Acquisition of Chart Industries Conference Call Prepared Remarks

Chase Mulvehill *Baker Hughes – VP of Investor Relations*

Good morning, everyone, and thank you for joining our conference call to discuss this morning's announcement that we have entered into an agreement to acquire Chart Industries.

Joining me today are our Chairman and CEO, Lorenzo Simonelli, Executive Vice President of Industrial & Energy Technology, Ganesh Ramaswamy, our CFO, Ahmed Moghal, and Jill Evanko, President and CEO of Chart Industries.

We will also be using a presentation with our prepared remarks during this webcast, which can be found on our investor website.

After the prepared remarks, we'll open it up for Q&A.

I would like to remind everyone that this will include forward-looking statements.
Any forward-looking statements that we make today are based on assumptions as of this date, and we undertake no obligation to update these statements as a result of new information or future events. I would refer you to our SEC filings for a full review of all of those risks.

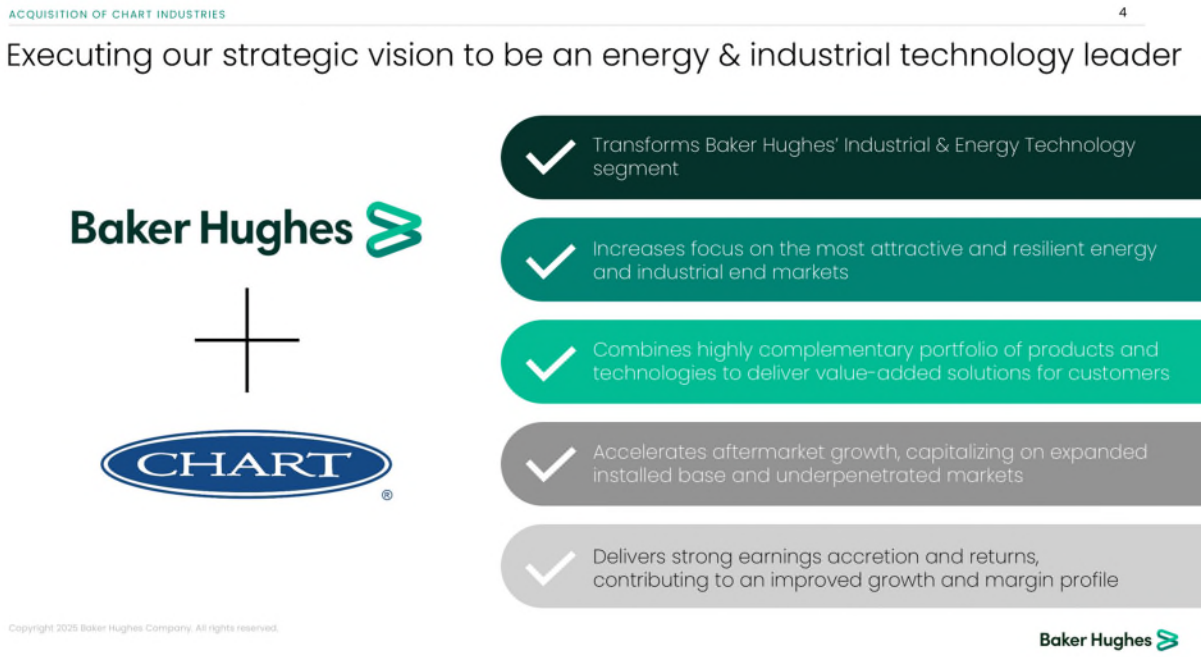
With that, I'll turn the call over to Lorenzo.

Lorenzo Simonelli *Baker Hughes – Chairman & CEO*

Thanks, Chase.

Good morning, everyone, and thank you all for joining us.

Slide 4.



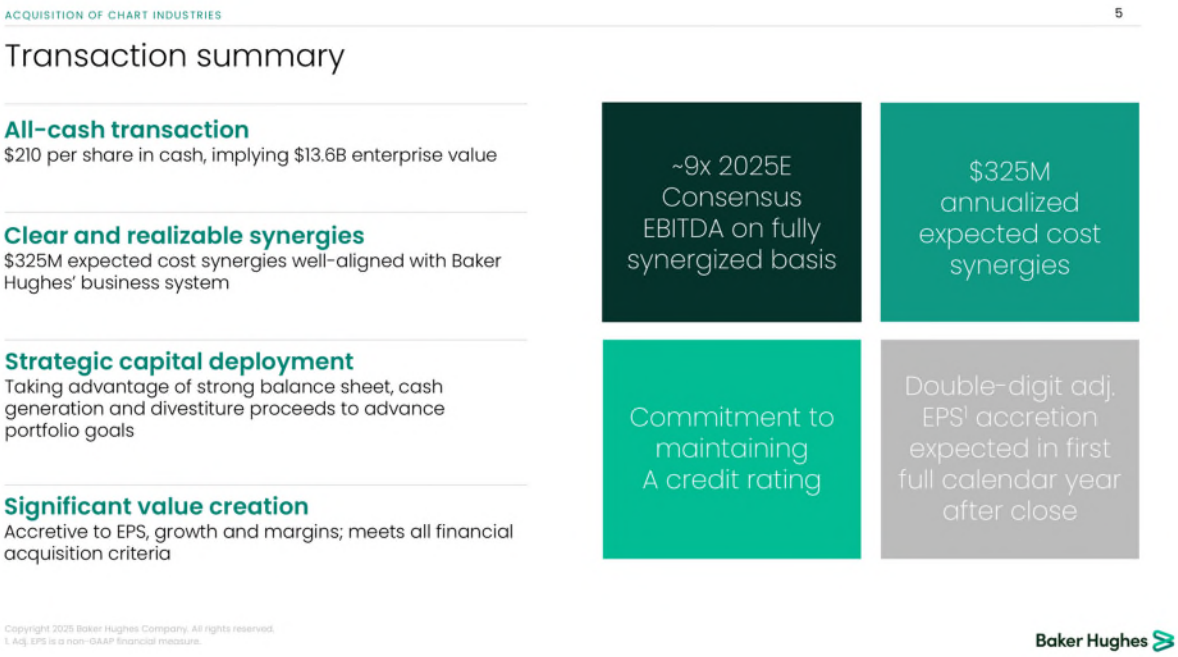
We're excited to be with everyone today to announce our acquisition of Chart Industries. This acquisition is a strong strategic fit and accelerates our vision to become a leading energy and industrial solutions provider.

This transaction will transform our Industrial & Energy Technology (IET) segment, by expanding our capability to serve a broader range of energy and industrial applications. Together, we will sharpen our focus on the most attractive and resilient markets, combining our highly complementary product and technology portfolios to deliver value-added solutions for our customers.

We also see meaningful opportunity to accelerate aftermarket growth by increasing attachment rates across Chart's installed base, extending our broad geographic footprint and strong customer relationships. In addition, we will deploy our digital capabilities – including our AI-enabled Cordant solutions and iCenter – to deepen digital penetration across their serviceable installed base and unlock higher-margin, recurring revenue streams.

