Lark Research
839 Dewitt Street
Linden, New Jersey 07036
www.larkresearch.com

Stephen P. Percoco
(908) 975-0250
spercoco@larkresearch.com

GE Vernova, Inc. (GEV)

Strong 26Q2 Earnings But Short of Consensus. Resetting Price Target to $900 and Maintaining Sell Rating.

Update Report — August 4, 2026

GE Vernova (GEV) posted 26Q2 revenues of $11.1 billion, up 21.9% YOY. Operating income surged 72.8% to $655 million, driven by revenue growth and higher margins at Power and Electrification, which more than offset a modestly wider loss at Wind. On a consolidated basis, equipment gross margin increased by 20 bp to 33.1% YOY; while services gross margin jumped 370 bp to 32.6%. The SG&A expense ratio declined by 60 bp to 12.1%. Net earnings attributable to GEV were $2.47 per diluted share, up from $1.86 in 25Q2. Adjusted (non-GAAP) earnings, which are not defined by GEV, increased from $1.75 to $2.34, according to my estimates. Yet, expectations were high as GAAP per share earnings of $2.47 were below the consensus estimate of $3.18, according to Yahoo! Finance. Free cash flow was $5.1 billion, up from $4.8 billion in 26Q1 and $0.2 billion in 25Q2, as the company took in $8.1 billion (and $13.7 billion YTD) from downpayments on orders and slot reservation agreements (SRAs).

In 26Q1, the company closed the acquisition of the remaining 50% stake in the Prolec GE joint venture for $5.254 billion. It financed half of the purchase price by issuing $2.8 billion of debt and the remainder with cash. In conjunction with the acquisition, it wrote its own 50% stake in Prolec GE up to fair value, booking a (non-cash) gain of $4.4 billion, all of which was recorded as goodwill.

With the 26Q2 results, management raised its full year 2026 guidance. It now anticipates $45.5-$46.5 billion in revenue, up $1 billion; adjusted EBITDA margin of 12%-14%, which is unchanged; and free cash flow of $11.5-$13.5 billion, up from $6.5-$7.5 billion. It now sees higher revenues at Power and Electrification and a low double-digit revenue decline at Wind. Still, its guidance implies that Wind will have positive EBITDA in 26H2, reversing 26H1 losses. My projections are in line with guidance, resulting in projected diluted GAAP EPS of $29.61 and estimated non-GAAP EPS of $14.53. For 2027, I now project revenues of $54.5 billion, up 18.6%, GAAP EPS of $21.50 and non-GAAP EPS of $21.21.

YTD, GE Vernova's stock has delivered a total return of 54.3%, handily outperforming the S&P 500's 11.8% gain. However, the stock is down 12.4% since late April, underperforming the S&P 500's 6.4% advance. Still, GEV has performed far better than I have anticipated, as I have maintained my sell rating throughout the year.

Nevertheless, with the stock valued at 47.0 times 2027 GAAP EPS and 47.7 times non-GAAP EPS, my key concern remains valuation. Management anticipates accelerating multiyear growth based upon strong orders and slot reservation agreements. Yet, the valuation already prices in most, if not all, of this growth, leaving little room for setbacks in my view. While valuation is in the eye of Mr. Market and it is possible to posit scenarios that would support the valuation over the long term, I believe that downside economic risks and technological adaptations, which would reduce potential demand from data centers, are being largely ignored by the market.

My 12-month price target for GEV is $900 which equates to 41.9 times projected 2027 GAAP EPS of $21.50 and 43.6 times projected non-GAAP EPS of $20.65. I anticipate that the stock's forward multiple will decrease toward the market averages over time as growth peaks. At yesterday's closing price of $1010.99, my price target anticipates a negative total return of 10.8%, including the stock's 0.2% dividend yield. I maintain my performance rating at "5" (Sell). While I do not recommend shorting the stock, I believe that the downside risks outweigh the upside potential from here, but it is difficult to determine when those downside risks might materialize.

Common Stock Performance Rating: 5; Safety Rating: C- — **S&P 500: 7600.50** (8/3)

Shares Outst. (mil.)	Common Stock	8/3/25 Price	Div. per Share	Div. Yield	Tangible Book Val.	Proj '26 EPS	2026 P/E	Proj. '27 EPS	2027 P/E
258.2	GE Vernova, Inc.	$1,010.99	$2.00	0.2%	($8.67)	$29.61	34.1	$21.50	47.0

Projected Non-GAAP EPS is $14.53 for 2026 and $21.21 for 2027. GEV does not define non-GAAP EPS. My non-GAAP estimates utilize the exceptional items that GE Vernova identifies in adjusted EBITDA (excluding D&A), taxed at an assumed 10% rate.

