



# **GE Vernova 2025 Investor Update**

Tuesday, 9<sup>th</sup> December 2025

## Introduction

Michael Lapides

*Vice President of Investor Relations, GE Vernova*

Hello, everyone. Welcome to GE Vernova's Investor Update event. Great for our team to be back in front of all of you again. Good to see so many people here. Good to see or know that there are so many watching online. Before we start, a reminder, our materials and our non-GAAP reconciliations are posted on our website. Also, unless otherwise noted, our outlooks being presented today exclude the impact of the recently announced acquisition of Prolec GE, and all year over year commentary or variances on orders, revenue, adjusted EBITDA and margins are all on an organic basis. Note that some statements we make today are forward looking and are based on our best view of how we see our businesses today. And as disclosed in our SEC filings and on our website, those elements can change, and we are not obligated to update them.

Today you'll hear from Scott and Ken, our CEO and CFO, as they provide outlooks on our multi-year forecast and the key longer-term drivers beyond 2028. Then we'll do a Q&A session. For those of you who are here on site here in New York, we invite you to join Scott, Ken and the rest of our leadership team for cocktails afterwards. At GE Vernova we begin every meeting with a safety moment. I'll keep this one a little bit brief. Keep it a little easy. Exit signs. Left hand side. Right hand side. Just make yourself aware of them in case needed. And we'll have staff outside of the doors here to be of support in case needed as well. With that, I'd like to hand it over to Scott, our CEO.

**Operator:** Please welcome to the stage Chief Executive Officer, Scott Strazik.

## Overview & Strategy

Scott Strazik

*Chief Executive Officer, GE Vernova*

Everyone, thank you for being here today, both in the room and online. We have our entire leadership team with us here today. We also have a lot of the finance leadership team with us here today. And we really value these interactions, but we learn from our interactions with our investors. We also think it's really important right now and a very dynamic environment and elite in an industry in which we're leading to keep you close to our views on the business and the industry and our financial outlook. So we look forward to the discussion and we appreciate you giving us the time today.

### **Electric power ... a key to unlocking economic growth**

And as we go to the first page, there's really three themes. Our opportunity to grow this business, electrifying the world, is accelerating. It's accelerating because of AI. But there's a lot of other dynamics at play. The reindustrialization of the US economy, industrial growth and many other parts of the world, the electrification of buildings and ultimately over time the electrification of transportation are all driving accelerated growth today. Now, we haven't seen demand at this level and this scale in decades. And because of that, the second real theme is this is going to take time.

Infrastructure at this scale is not easy and is going to take time for permits to play out, for construction companies to build things, for fuel to be available, whether it be gas for power plants. Our long lead equipment, this is a larger market for a longer period of time. Theme three, GE Vernova as a platform of solutions is well equipped to serve this market and the varied applications that are at play today. If we just think about that for a second, the high voltage fluctuations of AI factories on one end of the spectrum. The need to reinforce and provide more resilience to grids in the world that have gotten to too high a renewables penetration rate without the right reinforcements. Our traditional customers adding more capacity today as reserve margins come down or have a need to modernize the grid.

In all cases, Vernova is well positioned to serve because we have the largest installed base, over 50% of the electrons every day in this country, a third of the electrons in the world if you exclude China. Think about power generation for a second. We are a company that can provide the bridge power today. Heavy duty gas turbines at the end of the decade. We're having very strategic conversations right now on SMR and carbon capture into the next decade, with Wind as an option for customers where that makes sense. Similar theme with Electrification, strong and high voltage, growing in medium voltage. Prolec will give us more of the low voltage with great complements with grid reliability, grid resilience solutions and a great grid software business. So again, accelerating market, larger for longer, with GE Vernova very well positioned to lead going forward.

### **Entering a supercycle of significant growth**

I wanted to have one page just to contextualize the expanding profit pool we're playing in, because we spend a lot of time talking about electric power. But practically speaking, the world spends over \$1.5 trillion a year on energy in totality, but only 20% of that energy is coming from electric power today. Over time, the world number one needs more energy to prosper. And based on almost all projections, the proportion of that energy that's going to come from electric power is only going to grow and likely grow substantially. We see the early signs of that happening.

You see that with utilities having larger CapEx budgets today than traditional oil and gas companies. You see that with hyperscalers contracting direct with us to provide the solutions for their applications. You see that with governments that are leaning in more strategically to the electric power system, for new capacity, for resilience, and for incremental electrons to protect for national security. This is an expanding profit pool in which GE Vernova is well positioned to grow and grow with expanded margins.

### **Strong 4Q'25 progress**

One page on the fourth quarter, but a page I'm going to spend a little bit of time on because this was a critical or is a critical quarter for us, really reaffirming the growth acceleration that we're seeing in the business.

We start in the left-hand side with Gas Power. Quarter to date, we have secured 18GW of new Gas contracts. So to contextualize that, first quarter, we did 8GW. Second quarter was nine, third quarter 12. We've done 18 quarter to date. And by the end of the quarter, we'll land somewhere in the low 20s. When you add that all up sitting here today, we'll end the year with approximately 80GW of new contracts on order, with about half in backlog and about half in slot reservation agreements.

From a fulfillment perspective, we are on track to get to a run rate of 20GW annualized by the third quarter of 2026. And as we continue to partner with our customers, linked with the 80GW that will be on contract by the end of the year, we are working very hard today to get incremental production out of our two existing Gas facilities. Path to do that, 2GW out of Belfort, France. These are with older industrial gas turbines, primarily 70 gas turbines that are 90MW a piece. These are higher heat rates. So less efficient, but very reliable. We've made more than 1,000 of these gas turbines. Very good bridge power solution with no P&E attached. Leveraging, existing. No CapEx attached. Existing capacity we have in France that we're getting a very positive response from customers on. And then 2GW from Greenville, South Carolina, where we are investing a lot of money. We've talked about the fact we have 200 new machines that are getting installed in Greenville, South Carolina this year. By the end of next year, it'll be an incremental 200 machines that will be installed in Greenville.

And as we get to the end of the year with our lean muscle, and also with a new labor contract, we have with our production workers today, in which our production workers are gaining very healthy raises. What we're gaining is an ability to schedule normal shifts on Saturday and Sunday. We have more confidence that we can get more output out of ultimately, those 400 collective machines, approximately, that are being installed largely in Greenville, South Carolina over the course of this year or next year. So you put all that together, and we're going to end the year with about 80GW on contract, on track with production, with an ability to grow in a very capital efficient way. And our commercial teams will have approximately 10GW of supply still available for 2029 deliveries going into next year, in which we sit here today and would expect to be largely sold out of deliveries in 2030 by the end of 2026.