Finally, we expect this combination to deliver strong earnings accretion and returns, while enhancing the overall growth and margin profile of Baker Hughes.

Slide 5.



Turning to **slide 5**, I'd like to walk you through a summary of the transaction details.

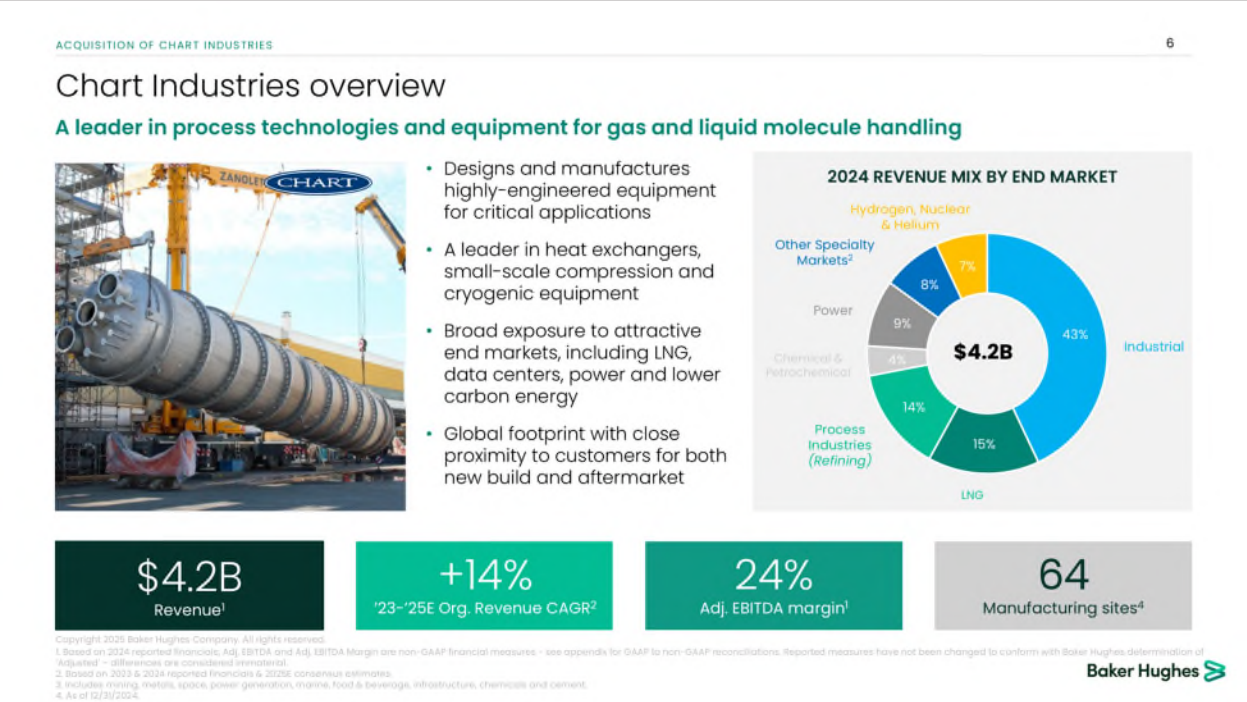
The transaction consideration is $210 per share in cash, which is equivalent to an enterprise value of $13.6 billion. This values Chart at approximately 9x estimated 2025 Consensus EBITDA on a fully synergized basis.

Chart will become part of our IET segment, where our established business system provides the structure, discipline and repeatability needed to integrate with speed and precision. This gives us confidence in delivering $325 million in annualized cost synergies, as well as capturing the full strategic and financial benefits of the transaction.

We are making this acquisition from a position of strength, taking advantage of our strong balance sheet, cash generation and divestiture proceeds to advance our portfolio goals. We remain committed to maintaining our single A credit rating and will later take you through our plans to deleverage over the next 24 months.

The transaction is accretive across all key metrics, and we expect to deliver double-digit EPS accretion in the first full calendar year after closing the transaction. It meets every element of our disciplined acquisition criteria – both strategically and financially.

Slide 6.



Turning to **slide 6**. I'll provide a quick overview of Chart and why we believe it is a highly attractive addition to our portfolio.

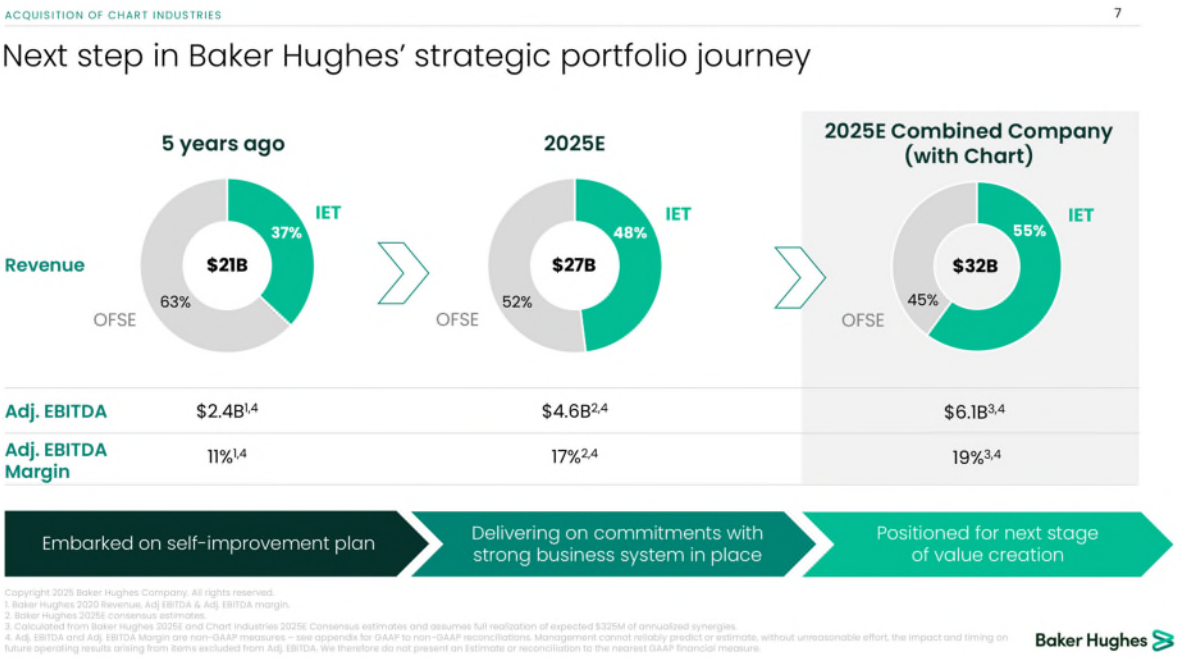
Chart is a global leader in process technologies and equipment for gas and liquid molecule handling across a broad range of industrial and energy end markets, including LNG, data centers, power, metals and mining and low-carbon solutions.

