

GE Vernova Inc. (NYSE: GEV)

Equity Research Report | 26 August 2026 | Electrical Equipment / Power Generation | Reference price USD 926.73 (close, 25 August 2026)

WATCHLIST	Reference price USD 926.73 · Probability-weighted fair value USD 914 · Investment score 64 / 100
	Accumulation zone USD 800 to 860 · Horizon 1 to 2 years · Suggested allocation on trigger 2.0% to 3.0%

Investment summary

GE Vernova is the best-positioned asset in the global power equipment complex and, at 926.73 dollars, it is priced as though that position were already an annuity. The company is close to sold out on heavy-duty gas turbine capacity through 2030, carries a record 176 billion dollar backlog, and books orders at roughly two times the revenue it recognises. None of that is in dispute. The dispute is arithmetic: the shares change hands at roughly 40 times guided 2026 adjusted EBITDA and around 61 times consensus 2026 earnings, which means the market has already granted management the full 2028 margin target it has not yet earned.

Two things separate this report from the prevailing bullish consensus. The first is the composition of free cash flow. Trailing twelve month operating cash flow of 14.1 billion dollars was accompanied by a 14.2 billion dollar working capital inflow, so cash generated by earnings after working capital was approximately nil. The headline five percent free cash flow yield is customer down-payment float on turbine slots, not owner earnings, and it is a function of order growth rather than profitability. The second is that the equity is now trading as a proxy for hyperscaler capital expenditure rather than on its own order book. The 21 percent drawdown from the June high occurred while backlog and guidance were both rising.

The verdict is Watchlist. The franchise merits ownership; the entry price does not yet. A move into the 800 to 860 dollar area, roughly 35 times 2027 estimated earnings, would convert a demanding valuation into a defensible one without requiring the thesis to change at all.

1. Company snapshot and key data

Metric	Value	Metric	Value
Share price (25 Aug 2026 close)	USD 926.73	2026 revenue guidance	USD 45.5bn to 46.5bn (raised)
Shares outstanding	266.3m	2026 adj. EBITDA margin guidance	12% to 14% (unchanged)
Market capitalisation	USD 246.8bn	2026 free cash flow guidance	USD 11.5bn to 12.5bn (raised)
Cash and equivalents (Q2 2026)	USD 12.7bn	Total backlog	USD 176bn (+37% y/y)
Total debt	USD 3.7bn	Gas equipment backlog	116 GW, targeting 125+ GW by year end
Net cash	USD 9.0bn	Q2 2026 orders	USD 24.2bn (+88% organic)
Enterprise value	USD 237.8bn	Book-to-bill (Q2 2026)	Above 2.0x
Dividend / yield	USD 2.00 p.a. / 0.22%	Credit rating	A- (Fitch, upgraded 2026)
Buyback authorisation	USD 10bn (3.7bn used YTD)	Beta / short interest	1.03 / 3.2% of float
52-week price gain	+55%	Drawdown from 30 Jun 2026 high	-21.1%

Sources: Alpha Vantage daily series (price), company Q2 2026 results and 8-K, StockAnalysis.com, Fitch. Balance sheet as of 30 June 2026.

2. Evaluation framework

GE Vernova is not a diversified industrial and should not be assessed as one. It is three businesses with different economics stapled together: a heavy-duty gas turbine franchise operating inside a global three-player oligopoly, a grid equipment business enjoying a transformer and switchgear shortage, and a wind business that has lost money every year since separation. Roughly half the backlog is long-dated services on an installed base of around 7,000 gas turbines, which is the highest quality earnings stream in the group and the least discussed.

Five variables will determine shareholder returns over the next two years. Everything that follows is assessed against them.

