

Bernstein Strategic Decisions Conference

May 27, 2020

Lorenzo Simonelli – Chairman & CEO

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, 2019 and quarterly reports on Form 10-Q for the period ended March 31, 2020 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.bakerhughes.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; 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 ... strong aftermarket service entitlement

~40%

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

3.5%

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

Built to navigate a volatile environment

Differentiated portfolio & strong balance sheet

- Combination of long- and short-cycle businesses across the energy value chain
- \$15B aftermarket services backlog
- 70% of revenue outside NAM
- Strong liquidity - \$2.9B cash + \$3B undrawn RCF
- A3/A- investment grade rating

Focused on right-sizing operations and generating FCF

- Highest priority is generating FCF while protecting balance sheet
- Reducing capex by at least 20%
- Taking out \$700M annualized cost
- Accelerating structural changes
- Leveraging digital and remote operations capabilities to drive cost reductions

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

Flexible partnerships & commercial 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

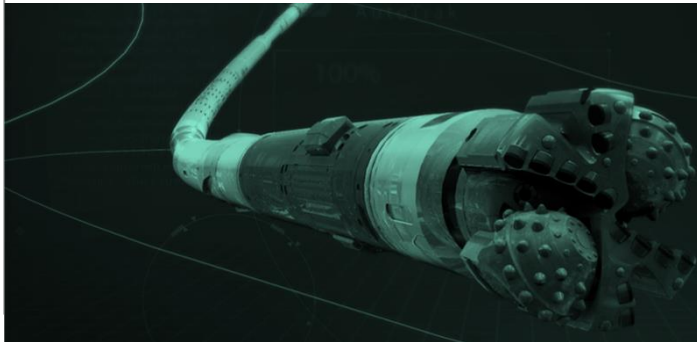
Leader in critical inspection technology



Oilfield Services (OFS)

