



GE VERNOVA

# **1Q 2025 Financial Results**

Wednesday, April 23, 2025

## Introduction

Michael Lapidès

*Vice President, Investor Relations, GE Vernova*

Thank you. Welcome to GE Vernova's First Quarter 2025 Earnings Call. I am joined today by our CEO, Scott Strazik, and CFO, Ken Parks.

### Safe Harbor

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 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 and 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 risk and uncertainties.

And with that, I will hand the call over to Scott. Thanks, Michael.

## Business Update

Scott Strazik

*CEO, GE Vernova*

### Creating a stronger company

Thanks, Michael. Good morning everyone. Welcome to our first quarter earnings call, our fifth as a standalone public company. At the start, I have to share with you that I am as confident and optimistic today as any day since our spin, that we are creating a stronger company at GE Vernova, one that will drive substantial value ahead.

Let us start with the markets. We continue to see very strong end-markets in power and electrification. Put simply, the world is entering an era of accelerated electrification driven by manufacturing growth, industrial electrification, EVs, and emerging data center needs, which is driving an unprecedented need for investment in reliable base load power, grid infrastructure, and decarbonization solutions. As supply chains become more decoupled, with more redundancy built into the global system to manage trade complexities, this manufacturing buildout creates incremental demand for additional electrons.

To put today's investment supercycle into perspective in terms of energy needs and decarbonization, the scale of load growth we are seeing in North America is the most significant since the post-World War II industrial build out, but unlike then, the growth is global. The most populous country in world, India, nearly 1.5 billion people, derives 80% of its electricity from coal. Saudi Arabia, which relies on heavy oil for nearly half of its power, has committed to a 50:50 mix of gas and renewables by 2030. These are just a few examples of the opportunities

ahead as we help customers deliver more reliable and affordable power to the markets they serve.

All this demand is driving growth, not only for new equipment, but also for services, as increased utilization of our install base creates opportunities for additional service revenues, including upgrades. Services represents over 60% of our backlog, at strong margins, and provide significant revenue and cash flow visibility for years to come. While our end markets remain strong, we are not immune to the complexity of play, given the current outline of tariffs and resulting inflation. We do expect our cost to go up \$300-400 million in 2025. We are moving at pace to mitigate these pressures with pricing actions, including use of existing contractual provisions, and the acceleration of our G&A cost structure transformation.

We continue to invest in our supply chain to strengthen the durability and resiliency of our operations. For example, in January, we announced our plans to invest \$600 million and add 1,500 new jobs in US manufacturing as part of our \$9 billion global commitment to R&D and CAPEX cumulatively through 2028. We remain confident in our financial trajectory from here and are reaffirming our 2025 financial guidance, inclusive of the \$300-400 million of tariffs and resulting inflation that we estimate as of today, net of our mitigating actions. In this dynamic environment, we will continue to act with urgency on further mitigation steps.

This is an opportunity for GE Vernova to differentiate itself as a great industrial company. Overall, we have a solid balance sheet with an \$8 billion cash balance, growing free cash flow and expanding backlog, which positions us to invest both in our business and in shareholder accretive actions. For example, in the first quarter, we sold an incremental 2% in our China XD investment and completed our acquisition of Woodward's gas turbine parts business to further vertically integrate our Gas Power supply chain. As we begin our second year as a public company, we are well positioned to meet the growing demand with disciplined execution.

### **Strong 1Q 2025 results**

Turning to the next slide on our first quarter results, we continue to build a stronger backlog supporting the long-term growth potential in our businesses. On a sequential basis, our equipment backlog grew \$2.4 billion in Q1, and our services backlog grew \$2 billion. We now maintain a total backlog of \$123 billion.

Specifically, the Gas Power, we grew equipment orders over 30% by booking 7 GW of gas turbine orders. Additionally, we secured 7GW of new slot reservation agreements. In total, our gas turbine backlog has increased to 29 GW, and we also have 21 GW of slot reservation agreements that are expected to convert to orders and are not yet in backlog. All of these numbers in gigawatts align with McCoy reporting, which may differ from how our customers often announce projects, as they cite the total combined cycle output of the plant, including the power from steam turbines.

Considering the focus on Gas Power demand, I wanted to provide some incremental context on where we are seeing the orders trend for the year. We currently have 50 GW of gas turbines under contract or with a slot reservation. We expect to ship over 10 GW of equipment in the remainder of the year and add contracts for more than two times that amount, to end the year with over 60 GW between backlog and reservation agreements. The second half of the year should see a heavier mix of combined cycle orders after a first half with more simple cycle or

peaking applications, driving the dollar value of orders in the second half of the year to be substantially higher than the first half.

