



GE VERNOVA

GE Vernova 2Q 2025 Financial Results

Wednesday, 23rd July 2025

Opening Remarks

Michael Lapidès

Vice President of Investor Relations, GE Vernova

Introduction

Welcome to GE Vernova's Second Quarter 2025 Earnings Call. I am 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 form 10-Q press release and the presentation slides, all of which are available on our website. Please note that year over year commentary or variances on orders, revenue, adjusted and segment EBITDA margin discussed during our prepared remarks are on an organic basis unless otherwise specified.

We will make forward looking statements about our performance. These statements are based on how we see things today. While we may elect to update these forward-looking statements at some point in the future, we do not undertake any obligation to do so as described in our SEC filings. Actual results may differ materially due to risks and uncertainties. With that, I will hand the call over to Scott.

2Q Results

Scott Strazik

CEO, GE Vernova

Growing market with improving business fundamentals

Thanks, Michael, and good morning, everyone. We had a productive second quarter positioning us well to continue to accelerate our growth and margin expansion.

This era of accelerated electrification is driving unprecedented investments in reliable power, grid infrastructure and decarbonization solutions. We see attractive end markets converging with better run businesses, giving us the substantial opportunity to create value from here.

At the start, I just want to share some market context as I see it today. Continued strength in Gas Power demand as we signed nine gigawatts of new gas equipment contracts in 2Q, of which seven went into slot reservation agreements and two went directly into orders.

During the quarter, we also converted three gigawatts of SRAs from previous quarters into orders while shipping five gigawatts of equipment. This resulted in backlog remaining at 29GW while growing slot reservation agreements from 21GW to 25GW. Building our total backlog in slot reservation agreements to 55GW from the 50GW we talked about at April earnings. We continue to see higher turbine prices and strong demand, and still expect to have at least 60GW between backlog and reservation agreements by the end of the year at better margins, with significant momentum into 2026. But the Power demand is not limited to Gas new units. We also see solid services demand growth as customers look to invest in their existing fleets. Not only are we seeing strength in Gas services, Steam services orders were up 30% in Q2 in support of nuclear extensions and upgrades, and we booked significantly higher uprates in Hydro, which increased 61%.

We continue to work hard to ramp up production capacity at Gas Power, and to meet this rising demand for services across our fleet. We also are pleased with the progress in our 300-megawatt Small Modular Reactor, which is part of our higher R&D for this year. We are starting to see the initial proof points of our investment. We are in construction in Ontario on the first project. The NRC has now formally accepted TVA's application to construct at Clinch River site, which means the formal process has started and I expect more customer announcements with our SMR technology in the second half of the year.

Continued progress in Electrification. We grew our equipment backlog an incremental \$2 billion in 2Q'25 led by Europe, with North America and Asia backlogs both sequentially increasing almost 10%. Demand in the Middle East is accelerating, as evidenced with our announcement on the Saudi grid stabilization equipment, synchronous condensers. We expect at least \$1.5 billion of this agreement to become an order in the third quarter. Synchronous condensers provide voltage support and frequency regulation to help balance the grid when generation levels are volatile, especially in areas with significant renewable intermittency. This is a technology we have manufactured for years and now the market is starting to catch up. Investments in the reliability and resiliency of the grid are clearly growing globally. Technologies like synchronous condensers have been a small market over the last decade, but we see this as a credible \$5 billion market opportunity a year going forward and are investing in positioning our businesses to serve this opportunity.

Demand for data centers also remains strong in Electrification. We have already received almost \$500 million in orders in the first half of 2025, versus \$600 million in full-year 2024, so this growth market continues to accelerate. We do see weaker European HVDC orders in 2025, as we sit here today, with some projects cancelled or moving to the right as affordability challenges in the EU become even more real. But the momentum we are seeing elsewhere in this segment is more than offsetting it, and we continue to see a clear pathway to grow our Electrification equipment backlog at least as much in 2025 as we did in 2023 and 2024.

On Wind, since the tax bill was signed on July 4th, we have experienced an increase in customer engagement in the US. So the potential certainly exists for an inflection towards growth, although permitting and managing through the interconnect queue are also key. It is early and we will see how the rest of the year materializes. I am also encouraged with some wins we have had recently in international markets - Romania, Australia, Japan, Spain, Germany - markets where we expect to see orders in second half 2025.

The markets continue to come our way while we continue to work hard every day to run our businesses better. Ken will walk through the detailed performance by business, but I was pleased to see Power deliver EBITDA margins north of 16%, with Electrification approaching 15% in 2Q, but I would emphasize that as our teams continue to get their feet under them, we see real opportunity to continue to accrete margins higher from here.