#	Driver	What has to happen, and the current evidence	Weight
1	Gas slot conversion and pricing	Whether reserved gas turbine slots convert into firm, priced orders. Slot reservations are being written near 3,000 dollars per kilowatt and H1 2026 equipment order pricing ran more than 20 points above Q4 2025.	High
2	Segment margin trajectory	Power and Electrification must travel from roughly 17% to 18% segment EBITDA margin today toward the 22% each targeted for 2028. Six hundred basis points of group margin is the bulk of the equity story.	High
3	Wind loss elimination	Wind is guided to roughly 400 million dollars of 2026 EBITDA losses. Management expects approximately breakeven in Q3. Each 100 million dollars removed is roughly 20 basis points of group margin.	Medium
4	Durability of hyperscaler capex	Data centre orders exceeded 5 billion dollars in H1 2026, more than double all of 2025. This is the marginal demand source and the variable the market is currently repricing.	High
5	Cash conversion quality	How much free cash flow survives once customer down payments stop growing. This determines whether the headline free cash flow yield can be capitalised at all.	High

3. Business and segment analysis

Power, at 5.5 billion dollars of Q2 revenue and 18.8 percent segment EBITDA margin, is the engine. Revenue grew 14 percent organically while orders rose 134 percent to 16.7 billion dollars, taking segment backlog to 111.6 billion dollars. The gas equipment book moved from 100 to 116 gigawatts in a single quarter and management expects at least 125 gigawatts by year end. Annualised production reached 20 gigawatts in Q2, with 24 gigawatts targeted for 2028 and a newly announced 30 gigawatts for 2030, to be delivered inside the existing factory footprint using roughly 400 new machines. That last detail matters: capacity is being added without a greenfield capital cycle, which is why incremental margins should be high if volumes arrive.

Electrification is the fastest-moving part of the company and the most changed. Revenue rose 68 percent on a reported basis but only 29 percent organically, the gap being the consolidation of Prolec GE, previously a fifty-fifty joint venture with Xignux. Segment EBITDA more than doubled to 671 million dollars and margin expanded 700 basis points organically to 18.4 percent. Owning Prolec outright is strategically material rather than cosmetic: it let the company book 800 million dollars of US transformer orders in H1 from global factories, business management stated plainly it could not write under the joint venture structure.

Wind remains the problem. Revenue fell 11 percent organically to 2.0 billion dollars, EBITDA losses widened to 275 million dollars, and orders dropped 40 percent as North American onshore permitting and tariff uncertainty stalled customer decisions. Onshore services improved for a third consecutive quarter with meaningful margin expansion, which is the one genuine bright spot, but four years after separation this segment still consumes roughly 400 million dollars a year. The 2028 plan assumes Wind reaches a 6 percent margin. That is an assumption, not a trend.

Segment (Q2 2026)	Revenue USDm	Organic growth	EBITDA margin	Organic margin change	Orders USDm	Order growth	Backlog USDm
Power	5,500	+14%	18.8%	+320 bp	16,700	+134%	111,600
Electrification	3,600	+29%	18.4%	+700 bp	6,300	+66%	n/d
Wind	2,000	-11%	-13.6%	-630 bp	n/d	-40%	n/d
Group	11,104	+12%	11.3%	+340 bp	24,200	+88%	176,000

Group organic growth and margin change are company-reported. Wind order growth is year on year. n/d denotes not disclosed at segment level in the quarterly release.

4. Industry structure and demand

Heavy-duty gas turbines are one of the few genuine oligopolies left in global industry. GE Vernova, Siemens Energy and Mitsubishi Heavy Industries account for effectively all Western installed capacity, and the barriers are metallurgical, thermodynamic and reputational rather than financial. A utility committing to a 40-year asset does not experiment. That structure is why pricing has held: the constraint is not demand, it is casting capacity, forging capacity and skilled labour, and all three vendors are capacity-limited simultaneously.

Demand has three legs. Load growth from artificial intelligence data centres is the fastest and the most discussed. Coal retirement replacement is slower and more certain. Grid reinforcement, driven by interconnection queues and transformer lead times that have stretched to several years, underpins Electrification independently of the other two. The important structural point is that only the first leg is genuinely cyclical, and the market is currently valuing the entire company as though all three depend on it.

The risk on the other side of the cycle deserves stating plainly. If all three vendors add capacity into the same demand signal, the industry arrives at the early 2030s with materially more annual gigawatt output than in 2024. Management's own framing was that supply and demand look balanced through 2030 and that visibility beyond that is limited. When asked directly on the Q2 call whether 2026 represents peak orders, management declined to confirm or deny, preferring to point to healthy discussions for 2032 and beyond. That is a fair answer, and it is also an unresolved question.

