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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to GE Vernova's First Quarter 2024 Earnings Conference Call. (Operator Instructions) My name is Liz, and I will be your conference coordinator today. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the program over to your host for today's conference, Michael Lapides, Vice President of Investor Relations. Please proceed.

Michael Lapides ***GE Vernova Inc. - Vice President of Investor Relations***

Thank you. Welcome to GE Vernova's First Quarter 2024 Earnings Call. I'm joined today by our CEO, Scott Strazik; and our CFO, Ken Parks. 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 available on our website.

During this call, we will make forward-looking statements about our performance. These statements are based on how we see things today. However, while we may elect to update these forward-looking statements at some point in the future, we specifically do not have any obligation to do so. As described in our SEC filings, actual results may differ materially due to risks and uncertainties. And with that, I'll hand the call over to Scott.

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Thanks, Michael. Good morning, everyone, and welcome to our first earnings call after successfully completing our launch as an independent company on April 2nd. We delivered solid results in the first quarter and I'm pleased with how we are executing on the strategy we laid out at our Investor Day on March 6. We're excited about the opportunity ahead for GE Vernova, a purpose-built company to electrify and decarbonize the world.

Even in the last 7 weeks since our Investor Day, the drumbeat of dialogue is only growing louder with the customers and policymakers on the challenges and opportunities ahead to meet growing demand while accelerating our decarbonization pathway. These macro trends are creating real opportunities for us to continue to lead in the energy transition while we are running our businesses better, driving disciplined growth, margin expansion and higher free cash flow.

If we shift to the left-hand side of the page, Lean remains at our core, driving continuous improvement in safety, quality, delivery and cost. And as we do with most of our meetings at GE Vernova, I want to start today on safety. Our focus here is driving real results with our injury and illness rate improving 5% over the last 12 months. We have had no fatalities year-to-date and we'll always run GE Vernova with safety as the top priority to ensure every employee, contractor and partner we work with goes home safely each day.

To give a little more color on Lean, we executed on over 800 Kaizen events in Q1'24 alone. And I'd like to share with you an example of the progress we are making with one of the Kaizen events where I participated for 3 days in January in our Grid Automation business in

Ontario, Canada. Grid Automation is an important business inside Electrification that provides protection and controls for electrical substations on the grid, in addition to solutions for monitoring and diagnostics for essential electrical equipment like transformers and breakers. This business is experiencing double-digit top line growth, but still has parts of its supply chain using batch processing for inventory.

At the Kaizen event, 3 teams executed on transforming batch processing of generator protection panels into a lean line with single piece flow, focusing on pre-wiring activity first. Since the Kaizen event in January, we've seen our work in progress inventory reduced by over 50%. Output has increased 15%, and we've decreased the distance parts travel at the site by roughly 80% for this pre-wiring. This is just one example of what is happening every week across GE Vernova to enable us to decrease delivery times, increase output and lower costs, ultimately improving outcomes for our customers.

In addition to embedding Lean within our facilities, we are also using Lean to simplify our business operations and reduce our costs. Our Q1 G&A growing versus Q1'23 is not one of the areas our leadership team is happy about as we sit here in April, but our expenses now reflect the additional cost of our standup as a public company, as well as the cost transferred from GE corporate on IT, Finance, and HR. We are laser-focused on action with urgency, leveraging Lean to eliminate waste in our G&A processes.

Now I'd like to spend a minute on the right-hand side of the page on our 3 business segment trends and the markets they serve. Our Power businesses, led by Gas Power and the over 7,000 gas turbines in the fleet are continuing to see strong uptick in demand. Our utilization of the gas fleet depending on geography is growing low-single-digits, driving continued strength in our high-margin services business. In addition, with expected increases in electricity demand growth in the coming years, along with a continued shift away from coal, interest in adding incremental Gas capacity is growing. Customers are focused on how capacity additions this decade can be decarbonized in the next decade with both hydrogen and carbon capture. Gas Power Services orders increased double digits in the first quarter, and equipment orders grew 75% versus last year, showing the robust demand for services into our installed base and trends for new gas capacity.

We are accelerating our focus and our strategy working with our supply chain partners on how to potentially create incremental capacity to meet this growing demand. I, along with others on the leadership team, are spending time with the team in Greenville in a few weeks to focus specifically on this.

