

# Investor Overview

February 2020

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The Company presents its financial results in accordance with GAAP; however, management believes that using additional non-GAAP measures will enhance the evaluation of the profitability of the Company and its ongoing operations. See the Appendix of this presentation for a reconciliation of GAAP to non-GAAP financial measures.

# Baker Hughes 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

**3.2%**

Net capex % of revenue since forming Baker Hughes ... 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

# Our strategy

## Leading product companies

- Innovative products & services
- Integrated solutions



## Lead with technology

- Advanced manufacturing
- Digital transformation



## Lead the energy transition

- Gas value chain
- Low carbon energy solutions



# Baker Hughes ... an unparalleled portfolio

*We deliver across the energy value chain through our 4 market-leading product companies*

## Oilfield Services

Leader in well construction & production

Strong global presence

Focus on execution, reliability & cost



## Oilfield Equipment

Leading subsea production & flexibles portfolio

Strong execution & technology pipeline

Collaborative partnerships & new models



## Turbomachinery & Process Solutions

Technology leader in LNG & upstream production

Significant installed base

Proven track record in the most critical projects



## Digital Solutions

Best in class sensing & measurement technology

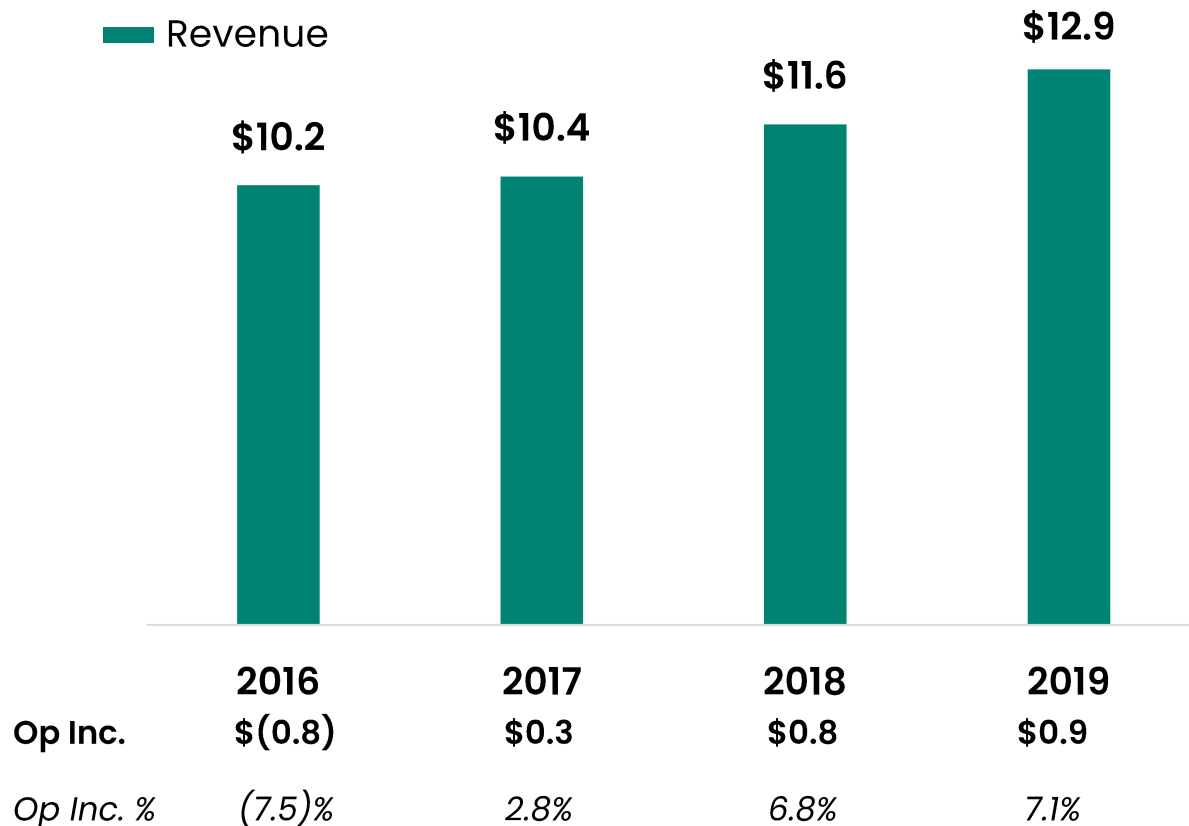
Differentiated software offerings

Leader in critical inspection technology



# Oilfield Services (OFS)

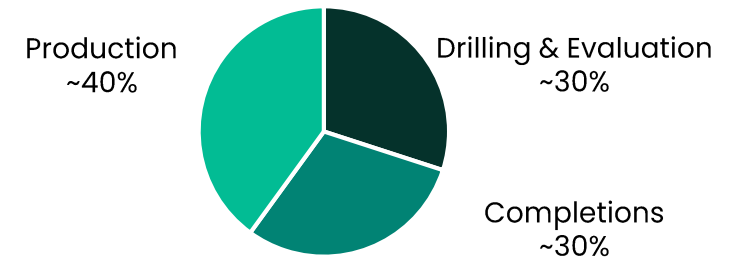
## Financials (\$ in billions)



2016 and 2017 financials are on a combined business basis (non-GAAP)

## Business overview

- ~100-year legacy, strong technology
- Leader in well construction
- ~40% North America / ~60% International revenues
- ~40% production oriented ... Artificial Lift and Chemicals



