Second Quarter 2025 – Earnings Conference Call Prepared Remarks

Chase Mulvehill *Baker Hughes – VP of Investor Relations*

Good morning, everyone, and welcome to the Baker Hughes' Second-Quarter Earnings Conference Call. Here with me are our Chairman and CEO, Lorenzo Simonelli, and our CFO, Ahmed Moghal. 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, we will provide forward-looking statements during this conference call. 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 Adjusted EBITDA and certain 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*

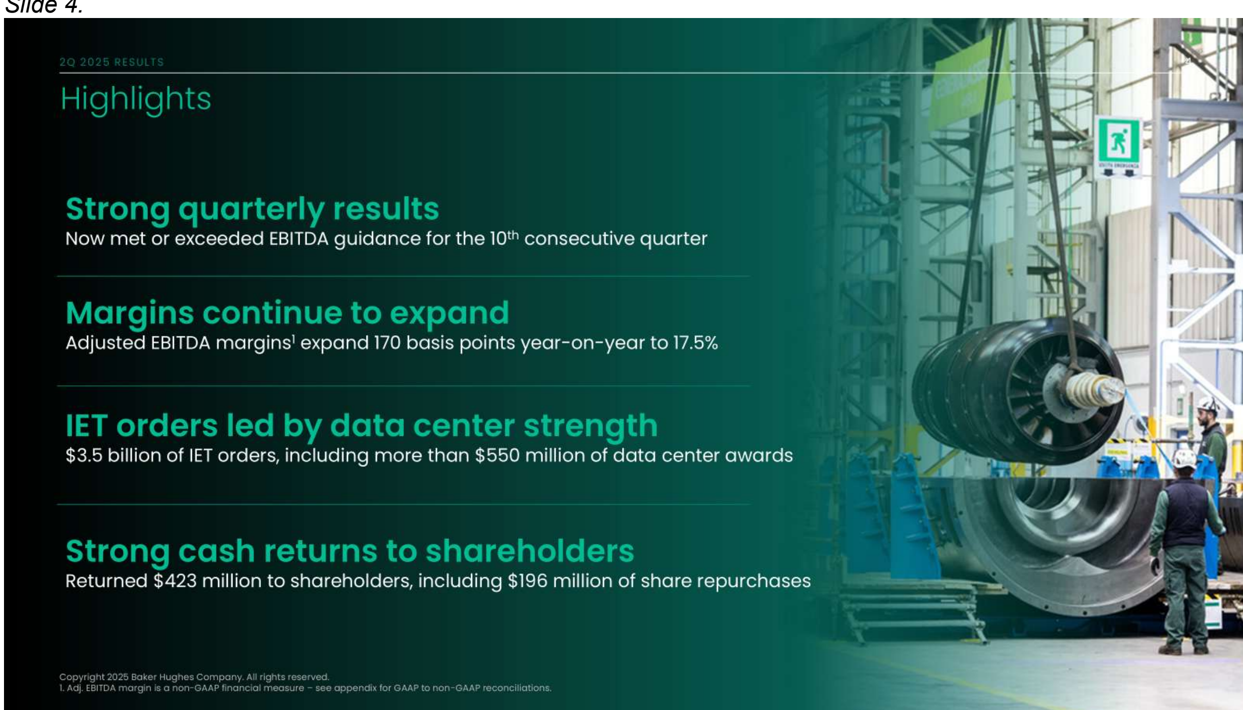
Thank you, Chase. Good morning everyone, and thanks for joining us.

First, I would like to provide a quick outline for today's call.

I will begin by discussing our strong second-quarter results and recently announced transactions. I will then highlight key awards and technology developments announced during the quarter and provide some thoughts on the macro backdrop.

After this, I will share an update on the exciting progress we are making in the distributed power space – with a particular focus on data centers. Ahmed will then cover our financial performance, followed by an overview of our portfolio optimization strategy and our outlook. Finally, I will provide a quick recap before opening the line for questions.

Slide 4.



Let's now turn to the key highlights on slide 4. We delivered another strong set of results, maintaining the trend of meeting or exceeding the midpoint of our EBITDA guidance for the tenth consecutive quarter.

Adjusted EBITDA rose to $1.21 billion, reflecting a 170 basis point year-over-year improvement in margins. This was driven by the impact of structural cost actions and stronger operational execution. We continue to make clear progress in scaling our business system, a standardized platform that enables consistent strategy execution and delivers differentiated outcomes. These efforts are driving structural margin improvement, strengthening the resilience of our earnings and laying the foundation for long-term value creation.

This performance reflects strong execution across both segments amid ongoing macro and industry-related headwinds. Oilfield Services & Equipment (OFSE) delivered 90 basis points of sequential margin improvement, driven by stronger international and Subsea & Surface Pressure Systems (SSPS) revenue, as well as meaningful progress on cost-out initiatives. In Industrial & Energy Technology (IET), margins expanded by 190 basis points year-over-year, supported by the continued deployment of our business system, which is enhancing operational discipline and execution.

IET orders continued to demonstrate strong momentum, totaling $3.5 billion in the quarter. Notably, this was achieved with no material LNG equipment orders, once again highlighting the strength and versatility of our technology portfolio as we further expand across energy and industrial end markets.