Turning to Wind. We continue to expand margins as we improve this business, benefiting from a better Onshore Wind backlog in a lower cost structure in total. Even in a very low volume Q1 with just over $1 billion of Onshore Wind revenue, the Onshore Wind business still delivered positive EBITDA for the third straight quarter. As discussed at 4Q earnings, we expect second half revenue will be substantially higher than first half revenue with a larger North America mix. While we remain cautious on the exact timing of significant Onshore Wind orders growth in the U.S. as our customers navigate the challenges that come with permitting new projects, we are very excited about where this business performance can go as the orders and revenue accelerate in the medium term. In Offshore, we are working through our existing backlog. And while we believe Offshore is key to the energy transition, we will remain highly selective on new orders.

Finally, on Electrification, our fastest-growing segment. Profitable growth continues to accelerate as customers modernize and invest in the grid. Significant demand exists for a number of our products, such as transformers and switch gears, products key to ensuring a reliable electricity system and for connecting new generation. Orders this quarter were over 2x revenue, which we expect will drive revenue and profit growth well into the future given healthy margins on what we added to backlog. Of our 3 business segments, Electrification is the one where we have the best opportunity to challenge ourselves on both growth and margins we can achieve in the medium term, given this segment has the strongest demand and pricing dynamics.

Turning now to our first quarter performance, where we delivered a solid start to the year. We will continue to be disciplined on our top-line growth, and Q1 had orders down (1)% and organic revenue growth of 5% versus the prior year. Our backlog continued to grow, up over $8 billion compared to Q1'23, with healthy margins. Overall, we expanded margins increasing almost 500 basis points. All 3 segments improved margins driven by price, productivity and continued cost reductions, combined with high-single-digit services growth.

In the quarter, we improved free cash flow compared to last year and expect a meaningful acceleration in cash flow as we move through the year. We are reaffirming the guidance provided at Investor Day in March. For more details around that and our first quarter performance. I will turn the call over to Ken.

Ken S. Parks ***GE Vernova Inc. - CFO***

Thanks, Scott. Turning to Slide 5. I'll speak to our results on an organic and adjusted basis, which best represents the underlying performance of our business. As Scott mentioned, we delivered solid results with significant EBITDA margin expansion in each of our segments and continued improvement in free cash flow. Orders reached $9.7 billion and were approximately 1.3x first quarter revenue, further expanding our backlog to $116 billion. Year-over-year, orders declined slightly as lower equipment orders in Wind and Electrification more than offset strong equipment orders in Power and double-digit growth in total service orders.

Importantly, we continue to drive our strategy focused on disciplined, profitable growth. As a result, equipment margin in backlog remained healthy. Revenue grew 5% with strength in Electrification and Power, partially offset by lower revenue in Wind. Services were strong, growing 8% led by Power. All 3 segments benefited from positive price in the quarter. EBITDA margins expanded 470 basis points year-over-year, with all segments delivering at least 300 basis points of expansion in the quarter. The first quarter expansion includes the impact of stand-alone costs in line with our expectation. These costs are not included in the prior year results.

Margin expansion was driven by price, productivity and volume. We also continue to benefit from our announced restructuring actions, which together, these more than offset inflation and higher R&D investments. The first quarter is our seasonally lowest free cash flow quarter, followed by sequentially improving quarters as the year progresses. While we had a net outflow of $661 million, this was an approximately $150 million improvement over last year and was largely driven by improved earnings, partially offset by higher working capital outflows. Working capital was an approximately $500 million outflow in the quarter, driven by inventory build as we prepare to deliver second half volume along with higher disbursements partially due to settlements of payables with GE in preparation for the spin. Increased milestone collections on equipment projects partially offset these outflows.

Turning to Power on slide 6. The segment delivered strong first quarter results with orders and revenue growth as well as EBITDA margin expansion. Orders grew 24%, led by higher equipment orders at Gas Power. During the first quarter, we booked 8 HA gas turbine orders, 4 more than the same quarter last year and equal to HA orders in the full year of 2023. We also booked orders for 18 Aeroderivative units. Services grew low-double-digits, driven by Gas. Revenue grew 4%, higher outages drove Gas services growth along with favorable price.