On Wind, we continue to ship more profitable Onshore equipment, but that was more than offset in 2Q with our investments and our services quality programs in the field in addition to the impact of tariffs on our Offshore Wind business. Year to date, we have lost approximately \$300 million in the Wind segment, but expect the business in the second half of 2025 to be closer to break even. Our Onshore fleet performance continues to improve. We have seen the

availability of our fleet increased by one percentage point since last year, positively impacting our customers with long term service contracts. We are starting to free up more capacity in 3Q onwards for transactional related work in the Onshore install base. In Offshore, we installed 34 units in 2Q and commissioned 33, our most productive quarter to date.

Another variable that is giving me real confidence in the future is that we are now getting to a point in many of our larger businesses, certainly in both Gas and Grid Solutions, where we have a solid enough lean foundation to evaluate robotics and automation in more strategic ways, both in the factories and out in the field. Standard work in our functions is also laying the foundation to even more aggressively invest in AI and drive real productivity improvements at pace. As I see it, robotics and automation are critical, but can only be invested into once a business has sufficiently eliminated the waste in their core processes. In a similar vein, a business must get to standard work before investing in AI. We are now ready for both, and these two themes are important parts of our strategy reviews that will take place in 3Q across the company.

Better market conditions and continued operational improvement in our businesses are both important, as is our focus on leading the industry from a position of financial strength. We were pleased to deliver positive free cash flow again in Q2 and end the quarter with almost \$8 billion of cash. So far this year, we have spent \$1.6 billion on stock buybacks, repurchasing approximately five million shares. We are continuing to invest in our organic growth. Just last week, I was at our Charleroi factory in Pennsylvania, where we announced an incremental 250 jobs over the next two years with up to \$100 million investment that will support a doubling of volume out of that factory from 2025 to 2028.

We are also pleased with our progress in our small strategic acquisitions. A great example of this is our acquisition of Woodward's gas turbine parts business, which includes a factory that allows us to redirect work and optimize the layout of our Greenville plant with limited CapEx spending and improved productivity in our gas power supply chain. Prior to our acquisition, this site experienced 50,000 labor hours in 2024, but after approximately 100 days since close, we now see a clear path to 90,000 hours in the factory by 2028, freeing up space in our Greenville factory to drive more productive growth. These are the kinds of transactions we are working hard to add to our pipeline where we see clear opportunity to complement the growth and markets we serve with our lean discipline to do very attractive, lower risk and accretive deals in our core.

We were also excited to announce this week our acquisition of Alteia scheduled for an August 1st close. With this acquisition, we are buying an existing partner that uses AI and visualization technologies to help our customers manage and orchestrate the grid. We will be able to immediately integrate this with Grid OS as another important step forward for our Electrification Software business. I share all of that to just outline, in my words, what it means to lead from a position of financial strength. \$1.6 billion stock buyback at very attractive valuation. Smart vertical integration of supply chain opportunities in our core, where we can rapidly increase productivity to gain substantial operating leverage and strategic additions of complementary new technology to improve growth going forward. In all these cases, it is early, but I expect us to deliver substantially more from here.

Strong 2Q'25 results

Turning to the next slide on our second quarter results, we continue to build a stronger backlog supporting the long-term growth potential in our businesses. Our equipment backlog grew from \$45 to \$50 billion in 2Q 2025, up almost \$7 billion in first half 2025. We are growing this backlog at improved margins, and consistent with prior communications, look forward to showing you, at fourth quarter earnings next January, the full change in margin in the equipment backlog. Our service backlog also grew approximately \$1 billion in the second quarter. We now maintain a total backlog of \$129 billion.

In light of the strength of our Power and Electrification results in first half 2025 and forecasts for the remainder of the year, we have revised up our EBITDA margin expectations for both segments and increased our free cash flow expectations for the year in line with these expanded margins at modestly higher revenue levels. Ken will provide more details, but these updated estimates fully embed the cost of tariffs in 2025, which we estimate to be trending towards the lower end of \$300 and \$400 million at today's announced tariffs, so almost one point of negative EBITDA margin embedded in the guide. The teams are making real progress on a go-forward basis on how we are contracting for this, in addition to new sourcing strategies and more utilization of free trade zones, but for 2025, it is likely the impact remains within this band.

The last thing I want to touch on, and which Ken will also give more details to in the later slides, is our announced planned restructuring costs which we expect to incur over the next 12 months of approximately \$250 to \$275 million. It was very important to me that after our first year as a public company, we evaluated how our organization was performing and where we had opportunities to be more efficient and streamlined. More important than the savings this will yield is that this is an important step forward in the culture of the company I want GE Vernova to be. Even with the growth ahead of us, it is critical culturally we continue looking in the mirror and finding opportunities to get better with a lower cost structure. This is the first of many ways I expect us to be more productive while meeting the substantial growth ramp ahead in the early stages of this investment super cycle into the electric power system.