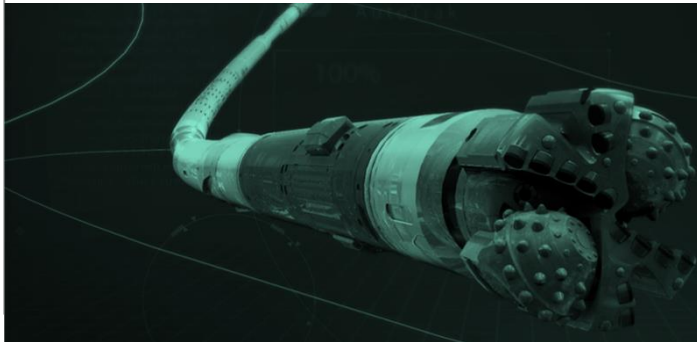
### Improving margins:

- Expanded operating income margins by more than 400bps in the last two years
- Driving supply chain efficiencies, asset utilization and lowering product costs through better procurement and standardization

# Oilfield Services

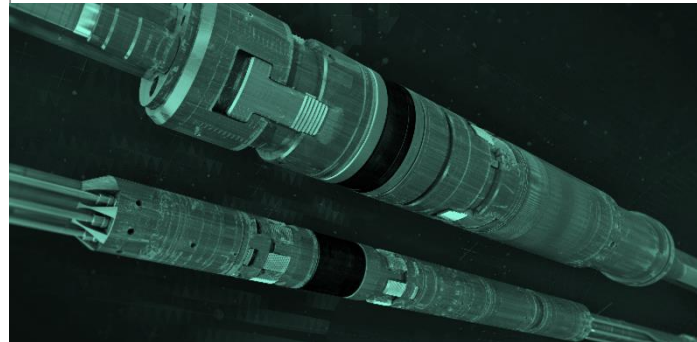
## Drilling

- Drilling Services
- Drill Bits
- Drilling & Completion Fluids
- Wireline Services



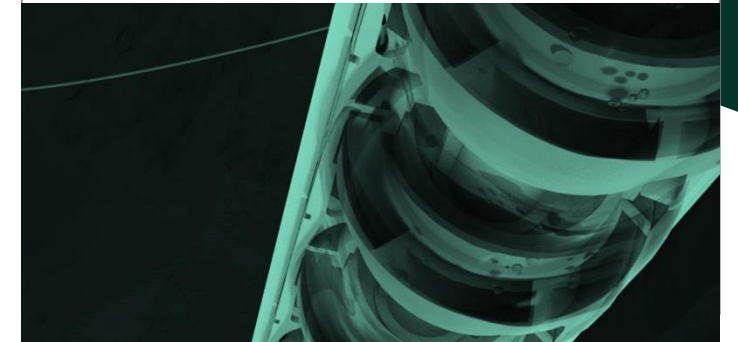
## Completions

- Completions & Well Intervention
- International Pressure Pumping
- Wireline Services