5. Financial analysis

Reported performance

Revenue of 41.4 billion dollars on a trailing twelve month basis is 13 percent above the prior period, and the margin progression since separation has been genuine: gross margin has climbed from 12.3 percent in 2022 to 20.6 percent, and operating margin from negative 5.9 percent to 6.6 percent. Adjusted EBITDA in Q2 2026 rose 61 percent year on year to 1.2 billion dollars. That is real operating improvement, driven by price, mix and services rather than by volume alone.

USD millions unless stated	FY2022	FY2023	FY2024	FY2025	TTM Jun-26
Revenue	29,654	33,239	34,935	38,068	41,367
Gross profit	3,650	4,965	6,341	7,645	8,509
Gross margin	12.3%	14.9%	18.2%	20.1%	20.6%
Operating income	(1,745)	93	1,152	2,142	2,725
Operating margin	-5.9%	0.3%	3.3%	5.6%	6.6%
Net income (as reported)	(2,736)	(438)	1,552	4,884	9,529
Diluted EPS (as reported)	(10.00)	(1.60)	5.58	17.69	34.94
Operating cash flow	n/d	1,186	2,583	4,987	14,139

USD millions unless stated	FY2022	FY2023	FY2024	FY2025	TTM Jun-26
Working capital contribution	n/d	1,130	1,119	4,097	14,228
Capital expenditure	n/d	744	883	1,277	1,701
Free cash flow (as reported)	n/d	442	1,700	3,710	12,438
Share repurchases	0	0	43	3,316	5,406

Source: StockAnalysis.com and company filings. Figures in parentheses are negative.

Two adjustments the headline numbers require

Reported earnings are not operating earnings. Trailing twelve month net income of 9.5 billion dollars sits against operating income of 2.7 billion dollars. The gap is two discrete items. Q1 2026 carried a pre-tax gain of 3,992 million dollars on the remeasurement of the previously held Prolec GE stake at fair value on moving from equity accounting to consolidation, producing quarterly net income of 4,745 million dollars against operating income of 510 million dollars. Q4 2025 shows a comparable distortion, with 3,664 million dollars of net income on 809 million dollars of operating income. Neither is cash and neither recurs. The trailing price to earnings ratio of roughly 27 times that appears on data services is therefore an artefact and should be disregarded entirely. Consensus 2026 adjusted earnings of about 15.17 dollars per share, against which the stock trades at roughly 61 times, is the honest starting point.

Free cash flow is float, not earnings. This is the single most important line in the report. Trailing twelve month operating cash flow of 14,139 million dollars was accompanied by a working capital contribution of 14,228 million dollars. Cash generated by the business after working capital movements was therefore approximately negative 89 million dollars, and after 1,701 million dollars of capital expenditure the underlying figure is negative. The equivalent calculation for FY2025 leaves roughly 890 million dollars. The source is explicit and management named it on the call: customer down payments on gas turbine slot reservations, which drove a 6.4 billion dollar working capital benefit in Q2 alone and took current contract liabilities from 19.6 billion to 39.9 billion dollars year on year.

This float is not illegitimate. It is real, largely non-refundable cash that funds the buyback and the capacity ramp at zero cost, and it will keep growing while the order book grows. But it is a balance sheet liability being converted into a cash flow statement inflow, and it stops the moment orders stop compounding. Capitalising a 5 percent free cash flow yield built this way is a category error. On a normalised basis, stripping the down-payment inflow, free cash flow is closer to 5 to 6 billion dollars, a yield near 2.2 percent. Management itself flagged that H1 benefited disproportionately and that H2 would moderate.

The balance sheet is genuinely strong on the metrics that matter for survival: 12.7 billion dollars of cash against 3.7 billion dollars of debt, net cash of 9.0 billion dollars, and a Fitch upgrade to A- on margin expansion. Reported returns on equity of 82 percent and return on invested capital of 41 percent are, however, flattered by the same one-off gains and by an equity base of only 13.1 billion dollars supporting 80.8 billion dollars of assets. The structural negative working capital position of 8.4 billion dollars is the customer-funded model working as intended, and it is the same mechanism described above viewed from the other side.