With that, I am going to hand it over to Ken to provide details on our second quarter results and our updated guidance.

Financial Snapshot

Ken Parks

CFO, GE Vernova

Financial snapshot

Thank you, Scott. Turning to slide five. We delivered strong results in 2Q 2025 with continued orders and revenue growth and adjusted EBITDA margin expansion. We also generated positive free cash flow again this quarter and returned approximately \$450 million to shareholders through share repurchases and dividends, while maintaining a healthy cash balance of nearly \$8 billion.

Demand remained robust in the second quarter as we booked \$12.4 billion of orders, an increase of 4% year over year and approximately 1.4 times revenue. Equipment orders grew 5%, driven by Power, which more than doubled year over year. Electrification equipment orders

remained strong but decreased year over year given the value of large equipment orders recorded in the second quarter of last year. Services orders increased 3%, with growth in Power and Onshore Wind.

As a result of the strong orders, our backlog continued to expand both year over year and sequentially across equipment and services, now reaching \$129 billion in total, led by both Power and Electrification. Equipment margin in backlog remains healthy, reflecting higher price as well as our continued focus on disciplined underwriting.

Revenue increased 12% with higher equipment and services revenues in all three segments. Equipment revenue grew 18% with double-digit growth in Electrification and Power, while total services revenue increased 6%. Price was positive in each segment.

Adjusted EBITDA increased just over 25% to \$770 million, led by strength in Electrification and Power. Adjusted EBITDA margin expansion of 80 basis points was driven by more profitable volume, price and productivity, which more than offset investments for innovation and future volume growth, as well as tariff impacts, primarily at Offshore Wind.

We continued to generate positive free cash flow with approximately \$200 million in the second quarter, reflecting stronger adjusted EBITDA. Working capital in the quarter was an approximately \$600 million cash benefit driven by strong down payments from rising orders and slot reservation agreements at Power, which more than offset cash taxes, along with CapEx investments supporting capacity expansion.

As we have discussed in prior quarters, we continue to utilize lean to improve our billings and collection processes to drive better cash management and linearity. In the second quarter, we reduced day sales outstanding by two days sequentially, resulting in an approximately \$200 million of additional free cash flow in the quarter.

As expected, free cash flow decreased year over year due to the absence of a \$300 million arbitration refund that we received in the second quarter of 2024, as well as a lower positive benefit from working capital and higher cash taxes on higher adjusted EBITDA. As a result of our improving free cash flow linearity through the year, we continued to return cash to our shareholders in the second quarter, with a total of approximately \$450 million of share repurchases and dividends. So far this year, we have repurchased \$1.6 billion of stock and will continue to execute our buyback authorization opportunistically, as we firmly believe there is incremental value embedded in our stock. We ended second quarter 2025 with a healthy cash balance of approximately \$8 billion and with no debt, which gives us confidence to invest in the business for growth and return cash to shareholders through dividends and share repurchases, while maintaining a solid investment-grade balance sheet.

In the first half of this year, both S&P and Fitch affirmed our investment-grade credit rating and increased their ratings outlooks to positive from stable. We are encouraged by our overall financial performance in the first half of 2025, delivering double-digit organic growth, 120 basis points of adjusted EBITDA margin expansion and approximately \$1.2 billion of free cash flow generation. Our growing backlog with healthy margin provides an excellent foundation for continuing improvement in our financial performance moving forward.

Power

Turning to Power on slide six, the segment delivered another strong quarter with robust orders, continued revenue growth, and further EBITDA margin expansion.

Power orders grew 44%, led by Gas Power equipment, nearly tripling year over year. We booked 20 heavy duty gas turbines, including seven HA units, which was six more heavy duty units compared to the number booked in the second quarter of 2024. We also secured orders for 27 aeroderivative units compared to only one unit last year. We are seeing incremental demand for our aeroderivative technology, particularly to support data centers. Power services orders remain strong, with mid-single digit growth in the quarter, primarily driven by Steam Power given more life extension and upgrades for existing nuclear sites. As Scott mentioned, we also saw strong orders growth at Hydro driven by higher demand for upgrades.

Revenue increased 9%, led by Gas Power. Power equipment revenue increased 23% as we delivered seven more HA units than the second quarter of 2024. Power services revenue increased mainly from higher transactional services volume as well as price.

EBITDA margins expanded 40 basis points to 16.4%, driven by strength at Gas and Steam. Margin benefited from higher price productivity and volume despite the mixed headwind of higher equipment deliveries. This expansion more than offset additional expenses to support R&D at Nuclear and expenses to support capacity investments at Gas as well as inflation.