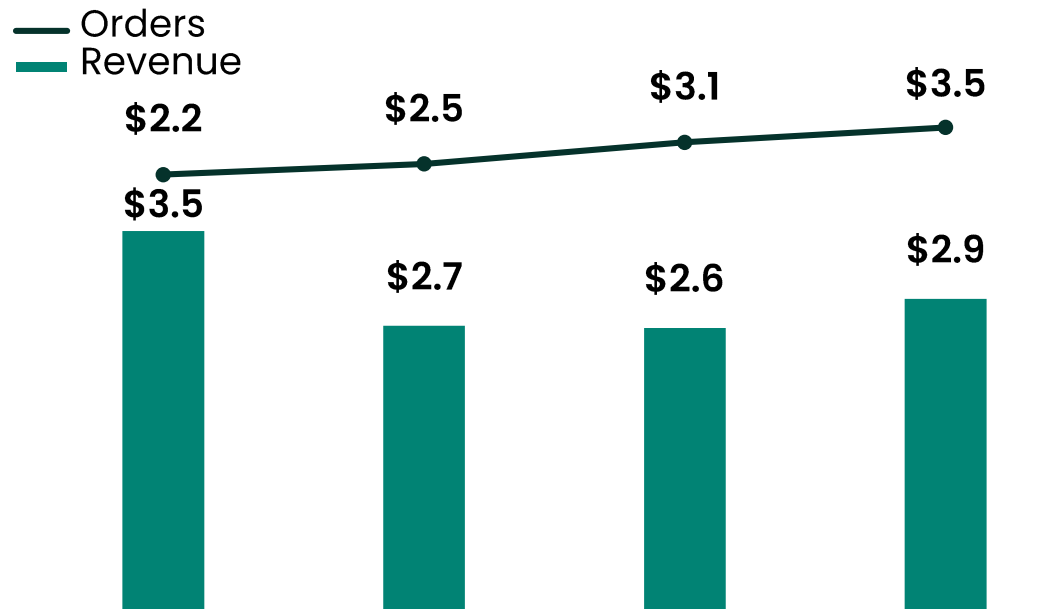
## Production

- Artificial Lift Systems
- Oilfield & Industrial Chemicals



# Oilfield Equipment (OFE)

## Financials (\$ in billions)

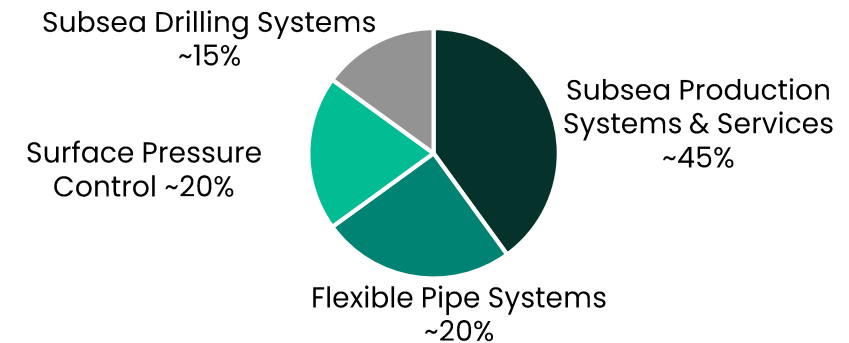


	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Op Inc.</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.06</b>
<b>Op Inc. %</b>	<b>8.6%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>1.9%</b>

2016 and 2017 financials are on a combined business basis (non-GAAP)

## Business overview

- Leading subsea production systems & flexible pipes
- Collaborative partnerships & new models
- New Subsea Connect and Aptara™ TOTEX-Lite Subsea System
- Last 4-year revenue split:

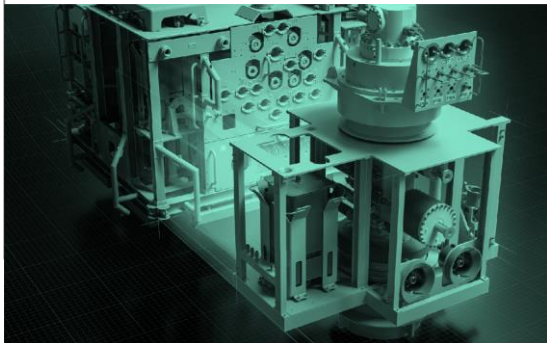




# Oilfield Equipment

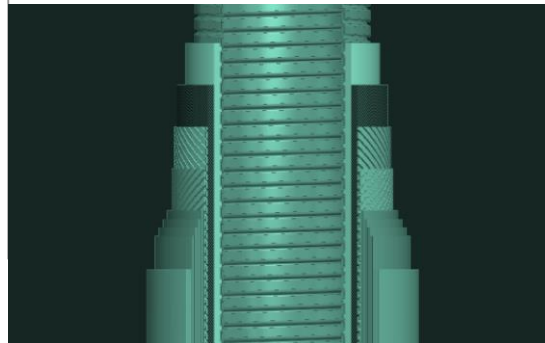
## Subsea Production Systems

- Subsea trees
- Production & control systems
- Manifolds
- Connection systems
- Power & processing
- Installation & commissioning



## Flexible Pipe Systems

- Dynamic flexible pipes
- Static flexible pipes
- Flexible pipes integrity management systems
- Installation & commissioning



## Surface Pressure Control

- Wellheads & tubulars
- Specialty connectors and pipe
- Flow control valves and actuators



## Subsea Drilling Systems

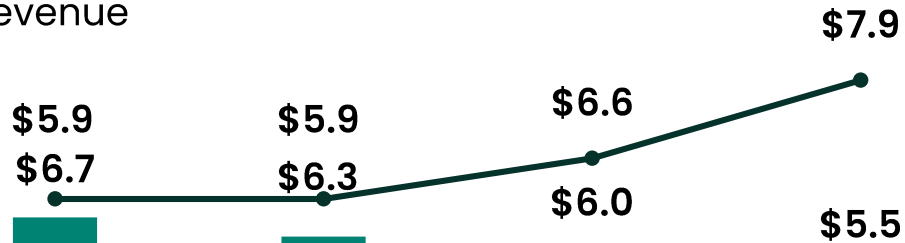
- Annular BOP systems
- RAM BOP systems
- BOP control systems
- Diversers
- Pulsation dampeners
- Choke and valves
- NDT BOP inspection technology



# Turbomachinery & Process Solutions (TPS)

## Financials (\$ in billions)

— Orders  
— Revenue



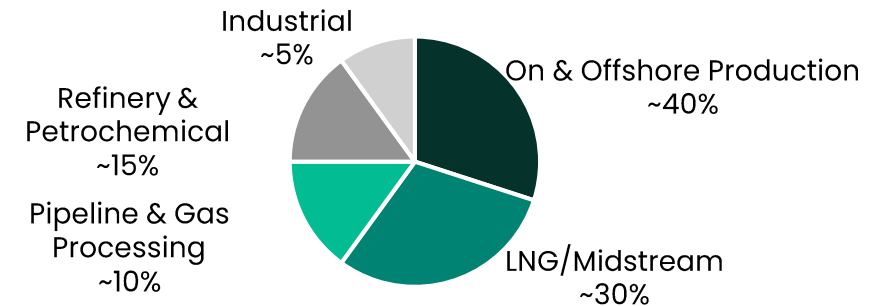
	2016	2017	2018	2019
<b>Op Inc.</b>	<b>\$1.1</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.7</b>

<i>Op Inc. %</i>	<i>15.9%</i>	<i>10.6%</i>	<i>10.3%</i>	<i>13.0%</i>
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2016 and 2017 financials are on a combined business basis (non-GAAP)

