Fourth Quarter and Full-Year 2024 – Earnings Conference Call Prepared Remarks

Chase Mulvehill *Baker Hughes – VP of Investor Relations*

Good morning, everyone, and welcome to the Baker Hughes Fourth-Quarter and Full-Year Earnings Conference Call. Here with me are our Chairman and CEO, Lorenzo Simonelli, and our CFO, Nancy Buese. The earnings release we issued yesterday evening can be found on our website at bakerhughes.com. We will also be using a presentation with our prepared remarks during this webcast, which can be found on our investor website.

As a reminder, during this conference call we will provide forward-looking statements. These statements are not guarantees of future performance and involve a number of risks and assumptions. Please review our SEC filings and website for the factors that could cause actual results to differ materially.

Reconciliations of operating income and other GAAP to non-GAAP measures can be found in our earnings release.

With that I will turn the call over to Lorenzo.

Lorenzo Simonelli *Baker Hughes – Chairman & CEO*

Thank you, Chase. Good morning, everyone, and thanks for joining us.

Slide 4.



Starting on slide 4. We are very pleased with our strong fourth-quarter results, exceeding the midpoint of our EBITDA guidance for the eighth consecutive quarter and setting new quarterly and annual records for revenue, free cash flow and our adjusted measures of EPS, EBITDA, and EBITDA margin.

Our adjusted earnings per share remains on an impressive growth trajectory, increasing 37% from the fourth quarter of 2023 and up 47% for the full year.

For the fourth quarter, company Adjusted EBITDA margins increased by 1.8 percentage points year-on-year to a record of 17.8%[1]. Significant margin expansion across both segments drove this exceptional performance.

Industrial & Energy Technology (IET) orders remained at strong levels during 2024, including $3.8 billion in the fourth quarter that drove the annual total above the midpoint of our guidance range. This order performance highlights the end-market diversity and versatility of our technologies, led by strength in gas infrastructure and FPSOs. Accordingly, Gas Tech Equipment's (GTE) non-LNG orders more than doubled, totaling $3.6 billion.

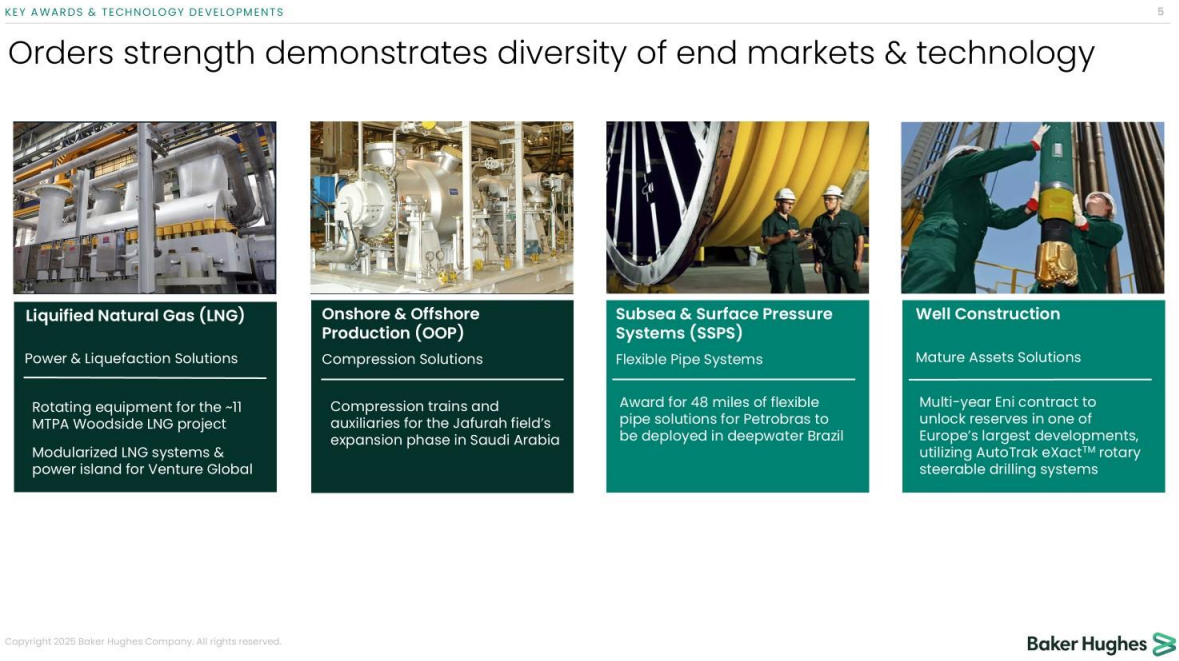
We achieved another important milestone in booking new energy orders of $1.3 billion. This represents approximately 70% year-over-year growth for new energy awards, and the third consecutive year we have exceeded the high end of our original guidance range.

We generated strong free cash flow of $894 million during the quarter, resulting in record annual free cash flow of $2.3 billion. This represents a free cash flow conversion rate of 49%, near the high end of our 45% to 50% target range.

These record results clearly demonstrate that we are the leading energy and industrial technology company.

[1] In 2017, General Electric and Baker Hughes merged their oil and gas businesses to create a new company named Baker Hughes, a GE company, and the name was later changed to Baker Hughes Company in 2019.

Slide 5.



Turning to slide 5, we want to highlight recent key awards and technology developments.

As I mentioned, 2024 was another strong year for IET orders, booking several large-scale GTE awards that span across gas infrastructure, FPSOs and LNG. This is the third consecutive year that GTE has booked more than $5 billion of orders.

In the fourth quarter, we secured orders for multiple LNG projects, bringing total LNG equipment bookings to almost $2.1 billion for 2024. We received an order from Venture Global to provide modularized LNG systems and a power island. Additionally, we received an award from Bechtel for the first phase of Woodside Energy's Louisiana LNG project. This phase will include two Baker Hughes liquefaction compression trains with a capacity of 11 MTPA.

The gas infrastructure build out in the Kingdom of Saudi Arabia continues to gather pace following our Master Gas System 3 award in early 2024. During the fourth quarter, we booked an award for gas compression equipment for the third expansion phase of the Jafurah gas field. We will supply a total of 12 electric motor-driven compression trains and auxiliary treatment equipment in this unconventional gas field. In total, we have now been awarded 24 electric motor-driven compressors and an additional 14 compressors for this strategically important gas field.

In Gas Technology Services (GTS), we secured over $1 billion of long-term service agreements for the second consecutive year. In the fourth quarter, we signed a long-term service frame agreement with Venture Global to support Phases 1 and 2 of their Plaquemines LNG facility in Louisiana. Additionally, GTS was awarded a 25-year services agreement to support NextDecade's Rio Grande LNG facility in Texas. We were also awarded a contract to provide planned maintenance at a major LNG facility in Asia Pacific, which will leverage IET's iCenter™.