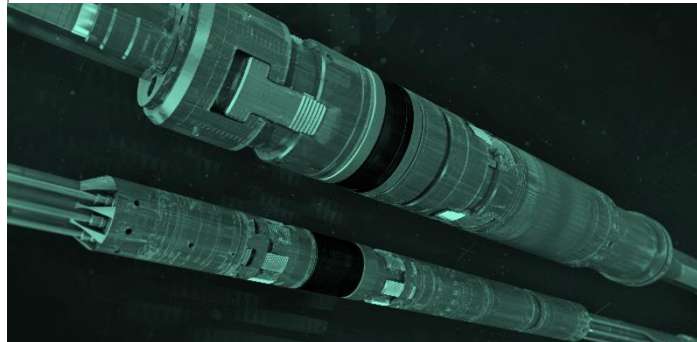
Drilling

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



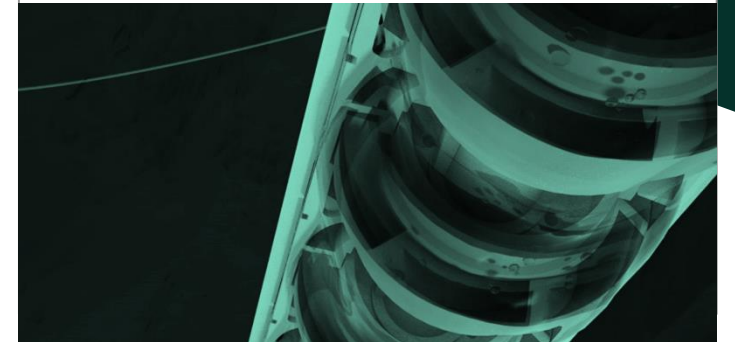
Completions

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



Production

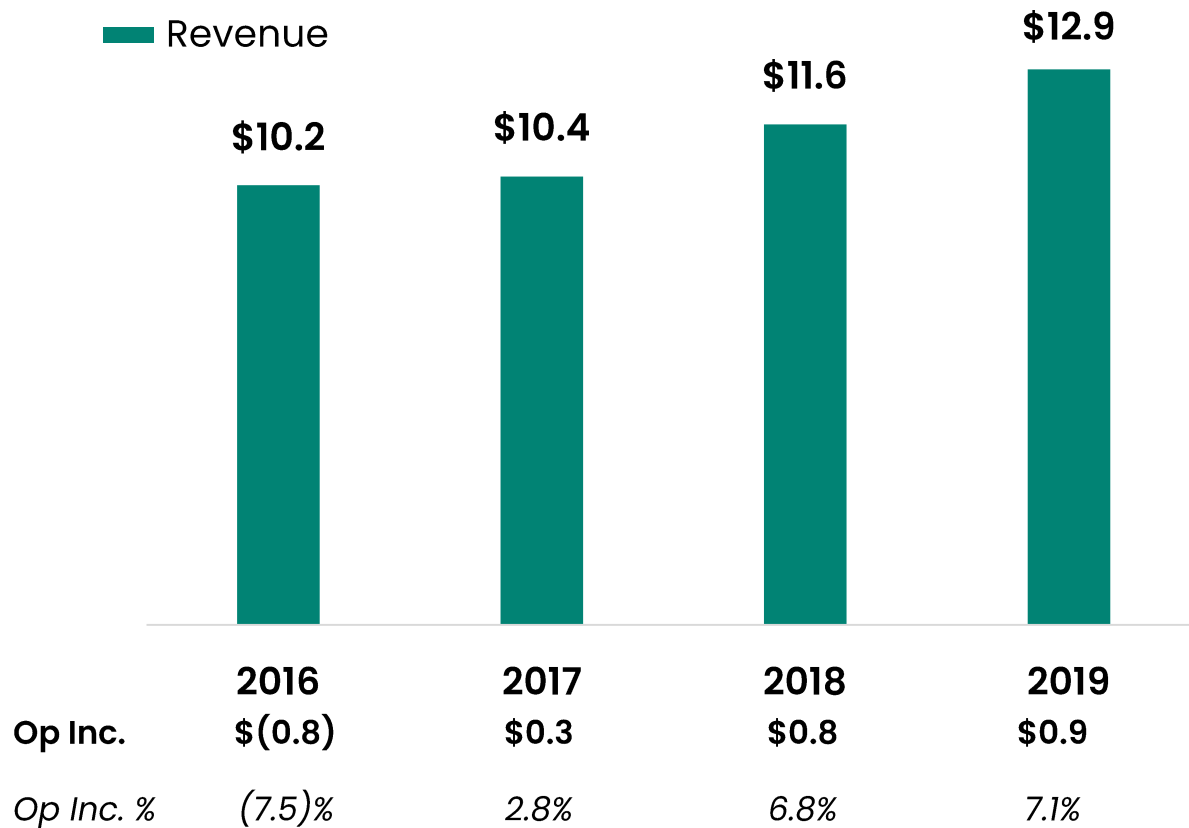
- Artificial Lift Systems
- Oilfield & Industrial Chemicals



Oilfield Services

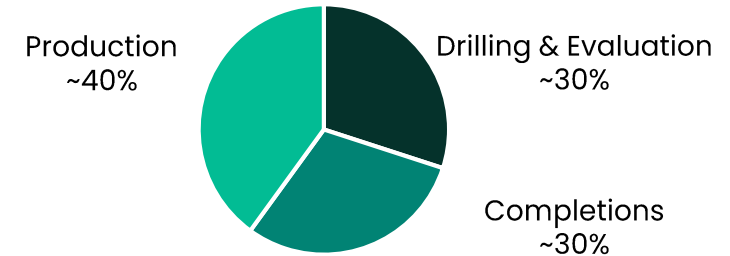
Financials (\$ in billions)

■ Revenue



Business overview

- ~100-year legacy, strong technology
- Core strengths around drilling services, artificial lift, chemicals, and select high-end completion tools
- ~40% North America / ~60% International revenues
- ~40% production oriented ... Artificial Lift and Chemicals



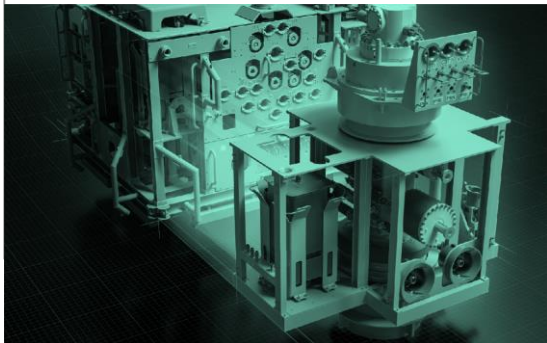
Taking action to address market challenges

- Right-sizing the business for expected lower activity
- Accelerating structural changes to operations
- Exiting underperforming product lines ... e.g. sale of RLS

Oilfield Equipment (OFE)