That's Gas, but it's by no means the only encouraging dynamic that we're leading through right now. Small modular reactors. We've been very pleased, very appreciative, frankly inspired with the work with the US government right now on recreating a nuclear industry in the US. We signed an MoU for up to \$100 billion of SMR industrialization in the US earlier in the quarter, when the government and ourselves were in Japan. We've got a lot of work still to do. We're working our way through site selections right now, terms and conditions, but are gaining exponential confidence that in 2026 we can translate what today are MOUs into agreements that are going to accelerate the reindustrialization of nuclear in the US. We're very excited about this and appreciative of the administration and working very hard to serve them every day in this regard.

We've had a great quarter in Electrification. It will be our largest quarter by a reasonable margin of orders coming directly from the hyperscalers to us and our Electrification business. But it's not just hyperscalers. We've signed our sixth HVDC contract with TenneT in Germany, exact same scope as the first five, 2GW bipole solution, allowing us to execute with exponential confidence and come down the variable cost curve. It's not just HVDC. We've signed a grid resilience reliability solution contracts in Australia, in Saudi. And we've signed a very large contract in Iraq in the fourth quarter. So just strong global demand across our Electrification businesses.

And then Wind, this will be our largest quarter from an orders perspective in the year. It will be larger orders in the fourth quarter of 2025 than 2024, but still soft on a relative basis for where we want to be. But just to kind of give an illustration of what's happening in Wind today, we have over 30GW of installed base that's eligible for repowering between now and the end of the

decade. Our customers, through start of physical work, have made the investments to protect for at least 10GW of that 30 to be repowered with investments with us or others, but aren't you putting in the orders because there continues to be too much tariff uncertainty to drive the economics, but it's an anecdotal view on the activity that's happening, although the orders in totality, although better in the fourth quarter, are still soft relative to the potential of what it could be over time.

So very encouraged with our fourth quarter, a real affirmation of the growth that's coming.

### **Stronger financial trajectory ahead**

And then from here, our 2028 outlook. Left hand side, you can see the numbers on the page. We project at least \$52 billion of revenue by 2028, 20% EBITDA margins, with both Power and Electrification at 22%, Wind at 6%, and we will generate cumulatively \$22 billion of free cash flow 2025 to 2028. And that's after investing \$10 billion in that period of time in P&E and R&D. Now, very consistent with the financial outlooks we provided in both March and December of 2024, we view this to be a very grounded financial case, still positioning our businesses with the opportunity to outperform.

And what I want to do next is walk through those key drivers and opportunities that we see

### **Opportunities to our outlook**

Starts with price. This is most pronounced in our Gas Power business, where our outlook is tied to the price in backlog today. Our slot reservation agreements, as an example, are at a higher price on average than our existing backlog as our slot reservation agreements convert to orders, that's a financial opportunity that will drive incremental margin. Lean, this is probably most pronounced in our Electrification business. Our Electrification business this year will grow mid 20%, directionally 25% this year. We've assumed in this financial framework that the Electrification business grows high teens 2025 to 2029. As we continue to have productive progress with lean and Electrification, that would be an opportunity.

Variable cost productivity. Consistent with prior outlooks, we do not include in our financial outlooks variable cost productivity that isn't being demonstrated today. We're managing our teams and setting the expectations with our teams and paying our teams to drive variable cost productivity, but we don't put it in our external financial outlook until it's proven. That's an opportunity for us. I talked a little bit about Wind. This outlook by 2028, in essence, has grounded the onshore wind North America market to approximately 4GW annually, with us having representative share we've held to over time. Five years ago, the US onshore wind market was mid to high teens, but this financial outlook assumes 4GW by 2028. A real opportunity. And as Michael framed at the beginning of the discussion, none of these numbers include the Prolec GE joint venture that we expect to close by the summer of 2026. Grounded financial case with a real opportunity for our teams to outperform.

### **Executing our capital allocation strategic principles**

A page on capital allocation. When you think about my role and a CEO's areas of focus, it certainly starts with culture and talent. Then it is about going to gemba in the operations and being deep in the details and then getting capital allocation right. And I'm very pleased with our capital allocation plays in 2025. It will always start with our organic investments, and over the last two years, we've invested about \$4 billion in CapEx and R&D to support the backlog

growth that you're seeing in this business today. In 2025, we've returned \$3.6 billion to our shareholders, about 90% of that to the stock buyback program. We've repurchased eight million shares year to date, a bit over eight million shares, and have acquired approximately two million shares in the fourth quarter alone. The board last week approved an increase in the stock buyback program from \$6 billion to \$10 billion, and also approved a doubling of the annualized dividend from \$1 to \$2.

Now, we aren't just spending money, top right-hand corner, we've created \$2.5 billion of capital by simplifying the organization with business dispositions with negligible financial impact. That's on deals that have closed and deals that have been announced and signed and will close by the beginning of next year. And we're pleased with the M&A activity we've done so far. The Woodward acquisition in Gas is going great. It's very illustrative of other deals we would like to do, small vertical integrations that give us more control over the supply chain and our core businesses. We're only going to do deals that make economic sense, but we're working hard on that and would like to get some more vertical integration deals done like a Woodward. And we're really excited about Prolec and what that represents for us. And I'm going to talk more about that later in the discussion.

### **Key themes**

So as I wrap this up front section, just key themes. This is an accelerating opportunity to grow this business. Our growth prospects are strengthening even further. Very happy with our fourth quarter. It's an affirmation of where this company is going. We've set a new financial outlook through 2028, but very consistent with our March and December financial outlooks. We view this to be a grounded financial case, providing our teams a real opportunity to outperform. Good start to capital allocation. But just that, a start with a lot more to follow. With that, I'm going to have Ken come up and walk through the financials please.

## **Financials & Outlook**

Ken Parks

*Chief Financial Officer, GE Vernova*

Thank you, Scott. It's great to be back here in this same room again this year to talk about our improving financial outlook. As Scott outlined, our momentum is accelerating. We're seeing increasing market demand and we're delivering even stronger execution utilizing lean. As a result, we're further expanding our backlog with growing profitability. That gives us confidence in our ability to deliver an even stronger, multi-year financial outlook compared to what we told you last year. We're doing all of this while we're executing on our capital allocation principles.

### **Our financial strategy**

I showed you this chart last year. Our financial strategy remains unchanged. It begins with disciplined top line growth, solid underwriting and pricing on equipment sales, and continued growth in services. This, combined with our lean culture and a relentless focus on cost out and productivity, is driving healthy margin expansion and strong and growing free cash flow generation. All of this enables us to maintain an investment grade balance sheet while funding and strategically allocating capital. Our strategy remains firmly in place and guides our decision making every single day.

**Building further momentum into 2026**

We're continuing to deliver better results each year with top line growth, margin expansion, stronger free cash flow generation. Right now, we're reaffirming our 2025 revenue and adjusted EBITDA margin guidance, and we're increasing our free cash flow guidance for 2025 from what was \$3 to \$3.5 billion to \$3.5 to \$4 billion. And that's primarily due to higher down payments on rising orders and slot reservations. We're also introducing our 2026 financial guidance, which builds on this strong performance in 2025. We expect revenue of between \$41 and \$42 billion, implying low double digit increase year over year, with growth in both services and equipment. Adjusted EBITDA margins expand to 11% to 13% as we deliver our growing backlog with favorable pricing plus improved operational execution.