In addition to booking several meaningful long-term service awards, GTS recorded the strongest quarter of equipment upgrades since 2020. This included a key project to upgrade the Montesano compression station for SNAM, one of Europe's leading midstream companies.

During the quarter, IET's Climate Technology Solutions (CTS) secured multiple awards targeting flare reduction. As announced at COP29[2], CTS will provide SOCAR (State Oil Company of Azerbaijan) with an integrated gas recovery and hydrogen sulfide removal system to significantly reduce downstream flaring at the Heydar Aliyev Oil Refinery. Separately, in the Middle East, CTS will supply electric-driven centrifugal compressors for one of the largest gas processing and flare gas recovery projects globally.

In Oilfield Services & Equipment (OFSE), we continued to experience strong order momentum in Brazil, particularly for our differentiated flexible pipe technology. During the quarter, we received a significant award from Petrobras for 48 miles of flexibles to be delivered across four fields. This follows the third-quarter award for 43 miles of flexibles for the Santos basin and takes our total year orders for flexible pipe to $1.4 billion, a record year for this business.

In Mature Assets Solutions, we received a multi-year contract from Eni to unlock bypassed reserves in one of Europe's largest developments. Baker Hughes will provide its AutoTrak eXact™ rotary steerable drilling system, which will be deployed to help Eni lower risks and execution costs.

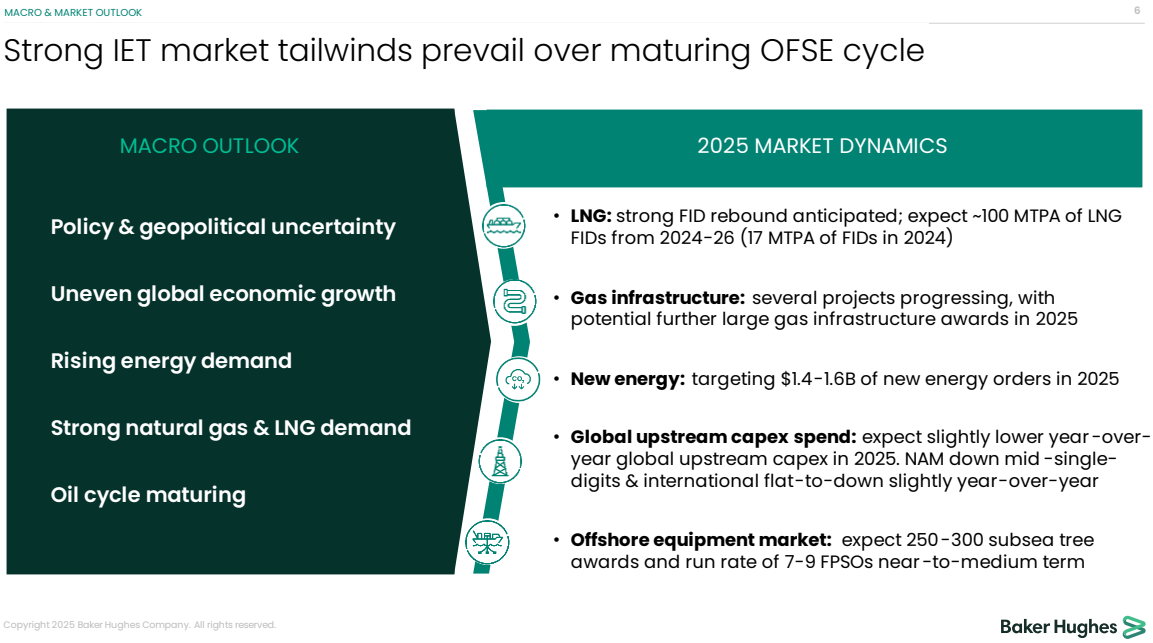
We continued to see solid order momentum in the Middle East, receiving multiple awards across the region for coiled tubing services as well as drilling and completion fluids. We also booked an award from a major operator to provide artificial lift services in Iraq, which includes advanced permanent magnet motors for improved electric submersible pump efficiency.

In Abu Dhabi, we signed an agreement with AIQ, ADNOC and CORVA to launch the AI Rate of Penetration Optimization project. This innovation, which utilizes the latest AI digital technology, enhances drilling efficiency in real-time by providing insights and recommendations for optimizing weight on bit, rotations per minute and other critical parameters.

Driving innovation and expanding our manufacturing footprint in key growth markets are critical to the long-term success of our company. During the quarter, we expanded our footprint in Namibia and Oman. We also had the grand opening of our recently relocated Surface Pressure Control headquarters in Abu Dhabi, ensuring we are close to key customers in a major demand region.

[2] 29th United Nations Climate Change Conference

Slide 6.



Turning to the next slide. As we enter 2025, we believe Baker Hughes is very well positioned to thrive in the back half of the decade, with a number of positive tailwinds that will continue to drive demand for our technology and solutions.

On the macro front, the U.S. economy has remained resilient in the face of a higher interest rate environment, while the European and Chinese economies have struggled to stimulate growth. Looking at 2025, the global economy will be navigating a number of economic and geopolitical uncertainties, which could result in another year of uneven global economic growth.

Against this economic backdrop, we have seen increasingly positive trends for power consumption. Boosted by this encouraging development, we believe that natural gas and LNG demand will demonstrate accelerated growth, which will drive increasing demand for our gas-levered products and solutions in both OFSE and IET. According to Wood Mackenzie[3], demand for U.S. natural gas is set to increase by approximately 20 bcf per day, or 18% by 2030, led by a continued increase in gas requirements for new LNG facilities and data centers.

For LNG, we still expect 100 MTPA of FIDs between 2024 and 2026, a level that would increase global capacity to our long-standing forecast of 800 MTPA by 2030. Last year, there were 17 MTPA of project FIDs. Accordingly, we anticipate more than 80 MTPA of FIDs in 2025 and 2026. Our strong FID outlook is supported by a record year of offtake contracting last year, which totaled 92 MTPA and exceeded the prior record of 84 MTPA set in 2022.

We also expect demand to remain robust for gas infrastructure projects. This follows a very strong 2024 when we booked MGS3 and Jafurah in Saudi Arabia, Hassi R'Mel in Algeria, and the Margham gas storage facility in Dubai. While we may not see the same level of large-scale projects in 2025, we are in active conversations on several pipeline expansion projects across the Middle East, Africa, North America and Latin America.

[3] Wood Mackenzie North American Gas Service

Turning to our new energy outlook, we see energy efficiency and decarbonization technologies playing an increasing role in achieving net-zero goals. Looking forward, we are targeting $1.4 to $1.6 billion of new energy orders in 2025.

While some near-term policy uncertainty across several clean technology areas exists in the United States, we remain confident in achieving our 2030 orders target of $6 to $7 billion. Our pipeline of project opportunities, both domestically and internationally, continues to grow. Further, we are very excited about the potential of new technologies under development, like NET Power and our Direct Air Capture solution, Mosaic. These technologies will help and enable a Sustainable Energy Development plan that provides affordable, more secure, low-emissive energy in the future.

