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# 2018 Barclays CEO Energy-Power Conference

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Chairman & CEO

September 6, 2018

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## Caution Concerning Forward-Looking Statements

This presentation (and oral statements made regarding the subjects of this presentation) 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 annual period ended December 31, 2017; 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](http://www.investors.bhge.com) or through the SEC’s Electronic Data Gathering and Analysis Retrieval (“EDGAR”) system at: [www.sec.gov](http://www.sec.gov). We undertake no obligation to publicly update or revise any forward-looking statement.

On July 3, 2017, we closed our previously announced transaction to combine the Oil & Gas business of General Electric Company (“GE Oil & Gas”) and Baker Hughes Incorporated (“Baker Hughes”). The Company presents its financial results in accordance with generally accepted accounting principles (“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 on a “Combined Business Basis” will enhance the evaluation of the profitability of the Company and its ongoing operations. Combined business results combine the results of GE Oil & Gas with Baker Hughes as if the closing date had occurred on the first day of all periods presented. All financials presented prior to the transaction closing date of July 3, 2017 are on a combined business basis. The business combination impacts only the Oilfield Services and Digital Solutions segments. Accordingly, no reconciliation is presented for our other segments, Oilfield Equipment and Turbomachinery & Process Solutions. All combined business results presented in this News Release are unaudited. Such combined business results are not prepared in accordance with Article 11 of Regulation S-X. See Exhibit 99.2 in our Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on October 20, 2017, January 24, 2018, and April 20, 2018, which includes a reconciliation of the combined business information from financial results prepared in accordance with GAAP, and see Exhibit 99.1 in our Current Report on Form 8-K filed with the SEC on April 5, 2018 for the impact of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. Any non-GAAP financial measures should be considered in addition to, and not as an alternative for, or superior to, net income (loss), income (loss) from continuing operations, cash flows or other measures of financial performance prepared in accordance with GAAP as more fully discussed in the Company’s financial statements, including the notes thereto, and filings with the SEC.