Finally, free cash flow grows to \$4.5 to \$5 billion, largely driven by stronger adjusted EBITDA, net of tax, positive working capital with higher progress collections, and then partially offset by increased CapEx to support growth and innovation.

**Continued margin expansion in 2026**

The key levers of our EBITDA growth and margin expansion remain in our control. Positive price more than offsets inflation. While we benefit from volume as we deliver our growing backlog at better margins. We also expect meaningful productivity benefits from continuing lean activities, as well as significant progress in achieving our G&A cost reduction targets. These levers will drive solid margin expansion even as we continue to make important investments in R&D and expenses to support increased production.

**Segment financial performance**

Now, taking a look at the segments. Power's growth and margin expansion is led by Gas Power, as we achieve 20GW of annualized gas turbine output by middle 2026, along with continued services strength and higher productivity, positive price, increased volume leverage, and productivity will more than offset inflationary impacts and the additional expenses for AI, automation and increased production. Electrification remains our fastest growing segment in 2026 and will continue to expand margins as they deliver their more profitable backlog. We expect Wind revenue to decline, but we expect EBITDA losses to be similar in 2026, as they are in 2025.

In Onshore Wind, we expect lower profitability year over year at mid-single digit margins due to decreased equipment revenues, given the softness in orders, that will be partially offset by improved Onshore services profitability. And then in Offshore Wind, we expect to deliver higher revenue in 2026 with slightly less EBITDA losses as we continue driving productivity in that portion of the business.

**Further expanding our robust equipment backlog**

We've seen our equipment backlog almost double since the end of 2022, as rising electricity demand is driving a need for more of our equipment. As a result, we've grown a stronger equipment backlog with disciplined underwriting based on current costs. And as Scott mentioned, limited variable cost productivity where we have a path for it, prioritizing profitable growth. Pricing remains positive driven by the value we're bringing to our customers as well as continued strong demand.

We've also almost doubled the Power equipment backlog since the end of 2022. So far this year through the third quarter, we've booked approximately 20GW of gas turbine orders and expect our Power equipment backlog to grow even further as we finish this year. We're seeing a growing demand, particularly in North America and the Middle East, for our heavy-duty gas units that will provide reliable and highly efficient baseload generation. We're also seeing growing demand for our aeroderivative and smaller gas units to serve as bridge power supporting data center needs.

Now, in Electrification, the equipment backlog there has grown by more than four times since the end of 2022, and it's now at approximately \$26 billion, with significant orders in Europe to integrate renewables and transmit electricity efficiently. But we're also seeing rising orders in North America, the Middle East and Asia for products such as switchgear, transformers, synchronous condensers that will modernize the grid and support increasing electricity needs. Overall, the stronger equipment backlog will deliver multiple years of growth along with margin expansion.

### **Meeting demand with disciplined capacity increases**

As the demand increases for equipment and services, we are increasing our capacity. As we do this, we're taking a disciplined approach to further embed lean across our manufacturing lines, optimizing factory floor layout as well as reducing cycle times. We've also been adding and training additional skilled labor and increasing shifts in our factories where we're expanding capacity. Compared to last year's outlook, we're also investing an incremental \$1 billion in CapEx between 2025 and 2028 at attractive returns.

### **Significant productivity opportunities**

Reducing our cost structure continues to be a key building block in our EBITDA margin expansion roadmap. We began executing our G&A cost out initiatives in early 2024, and we're making solid progress there. We're accelerating our transformation, and we're on track to achieve our \$600 million cost reduction target as we implement more efficient organizational designs with process improvements. In 2026, we'll realize a substantial portion of the benefits from the approximately \$250 million restructuring program that we launched earlier this year, and a portion of that will go to reduce G&A. We expect to become even more efficient going forward as we increase the use of AI in how we do work.

Now, in addition, we're also working to drive more variable cost productivity, leveraging our scale while implementing lean and deploying more robotics, automation technology, and AI. Our sourcing team is making good progress leveraging our scale to deliver productivity. For example, you see, the team has already worked on about \$1 billion of our direct spend by negotiating as one GE Vernova. In doing so, we reduce the average cost of this spend by 13%. With those savings to be realized in 2026 and 2027. These highlight one of the many ways that we have to continue to expand our margins further going forward.

### **Offshore Wind execution**

Let me touch upon where we are with our Offshore Wind progress. We're proud of the work the team is doing. We're driving productivity in the factory and out in the field as we incorporate our learnings from our first peak installation season, which was this last summer. We expect to be materially complete with both the Vineyard Wind Project and Dogger Bank A project by the



end of this year, and the remaining portion of the Dogger Bank project in 2026 and 2027. As we reduce the existing Offshore backlog, we expect EBITDA losses to improve.

### **Strong and growing annual FCF**

Now I'll focus on free cash flow for a minute. On the left, you can see that we have continued to improve our free cash flow linearity in 2025. On the right, as I mentioned earlier, we're raising our cumulative free cash flow by 2028 from \$14 billion to at least \$22 billion, primarily from the result of \$6 billion of higher adjusted EBITDA, net of tax. We're also expecting progress collections to continue to be a cash source given the robust demand environment we're operating in. And then to support growth and innovation, we're taking a piece of that, and we're investing in CapEx, an additional \$1 billion in that time period. We're generating higher free cash flow with better linearity, and all of this makes it much easier for us to be flexible with our deployment of capital.

### **Executing disciplined capital allocation strategy**

We're executing well on that disciplined capital allocation strategy that we framed back last year, in December of 2024, and we remain committed to maintaining our investment grade balance sheet. With the increased free cash flow outlook, we now expect total cash sources to be at least \$30 billion from the date of the spend. So far this year, we've already returned over \$3 billion of capital to shareholders through share repurchases and dividends, and we remain committed to returning at least one third of our cash generation to shareholders over time. Given our strong cash position and strong growth trajectory, we've doubled our annual dividend to \$2 a share and increased the buyback authorization to \$10 billion. We expect to grow the dividend over time as our earnings grow, and we expect to opportunistically continue repurchasing our shares.

After considering the cash we need to run the business, we now expect at least \$16 billion of capital to deploy, even after investing organically in our business. This is \$6 billion of incremental capital compared to what we showed you at last year's event. We expect to use a portion of this available cash to fund the Prolec GE acquisition, which isn't included in this cash walk. We plan to fund that \$5.3 billion acquisition with an equal mix of debt and cash on hand, and going forward, we'll continue to evaluate inorganic opportunities to gain scale, vertically integrate our supply chain, and accelerate R&D. At the same time, we'll also assess additional shareholder returns as well as organic investments. Our strong net cash balance sheet and free cash flow enable us to deliver on our capital allocation priorities.

