GEV gideon lens

GE Vernova (GEV) — Gideon-Lens Equity Research

Report ID: GEV-ER2-20260916T200321+0800 **Report date:** 2026-09-16 **Analyst:** Codex ER2 Production workflow **Price anchor:** XNYS:GEV USD 882.81, completed session 2026-09-15 **Market capitalization:** approximately USD 238.36B **Fiscal year end:** December 31 **Research authority:** security underwriting only; no trade or portfolio authority.

What changed from the previous report and why

Previous report: GEV-ER2-20260904T120129+0800; 2026-09-04; `C:\Users\Admin\OneDrive\GPT\ER 2.0\GE Vernova\raw\pulse-cio-20260916T200321+0800\prior_active_snapshot\GEV_gideon_lens.md`; SHA-256 `8b0e99d9062087a2bd1d4c6cab0a94de759a904b7427bb08c3369e75fac75fda` **Current report:** GEV-ER2-20260916T200321+0800; 2026-09-16; price anchor USD 882.81 as of 2026-09-15

Area	Previous report	Current report	What changed and why	Decision impact
Price anchor	USD 941.84	USD 882.81	Price/market: the completed-session close fell 6.27%	Entry improved, but not enough to make expected wealth attractive
ER2 verdict and gates	PASS; Management YELLOW; Moat YELLOW; P/E-15 FAIL	PASS; Management YELLOW; Moat YELLOW; P/E-15 FAIL	No new quarter; current live evidence preserves unresolved Wind, Prolec-return, CFO-transition, and 2046 durability questions	ER2 verdict remains PASS
FY+5 valuation bridge	Base EPS USD 23.3056; required USD 62.7893; cushion -62.88%	Base EPS USD 27.0487; required USD 58.8540; cushion -54.04%	Model/correction: refreshed segment paths and the issuer-labelled seven-line statutory bridge lift Base EPS while the lower price reduces required EPS	Valuation improves materially but still fails decisively
Insurer retained economics / book bridge	n/a	n/a	GEV is an industrial company; P/E remains the controlling method	No insurer-specific effect
Shareholder returns	Gross USD -46.89% / -9.90% / 5.49%; PW -9.76%	Gross USD -26.79% / -5.96% / 7.85%; PW -6.07%	Price/model: terminal EPS improves, price falls, and the same independently supported 18x/24x/32x exits remain locked	Returns improve, but Base and PW remain negative and Bull stays below 10%
CIO actionability	PASS; net-SGD -47.54% / -10.27% / 6.21%; PW -9.71%	PASS; net-SGD -27.68% / -6.35% / 8.59%; PW -6.12%	Portfolio context now explicitly binds POWR at 1.8% of NAV and indirect GEV exposure at 0.116856%; costs and FX remain conservative	A POWR-funded direct GEV position is adverse; no sizing ceiling
Audited scores	44/100; 42/80; 2/20	47/100; 45/80; 2/20	Evidence/scoring audit: stronger current segment evidence earns modest quality credit, while unavailable ROIIC still receives zero trend credit	Score-implied Reject remains diagnostic and unchanged in substance
Methodology or corrections	P/E; 18x/24x/32x; zero distributions; prior aggregate operating deduction	P/E; 18x/24x/32x; zero distributions; seven issuer-labelled operating adjustments and a source-bound realignment schedule	Correction: QFR rejected the aggregate bridge; QF rebuilt it from issuer labels and QFR/DR independently re-cleared it	Accounting provenance improves; economic conclusion remains PASS

Bottom line: the cheaper price and higher Base EPS improve returns, but Base and probability-weighted returns remain negative and Bull stays below 10%. Replacing diversified POWR exposure with direct GEV concentration is unsupported, so PASS is unchanged.

Verdict block

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Operating credibility is strong; Wind, Prolec returns, and CFO transition remain unresolved
Moat	YELLOW	Power services endure; company-wide 2046 durability is not yet proven
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	Base support USD 405.73; cushion -54.04% versus USD 882.81
Compounder Score	Audited 47/100	Score-implied Reject; evidence does not support dream-investment quality, diagnostic only
Business Quality Score	Audited 45/80	Missing ROIIC, advance-distorted cash conversion, and Wind losses cap quality
20% Return UW Score	Audited 2/20	Current price does not support the 20% stretch return objective

One-line thesis (or reason to pass): GEV owns scarce Power and grid franchises, but USD 882.81 still prices outcomes beyond a demanding Base case while Wind, incremental returns, cash conversion, and company-wide durability remain unresolved.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	One audited method controls every scenario, probability weighting, reverse-return diagnostics, and net-SGD
Gross local-currency bear / base / bull IRR	-26.79% / -5.96% / 7.85%	Five-year annualized shareholder return in USD
Probability-weighted gross local-currency IRR	-6.07%	CAGR of USD 645.42779458424 probability-weighted terminal wealth; weights 27%/54%/19%
Return bridge	USD 882.81 to USD 185.625044 / 649.169215 / 1,288.198193	Terminal statutory diluted EPS of USD 10.312502 / 27.048717 / 40.256194 times 18x/24x/32x, plus zero distributions; no net-cash add-on

Gross underwriting is in USD over 2026-06-30 to 2031-06-30; the price is the completed 2026-09-15 close. Q2 cash was USD 13.120B, borrowings and finance leases USD 2.849B, operating leases USD 0.871B, and NCI USD 1.158B. Under P/E these are disclosed, not added again; net-cash adjustment and double-count residual are zero.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 48.100176B	3.06%	Slower backlog conversion, Wind losses, and weaker Electrification economics
Operating margin	6.03% normalized	6.81%	+0.78 pp	Statutory OI retains D&A, restructuring, and corporate burdens
Operating earnings	USD 2.496B normalized	USD 3.276494B	5.59%	Normalized statutory operating income, not Segment EBITDA
Diluted share count	270.000M	270.946429M	+0.07%	USD 1B repurchase is outweighed by locked SBC issuance
EPS	USD 8.289468 normalized	USD 10.312502	4.46%	Statutory diluted EPS used in the shareholder bridge
Valuation denominator	Reported EPS USD 34.968807; normalized USD 8.289468	Statutory diluted EPS USD 10.312502	comparable after normalization	Reported earnings contain material transaction gains and tax benefits

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Valuation	106.50x normalized P/E	18.00x P/E	-88.50x	Live forward, historical, and peer evidence supports the independently locked Bear exit
Share value	USD 882.81	USD 185.625044	-26.79%	Terminal EPS times 18x; no terminal net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00%	0.00%	0.00 pp	No modelled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 185.625044	-26.79% gross USD IRR	Terminal share value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 60.601369B	7.94%	Power and Electrification convert backlog while Wind repairs
Operating margin	6.03% normalized	14.24%	+8.20 pp	Higher segment margins flow through recurring statutory deductions
Operating earnings	USD 2.496B normalized	USD 8.628359B	28.16%	Synthesis statutory operating income controls
Diluted share count	270.000M	269.000556M	-0.07%	Remaining authorization partly offsets future SBC issuance
EPS	USD 8.289468 normalized	USD 27.048717	26.68%	Parent statutory diluted EPS
Valuation denominator	Reported EPS USD 34.968807; normalized USD 8.289468	Statutory diluted EPS USD 27.048717	comparable after normalization	Normalized current and terminal denominators exclude episodic gains
Valuation	106.50x normalized P/E	24.00x P/E	-82.50x	GEV forward, Siemens Energy, and machinery evidence support the locked Base exit
Share value	USD 882.81	USD 649.169215	-5.96%	Terminal EPS times 24x; no terminal net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00%	0.00%	0.00 pp	No modelled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 649.169215	-5.96% gross USD IRR	Terminal share value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 70.618534B	11.29%	Capacity ramps, grid demand persists, and Wind repair succeeds
Operating margin	6.03% normalized	18.11%	+12.08 pp	Simultaneous Power, Electrification, and Wind execution
Operating earnings	USD 2.496B normalized	USD 12.788781B	38.65%	Synthesis statutory operating income controls
Diluted share count	270.000M	269.614091M	-0.03%	Higher repurchase price retires fewer shares while SBC continues
EPS	USD 8.289468 normalized	USD 40.256194	37.17%	Parent statutory diluted EPS
Valuation denominator	Reported EPS USD 34.968807; normalized USD 8.289468	Statutory diluted EPS USD 40.256194	comparable after normalization	The same parent common claim and statutory diluted basis control

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Valuation	106.50x normalized P/E	32.00x P/E	-74.50x	GEV FY2028 forward and Eaton evidence support the locked Bull exit with a maturity haircut
Share value	USD 882.81	USD 1,288.198193	7.85%	Terminal EPS times 32x; no terminal net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00%	0.00%	0.00 pp	No modelled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 1,288.198193	7.85% gross USD IRR	Terminal share value plus zero distributions

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	PASS	Base return is below 8%, Bear downside is unacceptable, and portfolio fit fails
Bear / Base / Bull net SGD IRR	-27.68% / -6.35% / 8.59%	Entry/exit costs 0.35% each; terminal FX 1.20/1.25/1.32 SGD per USD
Probability-weighted net SGD IRR	-6.12%	CAGR of probability-weighted terminal net-SGD wealth; weights 27%/54%/19%
10% mandate hurdle	FAIL	Base and probability-weighted returns are negative
15% stretch hurdle	FAIL	Even Bull stays below 15% net SGD
Downside and portfolio fit	FAIL	POWR is diversified and already provides indirect GEV exposure; direct funding concentrates execution risk
Proposed sizing ceiling	none	Research-only conclusion; owner approval would still be required for any later action

Net-SGD uses 1.26696 SGD/USD, 0.35% entry/exit costs, 30% withholding with zero distribution cash flow, and the same P/E wealth. The portfolio has NAV SGD 2.750M, cash 0.4%, POWR at 1.8%, and indirect GEV at 0.116856%. POWR's different-horizon 12.11% Base is funding context only; direct replacement is unsupported.

Trade execution authorized: NO

Stage 0 — Time anchor

- Today: 2026-09-16 SGT.
- GE Vernova's fiscal year ends December 31.
- The most recently reported quarter is Q2 FY2026 ended 2026-06-30.
- TTM is Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending 2026-06-30.
- The forward horizon is exactly 2031-06-30: TTM end plus five calendar years.

Stage 1 — Disqualifier sweep

- **ROIC — YELLOW:** three-year, five-year, and Prolec-inclusive ROIIC remain unavailable.
- **Cash conversion — YELLOW:** a USD 13.695B contract-liability increase inflates headline FCF.
- **Leverage — GREEN:** Q2 net cash excluding operating leases is USD 10.271B.
- **End markets — GREEN:** Power and grid investment have durable demand support.
- **Governance — YELLOW:** CFO succession and Prolec return accountability require monitoring.
- **AI disruption — GREEN:** AI/data-center load is a demand driver, not a direct substitute.

- **Pricing power — GREEN/YELLOW:** Power services are advantaged; Electrification and Wind remain unproven.

Management

Management is **YELLOW**. Power's recovery, disclosure, and capacity investment support credibility, but Wind remains loss-making, Prolec has not proved returns above its cost of capital, and CFO succession is unresolved. Upgrade requires sustained Wind profitability, credible Prolec ROIIC, and a clean finance handoff.

Moat

Moat and the 2046 test are **YELLOW**. Power's installed fleet, certified parts, service density, data, and outage execution are durable. Electrification has qualification and engineering advantages, but scarcity pricing is not a moat; Wind's niche does not offset equipment losses. Twenty-year durability requires recurring grid-service economics and a self-sustaining Wind business.

Stage 5 synthesis

The 11/11-cleared synthesis reaches the figures below. P/E-15 requires USD 58.854 of Base EPS, versus USD 27.0487 modelled; Base support is USD 405.73 and cushion -54.04%. The repaired seven-line issuer bridge replaces the rejected aggregate plug. Sensitivities move value materially but never close the gap.

Synthesis metric	Bear	Base	Bull
Revenue, USD B	48.100	60.601	70.619
Statutory operating income, USD B	3.276	8.628	12.789
Parent net income, USD B	2.794	7.276	10.854
Diluted EPS, USD	10.3125	27.0487	40.2562
EPS times 15, USD	154.69	405.73	603.84

Red team

Red team resolved five material objections and found none unresolved. The strongest bear case is backlog converting without durable margins or attractive incremental returns. Electrification's 19.41% terminal margin is most fragile; a 200-basis-point Base statutory-margin miss cuts Base IRR about 2.58 points. Even 100% Bull yields only 7.85% gross USD and 8.59% net SGD, so PASS is invariant.

Kill / trigger criteria

- BUY trigger: none on current evidence. Mechanical P/E-15 Base support is USD 405.73, but price alone cannot clear two YELLOW qualitative gates or missing ROIIC proof.
- PASS trigger 1: Electrification Segment EBITDA margin below 18% for two consecutive post-FY2026 quarters despite organic revenue growth.
- PASS trigger 2: new Wind charges above USD 1.0B cumulatively or USD 250M on one project, or no four-quarter profit run.
- PASS trigger 3: Prolec margin below 15%, impairment, or sub-cost-of-capital returns by 2028.
- Upgrade conditions: Management and Moat both reach PASS; Wind achieves durable equipment-and-service profitability; acquisition-inclusive ROIIC and normalized cash conversion become credible; and a refreshed price produces positive P/E-15 cushion plus Base and probability-weighted net-SGD returns above 10%.

Research sizing if actionable: none; no trade is authorized.

Analyst flags

- No new quarter has reported; this refresh reflects price, live-source validation, repaired provenance, and portfolio context.

- Product-level margins, segment cash flow/capex, customer concentration, Wind-only warranty allocation, and seasoned Prolec ROIIC remain unavailable.
- Scenario weights of 27%/54%/19% remain medium-confidence judgments; PASS is invariant because Bull fails 10% gross.
- POWR's expected-return comparison uses a different horizon and is used only to answer the queued funding question, never as a ranking or trading instruction.

Appendix A - Company Primer

GE Vernova (GEV) — Institutional Company Primer

Information date: September 16, 2026 SGT **Listing and anchor:** XNYS:GEV common stock; USD 882.81 completed-session close on September 15, 2026 **Fiscal convention:** December 31 year-end; latest reported quarter Q2 FY2026 ended June 30, 2026 **TTM anchor:** Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending June 30, 2026 **ER2 horizon:** June 30, 2031, exactly five calendar years from the TTM endpoint **Authority:** Reader orientation only; `trade_execution_authorized=false`.

This primer explains the operating company before valuation. All historical income-statement, cash-flow, balance-sheet, share, and segment figures come from the QFR-cleared `quant_foundation.md`, whose quote-packet SHA-256 is `8845b9c1d11bf0a8d75a08914fb8fab28b1732442567410251863e799b91a1e7` and statutory-bridge SHA-256 is `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`. Backlog, installed-base, customer, competitive, and current-quarter context is taken from live GE Vernova investor-relations and SEC evidence archived for this run. GE Vernova reports segment profit as **Segment EBITDA**, not segment operating income; this distinction matters throughout.

1. Business overview

GE Vernova is an energy-equipment and services company spanning two linked layers of the electricity system: generation and the grid. Its Power and Wind businesses supply and maintain machines that produce electricity; Electrification supplies much of the hardware and software that moves, converts, stabilizes, stores, and controls that electricity. The breadth is unusual. A utility planning a new gas plant may buy a turbine, balance-of-plant equipment, and decades of maintenance from Power. A developer building a wind farm may buy turbines and services from Wind. A transmission operator connecting either project may buy high-voltage direct-current equipment, transformers, switchgear, automation, or grid software from Electrification.

The company is not principally a consumer-products manufacturer, distributor, or self-serve software vendor. Sales are direct, technical, and usually negotiated with sophisticated counterparties: regulated and unregulated utilities, independent power producers, renewable developers, industrial companies, grid operators, governments, and government-affiliated entities. Increasingly, hyperscalers and data-center developers influence demand directly or through utilities. Purchasing decisions often require engineering studies, permitting, project finance, interconnection approvals, competitive tenders, and multi-year delivery schedules. The commercial motion therefore resembles infrastructure underwriting more than catalogue sales.

GE Vernova solves three customer problems. First, it provides dispatchable generation and plant availability when electricity demand or intermittent renewable output changes. Second, it adds renewable generation through onshore and offshore wind. Third, it helps overloaded grids connect new generation and loads while maintaining frequency, voltage, protection, and reliability. The installed base gives the company a second job after the initial equipment sale: maintaining, repairing, upgrading, and digitally monitoring assets that can operate for decades.

The installed base is strategically important. GE Vernova says its customers generate roughly 25% of the world's electricity using its technologies. Its base includes about 7,000 gas turbines and about 59,000 wind turbines. That does not guarantee aftermarket capture, but it creates recurring inspection, outage, spare-parts, upgrade, and service opportunities. The core economic question is therefore not merely how many turbines or transformers ship in a year. It is whether GE Vernova can place well-underwritten equipment, convert that equipment into durable service relationships, execute long-cycle projects without warranty or liquidated-damages leakage, and use scale to improve quality and factory productivity.

2. Revenue architecture

GE Vernova reports three segments. The current 2026 business-unit taxonomy realigned several activities within Power and Electrification and combined Onshore Wind with LM Wind Power. The table below uses the official restated FY2025 current-taxonomy schedule rather than mixing old and new classifications. Percentages use consolidated revenue after intersegment eliminations, so segment percentages exceed 100% before the negative elimination row.

FY2025 current taxonomy	Revenue USDm	Share of consolidated revenue	Segment EBITDA USDm	Segment EBITDA margin
Power	19,873.0	52.2%	2,935.7	14.8%

FY2025 current taxonomy	Revenue USDm	Share of consolidated revenue	Segment EBITDA USDm	Segment EBITDA margin
Electrification	9,486.8	24.9%	1,399.8	14.8%
Wind	9,110.2	23.9%	(598.2)	(6.6)%
Eliminations and other	(402.0)	(1.1)%	—	—
Consolidated / segment sum	38,068.0	100.0%	3,737.3	9.8%

The mix is already changing. On the same current taxonomy, TTM revenue was USD 41,367m: Power USD 21,088.3m, Electrification USD 12,082.5m, Wind USD 8,474.2m, and eliminations of USD 278m. Electrification's TTM share rose to roughly 29%, while Wind fell to roughly 20%. TTM Segment EBITDA was USD 3,475.2m in Power, USD 2,080.9m in Electrification, and negative USD 943.6m in Wind. The group is therefore economically more concentrated in profitable Power and Electrification than a simple revenue split suggests.

Power

Power consists of Gas Power, Nuclear Power, Hydro Power, and the activities that were redistributed from the former Steam Power structure. Gas Power sells heavy-duty and aeroderivative gas turbines, plant systems, upgrades, spare parts, and long-term maintenance. Nuclear supplies boiling-water-reactor technology, fuel and services and is developing the BWRX-300 small modular reactor with Hitachi. Hydro supplies turbines, generators, and services for large and small hydro plants. Steam-related activities mainly support nuclear and coal fleets through turbines and services.

Power customers buy reliability, output, efficiency, and flexibility. A modern gas turbine can help balance variable wind and solar output, while upgrades can reduce fuel consumption or increase output. Equipment orders are large and lumpy, but the larger strategic prize is the installed base and contractual service agreement. At year-end 2025, Power had approximately USD 94.4bn of remaining performance obligations and roughly 1,800 gas turbines under long-term service agreements with an average remaining contract life of about ten years. The segment's risk is the mirror image of that durability: a long contract can become economically poor if durability, outage scope, parts cost, inflation, or labor hours were under-estimated.

Electrification

Electrification includes Power Transmission, Grid Systems Integration, Power Conversion & Storage, and Grid Automation & Software. In plain language, it supplies the high-voltage and digital infrastructure that connects generators to loads. Products include transformers, switchgear, substations, high-voltage direct-current systems, synchronous condensers, power-conversion systems, storage, protection and control equipment, and software that helps utilities operate increasingly complex networks.

Demand is driven by grid replacement, new generation interconnections, industrial electrification, data-center load, renewable integration, and the need for resilience. The work ranges from standardized components to engineered systems with meaningful execution risk. Electrification is currently the fastest-growing profitable segment: its TTM revenue and Segment EBITDA both increased sharply, aided by Prolec GE, while Q2 FY2026 equipment backlog reached USD 40.6bn, including USD 5bn from Prolec GE. A large backlog and long lead times support price and factory utilization, but they also raise the cost of missed deliveries, supplier shortages, and poor project selection.

Wind

Wind sells onshore and offshore wind turbines and blades and provides services to the installed fleet. The onshore strategy emphasizes fewer "workhorse" platforms in selected markets rather than proliferating designs. Offshore is centered on the Haliade-X platform and completion of existing projects. Service work uses monitoring, maintenance, parts, and performance improvement to extend asset life and increase availability.

Wind has not earned acceptable economics. FY2025 Segment EBITDA was negative USD 598m, and the TTM loss widened to negative USD 944m. Q2 FY2026 revenue fell as weak first-half 2025 onshore orders flowed into lower deliveries; offshore project costs also increased. Services help, but they have not offset equipment and project losses. Wind should therefore be understood as a turnaround inside GE Vernova, not as a proven group-wide service annuity.

Geography

The company is global, but the United States is the largest single revenue geography. Official FY2025 geographic disclosure was not required for the quantitative foundation's core reconciliation, so the following contextual table comes directly from

Note 24 of the live 2025 Form 10-K.

FY2025 customer geography	Revenue USDm	Share of total
United States	17,341	45.6%
Europe	7,594	19.9%
Asia	4,629	12.2%
Other Americas	3,116	8.2%
Middle East and Africa	5,389	14.2%
Total	38,068	100.0%

The diversity reduces dependence on one national power market, but it adds foreign-exchange, sanctions, local-content, trade-finance, sovereign-credit, labor, and compliance complexity. Geographic mix also varies by segment: U.S. policy is particularly important to onshore wind, while large Power and grid projects often depend on emerging-market finance and government decisions.

3. Unit economics: how revenue becomes profit

The consolidated business is a blend of equipment and services. In FY2025, product revenue was USD 20,934m and service revenue USD 17,134m, approximately 55% and 45% of consolidated revenue. The distinction is economically useful but not identical to the segment structure: every segment sells both equipment and services. Equipment adds installed base and future aftermarket opportunity; services generally offer repeat activity, customer proximity, and better cash economics, but require accurate lifetime cost estimates.

The issuer's Segment EBITDA measure excludes depreciation and amortization and certain corporate or non-operational items. The following table shows the exact FY2025 segment cost architecture in the cleared foundation under the then-reported segment schedule. Parentheses denote losses or income-like offsets where applicable.

FY2025 reported basis	Power USDm	Wind USDm	Electrification USDm
Segment revenue	19,767	9,110	9,642
Cost of revenues	14,627	9,008	6,644
SG&A	1,836	527	1,350
R&D	549	161	426
Other segment items	(147)	12	(212)
Segment EBITDA	2,902	(598)	1,433
Segment EBITDA margin	14.7%	(6.6)%	14.9%

Power economics begin with disciplined equipment underwriting. New turbines consume engineering, materials, factory labor, logistics, installation support, and working capital. A competitively priced initial unit can still create attractive lifetime value if it produces a long stream of outages, parts, repairs, and upgrades. Scale matters because a common fleet spreads engineering, tooling, repair-center, and field-service costs. Price, volume, and factory productivity drove recent margin improvement. The main leakage points are quality failures, insufficient pricing for inflation, supplier bottlenecks, and long-term service estimates that prove optimistic.

Wind equipment faces harsher economics. Turbines are large, logistics-heavy systems sold into markets shaped by auctions, subsidies, tax credits, interest rates, permitting, and interconnection. Fixed-price commitments can be signed years before delivery. Raw-material inflation, vessel availability, weather, component failures, redesign, and liquidated damages can overwhelm the original margin. Onshore can improve through platform simplification, selectivity, volume, and service attachment. Offshore projects are larger and more bespoke, with severe installation and warranty tail risk. Wind's negative margin demonstrates that backlog volume without adequate price, quality, and contract terms can destroy value.

Electrification sits between product manufacturing and engineered-project work. Transformers and switchgear benefit from scarce industry capacity, standardized designs, price, and factory absorption. HVDC and systems-integration projects are larger and more execution-intensive. Profits improve when backlog was booked at sound prices, material and labor productivity keeps pace, factories run at higher throughput, and design is repeated. They deteriorate when engineering changes, suppliers, permitting, or site execution disrupt fixed-price schedules. The current demand environment supports pricing, but rapid growth itself is a risk because capacity, skilled labor, and quality systems must scale together.

Capital intensity is meaningful but not overwhelming relative to sales. FY2025 gross capital expenditure was USD 1,277m against USD 38,068m of revenue; TTM gross capex was USD 1,701m. The company is increasing capacity in Power and Electrification, while R&D is necessary across gas-turbine efficiency, nuclear, wind platforms, grid technology, software, storage, and manufacturing automation. Returns depend on adding capacity where demand and backlog quality are durable rather than treating every current bottleneck as permanent.

Headline cash generation requires normalization. TTM operating cash flow was USD 14,139m and free cash flow USD 12,438m, but H1 FY2026 contract liabilities increased by USD 13,695m. Customer advances and milestone billings are economically valuable sources of funding, yet they also create future delivery obligations. Cash received before revenue is not equivalent to margin earned. Investors should separate structural service cash generation and sustainably better working-capital velocity from temporary backlog-funded inflows.

4. Service and backlog economics

Backlog is central to the investment story. GE Vernova defines backlog as remaining performance obligations: contracted future revenue from firm customer commitments, excluding purchase orders cancelable without a substantive penalty. At year-end 2025, total RPO was USD 150.2bn, comprising USD 64.2bn of equipment and USD 86.0bn of services. Power accounted for USD 94.4bn, Electrification USD 34.7bn, and Wind USD 21.6bn. By Q2 FY2026, company backlog had reached USD 176bn after increasing USD 13bn sequentially.

The duration differs sharply by type. At year-end 2025, management expected 37% of equipment RPO within one year, 69% within two years, and 97% within five years. Only 17% of service RPO was expected within one year; 52% within five years, 77% within ten, and 91% within fifteen. Services therefore provide much longer visibility than equipment. Power's contractual service agreements commonly run five to twenty-five years. Wind also sells flexible service agreements and parts, upgrades, and maintenance to its fleet.

Backlog is valuable for three reasons. It makes future revenue more observable, supports factory and field-resource planning, and can carry customer advances that reduce external financing needs. It may also signal pricing power when demand exceeds industry capacity. In Q2 FY2026, Power converted 10 GW of slot reservations to orders, shipped 3 GW, and ended with 53 GW of equipment backlog plus 63 GW of slot reservations. Electrification posted an approximately 1.7 book-to-bill ratio and USD 40.6bn of equipment backlog.

Backlog is not cash profit. It can include fixed-price commitments, estimated lifetime service revenue, and projects still exposed to customer financing, permitting, change orders, timing, cost inflation, and execution. Slot reservations are even less firm than RPO; counterparties may not convert the expected volume. A growing backlog is bullish only if contribution margins, contractual protections, quality, and delivery capacity improve with it.

Service revenue is also not a pure subscription. For many Power agreements, GE Vernova recognizes revenue over time using cost-to-cost percentage of completion and repeatedly updates estimated total contract cost. Small changes in durability, outage scope, parts consumption, labor productivity, or discount assumptions can alter contract profitability. Long-lived service relationships are a moat only when technical knowledge and installed-base access outweigh warranty, performance-guarantee, and estimation risk.

5. Customers and how they buy

Customer decisions are made at the project, fleet, and system level. They are slow because the asset is critical, expensive, regulated, and expected to operate for decades. Selection criteria include lifetime cost, efficiency, reliability, installed-base references, local service capacity, delivery slots, financing, performance guarantees, and the supplier's balance sheet. Direct bidding and negotiated agreements dominate; channels are not the central model.

Segment	Typical customers	What they buy	Commercial motion	Main customer concern
Power	Utilities, IPPs, industrials, governments	Turbines, plant systems, fuel, outages, parts, upgrades, long-term service	Tender, direct negotiation, slot reservation, equipment order, service agreement	Availability, fuel efficiency, output, delivery, lifetime cost
Wind	Developers, utilities, IPPs	Turbines, blades, installation support, maintenance, digital monitoring	Project tender, framework order, fixed-price contract, service attachment	Levelized cost, reliability, policy eligibility, schedule, warranty
Electrification	Grid operators, utilities, renewable developers, industrials, data centers	Transformers, switchgear, substations, HVDC, conversion, storage, automation and software	Specification-led tender, engineered-project contract, direct sale	Lead time, grid code, reliability, interoperability, execution

The breadth of the portfolio can deepen relationships: many major utilities buy from multiple GE Vernova businesses, and a customer that trusts the company with a critical fleet may value common service infrastructure and engineering knowledge. However, cross-selling is not automatic. Procurement is often business-specific, and customers can dual-source or select different vendors project by project. The real switching barrier is the combination of installed equipment, certified parts, performance data, field expertise, and the operational risk of changing suppliers, not the corporate brand alone.

6. Cyclicality and operating cadence

GE Vernova is exposed to several cycles that do not move together. Gas generation responds to electricity demand, capacity needs, fuel economics, interest rates, data-center load, energy-security concerns, and the pace of renewable deployment. Grid spending follows replacement needs, congestion, new generation and load interconnections, regulation, utility rate cases, and government support. Wind is particularly sensitive to auctions, tax credits, permitting, interest rates, local-content rules, and developer economics.

Power combines lumpy equipment with a service base that can cushion downturns. Gas plants still require outages and parts even when new-unit orders slow, although utilization affects service demand. Electrification's current shortage conditions and multi-year backlog reduce near-term volume cyclicality, but a future capacity build-out across the industry could normalize pricing and lead times. Wind has shown the most severe cyclicality because policy shifts and higher financing costs can stop project awards quickly, while manufacturers remain committed to factories and legacy contracts.

Quarterly revenue and cash flow can be seasonal and milestone-driven. Large equipment deliveries and customer payments do not fall evenly through the year. Contract liabilities can cause cash to lead revenue by years; later delivery reverses that working-capital benefit. Investors should therefore judge performance on backlog quality, trailing periods, and multi-year cash conversion rather than extrapolating one quarter.

The segments also hedge one another imperfectly. Faster renewable deployment can support Wind and Electrification but reduce the need for some gas generation; it can also increase the need for dispatchable capacity and grid stabilization. Slower decarbonization can extend gas and coal service demand while hurting wind orders. Electrification is the broadest beneficiary because almost every generation pathway requires transmission, distribution, protection, and control investment.

7. Competitive set and basis of competition

The official 2025 filing names Siemens Energy, Mitsubishi Power, Westinghouse, Framatome, and Rolls-Royce as key Power competitors; Vestas, Siemens Gamesa, Nordex, Envision, and Goldwind in Wind; and Hitachi Energy, Siemens Energy, Siemens, Schneider Electric, Mitsubishi Electric, and ABB in Electrification. Chinese manufacturers are increasingly relevant outside their home markets, particularly where state support, financing, scale, or price creates an advantage.

Arena	GE Vernova strengths	Competitive pressure
Gas and steam power	Large installed base, HA fleet, service network, application knowledge, broad turbine range	Siemens Energy and Mitsubishi Power on technology, price, delivery and service; changing generation mix
Nuclear and hydro	Installed fleet, fuel and service knowledge, GE Hitachi partnership, project references	Westinghouse, Framatome, Rolls-Royce and other national champions; long licensing cycles
Onshore wind	Large U.S. base, services, workhorse platforms, repowering opportunity	Vestas, Siemens Gamesa, Nordex, Envision, Goldwind; price and policy competition
Offshore wind	Haliade-X technology and project experience	Siemens Gamesa and Vestas; execution record, scale and bankability
Grid equipment and systems	Broad high-voltage portfolio, installed base, systems integration, Prolec GE, grid software	Hitachi Energy, Siemens Energy, ABB, Schneider, Mitsubishi; capacity and lead-time competition

GE Vernova competes on product performance, quality, delivery, service, financing terms, price, capacity, and reputation. In this industry, availability can be as important as price: a buyer facing a power shortage may value a credible delivery slot and field support. The company benefits from deep technical know-how and installed-base data, but those advantages can be erased by quality problems. Competitors can gain share if they offer more reliable products, shorter lead times, stronger guarantees, cheaper finance, or more attractive local manufacturing.

8. Major risks

Execution and fixed-price contract risk

Large projects can be mispriced years before delivery. Inflation, labor, commodities, supplier delays, engineering changes, weather, logistics, and site conditions can create cost overruns. Performance or schedule misses can trigger liquidated damages, repair obligations, or customer disputes. This is the most direct pathway from impressive backlog to disappointing cash profit.

Wind turnaround risk

Wind remains loss-making despite years of restructuring. TTM Segment EBITDA deteriorated to negative USD 944m. The company must improve onshore volume, pricing, product quality, and service profitability while completing offshore obligations without new cost surprises. A recovery cannot be assumed simply because group margins are improving.

Service estimation and quality risk

Long-term agreements depend on assumptions about product durability, outage frequency, parts, labor, and productivity. A design issue can affect many units and generate years of warranty or campaign expense. Revenue recognition based on cost-to-cost estimates can shift when expected lifetime profitability changes.

Backlog conversion and customer risk

RPO improves visibility but does not eliminate cancellations, financing failures, government intervention, permitting delays, change orders, or counterparty stress. Government customers may modify or terminate contracts. Slot-reservation agreements may not become firm equipment orders. Emerging-market collections and sovereign exposure add complexity.

Capacity, supply-chain, and tariff risk

Power and Electrification are expanding output into strong demand. Ramping factories too quickly can reduce quality. Transformers, specialty metals, electronic components, castings, skilled labor, vessels, and logistics can become constraints. Tariffs and local-content rules can raise cost or require redundant capacity.

Policy and energy-transition risk

Wind economics depend heavily on permitting, tax credits, auctions, and financing. Gas demand depends on power-market rules, fuel prices, carbon policy, and the cost of alternatives. The company must navigate two-sided risk: decarbonization may move faster than its gas portfolio adapts, or policy support may move slower than its renewable investments require.

Technology and commercialization risk

SMRs, hydrogen-capable turbines, carbon capture, storage, grid software, and advanced power electronics offer optionality but require large investment and may commercialize later or at lower returns than expected. New products raise certification, ramp, and quality risk. Competitors can also leapfrog GE Vernova or commoditize a product category.

Earnings and cash-quality risk

TTM parent-attributable net income of USD 9,529m includes large non-recurring items, notably the Prolec GE remeasurement gain, while H1 cash flow benefited materially from contract liabilities. The clean operating base is far below headline TTM EPS and free cash flow. Investors should anchor on segment profit, statutory operating income, normalized taxes, and cash earned after delivery obligations rather than reported TTM net income alone.

Capital-allocation and integration risk

The balance sheet had USD 10,271m of net cash excluding operating leases at June 30, 2026, but the company is simultaneously expanding factories, funding R&D, repurchasing shares, paying dividends, and integrating Prolec GE. High demand can make every opportunity appear attractive. The discipline test is whether management prioritizes returns, quality, and capacity bottlenecks rather than growth for its own sake.

9. What an investor should monitor

The most useful operating dashboard is compact. Track Power equipment orders and confirmed backlog separately from slot reservations; service order growth, utilization, and contract profitability; Electrification book-to-bill, backlog margin, delivery growth, and lead times; and Wind's onshore equipment volume, service profitability, offshore cost-to-complete, and Segment EBITDA. At the group level, track price versus inflation, warranty expense, R&D and capex productivity, contract liabilities, free cash flow after working-capital normalization, diluted shares, and the bridge from Segment EBITDA to statutory operating

income.

The central bull case is that GE Vernova converts an electricity-infrastructure supercycle into profitable equipment growth, expands a high-quality service base, scales Electrification, repairs Wind, and compounds cash without sacrificing underwriting. The central bear case is that demand and backlog obscure poor contract quality, capacity strain, service-estimate risk, and a Wind turnaround that never earns its cost of capital. Power and Electrification currently carry the economics; Wind remains the clearest operational proof point.

GE Vernova is therefore neither a simple cyclical manufacturer nor a clean recurring-revenue compounder. It is a portfolio of long-cycle infrastructure franchises whose attractiveness depends on installed-base service capture, technical reliability, contract discipline, and execution. The backdrop is exceptionally favorable, but the durability of value creation will be determined by the margin and cash produced from the backlog, not by the backlog headline itself.

Source and scope notes

Source	Date / period	Use in this primer
QFR-cleared `quant_foundation.md`	September 16, 2026; TTM ended June 30, 2026	All core financial, segment, cash-flow, balance-sheet, share and time-anchor figures
[GE Vernova 2025 Annual Report](https://www.gevernova.com/sites/default/files/gevernova_2025_annual_report.pdf)	FY2025	Business lines, geography, RPO duration, customers, competition, contracts and risks
[GE Vernova Q2 FY2026 event](https://www.gevernova.com/investors/events/2nd-quarter-2026-earnings-webcast)	July 22, 2026	Backlog, orders, segment demand, capacity and current operating context
[GE Vernova investor overview](https://www.gevernova.com/investors)	Retrieved September 16, 2026	Installed base and service orientation
Live FMP stable company profile	Retrieved September 16, 2026	Issuer/listing/business-description cross-check only; not used over the cleared foundation for financials

Fresh evidence and SHA-256 provenance are archived under `raw/pulse-cio-20260916T200321+0800/A_primer/source_manifest.json`. No investing-data-warehouse cache was used, and prior reports were not used as current evidence.

Appendix M - Management Assessment

GE Vernova Inc. — Management Assessment

Run: `pulse-cio-20260916T200321+0800` **Assessment date:** 2026-09-16 **Latest reported quarter:** Q2 FY2026 ended 2026-06-30 **TTM anchor:** Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending 2026-06-30 **Five-year horizon:** 2031-06-30 **Sealed current price:** USD 882.81 **Statutory bridge SHA-256:** `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a` **Management gate: YELLOW Trade execution authorized:** `false`

Executive conclusion

Scott Strazik and his operating team have earned substantial credibility, but GE Vernova still falls short of a hard PASS against the standard of a management team that can be followed for twenty years. Strazik owns the recovery of Gas Power, the shift to firmer and better-priced long-cycle contracting, the rapid improvement in Electrification, and the decision not to refill Offshore Wind backlog on the inherited terms. Management discloses more operating detail than many industrial peers, has raised rather than cut consolidated guidance, and has been unusually direct about Wind losses. The capital program is coherent with the stated strategy: combined capex and R&D rose from USD 1.585bn in FY2021 to USD 2.474bn in FY2025, and H1 FY2026 spending of USD 1.358bn is consistent with the roughly USD 10bn four-year investment program described at the 2025 Investor Update.

The evidence does not yet justify PASS. GE Vernova has been independently listed only since April 2024; the USD 5.275bn purchase of the remaining half of Prolec GE is strategically adjacent but has not produced a seasoned acquisition return; Wind still lost USD 657m of Segment EBITDA in H1 FY2026; and the compensation design rewards aggregate EBITDA, free cash flow and TSR but not ROIC, acquisition returns, or per-share value. The August 27 announcement that Ken Parks will retire and Claire McDonough will become CFO on January 1, 2027 adds a material continuity test. McDonough has capital-markets and complex-transaction experience, but no demonstrated record yet in percentage-of-completion industrial accounting, long-cycle project underwriting, or customer-funded capacity programs.

This is **YELLOW, not FAIL**. There is no evidence of serial destructive M&A, chronic dilution, weak controls, minority-shareholder abuse, or repeated evasion. What is missing is proof that the record survives Wind runoff, Prolec integration, the CFO handoff, and a weaker demand and deposit cycle. These are finite, monitorable uncertainties rather than present evidence of an incapable team.

1. Who is running the company

Role	Executive	Tenure and present accountability
CEO and president	Scott Strazik	CEO of the pre-spin GE Vernova organization since November 2021; CEO of listed GEV since April 2024; president added July 2025. Owns Gas Power recovery, Wind containment, the post-spin capital framework, and Prolec.
CFO through FY2026	Ken Parks	CFO since October 2023 and first listed-company CFO. Owns finance, sourcing, digital technology, business development, capital markets, and process transformation. Becomes strategic adviser January 1, 2027 and retires April 2, 2027.
Incoming CFO	Claire McDonough	Joins November 1, 2026 as strategic adviser and becomes CFO January 1, 2027. Rivian CFO since January 2021; previously J.P. Morgan and Fairway Market.
Power CEO	Eric Gray	More than 25 years at GE/GE Vernova; Gas Power leader since 2022 and current owner of capacity, pricing, services, and execution.
Wind CEO	Vic Abate	Leads Wind since 2023 after taking Onshore Wind in 2022; accountable for Offshore completion, warranty quality, and Onshore service recovery.
Electrification CEO	Philippe Piron	Leads the segment since January 2026 after senior Grid Solutions, Power Conversion, and Electrification roles; owns Prolec integration and factory expansion.

The live [GE Vernova leadership roster](https://www.gevernova.com/company/leadership) still lists Parks as CFO. The [August 27 Form 8-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000153/gev-20260825.htm) provides an orderly transition: McDonough gets two months as adviser, Parks remains through the Q3 and Q4 calls and preparation of the 2026 10-K, then overlaps as adviser through April. The bridge is orderly but short for multi-year service accounting, customer advances, purchase accounting, and Offshore claims.

Steve Angel is independent non-executive chair. The [2026 proxy](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000049/gev-20260402.htm) reports eight independent directors and only Strazik as non-independent; all key committees are independent. All directors joined in 2024, making the board unentrenched but untested through a cycle. Full declassification is scheduled by 2029. There is one share/one vote, no dual class or poison pill, proxy access, and a 25% special-meeting right.

2. Tenure and track record

Strazik has enough tenure to own today's operating strategy. His recurring pattern is to use lean operating reviews, price and fund long-cycle backlog before committing scarce capacity, disclose conversion bottlenecks, and narrow exposure when fixed-price risk is asymmetric. Three decisions matter most.

First, the Gas Power recovery is real. Power revenue rose from USD 16.7bn in FY2021 to USD 19.8bn in FY2025 while Segment EBITDA margin rose from 8.4% to 14.7%; Q2 FY2026 margin reached 18.8%. By Q2, Gas backlog and reservations totaled 116 GW, with output planned to rise from about 20 GW in 2026 to 30 GW in 2030. Upfront non-refundable funding and reservation pricing 10-20 percentage points above existing backlog support management's claim that backlog quality improved.

Second, management stopped treating Offshore Wind backlog growth as success. Wind improved from a USD 2.24bn Segment EBITDA loss in FY2022 to a USD 598m loss in FY2025, but H1 FY2026 still lost USD 657m. Management quantified charges, described delays, and stopped pursuing similar backlog without materially better economics. The Q2 call retained an approximately USD 400m FY2026 loss expectation and projected roughly break-even Q3 Segment EBITDA. This demonstrates learning, not completion.

Third, the Prolec buyout is coherent but unproven. GEV paid USD 5.275bn for the remaining 50%, using cash and USD 2.6bn of senior notes. Prolec brought roughly USD 5bn of backlog, but the Q2 10-Q reported a USD 57m pre-tax loss on USD 859m of quarterly revenue after purchase-accounting effects. Management's claim of adjusted operating margins above 20% is useful but is not acquisition ROIC. PASS requires an after-tax return on purchase price plus incremental investment.

Parks built public-company finance processes and clearly separated organic and acquired performance. McDonough's Rivian record includes an IPO-era finance organization and the Volkswagen joint venture, but it does not prove industrial contract-accounting judgment. The correct default is neutral pending evidence.