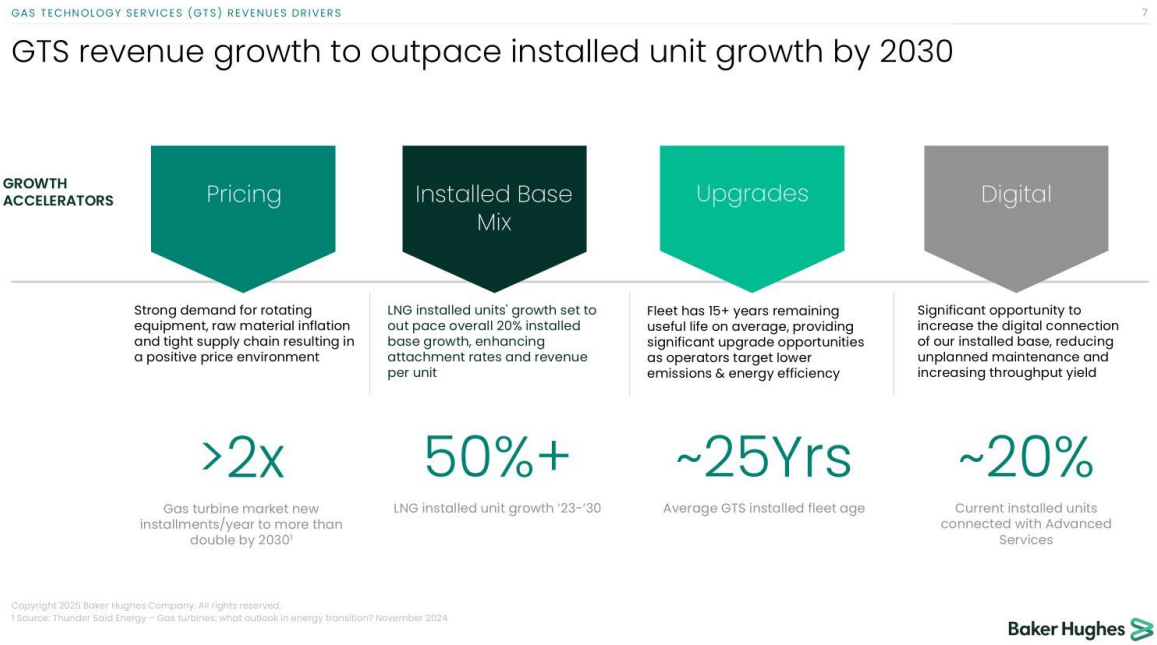
Turning to oil markets. There are several factors that could drive further volatility in oil prices. On the supply side, we see production slightly increasing in North America, adding to significant growth in offshore volumes. The demand outlook has an element of uncertainty given the potential for U.S. tariffs, which would likely dampen growth in key oil consuming countries like China where persistent structural imbalances still weigh on the economy. Ultimately, the oil price path will be highly dependent on the pace and magnitude at which OPEC+ production cuts are reversed in 2025.

In line with this backdrop and changing activity trends by major E&P operators, we expect global upstream spending to be down slightly in 2025. In North America, we anticipate spending to decrease year-on-year in the mid-single-digit range as many operators remain focused on capital discipline and look to optimize their newly consolidated acreage. Given our production-weighted portfolio mix in North America, we expect to outperform the market.

In international markets, we expect spending to be flat-to-down year-on-year. The prospect of an oversupplied oil market, uncertainty in Mexico and Saudi Arabia, and shifting focus to gas are all leading to reduced activity levels in some of the key international markets. This will be somewhat offset by bright spots of activity in Brazil, the Middle East outside of Saudi Arabia, and Sub-Saharan Africa, but ultimately not enough to drive growth from 2024 levels.

In offshore, we continue to see a consistent stream of development projects for the next several years, translating into a steady outlook for subsea trees and FPSOs. In 2025, we expect SSPS (Subsea & Surface Pressure Systems) orders to be up materially, led by strong subsea tree order flow as several projects for key customers are anticipated to reach FID.

Slide 7.



Turning to slide 7, we want to continue the discussion around our life-cycle business in Gas Technology, a key value-creating attribute of our IET segment that is consistent with high-quality industrial businesses. Over the past three years, we have booked more than $19 billion of equipment orders that will drive a 20% increase in our serviceable installed base by 2030. We expect Gas Tech Service's revenue to outpace this installed base growth due to pricing, mix, upgrades, and digital enhancements.

We see strong demand across the gas turbine market. Market forecasts[4] suggest the pace of gas turbine installations could double to around 100 gigawatt per year out beyond the end of the decade. The major driver of this growth will be the rapid expansion of data center capacity required to meet increasing generative AI workloads. When combined with an already tight supply chain and material cost inflation, this environment provides a tailwind for pricing.

We also expect our serviceable LNG installed base to increase by over 50% through 2030, outpacing the overall 20% growth rate. This mix shift toward LNG installed units is important as these projects have the highest attachment rates across all of our aftermarket services.

Another benefit of our large and growing installed base is the opportunity to provide performance enhancement through upgrades as equipment ages. In recent years, customers focused on maximizing equipment uptime as markets managed through the energy crisis. However, as we move into a more stable energy environment and gas gains further acceptance as a destination fuel, we expect upgrades to demonstrate strong growth over the coming years.

We have a range of upgrade technology solutions that can drive lower emissions, lower energy consumption, increased power output and produce higher throughput yield. In addition, we are excited about new upgrade technologies that we are introducing to the market, a direct result of our R&D investment and innovation pipeline. We believe new upgrade technologies that enhance aging equipment have the potential to generate hundreds of millions of dollars of orders at accretive margins by 2030.

[4] Source: Thunder Said Energy – Gas turbines: what outlook in energy transition? November 2024

In addition to equipment upgrades, we are enhancing our customers' plant performance and emissions abatement through the development of advanced service solutions. We are leveraging our 24/7 iCenter monitoring capabilities, more than 20 years of monitoring and diagnostics data, the latest in generative AI capabilities, and our Cordant™ platform to create digital solutions that help our customers optimize their total cost of equipment ownership.

On the back of increasing customer acceptance and enhanced digital product offerings, GTS' digital orders increased by approximately 60% this year with over 1,800 units connected at the end of 2024. Looking forward, we expect GTS' digital orders to double by 2026 and continue this strong growth trajectory thereafter.

In summary, we have four discrete and tangible revenue growth accelerators that will benefit Gas Tech Services. Alongside an increasing installed base, this gives us confidence that we can structurally grow our high-margin GTS business for the next decade and beyond.

Before turning the call over to Nancy, I would like to again emphasize the strength of our 2024 results. We faced some near-term market headwinds with the maximum sustainable capacity (MSC) reduction in Saudi Arabia and the LNG moratorium in the United States, yet we still exceeded the midpoint for orders and the high-end for EBITDA compared to our original guidance ranges.