### **Updated financial outlook by 2028**

Based upon all this, we now expect to deliver an even stronger set of results by 2028. And that's built on encouraging sector fundamentals, but also on solid operational execution. We're increasing our revenue outlook from high single digit to low double-digit growth on incremental strength in both equipment and services, all while maintaining disciplined underwriting. We're also increasing our outlook for EBITDA margins by 600 basis points to 20%, driven by increased price and volume leverage, particularly in Power and Electrification, along with additional productivity from lean. The higher EBITDA, combined with higher down payments on rising orders and slot reservations in addition to better working capital velocity, will drive at least \$22 billion of cumulative free cash flow with 100% conversion over time. The attractive market, combined with solid execution through lean, will result in significant profit and free cash flow

growth for Vernova. We're excited to lead the industry, and we're excited to drive significant value creation for our shareholders. Now with that, let me turn it back to Scott.

## **Beyond 2028 & Wrap-up**

Scott Strazik

*Chief Executive Officer, GE Vernova*

Ken, thank you. Thank you for the partnership. Thank you for everything you're doing for GE Vernova every day. I appreciate it.

### **Accelerating value creation beyond 2028**

Everybody, I wanted to just frame this left-hand side is really everything we've talked about so far from a financial perspective; \$52 billion of revenue by 2028, 20% EBITDA margins, the \$22 billion of free cash flow cumulatively. And we'll keep taking down our share count every year. Fine. We needed to provide a new financial outlook to continue to drive productive conversations with you. But that's a start. That's not why I get up in the morning and have a kick in my step. That's not what our team's ambition is. Our ambition is much greater than our 2028 financials, and I just wanted to start to spend a few minutes with you today in this third section on where this company is going into the 2030s.

You start with the backlog. We have \$135 billion backlog today that will grow to at least \$200 billion by 2028. You can then extrapolate that out for how much more growth there is in this business into the 2030s. Our Electrification backlog will go from \$30 billion to \$60 billion between now and 2028. That will drive its growth into the next decade. Our Gas services business will have its baseload power installed base go from 200GW to 400GW over the next ten years. That creates an incredible financial annuity stream for us for a very long time. And while those core elements of our business demonstrate substantial strength, we are investing in businesses that are negligible impact, if not negative, with the R&D dynamics this decade. We have a lot of conviction in the value they're going to create in the subsequent decade, whether that be SMRs, whether that be Grid Software, whether it be a number of exponential technologies we're going to talk about today.

So we're pleased with our start. We're focused on delivering this financial outlook between now and 2028. But we're playing a much bigger game here.

### **Our total backlog will fuel profitable growth beyond 2028**

On the backlog just to walk through it a little bit more, \$135 to \$200 billion. As I said, that includes Electrification backlog doubling by 2028. It also will have our Gas equipment backlog doubling between now and 2028. But the Gas services backlog in nominal dollars will grow by an even larger amount than the equipment backlog in this period of time. This has our Wind backlog shrinking between now and 2028 on the orders outlook that we framed up, and again, by 2028, the assumption is 4GW a year annually in the US. That's an opportunity that if we see an orders inflection, could take these projections higher. And we have not included anything in the \$200 billion for our SMR book. But that represents a real opportunity from here.

### **Electrification backlog projected to double**

This is an important page because our Electrification business is growing substantially. And as we're framing it up here is how we're going to financially start to represent our Electrification business to you in 2026 and beyond. So you take that \$30 billion backlog right now, the largest piece of the backlog is our Grid Systems Integration business. This is our Europe HVDC projects we've secured. This is the complex solutions we're provided in the data centers today. That's about \$15 billion of the \$30 billion backlog today in Grid Systems Integration.

The second largest business we have inside Electrification is our Power Transmission business. That's transformers, switchgears, circuit breakers. Today, that represents about \$8 billion of the \$30 billion of backlog. But then when we close the Prolec acquisition by the middle of next year, the size of the Power Transmission backlog becomes approaching the level of Grid Systems Integration as our second largest business inside Electrification. Power Conversion and Storage, \$5 billion backlog of the \$30. This is where we've been adding orders over the course of this year with grid reliability and grid resilience solutions in Australia, in Saudi Arabia, as an example, where we see substantial opportunity to continue to grow this business.

And then finally, our two smallest businesses Grid Automation and Grid Software. Grid Automation, that does a lot of sensing and inspection on existing equipment. Grid Software to complement that, these two businesses together drive a lot of the grid intelligence that the world needs to optimize the existing grid system. These are our four go forward business segments or sub businesses within Electrification on how we will financially report them. And I just have to tell you again, with every 90 days, I have that much more confidence and conviction on what we're creating with our Electrification business.

### **Prolec GE update ... incremental to financial outlook**

One page on Prolec. Left hand side, same financials we shared on October 22nd. Right hand side, just to reinforce, it's been 45 days since we signed the deal approximately. I have even more confidence today in the ability for us to grow this business and the synergy with end customers merging these businesses together. I spent time in our four largest factories that we're acquiring and have even more confidence today that as we apply our GE Vernova lean playbook to these factories, the operational productivity will be substantial. And just as importantly, I just like the cultural fit and the people, and I'm really looking forward to having them inside Vernova by next summer and making these businesses everything they can be.

### **A valuable asset ... the Power services annuity stream**

An important page on the Power services installed base and revenue path forward. If you think about the Power segment today, about \$12 of the \$19 billion in revenue this year is in Gas and Steam services. That number by 2035, that \$12 billion will be at least \$22 billion. So you just pause for a second. The entire business segment's \$19 billion of revenue today, \$12 in Gas and Steam services, the rest equipment revenue, Hydro, Nuclear. And we see a clear pathway to this revenue stream of \$12 billion to be at least \$22 billion ten years from now. Why? Because the base load installed base is doubling. These are machines that run a lot and have very healthy services annuity streams attached to it. That's most clearly driven in our HA revenue. In our financials today, we have a little bit more than \$1 billion of HA services revenue in today's business. By 2035, that'll be \$4 billion annually as we grow our HA product line.

We have very strong escalation protections in our long-term service contracts that every year drive price and are continuing to get very strong orders price index benefit in our services

business. That will drive revenue growth throughout this period of time. We continue to see very healthy upgrades into our Gas installed base. We've talked in the past that we project that to grow at least 50%, and likely will be higher late in the decade, as customers work to get every amount of output and performance they can out of the existing installed base, and we continue to see very strong demand for upgrades in Steam and aeroderivatives and our controls business that all just contribute to an incredible asset that creates substantial value in a very smart economic way, where installed bases are already built, but also is an incredible asset for our owners.