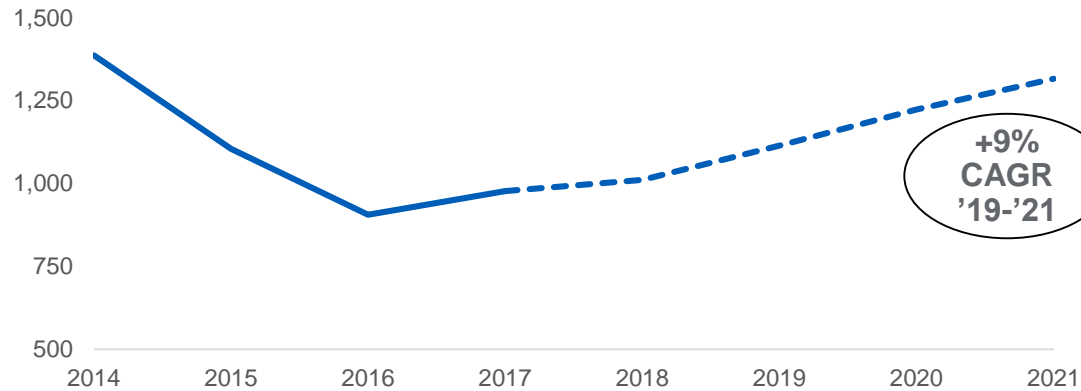


# One year in ... CEO thoughts

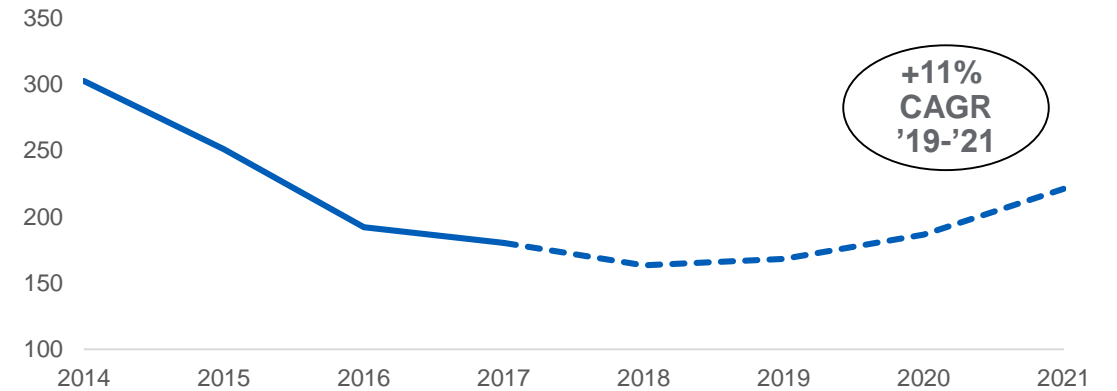
- Formed BHGE as the first fullstream company in the sector ... differentiated investment opportunity
- Opportunity to unlock significant value ... synergies, running the company better
- Broad, diversified portfolio ... provides greater earnings stability
- Clear priorities from day 1:
  - ✓ Grow market share ... improve commercial capabilities, processes
  - ✓ Increase margin rates ... execute on synergies, improve efficiency
  - ✓ Above peer group cash conversion ... lower capital intensity portfolio, improve processes

# Macro environment positive with multiple growth trajectories ... speed of recovery varies by segment

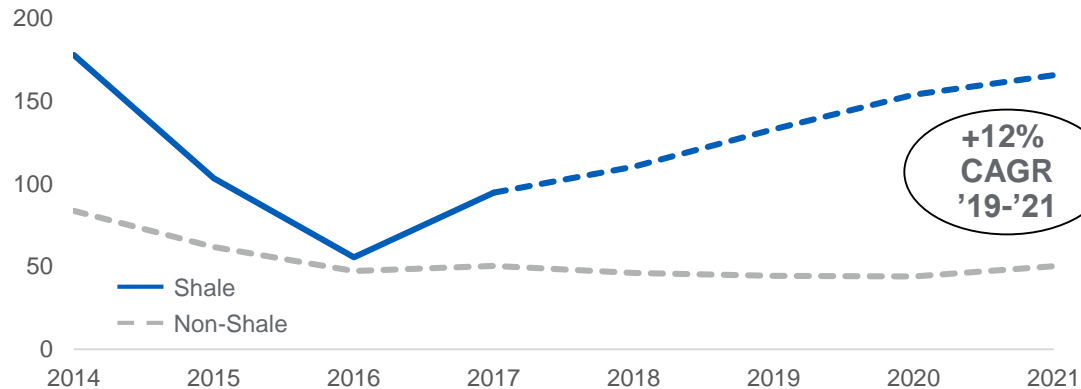
## Global E&P spend (\$B, CAPEX+OPEX)



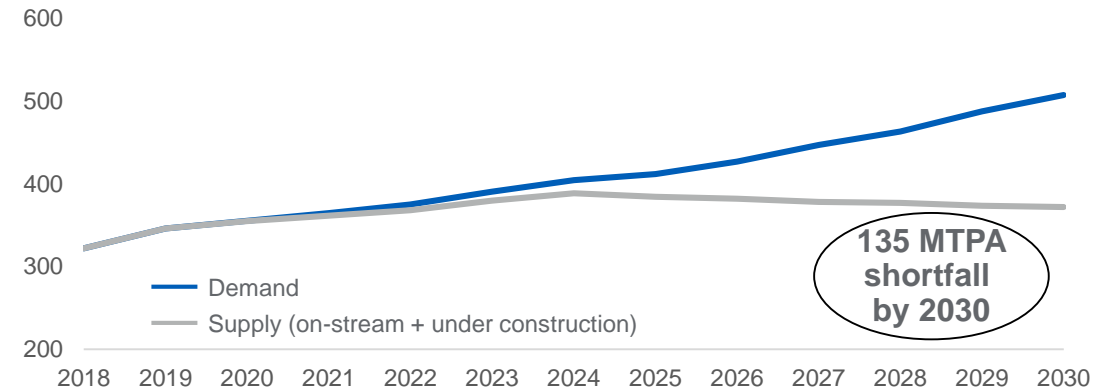
## Global offshore spend (\$B, E&P CAPEX)