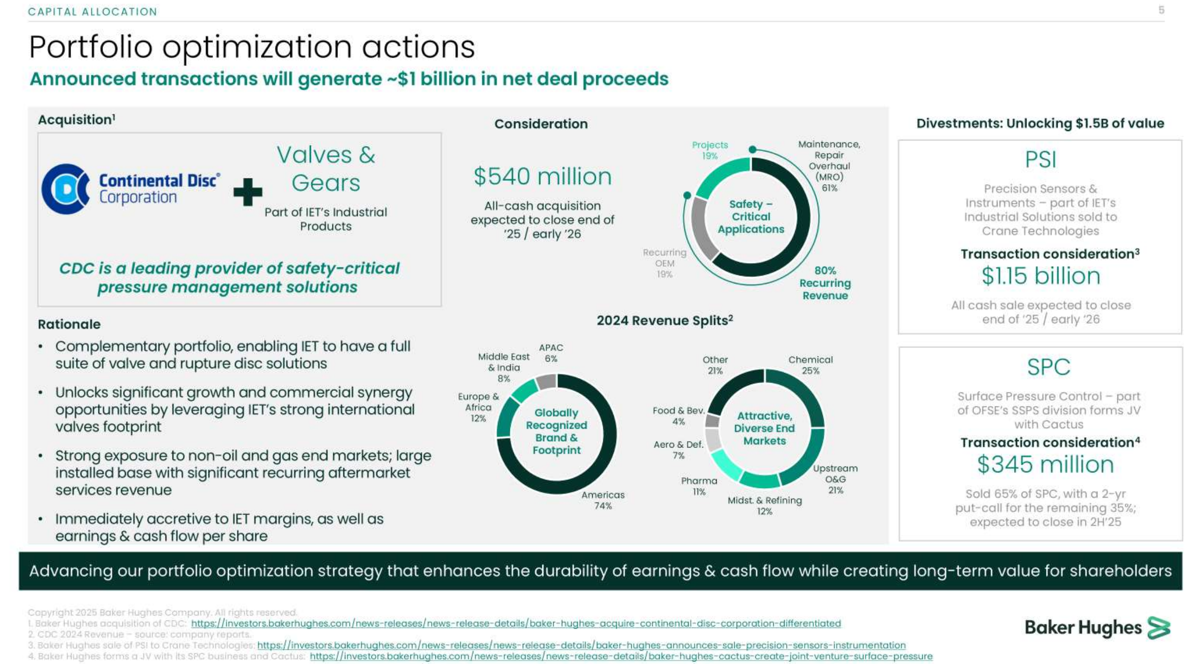
This diversification is reflected in the growing demand for our data center solutions. During the quarter, we booked more than $550 million in power generation equipment orders for data centers. In addition, we experienced another strong quarter for Gas Tech Services (GTS) upgrades and transactional bookings, as customers focus on improving performance and extending the life of equipment.

IET backlog grew 3% sequentially, reaching a new record of $31.3 billion, reinforcing the durability of our growth outlook.

Following a strong first half and a positive outlook for second-half awards, we are confident in achieving IET's full-year order guidance range of $12.5 to $14.5 billion. Looking beyond this year, we see continued momentum for power solutions, sustained growth in New Energy, and a robust pipeline of LNG and gas infrastructure opportunities – all of which support a constructive outlook for orders.

During the quarter, we generated free cash flow of $239 million and returned a total of $423 million to shareholders, including $196 million in share repurchases.

Slide 5.



Turning to slide 5. We also announced three strategic transactions in the quarter to advance our portfolio optimization strategy, reinforcing efforts to enhance the durability of earnings and cash flow while creating long-term value for shareholders.

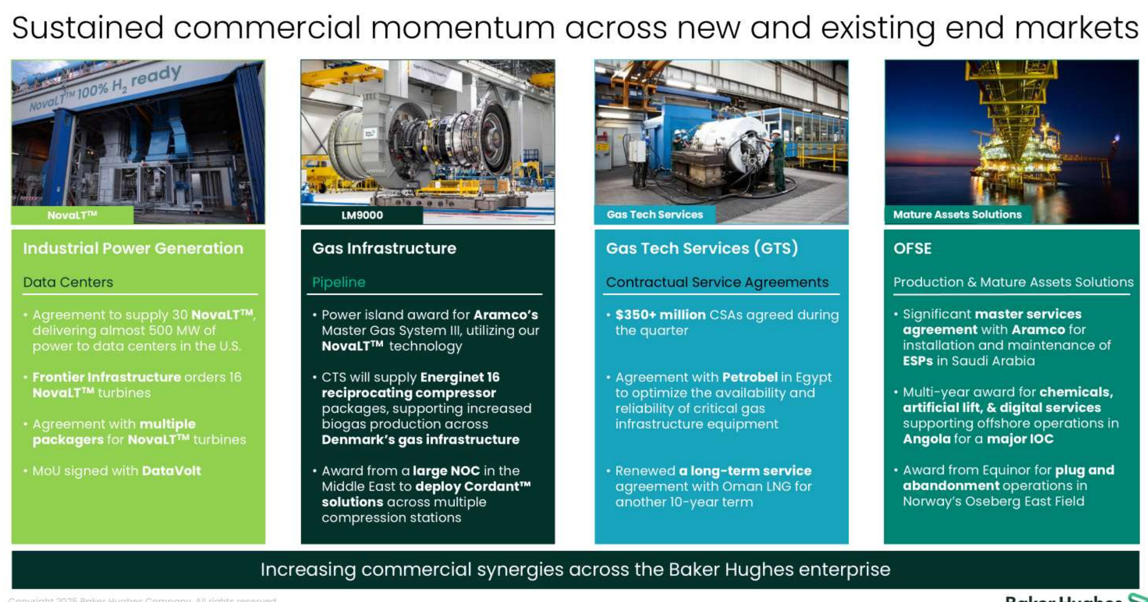
First, regarding divestitures, we entered into an agreement to establish a joint venture with Cactus, contributing Surface Pressure Control (SPC) in exchange for approximately $345 million while maintaining a minority ownership stake. Additionally, we announced the sale of Precision Sensors & Instrumentation (PSI) to Crane Company for approximately $1.15 billion. These proceeds will provide the Company with increased flexibility to reinvest in higher-growth, higher-return opportunities, supporting further margin expansion and enhancing overall returns.