6. Competitive position

GE Vernova's moat is best understood as three separate things of different durability. The installed base of roughly 7,000 gas turbines generates a multi-decade services annuity that competitors cannot attack, and services now account for about half the 176 billion dollar backlog. That is the durable part. The second is technological leadership in the H-class frame, which is real but contestable and requires the 5 billion dollar research commitment through 2028 to defend. The third, and the one driving current pricing, is simply capacity scarcity, which is the least durable of the three and mechanically erodes as all three vendors expand.

Company	Mkt cap USDbn	Trailing P/E	EV / 2026E EBITDA	Rev. growth	Principal advantage	Principal vulnerability
GE Vernova (GEV)	246.8	~61x	~40x	13.0%	Installed base, H-class leadership, US grid scale	Wind losses, valuation, cycle timing
Siemens Energy	n/d	n/d	n/d	n/d	Grid technologies scale, European utility base	Legacy wind (Gamesa) drag, execution history
Mitsubishi Heavy	n/d	n/d	n/d	n/d	Highest gas turbine market share in recent awards	Conglomerate structure dilutes exposure
Eaton (ETN)	158.9	~42x	n/d	~9%	Electrical distribution breadth, data centre content	Less exposed to generation cycle
Vertiv (VRT)	98.5	~58x	n/d	~25%	Pure data centre power and cooling exposure	Narrower moat, higher customer concentration
Quanta Services (PWR)	90.8	~69x	n/d	~15%	Grid construction labour scarcity	Services model, thinner margins

GEV trailing P/E shown on a clean 2026 estimated basis rather than the reported figure, for the reasons set out in section 5. Peer multiples from StockAnalysis.com as of 25 August 2026; n/d where not available on a comparable basis.

7. Management and execution

The guidance record is the most testable measure available, and it is good. Full year 2026 revenue guidance was raised from 44.5 to 45.5 billion dollars up to 45.5 to 46.5 billion, free cash flow guidance was nearly doubled from 6.5 to 7.5 billion up to 11.5 to 12.5 billion, and Power organic revenue growth guidance moved from 16 to 18 percent up to 18 to 20 percent. Fitch upgraded the credit to A- on margin expansion. Chief executive Scott Strazik's framing that the company sits in the early stages of an electricity investment super cycle and will be mostly sold out through 2030 has so far been supported by the order book rather than contradicted by it.

Three qualifications. First, the adjusted EBITDA margin guidance of 12 to 14 percent was left unchanged while revenue was raised, and Q2 adjusted earnings of 2.47 dollars per share missed the 3.04 dollar consensus by 19 percent. Revenue and orders are beating; profit conversion is not. Second, the free cash flow raise, impressive as the headline is, was driven by down payments rather than by profitability, so it is a weaker signal of execution than it appears. Third, insider ownership is 0.21 percent and there has been no insider buying in twelve months against roughly 9.1 million dollars of selling. The amounts are small and consistent with routine vesting, but the absence of any purchase at any price during a 21 percent drawdown is worth noting rather than explaining away.

Capital allocation has been active: 3.7 billion dollars of buyback year to date under a 10 billion dollar authorisation, the dividend doubled to 50 cents quarterly, a 500 million dollar voluntary pension contribution, and 1.5 billion dollars realised from portfolio disposals including the China XD Grid exit. The buyback has been executed largely above 1,000 dollars per share, which on this report's own valuation work is not obviously accretive.

8. Growth drivers

Driver	Timeframe	Likelihood	Impact	Evidence and commentary
Gas slot conversion to firm orders	0 to 24 months	High	High	116 GW contracted moving toward 125+ GW by year end; over 30 GW to ship in six quarters.
Power and Electrification margin expansion toward 22%	12 to 36 months	Medium	Very high	The core of the 2028 case. Requires roughly 400 bp of segment expansion from here in both.
Wind reaching breakeven	3 to 12 months	Medium	Medium	Guided to approximately breakeven in Q3 2026; removes about 400m dollars of annual drag.

Driver	Timeframe	Likelihood	Impact	Evidence and commentary
Data centre product expansion (MV-UPS, solid-state transformers)	12 to 36 months	Medium	Medium	Management placed meaningful contribution in 2027 orders, not 2026. Contingent on 800V DC adoption.
Aero-derivative bridge demand	0 to 24 months	High	Medium	Customers deploying interim power while awaiting heavy-duty commissioning in 2030 and 2031.
Services pricing on the installed base	Continuous	High	Medium	Transactional orders per unit rising double digits annually; roughly half of backlog.
Solid oxide fuel cells	36 months plus	Low	Low	Explicitly deferred by management to 2027 and beyond pending durability conviction.