## Business overview

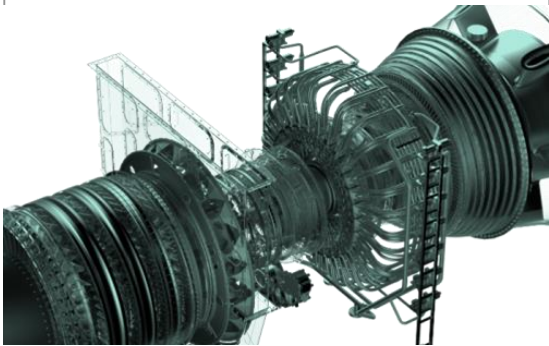
- Technology leader in LNG & upstream production
- Proven track record in the most challenging projects
- Significant installed base ... \$13B service backlog (RPO)
- 36% Equipment / 64% After-market Services revenue in 2019
- Last 4-year equipment revenue split:



# Turbomachinery & Process Solutions

## Drivers

- Aeroderivative gas turbines
- Heavy duty gas turbines
- NovaLT gas turbines
- API steam turbines
- Hot gas and turbo expanders



## Compressors & Pumps

- Centrifugal and axial compressors
- Integrated compressor line
- API reciprocating compressors
- Subsea compression
- Centrifugal pumps



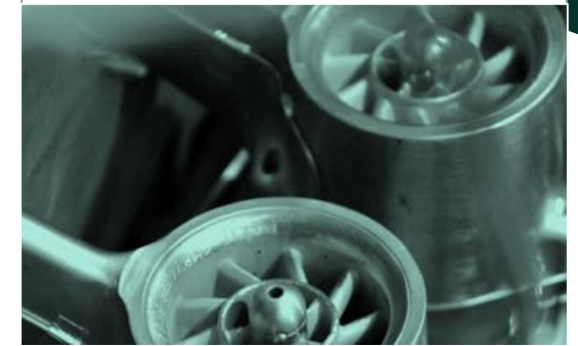
## Solutions

- Modules
- Waste heat recovery
- Small scale LNG & CNG
- Control systems
- Process, control and safety valves
- Air-cooled heat exchangers
- Gear solutions and bearings



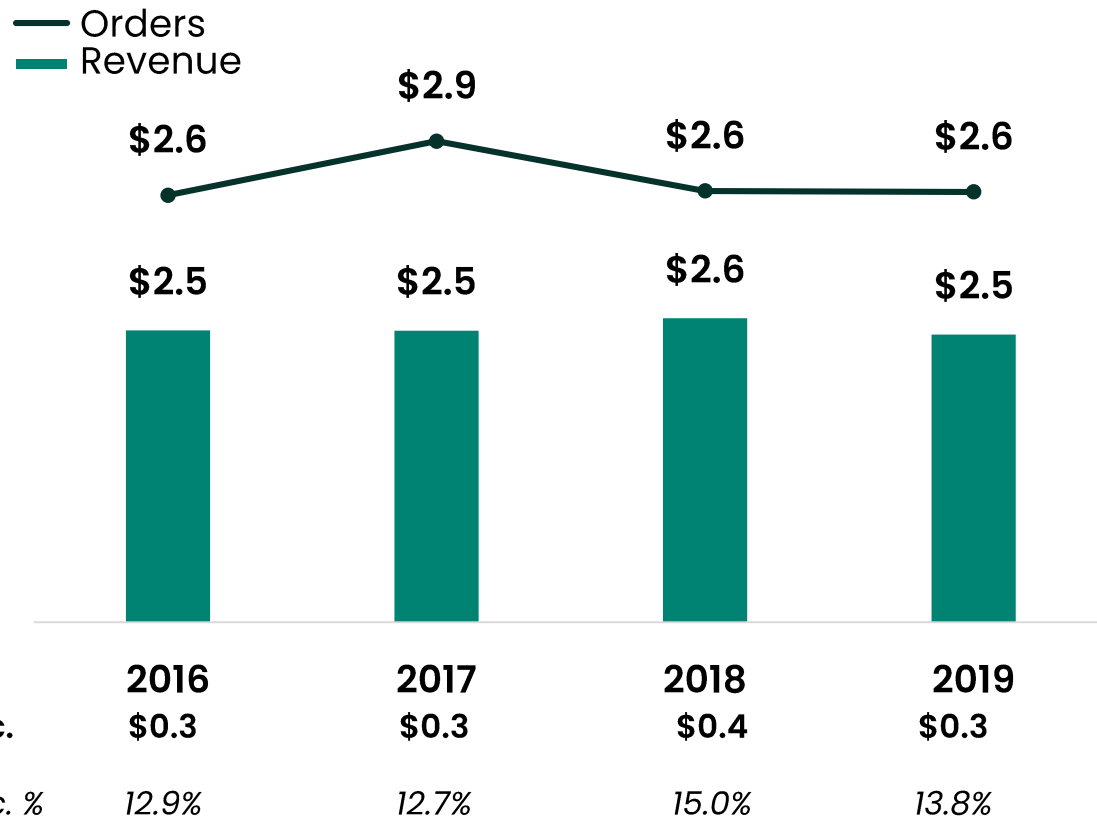
## Services

- Contractual service agreements
- Spares
- Field service engineers
- Repairs
- Upgrades
- Predictivity solutions
- Customer training
- Optimization apps