Next, from a strategic acquisition perspective, we signed an agreement to purchase Continental Disc Corporation (CDC), a leading provider of pressure management solutions, for approximately $540 million. CDC represents a high-quality, bolt-on acquisition within IET, adding a highly complementary offering to our existing valves portfolio that expands our presence in the pressure and flow control market and brings margin-accretive, lifecycle-based revenue.

As we advance our portfolio optimization initiatives, we remain focused on executing a strategic and disciplined capital allocation approach to maximize long-term shareholder value.

Overall, we made strong progress on multiple fronts during the quarter and each of these actions support our commitment to profitable growth, continuous margin expansion, and improving quality of earnings.

Slide 6.



Turning to slide 6, we continue to build strong commercial momentum across new and existing markets, with growing synergy opportunities across our portfolio that enhance how we deliver value to customers while expanding our market presence.

During the quarter, IET secured two significant data center awards.

First, we received our largest data center award to date for 30 NovaLT™ gas turbines. These units will deliver almost 500 megawatts (MW) of power to data centers in the U.S. and operate on a blend of natural gas and hydrogen – supporting both reliability and lower-carbon operations.

Second, we received an order for 16 NovaLT™ gas turbines, representing up to 270 MW of power, for deployment at Frontier's data centers in Wyoming and Texas. This award is the first phase of the previously announced enterprise-wide agreement with Frontier to advance power solutions and large-scale carbon capture and storage (CCS).

These awards reflect the accelerating, long-term demand for distributed, lower-carbon power in support of digital infrastructure. This trend is also unlocking greater commercial synergies across our power and decarbonization portfolios – reinforcing the potential for sustained data center and New Energy growth.

In total, IET booked 69 NovaLT™ units this quarter, with more than 70% allocated to data center projects. Year-to-date, we have secured almost 1.2 gigawatts (GW) of NovaLT™ capacity for data center applications – highlighting our expanding role in enabling the growth of digital infrastructure through flexible, lower-carbon power solutions.

We are also expanding our pipeline of future digital infrastructure opportunities. At the recent Saudi-U.S. Investment Forum, we signed an MoU with DataVolt for data center projects globally, which includes plans to power data centers in the Kingdom with our NovaLT™ turbines using hydrogen from NEOM.

Beyond data centers, we continue to see strong demand in gas infrastructure. In Saudi Arabia, we secured an award for four NovaLT™ turbines to support Aramco's Master Gas System III pipeline. Also, in Climate Tech Solutions (CTS), we signed a framework agreement with Energinet to supply 16 reciprocating compressor packages, supporting an increase in biogas production while driving emissions reduction for gas infrastructure in Denmark.

In GTS, we secured more than $350 million in Contractual Service Agreements (CSAs) during the quarter, strengthening our backlog of recurring revenue. Key awards included a new maintenance agreement with Petrobel to improve uptime and reliability of critical turbomachinery equipment, and renewal of a multi-year service contract with Oman LNG featuring remote monitoring and diagnostic services delivered through iCenter.

In New Energy, we continued to build momentum internationally, where we have historically seen the greatest concentration of orders. During the quarter, CTS secured one of its largest CCS orders to date – providing compression technology for a large CCS hub in the Middle East.

In geothermal, we successfully drilled Lower Saxony's first productive deep exploration well in Germany. This project highlights the strength of our integrated Well Construction and Production Solutions capabilities, supported by advanced digital solutions that optimize performance.

In OFSE, we maintained strong momentum in Production and Mature Assets Solutions, booking several meaningful awards.

Notably, we signed a significant master services agreement with Aramco for installation and maintenance of electric submersible pumps (ESP) across the Kingdom.

We also received two large multi-year contracts to help optimize production throughput and reliability for two major operators in offshore Angola and the U.S. Gulf Coast, leveraging our chemicals, artificial lift, and digital solutions.