With only 30% of revenue tied to oil and gas, Chart is predominantly exposed to high-growth industrial and sustainability-linked markets – supporting a more balanced portfolio aligned with long-term secular growth trends.

Chart is a leader in heat exchangers, small-scale compression and cryogenic equipment. Its global scale enables them to support large and complex energy and industrial projects, while also significantly enhancing the aftermarket and lifecycle value of its offerings.

Chart also has a strong financial profile, with $4.2 billion in revenue in 2024, a 3-year organic revenue CAGR of 14%, and a 24% EBITDA margin.

Slide 7.



On **slide 7**, you can see how this transaction represents a natural step in Baker Hughes' ongoing strategic portfolio transformation.

Over the past five years, we have doubled our EBITDA, supported by an increasing contribution from our faster-growing IET segment, which now accounts for 48% of total revenues – up from 37%. When we began this journey, the company had a lower margin profile and greater exposure to upstream oil and gas spending.

Fast forward five years, and today we have fundamentally improved how we operate – driving a 600-basis point margin expansion while shifting toward a more balanced and resilient revenue mix with less relative exposure to the more cyclical upstream market.

As part of this broader business transformation, we implemented a robust business system during this period that has enhanced productivity and accelerates our progress to be a leaner, more efficient company. This disciplined operating model provides the structure and rigor to successfully integrate acquisitions of all sizes, including larger, strategic transactions like this one.

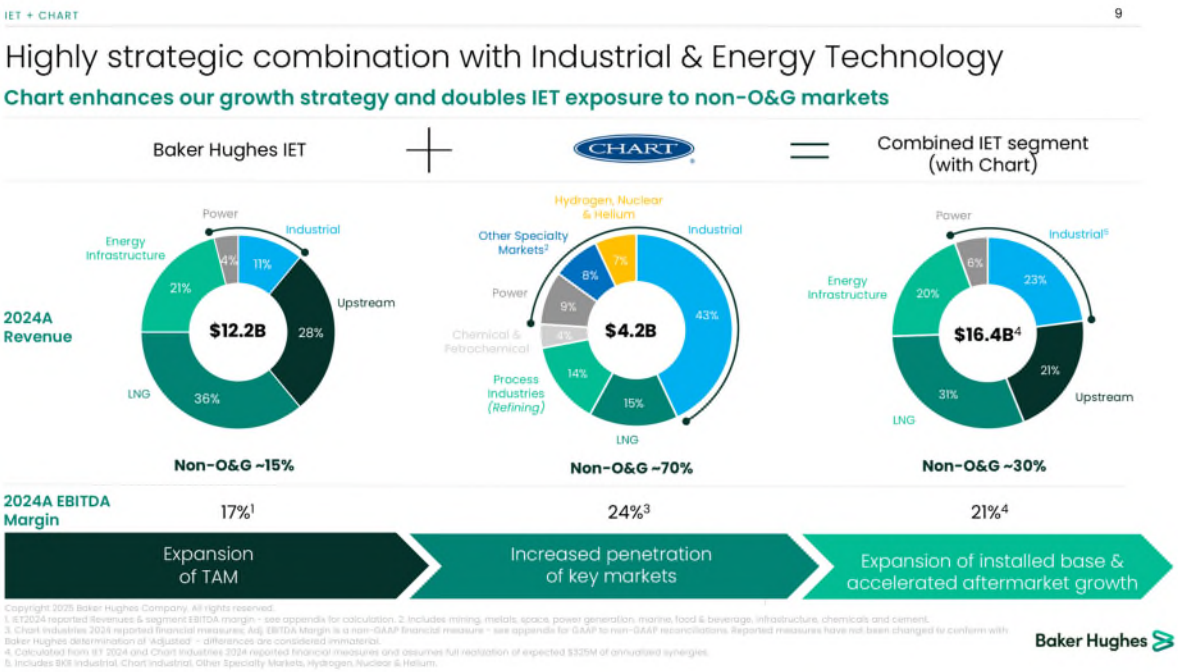
The transaction marks another important step in our strategic journey – realigning the portfolio to deliver customer value and strengthen returns, profitability, and growth, while shifting our mix toward the IET segment. As a result, it enhances earnings durability and expands our presence in high-growth markets. With the addition of Chart, we will be well positioned for the next phase of value creation, powered by a more strategically aligned portfolio and a foundation built for long-term, sustainable growth.

With that, I will turn the call over to Ganesh, who will explain how Chart aligns strategically with our IET segment.

Ganesh Ramaswamy *Baker Hughes – Executive Vice President of Industrial & Energy Technology*

Thank you, Lorenzo.

Slide 9.



Let us begin on **slide 9**.

Lorenzo provided an update on the progress achieved during Horizon One. The IET segment has reported growth, margin expansion, and implementation of our business system, which is now in its third year of operation.

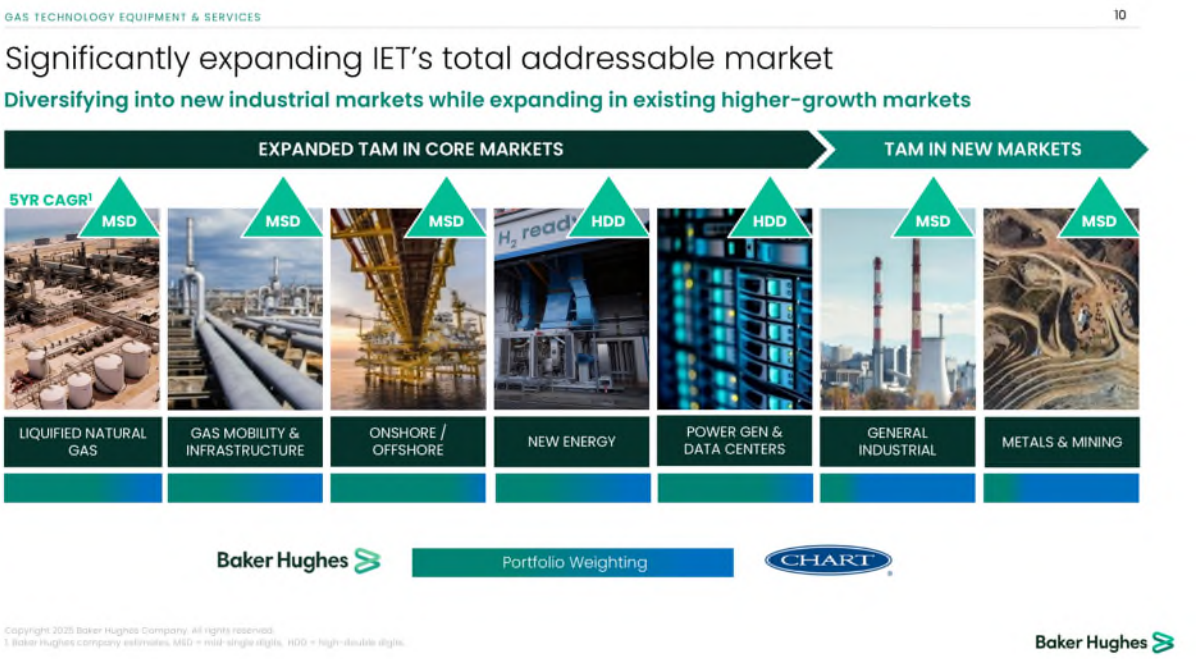
The acquisition of Chart is a strong strategic fit with our IET segment. It will accelerate our shift toward industrial markets, double our presence to non-oil and gas segments, and reduce our exposure to the more cyclical upstream markets.