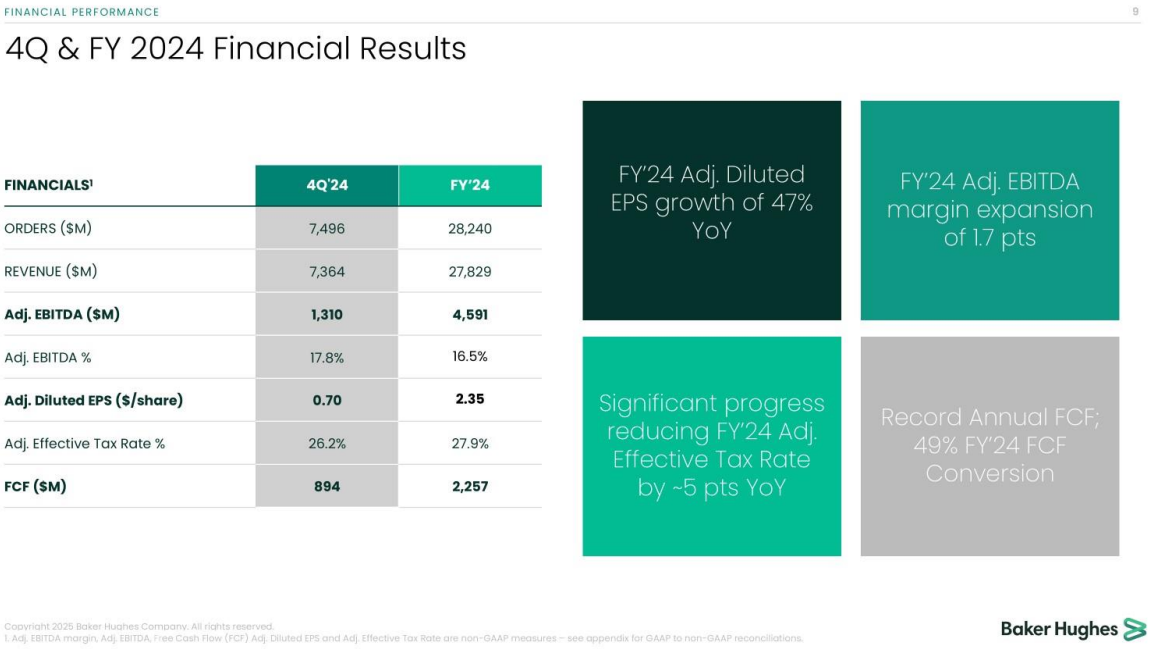
Our company is clearly delivering results, evidenced by another record year. We expect this momentum to continue, with EBITDA to demonstrate another year of strong growth in 2025. And as we embark on our continued journey, we are excited about the opportunities to further expand the versatility and breadth of our technology portfolio, as well as drive segment margins beyond our 20% targets.

With that, I will turn the call over to Nancy.

Nancy Buese *Baker Hughes – CFO*

Thanks, Lorenzo.

Slide 9.



I will begin on slide 9 with an overview of our consolidated results and then speak to segment details before summarizing our first-quarter and full-year outlook.

We demonstrated another year of strong progress during 2024.

For the full year, orders totaled $28.2 billion, including $13 billion of IET orders that marks the second highest order total for the segment. Technology versatility and differentiation of IET's portfolio continued to support a strong order book and near record levels of RPO[5].

We generated total adjusted EBITDA of $4.6 billion, increasing over 20% and setting a record for the second consecutive year. Adjusted EBITDA margins increased 1.7 percentage points to 16.5%, marking the fourth consecutive year of margin expansion for the Company.

Adjusted diluted EPS for the year increased by 47% to $2.35. In addition to our strong operational results, EPS benefited from our effective tax rate declining by approximately 5 percentage points to 28%, adding 17 cents to EPS for the year.

Free cash flow totaled $2.3 billion, which represented a free cash flow conversion of 49%, near the high end of our targeted range.

Turning to our fourth-quarter results. As Lorenzo mentioned, we delivered a very strong quarter for orders, with total company orders of $7.5 billion, including $3.8 billion from IET.

[5] RPO – Remaining Performance Obligation

Adjusted EBITDA increased by 20% year-on-year to $1.31 billion, driven by continued strong IET revenue growth and exceptional margin performance across both segments. We are delivering on our commitments, and we remain focused on meeting our margin targets.

GAAP operating income was $665 million. Adjusted operating income was $1.02 billion.

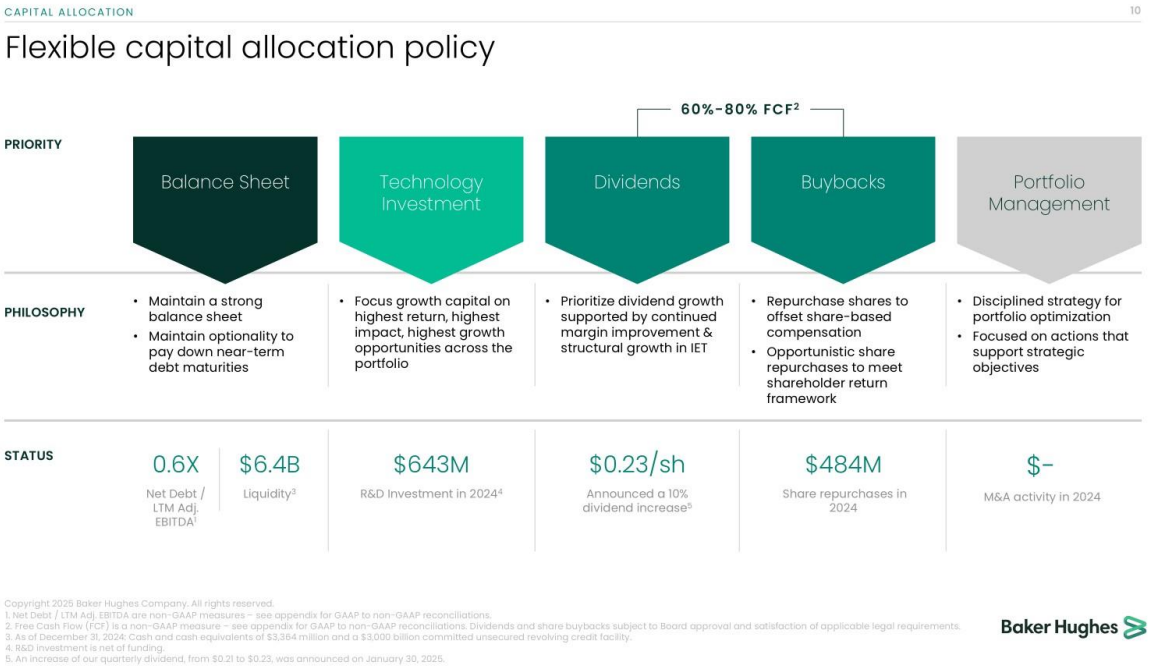
GAAP diluted earnings per share were $1.18. Excluding adjusting items, earnings per share were 70 cents, an increase of 37% when compared to the same quarter last year.