In Norway, Equinor awarded us a contract to industrialize offshore plug-and-abandonment operations in the Oseberg East Field, which followed the announcement of a new multi-year framework agreement for integrated well services.

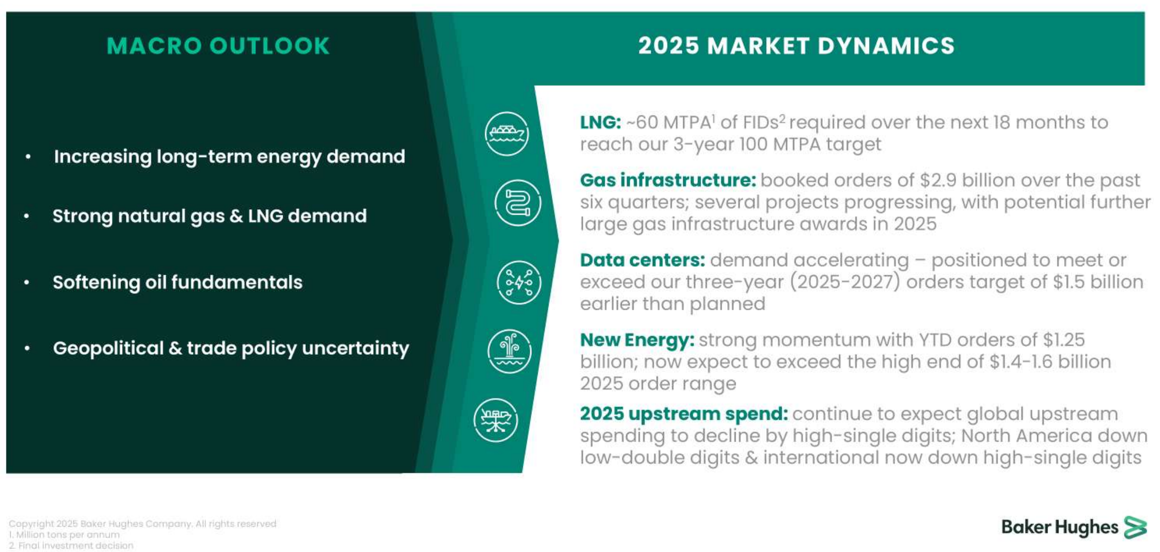
OFSE also secured a multi-year contract to provide drag reducing chemicals to be deployed on two major offshore pipeline systems operated by Genesis Energy. To support this agreement, we will expand our chemicals manufacturing footprint and deploy Leucipa™, our digitally automated field production solution.

Also for Leucipa, we received an award from Repsol for next-generation AI capabilities and entered into a new agreement with ENI to deploy Leucipa for ESP optimization and AI-driven predictive analytics in the Middle East.

Continuing on digital, Cordant Solutions secured a notable contract with a large NOC to deploy Asset Performance Management (APM) for several compressor stations in the Middle East. Cordant Solutions was also awarded a contract with NOVA Chemicals to optimize maintenance and maximize production across multiple petrochemical facilities, leveraging APM's asset strategy and asset health digital offerings.

Overall, it was another strong quarter, both from a commercial and technology engagement perspective. We are building strong order and technology pipelines that extend beyond our traditional oil and gas markets – creating additional lifecycle growth opportunities that further enhance our earnings and cash flow durability.

Slide 7.



Turning to the macro on slide 7.

Amid continued macro uncertainty, I want to take a moment to reaffirm the strong, long-term fundamentals underpinning our business. Global energy demand continues to grow, supported by durable, secular macro trends that are shaping the future of the energy landscape.

Population growth, particularly in emerging markets, is driving baseline demand for energy across residential, mobility, and infrastructure. At the same time, continued economic development and industrialization are expanding energy needs across critical sectors such as manufacturing, transportation, and technology.

Urbanization and the global push for electrification are accelerating the build-out of modern energy systems. This includes both expanding access to reliable electricity and supporting new demand drivers, like data centers and industrial decarbonization.

Amid this backdrop, there is a global push for lower-carbon solutions as countries advance their emission reduction goals. In response, we are seeing increased investment in clean power, CCUS, emissions abatement, geothermal and hydrogen. These markets require scalable, flexible and efficient energy solutions – capabilities that are core to Baker Hughes and essential to enabling a lower carbon economy.

Consistent with this trend, we booked $1 billion in New Energy orders during the quarter – bringing year-to-date bookings to $1.25 billion, already matching our total for last year. As a result, we now anticipate exceeding the high end of our $1.4 to $1.6 billion order range for this year. This performance reflects increasing global demand for lower-carbon solutions and reinforces our confidence in achieving our $6-7 billion order target by 2030.

Collectively, these macro trends support a strong long-term outlook for the global energy and industrial landscape, as customers increasingly prioritize efficiency, reliability, and sustainability. It is an environment aligned with our strengths and one that positions us to capitalize on the significant opportunities ahead.

Now turning to natural gas.

We continue to see growing divergence between oil and natural gas fundamentals. Its abundance, low cost, reliability and lower emissions set natural gas apart from other fossil fuels. This view is increasingly being validated across policy and market dynamics.