Sitting here today, 2026 and 2027 are largely sold out, we are approaching filling out 2028 and starting to sign agreements for later years. I give that context to just frame that I continue to see this market normalizing to a higher-for-longer gas market. The world needs more dispatchable power generation to support economic growth and national security. Gas power will provide a significant amount of the incremental dispatchable power while also being the force multiplier for more renewables where wind and solar resources make sense. With this strength, commercial activities accelerating for 2029 and 2030 deliveries, we remain focused on our fulfillment strategy of reaching 20 GW of annualized deliveries in the second half of 2026 and sustaining 20 GW per year, starting in 2027.

We are gaining momentum in Nuclear as well. Our customer in Ontario Power Generation received the license to construct the first SMR in North America earlier this month. We are also seeing increased interest in the US about expansions at existing nuclear sites as well as the development of SMRs, with productive discussions with utilities, hyperscalers, and the administration on what it takes to commission our first SMR in the US by late 2030.

And the growth is not restricted to Power. We continue to grow our equipment backlog and Electrification systems with \$2 billion of sequential backlog growth, up 10% versus year-end levels on the strength of demand for transformers and switchgear. Electrification remains our fastest growing business, and orders remain strong, particularly in North America and Asia, which were our strongest growth regions this quarter.

I mentioned services earlier, and we will go into more detail here on what we saw this quarter. Customers continue to invest more in the install base, driving orders in high margin services. Services orders grew 16% as customers aim to get more capacity and better performance out of their plants. Gas Power and Onshore Wind drove double-digit services order strength, and steam services orders were up nearly 60% this quarter as our customers are increasingly investing in equipment upgrades, including at existing nuclear sites, to extend the life of their plants and get more capacity.

To provide a bit more context on Wind in the quarter, we were pleased with delivering our fifth straight profitable quarter in Onshore Wind. We are also pleased with our progress with our utilization of robotic crawlers that inspect the inside of our blades, both at the factory and at the site, before we commission the turbine. We are investing over \$100 million more year-over-year in 2025 to improve the performance of our install base, and remain confident these investments will yield a substantial improvement in fleet availability and services profitability in 2026.

In Offshore, we continued to make progress executing our existing backlog in the first quarter, commissioning another 17 units across Dogger Bank and Vineyard Wind. We still expect to be materially complete with Vineyard Wind in 2025 and to be mostly complete with Dogger Bank in 2026. We also agreed to a termination of the last remaining Offshore Wind supply agreement associated with the 18 MW product we are no longer developing. Our only remaining contractual commitments are the two projects currently in execution. Our losses in Offshore Wind have improved sequentially, and absent this one-time charge, we are better year-over-year as well.

From a margin perspective, Power expanded margin 70 basis points while Electrification expanded margin almost 700 basis points. Wind expanded margin 190 basis points while continuing to control what they can control, given this is the one end market we continue to see real softness in today. We continue to expect margin expansion across all three segments in 2025.

Lean remains core to how we operate as we maintain an intense focus on improving safety, quality, delivery and cost, a focus we are embedding throughout GE Vernova that will benefit all stakeholders. In mid-February, we held our CEO Kaizen Week with over 120 Kaizens across 13 countries, across the segments and corporate functions. Overall, we identified over 500 safety improvements in total during Kaizen Week. We also identified enhancements to either capacity or delivery times that will create roughly \$150 million in incremental revenues. Kaizens like these drive tangible, sustainable improvements across SQDC while also benefiting both our customers, employees and our financial performance.

In Q1, we generated \$1 billion in free cash flow after spending over \$400 million between R&D and Capex combined, an improvement of \$1.6 billion year-over-year, given working capital benefits and higher EBITDA as we continue to run our businesses better.

We are also creating value for our shareholders. In the quarter, we returned \$1.3 billion of capital to shareholders and continued in April, for a total of \$1.5 billion of capital returned so far this year. Overall, we repurchased approximately 5 million shares at an average share price of \$299. We shared at our investor update in December that we would be opportunistic with our share buyback program, and today we see a more valuable company with even greater prospects ahead.

Taking into account the dynamic supply chain environment matched with the strength in our businesses, as I discussed on the previous page, we are reaffirming our 2025 financial guidance, expect to continue to grow backlog, expand margins, and deliver positive free cash flow throughout the year.

With that, I am going to hand it over to Ken to provide details on Q1 results.

## **Financial Update**

Ken Parks

*CFO, GE Vernova*

### **Financial snapshot**

Thanks, Scott. Turning to slide five, we delivered a strong start to 2025 with continued orders and revenue growth and adjusted EBITDA margin expansion. Importantly, we improved free cash flow by \$1.6 billion year-over-year, reflecting strong down payments and working capital management, including further improvement in linearity. Demand remained robust in the first quarter as we booked \$10.2 billion of orders, an increase of 8% year-over-year and approximately 1.3 times revenue.