Looking to the third quarter of 2025 at power, we expect continued year over year growth in Gas equipment orders. We also anticipate mid-single digit organic revenue growth on higher equipment deliveries, as well as continued services growth. We expect EBITDA margin of approximately 11 to 13% as productivity, price and volume should more than offset additional expenses to support R&D and capacity investments as well as inflation. Given the typical seasonality of services outages, Power revenue and EBITDA margin should be lower sequentially in the third quarter.

Wind

Turning to slide seven, we are executing on our wind strategy. In Onshore Wind, we delivered double digit revenue growth, and we invested more to enhance fleet performance. In Offshore Wind, we remained focused on executing our existing challenged backlog.

Wind orders decreased 5% year over year, driven by lower Onshore Wind equipment orders outside of North America. Sequentially, Onshore orders improved primarily due to equipment growth in North America.

Wind revenue increased 9% in the quarter on higher Onshore Wind equipment volume in North America, partially offset by lower Offshore Wind revenue as we executed on our current production and delivery schedule.

Wind EBITDA losses increased approximately \$50 million versus the prior year. At Onshore Wind, the benefit of more profitable Onshore equipment volume was essentially offset by increased services costs as we are deploying more crews and cranes to accelerate improvement in the installed fleet performance. At Offshore, we incurred additional costs, primarily due to the impact of tariffs.

As Scott discussed, there is potential for an increase in Onshore Wind orders over the coming quarters, as developers and utilities work to ensure projects meet tax credit requirements outlined in the recently passed US legislation. We will need to see how this materializes.

In the third quarter, we expect Wind segment revenue to decrease by a mid-teens rate year over year. Absent the approximately \$500 million benefit of the one-time settlement from an Offshore contract termination in the third quarter of last year, we expect Wind revenue to increase low single digits. EBITDA losses should improve substantially year over year and approach breakeven, driven by further improvement at Onshore Wind, as well as the absence of the Offshore contract losses recorded in the third quarter of 2024, net of the previously mentioned one-time termination settlement gain.

Electrification

Turning to Electrification on slide eight, we had another quarter of robust demand, significant revenue growth and EBITDA margin expansion.

Orders remained strong at approximately \$3.3 billion, roughly 1.5 times revenue, driven by the growing need for grid equipment. While we saw strong orders growth for switchgear products in Europe and Asia, total orders decreased 31% year over year due to large equipment orders recorded in the second quarter of last year, where we recorded two orders that were both greater than \$1 billion, an HVDC order for Europe and a grid equipment order for Algeria.

Importantly, equipment orders continue outpacing revenue, further expanding the equipment backlog to approximately \$24 billion, up more than \$6 billion compared to the second quarter of 2024.

Revenue increased 20%, driven by strong volume and higher price at Grid Solutions, where we saw meaningful growth in HVDC, switchgear and transformer equipment volume. The team is executing well on its capacity expansion plans, and we continued to increase output in the second quarter.

The segment delivered another quarter of significant EBITDA growth, with margin expansion of 740 basis points to 14.6% on more profitable volume, increased productivity and favorable pricing, primarily at Grid Solutions.

In the third quarter of 2025, we anticipate significant equipment orders at healthy margins. Electrification revenue growth should be approximately 20%, driven by Grid Solutions as well as Power Conversion and Storage. We expect significant year over year EBITDA margin expansion from higher volume, productivity and favorable price, with a margin rate slightly above 2Q 2025 levels.

Raising 2025 Guidance

I will now turn to slide nine to discuss GE Vernova guidance.

For the third quarter, based on our expectations for the segments, which I have already outlined, we expect continued year over year revenue growth and adjusted EBITDA margin expansion in the quarter, which includes our estimated impact of tariffs.

We expect to generate positive free cash flow again for the sixth consecutive quarter in 3Q given our increased adjusted EBITDA, as well as our continuing focus on improving cash linearity. We continue to expect to deliver positive free cash flow in all four quarters this year.

For the full year, we are raising our financial guidance based on the strong first half results and continued momentum we see in our businesses. For revenue, we are trending towards the higher end of our original \$36 to \$37 billion guidance range, and we now expect adjusted EBITDA margin to be in the range of 8 to 9% due to the incremental strength of Electrification and Power. In addition, we are raising our full year free cash flow guidance by approximately \$1 billion to be in the range of \$3 billion to \$3.5 billion due to higher down payments from increased orders and our updated adjusted EBITDA outlook.

Our increased 2025 guidance also includes the impact of tariffs as currently outlined, which we now estimate trending towards the lower end of our previously stated range of approximately \$300 to \$400 million net of mitigating actions. These costs are expected to be relatively similar in each of the last three quarters of 2025.

As Scott mentioned, we are actively navigating this ongoing dynamic environment and taking action, including the acceleration of our \$600 million G&A cost reduction roadmap. In 2024, we reduced our adjusted G&A costs by approximately \$170 million, and we expect to decrease our cost by a similar amount in 2025.

