# General Electric’s power business rebounds under GE Vernova brand



General Electric’s power business, now operating under the name GE Vernova, has experienced a remarkable turnaround that has reshaped perceptions of the company’s strategic direction over the past decade. This resurgence is particularly significant in light of the challenges the division faced during Jeff Immelt’s tenure as CEO.

Immelt’s leadership at GE, spanning much of the early 21st century, included one of his most controversial decisions: the $10 billion acquisition of Alstom’s gas turbine and transmission assets in 2015. This move significantly expanded GE’s power and water treatment segment, which already encompassed wind turbines and generated over $25 billion in annual revenue. While the acquisition was initially viewed as a strategic expansion, it coincided with the rising dominance of renewable energy sources, which negatively impacted the gas turbine market. By 2018, this led to a $23 billion impairment charge for GE, marking a difficult period for the company’s power business.

Immelt departed from GE in 2017, and the conglomerate subsequently underwent a major restructuring, splitting into three publicly traded companies. The GE power unit, rebranded as GE Vernova, has since thrived under new management and market conditions. Since its official spin-off in March 2024, Vernova’s share price has surged by 174%, bringing its market capitalisation to approximately $100 billion.

This dramatic recovery is attributed largely to two factors. Firstly, the leadership of Larry Culp, GE’s CEO since 2018, who introduced a focus on lean management practices and orchestrated the conglomerate’s breakup. Secondly, changes in the energy landscape have favoured natural gas, especially following the disruptions caused by the Russia-Ukraine conflict and a relative slowdown in the push for renewable energy. Additionally, the expansion in electricity demand driven by the growth of AI data centres has provided a strong market for GE Vernova’s grid-related products.

Scott Strazik, the current CEO of GE Vernova, has emphasised the company’s optimistic outlook, discussing an energy and decarbonisation “supercycle” alongside projections of sustained high gas demand. The company announced a robust backlog valued at $125 billion and expects to generate $2.5 billion in free cash flow in 2025, enabling share buybacks and quarterly dividends. Production capacity is reportedly fully booked through to 2028.

However, challenges remain. The wind turbine segment within Vernova continues to face difficulties, and questions persist about whether the current surge in electricity demand will prove to be temporary or sustainable over the long term. The recent rise in Vernova’s stock price appears to assume that strong demand for power generation will continue.

Reflecting on Immelt’s legacy, the Financial Times notes that although his execution had shortcomings, especially in relation to GE Capital and the gas turbine business’s poor performance in the late 2010s, his broader vision for GE as a company integral to global industrialisation and urbanisation has some vindication. The market conditions that have benefited Vernova clearly were not of Immelt’s making, but the strategic foundation laid during his era forms part of the current success story.

Despite some criticism, shareholders who have retained shares in all three companies formed from GE’s breakup have seen positive returns, suggesting value has been created through the restructuring. The now-retired Immelt is likely to view these developments with satisfaction, underscoring the complex interplay between long-term strategy, market forces, and corporate leadership in the evolution of GE’s power business.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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