Services orders grew double digits, with growth in each segment. Equipment orders grew low single digits, primarily driven by strength and power, partially offset by lower orders in Onshore Wind, as expected, and a tough comparison in Electrification due to a large HVDC order recorded

in the first quarter of last year. As a result of the strong orders, our backlog continued to grow both year-over-year and sequentially across equipment and services, reaching \$123 billion. Equipment margin and backlog remains healthy, reflecting higher price as well as our focus on disciplined profitable growth.

Revenue increased 15% with higher equipment and services revenues in all three segments. Equipment revenue grew 22% with double-digit growth in Onshore Wind, Power and Electrification, while services revenue increased 8%. In addition, price was positive in each segment. Adjusted EBITDA increased nearly 70% to approximately \$460 million, and adjusted EBITDA margin expanded 170 basis points. Margin improved in all three segments, driven by more profitable volume, price, and productivity, which more than offset investments as well as inflationary impacts.

We generated positive free cash flow in the first quarter of approximately \$1 billion, a significant first quarter milestone for GE Vernova. Free cash flow improved \$1.6 billion year-over-year, reflecting higher down payments from rising orders and slot reservation agreements at Power, along with ongoing actions we are taking to improve linearity. Working capital in the quarter was an approximately \$1 billion cash benefit, which more than offset Capex investments to support capacity expansion along with higher cash taxes on growing EBITDA.

We are using lean to drive better cash management and linearity. For example, the Power team continues to focus on accelerating the cash conversion cycle. By implementing stronger daily management and new standard work, the team improved the timely payment of invoices. These actions decreased the Power past-dues balance by nearly 30% and reduced days sales outstanding by three days, resulting in approximately \$150 million of additional free cash flow in the quarter.

We continue to leverage our lean culture across GE Vernova to deliver consistently better financial results. In 1Q 2025, we generated approximately \$100 million of incremental pre-tax proceeds by selling an additional partial ownership stake in our China XD grid business. The proceeds are classified outside of free cash flow, and the gain was removed from adjusted EBITDA. We continue to own just over 10% of China XD.

Our strengthened free cash flow profile enabled us to repurchase \$1.2 billion of stock and pay our inaugural dividend in the quarter. We ended 1Q 2025 with a healthy cash balance of \$8.1 billion, which gives us confidence in navigating this dynamic environment. As Scott mentioned, we have continued share repurchases this month, completing approximately \$300 million in April. Importantly, we remain committed to maintaining a solid investment grade balance sheet. In March, Fitch revised its GE Vernova ratings outlook to positive from stable and affirmed our investment grade credit rating of BBB.

Our growing backlog with expanding backlog margin provides an excellent foundation for further improvement in our financial performance moving forward.

## **Power**

Turning to Power on slide six, the segment delivered another strong quarter with continued robust orders growth, increased revenue, and further EBITDA margin expansion. Power orders grew 28%, led by equipment at Gas Power and services strength. In Gas Power, equipment

orders increased more than 30% as we booked 29 heavy duty gas turbines, including eight HA units. This was almost double the number of heavy duty units booked in 1Q of 2024. Power services orders were strong, increasing 18%, primarily driven by gas and steam.

Revenue increased 16%, led by Gas Power. Equipment revenue growth was driven by increased HA deliveries. Services increased mainly from higher volume as well as price. EBITDA margins expanded 70 basis points to 11.5% as productivity, price, and volume more than offset the impact of inflation and additional expenses to support R&D and capacity investments at Nuclear and Gas Power respectively.

Looking at the second 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, given expected equipment strength as well as continued services growth. On a reported basis, we expect a low single-digit increase reflecting the impact of the divestiture of a portion of the steam business in the second quarter of 2024. We expect EBITDA margin of approximately 14-16%, as productivity and price should more than offset inflation as well as additional expenses to support R&D and capacity investments at Nuclear and Gas Power.

Based on the current outline of tariffs and resulting inflation, we do not expect a material impact to our second quarter financials at Power or Electrification.

## **Wind**

Turning to Wind on slide seven, EBITDA margin improved even as we are investing more to enhance onshore fleet performance. Wind orders decreased 43%, driven by lower Onshore Wind equipment as a result of ongoing US policy uncertainty and permitting delays. In Offshore, we remain focused on executing our existing challenged backlog. Wind revenue increased 15% in the quarter on higher Onshore equipment deliveries and price, partially offset by lower Offshore revenue as we executed on the updated delivery schedule. EBITDA losses improved 7%, driven by more profitable Onshore equipment volume. Services cost increased in 1Q as we are deploying more crews and cranes to accelerate improvement in the onshore installed fleet performance. At Offshore, EBITDA losses included a one-time termination of a supply agreement of approximately \$70 million.