Table 1

GE Vernova, Inc. (GEV)

Historical and Projected Statements of Income: 2025-2027F

($000s)

	Historical 12 Months 31-Dec-25	Historical 3 Months 31-Mar-26	Historical 3 Months 30-Jun-26	Projected 3 Months 30-Sep-26	Projected 3 Months 31-Dec-26	Projected 12 Months 31-Dec-26	Projected 12 Months 31-Dec-27
Revenues							
Sales of equipment	20,934	5,254	6,459	7,556	8,250	27,519	34,959
Sales of services	17,134	4,084	4,645	4,448	5,324	18,502	19,604
Total revenues	38,068	9,339	11,104	12,003	13,575	46,021	54,563
Costs and Expenses							
Cost of equipment	18,759	4,714	5,613	6,405	6,959	23,692	29,447
Cost of services	11,774	2,843	3,130	2,847	3,248	12,069	12,155
Gross profit	7,535	1,781	2,360	2,751	3,368	10,260	12,962
Selling, gen. and admin. exp.	4,949	1,298	1,372	1,380	1,493	5,544	6,111
Research and development	1,197	304	334	324	367	1,329	1,364
Operating income (loss)	1,389	179	653	1,047	1,508	3,387	5,487
Interest & other fin. charges	186	28	72	80	80	260	250
Non-operating benefit costs	459	134	119	100	100	453	400
Other income	795	4,762	80	66	84	4,992	597
Inc. (loss) bef. inc. taxes	2,829	5,103	925	1,293	1,773	9,092	6,734
Provision (benefit) for inc. taxes	(2,051)	354	276	194	266	1,090	1,010
Net income (loss)	4,879	4,750	649	1,099	1,507	8,002	5,724
Net loss (inc.) attrib. to n/c int.	4	(4)	19	10	10	35	40
Net inc. (loss) attrib. to GEV	4,883	4,745	668	1,109	1,518	8,037	5,764
EPS attrib. to GE Vernova							
Basic	$17.93	$17.65	$2.49	$4.30	$5.89	$30.02	$21.84
Diluted	$17.70	$17.44	$2.47	$4.22	$5.78	$29.61	$21.50
Non-GAAP EPS	$7.35	$2.73	$2.34	$4.11	$5.67	$14.53	$21.21
Wtd. avg. shares outstanding							
Basic	276	269	268	258	258	268	264
Diluted	272	272	270	263	263	271	268

Source: GE Vernova SEC filings and Lark Research projections.

Table 2

GE Vernova, Inc. (GEV)

Historical and Projected Statements of Financial Position: 2025-2027F

($000s)

	Historical 31-Dec-25	Historical 31-Mar-26	Historical 30-Jun-26	Projected 30-Sep-26	Projected 31-Dec-26	Projected 31-Dec-27
ASSETS						
Cash and equivalents	8,848	10,172	13,120	13,052	12,755	16,603
Current receivables	9,803	9,568	11,099	11,738	12,217	12,851
Inventories	10,429	11,919	12,692	13,364	13,609	14,590
Current contract assets	9,294	9,609	9,522	9,885	10,353	10,447
All other current assets	1,445	1,701	999	1,200	1,500	1,500
CURRENT ASSETS	40,216	42,969	47,433	49,239	50,433	55,992
Property, plant and equipment	6,006	7,139	7,354	7,554	7,754	8,554
Goodwill	4,439	9,855	9,689	9,689	9,689	9,689
Other intangible assets - net	727	4,543	4,507	4,287	4,067	3,187
Contract and other deferred assets	378	462	453	460	460	460
Equity method investments	1,834	1,396	1,384	1,384	1,384	1,384
Deferred income taxes	5,321	5,182	5,792	6,000	6,200	6,400
All other assets	4,095	4,066	4,188	4,300	4,400	4,600
TOTAL ASSETS	63,016	75,611	80,800	82,913	84,387	90,266
LIABILITIES AND EQUITY						
Accts payable & equip. proj. accruals	8,809	9,572	10,104	10,280	10,547	11,550
Contract liab. and deferred income	25,774	31,830	39,944	42,213	43,260	47,663
All other current liabilities	6,310	6,691	5,782	5,800	6,000	6,500
CURRENT LIABILITIES	40,972	48,093	55,830	58,293	59,806	65,713
Debt	0	2,806	2,794	2,800	2,800	2,800
Deferred income	1,162	1,298	1,471	1,500	1,500	2,000
Non-current comp. & benefits	3,171	3,195	2,654	2,494	2,334	1,694
All other liabilities	5,416	5,154	4,936	5,000	5,000	5,200
TOTAL LIABILITIES	50,720	60,546	67,685	70,087	71,440	77,407
Common stock	3	3	3	3	3	3
Additional paid-in capital	9,813	9,414	9,445	9,515	9,585	9,865
Retained earnings	6,154	10,762	11,296	12,276	13,664	18,915
Treasury common stock	(3,385)	(4,684)	(7,057)	(8,340)	(9,622)	(15,022)
AOCI - net attrib. to GE Vernova	(1,407)	(1,574)	(1,731)	(1,776)	(1,821)	(2,001)
TOTAL EQUITY ATTRIB. TO GEV	11,178	13,922	11,957	11,678	11,809	11,760
Noncontrolling interests	1,118	1,143	1,158	1,148	1,138	1,098
TOTAL EQUITY	12,296	15,065	13,115	12,826	12,947	12,858
TOTAL LIABILITIES AND EQUITY	63,016	75,611	80,800	82,913	84,387	90,266
Common shares outstanding	261	259	258	258	257	255