## NAM onshore spend (\$B, E&P CAPEX)

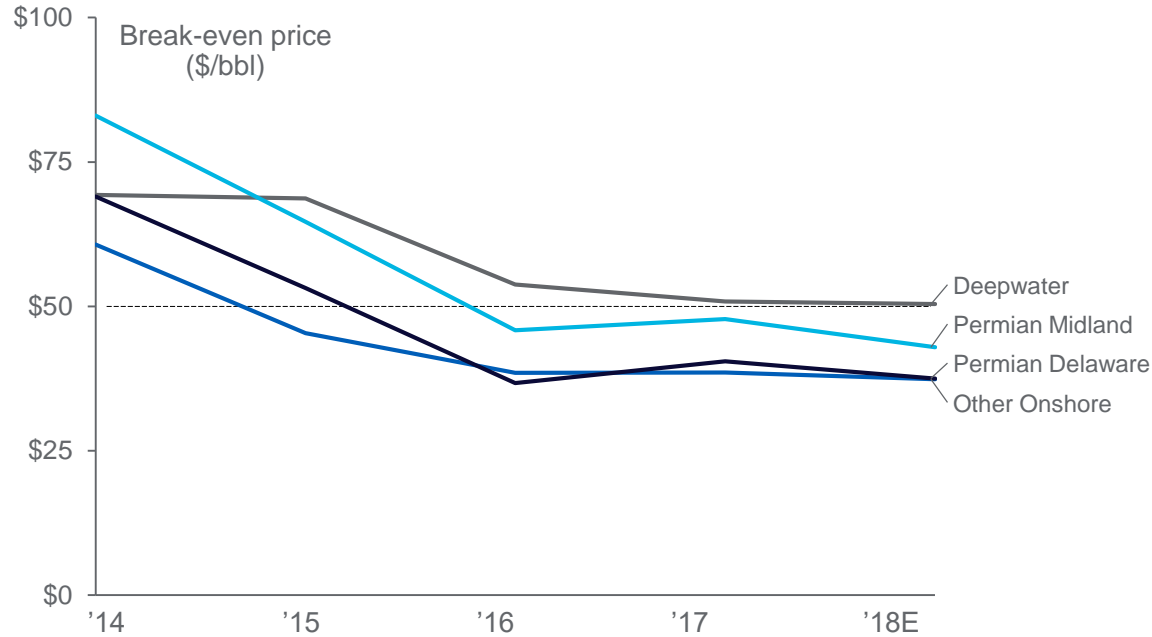


## Global LNG Supply / Demand (MTPA)



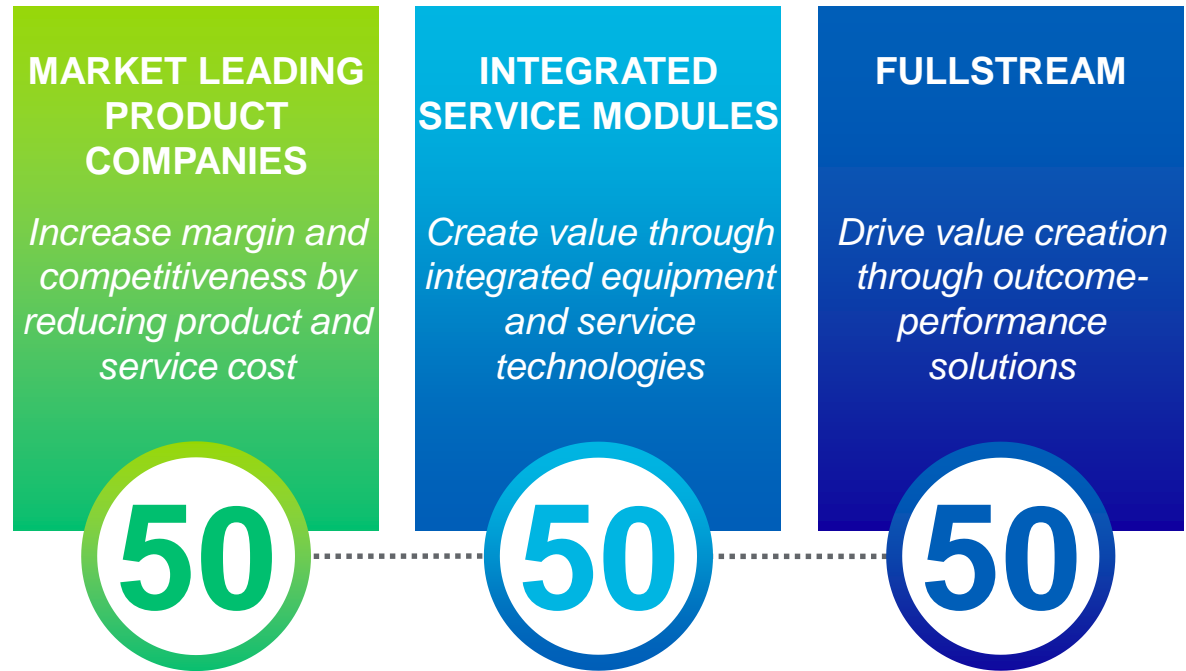
# Delivering better outcomes is more critical than ever in this new environment

While breakevens have decreased >40% since 2013 ...