As we have discussed, we remain cautious on the timing of an Onshore order inflection in North America as customers continue to navigate growing interconnection queues, policy uncertainty, and higher interest rates. We expect the Wind segment to grow revenue high single digits in 2Q 2025, driven by higher Onshore equipment deliveries. EBITDA losses should remain relatively consistent with 1Q 2025 as the impact of higher year-over-year Onshore volume is offset by higher services costs to further improve the operating performance of the installed onshore fleet and the estimated impact of tariffs primarily at Offshore.

## **Electrification**

Turning to Electrification on slide eight, we had another quarter of robust demand, significant revenue growth and EBITDA margin expansion. Orders remain strong at approximately \$3.4 billion, roughly 1.8 times revenue driven by the growing need for grid equipment. While we saw substantial orders growth for switchgear and transformers in North America and Asia, total

orders decreased low single digits year-over-year due to a large HVDC order recorded in the first quarter of 2024. Equipment orders outpaced revenue, further expanding the equipment backlog to approximately \$22 billion, up more than \$7 billion compared to the first quarter of 2024.

Revenue increased 18%, driven by higher volume in price, particularly at Grid Solutions where we saw meaningful growth in switchgear and transformer equipment volumes. The segment delivered another quarter of double-digit EBITDA margins with 680 basis points of margin expansion on more profitable volume, increased productivity and favorable pricing. In the second quarter 2025, we anticipate continued solid equipment orders at healthy margins.

Electrification revenue growth should be in line with our full year guidance, driven by higher volume and favorable pricing, primarily at Grid Solutions, as we expect modest EBITDA margin expansion sequentially.

### **Reaffirming 2025 guidance**

I will now turn to slide nine to discuss GE Vernova's guidance further. For the second quarter, based on our expectations for the segments, which I've already outlined, we expect continued year-over-year revenue growth and adjusted EBITDA margin expansion in the quarter. While we expect to generate positive free cash flow in the second quarter, driven by our continuing focus on better cash linearity and increased EBITDA, we do anticipate lower free cash flow year-over-year due to the approximately \$300 million non-recurring arbitration refund received in the second quarter of 2024.

We continue to expect to deliver positive free cash flow in all four quarters this year. For the full year, we are reaffirming the 2025 guidance, which includes the impact of tariffs as currently outlined and resulting inflation, which is estimated to be approximately \$300-400 million net of mitigating actions.

As Scott mentioned, we are actively navigating this dynamic environment and taking action. Some of our G&A cost-out acceleration and supply chain actions will occur in 2025, but we expect benefits beyond this year. We continue to expect full-year 2025 revenue to be in the \$36-37 billion range, a mid-single-digit, year-over-year increase, with growth in both services and equipment. We also expect continued expansion and adjusted EBITDA margin to high single digits, as we deliver our growing backlog at better pricing and with better execution. We anticipate free cash flow to be between \$2 billion and \$2.5 billion.

By segment, we continue to expect mid-single-digit organic revenue growth in Power, driven by higher gas services and equipment, with Power EBITDA margins between 13 and 14%.

In Wind, we expect revenue to be down mid-single digits, given our continued geographic selectivity in Onshore and the benefit of the one-time settlement from an offshore contract termination in 2024. We expect 2025 Wind EBITDA losses to be between \$200 million and \$400 million, improving year-over-year, driven by Onshore margin expansion within the high single-digit range and slightly lower losses at Offshore.

In Electrification, we anticipate continued strong demand and favorable price to drive mid-to-high teens organic revenue growth with 11-13% EBITDA margins, as we deliver a more profitable backlog. We continue to expect 2025 adjusted EBITDA to be more second half



weighted, similar to last year. We anticipate typical gas services seasonality, with the highest outage volume in the fourth quarter. In addition, Wind EBITDA should improve in the second half compared to the first, largely due to the timing of Onshore turbine deliveries already in backlog and improved services profitability. We also expect Electrification earnings to grow sequentially through the year.

Finally, at corporate, EBITDA can be uneven across quarters, like 2024, as it includes the portfolio activity at our financial services business. We also expect the timing of cost savings to be more backend loaded as we drive additional G&A cost transformation.

Overall, we drove strong results in 1Q 2025 with continued growth, significant margin expansion, and increasing free cash flow generation. 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. We are pleased with our performance to start the year and are excited about our future as we help our customers electrify and decarbonize the world. I have increased conviction that GE Vernova is well positioned to lead. Markets remain robust in Power and Electrification. At Wind, markets remain tough. We continue to execute better in all three segments.

We remain in the early stages of substantial margin expansion, and I am pleased with our momentum and adoption of lean. We are reaffirming our 2025 guidance and are taking action to mitigate the current outline of tariffs and resulting inflation. Our balance sheet is solid, and we are growing free cash flow, which gives us confidence in our ability to invest in the businesses, while also returning significant capital to shareholders.

