

**Scott Reese GE Vernova - CEO of Electrification Software**

Thank you, Philippe, and good morning to everyone. It is such an exciting time for all of us to be together. And what a powerful video from our friends at Alabama Power, and hopefully, you took away some of those numbers because it's a great illustration of the impact that our software has on the daily lives of our customers.

Over 13 million minutes of electricity outages prevented. And that's just for the first 45 days of this year and only for the folks in Alabama. Just imagine what those numbers look like on the global scale that we serve, talk about reach and impact. Now the other thing you heard in that video from Scott and Melanie is that they share their point of view that the energy transition will not happen without software and artificial intelligence playing key roles in driving it. And we couldn't agree more with that point of view. The energy transition is the exact focus of our Electrification Software business. And that sharp focus on energy has enabled us to deeply transform our Software business over the last 24 months since we announced the spin of GE Vernova.

We've taken out a tremendous amount of structural cost with that focus. We've leveraged the focus on energy to drive growth into the business. And with that, in 2023, we delivered a profit for the first time since GE Digital was founded over a decade ago, something we're very proud of. We really like the trajectory of this business. Now our software solutions span the energy life cycle. We start out with optimizing how power is generated. We orchestrate how it's distributed and then we ultimately decarbonize how it's consumed in manufacturing and industrial applications. And we're a recognized leader by industry analysts in each of those 3 target segments.

Now Philippe talked about a lot of our growth demand drivers and how they're coming from unprecedented demands being placed on the electric grid. And it makes sense if you think about it, think about the electric grid, it was built over 100 years ago, 100 years ago. And it was built for a much simpler world where electricity was generated in a large facility and then distributed out to the point of consumption without a tremendous amount of variability to be considered. Wow, how things have changed. Fast forward 100 years to today, the energy system is far more complicated, and there's a lot of variability that must be closely managed to prevent widespread outages.

So where is this variability coming from? It's a lot of different places. Vic talked about a lot of it this morning with the growth of renewables. That's only going to accelerate as we move forward. As you introduce more and more renewables onto the grid, the wind doesn't always blow, and the sun doesn't always shine. Our utility customers have to be able to predict, plan for, and ultimately orchestrate that new level of variability. You and I as consumers, we're placing solar on our homes, which is great. But for the first time, residential solar is placing electricity back onto the grid, creating a bidirectional flow of electrons, not something that the grid was designed to handle.

Storms. They're becoming more frequent and more intense. Our utility customers have to be able to predict the impact of those storms on the grid operations and be able to respond effectively to prevent

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the prolonged outages that we all fear. And then the cyber landscape has never been more complicated than it is today.

And with the grid, a topic of cybersecurity quickly turns into a topic of national security. Everything about how utilities have operated their grid has changed dramatically over the last several years. Utilities must move away from viewing the grid as something that they operate with manual operations to a much more modern architecture that gives them the ability to see the entire grid and orchestrate for these variabilities. With these demand drivers, we see the addressable market for our energy-focused Software business to eclipse \$27 billion by the year 2030. We really like not only the trajectory of the business, but the growth opportunity ahead of us.

Now the reality is that GE Vernova is a leader in the grid software space already today. Our software is the heartbeat of the control room of a utility. And that leadership position has been earned over decades of partnering closely with the world's largest utilities. We employ hundreds of energy-focused PhDs and software engineers who bring the expertise to work every day that are required to understand and manage the complexity of the modern-day grid.

Now we've extended that leadership position with the launch of a next-generation grid software platform that we call GridOS. GridOS breaks down the historical barriers between the transmission grids and the distribution grids, to enable utility customers to be able to see the entire grid as one system for the first time ever. And with that increased visibility of one grid, GridOS then uses artificial intelligence to help our utility customers see what's coming, predict the impact, plan for it and ultimately in a much more automated way orchestrate the grid, bringing grid resiliency and energy security for everyone.

GridOS is a highly differentiated offering. It's the first of its kind, and it is modernizing the grid at a rapid pace. We have 55 of the world's largest utilities committed to move to GridOS and more and more of these conversations happen in each and every day. We're confident that GridOS and our Electrification Software will be a strategic growth driver for GE Vernova for years to come.

So hopefully, you're taking away that we have made a tremendous amount of progress with our Software business over just the last couple of years. But we have far greater ambitions for what's possible and what we're going to do here. You heard Scott say that we're eclipsing \$1 billion in revenue. We're going to continue to expand the margins in this business, but we're also modernizing this business by moving it into the cloud and moving to a subscription business model that leads to annualized recurring revenue, or ARR, where we have an ongoing relationship with our customers, we recognize the revenue and the cash over time -- we bring a lot of predictability and our teams wake up each and every day with a vested interest to make our customers more successful day by day.

Longer term, we're driving this business to something that we see as best-in-class for the software industry, something many of you call the Rule of 40. If you're not familiar with the Rule of 40, it's where our growth rate added to our profitability margin will eclipse 40%. That's what we do as best-in-class. That's where we're driving this business to.

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So we're confident that we get this business well north of \$1 billion. We meet the metrics for the Rule of 40, and we have a high mix of annualized recurring revenue, ARR. You're really going to like the value that this software business brings to the overall Vernova equation. We're equally confident in the role that our software will play in accelerating the energy transition for GE Vernova and for the world.

And with that, I'll invite my colleague, Philippe Piron, back to the stage to bring us home with some financials around the Electrification segment in totality. Philippe.

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