While we expect significant growth from renewables, scaling these technologies at the pace required to meet growing energy needs remains a challenge – particularly in light of supply chain constraints, permitting delays, cost inflation and less favorable policy support. These challenges further reinforce the positive long-term outlook for natural gas.

By 2040, we expect natural gas demand to grow by over 20%, with global LNG increasing by at least 75%. This growth outlook creates a favorable environment for Baker Hughes. We are already seeing strong momentum, booking $2.9 billion in gas infrastructure equipment orders over the past six quarters – a trend we expect to continue as countries turn to natural gas to support power generation and industrial development.

In LNG, approximately 60 MTPA of additional FIDs are needed over the next 18 months to reach our three-year target of 100 MTPA – which would bring the global installed base to our long-held target of 800 MTPA by 2030. Beyond this, we see continued growth in the installed base, as energy demand and emissions reductions efforts converge.

This year, LNG demand continues to grow rapidly, up 5% year-over-year, as softness in China is more than offset by strength in Europe. This increase in demand is driving sustained momentum in LNG contracting activity. For example, Wood Mackenzie reports 49 MTPA of long-term LNG offtake contracts have been signed in the first half of the year – positioning 2025 to exceed the record 81 MTPA signed last year.

Now turning to oil markets.

This year has been marked by heightened volatility, with Brent prices ranging from a low of $60 per barrel in early May to a high of $77 per barrel in June, with continued volatility into July. The market continues to navigate crosscurrents – balancing weakening demand and rising OPEC+ production against persistent geopolitical risks in both the Middle East and Russia.

As we look into the second half of the year, we expect continued volatility as OPEC+ accelerates the return of its 2.2 million barrels per day of idled production into what we anticipate will be a soft market. Ultimately, until all excess OPEC+ barrels are absorbed by the market, we anticipate oil-related upstream spending will remain subdued.

On global upstream spending, we maintain our outlook for a high-single digit decline this year. In international, we now expect spending to decline toward the high end of our mid-to-high single-digit range, given downward pressure in key countries such as Saudi Arabia and Mexico. In North America, we still project spending to decline in the low-double digits.

These forecasts assume current oil prices hold and no further trade policy escalation. Any meaningful deterioration in either could present incremental downside.

Longer term, we expect oil demand to grow beyond 2030. To meet that demand, significant investment will be required. In addition, we anticipate growing customers focus on mitigating reservoir decline and optimizing production efficiency.

This underscores our strategic focus on Mature Assets Solutions in OFSE. These technologies will improve production reliability, boost field performance, and expand our presence in the more durable OPEX-led production market, increasing the resilience of our revenue base.

Slide 8.

DATA CENTER OPPORTUNITY 8

Rapidly growing distributed power market

Provides compelling growth opportunity for Baker Hughes

DISTRIBUTED POWER OPPORTUNITY

- **Data centers are a large driver of distributed power**
- **Global data center energy demand doubles by 2030[1]**
- **Awarded 1.2 GW of data center power solutions YTD**
- **Significantly increasing NovaLT™ capacity by 2027**
- **Investments to enhance NovaLT™ capabilities**

Now positioned to meet or exceed our three-year orders target of $1.5 billion earlier than planned

BAKER HUGHES POWER SOLUTIONS

Powered by natural gas, hydrogen, geothermal & nuclear

16MW NovaLT™ Turbine Package

Industry leading technology for sub-utility scale solutions, offering fuel flexibility & shorter deployment timelines

- 12 & 16MW NovaLT™ gas & hydrogen turbines
- 40MW ORC[2] & 80MW steam turbines for geothermal
- 2-Pole & 4-Pole BRUSH electric generators
- Utility & industrial scale Net Power systems for 250+MW & 70-100MW (under development)
- Nuclear SMR technology equipment
- Carbon storage and compression solutions
- Integrated geothermal solutions
- Trailor-mounted & modular solutions

Leverages enterprise-wide capabilities – from industrial gas turbines & electric motors to geothermal & CCS

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1. Source: International Energy Agency, World Energy Outlook Special Report (April 2025).
2. ORC = Organic Rankine Cycle.

Baker Hughes

Turning to slide 8. I want to take a few minutes to discuss the opportunity we see in distributed power solutions for the data center market and beyond.

Distributed power represents a compelling growth vector for Baker Hughes, drawing on multiple parts of our enterprise – from industrial gas turbines and electric motors to geothermal and CCS technologies. This opportunity broadens our market exposure to digital infrastructure and reinforces the stability of our earnings and cash flow through lifecycle-driven equipment and service revenue.

According to the IEA, global energy consumption from data centers is expected to more than double – reaching 945 terawatt-hours (TWh) by 2030. In the U.S., electricity demand for data processing alone is projected to surpass the combined power needs of all energy-intensive manufacturing sectors, including aluminum, steel, cement and chemicals.

To support this surge in power requirements, gas turbine manufacturers are experiencing robust order activity across both utility-scale and sub-utility-scale power applications. Our portfolio is well-suited for the sub-utility scale, behind-the-meter solutions, providing advanced technology and shorter deployment timelines with our hydrogen-ready NovaLT™ 12 and 16 MW turbines, as well as BRUSH electric generators.