# Digital Solutions (DS)

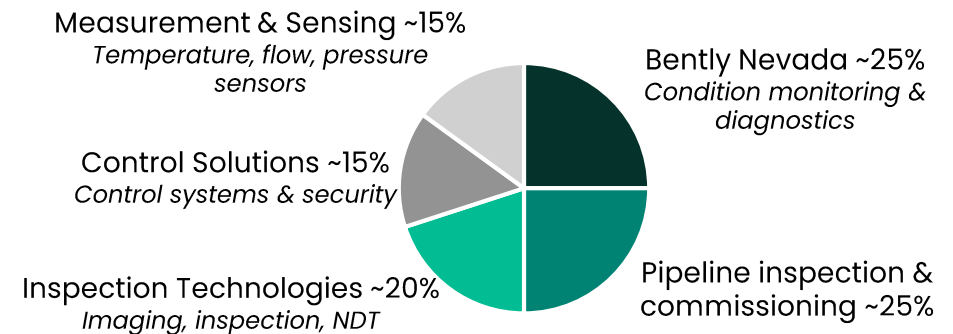
## Financials (\$ in billions)



2016 and 2017 financials are on a combined business basis (non-GAAP)

## Business overview

- Best in class measurement & sensing technology
- Differentiated software offerings
- Leader in critical inspection technology
- Last 4-year revenue split:



# Digital Solutions



**50%**  
Oil and gas



**~20%**  
Power



**~20%**  
Automation,  
electronics, and  
other industrials



**~10%**  
Aerospace

## Condition Monitoring & Protection

- Condition monitoring and protection devices
- Advanced machinery diagnostic software solutions
- Industry leading technical support



## Control Solutions

- Controls and cybersecurity solutions to mitigate risk, boost safety, and improve equipment reliability, uptime, and efficiency



## Inspection Technologies

- Ultrasonic
- Film, radiography remote visual
- Conventional/digital X-ray
- 3D computed tomography
- Software



## Measurement & Sensing

- Pressure (Druck)
- Flow, gas, moisture (Panametrics)
- Nuclear instrumentation and downhole (Reuter-Stokes)



## Process & Pipeline Services

- Inspection (ILI) pre-commissioning and maintenance services for oil and gas pipelines
- Defect data analysis
- Integrity engineering
- Software solutions
- Remote monitoring

# Leading the energy transition

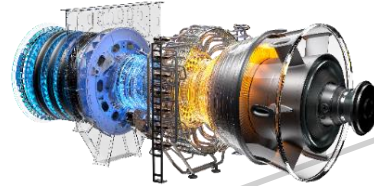
We have committed to **achieve net-zero carbon eq. emissions** by 2050, and invest in new technologies to **help customers reduce their emissions.**

## Low carbon solutions available today

Flaring, venting & fugitive emissions



Efficient power gen & compression



Efficient oilfield & subsea development

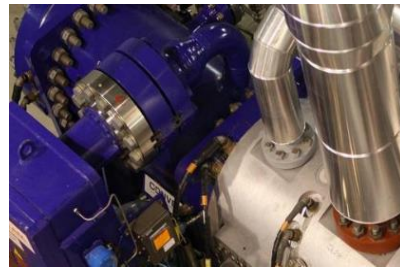


Renewables & alternative energy



## Emerging market themes

Carbon capture, use and storage



Hydrogen fuel value chain



Energy storage



Advanced materials



# Evolving our strategic priorities

## 2017/2018

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



## 2018/2019

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



## 2019/2020

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



# Continue margin improvement initiatives

## Significant progress on expanding operating margins

*Adjusted operating income %, growth from 2Q'17 to 4Q'19*

**+639bps**

Improvement in total company adjusted operating income margins

**+611bps**

Improvement in OFS segment operating income margins

**-262bps**

Reduction in SG&A as % of revenue from 3Q'17 to 4Q'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

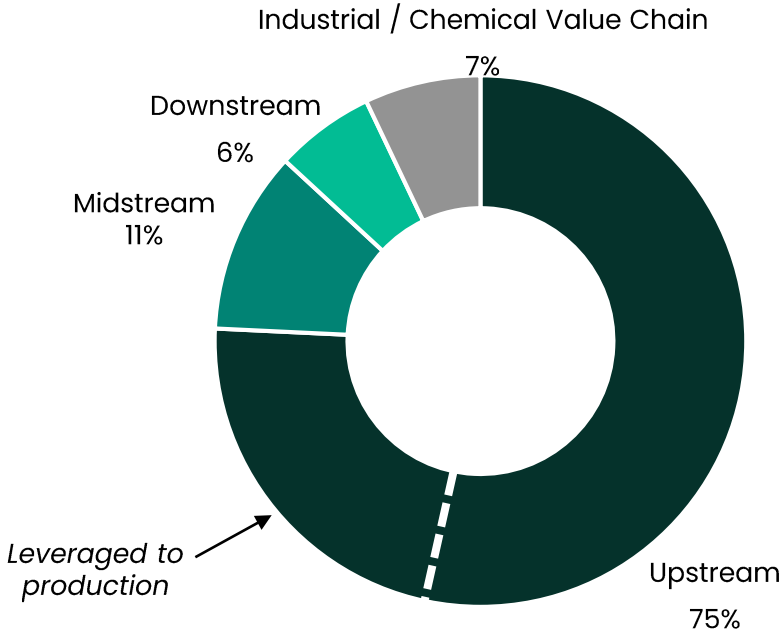


Digitize processes ... efficiency through digital capability, artificial intelligence

