

**BAKER
HUGHES**
a GE company



2019 Barclays CEO Energy-Power Conference

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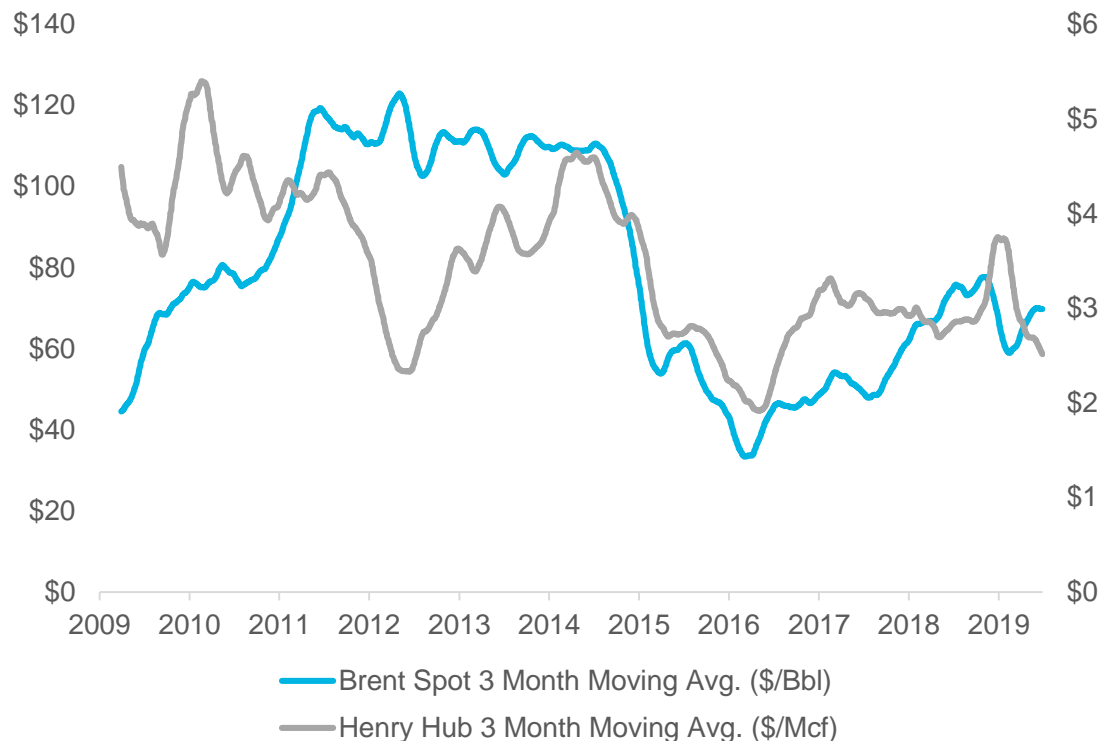


This presentation (and oral statements made regarding the subjects of this release) may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, (each a “forward-looking statement”). The words “anticipate,” “believe,” “ensure,” “expect,” “if,” “intend,” “estimate,” “project,” “foresee,” “forecasts,” “predict,” “outlook,” “aim,” “will,” “could,” “should,” “potential,” “would,” “may,” “probable,” “likely,” and similar expressions, and the negative thereof, are intended to identify forward-looking statements. There are many risks and uncertainties that could cause actual results to differ materially from our forward-looking statements. These forward-looking statements are also affected by the risk factors described in the Company’s annual report on Form 10-K for the period ended December 31, 2018 and quarterly report on Form 10-Q for the period ended June 30, 2019 and those set forth from time to time in other filings with the Securities and Exchange Commission (“SEC”). The documents are available through the Company’s website at: www.investors.bhge.com or through the SEC’s Electronic Data Gathering and Analysis Retrieval (“EDGAR”) system at: www.sec.gov. We undertake no obligation to publicly update or revise any forward-looking statement.

The Company presents its financial results in accordance with GAAP which includes the results of Baker Hughes and GE Oil & Gas from the transaction closing date of July 3, 2017. However, management believes that using additional non-GAAP measures will enhance the evaluation of the profitability of the Company and its ongoing operations. See Exhibit 99.1 in our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 31, 2019 for a reconciliation of GAAP to non-GAAP financial measures.