To meet rising demand, we continue to make targeted organic investments to enhance our NovaLT™ capabilities, including initiatives to increase power range and reduce start-up times. In addition, activities are underway to significantly increase our manufacturing capacity by 2027, capitalizing on strong order visibility.

In the utility-scale space, our geothermal solutions offer customers reliable and scalable baseload power, supported by IET's Organic Rankine Cycle (ORC) steam turbine technologies and OFSE's subsurface expertise. More broadly, we are seeing expanded market opportunities to deploy Advanced and Enhanced Geothermal technologies to deliver dispatchable, low-carbon power to data centers.

Additionally, we are collaborating on the development of the utility and industrial scale Net Power solutions – further expanding our power range and enabling near-zero emissions power generation.

The growing frequency of grid disruptions is prompting industries with critical operations to seek more reliable, on-site power solutions. This shift is especially evident in sectors like energy, health care, data centers, airports and other mission-critical infrastructure, where our distributed power offerings are well positioned to meet this emerging need for behind-the-meter power.

Building on the momentum from our recent data center-related awards – totaling more than $650 million year-to-date – we are making strong progress toward our three-year target of $1.5 billion. The pace of recent awards positions us to meet or exceed this target earlier than planned. Importantly, this excludes the substantial recurring revenue opportunity tied to aftermarket services, which typically generate 1 to 2 times the original equipment value over a 20-year period.

In summary, the surging momentum in data center development is reinforcing IET's fundamental demand drivers while also increasing the pipeline of enterprise-wide opportunities. We are expanding into attractive, high-growth markets beyond our traditional oil and gas base, creating new avenues for growth while further strengthening the durability of our earnings and cash flow.

To conclude, it was another strong quarter for the Company, with significant progress on several fronts despite the challenges presented by the external environment.

Our focus remains on the areas within our control – most notably, the continued deployment of our business system across the enterprise, which is driving productivity and accelerating our efforts to be a leaner, more efficient company.

Baker Hughes is well positioned to deliver sustainable growth and create long-term shareholder value. We are excited about the future as we advance into the next phase of our journey.

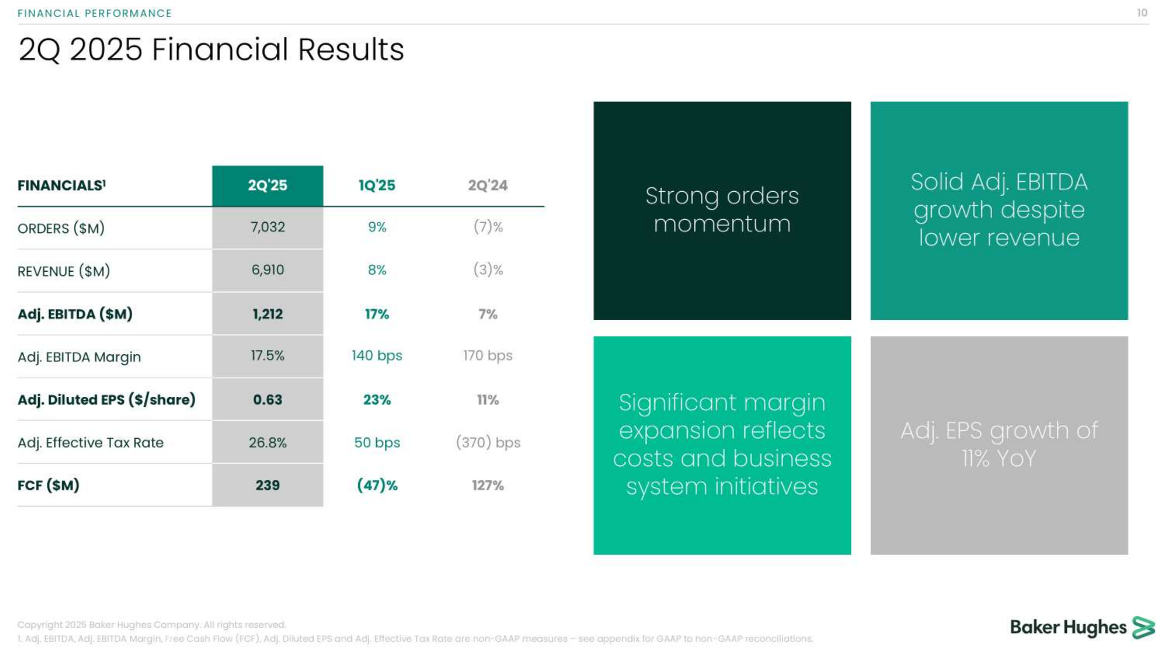
With that, I will turn the call over to Ahmed.

Ahmed Moghal *Baker Hughes – CFO*

Thanks, Lorenzo.

I will begin with a review of our consolidated results and segment performance. I will then outline our portfolio optimization strategy and conclude with a summary of our outlook before turning it back to Lorenzo for final remarks.

Slide 10.



FINANCIALS[1]	2Q'25	1Q'25	2Q'24
ORDERS ($M)	7,032	9%	(7)%
REVENUE ($M)	6,910	8%	(3)%
Adj. EBITDA ($M)	**1,212**	**17%**	**7%**
Adj. EBITDA Margin	17.5%	140 bps	170 bps
Adj. Diluted EPS ($/share)	**0.63**	**23%**	**11%**
Adj. Effective Tax Rate	26.8%	50 bps	(370) bps
FCF ($M)	**239**	**(47)%**	**127%**

Starting on slide 10.