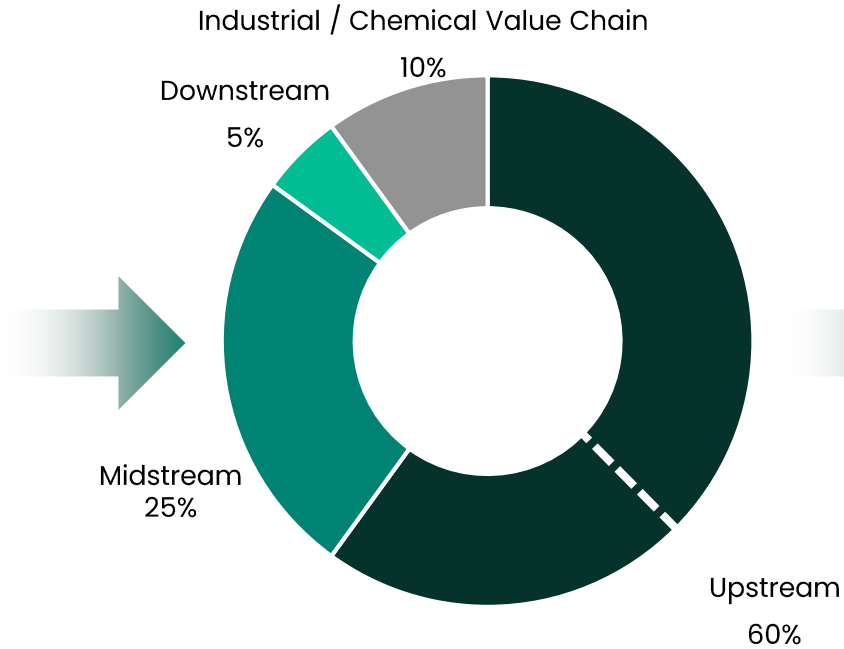


# Evolving the portfolio ... differentiation for the future

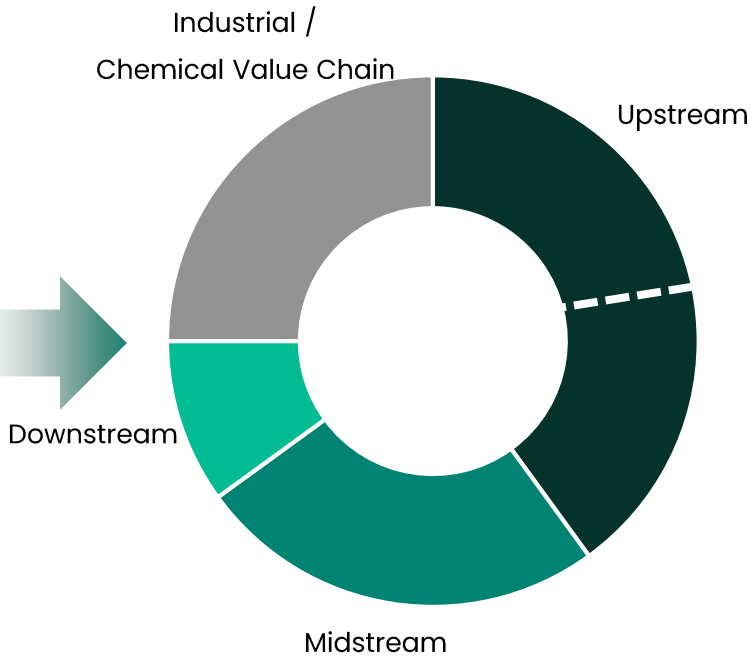
**2014**



**2018**



**Future state**

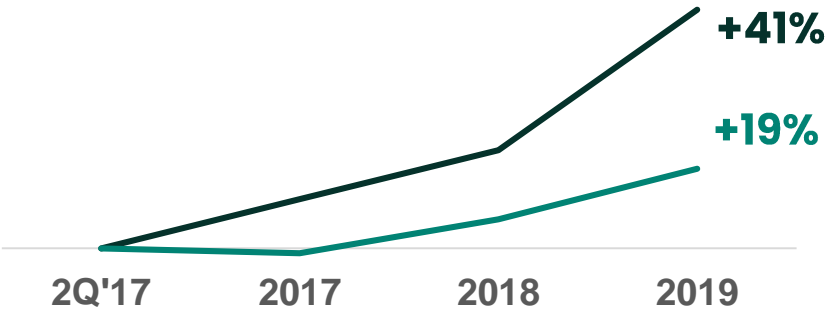


**Expand offerings & position for Energy Transition ...  
greater exposure to midstream, chemicals, and industrial markets**

# Continued focus on operations

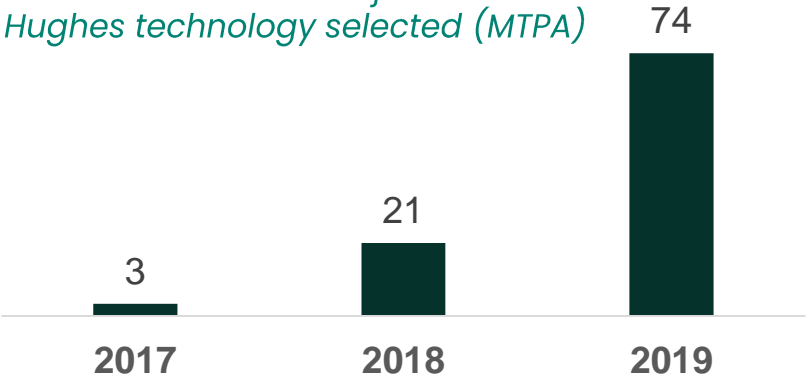
## Strong international OFS growth

- OFS international revenue indexed growth since 2Q'17
- International rig count indexed growth since 2Q'17