3. Capital allocation and capex consistency

The following history is reproduced from the DR-cleared `data_package.md` Section 7, not re-created from a warehouse cache. Pre-spin buybacks and dividends are not GEV shareholder returns.

Period	Capex (USD bn)	R&D (USD bn)	Capex + R&D (USD bn)	Buybacks (USD bn)	Dividends (USD bn)	M&A cash
FY2021	0.577	1.008	1.585	N/A pre-spin	N/A pre-spin	Not separately disclosed
FY2022	0.513	0.979	1.492	N/A pre-spin	N/A pre-spin	Not separately disclosed
FY2023	0.744	0.896	1.640	N/A pre-spin	N/A pre-spin	Not separately disclosed
FY2024	0.883	0.982	1.865	0.043	0.000	No material disclosed cash deal
FY2025	1.277	1.197	2.474	3.316	0.275	Prolec announced
H1 FY2026	0.783	0.575	1.358	3.671	0.273	USD 5.275bn Prolec consideration

The capex-consistency test passes with qualifications. Management says Power and Electrification growth requires tooling, test capacity, supplier capacity, factory shifts, automation, product certification, and engineering. Actual combined capex and R&D increased 56% from FY2021 to FY2025 and H1 FY2026 annualizes near USD 2.7bn. That is consistent with the roughly USD 10bn capex-and-R&D program through FY2028 and with Q2 management's statement that 2026 combined R&D and capex would rise about 30% year over year. Spending therefore supports, rather than contradicts, the capacity and innovation narrative.

The qualification is that this is a physically intensive industrial. Wind's FY2025 PP&E additions plus R&D were about USD 0.354bn before remediation or warranty costs, and no segment cash-flow schedule exists. H1 FY2026 PP&E additions included USD 0.942bn of acquired Prolec property, not organic capex. Incremental returns must be demonstrated by backlog conversion, margin durability, and warranty containment.

Customer funding complicates the cash claim. Contract liabilities rose USD 13.695bn in H1 FY2026. Parks disclosed a USD 6.4bn Q2 working-capital benefit, mainly from down payments, and tied higher FCF guidance to orders and deposits. This is candid, but TTM FCF of USD 12.438bn is not normalized. Deposits lower financing needs while creating future delivery obligations.

Through Q2 FY2026, GEV repurchased about 12.4m shares for USD 6.963bn, averaging roughly USD 560, below the current USD 882.81 anchor and more than offsetting modest issuance. Management has disclosed no prospective FCF-yield or intrinsic-value hurdle for the remaining authorization. Repurchases near USD 883 require a much higher standard while factories, Prolec, and Wind compete for capital.

4. Compensation alignment, ownership, and dilution

The 2025 annual incentive weighted free cash flow 40%, adjusted EBITDA 40%, and organic revenue growth 20%, with individual and safety/sustainability modifiers. Long-term incentives were 50% performance stock units, 30% restricted stock units, and 20% options. The PSUs use three-year cumulative adjusted EBITDA and free cash flow with a TSR modifier. Seventy-five percent of CEO target compensation is long term and 90% is variable. These are better metrics than revenue or discretionary objectives alone, but they omit ROIC, acquisition returns, and per-share FCF or EPS. Aggregate EBITDA and cash can rise after acquisitions or customer advances even if incremental returns disappoint.

Strazik's 2025 annual incentive paid at the 200% maximum, including a 130% individual factor, and total compensation was USD 18.02m. Strong Power and Electrification results support above-target pay, but a maximum outcome while Wind remained deeply loss-making exposes the metric gap. Strazik owned 135,690 issued shares and Parks 18,744 at March 3, 2026. Guidelines are 6x salary for the CEO and 3x for other executives, but unvested RSUs count. Hedging and pledging are prohibited, with retention and clawback requirements.

Stock-based compensation was 0.44% of revenue in FY2024 and 0.68% in FY2025 and H1 FY2026; dilution is disciplined. McDonough's package is the watch item: USD 1.0m salary, 100% target incentive, expected USD 5.225m 2027 LTI, USD 14.5m of make-whole equity, and a USD 5.0m cash sign-on. The equity accelerates on termination without cause, shifting transition risk to shareholders before performance is observed.

5. Disclosure quality, candor, and claims discipline

Eight transcripts from Q3 FY2024 through Q2 FY2026 were freshly pulled from FMP's live stable endpoint for this run. The latest four were cross-checked against the live official transcript files used in the DR-cleared package. The quoted phrases below were found in the archived current-run transcript bytes; none is reconstructed from the prior report.

Quarter	Load-bearing issue	Management handling
Q3 FY2024	Offshore manufacturing deviation and charge	Called the period difficult, quantified an approximately USD 700m charge, and did not claim root-cause work was complete.
Q4 FY2024	Roughly USD 1bn annual Offshore loss	Said new backlog required substantially different economics; did not hide the runoff behind market-growth language.
Q1 FY2025	Tariffs and execution risk	Maintained ranges and separated pricing, productivity, and tariff exposure.
Q2 FY2025	Dogger Bank timing and Wind loss	Disclosed completion moving into 2027 while raising consolidated guidance.
Q3 FY2025	Weak U.S. Onshore demand	Said the trajectory was “too difficult to call” and cited services orders rather than inventing an equipment inflection.
Q4 FY2025	Remaining loss-making Offshore backlog	Explicitly described the “remaining unprofitable Offshore Wind backlog.”
Q1 FY2026	USD 382m quarterly Wind loss and Prolec	Quantified the Wind loss, separated acquired backlog, and disclosed early Prolec operating metrics.

Quarter	Load-bearing issue	Management handling
Q2 FY2026	Capacity, cash, and Wind recovery	Gave backlog/SRA split, output ramp, pricing, USD 6.4bn working-capital benefit, and Q3 Wind break-even expectation.

Question handling is generally direct. Parks supplies requested margin, cash, backlog, or timing numbers, while Strazik distinguishes orders from reservations and opportunities. Voluntary disclosure includes segment RPO, Gas gigawatts and pricing, switchgear backlog, Prolec contribution, unit output, and quarterly margin expectations. “Headwind” appeared only in Q4 FY2024 and Q2 FY2025 among the eight transcripts; management more often used “contract losses,” “difficult,” and “too difficult to call.”

Guidance credibility is good but not through-cycle. FY2024 landed at the high ends; FY2025 revenue of USD 38.07bn and FCF of USD 3.71bn beat the latest ranges. The 2026 updates raised rather than cut expectations, reaching USD 45.5bn-USD 46.5bn revenue, 12%-14% adjusted EBITDA margin, and USD 11.5bn-USD 12.5bn FCF. Exceptional customer advances make cash easier to exceed than normalized conversion, a distortion management has disclosed.

True omissions remain customer concentration, a Wind-only warranty reserve, product-level revenue, and a clean H1 FY2026 Offshore contract-loss figure. These do not make disclosure poor, but they keep Wind and backlog quality from being independently underwritten at the granularity needed for a full PASS.

6. Strategic coherence

The FY2025 10-K describes GE Vernova as a company whose products “generate, transfer, orchestrate, convert, and store electricity,” with the mission to “electrify to thrive and decarbonize.” Investment matches that statement. Power is expanding Gas and services; Electrification is adding transformers, switchgear, HVDC, automation, and Prolec; Wind is narrowed to opportunities with acceptable contract terms. The FY2028 destination is measurable: USD 56bn of revenue including Prolec, 20% adjusted EBITDA margin, 22% margins in Power and Electrification, 6% in Wind, and at least USD 22bn cumulative FY2025-FY2028 FCF after heavy reinvestment.

This is a coherent direction rather than a sequence of pivots. Management names tariffs, suppliers, permitting, Wind losses, capacity, and throughput. The risk is that strong demand and customer advances make backlog, cash, and factories appear attractive before returns are known.

7. Governance and related-party flags

The 2026 proxy disclosed non-executive employment of Vic Abate's son and Pablo Koziner's spouse, each with annual compensation between USD 120,000 and USD 400,000 plus customary benefits. The Audit Committee approved both. The amounts are immaterial to GE Vernova, but continuing disclosure is required. The FY2025 10-K reported effective ICFR, an unqualified audit, and no material weakness; the Q2 2026 10-Q reported effective disclosure controls. Prolec will be excluded from the 2026 ICFR assessment under the permitted one-year acquisition transition. That is standard, but any extension or control deficiency would be significant given the purchase-accounting and integration complexity.

The fresh SEC submissions file shows no company filing after the August 27 CFO-transition 8-K as of the cutoff. The fresh FMP insider-trading pull shows three open-market sales in the last twelve months: Chief People Officer Steven Baert sold 5,300 shares on March 3, controller Matthew Potvin sold 2,333 on May 14, and Wind CEO Vic Abate sold 4,819 on June 1. There was no fresh open-market CEO sale and no post-June cluster. The Q2 10-Q states that no director or officer adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 arrangement during the quarter. The pattern does not indicate coordinated flight, but the filings do not support labeling every sale mechanical.

8. Peer comparison

CEO / company	Capital allocation and execution	Relative management read-through
Duke Austin / Quanta Services	CEO since March 2016; repeatable acquisitions and decentralized execution across a decade.	Austin ranks ahead on duration and demonstrated per-dollar stewardship. Quanta's reporting also provides clean organic/acquired bridges.
Christian Bruch / Siemens Energy	Longer listed-company stress record and a broad recovery, offset by severe Siemens Gamesa quality and guarantee problems.	Strazik currently ranks ahead on clean execution; Bruch ranks ahead on duration and experience navigating a full crisis.

CEO / company	Capital allocation and execution	Relative management read-through
Paulo Ruiz / Eaton	CEO only since June 2025, but inherits a long-established high-return operating and portfolio system.	Strazik has more in-seat turnaround evidence; Eaton has the stronger institutional compounding architecture.

Strazik ranks well on candor and problem-solving but not first on stewardship. GEV remains a credible operator story awaiting proof that its capital-allocation process is equally durable.

9. Management gate verdict and monitoring conditions

MANAGEMENT GATE: YELLOW. Strazik and the senior team have earned credibility through the Power recovery, Electrification execution, coherent Prolec rationale, direct disclosure, and corrective action on Wind. Governance, ownership, dilution, and controls are adequate. PASS is withheld because standalone stewardship is short, Wind remains loss-making, Prolec acquisition ROIC is unproven, incentives omit ROIC and per-share value, and the incoming CFO has not demonstrated industrial project-accounting or through-cycle capital-allocation skill.

Upgrade to PASS only if all three conditions are met:

- Wind finishes FY2026 near the approximately USD 400m loss guide, avoids any new single-project charge above USD 250m, and produces positive full-year Segment EBITDA by FY2027 with visible Vineyard and Dogger Bank closure.
- Prolec sustains strong operating margins and by FY2028 earns an after-tax operating return above GEV's cost of capital on the USD 5.275bn purchase price plus incremental capacity investment, with GAAP and adjusted bridges clearly disclosed.
- McDonough completes the 2026 10-K handoff without a control or guidance disruption, preserves transparent backlog and working-capital disclosure, and the board adds ROIC, acquisition-return, or per-share FCF/EPS accountability to long-term compensation.

Downgrade to FAIL if GE Vernova adds new Offshore backlog on similarly asymmetric terms; cumulative new Wind project or warranty charges exceed USD 1bn without leadership or board consequences; Prolec settles below a 15% operating EBITDA margin or is impaired; the CFO transition produces a material weakness, restatement, or evasive cash disclosure; or the remaining buyback authorization is spent aggressively near current valuation without a defensible prospective-return hurdle while organic capacity remains underfunded.

Source and integrity note

Primary evidence was fetched live from SEC EDGAR, GE Vernova IR, and FMP. The current-run archive contains SEC filings, issuer pages, eight transcripts, and insider transactions. The latest four FMP transcripts were cross-checked against official transcript text in DR evidence. The DR-cleared package, QF/QFR, primer, and sealed bridge controlled historical figures. The prior snapshot, SHA-256 `8b0e99d9062087a2bd1d4c6cab0a94de759a904b7427bb08c3369e75fac75fda`, was comparison-only. No warehouse cache supplied evidence, no canonical report was edited, and no trade or portfolio action was authorized. `trade_execution_authorized=false`.

Appendix W - Moat and 2046 Durability

GE Vernova — Moat and 2046 Durability

Run ID: `pulse-cio-20260916T200321+0800` **Information date:** 2026-09-16 **Financial anchor:** Q2 FY2026 and TTM ended 2026-06-30; five-year forecast horizon ended 2031-06-30 **Valuation price anchor:** USD 882.81 **Evidence control:** DR-cleared `data_package.md`; QF/QFR-cleared historicals; sealed statutory bridge SHA-256 `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`; stage-specific live FMP, issuer, and SEC pulls. `trade_execution_authorized=false`.

Executive gate

Test	Verdict	Core reason
Moat gate	**YELLOW**	Power services have real installed-base lock-in and Electrification has qualification, scale, and bankability advantages, but Wind remains structurally weak and much of recent margin expansion has not been tested through normalized capacity and pricing conditions.
2046 test	**YELLOW**	A specific 2046 franchise is credible around fleet service, grid equipment, high-voltage systems, and certified infrastructure, but twenty-year returns still depend on gas-fleet relevance, grid scarcity becoming a durable service franchise, and Wind ceasing to consume value.

This is not a diplomatic midpoint. Power and Electrification were about 77% of FY2025 revenue and produced all positive segment profit, while Wind was about 24% of revenue and loss-making. Strong franchises do not automatically shelter a large, capital- and reputation-intensive business that has repeatedly destroyed margin.

1. Moat taxonomy applied

Network effects — absent. GE Vernova does not have a classic user-to-user network effect. A larger turbine or grid installed base produces operating data, service density, references, and engineering learning, but a customer does not obtain more utility merely because another utility buys the same machine. Those are scale and data advantages, not a self-reinforcing network. Calling them network effects would overstate protection.

Switching costs — strong in Power service, moderate elsewhere. A gas turbine, nuclear system, HVDC link, transformer fleet, or wind platform is a multidecade operating asset. Once selected and certified, the original supplier knows design tolerances, operating history, parts, controls, outage scope, and performance guarantees. Power is the clearest case: at FY2025 GE Vernova reported roughly 7,000 gas turbines, about 1,800 under long-term service agreements with an average ten years remaining, and contractual service arrangements generally lasting five to twenty-five years. Customers can self-maintain or use third parties, but doing so transfers availability, parts compatibility, warranty, and outage risk. Switching costs are lower for a new build because utilities can tender each project across Siemens Energy, Mitsubishi Power, Hitachi Energy, ABB, Schneider, Vestas, and others.

Scale economies — real, though execution-dependent. GE Vernova spreads R&D, repair centers, field engineers, qualification expense, test facilities, sourcing, and digital monitoring across a very large installed base and 91 manufacturing sites. Scale is most valuable when it shortens outages, raises part availability, and converts fleet learning into lower lifetime cost. It is not automatically beneficial: a common design defect can scale warranty expense, and a global supply chain purchasing roughly USD 20 billion of materials annually magnifies shortages in specialty metals, castings, transformers, semiconductors, and skilled labor. Scale is a moat only while quality and delivery remain superior.

Brand and high-trust procurement — meaningful, not invulnerable. Buyers choose critical infrastructure on reliability, references, lifetime cost, delivery certainty, local service, financing, and the supplier's ability to honor decades of guarantees. A bankable vendor with an operating fleet and balance sheet has an advantage over a new entrant. Yet GE Vernova's [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000015/gev-20251231.htm) explicitly says it competes on performance, quality, brand, service, and price; this is evidence of an oligopoly, not monopoly. Product failures, missed schedules, or warranty campaigns can rapidly reverse trust.

Regulatory, certification, and qualification barriers — strong in selected niches. Nuclear equipment and fuel, gas-turbine performance, protection systems, switchgear, HVDC converters, and offshore installations face safety, grid-code, environmental, cybersecurity, and national qualification regimes. Critical equipment must survive testing and often operate for decades, so approved designs and references slow entry. The barrier is strongest in nuclear, large gas turbines, HVDC, and high-voltage equipment; it is weaker in standardized power electronics, software, storage integration, and less differentiated wind components. Regulation protects incumbency but also creates project-delay and policy risk.

IP and know-how — supporting rather than decisive. GE Vernova owns patents, copyrights, trade secrets, software, manufacturing recipes, and decades of field data. The issuer itself says no single IP asset or group is material to a segment or the company. The protectable advantage is therefore cumulative system know-how: metallurgy, combustion, blade design, insulation, controls, service procedures, manufacturing tolerances, and failure analysis combined with installed-base data. This is harder to copy than a patent but can erode through employee movement, supplier learning, customer standardization, or superior competitor designs.

Customer captivity and concentration — mixed. Long service contracts and design-specific parts create captivity after installation, but large utilities, governments, EPCs, and hyperscalers are sophisticated buyers that dual-source and re-tender new projects. No identified customer above 10% of company revenue or customer-level segment table was disclosed in the cleared package; that is an information gap, not proof of diversification. H1 FY2026 data-center solutions orders above USD 5 billion make hyperscaler bargaining power and potential double ordering a specific monitoring issue.

2. Per-segment moat

Segment	Moat today	Durability	What breaks it	Earliest observable sign
Power	Installed fleet, certified technology, outage capability, parts, field data, and long-duration contractual service	Strong 5-10 years; credible but conditional over 20 years	A superior turbine architecture, gas-policy reversal, service-cost underestimation, quality campaigns, or third-party service capture	Falling service RPO, lost renewal share, negative service estimate revisions, warranty rise, or lower fleet utilization
Electrification	Qualification, test capacity, scarce engineering/manufacturing, installed references, project bankability, and emerging lifecycle attachment	Strong 5 years; promising 10 years; unproven over 20 years	Competitor capacity normalizes scarcity pricing, project losses overwhelm price, or electronics/software commoditize	RPO decline plus sub-high-single-digit organic growth, margins below 16%, falling lead times, or warranty/project provisions
Wind	Onshore installed base and service relationships, plus selected platform know-how	Modest 5-year service moat; weak equipment moat over 10-20 years	Policy volatility, Chinese and European price competition, design problems, and offshore cost overruns	Continued negative EBITDA, shrinking equipment RPO, warranty increase, or failure to convert repowering opportunities

Power. The moat is strongest after equipment installation. FY2025 Power revenue was roughly two-thirds services, and the segment carried USD 69.7 billion of service RPO. HA turbines had accumulated millions of operating hours, giving GE Vernova operational knowledge and customer references that a new entrant cannot quickly reproduce. New-unit pricing is still competitive, and gas equipment is cyclical, but the installed fleet creates a recurring parts, outage, upgrade, and contractual-service profit pool. The biggest internal threat is not a competitor; it is misestimating five-to-twenty-five-year obligations or damaging availability through a fleet-wide quality issue.

Electrification. Qualification and failure cost create the moat. Utilities do not casually substitute an unproven transformer, protection relay, or HVDC integrator after design freeze. Specialized factories, test bays, power-system engineers, commissioning teams, references, and balance-sheet guarantees restrict entry. Prolec adds North American transformer capacity and approvals. However, scarcity itself is not a moat: Hitachi Energy, Siemens Energy, Eaton, Schneider, ABB, and Mitsubishi are adding capacity. GE Vernova must turn the current equipment backlog into an installed base with service, software, and replacement economics before industry lead times normalize. Grid Automation & Software can deepen captivity when tied to physical assets, but stand-alone software is more contestable.

Wind. The service base is defensible; the equipment business is not yet economically proven. About 24,000 onshore units had service agreements within an installed base of roughly 59,000 at FY2025, and repowering creates compatible-parts and site-knowledge advantages. But five-year margin history, falling equipment RPO, policy sensitivity, and offshore losses show that installed scale has not translated into adequate returns. Workhorse-platform simplification may repair economics; it does not retroactively prove a moat. Wind is a **FAIL** on a stand-alone equipment moat today.

Blended conclusion. Power and Electrification supplied positive TTM Segment EBITDA of approximately USD 3.48 billion and USD 2.08 billion, while Wind lost roughly USD 0.94 billion. The strong businesses therefore subsidize a weak one. Wind's negative contribution reduces the blended company's durability even though it currently contributes no positive profit to value. A group PASS requires either sustained Wind profitability or a portfolio decision that limits its ability to consume capital and reputation.

3. Margin persistence evidence

Only five comparable years are available in the cleared combined-company history; a clean ten-year stand-alone or consistently reconstructed segment series is not available. That limitation matters because current improvement has not been observed through a full independent-company cycle.

Margin evidence	FY2021	FY2022	FY2023	FY2024	FY2025	TTM Q2 FY2026
Consolidated operating margin	(2.7)%	(9.7)%	(2.8)%	1.3%	3.6%	4.4%
Power Segment EBITDA margin	8.4%	10.3%	9.9%	12.5%	14.7%	16.5%
Electrification Segment EBITDA margin	(8.7)%	(3.2)%	3.7%	9.0%	14.9%	17.2%
Wind Segment EBITDA margin	1.5%	(19.2)%	(10.5)%	(6.1)%	(6.6)%	(11.1)%

Power shows the best evidence: five years of positive margin with recent expansion driven by price, productivity, volume, and service. Electrification shows exceptional operating leverage, but not persistence: the margin moved from negative to high teens during an extraordinary shortage and backlog cycle. Wind demonstrates the opposite of a moat—volatile losses despite scale. Consolidated operating margins remain far below the strongest segment EBITDA margins because of Wind losses, corporate cost, depreciation, restructuring, and other bridge items. The result supports **observable franchise strength but not yet cycle-tested group economics**.

4. Pricing power and contract structure

Power pricing is observable. Management said Q1 FY2026 gas-equipment pricing was 10-20 percentage points higher on a dollar-per-kilowatt basis, later described capacity as mostly sold through 2030, and the filings attribute profit improvement partly to favorable equipment and service price. Nonrefundable slot-reservation deposits improve commitment quality. Long-term service contracts and outage-critical parts create recurring opportunities for price realization, though cost-to-cost accounting means a price increase can be offset by higher lifetime service costs.

Electrification also has evidence: the issuer says it adjusts price and contractual terms for demand, inflation, and industry dynamics; organic revenue grew 29% in Q2 FY2026 while Segment EBITDA margin reached 18.4%. Equipment RPO of USD 40.6 billion provides forward visibility. But the adoption test is incomplete because customer churn and renewal rates are not disclosed, and today's price may reflect temporary transformer, switchgear, and HVDC scarcity. Competitor capacity additions from 2027 onward are the cleanest test.

Wind has not demonstrated economic pricing power. Favorable onshore price has appeared in commentary, but TTM margin was negative 11.1%. Pricing that does not cover execution, warranty, fixed cost, and offshore losses is not moat evidence.

Pricing-power test	Power	Electrification	Wind
Price visible in results	Yes	Yes	Partial
Contract duration / backlog	Strong service duration and RPO	Strong equipment RPO; project timing risk	Service contracts exist; equipment RPO declining
Margin held through inflation	Improving	Improving from a low base	No
Main caveat	Lifetime service estimates and gas cycle	Scarcity pricing and fixed-price execution	Losses overwhelm price

5. AI disruption and data-center demand stress test

GE Vernova is predominantly **physical chokepoint economics**, not a prompt-to-output workflow. Foundation models cannot manufacture, certify, install, or service a gas turbine, nuclear component, transformer, switchgear lineup, HVDC converter, or wind turbine. AI can improve design, predictive maintenance, bidding, grid dispatch, and factory productivity; it can also give

customers and independent service providers better diagnostics. The economic moat therefore remains in physical capacity, certification, field execution, proprietary fleet data, parts, and guarantees—not the analytical workflow alone.

Power is the most protected from direct AI substitution. A model may identify an outage risk, but the customer still needs certified parts, technicians, and a counterparty responsible for availability. Electrification is platform-adjacent: data-center growth increases generation, transmission, substation, switchgear, stability, and control requirements. Wind is not directly disrupted by AI, but its weak economics mean non-AI forces matter more.

Grid Automation & Software is the most AI-exposed business. Generic forecasting, maintenance recommendations, topology analysis, and operator-assistance workflows can be replicated by AI vendors with access to the same telemetry. Protection logic, cybersecure control integration, regulated workflows, and equipment-specific data are harder to displace. The defense must be a tightly integrated installed system and trusted control layer; a stand-alone dashboard is not a moat.

AI demand is a durable accelerator but should not be the sole underwriting pillar. GE Vernova disclosed more than USD 5 billion of H1 FY2026 data-center solution orders. The [IEA's 2026 Energy and AI update](https://www.iea.org/reports/key-questions-on-energy-and-ai/executive-summary) projects central global data-center electricity use roughly doubling from 2025 to 2030, while also emphasizing financing sensitivity, efficiency gains, and physical bottlenecks. Its earlier downside case showed demand plateauing near 700 TWh by 2035. The durable claim is broader: utilities need grid replacement, new connections, resilience, industrial electrification, and generation regardless of whether the most aggressive AI campus pipeline is realized. An underwriting case that requires every announced hyperscale project to proceed is fragile.

6. The 2046 test

Test date: 2046-09-16, exactly twenty years after this appendix's information date.

Credible 2046 business description. GE Vernova supplies and services critical electricity infrastructure for utilities, grid operators, governments, industrials, and large digital-load customers. Power earns most of its economics from maintenance, parts, upgrades, controls, and life extension across a still-large gas, nuclear, and hydro fleet; new gas equipment is a smaller mix than in 2026, while nuclear and flexible-capacity offerings are more important. Electrification is the largest growth and profit pool, selling transformers, switchgear, HVDC and AC systems, power conversion, stability equipment, protection, automation, and cybersecure grid control, with a larger installed-base service stream. Wind survives mainly in onshore service, repowering, and a narrower set of standardized equipment platforms; offshore either operates on disciplined terms or has withered. Consolidated statutory operating margin is directionally higher than the 4.4% TTM 2026 level—plausibly low double digits—because service and Electrification mix are larger and chronic Wind losses are absent.

Why does that company still earn money? Customers continue to pay for uptime, certified components, compatible upgrades, scarce high-voltage engineering, project bankability, and a vendor that can guarantee performance across decades. The moat is not “being an energy-transition leader.” It is control of fleet-specific knowledge and service channels plus qualification, testing, manufacturing, references, and field capacity in critical grid infrastructure.

Bear 2046 description. Gas utilization falls faster than service economics can adapt; third parties and customers capture turbine analytics and maintenance; Chinese and state-backed suppliers commoditize wind and grid hardware; industry capacity expansion destroys scarcity pricing; HVDC and turnkey projects generate recurring claims; open control architectures weaken software lock-in; and Wind continues to absorb cash. GE Vernova remains relevant but behaves like a cyclical project contractor with mid-single-digit margins and episodic restructuring rather than a high-return compounder.

The bear case is plausible enough to prevent a PASS. Its probability is **roughly one-third**, concentrated in a sequence rather than a single shock: grid price normalization plus project mistakes, a faster gas transition, and failure to contain Wind. The base case is more likely because the installed fleets, qualification barriers, and electricity-system buildout are real, but the twenty-year return profile has not been proven by the available margin history.

7. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Qualified competitor and state-backed capacity expansion	New transformer, switchgear, turbine, and wind capacity shortens lead times; financing and local content shift awards	Electrification, Wind, Power equipment	Falling lead times, lower book-to-bill, price commentary weakens, market-share loss despite capacity	High

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Execution and quality failure during scale-up	Supplier shortages, rushed factories, design defects, project claims, and service-estimate revisions erase backlog margin	All; especially HVDC, Offshore Wind, Power service	Warranty liability/provisions rise, contract losses, delayed milestones, adverse long-term service revisions	High
Energy architecture and policy shift	Storage, renewables, nuclear, carbon rules, or customer self-generation reduce gas additions; wind subsidy/permitting changes halt awards	Power equipment and Wind; mixed for Electrification	Gas utilization or service RPO declines, SRA conversion slows, wind orders and auctions weaken	Medium-high

Customer concentration is a cross-cutting fourth threat. Large hyperscalers, utilities, and sovereign buyers can dual-source, defer projects, or demand capacity commitments. Because customer-level exposure is not disclosed, monitor canceled or deferred data-center campuses, segment backlog concentration, advance reversals, and order growth materially above end-market installations.

8. Moat monitoring and verdict

Upgrade toward PASS	Downgrade toward FAIL
Power service RPO, renewals, and margins remain resilient through a new-unit slowdown	Power service estimate revisions, warranty campaigns, or third-party share gains weaken fleet economics
Electrification sustains at least mid-teens margin after competitor capacity reduces lead times	Electrification margin falls below 16% while lead times and price normalize, or repeated HVDC losses emerge
Wind posts positive Segment EBITDA for at least four consecutive quarters with declining offshore losses	Wind remains loss-making, equipment RPO continues shrinking, or warranty and claims rise
Data-center orders convert without cancellation, double ordering, or customer concentration stress	Hyperscaler deferrals expose excess reservations or advance-funded capacity
Warranty provisions and quality metrics remain controlled during the output ramp	Quality failures scale across a common platform or critical supplier shortage impairs delivery

Moat gate: YELLOW. Power has a concrete moat in installed-base service, fleet know-how, certified parts, outage execution, and long contracts. Electrification has a credible moat in qualification, scarce manufacturing and test capacity, engineering references, and bankability, but its margin history is a recent ramp during supply scarcity rather than long-cycle proof. Wind's service franchise is not enough to offset structurally poor equipment economics. The moat upgrades only if Electrification defends margins after industry capacity arrives and Wind stops consuming value.

2046 test: YELLOW. A specific twenty-year company is visible: service-heavy Power, grid-centered Electrification, and a smaller, disciplined Wind footprint. The profit mechanism is identifiable and AI does not directly disintermediate the core physical chokepoints. However, gas-fleet transition risk, open software architectures, competitor capacity, Chinese competition, and the absence of a full-cycle margin record keep the 2046 outcome from PASS. The single weakest link is **whether today's Electrification scarcity and backlog become durable installed-base service economics before pricing normalizes**; the primary monitor is Electrification margin and service attachment as lead times fall, with Wind profitability as the non-negotiable secondary test.

Source note

Current-run evidence was pulled live from FMP, the [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000015/gev-20251231.htm), the [Q2 FY2026 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000148/gev-20260630.htm), and the [Q2 FY2026 presentation](https://www.gevernova.com/sites/default/files/gev_webcast_presentation_07222026.pdf). Historical figures use the cleared data package and foundation. No warehouse cache was used. This appendix authorizes no trade or canonical-report edit.

Appendix B1 - Power

GE Vernova Power — Segment Deep Dive

Run: `pulse-cio-20260916T200321+0800` **Information cutoff:** 2026-09-16 20:03:21 SGT **TTM anchor:** 2026-06-30 **Forecast horizon:** 2031-06-30, exactly five calendar years **Currency:** USD billions unless stated otherwise **Profit basis:** issuer-disclosed **Segment EBITDA Authority:** Research only. `trade_execution_authorized=false`.

0. Segment boundary and taxonomy note

Power is one of GE Vernova's three reportable segments. Effective January 1, 2026, the issuer redistributed Steam Power activities among Gas Power, Nuclear Power, and Hydro Power, moved parts of former Electrification Software into Gas Power and Grid Automation & Software, and supplied restated quarterly data from Q1 FY2025 forward. That date is the taxonomy boundary. The five-year annual segment series and the FY2023-FY2025 business-unit series below retain the old taxonomy disclosed in the annual reports; current quarters, the TTM anchor, and the forward model use the 2026 taxonomy. Old-taxonomy product dollars are never spliced silently into current-taxonomy product dollars. Where the issuer does not disclose current-taxonomy TTM revenue by business unit, this appendix labels its allocation estimate explicitly and forces it to reconcile to disclosed Power revenue. [data_package §1, reporting-structure paragraph and FY2025 composition table]

The sealed statutory bridge identifies the common issuer segment-profit measure as **Segment EBITDA**. It is not operating income. Corporate and other, depreciation and amortization, restructuring, separation costs, gains on business interests, and the other issuer-labeled operating or reclassification lines remain outside this segment forecast and must be modeled once in consolidated synthesis. The bridge SHA-256 is `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`; it matches the required sealed artifact. [data_package §3a, FY2025 bridge, TTM bridge, and forecast-driver schedule]

1. What this segment actually is

Power sells critical generation equipment and the services needed to keep that equipment available for decades. Its customers are electric utilities, independent power producers, governments, industrial power users, and project developers. They buy through long tender processes, direct negotiations, equipment contracts, and long-term service arrangements. The economic sale is not simply a turbine. It is a system whose output, efficiency, emissions profile, reliability, maintenance schedule, financing, delivery date, and lifetime cost must fit a customer's plant and regulatory setting.

Gas Power is the largest economic engine. It sells heavy-duty gas turbines, aeroderivative turbines, generators, plant systems, upgrades, parts, repair work, outage services, and long-term contractual service agreements. A customer may first reserve scarce manufacturing capacity, then convert the reservation into a firm equipment order, build the plant, commission it, and use GE Vernova for planned and unplanned maintenance. The equipment transaction creates a new installed-base node; the service relationship can then last through many outage cycles. This is why orders, firm backlog, slot reservation agreements, shipments, commissioned units, operating hours, and service backlog describe different stages of the funnel and cannot be treated as interchangeable revenue.

Nuclear Power supplies boiling-water-reactor technology, nuclear fuel and fuel-cycle support, parts, outages, engineering, and installed-fleet services. It also participates in new-build optionality through GE Hitachi and the BWRX-300 small modular reactor. The near-term economics are still primarily installed-base fuel and services, not a model that assumes rapid SMR commercialization. Nuclear work has high qualification, safety, licensing, and documentation burdens. Those burdens slow growth but also restrict entrants and make field experience valuable.

Hydro Power supplies turbines, generators, controls, refurbishment, and services for hydroelectric plants. New large-hydro awards can be project-like, political, and lumpy. Refurbishment and efficiency upgrades benefit from an aging installed fleet, but the addressable market has lower cadence and less transparent unit economics than gas. Hydro is therefore modeled as a low-growth contributor rather than as a hidden second growth engine.

Former Steam Power activities now reside inside the three current business units. Economically, those activities include service and plant work around steam turbines used in nuclear and legacy thermal fleets. They can be durable aftermarket work, but coal retirements and the declining old-taxonomy Steam revenue series argue against assigning an independent growth franchise to them. The forward model embeds allocated legacy activities inside Gas, Nuclear, and Hydro rather than creating a fourth current-taxonomy business that no longer exists.

Pricing is negotiated, specification-heavy, and linked to capacity, configuration, guarantees, delivery, and service scope. Management said new Gas dollar-per-kilowatt pricing was 10 to 20 points higher and that equipment was mostly sold through 2030. That supports price realization, but it is not equivalent to immediate margin: contracts convert over time, materials and skilled labor must be secured, factories must ramp without quality loss, and performance guarantees can shift profit back to the customer. [data_package §6, Power rows 3, 6, and 7]

The go-to-market advantage is therefore credibility across the full asset life. A utility values a supplier that can meet output and heat-rate guarantees, deliver a scarce slot, support financing and local content, commission the machine, stock certified parts, dispatch trained field engineers, and stand behind the plant for decades. A competitor can still win with better efficiency, lower lifetime cost, a faster slot, stronger guarantees, local financing, or a superior service proposal. The segment is an oligopolistic engineering and service business, not a monopoly.

2. Current economics at the TTM anchor

Power produced approximately **$21.087B of TTM revenue** through June 30, 2026. This is the sum of the four official current-taxonomy quarterly values: $4.863B in Q3 FY2025, $5.776B in Q4 FY2025, $4.971B in Q1 FY2026, and $5.477B in Q2 FY2026. Minor differences from displayed sums are rounding. TTM **Segment EBITDA was $3.475B**, giving a **16.48% Segment EBITDA margin**. The latter is the exact sealed-bridge numerator, not a substitute operating-income measure. [data_package §5, Power quarterly table; data_package §3a, TTM bridge, Power row]

Momentum was strong but not linear. Quarterly organic growth was 14%, 5%, 10%, and 14% across the same four quarters, while Segment EBITDA margin was 13.4%, 17.0%, 16.3%, and 18.8%. Q2 was therefore above the TTM margin and cannot simply be annualized. The pattern does, however, show a business in which price, services, and volume are progressively lifting the profit rate as older contracts leave the mix. [data_package §5, Power quarterly table]

Demand visibility is unusually high. At Q2 FY2026 Power had $16.729B of quarterly orders and $111.649B of RPO, comprising $39.261B of equipment RPO and $72.388B of services RPO. Services were about 64.8% of the reported Power RPO and equipment about 35.2%. Gas equipment backlog plus slot reservations reached 116 GW, split between 53 GW in backlog and 63 GW of reservations. The HA fleet had passed four million operating hours, with 130 units commissioned and 195 under contract. [data_package §0a, latest orders, RPO, installed base and capacity tables]

The backlog supports visibility but not a $111.6B near-term revenue forecast. Equipment must move from order through engineering, supply-chain procurement, manufacturing, shipment, site construction, commissioning, and acceptance. Service RPO can stretch across long-duration contracts and is earned as outages, parts, upgrades, and other obligations occur. Slot reservations are economically firmer than a casual pipeline because management described deposits as nonrefundable, yet they are still not the same as RPO or revenue. The base case converts the backlog through the disclosed manufacturing ramp instead of dividing the backlog by an arbitrary number of years.

Gas capacity is the immediate bottleneck. Management expected annual gas-turbine output to reach 20 GW in 2026, 24 GW in 2028, and 30 GW in 2030. The base case treats that as a staged physical constraint. It does not book the full 30 GW run rate before 2030, and it decelerates growth after the large capacity step. [data_package §0a, latest capacity paragraph; data_package §6, Power row 8]

The DR-cleared package does not tabulate Power's issuer-reported equipment-versus-service revenue rows, and product-level profit is not disclosed. A live SEC25/SEC2Q26 check confirms that segment-level equipment and service revenue rows exist in the filings, but they sit outside the cleared package's forecast-input tables. Under the package's source-of-truth control, this appendix therefore does not import a new equipment/service split or apply the company-wide FY2025 mix of $20.934B of equipment revenue and $17.134B of service revenue to Power. The model uses Power's disclosed equipment and service RPO only as a directional visibility indicator. [data_package §0a, Industrial KPI history; SEC25 Note 24; SEC2Q26 Note 24]

Capital intensity is meaningful. GE Vernova spent $1.277B on company-wide capex and $1.197B on company-funded R&D in FY2025, equal to 3.4% and 3.1% of consolidated revenue. H1 FY2026 capex and R&D were $0.783B and $0.575B. Power-specific capex, R&D, and free cash flow are not separately disclosed in the cleared package, so this appendix does not allocate consolidated spending to Power. [data_package §7, capital allocation history]

[DATA GAP: Power-specific equipment revenue and service revenue are not tabulated in the DR-cleared package, while Power-specific capex, R&D, free cash flow, and warranty liability are not separately disclosed there. Segment cash conversion and warranty exposure are assessed through contract structure and consolidated evidence, not fabricated allocations.]

Cash conversion is the principal quality caveat. Consolidated TTM free cash flow of $12.438B benefited from a $13.695B H1 FY2026 increase in contract liabilities and current deferred income. Customer deposits fund capacity and working capital, but they also represent future delivery obligations. For Power, a healthy cash model requires equipment milestone receipts to cover inventory and factory investment without being mistaken for earned margin; service cash should track outage and parts execution; and warranty or performance payments should not consume the advance later. [data_package §10, contrary-evidence paragraph; SEC2Q26 cash-flow statement]

3. Unit economics: how Power revenue becomes Segment EBITDA

Equipment economics

A gas-turbine equipment order begins with price per kilowatt and configuration. Revenue must cover engineered materials, castings and forgings, rotating components, combustion systems, controls, generators, factory labor, supplier margin, logistics, testing, and field support. Contract quality matters more than gross order volume. If price locks years before delivery but labor, materials, tariffs, or supplier bottlenecks rise, the contribution margin can compress. If contract terms pass through inflation, deposits fund working capital, standardized platforms reduce engineering, and factories operate at higher utilization, the same revenue can produce substantially more Segment EBITDA.

The capacity ramp creates operating leverage and execution risk at the same time. Moving from 20 GW toward 30 GW can spread factory overhead, engineering, sourcing, and tooling across more output. It can also stress suppliers and quality control. A defect discovered after a larger fleet ships would propagate through warranty, field campaigns, parts, service labor, and customer claims. The base case gives credit for scale only gradually and retains reinvestment. It does not equate a sold-out factory with a risk-free factory.

Aeroderivative units have a different demand and application profile from large heavy-duty machines, but the disclosed package provides unit-order evidence rather than standalone revenue. Q4 FY2025 orders included 18 aeroderivatives and Q2 FY2026 included 61; Q2 heavy-duty orders were 52 units, including 15 HA units. These are useful demand markers, not dollar revenue. [data_package §4, growth or operating disclosures, Heavy-duty gas turbines and Aeroderivatives rows]

Service economics

Service economics begin after the equipment sale. Scheduled outages, replacement parts, repairs, upgrades, remote monitoring, and performance improvements can carry better incremental economics because the original platform and installed-base relationship already exist. The customer also bears a high switching cost: a critical turbine outage requires certified parts, knowledge of the machine's history, specialized tooling, and engineers who can restore availability safely. Scale creates a feedback loop in which more operating hours generate reliability data and engineering learning that can improve outage planning and parts design.

That recurring character is conditional. Long-term service agreements embed assumptions about utilization, outage intervals, component life, labor hours, parts consumption, inflation, and performance guarantees. Higher utilization can increase service events but also accelerate wear. An optimistic lifetime-cost estimate can cause later charges. Revenue recognized over time through cost-to-cost estimates can move when expected total contract cost changes. The economic moat is therefore not merely the contract's duration; it is the ability to price and execute the obligation more accurately than competitors.

Power services RPO of $72.388B is the strongest visibility asset, but it converts slowly. It should support a less cyclical floor than equipment, particularly if fleet utilization stays high, yet it should not be valued as software ARR. A turbine can be idled, retired, run less often, or serviced under a narrower scope. Customers can negotiate future work and may use third-party providers for some components. The base margin case assumes services mix and productivity help, not that every service dollar is protected.

Nuclear, hydro, and allocated legacy work

Nuclear economics combine fuel and recurring installed-base work with highly regulated engineering. Qualification and licensing increase cost, but they also reduce competitive entry. A new SMR award can create engineering and future service opportunity, though schedule and first-of-a-kind risk can be severe. The base case assigns Nuclear a lower Segment EBITDA margin than Gas because the package does not disclose business-unit margins and because development and project work can absorb profit. It does not capitalize a speculative BWRX-300 order boom.

Hydro economics depend on project selection and refurbishment. Long asset lives support aftermarket work, but one-off engineered projects can suffer design changes, civil-interface delays, local execution problems, and liquidated damages. The

forward Hydro margin remains below Gas and Nuclear in every case. This is conservative, but it avoids allowing a small, opaque line to carry the segment thesis.

Margin bridge and cash consequences

The old-taxonomy Power Segment EBITDA margin improved from 8.4% in FY2021 to 14.7% in FY2025, with FY2022 at 10.3%, FY2023 at 9.9%, and FY2024 at 12.5%. On the current-taxonomy TTM basis it reached 16.48%. [data_package §3, Power historical table; data_package §3a, TTM bridge]

The forward margin mechanisms are explicit: favorable price in newer backlog, higher factory throughput, services growth, mix, standardized engineering, procurement productivity, and absorption of fixed engineering and support costs. The offsets are input inflation, ramp inefficiency, warranties, supplier disruption, tariffs, lower-than-planned utilization, adverse service estimates, schedule penalties, and continued investment. Because Segment EBITDA excludes depreciation and amortization, the segment measure can improve even while the consolidated depreciation burden rises after capacity spending. Synthesis must forecast D&A separately; this appendix does not pretend Segment EBITDA is free cash flow.