... the question about sustainability remains

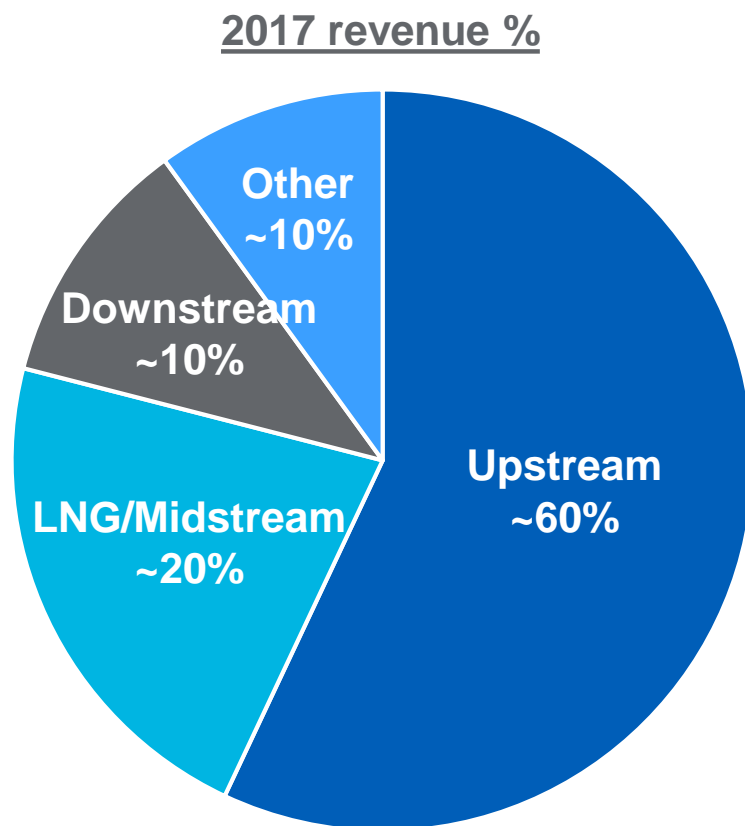
BHGE focused on strategic steps to drive sustainable productivity in the O&G industry



Focused on sustainable improvements ... Aligning incentives. Reducing costs. Increasing productivity

# BHGE ... a differentiated investment opportunity

## BHGE portfolio spans the value chain



## Unique differentiators

### ① Balanced portfolio

- Exposure across the value chain
- Global presence ... ~70% revenue outside NAM

### ② Multiple growth trajectories

- Leader in LNG and gas ... FID's expected in '18/'19
- International growth; offshore recovery beginning

### ③ Deliver value through-the-cycle

- Near-term growth and margin accretion in OFS & DS
- TPS & OFE grow with next wave of large projects



# Oilfield Services

\$10.4B

- Leader in well construction & production
- Multi-basin NAM exposure
- Well positioned internationally & offshore



## Growth Drivers

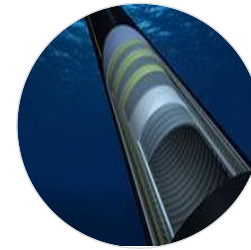
- Favorable market ... NAM & International
- Commercial intensity ... drive share gains
- Improving margins ... synergies, product & service cost



# Oilfield Equipment

\$2.7B

- Strong execution & technology pipeline
- Leading subsea production & flexibles
- Collaborative partnerships & new models



## Growth Drivers

- Offshore market showing signs of life
- Well positioned to compete & win large projects with partners
- Competitive technology offering ... aligned with customer needs



# Turbomachinery & Process Solutions

\$6.3B

- Technology leader in LNG & upstream production
- Significant installed base ... \$13B service backlog
- Proven track record in the most critical projects