## Continued LNG success

Sanctioned FID LNG Projects with Baker Hughes technology selected (MTPA)



Source: Baker Hughes Rig Count, Company filings  
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## Focused on executing for customers

### ADNOC Drilling

- Drilled over 200k feet
- Saved more than 150 days of drilling time on first 20 wells
- Completed first offshore well in 3Q'19, increasing drilling efficiency by 25%

### Equinor

- Fully integrated 8 drilling units + 2 already existing
- More than 780k 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
- Awarded liquefaction equipment for Total's 12.88 MTPA Mozambique Area 1 LNG project

# GE separation



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



Executed secondary offerings in Nov '18 and Sep '19, GE reduced to ~36.8% ownership ... 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

# Deliver on free cash flow potential

## Capital allocation actions since deal close

**\$3.2 billion**

Share buyback  
executed

**\$1.9B / 3.2%**

CAPEX spend /  
% of revenue

**160 bps**

Reduction in  
cost of debt

**\$2.0 billion**

Dividends  
paid

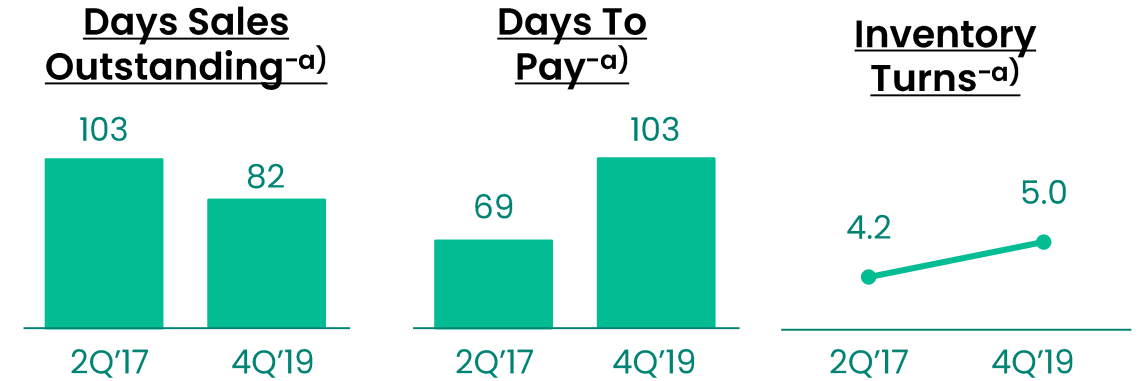
**\$1.7 billion**

Research &  
development  
spend

**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

(a- Based on 5pt. combined business basis average. DSOs excludes impact from monetization winddown)

# At Baker Hughes 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

**161**

“Perfect HSE days” achieved in ‘19  
... up 6% 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 Baker Hughes CO<sub>2</sub>  
emissions by 2050**

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



## Incentive compensation metrics aligned to shareholder returns

### Short term

- Revenue
- Operating income
- Free cash flow

### Long term

- Relative return on invested capital
- Relative total shareholder returns

# Appendix

# Historical financials and non-GAAP reconciliation (1/2)

(\$ in millions)