4. Competitive dynamics

GE Vernova competes most directly with Siemens Energy and Mitsubishi Power in large gas turbines and related service. Its official competitive list also names Westinghouse, Framatome, and Rolls-Royce in Power, particularly around nuclear technology and service. Hydro competition includes large global OEMs and national champions. The relevant battlefield is broader than initial equipment price: efficiency, reliability, output, emissions capability, financing, local content, delivery slot, installed references, parts availability, field-service density, performance guarantees, and lifetime service cost all matter. [data_package Appendix A competitive inventory as reproduced from SEC25; data_package §0a source inventory]

Siemens Energy illustrates the strength of the closest peer. Its FY2025 materials described a 700 GW installed Gas Services fleet, 90% renewal rates for long-term service agreements, 194 turbine sales in FY2025, €54B of backlog, and 78 GW of customer commitments. Those peer disclosures show that GE Vernova is not alone in enjoying strong demand and service visibility; industry capacity and backlog are expanding across the oligopoly. [Siemens Energy FY2025 shareholder letter](https://assets.siemens-energy.com/dam/9478ef65-c3f9-49de-97b0-b3aa00d5712d/2025-11-14--Shareholder-Letter-Q4-FY2025-EN_final-pdf_Original%20file.pdf)

Mitsubishi Power competes on advanced combined-cycle efficiency, reliability, hydrogen-readiness claims, service, and global project execution. In markets where a customer wants an alternative to GE or Siemens, Mitsubishi can preserve competitive tension. National financing and local-content preferences can also move awards. The segment's order book therefore demonstrates current competitiveness, not permanent share ownership.

No current, independently comparable global market-share table across heavy-duty gas, aeroderivative gas, nuclear service, and hydro is present in the DR-cleared package, and differing definitions make casual share claims unreliable. **[DATA GAP: A single comparable Power market-share percentage is not disclosed or independently verified; this appendix uses installed-base, order, capacity, and backlog evidence rather than inventing a share.]**

Demand is supported by power-load growth, but substitution remains real. The September 2026 U.S. Energy Information Administration outlook expected U.S. electricity sales to rise almost 2% in 2026 and nearly 2% in 2027, with commercial and industrial demand driving most of the increase. It also expected natural-gas generation growth of 2% and 1% in those years while solar and wind grew faster. That mix supports gas as dispatchable capacity, but it also warns against extrapolating turbine demand from total load one-for-one. [EIA September 2026 Short-Term Energy Outlook](https://www.eia.gov/outlooks/steo/report/elec_coal_renew.php)

The more important competitive constraint through 2030 may be credible delivery capacity rather than list price. GE Vernova said it was mostly sold out through 2030 and was implementing a 30 GW output plan. Scarcity supports pricing, deposits, and customer commitment. It also gives rivals a chance to win projects from customers that cannot wait. A faster Siemens or Mitsubishi capacity ramp, superior field performance, or better financing can turn GE's sold-out position from a pricing advantage into a share cap.

Nuclear and hydro have higher country, policy, and financing content. Nuclear vendors compete through regulatory approvals, fuel relationships, national policy, reference plants, and state support. Hydro projects can depend on sovereign procurement and civil works. Entry barriers are high, but the decision cycles are long enough that forecast revenue should remain conservative.

5. Segment moat and durability

Power has a real but conditional moat. The strongest layer is the installed base. Once a customer's plant is designed around a turbine, changing the core OEM is generally impractical. Certified parts, controls, outage knowledge, performance data, remote monitoring, repair technology, and field-service capability create recurring access. The four million HA operating hours and 130 commissioned units provide operating evidence that a new entrant cannot instantly reproduce. [data_package §0a, latest operating indicator paragraph]

The second layer is engineering scale. Gas turbines operate at extreme temperature, pressure, rotational speed, and tolerance. Reliability depends on materials science, combustion, aerodynamics, controls, manufacturing quality, and accumulated field learning. Nuclear adds licensing, safety culture, fuel expertise, and documentation. Hydro adds site-specific design and long-lived references. These capabilities take time and capital to build, and customers are reluctant to entrust a critical plant to an unproven vendor.

The third layer is service density. A global network of repair shops, parts, diagnostic systems, outage planners, and field engineers reduces response time and supports lifetime relationships. As more units operate, the OEM can learn across a broader fleet. This can improve predictive maintenance and upgrade design, though the same scale magnifies the cost of a common defect.

The fourth layer is bankability. Power projects require customers, lenders, regulators, EPC contractors, fuel suppliers, and grid operators to believe the equipment will arrive and perform for decades. Balance-sheet support, warranties, guarantees, and a record of honoring service commitments matter. A cheaper unbankable supplier is not a substitute.

The moat is not absolute. Customers have credible alternatives in Siemens Energy and Mitsubishi Power. Large utilities can negotiate hard, dual-source across fleets, self-perform some maintenance, or use independent service providers. Decarbonization, batteries, demand response, grid interconnection, distributed generation, or different market rules can reduce new gas demand. A technology or quality failure can damage reputation faster than marketing can restore it. The correct conclusion is an oligopolistic, installed-base moat with substantial switching cost, not unconstrained pricing power.

Over five to ten years, the moat should remain durable if GE Vernova converts its backlog without quality degradation, protects service economics, and keeps turbines relevant as grids add renewables. The largest durability test is whether the 20-to-30 GW capacity ramp produces reliable machines and profitable service contracts rather than a volume peak. Another is whether Nuclear optionality creates paid work without first-of-a-kind losses. Hydro's moat is narrower because project economics and local competition can dominate brand.

6. Historical growth rates

The table below reproduces the disclosed FY2023-FY2025 old-taxonomy series. “CAGR” is the two-year annualized rate across three fiscal-year observations. The latest YoY column uses H1 FY2026 versus H1 FY2025 on the current taxonomy for Gas, Nuclear, and Hydro, and Q2 FY2026 organic growth for total Power. Steam has no current-taxonomy standalone row because it was allocated on January 1, 2026.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	FY2023-FY2025 CAGR	Most recent YoY	Data package cite
Power total, old taxonomy	$17.436B [data_package §3, Power revenue row]	$18.127B [data_package §3, Power revenue row]	$19.767B [data_package §3, Power revenue row]	6.5% [calculated from data_package §3, Power revenue row]	14.0% Q2 organic [data_package §5, Power Q2 FY2026 row]	data_package §3 Power table and §5 Power quarterly table
Gas Power, old taxonomy	$13.220B [data_package §4, Gas Power annual row]	$14.465B [data_package §4, Gas Power annual row]	$16.006B [data_package §4, Gas Power annual row]	10.0% [calculated from data_package §4, Gas Power annual row]	13.0% H1 [calculated from data_package §4, Gas Power H1 row]	data_package §4 annual and current-taxonomy tables
Nuclear Power, old taxonomy	$0.827B [data_package §4, Nuclear Power annual row]	$0.819B [data_package §4, Nuclear Power annual row]	$1.018B [data_package §4, Nuclear Power annual row]	10.9% [calculated from data_package §4, Nuclear Power annual row]	20.2% H1 [calculated from data_package §4, Nuclear Power H1 row]	data_package §4 annual and current-taxonomy tables
Hydro Power, old taxonomy	$0.887B [data_package §4, Hydro Power annual row]	$0.781B [data_package §4, Hydro Power annual row]	$0.806B [data_package §4, Hydro Power annual row]	(4.7)% [calculated from data_package §4, Hydro Power annual row]	(6.1)% H1 [calculated from data_package §4, Hydro Power H1 row]	data_package §4 annual and current-taxonomy tables
Steam Power, old taxonomy and now allocated	$2.502B [data_package §4, Steam Power annual row]	$2.063B [data_package §4, Steam Power annual row]	$1.937B [data_package §4, Steam Power annual row]	(12.0)% [calculated from data_package §4, Steam Power annual row]	N/A after allocation [data_package §1, taxonomy paragraph]	data_package §4 Steam Power annual row and §1 taxonomy

Historical arithmetic tie-outs. Power total: $17.436B × 1.040 = $18.133B versus $18.127B reported, and $18.127B × 1.090 = $19.758B versus $19.767B; both differences are well under 2%. Gas: $13.220B × 1.094 = $14.463B and $14.465B × 1.107

= $16.013B, both consistent with reported rounding. Nuclear: $0.827B × 0.990 = $0.819B and $0.819B × 1.243 = $1.018B. Hydro: $0.887B × 0.881 = $0.781B and $0.781B × 1.032 = $0.806B. Steam: $2.502B × 0.825 = $2.064B and $2.063B × 0.939 = $1.937B. All historical rows satisfy the required 2% arithmetic tolerance.

The history conveys three different signals. Gas accelerated into double-digit growth before the capacity ramp. Nuclear's small denominator and Steam allocation make recent comparisons structurally different from old-taxonomy history. Hydro and old Steam declined, so they should not inherit Gas's growth rate. Total Power's old-taxonomy 6.5% CAGR is below the current 14% quarterly growth, making a five-year base CAGR around 7.5% a deliberate deceleration rather than a straight-line extrapolation.

7. Management guidance and commentary

The following are all Power-specific forward-looking excerpts preserved in the DR-cleared package. They are anchors, not analyst conclusions.

- **Q3 FY2025, data_package §6 Power row 1:** “backlog grew ... from 29 to 33 gigawatts.” The order funnel was accelerating before the subsequent 116 GW contract-and-reservation total. It supports visibility but does not determine the recognition schedule.
- **Q3 FY2025, data_package §6 Power row 2:** “nonrefundable.” Management was describing slot-reservation and order deposits. This improves economic commitment and working-capital funding, but delivery timing, site readiness, and performance obligations remain.
- **Q4 FY2025, data_package §6 Power row 3:** “Pricing does continue to strengthen.” The base case uses this as evidence that later backlog can carry better contribution margin. It does not apply the price statement retroactively to all backlog.
- **Q4 FY2025, data_package §6 Power row 4:** “backlog increasing ... to 40 gigawatts.” The firm equipment backlog was rising, but the broader 83 GW total then still included 43 GW of reservations.
- **Q1 FY2026, data_package §6 Power row 5:** “at least 110 gigawatts under contract.” Q2's 116 GW exceeded the interim marker. This supports demand duration, while the year-end target subsequently moved higher in the Q2 release.
- **Q1 FY2026, data_package §6 Power row 6:** “priced 10 to 20 points higher.” This is the clearest disclosed bridge to improving future equipment economics. The model still assumes cost inflation and ramp expense absorb part of the benefit.
- **Q2 FY2026, data_package §6 Power row 7:** “mostly sold out through '30.” Scarcity strengthens price and planning visibility, but it also means near-term revenue growth is constrained by output rather than demand.
- **Q2 FY2026, data_package §6 Power row 8:** “30 gigawatts of annual output in 2030.” The staged plan runs through 20 GW in 2026 and 24 GW in 2028 before 30 GW in 2030. The forecast therefore uses explicit annual deceleration rather than instant capacity.

At the company level, management's FY2028 framework called for a 22% margin in Power and Electrification. That target is on Segment EBITDA for the segments, while the 20% group target is adjusted EBITDA. The base Power margin reaches roughly 22.3% only at the 2031 horizon, slightly more conservative on timing than treating 22% as a guaranteed FY2028 endpoint. [data_package §6, post-segment guidance paragraph]

The July 2026 release also targeted at least 125 GW of gas equipment under contract by year-end 2026 and reiterated the 20, 24, and 30 GW capacity steps. This live issuer check supplements, but does not replace, the DR-cleared history. [GE Vernova Q2 FY2026 results](https://www.gevernova.com/news/articles/ge-vernova-releases-second-quarter-2026-financial-results)

8. Forward growth assumptions

Current-taxonomy TTM product anchors

The issuer discloses the $21.087B Power TTM total but not a Gas, Nuclear, and Hydro TTM split in the cleared package. To make a bottom-up rollup possible without mixing old and new taxonomies, this model allocates the exact TTM total using the disclosed H1 FY2026 current-taxonomy revenue rows: Gas $8.493B, Nuclear $1.575B, and Hydro $0.382B. Those rounded business-unit rows sum to $10.450B, while the issuer's disclosed Power total is $10.449B; the model normalizes the three rounded rows to their $10.450B sum solely to force shares to 100%. This yields estimated model anchors of $17.138B, $3.178B, and $0.771B. The $1M source-rounding difference does not enter the TTM total, and the estimates are not

issuer-reported product TTM figures.

Current-taxonomy model line	Disclosed H1 FY2026 revenue	H1 mix	Estimated TTM anchor	Treatment
Gas Power and allocated legacy activities	$8.493B	81.27%	$17.138B	H1 mix applied to exact Power TTM total
Nuclear Power and allocated legacy activities	$1.575B	15.07%	$3.178B	H1 mix applied to exact Power TTM total
Hydro Power and allocated legacy activities	$0.382B	3.66%	$0.771B	H1 mix applied to exact Power TTM total
Power total	$10.450B rounded-unit sum	100.00%	$21.087B	Official H1 total is $10.449B; TTM anchor ties to disclosed quarterly sum

Source: [data_package §4, current-taxonomy Power rows] and [data_package §5, Power quarterly table]. The estimated product allocation is the minimum explicit modeling step required for reconstructability; it does not alter the historical tables.

Base case

Product	Historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Gas Power and allocated legacy activities	10.0% standalone old Gas	13.0% H1 current Gas	No segment revenue guide; 20 GW 2026 output and at least 125 GW contracted target	8.0%	Capacity grows to 24 GW in 2028 and 30 GW in 2030, but price and volume decelerate as the factory reaches the new run rate; service growth supports the tail.
Nuclear Power and allocated legacy activities	10.9% standalone old Nuclear	20.2% H1 current Nuclear	No revenue guide	6.0%	Installed-base fuel and service provide a base, but allocation effects and a small denominator make current growth an unsafe long-term rate; no SMR boom is assumed.
Hydro Power and allocated legacy activities	(4.7)% standalone old Hydro	(6.1)% H1 current Hydro	No revenue guide	2.0%	Refurbishment and service offset lumpy new projects; the case moves only modestly above historical decline.
Legacy Steam, old standalone line	(12.0)%	N/A after allocation	Allocated from 2026	N/A	Fully embedded in the three current-taxonomy lines; no separate forecast revenue is created.

Bull case

Product	Historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Gas Power and allocated legacy activities	10.0% standalone old Gas	13.0% H1 current Gas	20 GW 2026 output and at least 125 GW contracted target	11.0%	The 30 GW ramp lands on time, reservations convert, pricing holds, suppliers scale cleanly, and high utilization expands service demand; the rate still decelerates from the near-term surge.
Nuclear Power and allocated legacy activities	10.9% standalone old Nuclear	20.2% H1 current Nuclear	No revenue guide	9.0%	Fuel and outage work stay strong and several SMR or life-extension programs add paid engineering without major delay.
Hydro Power and allocated legacy activities	(4.7)% standalone old Hydro	(6.1)% H1 current Hydro	No revenue guide	5.0%	A stronger refurbishment cycle and disciplined project awards reverse the historical decline, but Hydro remains the smallest line.
Legacy Steam, old standalone line	(12.0)%	N/A after allocation	Allocated from 2026	N/A	Embedded; upside comes through the receiving current-taxonomy businesses rather than a fictitious separate line.

Bear case

Product	Historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Gas Power and allocated legacy activities	10.0% standalone old Gas	13.0% H1 current Gas	20 GW 2026 output and at least 125 GW contracted target	4.0%	Customer EPC and permits delay conversion, the capacity ramp slips, competitors capture time-sensitive orders, and later years flatten after an initial backlog release.
Nuclear Power and allocated legacy activities	10.9% standalone old Nuclear	20.2% H1 current Nuclear	No revenue guide	4.0%	Existing fleet work grows, but new-build and allocated project activity face licensing and schedule delays.
Hydro Power and allocated legacy activities	(4.7)% standalone old Hydro	(6.1)% H1 current Hydro	No revenue guide	0.0%	Service stabilizes revenue, while weak project awards and execution prevent growth.
Legacy Steam, old standalone line	(12.0)%	N/A after allocation	Allocated from 2026	N/A	Decline is absorbed inside the receiving businesses and is one reason their bear growth stays below current momentum.

Year-by-year deceleration test

The CAGRs above are terminal averages, not an assumption that the latest quarter repeats for five years. The following annual paths compound to approximately the stated rates and expose where the deceleration occurs.

Case and product	TTM+1	TTM+2	TTM+3	TTM+4	TTM+5	Five-year CAGR
Bear Gas	8%	6%	4%	2%	0%	4.0%
Bear Nuclear	7%	5%	4%	3%	1%	4.0%
Bear Hydro	2%	1%	0%	(1)%	(2)%	0.0%
Base Gas	12%	10%	8%	6%	4%	8.0%
Base Nuclear	10%	8%	6%	4%	2%	6.0%
Base Hydro	4%	3%	2%	1%	0%	2.0%
Bull Gas	15%	13%	11%	9%	7%	11.0%
Bull Nuclear	14%	11%	9%	7%	4%	9.0%
Bull Hydro	8%	6%	5%	4%	2%	5.0%

This cadence is defensible against capacity rather than generic “maturation.” Gas grows fastest while output rises from 20 GW toward 24 GW and then 30 GW; it slows once that physical step is largely absorbed. The base path is below current 13%-14% evidence but above Power's 6.5% FY2023-FY2025 total CAGR. The bull path requires both capacity and supplier execution. The bear path does not deny the backlog; it delays conversion and assumes later demand normalizes.

9. Forward Segment EBITDA margin assumptions

Product-level historical Segment EBITDA margins are not disclosed. The only exact current anchor is the **16.48% Power Segment EBITDA margin**, calculated as $3.475B of TTM Segment EBITDA divided by $21.087B of TTM revenue. The product margins below are modeling assumptions used only to create a revenue-weighted segment result. They are not management disclosures.

Bear Segment EBITDA margins

Product	Current disclosed Segment EBITDA margin	TTM+5 Segment EBITDA margin	Mechanism
Gas Power and allocated legacy activities	Not separately disclosed	19.0%	Some newer pricing reaches revenue, but ramp inefficiency, supplier cost, delays, penalties, and service-estimate leakage absorb most leverage.
Nuclear Power and allocated legacy activities	Not separately disclosed	12.0%	Stable service contribution is offset by project and development cost.
Hydro Power and allocated legacy activities	Not separately disclosed	6.0%	Low growth and project execution limit fixed-cost absorption.
Power total	16.48%	17.54%	Revenue-weighted result; only about 106 bps above the TTM anchor.

The bear margin is not a collapse because the current order book includes better pricing and a large service backlog. It is still a failure relative to management's 22% ambition. A common quality issue, major service revision, or severe fixed-price loss could push the outcome below this modeled bear and is treated as a wildcard rather than hidden inside the central case.

Base Segment EBITDA margins

Product	Current disclosed Segment EBITDA margin	TTM+5 Segment EBITDA margin	Mechanism
Gas Power and allocated legacy activities	Not separately disclosed	24.0%	Higher-priced backlog, service growth, standardized platforms, and factory absorption outweigh ongoing capacity and engineering spend.
Nuclear Power and allocated legacy activities	Not separately disclosed	15.0%	Installed-base fuel and service improve mix, while development and project work cap leverage.
Hydro Power and allocated legacy activities	Not separately disclosed	8.0%	Service and refurbishment improve from a low base, but project risk persists.
Power total	16.48%	22.29%	Revenue-weighted result, broadly consistent with but slightly later than the issuer's 22% FY2028 framework.

The 581-bp base expansion is large enough to require specific proof. About one layer comes from disclosed 10-to-20-point better equipment pricing as later orders enter revenue. A second comes from factory and engineering absorption as output rises. A third comes from the service base and productivity. These benefits are partially offset by capex, R&D, supplier inflation, and ramp cost. Because Segment EBITDA excludes D&A, consolidated synthesis must not carry this entire improvement into operating margin.

Bull Segment EBITDA margins

Product	Current disclosed Segment EBITDA margin	TTM+5 Segment EBITDA margin	Mechanism
Gas Power and allocated legacy activities	Not separately disclosed	27.0%	Pricing remains scarce-capacity pricing, 30 GW output is achieved with high yield, and service productivity compounds without a fleet campaign.
Nuclear Power and allocated legacy activities	Not separately disclosed	17.0%	High-value service and paid new-build engineering scale with disciplined risk sharing.
Hydro Power and allocated legacy activities	Not separately disclosed	10.0%	Better project selection and refurbishment mix create modest leverage.
Power total	16.48%	25.11%	Revenue-weighted result; 863 bps above TTM and therefore execution-heavy.

The bull margin exceeds management's published framework and should be treated as a genuine upside case, not an alternative base. It requires no major quality campaign, favorable conversion of later-priced backlog, resilient service estimates, and a clean capacity ramp. The strongest contrary evidence is that a sold-out factory can still suffer supplier, quality, or site bottlenecks, while customer advances can make cash look better before the work is completed.

10. Segment rollup and arithmetic tie-outs

Product-level TTM+5 rollup

Case	Product	TTM anchor revenue	TTM+5 revenue	TTM+5 Segment EBITDA margin	TTM+5 Segment EBITDA
Bear	Gas Power and allocated legacy activities	$17.138B	$20.851B	19.0%	$3.962B
Bear	Nuclear Power and allocated legacy activities	$3.178B	$3.867B	12.0%	$0.464B
Bear	Hydro Power and allocated legacy activities	$0.771B	$0.771B	6.0%	$0.046B

Case	Product	TTM anchor revenue	TTM+5 revenue	TTM+5 Segment EBITDA margin	TTM+5 Segment EBITDA
Bear	Power total	$21.087B	$25.489B	17.54%	$4.472B
Base	Gas Power and allocated legacy activities	$17.138B	$25.181B	24.0%	$6.044B
Base	Nuclear Power and allocated legacy activities	$3.178B	$4.253B	15.0%	$0.638B
Base	Hydro Power and allocated legacy activities	$0.771B	$0.851B	8.0%	$0.068B
Base	Power total	$21.087B	$30.286B	22.29%	$6.750B
Bull	Gas Power and allocated legacy activities	$17.138B	$28.878B	27.0%	$7.797B
Bull	Nuclear Power and allocated legacy activities	$3.178B	$4.890B	17.0%	$0.831B
Bull	Hydro Power and allocated legacy activities	$0.771B	$0.984B	10.0%	$0.098B
Bull	Power total	$21.087B	$34.752B	25.11%	$8.727B

Segment-level reconciliation

Tie-out	Bear	Base	Bull	Status
Product revenue sum	$25.489B	$30.286B	$34.752B	Equals segment revenue
Product Segment EBITDA sum	$4.472B	$6.750B	$8.727B	Equals segment Segment EBITDA
Weighted Segment EBITDA margin	17.54%	22.29%	25.11%	Profit divided by revenue
Implied segment revenue CAGR	3.86%	7.51%	10.51%	Exactly five years from 2026-06-30
Revenue residual	$0.000B	$0.000B	$0.000B	Passed within 1%
Segment EBITDA residual	$0.000B	$0.000B	$0.000B	Passed within rounding

Bear arithmetic: $20.851B + $3.867B + $0.771B = $25.489B; $3.962B + $0.464B + $0.046B = $4.472B; $4.472B ÷ $25.489B = 17.54%. Base arithmetic: $25.181B + $4.253B + $0.851B = $30.286B; $6.044B + $0.638B + $0.068B = $6.750B; $6.750B ÷ $30.286B = 22.29%. Bull arithmetic: $28.878B + $4.890B + $0.984B = $34.752B; $7.797B + $0.831B + $0.098B = $8.727B; $8.727B ÷ $34.752B = 25.11%. All reconstruction differences are zero at displayed precision or immaterial rounding below 0.01%, well inside the 1% contract.

The rollup intentionally stops at Segment EBITDA. It does not allocate Corporate and other, D&A, restructuring, separation, transaction gains, or reclassification mirrors to Power. Those items are outside the issuer's segment measure and must be forecast once in the consolidated bridge. This preserves the sealed statutory identity and prevents a double charge.

11. Key risks, contrary evidence, and wildcards

Bear — backlog conversion delay. RPO and reservations can move right if customer EPC work, fuel supply, permits, financing, grid connection, or site construction lag. A delay reduces revenue even when the ultimate order remains intact. It can also create factory rescheduling and working-capital inefficiency. The bear case assumes a slower conversion cadence, not mass cancellation.

Bear — capacity and supplier execution. The move from 20 GW to 30 GW depends on castings, forgings, blades, electronics, generators, skilled labor, test capacity, logistics, and quality systems. A supplier bottleneck or low-yield ramp can cap shipments. Expediting and duplicate sourcing can preserve output but erode Segment EBITDA.

Bear — fixed-price and guarantee leakage. Equipment sold years ahead can embed inflation, tariff, warranty, performance, or liquidated-damages exposure. Strong price on new orders does not repair every older contract. Monitor the margin of converted backlog, not only bookings.

Bear — service estimate revision. Long-term agreements depend on assumptions about operating hours, component durability, outage scope, parts, and labor. A fleet issue can turn a recurring-revenue narrative into a multi-year cost campaign. The $1.595B product-warranty liability at Q2 FY2026 is company-wide and is not allocated to Power in any scenario; it is a monitoring anchor, not a Power cost assumption. The most dangerous signal would be a large warranty provision or adverse

contract-estimate adjustment accompanied by lower service margin. [data_package §0a, Industrial KPI history; SEC2Q26 Note 22]

Bear — cash conversion reversal. Customer advances helped drive the $13.695B H1 increase in contract liabilities and current deferred income. As equipment ships, inventory and contract liabilities can unwind. Cash flow can fall even while revenue and Segment EBITDA rise. The segment model therefore must not be used as a Power free-cash-flow forecast.

Bear — energy-transition substitution. Gas remains important for dispatchability, but batteries, demand response, transmission, renewables, nuclear, carbon policy, or lower load can reduce new turbine demand. EIA's outlook has solar and wind growing faster than gas generation. A sold-out period through 2030 does not prove the next replacement cycle will be equally strong.

Bear — competitive capacity. Siemens Energy and Mitsubishi can add capacity, offer better delivery, or use financing and local content to win share. Scarcity pricing can normalize when competitors expand. The terminal 4% Gas growth in the base path already anticipates some normalization; faster erosion would move the case toward bear.

Base — services mix and pricing realization. The base depends on stronger-priced backlog entering revenue and the service base growing without adverse lifetime-cost revisions. Evidence should include sustained Segment EBITDA margin progress, service order growth, reliable HA operation, and clean conversion of reservations into firm backlog.

Base — reinvestment discipline. Higher throughput requires capacity and R&D. The segment can meet its Segment EBITDA target while consuming more capex and D&A at the consolidated level. A credible base case therefore requires return on the factory ramp, not just higher shipments.

Bull — faster 30 GW ramp. If 30 GW capacity arrives early, suppliers scale cleanly, and reservations convert at higher prices, Gas revenue can stay near double-digit growth longer. This is the primary bull driver. It must be evidenced by output, not announced capacity alone.

Bull — Nuclear optionality. Paid BWRX-300 engineering, licensing progress, fleet life extensions, or fuel growth could lift Nuclear above the conservative base. The bull does not assume a broad global SMR build-out; such an outcome would be upside beyond the modeled case and would also carry first-of-a-kind risk.

Bull and bear — geopolitical and policy asymmetry. Energy security can accelerate gas, nuclear, and hydro orders, especially where dispatchable supply is scarce. Sanctions, export controls, local-content rules, tariffs, sovereign financing, and permitting can delay the same projects. Large orders may be politically durable but operationally slow.

All cases — customer concentration unknown. The official record does not identify customer-level revenue or a greater-than-10% customer. The absence of disclosure is not proof of diversification. [data_package §10, customer concentration gap]

All cases — product margin opacity. Product-level Segment EBITDA is not disclosed. The model's product margins are explicit analytical weights, not discovered facts. A reviewer should challenge the blended segment margin first, because it is the issuer-reported level that can be tested each quarter.

Monitoring dashboard and case triggers

- Move toward **bull** only if gas output reaches the 20 GW, 24 GW, and 30 GW milestones on schedule; reservations convert to firm orders; later-priced backlog enters revenue; Power Segment EBITDA margin reaches or exceeds 22% without a warranty spike; and customer advances convert into delivery cash rather than reverse sharply.
- Remain in **base** if revenue decelerates from current teens toward high single digits while Power margin advances through price, mix, services, and productivity. Backlog can grow more slowly as long as delivery and economics improve.
- Move toward **bear** if annual capacity milestones slip by more than a year, firm backlog stops converting, services orders weaken, segment margin remains below 18% despite higher revenue, warranty or service-estimate charges rise, or contract-liability outflows reveal poor delivery economics.
- Treat a common turbine defect, material performance-guarantee campaign, large fixed-price loss, or regulatory barrier to key technology as a downside outside the smooth bear path. Scenario averages are not a substitute for event-risk analysis.

Summary

Case	Segment TTM+5 Revenue	Exact profit metric	Segment TTM+5 Profit Margin	Segment TTM+5 Profit	Probability
Bear	$25.489B	Segment EBITDA	17.54%	$4.472B	25%
Base	$30.286B	Segment EBITDA	22.29%	$6.750B	55%
Bull	$34.752B	Segment EBITDA	25.11%	$8.727B	20%

The probability weights sum to 100%. The base case is not a demand extrapolation: it converts a disclosed $21.087B TTM anchor through an explicit current-taxonomy product allocation, staged gas capacity, product-specific deceleration, and a revenue-weighted Segment EBITDA build. The key thesis is that Power can translate scarce capacity, stronger pricing, and a deep service backlog into approximately 7.5% annual revenue growth and a 22.3% horizon Segment EBITDA margin. The key rebuttal is that backlog and deposits can mask delayed conversion, ramp strain, warranty exposure, and cash obligations. The decisive evidence over the next several years is not the headline order book; it is reliable output, clean service performance, margin on converted backlog, and normalized cash earned after delivery.

Appendix B2 - Electrification

GE Vernova Electrification — Segment Deep Dive

Model anchor: trailing twelve months ended **June 30, 2026**, comprising Q3 FY2025, Q4 FY2025, Q1 FY2026, and Q2 FY2026. GE Vernova's fiscal year ends December 31. **Forecast endpoint: June 30, 2031**, exactly five calendar years after the TTM end date. Currency is U.S. dollars. Unless explicitly identified as an external industry comparison or a bounded analyst allocation, every GE Vernova historical dollar, growth rate, operating KPI, and management quotation comes from the DR-cleared `data_package.md`.

Governed inputs as of September 16, 2026: DR-cleared `data_package.md` SHA-256 `c071b8b52595964759cdd90c7c6d735c6f30ee95b7af83952b0eed649f78685a`; sealed `statutory_bridge.json` SHA-256 `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`; quote packet SHA-256 `8845b9c1d11bf0a8d75a08914fb8fab28b1732442567410251863e799b91a1e7`, with GEV at **$882.81** on the completed September 15, 2026 session. The quote is not an operating input to this segment forecast. The exact segment profit metric is **Segment EBITDA**. The seven issuer-labeled consolidated adjustments from Adjusted EBITDA to statutory operating income are not allocated to Electrification anywhere in this appendix. `trade_execution_authorized=false`.

0. Segment boundary and taxonomy note

Electrification has a mandatory taxonomy boundary at **January 1, 2026**. Before that date, annual disclosure comprised Grid Solutions, Power Conversion & Storage, and Electrification Software. Under the current taxonomy, Grid Solutions was separated into **Power Transmission**, **Grid Systems Integration**, and **Grid Automation & Software**; parts of former Electrification Software moved to Gas Power and Grid Automation & Software. Restated quarterly data are available from Q1 FY2025, while the FY2021-FY2025 annual business-unit series remains on the old taxonomy. This appendix therefore uses old-taxonomy annual figures only for historical growth context, current-taxonomy H1 comparisons for the new business units, and a transparent allocation of the disclosed H2 FY2025 segment total to construct TTM product anchors. It never silently splices the old and new product taxonomies. The FY2025 old-taxonomy segment revenue of $9.642B is not treated as directly comparable with the current-taxonomy restated $9.487B. [SEC25 Note 24 and REALIGN via data_package §§1 and 3]

GE Vernova discloses **Segment EBITDA**, not product-level Segment EBITDA and not segment operating income. The FY2025 and TTM segment totals are source-sealed, but the product margins below are bounded analyst allocations that sum to the disclosed segment total. They are not management disclosures. Corporate costs, depreciation, acquisition adjustments, and the sealed aggregate statutory bridge are handled outside this segment model.

1. What this segment actually is

Electrification supplies the physical and digital infrastructure between power generation and electricity consumption. Its products move electricity across long distances, step voltage up or down, connect generation and large loads, stabilize alternating-current networks, convert electricity between forms, store energy, protect equipment, and give grid operators visibility and control. Customers include regulated and state-owned utilities, transmission system operators, engineering-procurement-construction contractors, renewable developers, industrial plants, marine and mining operators, and increasingly hyperscale data-center developers.

The current portfolio has four business units.

- **Power Transmission** makes high- and medium-voltage transformers, air- and gas-insulated switchgear, circuit breakers, capacitors, and associated services. Prolec GE, consolidated from February 2, 2026, expands transformer manufacturing, North American customer access, product breadth, and regional capacity.
- **Grid Systems Integration** designs and delivers HVDC links, AC substations, flexible AC transmission systems, synchronous condensers, and complex turnkey grid-integration projects. Revenue is milestone driven and engineering intensive.
- **Power Conversion & Storage** provides converters, drives, motors, power electronics, battery-storage integration, and related systems for industrial, marine, renewable, grid, and high-power applications.
- **Grid Automation & Software** provides protection, controls, energy-management systems, grid orchestration, automation, and digital tools that improve reliability and extract more usable capacity from existing assets.

The pricing model varies significantly. Standardized switchgear and breakers are configured equipment sold against customer specifications and production slots. Large transformers are engineered-to-order assets with long lead times, high testing and transport requirements, and contract economics that depend on material escalation protection. HVDC and substation projects are multiyear systems contracts in which design, procurement, site work, commissioning, change orders, and acceptance determine revenue and margin. Software includes license, subscription, maintenance, and implementation elements, but GE Vernova does not disclose Electrification ARR or recurring-revenue percentages. Services include inspection, parts, field work, upgrades, life extension, and software support.

Go-to-market is predominantly direct. For high-voltage products and complex projects, bankability, qualification, technical studies, regulatory standards, reference sites, balance-sheet support, local content, and delivery history matter more than conventional channel reach. Utilities often maintain several approved vendors to reduce dependence, but substitution becomes difficult after designs, protection schemes, factory tests, and site interfaces are frozen. For a data center, GE Vernova can sell at several layers: utility interconnection, grid reinforcement, substations, transformers, switchgear, synchronous condensers, conversion systems, energy management, and controls. Electrification is therefore broader than a data-center component supplier; it is a grid bottleneck and integration franchise with data centers as an increasingly important, but not independently disclosed, demand source.

2. Current economics: TTM ended June 30, 2026

Electrification generated **$12.082B** of TTM revenue: $2.565B in Q3 FY2025, $2.921B in Q4 FY2025, $2.959B in Q1 FY2026, and $3.637B in Q2 FY2026. The sealed statutory bridge reports TTM **Segment EBITDA of $2.081B** (exactly $2,080.9308M), producing a **17.22% Segment EBITDA margin**. The profit figure is authoritative; a reconstruction from rounded quarterly margins differs by only a few million dollars. [BRIDGE, TTM Electrification row; IR3Q25, IR4Q25, IR1Q26, and SEC2Q26/IR2Q26 via data_package §§3a and 5]

Recent growth is unusually strong. Q1 and Q2 FY2026 revenue grew 29% organically; Q3 and Q4 FY2025 each grew 32% on the period basis. The forecast treats this as evidence of backlog conversion, scarcity, price, and demand, then fades growth as supply responds and comparisons harden. [IR3Q25, IR4Q25, IR1Q26, and IR2Q26 releases via data_package §5]

Visibility is exceptional but not risk free. Q2 FY2026 Electrification RPO was **$44.563B**, of which **$40.589B** was equipment and **$3.974B** services. Total RPO equals 3.69 times TTM revenue. Q2 orders of **$6.347B** were 1.75 times quarterly revenue; equipment orders were $5.667B and services orders $0.680B. RPO excludes cancellable orders without substantive penalty, but it is not equivalent to cash or a fixed conversion schedule. Manufacturing slots, customer construction, permits, civil works, supplier readiness, price escalation, scope changes, and the long duration of service obligations all shape recognition. [SEC2Q26 Note 24 and IR2Q26 release via data_package §0a, latest orders and RPO tables]

The business-unit disclosure does not provide all four TTM quarters under the new taxonomy. H1 FY2026 revenue was $3.256B in Power Transmission, $1.497B in Grid Systems Integration, $1.016B in Power Conversion & Storage, and $0.827B in Grid Automation & Software, summing to $6.596B from the displayed business-unit rows; SEC2Q26 reports the H1 total as $6.597B because of source rounding. H2 FY2025 restated segment revenue was $5.486B, calculated from disclosed FY2025 restated revenue of $9.487B less disclosed H1 FY2025 current-taxonomy revenue of $4.001B. To create reconstructable product anchors, the model allocates this disclosed H2 segment total 40% to Power Transmission, 28% to Grid Systems Integration, 17% to Power Conversion & Storage, and 15% to Grid Automation & Software. [SEC2Q26 Note 24 and REALIGN via data_package §§1, 3, and 4]

The 68% combined assignment to Power Transmission and Grid Systems Integration approximates Grid Solutions' 68.7% FY2025 share; the 40:28 split is close to the disclosed H1 FY2025 split. The resulting TTM anchors are **$5.450B Power Transmission**, **$3.033B Grid Systems Integration**, **$1.949B Power Conversion & Storage**, and **$1.650B Grid Automation & Software**, exactly summing to $12.082B. An H1-mix sensitivity produces about $21.016B of base 2031 revenue, only 0.8% below the central allocation. Product detail is therefore bounded, non-disclosed, and less important than total growth and margin. [Analyst allocation from SEC2Q26 Note 24 and REALIGN inputs; reconstruction shown above]

Cash and reinvestment disclosure does not support a product- or segment-level return bridge. Company capex rose from $0.744B in FY2023 to $0.883B in FY2024 and $1.277B in FY2025; H1 FY2026 company capex was $0.783B and company R&D was $0.575B. Those figures cannot be allocated to Electrification, Prolec, or any of the four current business units. The model therefore uses qualified factories, testing, engineering, suppliers, and software development as constraints on backlog conversion, but it does not claim product capex, segment free cash flow, or an incremental return on invested capital. [SEC25 cash-flow statement and SEC2Q26 via data_package §7; true non-disclosures in §10]

At the sub-product level, air-insulated switchgear represented approximately **$5B of backlog**. Production was about **9,000 units in FY2025**, with about **10,500 planned for FY2026**, a 16.7% increase. Data-center solution orders exceeded **$2B in FY2025** and **$5B in H1 FY2026**. HVDC backlog was approximately **$10B**. These are order, backlog, and capacity indicators, not separately disclosed product revenue. They are used to test the reasonableness of growth, not inserted as revenue. [IR4Q25 and IR2Q26 transcripts via data_package §4]

3. Unit economics

Power Transmission

Revenue begins with an approved design and production slot. Transformers, breakers, and switchgear can constrain an entire project schedule. Value comes from design, winding, insulation, testing, reliability, transport, and commissioning; costs include copper, electrical steel, labor, freight, warranty, and supplier quality. Prolec adds North American capacity, approvals, and product breadth.

Margin rises when backlog price exceeds the eventual input and labor cost, escalation clauses work, throughput grows faster than fixed factory expense, lean reduces cycle time, and platforms reuse engineering. It falls when material inflation outruns contract protection, factories ramp inefficiently, labor scarcity causes overtime and rework, suppliers fail, or factory-test delays defer acceptance. A full factory can support price but can also create congestion. Backlog is not automatically profit; a poorly underwritten multiyear contract can lock in weak returns.

Grid Systems Integration

Grid Systems Integration earns an engineering and execution return on systems that operate for decades. HVDC and substations combine converters, equipment, protection, controls, civil works, logistics, commissioning, and project management. Cash may arrive early, but profit depends on productivity, procurement, milestones, claims, change orders, and acceptance.

This line has high barriers and the largest outcome range. Reference projects and scarce engineering capacity strengthen bidding power, but a single fixed-price project can absorb resources and create losses. Cable delays, civil works, permits, offshore interfaces, sanctions, local content, geopolitics, customer changes, or software integration can move timing and cost. The approximately $10B HVDC backlog is valuable only if priced and executed well. The base terminal margin of 17% assumes better contract selection and engineering reuse, but it is not treated as guaranteed by backlog.

Power Conversion & Storage

Power Conversion & Storage turns semiconductors, controls, converters, drives, motors, batteries or battery systems, enclosures, cooling, and application engineering into power-quality and conversion solutions. Demand is supported by industrial electrification, marine propulsion, renewable integration, storage, and high-power applications. The hardware can commoditize, especially where inverters or storage integration face Asian competitors. Differentiation comes from reliability, safety certification, control algorithms, system integration, installed-base knowledge, and support for mission-critical equipment.

Margin depends on semiconductor and battery cost, warranty experience, project mix, software content, and whether GE Vernova sells a differentiated system or integrates competitive components. Volume without differentiation may create revenue but weak returns. The base terminal allocation reaches 15%, reflecting some scale and mix improvement without assuming that healthy demand defeats power-electronics and storage competition.

Grid Automation & Software

Automation and software monetize engineering knowledge with less material and freight. Products monitor and protect assets, orchestrate networks, support energy management, and improve utilization of a constrained grid. Gross margins should exceed equipment, but Segment EBITDA also absorbs sales engineering, implementation, support, cybersecurity, cloud, product development, and legacy-system maintenance. Utilities are conservative because failure can interrupt critical infrastructure. This lengthens sales cycles but can increase retention after qualification.

Recurring software economics are not separately disclosed, so the model does not assign a pure-software margin. The estimated TTM business-unit margin of 18% includes automation hardware, implementation, and support. The base reaches 20% by 2031 through maintenance, upgrades, installed-base attachment, and R&D leverage. The modest uplift reflects the absence of disclosed ARR, recurring-revenue mix, gross margin, or product Segment EBITDA.

Segment-wide margin conversion

Four mechanisms dominate incremental margin. First, backlog quality and pricing determine whether current scarcity becomes future profit; current-cost underwriting and escalation protection matter more than the headline order number. Second, factory throughput creates fixed-cost leverage only when staffing, test capacity, suppliers, and quality scale together. Third, mix matters: transformers, software, and lifecycle service should be accretive, while large turnkey projects and lower-differentiation conversion hardware can dilute. Fourth, execution quality matters: provisions, warranty, liquidated damages, claims, rework, and late delivery can erase several points of margin.

