

**BAKER  
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# 3Q'18 BHGE Earnings

October 30, 2018

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# Disclaimer

This news release (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 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.

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 October 30, 2018 for a reconciliation of GAAP to non-GAAP financial measures.

# 3Q'18 highlights & environment update

## Financial Results<sup>1</sup>

- Orders of \$5.7 billion, Revenue of \$5.7 billion, GAAP operating income of \$282 million, Adjusted operating income (a non-GAAP measure) of \$377 million
- GAAP diluted earnings per share of \$0.03 ... Adjusted earnings per share (a non-GAAP measure) of \$0.19
- Margin rate in OFS up 4.4pts year-over-year
- Delivered \$224 million of synergies in 3Q'18 including \$35 million of incremental synergies in the quarter
- Cash flow from operating activities of \$239 million ... Free cash flow (a non-GAAP measure) of \$146 million

## Macro

- NAM rig count up 10%, U.S. up 1%, international up 4% in 3Q'18 ... growth in drilled but uncompleted wells
- Offshore recovering ... LNG activity is improving ... LNG Canada first major FID since 2015

## Key Wins

- Won first large-scope integrated-services contract for Marjan field, Saudi Aramco's largest upstream development project
- Secured largest-ever oilfield services contract in Qatar to support onshore and offshore drilling activities
- Achieved significant drilling milestones with customers across the Marcellus and Permian basins
- Awarded first new-build blowout preventer order since 2014 for a semi-submersible drilling rig in Asia
- Secured fourth FPSO win of the year in TPS, up from just one FPSO in 2017





# 3Q'18 BHGE financial performance

(\$ in millions, except EPS)	3Q'18	Sequential variance	Prior year variance
Orders	\$5.7B	(5)%	-
Revenue	\$5.7B	2%	7%
Operating income	\$282M	F	F
Adjusted operating income (non-GAAP) <sup>1</sup>	\$377M	30%	F
GAAP earnings per share (attributable to Class A shareholders)	\$0.03	F	F
Adjusted diluted EPS (attributable to Class A shareholders, non-GAAP) <sup>1</sup>	\$0.19	90%	F
Cash flow from operating activities	\$239M	72%	F
Free cash flow (non-GAAP) <sup>1</sup>	\$146M	F	F

<sup>1</sup> Adjusted operating income, adjusted diluted earnings per share and free cash flow are all non-GAAP measures. Please refer to the 3Q'18 BHGE press release for a reconciliation.

"F" is used in most instances when variance is above 100%.

# Segment financial performance

(\$ in millions)

## Oilfield Services

	3Q'18	Sequential	YoY
Orders	\$3,011	5%	10%
Revenues	2,993	4%	12%
Operating income	231	22%	F
Operating income %	7.7%	1.1pts	4.4pts

## Turbomachinery & Process Solutions

	3Q'18	Sequential	YoY
Orders	\$1,552	4%	16%
Revenues	1,389	-	(2)%
Operating income	132	17%	(2)%
Operating income %	9.5%	1.3pts	-pts

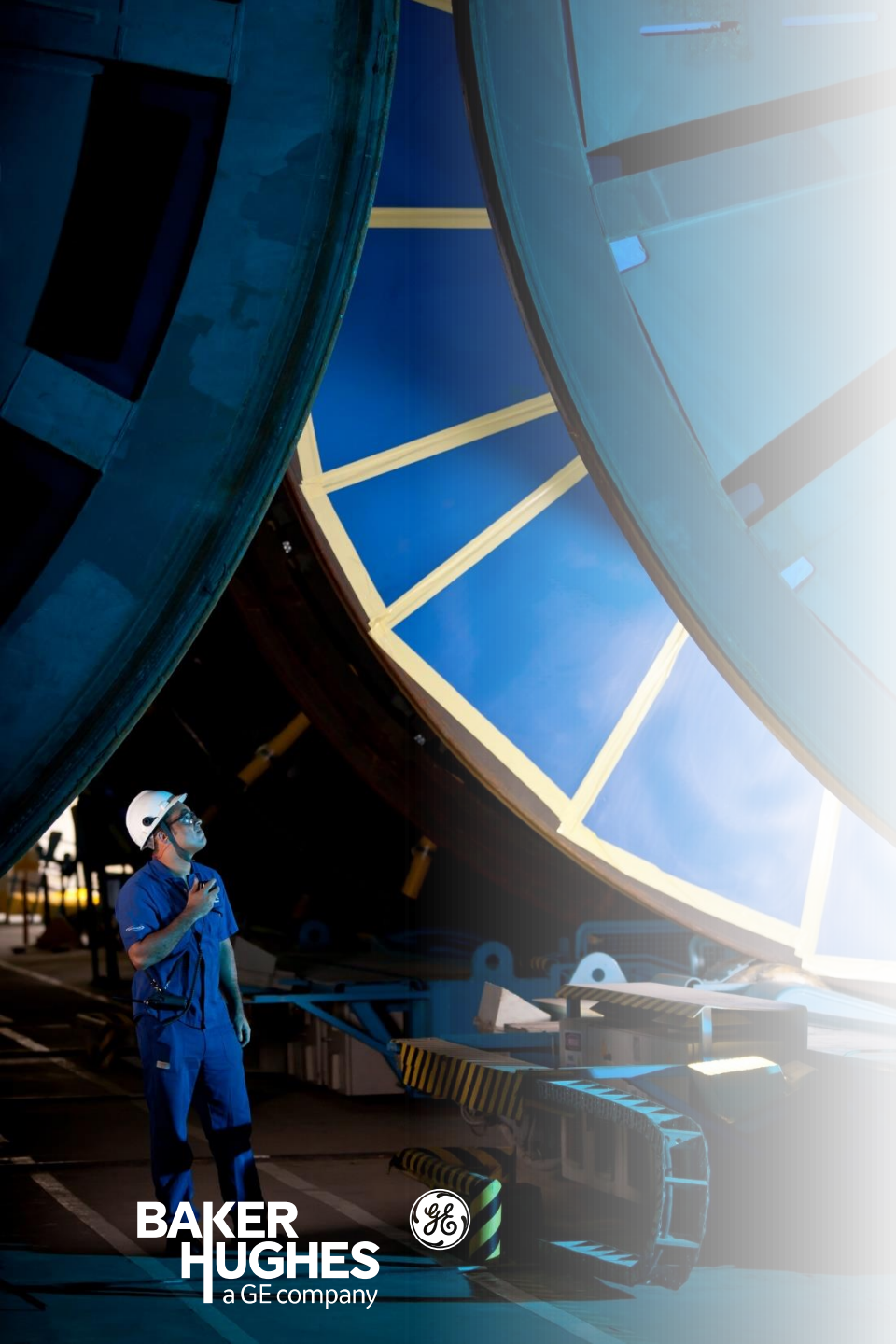
## Oilfield Equipment

	3Q'18	Sequential	YoY
Orders	\$553	(47%)	(27)%
Revenues	631	2%	3%
Operating income	6	F	F
Operating income %	0.9%	2.8pts	7.5pts

## Digital Solutions

	3Q'18	Sequential	YoY
Orders	\$629	(1)%	(31)%
Revenues	653	(1)%	6%
Operating income	106	10%	38%
Operating income %	16.3%	1.7pts	3.8pts

"F" is used in most instances when variance is above 100%.



- Well positioned for improving macro environment
- Securing key commercial wins
- Delivering on commitments of share, margins and cash
- Executing for customers and shareholders

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