### **Making progress on building an SMR business**

Page on SMR. Picture on the left, this is our Darlington project in Ontario. We started construction in the spring. That is where we are right now. This plant is getting built. We are on schedule. We are on budget. We are making substantial progress. I talked earlier about how motivated and inspired we are with the US administration's focus to build a nuclear industry in the US and are highly confident we're going to make substantial progress with them in the months that follow. But it's not just with the US government. We're making substantial progress with the NRC today on getting approval to construct the first site in the US. TVA last week received a \$400 million grant from the Department of Energy to advance their Clinch River project. And we have real commercial momentum in Europe, in Finland, in Sweden, in Poland. The SMR solution is going to be a very compelling alternative in Europe, and I gain more and more confidence and conviction into the next decade this is going to be a valuable part of our business.

### **Investing for long-term value**

Now, long term investments we're making are more diversified than that. On the left hand side, I spent a lot of time talking about our horizontal investments across the company. That's both AI and robotics from an AI perspective. We're seeing real productivity gains. Part of how we're driving the growth in Gas that's both on new units and in upgrades, and doing it in an efficient way is with AI. We're getting a lot of volume growth, very modest growth on our engineering resources, because of the investments we're making here, and we're doing a lot more in 2026 that's embedded in our financial guide.

Robotics. We have eight lighthouse projects that we're executing on in 2026, primarily in Power Transmission and Gas and parts of our factories that are the most advanced with lean that as we execute on those projects in 2026, we project extrapolating across the analogous supply chain throughout the company. Real opportunity for us to drive variable cost productivity. Now we're also investing in new products that can create new businesses for us. Carbon capture is a good example. We have a running direct air capture facility in Niskayuna, New York today. We've been contracted to build a 1,500-ton direct air capture facility outside of Calgary in Canada that will be built in 2026. And we have a high degree of confidence that with this carbon capture technology, in the end, we can apply this to gas turbines and are having active discussions with a number of customers that can come into play in the 2030s.

Fuel cells. We have a dedicated facility in Malta, New York and are getting more and more confidence and conviction with our thermal spray technology relative to what most of the industry uses today, which is more ceramic processing, that we can manufacture fuel cells in a very cost competitive way at a larger physical scale. And that this is another example of a

business that we have, or a product that we have today, that we see a very clear right to win in. Now we're 12 to 24 months away from commercializing this product. Add another, make it 24 to 36 months away from industrializing. But it's something we're really ambitious about today.

Solid state transformers. We've talked in different settings about the fact that we're making investments and have co-investment programs right now with hyperscalers. This is an example with our solid state transformer that we have a R&D sharing arrangement with one of the hyperscalers to develop in 2026, and if we can meet spec through the R&D, a commitment from them to buy 1,000 solid state transformers from us in 2027 and beyond. We have a lot of confidence and conviction in what this business can be. So you take these products, and this stuff is hard, but we have the technical expertise, and almost as importantly, we know how to build these products at scale and industrialize these products at scale in a world in which the economics are going to play a meaningful role. And we're really excited about all these investments.

### **A company we're proud to lead**

Page on culture. Every day I have so much gratitude and pride in the teams that I'm able to represent. And if I just spend a minute on this page, top left-hand corner, it's a little bit hard to see. But that's a picture in February when we were in Saudi with our female engineers, with members of the royal family. These women are changing our company while simultaneously changing their country. Hard to go back to the hotel room at the end of the day and not be pretty pumped up with what we're doing in Saudi today.

Bottom left-hand corner. Our launch MIT event and our alliance this fall. We're working hard to make Vernova a very attractive platform for young kids to come in and start their career excited about what the world can look like with further electrification. We've got a number of research projects that we're working with them on today and are hiring a substantial number of these kids walking distance from our headquarters in Cambridge. This was a priority for me. To become the company I want us to become, we need early career young talent that are swarming our offices, and we're gaining real traction on the MIT campus.

Top right-hand corner. I went down to a family day at our Greenville, South Carolina factory in November. We had 6,500 people at a family day on a Saturday. Our production workers, our salaried employees bringing their kids, bringing their grandparents, to show them what we're doing and what we're building. When I went home on that Saturday night, I had that much more confidence and that much more conviction that that factory in Greenville, South Carolina is as important as any factory in this country when it comes to US competitiveness and the reindustrialization of this economy. And that team is going to perform.

And then the last week, at the end of the summer, to give a little bit of context, my marketing team laid out a plan for the rest of the year, and I asked them to do one more thing this year that no other company had done before, but to do it in a very entrepreneurial way, i.e. not much of a budget. They came up with what we executed on, our giving campaign in the last week. On December 2nd, on National Giving Day, we launched a toy drive with Toys for Tots, asked our team to break or set a Guinness Book World Record, and over the course of 24 hours with our team, donated over 23,000 toys.

As I was watching our team interact that day, because every hour or every 90 minutes we were kind of providing an update on how far along we were on the journey towards breaking the record. I just could step back and see that the company we're building and the team chemistry that's coming together, our chance to do something great is substantial. The picture you see on the page was us taking over Rockefeller Center yesterday with an innovator's toy land with our scientists trying to inspire high school kids and many kids throughout New York to be excited about this industry.

So I get this is a financial update. We've gone through all the numbers. Why the pictures and the stories? Because this is a critical enabler towards us meeting our potential into the 2030s. And if I compare where we are as an organization today relative to our first Investor Day in March of 2024, our second in December 2024, we're making a lot of progress in this regard, and it's a critical enabler for the company we're going to become.

### **Wrap-up**

So to wrap, new financial outlook between now and 2028, grounded case providing an opportunity for our teams to outperform. But we're not playing for 2028. We are running this company. I am running this company with a high level of confidence, with humility on what we can become. And it is a much larger, much more profitable company of the 2030s. We are building a platform to serve this accelerating growth market of solutions that varies across the spectrum to high electro intensive AI factories, to very complex projects in parts of the world that need substantial infrastructure build for their grid to work.

Attached to all this is the culture. We need to stay humble and to stay hungry. Servant leadership approach with our teams, with our customers, with our government, with an eye towards reaching our potential. And as we do all these things, I love our chances for what's going to come in the 2030s and beyond. So with that, I'm going to wrap this part of the presentation. I'm going to ask Ken and Michael to come up if they would, and we'll jump into some Q&A, please.

### **Q&A**

**Michael Lapedes:** Hands are up already. I didn't even get to start and set the ground rules or the requirements. Okay. Real quick. First of all, obviously raise your hands. And my colleagues, whether it's Stacy, Jacqueline, Logan will come around with the mic. Please wait till they get to you with the mic. Not only for the folks in the room to hear you, but also all the folks who are on the webcast. Second, if you don't mind, just one question. Obviously, you could go on and on. Save that. We have plenty of time to get to you afterwards. And then third, let's go. So with that, let's go with Nicole right here in the middle. And oh, please introduce yourself. Name and firm.