Excluded from adjusted diluted earnings per share was a net benefit of 48 cents related to unrealized gains on certain equity investments and the release of valuation allowances for certain deferred tax assets, partially offset by restructuring and other charges.

The valuation allowance release reflects our growing pattern of profitability over recent years alongside our confidence for continued profit growth into the future Restructuring charges primarily relate to streamlining of our OFSE operating model and right-sizing our workforce to match forecasted activity levels.

We generated free cash flow of $894 million for the quarter, supported by a strong quarter of collections.

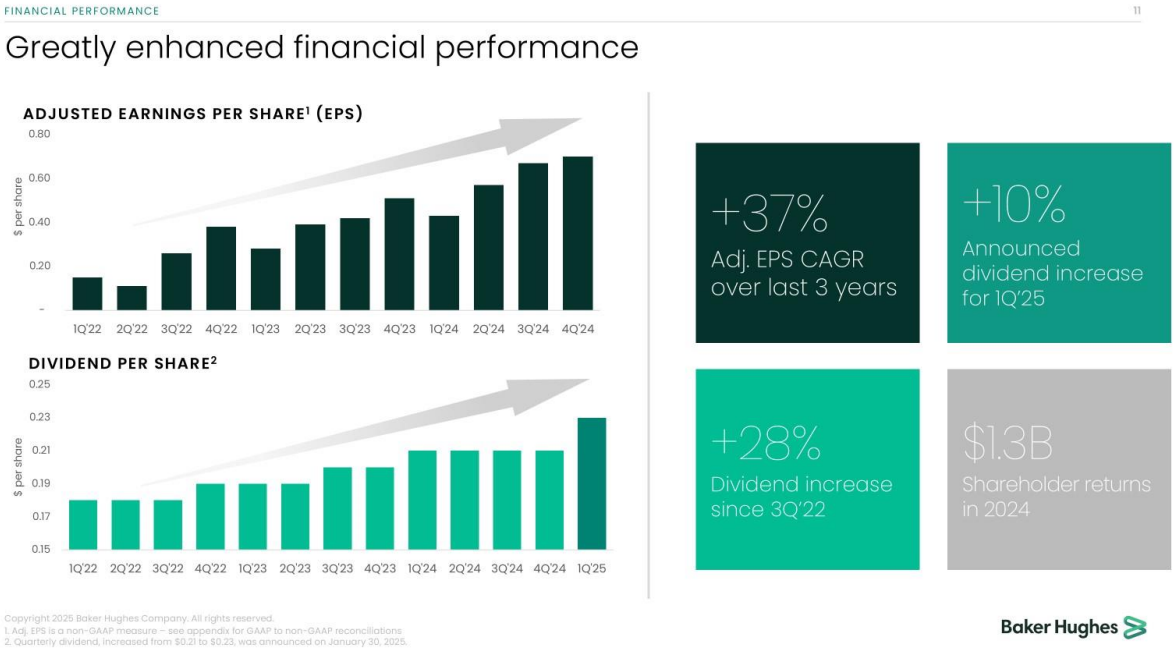
Slide 10.



Turning to capital allocation on slide 10. Our balance sheet remains strong, ending the fourth quarter with cash of $3.4 billion, net debt to EBITDA ratio of 0.6 times, and liquidity of $6.4 billion.

In 2024, we have returned $1.3 billion in dividends and share repurchases, amounting to approximately 60% of free cash flow. We remain committed to returning 60% to 80% of free cash flow to shareholders.

Slide 11.



Turning to the next slide, I want to highlight our steadily growing dividend, strong earnings growth and improving return on invested capital.

We have demonstrated robust growth in earnings per share over the past three years, increasing by a 37% compound annual growth rate over this period.

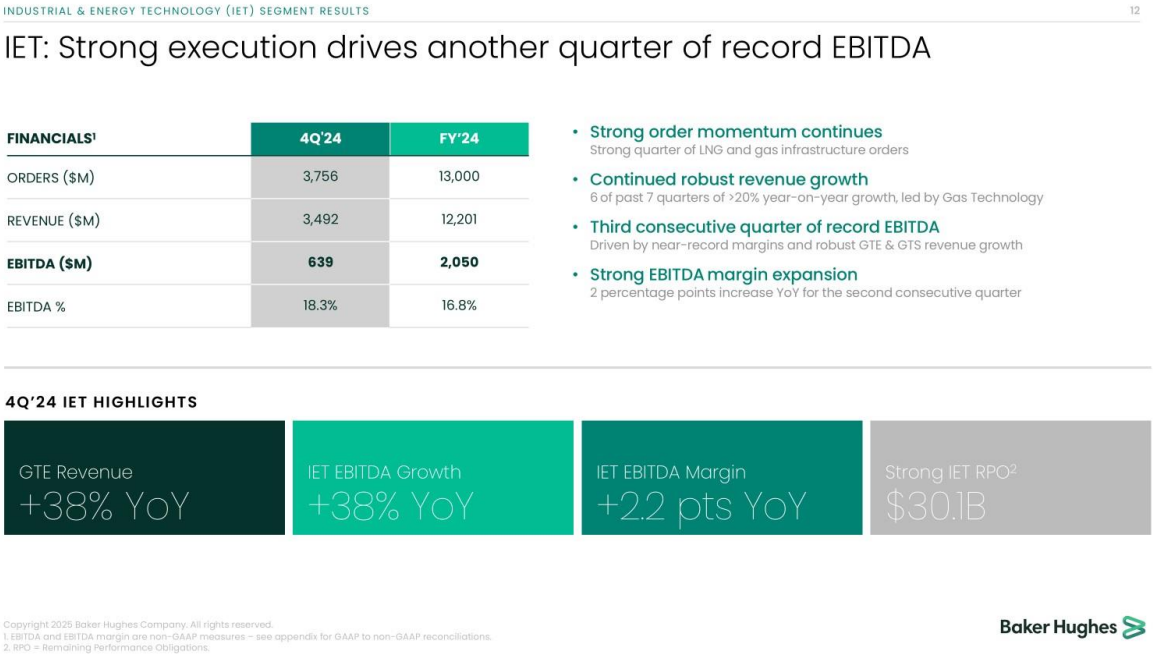
Moving to our dividend, we announced a 10% increase yesterday. This marks the fourth consecutive year that we have raised our dividend, increasing by 28% since the third quarter of 2022. This consistent dividend growth demonstrates our confidence in the durability and momentum of the Company's earnings and free cash flow, a quality that we share with our industrial peers.

Looking forward, I believe we are uniquely positioned to continue increasing the dividend, consistently buy back shares and retain the financial flexibility to pursue opportunities that will enhance our growth capabilities.

