GE Vernova
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Andrew Obin:

Good morning. I'm Andrew Obin. I'm BofA's multi-industrial analyst. And this morning with us, we have Scott Strazik, CEO of GE Vernova. Scott, thanks so much for coming to London. And we'll go off to Q&A.

Scott Strazik:

Sounds good. Andrew, I appreciate it. Thanks for having me, everyone. Thanks for giving us a little bit of time this morning. Okay, Andrew, if I start with a few thoughts, just framing the company. I mean, for those that are maybe a little less familiar with it, we spun out from General Electric in April of '24, so almost two years ago today. We generate about 25% of the world's electricity every day with our equipment through our customers. So that creates a real obligation and opportunity for us in a period of time when the world needs a lot more electricity.

It also creates a huge install base that generates a big services business for us. So when you look at GE Vernova last year, about 45% of our revenue was services revenue, supporting that big install base, $85 billion services backlog today. So a big foundational part of the business.

If I just give a quick overview of the businesses before we jump into the Q&A, our largest business is our Power business. That's about two-thirds services, one-third equipment today, although the equipment's going to grow exponentially over the next few years as we add more capacity. A lot of it's Gas Power, but we also have a very exciting small modular reactor product that we're gaining momentum on. We can talk about nuclear today.

Our second-largest business is Electrification. That'll be about $14 billion of revenue this year. When you think about Electrification, that is things like the equipment for high voltage direct current, long duration transmission lines, grid resilience solutions. We had a two and a half billion dollars of business last year in the kingdom of Saudi Arabia to support their shift towards a lot more solar and their grid, transformers, switch gears. Grid Automation and Grid Software is the smallest business, but an exciting one for us.

So Electrification is our second business line. And then the third business for us is Wind. And that's the smallest business by far. It'll do about $8 billion of revenue this year. So almost half of Electrification, a third of Power, where most of that business is U.S. centric in a time when the Wind industry in the US is very soft. So those are our three business lines, Power, Electrification, Wind.

And we kind of come into 2026 and with intent to lead the industry forward in a position of financial strength. We've got a net cash position. We talked recently about generating at least $24 billion of free cash flow between 2025 and 2028, and that's $24 billion of free cash flow after investing at least $11 billion in R&D and CapEx over that period of time to position this business to grow. And we do all of that coming into the year with $150 billion backlog, about $85 billion in services, as I mentioned, at about $65 billion in equipment, with a clear pathway to get to at least a $200 billion backlog in the next few year

So a lot to be excited about. And Andrew, thanks for doing this with me and for everybody joining both in the room and online. Happy to kind of take it into Q&A from there.

Andrew Obin:

Yeah. Thanks a lot. So maybe first question, you added $8 billion of equipment margin dollars in backlog in '25. So how should investors think about the margin progression, especially power compared to the margins you reported in the P&L in '25?

Scott Strazik:

Yeah. I think that margin growth that we showed in our 4Q earnings call in January. And for context for everyone, we show at the end of every year the change in margin in our equipment backlog, because we think it's one of the most important proactive indicators of where the profitability of the business is going from here. And if you look at that page from our January earnings call, in '24, we accreted equipment margin by five points.

In '25, we increased our equipment margin by six points. And last year that six points was $8 billion of margin that Andrew's referencing. That will come through to the P&L over really starting two to three years from now, so call it '27, '28, and some of it will trickle through into '29 and '30. But that visibility that we have today is why at a company level in 2025, we generated 8.5% EBITDA margins, but talked about getting to 20% EBITDA margins by 2028.

So 8.5% in '25, 20% in '28. And the reason we're able to articulate that with such confidence is because of the change in margin already in our equipment backlog and enough of that cutting in '27 and '28 to drive that shift from 8.5%to 20% at a company level.

Andrew Obin:

And just to follow up on that, you also commented that you would at least add another $8 billion of equipment margin dollars in backlog in '26, but what's driving that?

Scott Strazik:

That will be primarily Gas Power. So what we see very clearly is what we call slot reservation agreements. So these are cases where customers have often put down 20% to 25% of the gas turbine contract in deposit and have secured the slot, but they haven't necessarily yet secured their EPC contracts. They may not have clarity with the fuel. So we are not yet putting it in order, although we've got a substantial amount of cash down.