**Nicole DeBlase (Deutsche Bank):** Yeah. Nicole DeBlase from Deutsche Bank. Thanks for the new information about the service story into the 2030s. That was something that I was excited to hear today. Can we talk a little bit about if that also creates potential for further margin expansion? And we have all this historical wisdom that the service business was always very margin accretive. But obviously, equipment margins are also expanding a lot too. So I guess what does that mean for margins as we move into the 2030s? Thank you.

**Ken Parks:** Yeah. Maybe I'll start. Scott, you can add. As we look at this, we've been talking since we first started talking with you in March of 2024 and getting ready for the spin. With everything that we're doing within the service business, we see the opportunity for Power margins, so we called it the segment margins, to expand by 50 to 100 basis points a year, just based upon the productivity that we're seeing within the service portfolio. Because you roll back the clock at that point in time, and that was a little before what we've seen with the equipment take off where it was. So use that as a baseline.

The answer there to your question then from that is yes, we continue to see that opportunity. In fact, with the page that Scott showed you, with all the things on the right, today we have 125 or so H-class turbines running. As we get more of those running, and we had a number on the page that shows how far we get on that, we'll get productivity on that service that will bring incremental margins. The bigger the installed base, the more these turbines run at base load generation, the more they're going to throw off service streams. And then just layer on top of that the fact that through this period, as we price new units higher than what's also happening, is you get a carry-on impact in the service portfolio or the service contract that's going to follow that unit that you're going to see incremental pricing.

**Scott Strazik:** I'd just reinforce that the margin expansion we're seeing on the equipment side, we will also see in our services book, but there's more of a lag, right, because you deliver equipment in Gas between now and 2030. You don't get to your first major outage until four or five years after that. But the margin expansion that we see in our services book is analogous to what we're experiencing in equipment. So by default, with that services growth, it will be an enabler of incremental margin expansion. It's also very tied to the investments we're making in things like AI and robotics, where we see real opportunities to drive productivity in the field in very material ways in the next decade. That is another leg of the story.

**Michael Lapidès:** Got it. Let's just come right here to Mark Strouse.

**Mark Strouse (J.P. Morgan):** Great. Thank you, guys, very much. Very helpful presentation. Sorry if I missed it. The incremental four gigs that you're talking about, is that all within heavy duty? Can you break that down a bit? And then can you talk about the opportunity that still exists to add additional shifts to kind of eke out incremental capacity? And maybe kind of a bigger picture, can you talk about lean? I know you put it in baseball terms. It's probably never game over, but how to think about kind of what inning that you're in, Scott, under your tenure where we're at.

**Scott Strazik:** So Mark, 2GW is coming from France and those are older 70 technology, higher heat rate, less efficient, but very reliable. Often gas turbines that have used historically in industrial applications that in today's world are very attractive for bridge power more than anything. Some may run baseload indefinitely, but the heat rate is admittedly higher. Okay, the other 2GW is really of the directionally 400 machines we will have installed by the end of next year. It's getting a little bit more out of those machines. Okay.

Now there's a lag factor between installing them by the end of the next year and getting more output more because of the supply that we need that feeds those machines, which is why we don't see 24GW until 2028, even though most of the machines are installed by, of the 400, are installed by the end of 2026. I don't know if there's necessarily a lot more let's call it shift leverage per se. That was lower hanging fruit when we signed our new production contract with

our production workers in the beginning of the fourth quarter. But most definitely, we still see substantial opportunities in lean. So from a baseball analogy perspective in Gas, third inning of a nine-inning game.

**Ken Parks:** But maybe just one thing to add to that, because I think that covers all of the Gas bases to your question. Think about the shift and the lean opportunity in our Electrification segment. That's a business that for many years wasn't that profitable, didn't have that much volume growth that's happening. So as we've talked about the investments that we're making in Charleroi, PA, to expand the capacity in that facility, a lot of that is being driven by adding shifts, relaying the floor out. That's lean stuff. So Gas, we've gotten a lot of those along the way. We still, I point that out because the business and where we see the backlog going on the Electrification side, we have a lot of opportunity to leverage shifts and lean in that business as well.

**Michael Lapedes:** Let's go to the other side of the room over there, Joe.

**Joe Ritchie (Goldman Sachs):** So way to pack a punch in a short period of time, Joe Ritchie, Goldman Sachs, I want to go back to the first question that was asked around services. So just can you just level set, Scott. So today, you've got \$12 billion in your backlog?

**Scott Strazik:** Yep.

**Joe Ritchie (Goldman Sachs):** What's the margin in that today or in your revenues? I'm sorry, \$12 billion in revenues today. What's the margin today? And then \$22 billion by 2035. I mean, we'll be well into the 2030s. The pricing that you're getting on your contracts today, you'll start to see, what are we - what's the kind of dream on 2035 margins?

**Scott Strazik:** Well, I think the way we always talk about it, Joe, is that almost all of our profit and our power business today is in that \$12 billion, because the rest there's negligible margins still today, whether that be Nuclear, Hydro or the Gas equipment that really we don't start to yield profitability in equipment in any material way until the third quarter of next year, which is the beginning of call it the higher priced orders starting to fulfill. So it's all the profitability in the business today. But going back to the discussion we had earlier, for all the variables you're talking about, we see there to be substantial margin opportunity that follows. But the 2035 in many regards is more the beginning of that in margin than the end.

Because again, you think about orders we're taking today, we're shipping in 2029 or 2030. You'll like the equipment margins. We won't get to the first outage on the stuff that we're taking as equipment orders today until about 2035. So by no means are we saying that's like a plateau on the revenue growth or the profitability, but it was a logical time that in essence, most of the stuff that we have on equipment order today will be starting to contribute to services revenue, which is why that 2035 milestone felt like a good representation of the art of the possible, with a lot that will follow from there.

**Michael Lapedes:** Let's stay on this side of the room and go with Andrew. So right up in the front row, please.

**Andrew Obin (Bank of America):** Andrew Obin, Bank of America. Just a question of Electrification. How should we think about capacity additions and Electrification? One of your competitors had a slide, they sort of indicated the capacity gap right now. They still think there will be capacity gap much narrower by the end of the decade. But then if you look at the



capacity additions in North America, like you literally have Chinese players putting in capacity in the US, you have Koreans coming in, you have Brazilians coming in. How does it all play out? What does your crystal ball tell you? Where are we in terms of capacity for you and the industry by 2030? Thank you.

**Scott Strazik:** Well, I would start by just framing that it is factual, that of the billion dollars of incremental CapEx that we're providing in this year's outlook versus where we were a year ago, the largest proportion of that is in Electrification. It isn't necessarily North America. There are investments globally to position us to win effectively. Andrew, the way we continue to look at this is really by going to the customers, talking about the demand projections they have, in many cases, signing framework agreements with them that aren't yet orders but that are roadmap for us to invest and for them to draw upon as they need incremental supply.