Macro environment challenges us to re-invent ourselves

Recent commodity price volatility



Current macro expectations

- NAM oil production growing ... +1.9 MMbd by end-2020
- Global oil supply flexible ... NAM growth, OPEC group has 2.2 MMbd spare capacity
- Oil prices likely rangebound ... sufficient supply, demand growth slowing
- Gas expected to outgrow other fossils ... transition fuel

In this changing environment, having a differentiated portfolio is more critical than ever

BHGE today is not an ordinary OFSE company

~70%

Total company revenue outside NAM

~60%

OFS revenue outside NAM

~40%

Revenue more “industrial” in nature (TPS, DS) ... strong aftermarket service entitlement

~40%

OFS revenue tied to production ... artificial lift, chemicals

3.0%

Net capex % of revenue since forming BHGE ... less capital intensive than peer group

\$15B

Total company aftermarket service backlog ... TPS, OFE, DS

Our strategic priorities are focused on building a differentiated energy technology company

Evolving our strategic priorities

2017/2018

- 1 Re-establish presence with customers ... commercial framework
- 2 Deliver on synergies – SG&A
- 3 Integration ... bring cultures together
- 4 Define roles & responsibilities
- 5 Maintain technology DNA + leadership

2018/2019

- 1 Deliver on synergies – SG&A + product cost
- 2 Growth ... regain lost share in OFS (International) ... position for LNG wave
- 3 Refine operating mechanisms ... simplification & digitization
- 4 Preparation for separation from GE

Next twelve months

- 1 Continue delivering on margin improvement ... product cost + service delivery cost
- 2 Portfolio alignment with highest returns activities
- 3 Continued focus on operations ... service delivery, project execution
- 4 GE separation
- 5 Deliver on free cash flow & returns potential

2018/2019 execution against goals

2018/2019

- 1 Deliver on Synergies – SG&A + product cost
- 2 Growth ... Regain lost share in OFS (International) ... position for LNG wave
- 3 Refine operating mechanisms ... simplification & digitization
- 4 Preparation for separation from GE

- ✓ Delivered synergies ~\$100M above target in '18
- ✓ +10% orders, +5% revenue growth in '18 ... 1H'19 +9% orders, +6% revenue growth vs. 1H'18
- ✓ Simplified regional org structure, TPS structure and footprint, enhanced execution accountability
- ✓ +216bps improvement in total company adjusted operating income margins in '18
- ✓ Commercial agreements with GE in place, initial sell-down Nov '18

Clear strategic priorities for the next 12 months

- 1 Continue delivering on margin improvement ... product cost + service delivery cost
- 2 Portfolio alignment with highest returns activities
- 3 Continued focus on operations ... service delivery, project execution
- 4 GE separation
- 5 Deliver on free cash flow potential

1 Continue margin improvement initiatives

Significant progress on expanding margins

Adjusted operating income %, growth from 2Q'17 to 2Q'19

+380bps

Improvement in total company adjusted operating income margins

+610bps

Improvement in OFS segment operating income margins

↓ 304 bps

Reduction in SG&A as % of revenue from 3Q'17 to 2Q'19

... launching next wave of improvement areas



Drive product cost-out ... improved procurement , product standardization



Improve service delivery ... better efficiency, utilization, execution



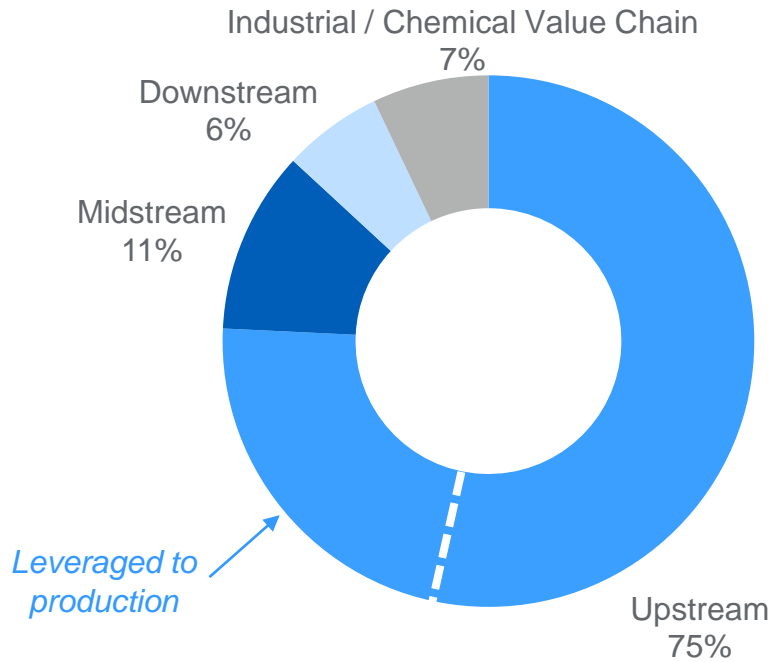
Drive supply chain excellence ... process redesign, lean, on-time delivery