What we can already see is with our slot reservation agreements, which we ended the year with 43 gigawatts of slot reservation agreements and 40 gigawatts already on order, the slot reservation agreements are on average 10 to 20 points higher in price than what's already in backlog. And that's driving the incremental at least $8 billion of equipment margin that will add in backlog in 2026.

Andrew Obin:

And that slot reservations agreements that come back 12 months, like what's the timeline? 9 to 12 months usually?

Scott Strazik:

I would say 6 to 18 months today. And the reason I would say it's maybe extending a little bit is because as people now are starting to secure slot reservation agreements into even ‘31, by default, it's going to take a little bit longer before they convert to order because they're still working through their EPC fuel and other dynamics like that.

Andrew Obin:

Look, and obviously, I think everybody's focused on backlog and orders, but also there is a execution story here as well. So how should we think about the impact that automation, AI, robotics, et cetera, is going to have on margins?

Scott Strazik:

It's a substantial opportunity. It's not one at any material basis that we're embedding into our financial outlook. What I can tell you is we cut in over 200 new machines, installed over 200 new machines into our Gas Power factories last year, mostly in Greenville, South Carolina. We're going to embed an incremental 200 machines this year in 2026.

That's driving a lot of new ways of making gas turbines. It's taking a lot of the dull and dirty work that historically maybe was done with craft labor and it's automating it. That's in the factories, but there's a lot of transformation that's happening in our engineering workforce. We're going to grow our revenue and our Gas Power business much faster than we're going to add engineers. That's because of the investments we're making in AI.

I talked earlier about the fact that one out of every four electrons in the world is coming with our equipment. Well, that gives us an incredible opportunity to use AI to respond more quickly to issues out in the install base that allows us to serve our customers and grow our services business faster. If I give one real example we're working through that I'm really excited about right now with AI, if you look at the historical way that we would manage our sites, our, let's say gas plants, but it's just as applicable with our other generation technologies, there's often humans in the control rooms looking at screens, evaluating how plants are running.

When there's trips or there's vibration with gas turbines, they'll often call a remote diagnostic center that's sitting in Greenville, South Carolina. And two people get on the phone, people in the control room and the people in our remote diagnostic center. The reality is we'll get to a point very quickly that is all driven by AI and that drives a real opportunity for margin uplift for our customers and ourselves because we much, much more quickly will problem solve with our customers to keep our fleets running and we'll get paid for it to enable that service.

Andrew Obin:

And in terms of, so as I said, it's not part of your formal framework, but when do you think this starts moving the needle and is it AI? Is it automation? Is it robotics? Which one could be the most impactful?

Scott Strazik:

I think the automation will drive continual out-performance on volume because I don't think our teams are fully quantifying how much quicker it's going to improve our output of the factories. And I think the AI is going to contribute towards the margin expansion. I would expect by the time we sit down and do another capital markets day, Andrew, and talk about whether it be 2028 or certainly 2030, that both of these things are contributing towards the financial outlook of the company continuing to improve.

Andrew Obin:

So automation could give you sort of wiggle room on capacity without adding capacity?

Scott Strazik:

That's exactly right. I think it'll give us more volume quicker if we do our job. And then I think at the same token, we'll get more margin expansion from the AI. And I run the company with an expectation that in '25 through let's say '27, that financial lift is fairly negligible because as we start to get benefit, it's being consumed with our investment continuing to double every year. By '28, the net lift will start to be material.

Andrew Obin:

Thank you. Maybe we can talk about a shift to Electrification. So what gives you confidence that you'll double the Electrification backlog by '28 and what products and markets will drive this?

Scott Strazik:

Yeah. And for context for everyone, I mean, this is a business in our December capital markets day. We talked about having a $30 billion backlog that's going to double over the next few years by '28. And that's meaningful considering when we spun less than two years ago, that backlog was single digit billions of dollars. So we've already nearly tripled, quadrupled that backlog.

Now, how do we have so much confidence it's going to double again? Well, within our backlog today, a big piece of it are HVDC long duration transmission projects. That's almost $10 billion of our backlog, 10 projects. But if you take a step back and look at how much more long duration projects are required in the world, it's $100 to $150 billion of opportunity. Now there's three real players in this market in which if we're getting a third of that, that in its own right could be $30 billion plus of opportunity for us to add to our backlog. I talked earlier about the fact that last year we did a two and a half billion dollar transaction in Saudi for what's called synchronous condensers. This is rotating equipment that provides grid resilience. As systems become more dependent on variable power generation sources, the grid needs more inertia or more pull. We see that as a $5 billion plus market opportunity every year going forward. We're working on very interesting deals right now in Iberia. Think about last year's brownouts in Australia, in India, in the US. These are deals I think will get done in 2026 that will grow the backlog.