Our team is core to all of these efforts, and we are accelerating a stronger culture to ensure GE Vernova can meet its full potential. We are just getting started.

With that, I will hand it back to Michael for the Q&A portion of the call.

## Q&A

**Nicole Deblase (Deutsche Bank):** Good morning guys. Can we start with the tariff impact? Can you talk about what is embedded in the \$300-400 million with respect to the impact on COGS on a gross basis versus the mitigation actions? And Scott and Ken, if you guys could talk more about what the mitigation focus is with respect to price versus G&A, and if you expect to fully offset tariffs by the time we get to 2026. Thank you.

**Ken Parks:** Yeah, as we start this and look at the \$300-400 million, what we can tell you is that the teams are actively working to not only identify what we see as the 2025 impact, but, as you pointed out at the last part of your question, continuing to drive this to where we can

minimize the ongoing cost that it affects the company over time. We do believe in this environment that however tariffs end up, whether they be a continuing impact at the level that they're at or that they do adjust down, that this will result in not just for us, but for all companies, a continued increase in the cost base. Therefore, it gives us the opportunity to take a look at our supply base as well as our G&A structure and make sure that we are operating as a great industrial company, both with a strong supply base as well as a G&A workforce.

As far as gross to net, I will stay away a little bit from the actual gross numbers, but what I will tell you are a couple of stats that are probably important and not also surprising. The biggest tariff impact to us really sits in the China base, and it is not so much that that is where the majority of our spend is, but it is really just based upon the rate of the tariff that you have heard that has been announced. We have talked to you in the last couple of months, as we have been trying to stay really, really close to the tariff situation, that when it was China, Canada, and Mexico, it impacted about 5% of our total direct spend, which is about \$20 billion on an annual basis. Now, with the expanded tariffs across the world beyond China, Canada, Mexico, and pulling in some of the spend on steel, which is an impact to us, it really impacts about a quarter of our total direct spend on an annual basis.

So what are our mitigating actions? There are some places where we can pass it through under contracts that have inflationary clauses, and we are looking actively at that right now. There are some of our contracts on the equipment side where we have the opportunity to talk to our customers about how this might come through with a change in law kind of clause. And if those changes in laws do create a higher cost base, we have the opportunity, at a minimum, to go back to our customers and talk about that.

We are also looking at ways where we can move our supply chain around, right? So in the case of China, there is probably about two-thirds of our China spend that today is already dual qualified in other places. Now, that cannot move immediately because we have contracts in progress, but we are looking at the activity that will help us to move that along and have the opportunity to reduce the cost overall.

I will wrap it up a little bit with the comment on the G&A side. Back in March of 2024 when we started with our first Investor Day with the broader community, we talked about a target to really transform our G&A structure, or call it our back office structure, that supports this new combined group of 12 companies that became GE Vernova. And we set a target to reduce cost by about \$0.5 billion by 2028 at that point in time. The teams have been working hard with that initiative, well before the concept of what might happen with tariffs, because we knew it was the right thing to do.

We updated that number for you in December and said we were going to achieve about \$600 million now. Really what we are doing through this process is accelerating that exact work that we have been working on for the last year and a half plus as we have been preparing to make this company even more streamlined from an operational perspective, both within the manufacturing side of the operations as well as in the back office side.

So, lots of words to say lots of things going on, but what I would close that off by saying is we do not put a checkbox and say \$300-400 million, count on that to be the number today and going forward. We will continue to work to make this company even better from a cost perspective.

**Scott Strazik:** I think Ken framed it perfectly. The only thing I would combine and bring together is to his point where our biggest impact is in China and about two-thirds of the China exposure we can move fairly easily. The one business within the portfolio that we are maybe most affected on is Offshore Wind. And when you think about Offshore Wind with a two-year backlog we are trying to expedite and close out, that is a business that we are not going to invest money into to reallocate supply chain at this point, and maybe a more pronounced impact than some of the other businesses for just the state of affairs with Offshore Wind.

So, this really is an opportunity for us to simply become a better industrial company. From when President Trump was at the Rose Garden on April 2nd in the afternoon to Friday afternoon, we had countermeasures and plans in place 48 hours later, and we are going to use this moment to become a better company together. Thanks, Nicole.

**Mark Strouse (JP Morgan):** Hey, everybody. Good morning. Thanks for taking my questions. I wanted to start with the Power segment. I appreciate the update on the slot reservations. Are you able to provide more color on those 21 GW by customer type, by geography? I know you've got a lot of different irons in the fire, but how much of that is coming from data centers, for example? Thank you.