## Growth Drivers

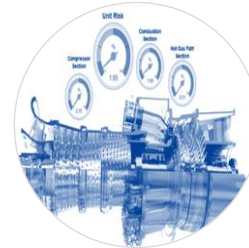
- Strong LNG demand ... upstream improving
- \$0.2B cost out program
- Increasing service activity



# Digital Solutions

\$2.5B

- Best in class sensing & measurement technology
- Differentiated software offerings
- Leader in critical inspection technology



## Growth Drivers

- Diverse end-market exposure; ~50% non-O&G
- Secular growth in measurement & inspection
- Traction with customers on software offerings



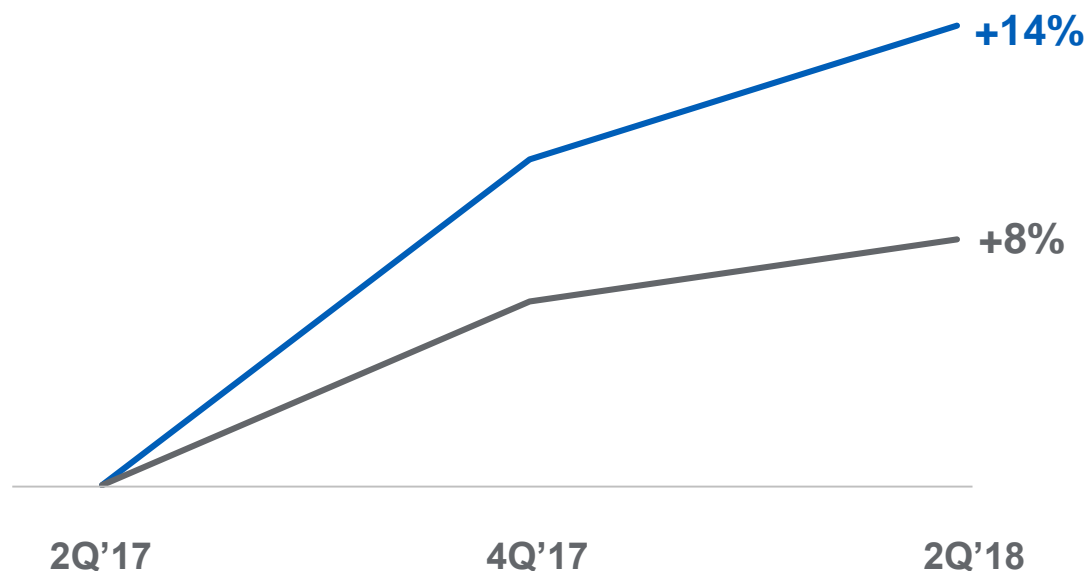
# Winning in the market ... global commercial success