To accelerate the achievement of our \$600 million target, we have launched a restructuring program subject to local regulatory information and consultation requirements to be executed over the next 12 months and anticipate approximately \$250 million of annualized G&A savings beginning in 2026. We estimate that we will incur approximately \$250 to \$275 million in cost to execute the plan.

By segment, we are increasing our organic revenue growth guidance at Power to be between 6 and 7% compared to our previous guidance of mid-single digits. We are also raising our EBITDA margin guidance for Power to the range of 14 to 15%, compared to our previous range of 13 to 14%, driven by strength at Gas and Steam.

In Wind, we expect revenue to be down mid-single digits, with EBITDA losses trending towards the bottom of our \$200 to \$400 million range and improvement year over year, driven by Onshore margin expansion within the high single digit range and lower losses at Offshore.

In Electrification, we are increasing our organic revenue growth guidance from mid to high teens to approximately 20% as we continue to deliver our growing backlog. Given higher top line expectations, we now expect Electrification EBITDA margin to be in the range of 13 to 15% compared to our previous expectation of 11 to 13% EBITDA margin.

We expect adjusted EBITDA in the second half of 2025 to be more fourth quarter weighted, similar to last year. We anticipate typical Gas services seasonality with the highest outage volume of the year in the fourth quarter. As Scott mentioned, we expect Wind to be approaching breakeven in the second half of the year, primarily due to the timing of Onshore turbine deliveries already in backlog and improved services profitability. We also expect Electrification to grow sequentially, as is typical.

Finally, at Corporate, we now anticipate higher costs this year, largely given higher than expected stock compensation based upon the mid-point evaluation of our incentive programs.

As discussed, Corporate costs can be uneven across quarters like 2024, as it includes the portfolio activity at our Financial Services business, but we expect Corporate costs to sequentially improve as we move through the remainder of the year.

Overall, we delivered strong results in the first half of the year. We are very encouraged by the rising demand and consistently stronger execution we are seeing at Power and Electrification, as well as the improvements we are making at Wind, enabled by our lean culture.

With that, I will turn it back to Scott.

Summary

Scott Strazik

CEO, GE Vernova

Thanks, Ken. Just to reinforce a few important themes at the close:

Productive 2Q; we continue to position GE Vernova to serve the accelerating growth we see in the markets. Real strength in Power and Electrification, but potential for an inflection point forward on Wind that we will monitor in the second half of the year.

Margins are improving, but we are just getting started. Our team is seeing more opportunity every day and as lean starts to take hold and spread across the business. I like what I am seeing in this regard.

Good cash performance first half of the year and pleased with our capital allocation, whether it be the stock buyback year to date, our organic investments for growth, or the small but strategic M&A we are doing.

We are creating a unique special company that serves the world in a way like no other. We do not take that for granted. I certainly do not wake up each day hungry and ready to serve our customers, our investors, and our partners. We are just getting started, but I like our chances. With that, I will hand it back to Michael for the Q&A portion of the call.

Q&A

Julian Mitchell (Barclays): Hi. Good morning. Maybe just wanted to start with the Electrification segment. So a couple of different things there. One was just on the demand outlook. Maybe give a bit more color on the regional differences. It seems like Europe's maybe losing steam. Asia picking up. And pricing, I think in Europe, you talked about maybe softening the last six to 12 months. And then on the margin front at Electrification, the updated guide for this year puts you close to touching distance of the medium-term margin goal. So maybe any thoughts around that and how you keep the discipline on big projects there?

Scott Strazik: Thanks, Julian. I will start. I mean, I think to take it in reverse on the margin guide. I think it is fair. I mean, we are pleased with where we are with Electrification performance in the first half of the year approaching 15% in the second quarter EBITDA margins, and we do expect modest incremental improvement sequentially in 3Q and 4Q. So to your point, I think this is an area that we will go through in our strategy reviews here in the

summer and the fall, and likely have an update for you at the end of the year on the by 2028 margin expectations in Electrification.

Now, on the first part of your point, we do continue to see growth regionally, whether it be Europe, North America or Asia. But what I would tell you is the big projects, so call it the long transmission line, HVDC projects that are quite a bit more lumpy, there is a lot more scrutiny in those projects today. So the orders that we are seeing are more core transformers, switchgears. We are encouraged with our grid stabilization equipment solutions like synchronous condensers. We have announced the transaction with Saudi, but we see real opportunities in many markets that have high renewables penetration rates for those solutions.

And we are still seeing price but at a decelerating rate. So this becomes a dynamic where we need to continue to drive variable cost productivity. You are seeing that in our margin performance through the first half. But we are going to have to keep driving that because we do not expect to continue to get price at the same level that we have experienced over the previous 18 months.