EBITDA nearly doubled and grew over 60% organically with 340 basis points of margin expansion as higher-margin services volume, along with price and productivity more than offset the impact of inflation. We're off to a good start in Power. Our gas fleet utilization has been trending higher this year, up low-single-digits, benefiting from continued coal to gas switching and the increased demand for reliable and dispatchable power. We'll continue to evaluate strategies to meet a potential further acceleration in Gas Power demand as the outlook solidifies.

Turning to Wind. We continue to make good progress on our turnaround, driving improved EBITDA even at lower revenue levels. Orders declined (40)%, largely attributable to lower Onshore orders. We remain focused on disciplined profitable growth in selected geographic areas such as North America, where our scale and strong manufacturing footprint provides advantages to our customers. Importantly, we see North American developers rebuilding their project pipeline as evidenced by the growing onshore interconnection queues.

Revenue declined (7)% from lower Onshore equipment volume, partially offset by higher Offshore equipment deliveries as we continue to execute on our Offshore backlog. Wind services increased over 20%, driven by higher Onshore part sales in the U.S. EBITDA margins improved 400 basis points versus the prior year from continued cost reductions and positive price. Onshore EBITDA was positive for the third consecutive quarter, while Offshore - which still generated loss - improved sequentially. Wind results are demonstrating clear signs of progress. We're integrating Onshore and Offshore centered around 3 key workhorse products, which is resulting in improved quality, better availability, and incremental cost savings. Combined with higher second half Onshore volume projections based on our existing backlog, we anticipate improving profitability as we move through the year.

At Electrification, we had a very strong quarter of revenue growth and EBITDA margin expansion. Orders were strong at $3.6 billion, more than 2x first quarter revenue, although (10)% lower year-over-year given the large tenant HVDC orders recorded in the first quarter of 2023. Within Grid Solutions, the largest business in our Electrification segment, we saw increased demand for high-voltage switchgear equipment and transformers, both in the U.S. and in Europe. Revenue grew 21%, with strength in equipment led by growth in Grid Solutions across the business.

Segment EBITDA margin expanded approximately 600 basis points driven by volume, productivity and price. Grid Solutions generated another quarter of positive EBITDA and continued improvement year-over-year. Strong demand is driving continued Electrification revenue growth. EBITDA margins are expanding as a result of the volume growth, along with favorable pricing and productivity. Equipment backlog in this segment is up $6 billion compared to the first quarter of 2023 with healthy margins.

Turning to slide 9. Based upon our solid start to the year, we're reaffirming our guidance provided at our Investor Day last month. For full year 2024, we continue to forecast revenue in the $34 billion to $35 billion range with adjusted EBITDA margin at the high end of mid-single-digits. We expect free cash flow in the range of $700 million to $1.1 billion. Following our outflow in the first quarter, this implies free cash flow of $1.4 billion to $1.8 billion over the balance of the year with continued improvement as we move through each of the 3 quarters ahead.

By segment, we continue to expect mid-single-digit organic revenue growth in Power, driven by higher Gas services and equipment, with approximately 100 basis points of EBITDA margin expansion. In Wind, we expect revenue to be essentially flat and to approach profitability from positive price, productivity and cost savings. As previously noted, we anticipate higher U.S. Onshore volume in the second half compared to the first and expect that to drive full year Onshore EBITDA margins to high-single-digits. In Electrification, we anticipate continuing strong demand and favorable price to drive low double-digit organic revenue growth with mid-single-digit margins due to the higher volume and price as well as productivity benefits.

In addition, our 2024 adjusted EBITDA margin guidance anticipates $300 million to $350 million of Corporate and other costs, which includes approximately $200 million of incremental stand-alone costs.

Looking specifically at the second quarter, we expect modest year-over-year top-line growth and continued EBITDA margin expansion across the segments. Relative to last year's second quarter, Power should grow its top-line from higher equipment and services revenue. EBITDA margins should benefit from the volume and pricing growth as well as ongoing productivity. Wind revenue is expected to decline, but EBITDA should further improve as we see the positive impact from better pricing and reduced costs. Electrification should continue to deliver strong top-line growth, along with improved margins from favorable pricing, higher volume and resulting productivity. We expect continued free cash flow improvement year-over-year in the second quarter. Year-over-year favorability is anticipated to be better than what we delivered in the first quarter as we continue to execute on our working capital velocity improvement actions.