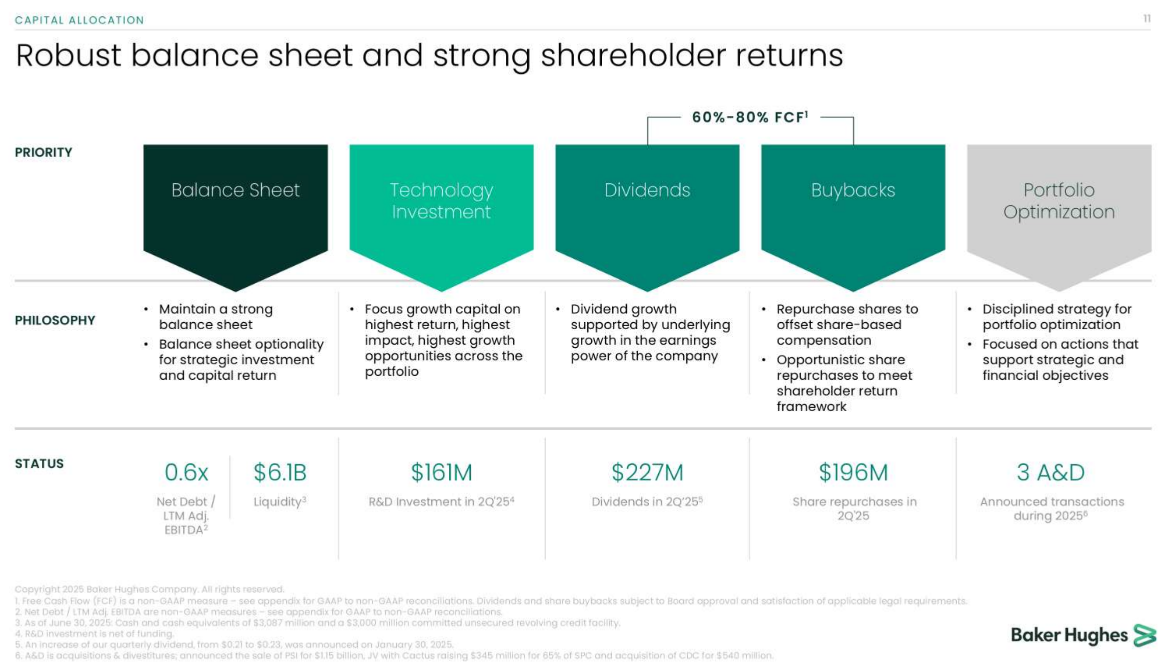
As Lorenzo highlighted, we delivered another strong quarter of orders, with total company bookings of $7 billion, including $3.5 billion from IET. This performance demonstrates continued customer confidence in our diversified portfolio and underscores the strength and breadth of our market-leading technologies and solutions.

Adjusted EBITDA increased by 7% year-over-year to $1.21 billion despite lower revenue, driven by strong margin expansion across both segments. This performance reflects the benefits of structural cost improvements and continued deployment of our business system, which is driving greater productivity, stronger operating leverage and more durable earnings.

GAAP diluted earnings per share were 71 cents. Excluding adjusting items, earnings per share were 63 cents, up 11% year-over-year.

We generated free cash flow of $239 million. For the full year, we maintain our free cash flow conversion target of 45% to 50%, with the typical stronger performance expected in the second half of the year.

Slide 11.