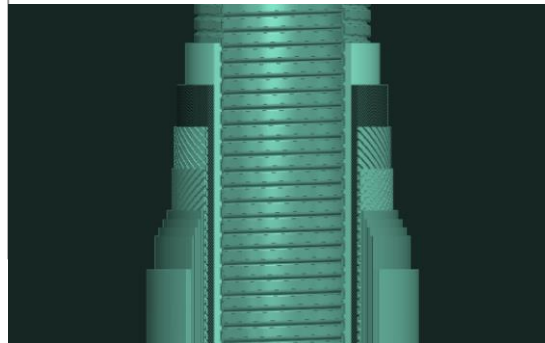
Subsea Production Systems & Services

- Subsea wellheads, trees, controls, manifolds, electric solutions & connection sys.
- Power & processing
- Engineering studies
- Installation & commissioning
- Intervention & well access
- Asset integrity management



Flexible Pipe Systems

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



Surface Pressure Control

- Surface wellheads
- Flow control valves and actuators (surface trees)
- After-market services
- Frac rental services



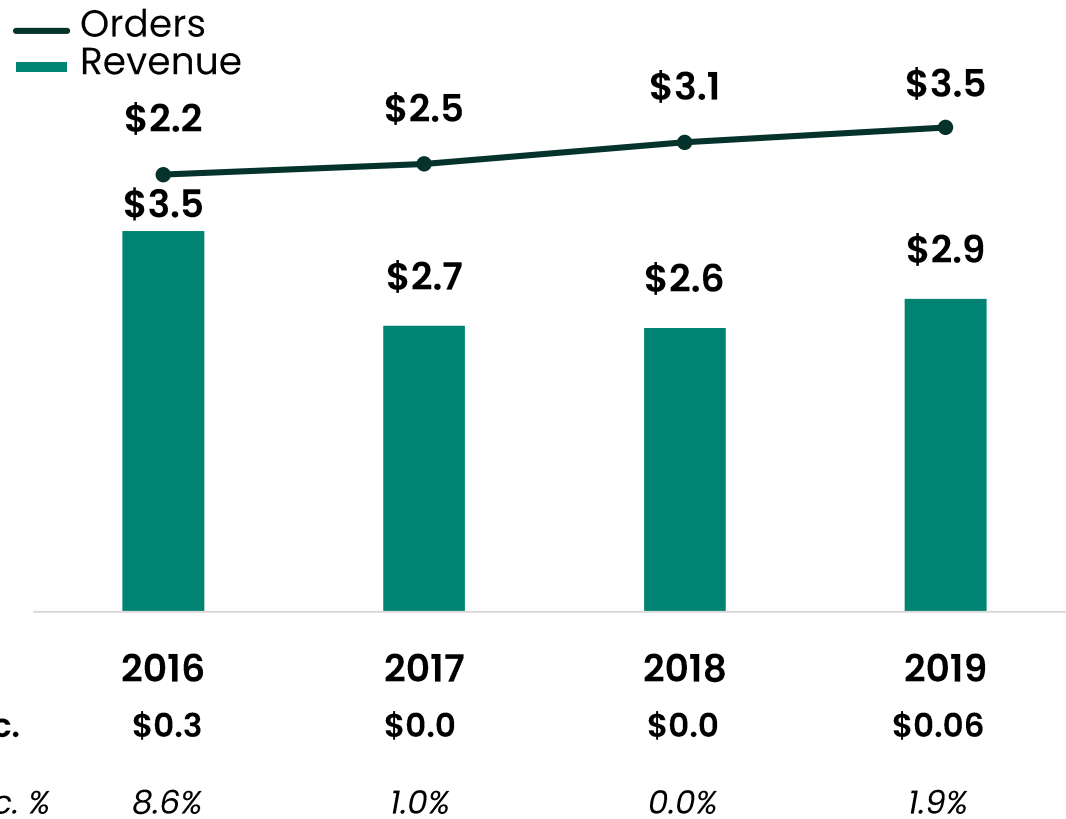
Subsea & Surface Drilling Systems

- Equipment & services for floaters, jack-up & land rigs
- Annular & ram BOP systems
- BOP control systems
- Marine risers, connectors, diverters, choke & valves
- Asset monitoring & analytics
- After-market services



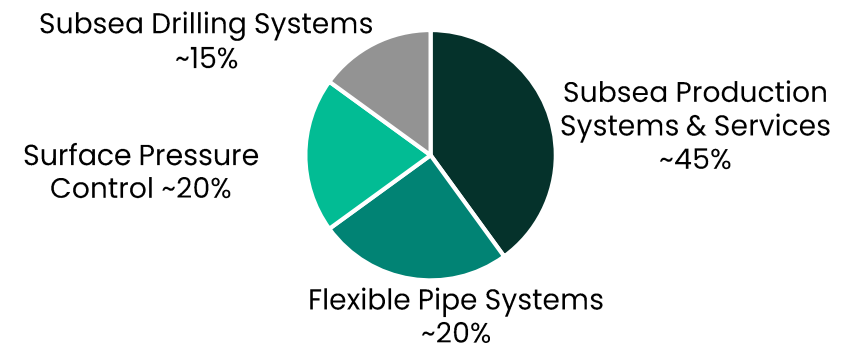
Oilfield Equipment

Financials (\$ in billions)