The old-taxonomy segment margin rose from negative 8.7% in FY2021 to 14.9% in FY2025, and the current-taxonomy Q2 FY2026 margin reached 18.4%. This proves powerful operational leverage, but it also means today's 17.22% TTM margin already contains price, volume, productivity, and mix improvement. Even a 19.41% terminal margin is an underwriting assumption about preserving most of those gains through a capacity and pricing cycle, not a simple return to historical normal. [FORM10 and SEC25 Note 24 via data_package §3; SEC2Q26/IR2Q26 via §5]

4. Competitive dynamics

Electrification competes across several markets. Hitachi Energy and Siemens Energy are the closest competitors in power transformers, HVDC, high-voltage switchgear, and grid integration. Eaton, Schneider Electric, ABB, Siemens, and Mitsubishi Electric compete in medium-voltage distribution, breakers, controls, and data-center electrical systems. Power Conversion & Storage faces specialist power-electronics and storage integrators, including cost-aggressive Asian suppliers. Grid Automation & Software faces incumbent automation portfolios, specialist grid-software vendors, and customer-developed tools.

Siemens Energy Grid Technologies is the closest public operating comparable for high-voltage grid equipment and projects. In its Q2 FY2026 shareholder letter, the business reported €6.996B of orders, €3.067B of revenue, and a 17.1% profit margin before special items; orders grew far faster than revenue. Siemens subsequently framed FY2026 Grid Technologies growth at 25%-27% and margin before special items at 18%-20%, while its 2025 capital-markets materials described new factories, about €1.1B of expansion investment, and an 85 GVA transformer-capacity increase. The comparable supports strong demand and the feasibility of high-teens profitability, but it also shows that competitors are scaling into the same shortage. [Siemens Energy Q2 FY2026 shareholder letter](https://assets.siemens-energy.com/dam/352bf02e-bbc1-4061-b00d-b45200cd6b3b/2026-05-22-Shareholder-Letter-Q2-FY2026_EN-pdf_Original%20file.pdf) [Siemens Energy Grid Technologies capacity plan](https://assets.siemens-energy.com/dam/dfaa26fb-0de8-4038-b1f4-b2a500d70e2c/2025-03-25_Siemens_Energy_HSBC_Global_Investment_Summit_Unrestricted-pdf_Original%20file.pdf)

Hitachi Energy is the strongest pure-play grid-technology competitor. It broke ground in June 2026 on a $457M Virginia expansion intended to create a major U.S. large-power-transformer facility, part of more than $1B of U.S. grid-equipment investment. It is also adding transformer capacity in India, Finland, Canada, and Türkiye. These investments validate long-duration demand and simultaneously define the pricing risk. Specialized factories require tooling, testing, skilled labor, qualification, and supplier capacity, so supply will not appear instantly. Yet capacity opening from 2027 onward can shorten lead times and strengthen buyers' negotiating position. [Hitachi Energy Virginia transformer expansion](https://www.hitachienergy.com/news-and-events/press-releases/2026/06/hitachi-energy-breaks-ground-on-the-nation-s-largest-facility-for-the-production-of-large-power-transformers-in-south-boston-virginia)

Eaton provides a profitability ceiling for data-center and distribution exposure, not a like-for-like entitlement. In Q2 2026, Electrical Americas grew 18% organically and earned a 27.5% operating margin, while rolling orders rose 41% and backlog 33%. Electrical Global grew 18% organically, earned a 19.8% margin, and reported backlog up 103%. Eaton demonstrates that standardized, well-run electrical products can compound at double-digit rates with mid-20s margins. GE Vernova's greater mix of engineered HVDC and integration projects makes Eaton's margin an upper bound. [Eaton Q2 2026 results](https://www.eaton.com/us/en-us/company/news-insights/news-releases/2026/eaton-reports-record-second-quarter-2026-results.html)

Schneider Electric and ABB compete at the data-center architecture and distribution edge. Schneider's H1 2026 revenue grew 14% organically, Q2 Energy Management grew 18%, and demand was led by data centers. Its Q1 disclosure also showed slower low-single-digit energy-management software growth and high-single-digit services growth, useful evidence that physical demand can outpace software adoption. ABB emphasizes integrated medium-voltage distribution and automation, a model that could move data-center value toward vendors with complete power, cooling, control, and service portfolios. [Schneider Electric 2026 financial results](https://www.se.com/ww/en/about-us/investor-relations/financial-results/)

Pricing power is strongest in transformers, selected switchgear, scarce HVDC engineering, and bankable integration; it is weaker in standardized electronics, storage integration, and fragmented software. Utilities and hyperscalers can dual-source and fund capacity, but replacing a qualified supplier after design freeze is slow. Substitution is architectural: dynamic ratings, advanced conductors, power-flow control, storage, and on-site generation can defer some lines while increasing demand for protection, conversion, controls, automation, and interconnection.

5. Moat at the segment level

Electrification has a **real but uneven moat**. It is strongest in high-voltage equipment and complex systems, moderate in lifecycle service and automation, and weakest in undifferentiated conversion hardware or storage integration.

The first defense is **qualification and failure cost**. Critical equipment operates for decades, and failure costs can dwarf purchase-price savings. Customers value references, testing, reliability, engineering support, cybersecurity, service, and balance-sheet guarantees. Qualification can take years across national standards, grid codes, and utility practices.

The second defense is **manufacturing and engineering scarcity**. Test labs, winding and insulation, converter technology, project engineers, and commissioning teams cannot be replicated through generic contract manufacturing. Prolec adds North American capacity and approvals. The $5B switchgear backlog and planned rise from 9,000 to 10,500 units show that qualified throughput is a competitive asset.

The third defense is **installed-base and lifecycle knowledge**. Incumbents know condition, settings, failure histories, and upgrade paths, helping them supply compatible parts and execute outages with lower risk. Software can embed data and workflow around physical assets, strengthening the moat when equipment, service, controls, and software operate together.

The fourth defense is **bankability and project references**. Only a handful of vendors have the references and balance-sheet capacity to lead the largest HVDC and substation projects. The oligopoly supports commercial discipline but does not eliminate project losses.

The defenses are durable but not permanent. Competitors are expanding, customers can dual-source, governments favor local suppliers, and electronics and software evolve quickly. Base assumes the moat protects attractive returns but not perpetual scarcity pricing; bull requires exceptional execution; bear assumes the moat protects relevance but not today's margins.

6. Historical growth rates

The annual table reproduces the only clean dollar-disclosed three-year business-unit history, which is the **old taxonomy**. The growth column is labeled **FY2023-FY2025 CAGR (two intervals)** because three annual observations contain two compounding intervals; calling it a three-year CAGR would overstate the elapsed span. No figures are back-solved. Every historical cell identifies its data-package row and controlling filing.

Product or sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	FY2023-FY2025 CAGR (2 intervals)	Most recent YoY	Controlling source
Grid Solutions, old taxonomy	$3.955B [§4 Grid Solutions row]	$4.957B [§4 Grid Solutions row]	$6.620B [§4 Grid Solutions row]	29.4% [§4 same row calculation]	33.5% [§4 same row calculation]	SEC25 Note 24 via data_package §4, Grid Solutions row
Power Conversion & Storage	$1.549B [§4 PC&S row]	$1.676B [§4 PC&S row]	$2.049B [§4 PC&S row]	15.0% [§4 same row calculation]	22.3% [§4 same row calculation]	SEC25 Note 24 via data_package §4, Power Conversion & Storage row
Electrification Software, old taxonomy	$0.874B [§4 Software row]	$0.917B [§4 Software row]	$0.973B [§4 Software row]	5.5% [§4 same row calculation]	6.1% [§4 same row calculation]	SEC25 Note 24 via data_package §4, Electrification Software row
Electrification segment, old taxonomy	$6.378B [§3 Electrification revenue row]	$7.550B [§3 Electrification revenue row]	$9.642B [§3 Electrification revenue row]	23.0% [§3 same row calculation]	27.7% [§3 Electrification YoY row]	SEC25 Note 24 via data_package §3, Electrification rows

Arithmetic checks: Grid Solutions $3.955B × 1.253 = $4.956B, approximately $4.957B, and $4.957B × 1.335 = $6.618B, approximately $6.620B. Power Conversion & Storage $1.549B × 1.082 = $1.676B and $1.676B × 1.223 = $2.050B, approximately $2.049B. Electrification Software $0.874B × 1.049 = $0.917B and $0.917B × 1.061 = $0.973B. Segment $6.378B × 1.184 = $7.551B, approximately $7.550B, and $7.550B × 1.277 = $9.641B, approximately $9.642B. Every row ties within 0.1%, inside the 2% contract.

The current-taxonomy H1 comparison is shown separately and is not treated as a continuation of the annual table.

Current business unit	H1 FY2025 revenue	H1 FY2026 revenue	Reported change	Data package cite
Power Transmission	$1.451B	$3.256B	124.4%; includes Prolec	SEC2Q26 Note 24 via data_package §4, Power Transmission row
Grid Systems Integration	$0.968B	$1.497B	54.6%	SEC2Q26 Note 24 via data_package §4, Grid Systems Integration row
Power Conversion & Storage	$0.792B	$1.016B	28.3%	SEC2Q26 Note 24 via data_package §4, Power Conversion & Storage row
Grid Automation & Software	$0.790B	$0.827B	4.7%	SEC2Q26 Note 24 via data_package §4, Grid Automation & Software row

Power Transmission's 124.4% reported increase is acquisition distorted because Prolec closed in February 2026. The segment's 29% organic Q2 growth is a better indicator of the underlying run rate. Grid Systems Integration's 54.6% H1 increase shows strong project conversion but is too volatile to extrapolate. Power Conversion & Storage remains healthy, while Grid Automation & Software is growing much more slowly than physical grid equipment.

7. Management guidance and forward anchors

The following are all eight Electrification quotations in `data_package.md` §6. They are reproduced from that cleared package and are not independently re-fetched for this stage.

- **Q3 FY2025, October 22, 2025, Scott Strazik:** "doubling in size by 2030." [data_package §6 Electrification row 1] This refers to the North American addressable market. It supports a long transformer and grid-equipment runway, not a promise that GEV revenue doubles.
- **Q3 FY2025, October 22, 2025, Ken Parks:** "a sizable backlog." [data_package §6 Electrification row 2] Prolec brought visibility, but acquired backlog and purchase accounting must be separated from organic growth.
- **Q4 FY2025, January 28, 2026, Scott Strazik:** "largest growth quarter on a dollar basis." [data_package §6 Electrification row 3] Backlog accelerated before Prolec consolidation, evidence that the demand surge was not acquisition-only.
- **Q4 FY2025, January 28, 2026, Scott Strazik:** "more than triple the 2024 total." [data_package §6 Electrification row 4] FY2025 data-center orders became material, but orders can be lumpy and hyperscaler construction schedules can move.
- **Q1 FY2026, April 22, 2026, Ken Parks:** "roughly 2.5 times revenue." [data_package §6 Electrification row 5] Book-to-bill far above one supports growth and makes capacity execution the near-term constraint.
- **Q1 FY2026, April 22, 2026, Scott Strazik:** "$5 billion of backlog from Prolec." [data_package §6 Electrification row 6] A meaningful part of the RPO increase was acquired, so reported backlog growth must not be labeled wholly organic.
- **Q2 FY2026, July 22, 2026, Scott Strazik:** "approximately $5 billion" of equipment backlog. [data_package §6 Electrification row 7] This refers to switchgear and demonstrates deep visibility in one constrained product family.
- **Q2 FY2026, July 22, 2026, Ken Parks:** "equipment backlog to $41 billion." [data_package §6 Electrification row 8] The rounded statement matches the sourced $40.589B and makes conversion cadence and capacity the key variables.

Management's wider Investor Update set a **22% Electrification margin target for FY2028**. That target is treated as an upside reference, not the base terminal anchor: the revised base reaches 19.41% in June 2031 after allowing for competitor capacity, pricing normalization, full-cycle HVDC execution, and Prolec ramp costs. The bull reaches 23.30% only if the FY2028 target survives those tests; the bear falls to 11.27%. The company also raised the consolidated 2028 revenue outlook to $56B including Prolec, but it did not disclose a segment revenue target or four-business-unit bridge. [IU25 presentation and IR4Q25 release via data_package §6]

8. Forward growth assumptions

The model compounds each estimated TTM business-unit anchor for exactly five years to June 30, 2031. Power Transmission and Grid Systems Integration use old-taxonomy Grid Solutions' 29.4% historical CAGR only as a proxy because separate annual histories do not exist. The model never claims that either current business unit independently achieved that

rate.

Base case

Product	FY2023-FY2025 CAGR (2 intervals)	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Power Transmission	29.4% Grid Solutions proxy	124.4% H1 reported; acquisition distorted	No revenue guide; 10,500 switchgear units planned	13.0%	Backlog, Prolec, transformers, and switchgear support growth; industry capacity and harder comparisons drive a measured fade
Grid Systems Integration	29.4% Grid Solutions proxy	54.6% H1 reported	No business-unit dollar guide	14.0%	HVDC, substations, and synchronous condensers benefit from multiyear awards; engineering and project timing cap conversion
Power Conversion & Storage	15.0% old-taxonomy CAGR	28.3% H1 reported	No business-unit dollar guide	9.0%	Electrification and storage remain healthy; power-electronics competition and mix slow growth below the recent pace
Grid Automation & Software	5.5% old-software proxy	4.7% H1 reported	No revenue or ARR guide	7.0%	Grid optimization and installed-base attachment lift growth; conservative utility adoption prevents a software-style forecast

Base annual growth fades explicitly. Power Transmission grows 17%, 14%, 12%, 11%, and 11%; Grid Systems Integration grows 18%, 16%, 13%, 12%, and 11%; Power Conversion & Storage grows 13%, 10%, 8%, 7%, and 7%; Grid Automation & Software grows 10%, 8%, 6%, 6%, and 5%. The compounded rates are approximately 13%, 14%, 9%, and 7%. This is not an abrupt drop from 29% segment organic growth. It is a backlog-led fade as capacity rises, competitors expand, and the Prolec consolidation comparison annualizes.

Bull case

Product	FY2023-FY2025 CAGR (2 intervals)	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Power Transmission	29.4% Grid Solutions proxy	124.4% H1 reported; acquisition distorted	No revenue guide; 10,500 switchgear units planned	17.0%	Transformer scarcity persists, Prolec cross-selling works, and automation raises output without sacrificing price or quality
Grid Systems Integration	29.4% Grid Solutions proxy	54.6% H1 reported	No business-unit dollar guide	18.0%	HVDC and grid-stability awards remain above capacity and GEV executes projects with limited slippage or claims
Power Conversion & Storage	15.0% old-taxonomy CAGR	28.3% H1 reported	No business-unit dollar guide	13.0%	Storage, industrial, marine, and data-center conversion sustain growth near the historical rate
Grid Automation & Software	5.5% old-software proxy	4.7% H1 reported	No revenue or ARR guide	11.0%	Grid optimization accelerates and GEV attaches automation, service, and software to its expanding installed base

Bull annual growth is 22%, 19%, 17%, 14%, and 13% for Power Transmission; 24%, 21%, 18%, 15%, and 13% for Grid Systems Integration; 17%, 15%, 13%, 11%, and 10% for Power Conversion & Storage; and 15%, 13%, 11%, 9%, and 8% for Grid Automation & Software. The compounded rates are close to 17%, 18%, 13%, and 11%. Even the bull decelerates; it does not hold 29% segment growth indefinitely.

Bear case

Product	FY2023-FY2025 CAGR (2 intervals)	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Power Transmission	29.4% Grid Solutions proxy	124.4% H1 reported; acquisition distorted	No revenue guide; 10,500 switchgear units planned	6.0%	Competitor capacity, cancellations, Prolec friction, and weaker scarcity price sharply slow backlog replenishment and conversion

Product	FY2023-FY2025 CAGR (2 intervals)	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Grid Systems Integration	29.4% Grid Solutions proxy	54.6% H1 reported	No business-unit dollar guide	7.0%	HVDC demand persists, but permitting, cables, civil works, and execution delays push revenue beyond the horizon
Power Conversion & Storage	15.0% old-taxonomy CAGR	28.3% H1 reported	No business-unit dollar guide	3.0%	Power-electronics commoditization and storage-price pressure overwhelm healthy end-market demand
Grid Automation & Software	5.5% old-software proxy	4.7% H1 reported	No revenue or ARR guide	2.0%	Utility budgets prioritize physical bottlenecks and portfolio fragmentation limits software cross-selling

Bear annual growth is 8%, 7%, 6%, 5%, and 4% for Power Transmission; 10%, 9%, 7%, 5%, and 4% for Grid Systems Integration; 5%, 4%, 3%, 2%, and 1% for Power Conversion & Storage; and 4%, 3%, 2%, 1%, and 0% for Grid Automation & Software. The bear is not a collapse in power demand. It is a case in which the $44.563B RPO converts more slowly, some projects move beyond 2031, backlog replacement is less favorable, and pricing weakens as new capacity arrives.

The deceleration is consistent with observable peer paths. Siemens Energy Grid Technologies' orders grew much faster than revenue in Q2 FY2026, while Eaton's Q2 Electrical Americas orders rose 41% but organic sales grew 18%. Large order growth does not become revenue instantly. Conversely, Schneider's 14% H1 organic growth shows that double-digit electrical growth can persist at scale. The base lands between the near-term order surge and the inevitable supply response.

9. Forward Segment EBITDA margin assumptions

GE Vernova does not disclose Segment EBITDA by Electrification business unit. The starting product margins are bounded allocations constrained to the sealed **17.22% TTM Segment EBITDA margin** and **$2.081B TTM Segment EBITDA** (exactly $2,080.9308M). Power Transmission starts at 20.0%, Grid Systems Integration at 14.5%, Power Conversion & Storage at 13.0%, and Grid Automation & Software at 18.0%. Revenue weighting produces approximately $2.080B; the residual to the sealed amount is $0.776M, entirely within disclosed-source rounding. None is presented as an issuer-reported product margin.

Product	Estimated TTM Segment EBITDA margin	Bear TTM+5y Segment EBITDA margin	Base TTM+5y Segment EBITDA margin	Bull TTM+5y Segment EBITDA margin	Primary mechanism
Power Transmission	20.0%	14.0%	22.0%	26.0%	Price, transformer and switchgear mix, Prolec integration, factory throughput
Grid Systems Integration	14.5%	8.0%	17.0%	21.0%	Project underwriting, engineering reuse, milestone execution, claims
Power Conversion & Storage	13.0%	8.0%	15.0%	19.0%	Scale, product mix, semiconductor cost, storage and converter competition
Grid Automation & Software	18.0%	12.0%	20.0%	23.0%	Recurring mix, installed-base attachment, R&D leverage, implementation cost

Power Transmission: the 200-basis-point base improvement requires backlog price and factory productivity to outweigh weaker scarcity pricing, ramp expense, and Prolec integration costs. The bull adds 600 basis points and approaches Eaton-like electrical margins only with persistent scarcity, favorable transformer and switchgear mix, and exceptional integration. The bear loses 600 basis points because new industry capacity weakens price before ramp, labor, integration, and quality costs normalize.

Grid Systems Integration: the 250-basis-point base improvement requires improved project selection, standardized engineering blocks, procurement scale, and utilization; it does not assume that the approximately $10B HVDC backlog is intrinsically high margin. The 21% bull requires controlled change orders, cable and civil interfaces, commissioning, claims, and acceptance. The 8% bear drops 650 basis points below the estimated start as slippage and loss provisions absorb operating leverage. This is the largest downside swing factor because individual systems projects are large and cost exposure spans years.

Power Conversion & Storage: the 200-basis-point base improvement requires differentiated systems, controls, and services rather than volume alone. The 19% bull assumes higher-value industrial and data-center applications; the 8% bear reflects commoditization, warranty, and battery or power-electronics price pressure.

Grid Automation & Software: the 200-basis-point base increase depends on maintenance, upgrades, recurring mix, and R&D leverage. With no disclosed ARR or recurring-revenue mix, even the 23% bull is an allocation rather than a product-margin observation. The bear drops to 12% if implementation remains labor intensive and the portfolio does not integrate cleanly.

The base blended margin reaches **19.41%**, up 219 basis points from the sourced TTM margin. It deliberately sits below management's 22% FY2028 target because competitor capacity should shorten lead times, Prolec has no disclosed return bridge, and the larger HVDC book has not yet demonstrated a full-cycle loss rate. The bull reaches **23.30%**, requiring continued pricing, Prolec synergies, clean HVDC execution, differentiated conversion systems, and higher service attachment. The bear falls to **11.27%** as price normalizes and project or integration costs rise. The moat protects relevance, but not today's scarcity economics.

Because GE Vernova discloses no business-unit Segment EBITDA, the four product margins are a constrained allocation grid, not independent point estimates supported by reported product profit. The segment total is the controlling forecast output. A mix argument cannot justify a higher segment margin unless future filings separately establish transformer, switchgear, HVDC, conversion, or software profitability.

No corporate expense or consolidated statutory adjustment is embedded in these margins. The $2.315B TTM source-bound **net deduction across the seven sealed operating/reclassification lines** from Adjusted EBITDA to statutory operating income remains consolidated for synthesis. Allocating any part of it to the product margins would create an unsupported internal bridge and double count deductions later.

10. Segment rollup

Product revenue and Segment EBITDA by case

Case	Product	TTM revenue	Five-year CAGR	TTM+5y revenue	TTM+5y Segment EBITDA margin	TTM+5y Segment EBITDA
Bear	Power Transmission	$5.450B	6.0%	$7.293B	14.0%	$1.021B
Bear	Grid Systems Integration	$3.033B	7.0%	$4.254B	8.0%	$0.340B
Bear	Power Conversion & Storage	$1.949B	3.0%	$2.259B	8.0%	$0.181B
Bear	Grid Automation & Software	$1.650B	2.0%	$1.822B	12.0%	$0.219B
Base	Power Transmission	$5.450B	13.0%	$10.041B	22.0%	$2.209B
Base	Grid Systems Integration	$3.033B	14.0%	$5.840B	17.0%	$0.993B
Base	Power Conversion & Storage	$1.949B	9.0%	$2.999B	15.0%	$0.450B
Base	Grid Automation & Software	$1.650B	7.0%	$2.314B	20.0%	$0.463B
Bull	Power Transmission	$5.450B	17.0%	$11.949B	26.0%	$3.107B
Bull	Grid Systems Integration	$3.033B	18.0%	$6.939B	21.0%	$1.457B
Bull	Power Conversion & Storage	$1.949B	13.0%	$3.591B	19.0%	$0.682B
Bull	Grid Automation & Software	$1.650B	11.0%	$2.780B	23.0%	$0.639B

Case	Product revenue sum	Segment revenue	Difference	Product Segment EBITDA sum	Blended Segment EBITDA margin
Bear	$15.628B	$15.628B	$0.000B	$1.761B	11.27%
Base	$21.194B	$21.194B	$0.000B	$4.115B	19.41%
Bull	$25.259B	$25.259B	$0.000B	$5.886B	23.30%

Every product revenue equals TTM anchor × (1 + case CAGR)^5. Every product Segment EBITDA value equals TTM+5 revenue × TTM+5 Segment EBITDA margin. The blended margin is product Segment EBITDA divided by product revenue. The rollups reconcile exactly before rounding and within 0.1% after display rounding.

The base case implies an **11.90%** segment revenue CAGR from $12.082B to $21.194B. This is below recent 29% organic growth and below the old-taxonomy FY2023-FY2025 23.0% CAGR. Bear segment growth is **5.28%**, while bull growth is **15.89%**. The model's scale is supported by a backlog nearly four times TTM revenue, but the range deliberately separates the existence of demand from the pace and economics of conversion.

Capital, working-capital, and return implications

Higher throughput requires capex for factories, tooling, testing, automation, suppliers, and R&D. Even a 19.41% Segment EBITDA margin can coexist with substantial reinvestment and does not by itself prove high incremental ROIC. Customer advances can make cash generation precede delivery: company contract liabilities increased by $13.695B in H1 FY2026 and TTM free cash flow reached $12.438B, but the data package warns that this is not a normalized conversion rate. Inventory, supplier payments, milestone timing, receivables, and advances can reverse as backlog converts. Because neither segment working capital nor segment cash capex is disclosed, the appendix cannot convert Segment EBITDA into Electrification free cash flow or an acquisition return; synthesis must retain that limitation rather than infer company cash conversion for the segment. [SEC2Q26 and official cash-flow statements via data_package §10]

Prolec must be judged on returns, not scale. GEV paid $5.275B for the remaining 50% and funded part with $2.6B of notes. The $3.992B remeasurement gain is non-operating. The TTM includes only five months of consolidated Prolec ownership, so the first forward year necessarily mixes organic operations with the missing seven months of the acquired perimeter; disclosed data do not support separating those effects within Power Transmission. Base adds no unverified synergy line and caps the Power Transmission terminal allocation at 22%. Proof requires organic Power Transmission growth after the acquisition anniversary, stable margin through the capacity ramp, lower lead times without price collapse, and normalized cash conversion. [SEC2Q26 acquisition accounting and financing notes via data_package §§3a, 7, and 9]

11. Key risks, wildcards, and invalidations

1. Backlog deferral, cancellation, or scope reduction — bear. RPO is firm by the issuer's definition, but project schedules, permits, funding, civil works, negotiated settlements, and customer construction can move. A large backlog can create congestion as well as visibility. The bear assumes some revenue shifts beyond June 2031 and replacement orders arrive at less favorable prices.

2. Data-center concentration and double ordering — bear and base. H1 FY2026 data-center solution orders exceeded $5B, but standalone revenue and customer concentration are not disclosed. Hyperscalers can reserve equipment or capacity with several suppliers, making gross orders larger than final installations. Interconnection, power availability, AI efficiency, capital discipline, and campus phasing can slow deployment. The base requires broad utility and industrial demand rather than depending only on hyperscalers.

3. Capacity-ramp execution — all cases. Switchgear output is planned to rise from roughly 9,000 to 10,500 units. Prolec integration, staffing, shifts, robotics, tooling, test bays, and suppliers must scale together. A rushed ramp can cause rework, warranty, late delivery, and under-absorption. Bull requires automation to increase both throughput and quality; bear assumes ramp costs consume price benefits.

4. Transformer and HVDC supply chain — bear and base. Electrical steel, copper, bushings, insulation, semiconductors, converters, cables, specialized transport, and skilled labor can bottleneck delivery. Competitor investments validate demand but also compete for inputs and people. Tariffs and local-content rules can protect regional factories while raising cost and fragmenting capacity.

5. Project losses and claims — bear. Grid Systems Integration carries engineering, civil, cable, commissioning, partner, and interface risk. A small number of troubled HVDC or substation projects could erase expected margin expansion. The 8% bear margin is not a floor; material fixed-price failures could take the product below it.

6. Pricing normalization after supply responds — bear. Hitachi Energy, Siemens Energy, Eaton, Schneider, ABB, and others are expanding. New transformer, switchgear, and distribution capacity coming online from 2027 onward can reduce lead times and give buyers leverage. Base assumes a gradual fade in price contribution; bear assumes capacity arrives before GEV has harvested factory productivity and acquired economics.

7. Prolec integration and returns — bear and base. The acquired $5B backlog is real visibility but not organic demand. Systems, labor, warranty, channels, sourcing, and culture can take years to integrate. The TTM contains only five months of consolidated ownership, so future comparisons mix organic growth, full-year acquisition contribution, purchase accounting, and synergies. A bigger segment is not automatically a better per-share investment.

8. Competitive intensity in power electronics and storage — bear. Hardware cost curves and Asian competition can compress Power Conversion & Storage margins. GEV must sell differentiated systems, controls, reliability, and service rather than commodity integration. The base terminal 15% allocation fails if volumes rise but value capture moves to semiconductor, battery, or software providers.

9. Technology architecture — bull or bear. Medium-voltage data-center designs, direct grid connections, solid-state transformers, grid-forming inverters, DC architectures, and storage can shift the value pool. GEV benefits if high-voltage, conversion, stability, and control content rises. It loses if standardized electronics commoditize its offer or hyperscalers insource system design.

10. Grid-enhancing technologies — bull for software, mixed for hardware. Dynamic ratings, topology optimization, power-flow control, reconductoring, and storage can unlock capacity faster than new lines. This supports automation and software while deferring selected greenfield equipment. The portfolio hedge is valuable, but the revenue and margin mix may differ from the model.

11. Customer-concentration opacity — bear. The issuer discloses no customer-level Electrification revenue or identified greater-than-10% segment customer. Lack of disclosure is not proof of diversification. Large utilities and hyperscalers may gain negotiating leverage as framework agreements grow.

12. Quality, warranty, and cybersecurity — bear. Transformer or switchgear defects can create outages and expensive remediation. HVDC failures can delay projects and trigger damages. Protection and grid software are cybercritical. Reliability is a moat only while the installed record remains strong.

13. Service-attachment upside — bull. Services were only $3.974B of $44.563B segment RPO. Equipment deliveries expand the installed base for inspection, parts, upgrades, monitoring, protection retrofits, and software. If GE Vernova increases service density, the bull margin becomes more plausible.

14. Working-capital reversal and capital intensity — bear and base. Customer advances support current cash flow, but delivery requires inventory, capex, supplier payments, and receivables. If orders slow, customer funding can normalize before factory spending does. Segment EBITDA growth can therefore overstate cash economics and ROIC.

15. Regulatory, geopolitical, and local-content friction — bear. Utilities, governments, and grid operators influence permitting, returns, sourcing, sanctions, trade, and project awards. Local factories can improve access but reduce global manufacturing flexibility. HVDC routes and large substations are especially exposed to approvals and public opposition.

Explicit invalidation tests

The **base revenue case** should be cut if organic Electrification growth falls below high single digits for two consecutive quarters while segment RPO also declines, excluding a clearly disclosed timing distortion. It should also be cut if the acquisition anniversary reveals that Power Transmission growth was predominantly Prolec consolidation rather than organic backlog conversion.

The **base margin case** is invalidated if Electrification Segment EBITDA margin remains below 18% for two consecutive quarters after FY2026 despite strong revenue growth, because that would indicate capacity, mix, or project costs are absorbing the expected leverage. A margin below 16% with continued price commentary would be more serious, implying contract execution or integration problems rather than ordinary normalization.

The **Prolec return case** is invalidated if management cannot show sustained organic growth, stable quality, or credible per-share cash returns after the first full year of ownership, particularly if Power Transmission margin weakens while acquired backlog converts. Purchase-accounting gains and segment scale do not satisfy this test.

The **bull case** requires evidence, not merely demand: switchgear output reaching plan without warranty deterioration, transformer capacity ramping on time, large HVDC milestones meeting cost and schedule, service RPO growing faster than equipment deliveries, and segment margin at or above 22% through a period of competitor capacity additions. Failure of any two of these conditions should remove the bull from the central probability set.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$15.628B	Segment EBITDA	11.27%	$1.761B	25%
Base	$21.194B	Segment EBITDA	19.41%	$4.115B	55%

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bull	$25.259B	Segment EBITDA	23.30%	$5.886B	20%

The 55% base weight reflects four consecutive quarters of strong organic growth, rising reported margins, and equipment RPO well above annual revenue. Bear remains 25% because Prolec inflated the backlog and current-taxonomy growth comparison, competitor capacity is funded, and customer advances and HVDC execution can reverse apparent operating leverage. Bull is limited to 20% because it requires capacity, price, Prolec returns, HVDC delivery, service attachment, and product mix to work simultaneously despite no disclosed product-profit history.

The probability-weighted outcome is approximately **$20.616B of TTM+5 revenue** and **$3.880B of Segment EBITDA**, equal to roughly **18.82%** of probability-weighted revenue. Electrification has one of the strongest demand environments in global industrials. The underwriting question is whether GE Vernova can turn a $44.563B RPO into high-quality revenue while adding transformer and switchgear capacity, completing HVDC projects, integrating Prolec, attaching services and software, funding capex and working capital, and preserving price after competitor supply arrives.

The most fragile assumption is the base case's **19.41% Segment EBITDA margin in 2031**. It still requires most current pricing and productivity gains to survive industry capacity additions, Prolec integration, and greater project scale. Management's 22% FY2028 ambition is not assumed to persist in base. The case demands evidence in margin, execution, quality, organic Power Transmission growth, service attachment, and normalized cash conversion.

Data gaps: `[DATA GAP: GE Vernova does not disclose current-taxonomy quarterly business-unit revenue for Q3 and Q4 FY2025; TTM product anchors allocate the disclosed H2 segment total.] [DATA GAP: product-level and equipment-versus-service Segment EBITDA are not disclosed; all product margins are bounded allocations constrained to sourced segment totals.] [DATA GAP: standalone transformer, HVDC, switchgear, substation, and data-center solution revenue is not disclosed.] [DATA GAP: customer-level Electrification revenue concentration, product backlog conversion schedules, software ARR, and segment cash flow are not disclosed.]`

Evidence discipline: historical segment figures, management quotations, and accounting classifications come only from the current DR-cleared package and sealed bridge. Competitor observations were refreshed from live issuer pages during root run `pulse-cio-20260916T200321+0800`, including Siemens Energy, Hitachi Energy, Eaton, Schneider Electric, and ABB. No data-warehouse cache supplied a datapoint, and no warehouse file was read or written for this stage.

Appendix B3 - Wind

GE Vernova Wind — Segment Deep Dive

Run: `pulse-cio-20260916T200321+0800` **Information cutoff:** 2026-09-16 20:03:21 SGT **TTM anchor:** Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending 2026-06-30 **Forward horizon:** 2031-06-30, exactly five calendar years after the TTM endpoint **Forecast metric:** issuer-disclosed **Segment EBITDA**; it is not operating income **Price context only:** XNYS:GEV common share at USD 882.81 on 2026-09-15; this segment appendix performs no valuation **Authority:** research and forecast input only; `trade_execution_authorized=false`

0. Segment boundary and taxonomy note

Wind currently comprises **Onshore Wind and Offshore Wind**. Effective January 1, 2026, GE Vernova combined LM Wind Power with Onshore Wind. The April 2026 realignment package and Q2 FY2026 filing provide restated quarterly data from Q1 FY2025 forward, but the FY2021-FY2025 annual business-unit history retains the old taxonomy, in which LM Wind Power was separate. Accordingly, historical annual comparisons in this appendix either show old-taxonomy Onshore and LM separately or combine their disclosed values arithmetically and label the result. The forward model uses the current boundary: Onshore including LM, plus Offshore. It does not splice old-taxonomy dollar series into current-taxonomy quarterly trends without showing the bridge. [data_package §1, reporting structure and taxonomy; §4, dollar-disclosed business units]

The common historical and forecast profit measure is issuer-disclosed **Segment EBITDA**. The sealed statutory bridge has SHA-256 `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`; its Wind values are negative USD 598m in FY2025 and negative USD 943.589m for the TTM ended June 30, 2026. Corporate and other, depreciation and amortization, restructuring, separation costs, reclassification mirrors, interest, non-operating items, and tax are outside this segment forecast and must be modeled once at consolidation. [data_package §3a, FY2025 and TTM bridge rows]

1. What this segment actually is

Wind is three economic activities sharing engineering, installed-base knowledge, and customer relationships but carrying very different risk. First, Onshore sells utility-scale wind turbines. A sale includes a nacelle, drivetrain, tower-interface and controls package, with blades now economically inside Onshore through the LM combination. Customers are utilities, independent power producers, renewable developers, and infrastructure investors. They buy through tenders, bilateral frameworks, and project-specific contracts. Price is negotiated per turbine or project and is shaped by output, capacity factor, delivery timing, logistics, warranty terms, local-content rules, tax-credit qualification, and the supplier's willingness to accept performance or schedule risk.

Second, Onshore sells repowering. Repowering replaces or upgrades aging components and controls on an existing site to increase output, extend life, improve availability, or regain policy eligibility. It should carry better customer acquisition economics than a greenfield sale because the site, grid interconnection, wind resource, and installed asset are already known. GE Vernova has identified approximately 10 GW of U.S. installed-base repowering opportunity that management said had already qualified for new production tax credits. That is an opportunity set, not backlog or revenue, and the model does not convert it wholesale into sales. [IR2Q26 transcript, 2026-07-22, p. 4; IU25/IR4Q25]

Third, Wind provides services: planned and unplanned maintenance, parts, monitoring, controls and software updates, major-component work, performance optimization, and longer-lived service agreements. Service revenue generally has less commodity and logistics content than a new turbine and benefits from fleet-specific knowledge, tooling, parts, and data. Management reported that Onshore services revenue grew 39% in Q2 FY2026, after services orders were up 27% year to date in Q3 FY2025. However, standalone service dollars and Segment EBITDA are not disclosed. The service mix is therefore the strongest positive indicator, but not a license to fabricate a high-margin revenue pool. [IR2Q26 presentation p. 13; IR3Q25 transcript p. 7]

Offshore supplies the Haliade-X platform and executes large wind-farm commitments. Its commercial model is closer to a long-cycle engineered project than a standardized factory shipment. The turbine is exceptionally large, logistics and installation are marine-dependent, and project economics are exposed to vessels, ports, weather windows, foundations, grid readiness, developer finance, local rules, commissioning, warranty campaigns, and liquidated damages. A contract signed years before commissioning can become deeply loss-making if inflation, installation sequencing, quality, or site conditions move against the original estimate.

The go-to-market is direct and concentrated among sophisticated buyers. There is no low-friction distributor channel. Winning a tender requires bankability, reference projects, engineering support, warranty capacity, service coverage, and a credible balance sheet. That creates barriers, but it also gives customers negotiating leverage because project awards are large and infrequent. Wind's revenue is recognized as equipment and project obligations are satisfied, while cash may arrive through advances and milestones. Cash before delivery funds working capital but also represents an obligation, not earned profit.

The segment's strategic direction is narrower than a volume-maximization plan. Onshore is emphasizing fewer workhorse platforms, market selectivity, services, and repowering. Offshore is completing the remaining unprofitable backlog rather than chasing growth at any price. That rationalization is economically necessary: a smaller but better-underwritten segment can create more value than a larger business carrying negative contract margins. The forecast therefore allows revenue to shrink in the bear case and only modestly grow in the base case while Segment EBITDA repairs.

2. Current economics: TTM ended 2026-06-30

Wind's current financial position is weak. TTM revenue is USD 8.474B and issuer-disclosed Segment EBITDA is negative USD 0.944B, a negative 11.1% margin. The TTM revenue base is mechanically reconstructed from official FY2025 current-boundary components and H1 comparative rows: Onshore including LM equals USD 8.458B FY2025 less USD 3.665B H1 FY2025 plus USD 2.908B H1 FY2026, or USD 7.701B. Offshore equals USD 0.652B less USD 0.430B plus USD 0.551B H1 FY2026, or USD 0.773B. Those two additive product lines produce USD 8.474B, versus USD 8.473B from the four independently rounded reported quarters; the USD 1m difference is source rounding, not a model residual. QF's full-precision current-taxonomy schedule is USD 8.4742B. [SEC25 Note 24 / Form 10-K p. 37; SEC2Q26 Note 24 / Form 10-Q p. 31; REALIGN; sealed QF schedule; primer figures were not used as quantitative authority]

Current metric	Value	Interpretation	Specific source
TTM revenue	USD 8.474B	Additive product anchor; rounded quarterly sum is USD 8.473B	SEC25 p. 37; SEC2Q26 p. 31; REALIGN; QF schedule
TTM Segment EBITDA	USD (0.944)B	Exact sealed value is USD (943.589)m	BRIDGE TTM Wind row; REALIGN; SEC2Q26 p. 30
TTM Segment EBITDA margin	(11.1)%	Negative 0.943589 divided by 8.474	BRIDGE TTM Wind row; SEC25 p. 37; SEC2Q26 p. 31
FY2025 current-taxonomy revenue	USD 9.110B	Onshore includes LM	SEC25 Note 24 / p. 37; REALIGN
FY2025 Segment EBITDA	USD (0.598)B	Negative 6.6% margin	SEC25 pp. 36-37; BRIDGE FY2025 Wind row
Q2 FY2026 revenue	USD 2.026B	Down 11% organically	SEC2Q26 p. 31; IR2Q26 presentation p. 16
Q2 FY2026 Segment EBITDA	USD (0.275)B	Negative 13.6% margin	SEC2Q26 pp. 30-31; IR2Q26 p. 16
H1 FY2026 Segment EBITDA	USD (0.657)B	Worse than negative USD 0.312B in H1 FY2025	SEC2Q26 pp. 30-31; IR2Q26 p. 16
Q2 FY2026 orders	USD 1.249B	Below Q2 revenue	IR2Q26 presentation p. 16
Q2 FY2026 RPO	USD 20.388B	USD 8.197B equipment; USD 12.191B services	SEC2Q26 p. 31; IR2Q26 presentation p. 16
H1 FY2026 sold turbine and repower capacity	2.0 GW	Down from 3.0 GW in H1 FY2025	SEC2Q26 p. 31

The sequential picture is not yet a turnaround. Organic revenue declined 9% in Q3 FY2025, 25% in Q4 FY2025, 25% in Q1 FY2026, and 11% in Q2 FY2026. Segment EBITDA margins were negative 2.3%, 9.5%, 26.7%, and 13.6%, respectively. The terrible Q1 loss cannot be dismissed as noise because H1 Segment EBITDA deteriorated by USD 345m year over year, to negative USD 657m. [IR3Q25, IR4Q25, IR1Q26 and IR2Q26 presentations; SEC2Q26 pp. 30-31]

Volume is also soft. H1 turbine and repower units ordered fell to 342 from 609, and ordered capacity fell to 1.2 GW from 1.8 GW. Units sold fell to 517 from 913, with capacity sold down to 2.0 GW from 3.0 GW. Unit counts and GW do not map one-for-one because platform sizes differ, but both point to a smaller near-term Onshore delivery base. [SEC2Q26 Form 10-Q p. 31]

Backlog quality and duration

Wind's RPO is more service-weighted than equipment-weighted, which is the constructive part of the current economics. At Q2 FY2026, services RPO was USD 12.191B, roughly 60% of segment RPO, and equipment RPO was USD 8.197B. Services may provide longer duration and installed-base continuity. Equipment RPO, however, has declined. Under the old

taxonomy, Wind equipment RPO fell from USD 13.709B in FY2023 to USD 10.720B in FY2024 and USD 9.112B in FY2025. On the current five-quarter series, total Wind RPO moved from USD 22.508B in Q2 FY2025 to about USD 21.5B, USD 21.6B, USD 21.3B, and USD 20.388B. [SEC25 Form 10-K p. 37; IR2Q26 presentation pp. 13 and 16; SEC2Q26 p. 31]

Wind RPO indicator	Earlier point	Latest point	Underwriting conclusion
Old-taxonomy equipment RPO	USD 13.709B FY2023	USD 9.112B FY2025	Shrinking future equipment delivery pool
Old-taxonomy services RPO	USD 13.240B FY2023	USD 12.518B FY2025	More stable than equipment, but not growing rapidly
Current-taxonomy total RPO	USD 22.508B Q2 FY2025	USD 20.388B Q2 FY2026	Visibility is declining, not compounding
Q2 FY2026 mix	USD 8.197B equipment	USD 12.191B services	Service-weighted mix can aid margin and durability

Backlog quality matters more than backlog size. Offshore incurred incremental contract losses of USD 379m in FY2023, USD 1.005B in FY2024, and USD 637m in FY2025. Revenue from completing that backlog can be value-destructive. Conversely, revenue contraction as the bad Offshore book runs off can improve Segment EBITDA. The model therefore does not treat lower Offshore revenue as automatically bearish or higher Offshore revenue as automatically bullish. [SEC25 Note 2 / Form 10-K p. 55]

Capital intensity is not separately disclosed for Wind. Company capex was USD 1.277B in FY2025 and USD 0.783B in H1 FY2026, but allocating those amounts to Wind would be unsupported. [SEC25 cash-flow statement; IR2Q26 presentation p. 17] `[DATA GAP: Wind-specific capex, PP&E additions, and invested capital are not disclosed in the data package.]` Capacity rationalization is therefore assessed through platform count, order and shipment cadence, backlog, and profitability rather than an invented Wind asset base.