The combination also expands IET's capabilities in key growth markets, such as LNG, data centers, gas infrastructure, hydrogen, and CCUS by expanding our total addressable market and unlocking commercial synergies by offering customers value-added solutions.

The breadth and diversity of the combined portfolio will allow us to unlock significant aftermarket potential, driven by higher attachment rates and enhanced penetration of our digital offerings across the total installed base.

This is not just about alignment – it is about accelerated value creation. The combined portfolio will be more industrial and less cyclical, positioning the company to deliver more resilient and consistent long-term performance.

Slide 10.



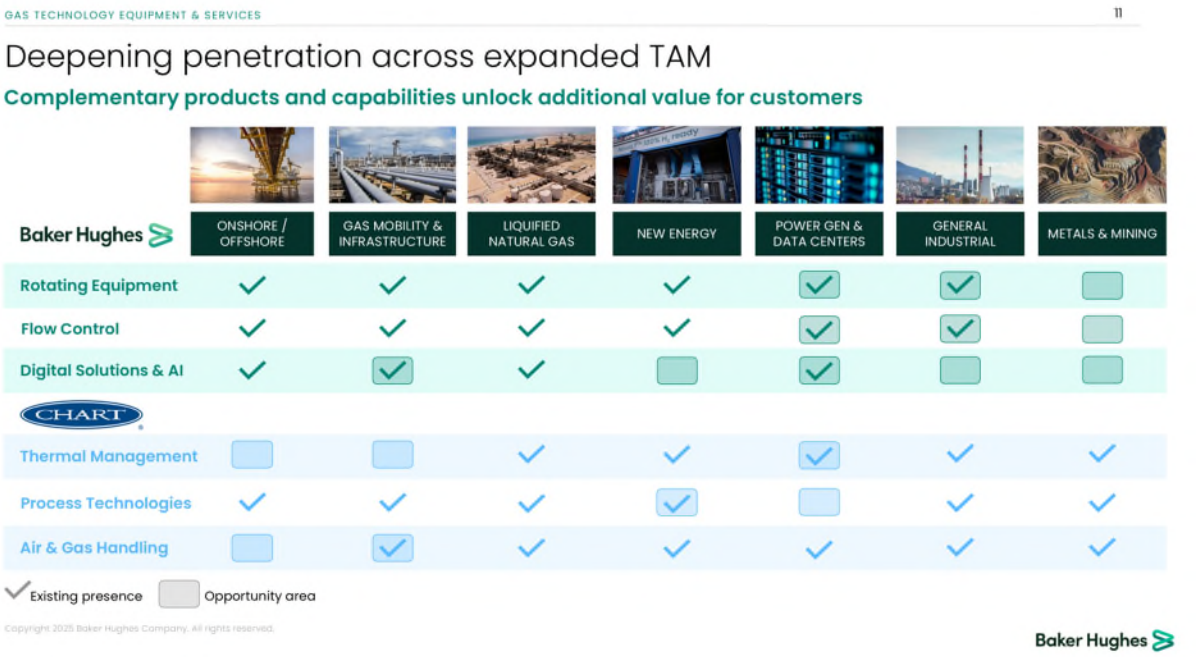
Turning to **slide 10**, we expect to significantly increase IET's total serviceable addressable market by creating new opportunities.

We are broadening our reach beyond our core markets, which currently include upstream oil and gas, infrastructure and LNG, as well as New Energy and distributed power generation.

Chart increases our exposure to general industrial and metals and mining sectors, where they hold a historic presence. Additionally, there are new and highly promising growth opportunities in emerging areas such as space, water treatment, and nuclear technologies.

Together, we will be able serve a significantly broader portion of the market, and more effectively deliver value for customers.

Slide 11.



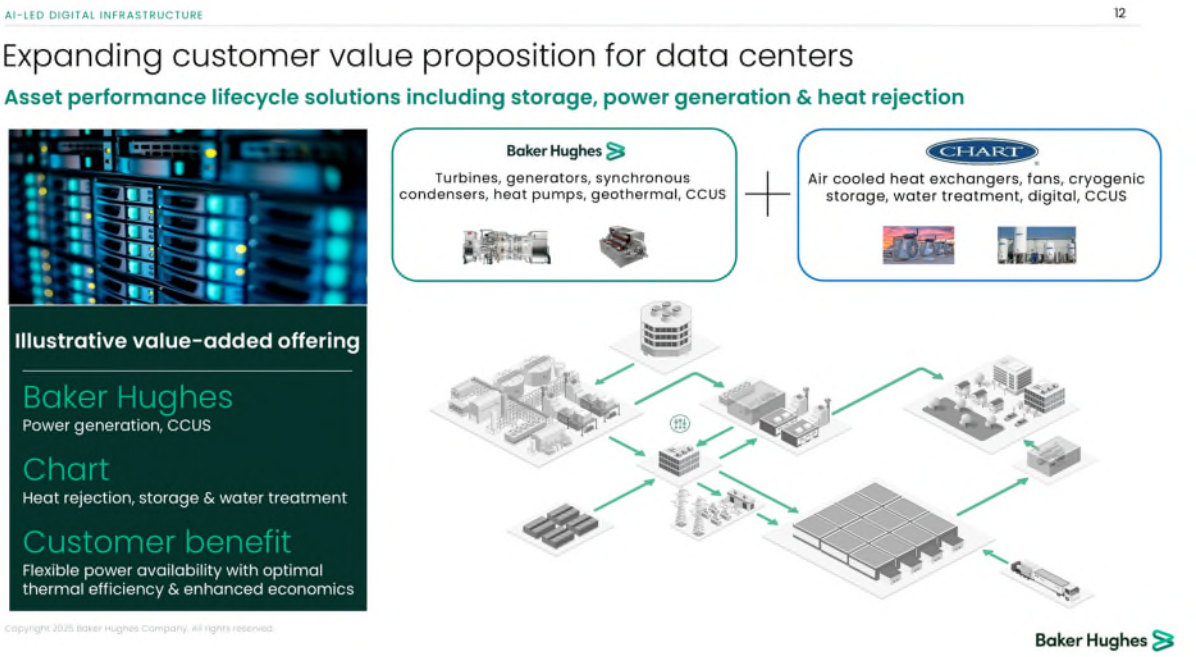
Turning to **slide 11**.