Source: GE Vernova SEC filings and Lark Research projections.

Table 3

GE Vernova, Inc. (GEV)

Historical and Projected Statements of Cash Flows: 2025-2027F

($000s)

	Historical 12 Months 31-Dec-25	Historical 3 Months 31-Mar-26	Historical 3 Months 30-Jun-26	Projected 3 Months 30-Sep-26	Projected 3 Months 31-Dec-26	Projected 12 Months 31-Dec-26	Projected 12 Months 31-Dec-27
CASH FLOWS - OPERATING ACTIVITIES							
Net earnings	4,879	4,750	649	1,099	1,507	8,002	5,724
Adjustments							
Depreciation and amort. of PP&E	615	166	182	180	180	708	720
Amortization of intangible assets	238	176	235	220	220	851	880
(Gain) loss on purch./sale of bus. int.	(185)	(4,405)	(23)	(20)	(20)	(4,468)	(80)
Principal pension plans cost	(361)	(90)	(606)	(90)	(90)	(876)	(360)
OPEB (net)	(227)	(80)	(42)	(70)	(70)	(262)	(280)
Provision (benefit) for income taxes	(2,051)	354	276	194	266	1,090	1,010
Cash recovered (paid) for inc. taxes	(830)	(534)	(724)	(194)	(266)	(1,718)	(1,010)
Changes in operating working cap.	4,097	5,310	6,389	771	121	12,592	3,698
All other operating activities	(1,187)	(457)	(845)	(372)	(354)	(2,028)	980
Cash flows - operating activities	4,987	5,190	5,492	1,718	1,493	13,891	11,281
CASH FLOWS - INVESTING ACTIVITIES							
Additions to PP&E	(1,277)	(397)	(386)	(400)	(400)	(1,583)	(1,600)
Dispositions of PP&E	39	177	24	20	20	241	80
Acquisitions	0	(4,886)	1	0	0	(4,885)	0
Purch./contrib. to eq. method inv.	(87)	(10)	(10)	(20)	(20)	(60)	(80)
Sales of and distr. to eq. method inv.	464	44	34	20	20	118	80
Proceeds from prin. bus. dispositions	60	598	(4)	0	0	594	0
All other investing activities	47	183	570	0	0	753	0
Cash flows - investing activities	(755)	(4,291)	229	(380)	(380)	(4,822)	(1,520)
CASH FLOWS - FINANCING ACTIVITIES							
Net inc. (dec.) in short-term debt	0	2,567	0	6	0	2,573	0
Dividends paid	(275)	(137)	(136)	(129)	(129)	(531)	(512)
Share repurchases	(3,316)	(1,278)	(2,393)	(1,283)	(1,283)	(6,236)	(5,400)
All other financing activities	(221)	(711)	(214)	0	0	(925)	0
Cash flows - financing activities	(3,813)	442	(2,741)	(1,405)	(1,411)	(5,119)	(5,912)
Effect of currency exchange rates	224	(16)	(30)	0	0	(46)	0
Inc. (dec.) in cash, incl. bus. HFS	644	1,325	2,949	(68)	(298)	3,905	3,849
Less: net inc. (dec.) in cash in bus. HFS	2	(2)	0	0	0	(2)	0
Inc. (dec.) in cash, equiv. & restr. cash	643	1,326	2,948	(68)	(298)	3,907	3,849
Beginning cash	8,205	8,848	10,172	13,120	13,052	8,848	12,755
Ending cash	8,848	10,172	13,120	13,052	12,755	12,755	16,603
Free cash flow (Non-GAAP)							
Cash flows – operating activities	4,987	5,188	5,492	1,718	1,493	13,892	11,281
Gross adds to PP&E and IU software	(1,277)	(397)	(386)	(400)	(400)	(1,583)	(1,600)
Free cash flow	3,710	4,791	5,106	1,318	1,093	12,309	9,681
Free cash flow conversion rate	76.0%	100.9%	786.7%	120.0%	72.6%	153.8%	169.1%

Source: GE Vernova SEC filings and Lark Research projections. Free cash flow is as defined by GE Vernova.