Working capital can be favorable before it reverses. Company contract liabilities rose USD 13.695B in H1 FY2026, but the data package does not allocate that movement by segment. [IR2Q26 presentation p. 17] Wind customer advances may help fund execution, yet cash received against a loss-making fixed-price contract is not free cash flow in an economic sense. As work proceeds, cash is consumed and the liability converts to revenue. A credible Wind cash recovery requires positive Segment EBITDA, controlled warranty and claims experience, and working-capital release that does not merely reflect a collapsing backlog.

Warranty data create another boundary. The company-wide warranty liability was USD 1.595B at Q2 FY2026, but no Wind-only allocation is disclosed. [SEC2Q26 Note 22 / Form 10-Q p. 21] `[DATA GAP: Wind-only warranty reserve and provisions are not disclosed; no portion of the company-wide balance is assigned to Wind.]` The forecast therefore conditions margin recovery on stable warranty evidence rather than embedding a guessed reserve release.

3. Unit economics: how Wind revenue becomes Segment EBITDA

Onshore equipment

An Onshore equipment contract starts with price per MW and then absorbs blades, nacelle and drivetrain content, towers or interfaces, controls, transportation, site support, installation assistance, commissioning, warranty, and performance commitments. Contribution margin improves when the company sells a repeatable workhorse platform, has predictable supplier and factory costs, can batch production, reduces engineering changes, and prices inflation and logistics into the contract. It deteriorates when orders are too sparse to absorb the factory base, a design proliferates into local variants, component reliability is weak, or the manufacturer agrees to fixed prices before costs and schedules are known.

The current volume decline is a fixed-cost problem as well as a revenue problem. H1 capacity sold fell by one-third, while management said Onshore volume was “too difficult to call.” A service-led mix can soften the decline, but factories, engineering, supplier commitments, and field infrastructure cannot resize instantly. The base case therefore assumes that selectivity and platform simplification first reduce losses, then permit modest revenue growth. It does not assume a sharp equipment rebound.

Repowering

Repowering can be structurally superior to a greenfield order. The customer already operates a GE fleet, the wind resource and interconnection are known, and the scope can use existing towers, foundations, controls, or site infrastructure. The supplier can use fleet data to price the upgrade, and the customer can compare incremental output against a familiar asset.

The approximately 10 GW tax-credit-qualified opportunity is meaningful, but conversion depends on economics, policy, equipment eligibility, project timing, and customer capital. In the base case, repowering supports Onshore's low-single-digit CAGR rather than becoming a separate fabricated revenue line.

Onshore services

Services monetize an installed base through scheduled maintenance, parts, major-component work, monitoring, controls, software, and performance upgrades. The economic advantages are repeat demand, lower new-equipment content, local field knowledge, and access to fleet data. Switching is possible, particularly for out-of-warranty turbines, so the moat is not absolute. Independent service providers and customers can self-perform some work, and a poor warranty experience can damage pricing power. Still, 39% Q2 services revenue growth and 27% year-to-date services order growth are the clearest evidence that mix can improve. [IR2Q26 presentation p. 13; IR3Q25 transcript p. 7] `[DATA GAP: Onshore services revenue dollars, service attachment rate, renewal rate, and standalone Segment EBITDA margin are not disclosed.]`

Offshore projects

Offshore unit economics are dominated by cost-to-complete, not by unit volume. A project can recognize revenue while producing negative Segment EBITDA because estimated total cost exceeds contract value. Vessel delays, weather, commissioning sequence, component reliability, developer changes, and claims can move estimates late in execution. The FY2023-FY2025 incremental loss series demonstrates that estimates have repeatedly worsened. Q2 FY2026 still carried higher project costs and contract losses, and Vineyard Wind claims and counterclaims remained open. `[DATA GAP: A clean H1 FY2026 Offshore contract-loss dollar comparable with the FY2023-FY2025 series is not disclosed.]`

The decisive Offshore question is whether the remaining backlog can be completed within current reserves and commercial assumptions. The segment does not earn a normalized margin merely when the last unit ships. Commissioning, warranty, availability guarantees, and claims can continue. Base case Offshore therefore remains loss-making at the horizon, despite much lower revenue. Bull case allows only a 2% Segment EBITDA margin after sustained execution proof. Bear assumes a negative 50% horizon margin on a much smaller revenue base, representing residual claims, warranty campaigns, and cost overruns.

Margin-recovery mechanisms

Five mechanisms can lift Segment EBITDA. First, run off the worst Offshore contracts without replacement at similarly poor terms. Second, improve Onshore service mix and repowering. Third, simplify platforms and capacity so fixed costs match the addressable order pool. Fourth, improve price and contract protections on new equipment. Fifth, reduce warranty and failure costs through better quality. These mechanisms are concrete; “scale” by itself is not.

The opposite mechanisms are equally concrete. Weak U.S. equipment awards can leave factories under-absorbed. Policy changes can delay tax-credit-qualified projects. Chinese and European competitors can pressure price. A major component campaign can raise provisions across a large fleet. Offshore claims can survive beyond commissioning. Supplier and logistics costs can rise faster than contract escalators. The hard bear retains these failure modes rather than assuming that management's FY2028 target is inevitable.

Cash economics

Segment EBITDA is not segment cash flow. Wind requires inventories, supplier deposits, receivables, project assets, tooling, warranty cash, and capital expenditure. Customer advances can temporarily make cash look better than earnings, while delivery can reverse that benefit. A shrinking Offshore backlog may release some working capital, but it can also require cash to finish loss-making projects. Because segment cash flow is not disclosed, this appendix does not apply a cash-conversion percentage. Synthesis should keep working-capital, capex, warranty, and bridge items at the consolidated level and avoid double counting a Wind “cash benefit” from lower backlog.

4. Competitive dynamics

GE Vernova's named Wind competitors include Vestas, Siemens Gamesa, Nordex, Envision, and Goldwind. [data_package source inventory citing SEC25; GE Vernova FY2025 Form 10-K competition disclosure] The competitive map differs by arena.

Arena	Principal competitive pressure	GE Vernova position	Pricing implication
U.S. Onshore new equipment	Vestas, Siemens Gamesa, Nordex and project economics	Large installed base and repowering access, but weak current volume	Some platform and service leverage; customers retain tender power
Global Onshore	European and Chinese OEMs, local-content requirements	Selective rather than global volume leadership	Avoid price-led share defense
Offshore	Siemens Gamesa and Vestas, bankability and execution record	Haliade-X scale and references offset by loss history	New work needs stronger terms; growth at old terms destroys value
Services	OEMs, independent providers and customer self-performance	Fleet data, proprietary parts, engineering and field network	Best area for recurring pricing, but not captive indefinitely
Repowering	OEM and independent upgrade alternatives	Existing GE site knowledge and about 10 GW qualified opportunity	Better value-based pricing if output uplift is demonstrable

Onshore buyers care about levelized cost of energy, but that is a lifetime metric. A cheaper turbine can be more expensive if availability, maintenance, output, or warranty support disappoints. GE Vernova can differentiate with installed-base data, local technicians, grid-code knowledge, and a workhorse platform. However, recent volume weakness shows that those assets do not guarantee orders. Project economics and policy can stop the market, while customers can tender across credible OEMs.

Offshore entry barriers are high: only a few suppliers can engineer, certify, manufacture, transport, install, and support very large turbines. Yet high barriers have not produced good industry economics. Developers concentrate buying power, projects are enormous, and the cost of a technical or schedule miss is severe. Bankability is partly a promise that the OEM can absorb failures, which transfers tail risk to the manufacturer. GE Vernova's Haliade-X technology is therefore not a moat unless contract terms and execution convert it into acceptable returns.

Chinese OEMs add a long-term substitution risk. Envision and Goldwind have large domestic scale and may compete aggressively where financing, state support, or local manufacturing matters. Trade rules can limit access to some Western markets, but they can also fragment the market and require duplicate local capacity. GE Vernova should not respond by defending uneconomic global share. The value-maximizing response is selective participation where certification, installed-base service, customer preference, policy, and contract terms create a return advantage.

The strongest pricing power resides in services and scarce delivery capacity, not generic new-turbine hardware. Service pricing is protected by technical knowledge, parts, response time, and the operational cost of downtime. Repowering pricing can be linked to incremental output and tax benefits. New equipment remains exposed to auction economics and OEM rivalry. Offshore pricing must compensate for project-specific tail risk; if the market will not pay, walking away is superior to booking revenue.

5. Moat at the segment level

Wind has a **narrow, uneven moat**, not a broad franchise moat. The defensible asset is the installed base and the service knowledge around it. GE Vernova has access to operating data, failure patterns, parts designs, controls, field tooling, and technicians for tens of thousands of turbines across the company fleet. Customers face availability risk when changing maintenance providers, particularly for complex or proprietary scopes. This supports repeat services, upgrades, and repowering.

Platform certification and bankability are additional barriers. A turbine requires years of engineering, testing, certification, supplier qualification, and reference operation. Customers and lenders prefer suppliers that can stand behind long warranties and performance obligations. A global field network is difficult to replicate. These barriers reduce new entry, especially offshore.

But the moat does not currently protect aggregate margins. Negative Segment EBITDA, repeated Offshore losses, and weak Onshore equipment orders are direct evidence. A technical barrier is not an economic moat when contract risk, policy volatility, buyer power, and quality costs transfer the value to customers. Offshore's concentrated supplier structure has coexisted with poor returns because each project carries large, bespoke tail risk.

The service moat can also erode. Independent providers can handle routine scopes, customers can self-perform, and aging fleets may use aftermarket parts. A major reliability problem can turn installed base from an asset into a warranty liability. Digital monitoring helps only if it improves availability and cost; software by itself does not lock in the customer.

Over five to ten years, durability depends on three proofs. First, the workhorse strategy must reduce design variation and quality cost. Second, services and repowering must grow without offsetting warranty leakage. Third, Offshore must either earn returns under redesigned terms or remain deliberately small. If all three occur, Onshore services plus repowering can be a

durable niche with mid-to-high single-digit Segment EBITDA margins. If they do not, the segment remains a cyclical equipment vendor with an expensive legacy tail.

The segment therefore fails a strong-moat test today. It has valuable moat components, particularly installed-base service access, but no demonstrated ability to protect total-segment profitability. The forecast gives credit for operational repair, not for a presumed franchise.

6. Historical growth rates — reproduced from the data package

The table below uses disclosed annual old-taxonomy business-unit rows. “Onshore including LM” is the arithmetic sum of the separately disclosed Onshore Wind and LM Wind Power rows so that the line is conceptually aligned with the current 2026 boundary. The three-year table spans two compounding intervals; the displayed CAGR is the annualized rate from FY2023 to FY2025. No figure is back-solved.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	FY2023-FY2025 CAGR	Most recent annual YoY	Specific source
Onshore including LM	USD 8.371B	USD 8.323B	USD 8.458B	0.5%	1.6%	SEC25 Note 24 / Form 10-K p. 37; Onshore plus LM
Offshore Wind	USD 1.455B	USD 1.377B	USD 0.652B	(33.1)%	(52.7)%	SEC25 Note 24 / Form 10-K p. 37
Wind segment total	USD 9.826B	USD 9.701B	USD 9.110B	(3.7)%	(6.1)%	SEC25 pp. 36-37

Historical arithmetic check. Onshore including LM: USD 8.371B × 0.9943 = USD 8.323B, then USD 8.323B × 1.0162 = USD 8.458B. Offshore: USD 1.455B × 0.9464 = USD 1.377B, then USD 1.377B × 0.4735 = USD 0.652B. Segment: USD 9.826B × 0.9873 = USD 9.701B, then USD 9.701B × 0.9391 = USD 9.110B. Every disclosed YoY relationship is within 0.1 percentage point after rounding, comfortably inside the 2% tolerance.

Product-to-segment tie-out. FY2023 products sum to USD 9.826B exactly. FY2024 products sum to USD 9.700B versus segment revenue of USD 9.701B, a USD 1m source-rounding difference, or 0.01%. FY2025 products sum to USD 9.110B exactly. No residual is treated as a product.

The latest current-taxonomy H1 comparison confirms that the mix is moving in opposite directions.

Current product	H1 FY2025 revenue	H1 FY2026 revenue	YoY	Specific source
Onshore including former LM	USD 3.665B	USD 2.908B	(20.7)%	SEC2Q26 Note 24 / Form 10-Q p. 31
Offshore Wind	USD 0.430B	USD 0.551B	28.1%	SEC2Q26 Note 24 / Form 10-Q p. 31
Wind current products	USD 4.095B	USD 3.459B	(15.5)%	SEC2Q26 Note 24 / Form 10-Q p. 31; row sum

The Offshore increase is not evidence of economic improvement. It reflects project execution while Segment EBITDA losses worsened. Onshore's decline is the more important demand and fixed-cost signal, partly offset by fast-growing services for which standalone dollars are not disclosed.

7. Management guidance and commentary

Every Wind-specific forward statement in data_package §6 is reproduced below. The snippets are management's words; interpretations are analytical and do not upgrade opportunity into guidance.

Date / speaker / source	Verbatim quote	Topic	Interpretation
2025-10-22 / Scott Strazik / IR3Q25 transcript pp. 6-7	“too difficult to call.”	Onshore volume	No numeric equipment rebound should be assumed.
2025-10-22 / Scott Strazik / IR3Q25 transcript p. 7	“services orders up 27% year-to-date.”	Onshore services	Services are the clearest favorable mix signal.
2026-01-28 / Scott Strazik / IR4Q25 transcript p. 2	“approximately 10 gigawatts of repowering opportunities.”	Repowering	Opportunity is not booked revenue and needs conversion evidence.
2026-01-28 / Scott Strazik / IR4Q25 transcript pp. 3-4	“remaining unprofitable Offshore Wind backlog.”	Offshore execution	Lower future Offshore revenue may improve margins as bad work runs off.

Date / speaker / source	Verbatim quote	Topic	Interpretation
2026-04-22 / Ken Parks / IR1Q26 transcript pp. 8-9	“EBITDA losses were $382 million.”	Quarterly loss	The severe Q1 loss is real and cannot be normalized away.
2026-04-22 / Ken Parks / IR1Q26 transcript pp. 8-9	“stronger performance in Onshore Wind services.”	Service mix	Service improvement partially offsets equipment weakness.
2026-07-22 / Ken Parks / IR2Q26 transcript p. 7	“continued improvement in Onshore services.”	Margin path	The second-half recovery relies materially on services.
2026-07-22 / Ken Parks / IR2Q26 transcript p. 7	“approximately break-even.”	Q3 FY2026 Segment EBITDA outlook	One quarter near zero is a waypoint, not normalized annual profitability.

At the 2025 Investor Update, management targeted a **6% Wind Segment EBITDA margin in FY2028**. [IU25 presentation p. 6, which states that segment amounts refer to Segment EBITDA margin] The target is useful as a test, not as a base-case fact. The model has June year-end observation points around management's December 2028 target: base reaches 5.0% at June 2028 and 5.8% at June 2029, still slightly below 6%, before rising to 6.7% by June 2031.

Management has not provided numerical Onshore equipment revenue guidance, a booked conversion rate for the 10 GW repowering opportunity, standalone services revenue, a clean H1 Offshore contract-loss amount, or a final claims settlement. Those omissions materially widen the forecast range.

8. Forward growth assumptions — TTM to 2031-06-30

Forecast bases

Current product	TTM revenue base	Construction	Data package cite
Onshore including LM	USD 7.701B	FY2025 USD 8.458B less H1 FY2025 USD 3.665B plus H1 FY2026 USD 2.908B	SEC25 p. 37; SEC2Q26 p. 31
Offshore Wind	USD 0.773B	FY2025 USD 0.652B less H1 FY2025 USD 0.430B plus H1 FY2026 USD 0.551B	SEC25 p. 37; SEC2Q26 p. 31
Wind segment	USD 8.474B	Additive product anchor; rounded quarter sum is USD 8.473B	REALIGN; SEC2Q26; sealed QF schedule

Base case growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Onshore including LM	0.5%	(20.7)% H1	No numeric guide; volume “too difficult to call”	3.0%	Services and repowering offset weak equipment; selectivity prevents a snapback assumption.
Offshore Wind	(33.1)%	28.1% H1	Remaining backlog is unprofitable	(5.0)%	Completion shrinks the book; revenue decline is compatible with better economics.
Wind segment	(3.7)%	(15.5)% H1	Approximate Q3 EBITDA break-even, not revenue guidance	2.4% implied	Onshore mix repair exceeds deliberate Offshore runoff.

Base Onshore growth is above the 0.5% FY2023-FY2025 annual CAGR but far below the 39% Q2 services growth signal. It assumes that service and repowering gains increasingly outweigh equipment weakness, while total Onshore remains constrained by orders. Offshore declines 5% annually because management is working through unprofitable backlog and is not credited with replacement mega-projects on improved terms before proof.

Base path, year ending June 30	2027	2028	2029	2030	2031
Onshore including LM revenue	USD 7.932B	USD 8.170B	USD 8.415B	USD 8.668B	USD 8.928B
Offshore Wind revenue	USD 0.734B	USD 0.698B	USD 0.663B	USD 0.630B	USD 0.598B
Wind segment revenue	USD 8.667B	USD 8.868B	USD 9.078B	USD 9.297B	USD 9.526B

The year-by-year path matters because it refuses to convert the current 39% service growth into a segment-wide growth rate. Onshore's 3% cadence is a blended result of services, repowering, and equipment. Offshore's decline is staged rather than a one-year cliff. Segment growth is approximately 2.3%-2.4% each year on the constant product CAGRs.

Bull case growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Onshore including LM	0.5%	(20.7)% H1	No numeric guide; 10 GW repower opportunity	6.0%	Better U.S. awards, repower conversion, strong services, and workhorse execution overcome the current trough.
Offshore Wind	(33.1)%	28.1% H1	Complete unprofitable backlog	0.0%	Runoff is replaced only by disciplined, better-protected work; no volume boom.
Wind segment	(3.7)%	(15.5)% H1	Q3 EBITDA approximately break-even	5.5% implied	Onshore recovery dominates a flat Offshore revenue base.

The bull case requires observable evidence: Onshore equipment awards recover, repowering converts from opportunity to bookings, service growth remains double-digit long enough to lift the mix, and platform quality avoids new campaigns. Even then, Offshore revenue is held flat rather than grown aggressively because the current loss history argues against rewarding volume.

Bear case growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Onshore including LM	0.5%	(20.7)% H1	Volume “too difficult to call”	(2.0)%	Weak awards persist; services cannot fully offset equipment and capacity under-absorption.
Offshore Wind	(33.1)%	28.1% H1	Unprofitable backlog remains	(15.0)%	Completion and claims shrink revenue while no acceptable replacement work is booked.
Wind segment	(3.7)%	(15.5)% H1	Break-even outlook fails to persist	(2.9)% implied	Both products contract, with a faster Offshore runoff.

The bear case is deliberately hard. It does not rescue the segment with perpetual services growth. Onshore revenue falls to USD 6.961B, still a large business with an installed base but insufficient equipment volume and repowering conversion. Offshore falls to USD 0.343B, yet claims and warranty costs keep it deeply loss-making.

9. Forward Segment EBITDA margin assumptions

Current anchor

Issuer-disclosed **Segment EBITDA** margin is negative 11.1% for the TTM ended June 30, 2026. Product-level Segment EBITDA is not disclosed. Therefore, the product margins below are explicit scenario allocations used to reconstruct the segment result, not reported history. `[DATA GAP: Onshore and Offshore standalone Segment EBITDA and margins are not disclosed.]`

Base case Segment EBITDA margins

Product	Current disclosed margin	2031 Segment EBITDA margin	2031 Segment EBITDA	Mechanism
Onshore including LM	Not separately disclosed	8.0%	USD 0.714B	Services and repowering mix, platform simplification, better fixed-cost absorption and pricing
Offshore Wind	Not separately disclosed	(12.0)%	USD (0.072)B	Legacy losses diminish but claims and warranty tail prevent full normalization
Wind segment	(11.1)% TTM	6.7%	USD 0.642B	Revenue-weighted product result on issuer-disclosed Segment EBITDA

The base improvement exceeds 1,700 bps from the TTM segment margin, so it requires more than “normalization.” The mechanism is a large reduction in Offshore loss intensity, better Onshore service mix, more repowering, and capacity

rationalization. The horizon margin modestly exceeds management's FY2028 6% target after roughly two and a half additional years, but Offshore remains negative. If management cannot produce multiple positive segment quarters by FY2027, this path is too optimistic.

Bull case Segment EBITDA margins

Product	Current disclosed margin	2031 Segment EBITDA margin	2031 Segment EBITDA	Mechanism
Onshore including LM	Not separately disclosed	11.0%	USD 1.134B	Strong service attachment, successful repowering, quality improvement, and sustained factory utilization
Offshore Wind	Not separately disclosed	2.0%	USD 0.015B	Legacy book closes and only properly priced new work remains
Wind segment	(11.1)% TTM	10.4%	USD 1.149B	Product-weighted result; not a corporate operating margin

The bull case does not assume Offshore becomes a high-margin franchise. A 2% margin is enough to stop value destruction. Most profit comes from Onshore. The 11% Onshore assumption demands that service growth remains strong without a corresponding warranty campaign and that the 10 GW repowering opportunity converts at attractive terms.

Bear case Segment EBITDA margins

Product	Current disclosed margin	2031 Segment EBITDA margin	2031 Segment EBITDA	Mechanism
Onshore including LM	Not separately disclosed	(0.5)%	USD (0.035)B	Equipment under-absorption, price pressure and warranty cost overwhelm services
Offshore Wind	Not separately disclosed	(50.0)%	USD (0.171)B	Claims, warranty campaigns and cost-to-complete deterioration survive revenue runoff
Wind segment	(11.1)% TTM	(2.8)%	USD (0.206)B	Product-weighted hard-bear result

The hard bear still shows a better margin than the TTM because the most loss-making Offshore revenue runs off. It remains economically unacceptable: Onshore under-absorption produces a USD 34.8m loss and Offshore's negative 50% stress produces a USD 171.5m loss on only USD 343.0m of revenue. The Offshore stress is a scenario judgment for unresolved claims, warranty campaigns, and cost-to-complete deterioration; it does not allocate any portion of the company-wide USD 1.595B warranty liability to Wind. This prevents the model from equating lower Offshore sales with automatic success.

Margin cadence and proof burden

Year ending June 30	Bear Segment EBITDA margin	Base Segment EBITDA margin	Bull Segment EBITDA margin	Required evidence
2027	(8.0)%	1.0%	2.0%	Q3 break-even translates into sustained quarterly improvement
2028	(6.0)%	5.0%	7.0%	Offshore losses fall; Onshore services and repower mix rise
2029	(5.0)%	5.8%	8.5%	Positive annual Segment EBITDA and no major warranty campaign
2030	(4.0)%	6.3%	9.5%	Better contracts and rationalized capacity hold through the cycle
2031	(2.8)%	6.7%	10.4%	Product-level terminal assumptions shown above are achieved

The base reaches only 5.0% by June 2028 rather than taking management's 6% target at face value. The bull clears base at every annual observation point but remains far below its 10.4% terminal margin until execution proof accumulates. The bear

never becomes positive. This cadence keeps the near-term evidence consistent with the terminal model and removes the prior internal contradiction in which bull margins fell below base in 2027-2028.

10. Segment rollup — bottoms-up and tied

Case	Onshore 2031 revenue	Offshore 2031 revenue	Segment revenue	Onshore Segment EBITDA	Offshore Segment EBITDA	Segment EBITDA	Segment EBITDA margin	Revenue tie-out residual
Bear	USD 6.961B	USD 0.343B	USD 7.304B	USD (0.035)B	USD (0.171)B	USD (0.206)B	(2.8)%	USD 0.000B
Base	USD 8.928B	USD 0.598B	USD 9.526B	USD 0.714B	USD (0.072)B	USD 0.642B	6.7%	USD 0.000B
Bull	USD 10.306B	USD 0.773B	USD 11.079B	USD 1.134B	USD 0.015B	USD 1.149B	10.4%	USD 0.000B

Bear tie-out. Onshore: USD 7.7010B × 0.98^5 = USD 6.9611B. Offshore: USD 0.7730B × 0.85^5 = USD 0.3430B. Revenue sum is USD 7.3041B. Segment EBITDA is USD 6.9611B × negative 0.5% plus USD 0.3430B × negative 50.0% = negative USD 0.2063B. Dividing by revenue gives negative 2.824%.

Base tie-out. Onshore: USD 7.7010B × 1.03^5 = USD 8.9276B. Offshore: USD 0.7730B × 0.95^5 = USD 0.5981B. Revenue sum is USD 9.5257B. Segment EBITDA is USD 8.9276B × 8.0% plus USD 0.5981B × negative 12.0% = USD 0.6424B. Dividing by revenue gives 6.744%.

Bull tie-out. Onshore: USD 7.7010B × 1.06^5 = USD 10.3057B. Offshore is flat at USD 0.7730B. Revenue sum is USD 11.0787B. Segment EBITDA is USD 10.3057B × 11.0% plus USD 0.7730B × 2.0% = USD 1.1491B. Dividing by revenue gives 10.372%.

All product revenue totals reconcile exactly before display rounding, and all blended margins are revenue-weighted. No corporate or statutory-bridge adjustment is allocated to Wind. The rollup forecasts **Segment EBITDA**, never operating income.

What the rollup says economically

The base case is primarily a margin thesis, not a growth thesis. Revenue rises only USD 1.052B over five years, while Segment EBITDA improves by roughly USD 1.586B from the negative USD 0.944B TTM anchor. That is possible only because current economics include unusually severe Offshore and volume-related losses. It is also fragile: if Onshore reaches only a 5% margin and Offshore remains at negative 20%, using base revenues, terminal Segment EBITDA would be about USD 0.327B, or 3.4%, roughly half the base forecast.

The bull case requires two wins at once: Onshore grows 6% annually and achieves an 11% margin. The segment has not demonstrated that combination recently. The bear is not a bankruptcy case; it is a plausible outcome in which the installed base survives, services continue, but equipment awards, capacity utilization, warranty, and Offshore claims prevent economic repair.

Probabilities are set at 35% bear, 50% base, and 15% bull. The skew reflects repeated Offshore estimate deterioration, current Onshore order weakness, and missing product-margin disclosure. The bull receives the lowest weight because it requires both demand recovery and clean execution. These weights are forecast inputs for consolidation, not investment probabilities or trade instructions.

11. Key risks and wildcards

Risk or wildcard	Primary case affected	Observable indicator	Why it matters
Offshore cost-to-complete worsens	Bear	New contract-loss charges, claims, reserve increases	A small revenue base can still produce large losses and cash needs
Vineyard Wind claims remain unresolved	Bear	Settlement, commissioning, counterclaim and warranty disclosures	Tail can survive installation and delay clean normalization
Onshore orders fail to recover	Bear	Orders, GW booked, equipment RPO and sold capacity	Factory under-absorption can erase service gains
Warranty or component campaign	Bear	Warranty provisions, fleet campaign language, availability	Installed base becomes liability rather than moat
U.S. policy or tax-credit change	Bear	Eligibility, project awards, permitting and financing	Repowering and greenfield demand can pause abruptly
Service growth stays elevated	Bull and Base	Standalone growth, orders, renewals and mix	Highest-quality route to positive Segment EBITDA

Risk or wildcard	Primary case affected	Observable indicator	Why it matters
Repowering conversion	Bull and Base	Booked GW, revenue and margin evidence	Converts installed-base advantage into less-cyclical growth
Capacity rationalization succeeds	Base	Platform count, footprint actions and fixed-cost absorption	Allows profit repair even with modest revenue
Better new-contract terms	Bull	Pricing, escalators, warranty limits and backlog margin	Determines whether future volume creates value
Chinese OEM expansion	Bear	Tender share, financing packages, local factories	Can pressure global price and reduce addressable markets
Offshore exit or radical shrinkage	Mixed	Strategic decision and closure costs	May lift long-run margin but create near-term cash charges
Segment-specific cash disclosure improves	All	Working capital, capex and cash conversion by segment	Would test whether EBITDA repair becomes owner cash

Monitoring thresholds

The base case should be cut if any two of the following occur: Wind remains materially Segment EBITDA-negative through FY2027; equipment RPO falls below USD 7B without faster service growth; a new Offshore loss charge exceeds USD 500m; Onshore sold GW fails to stabilize; or a major warranty campaign emerges. A base-to-bull upgrade requires at least four consecutive positive Segment EBITDA quarters, positive equipment order growth, evidence that services growth is not warranty-driven, repowering bookings rather than opportunity language, and no material adverse Offshore reserve development.

Customer concentration cannot be modeled by named customer because no greater-than-10% customer or customer-level revenue table is disclosed. `[DATA GAP: Wind customer concentration by developer or utility is not disclosed.]` The bear case therefore stresses project and market concentration indirectly through lower awards, worse Offshore economics, and slower backlog conversion.

Contrary evidence preserved

The positive case is real but narrow: services are growing, repowering offers a large installed-base opportunity, Q3 FY2026 was guided approximately break-even, and the service-weighted backlog can support multi-year activity. The contrary evidence is stronger than a simple turnaround narrative admits. TTM Segment EBITDA is negative USD 944m, H1 losses more than doubled, Onshore H1 revenue fell 20.7%, ordered and sold GW declined, total RPO contracted, Offshore charges recurred across three years, and claims remain open. The model does not suppress any of those facts.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	USD 7.304B	Segment EBITDA	(2.8)%	USD (0.206)B	35%
Base	USD 9.526B	Segment EBITDA	6.7%	USD 0.642B	50%
Bull	USD 11.079B	Segment EBITDA	10.4%	USD 1.149B	15%

The central conclusion is that Wind is an execution-heavy repair option inside GE Vernova, not a current compounder. The installed base and services create a credible path to acceptable Onshore economics, but Offshore's contract and warranty tail makes the distribution asymmetric. Base case can reach management-like margins with little revenue growth; the hard bear remains loss-making even after substantial Offshore runoff. Until positive Segment EBITDA persists across multiple quarters and Onshore orders stabilize, the burden of proof remains on the turnaround.

Appendix S - Synthesis (Combined Earnings Model)

GE Vernova — Synthesis (Combined Earnings Model)

Production run: `pulse-cio-20260916T200321+0800` **Information date:** 2026-09-16 **Forecast anchor:** trailing twelve months ended 2026-06-30 **Exact horizon:** 2031-06-30, exactly 5.0 calendar years after the TTM anchor **Reporting and quote currency:** U.S. dollars **Model status:** all eleven required mechanical tie-outs pass **Trade execution authorized:** `false`

This appendix consolidates the reviewed Power, Wind, and Electrification forecasts without re-underwriting their segment assumptions. The issuer's exact profit basis is **Segment EBITDA**. Segment EBITDA is not relabeled as operating income. Corporate expense and each of the seven issuer-labeled operating or reclassification rows are forecast once at the consolidated level. No segment receives an undisclosed allocation, no accounting classification is fetched or inferred here, and no balancing plug is used.

The TTM contains a USD 4.707B gain on purchases and sales of business interests, a USD 5.403B statutory Other-income line that includes the Prolec remeasurement gain, and a USD 1.642B tax benefit. Those event-heavy items are not recurring earnings anchors. The forward model sets unannounced business-interest gains to zero, uses modest recurring Other income with its equal-and-opposite operating reclassification mirror, and applies normalized tax rates. This is why the modeled earnings progression must be read from statutory operating income forward rather than from reported TTM EPS.

0. Gate and input integrity

The durable QFR and DR controls were checked before any price or forecast arithmetic was used. `gate_manifest.json` identifies the same run, records `QUANT FOUNDATION VERIFIED — CLEARED FOR WAVE 1`, records `DATA PACKAGE VERIFIED — CLEARED FOR WAVE 2`, and separately records `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING`. Its unresolved-issues arrays are empty and `trade_execution_authorized` is false.

The strict quote validator was run at 2026-09-16T22:11:10+08:00 and returned `QUOTE_PACKET_VALID`. The statutory validator returned `STATUTORY_BRIDGE_VALID`. Exact packet-byte hashes and all reviewed-input hashes were recomputed rather than copied from the manifest.

Input	Expected SHA-256	Recomputed result	Gate use
`quote_packet.json`	`8845b9c1d11bf0a8d75a08914fb8fab28b1732442567410251863e799b91a1e7`	Exact match	Sole price, listing, share-unit, split, and FX packet
`statutory_bridge.json`	`185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`	Exact match	Sole historical Segment-EBITDA-to-statutory bridge
`data_package.md`	`27239e58b01623166068b8d45cd4a48c68b9088b9ece37e9f1d12cb80a1f954f`	Exact match	DR-cleared historical and driver package
`appendix_B_power.md`	`35a1f60f550fbcbb89df4d357f32bdd58e51c39bf9cfbae65f825a4eda2f1a44`	Exact match	Reviewed Power forecast
`appendix_B_wind.md`	`162fa86c1a3678979c2ad5a82786a050ea8ae5c89a7348fcab903015319cf91a`	Exact match	Reviewed Wind forecast
`appendix_B_electrification.md`	`cdc7dff62c7deb4f3e36529b9a956c95f0e58a1413aee39d0a2cdf8977f69771`	Exact match	Reviewed Electrification forecast
`appendix_management.md`	`d1cbe16cdc4b30040b19d2f67a14273a637e040febdec0a690dd7b8660af6112`	Exact match	Capital-allocation cross-check
`appendix_moat.md`	`b2aca7fc1ecea910b2b362fc5a98f783d1aa4044a1bb3308e8227358e3cfd51d`	Exact match	Durability framing only

No live source discovery was needed or permitted at this stage. Every model input below comes from those cleared files. GE Vernova is an industrial issuer, not a property-and-casualty insurer or reinsurer; the insurer retained-economics lane is therefore **NOT TRIGGERED** and no `insurer_return_bridge.json` is created.

1. Anchors

- Today and information cutoff date: **2026-09-16**.
- Fiscal year end: **December 31**.
- Latest completed fiscal year used for the historical sanity check: **FY2025 ended 2025-12-31**.
- Most recently reported quarter: **Q2 FY2026 ended 2026-06-30**.
- TTM economic window: **Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026**, ending **2026-06-30**.
- Controlling TTM construction: **FY2025 less H1 FY2025 plus H1 FY2026**, with identical January 1 through June 30 comparative periods and no overlap.
- Horizon: **2031-06-30**, exactly 5.0 calendar years after 2026-06-30. No row compounds for six fiscal years and no forward row substitutes FY2025 for the TTM.
- Valuation security: **XNYS:GEV**, GE Vernova common stock, raw completed-session exchange close of **USD 882.81 per common share** on 2026-09-15. The raw quote hash is `a632e8098efd4db958efdf0064c63b4aea8b45d46ee493b1b7e56d0081fbdaf6`; the sealed packet hash is shown above; actionability expiry is 2026-09-17T04:00:00+08:00.
- Quote and reporting currencies are both USD. The session-date FX factor is the identity **1.000000 USD quoted per USD reported**.
- The financial-statement share class and quoted share class are the same common stock. The listed security unit is one common share, not an ADR or another receipt.
- Quote-date split bridge: **270.000M financial-statement diluted shares × 1.000000 split factor = 270.000M quote-basis diluted financial shares**. The SEC submissions evidence reports no intervening split between 2026-06-30 and 2026-09-15.
- Listed-unit bridge: **1.000000 depositary ratio × 1.000000 share-class factor = 1.000000 financial share per listed unit**; **270.000M quote-basis shares ÷ 1.000000 = 270.000M listed-equivalent units**.
- Historical statutory bridge: exact issuer-disclosed **Segment EBITDA** for three modeled segments, then Corporate and other, then the seven issuer-labeled operating and reclassification rows, statutory operating income, interest and other below-line items, pretax income, tax, and net income.

The packet price is used only in Section 7's required P/E-15 entry-price gate. It is not used to set a return method, an exit multiple, or a terminal shareholder return, and this appendix contains no scoring or security-return model.

2. Segment-level forward assumptions

The table reproduces the controlling segment totals from the reviewed appendices. Product-level forecasts remain visible in the underlying files and are retested in the tie-out section. Dollar values are USD billions.

Segment	Exact profit metric	TTM revenue	Bear TTM+5 revenue	Base TTM+5 revenue	Bull TTM+5 revenue	Bear margin	Base margin	Bull margin
Power	Segment EBITDA	21.087	25.489	30.286	34.752	17.54%	22.29%	25.11%
Wind	Segment EBITDA	8.474	7.3041	9.5257	11.0787	(2.824)%	6.744%	10.372%
Electrification	Segment EBITDA	12.082	15.628	21.194	25.259	11.27%	19.41%	23.30%

Power comes from `appendix_B_power.md` Sections 8-10. Its TTM product anchors are Gas and allocated legacy activities USD 17.138B, Nuclear and allocated legacy activities USD 3.178B, and Hydro and allocated legacy activities USD 0.771B. Power's base outcome requires an exact five-year blend of capacity-backed growth and a 22.29% terminal Segment EBITDA margin; it does not treat the segment margin as statutory operating margin.

Wind comes from `appendix_B_wind.md` Sections 8-10. Its TTM product anchors are Onshore including LM USD 7.701B and Offshore Wind USD 0.773B. The base is primarily a repair in Segment EBITDA, not a high-growth forecast: Onshore grows 3% annually while Offshore declines 5%, and Offshore remains loss-making at the horizon. The bear retains a loss even after substantial Offshore revenue runoff.

Electrification comes from `appendix_B_electrification.md` Sections 8-10. Its base product revenues at the horizon are Power Transmission USD 10.041B, Grid Systems Integration USD 5.840B, Power Conversion & Storage USD 2.999B, and Grid Automation & Software USD 2.314B. The base blended margin of 19.41% is below management's published FY2028 segment aspiration and is a constrained product allocation, not disclosed business-unit profitability.

The management cross-check is YELLOW rather than FAIL: capacity spending, R&D, and backlog support the operating forecasts, but standalone stewardship is short, Prolec acquisition returns remain unproven, and Wind is still loss-making. The moat cross-check is also YELLOW: Power service and Electrification qualification advantages are real, while Wind's equipment moat is weak and Electrification scarcity economics have not been tested through normalized industry capacity. Those findings inform scenario probabilities; they do not change the segment arithmetic.

3. Combined revenue build

The historical TTM segment-revenue sum is USD 41.643B. The controlling cumulative consolidated TTM revenue is USD 41.367B, so the exact historical revenue elimination is negative USD 0.276B, or negative **0.6627764570%** of segment revenue. That ratio is held constant across scenarios because the reviewed package identifies segment intercompany activity but provides no scenario-specific elimination driver. This is a named consolidating adjustment, not a plug: changing it to force any earnings result is prohibited.

Line	Bear	Base	Bull
Sum of segment TTM+5 revenue	48.421100	61.005700	71.089700
Corporate eliminations at historical TTM ratio	(0.320924)	(0.404331)	(0.471166)
Combined TTM+5 revenue	**48.100176**	**60.601369**	**70.618534**
TTM 2026-06-30 to TTM+5 2031-06-30 CAGR	3.061991%	7.935841%	11.289178%

The base revenue bridge is therefore `30.286 + 9.5257 + 21.194 - 0.404331 = 60.601369`. The model preserves the segment forecasts exactly at displayed precision. Eliminations are not allocated to a segment because the data package does not disclose such an allocation. The base revenue CAGR is meaningful only across the exact five-year TTM window; it is not a FY2025-to-FY2031 six-period calculation.

4. Combined statutory operating-income build

The forward bridge retains issuer labels and classifications. The sum of segment profit remains Segment EBITDA. Corporate and other is a separate corporate-unallocated row. The source-rounding bridge is historical only and is not forecast as economics. Every operating row is then applied once to reach statutory operating income.

Line	Bear	Base	Bull
Sum of segment TTM+5 Segment EBITDA	6.026700	11.507400	15.762100
Corporate and other	(0.650000)	(0.600000)	(0.550000)
Consolidated TTM+5 Adjusted EBITDA	**5.376700**	**10.907400**	**15.212100**
Seven-line operating and reclassification bridge, net	(2.100206)	(2.279041)	(2.423319)
Combined statutory TTM+5 operating income	**3.276494**	**8.628359**	**12.788781**
Implied statutory operating margin	6.811814%	14.237895%	18.109667%

The complete seven-line forecast is below. Parentheses are deductions and all values are USD billions.

Issuer-labeled operating or reclassification line	Bear	Base	Bull	Forecast rule
Restructuring and other charges	(0.300000)	(0.150000)	(0.050000)	TTM negative 0.271; bear extends the run rate, base tapers, bull retains a nonzero burden because cessation evidence is not yet available

Issuer-labeled operating or reclassification line	Bear	Base	Bull	Forecast rule
Gains (losses) on purchases and sales of business interests	0.000000	0.000000	0.000000	No unannounced transaction gain is forecast; the TTM Prolec remeasurement event does not repeat
Separation costs	(0.075000)	(0.025000)	(0.010000)	TTM negative 0.161; all cases taper but none creates an unsupported recurring benefit
Depreciation and amortization	(1.539206)	(1.818041)	(1.977319)	Negative 3.2%, 3.0%, and 2.8% of scenario consolidated revenue, respectively, retaining capex and Prolec amortization burden
Other income (expense) - net reclassified below operating income	(0.200000)	(0.300000)	(0.400000)	Exact mirror of the separately forecast below-line Other-income amount; no economic item is counted twice
Financial Services interest income embedded in Corporate and other reclassified below operating income	(0.001000)	(0.001000)	(0.001000)	Retains the sourced TTM scale rather than embedding it in segment profit
Financial Services income-tax provision embedded in Corporate and other removed before operating income	0.015000	0.015000	0.015000	Retains the sourced TTM classification and sign outside segment economics
Net seven-line bridge	**(2.100206)**	**(2.279041)**	**(2.423319)**	Sum of the seven rows, with no residual

Corporate and other rises in absolute burden from the TTM negative USD 0.497B because the company is larger and must absorb public-company, integration, and central functions. It nevertheless declines as a percentage of revenue across the cases. The model does not assume that segment operating leverage eliminates corporate expense.

Depreciation and amortization is the largest recurring bridge deduction. The bear uses the highest revenue ratio because weaker throughput does not eliminate the fixed asset, acquired intangible, and capacity burden. The bull uses the lowest ratio but still increases absolute D&A versus the TTM USD 1.201B. This is deliberately more conservative than flowing the entire segment EBITDA margin expansion into statutory operating margin.

The Other-income reclassification is an accounting mirror. In each case, the negative operating bridge amount equals the positive below-line Other-income amount. The pair changes the presentation between adjusted and statutory operating profit but has zero effect on pretax or net income. The business-interest gain is separately held at zero, so the model neither repeats nor disguises the Prolec remeasurement gain.

5. Net income and EPS build

Interest and other financial income is normalized to USD 0.050B, USD 0.150B, and USD 0.250B. The progression recognizes the TTM net-cash position but does not capitalize the unusually high customer-advance cash balance as permanent. Non-operating benefit income is normalized below the TTM USD 0.487B. Other income is limited to recurring amounts and is exactly offset by the operating reclassification mirror described above. Tax uses 24%, 22%, and 21%; no valuation-allowance release or other episodic tax benefit is repeated.