We are demonstrating solid progress in enhancing the Company's returns profile, driven by our capital efficient growth and significant margin expansion achieved over the last two years. For 2024, IET ROIC[6] of 25% exceeded our 20% target one year early. In OFSE, ROIC continues to make steady progress towards our 15% target, increasing to 13% for 2024. We expect both segment returns to further increase in 2025 and beyond as our focus remains on capital efficient, profitable growth.

[6] ROIC – return on invested capital. The segment ROIC is calculated as the ratio between the segment net operating profit after tax and average invested capital of the last five quarters.

Slide 12.



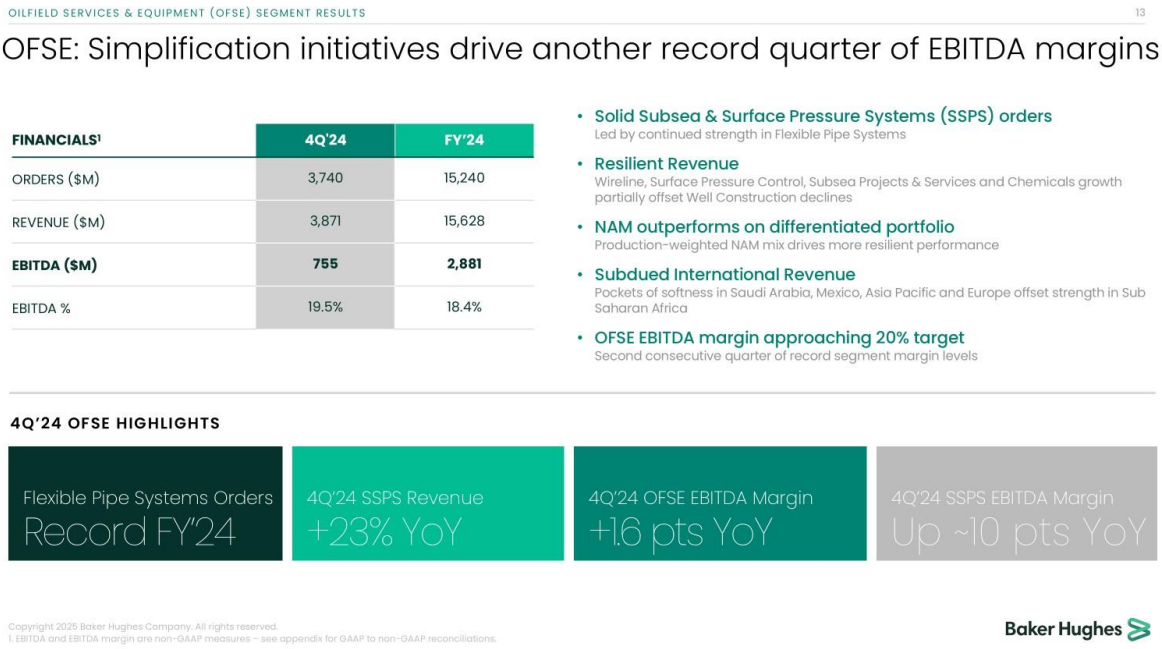
Now, I will highlight the results for both segments, starting with **Industrial & Energy Technology** on slide 12.

During the quarter, we booked strong IET orders of $3.8 billion, primarily driven by LNG awards and further gas infrastructure order momentum. For the full year, IET secured $13 billion of orders with a book-to-bill of 1.1x, resulting in near-record RPO levels of $30.1 billion at year end.

Our fourth-quarter results reflect a strong increase in IET EBITDA, up 38% year-over-year due to another quarter of strong revenue growth in Gas Technology for both equipment and services and significant margin expansion.

For the full year, IET EBITDA approached $2.1 billion, setting a record for the second consecutive year as revenue reached a new high and margin reclaimed prior peak levels. This was mostly driven by significant margin improvements in both Industrial Solutions and Gas Tech Equipment, with the latter benefiting from operational enhancements and conversion of higher-priced backlog.

Slide 13.

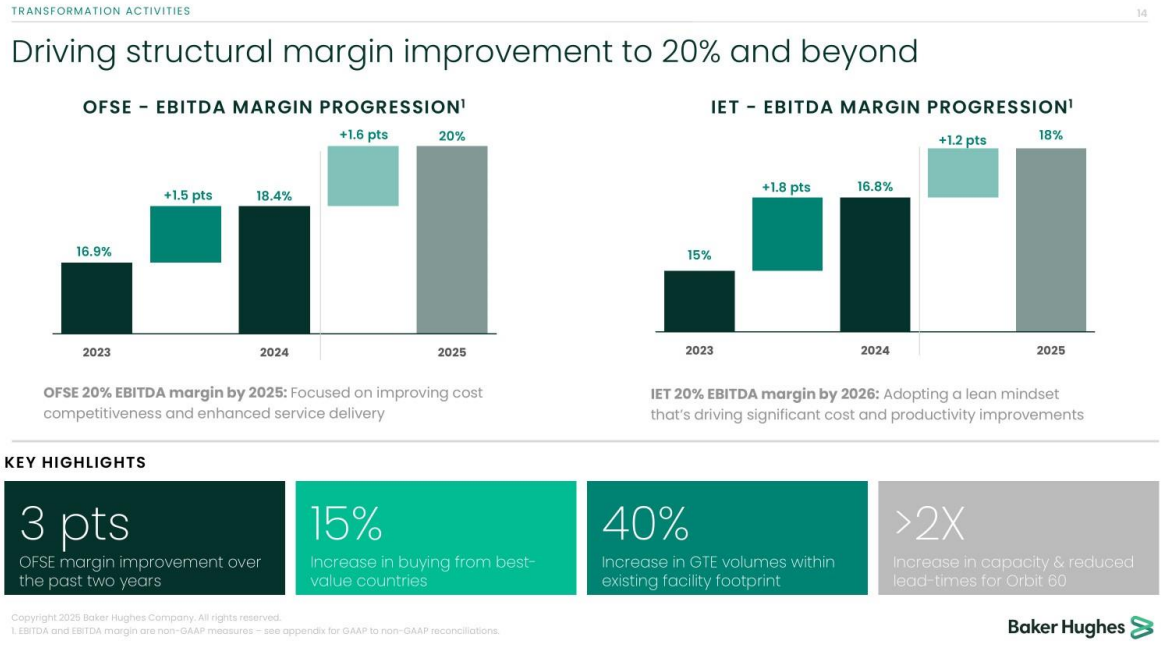


Turning to **Oilfield Services & Equipment** on slide 13.

We booked strong orders in flexibles during the quarter, which drove SSPS orders of $802 million and resulted in full-year orders of $3.1 billion.

OFSE EBITDA margin continues to outperform the segment's revenue performance, supporting solid fourth-quarter EBITDA of $755 million. Full-year EBITDA increased by 11% to approximately $2.9 billion, driven by margin that expanded by 1.5 percentage points to 18.4%.