We're also candidly adding capacity in a number of our factories. And as we leverage our existing factory footprint and lean into that, that's going to allow us to grow our backlog even further. And that's really very attributable to our core power transformer and switchgear business. So we sit here and see an addressable market today that directionally is going to double over the course of the rest of the decade. I mean, there's a substantial amount of modernization of the existing grid required while physically expanding it to connect renewables to where the power source is needed that gives us a very high degree

of confidence that our electrification business will double its backlog over the next three years by '28. And that that doubling of the backlog is why we have so much conviction that this business is going to continue substantially growing into the 2030s off of that backlog growth you're going to continue to see in the business.

Andrew Obin:

Excellent. Thank you. And for Electrification, how much opportunity do you have today for grid equipment at data centers and how will they change? And how does using onsite versus front of the meter generation impact it?

Scott Strazik:

So today, if you try to quantify at every gigawatt size data center for us and electrical equipment, our scope entitlement's about $300 million. $200 to $300 million for every gigawatt. And today that's really the substation equipment outside of the data center. Transformers, switch gears, and that's what we do. Okay? So last year we did north of $2 billion of direct Electrification equipment supporting data centers, and it's within that scope.

All that said, we're making a number of investments today to try to expand that opportunity for every gigawatt. We've talked in different settings about emerging technologies that could be inside or outside the data center. Inside the data center, it could be solid state transformers that provide a role. We've got a product that we're developing in partnership with an R&D sharing with one of the hyperscalers that we're building today that we'll deliver to them in the fall that could create opportunity.

We also are getting under the tent with the hyperscalers in a very intimate way on really how they want to run the operating parameters of the data centers. And that's important because we're providing a lot of the gas power generation to follow the load. And what's becoming very clear to us over that experience is there's going to be a lot of what we call stability blocks that are likely going to be required outside the data center that can include medium voltage transformers attached to storage in different ways with controls and software. That with stability blocks, we can provide an ability for them to run their data centers in a fairly aggressive way up and down following the load and we're working on a product in that regard.

So today, $200 to $300 million for every gigawatt is our entitlement. Could that double or more than double over the next few years as these products are developed? I'm running the company with the expectation we'll get there, but I think we'll get there and starting to see the orders uplift in '27 and then revenue cut in in '28 and beyond with some of these new products.

Andrew Obin:

Thank you. So you just closed the Prolec acquisition last month. You've given us cost synergies. How should we think about revenue opportunities with Prolec embedded into GEV?

Scott Strazik:

They're substantial. One of the reasons why we completed the acquisition of the 50% of Prolec that we did not own. So this was a historical JV that we were not controlling or running, but had a 50% minority

interest because we weren't really running it. The JV had exclusive rights in North America to sell transformers into North America.

By closing the deal, immediately we can start to serve the North America market, not just with our Prolec sites, but also with our transformer sites in other global locations. Turkey, Indonesia, other locations. That gives revenue uplift for us as early as 2027, because all of a sudden we can use some of our capacity in existing factories and sell into North America that we were prohibited from doing prior to closing the deal. We weren't able to start that commercial activity until we closed the deal last month, so it doesn't help our '26 financials, but it will give us orders lift in '26 that will convert to revenue in '27 and '28. Probably more in '28 than '27 because we only have so many slots available even in those factories.

In the same token, historically, we have not done any low voltage distribution transformers globally inside Vernova. Prolec has that technology. One of the things we're working on, but it's early, is how would we cut in some of the low voltage distribution technology into our global factories, because that was just a North America JV, and expand our product reach in other global markets.

I'm confident we'll do that. That has an even longer tail to it. Whereas the selling into North America, we will start to see benefit in '27 from a growth perspective and more in '28, I would view the expansion of the Prolec product lines globally to be more something that's '28, '29 into '30. The things that we've got confidence will ultimately be growth synergies of the deal.

Andrew Obin:

Thank you. So maybe shifting to Power, how has the mix of orders and slot reservation agreements in Gas Power from data centers changed over the last year, and what do you expect going forward?