Business overview

- Leading subsea production systems & flexible pipes
- Collaborative partnerships & new models
- New Subsea Connect & Aptara™ TOTEX-Lite Subsea System
- Expanding use of non-metallic flexibles
- Last 4-year revenue split:



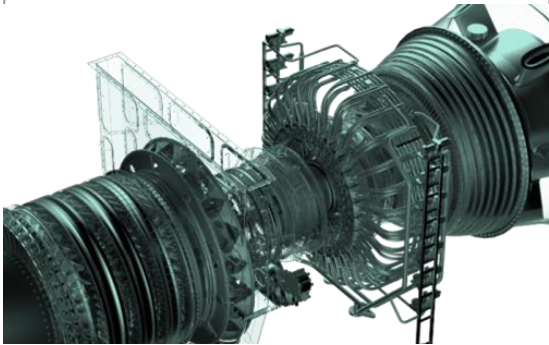
Taking action to address market challenges

- Right-sizing the business for expected lower activity
- Reducing structural cost

Turbomachinery & Process Solutions (TPS)

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



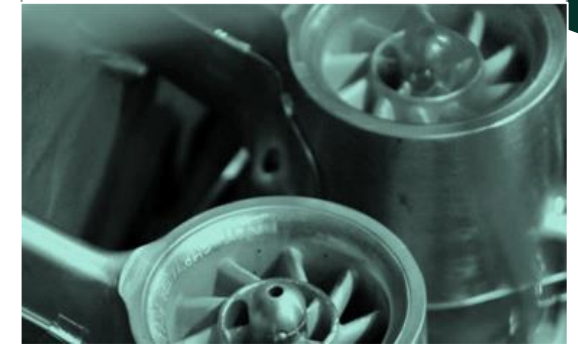
Solutions

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



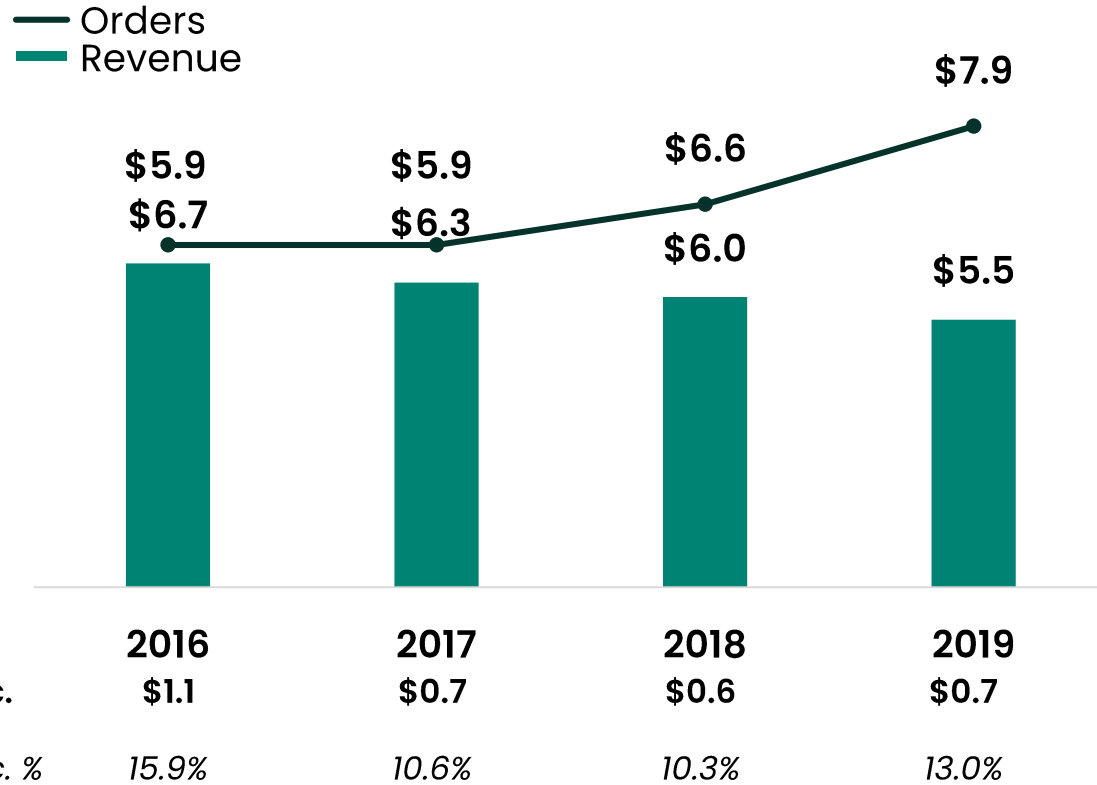
Services

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



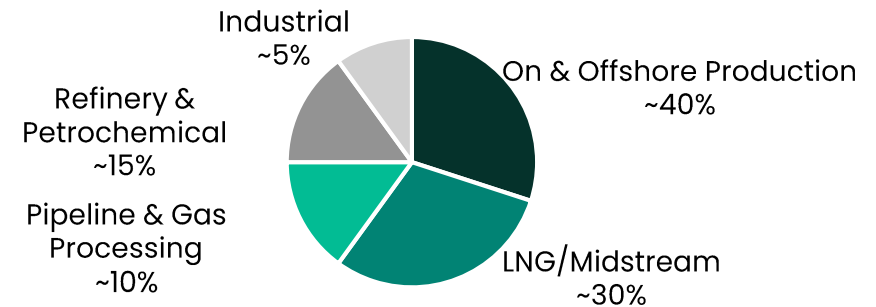
Turbomachinery & Process Solutions

Financials (\$ in billions)



Business overview

- Technology leader in LNG & upstream production
- Proven track record in the most challenging projects
- Significant installed base ... \$13B service backlog (RPO)
- ~420 MTPA of global LNG capacity driven by TPS technology
- 36% Equipment / 64% After-market Services revenue in 2019
- Last 4-year equipment revenue split:



Taking action to address market challenges

- Expanding offerings for the energy transition
- Continuing growth in industrial end-markets
- Focus on executing on existing backlog

Digital Solutions (DS)



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)