Line	Bear	Base	Bull
Combined statutory TTM+5 operating income	3.276494	8.628359	12.788781
Interest and other financial income (charges) - net	0.050000	0.150000	0.250000
Non-operating benefit income	0.150000	0.250000	0.300000
Other income (expense) - net	0.200000	0.300000	0.400000
Pretax income	**3.676494**	**9.328359**	**13.738781**
Normalized tax rate	24.000%	22.000%	21.000%
Benefit (provision) for income taxes	(0.882359)	(2.052239)	(2.885144)
Net income	**2.794136**	**7.276120**	**10.853637**

Line	Bear	Base	Bull
Quote-basis diluted financial shares at TTM+5, M	270.946429	269.000556	269.614091
EPS in reporting currency per quote-basis financial share	10.312502	27.048717	40.256194
Financial shares per listed unit	1.000000	1.000000	1.000000
EPS in reporting currency per listed unit	10.312502	27.048717	40.256194
FX, quote currency per reporting currency	1.000000	1.000000	1.000000
EPS in quote currency per listed unit	**10.312502**	**27.048717**	**40.256194**

The required unit arithmetic is explicit. In base, `USD 7.276119975B ÷ 269.000555556M = USD 27.048717279 per quote-basis financial share`. Multiplying by **1.000000 financial share per listed unit** and **1.000000 USD quoted per USD reported** produces **USD 27.048717279 per listed common share**. The bear and bull calculations use the identical one-for-one security-unit and currency bridge.

The forward net-income line is a normalized statutory endpoint from the sealed operating and below-line classifications. It is not a continuation of reported TTM net income. TTM consolidated net income of USD 9.521B and parent-attributable net income of USD 9.529B were dominated by transaction and tax effects. Using either TTM figure as a growth anchor would fabricate normalized earning power.

5a. Return-method input bridge

This subsection supplies method inputs but does not select a primary valuation method or calculate returns. CS and VP control those later stages. Normalized NOPAT equals statutory operating income multiplied by one minus the scenario cash-tax rate. Terminal capital-structure items are marked unavailable when the reviewed package provides an anchor but no source-bound terminal path. No residual net-debt assumption is created.

Return-method input	Bear	Base	Bull	Source-bound status
Statutory operating income, USD B	3.276494	8.628359	12.788781	Fully reconciled in Section 4
Normalized cash-tax rate	24.000%	22.000%	21.000%	Scenario normalization; excludes tax releases
Normalized NOPAT, USD B	2.490136	6.730120	10.103137	Operating income times one minus tax rate
Terminal cash and non-operating financial assets	Unavailable	Unavailable	Unavailable	Q2 anchor is USD 13.120B cash; no terminal path is disclosed
Terminal gross debt including finance leases	Unavailable	Unavailable	Unavailable	Q2 anchor is USD 2.849B; no complete scenario maturity or refinancing path is supplied
Terminal operating lease liabilities	Unavailable	Unavailable	Unavailable	Q2 anchor is USD 0.871B; no source-bound terminal schedule is supplied
Terminal preferred equity	Unavailable	Unavailable	Unavailable	No terminal preferred-claim path is supplied; zero is not inserted by assumption
Terminal minority interest	Unavailable	Unavailable	Unavailable	No terminal NCI path is supplied; zero is not inserted by assumption
Terminal other senior claims	Unavailable	Unavailable	Unavailable	No complete claim-perimeter forecast is supplied
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	No asset is proven absent from both earnings and a later multiple
Terminal diluted listed-equivalent shares, M	270.946429	269.000556	269.614091	Explicit Section 6 path and one-for-one unit bridge

The unavailable rows mean an EV/NOPAT method cannot control unless the later valuation preflight obtains a complete, source-bound enterprise-to-equity path. They do not impair the statutory EPS bridge. This appendix does not infer that P/E

must control, does not select an exit multiple, and does not add terminal net cash to EPS. Those choices belong to the mandatory valuation preflight after this synthesis clears.

6. Share-count path

The starting point is the quote packet's **270.000M quote-basis diluted financial shares**, not 272.5M TTM weighted-average shares, 266.334M period-end shares, or an ADR-equivalent count. The split, class, depositary, listed-unit, and FX factors are all one. The path is therefore constructed in financial common shares and translates one-for-one to listed units.

The cleared package reports TTM share-based compensation expense of USD 266M. The management appendix reports that the company had repurchased approximately 12.4M shares for USD 6.963B through Q2 FY2026, an average near USD 560 per share. The disclosed authorization is USD 10B, leaving approximately USD 3.037B after those purchases. To avoid inventing a new authorization, base and bull use only that remaining USD 3.037B over five years; bear deploys only USD 1.000B as weaker operations conserve cash. Annual SBC issuance is approximated as `USD 266M ÷ USD 560 = 0.475M shares`. This is a disclosed approximation, not a claim about future award settlement.

Future average repurchase prices are scenario assumptions of USD 700, USD 900, and USD 1,100. They do not use the sealed current quote, which remains confined to Section 7. A higher bull repurchase price retires fewer shares for the same remaining authorization; the model does not award automatic EPS accretion merely because the operating case is stronger.

Case / year ending June 30	Starting quote-basis shares, M	Buyback, USD B	Assumed average price, USD	Shares retired, M	SBC issuance, M	Ending quote-basis shares, M
Bear 2027	270.000000	0.200000	700	0.285714	0.475000	270.189286
Bear 2028	270.189286	0.200000	700	0.285714	0.475000	270.378571
Bear 2029	270.378571	0.200000	700	0.285714	0.475000	270.567857
Bear 2030	270.567857	0.200000	700	0.285714	0.475000	270.757143
Bear 2031	270.757143	0.200000	700	0.285714	0.475000	270.946429
Base 2027	270.000000	0.607400	900	0.674889	0.475000	269.800111
Base 2028	269.800111	0.607400	900	0.674889	0.475000	269.600222
Base 2029	269.600222	0.607400	900	0.674889	0.475000	269.400333
Base 2030	269.400333	0.607400	900	0.674889	0.475000	269.200444
Base 2031	269.200444	0.607400	900	0.674889	0.475000	269.000556
Bull 2027	270.000000	0.607400	1,100	0.552182	0.475000	269.922818
Bull 2028	269.922818	0.607400	1,100	0.552182	0.475000	269.845636
Bull 2029	269.845636	0.607400	1,100	0.552182	0.475000	269.768455
Bull 2030	269.768455	0.607400	1,100	0.552182	0.475000	269.691273
Bull 2031	269.691273	0.607400	1,100	0.552182	0.475000	269.614091

The cumulative equations tie at full precision. Bear is `270.000000 + 5 × 0.475000 - USD 1,000M ÷ USD 700 = 270.946428571M`. Base is `270.000000 + 2.375000 - USD 3,037M ÷ USD 900 = 269.000555556M`. Bull is `270.000000 + 2.375000 - USD 3,037M ÷ USD 1,100 = 269.614090909M`. The forecast does not assume flat shares, does not retire shares without buyback cash, and does not assume authorization beyond what is disclosed.

7. P/E-15 entry-price test

The P/E-15 test is separate from any later shareholder-return method. Required EPS is `USD 882.81 ÷ 15 = USD 58.854000 per listed common share`. Cushion is `(EPS × 15 - USD 882.81) ÷ USD 882.81`. The same sealed price, listed unit, quote currency, and share bridge are used in every row.

Case	EPS in USD per listed unit at TTM+5	EPS × 15	Quote-packet price	Cushion	Pass?
Bear	10.312502	154.687537	882.81	(82.477822)%	FAIL
Base	27.048717	405.730759	882.81	(54.040987)%	FAIL
Bull	40.256194	603.842903	882.81	(31.599902)%	FAIL

P/E 15 gate: FAIL — base-case cushion negative 54.04%. The confident case is base, not bull. Base TTM+5 EPS of USD 27.05 is less than half the USD 58.854 required EPS, so the entry-price bar fails even though base revenue, Segment

EBITDA, operating income, and net income are substantially higher than normalized current levels. The bull case also fails. This binary result does not choose an exit multiple and does not itself calculate shareholder return.

8. Reflexivity and historical-anchor checks

Revenue anchor

FY2025 current-taxonomy segment revenue is Power USD 19.873B, Electrification USD 9.487B, and Wind USD 9.110B. The sum is USD 38.470B. The exact negative USD 0.402B official elimination produces USD 38.068B consolidated revenue, a zero residual at disclosed precision.

The TTM segment anchors are Power USD 21.087B, Wind USD 8.474B, and Electrification USD 12.082B, totaling USD 41.643B. The controlling cumulative consolidated TTM revenue is USD 41.367B. The named negative USD 0.276B revenue elimination produces USD 41.367B exactly. The quarterly headline table sums to USD 41.368B because its four displayed values are independently rounded to three decimals; the cumulative construction is controlling. The difference is USD 1M, or 0.0024%, and is not inserted into any profit line.

Profit anchor

The sealed FY2025 segment-profit sum is `2.902 - 0.598 + 1.433 = USD 3.737B`. Corporate and other of negative USD 0.541B produces USD 3.196B of consolidated Adjusted EBITDA. Applying, in order, restructuring negative USD 0.277B, gains on business interests positive USD 0.281B, separation costs negative USD 0.180B, D&A negative USD 0.847B, the Other-income reclassification negative USD 0.795B, Financial Services interest reclassification negative USD 0.001B, and Financial Services tax removal positive USD 0.011B produces USD 1.388B of statutory operating income. The residual is zero and the validator tolerance is USD 1.598M.

The sealed TTM segment-profit sum is `3.475196650402511 - 0.9435891685413638 + 2.080930813953373 = USD 4.61253829581452B`. Corporate and other of negative USD 0.497B plus the negative USD 0.00053829581452B issuer-rounding bridge produces exactly USD 4.115B of consolidated Adjusted EBITDA. The seven rows are negative USD 0.271B, positive USD 4.707B, negative USD 0.161B, negative USD 1.201B, negative USD 5.403B, negative USD 0.001B, and positive USD 0.015B. Their application produces exactly USD 1.800B of statutory operating income. The residual is zero and the validator tolerance is USD 2.0575M.

These anchors demonstrate that the large difference between segment margin and statutory operating margin is real and classified. The forward bridge therefore cannot collapse D&A, transaction gains, the Other-income mirror, or central expense into an analyst-created adjustment. It must forecast each issuer-labeled line as Section 4 does.

9. Latest-interim bridge reconciliation

The cumulative interim bridge is triggered. The periods are comparable H1 windows, January 1 through June 30, and the arithmetic equals the four non-overlapping quarters Q3 FY2025, Q4 FY2025, Q1 FY2026, and Q2 FY2026.

Line, USD M except shares	FY2025	Less H1 FY2025	Add H1 FY2026	TTM ended 2026-06-30	Result
Revenue	38,068	(17,143)	20,442	41,367	PASS
Statutory operating income	1,388	(421)	833	1,800	PASS
Pretax income	2,828	(977)	6,028	7,879	PASS
Consolidated net income	4,879	(756)	5,398	9,521	PASS
Parent-attributable net income	4,884	(768)	5,413	9,529	PASS
Share repurchases	3,316	(1,581)	3,671	5,406	PASS
Share-based compensation expense	257	(126)	135	266	PASS

TTM diluted weighted-average shares are independently reconstructed from non-overlapping standalone quarters: `(275M × 3 + 273M × 3 + 272M × 3 + 270M × 3) ÷ 12 = 272.5M`. That historical TTM weighted average is used only to validate TTM reported EPS. The forward share schedule correctly begins from the quote packet's Q2 basis of 270M, as required by the security-unit contract.

No cumulative H1 value is added to a standalone quarter from the same H1 period. No Q2 year-to-date figure is treated as a standalone three-month value. The horizon remains 2031-06-30 regardless of GE Vernova's December fiscal year end.

10. Sensitivity: variables that matter most

The sensitivity starts from base EPS of approximately USD 27.05 and changes one input at a time. Corporate rows, other segment assumptions, tax, and shares stay at base unless the tested variable is tax or shares. Power Gas sensitivity uses the exact five-year compounding equation and holds its 24% terminal Segment EBITDA margin constant. Electrification sensitivity changes the terminal blended Segment EBITDA margin by 200 basis points on base revenue. Share sensitivity changes terminal diluted shares by 5%. Tax sensitivity changes the normalized tax rate by 300 basis points.

Variable tested	Downside setting and EPS	Base setting and EPS	Upside setting and EPS	Approximate EPS swing from base
Power Gas five-year revenue CAGR	6.0%; USD 25.68	8.0%; USD 27.05	10.0%; USD 28.52	(1.37) / +1.47
Electrification Segment EBITDA margin	17.41%; USD 25.82	19.41%; USD 27.05	21.41%; USD 28.28	(1.23) / +1.23
Terminal diluted share count	+5%; USD 25.76	269.001M; USD 27.05	(5)%; USD 28.47	(1.29) / +1.42
Normalized tax rate	25.0%; USD 26.01	22.0%; USD 27.05	19.0%; USD 28.09	(1.04) / +1.04

Power Gas growth and the share count have the largest tested effects, with Electrification margin close behind. The verdict is not close to changing: even the favorable end of any single sensitivity remains far below required EPS of USD 58.854. The operational monitors should therefore focus on capacity-backed Power conversion, Electrification margin durability after competitor capacity arrives, and capital-allocation discipline at high repurchase prices. Wind remains a major quality and downside monitor, but its base revenue is smaller and its terminal base Segment EBITDA is only USD 0.642B; the model's upside cannot rely on Wind alone.

11. Combined earnings summary

The scenario probabilities are **27% bear, 54% base, and 19% bull**. They are the rounded TTM-revenue-weighted blend of the reviewed segment probabilities, then checked against the YELLOW management and moat conclusions. Base remains most likely because backlog, capacity investment, and recent margin progression are real. Bear stays material because Wind repair, Prolec integration, customer-advance normalization, long-cycle project execution, and capacity ramp risk are unresolved. Bull remains below 20% because it requires Power, Electrification, and Wind to execute simultaneously.

Case	Revenue, USD B	OI, USD B	OI margin	NI, USD B	EPS, USD per listed unit	Probability	EPS × 15	Versus USD 882.81
Bear	48.100176	3.276494	6.811814%	2.794136	10.312502	27%	154.687537	(728.122463)
Base	60.601369	8.628359	14.237895%	7.276120	27.048717	54%	405.730759	(477.079241)
Bull	70.618534	12.788781	18.109667%	10.853637	40.256194	19%	603.842903	(278.967097)
Probability-weighted	59.129308	7.973836	13.486% on weighted totals	6.745712	25.039360	100%	375.590396	(507.219604)

Probability-weighted EPS is `27% × 10.312502460 + 54% × 27.048717279 + 19% × 40.256193535 = USD 25.039359767`. It is an earnings expectation only, not a probability-weighted security return. No terminal multiple, distributions, or IRR is calculated here.

The base case is the controlling earnings synthesis: revenue **USD 60.601B**, statutory operating income **USD 8.628B**, net income **USD 7.276B**, and diluted EPS **USD 27.05 per listed common share** at 2031-06-30. The required EPS at 15 times is **USD 58.854**, leaving a negative **54.04%** cushion. The earnings outcome can be operationally strong and still fail the price discipline.

12. Tie-out checks

1. Reported-financial and statutory-bridge tie-out — PASS

FY2025 revenue ties as `19.873 + 9.487 + 9.110 - 0.402 = 38.068B`. TTM revenue ties as `21.087 + 8.474 + 12.082 - 0.276 = 41.367B`. Both residuals are zero at the controlling cumulative precision and well inside 2%.

FY2025 Segment EBITDA ties as `2.902 - 0.598 + 1.433 = 3.737B`; after Corporate and other it is USD 3.196B; after all seven sealed operating and reclassification rows it is statutory OI of USD 1.388B. TTM Segment EBITDA ties at native precision to USD 4.61253829581452B; after Corporate and other and the exact negative USD 0.00053829581452B rounding

bridge it is USD 4.115B; after all seven rows it is statutory OI of USD 1.800B. All five sealed residuals for both periods are zero. Sources: `statutory_bridge.json` and `data_package.md` Sections 2, 3, and 3a.

2. NI, shares, listed unit, and FX equal EPS — PASS

Bear: `2.794135711B × 1,000 ÷ 270.946428571M × 1.000000 × 1.000000 = USD 10.312502460`. Base: `7.276119975B × 1,000 ÷ 269.000555556M × 1.000000 × 1.000000 = USD 27.048717279`. Bull: `10.853637023B × 1,000 ÷ 269.614090909M × 1.000000 × 1.000000 = USD 40.256193535`. The financial-share-per-listed-unit and FX factors come only from the sealed quote packet.

3. Segment sum at the horizon — PASS

Before the named revenue elimination, each consolidated horizon revenue equals the segment sum exactly: bear `25.489 + 7.3041 + 15.628 = 48.4211B`; base `30.286 + 9.5257 + 21.194 = 61.0057B`; bull `34.752 + 11.0787 + 25.259 = 71.0897B`. The corresponding combined revenues differ only by the disclosed TTM elimination ratio, producing named adjustments of negative USD 0.320924B, USD 0.404331B, and USD 0.471166B. There is no unexplained gap.

4. Product-to-segment rollup — PASS

Power product revenues sum to segment revenue in every case: bear `20.851 + 3.867 + 0.771 = 25.489B`; base `25.181 + 4.253 + 0.851 = 30.285B`, with the appendix's exact pre-rounding total displayed as USD 30.286B; bull `28.878 + 4.890 + 0.984 = 34.752B`. The base one-million displayed difference is 0.0033%, inside 1% and explicitly attributable to product display rounding.

Wind ties at fuller precision: bear `6.9611 + 0.3430 = 7.3041B`; base `8.9276 + 0.5981 = 9.5257B`; bull `10.3057 + 0.7730 = 11.0787B`. Electrification ties exactly at displayed precision: bear `7.293 + 4.254 + 2.259 + 1.822 = 15.628B`; base `10.041 + 5.840 + 2.999 + 2.314 = 21.194B`; bull `11.949 + 6.939 + 3.591 + 2.780 = 25.259B`. Sources: each segment appendix Section 10.

5. Weighted margin check — PASS

Power's product Segment EBITDA sums are USD 4.472B, USD 6.750B, and USD 8.727B, producing 17.54%, 22.29%, and 25.11% of scenario segment revenue. Wind's product profit arithmetic produces negative USD 0.2063B, positive USD 0.6424B, and positive USD 1.1491B, equal to negative 2.824%, 6.744%, and 10.372%. Electrification's product Segment EBITDA sums are USD 1.761B, USD 4.115B, and USD 5.886B, equal to 11.27%, 19.41%, and 23.30%. Every difference is below 1%; none of these Segment EBITDA margins is relabeled statutory operating margin.

6. Share-count and security-unit path — PASS

The packet bridge is `270.000M financial-statement diluted shares × 1.000000 split factor = 270.000M quote-basis financial shares`; then `270.000M ÷ (1.000000 depositary ratio × 1.000000 class factor) = 270.000M listed-equivalent units`. Over five years, starting shares plus SBC issuance minus cash-funded retirements equals each terminal count: bear 270.946428571M, base 269.000555556M, and bull 269.614090909M. The path is not run in ADR units, and no share reduction lacks a matching buyback amount.

7. Growth plausibility — PASS

No base product forecast silently exceeds its comparison bound. Power Gas at 8% is below 1.2 times its disclosed 10% history; Nuclear at 6% is below 1.2 times 10.9%; Hydro's 2% turnaround is explicitly supported by service and refurbishment rather than by fabricated current growth. Electrification's 13%, 14%, 9%, and 7% product CAGRs are well below current acquisition-distorted or old-taxonomy growth, except Grid Automation & Software modestly exceeds 1.2 times its 5.5% proxy and is expressly justified by installed-base attachment while remaining near recent scale. Wind Onshore's 3% exceeds 1.2 times its 0.5% historical rate, but the appendix explicitly and quantitatively grounds the step-up in services and repowering while retaining weak equipment; Offshore declines. Each exception has an explicit mechanism and contrary evidence in its reviewed appendix.

8. Historical arithmetic and exact five-year compounding — PASS

Every product row uses `TTM revenue × (1 + CAGR)^5`. Illustrative controls include Power base Gas `17.138 × 1.08^5 = 25.181B`, Wind base Onshore `7.701 × 1.03^5 = 8.9276B`, Wind bear Offshore `0.773 × 0.85^5 = 0.3430B`, Electrification base Power Transmission `5.450 × 1.13^5 = 10.041B`, and Electrification bull Grid Systems Integration

`3.033 × 1.18^5 = 6.939B`. Recalculated values tie within 1%, with differences solely from displayed rounding. The exponent is five, not six.

9. Recency anchor — PASS with quantified step-change evidence

The base first-forward-year run rate uses the appendices' staged paths rather than the terminal CAGR alone. Power reaches USD 23.4922B, Wind USD 8.66638B, and Electrification USD 13.97281B. After the historical elimination ratio, combined revenue is USD 45.82675B versus the controlling USD 41.367B TTM anchor, an increase of **10.78%**.

That is 78 basis points above the automatic 10% band, so a bare extrapolation would fail. The reviewed appendices provide quantified primary-source evidence for the step change: Q2 FY2026 Power organic growth was 14%; Electrification organic growth was 29%; combined Q2 organic growth was 12%; Gas capacity is planned to rise from about 20 GW in 2026 toward 24 GW in 2028 and 30 GW in 2030; Electrification equipment RPO was USD 40.589B; and the forward comparison incorporates a full-year Prolec perimeter after only five TTM months of consolidation. The model then decelerates year by year. Because the quantified evidence is explicit and the excess is modest, the conditional recency check passes.

10. Period and horizon integrity — PASS

The controlling TTM is `FY2025 - H1 FY2025 + H1 FY2026`, using like-for-like January 1 through June 30 periods. Revenue, operating income, pretax income, consolidated net income, parent-attributable net income, repurchases, and SBC all reproduce the TTM. The four economic quarters are non-overlapping. All displayed forward growth runs from 2026-06-30 to 2031-06-30, exactly 5.0 calendar years. FY2025 is used only for historical sanity checks. There is no six-year row, no mixed taxonomy product splice, and no overlapped cumulative quarter.

11. Valuation, unit bridge, packet hashes, and probability arithmetic — PASS

Exact quote and statutory packet hashes match the sealed values at the top of this appendix. XNYS:GEV is one common listed share per financial share; split, depositary, class, and FX factors are each one. Bear, base, and bull EPS multiplied by 15 reproduces USD 154.687537, USD 405.730759, and USD 603.842903. Cushions against USD 882.81 reproduce negative 82.477822%, negative 54.040987%, and negative 31.599902%.

Probabilities sum exactly: `27% + 54% + 19% = 100%`. Probability-weighted EPS is `0.27 × 10.312502460 + 0.54 × 27.048717279 + 0.19 × 40.256193535 = 25.039359767`. Its 15-times value is USD 375.590396. The base case controls the binary P/E-15 gate and fails. Price is not used elsewhere in this synthesis.

Synthesis conclusion

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED.

The earnings model clears because the historical statutory bridge, security-unit bridge, scenario consolidation, share paths, tax normalization, and probability arithmetic all reproduce without residuals or plugs. The result is not a favorable valuation verdict. GE Vernova can reach USD 60.6B of base revenue, USD 8.63B of statutory operating income, and USD 7.28B of net income by 2031-06-30, yet base EPS of about USD 27.05 remains far below the USD 58.854 required by the P/E-15 discipline at the sealed current price.

The key operating dependency is the simultaneous delivery of Power capacity and price, Electrification backlog conversion and margin durability, and Wind loss repair while central, D&A, restructuring, and below-line burdens remain disciplined. The key accounting dependency is that transaction gains, tax releases, and Other-income reclassifications stay excluded from normalized earning power. The key capital-allocation dependency is that repurchases do not become a substitute for per-share value creation at an uneconomic price.

This appendix authorizes no trade, assigns no score, selects no return-model method, and makes no canonical final-report edit. The next permitted step is the mandatory valuation preflight using this cleared, hash-bound earnings synthesis.

Appendix CS - Compounder Score

GE Vernova — Compounder Score

Production run: `pulse-cio-20260916T200321+0800` **Analysis date:** 2026-09-16 **Security:** XNYS:GEV common stock **Price:** USD 882.81 at the completed 2026-09-15 close **Operating anchor:** TTM ended 2026-06-30 **Exact horizon:** 2031-06-30, exactly 5.0 years **Valuation-preflight SHA-256:** `2d89312e14634938ac5c5917f8d1decf12dc5f55f13f64d2b35499001473abb4` **Trade execution authorized:** NO

1. Executive Verdict

GE Vernova scores **50/100**: **Business Quality Score 48/80** plus **20% Return Underwriting/Stretch Score 2/20**. The score-implied classification is **Reject**. This is a diagnostic judgment, not the ER2 verdict and not a portfolio instruction. The evidence supports two valuable industrial franchises in Power and Electrification, a large reinvestment runway, improving operating discipline, meaningful net cash, and management candor. It does not support a demonstrated high-ROIIC compounder. Wind remains loss-making, normalized cash conversion is obscured by customer advances, Prolec has not produced an acquisition-return record, the independent-company history is short, and current valuation overwhelms even demanding operating outcomes.

The return model is mechanically unfavorable. The cleared valuation preflight locks **P/E** as the sole primary method, normalized current EPS of **USD 8.28946788990826**, a comparable normalized current P/E of **106.497788727157x**, and 2031 exit P/Es of **18x / 24x / 32x** for Bear / Base / Bull. Synthesis supplies terminal statutory diluted EPS of **USD 10.312502460 / USD 27.048717279 / USD 40.256193535** and terminal diluted listed-equivalent shares of **270.946428571M / 269.000555556M / 269.614090909M**. Zero cumulative distributions are explicitly locked as a conservative diagnostic.

Those inputs produce terminal shareholder wealth of **USD 185.625044280 / USD 649.169214696 / USD 1,288.198193120** per share and gross USD IRRs of **-26.79% / -5.96% / 7.85%**. With synthesis probabilities of **27% / 54% / 19%**, probability-weighted terminal wealth is **USD 645.42779458424**, whose five-year CAGR is **-6.07%**. That is the required probability-weighted method: probability-weight terminal wealth first, then annualize. The arithmetic average of scenario IRRs is not used.

The separate CIO assessment is **PASS**. After explicit costs and scenario FX, net-SGD IRRs are **-27.68% / -6.35% / 8.59%**, and the probability-weighted net-SGD IRR is **-6.12%**. Base is below the 8% lower boundary for an experimental case, Bear is incompatible with the 8%-12% drawdown-review budget, and the requested POWR-funded comparison is adverse. The latest Pulse evidence shows only 0.4% cash, a 1.8% POWR position, and existing indirect GEV exposure through POWR. Replacing POWR with concentrated GEV would exchange a diversified power-infrastructure holding whose current dashboard Base return is 12.11% for a GEV Base net-SGD return of -6.35%. This comparison authorizes no ranking, sizing, order, or portfolio mutation.

2. Data Source Map

All valuation foundations came from the sealed preflight. Its validator returned `VALUATION_PREFLIGHT_VALID`, its exact SHA matched the required hash, all five foundations passed, and its blocker list was empty. Every one of its bound evidence-file hashes was recomputed and matched before scoring.

Evidence need	Controlling artifact	Recomputed SHA-256 / status
Price, listing, currency, share unit	`quote_packet.json`	`8845b9c1d11bf0a8d75a08914fb8fab28b1732442567410251863e799b91a1e7`
Historical statutory earnings bridge	`statutory_bridge.json`	`185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`
Reconciled historicals and source map	`quant_foundation.md`	`5463fb11c0db5732b6d0ee966b45ec884a637427669cff3a0d4d167d8dfb1cd8`
DR-cleared operating package	`data_package.md`	`27239e58b01623166068b8d45cd4a48c68b9088b9ece37e9f1d12cb80a1f954f`
Power forecast	`appendix_B_power.md`	`35a1f60f550fbcbb89df4d357f32bdd58e51c39bf9cfbae65f825a4eda2f1a44`
Wind forecast	`appendix_B_wind.md`	`162fa86c1a3678979c2ad5a82786a050ea8ae5c89a7348fcab903015319cf91a`

Evidence need	Controlling artifact	Recomputed SHA-256 / status
Electrification forecast	`appendix_B_electrification.md`	`cdc7dff62c7deb4f3e36529b9a956c95f0e58a1413aee39d0a2cdf8977f69771`
Management and allocation	`appendix_management.md`	`d1cbe16cdc4b30040b19d2f67a14273a637e040febdec0a690dd7b8660af6112`
Moat and 2046 durability	`appendix_moat.md`	`b2aca7fc1ecea910b2b362fc5a98f783d1aa4044a1bb3308e8227358e3cfd51d`
Terminal revenue, OI, NI, EPS, shares	`appendix_synthesis.md`	`e30e0ead7a5f1f9448c4653380208123ae5852eab9f1cd8545f48813ecc75d1f`
Valuation method and locked assumptions	`valuation_preflight.json`	`2d89312e14634938ac5c5917f8d1decf12dc5f55f13f64d2b35499001473abb4`; valid
Current portfolio context	Pulse portfolio look-through	`5c526dd2b0825864276ea61ef0902151d6a4ec57c7e89160c799c2dafaf272e5`
POWR expected-return comparison	ETF Expected Return dashboard	`6f3831ce4568b6862cd320fd8cedfd7dd76d13831be69c5c5880935060327dbc`

No stale data-warehouse file was substituted for the ER2 evidence chain. The Pulse portfolio artifacts are used only for CIO portfolio context, not to change the security valuation.

3. Key Financial and Quality Metrics

The historical profile is a turnaround, not a long-duration high-return record. Revenue rose from USD 33.006B in FY2021 to USD 38.068B in FY2025, a four-interval CAGR of 3.63%. Normalized ROIC was not meaningful in FY2021 and was -22.1%, -8.3%, 2.9%, and 10.5% in FY2022-FY2025. The median of those four usable observations is -2.7%. This fails the high-ROIC rubric despite the directional improvement.

Metric	Evidence	Scoring interpretation
FY2021-FY2025 revenue CAGR	3.63%	Moderate consolidated history; mix changed materially
Four-year usable normalized ROIC median	(2.7)%	No high-ROIC history
Three-year ROIIC	Insufficient evidence	No credit under 1B
Five-year ROIIC	Insufficient evidence	No credit under 1B
Acquisition-inclusive ROIIC	Insufficient evidence	Prolec is unseasoned
FY2025 normalized ROIC	10.5%	Improving, but below compounder threshold
TTM revenue	USD 41.367B	Exact Q3 2025-Q2 2026 window
TTM reported EPS	USD 34.968807	Non-comparable; transaction and tax effects dominate
Normalized current EPS	USD 8.289468	Governing current denominator
TTM free cash flow	USD 12.438B	Not normalized; contract liabilities rose USD 13.695B in H1
Q2 2026 net cash excluding operating leases	USD 10.271B	Strong balance sheet
TTM SBC / revenue	0.64%	Low and economically expensed
TTM SBC / headline FCF	2.14%	Numerically low, but denominator is advance-distorted
FY2021-FY2025 diluted-share CAGR	0.36%	Limited historical dilution
Headline TTM FCF yield	5.22%	Not a normalized valuation anchor

The evidence supports real operating improvement. Power TTM Segment EBITDA was USD 3.475B at a 16.5% margin, and Electrification was USD 2.081B at a 17.2% margin. These businesses benefit from installed fleets, qualified equipment, scarce manufacturing and test capacity, backlog, and service opportunities. Yet Wind lost USD 0.944B of TTM Segment EBITDA at an 11.1% negative margin. Company-wide TTM free cash flow cannot be treated as recurring owner earnings because the H1 increase in contract liabilities exceeded TTM FCF. Cash arrived before much of the associated equipment and service performance was delivered.

4. Rubric Scorecard

Category	Score	Maximum	Core reason
Incremental Returns on Capital	7	25	Turnaround evidence exists, but high ROIC and credible ROIIC are unproven
Reinvestment Runway	16	20	Power and grid demand support a large runway; return proof is incomplete
Durability of Moat	11	15	Power is strong, Electrification promising, Wind equipment weak
Accounting and Financial Quality	8	10	Strong balance sheet and disclosure; earnings and cash need normalization
Capital Allocation Discipline	6	10	Investment is coherent; Prolec, buybacks and incentives need proof
Price and 20% Return Underwriting	2	20	Base loses value and Bull remains below 10% gross USD
Business Quality Score	**48/80**	**80**	Promising industrial franchise, not yet a demonstrated dream business
Compounder Score	**50/100**	**100**	**Reject** under this diagnostic rubric

The ROIIC-plus-runway subtotal is **23/45**, below the required 35/45 for “Investable now.” The classification also fails the aggregate thresholds: 50/100 is below 80/100, Business Quality 48/80 is below 65/80, and Valuation 2/20 is below 15/20. These are score-implied results only and do not override the separate ER2 gate logic.

5. ROIIC and Reinvestment Analysis

The most important limitation is not that ROIIC is low; it is that it cannot be measured credibly with the available comparable history. The pre-spin perimeter, loss-year NOPAT, large customer advances, rapid margin recovery, 2026 Prolec consolidation, and absent segment invested-capital schedules make both three-year and five-year ROIIC unstable. Awarding a high ROIIC score would confuse improving earnings with incremental-return proof.

Partial credit is justified for unit economics. Power's installed-base service system has recurring outage, parts, upgrade, controls, field-data and certification economics. New gas equipment pricing was reportedly 10-20 percentage points higher per kilowatt, and capacity is planned to rise from roughly 20 GW in 2026 to 30 GW in 2030. Electrification has transformer, switchgear, HVDC, test-bay, project-reference and qualification barriers. Its USD 44.563B RPO supports a substantial conversion runway.

The offsets are material. Power's long-term service contracts depend on estimates of utilization, parts consumption and lifetime cost; a fleet issue could reverse prior economics. Electrification's scarcity pricing may normalize as Hitachi Energy, Siemens Energy, Eaton, Schneider, ABB and others add capacity. HVDC and systems integration can generate losses through engineering, cable, civil, commissioning and change-order interfaces. Wind remains a repair operation whose base case depends more on loss reduction than revenue growth.

Reinvestment at scale is visible. Combined capex and company-funded R&D rose from USD 1.585B in FY2021 to USD 2.474B in FY2025, with USD 1.358B in H1 FY2026. The spending aligns with the capacity narrative. But alignment is not ROIIC. The USD 5.275B Prolec purchase, partly debt-funded, has not yet demonstrated after-tax returns above cost of capital. H1 Prolec results include purchase-accounting effects, and the TTM contains only five months of consolidated ownership. That uncertainty caps reinvestment and capital-allocation credit.

6. Runway Analysis

GE Vernova has one of the stronger demand environments in industrial infrastructure. Power reported USD 111.649B of RPO, including USD 72.388B of service RPO. Electrification reported USD 44.563B of RPO. Gas backlog and reservations reached 116 GW, and grid demand is supported by replacement, resilience, electrification, interconnection and data-center loads. These are not merely management TAM claims; current orders, RPO, capacity plans and competitor investment corroborate the cycle.

The Base synthesis is demanding but not absurd. From the exact USD 41.367B TTM consolidated revenue anchor, Base revenue reaches USD 60.601369B by June 2031, a 7.94% CAGR. Power grows to USD 30.286B with a 22.29% Segment EBITDA margin. Electrification grows to USD 21.194B with a 19.41% margin. Wind reaches USD 9.526B with a 6.7% margin. Base therefore needs Power and Electrification to convert backlog while Wind repairs, but it does not require every segment to achieve its Bull case.

The complete reviewed operating cadence begins with the product-path June-2027 revenue lock and progresses through the annual deceleration schedules. Intermediate 2028-2030 values below are reconstructions from the reviewed product paths; the first-year values are preflight-locked and the 2031 endpoints are synthesis-controlling. The small difference between a mechanically compounded rounded product path and the terminal synthesis is not used to alter terminal NI or EPS.

Scenario	2027 revenue	2028 revenue	2029 revenue	2030 revenue	2031 revenue	Terminal statutory NI	Terminal diluted EPS
Bear	USD 43.593843B	USD 45.465910B	USD 46.883996B	USD 47.763723B	USD 48.100176B	USD 2.794136B	USD 10.312502460
Base	USD 45.825642B	USD 50.052636B	USD 53.892829B	USD 57.391828B	USD 60.601369B	USD 7.276120B	USD 27.048717279
Bull	USD 47.372044B	USD 53.473560B	USD 59.549037B	USD 65.271618B	USD 70.618534B	USD 10.853637B	USD 40.256193535

Reported TTM EPS of USD 34.968807 is not the starting earnings rate. The normalized starting EPS is USD 8.289468 because the TTM contains USD 4.707B of business-interest gains and episodic tax benefits. The first forward year is independently supported by the staged operating paths: Base June-2027 revenue of USD 45.826B lies within management's live USD 45.5B-46.5B FY2026 revenue guidance. The model does not carry event-heavy reported earnings forward.

7. Moat Analysis

Power has the clearest moat. Installed turbines create switching costs through certified parts, outage know-how, controls, performance data, repair technology, field-service density and long contracts. The installed base and four million HA operating hours give GE Vernova learning and bankability that a new entrant cannot reproduce quickly. This supports 4/4 for a clear advantage at the scorer stage, although it does not eliminate Siemens Energy, Mitsubishi or independent-service competition.

Electrification has qualification, testing, manufacturing and systems-integration barriers. Utilities and grid operators are reluctant to substitute unproven critical equipment after design freeze. The uncertainty is durability after supply expands. Scarcity itself is not a moat, and current high margins have not been observed through normalized transformer, switchgear and HVDC capacity.

Wind is the counterweight. Its service relationships and repowering opportunity have value, but equipment economics have not demonstrated a durable moat. TTM Segment EBITDA remained deeply negative, equipment RPO declined, offshore losses recurred, and claims remain open. The moat appendix therefore rates both the overall moat and the 2046 test YELLOW. A credible 2046 company is visible—service-heavy Power, grid-centered Electrification and a narrower Wind footprint—but that future is conditional rather than proven.

8. Accounting and Capital Allocation Analysis

Accounting quality is acceptable but requires normalization. The statutory bridge reconciles Segment EBITDA through corporate expense and seven issuer-labeled operating/reclassification rows to operating income and then to net income. The large Prolec remeasurement gain, disposal gains and tax benefits are explicitly excluded from normalized current earnings. Stock-based compensation is treated as an expense, and future issuance is included in all terminal share paths.

Cash quality is weaker than headline FCF suggests. Customer advances are economically useful funding, but they are obligations to perform. The USD 13.695B H1 increase in contract liabilities means TTM FCF is not a sustainable conversion rate. Segment cash flow, capex and working capital are not disclosed, so the analysis cannot claim high acquisition-inclusive ROIIC or segment FCF conversion.

The balance sheet is strong: USD 13.120B cash and restricted cash, USD 2.849B of borrowings and finance leases, and USD 0.871B of operating leases at Q2 2026. Under P/E, those items are disclosures only. Interest, lease expense and parent attribution already affect statutory EPS. Adding net cash after EPS times P/E would double count value. The terminal net-cash adjustment is therefore exactly zero in every scenario, and the double-count residual is zero.

Capital allocation receives partial credit. Factory, R&D and service investment align with demand. Repurchases through Q2 averaged roughly USD 560 and reduced shares at prices below the current anchor. Yet no prospective buyback hurdle has been disclosed, and repurchasing near USD 883 while normalized P/E exceeds 106x would demand much stronger return evidence. Compensation emphasizes EBITDA, FCF and TSR but omits ROIC, acquisition returns and per-share value. Management remains YELLOW pending Wind repair, Prolec returns and the CFO transition.

9. 20% Return Underwriting

Primary valuation method: P/E. The same method controls Bear, Base, Bull, probability weighting, the reverse-return diagnostic and net-SGD. EV/NOPAT is rejected because no source-bound terminal capital-structure path exists. P/B-ROE is rejected because GE Vernova is an industrial issuer and no zero-residual parent-common-equity roll-forward exists.

Measure	Bear	Base	Bull	Probability-weighted
Probability	27%	54%	19%	100%
Terminal statutory EPS	USD 10.312502460	USD 27.048717279	USD 40.256193535	Not averaged for valuation
Exit P/E	18x	24x	32x	Scenario-specific
Terminal share value	USD 185.625044280	USD 649.169214696	USD 1,288.198193120	USD 645.427794584 expected wealth
Cumulative distributions	USD 0.00	USD 0.00	USD 0.00	USD 0.00
Gross USD IRR	-26.79%	-5.96%	7.85%	**-6.07%**

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 48.100176B	3.06%	Slower backlog conversion, Wind losses and weaker Electrification economics
Operating margin	6.03% normalized	6.81%	+0.78 pp	Statutory OI retains D&A, restructuring and corporate burdens
Operating earnings	USD 2.496B normalized	USD 3.276494B	5.59%	Normalized statutory operating income, not Segment EBITDA
Diluted share count	270.000M quote-basis	270.946429M	+0.07%	USD 1B repurchase is outweighed by locked future SBC issuance
EPS	USD 8.289468 normalized	USD 10.312502460	4.46%	Statutory diluted EPS used in shareholder bridge
Valuation denominator	Reported EPS USD 34.968807; normalized EPS USD 8.289468	Statutory EPS USD 10.312502460	Comparable normalized / terminal	Raw reported P/E is disclosure only
Valuation	106.497789x normalized P/E	18.0x P/E	(88.50)x	Exit is independently locked from consensus and SIEGY evidence
Share value	USD 882.81	USD 185.625044	(26.79)%	Terminal EPS times 18x; no net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00% in model	0.00% in model	0.00 pp	No modeled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 185.625044	-26.79% gross USD IRR	Terminal share value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 60.601369B	7.94%	Power and Electrification convert backlog while Wind repairs
Operating margin	6.03% normalized	14.24%	+8.20 pp	Higher segment margins flow through recurring statutory deductions
Operating earnings	USD 2.496B normalized	USD 8.628359B	28.16%	Synthesis statutory OI controls
Diluted share count	270.000M quote-basis	269.000556M	-0.07%	Remaining USD 3.037B authorization partly offsets SBC issuance
EPS	USD 8.289468 normalized	USD 27.048717279	26.68%	Parent statutory diluted EPS
Valuation denominator	Reported EPS USD 34.968807; normalized EPS USD 8.289468	Statutory EPS USD 27.048717279	Comparable normalized / terminal	Event-heavy raw P/E not used as cap

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Valuation	106.497789x normalized P/E	24.0x P/E	(82.50)x	Mid-20s exit reflects growth, margins and execution risk
Share value	USD 882.81	USD 649.169215	(5.96)%	Terminal EPS times 24x; no net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00% in model	0.00% in model	0.00 pp	No modeled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 649.169215	-5.96% gross USD IRR	Terminal share value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 41.367B	USD 70.618534B	11.29%	Capacity ramps, grid demand persists and Wind repair succeeds
Operating margin	6.03% normalized	18.11%	+12.08 pp	Simultaneous Power, Electrification and Wind execution
Operating earnings	USD 2.496B normalized	USD 12.788781B	38.65%	Synthesis statutory OI controls
Diluted share count	270.000M quote-basis	269.614091M	-0.03%	Higher repurchase price retires fewer shares while SBC continues
EPS	USD 8.289468 normalized	USD 40.256193535	37.17%	Parent statutory diluted EPS
Valuation denominator	Reported EPS USD 34.968807; normalized EPS USD 8.289468	Statutory EPS USD 40.256193535	Comparable normalized / terminal	Raw current P/E is non-comparable
Valuation	106.497789x normalized P/E	32.0x P/E	(74.50)x	Premium exit is below ETN and excludes VRT/PWR as primary anchors
Share value	USD 882.81	USD 1,288.198193	7.85%	Terminal EPS times 32x; no net-cash adjustment
Annual dividend	USD 0.00 in model	USD 0.00 in model	0.00%	Preflight locks a zero-distribution diagnostic
Dividend yield	0.00% in model	0.00% in model	0.00 pp	No modeled distribution
Five-year dividends	-	USD 0.00	cumulative	Withholding cash flow is zero
Total ending value	USD 882.81	USD 1,288.198193	7.85% gross USD IRR	Terminal share value plus zero distributions

The 20% reverse-return result is severe. A 20% five-year return requires terminal wealth of **USD 2,196.7137792** per share. At the Base 24x exit P/E, required terminal EPS is **USD 91.5297408**, versus Base forecast EPS of USD 27.048717279. From normalized current EPS, the required EPS CAGR is 61.66%. Base maximum buy price for a 20% gross USD return is **USD 260.8865478298612**; the probability-weighted equivalent is **USD 259.3829549994535**. These are diagnostics, not price targets or trading instructions.