**Scott Strazik:** Sure, Mark. A couple important data points. I would say of the total 50 GW that we have on contract between the backlog and the slot reservation agreements, about 60% of that is in the US. So geographically, that gives you an idea for where this growth is coming. And of the 29 GW that are already on backlog when it comes to data centers, it is fairly negligible. We have started executing on a few smaller projects that have been announced like Crusoe in Texas, but it is a very small amount. With the slot reservation agreements, that 21 GW, about a third of it is aligned with the data center build-out. So what you are seeing here is a very strong shift towards the US, and in slot reservation agreements, a lot of data center contracts that we expect to start to convert to orders in the second half of the year. Thanks, Mark.

**Joe Ritchie (Goldman Sachs):** Hey guys, good morning. Just quickly on both the slot reservation agreements and the 29 GW that are already in your backlog, we often get the question on cancellation risk, just given the gyrations that we are seeing, particularly from the data center market. Can you maybe just talk about the stickiness or resiliency of both the backlog and the slot reservations?

**Scott Strazik:** Yes, to start, I would just emphasize that even with the slot reservation agreements, we have got directionally 20% of those contracts paid for today. The reason they are not on order today is because the customers are still working through their EPC contracts. They are still working through site selection and air permits. As they do those things, although they've secured the timing of a slot, that gives us the confidence that the accuracy of that slot relative to the ultimate delivery is that much more firmed up to recognize it as an order. So the 29 GW that are on backlog, very firm on schedule. I think the 21 GW that are on slot reservation agreements, we could see some movement on slots as final EPCs and sites are selected.

However, if you just take a step back, Joe, we are at a point now where 2026 and 2027 are largely sold out. 2028 is materially sold out, although we still have some slots we are selling, and I think the material development, even in the last 90 days, is we now have orders for 2029,

and we are in active discussions for slots in 2030. And I make that point to just really reinforce that it is very clear with the customers that there is a need for more gas over a longer period of time. There will be some movement amongst the slots, I would expect over the next five years, but I see very little quote, unquote 'cancellation risk', but there will be some movement that our supply chain will have to be nimble with, as the slot reservation agreements turn to orders and final dates get finalized. Thanks for the question, Joe.

**Chris Dendrinis (RBC Capital Markets):** Good morning and thank you. I wanted to ask about pricing dynamics. Previously in December, you all had indicated that you were taking pricing on gas turbines up, and I am curious what the environment is like today. Are you still able to push pricing further in Gas and then also in Electrification? Thanks.

**Scott Strazik:** In Gas, we continue to be in a price-up environment. I think the price on what we recognize in orders in the first half of 2025 is going to be better than the second half of 2024. The second half of 2025 will be better than the first half. We continue to take price up, including in the month of April in light of the tariff dynamic, to a further extent. Those pricing actions in April are not yet leading to orders per se, but that continues to be the direction of travel.

Those price-up moves in Gas remain much steeper than where we are in Electrification. We do continue to be a gaining price in Electrification, but at a slower rate than what we were experiencing in 2024, let's say. And it varies a little bit by geography and by product type. So switchgears in North America remain very strong in price. A little bit more of a normalization with some of our product and solutions in Europe, as an example.

**Ken Parks:** Maybe just one thing to think about as you are thinking about the dynamic of our margins and backlog, and we talked about this back in December, but just think about the timeline that it takes to go from a concept of an order to the booking of an order. And we gave you some numbers in January, as we closed the year out, that talked about another 12 full points of margin in our backlogs across the company, and that coming in both the Electrification segment as well as the Power segment, fairly sizably. I give you that because just as you think about that kind of growth in our margin and backlog that we quoted through the end of 2024, a lot of the pricing dynamics that Scott is talking to you right now where the prices have continued to go up as we have seen, the acceleration of demand, that incremental pricing really is not already sitting in our orders. Some of it is in our SRAs, but those, as they continue to get finalized, will create additional margin in our backlog, which will support future growth and profitability in both the Electrification and Power businesses.

**Scott Strazik:** Thanks, Ken. Perfect.

**Andrew Percoco (Morgan Stanley):** Good morning, Scott. Thanks for taking the question and congrats on a strong start to the year. Scott, it does not sound like you are worried at all about the outlook. It sounds like you are still very confident in what you are seeing. However, I am just curious, since April 2nd, since the implementation of the tariffs, since it appears the market is getting a lot more worried about a recession, have you seen any change in behavior from your customers? I am thinking particularly about the Gas Power business, maybe some of the co-located data centers versus the traditional regulated utilities. Has there been any change in cadence of conversation or appetite from, from customers as we have seen the world change pretty dramatically in the last few weeks?

And then maybe as a follow-up question to a prior question, are you changing at all your contract structure with these long lead time orders to maybe better protect yourself for future changes in tariffs? I am just wondering if there is any fundamental changes to the contract structure, just given the world that we are living in. Thank you,

**Scott Strazik:** Andrew, it is only a few weeks, as you said, but generally speaking, we continue to see the same growth trajectory today as we were projecting on April 1st. So what we are trying to emphasize in the call today is all indications are strong growth ahead.