And when we've done that with, as an example, the US, to your question, with our largest utility customers in the grid space, the capacity we're investing to relative to the demand they're projecting with these framework agreements. There's still a gap between our investment level and that demand. Exactly how this plays out with Grid, I often am very open that it's a much more open playing field to project supply with grid equipment than, as an example, gas turbines.

So I think we need to be especially thoughtful whenever we're evaluating incremental capacity. But at the same time, think about it this way. We're kind of telling you a backlog that has doubled twice already since we spun, and we have high degree of confidence is going to double again between now and 2028. We see less than \$1 billion of incremental CapEx to support that. It's the largest piece of the billion of incremental CapEx. But that's a pretty attractive investment in return in securing that amount of growth.

**Ken Parks:** We also got a nice benefit lying ahead with the acquisition of Prolec GE as we think about transformer capacity, right. Because we were constrained in some ways as to markets that we could sell into based upon where the products were built and with their capacity expansions over the last couple of years, along with what we're doing, we're getting the opportunity to expand capacity through the acquisition itself. So a lot of these, a lot of opportunities to expand there.

**Michael Lapidès:** Let's come to the front of the room. So literally right in front of me. So Stacy, come to Moses please. And it'll take a second.

**Moses Sutton (BNP Paribas):** Thank you. Moses Sutton, BNP Paribas. Great presentation. I want to return again to the Gas service slide. That \$12 billion, doing a little bit of back in the envelope, if we thought of that \$12 billion on an inflation adjusted basis, just the \$12, just the base that existed -

**Scott Strazik:** Understood.

**Moses Sutton:** - before price, that would take you maybe to \$16 by 2035, just on the \$12. Then you add, you double the base. I know it's not all feeding in by 2035, but let's imagine the year that it is, whether that's 2038, 2040, whatever that looks like. That would sort of take the \$16 to north of \$30 in theory, depends on mix. And then there's price on top of that on that second half. So are we looking, someone mentioned dream the dream on this, but thinking

scale not margin, are we looking at a Gas service business that really keeps marching all the way toward well into the 30s billions range? Not even that \$22, longer term?

**Scott Strazik:** Well, what we would say is we very clearly see considering on the Gas equipment business, we are highly confident we'll be sold out of deliveries in 2030 by the end of next year, or largely sold out, and thinking about deliveries in 2030 that were already past the 2035 milestone will experience our first outage. It's clearly continuing to grow from there. As long as you believe the installed base is going to continue to grow as this order book continues to grow. Maybe not at the same percentage growth we've certainly experienced this year. We should expect a higher services revenue base in 2026 and 2027 and 2028. Because every year you see us continue to add to the equipment backlog, you got to add another four to five years before the services calories start to come through. So I don't think we're ready to kind of quantify that number per se. I view our role here is to continue to give you incremental financial floors and incremental financial foundations to build upon. And 2035 is a more extended financial foundation that. But it's a step forward to help you think about, with everything we do, a foundation to build upon. And that includes power services in 2035.

**Michael Lapedes:** Let's go over here to the far right in the front row. Logan, over here. And we'll go from there.

**Amit Mehrotra (UBS):** Thanks. UBS. I wanted to just segue into that in terms of floors. So when we think about Power margins of 22% in 2028, that's a great number. It looks like it implies sort of \$7 billion of EBITDA in Power by 2028. But if I were to just play devil's advocate, the implied incremental margin is like between 30% and 35%. And most of that bridge between now and 28 is pricing, which obviously comes with much higher incrementals. So is the 22% by 2028 a floor? Is that the right characteristic, characterization? And why is the incremental implied so low relative to what it could be, given all the price?

**Scott Strazik:** Well, I think as we framed up the five variables that can make it better, one of the things we're very clear on is we're not projecting any variable cost productivity beyond what's demonstrated today. Yet with this much volume growth that, on the equipment side, we have not experienced in decades, it's not unfair of you or me, of the teams to expect variable cost productivity that would change the incrementals on that volume. But we've set up a financial algorithm that we're comfortable with and how we talk with you on what is in and what the opportunities are.

I think we do a pretty good job being very overt on what we think can lead to it being better. And variable cost productivity is a big dynamic there. Now can there be some conservatism in our approach? Yes. But at the same time, we haven't experienced this much volume growth. And certainly, if we execute well from a safety and quality perspective, naturally in the Gas equipment side, we're going to experience variable cost productivity simply on the volume with a generally flat overhead base. That's all part of the opportunity to do better.

**Scott Strazik:** Yeah.

**Michael Lapedes:** Got it. Let's come right here, Stacy. Yes. Yep.

**Scott Strazik:** Hey, Andy.

**Andy Kaplowitz (Citigroup):** Hey, guys. Andy Kaplowitz, Citigroup. So, Scott, the pacing of orders in Q3 and Q4 for turbines, as you said, just kind of exploded. Obviously, it seems time

with the uptick we saw in hyperscaler CapEx. So maybe talk about how much of the uptick was driven by hyperscalers versus global demand. How that pans out going forward. And obviously, if you book a year's worth of work in a quarter, you would kind of have to more consistently you'd have to raise capacity even further. So like maybe talk about what's going to happen from here.

**Scott Strazik:** So it's a healthy mix of traditional customers, utilities, IPPs. We have wins in the fourth quarter in Vietnam and Mexico. But it is true that the 18GW in the quarter have a larger proportion of hyperscaler orders than what's in our backlog, which is only 10%. So we've talked about the fact that we project going forward that to be more like a third on the Gas side. And in the fourth quarter alone, it may even be a little bit larger than that, but not -it's not the only order book. I mean, we have mid-teens number of customers in that 18GW that really covers the spectrum.

Now, I think what we're trying to get to in a fourth quarter like we're having has helped us is more productive adult conversation saying, listen, we got to stop living kind of transaction to transaction with you, with us taking up price and you getting grumpy when there's nothing left. So can we please start having conversations on 2031 to 2035, what is a floor minimum that you need? And then let's contract for that. Now we haven't gotten one of those constructs done yet. So when we talk about being at 80GW by the end of the year, that's still in the context of what I would call many transactional orders. But we're having healthy conversations in this vein with the hyperscalers saying, if you know you need this and you're ready to go to that period of time, what's the floor number for 2031, 2032? And I would expect over the course of next year with at least two. We sign volume commitments in that duration of time of call it 2031 to 2035, which continues to let us plan and continues to let them plan. And then they can syndicate where it goes and who builds and operates it in the end.

And we're finally getting to the point where those conversations are converging. And that's what gives me so much confidence in this just being a larger market for a longer period of time, because no one's running away from that discussion. And I don't think they will get done by New Year's Eve. But I do think a few of those will get done next year that are contributions to our orders book, but only a sliver of it is the 30 deliveries that are left, because they're also getting more and more competent in understanding really how much can get built every year based on the other variables I framed up beyond our equipment supply. But they don't want to keep living this way, where every 90 days we're having a level of tension in a very dynamic environment, and we're trying to address that, and I think we'll make progress there next year.