9. Risk assessment

Risk	Category	Probability	Severity	Assessment
Valuation compression	Valuation	High	High	At roughly 61x 2026E earnings and 40x 2026E EV/EBITDA, a multiple reset to 40x forward earnings implies a share price near 600 dollars on unchanged estimates. This is the dominant near-term risk.
Hyperscaler capex reset	Demand	Medium	Very high	The August selloff followed reporting of roughly 3 trillion dollars of off-balance-sheet AI commitments and softer than expected AI revenue disclosures. GEV now trades as a basket proxy for this theme.
Down-payment float reversal	Financial	Medium	High	Free cash flow is customer prepayment driven. When order growth flattens, reported free cash flow falls sharply toward the 5 to 6 billion dollar underlying level even if profits are fine.
Cycle-peak orders	Industry	Medium	High	Orders grew 88% and book-to-bill exceeded 2.0x. Management declined to rule out 2026 as the peak. Order growth decelerating from this base is close to arithmetically certain.
Capacity oversupply post-2030	Competitive	Medium	Medium	GEV, Siemens Energy and Mitsubishi Heavy are all expanding into the same signal. Management called supply and demand balanced only through 2030.
Long-cycle contract execution	Company	Medium	High	Turbines contracted today ship in 2030 and 2031 at prices set now. Cost inflation, tariffs or delivery slippage over that horizon lands entirely on GEV.
Margin conversion shortfall	Company	Medium	High	Q2 adjusted EPS missed consensus by 19% despite a revenue beat. EBITDA margin guidance was not raised when revenue guidance was.
Wind segment	Company	High	Low	Orders down 40% and losses widening, but the segment is small enough that the downside is bounded near 400m dollars a year.
Rate sensitivity	Macro	Medium	Medium	The 30-year Treasury reached a 19-year high in August 2026. A long-duration backlog discounted at higher rates compresses present value directly.
Tariffs and permitting	Regulatory	Medium	Medium	Named by management as delaying onshore wind order clarity, with no quantified impact disclosed.

10. Valuation

Three methods are appropriate here and a discounted cash flow is not one of them. Free cash flow is currently dominated by working capital float, so a discounted cash flow model would either capitalise the float and produce nonsense, or normalise it and collapse into an earnings multiple with extra steps. The three used are: enterprise value to guided 2026 adjusted EBITDA, price to estimated forward earnings, and a test of the price against management's own published 2028

targets.

Method	Basis	Multiple / yield	Read
EV / 2026E adjusted EBITDA (guidance midpoint)	USD 5.98bn EBITDA on 46.0bn revenue at 13%	39.8x	Expensive
EV / 2026E adj. EBITDA at top of guidance	USD 6.51bn EBITDA on 46.5bn revenue at 14%	36.5x	Expensive
P / E on 2026E consensus earnings	Consensus adjusted EPS USD 15.17	61.1x	Expensive
P / E on 2027E earnings (this report's estimate)	Estimated adjusted EPS USD 22.89	40.5x	Demanding
P / E on 2028E earnings (this report's estimate)	Estimated adjusted EPS USD 29.94	31.0x	Full
EV / 2028E EBITDA on company target	USD 10.4bn EBITDA (52bn revenue at 20% target)	22.9x	Fair if delivered
Free cash flow yield (as reported)	TTM free cash flow USD 12.44bn	5.04%	Misleading
Free cash flow yield (normalised, ex down payments)	Estimated USD 5bn to 6bn	2.0% to 2.4%	Expensive
Dividend yield	USD 2.00 per share annualised	0.22%	Immaterial
Price / book	Book value per share USD 44.89	20.6x	Not meaningful

Forward earnings estimates for 2027 and 2028 are this report's own calculations, derived from revenue and margin assumptions of USD 53bn at 16.5% and USD 58bn at 19% respectively, less depreciation of 1.25bn and 1.35bn, plus net other income of 0.50bn and 0.55bn, taxed at 25%, over 262m and 256m shares. They are not company-reported figures. The 2026 bridge on the same method produces USD 14.78, against consensus of USD 15.17, which supports the approach.