Scott Strazik:

Yeah, I mean, in our existing backlog today from data centers, it's 10% to 15% of our backlog. Okay? So when we talked earlier about 40 gigawatts on backlog, 15% direct to the data centers. So not that substantial of our existing backlog. That said, when we talk about slot reservation agreements, the contracts that will convert to orders over the course of the next 6 to 18 months, it's about a third of our slot reservation agreements are with the data centers. So it's giving you an illustration of where the demand is going.

So would I expect in orders in 2026 for it to be closer to a third? Yes. Do based on all of our discussions with the hyperscalers on their needs expected to stay at that proportion for a reasonable number of years? Yes, based on all discussions. So about 10% to 15% of our existing backlog growing to approximately a third of our gas power backlog over the next few years with the clear indication that that's happening because of the contracts we have with them where they've given us this 20% to 25% deposit, but haven't necessarily chosen the site that they're going to allocate the equipment to. And until they've chosen the site and we're working with the EPC on building the plant, we don't record it in our backlog because we want our backlog to have as little, let's say, timing volatility as possible.

Andrew Obin:

Gotcha. And then we literally were talking about it this morning, but many data centers have announced plans to use smaller turbines like reciprocating engines and other applications. I said we were talking to my colleague Uma about it.

Scott Strazik:

Yeah.

Andrew Obin:

And are these taking share away from GEV and how do you view these competitive offerings? Are they competitive?

Scott Strazik:

Well, I think today is a great market for all forms of power generation. And if you just first start with our Vernova book, I mean, we did over 60 units of orders last year with aeroderivative applications ourselves. And those are generally 30 to 60 megawatt applications where we're taking aircraft engines, attaching them to generators and selling faster power solutions with an ability to ramp up and down,

which is a good business for us. And I would expect that aeroderivative business line in '26 and orders to grow relative to the 60 some odd units that we booked in '25. We also have older, mature technology, what we call B&E heavy duty gas turbines that are more in the megawatt range of, let's say, 60 to 100 megawatts that we announced in December. We're adding two gigawatts of capacity to the factory in France that's historically been making those that we're selling into the data center opportunities right now that also is good business for us.

So we're playing on those two spectrums. Now, are there other even smaller applications? Because what I'm talking about in our case is smaller heavy duty gas turbines at 60 to 100 megawatts or aero applications of 30 or 60, and is there a market for 10 megawatt applications, reciprocating engines and other things? And today there most definitely is, and I think that's a good business today. Do we actually see those as our comps in deals that we're bidding today? No. Do we see them in many projects where customers may be taking those technologies because they can get access to that power solution faster and then with an intent to put them as the backup power, once the heavy duty gas turbines show up in three to five years? They show up physically and directionally three years, but they can't be commissioned for five years. And yes, we do see them around the perimeter of a number of our deals.

So in some ways, those smaller applications are enabling the projects to move faster. And then what we often think will happen is those applications will shift and replace what historically with data centers were diesel gen sets. So it's a good business right now for those applications. I don't know if they're really competition per se, but in the market today where our customers are taking any and all forms of power generation they can find, that's a good market. But what I talk to the teams about all the time is economics ultimately dictate long cycle equipment projects and our customers are underwriting 20 years of running this equipment at base load at very high usage rates. And if you're underwriting 20-year business cases, even in the US with inexpensive gas, a few points of efficiency can drive real economic arbitrage, and that's why I love our heavy duty gas turbine business and that's why the market loves our heavy duty gas turbine business, because we've got a very efficient heavy duty gas turbine.

Andrew Obin:

So one of the highlights of '25 was very strong momentum for Gas orders. Any insight how the first few months of '26 started off? And geographically, where have you been stronger recently and will this change?

Scott Strazik:

Yeah, I would say just to give context last year, the quarterly profile of new Gas contracts, and this includes orders and the slot reservation agreements together. First quarter, we did 8 gigawatts, second quarter, we did 9 gigawatts, third quarter, we did 12 gigawatts, fourth quarter, we did 24 gigawatts. So it was just a continual ramp up. Now, the first quarter of 2026 will likely land somewhere between 3Q and 4Q, so somewhere between 12 and 24 gigawatts, in the teens directionally. So not as strong as the fourth quarter number, but still substantially growing our contracted gigawatts in totality because we ended the year coming into '26 with 83 gigawatts on contract. If we do somewhere in the teens of new gigawatts on contract in the first quarter, we're still only shipping about four gigawatts. So we're going to add another directionally, let's say, 10 plus gigawatts to the contracted backlog in the first quarter.