Slide 14.



Turning to slide 14, I want to provide additional highlights on the significant progress we are making in driving structural margin improvement.

We are executing several projects to streamline activities, remove duplication and modernize management systems. This is improving clarity, transparency and the pace of decision making, enabling our teams to work smarter and drive costs structurally lower.

We continue to enhance our supply chain across the enterprise. Our best-value-country spend increased 15% year-on-year in 2024. Typically, we see over 20% cost savings when we move volume from higher-cost regions to best-value countries. Going forward, we are focused on sourcing a larger volume of materials from these countries.

In IET, we are seeing the benefits of lean strategies being adopted across our operations. The team has initiated over 120 large, problem-solving Kaizen projects this year alone, involving over 1,300 employees across all functions.
Our GTE team has been applying lean to its execution model, focusing on improving throughput efficiency. Through multiple Kaizens, the team has driven a 40% increase in GTE volumes within our existing manufacturing footprint to support growing demand. This has enabled us to gain share in key markets due to our speed to deliver on customers' needs.

In Industrial Tech, we have levered Kaizens to improve lead times on Cordant's flagship product, Orbit 60. Lean adoption in manufacturing processes helped develop a new layout of the assembly line, reducing lead times by 50% and more than doubling effective capacity.

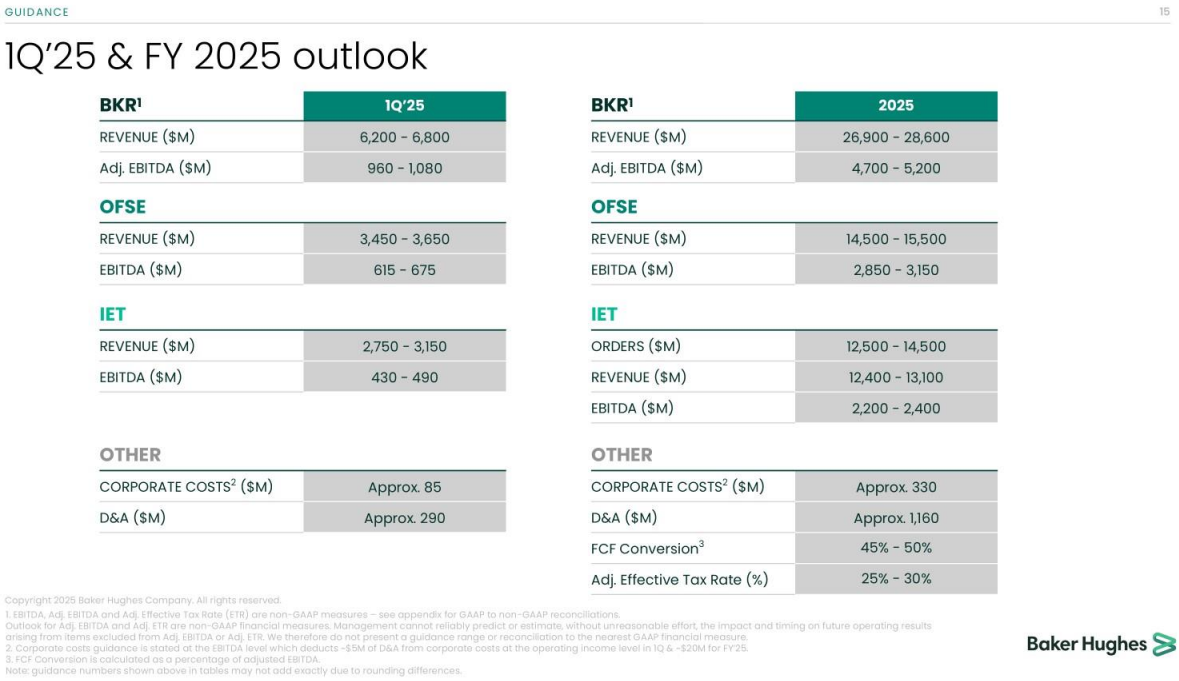
In OFSE, a great example of the progress we have made is the improved performance of SSPS. EBITDA margins have increased significantly over the last two years, with SSPS margins more than doubling into the mid-teens last year. This has been driven by refocusing our commercial model, rightsizing our capacity, and improving our execution.
For the overall OFSE segment, we continue to transform the business. In 2024, the focus was centralizing the business operations, leading to a significant reduction in duplication across our regions and product and service lines.

The focus now is to drive consistency and operational excellence across the new business structure. These activities are centered on enhancing commercial intensity and optimizing operational efficiency.

In line with this, we are matching our structure to anticipated activity levels. These actions, along with the implementation of our streamlined operating model, will be key drivers to achieve our OFSE margin target.

We are making significant progress on our transformation journey, yet have additional opportunities to enhance efficiency, productivity and ultimately margins. Our strategy is clear, and we are taking further action in 2025. We have cultivated an organizational culture focused on continuous margin improvement and see 20% segment margin targets as milestones on our journey toward best-in-class margins.

Slide 15.



GUIDANCE 15

1Q'25 & FY 2025 outlook

BKR[1]	1Q'25
REVENUE ($M)	6,200 - 6,800
Adj. EBITDA ($M)	960 - 1,080
OFSE	
REVENUE ($M)	3,450 - 3,650
EBITDA ($M)	615 - 675
IET	
REVENUE ($M)	2,750 - 3,150
EBITDA ($M)	430 - 490
OTHER	
CORPORATE COSTS[2] ($M)	Approx. 85
D&A ($M)	Approx. 290

BKR[1]	2025
REVENUE ($M)	26,900 - 28,600
Adj. EBITDA ($M)	4,700 - 5,200
OFSE	
REVENUE ($M)	14,500 - 15,500
EBITDA ($M)	2,850 - 3,150
IET	
ORDERS ($M)	12,500 - 14,500
REVENUE ($M)	12,400 - 13,100
EBITDA ($M)	2,200 - 2,400
OTHER	
CORPORATE COSTS[2] ($M)	Approx. 330
D&A ($M)	Approx. 1,160
FCF Conversion[3]	45% - 50%
Adj. Effective Tax Rate (%)	25% - 30%

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1. EBITDA, Adj. EBITDA and Adj. Effective Tax Rate (ETR) are non-GAAP measures – see appendix for GAAP to non-GAAP reconciliations.
Outlook for Adj. EBITDA and Adj. ETR are non-GAAP financial measures. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from Adj. EBITDA or Adj. ETR. We therefore do not present a guidance range or reconciliation to the nearest GAAP financial measure.
2. Corporate costs guidance is stated at the EBITDA level which deducts ~$5M of D&A from corporate costs at the operating income level in 1Q & ~$20M for FY'25.
3. FCF Conversion is calculated as a percentage of adjusted EBITDA.
Note: guidance numbers shown above in tables may not add exactly due to rounding differences.