The conclusion is that GE Vernova is fully valued to modestly overvalued. The 2028 enterprise value to EBITDA multiple of 22.9 times is the only figure in the table that looks reasonable, and it rests entirely on management delivering a 20 percent margin it has never achieved, against 12 to 14 percent guided for this year. The market is not paying for what the company earns. It is paying, at close to par, for what the company has told it that it will earn in 2028.

11. Market sentiment and positioning

Indicator	Detail	Read
Analyst consensus	Moderate Buy: 2 strong buy, 22 buy, 5 hold, 1 sell (30 analysts)	Constructive but not unanimous
Consensus price target	USD 1,133 (range USD 580 to 1,450), implying about 22% upside	The 870 dollar spread is unusually wide
Recent target revisions	Post-Q2 raises from Guggenheim (1,450), JPMorgan (1,330), Oppenheimer (1,338), RBC (1,225), Bernstein (1,298); BNP cut to 1,090 in August	Bulls raised on the print, then the tape fell
Notable rating change	Morgan Stanley recorded as downgrading to Underweight on 3 August 2026, against a 1,350 dollar Overweight from the same firm in late July	Conflicting house views; treat with caution
Institutional flow	Approximately 66bn dollars net accumulation over 12 months; BlackRock, Vanguard, FMR and State Street the largest holders	Strongly positive
Insider activity	No purchases in 12 months; roughly 9.1m dollars of sales; insider ownership 0.21%	Neutral to mildly negative
Short interest	3.2% of shares outstanding	Low, no crowded short

Indicator	Detail	Read
News flow (moomoo digest)	Medium-voltage UPS launch for AI data centres, Quinbrook Supernode battery award in Queensland, SHINE nuclear fuel tracking project, Fitch upgrade to A-, Bernstein reaffirmed Buy	Bullish on substance, neutral on price

The sentiment picture is unusual and worth stating explicitly: the fundamental news flow through August has been almost uniformly positive while the share price fell 21 percent from its June high. The August 18 decline, in which GE Vernova fell around 6 percent alongside other behind-the-meter power names, followed reporting on the scale of hyperscaler off-balance-sheet AI commitments and a rise in long Treasury yields. The stock is being repriced as an AI derivative, not on its own results.

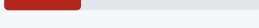
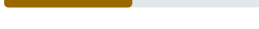
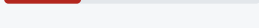
12. Technical position

Indicator	Value	Interpretation
Last close	USD 926.73 (25 August 2026)	Reference
SMA 20 / EMA 20	996.22 / 996.40	Price below, bearish
SMA 50 / EMA 50	1,035.48 / 1,012.28	Price below, bearish
SMA 100 / EMA 100	1,024.12 / 1,004.27	Price below, bearish
SMA 200 / EMA 200	Not computed	Series limited to 100 sessions
RSI (14)	37.3	Weak, not yet oversold
MACD (12,26,9)	-18.40, signal -9.52, histogram -8.88	Bearish and widening
ATR (14)	48.61, equal to 5.25% of price	Very high volatility
Volume, 20-day vs 50-day average	2.13m vs 2.73m	Declining participation into weakness
Range since 2 April 2026	High 1,174.86 (30 Jun), low 867.09 (10 Jun)	Wide, choppy
Drawdown from closing high	-21.1%	Technical bear market
Near support	900 (29 Jul close), 867 (10 Jun close), 856 (intraday low)	First test likely
Near resistance	996 (SMA20), 1,035 (SMA50), 1,079 (17 Aug close)	Heavy overhead supply

All indicators computed from Alpha Vantage daily OHLCV covering 2 April to 25 August 2026 (100 sessions). The 200-day and 100-day exponential averages require a longer series than was available and are reported as not computed rather than estimated.

The setup is poor. Price sits below every computable moving average, the MACD histogram is negative and widening, and the stock has fallen 14 percent in six sessions from the 17 August close of 1,079 dollars. RSI at 37 is weak without being washed out, which typically means the decline has further to run before it exhausts. An average true range of 5.25 percent of price is exceptional for a 247 billion dollar company and any position must be sized for it. Technicals inform timing only, and here they argue against immediacy.