We are not just about expanding into new markets; we are also deepening our presence within high-growth sectors through the combination of complementary technologies across energy and industrial value chains.

Baker Hughes provides differentiated solutions for rotating equipment, flow control, digital and decarbonization. Chart complements this through its capabilities in air and gas handling, thermal management, and process technologies – effectively addressing gaps across core value chains.

As a result, we are better positioned to meet a diverse set of customer needs with tailored solutions that reflect long-term industry trends and shifting market demands, thereby enhancing our presence in high-growth sectors, such as LNG, data centers, and power generation.

Slide 12.



Next on to **slide 12**, we focus on one of the most compelling opportunities enabled by this combination – data centers.

Data centers are a rapidly expanding vertical in the global economy – and an area where this combination allows us to better serve our customers.

Data centers consume significant amounts of energy. In order to maintain competitiveness in this sector, it is essential to ensure both a reliable and resilient power supply, as well as effective thermal management systems capable of addressing the substantial heat output from high-performance computing operations.

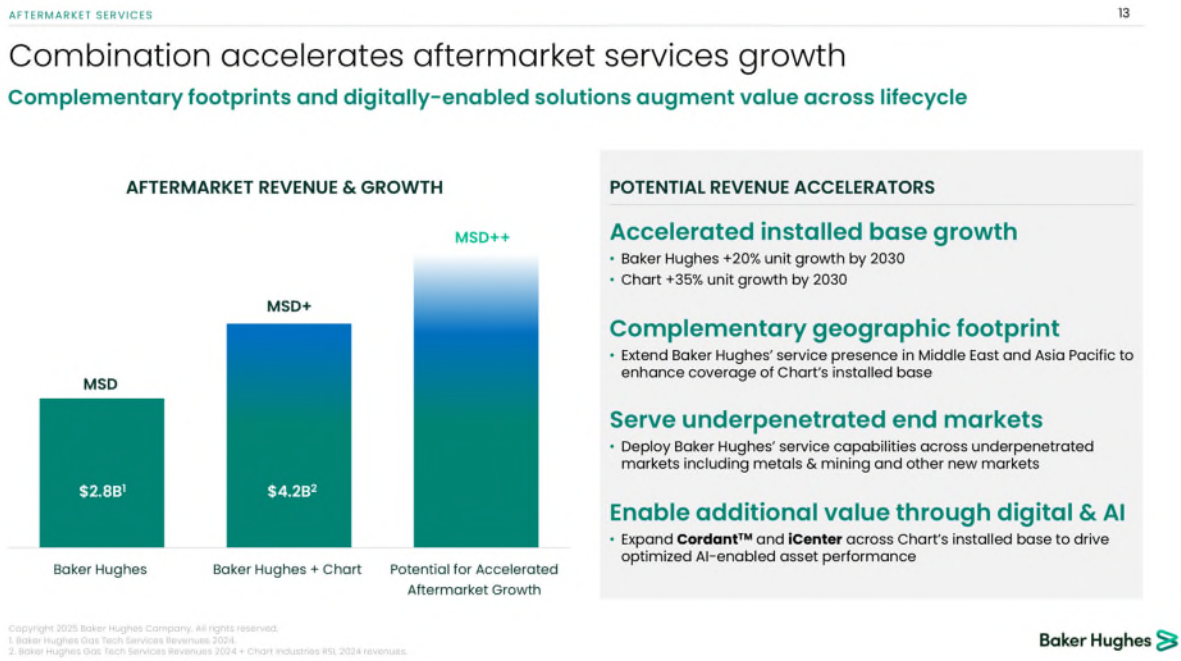
This is exactly where Baker Hughes and Chart come together in a differentiated way.

Baker Hughes provides turbines that deliver distributed power generation, while Chart supplies industrial chillers that help reject the heat from advanced compute environments, especially GPUs operating above 200 degrees Celsius. In addition, Chart brings cryogenic tanks for on-site storage.

This is not only a complete solution – it's a more efficient one. We can significantly lower energy intensity across the system by utilizing waste heat from turbine exhaust and chip-level thermal loads.

This combination positions us to deliver differentiated, high-efficiency infrastructure solutions for one of the fastest growing and most energy-intensive sectors of the economy. Beyond its significant growth potential, it positions us to play an expanded role in shaping what we believe will be one of the most transformative markets of the next decade.

Slide 13.



Now turning to **slide 13**. I would like to talk about the significant aftermarket opportunity, where we see a clear path to unlocking additional value.

By 2030, Baker Hughes' installed base is expanding by 20% while Chart's installed base is increasing by 35%. This alone will drive accelerated installed base growth for Baker Hughes. There are also several complementary elements that position us to accelerate this growth profile for our aftermarket business.

First, we can extend our expansive service footprint and strong customer intimacy in regions like the Middle East and Asia Pacific, where Chart has a large installed base but limited aftermarket service coverage.

Second, we see the same opportunity to deploy Baker Hughes' service capabilities into underserved end markets, such as metals and mining.

Third, by integrating Baker Hughes' global service network and AI-driven platforms with Chart's digital tools, we can transform the customer experience across the full lifecycle of the combined installed base.

For example, platforms like Baker Hughes' iCenter and Chart's Uptime enable proactive diagnostics and real-time asset monitoring – leading to smarter operations, increased uptime, and lower total costs of ownership. Together, we can transition from reactive service to predictive performance.

In short, this combination unlocks significant aftermarket growth potential – further enhancing both the durability and quality of Baker Hughes earnings.

Now I would like to turn the call over to Ahmed, who will go through the financial details of the transaction.

Ahmed Moghal *Baker Hughes – CFO*

Thank you, Ganesh.

Slide 15.



I'll start by reviewing in more detail the key financial components of the transaction on **slide 15**.

As Lorenzo already noted, the transaction consideration is $210 per share in cash, representing an enterprise value of $13.6 billion and approximately 9x 2025 fully synergized EBITDA.

There is no financing condition associated with this transaction, and we have obtained fully committed bridge financing, which we expect to replace through permanent debt issuance and cash on our balance sheet prior to close.