# Gaining share in OFS remains a top priority

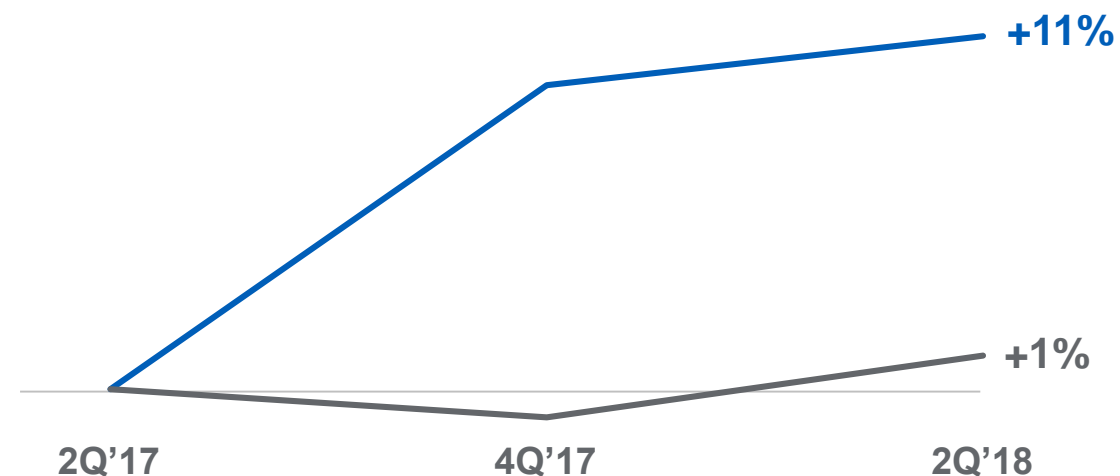
## OFS revenue outgrowing rig count

- OFS revenue indexed growth since 2Q'17
- Rig count indexed growth since 2Q'17



## Focused on international growth

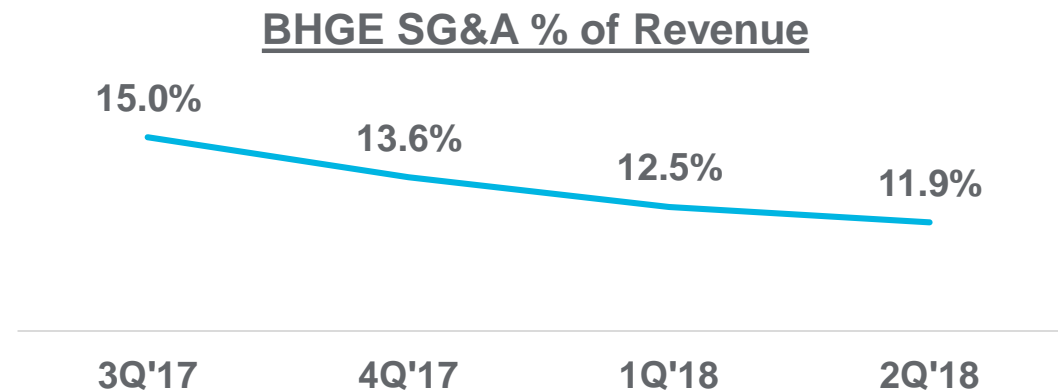
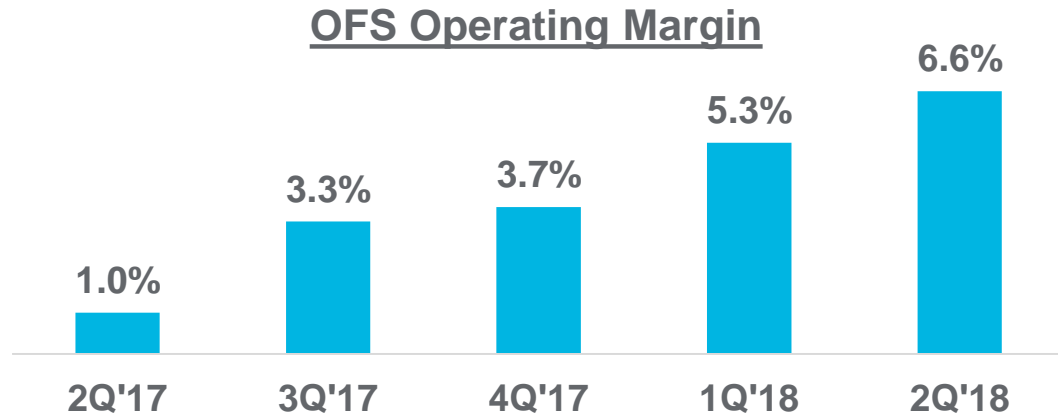
- OFS international revenue indexed growth since 2Q'17
- International rig count indexed growth since 2Q'17



Growing faster than the rig count ... core product lines, key markets performing well

