foundational to that has been the lean operating system coupled with better underwriting, a selective compass on what business we want to do that together has had a substantial improvement in the financials of Gas Power.

Now for me, what's so exciting is I see Philippe in Grid, Vic in Wind running a very similar playbook with the operating system of Lean, foundational to what we do every day but with a very focused, selective approach to what new business we take on with underwriting and selectivity.

Now Gas Power, if I use a baseball analogy and a 9-inning game, Gas Power is probably in the fourth to fifth inning of this lean journey substantial opportunity still ahead. Mavi will frame that up.

Grid, Onshore Wind, Philippe and Vic came into the roles in the middle of '22. These businesses just

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turned cash flow positive in 2023. These businesses are somewhere between the second and the third inning of a 9-inning game, there is real opportunity simply running these businesses better and accreting margin on things we control. And that's exactly what we're going to do.

Those lean principles clearly drive more cash, but they also accrete margin. And I want to spend a minute on this Page 2. I mean you don't put a lot of pages together to talk about a \$116 billion backlog. This is an incredible asset for us, but it's not about growth. It's about profitable growth. That's exactly what we're focused on. About 1/3 of this backlog is equipment, 2/3 services. In our equipment backlog, in 2023 alone we accreted margin in that equipment backlog by 6 points. Strength primarily of the underwriting and selectivity in Grid and in Onshore Wind. There's more to follow here, everyone. And we did that while simultaneously growing our high-margin services backlog.

Now this is important for the long term. But it's also important for our near-term visibility, I mean, we have 80% of our 2024 revenue secured in the backlog at the start of the year. We project ahead to 2025 and we already have 50% of our revenue for 2025 in backlog today.

That translates to our financials. We start with 2024. No change from what we framed up at earnings in January. This is a company that will generate \$34 billion to \$35 billion of revenue this year, will be in the high end of mid-single-digit EBITDA margins and generate somewhere between \$700 million and \$1.1 billion of positive free cash flow.

When we look ahead to 2025, top line growth MSD, low end of high single-digit EBITDA margin with another step-up - substantial step-up in free cash flow from somewhere between \$1.2 billion and \$1.8 billion of positive free cash flow in 2025.

Now as we project forward from there, we see a clear ability to continue to grow this business through the cycle at mid-single-digits by 2028, 10% EBITDA margins with healthy free cash flow throughout that cycle.

Now that doesn't mean this is success, whether it be myself, this management team, this business has a clear ability in the markets that I framed up, with the opportunities we see, and how we're running these businesses better to do substantially better than this. But this is a solid foundation for us to build upon and grow from here.

Few themes as I hand it off to the teams in a moment to go a level deeper on all of our businesses. We are excited about these markets and the opportunity we have to serve. Our Power businesses are great businesses. Big installed bases, primarily services businesses generating a lot of cash today, that will generate more cash tomorrow for a very long time while we simultaneously decarbonize them with things like hydrogen, carbon capture, small modular reactor.

Wind. Wind matters for the world. 7% of the world's electricity today, the world is going to get to its objectives. It's going to be a lot closer to 25% by 2040. We see clear opportunities to run these



businesses better, we are. You see that in the results with Onshore Wind. We're running a very similar play with Offshore Wind. We like our chances. Vic is going to talk about this business becoming profitable in totality in 2025 with real opportunity to follow.

Electrification. These businesses have reached a tipping point of accelerated, profitable growth. We're going to invest in these businesses. The market is telling us too. You see that in our orders relative to our revenue right now. Huge opportunity, both on the physical grid and connecting zero carbon solutions to where the load is needed, but also in grid software, in the brains of the grid, and stabilizing and solving for a much more complicated system that our customers are navigating every day. Huge part of Vernova's future.

All of this is on a foundation, a company with a true north on sustainability, that is going to invest and innovate to win with a lean operating system that allows us to focus on the critical measurements for our customers every day while also finding capacity to invest in the medium and long term on the breakthroughs associated with that. We like how we're positioned with our customers and in these markets, we are uniquely positioned. And we put all this together, we see a clear opportunity to create substantial value through GE Vernova going forward.

So with that, we're going to play one of the first lean videos on power. And then it's my pleasure to introduce Mavi Zingoni to join us on the stage. Thank you.

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