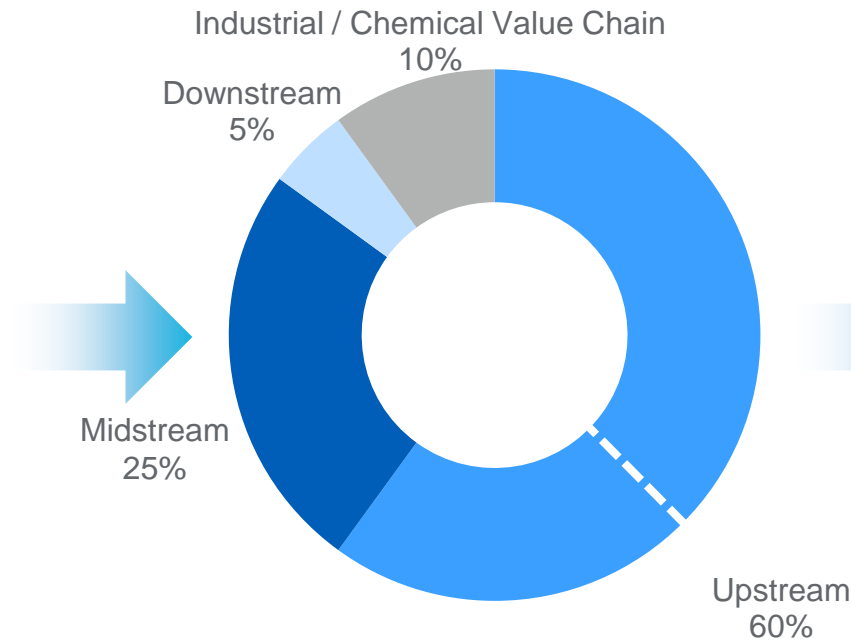
Digitize processes ... efficiency through digital capability, artificial intelligence