So the demand remains very strong. Andrew, if I just give an anecdote though, although it's very still US centric with that first quarter activity, I was in Vietnam, I guess it was last week, it all blends together at this point. And we commissioned, in January, a 1.6 gigawatt LNG to power project in Vietnam in January. Last week, we signed contracts for three more 1.6 gigawatt LNG to power projects in Vietnam. And for

context, that's a country that today only has 90 gigawatts, and we're talking about ourselves adding six to seven gigawatts of power. Now, when I talk about gigawatts in that vein, it's what we call combined cycles. So it includes the steam turbine. When we normally talk about gas, gigawatts and kind of Wall Street terms, we try to match it with McCoy, which is without the steam turbine. So it's more like a gigawatt each of gas in those examples. But that's three more projects in Vietnam alone that we're working on.

We were working very hard last week in Asia on continued opportunities to serve Taiwan. Taiwan needs a lot more gas power generation to support the TSMC chip build out. That's another really encouraging market. Last year, we signed commitments with Saudi Arabia for $14 billion of new activity, where about a third of that was new gas commitments. So more than 50% of our gas commitments today are in the US, but I give those illustrations to just say, there's a lot of other markets for different reasons, whether it be economic growth in Vietnam, whether it be supporting manufacturing build out in Taiwan, whether it be shifting the kingdom of Saudi Arabia from what today is a country that still gets 45% of its electricity from heavy fuel oil, to a healthier mix of gas and solar, then we've got a lot of opportunities to serve this global market for a very long time.

Andrew Obin:

Thanks, Scott. And how should we think about your... Because we're getting questions there. How should we think about your share, the scope that the OEM has for a combined cycle gas turbine today versus what the EPC provider gets?

Scott Strazik:

It's directionally a third of the scope of a combined cycle plan is for Vernova Scope. So when you think about people talking about in the US, $2,500 to $3,000 a kilowatt in cost to build a plant today, and that's all in cost. That's the EPC cost, that's the owner cost. Directionally, our scope is a third of that, and that's what you'll see continue to grow in our orders over the course of 2026, where our orders' dollar value relative to the gigawatts is going to continue to grow because we're continuing to benefit from the increased price, the 10 to 20 points of incremental price in our slot reservation agreements, but it's directionally a third.

Andrew Obin:

And we're moving from $2,500, sounds like, to $3,000?

Scott Strazik:

I think that's the appropriate band.

Andrew Obin:

Thank you. And how should investors think about future gas capacity additions by Vernova, and we talked about it earlier, and what do customers that need power do given, you're sold out through '28 and expect to be sold out through 2030 by year-end '26?

Scott Strazik:

Yeah. I think it's a great time to maximize what you already have with the install base. So we've talked openly about the fact that our upgrades business the rest of the decade is going to grow by at least 50%, and that's likely going to be a conservative estimate relative to where the market keeps going. Because

if you can't get a new heavy duty gas turbine until '29, which is our reality today, and even if you're getting that heavy duty gas turbine to be shipped in '29, you're not commissioning it until '31. You've got to look inward to what you've already got. And the reality is we can do a lot to help the existing install base create more output that can close some of that gap between now and then. Now, on the dynamic of capacity additions, we're working hard to get to what we've already articulated our goals are, which is in the third quarter of this year, we will start to demonstrate a healthy uptick in output of our factory in Greenville, South Carolina. That continues to go very well.

That will demonstrate that we're at an annualized run rate of 20 gigawatts a year. We're going to be below five gigawatts in Q1 and Q2. We will be at five gigawatts or a little bit larger than that by 3Q and 4Q of this year, and we'll sustain at that level. We talked about in December that we're making some incremental investments within our existing factories by '28 to be up to 24 gigawatts of simple cycle output. And that continues to go very well. And that includes an incremental two gigawatts in Greenville, South Carolina, which is really leveraging the incremental machines that we're installing right now. And two gigawatts in France, which didn't really even include a CapEx investment. It's really more shifts and more labor, making older industrial gas turbines that are proven to be fairly popular right now.