All that said, we do have some cost pressures now that we need to go after, and that is why we are calling out the \$300-400 million for this year. I think Ken framed perfectly the tariff dynamic for 2025, but we run the company with the view that the tariffs are going to change, the inflation dynamics will evolve, but there is some cost pressure here that we expect, that then we need to countermeasure. And that is everything that Ken framed up. If we do that well, we are going to be all that much better a company on the other side.

So the growth remains strong. We do have some tariff inflation pressure, we have got a countermeasure. When it comes to the contracts, in many cases, we already were protected. In other cases, there are some adjustments that we are making with some contracts and some learnings that should protect us going forward. I think those are really the key themes.

**Ken Parks:** I think it is really a nuance to the contract question, but we have talked a lot in the last 18 months or so about stronger underwriting to make sure that we are driving disciplined growth. One of the things that we are truly looking at right now is not necessarily a change in contracting but really looking closely at these cash curves. The reason I bring that up is we bring a lot of cash in upfront on the down payments. Scott mentioned approximately 20% of down payments on orders and SRAs. However, in this environment where we are bringing things in to support those contracts at a higher cost, we will watch very closely when the milestone payments need to occur as we are incurring costs, so we always stay in a positive cash curve. I put that point out there because we often get the question around, 'Hey, you have got a great amount of money coming in on the upfront. How do you manage it through the process to ensure that you are positive the whole time?' And that is one of the things that we are looking at closely now.

**Nigel Coe (Wolfe Research):** Thanks for the question. I just want to stick with Gas. I think, Scott, you mentioned that the minority of your reservations are data center which is a bit surprising. So I am just wondering maybe you could weigh in with your perspective on what you are seeing in your front log and opportunity set for data centers as relates to Gas. And then what is the key to getting these slot reservations into orders? Is it permitting, financing? And I know you've said over the next 12 months or so but just wondering what that looks like. Thanks.

**Scott Strazik:** You bet, Nigel. To work it backwards, it really comes down to the customer securing their EPC. In some cases they are choosing amongst a few sites. So think to yourself, they may have put in air permit requests in multiple states for potential build-outs. They are negotiating with the EPCs. As those things firm up, we will firm them up in orders. The reality with a lot of the slot reservation agreements is it is less a concern on financing capability, but until you have that final site selection and EPC partner to build the plan, we are not going to put it in order because until those things are secured, there is some timing uncertainty.

Although I think with the capital and the cash these customers are providing for us, we do not view the cancellation risk to be very material.

You are right. We said about a third of the 21 GW are direct to data center projects. The other two-thirds are everything else that is happening in the world right now. We have Electrification growth for more than just data centers. Base load power also because a healthy amount of these are also F-class gas turbines. It just strengthen the durability and the resiliency on the grid.

We do not think the one-third is a bad directional view of where the orders profile is going from here, whether that be in the US or globally. Thanks, Nigel.

**Julian Mitchell (Barclays):** Hi, good morning. Maybe just wanted to start with the EBITDA margin guide. So you have the Power and Electrification numbers on slide nine for the year at 13-ish percent at the high end for Electrification, the low end for Power. If I look at your Q1 results and your Q2 comments, it looks like the first half in both Power and Electrification, you should be at the full year margin numbers. And normally you get a half-on-half step up in margins in those businesses in the second half. I am just trying to understand, anything you'd call out in any bridge items or anything that would imply less than normal seasonal ramp. Is it the tariff weighting coming in hard in Q3? Is it plant capacity addition ramp-up costs in Power? How much is just natural contingency? Any color on that, please.

**Ken Parks:** Yeah, sure. The first quarter is obviously our smallest quarter of the year. So we are performing well in the businesses exactly in line or better than where we expected to perform coming out of the gates. The guides that you talked about, we certainly do have a new placeholder in there that was not there when we set the guide, which is the increase in cost due to tariffs that we have sized to the \$300-400 million impact. The one that we can more immediately estimate what is going to impact us is the one that hits the Wind piece of the business. And that is because when you have a piece of the portfolio, specifically the Offshore Wind side, that is got a couple of contracts that are running at losses, pretty much anything that you estimate for incremental cost is going to flow through and affect you right there. So that is one variable on that business that we do see a very clear path to how much it is going to affect us.

At this point in time, we have inclined that both the Power and Electrification businesses are running well against where we thought they were going to be, both on an orders perspective and, importantly, on an execution perspective. However, we do want to continue to measure how these tariffs are going to roll into each of those businesses as we move through the year. That said, we still feel extremely confident of the guide that we have given you on all three businesses as well as GE Vernova overall for the year.