Ken Parks: And maybe just always kind of keep in mind as you are thinking about this pricing dynamic that Scott outlined. We gave you an update at the end of the year as we closed out 2024 as to what was going on with our margins and backlog in all of our businesses. But specifically, about your question around Electrification, over the last two years, we have seen about nine full points of Electrification margin in backlog expansion. I raised that just because as we continue to see things kind of get to the levels where you are not seeing the rate of growth continue to inflect up as quickly as maybe we saw a couple of years ago, what is really good to look at as you are thinking about the business is much of that backlog is yet to be delivered. So as we think about the future, there is already margin in backlog to be delivered as we move out into the 2026, 2027, 2028 timeframe.

Operator: Our next question comes from Mark Strouse with J.P. Morgan.

Mark Strouse (J.P. Morgan): Yes. Good morning. Thanks for taking our questions. I wanted to pivot over to the Gas Power business. So a lot of investor focus on pricing that gets disclosed and in some of these deals on the equipment side. I am curious what you can talk about on the service side, what you are seeing in pricing for your existing install base, but also what you are seeing on new deals that are being signed. Thank you.

Scott Strazik: Thanks, Mark. I will start. I think this is another good illustration to connect dots with what is happening in the market. When you even look at the PJM pricing that was confirmed yesterday with the capacity market, that is driving incremental demand for incremental services, and frankly, justifies incremental pricing into our services book for upgrades that can create incremental capacity for things like those capacity markets. So you are right. We talk a lot more about equipment, new build pricing. But we are also in a price up environment in services that will materialize through our income statement in the years ahead. So it is early in that regard, but we have been on that journey for the better part of the last 12 to 18 months, and we will continue to see that translate into the income statement in the subsequent, let's say, 12 to 24 months, because it is shorter cycle conversion than our new units.

Operator: Our next question comes from Joe Ritchie with Goldman Sachs.

Joe Ritchie (Goldman Sachs): Hey, good morning, guys, and nice strong quarter again. I want to try to square something, actually, on your new equipment orders in Power. Saw that you guys booked roughly about a little over five gigawatts versus seven last quarter. But then I am trying to square the revenue, the order dollars were up sequentially, roughly \$700 million. And so, how much? I do not know if you can tell me how much of that is pricing versus the equipment that you booked in the other areas of your Power business, whether it is Hydro, Steam, Nuclear, et cetera?

Ken Parks: We did see continued growth. So to square up the numbers, we did actually book, we said we can contract at about nine gigawatts of orders in the quarter, of which two went directly into backlog, seven went into SRAs. Then we had some SRAs convert over into orders, delivered five gigawatts out of backlog, keeping the backlog number flat and seeing the SRA number grow from 21GW to 25GW. So those are the numbers that we have quoted there. As far as the pricing on that, much of what we are seeing is a pricing positive dynamic there. We are seeing incremental equipment, but both on the service side as well as on the equipment side, we are seeing positive pricing on the orders themselves.

Scott Strazik: And to triangulate orders and gigawatts. Just think to yourself, in the second half of the year, the mix of combined cycle orders that will be booked will be substantially larger. So you are going to see an orders dollar connection to gigawatts that will be larger in the second half of the year. The first half of the year has been more simple cycle orders. So that is where you have got to think about the gigawatt dollar connections and the mix between whether it is a simple cycle or a combined cycle deal. And we will have substantially more combined cycle orders in the second half of the year.

Operator: Our next question comes from Nicole DeBlase with Deutsche Bank.

Nicole DeBlase (Deutsche Bank): Yeah, thanks. Good morning, guys.

Scott Strazik: Good morning, Nicole.

Nicole DeBlase (Deutsche Bank): Can we just talk a bit about capacity. So I guess, Scott, the Pennsylvania plant announcement for Electrification, was that kind of already embedded in your thinking, like if we look at the 2028 revenue ramp, or is this totally incremental? Anything you can give of what that means from a revenue perspective, if it is incremental, and then any change to how you guys are thinking about capacity on the Gas side relative to what you have already announced. Thank you.

Scott Strazik: Let's take them in reverse. I think on Gas, we are really in the exact same place we have been, which is first things first, let's get to a 20GW run rate, which we should get to in the second half of 2026. On top of that, we have talked about wanting to get to four to five years of backlog, and that is backlog between slot reservations and explicit RPO. And we have talked about the fact that we will get to at least 60GW by the end of the year. So that is directionally three years of backlog. So for us to really lean into the incremental capacity, I think we have got more work to do, both in proving out that we can deliver what we have already committed. But then seeing that backlog growth more towards the 80GW to 100GW versus where we think will be at the end of the year, which is 60GW.