The score gives 2/4 for the exit-multiple component because all exits are independently supported and below the comparable normalized current P/E. Passing the no-expansion test does not rescue the investment: the starting normalized P/E is so high that even a 32x Bull exit creates only 7.85% annualized return.

10. CIO Actionability and Net-SGD Diagnostic

Entry FX is **1.26696 SGD per USD**. Entry and exit transaction costs are **0.35% each side**. Dividend withholding is **30%**, but its cash impact is zero because the locked distribution is zero. Scenario terminal FX is **1.20 / 1.25 / 1.32 SGD per USD** for Bear / Base / Bull. Entry outlay is **SGD 1,122.3996549516** per share. The same P/E terminal wealth is translated; no valuation method, exit multiple or capital structure changes in the currency overlay.

CIO measure	Bear	Base	Bull	Probability-weighted
Terminal net-SGD wealth	SGD 221.970428	SGD 808.621403	SGD 1,694.470139	SGD 818.536900

CIO measure	Bear	Base	Bull	Probability-weighted
Net-SGD IRR	**-27.68%**	**-6.35%**	**8.59%**	**-6.12%**

CIO status: PASS. Base and probability-weighted returns fail the 10% mandate hurdle and the 15% stretch hurdle. Bear downside is incompatible with both the 8% intervention-review threshold and 12% hard-review threshold. Management and Moat are both YELLOW, and the ER2 P/E-15 entry-price gate fails.

Latest Pulse evidence dated 2026-09-16 reports portfolio NAV of SGD 2,750,251.85, non-cash assets of SGD 2,739,637.39 and cash of only SGD 10,614.46, or 0.4%. POWR is already a SGD 50,353.93 position, 1.8% of NAV, holding 65 mapped companies. GEV is 6.3824961% of POWR, producing existing indirect GEV exposure of SGD 3,213.84, or 0.116856% of NAV.

The specific POWR-funded comparison fails. The current ETF Expected Return dashboard shows POWR three-year annualized Bear / Base / Bull returns of -10.75% / 12.11% / 24.49% and a 1.92% distribution yield. That horizon and model are not identical to GEV's five-year ER2 bridge, so the values are a funding-source diagnostic rather than a formal same-horizon ranking. The decision-relevant gap is nevertheless wide: GEV Base net-SGD is -6.35%, and its probability-weighted net-SGD result is -6.12%. Selling POWR to fund GEV would also discard diversification while retaining and concentrating the same power-infrastructure factor, then add GEV-specific Wind, Prolec, service-estimate, project and valuation risk. Portfolio fit is therefore FAIL, sizing ceiling is null, and trade execution remains unauthorized.

11. Hard Veto Checklist

Hard veto	Status	Evidence-based conclusion
ROIIC below cost of capital with no path	Insufficient evidence	ROIIC cannot be measured credibly; improving margins are not a substitute
Reported ROIC high only because capital is tiny	Watch	ROIC is low, not artificially high; perimeter and advances still distort
Growth requires external financing	Pass	Net cash and customer funding reduce financing dependence
Material dilution without value creation	Pass	Historical dilution is modest and future issuance is explicit
Large acquisitions without returns	Watch	Prolec rationale is coherent but acquisition ROIIC is unproven
Structural FCF lag	Watch	Headline FCF is strong but advance-funded and not normalized
Permanent impairment from cyclicality or execution	Watch	Wind, warranty, HVDC and long-cycle execution are material
20% case needs multiple expansion	Pass	Locked exits are below comparable normalized current P/E
Flawless execution needed at today's price	**Fail**	Even Bull earns only 7.85% gross USD
Moat cannot be explained	Pass	Power installed base and grid qualification are concrete
Accounting or governance trust impaired	Pass	No material weakness, restatement or audit qualification identified
Balance sheet can wipe out equity	Pass	Net cash is substantial

Hard veto 9 alone prevents an investable-now classification. The price does not merely demand a good execution path; it produces a negative Base return and sub-10% Bull return under independently locked P/Es.

12. Final Decision

Score-implied classification: Reject. The evidence supports a valuable industrial platform with excellent end-market positioning, but it does not support dream-business status under a 20% compounding rubric, and the security plainly does not support dream-investment returns at USD 882.81.

Compounder Score note: Compounder Score 50/100 implies Reject under the diagnostic rubric; operating momentum and runway do not offset missing incremental-return proof and failed security-level underwriting.

Business Quality Score note: Business Quality Score 48/80 reflects strong Power and Electrification evidence, capped by unavailable ROIIC, advance-distorted cash conversion, Wind losses, unproven Prolec returns and uneven moat durability.

20% Return UW Score note: 20% Return Underwriting/Stretch Score 2/20 shows that Base loses value and even Bull reaches only 7.85% gross USD under the locked P/E exits.

Confidence is **Medium**. The valuation arithmetic is high-confidence because the preflight, share paths, terminal EPS and P/E bridge are sealed and reproducible. Business-quality scoring is lower-confidence because three-year, five-year and acquisition-inclusive ROIIC, normalized multi-year FCF conversion, segment cash flow, customer concentration, product margins and a Wind-only warranty reserve are unavailable.

No terminal cash, debt, lease, NCI or other claim is added or subtracted after EPS times P/E. No distribution is counted. No scenario IRR is averaged. No ranking, sizing, order, portfolio mutation or trade is authorized.

13. Machine-Readable JSON

Full-precision calculations, score components, scenario wealth bridges, net-SGD assumptions, portfolio comparison, hash controls and authorization flags are in:

`C:\Users\Admin\OneDrive\GPT\ER 2.0\GE Vernova\compounder_score.json`

Appendix CSA - Scoring Audit

GE Vernova - Scoring Audit

Analysis date: 2026-09-16 **Run ID:** `pulse-cio-20260916T200321+0800` **Ticker / listing:** GEV / XNYS:GEV **Price anchor:** USD 882.81 at the 2026-09-15 completed close **Exact horizon:** 2026-06-30 to 2031-06-30, 5.0 years **Audit status:** CLEARED WITH SCORE REVISION **Trade execution authorized:** NO (`trade_execution_authorized=false`)

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	48/80	45/80	Category 1C is removed because ROIIC is unavailable, so its trend cannot be scored
Valuation / 20% Return UW Score / 20	2/20	2/20	Return arithmetic and the independently locked exit-multiple evidence pass; the 20% hurdle fails decisively
Compounder Score / 100	50/100	47/100	Arithmetic is 45 + 2 = 47
Classification	Reject	Reject	Below 70 and hard veto 9 remains failed

The scorer is directionally skeptical and the valuation conclusion is reliable. The only point award that clearly exceeds the evidence is 1C, "ROIIC is not deteriorating sharply." Three-year, five-year, and acquisition-inclusive ROIIC are all expressly unavailable. An unavailable series has no trend, so 3/3 cannot stand. I reduce 1C to zero and make no other point change. This is not a cosmetic adjustment: it distinguishes a turnaround in reported profit from demonstrated incremental returns on invested capital.

The audited score-implied classification remains **Reject**. This diagnostic does not replace the separate ER2 gates. It means the evidence does not establish a dream business and the security does not offer a dream-investment return at the sealed price.

2. Score Reductions and Reasons

Rubric item	Original	Audited	Evidence result	Audit decision
1A Normalized ROIC	0/5	0/5	Supported	Four usable annual observations have a median adjusted ROIC of negative 2.7%; FY2025 improved to 10.5%
1B ROIIC	0/8	0/8	Missing data	No credible 3-year, 5-year, or acquisition-inclusive ROIIC exists across the spin, loss years, advances, and Prolec perimeter change
1C ROIIC trend	3/3	0/3	Unsupported	A trend cannot be awarded when the underlying ROIIC observations cannot be calculated
1D Unit economics	2/3	2/3	Partly supported	Power service and Electrification qualification economics are observable, while Wind and project economics remain weak
1E Cash conversion	1/3	1/3	Partly supported	TTM FCF is positive, but the USD 13.695B H1 contract-liability increase makes it unsuitable as normalized owner earnings
1F Accounting artifact control	1/3	1/3	Partly supported	The statutory bridge and normalization are strong, but invested-capital comparability remains imperfect

Category 1 is therefore revised from 7/25 to **4/25**. The acquisition-inclusive ROIIC gap also requires a cap on capital-allocation credit. Category 5 already sits at 6/10, exactly 60% of its maximum, and is adequately capped by unproven Prolec returns, incomplete buyback discipline, and incentive metrics that omit ROIC and per-share value. I preserve it rather than impose an arbitrary second deduction.

The other category totals are preserved after challenge. Reinvestment Runway at 16/20 is supported by USD 156.212B of combined Power and Electrification RPO, capacity programs, current orders, and competitor investment rather than management TAM claims alone. Durability of Moat at 11/15 is aggressive but supportable because Power installed-base service and critical-equipment qualification are concrete; the missing four points already capture Wind's failed equipment economics and unproven twenty-year durability. Accounting and Financial Quality at 8/10 is supported by a zero-residual statutory bridge, explicit one-off removal, explicit SBC/dilution treatment, and net cash, while withholding full cash-quality credit. No qualitative category depends mainly on management assertion.

The 2/20 valuation score is also preserved. Items 6A, 6C, 6D, 6E, and 6F correctly score zero: Base is negative, Bear is severe, the reverse-return requirement is not remotely beatable, the price embeds perfection, and distributions are locked at zero. Item 6B receives 2/4 because the 18x, 24x, and 32x exit P/Es were selected independently before the return calculation, use a comparable normalized denominator, and are below the normalized current P/E. That evidence deserves limited method credit even though none of the scenarios clears the return hurdle.

3. Unsupported Claims

The evidence does not support the original claim that ROIIC is not deteriorating sharply. Profitability has improved, but improving operating income is not a substitute for a numerator-and-denominator ROIIC series. The point award is removed.

The exact 27% / 54% / 19% company probabilities are not empirically calibrated frequencies. They are the rounded TTM-revenue-weighted blend of reviewed segment judgments. Using TTM revenue of USD 21.087B for Power, USD 8.198B for Wind, and USD 12.082B for Electrification gives unrounded weights of 26.98177291077429% Bear, 54.00911354461286% Base, and 19.00911354461286% Bull. The arithmetic supports the rounding, but revenue weighting does not model correlation across segment outcomes. Bull, in particular, requires favorable execution across all three segments at once.

I do not replace the probabilities because there is no better source-bound empirical distribution in the reviewed files. A conservative 30% / 55% / 15% sensitivity would reduce probability-weighted gross USD IRR to negative 7.25% and net-SGD IRR to negative 7.37%. Even a 100% Bull weight produces only 7.85% gross USD and 8.59% net SGD. Therefore the precise probabilities are medium-confidence judgments, but they cannot change the Reject score or CIO PASS conclusion.

4. Calculation Errors

Valuation-preflight gate and method lock

The exact SHA-256 of `valuation_preflight.json` is `2d89312e14634938ac5c5917f8d1decf12dc5f55f13f64d2b35499001473abb4`. The semantic validator with evidence-file checking returned `VALUATION_PREFLIGHT_VALID`. Every bound source hash recomputes correctly. The artifact is `CLEARED`, all five foundations pass, and blockers are empty.

CS copied the locked inputs exactly: primary method **PE**; normalized current EPS USD 8.28946788990826; normalized current P/E 106.497788727157x; exit P/Es 18x / 24x / 32x; terminal diluted shares 270.946428571M / 269.000555556M / 269.614090909M; and zero cumulative distributions. It did not alter the primary method, denominator, claim treatment, exit multiples, distributions, or share paths. Under P/E, cash, debt, leases, NCI, and other claims are correctly not added or subtracted after EPS times P/E. The double-count residual is zero.

The reported current P/E of 25.2456422499738x is correctly marked non-comparable because reported TTM EPS includes acquisition/disposal gains and episodic taxes. The normalized current and terminal denominators are both parent statutory diluted EPS on the same listed common-share and USD basis. The raw current P/E was not used as a cap. The exit P/Es are independently anchored: Bear 18x inside a 15.10x-25.78x range, Base 24x inside 19.22x-36.47x, and Bull 32x inside 25.56x-40.41x. The optimism test passes because Bull requires Bull operating performance and remains below ETN's native 40.41x; the excessive-bearishness test passes because Bear retains positive EPS and installed-base value at a multiple above the 15.10x consensus-implied anchor. These tests validate the locked range; they do not make the stock attractive.

Gross USD shareholder returns

Scenario	Probability	Terminal EPS	Exit P/E	Terminal wealth / share	Audited gross USD IRR
Bear	27%	USD 10.312502460	18.0x	USD 185.625044280	-26.792788401037926%
Base	54%	USD 27.048717279	24.0x	USD 649.169214696	-5.963136674174208%
Bull	19%	USD 40.256193535	32.0x	USD 1,288.198193120	7.850729830422120%
Probability-weighted	100%	Not averaged	Scenario-specific	USD 645.42779458424	-6.071781790907782%

Each scenario equals `EPS x exit P/E + USD 0.00 distributions`. Each IRR equals `(terminal wealth / 882.81)^(1/5) - 1`. Probability-weighted wealth equals `0.27 x 185.625044280 + 0.54 x 649.169214696 + 0.19 x 1,288.198193120 = USD 645.42779458424`. Its five-year CAGR is negative 6.071781790907782%. CS correctly used **CAGR_OF_PROBABILITY_WEIGHTED_TERMINAL_WEALTH**, not the arithmetic average of scenario IRRs.

The 20% reverse-return diagnostics also replay exactly. Required terminal wealth is USD 2,196.7137791999994 per share. At the locked Base 24x P/E, required terminal EPS is USD 91.52974079999997 and required EPS CAGR from normalized current EPS is 61.66169045003167%. Base maximum buy price is USD 260.8865478298612; the probability-weighted maximum is USD 259.3829549994535.

Net-SGD and portfolio bridge

Entry outlay is `USD 882.81 x 1.26696 SGD/USD x 1.0035 = SGD 1,122.3996549516`. Exit wealth uses the same P/E terminal wealth, scenario FX of 1.20 / 1.25 / 1.32 SGD per USD, and a 0.35% exit cost. The 30% dividend-withholding assumption has zero cash effect because distributions are zero.

Scenario	Net-SGD terminal wealth / share	Audited net-SGD IRR
Bear	SGD 221.970427950024	-27.68%
Base	SGD 808.6214030557051	-6.35%
Bull	SGD 1,694.4701392661857	8.59%
Probability-weighted	SGD 818.5368996571625	-6.12%

The structured artifact preserves the full-precision net-SGD IRRs. The visible table deliberately renders every net-SGD return to exactly two decimals.

Current portfolio evidence is hash-verified. The Pulse look-through file was generated 2026-09-16 at 08:32 SGT and reports NAV SGD 2,750,251.85, cash SGD 10,614.46 or 0.4%, POWR value SGD 50,353.93 or 1.8%, and indirect GEV exposure SGD 3,213.84 or 0.116856% of NAV. The POWR dashboard file also hash-matches and shows Bear / Base / Bull annualized returns of negative 10.754259187608783% / positive 12.108956061499292% / positive 24.486070596755827%, plus a 1.9237298461272798% distribution yield. This is only a funding-source diagnostic: POWR uses a three-year ETF model, its external forward validation is unavailable, and it is not a same-horizon ranking against GEV. The Base gap and diversification loss are nevertheless large enough to support the portfolio-fit FAIL.

5. Missing Data

The most important missing evidence is a credible three-year and five-year ROIIC series, including acquisition-inclusive ROIIC after Prolec. Multi-year normalized FCF conversion is also unavailable because customer advances dominate recent cash flow. Segment cash flow, segment capex, product margins, customer concentration, Wind-only warranty reserves, and a seasoned Prolec return bridge remain absent. These gaps keep source confidence at Medium, cap business-quality credit, and prevent dream-business classification. They do not impair the sealed security-return arithmetic.

6. Hard-Veto and Threshold Test Audit

Total score 47/100 is below 80/100; Business Quality 45/80 is below 65/80; Valuation / 20% Return Underwriting 2/20 is below 15/20; and ROIIC plus runway is 20/45, below 35/45. Base gross return is below 20%, Bear is far below 8%-10%, and hard veto 9 fails because even Bull does not reach 10% gross USD. The no-expansion test passes only in the narrow multiple-comparison sense. It does not offset the starting price or failed return thresholds.

7. Final 20% Hurdle Pass/Fail

FAIL. The Base case loses value, Bull returns only 7.85% gross USD, and the reverse-return bridge requires USD 91.53 of terminal EPS versus the locked Base USD 27.05. No reasonable probability weighting rescues the 20% hurdle.

8. Dream Business / Dream Investment Classification

Neither. Power and Electrification are valuable franchises with a long demand runway, but group ROIIC, normalized cash conversion, Wind repair, Prolec acquisition returns, and twenty-year durability are not proven. At USD 882.81, the security fails even under the Bull return bridge.

9. Stage 7 Scorecard Notes

- **Compounder Score note:** Compounder Score **47/100** implies Reject under the diagnostic rubric; unavailable ROIIC and failed return underwriting outweigh the strong demand runway.
- **Business Quality Score note:** Business Quality Score **45/80** reflects strong Power and Electrification franchises but no measurable ROIIC trend, distorted cash conversion, Wind losses, and unproven Prolec returns.
- **20% Return UW Score note:** 20% Return Underwriting/Stretch Score **2/20**; Base is negative and even Bull reaches only 7.85% gross USD under the locked P/E exits.

10. Auditor JSON

Full-precision calculations, score revisions, probability audit, portfolio hashes, authorization flags, and CIO status are in `compounder_score_audit.json`.

Appendix RT - Red Team

GE Vernova — Production ER2 Independent Red Team

Run: `pulse-cio-20260916T200321+0800` **Analysis date:** 2026-09-16 **Security:** XNYS:GEV common stock **Price anchor:** USD 882.81 at the completed 2026-09-15 close **Operating anchor and horizon:** TTM ended 2026-06-30 to 2031-06-30, exactly 5.0 years **Valuation-preflight SHA-256:** `2d89312e14634938ac5c5917f8d1decf12dc5f55f13f64d2b35499001473abb4` **Trade execution authorized:** `false`

Executive attack

The operating recovery is credible; the security underwriting is not attractive. The model asks an investor to pay USD 882.81 for normalized current statutory diluted EPS of only USD 8.289468, or 106.50 times a denominator that excludes the acquisition, disposal, and tax gains that made reported TTM EPS look like USD 34.968807. It then grants GE Vernova a large five-year industrial improvement: Base revenue reaches USD 60.601B, statutory operating margin rises to 14.24%, Wind repairs from a negative 11.1% Segment EBITDA margin to positive 6.7%, and diluted EPS reaches USD 27.048717. Even after applying a generous 24 times exit P/E, Base terminal wealth is only USD 649.17 per share and the gross USD return is negative 5.96% a year. Bull requires simultaneous success in Power, Electrification, and Wind, plus a 32 times exit P/E, yet returns only 7.85% gross USD and 8.59% net SGD. The price, not the electricity-demand thesis, breaks the investment case.

The strongest short thesis is that investors have capitalized backlog as if it were already high-return, low-risk recurring revenue. Customer advances pull cash forward while creating delivery obligations; capacity additions pull cost forward; fixed-price equipment, HVDC, service, warranty, and Offshore Wind obligations can reveal cost leakage years after booking. If Power and Electrification volume grows while scarcity pricing normalizes, factory ramps absorb productivity, and project claims rise, GE Vernova can report impressive revenue and still miss the margins embedded in the share price. Wind then remains a call on repair rather than a demonstrated compounder, while Prolec adds acquisition scale without a seasoned return-on-capital record.

After independent replay, the red team finds **no material unresolved defect** in the audited security-return bridge. The P/E method is consistently applied; the event-heavy reported denominator is correctly rejected; terminal EPS and diluted shares reconcile; the 18x, 24x, and 32x exits were locked before return calculation; probability weighting uses terminal wealth rather than averaged IRRs; distributions are zero; and no terminal net cash is added after EPS times P/E. Several objections are material sensitivities, especially exit multiples and consolidated margin, but the audited files already disclose and bound them, and none rescues actionability at the current price. Overall return-model objection status is **MATERIAL_RESOLVED**. Publication is not blocked by RT.

1. The most fragile assumption

The single most fragile segment assumption is **Electrification’s 19.41% Base terminal Segment EBITDA margin**, specifically the product allocations that require Power Transmission at 22%, Grid Systems Integration at 17%, Power Conversion and Storage at 15%, and Grid Automation and Software at 20%. GE Vernova does not disclose profit by those business units. The allocations are constrained to the 17.22% sourced segment margin, but they are not observed product economics. The base requires the larger HVDC book to avoid material loss projects, Prolec integration to preserve price and quality, factories to raise throughput without rework or warranty leakage, and competitor capacity to arrive slowly enough that scarcity pricing fades only gradually.

This assumption is more fragile than demand. Electrification RPO of USD 44.563B and strong recent orders establish activity, not terminal profitability. The moat appendix identifies the same fault line: today’s qualification and capacity advantages have not been tested after lead times normalize. The segment appendix itself says that 19.41% is the most fragile assumption. A 200-basis-point miss lowers Base EPS from USD 27.05 to about USD 25.82 in the synthesis sensitivity and reduces Base gross IRR by about 0.87 percentage point. A broader 200-basis-point miss in consolidated statutory operating margin is more consequential: Base EPS falls to about USD 23.53 and Base gross IRR falls from negative 5.96% to negative 8.54%, a 2.58-point deterioration. That does not change CIO PASS, but it shows that margin conversion, not the order book, is the load-bearing proof point.

Wind is the sharpest execution risk but a smaller terminal earnings contributor. Its Base path moves from negative USD 0.944B of TTM Segment EBITDA to positive USD 0.642B, mainly by taking Onshore to an 8% margin while Offshore remains at negative 12%. If Wind instead reaches the appendix’s alternative 3.4% segment margin, terminal Segment EBITDA falls by

about USD 0.315B, Base EPS falls to about USD 26.13, and Base IRR declines by about 0.64 point. That is painful but less important to terminal value than Electrification margin durability.

2. The Stage-5 number most likely to be optimistic

The most likely optimistic Stage-5 number is the **14.237895% Base statutory operating margin** in 2031. It is not an arithmetic mistake. It is the combined consequence of Power reaching a 22.29% Segment EBITDA margin, Electrification reaching 19.41%, Wind becoming profitable, corporate expense remaining contained, and D&A holding to 3.0% of much higher revenue. The bridge correctly retains restructuring, separation, D&A, corporate expense, and reclassification rows, but the endpoint still represents a large improvement from the current normalized statutory earnings base.

Management's target framework and backlog make the number possible, not dependable. Power's Base Gas allocation assumes 8% revenue CAGR and a 24% terminal product margin; Electrification's four business-unit margins are inferred rather than disclosed; Wind's repair exceeds 1,700 basis points; and Prolec has only five months in the TTM perimeter. The model is disciplined enough not to repeat the USD 4.707B of business-interest gains or the tax benefit, yet operating execution can still disappoint without any accounting error. A 12.24% rather than 14.24% statutory margin would cut Base EPS to roughly USD 23.53 and move the return down by 2.58 points.

3. Strongest bear case

GE Vernova is being priced as if constrained supply, customer advances, and backlog produce durable incremental returns before the company has disclosed segment cash flow or acquisition-inclusive ROIIC. Over the next two to four years, competitor capacity can shorten transformer and switchgear lead times just as GEV absorbs Prolec, ramps gas and grid factories, and delivers larger fixed-price projects. Revenue can therefore rise while pricing, claims, D&A, working capital, and warranty costs absorb the expected margin leverage. The first confirming evidence would be Electrification Segment EBITDA margin below 18% despite continued strong revenue growth, followed by falling equipment RPO or repeated HVDC provisions; the parallel Wind confirmation would be another greater-than-USD 500M Offshore loss charge or continued segment losses through FY2027.

This is a stronger bear case than an electricity-demand collapse. The physical demand can remain excellent while common shareholders earn poor returns because the current valuation already capitalizes an exceptional conversion path. The audited Bear case illustrates the asymmetry: positive terminal EPS of USD 10.31 and an 18 times P/E still leave terminal wealth of only USD 185.63 and a negative 26.79% annual return.

4. Cross-examination of management commentary

Statement and source	Skeptical reading	Earliest contrary evidence
Gas equipment is "priced 10 to 20 points higher," Q1 FY2026 call	Better order price does not prove realized margin after supplier inflation, factory ramp cost, liquidated damages, and lifetime service-estimate revisions	Power revenue rises but Segment EBITDA margin stalls below 20%, or a material service or warranty revision appears
Power capacity is "mostly sold out through '30," Q2 FY2026 call	Sold slots establish demand and customer commitment, not site readiness, delivery cadence, or risk-adjusted return on added capacity	Reservations fail to convert, output misses the 24 GW and 30 GW steps, or working capital reverses before earnings conversion
Electrification equipment backlog reached about USD 41B, Q2 FY2026 call	A backlog nearly four times segment revenue can create congestion, claims, and acquired-growth optics as easily as smooth compounding	Organic growth falls below high single digits for two quarters while RPO declines, or Prolec anniversary growth proves mostly inorganic
Wind was guided to "approximately break-even" in Q3 FY2026	One quarter is a waypoint, not proof that Offshore cost-to-complete, claims, warranties, and Onshore equipment absorption are repaired	Wind remains materially loss-making through FY2027 or a new Offshore charge exceeds USD 500M

Management deserves credit for candor, but disclosure cannot substitute for economics. Contract liabilities increased USD 13.695B in H1 FY2026, making headline TTM FCF unsuitable as normalized owner earnings. Prolec's purchase price was USD 5.275B and early reported results included purchase-accounting effects; neither backlog nor adjusted margin proves acquisition ROIIC. Incentives reward EBITDA and FCF but omit ROIIC and per-share value, increasing the risk that scale and advance-funded cash look better than return on invested capital.

5. Stage-5 tie-out and capital-structure reverification

The recency anchor is correct: FY2025 less H1 FY2025 plus H1 FY2026 reproduces the TTM ended 2026-06-30, and the four economic quarters are non-overlapping. The first forward Base revenue step of USD 45.826B is 10.78% above TTM; that is

aggressive but supported by current guidance, Power capacity, Electrification organic growth, and the full-year Prolec perimeter. The model then decelerates rather than carrying the first-year step for five years.

The share path is plausible and not return-determinative. Base begins at 270.000M quote-basis diluted shares, adds 2.375M of future SBC issuance, and retires 3.374M shares using the remaining USD 3.037B authorization at USD 900 per share, ending at 269.000556M. Removing all assumed future Base buybacks while retaining issuance raises terminal shares to 272.375M, reduces EPS to USD 26.71, and lowers Base IRR by only about 0.23 point. There is no hidden buyback rescue.

The normalized current EPS formula independently replays: `(4.115 - 0.271 - 0.161 - 1.201 - 0.001 + 0.015 + 0.150 + 0.250) × 78% ÷ 272.5M = USD 8.28946789`. Reported TTM EPS of USD 34.968807 is not comparable because business-interest gains and episodic tax benefits dominate. P/E is the correct primary method because statutory parent diluted EPS is reconciled and an EV/NOPAT method lacks a source-bound terminal capital-structure path. Cash, debt, leases, and NCI are already reflected in statutory earnings or parent attribution; adding current net cash after EPS times P/E would double count. The audited model correctly adds **zero** terminal net cash.

6. Return-model replay

Scenario	Probability	Terminal diluted shares	Terminal EPS	Exit P/E	Distributions	Terminal wealth	Gross USD IRR	Net-SGD IRR
Bear	27%	270.946429M	USD 10.312502460	18.0x	USD 0.00	USD 185.625044280	-26.7927884010%	-27.68%
Base	54%	269.000556M	USD 27.048717279	24.0x	USD 0.00	USD 649.169214696	-5.9631366742%	-6.35%
Bull	19%	269.614091M	USD 40.256193535	32.0x	USD 0.00	USD 1,288.198193120	7.8507298304%	8.59%
Probability-weighted	100%	Not averaged	Not averaged	Scenario-specific	USD 0.00	USD 645.427794584	-6.0717817909%	-6.12%

Probability-weighted wealth exactly equals `27% × 185.625044280 + 54% × 649.169214696 + 19% × 1,288.198193120 = USD 645.427794584`. Its five-year CAGR from USD 882.81 is negative 6.0717817909%. The model does not average scenario IRRs.

The net-SGD overlay also replays. Entry outlay is `882.81 × 1.26696 × 1.0035 = SGD 1,122.399654952`. Exit wealth applies the same P/E-derived terminal wealth, scenario FX of 1.20, 1.25, and 1.32 SGD per USD, and a 0.35% exit cost. Dividend withholding has zero cash effect because distributions are zero. A Base terminal FX of 1.10 rather than 1.25 would lower Base net-SGD IRR by about 2.36 points, so FX is a material diagnostic sensitivity. It is already disclosed, method-consistent, and cannot rescue the decision: the audited Base is deeply negative, while even Bull reaches only 8.59% net SGD.

7. Two-sided valuation challenge and objection inventory

The strongest reason the model may be too optimistic is its exit-multiple selection, especially 32 times Bull EPS for a mature, capital-intensive industrial with project and warranty risk. Applying the low end of each cited evidence range — 15.10 times Bear, 19.22 times Base, and 25.56 times Bull — produces scenario IRRs of negative 29.32%, negative 10.05%, and positive 3.11%. Probability-weighted return falls to negative 10.10%, four points below the audited negative 6.07%. This is a material sensitivity, but the objection is resolved for publication because the preflight selected each multiple before returns, preserved the evidence ranges, used the normalized rather than reported current denominator, and passed both directional challenges. The CIO verdict becomes more negative.

The strongest reason the model may be too bearish is the zero-distribution diagnostic. GE Vernova already pays USD 0.50 quarterly. Holding that payment flat for five years would add about USD 10 per share before withholding. That raises Base gross IRR by only about 0.29 point and Bull by about 0.17 point. Even USD 15 of cumulative distributions raises Base by only 0.43 point. The omission is real but immaterial; it cannot offset the starting valuation.

High-end multiple evidence is a second bearishness check. Using 25.78 times Bear, 36.47 times Base, and 40.41 times Bull simultaneously would lift probability-weighted gross IRR to about positive 0.69%, a 6.76-point increase. That all-high-end set is not the audited economic case: it ignores scenario-specific maturity, Wind, Prolec, and execution haircuts. Even so, it does not reach the 10%-15% CIO mandate. The test shows the return conclusion is driven as much by price as by conservative multiple selection.

Objection	Quantified consequence	Classification	Resolution or required action
Reported TTM EPS and 25.25x raw P/E could contaminate valuation	Reported EPS is more than four times normalized EPS	MATERIAL_RESOLVED	VP excludes one-offs, locks USD 8.289468 normalized EPS, and never uses raw P/E as a cap
P/E method may ignore net cash	Adding cash after EPS times P/E would double count capital structure	MATERIAL_RESOLVED	Method lock is coherent; no terminal net-cash add-on is used
Exit P/Es may be too high	Low-end range lowers PW IRR from -6.07% to -10.10%	MATERIAL_RESOLVED	Pre-IRR evidence ranges and both directional tests are sealed; verdict only worsens
Exit P/Es may be too low	All high-end anchors lift PW IRR to 0.69%	MATERIAL_RESOLVED	Still below mandate; audited scenario haircuts are explicitly justified
27% / 54% / 19% weights are non-empirical	30% / 55% / 15% gives -7.25%, a -1.18-point change	IMMATERIAL	Confidence remains Medium; a 30% Bull case that moves return by more than two points is not supportable when segment Bull weights are only 15%-20% and joint success is required
Zero distributions understate wealth	USD 10 cumulative adds only 0.29 point to Base IRR	IMMATERIAL	Preserve as conservative diagnostic; no verdict effect
Terminal share and buyback cadence may be optimistic	No future Base buyback lowers IRR about 0.23 point	IMMATERIAL	Cash-funded retirement and SBC are counted once
FX and costs are assumption-bound	Base FX at 1.10 lowers net-SGD IRR by 2.36 points	MATERIAL_RESOLVED	Explicit bounded diagnostic, same P/E wealth, and PASS invariant
POWR comparison uses a three-year model versus GEV's five-year bridge	Not a like-for-like ranking	IMMATERIAL	Audit labels it comparison-only; standalone GEV returns already force CIO PASS

The 27% / 54% / 19% probabilities deserve special caution. They are revenue-weighted analyst judgments, not empirical company frequencies, and they do not model segment correlation. Their label should remain medium confidence. However, the red team does not treat them as a blocker because the conservative audited sensitivity changes the annual return by only 1.18 points and even assigning 100% to Bull produces only 7.85% gross USD and 8.59% net SGD. No reasonable probability repair changes the CIO conclusion.

8. Score-derived 20% claim

The red team agrees with the audited rejection of the 20% case. Audited scores are **Compounder Score 47/100**, **Business Quality Score 45/80**, and **20% Return Underwriting/Stretch Score 2/20**. The 20% reverse-return bridge requires terminal wealth of USD 2,196.71 and Base terminal EPS of USD 91.53 at 24 times, versus the locked Base forecast of USD 27.05. That implies 61.66% annual EPS growth from normalized current EPS. No plausible dividend, buyback, probability, or FX adjustment closes that gap.

The score's weakest business-quality area is correctly ROIIC, not demand. Three-year, five-year, and acquisition-inclusive ROIIC are unavailable across the spin, loss years, customer advances, and Prolec perimeter change. The scoring audit properly removed three points that had been awarded for an unobservable ROIIC trend. The 2/20 return score is not too harsh: even Bull misses 10% gross USD at the audited multiple.

9. Kill signal

Hypothetical owned-position exit signal: sell on the second consecutive quarter after FY2026 in which Electrification Segment EBITDA margin is below **18%** while organic revenue is still growing, especially if segment RPO also declines. Two such quarters would show that capacity, Prolec, mix, pricing normalization, or project costs are absorbing the leverage needed for the 19.41% Base terminal margin. This signal directly attacks the most fragile and most valuable forecast assumption; it is not a generic macro trigger. A margin below 16% with continued "strong pricing" commentary should be treated as immediate thesis failure rather than ordinary timing.

10. Red-team conclusion

The investment thesis does not survive at USD 882.81. The business can execute well and the stock can still compound poorly. The model's Base case already assumes strong five-year revenue growth and major margin conversion yet loses value. Bull is not sufficient for the owner's 10%-15% net-SGD mandate. The correct narrative is therefore not "electricity demand is weak"; it is "excellent demand has been capitalized at a price that leaves no adequate shareholder return even under a demanding operating success case."

The audited return bridge survives red-team attack. All 21 valuation-preflight source bindings recomputed to their recorded SHA-256 hashes, the semantic validator returned `VALUATION_PREFLIGHT_VALID`, CS and CSA use the same P/E method and locked inputs, and arithmetic replays. There is no foundational issue to route to VP or an upstream stage, no material unresolved return objection, and no RT publication blocker. CIO actionability remains **PASS**, sizing ceiling remains null, and `trade_execution_authorized=false`.

Appendix D - Data Package (raw historicals)

GE Vernova — Production ER2 Data Package

Action: RA-GEV-REFRESH **Root run:** `pulse-cio-20260916T200321+0800` **Information cutoff:** 2026-09-16 20:03:21 SGT **Currency and scale:** USD; billions unless a table says USD millions, shares, units, or GW **Authority:** Evidence and forecast-input package only. `trade_execution_authorized=false`. This artifact grants no trade, broker, portfolio, message, ranking, sizing, BUY-queue, memo, or publication authority.

Stage 0 anchor

- Today: 2026-09-16.
- Company fiscal year convention: fiscal year ends December 31.
- Most recently reported quarter: Q2 FY2026 ended 2026-06-30.
- TTM anchor: Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026 -> TTM ending 2026-06-30.
- Forward horizon: TTM + 5 calendar years = 2031-06-30; compounding span is exactly 5 calendar years.

Source key, controls, and evidence labels

All company and market datapoints used here were refreshed from live FMP stable endpoints, GE Vernova Investor Relations, or SEC EDGAR during this root run. No data-warehouse cache supplied a datapoint. New D-stage evidence is archived under `raw/pulse-cio-20260916T200321+0800/d/`. The current sealed `source_manifest.json`, final canonical report, PDF, and active manifest were not changed. The direct issuer files and four transcript dates were refreshed successfully; the obsolete IR reports-and-filings index URL returned HTTP 404 on the initial call and identical retry, but no required direct document was unavailable.

- **QF:** `quant_foundation.md`, SHA-256 `5463fb11c0db5732b6d0ee966b45ec884a637427669cff3a0d4d167d8dfb1cd8`; controls historical arithmetic.
- **QFR:** `quant_foundation_review.md`, containing exact clearance `QUANT FOUNDATION VERIFIED — CLEARED FOR WAVE 1`.
- **QUOTE:** `quote_packet.json`, SHA-256 `8845b9c1d11bf0a8d75a08914fb8fab28b1732442567410251863e799b91a1e7`; XNYS:GEV common share at USD 882.81 on completed session 2026-09-15; expiry 2026-09-17T04:00:00+08:00.
- **BRIDGE:** `statutory_bridge.json`, SHA-256 `185965a50ae62350db4ccc8ba408e966358ab7d203f4c682c82c3734f1e4f82a`; validator-cleared and reproduced exactly in Section 3a.
- **FMP-A / FMP-Q:** live `income-statement`, `balance-sheet-statement`, `cash-flow-statement`, `key-metrics`, and `revenue-product-segmentation`, fetched independently for D on 2026-09-16.
- **FMP-T:** live `earning-call-transcript-dates` and `earning-call-transcript` for Q3 FY2025, Q4 FY2025, Q1 FY2026, and Q2 FY2026. Returned dates were 2025-10-22, 2026-01-28, 2026-04-22, and 2026-07-22.
- **SEC25:** [FY2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000015/gev-20251231.htm), live-fetched to `d/sec_2025_10k_live.htm`.
- **SEC24:** [FY2024 Form 10-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681025000011/gev-20241231.htm), live-fetched to `d/sec_2024_10k_live.htm`.
- **FORM10:** [2024 Form 10 information statement](https://www.sec.gov/Archives/edgar/data/1996810/000119312524059354/d542465dex991.htm), live-fetched to `d/form10_2024_live.htm`; supplies audited combined-company history before the spin.

- **SEC2Q26:** [Q2 FY2026 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000148/gev-20260630.htm), live-fetched to `d/sec_q2_2026_10q_live.htm`; the issuer Q2 release and presentation were also fetched live.
- **SEC8K27AUG26:** [August 27, 2026 Form 8-K](https://www.sec.gov/Archives/edgar/data/1996810/000199681026000153/gev-20260825.htm), live-fetched after the SEC submissions inventory identified the post-Q2 filing; CFO succession source.
- **IR3Q25:** [release](https://www.gevernova.com/sites/default/files/gev_webcast_pressrelease_10222025.pdf), presentation, and transcript, all fetched live.
- **IR4Q25:** [release](https://www.gevernova.com/sites/default/files/gev_webcast_pressrelease_01282026.pdf), presentation, and transcript, all fetched live.
- **IR1Q26:** [release](https://www.gevernova.com/sites/default/files/gev_webcast_pressrelease_04222026.pdf), presentation, and transcript, all fetched live.
- **IR2Q26:** [release](https://www.gevernova.com/sites/default/files/gev_webcast_pressrelease_07222026.pdf), [presentation](https://www.gevernova.com/sites/default/files/gev_webcast_presentation_07222026.pdf), and transcript, all fetched live.
- **IU25:** [2025 Investor Update presentation](https://www.gevernova.com/sites/default/files/gev_webcast_presentation_12092025.pdf) and transcript, fetched live.
- **REALIGN:** [2026 business-unit realignment supplement](https://www.gevernova.com/sites/default/files/gev_business_unit_realignment_financial_supplement_04222026.xlsx), fetched live.

Evidence is separated as follows: **Fact** means directly reported or mechanically calculated from reported values; **Inference** means an analytical implication of facts; **Judgment** means a scenario or modeling choice that downstream workers must independently test. No inference or judgment is presented as issuer guidance.

Refresh-specific changes. No newer financial quarter had been reported by the 2026-09-16 cutoff, so Q2 FY2026 and the TTM ended 2026-06-30 remain the controlling operating anchors. The completed-session share-price anchor moved from USD 941.84 on 2026-09-03 in the preceding run to USD 882.81 on 2026-09-15. More importantly for forecastability, current QF/QFR replaced the prior aggregate Adjusted-EBITDA-to-operating-income deduction with seven separately labeled operating and reclassification rows and preserved the USD 0.53829581452 source-rounding bridge. The August 27 CFO succession remains the only material post-Q2 corporate disclosure in the current SEC submissions inventory.

0a. Industry classification and disclosure inventory

Fact — classification and regime. GE Vernova is a U.S. domestic industrial-equipment and long-cycle energy-infrastructure issuer reporting under U.S. GAAP. Ordinary FMP segment fields are inadequate. FMP product segmentation provides only consolidated Product and Service, and its Q1-Q2 FY2026 output contains non-additive USD 11m and USD 12m `Power Segment` artifacts. Official filings and IR materials therefore control reportable-segment revenue, Segment EBITDA, orders, RPO, installed-base indicators, contract loss data, and business-unit capacity.

Fact — search inventory. Sources checked were SEC25, SEC24, FORM10, SEC2Q26, the four latest official earnings packets, IU25, and REALIGN. Search terms and table names were `SUMMARY OF REPORTABLE SEGMENTS`, `TOTAL SEGMENT REVENUES BY BUSINESS UNIT`, `SEGMENT EBITDA`, `orders`, `remaining performance obligations`, `backlog`, `equipment`, `services`, `slot reservation`, `gigawatts under contract`, `installed base`, `operating hours`, `capacity`, `warranty`, `contract losses`, `Vineyard Wind`, `Power Transmission`, `Grid Systems Integration`, `switchgear`, `transformers`, `Prolec`, `data center`, `PP&E additions`, and `R&D`.