**Michael Lapedes:** I think we have time for a few more questions. So let's come all the way up to the front row right in front of me with Marc.

**Marc Bianchi (TD Cowen):** Hey, Marc Bianchi with TD Cowen. I wanted to ask about sort of the bring your own capacity and bridge power that we're seeing evolve. There's companies with smaller sized gensets that are having a lot of success signing up work there. One of the largest players just announced doubling of their - more than doubling of their capacity to supply that market. You guys don't play in that size of a genset. But just curious how you view that in the competitive dynamic.

**Scott Strazik:** Well, I think we don't have a gas turbine or aeroderivative solution that's smaller than about 35MW. Okay. And then when you get to heavy duty, it's 60MW to 90MW is really as

small as they go. But that's an example where we talked about the 70 applications, which are 90MW, each one in simple cycle that we've got a very attractive response from the customers on, even though the heat rate is higher. When it comes to very small gensets, we don't really – I can't give you one example of a deal, as an example, we've lost to many small applications relative to what we're bidding, and I don't have any examples of active deals where it's us and that competition.

There are projects where our heavy-duty gas turbines are attached, that there are smaller reciprocating engines and otherwise, that are providing bridge power over a period of time. But I don't really cry in my beer over that because it's enabling the heavy duty to get done later, but enough power to bridge to that solution. And as we talked about with that Power Services page, yes, we're very happy with the equipment economics, and we'll share with you all at the January earnings call. Our change in margin and backlog in 2025. But the blade is still more lucrative than the razor in our Gas business over the long term, including on an NPV basis. And we'll get that services annuity stream. And if some of these smaller applications enable a few more projects to go forward, and we're on the back end of that with the heavy duty, we're going to go home at night and feel okay about those transactions.

**Michael Lapidès:** Got it. Right here, Logan, if you'll come up to Julian here in the front row, please.

**Julian Mitchell (Barclays):** Thanks a lot. Julian Mitchell at Barclays. Maybe my question would be around the Gas supply and demand kind of balance. So you have the doubling of the installed base of Gas capacity. Maybe help us understand the assumptions around kind of global electricity demand growth over that time and the role of Gas, if that's moving within that. And when you're looking at your ability to supply that, how are you sort of balancing the need not to lose market share with the sort of position of responsibility as the global number one to keep pricing in good shape?

**Scott Strazik:** Well, our share as a proportion of a much larger market this year is not going to be a lot higher than it has historically been from a heavy-duty perspective. That's true at a global basis when you start talking about we could have an 80GW global market. Now, our share in the US, which is from a legacy perspective been fairly high, will be even higher than historical. But there's a lot of business in other parts of the world with 50Hz applications that other OEMs are winning. And you can see that in the McCoy reporting.

A little bit of the dynamic that I want to draw on, though, when you talk about the capacity tug of war between equipment and services, is drawing on something that's pretty important, because when you go back to the services revenue going from \$12 to \$22 billion, that takes a lot of heavy-duty supply chain output to service the outages. So the point I'm just making is, as we've built out the business case for the investments we're making in Gas, we need a fair amount of these investments simply to support the base load growth, because our outage numbers are going to grow substantially in the middle of the next decade. And if this level of new unit demand sustains itself for a number of years, we will have a pinch point. And that pinch point we will have to address at a later date.

Do we see that to be something we are going to be taking on in the next 18 months? No, because we feel pretty good over the next 18 months from both our ability to meet the deals we want to win on the equipment side and the services growth we projected. But the truth of

it is with that services growth, and if we really do sustain an 80GW directional new unit market, that would stay at that level through to, let's say, the middle of the next decade, we would need to invest further in our supply chain to manage the two dynamics together of a lot more outages and continued demand. So said another way, just to repeat it, some of the new unit growth that we have underwritten this decade into early next decade, we've somewhat assumed gets consumed with services, outages and output by the middle of the decade. If this size market sustains itself, we will have to make further investments to meet those two dynamics together. But that would be a discussion 18 plus months from now.

**Ken Parks:** And if I think that point of depending on what we see with the new unit growth and that available capacity could start to shift a bit to support services. As we're looking at these investments, and you heard us say throughout the conversations, we're looking at favorable returns on all of this. That dynamic, even though we're getting favorable terms on these capacity investments today, would drive even better incrementals, to the question that was asked earlier, as services start to flow through. So we feel really good about the way the team is helping to look at the capacity and knowing kind of when we need it for because we are going to need it longer than that when the equipment shifts to services and that will create incrementals that are much more positive.

**Michael Lapides:** Let's do one last one. We'll come right here in front of me.

**David Arcaro (Morgan Stanley):** I was wondering if you could touch on the pricing backdrop for the turbine market. You've had a major inflection upward in bookings. I was wondering if you could touch on pricing level kind of incrementally versus previously in the year and where are things going? What's the reaction from the customer base looking forward at pricing of turbines.

**Scott Strazik:** So just taking a step back again and it gives a little bit of context over time. I mean, our first real pricing increase of substance was in May of 2024, and it took us until November of 2024 to realize that price. And that was significant. We then went through a level of price increases in December of last year, and have been incrementally raising price throughout this year. The price growth in the fourth quarter is substantially more than the price realized in the first three quarters, so price benefit continues to accelerate. Now, not all of that will be in our change in margin and backlog in the fourth quarter. In the January earnings call, that will show the fourth quarter backlog, because a lot of it will still be in slot reservation agreements on New Year's Eve. And what we show each January is just the firm backlog, not the slot reservation agreements.

And I think likely what we will be framing up to you in January is, number one, a very healthy change in margin and backlog in 2025, but we'll provide commentary directionally on where we project it to be in 2026. And in the case of Gas, because most of the orders next year are already slot reservation agreements by the end of the year, we see another year with substantial margin accretion in backlog based on what's already papered. And within the year, the fourth quarter is our strongest quarter of both new contract commitments, but also at higher pricing.

**Michael Lapides:** Before Scott bops me on the head, maybe I don't know, Scott, if you have any last closing comments you want to make. I know we're late. We've gone for an hour and a half almost.

**Scott Strazik:** I would wrap where we started. We appreciate you giving us this investment of time. We learn from these interactions. We are appreciative and proud of our teams and our customers and their belief in us. We are confident in the financials we framed up today and view them to be very grounded with an ability to outperform. But we also wanted to spend a healthy amount of time today talking about the company we're creating into the 2030s. View this to be the first of many conversations in that regard.

But in a long cycle business, with the investments we're making, there are a lot more conversations to come. Because when I look at this company and what we can create, the art of the possible is great. And if we get the culture right, I love our chances from here. So thank you all for the time. Thank you to my team. We will all be here and available for the next hour or so. So thanks again, everyone.