	TY2016	1Q'17	2Q'17	3Q'17	4Q'17	TY'17	1Q'18	2Q'18	3Q'18	4Q'18	TY'18	1Q'19	2Q'19	3Q'19	4Q'19	TY'19
<b>Orders</b>																
Oilfield Services	10,242	2,397	2,530	2,734	2,765	10,426	2,640	2,866	3,011	3,051	11,569	2,997	3,266	3,354	3,284	12,902
Oilfield Equipment	2,218	476	797	760	515	2,548	499	1,035	553	1,041	3,129	766	617	1,029	1,104	3,517
Turbomachinery	5,851	1,314	1,556	1,334	1,728	5,932	1,450	1,498	1,552	2,123	6,624	1,271	1,983	2,784	1,910	7,947
Digital Solutions	2,588	631	674	918	694	2,916	649	637	629	668	2,583	659	688	616	645	2,607
<b>Total Orders</b>	<b>20,899</b>	<b>4,817</b>	<b>5,557</b>	<b>5,745</b>	<b>5,701</b>	<b>21,821</b>	<b>5,238</b>	<b>6,036</b>	<b>5,746</b>	<b>6,884</b>	<b>23,904</b>	<b>5,693</b>	<b>6,554</b>	<b>7,783</b>	<b>6,945</b>	<b>26,974</b>
<b>Revenue</b>																
Oilfield Services	10,181	2,390	2,529	2,661	2,781	10,361	2,678	2,884	2,993	3,062	11,617	2,986	3,263	3,348	3,292	12,889
Oilfield Equipment	3,541	716	681	613	650	2,661	664	617	631	729	2,641	735	693	728	765	2,921
Turbomachinery	6,668	1,644	1,586	1,414	1,651	6,295	1,460	1,385	1,389	1,782	6,015	1,302	1,405	1,197	1,632	5,536
Digital Solutions	2,526	573	620	614	717	2,524	598	662	653	691	2,604	592	632	609	659	2,492
<b>Total Revenue</b>	<b>22,915</b>	<b>5,324</b>	<b>5,416</b>	<b>5,301</b>	<b>5,799</b>	<b>21,841</b>	<b>5,399</b>	<b>5,548</b>	<b>5,665</b>	<b>6,264</b>	<b>22,877</b>	<b>5,615</b>	<b>5,994</b>	<b>5,882</b>	<b>6,347</b>	<b>23,838</b>
<b>Segment operating income (loss)</b>																
Oilfield Services	(765)	76	26	88	102	292	141	189	231	224	785	176	233	274	235	917
Oilfield Equipment	305	50	17	(41)	(1)	26	(6)	(12)	6	12	0	12	14	14	16	55
Turbomachinery	1,058	252	122	134	157	665	119	113	132	257	621	118	135	161	305	719
Digital Solutions	325	63	62	77	118	320	73	96	106	115	390	68	84	82	109	343
<b>Total segment operating income (loss)</b>	<b>924</b>	<b>442</b>	<b>227</b>	<b>258</b>	<b>375</b>	<b>1,302</b>	<b>326</b>	<b>387</b>	<b>475</b>	<b>608</b>	<b>1,796</b>	<b>373</b>	<b>465</b>	<b>531</b>	<b>665</b>	<b>2,035</b>
Corporate	(515)	(158)	(107)	(89)	(92)	(446)	(98)	(98)	(98)	(110)	(405)	(100)	(105)	(109)	(118)	(433)
Merger, impairment, restructuring & other	(1,876)	(244)	(264)	(363)	(395)	(1,266)	(269)	(211)	(95)	(116)	(691)	(97)	(90)	(125)	(216)	(528)
<b>Operating income (loss) (GAAP)</b>	<b>(1,467)</b>	<b>39</b>	<b>(145)</b>	<b>(193)</b>	<b>(111)</b>	<b>(409)</b>	<b>(41)</b>	<b>78</b>	<b>282</b>	<b>382</b>	<b>701</b>	<b>176</b>	<b>271</b>	<b>297</b>	<b>331</b>	<b>1,074</b>
Memo: Depreciation & Amortization	n/m	351	344	380	425	1,501	388	392	353	352	1,486	350	360	355	354	1,418
<b>Non-GAAP reconciliation</b>																
Operating income (loss) (GAAP)	(1,467)	39	(145)	(193)	(111)	(409)	(41)	78	282	382	701	176	271	297	331	1,074
Less: Merger, impairment, restructuring & other	(1,876)	(244)	(264)	(363)	(395)	(1,266)	(269)	(211)	(95)	(116)	(691)	(97)	(90)	(125)	(216)	(528)
<b>Adjusted operating income (Non-GAAP)</b>	<b>409</b>	<b>283</b>	<b>120</b>	<b>169</b>	<b>284</b>	<b>856</b>	<b>228</b>	<b>289</b>	<b>377</b>	<b>498</b>	<b>1,391</b>	<b>273</b>	<b>361</b>	<b>422</b>	<b>546</b>	<b>1,602</b>

2016 and 2017 financials are on a combined business basis (non-GAAP)



# Non-GAAP reconciliations (2/2)

(\$ in millions)

Reconciliation of GAAP and combined business basis measures used in this presentation

	Baker Hughes <sup>(a)</sup>				Add: Legacy BHI				Combined business basis			
	TY'16	1Q'17	2Q'17	TY'17	TY'16	1Q'17	2Q'17	TY'17	TY'16	1Q'17	2Q'17	TY'17
<b>Consolidated results</b>												
Revenue	13,082	3,064	3,015	17,179	9,833	2,260	2,401	4,662	22,915	5,324	5,416	21,841
Operating income / (loss) (GAAP)	457	86	(66)	(284)	(1,924)	(47)	(79)	(125)	(1,467)	39	(145)	(409)
Operating income / (loss) (adjusted)	1,144	207	82	745	(735)	76	37	111	409	283	119	856
Corporate operating loss	(375)	(120)	(70)	(370)	(140)	(38)	(38)	(76)	(515)	(158)	(107)	(446)
Impairment of goodwill	-	-	-	-	(1,858)	-	-	-	(1,858)	-	-	-
Inventory impairment	(138)	(15)	(4)	(244)	(617)	-	-	-	(755)	(15)	(4)	(244)
Restructuring, impairment & other	(516)	(42)	(59)	(412)	(2,014)	(90)	(67)	(157)	(2,531)	(132)	(126)	(569)
Merger and related costs	(33)	(66)	(85)	(373)	3,301	(31)	(49)	(80)	3,267	(97)	(134)	(453)
<b>Oilfield Services</b>												
Revenue	788	212	228	5,881	9,393	2,177	2,301	4,480	10,181	2,390	2,529	10,361
Operating income / (loss)	(207)	(57)	(66)	67	(558)	133	92	225	(765)	76	26	292
<b>Digital Solutions</b>												
Revenue	2,086	491	520	2,342	440	82	100	182	2,526	573	620	2,524
Operating income / (loss)	363	84	79	357	(38)	(21)	(17)	(37)	325	63	62	320

(a- TY'16 results include only GE Oil and Gas; TY'17 represents Baker Hughes Company results

Note: certain columns and rows may not add up due to the use of rounded numbers

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