# Driving efficiency and productivity ... increased margin rates

## Delivering on our plan in 2018

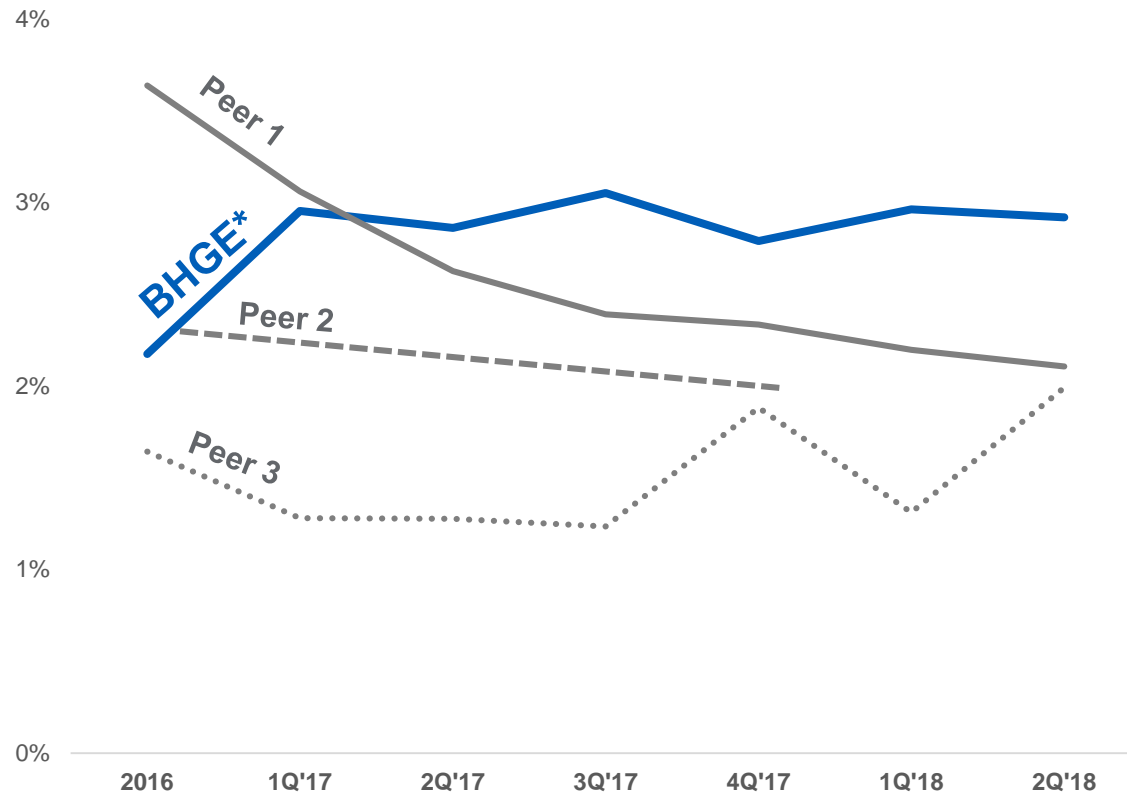


## Clear plans in place for 2019 and beyond

- ① **Continue synergy execution**
  - \$700M in 2018 ... \$1.6B in 2020
- ② **Continue to expand OFS margins ... close gap to peers**
  - Service delivery cost
  - Increase asset utilization
  - Product cost out
- ③ **TPS ... \$0.2B annualized cost out**
  - Rationalizing structure
  - Lower product and service costs ... from product design to manufacturing to installation