We're very encouraged with the solid financial performance to start the year. We see continued healthy demand for our products and services, and our execution is driving stronger EBITDA margins and increased free cash flow. We're also confident in the strength of our balance sheet. Upon launch on April 2nd, our cash balance was $4.2 billion, and we remain committed to maintaining our investment-grade rating. With that, let me turn it back to Scott.

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Thanks, Ken. All in, we are pleased with our momentum to start the year. Market dynamics continue to drive strong demand that will lead to multi-decade growth across Power, Wind and Electrification segments. Whether it's helping our customers meet rising electricity demand to decarbonize their systems, or to modernize and expand the grid, we are uniquely positioned to support their needs. Our Power segment generates 70% of its revenues from services as we support our large installed base that drives strong, consistent and growing free cash flow.

Wind is a key part of the energy transition, representing only 7% of the world's electricity today. By 2040, Wind will need to be closer to 25% in order for the world to achieve its decarbonization goals. We expect to continue expanding margins in Wind.

Our Electrification segment is our highest growth business and margins in backlog continue to rise. We are seeing customers significantly increase planned grid-related investments to improve reliability and connect more zero-carbon power sources. As discussed earlier, our Lean operating system, sustainability and innovation are the core of our company. We are committed to driving sustainability and to help customers advance their efforts to deliver on electrification and decarbonization.

We are running our businesses better and benefiting from increasing demand as electricity markets evolve. We expect to deliver growing EBITDA and free cash flow for a long time. And when we put all this together, we see a clear opportunity to create substantial value for all stakeholders going forward. With that, I'll hand it back to Michael for the Q&A portion of the call.

QUESTIONS AND ANSWERS

Michael Lapides ***GE Vernova Inc. - Vice President of Investor Relations***

Thank you, Scott. Before we open the line, I'd ask everyone in the queue to consider your fellow analysts and ask one question so we can get to as many people as possible. Please return to the queue if you have follow-ups. Operator, please open the line.

Operator

(Operator Instructions) Our first question comes from the line of Mark Strouse with JPMorgan.

Mark Wesley Strouse ***JPMorgan Chase & Co, Research Division - Alternative Energy and Applied & Emerging Technologies Analyst***

Congrats on getting the spin across the finish line. So I guess my one question will be kind of starting on the equipment side, pretty noteworthy. You booked 8 HA turbines in the quarter, equal to all of 2023. My question is broader than just the HA turbines, but can you just kind of give a bit more color on the sales pipeline you have, when we should expect that to convert to orders? Is it rational to think about book-to-bill being greater than 1 for the year? And just kind of an update on when those orders might convert into revenue.

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Thanks, Mark. I'll take that. I mean, for sure, in the Gas business, we are seeing increased demand for new capacity additions. In the first quarter, that was very focused on both North America and the Middle East, and it was growth in both HAs, but also Aeroderivative applications. As I mentioned earlier, it is forcing us to kind of revisit our capacity additions and think through how we can continue to support this growth and what's coming from here. And I do think it's very practical to think this year that our orders in Gas equipment could very well be larger than our revenue with a growing backlog. And then you really have to think about a conversion cycle of really 2 to 3 years from order to revenue with our Gas equipment book.

But exciting start to the year, good sentiments and acknowledgment that gas is going to play a critical role here this decade. But I also think an acknowledgment from a number of our customers that they're getting more confidence and conviction in our ability to decarbonize gas in future decades with hydrogen and carbon capture. So good start. A lot more to do.

Operator

Our next question comes from the line of Joe Ritchie with Goldman Sachs.

Joseph Alfred Ritchie ***Goldman Sachs Group, Inc., Research Division - VP & Lead Multi-Industry Analyst***

Congrats on getting out as a public company. So my one question, just maybe staying on Power for a second. It is pretty notable to see the service orders also up double-digits. I'm curious how much of that is being driven by just adding new orders on the equipment side and getting those orders on contract versus what you're seeing on the spot market? And really, the basis of my question is really just trying to understand whether we're in a period of time now where you have not been adding a ton of generation capacity. And could we be in a period of time where services sees a really healthy level of growth going forward?