Table 4

GE Vernova, Inc. (GEV)

Segment Revenues and EBITDA Reconciled to Net Income (Loss): 2025-2027F

($000s)

	Historical 12 Months 31-Dec-25	Historical 3 Months 31-Mar-26	Historical 3 Months 30-Jun-26	Projected 3 Months 30-Sep-26	Projected 3 Months 31-Dec-26	Projected 12 Months 31-Dec-26	Projected 12 Months 31-Dec-27
Segment Revenues							
Power	19,767	4,971	5,477	5,916	7,046	23,411	28,089
Wind	9,110	1,432	2,026	2,231	2,321	8,010	9,043
Electrification	9,642	2,959	3,637	3,900	4,250	14,746	17,600
Total segment revenues	38,519	9,363	11,140	12,046	13,617	46,168	54,731
Eliminations	(451)	(24)	(37)	(42)	(42)	(146)	(168)
Consolidated revenues	38,068	9,339	11,104	12,003	13,575	46,021	54,563
SEGMENT EBITDA							
Power	2,902	812	1,031	1,151	1,426	4,418	5,619
Wind	1,434	528	671	422	593	2,216	2,726
Electrification	(598)	(382)	(275)	119	139	(400)	0
Total segment EBITDA	3,737	958	1,427	1,693	2,157	6,234	8,345
Corporate and other	(541)	(62)	(177)	(130)	(115)	(484)	(460)
Restructuring and other charges	(277)	(94)	(9)	(30)	(30)	(162)	(120)
Purchases/sales of bus. interests	281	4,494	(49)	20	20	4,485	80
Separation (costs) benefits	(180)	(23)	(38)	(40)	(40)	(141)	(160)
Non-operating benefit income	459	134	119	100	100	453	400
Depreciation and amortization	(847)	(341)	(418)	(400)	(400)	(1,560)	(1,600)
Interest and other fin. charges	185	27	73	80	80	260	250
Benefit (prov.) for income taxes	2,062	(344)	(279)	(194)	(266)	(1,083)	(1,010)
Net income (loss)	4,879	4,750	649	1,099	1,507	8,002	5,724
Segment EBITDA margin							
Power	14.7%	16.3%	18.8%	19.5%	20.2%	18.9%	20.0%
Wind	14.9%	17.8%	18.4%	10.8%	13.9%	15.0%	15.5%
Electrification	-6.6%	-26.7%	-13.6%	5.3%	6.0%	-5.0%	0.0%
Total segment EBITDA margin	9.8%	10.3%	12.9%	14.1%	15.9%	13.5%	15.3%

Source: GE Vernova SEC filings and Lark Research projections.

Table 5

GE Vernova, Inc. (GEV)

Adjusted EBITDA and Adjusted EBITDA Margin: 2025-2027F

($000s)

	Historical 12 Months 31-Dec-25	Historical 3 Months 31-Mar-26	Historical 3 Months 30-Jun-26	Projected 3 Months 30-Sep-26	Projected 3 Months 31-Dec-26	Projected 12 Months 31-Dec-26	Projected 12 Months 31-Dec-27
Adj. EBITDA and Adj. EBITDA Margin							
Net income (loss)	4,879	4,750	649	1,099	1,507	8,002	5,724
plus income tax expense (benefit)	(2,062)	344	279	194	266	1,090	1,010
plus interest & other financial charges	(185)	(27)	(73)	(80)	(80)	(260)	(250)
plus deprec. and amort. of PP&E	847	341	418	400	400	1,559	1,600
EBITDA	3,479	5,408	1,273	1,613	2,093	10,391	8,084
EBITDA margin	9.1%	57.9%	11.5%	13.4%	15.4%	22.6%	14.8%
Add: restructuring and other charges	277	94	9	30	30	235	235
Add: purch./(sales) of bus. interests	(281)	(4,494)	48	(20)	(20)	(4,485)	(80)
Add: non-operating benefit income	(459)	(134)	(119)	(100)	(100)	(453)	(400)
Adjusted EBITDA	3,196	898	1,249	1,563	2,043	5,830	7,999
Adjusted EBITDA margin	8.4%	9.6%	11.2%	13.0%	15.0%	12.7%	14.7%

Source: GE Vernova SEC filings and Lark Research projections.