Beyond that, we've got to see where the market goes. First things first, let's get to that level. Let's demonstrate in the third quarter of this year that we're on that run rate of 20 gigawatts a year. Let's get all 400 machines installed that will ultimately be more than 400, but we'll be at about 400 by the end of this year in Gas Power. And let's see really what incremental productivity we can drive once all these

investments are made. Because the last thing we want to do is continue to put capital to work before we know the maximum output of what we've got. And I think that'll take us into next year to really define entitlement with the substantial CapEx investments we've made in '25, really '24, '25, and '26. And we'll revisit it at that time.

Andrew Obin:

Thanks, Scott. Maybe pivot to Wind. Offshore has been a challenge for the last few years. Where are you now in the process for your two projects?

Scott Strazik:

Yeah. We announced last week, or our customer did, that in Vineyard Wind, our one project in North America, we installed the last wind turbine last week. So 62 wind turbines, it has been difficult and humbling, but all 62 are installed. Now, we still have some commissioning work to do. We still have what we call punch list items to kind of close out. So we're not done, but the installation milestone is substantial because that's where the more heavy cost structure exists for the more expensive vessels to move the towers, the cells, the blades out and install. And that work is done. So we've shifted on Vineyard to service work with both commissioning and punch list and that's going to take us a number of months to complete that work, but it was a big milestone to get through the installation on all 62.

We also have completed installation on all 95 of Dogger Bank A wind turbines in the UK and the North Sea and are off to a very strong start on installation of Dogger Bank B. All that said, Dogger Bank B and C will take us through the better part of '27 to complete that project. So it's moving in the right direction. We're continuing to make progress. And as we say every day in Wind, we're very focused on controlling what we can control, and that includes getting these two Offshore Wind projects complete. It also includes driving a more profitable Onshore Wind services business, which we will demonstrate a substantial uptick in the profitability of our services business in Onshore Wind in 2026, which is needed because the reality is our Onshore Wind equipment volume is soft because the North America market remains very soft and we need these other drivers to moderate a financial performance that is weaker than the other parts of GE Vernova

Andrew Obin:

And maybe in the remaining minutes, just shift to capital allocation. As I said, we're discussing where you were two years ago, where you are right now, maybe just you're going to be very cash generative, maybe you can talk about across organic and inorganic shareholder returns. And as I said, very strong free cash flow and nice balance sheet.

Scott Strazik:

Yeah. I mean, we're sitting here today in a net cash position, as I said earlier, will generate at least $24 billion of cash cumulatively, '25 to '28. We've talked about returning at least a third of our free cash flow to our shareholders in both buybacks and dividends. For context last year, we repurchased over eight million shares. That's a lot. When you think about we spun out from General Electric with 275 million shares and we repurchased eight million shares last year, it's material. I mean, we returned $3.6 billion of free cash flow to our shareholders when our total free cash flow last year was about that. Now, why were we able to do that? We are also able to do that because we're not just spending time thinking about what

we're going to buy. We've also been simplifying our business and monetizing assets that are non-core to the point that since we spun in April of '24, we've generated over two and a half billion dollars of cash by simply simplifying the book.

And I go there because I think that's a very important part of the culture of the company we're driving. We don't need hobbies. We're here to basically invest in businesses at scale that can be accretive. And that two and a half billion dollars of cash, to a large extent, we get back to our shareholders at very attractive returns, considering that eight million shares that we acquired was an average price of $408, relative to where the stock sits today. We're going to continue to be very opportunistic with our share buyback program. As the market creates opportunities for us, we'll continue to look at the dividends. So let's assume at minimum of that $24 billion, at least a third of it's going back to the shareholders, but we've got another $16 billion to put to work. And we are very focused on continuing to make investments in our core businesses.

What I'm saying all the time is my job is to not create new balls for our teams to juggle in the air, but to make their jobs easier. And if we can find parts of the vertical supply chain that we can acquire and then make it easier for our teams to fulfill on the substantial backlog growth they're experiencing, that's money we want to put to work and it's money we want to put to work primarily in our Electrification business, maybe Gas, but Gas would be pretty small transactions more likely than not. Maybe SMR as we build up a backlog for small modular reactors where we can make it easier for our teams to fulfill. But most of that capital allocation today is going to be in our core businesses. It's going to be vertical integrations to a large extent that allow our large core businesses to be even more durable and ready to meet this ramp as we drive to a $200 billion plus backlog between now and 2028.

Andrew Obin:

Scott, we're almost out of time. This is perfect. Thanks so much.

Scott Strazik:

Andrew, thank you.

Andrew Obin:

Yep.