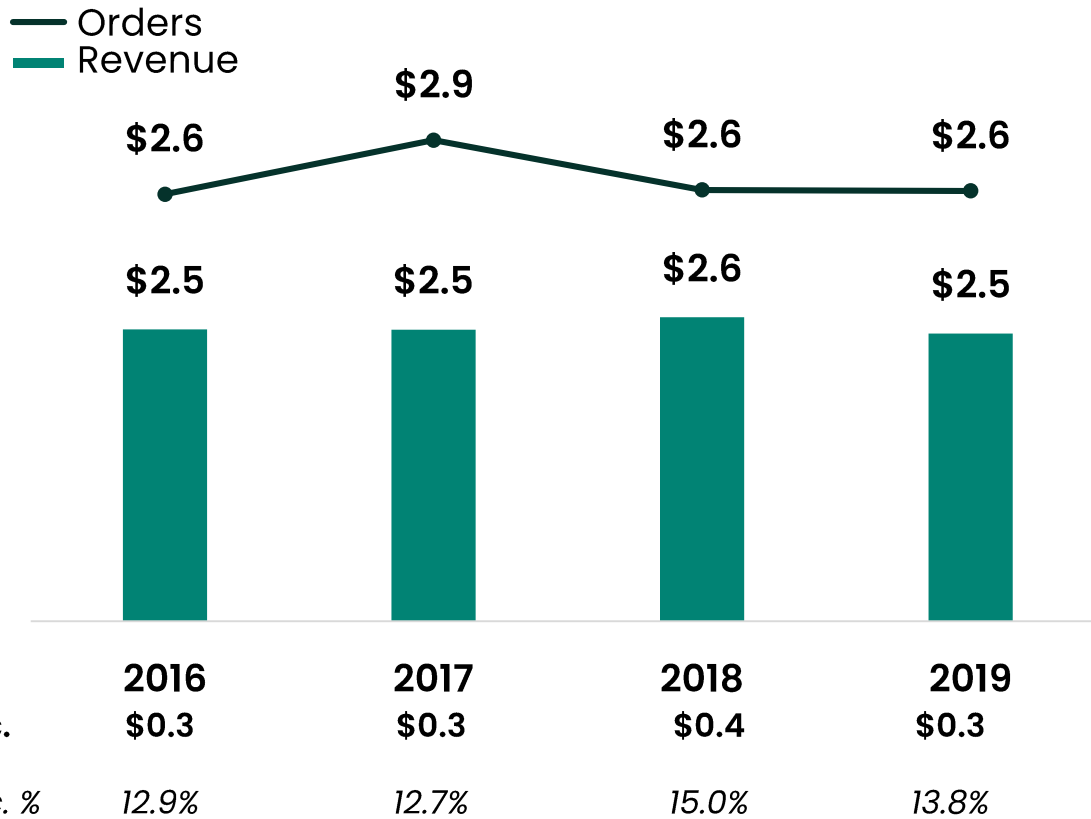


Process & Pipeline Services

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

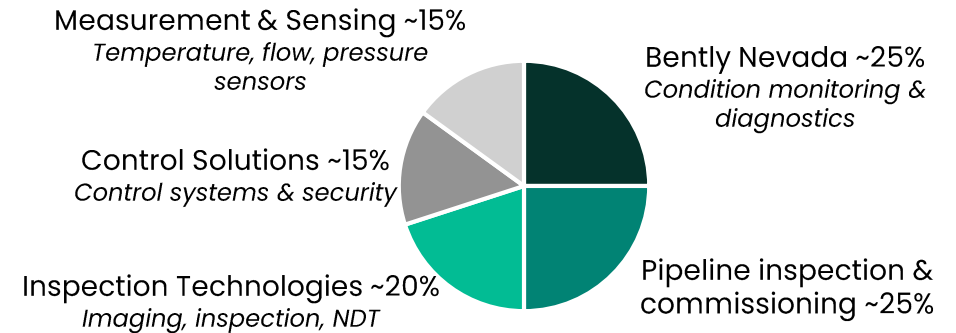
Digital Solutions

Financials (\$ in billions)



Business overview

- Market leader in condition monitoring for natural gas and wind turbines
- Best in class measurement & sensing technology
- Leader in critical inspection technology
- Last 4-year revenue split:



Taking action to address market challenges

- Simplifying & flattening organization structure
- Reducing structural cost
- Accelerating digitization efforts with BakerHughesC3.ai

Lead with technology

Leveraging remote capabilities

- COVID-19 accelerating use of remote operations and investment in remote capabilities
- Increasing use of remote drilling and completion operations globally ... HSE benefits and reduced non-productive time
- Conducted first virtual string test of LNG compression train in 1Q'20 for Calcasieu Pass LNG
- First virtual compressor test in 2Q'20 for LNG Canada
- Enhanced remote options for TPS field service engineers ... SmartHelmet™ with integrated video and audio to connect with remote experts

Formed alliance to deliver AI solutions



- *Nov 2019:* Formed alliance bringing enterprise AI solutions to the energy industry on Microsoft Azure
- Enabling streamline adoption of scalable AI solutions for the energy industry to promote safety, reliability, and sustainability

Leading the energy transition

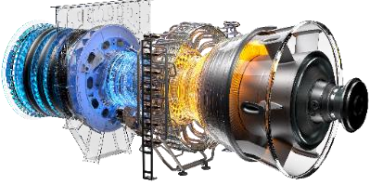
We have committed to **achieve net-zero carbon eq. emissions** by 2050, and invest in new technologies to **help customers reduce their emissions.**

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



Focusing on our strategic goals

Right-size operations

- Optimize workforce & facilities for lower activity levels
- Accelerate structural changes in supply chain & service delivery
- Simplify & flatten organization



Portfolio evolution

- Expand into industrial / chemicals value chain
- Position for energy transition
- Leverage strength across the gas value chain



Digital capability

- Drive greater efficiency
- Safer, more reliable operations
- Leverage C3.ai, internally and externally



Continued emphasis on free cash flow

Delivering on FCF potential, capital discipline

\$1.2B / \$1.2B

FCF generated
in '18 / '19

~3.5%

CAPEX as % of
revenue since
deal close

\$2.1 billion

Dividends
paid since
deal close

A3 / A-

Investment grade
rating

Taking action to maintain financial strength

- Investing in restructuring to deliver \$700M in annual cost savings
- Reducing capex by at least 20%
- Exiting underperforming product lines
- Opportunistic \$500M debt raise in April '20 at attractive rate
- Strong liquidity position ... \$2.9B cash, \$3B undrawn RCF, access to commercial paper & uncommitted lines of credit

