

Positive for forward earnings revisions, but more qualified for valuation

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$12.642 billion	\$11.99 billion	+5.4%
Adjusted EBITDA	\$1.943 billion	\$1.68 billion	+15.7%
Net Income	\$1.289 billion	\$1.08 billion	+19.4%
Diluted EPS (vs. Year Ago)	\$4.81	\$1.64	+193.3%
SEGMENT REVENUE			
Power	\$6.067 billion	\$5.79 billion	+4.8%
Wind	\$2.741 billion	\$2.34 billion	+17.1%
Electrification	\$3.862 billion	\$3.89 billion	-0.7%

2 | GUIDANCE AND OUTLOOK

2026 revenue rises to \$46.5 billion to \$47.5 billion from \$45.5 billion to \$46.5 billion; adjusted EBITDA margin to 13.5% to 14.5% from 12% to 14%; free cash flow to \$16 billion to \$17 billion from \$11.5 billion to \$12.5 billion. Electrification revenue of \$14.5 billion to \$15 billion is reaffirmed, with margin toward the upper end of 18% to 20%. Wind EBITDA losses widen to \$400 million to \$500 million from approximately \$400 million despite better revenue expectations.

3 | EARNINGS ANALYSIS

POWER DELIVERED THE EARNINGS SIGNAL. Power and Wind drove the revenue beat; Electrification missed consensus. Power achieved a 21.4% EBITDA margin in its seasonally weakest services quarter as higher-priced equipment deliveries and manufacturing productivity became significant earnings drivers. Wind contributed disproportionately to the revenue surprise and returned to profitability, helped by services, lower offshore costs and unquantified tariff recoveries. Electrification grew 16% organically while benefiting from Prolec consolidation. The consolidated revenue surprise was not a broad-based acceleration beyond expectations across every business.

CASH GENERATION IS NOT REPEATABILITY. Operating improvement was substantial, but \$5.27 billion of quarterly free cash flow of \$5.409 billion came from operating working-capital movements. Customer advances reduce funding costs and demonstrate commitment, but finance future performance obligations. If bookings stabilize while deliveries accelerate, incremental advance benefits can diminish even as earnings grow. GAAP earnings also included an \$84 million retiree-benefit gain, excluded from adjusted EBITDA; year-to-date net income included a nonrecurring \$3.992 billion pretax Prolec remeasurement gain.

MARGIN CONFIDENCE EXCEEDS FORMAL GUIDANCE. Management endorsed stronger second-half Power margins as a reasonable starting point for 2027. Annual gas order pricing per kW growth of approximately 50% includes mix; the expected sequential 4Q decline reflects mix, not evidence of underlying pricing deterioration. Electrification margins above 30% were discussed directionally, not formally guided. The raised outlook requires further fourth-quarter profitability improvement, partly supported by lighter corporate costs rather than exclusively stronger segment execution.

LIQUIDITY IS NOT DISTRIBUTABLE SURPLUS. Cash of \$16.8 billion included approximately \$400 million restricted; acquisition funding, repurchases, capacity investment and customer obligations compete for capital. Combined R&D and capex should increase more than 30% this year. The proposed \$9 billion Trench acquisition strengthens critical component supply, but its economics depend on growth before ownership begins. The quarter supports positive forward earnings revisions more strongly than capitalizing \$16 billion to \$17 billion of annual free cash flow as sustainable.

CONVERSIONS ARE NOT NEW DEMAND. Gas commitments rose from 116 GW to 122 GW, but approximately 13 GW of existing reservations converted to orders. That strengthens contractual commitment without adding newly originated demand. Management reported no financing-related disruption or weaker cash terms; long-dated slots increase project-execution exposure.

4 | KEY READ-THROUGHS

EQUIPMENT MARGINS ARE BEING RESET HIGHER
Siemens Energy (ENR); Mitsubishi Heavy Industries (7011) | Strongly positive | High segment-level significance
Power’s 21.4% EBITDA margin during seasonally weak services activity demonstrates that scarcity pricing is converting into realized profitability. Replacing older backlog with better-priced equipment and manufacturing operating leverage supports peer earnings potential. Rapid equipment growth need not dilute margins as severely as historical models assume. GE Vernova’s approximately 50% order-pricing increase includes mix and cannot transfer mechanically to competitors.

HIGH-VOLTAGE EQUIPMENT DEMAND IS BROADER THAN A SINGLE DATA-CENTER INVESTMENT CYCLE
Hitachi (6501); HD Hyundai Electric (267260); Hyosung Heavy Industries (298040) | Strongly positive | High relevance for the Korean equipment companies and moderate consolidated relevance for diversified Hitachi
Electrification equipment backlog of approximately \$42 billion and doubled North American equipment orders support qualified grid suppliers. Utility replacement, industrial electrification and renewable integration broaden demand beyond data centers. Testing and customer qualification limit new supply. HVDC pricing stabilized at an elevated level; transmission and switchgear pricing continued improving. Local plants can improve delivery credibility.

EXISTING DISPATCHABLE GENERATION GAINS VALUE
Constellation Energy (CEG); Vistra (VST); Talen Energy (TLN) | Positive | Potentially high for incremental contracting economics and asset values
Turbine delivery slots sold for 2032 reduce new supply responsiveness, strengthening the negotiating position of existing nuclear and gas generators. Operating plants, interconnection rights, fuel access and permits can monetize scarcity before new developments through contracts, recontracting, capacity revenues and uprates. Existing hedges and fixed-price contracts can delay realization; transmission constraints can block access to particular loads.

A PROFITABLE QUARTER DOES NOT SIGNAL A BROAD U.S. WIND EQUIPMENT RECOVERY
Vestas Wind Systems (VWS) | Negative | Moderate business significance
GE Vernova’s Wind orders rose 16% from a very small base while the U.S. new-equipment market remained soft. Permitting and tariff uncertainty can delay procurement and limit factory utilization. Services, repowering and lower offshore costs are not evidence of greenfield recovery. The negative read-through concerns industry recovery assumptions, not a mechanical forecast that Vestas’s next quarter must disappoint.