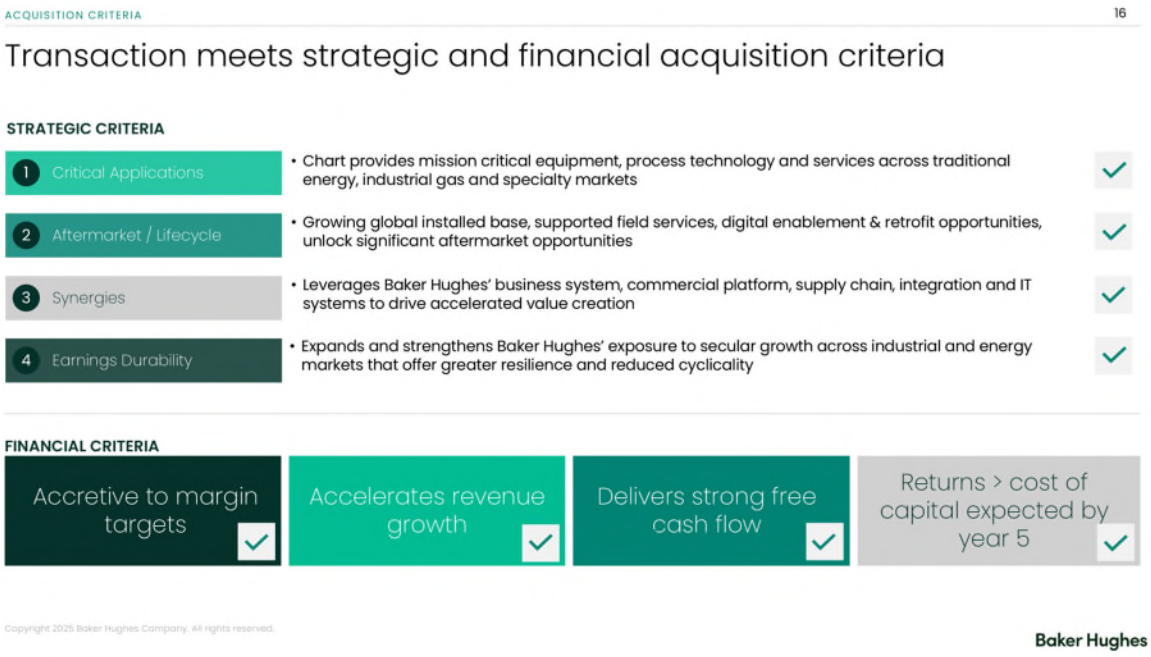
We are committed to maintaining our single A credit rating and project that our net leverage will be 2.25x at closing, with a detailed plan to de-leverage to 1 to 1.5x within 24 months following deal close.

We have high confidence in achieving $325 million in annualized cost synergies over three years – we'll go into more details on how we plan to do that in a few moments.

We see the acquisition as accretive to margins and cash flow, with double-digit EPS accretion in the first full calendar year and double-digit return on invested capital by the fifth year post-close.

We expect the transaction to close in mid-2026, subject to approval from regulatory authorities and Chart's shareholders, as well as other customary conditions.

Slide 16.



On **slide 16**, you'll see how this transaction closely aligns with our established strategic and financial acquisition criteria.

From a strategic perspective, the acquisition expands our offerings in core customer sectors while broadening our exposure to high-growth markets and strategic industrial segments, like metals and mining.

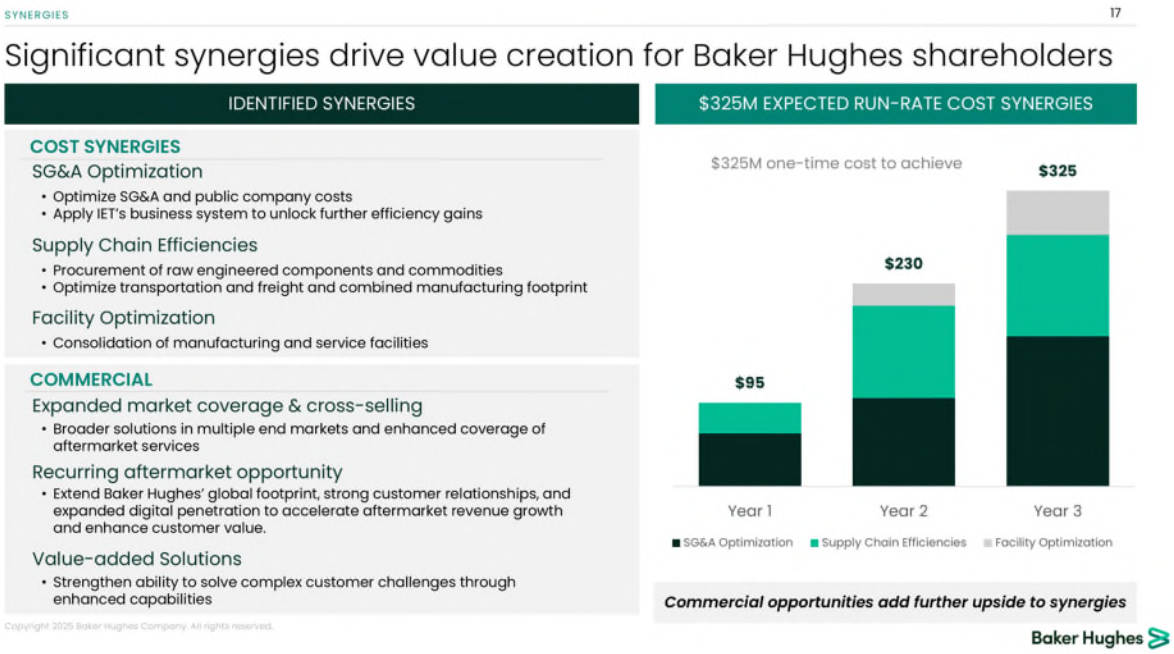
The acquisition of Chart contributes to expanding our recurring revenue base by increasing participation across the lifecycle.

The acquisition is highly synergistic, leveraging our business system, commercial platforms, supply chain, and IT systems to drive accelerated value creation.

It also enhances the resilience of our earnings, broadening our exposure to secular growth markets across industrial and energy sectors, making us stronger through economic cycles.

The transaction also meets all our financial criteria, including margin accretion, revenue growth acceleration, free cash flow expansion and exceeds our returns threshold.

Slide 17.