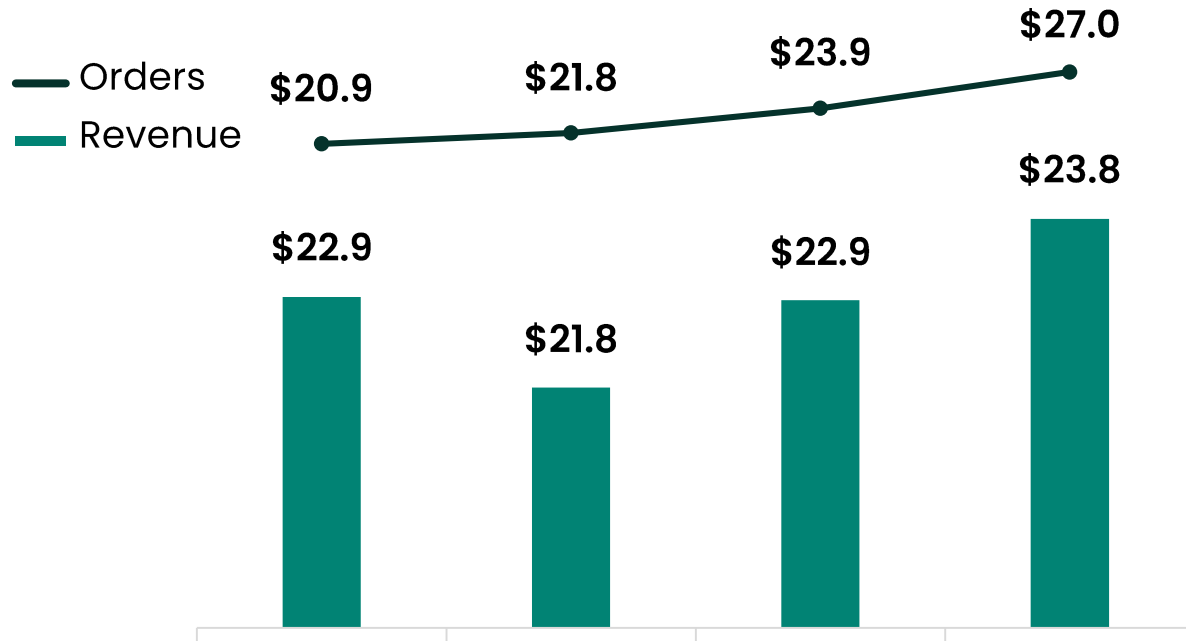
Summary ... a company fit for an evolving market

- Unique portfolio of long- & short-cycle businesses ... \$15B aftermarket services backlog
- Leveraging distinctive core competencies for the energy transition
- Addressing market challenges ... reducing capex by at least 20%, \$700M annualized cost-out program, accelerating structural changes to operations & organization
- Focused on maintaining strong balance sheet & liquidity

Appendix

Strong financial execution

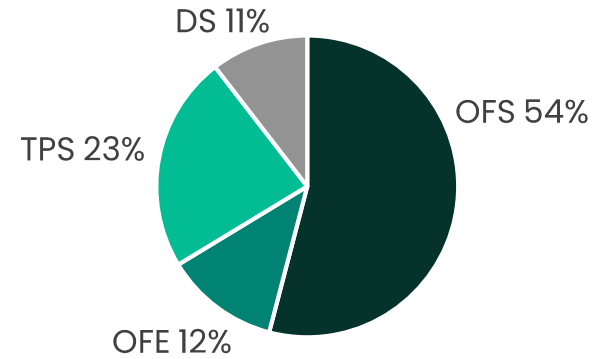
Financials (\$ in billions)



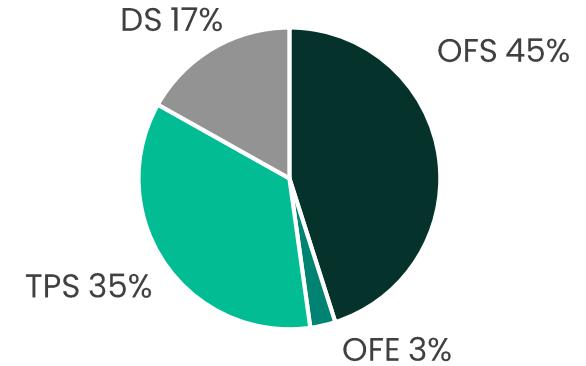
	2016	2017	2018	2019
Adj. Op Income (non-GAAP)	\$0.4	\$0.9	\$1.4	\$1.6
Adj. Op Inc. %	1.8%	3.9%	6.1%	6.7%
D&A	n/m	\$1.5	\$1.5	\$1.4
Free Cash Flow	n/m	n/m	\$1.2	\$1.2