Now on Electrification, we do continue to gain conviction that we can ramp up in these businesses within our existing factories with incremental investments into more both machining

but also more labor. That is the 250 incremental jobs we announced in Pennsylvania. Some of that is simply more shifts. The reality is that is a plant that if you go back a few years ago, was one shift, five days a week. We are very quickly six days a week, three shifts. And as we leverage lean, we are finding capacity and finding opportunities to do things better, and that is in Pennsylvania. But that is extrapolated across a number of our Electrification factories, and we will be all part of what we need to work through in our strategy cycle here and come back to you at the end of the year with an updated view on revenue trajectory for Electrification through 2028.

Operator: Our next question comes from Nigel Coe with Wolfe Research.

Nigel Coe (Wolfe Research): Thanks. Good morning, guys. Thanks for the question. Scott, I just want to put it back to services, maybe a bit more color in terms of what you have seen with your transactional CSA and upgrades, and in particular, any updated view on the potential for upgrades in the fleet? But I know it is one question, but I would really like you to address the aero opportunity because a big quarter for orders. You have got the Crusoe deal hitting the tape, I think, yesterday. Where do you see the opportunity for aeros, and what is the ability to scale up this business in the next one or two years?

Scott Strazik: Well, there is a need for incremental bridge power. And the beauty of aeroderivatives is they can be commissioned faster. And that is needed in the environment today. And our customers are able to price at a premium for expedited power. So aeroderivatives are a very attractive solution right now. They may in the end lead to customers having strategy where they become backup over time because maybe the plant will get connected to the grid in three to five to six years once the system hurdles the interconnect queue at large, but in the near term, demand for aeroderivatives is very strong. And that is in the US, but it is also in global markets.

At the end of the day, the need for incremental electrons right now is driving continued strength and upgrades. We will continue to see strength in our services book. We grew our services backlog in the second quarter by approximately \$1 billion, and a lot of that incremental backlog in services is new incremental orders that go into our CSA book. And when we get incremental demand into the CSA book, it goes directly into backlog and then the orders convert when the revenue converts. So that is why you are seeing that billion dollars of growth, and we expect that trend to continue.

So we are, I still say early in this process here. We said probably directionally late last year that we saw at least a 50% growth in upgrades by the end of the decade. And today, I would say that is likely a floor on what we see. But let us get through our strategy processes here in the third quarter and come back and give you another update there on what entitlement really becomes with Power services the next few years. But it is very encouraging.

Operator: Our next question comes from Chris Dendrinis with RBC Capital Markets.

Chris Dendrinis (RBC Capital Markets): Thank you, and good morning. I wanted to focus a little bit on the robotics and automation opportunity that you highlighted. And I recognize it is probably early here, but you maybe highlight where you see the greatest opportunity to leverage that technology across the business lines. Thanks.

Scott Strazik: Yeah. We are, we have a number of, we call them lighthouse projects right now that we are working in some of our factories, in both Gas Power and our Power Transmission set of businesses in Grid. And the reason we are starting there is because they are factories that we have made the most progress on lean. And once you have really eliminated a lot of the manual waste in the processes, you are most ready to apply that automation. But it is not going to be limited to there. We are doing very interesting work right now in Wind to look at automation opportunities in the install base. When you think about servicing wind turbines in very remote locations in the world, you could very easily make a declaration and I could very well have already done this internally to say we really shouldn't have humans out there servicing blades in wind farms at high altitudes. Robots can do that.

Now that takes time to kind of get to that end outcome, but this is an important part of our future. We see a growing backlog. We have a lot more certainty on the demand outlook. Our both supply chain and services teams are performing better leveraging lean, and this is the natural next extension. So I do think in a similar vein that we are talking about a lot of updates we owe you by the end of the year. This is an example of an incremental investment I would project into 2026 on the strength of the backlog that we have that will yield return in the out years. So as you said, it is early, but with the strength of our visibility in the future right now, these are very attractive investment return equations and ones that we will be leaning into more in the financial year 2026 for returns that will come in the years that follow.

Operator: Our next question comes from Amit Mehrotra with UBS.

Amit Mehrotra (UBS): Thanks. Morning. I wanted to maybe just ask about any implications to the Power business from the recent tax bill. If you are seeing any thawing of EPC or permitting bottlenecks, demand is obviously very strong. So I am just trying to assess if there is an opportunity for SRAs to accelerate conversions to increase. And if data centers are becoming a bigger piece of the growth relative to kind of that third of the book that you talked about last quarter. Thank you.

Scott Strazik: Amit, it is early, right, since the bill was signed on July 4th, but I would give a few elements of context in our Wind business, in our inverter business for solar farms, with our grid equipment that supports wind and solar. I would say in all three of those categories, we have seen an acceleration of activity. Not necessarily orders yet, but an acceleration of activity that we are going to need to monitor through the second half of this year and give you better transparency on as it materializes. In relation to that, though, as that activity increases for wind and solar for call it the near to medium term, there also is very clear market sentiment that on the back half of the decade into the next decade, there is going to be a need for more gas.