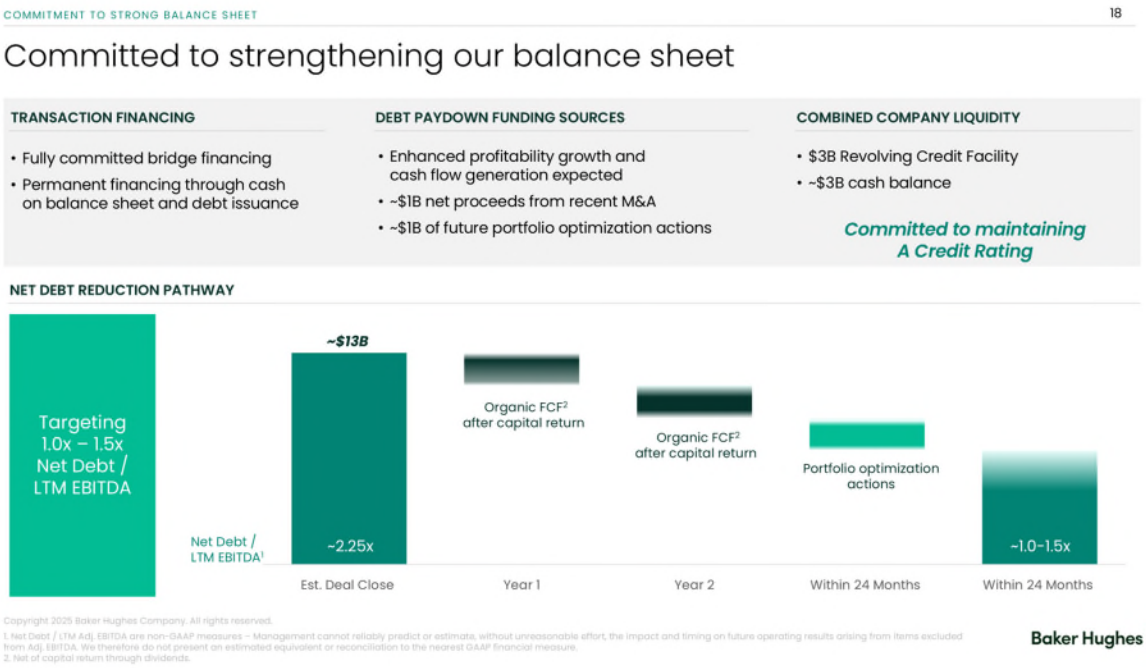


Moving to **slide 17**, we see a clear path to significant value creation for our customers and shareholders through cost and commercial revenue synergies.

We have high confidence in our ability to achieve run-rate cost synergies totaling approximately $325 million, through SG&A optimization, supply chain efficiencies, and facility optimization across the combined company.

We also see meaningful commercial synergies. This includes opportunities for expanded market coverage and broader product offering, as well as higher attachment rates and enhanced digital penetration on Chart's installed base. Alongside this, we're also strengthening our ability to address complex customer challenges through a more comprehensive set of capabilities.

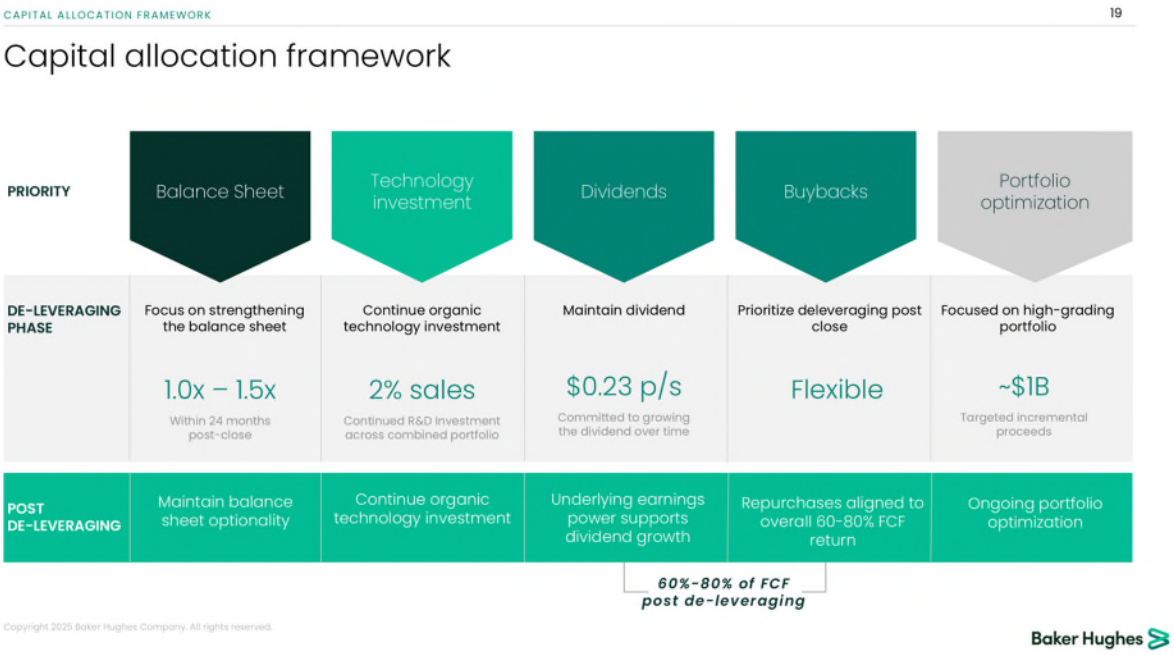
Slide 18.



On **slide 18**, we highlight our defined path to reduce leverage to 1x to 1.5x within the first 24 months post-close. This will be driven by free cash flow generation, as well as proceeds from continued portfolio optimization actions, including the $1 billion of net proceeds expected from the recently announced transactions.

The combined company will have access to a $3 billion revolving credit facility and about $3 billion in cash on our balance sheet on a combined company basis at close.

Slide 19.



On **slide 19**, you can see we are refining our capital allocation framework until we hit our targeted leverage ratio of 1 to 1.5x.

We will continue investing in R&D across the combined portfolio, as technology innovation remains central to the value proposition of both companies. We are committed to maintaining our dividend and will retain flexibility on buybacks as we focus on reducing leverage. We're also targeting approximately $1 billion in additional proceeds from portfolio optimization, which is incremental to the $1 billion of net proceeds already noted.

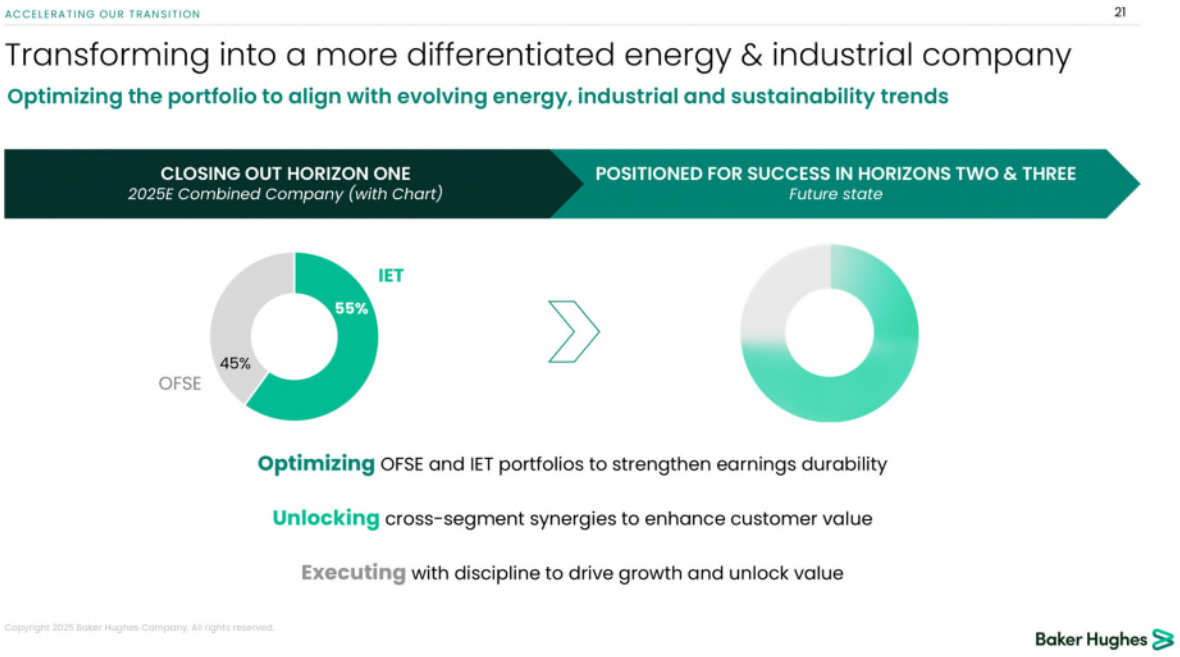
After achieving our target leverage, we will resume returning 60–80% of free cash flow to shareholders.