Baker Hughes

Next, I would like to update you on our outlook. The details of our first-quarter and full-year 2025 guidance can be found on slide 15. The ranges for revenue, EBITDA, and D&A are shown on this slide, and I will focus on the midpoint of our guidance.

Starting with the full year. We expect total company revenue of approximately $27.75 billion and EBITDA of $4.95 billion. We are also targeting free cash flow conversion of 45% to 50% relative to our annual EBITDA.

We expect an effective tax rate in the range of 25% to 30%, with a strategic plan in place to further optimize our tax rate beyond 2025.
We expect IET orders to remain at robust levels this year, with LNG momentum returning to the market while gas infrastructure and energy production order strength continues. Given this strong environment, we expect IET orders of $12.5 to $14.5 billion.

At the midpoint, this would mark the third consecutive year of at least $13 billion of IET orders. This not only provides strong backlog support for our equipment business into 2027 but will provide years, if not decades, of growth for our high-margin aftermarket service businesses.

As a result of this continued momentum and strong orders performance over the last two years, we expect full-year IET revenue of $12.75 billion and EBITDA of $2.3 billion.

For OFSE, we forecast full-year revenue of $15 billion, down slightly year-on-year as a result of a softening oilfield service market in North America and lower SSPS revenues. Importantly, we still expect EBITDA to increase to $3 billion. We have been proactively positioning our OFSE portfolio to remain resilient in a maturing upstream spending cycle.

Now turning to first-quarter guidance. We expect revenues of $6.5 billion and total EBITDA of approximately $1.02 billion.

For IET, we expect first-quarter results to demonstrate strong year-over-year EBITDA growth, led by GTE. Overall, we expect IET EBITDA of $460 million.

The major factors driving this range will be the pace of backlog conversion in GTE, the impact of any aeroderivative supply chain tightness in Gas Technology, operational execution in Industrial Technology and CTS, and material changes in foreign exchange.

For OFSE, we expect first-quarter results to reflect a more pronounced seasonal decline for international OFS and SSPS. Accordingly, we expect EBITDA of $645 million.

Factors driving the range include the SSPS backlog conversion, activity levels in Saudi Arabia and Mexico, and winter weather in the Northern Hemisphere.

In summary, we are extremely pleased with the operational performance of the Company during 2024. The fourth quarter marks the third consecutive quarter of record EBITDA and the second consecutive quarter of record EBITDA margin. These are clear indicators that our transformation is working.

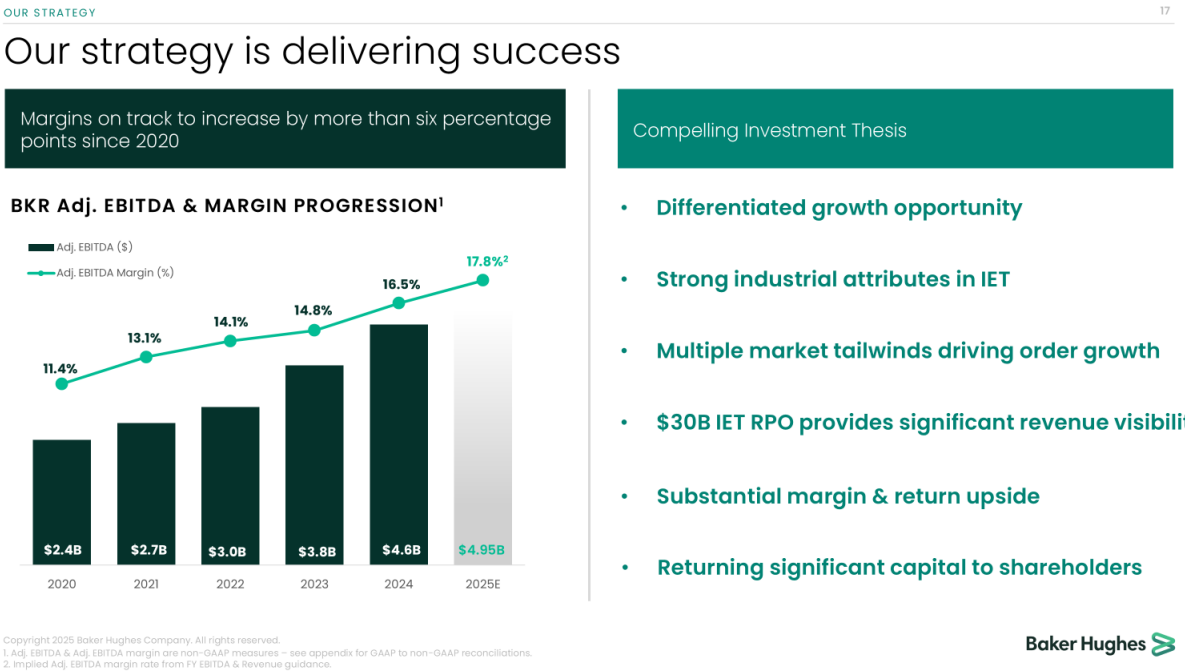
The entire organization is committed to structurally improving margins and capitalizing on market opportunities with our differentiated portfolio of solutions – both are key drivers in our journey to further increase shareholder value. We are proud of the progress the Company is making, and we are excited about the future of Baker Hughes.

I'll turn the call back over to Lorenzo.

Lorenzo Simonelli *Baker Hughes – Chairman & CEO*

Thank you, Nancy.

Slide 17.



As you can see from our strong 2024 results and the exceptional margin improvement illustrated on slide 17, we have evolved into a much more profitable energy and industrial technology company. At the midpoint of our 2025 guidance, Baker Hughes' EBITDA margin will have increased by more than 6 percentage points over the past five years. Additionally, EBITDA has more than doubled over this same period.

Looking at 2025 and beyond, our balance sheet remains strong, our strategy is clear, and we see a differentiated growth opportunity for Baker Hughes. Markets are evolving and this aligns with our vision of the energy technology ecosystem. The need for more energy with fewer emissions is critical, and the increased use of natural gas will be fundamental to achieving this objective.

Our strong market positioning across natural gas, LNG, gas infrastructure, new energy, and mature fields provides multiple growth vectors across our portfolio. This will be accompanied by emerging opportunities for distributed power solutions and new industrial markets.

We have a unique, broad technology portfolio that will drive growth through the remainder of the decade, irrespective of the pace of the energy transition. Given this balanced portfolio, untapped market opportunities, significant recurring IET service revenue, and our more efficient cost structure, Baker Hughes is becoming less cyclical in nature and will generate more durable earnings and free cash flow across cycles.

To conclude, I'd like to thank the Baker Hughes team for yet again delivering outstanding results. As we continue our journey to propel Baker Hughes forward, we remain committed to our customers, shareholders, and employees.

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

Chase Mulvehill *Baker Hughes – VP of Investor Relations*

Thanks, Lorenzo.

Operator, we can now open up for questions.