2 Evolving the portfolio ... differentiation for the future

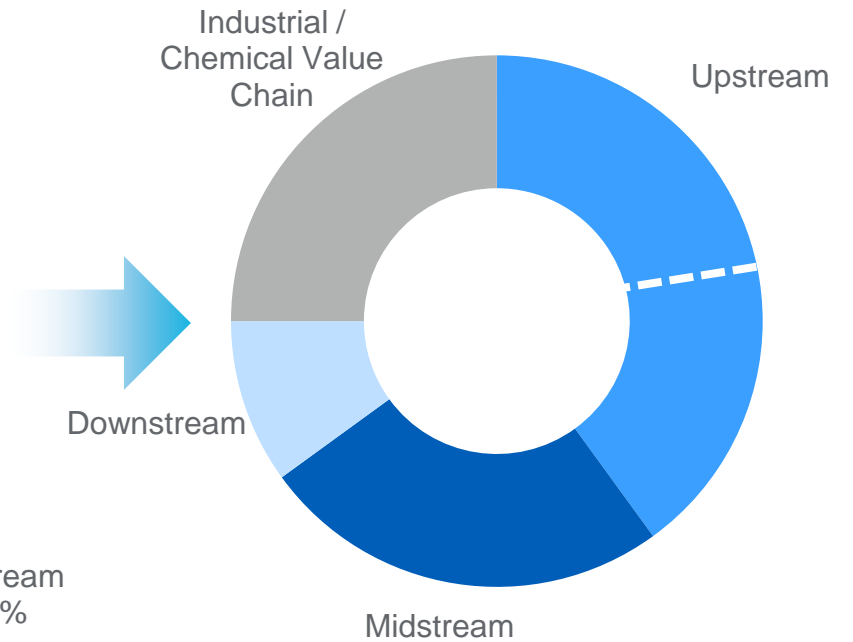
2014



2018



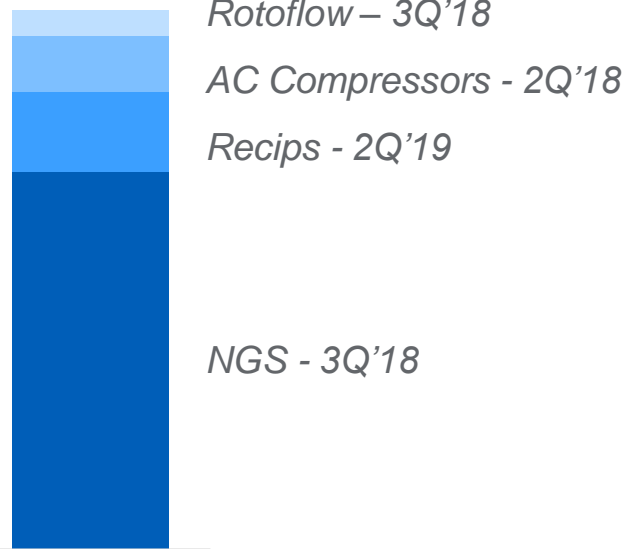
Future state



Capturing the energy transition ... greater exposure to midstream, chemicals, and industrial markets

2 Evolving the portfolio ... taking action & focusing on returns

High-grading portfolio



**~\$535M of proceeds
 from dispositions**

Partnering to drive value



5% equity stake in 4Q'18



2Q'19 JV to accelerate software development & AI deployment



Acquired in 4Q'18; non-metallic MOU with Saudi Aramco

**~\$640M reinvested in
 high returns areas**

Investing in the right areas

~2,700

patents issued globally in 2018

\$700M

2018 R&D spend



Leading LM9000 gas turbine launched ... next gen LNG driver

Launched Subsea Connect & Aptara™



Investing in global Production Chemicals footprint in KSA and Singapore

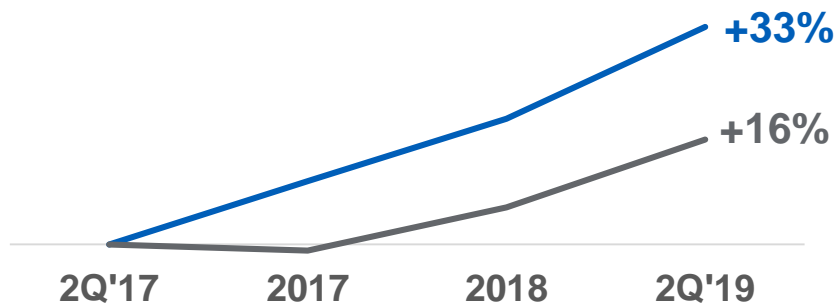
Redeploying capital in accretive areas ... focusing on returns

3 Continued focus on operations ... delivering for customers

Strong international OFS growth

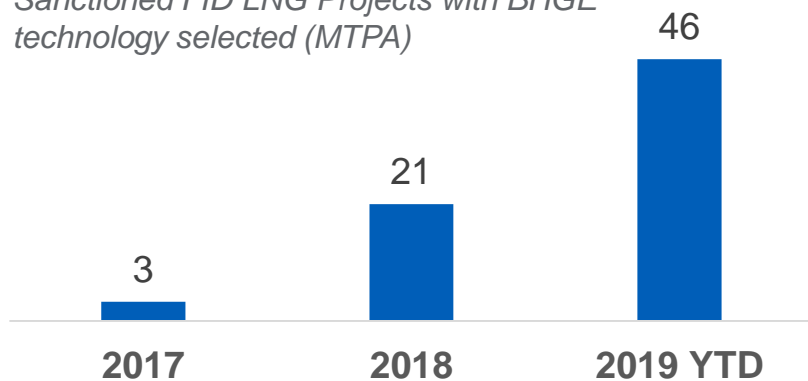
■ OFS international revenue indexed growth since 2Q'17