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

You bet, Joe. I mean, at the start, I would just emphasize that double-digit orders growth really isn't connected to new capacity additions or orders there. That's really the existing installed base and is evidence of our customers investing in that installed base. I mean, as Ken framed up, utilization of the fleet is growing. You're seeing a customer base that clearly sees the integral role that gas is going to play and is investing into that fleet with different operating parameters. And as we look through this year and what we see in Gas services, we do continue to see Gas services strength throughout 2024.

Operator

Our next question comes from the line of Moses Sutton with BNP Paribas.

Moses Nathaniel Sutton ***BNP Paribas Exane, Research Division - Research Analyst & Head of Clean Energy Research***

I guess continuing on the Gas theme here. 4.9 gigawatts is -- I know it could be lumpy, but it's 40% higher than the average quarter last year. How -- what's the maximum you could see this annualized in the short to medium term? And can you talk a little bit more about geography, Middle East versus U.S. versus other. Any thoughts there on new equipment orders in detail?

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Yes. Moses, I would just emphasize again, the first quarter orders were very centric in the Middle East and in North America. We had previously gone through a cycle with real growth in Asia. We still see a lot of pipeline there, but the first quarter was more centered on those regions. But when we look at our pipeline, there's healthy global demand for new gas additions. The U.S. has a healthy pipeline. We're revisiting really how we serve that market because simultaneously we're seeing services demand growth and new gas capacity demand growth. And with it, it's having us work with our supply chain partners to look at over the medium term, how we can serve that demand. So we're working our way through that, and I'll come back with further updates in that regard as we work through the year.

Operator

Our next question will come from the line of Andrew Obin with Bank of America.

David Emerson Ridley-Lane ***BofA Securities, Research Division - VP***

This is David Ridley-Lane on for Andrew. Can you talk about the composition of Electrification orders this quarter, 2.2x book-to-bill is very impressive. Kind of what are the products and conversion timelines on those orders this quarter?

Ken S. Parks ***GE Vernova Inc. - CFO***

Yes. Thank you, David. The composition of the orders, we saw good backlog growth in the Grid businesses and across components of the Grid business. So power transformers, Grid services, saw that happen there. The composition is in the areas where in that space we tend to see longer delivery cycles. So one of the things that we talked about last year was that we saw about 500 basis points of expansion in our Grid backlog, our equipment backlog for the Electrification business, a lot of that being in Grid.

The good news with that is because they are longer cycle deliveries, what we feel really good about is the margin expansion that we're seeing in that business and the fact that Electrification is anticipated to get to mid-single digits EBITDA margins in 2024, and we talked about that continuing to expand into 2025. But the strong order backlog, orders in backlog that's coming into Electrification will be something that supports margin expansion on those higher margins in backlog as we move out past the 2025 time frame. So really good opportunities within the electrification space, good orders across the business and a good timeline in front of it for the business to benefit from stronger margins.

Operator

Our next question comes from the line of Chris Dendrinos with RBC Capital Markets.

Christopher J. Dendrinos ***RBC Capital Markets, Research Division - Assistant VP***

Yes. I guess just really, really strong momentum coming into the year. I'm curious, how does that kind of compare against your internal expectations? And then should we interpret this as perhaps you're outperforming what your expectations were coming in? And does that mean continued strength into the back half of the year?

Ken S. Parks ***GE Vernova Inc. - CFO***

Yes. It's a really good question, and thank you for it. As you think about the year, we're always going to be a little bit more seasonally focused towards the second half of the year versus the first. So when I give you this answer, the reality is, are we doing well against our expectations? Yes, in a very good out of the start performance for the first quarter. Keep in mind, that's our relatively smallest quarter of the year, but the strength of what we're seeing in the orders and the execution, whether it be pricing, productivity, cost reductions, very, very good.

I would tell you that, that gives us confidence that we can reaffirm to you the statements we've made about the year. But it doesn't mean we're going to change anything at this point in time, but the momentum out of the gates really gives us incremental confidence that we are on a path to deliver exactly what we told you for the year.

Operator

Our next question comes from the line of James West with Evercore ISI.