**Scott Strazik:** It is a good start, Julian, it is 90 days. Let us get through the second quarter, and much like we did last year, we will see where we are in the summertime.

**Julian Dumoulin-Smith (Jefferies):** Hey, good morning team. Thank you very much. Maybe following up on my namesake here a little bit in tone, just the FCF range, you have about \$0.5 billion for the \$2-2.5 billion[?]. You talk about \$300-400 million in impacts here. Are there other mitigating impacts from a cash perspective, just to understand there, or is it just an acceleration of the SG&A that we should looking for in the back half of the year?

And then related, if I can, your commentary on Wind certainly took a little bit of a tone lower here. On Onshore specifically, how do you think about that, especially given the top of the funnel seems to be slowing, given the permitting regime at late? How do you think about the longer term trends on that front?

**Scott Strazik:** Ken, I will start on the back half, and then you do the first half. I would say on Wind, let us just keep context that we have over 200 GW of projects – the country does – in the interconnect queue. We continue to see there be an important role for Wind to play, but we need to see progress on permitting. I think there is a real question on the price embedded in those projects that are in the interconnect queue. Where are the tax incentives going? I think clarity on permitting process today and ultimate in incentives are going to be important to drive clarity, those projects get into closure. First quarter was light. We remain cautious on the moment that we see that growth inflection in orders, but with that backlog of pipeline, let us say, of projects, we are focused on controlling what we control with the business to get ourselves ready for that growth inflection point. And when it comes, we are highly confident that we will capture our fair share.

That is on Wind. On the first half of the question, Ken, do you want to hit on it?

**Ken Parks:** Yes. On the first half of the question, I would tell you that we will see what we typically see on profitability expanding as we move through the year. Our fourth quarter is our largest outage quarter, and therefore service quarter. And the Power businesses, which is one of our most profitable businesses, you will see more of the savings from SG&A. And in fact, the other piece of this is that in the Wind business, we anticipated a softer first half than a second half because we anticipated, based upon our backlog, where the turbines were going to deliver. And that is more of a second half weighted dynamic as well. So those are really the big variables that drive first half to second half.

**Andrew Obin (Bank of America):** Yes, good morning. I think the EPA has been quite busy issuing directives and specifically with a focus on endangerment binding. And the question I have, when you talk to utilities, a) does this change their plans for spending? And specifically, do you see any changes to expectations of what is happening on the ground on actual permitting? Thank you.

**Scott Strazik:** No, on the first part of the question as to whether that is driving a change in customer behavior. Certainly there is a lot of collaboration happening right now with the industry on how to break through with permitting reform, both at a federal and a state level. The reality is it is hard to get a lot of oxygen in the room for that right now. I think this year is going to be very much about firming up the tax cuts and how that gets funded, Andrew, and the permitting topic probably follows. So that directionally takes us into 2026 more than 2025, as I see it today.

**Andrew Kaplowitz (Citigroup):** Good morning, everyone. Thanks for fitting me in. Orders that you set in Electrification had a difficult comparison in Q1, but in the recent past you said that you expect a similar annualized growth rate in your equipment backlog in 2025, as you saw in 2024 and 2023. Is that still what you expect, Scott? And can you update us on your capacity, capability in Electrification? I know you did not change 2025 revenue guidance, but I know you have been pushing on capacity in that segment, so maybe you could update us on potential increasing capacity that you could see as early as 2026.

**Scott Strazik:** You bet, Andrew. I would just reinforce what we have said in the past. Our equipment backlog did grow by about \$2 billion in the first quarter, even though the year-over-year orders were down. We continue to expect backlog growth throughout this year in Electrification that will directionally have a similar trajectory of backlog growth in 2025 relative to what you experienced in 2023 and 2024. We are making progress on capacity generally, and you are going to see that growth and revenue growth really throughout 2025 into 2026, no change. Again, a lot of this is within our control. It is adding shifts, it is adding workers, it is quote, unquote 'easier stuff', and I don't make light of it, than things that are outside of our control where we are waiting for certain long lead parts to ramp up in businesses like Gas. So I like our chances to continue to really ramp up our Electrification revenue through 2025 and into 2026 from here.

**Michael Lapedes:** Before we wrap up, let me hand it back to Scott for closing comments.

**Scott Strazik:** Michael, I appreciate we are at the wrap. I know we are short on time. I just would reinforce solid quarter, more importantly, great prospects from here. As we wrap with a lot of humility and with a lot of appreciation, I just want to continue to thank our customers for their trust, for our employees that are here every day – to serve our customers and our owners – and for all of you and your interest in investment in GE Vernova. We are excited. This is our fifth earnings call. We've just passed a year, and we really feel like we are just getting started, and the best is yet to come. Thanks everyone.