13. Investment scorecard

Factor	Score	Weight	Rationale
Business Quality		8/10 12%	Oligopoly economics, 7,000-unit installed base, half of backlog in services.
Financial Strength		8/10 12%	Net cash 9.0bn, A- rating, but thin equity funded by customer deposits.
Competitive Advantage		8/10 13%	Durable on services and technology, temporary on capacity scarcity.
Management		7/10 10%	Guidance raised repeatedly and delivered on revenue; EPS conversion missed.
Growth Potential		9/10 15%	176bn backlog, orders +88%, sold out through 2030, half of 2031 contracted.
Valuation		3/10 20%	61x 2026E earnings, 40x 2026E EV/EBITDA, headline FCF yield is float.
Risk (10 = lowest risk)		5/10 13%	Net cash and contracted backlog offset by cycle, float and AI-capex exposure.
Technical Setup		3/10 5%	Below all computable moving averages, MACD deteriorating, 21% off the high.
Overall investment score			64 / 100

Scored 1 to 10, where 10 is always best, including Risk. A score of 10 = lowest risk. The overall score is the weighted sum of the factor scores, with weights summing to 100.

The Risk score of 5 out of 10 sits deliberately at the midpoint. The balance sheet, the contracted backlog and the oligopoly structure genuinely reduce risk. Against that sit valuation compression at high probability and high severity, hyperscaler capex exposure, the down-payment float reversal, and fixed-price contracts shipping five years out. Section 9 describes a business of moderate rather than low risk, and a score of 5 is consistent with it.

14. Recommendation

Watchlist. This is a first assessment of GE Vernova, so there is no prior verdict to compare against. The rating is not a criticism of the business, which scores well on every operational measure in this report. It reflects a single conclusion: at 926.73 dollars the shares discount the successful delivery of the 2028 plan, leaving the buyer with the execution risk and none of the upside from it.

Item	Level	Reasoning
Accumulation zone	USD 800 to 860	Approximately 35x 2027E earnings and near the 10 June low of 867. A level at which the 2028 plan no longer needs to be fully delivered for the investment to work.
First scale-in trigger	USD 860 with RSI below 30	Requires evidence of selling exhaustion rather than a falling knife. Half position.
Second scale-in trigger	USD 800, or reclaim of the 50-day average at 1,035 on rising volume	Either capitulation or confirmed trend repair. Remainder of position.
Thesis-invalidating level	Sustained trade below USD 780	Below this the market is repricing the demand thesis, not the multiple. Reassess rather than average.
Upside reference	USD 1,133 consensus target, USD 1,275 bull case	Roughly 22% and 38% above the reference price respectively.
Suggested position size on trigger	2.0% to 3.0% of portfolio	Constrained by a 5.25% average true range and by correlation with every other AI-adjacent holding.
Holding horizon	1 to 2 years minimum	The margin expansion that justifies the price does not arrive before 2027 and 2028.

Three developments would change this to a Buy without any price move at all. A quarter in which adjusted EBITDA margin is guided above 14 percent for 2026, confirming that revenue growth is converting to profit. Wind reaching sustained breakeven, which management has guided to for Q3. Or evidence that hyperscaler capital expenditure commitments are firming into signed power purchase agreements rather than softening, which would validate the demand leg the market is currently discounting.

15. Scenario analysis

Case	Prob	Revenue outlook	Earnings outlook	Exit multiple	Fair value	vs price
Bull	25%	2027 revenue near USD 55bn as gas slots convert at pricing above 3,000 USD/kW and Electrification compounds in the high teens.	Adj. EPS USD 25.50; 2028 margin path to 20% credible and de-risked.	50.0x	USD 1,275	+37.6%
Base	50%	2027 revenue near USD 53bn. Power and Electrification margins expand roughly 200 bp, Wind reaches breakeven, order growth decelerates from an exceptional 2026.	Adj. EPS USD 23.00; margin progress real but slower than the 2028 target implies.	40.0x	USD 920	-0.7%
Bear	25%	Hyperscaler capex resets, order growth turns negative from a peak base, and the down-payment float unwinds, cutting reported free cash flow sharply.	Adj. EPS USD 19.00; multiple de-rates to the industrial average as the growth premium is withdrawn.	28.5x	USD 542	-41.6%
Probability-weighted fair value (probabilities sum to 100%)					USD 914 (-1.4% vs reference price)	

Fair values are 2027 estimated adjusted earnings per share multiplied by the stated exit multiple. Earnings estimates are this report's own calculations, not company guidance. The asymmetry is worth noting: the bear case loses more than the bull case gains, which is characteristic of a high-multiple stock at a cycle high.