Key highlights

2019 Revenue



2019 Segment operating Income



- 30% NAM; 70% International revenue in 2019
- \$22.7B RPO* – \$7.9B Equipment RPO, \$14.9B Services RPO
- Solid orders growth ... growing market share & re-building backlog in longer-cycle businesses
- Driving efficiencies ... margins up over 60 bps in 2019 and up over 640 bps¹ since deal close

2016 and 2017 financials are on a combined business basis (non-GAAP), Free Cash Flow is a non-GAAP measure – see appendix for non-GAAP to GAAP reconciliations
 *Remaining Performance Obligations as of 3/31/20; 1. 2Q'17 vs 4Q'19 Total Company Adjusted Operating Income
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Historical financials and non-GAAP reconciliation (1/3)

(\$ in millions)

Orders	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	1Q20
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	3,147
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	492
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	1,394
Digital Solutions	2,588	631	674	918	694	2,916	649	637	629	668	2,583	659	688	616	645	2,607	500
Total Orders	20,899	4,817	5,557	5,745	5,701	21,821	5,238	6,036	5,746	6,884	23,904	5,693	6,554	7,783	6,945	26,974	5,532
Revenue																	
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	3,139
Oilfield Equipment	3,541	716	681	613	650	2,661	664	617	631	729	2,641	735	693	728	765	2,921	712
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	1,085
Digital Solutions	2,526	573	620	614	717	2,524	598	662	653	691	2,604	592	632	609	659	2,492	489
Total Revenue	22,915	5,324	5,416	5,301	5,799	21,841	5,399	5,548	5,665	6,264	22,877	5,615	5,994	5,882	6,347	23,838	5,425
Segment operating income (loss)																	
Oilfield Services	(765)	76	26	88	102	292	141	189	231	224	785	176	233	274	235	917	206
Oilfield Equipment	305	50	17	(41)	(1)	26	(6)	(12)	6	12	0	12	14	14	16	55	(8)
Turbomachinery	1,058	252	122	134	157	665	119	113	132	257	621	118	135	161	305	719	134
Digital Solutions	325	63	62	77	118	320	73	96	106	115	390	68	84	82	109	343	29
Total segment operating income (loss)	924	442	227	258	375	1,302	326	387	475	608	1,796	373	465	531	665	2,035	240
Corporate	(515)	(158)	(107)	(89)	(92)	(446)	(98)	(98)	(98)	(110)	(405)	(100)	(105)	(109)	(118)	(433)	(122)
Merger, impairment, restructuring & other	(1,876)	(244)	(264)	(363)	(395)	(1,266)	(269)	(211)	(95)	(116)	(691)	(97)	(90)	(125)	(216)	(528)	(16,299)
Operating income (loss) (GAAP)	(1,467)	39	(145)	(193)	(111)	(409)	(41)	78	282	382	701	176	271	297	331	1,074	(16,059)
Memo: Depreciation & Amortization	n/m	351	344	380	425	1,501	388	392	353	352	1,486	350	360	355	354	1,418	355
Non-GAAP reconciliation																	
Operating income (loss) (GAAP)	(1,467)	39	(145)	(193)	(111)	(409)	(41)	78	282	382	701	176	271	297	331	1,074	(16,059)
Less: Merger, impairment, restructuring & other	(1,876)	(244)	(264)	(363)	(395)	(1,266)	(269)	(211)	(95)	(116)	(691)	(97)	(90)	(125)	(216)	(528)	(16,299)
Adjusted operating income (Non-GAAP)	409	283	120	169	284	856	228	289	377	498	1,391	273	361	422	546	1,602	240

Non-GAAP reconciliations (2/3)

(\$ in millions)

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

	Baker Hughes ^(a)				Add: Legacy BHI				Combined business basis			
	<u>TY'16</u>	<u>1Q'17</u>	<u>2Q'17</u>	<u>TY'17</u>	<u>TY'16</u>	<u>1Q'17</u>	<u>2Q'17</u>	<u>TY'17</u>	<u>TY'16</u>	<u>1Q'17</u>	<u>2Q'17</u>	<u>TY'17</u>
Consolidated results												
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)
Oilfield Services												
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
Digital Solutions												
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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Non-GAAP reconciliations (3/3)

(\$ in millions)

Reconciliation of Cash Flow From Operating Activities to Free Cash Flow

Non-GAAP reconciliation	<u>TY2018</u>	<u>TY2019</u>	<u>1Q2020</u>
Cash flow from operating activities (GAAP)	1,762	2,126	478
Add: cash used in capital expenditures, net of proceeds from disposal of assets	(537)	(976)	(325)
Free cash flow (Non-GAAP)	1,225	1,150	152

Baker Hughes 