

**BAKER  
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# 4Q'17 BHGE Earnings

January 24, 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 Registration Statement on Form S-4 (File No. 333-216991), filed on May 25, 2017; the Company’s subsequent quarterly reports on Form 10-Q for the quarterly periods ended June 30, 2017 and September 30, 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 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. 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 presentation 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 on January 24, 2018, which includes a reconciliation of the combined business information contained herein from financial results prepared in accordance with GAAP.

# 4Q'17 highlights & environment update

## Financial Results

- Orders of \$5.8 billion, Revenue of \$5.8 billion, GAAP operating loss of \$92 million, Adjusted operating income (a non-GAAP measure) of \$303 million
- GAAP net loss per share of \$(0.07) ... Adjusted earnings per share (a non-GAAP measure) of \$0.15

## Capital Allocation

- Increased quarterly dividend to \$0.18/share ... Announced \$3 billion share buyback authorization
- Issued \$3.95 billion of senior notes ... Refinanced \$0.8 billion of existing debt

## Macro

- NAM onshore rig count down in 4Q, international stable ... growth into 2018
- Offshore improving slowly ... LNG activity still low

## Key Wins

- Commercial: significant well construction contract in Middle East; fullstream development of the Cambo field; turbine generators generating 150MW for the Halfaya oilfield
- Technology: launching next generation horizontal subsea tree; first offshore NovaLT16 gas turbine in Vietnam

## Integration

- Delivered \$81 million of synergies in 4Q ... synergy targets remain on track

# 4Q'17 BHGE combined basis business results

(\$ in millions, except EPS)	4Q'17	Sequential variance	Prior year variance
Orders	\$5,757	1%	(2)%
Revenue	\$5,763	7%	(3)%
Operating loss	\$(92)	25%	U
Adjusted operating income (non-GAAP) <sup>1</sup>	\$303	26%	(16)%
Earnings per share (attributable to Class A shareholders)	\$(0.07)	71%	-
Adjusted EPS (attributable to Class A shareholders, non-GAAP) <sup>1</sup>	\$0.15	F	-
Free cash flow (non-GAAP) <sup>1</sup>	\$(367)	9%	-

<sup>1</sup> Adjusted operating income, free cash flow and adjusted earnings per share are all non-GAAP measures. Please refer to the 4Q'17 BHGE press release for a reconciliation. "F" is used in most instances when variance is above 100%. Additionally, "U" is used in most instances when variance is below (100%).

# Segment financial performance

(\$ in millions)

## Oilfield Services

	4Q'17	Sequential	YoY
Orders	\$2,774	5%	9%
Revenues	2,774	5%	10%
Operating income	113	49%	F
Operating income %	4.1%	1.3pts	4.4pts

## Turbomachinery & Process Solutions

	4Q'17	Sequential	YoY
Orders	\$1,729	23%	(8)%
Revenues	1,622	7%	(14)%
Operating income	146	(30)%	(53)%
Operating income %	9.0%	(4.9)pts	(7.6)pts

## Oilfield Equipment

	4Q'17	Sequential	YoY
Orders	\$561	(26)%	(27)%
Revenues	672	12%	(21)%
Operating income	29	F	(78)%
Operating income %	4.3%	11.5pts	(10.8)pts

## Digital Solutions

	4Q'17	Sequential	YoY
Orders	\$694	(24)%	1%
Revenues	695	10%	4%
Operating income	107	24%	1%
Operating income %	15.4%	1.6pts	(0.7)pts

"F" is used in most instances when variance is above 100%. Additionally, "U" is used in most instances when variance is below (100%).

- Positioning for growth and profitability
- Progress on capital allocation
- Delivering on integration priorities
- Executing on priorities for shareholders



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