So this theme of more gas longer, and this is a US centric comment related to the tax bill, I would say our pipeline of activity for gas demand is only growing, but it is growing at even more healthy levels for 2029 deliveries, 2030, 2031. In periods of time where maybe prior to the bill being signed, some of our traditional customers may have been intending more wind or solar. But looking to the other side of the tax bill, see more incremental gas making sense. And that is, at least today, what we see. There may very well be more incremental activity for Wind and our equipment we serve to sell to serve solar. But then I think in the medium to long term, this is another bull case for Gas. And those conversations are accelerating as we speak.

Michael Lapedes: Operator, I think we have time for one last question, please.

Operator: This question comes from the line of Andrew Obin with Bank of America.

Andrew Obin (Bank of America): Yes. Good morning. Thanks for putting me in.

Scott Strazik: Good morning, Andrew.

Andrew Obin (Bank of America): Just a question. Why gross margin declining, particularly service gross margins? And I will stick one more in. Why is Nuclear revenue declining? I totally appreciate that we have a bright outlook here, but just what is the dynamic here? Thank you.

Ken Parks: So the gross margins moved a little bit, just in light of the mix of revenues between equipment and services overall. So I do not see that as anything other than setting us up for a very positive future as we continue to deliver those new equipment units that over time will actually accrete to our service portfolio. So a little bit of a mix issue. Nothing there at all to be concerned about. On the Nuclear side, just the timing of right now, we are heavily focused on fuel servicing until the new SMR book builds and we begin to deliver more of those units. So it is just the timing of fuel servicing. Nothing significant.

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

Scott Strazik: Michael, I appreciate it and everybody giving us the time. It is appreciated. We have had a few questions on the context of our performance year to date relative to the outlook. And if I try to wrap this all together in a moment or two, to try to help all of us think about the company going forward. We talked a little bit about Electrification at the start, and we are definitely pleased with our progress in Electrification to be at almost 15% EBITDA margins today with modest improvements the second half of the year. So we will get through our strategy process in Electrification and come back to you on a new by 2028 financial outlook.

What I would tell you in that regard is we are also gaining real confidence and conviction on our ability to continue to expand our markets in Electrification. We are having very productive conversations with the hyperscalers on incremental solutions we can provide them. And I do expect our R&D to continue to ramp up in Electrification in 2026, and that is something we will share with you as we get to the end of the year. Similar themes in Power. We are pleased to be approaching the 14 to 15% band with Power also. And as we have been saying for a period of time, that is primarily the strength of services and core operations. The better equipment backlog does not cut in in Power until the second half of 2026 and really 2027. So where we are sitting in Power today, we also have an opportunity to go through the strategy processes this year and likely update that by 2028 financial guide.

On Wind, that is probably of our three business segments the one that as we look out to 2028, we are still sitting at a very similar expectation as where we were in December 2024. That is the business segment that we are probably still sitting at it by 2028 10% EBITDA expectations. But there is also a lot that we owe you over the second half of the year in Wind. In Onshore Wind with where our orders have been in the first half of the year, we have directionally 45% of next year's revenue in backlog today. So these orders need to convert in the second half of the year to fill our revenue profile for 2026. That is important.

In addition to that with Offshore Wind, although we had our most productive quarter operationally in 2Q, both installing and commissioning more than 30 wind turbines, sitting here today, we have talked to you in the past about the fact that we will have maybe a stub period with Offshore to complete Dogger Bank in 2027. The most practical outcome is we are likely

completing Dogger Bank through the four quarters of 2027, and with the benefit of the summer and our executions for the rest of the year, we will give you an update on that by the end of 2026. So I thought it was important just to re-ground on where we are in all three business segments at the wrap and some of the stuff that we are going to be working on here as we look to the future with the business.

Practically speaking, I think some of the big questions for us as we go into the end of the year is the strength of the backlog growth we expect in these businesses in 2026. Because very quickly, when we start talking about incremental backlog growth in 2026, that is telling us and you the incremental growth we expect in this company in 2029 and 2030 and beyond, and that is going to be an important piece of the equation because the 2028 marker is just that. It is a marker. We are running this business and intending to lead this company with much grander expectations than 2028. And it is early for us and we are confident with where we are going.

So with that, it is a wrap. I just want to thank all of you for giving us the time, as you always do. We look forward to both Ken, Michael and I seeing you out in the field. For our customers, we appreciate the continued commitment and faith in us. For our partners and suppliers, we need you in this growth ramp, and we are going to keep working with you. And for our teams, we are proud of our progress. We are appreciative of everything you are doing. But we also know we have a lot of opportunities to improve, and we are going to focus on that every day. So thanks for the time today, everyone.