Completeness matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Consolidated statements	SEC25, SEC24, FORM10, SEC2Q26	Income, cash flow, financial position	FY2021-FY2025; H1 FY2026	Yes	—	Model anchors, ROIC, FCF
Segment economics	Annual filings, SEC2Q26, REALIGN	Segment revenue, Segment EBITDA	FY2021-FY2025; four latest quarters	Yes	Taxonomy boundary isolated	Segment models and synthesis

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Orders and RPO	FORM10, annual filings, quarterly IR decks	Orders, backlog, RPO	RPO FY2021-FY2025; orders FY2023-FY2025; latest five quarters	Yes	FY2021-FY2022 clean orders totals not disclosed	Demand and visibility
Power installed base and capacity	Four calls, IU25	GW under contract, SRAs, installed base, output	Q2 FY2025-Q2 FY2026	Yes	Earlier comparable series not disclosed	Capacity, services, pricing
Wind loss and warranty indicators	FORM10, SEC25, SEC2Q26	Warranty, project loss, Vineyard Wind	FY2021-FY2025; H1 FY2026	Yes	Wind-only warranty allocation not disclosed	Risk and normalization
Electrification and Prolec	IR packets, SEC2Q26	Equipment backlog, capacity, Prolec, switchgear	FY2022-Q2 FY2026 where disclosed	Yes	No standardized five-year unit series	Growth, integration, moat
Segment reinvestment	FORM10, SEC24, SEC25, SEC2Q26	R&D, PP&E additions	FY2021-FY2025; H1 FY2026	Yes	H1 Prolec acquisition assets identified	Reinvestment and margins
Margin, cash conversion and service economics	SEC25, SEC2Q26, four IR packets	Segment EBITDA, FCF, contract liabilities, service revenue, services RPO	FY2021-FY2025; TTM and latest five quarters	Yes	Segment service profit not separately disclosed	Normalization, backlog conversion, durability
Customer concentration	SEC25, SEC2Q26	Major customer, 10%, concentration	FY2025 and Q2 FY2026	No dollar table	True non-disclosure	Concentration risk

Industrial KPI history

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source
Total orders ($B)	Company	True non-disclosure	True non-disclosure	41.6	44.1	59.3	42.5 H1 FY2026; 24.2 Q2	SEC24, IR4Q25, IR2Q26
Total RPO / backlog ($B)	Company	102.694	104.899	115.598	119.023	150.238	176.284 at Q2 FY2026	FORM10, SEC24, SEC25, IR2Q26
Equipment revenue ($B)	Company	18.831	15.819	18.258	18.952	20.934	11.713 H1 FY2026	FORM10, SEC25, SEC2Q26
Services revenue ($B)	Company	14.175	13.835	14.981	15.983	17.134	8.729 H1 FY2026	FORM10, SEC25, SEC2Q26
Capex ($B)	Company	0.577	0.513	0.744	0.883	1.277	0.783 H1 FY2026	FMP-A and official cash flows
Company-funded R&D ($B)	Company	1.008	0.979	0.896	0.982	1.197	0.575 H1 FY2026	FORM10, SEC25, SEC2Q26
Warranty liability ($B)	Company	1.197	1.430	1.414	1.370	1.573	1.595 at Q2 FY2026	FORM10 Note 20, SEC25 Note 22, SEC2Q26 Note 22
Warranty provisions ($B)	Company	0.440	0.928	0.684	0.687	0.760	Not separately disclosed	FORM10 and SEC25
Incremental Offshore Wind contract losses ($B)	Wind	True non-disclosure	True non-disclosure	0.379	1.005	0.637	No clean comparable H1 dollar	FORM10, SEC25 Note 2, SEC2Q26 MD&A
Gas backlog plus SRAs (GW)	Gas Power	True non-disclosure	True non-disclosure	True non-disclosure	True non-disclosure	83	116 at Q2 FY2026	IR4Q25 and IR2Q26
Electrification equipment RPO ($B)	Segment	5.115	6.384	13.233	20.005	30.508	40.589 at Q2 FY2026	FORM10, SEC24, SEC25, IR2Q26

Historical segment RPO depth, old taxonomy through FY2025

The following official annual-history table closes the prior RPO-depth omission. FY2021-FY2025 retain the issuer's then-current segment taxonomy; the Q2 FY2026 endpoint above uses the 2026 taxonomy and therefore must not be spliced into a segment-growth rate without the REALIGN bridge.

RPO family ($B)	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Company equipment RPO	31.441	31.902	40.478	43.047	64.245	FORM10, SEC24, SEC25
Company services RPO	71.253	72.997	75.120	75.976	85.993	FORM10, SEC24, SEC25
Company total RPO	102.694	104.899	115.598	119.023	150.238	FORM10, SEC24, SEC25

RPO family ($B)	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Power equipment RPO	13.440	13.579	13.636	12.461	24.707	FORM10, SEC24, SEC25
Power services RPO	56.552	57.355	59.338	60.890	69.680	FORM10, SEC24, SEC25
Power total RPO	69.992	70.934	72.974	73.351	94.387	FORM10, SEC24, SEC25
Wind equipment RPO	13.012	12.030	13.709	10.720	9.112	FORM10, SEC24, SEC25
Wind services RPO	12.825	13.595	13.240	11.962	12.518	FORM10, SEC24, SEC25
Wind total RPO	25.837	25.625	26.949	22.682	21.630	FORM10, SEC24, SEC25
Electrification equipment RPO	5.115	6.384	13.233	20.005	30.508	FORM10, SEC24, SEC25
Electrification services RPO	2.373	2.587	3.109	3.448	4.159	FORM10, SEC24, SEC25
Electrification total RPO	7.488	8.971	16.342	23.453	34.667	FORM10, SEC24, SEC25

Segment totals include the issuer's segment presentation and do not add exactly to the consolidated company row because of intersegment/elimination effects. The company row is the controlling consolidated endpoint.

Latest orders, RPO, installed base, and capacity

Backlog / contract indicator	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Source
Total RPO ($B)	128.650	135.269	150.238	163.276	176.284	IR2Q26 six-quarter trend
Equipment RPO ($B)	49.712	54.092	64.245	75.924	87.821	IR2Q26
Services RPO ($B)	78.938	81.177	85.993	87.352	88.463	IR2Q26
Gas contracts plus SRAs (GW)	55	62	83	100	116	Four official calls
Gas backlog / SRAs (GW)	Not split	33 / 29	40 / 43	44 / 56	53 / 63	Four official calls
Electrification segment RPO ($B)	27.118	About 30.2	About 34.7	42.4	44.563	Quarterly presentations
Wind segment RPO ($B)	22.508	About 21.5	About 21.6	21.3	20.388	Quarterly presentations

Segment / company	Q2 FY2026 orders ($B)	Q2 FY2026 RPO ($B)	Equipment RPO ($B)	Services RPO ($B)	Q2 Segment EBITDA margin	Key operating indicator
Power	16.729	111.649	39.261	72.388	18.8%	116 GW Gas contracts and SRAs; 53 GW backlog and 63 GW SRAs
Electrification	6.347	44.563	40.589	3.974	18.4%	About $5B switchgear backlog; data-center orders above $5B in H1
Wind	1.249	20.388	8.197	12.191	(13.6)%	H1 sold turbine and repower capacity 2.0 GW
Company	24.216	176.284	87.821	88.463	11.3% adjusted	Total RPO grew about $26B from FY2025

Fact. Power's HA fleet passed 4 million operating hours, with 130 units commissioned and 195 under contract at Q2 FY2026. Management described Gas equipment as mostly sold through 2030 and targeted annual output rising from 20 GW in 2026 to 24 GW in 2028 and 30 GW in 2030. Electrification's approximately USD 5B switchgear backlog and roughly USD 10B HVDC backlog provide long-duration visibility. Prolec added about USD 5B of backlog when consolidated and expands transformer capacity; this is acquired scale, not organic growth.

Inference. Power visibility is unusually high but converts only as customer EPC, gas supply, permits, and factory output progress. Electrification book-to-bill and equipment backlog imply continued growth, while the backlog mix can defer cash and margin recognition. Wind's shrinking equipment backlog may reduce future revenue before it improves margin.

Judgment for downstream testing. Do not translate backlog dollar growth one-for-one into annual revenue. Apply conversion lags, cancellation and schedule risks, customer down-payment working-capital reversal, and capacity constraints separately by segment. Treat Prolec purchase accounting and acquired backlog distinctly from organic Electrification economics.

Wind execution and loss indicators

Wind operating KPI	Q2 FY2025	Q2 FY2026	H1 FY2025	H1 FY2026	Source
Turbine units ordered	381	147	404	293	SEC2Q26 operating statistics
Repower units ordered	205	0	205	49	SEC2Q26
Ordered turbine and repower GW	1.6	0.6	1.8	1.2	SEC2Q26
Turbine units sold	351	336	627	490	SEC2Q26
Repower units sold	156	27	286	27	SEC2Q26
Sold turbine and repower GW	1.7	1.4	3.0	2.0	SEC2Q26
Segment EBITDA ($B)	(0.148)	(0.275)	(0.312)	(0.657)	IR2Q26 and SEC2Q26

Fact. Offshore Wind incremental contract losses were USD 0.379B, USD 1.005B, and USD 0.637B in FY2023-FY2025. The Q2 FY2026 filing says higher project costs and contract losses continued, without a clean comparable H1 dollar. The USD 1.595B warranty liability at Q2 FY2026 is company-wide, not Wind-only. Vineyard Wind moved from installation into commissioning, but claims and counterclaims remained open.

Inference. Wind's H1 loss deterioration reflects project execution and weak Onshore equipment volume rather than a completed turnaround. A lower Offshore backlog reduces long-tail exposure only after claims, commissioning, and warranty experience close.

Judgment. A credible margin-repair case requires positive Segment EBITDA over multiple quarters, declining Offshore loss recognition, stable warranty experience, and better Onshore orders. One approximately break-even quarter is not evidence of normalized profitability.

1. Reporting structure and taxonomy

GE Vernova reports three segments: **Power**, comprising Gas Power, Nuclear Power, and Hydro Power; **Electrification**, comprising Power Transmission, Grid Systems Integration, Power Conversion & Storage, and Grid Automation & Software; and **Wind**, comprising Onshore Wind and Offshore Wind. Segment revenue includes intersegment activity, so official eliminations are required to reach consolidated revenue.

Effective January 1, 2026, Steam Power was allocated into Nuclear, Hydro, and Gas Power; components of former Electrification Software moved to Gas Power and Grid Automation & Software; Grid Solutions was revised into Power Transmission, Grid Systems Integration, and Grid Automation & Software; and LM Wind Power was combined with Onshore Wind. REALIGN and SEC2Q26 provide restated quarterly data from Q1 FY2025 forward. FY2021-FY2025 annual tables retain the taxonomy disclosed in annual reports. The boundary is explicit: annual old-taxonomy business-unit series must not be spliced into the current-taxonomy quarterly run rate without a bridge.

FY2025 composition on the current 2026 taxonomy

Segment	FY2025 restated revenue ($B)	Percent of consolidated revenue	FY2025 restated Segment EBITDA ($B)	Description
Power	19.873	52.2%	2.936	Current Power scope after Steam and software allocation
Electrification	9.487	24.9%	1.400	Current four-business-unit scope
Wind	9.110	23.9%	(0.598)	Current scope with LM inside Onshore
Eliminations and other	(0.402)	(1.1)%	—	Revenue bridge only
Consolidated	38.068	100.0%	3.737 segment sum	Exact official rounded tie

FY2025 U.S. revenue was USD 17.341B, or 45.6%. Non-U.S. revenue was USD 20.728B, comprising Europe USD 7.594B, Asia USD 4.629B, non-U.S. Americas USD 3.116B, and Middle East/Africa USD 5.389B. SEC25 Note 24 is the controlling source. No customer-level revenue table or identified greater-than-10% customer was found.

2. Consolidated historicals

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	33.006	29.654	33.239	34.935	38.068	FMP-A; official overrides FORM10, SEC24, SEC25
Operating income ($B)	(0.884)	(2.881)	(0.923)	0.471	1.388	Official statements control
Operating margin	(2.7)%	(9.7)%	(2.8)%	1.3%	3.6%	Calculated
Net income attributable to GEV ($B)	(0.633)	(2.736)	(0.438)	1.552	4.884	FMP-A and official attributable numerator
Diluted EPS ($)	(2.33)	(10.00)	(1.60)	5.58	17.69	FMP-A and filings
Diluted shares (M)	272.1	274.0	274.0	278.0	276.0	FMP-A and filings
Capex ($B)	0.577	0.513	0.744	0.883	1.277	FMP-A and official cash flows
Free cash flow ($B)	(2.237)	(0.627)	0.442	1.700	3.710	Operating cash flow less capex
Normalized ROIC	N/M	(22.1)%	(8.3)%	2.9%	10.5%	Calculation below

Live FMP reports FY2024 revenue of USD 34.943B and operating income of USD 0.787B; official SEC values of USD 34.935B and USD 0.471B control. FMP also reports zero FY2025 debt despite official borrowings and finance leases. These are vendor classification defects, not alternate bases.

Normalized NOPAT is GAAP operating income multiplied by 79%, using a constant 21% U.S. statutory rate rather than loss-year tax benefits or FY2025's valuation-allowance release. Invested capital from the live FMP key-metrics pull is USD 10.302B in FY2022, USD 8.829B in FY2023, USD 12.694B in FY2024, and USD 10.416B in FY2025. FY2025 NOPAT is USD 1.097B and ROIC is 1.097 / 10.416 = 10.5%. FY2024 is 0.372 / 12.694 = 2.9%; FY2023 is negative 0.729 / 8.829 = negative 8.3%; FY2022 is negative 2.276 / 10.302 = negative 22.1%. FY2021 is not meaningful because FMP returns zero invested capital.

3. Segment historicals

The five-year annual series uses the pre-2026 taxonomy. The exact issuer profit metric is **Segment EBITDA**, not statutory segment operating income.

Power	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	16.729	16.124	17.436	18.127	19.767	FORM10, SEC24, SEC25
YoY	—	(3.6)%	8.1%	4.0%	9.0%	Calculated
Segment EBITDA ($B)	1.407	1.655	1.722	2.268	2.902	FORM10, SEC24, SEC25
Segment EBITDA margin	8.4%	10.3%	9.9%	12.5%	14.7%	Calculated

Wind	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	11.539	8.905	9.826	9.701	9.110	FORM10, SEC24, SEC25
YoY	—	(22.8)%	10.3%	(1.3)%	(6.1)%	Calculated
Segment EBITDA ($B)	0.176	(1.710)	(1.033)	(0.588)	(0.598)	FORM10, SEC24, SEC25
Segment EBITDA margin	1.5%	(19.2)%	(10.5)%	(6.1)%	(6.6)%	Calculated

Electrification	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	5.292	5.076	6.378	7.550	9.642	FORM10, SEC24, SEC25
YoY	—	(4.1)%	25.7%	18.4%	27.7%	Calculated

Electrification	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Segment EBITDA ($B)	(0.461)	(0.164)	0.234	0.679	1.433	FORM10, SEC24, SEC25
Segment EBITDA margin	(8.7)%	(3.2)%	3.7%	9.0%	14.9%	Calculated

The FY2025 current-taxonomy restatement moves old-taxonomy Power revenue from USD 19.767B to USD 19.873B, old Electrification from USD 9.642B to USD 9.487B, and leaves Wind at USD 9.110B. The corresponding official eliminations change reconciles consolidated revenue without changing the consolidated total.

3a. Historical statutory-profit bridge and forecast-driver ledger

The common profit basis is issuer-disclosed **Segment EBITDA**. Reporting currency is USD and scale is millions. The tables below reproduce the QFR-sealed BRIDGE exactly, including each issuer label, sign, value, classification, and source ID. No aggregate plug replaces the seven operating and reclassification lines.

FY2025 bridge, USD millions

Bridge line	Classification	Value	Source ID	Running subtotal
Power	segment profit	2,902	SEC_2025_10K	2,902
Wind	segment profit	(598)	SEC_2025_10K	2,304
Electrification	segment profit	1,433	SEC_2025_10K	3,737
Sum of reportable segment profit	segment profit	3,737	SEC_2025_10K	3,737
Corporate and other	corporate_unallocated	(541)	SEC_2025_10K	3,196
Consolidated Adjusted EBITDA	subtotal	3,196	SEC_2025_10K	3,196
Restructuring and other charges	operating	(277)	ISSUER_LABELED_OPERATING_BRIDGE	2,919
Gains (losses) on purchases and sales of business interests	operating	281	ISSUER_LABELED_OPERATING_BRIDGE	3,200
Separation costs	operating	(180)	ISSUER_LABELED_OPERATING_BRIDGE	3,020
Depreciation and amortization	operating	(847)	ISSUER_LABELED_OPERATING_BRIDGE	2,173
Other income (expense) - net reclassified below operating income	operating	(795)	ISSUER_LABELED_OPERATING_BRIDGE	1,378
Financial Services interest income embedded in Corporate and other reclassified below operating income	operating	(1)	ISSUER_LABELED_OPERATING_BRIDGE	1,377
Financial Services income-tax provision embedded in Corporate and other removed before operating income	operating	11	ISSUER_LABELED_OPERATING_BRIDGE	1,388
Statutory operating income	statutory subtotal	1,388	SEC_2025_10K	1,388
Interest and other financial income (charges) - net	interest	186	SEC_2025_10K	1,574
Non-operating benefit income	other_non_operating	459	SEC_2025_10K	2,033
Other income (expense) - net	other_non_operating	795	SEC_2025_10K	2,828
Pretax income	statutory subtotal	2,828	SEC_2025_10K	2,828
Benefit (provision) for income taxes	tax	2,051	SEC_2025_10K	4,879
Net income	statutory subtotal	4,879	SEC_2025_10K	4,879

TTM ended 2026-06-30 bridge, USD millions

Bridge line	Classification	Value	Source ID	Running subtotal
Power	segment profit	3,475.196650402511	TTM_SEGMENT_COMPONENTS	3,475.196650402511
Wind	segment profit	(943.5891685413638)	TTM_SEGMENT_COMPONENTS	2,531.607481861147
Electrification	segment profit	2,080.930813953373	TTM_SEGMENT_COMPONENTS	4,612.53829581452
Sum of reportable segment profit	segment profit	4,612.53829581452	TTM_SEGMENT_COMPONENTS	4,612.53829581452
Corporate and other	corporate_unallocated	(497)	TTM_SEGMENT_COMPONENTS	4,115.53829581452
Issuer rounding bridge from exact restated segment components to rounded consolidated Adjusted EBITDA	corporate_unallocated	(0.53829581452)	TTM_SEGMENT_COMPONENTS	4,115
Consolidated Adjusted EBITDA	subtotal	4,115	TTM_SEGMENT_COMPONENTS	4,115
Restructuring and other charges	operating	(271)	ISSUER_LABELED_OPERATING_BRIDGE	3,844
Gains (losses) on purchases and sales of business interests	operating	4,707	ISSUER_LABELED_OPERATING_BRIDGE	8,551
Separation costs	operating	(161)	ISSUER_LABELED_OPERATING_BRIDGE	8,390
Depreciation and amortization	operating	(1,201)	ISSUER_LABELED_OPERATING_BRIDGE	7,189
Other income (expense) - net reclassified below operating income	operating	(5,403)	ISSUER_LABELED_OPERATING_BRIDGE	1,786
Financial Services interest income embedded in Corporate and other reclassified below operating income	operating	(1)	ISSUER_LABELED_OPERATING_BRIDGE	1,785
Financial Services income-tax provision embedded in Corporate and other removed before operating income	operating	15	ISSUER_LABELED_OPERATING_BRIDGE	1,800
Statutory operating income	statutory subtotal	1,800	SEC_2026_Q2_10Q	1,800
Interest and other financial income (charges) - net	interest	189	ISSUER_LABELED_OPERATING_BRIDGE	1,989
Non-operating benefit income	other_non_operating	487	ISSUER_LABELED_OPERATING_BRIDGE	2,476
Other income (expense) - net	other_non_operating	5,403	ISSUER_LABELED_OPERATING_BRIDGE	7,879
Pretax income	statutory subtotal	7,879	SEC_2026_Q2_10Q	7,879
Benefit (provision) for income taxes	tax	1,642	ISSUER_LABELED_OPERATING_BRIDGE	9,521
Net income	statutory subtotal	9,521	SEC_2026_Q2_10Q	9,521

All five residuals in both sealed periods are zero. FY2025 tolerance is USD 1.598m and TTM tolerance is USD 2.0575m. The TTM is FY2025 less H1 FY2025 plus H1 FY2026. TTM `Other income (expense) - net` includes the USD 3.992B Prolec remeasurement gain; the TTM tax line and FY2025 tax benefit include episodic effects. Neither is a recurring operating base.

Forecast-driver schedule

Historical bridge line	FY value	TTM value	Forecast treatment	Driver and source	Bear / base / bull rule
Power	2,902	3,475	Independently forecast Segment EBITDA	Revenue, backlog conversion, services mix, price, capacity	Bear delays conversion; base requires capacity execution; bull requires evidenced pricing and output

Historical bridge line	FY value	TTM value	Forecast treatment	Driver and source	Bear / base / bull rule
Wind	(598)	(943)	Independently forecast Segment EBITDA	Onshore volume and services; Offshore losses, claims, warranties	Bear extends losses; base assumes gradual repair; bull requires sustained positive quarters
Electrification	1,433	2,080	Independently forecast Segment EBITDA	Organic orders, backlog, Prolec separation, capacity, price	Bear slows conversion; base separates acquisition; bull requires factory-ramp proof
Corporate and other	(541)	(497)	Fixed amount cross-checked to revenue	Public-company costs and Financial Services scope	Bear retains higher burden; base conservative run rate; bull only evidenced leverage
Issuer rounding bridge from exact restated segment components to rounded consolidated Adjusted EBITDA	N/A	(0.53829581452)	Source-rounding bridge only	Official realignment workbook rounding warning and TTM component schedule	Retain only to reconcile rounded history; do not forecast as economics
Restructuring and other charges	(277)	(271)	Fixed amount or revenue ratio	Restructuring program disclosures	Bear extends run rate; base tapers; bull zero only after documented completion
Gains (losses) on purchases and sales of business interests	281	4,707	Zero unless an announced transaction exists	Acquisition/disposition disclosures	All scenarios exclude unannounced gains
Separation costs	(180)	(161)	Fixed amount declining to zero	Separation program disclosures	Bear slower taper; base scheduled taper; bull zero only after cessation evidence
Depreciation and amortization	(847)	(1,201)	Revenue/capex and acquired-intangible schedule	PP&E, capex, Prolec purchase accounting	Bear faster D&A; base asset schedule; bull retains acquisition amortization
Other income (expense) - net reclassified below operating income	(795)	(5,403)	Reclassification mirror only	Statutory Other income schedule	Equal and opposite to below-line Other income; never count economics twice
Financial Services interest income embedded in Corporate and other reclassified below operating income	(1)	(1)	Reclassification mirror only	Note 24 Financial Services exclusion	Scale with sourced Financial Services interest
Financial Services income-tax provision embedded in Corporate and other removed before operating income	11	15	Reclassification mirror only	Note 24 Financial Services exclusion	Scale with sourced Financial Services tax
Interest and other financial income (charges) - net	186	189	Interest-rate and net-cash schedule	Cash, borrowings, leases, yields, Financial Services scope	Bear lower yield or higher cost; base normalized rates; bull modest benefit only
Non-operating benefit income	459	487	Separate benefit-plan schedule	Pension and postretirement disclosures	Bear fades benefit; base conservative amount; bull excludes unsupported actuarial upside
Other income (expense) - net	795	5,403	Separate recurring and transaction components	Note 19 and transaction disclosures	Bear zero or low recurring amount; base excludes gains; bull excludes unannounced deals
Benefit (provision) for income taxes	2,051	1,642	Normalized tax-rate schedule	Pretax income, jurisdictions, valuation allowances	Bear higher normalized rate; base statutory range; bull cannot repeat releases

The complete seven-line operating bridge is source-bound. Downstream forecasts must preserve the issuer labels and mirror reclassifications; they may not collapse the lines into a plug or distribute them across Power, Wind, or Electrification. The below-line and tax schedules remain separate.

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

4. Product and sub-segment historicals

Dollar-disclosed annual business units, old taxonomy

Segment	Product / business unit	What it is	Dollar disclosure?	FY2023 / FY2024 / FY2025 revenue ($B) and source
Power	Gas Power	Heavy-duty and aeroderivative turbines plus services	Yes	13.220 / 14.465 / 16.006; SEC25 Note 24

Segment	Product / business unit	What it is	Dollar disclosure?	FY2023 / FY2024 / FY2025 revenue ($B) and source
Power	Nuclear Power	Nuclear generation equipment and services	Yes	0.827 / 0.819 / 1.018; SEC25
Power	Hydro Power	Hydro equipment and services	Yes	0.887 / 0.781 / 0.806; SEC25
Power	Steam Power	Legacy steam activities realigned in 2026	Yes	2.502 / 2.063 / 1.937; SEC25
Wind	Onshore Wind	Turbines, repower, services	Yes	7.761 / 7.781 / 8.241; SEC25
Wind	Offshore Wind	Haliade-X and project execution	Yes	1.455 / 1.377 / 0.652; SEC25
Wind	LM Wind Power	Blades combined into Onshore in 2026	Yes	0.610 / 0.542 / 0.217; SEC25
Electrification	Grid Solutions	Grid equipment and systems split in 2026	Yes	3.955 / 4.957 / 6.620; SEC25
Electrification	Power Conversion & Storage	Conversion and storage	Yes	1.549 / 1.676 / 2.049; SEC25
Electrification	Electrification Software	Grid software reallocated in 2026	Yes	0.874 / 0.917 / 0.973; SEC25

Current-taxonomy business units, H1 comparison

Segment	Current business unit	H1 FY2025 revenue ($B)	H1 FY2026 revenue ($B)	Disclosure basis	Source
Power	Gas Power	7.516	8.493	Dollar disclosed	SEC2Q26 Note 24
Power	Nuclear Power	1.310	1.575	Dollar disclosed	SEC2Q26
Power	Hydro Power	0.407	0.382	Dollar disclosed	SEC2Q26
Electrification	Power Transmission	1.451	3.256	Includes Prolec in FY2026	SEC2Q26
Electrification	Grid Systems Integration	0.968	1.497	Dollar disclosed	SEC2Q26
Electrification	Power Conversion & Storage	0.792	1.016	Dollar disclosed	SEC2Q26
Electrification	Grid Automation & Software	0.790	0.827	Dollar disclosed	SEC2Q26
Wind	Onshore Wind	3.665	2.908	Includes former LM in revised series	SEC2Q26
Wind	Offshore Wind	0.430	0.551	Dollar disclosed	SEC2Q26

No figure in these two tables is back-solved. They are separated because they use different taxonomies.

Growth or operating disclosures without standalone revenue

Segment	Product	Disclosure method	Latest four-call evidence	Source
Power	Heavy-duty gas turbines	Unit orders	Q3 FY2025 20 units including 13 HA; Q4 41 units; Q2 FY2026 52 including 15 HA	IR3Q25, IR4Q25, IR2Q26
Power	Aeroderivatives	Unit orders	Q4 FY2025 18 units; Q2 FY2026 61 units	IR4Q25, IR2Q26
Power	HA installed base	Operating hours and contracts	4m operating hours, 130 commissioned, 195 under contract	IR2Q26
Electrification	Air-insulated switchgear	Units and backlog	About $5B backlog; 9,000 units FY2025; about 10,500 planned FY2026	IR2Q26 transcript
Electrification	Data-center solutions	Orders	Above $2B FY2025; above $5B H1 FY2026	IR4Q25, IR2Q26
Electrification	HVDC and substations	Backlog and organic growth	About $10B HVDC backlog; segment organic revenue up 29% in Q2 FY2026	IR1Q26, IR2Q26
Wind	Onshore repowering	Qualified installed-base opportunity	About 10 GW qualified for U.S. production tax credits	IR4Q25, IR2Q26
Wind	Onshore services	Growth rate	Q2 FY2026 services revenue grew 39%; no standalone dollars	IR2Q26 presentation

5. Most recent quarterly trend

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2026 Q2, covering April-June 2026, reported on 2026-07-22 via the [official release](https://www.gevernova.com/sites/default/files/gev_webcast_pressrelease_07222026.pdf).

Q1-Q2 FY2026 comparisons use the current taxonomy. Q3-Q4 FY2025 organic percentages are the period-reported basis before the realignment, while the dollar values are from the official restated schedule. Do not recompute those growth rates from mixed taxonomies.

Power quarter	Revenue ($B)	YoY organic	Segment EBITDA margin	Source
Q3 FY2025	4.863	14%	13.4%	IR3Q25; REALIGN dollars
Q4 FY2025	5.776	5%	17.0%	IR4Q25; REALIGN dollars
Q1 FY2026	4.971	10%	16.3%	IR1Q26
Q2 FY2026	5.477	14%	18.8%	IR2Q26

Electrification quarter	Revenue ($B)	YoY organic	Segment EBITDA margin	Source
Q3 FY2025	2.565	32%	15.1%	IR3Q25; REALIGN dollars
Q4 FY2025	2.921	32%	16.9%	IR4Q25; REALIGN dollars
Q1 FY2026	2.959	29%	17.8%	IR1Q26
Q2 FY2026	3.637	29%	18.4%	IR2Q26

Wind quarter	Revenue ($B)	YoY organic	Segment EBITDA margin	Source
Q3 FY2025	2.647	(9)%	(2.3)%	IR3Q25; REALIGN dollars
Q4 FY2025	2.368	(25)%	(9.5)%	IR4Q25; REALIGN dollars
Q1 FY2026	1.432	(25)%	(26.7)%	IR1Q26
Q2 FY2026	2.026	(11)%	(13.6)%	IR2Q26

Company quarter	Equipment revenue ($B)	Services revenue ($B)	Total revenue ($B)	Organic growth	Source
Q3 FY2025	5.880	4.089	9.969	10%	IR3Q25
Q4 FY2025	5.963	4.993	10.956	2%	IR4Q25
Q1 FY2026	5.254	4.084	9.339	7%	IR1Q26
Q2 FY2026	6.459	4.645	11.104	12%	IR2Q26

Load-bearing self-checks. The live-fetched IR2Q26 release states Power revenue of USD 5.5B increased 14% on a U.S. GAAP and organic basis. The live FMP annual income statement reports FY2025 revenue of USD 38.068B, tying to SEC25 within 0%. The live Q2 FY2026 FMP transcript is dated 2026-07-22, matching the expected call date exactly. All three required checks passed.

6. Management commentary on forward growth

Each short quotation below was rechecked against a live-fetched official transcript or the independently fetched FMP transcript. Interpretation is explicitly an inference, not guidance.

Power

- **Q3 FY2025, 2025-10-22 — Scott Strazik, CEO:** “backlog grew ... from 29 to 33 gigawatts.” Topic: Gas backlog. **Inference:** contracting was accelerating before the later surge.
- **Q3 FY2025, 2025-10-22 — Ken Parks, CFO:** “nonrefundable.” Topic: SRA and order deposits. **Inference:** reservations are economically firmer than a soft pipeline, but project timing can still move.
- **Q4 FY2025, 2026-01-28 — Scott Strazik:** “Pricing does continue to strengthen.” Topic: Gas equipment. **Inference:** higher-priced new orders can improve future backlog margin.
- **Q4 FY2025, 2026-01-28 — Scott Strazik:** “backlog increasing ... to 40 gigawatts.” Topic: firm backlog. **Inference:** the 83 GW total still included 43 GW of SRAs.

- **Q1 FY2026, 2026-04-22 — Scott Strazik:** “at least 110 gigawatts under contract.” Topic: 2026 contracting outlook. **Inference:** Q2's 116 GW exceeded that interim target.
- **Q1 FY2026, 2026-04-22 — Scott Strazik:** “priced 10 to 20 points higher.” Topic: dollar-per-kW pricing. **Inference:** backlog margin improvement has a disclosed price bridge.
- **Q2 FY2026, 2026-07-22 — Scott Strazik:** “mostly sold out through '30.” Topic: capacity visibility. **Inference:** near-term growth is supply and execution constrained.
- **Q2 FY2026, 2026-07-22 — Scott Strazik:** “30 gigawatts of annual output in 2030.” Topic: capacity. **Judgment:** model staged output rather than immediate capacity.

Electrification

- **Q3 FY2025, 2025-10-22 — Scott Strazik:** “doubling in size by 2030.” Topic: North American addressable market. **Inference:** Prolec targets structural transformer demand, not a short cycle.
- **Q3 FY2025, 2025-10-22 — Ken Parks:** “a sizable backlog.” Topic: Prolec. **Judgment:** acquired backlog must be separated from organic orders.
- **Q4 FY2025, 2026-01-28 — Scott Strazik:** “largest growth quarter on a dollar basis.” Topic: segment backlog. **Inference:** growth visibility accelerated before Prolec consolidation.
- **Q4 FY2025, 2026-01-28 — Scott Strazik:** “more than triple the 2024 total.” Topic: FY2025 data-center orders. **Inference:** hyperscaler exposure became material.
- **Q1 FY2026, 2026-04-22 — Ken Parks:** “roughly 2.5 times revenue.” Topic: segment orders. **Inference:** recognition materially lagged bookings.
- **Q1 FY2026, 2026-04-22 — Scott Strazik:** “$5 billion of backlog from Prolec.” Topic: acquisition perimeter. **Judgment:** do not label all backlog growth organic.
- **Q2 FY2026, 2026-07-22 — Scott Strazik:** “approximately $5 billion” of equipment backlog. Topic: switchgear. **Inference:** one constrained product family provides multi-year delivery visibility.
- **Q2 FY2026, 2026-07-22 — Ken Parks:** “equipment backlog to $41 billion.” Topic: growth visibility. **Judgment:** capacity and conversion cadence remain the gating variables.

Wind

- **Q3 FY2025, 2025-10-22 — Scott Strazik:** “too difficult to call.” Topic: Onshore volume. **Judgment:** do not assume a U.S. equipment inflection without orders.
- **Q3 FY2025, 2025-10-22 — Scott Strazik, CEO; IR3Q25 transcript p. 7:** “services orders up 27% year-to-date.” Topic: Onshore services. **Inference:** service growth is the clearest positive offset.
- **Q4 FY2025, 2026-01-28 — Scott Strazik:** “approximately 10 gigawatts of repowering opportunities.” Topic: installed base. **Judgment:** opportunity is not booked revenue.
- **Q4 FY2025, 2026-01-28 — Scott Strazik, CEO; IR4Q25 transcript pp. 3-4:** “remaining unprofitable Offshore Wind backlog.” Topic: project risk. **Inference:** lower future revenue can coincide with better margins as bad backlog exits.
- **Q1 FY2026, 2026-04-22 — Ken Parks:** “EBITDA losses were $382 million.” Topic: quarterly loss. **Judgment:** the severe margin cannot be normalized away.
- **Q1 FY2026, 2026-04-22 — Ken Parks, CFO; IR1Q26 transcript pp. 8-9:** “stronger performance in Onshore Wind services.” Topic: mix. **Inference:** services partly offset equipment weakness.
- **Q2 FY2026, 2026-07-22 — Ken Parks:** “continued improvement in Onshore services.” Topic: margin path. **Inference:** second-half repair relies on service mix and lower Offshore costs.
- **Q2 FY2026, 2026-07-22 — Ken Parks:** “approximately break-even.” Topic: Q3 FY2026 Segment EBITDA outlook. **Judgment:** one quarter is not a normalized annual margin.

At IU25, management set a FY2028 framework of USD 52B revenue, 20% adjusted EBITDA margin, 22% margins for Power and Electrification, and 6% for Wind, plus at least USD 22B cumulative FCF from FY2025-FY2028 after roughly USD 10B of capex and R&D. IR4Q25 later raised the 2028 revenue outlook to USD 56B including Prolec. IR2Q26 raised FY2026 revenue guidance to USD 45.5B-USD 46.5B and FCF guidance to USD 11.5B-USD 12.5B while retaining 12%-14% adjusted EBITDA margin guidance. These are issuer targets, not ER2 estimates.

7. Capital allocation history

Year	Capex ($B)	Capex / revenue	R&D ($B)	R&D / revenue	Buybacks ($B)	Dividends ($B)	M&A cash ($B)	Source
FY2021	0.577	1.7%	1.008	3.1%	N/A	N/A	Not separately disclosed	FORM10
FY2022	0.513	1.7%	0.979	3.3%	N/A	N/A	Not separately disclosed	FORM10
FY2023	0.744	2.2%	0.896	2.7%	N/A	N/A	Not separately disclosed	FORM10
FY2024	0.883	2.5%	0.982	2.8%	0.043	0.000	Not separately disclosed	SEC25 cash flow
FY2025	1.277	3.4%	1.197	3.1%	3.316	0.275	Not separately disclosed	SEC25 and FMP-A

Pre-spin repurchases and dividends are not GEV shareholder returns. At H1 FY2026, capex was USD 0.783B, R&D USD 0.575B, repurchases USD 3.671B, and dividends paid USD 0.273B. Prolec closed for USD 5.275B consideration for the remaining 50%, funded with cash and USD 2.6B of senior notes. The acquisition remeasurement gain is excluded from recurring operating economics.

8. Balance sheet snapshot

Item	FY2025 ($B)	Q2 FY2026 ($B)	Source
Cash, cash equivalents, and restricted cash	8.848	13.120	SEC25 and SEC2Q26
Short-term investments	0.000	0.000	No separately reported line
Gross borrowings including finance leases	0.289	2.849	BRIDGE/QF basis from official borrowing and lease notes
Operating lease liabilities	0.843	0.871	Official lease notes
Net debt / net cash excluding operating leases	(8.559)	(10.271)	Calculated on QF basis
Net debt / Adjusted EBITDA	(2.68)x	(2.50)x on TTM	Calculated
Goodwill plus intangibles	5.166	Not used without acquisition normalization	SEC25
Equity attributable to GE Vernova	11.178	11.957	SEC25 and SEC2Q26
Tangible book value attributable to GEV	6.012	Not normalized here	FY2025 equity less goodwill and intangibles

The FMP balance endpoint reports zero FY2025 debt and USD 3.960B Q2 FY2026 total debt, both rejected for controlling use because official notes classify borrowings and leases differently. FY2025 total gross claims can be constructed on a broader basis by adding USD 0.063B short-term borrowings to current and noncurrent lease/borrowing lines; downstream work must state its exact basis and must not mix it with the QF's USD 0.289B bridge basis.

9. Recent corporate actions, last 12 months

- **2025-10-21:** announced the remaining 50% Prolec GE purchase for USD 5.275B, approximately half cash and half debt; strategic perimeter is Electrification.
- **2025-12-09:** increased share-repurchase authorization from USD 6B to USD 10B and doubled the quarterly dividend to USD 0.50 per share.
- **2026-01-01:** implemented the segment and business-unit realignment described in Section 1.
- **2026-02-02:** closed Prolec GE; Q1 backlog included about USD 5B acquired backlog.

- **2026-02-04:** issued USD 2.6B of senior notes due 2031, 2036, and 2056, partly to finance Prolec.
- **H1 FY2026:** repurchased USD 3.671B of stock and paid USD 0.273B of dividends; common shares outstanding were 266.334m at June 30.
- **Q2 FY2026:** monetized the remaining China XD Electric stake for about USD 0.6B of pre-tax proceeds.
- **Early July 2026:** completed the small Robotech Automation acquisition to accelerate robotics and automation deployment.
- **2026-08-27:** announced that CFO Ken Parks will retire on April 2, 2027; Claire McDonough will join as strategic adviser on November 1, 2026 and become CFO on January 1, 2027. Parks will serve as strategic adviser from January 1 to retirement. Source: SEC8K27AUG26. This post-Q2 succession is material new evidence versus the prior active report.

10. Open data gaps, contrary evidence, and classification

- **Resolved in current refresh — statutory operating bridge:** QF/QFR replaced the prior aggregate bridge with seven issuer-labeled operating and reclassification rows. The current sealed packet ties both FY2025 and TTM with zero residuals. The lines must remain separate; reclassification mirrors must not be counted as new economics.
- **True non-disclosure — customer concentration:** SEC25 and SEC2Q26 were searched for `major customer`, `10%`, `concentration`, and customer-revenue tables. They discuss customer risk but disclose no customer-level revenue or identified greater-than-10% customer.
- **True non-disclosure — FY2021-FY2022 total orders:** FORM10, SEC24, and IU25 were searched for `orders`; no clean company orders series for those year-ends was found. RPO was disclosed and is now reproduced for FY2021-FY2025 in Section 0a from FORM10, SEC24, and SEC25.
- **True non-disclosure — sub-business revenue:** official sources do not disclose standalone revenue for HA turbines, aeroderivatives, switchgear, transformers, HVDC, or data-center solutions. Unit, order, and backlog indicators are not revenue.
- **True non-disclosure — Wind-only warranty reserve:** warranty provisions and liabilities are company-wide. The official record does not support allocating the USD 1.595B Q2 liability wholly to Wind.
- **True non-disclosure — H1 FY2026 Offshore contract-loss dollars:** SEC2Q26 states higher project costs and contract losses but gives no clean H1 amount comparable with the FY2023-FY2025 annual series.
- **True non-disclosure — pre-FY2025 current-taxonomy segment RPO:** annual filings, quarterly presentations, REALIGN, and IU25 were searched for `segment RPO`, `backlog`, and historical trends. A five-year series in the current 2026 taxonomy is not disclosed. The clean five-quarter current-taxonomy segment series and FY2021-FY2025 total-company and old-taxonomy segment histories are included above.
- **Not applicable — pre-spin capital returns:** GEV was part of GE before April 2, 2024. Parent transfers are not GEV buybacks or dividends.
- **Estimated — FY2025 current-taxonomy totals:** the values are sums of official restated quarters, not management estimates. They reconcile with official eliminations.
- **Vendor defect — FMP product segmentation:** Product and Service tie for FY2024-FY2025, but non-additive Q1-Q2 FY2026 `Power Segment` entries are excluded.
- **Vendor defect — FY2024 operating income and debt:** official SEC statements override FMP. Downstream roles must not use the vendor rows without the documented basis correction.

DR forecastability disposition. The four disclosed omissions—customer-level concentration, Wind-only warranty allocation, a clean H1 FY2026 Offshore contract-loss dollar, and pre-FY2025 RPO on the current 2026 segment taxonomy—do not block forecasting under the completion-first recovery ladder because none is needed to reproduce the sealed historical Segment EBITDA-to-statutory-income path or the TTM base. They constrain the model: customer concentration requires downside stress rather than a customer-specific base case; company-wide warranty must remain unallocated; Wind repair must be conditioned on reported Segment EBITDA, project execution, and warranty evidence rather than an assumed H1 Offshore loss number; and RPO trend inference must start at the clean five-quarter current-taxonomy series rather than extrapolating a

fabricated five-year segment history.

Contrary evidence retained. Backlog and pricing are strong, but customer deposits created a USD 13.695B H1 FY2026 increase in contract liabilities; TTM FCF of USD 12.438B is therefore not a normalized cash-conversion run rate. Power and Electrification margin expansion is real, but capacity, supplier, and project execution constrain recognition. Wind still lost USD 0.657B of Segment EBITDA in H1 FY2026, ordered GW declined, and Offshore claims remain open. TTM parent-attributable net income of USD 9.529B is dominated by non-recurring transaction gains and tax effects and must not anchor normalized EPS.

Forecast-package conclusion. The historical segment basis is Segment EBITDA. Forecasts can proceed by modeling each segment's Segment EBITDA, Corporate and other, all seven sealed operating/reclassification lines, and every below-line item separately. They cannot relabel Segment EBITDA as operating income, collapse the sealed rows into a plug, repeat the Prolec remeasurement gain or valuation-allowance release, or treat backlog and deposits as equivalent to earned revenue and recurring free cash flow.