With that, let me now hand the call back over to Lorenzo.

Lorenzo Simonelli *Baker Hughes – Chairman & CEO*

Thank you, Ahmed.

Slide 21.

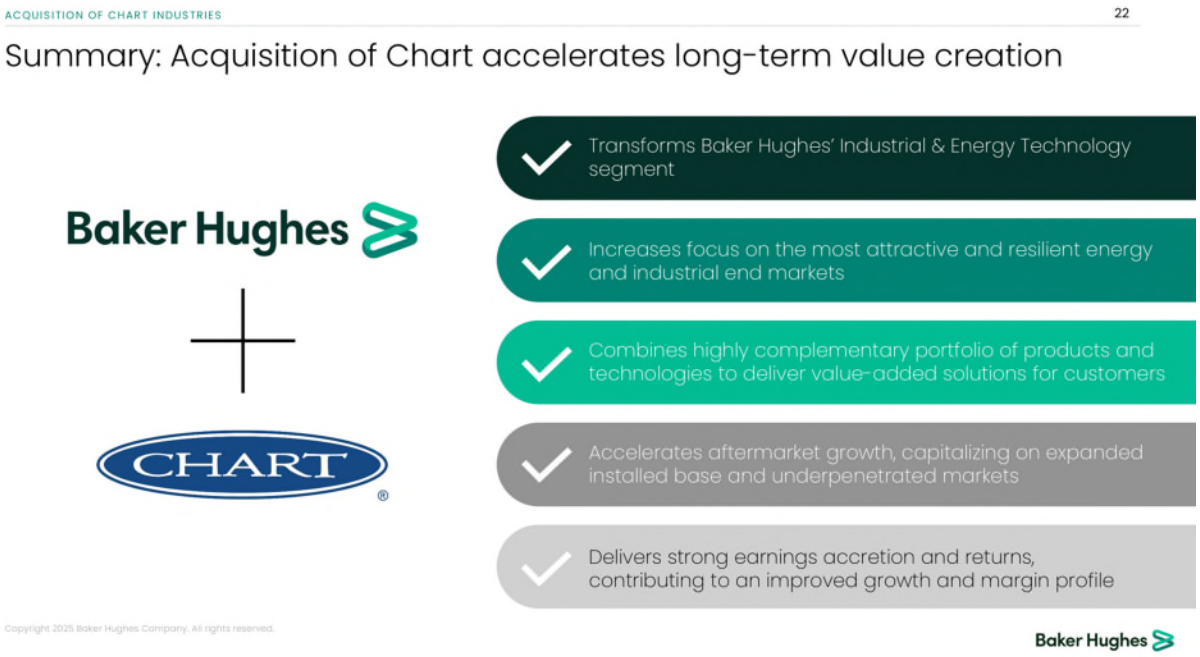


As we close out Horizon One – an important period defined by significant operational improvement – we are excited with the addition of Chart to our portfolio as we enter Horizon Two. Chart's complementary product and aftermarket service offerings help accelerate our portfolio transformation and significantly enhance our growth opportunities across both Horizons Two and Three.

The enhanced industrial scale and product depth that Chart provides also helps Baker Hughes unlock additional portfolio high-grading opportunities across both the IET and OFSE segments. We expect this next phase of portfolio optimization to further enhance our margin profile while also deepening the connectivity between OFSE and IET.

As we enter Horizon Two, we remain committed to operational execution, while pursuing the expanded set of growth opportunities enabled by Chart. We will also remain disciplined in our approach to inorganic activity as we continue building the premier energy and industrial technology company.

Slide 22.



In summary, the Chart acquisition transforms our IET segment and advances our strategy to build a leading energy and industrial company. It sharpens our focus on the most attractive and resilient energy and industrial markets, expands our capabilities through a highly complementary product and technology portfolio, and enhances our ability to deliver more differentiated solutions. It also strengthens our aftermarket services business – a key driver of recurring, high-margin revenue – and is expected to deliver strong earnings accretion and returns.

Overall, the transaction supports stronger growth and margin expansion that will further enhance the durability of Baker Hughes' earnings and cash flow.

To employees of Chart: We are excited to welcome you to Baker Hughes. We have long admired your work, having collaborated on many successful projects to help take energy forward, and I believe that we can only be more successful together.

Today's announcement is a testament to the hard work and accomplishments of our 57,000 global Baker Hughes employees. We have undergone significant change to differentiate ourselves, transform the core, and consistently achieve the financial results that have enabled this acquisition. Thank you for your dedication. Together, we are building a stronger future for Baker Hughes.

With that, I will turn the call over to Jill Evanko, President and CEO of Chart Industries, to provide further perspective on this important milestone.

Jill Evanko *Chart Industries – President & CEO*

Thank you, Lorenzo.

Let me begin by sharing why I am genuinely excited about this combination. At Chart, we have long been committed to innovation as a catalyst for a better tomorrow – offering one of the most comprehensive portfolios in industrial gas and energy. Today marks a pivotal moment in our journey. The combination with Baker Hughes presents a highly attractive opportunity to build a truly differentiated energy and industrial company.

To our shareholders, on behalf of our board and leadership team, I want to sincerely thank you for your continued trust and support. We believe this transaction represents a compelling outcome – delivering immediate and attractive value, while aligning our business with a partner that shares our strategic visions and commitment to long-term value creation.

To our customers, the strong partnerships we have built will continue to thrive. Together, Chart and Baker Hughes will offer a broader suite of products and solutions and open new avenues for collaboration, innovation and growth.

And to our committed, motivated team members, I want to close with a heartfelt message. As we have always said, people truly make the difference. I am confident that this talented group of professionals will continue to drive meaningful change, advance our progress in the energy sector, and benefit from expanded opportunities through Baker Hughes' global reach. Thank you for bringing us to this momentous occasion.

With that, I will turn back the call to Chase.

Chase Mulvehill *Baker Hughes – VP of Investor Relations*

Operator, we can now open up for questions.