James Carlyle West ***Evercore ISI Institutional Equities, Research Division - Senior MD & Fundamental Research Analyst***

Congrats again on the first quarter out of the box. Scott, curious, I want to go back to Electrification. That's where I think you're most bullish, we're most bullish definitely on that. We're now getting inbounds from not just the normal players, electrification, but tech company executives, tech company investors trying to lever into the themes of AI and data center growth and I'm curious what you're seeing in the end markets and how your conversations are evolving because it seems like we're broadly, the market is coming to this idea or this realization that power demand is going to run well ahead of deployment, electricity deployment.

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

James, I agree. I think the demand is real, and the uptick is very clear with the different counterparties that we're working with, both our traditional customers and iterating with our -- maybe their end customers to understand what the art of the possible is, whether it be the technology companies, the hyperscalers. And the conversations are very focused on a lot of what we've been talking about inside GE Vernova for the last few years, which is it's going to be an all of the above technology portfolio needed to serve this growing market. Gas is going to play a critical role. It's a power-dense solution that supports the operating parameters of a lot of things like data center needs.

But at the same time, we're doing a lot of work right now on how wind growth can fulfill that demand and solar is going to play an important role. We're having conversations on into next decade, how small modular reactors is going to play a role. And regardless of the power generation source, electrification equipment is critical. And whether that be the transformers or the electrical equipment inside the data centers, it gives us real opportunity to grow our business from here. So it's tough to call exactly when these conversations translate to orders. And that may not be tomorrow, but the demand is certainly real in the medium term, and we're really encouraged about our opportunity to serve that market.

Operator

Our next question will come from the line of Maheep Mandloi with Mizuho.

Maheep Mandloi ***Mizuho Securities USA LLC, Research Division - Director***

Congratulations on the first quarter here. Just 2 small ones for me. So first on Electrification theme. Could you talk about where the geographic mix of the orders we're getting from? And separately, on Offshore Wind, if you could talk to the NYSERDA RFP for the manufacturing logistics. Any thoughts on if you'll be participating on that?

Ken S. Parks ***GE Vernova Inc. - CFO***

Sure. I'll start with the Electrification question. On the mix of the orders, our business in general is more heavily weighted to Europe. We do have North America presence for sure. And I would say the orders are coming probably more primarily across the European base, but we are seeing good interest and good demand in North America. We continue to focus that business on not only being heavily European based, but we see a great market as outlined by Scott in some of his comments previously, to be really good as the U.S. is starting to focus more heavily on its grid optimization strategies. So while we've seen a mix today that's probably a little bit more heavily focused to Europe, we see great opportunity for that business to expand the really good things that they're doing in Europe into North America. Maybe I'll give the Offshore Wind question and let Scott answer that one.

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Thanks, Ken. Maheep, on Offshore Wind, I first just reinforce that we view Offshore Wind as an important part of the energy transition here. And we've been very appreciative of our iteration in partnership with New York State and NYSERDA on the New York 3 auction. With the phase that offshore wind has been in generally over the last few years, it's been hard to get projects to a point that they're ready to thrive. But through our iteration with our customers and where we're going, I want to tell you, we're excited about our future product here, a 15.5-megawatt product that has an ability to have a power boost up to 16.5-megawatts.

We're working hard to have that prototype running by the end of 2025. And when we look at where we are with our Haliade-X product today, the 14-megawatt product, by the time you get into 2026, we're going to have somewhere in the neighborhood of 5 million to 6 million operating hours with that product. So there's a lot to work on today. We believe that offshore wind is going to play an important role in the energy transition, appreciative for the iteration of the partnership with New York State and the many other states and geographies we're working on to build the industry.

But at the same time, we've been pretty consistent for a while that we are only going to add to that backlog with materially different economic terms than what is in our backlog today. And that's a combination of many things: price, other terms and really leaning in on projects that are set to thrive. And there's a lot of complexity in offshore wind that we're all learning from, and we're going to keep working on it every day because we do believe it's going to play a role in the energy transition, but we're only going to add to the backlog when it's meaningfully different than what we're executing on today.

Operator

Our next question will come from the line of Rob Wertheimer with Melius Research.

Robert Cameron Wertheimer ***Melius Research LLC - Founding Partner, Director of Research & Research Analyst***

I guess I'd like to start with Power. And I know you've given comments on geographic strength and so forth. But could you talk about U.S. utility demand? And just, I think we've all woken up to kind of the shift in the world that AI is pulling forward on electricity demand. What's the reaction of utilities to that? Are they 2 years ahead of this? Do you have a lot in pipeline? Or is that something that's shifting kind of in real time now? And then if you would, could you remind us or discuss briefly the economics on Aeroderivatives on both new builds or the actual new order and service?