16. Final verdict

Would an investor put their own capital into GE Vernova today, at 926.73 dollars? Not yet, and the reason is narrow enough to state in one sentence: the price already contains the 2028 plan.

Everything that makes this company attractive is true. It sits in a three-firm oligopoly supplying the scarcest input in the artificial intelligence build-out. It has a 176 billion dollar backlog growing at 37 percent, orders running at more than twice revenue, gas capacity effectively sold out through 2030 and half of 2031 already contracted before this year has ended. It has 9 billion dollars of net cash, an upgraded credit rating, and a management team that has raised guidance repeatedly and been proven right on revenue and orders each time. That is a genuinely rare combination and it deserves a premium.

The question is how large a premium, and the answer the market has settled on is 61 times this year's earnings and roughly 40 times this year's EBITDA. At that level the 2028 targets of 52 billion dollars of revenue at a 20 percent margin are not upside, they are the assumption underneath the current price. An investor buying today is accepting the risk of a 600 basis point margin expansion that has not happened and taking, at best, the residual. Q2 was the tell: revenue beat, orders nearly doubled, guidance rose, and adjusted earnings still missed consensus by 19 percent while margin guidance was left untouched. Growth is arriving. Profit conversion is arriving more slowly.

The single biggest concern is the quality of the cash flow, and it is under-discussed. Trailing operating cash flow of 14.1 billion dollars came with a 14.2 billion dollar working capital inflow. The business, after working capital, generated approximately nothing in cash over the last twelve months. The float is real money and it is a competitive advantage while orders compound, but it is customer deposits on turbines that will not ship for four or five years, and it reverses when growth flattens. Anyone underwriting this stock on its five percent free cash flow yield is underwriting the order cycle continuing indefinitely, whether or not they realise that is what they are doing.

What would change the view: a print showing adjusted EBITDA margin guided above 14 percent, Wind at sustained breakeven, or a share price in the 800 to 860 dollar region where roughly 35 times 2027 earnings leaves room for the plan to slip. What would invalidate it entirely: a sustained break below 780 dollars accompanied by order cancellations or slot deferrals rather than by multiple compression alone, which would indicate the demand thesis itself, and not merely its price, is being repudiated.

This is an excellent company on a watchlist rather than in a portfolio, and the distinction is entirely about the entry price.

17. Sources and disclaimer

Primary and market data: GE Vernova Q2 2026 earnings press release and Form 8-K filed with the SEC (Exhibit 99.1); GE Vernova Q2 2026 investor presentation; GE Vernova 2025 Investor Update press release of 9 December 2025 (2028 targets, dividend and buyback authorisation); Alpha Vantage daily OHLCV series for GEV, 2 April to 25 August 2026 (all technical indicators computed independently from this series); StockAnalysis.com (income statement, balance sheet, cash flow, key statistics, peer comparison); MarketBeat (analyst ratings and price targets, insider transactions, institutional ownership); Investing.com (Q2 2026 earnings call transcript coverage and investor slide summary); Fitch Ratings; moomoo news digest (news flow and sentiment cross-check); 24/7 Wall St. and The Motley Fool (market context for the August 2026 sector decline).

Earnings call transcript: obtained via Investing.com's structured coverage of the Q2 2026 call (reported 22 July 2026), which supplied executive commentary, guidance detail and analyst question and answer themes quoted in this report. Direct speaker turns were not read in full; where management is quoted, the wording is as reported by that source.

Derived figures: 2027 and 2028 earnings per share estimates, normalised free cash flow, enterprise value multiples and all scenario fair values are the analyst's own calculations built from the inputs disclosed in sections 10 and 15. They are not company-reported measures and should not be attributed to GE Vernova.

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