# Investing in leading technology

## R&D % of revenue ... continuing to invest



## Building on a strong heritage

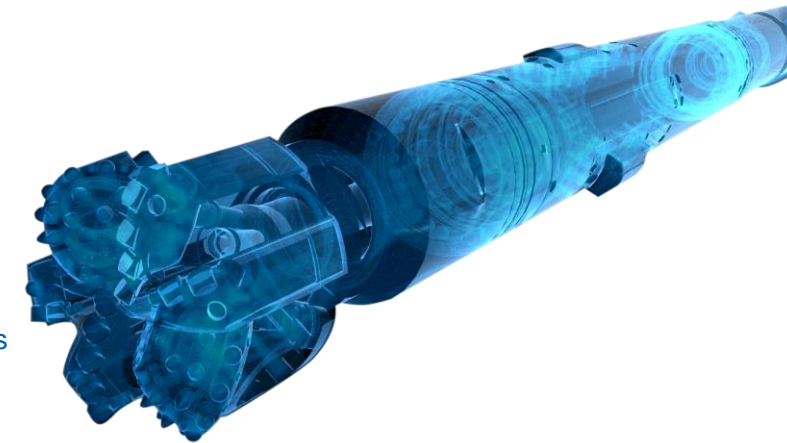


**2,800+**  
patents registered in 2017

**\$600M+**  
2017 R&D spend\*

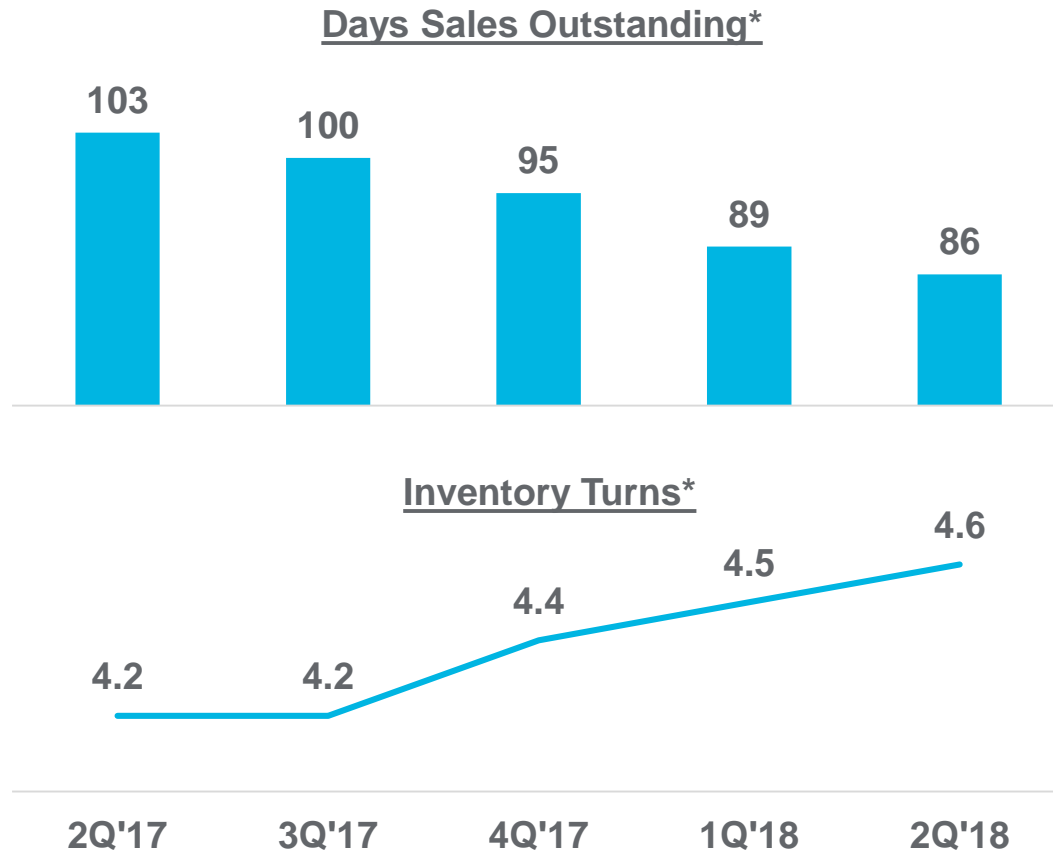
**8,000+**  
engineers & scientists

**10+**  
global technology centers

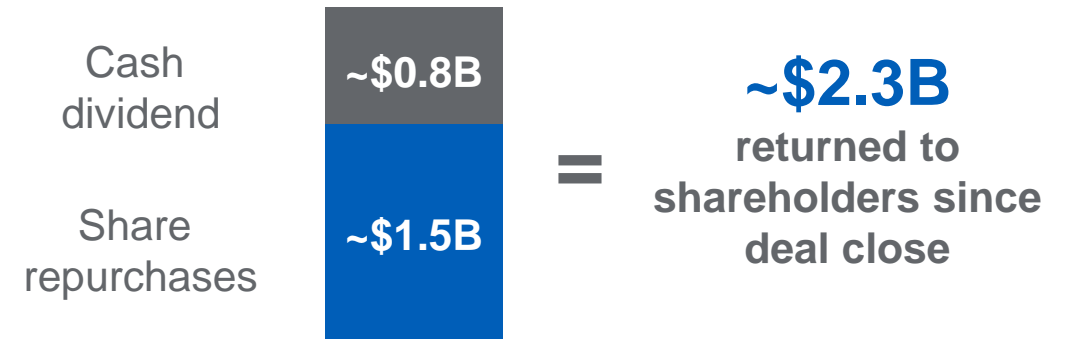


# Improving cash performance

## Processes improving ... more work to do



## Capital allocation progress



## Focus remains unchanged

- ~90% FCF conversion over time
- Return 40-50% of net income to shareholders
- Maintain investment grade rating

# Summary

- One year in ... significant progress
- Macro environment encouraging
- Phase 1 complete ... foundation of BHGE built
- 4 focus areas for the next year ... synergies, growth, continue optimizing internal processes, GE separation
- Company priorities unchanged ... gain share, grow margins, generate cash

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