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

You bet, Rob. I appreciate the question. I would say that our utility customers have been working towards a demand build here over the last few years. But admittedly, the load growth projections for many of our customers have become a steeper demand curve sooner in the last, let's say, 6 to 12 months. And that is accelerating discussions on our end on things like framework agreements to secure capacity for them with future Heavy-Duty equipment while they firm up project sites for development that make most sense for them.

So there clearly is a macro theme in the U.S. specifically with our U.S. utility customers that many of them are going to have incremental gas capacity additions. But like any power project, it's not a straight line to kind of get things to close through permitting and otherwise, and customers are working very hard on that. So we are bullish on the capacity addition, optionality or opportunity ahead for us with our utility customers and are going to work it very hard.

On the second part of your question with Aeroderivatives, this is one of the more exciting growth parts of Gas Power. The reality is the Aeroderivative product line is so well suited to be the complement to 200 to 300 megawatt blocks of wind or solar that just need fast ramping technical solutions to support that zero-carbon power. So in many ways, when we talk about Gas Power being a forced multiplier that enables other zero-carbon power sources to grow faster, Aeroderivatives is the perfect illustration of that.

Now the general economics for us with Aeroderivatives are the equipment margins are more healthy than they are on a Heavy-Duty Gas Turbine project because admittedly, the services annuity stream and the operating profile of those Aeroderivative units may not be as high or as consistent that we can count on because they're really there more as a support to those wind or solar farms that get developed. So when we underwrite gas projects on a Heavy-Duty project where it's something like a coal to gas switching, a larger proportion of the economics are on the services. With Aeroderivatives, a larger proportion of the economics for us are with the day 1 equipment revenue.

Michael Lapides ***GE Vernova Inc. - Vice President of Investor Relations***

Liz, I think we have time for one more question.

Operator

This question will come from the line of Pavel Molchanov with Raymond James.

Pavel S. Molchanov ***Raymond James Ltd., Research Division - Research Analyst***

You mentioned that Onshore Wind already achieved positive EBITDA in the quarter. Given the seasonality of the overall Wind segment, do you anticipate getting to positive EBITDA for the segment as a whole at any point before the end of the year on a quarterly basis?

Ken S. Parks ***GE Vernova Inc. - CFO***

So what we said in our guidance is that we anticipate that with the continued improvement in Wind as well as the delivery of our Offshore Wind backlog, but -- which is generating losses but improving as we deliver that backlog is that we would approach profitability for 2024. Now that does have a lot of really good fundamentals built within that, which is, number one, we talked about the fact that revenue for Onshore Wind in the first half would be challenged in the sense of developers, our customers are working to rebuild their pipelines and that we would see the orders start to come in as we move through the year. But what we do feel on the second half of the year is based upon the backlog that we have on hand in the Onshore Wind business, we expect to see revenues in Onshore Wind be measurably higher in the second half than we're seeing in the first half of the year. That will contribute to improved productivity because as we said, we're anticipating Onshore Wind to be more at a high-single-digit EBITDA margin business for 2024 in totality. I give you that background because the good performance in all of our businesses as well as Wind out of the gate has us on track to approach profitability for 2024. If we reach that at a sooner point, we'll know that as we move through some of the bigger quarters of the year. But our guidance is that we will get close to profitability this year for the segment in totality.

Michael Lapides ***GE Vernova Inc. - Vice President of Investor Relations***

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

Scott L. Strazik ***GE Vernova Inc. - CEO & Director***

Thanks, Michael. Everyone, in short, I hope you can hear the excitement in our voices on the opportunity we have in front of us to serve this market. I also want to thank our employees. The process of separating from a 130-year-old plus company while continuing to focus on serving our customers in the operations is not always an easy balance. And I think in the first 90 days of the year, our teams did an excellent job with that.

I also want to thank our customers for their continued trust in us and the continued iteration that we're having right now on these growth markets that we're facing into. For everyone on the call today, thank you for your interest in GE Vernova. We're just getting started, but I really like our chances from here. So thanks for the time and with that, I think we'll wrap the call.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.