Table 6

GE Vernova, Inc. (GEV)

Estimated Adjusted Net Income and EPS: 2025-2027F

($000s, except per share values)

	Historical 12 Months 31-Dec-25	Historical 3 Months 31-Mar-26	Historical 3 Months 30-Jun-26	Projected 3 Months 30-Sep-26	Projected 3 Months 31-Dec-26	Projected 12 Months 31-Dec-26	Projected 12 Months 31-Dec-27
ADJUSTED EARNINGS							
Net income (loss) attributable to GEV	4,884	4,745	668	1,109	1,517	8,037	5,764
Add: Restructuring & other charges	277	70	65	50	50	235	235
Add: Purch. (sales) of bus. interests	(281)	(4,405)	(23)	(20)	(20)	(4,468)	(80)
Add: Separation costs (benefits)	180	23	38	40	40	141	160
Add: Non-operating benefit income	(459)	(134)	(119)	(100)	(100)	(453)	(400)
Add: Tax effect of reconciling items	28	445	4	3	3	453	7
Add: Certain tax adjustments	(2,600)	0	0	0	0	0	0
Adj. earnings (Non-GAAP)	2,029	744	633	1,082	1,490	3,945	5,686
Adjusted EPS (Non-GAAP)	$7.35	$2.73	$2.34	$4.11	$5.67	$14.53	$21.21
Wtd. avg. diluted shares outstanding	276	272	270	263	263	271	268
Income tax rate, as reported	-80.6%	53.9%	10.5%	11.3%	12.0%	24.0%	15.2%
Tax rate on adjustments	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Adjusted income tax rate	22.7%	121.6%	10.6%	11.3%	12.1%	34.0%	15.3%

Source: GE Vernova SEC filings and Lark Research estimates and projections. GE Vernova does not define adjusted earnings or adjusted EPS as a performance measure. I have created this measure using adjustment that GEV uses in its calculation of adjusted EBITDA with my own estimate of the tax rate on adjusted items.

Table 7

GE Vernova, Inc. (GEV)

Segment Revenues and EBITDA Detail: 2026F

($000s)

	Power	Electrification	Wind	Total
Equipment revenues	9,594	12,457	5,469	27,520
Services revenues	13,774	2,158	2,539	18,472
Intersegment revenues	42	132	1	175
Segment revenues	23,409	14,748	8,009	46,167
Other revenues and elim. of interseg. rev.				(146)
Total revenues	23,409	14,748	8,009	46,021
Less:				
Cost of revenues	16,577	10,485	7,791	
SG&A expenses	1,984	1,659	447	
R&D expenses	621	524	152	
Other segment items	(190)	(136)	19	
Segment EBITDA	4,417	2,217	(400)	6,234
Segment EBITDA margin	18.9%	15.0%	-5.0%	13.5%

Source: GE Vernova SEC filings and Lark Research estimates and projections.

Table 8

GE Vernova, Inc. (GEV)

Segment Revenues and EBITDA Detail: 2027F

($000s)

	Power	Electrification	Wind	Total
Equipment revenues	13,584	15,045	6,330	34,959
Services revenues	14,464	2,395	2,713	19,572
Intersegment revenues	40	160	0	200
Segment revenues	28,088	17,601	9,043	54,731
Other revenues and elim. of interseg. rev.				(168)
Total revenues	28,088	17,601	9,043	54,563
Less:				
Cost of revenues	19,662	12,320	8,480	
SG&A expenses	2,273	1,990	362	
R&D expenses	715	704	181	
Other segment items	(180)	(140)	20	
Segment EBITDA	5,618	2,727	0	8,345
Segment EBITDA margin	20.0%	15.5%	0.0%	15.3%

Source: GE Vernova SEC filings and Lark Research estimates and projections.

Conflicts of Interest Disclosure:

The author has no position in the publicly traded securities of GE Vernova, Inc. (GEV).

Lark Research ratings methodology:

The **Performance** rating is scaled from 1 to 5, with a rating of 1 indicating "buy" vs. the broader market; "2" indicating outperform; "3" is neutral; "4" is underperform and a rating of 5 indicates "sell" vs. the broader market. The rating anticipates this performance over a 12-month period.

The **Safety** rating is scaled from A to E, with a rating of A indicating the highest safety profile and a rating of E indicating the lowest safety. E-rated investments carry the highest risk and face a high probability of significant loss.

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