■ International rig count indexed growth since 2Q'17



Continued LNG success

Sanctioned FID LNG Projects with BHGE technology selected (MTPA)



Source: BHGE Rig Count, Company filings

Focused on executing for customers

ADNOC Drilling

- Drilled over 100k feet with 97% drilling efficiency
- Saved more than 88 days of drilling time on first 8 wells

Equinor

- Fully integrated 8 drilling units + 2 already existing
- More than 330k feet drilled with best-in-class performance
- Awarded two additional fields based on early drilling performance

Continued excellence in LNG

- Yamal Train 3 start-up one year ahead of schedule
- Cheniere production increase to 4.7 – 5.0 MTPA per train
- Launched LM9000 gas turbine on Arctic-2 LNG
- Awarded contract for VG's 10 MTPA Calcasieu Pass

4 GE separation



Commercial agreements in place ... solidifies operational and commercial relationships for the long term ... certainty for customers



Initial sell-down in Nov '18 ... working collaboratively with GE as they pursue their orderly exit



Investing in systems and processes that enable us to fully separate ... e.g. IT, HR, and other back office systems

5 Deliver on free cash flow potential

Capital allocation actions since deal close

\$3 billion

Share buyback executed

\$1.6 billion

Dividends paid

\$1.4B / 3.0%

CAPEX spend / % of revenue

\$1.4 billion

Research & development spend

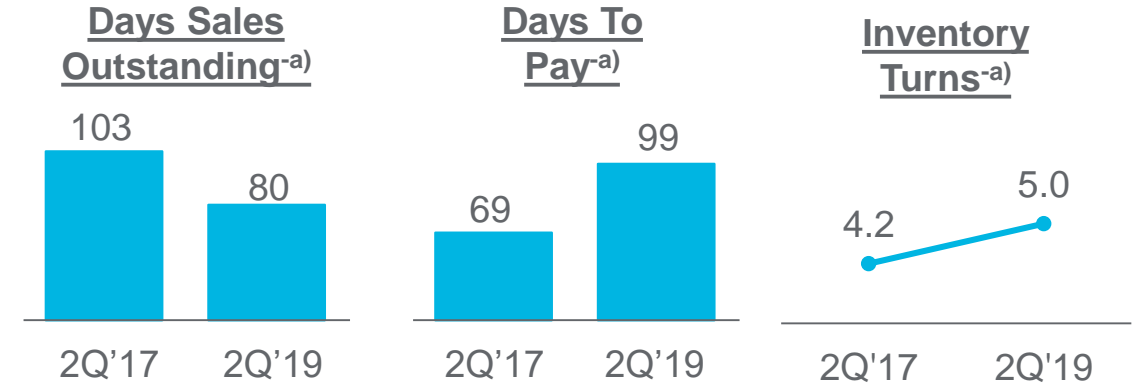
160 bps

Reduction in cost of debt

A3 / A-

Investment grade rating

Improving working capital processes



Goals going forward

- Commitment to capital discipline ... capex up to 5% of revenue
- Delivering 90% free cash flow conversion
- Returning excess capital to shareholders



At BHGE we are committed to social responsibility

Core elements embedded in how we operate



People



Planet



Principles

- Empower people in a culture of inclusion and support communities to be vibrant places to live and work
- Stewards of the environment, inventing technologies for reduced impact and using resources wisely
- Grounded on sound governance, effective policies and guidelines, and transparency

Improving Health, Safety, and Environment

153

“Perfect HSE days” achieved in ‘18 ... up 20% year-over-year
Days without a recordable injury, vehicle accident, and serious environmental spills or releases

I AM Responsible for a Perfect HSE Day

Driving carbon footprint reduction



Net-zero BHGE CO₂ emissions by 2050

While investing in our portfolio of advanced technologies to enable customer's reduction

Leading the energy transition

Incentive compensation metrics aligned



Our compensation metrics are aligned to shareholder returns

Summary

BHGE is not an ordinary OFSE company

5 clear focus areas for the next year

Priorities aligned to shareholder returns ... accretive share, margins, cash

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