

**BAKER  
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# 2Q'18 BHGE Earnings

July 20, 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.

\*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 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, 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.



# 2Q'18 highlights & environment update

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

- Orders of \$6.0 billion, Revenue of \$5.5 billion, GAAP operating income of \$78 million, Adjusted operating income (a non-GAAP measure) of \$289 million
- GAAP diluted loss per share of \$(0.05) ... Adjusted diluted earnings per share (a non-GAAP measure) of \$0.10
- Delivered \$189 million of synergies in 2Q'18 ... synergy targets remain on track

## 1 year as BHGE

- Focused on share gains in key regions
- Margin rate in OFS up 5.5pts year-over-year
- New and innovative commercial models ... investing in technology
- Top-tier shareholder returns ... more than \$2.3 billion returned to shareholders since deal close

## Macro

- U.S. rig count up 8%, international flat in 2Q'18
- Offshore and LNG outlook improving ... first U.S. LNG FID since 2015

## Key Wins

- Awarded important integrated contract to support large portion of Equinor's drilling & well construction activities in NCS
- Secured substantial subsea production and completions contracts from Chevron Australia for Gorgon Phase 2
- Won subsea production systems award for Phase 2 of POSCO DAEWOO's Shwe gas field development
- Providing turbomachinery equipment for Cheniere's Corpus Christi Train 3





# 2Q'18 BHGE combined basis business results

| (\$ in millions, except EPS)   | 2Q'18    | Sequential variance | Prior year variance |
|--|----------|---------------------|---------------------|
| Orders   | \$6,036  | 15%                 | 9%                  |
| Revenue  | \$5,548  | 3%                  | 2%                  |
| Operating income   | \$78     | F                   | F                   |
| Adjusted operating income (non-GAAP) <sup>1</sup>                                  | \$289    | 27%                 | F                   |
| GAAP diluted Loss per share (attributable to Class A shareholders)                 | \$(0.05) | U                   | -                   |
| Adjusted diluted EPS (attributable to Class A shareholders, non-GAAP) <sup>1</sup> | \$0.10   | 9%                  | -                   |
| Free cash flow (non-GAAP) <sup>1</sup>   | \$(22)   | U                   | -                   |

<sup>1</sup> Adjusted operating income, adjusted diluted earnings per share and free cash flow are all non-GAAP measures. Please refer to the 2Q'18 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

|                    | 2Q'18   | Sequential | YoY    |
|--------------------|---------|------------|--------|
| Orders             | \$2,866 | 9%         | 13%    |
| Revenues           | 2,884   | 8%         | 14%    |
| Operating income   | 189     | 34%        | F      |
| Operating income % | 6.6%    | 1.3pts     | 5.5pts |

## Turbomachinery & Process Solutions

|                    | 2Q'18   | Sequential | YoY    |
|--------------------|---------|------------|--------|
| Orders             | \$1,498 | 3%         | (4)%   |
| Revenues           | 1,385   | (5)%       | (13)%  |
| Operating income   | 113     | (5)%       | (7)%   |
| Operating income % | 8.2%    | -pts       | 0.5pts |

## Oilfield Equipment

|                    | 2Q'18   | Sequential | YoY      |
|--------------------|---------|------------|----------|
| Orders             | \$1,035 | F          | 30%      |
| Revenues           | 617     | (7)%       | (9)%     |
| Operating income   | (12)    | (84)%      | U        |
| Operating income % | (1.9)%  | (0.9)pts   | (4.4)pts |

## Digital Solutions

|                    | 2Q'18 | Sequential | YoY    |
|--------------------|-------|------------|--------|
| Orders             | \$637 | (2)%       | (6)%   |
| Revenues           | 662   | 11%        | 7%     |
| Operating income   | 96    | 33%        | 56%    |
| Operating income % | 14.6% | 2.4pts     | 4.6pts |

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





- Significant progress in first year
- Securing key commercial wins
- Executing on financial & integration priorities
- Delivering for customers & shareholders

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