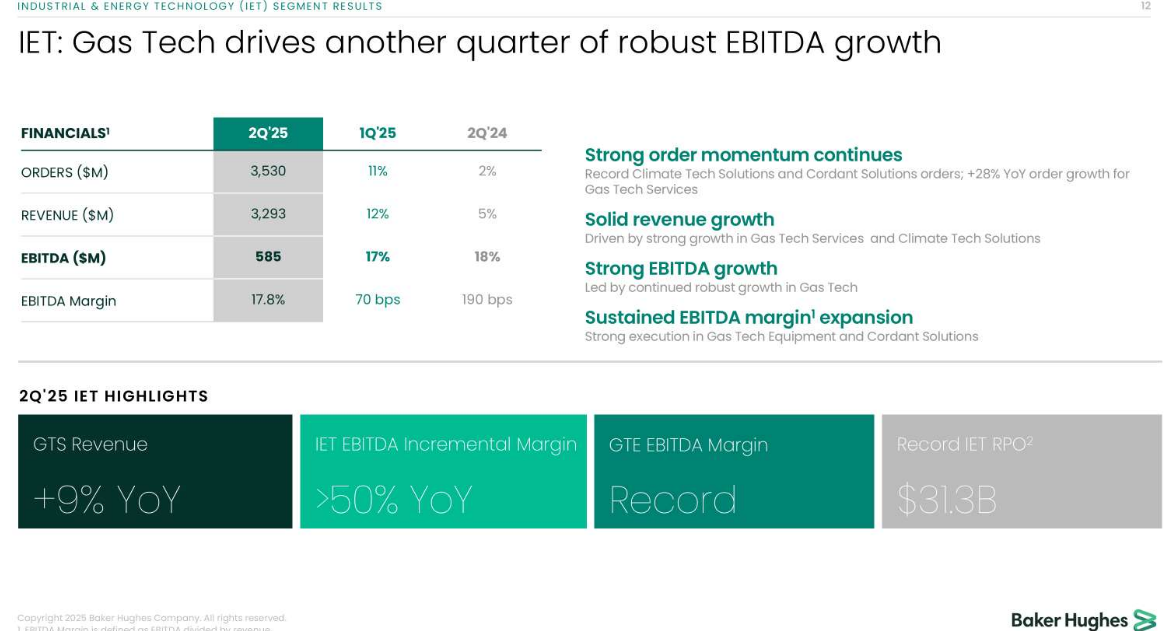


Turning to capital allocation on slide 11. Our balance sheet remains in a very strong position. We ended the quarter with cash of $3.1 billion, a net debt to EBITDA ratio of 0.6x, and liquidity of $6.1 billion.

We also returned $423 million to shareholders. This included $227 million of dividends and $196 million in share repurchases. We remain committed to returning 60% to 80% of free cash flow to shareholders.

The portfolio optimization actions announced in the second quarter are expected to generate about $1 billion in net proceeds upon closure of these transactions, further strengthening our balance sheet and increasing flexibility for organic investments, shareholder returns, and value-accretive acquisitions.

Slide 12.



I will now highlight the results for both segments, starting with IET on slide 12.

During the quarter, we secured IET orders totaling $3.5 billion, including record bookings for both CTS and Cordant Solutions, as well as a 28% year-over-year increase in GTS – driven by another strong quarter of upgrades and transactional orders. This brings our year-to-date total to $6.7 billion, which includes $1.9 billion in GTS, $1.4 billion for LNG and gas infrastructure, and more than $650 million for data center power solutions.

These commercial achievements further underscore the versatility of our technology portfolio and our strategic positioning to benefit from multiple secular growth trends across the energy and industrial sectors.

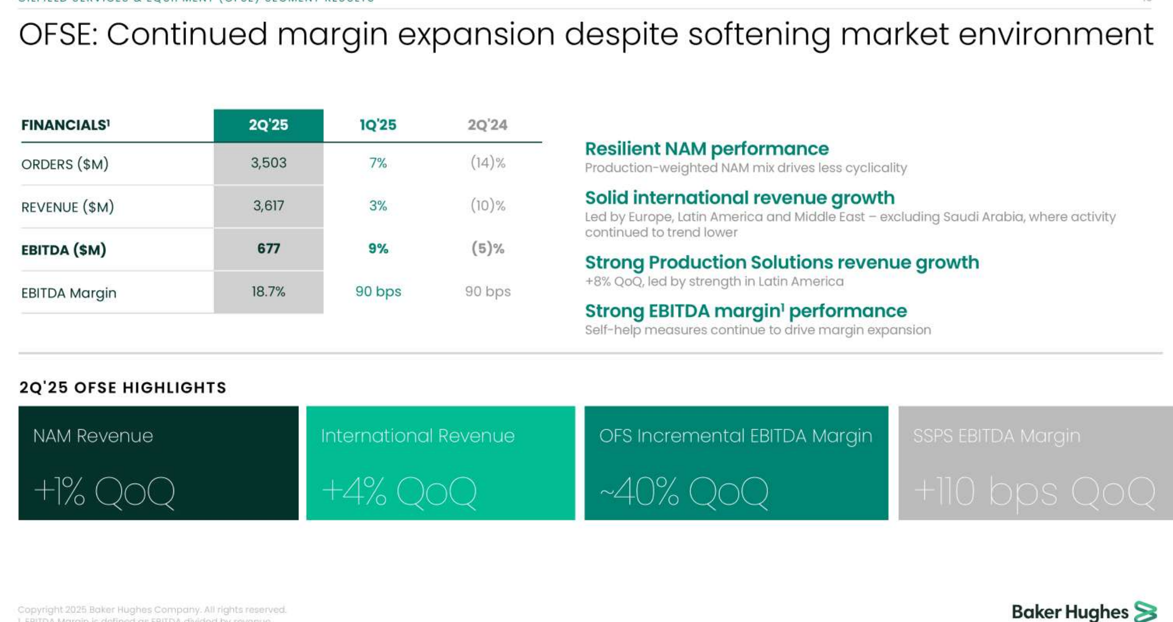
With a book-to-bill of 1.1x for the quarter, IET achieved another record RPO of $31.3 billion. This RPO level and a structurally expanding installed base provide strong revenue visibility in the years ahead.

IET revenue increased by 5% year-over-year to $3.3 billion, led by a 9% increase in GTS and 22% increase in CTS, partially offset by the expected softness in Industrial Tech.

Segment EBITDA growth significantly outpaced segment revenue, increasing 18% year-over-year, as margins expanded by 190 basis points to 17.8% despite some tariff related headwinds. This performance was driven by record Gas Tech Equipment (GTE) margins and strong execution in Cordant Solutions, partially offset by CTS.

These results clearly highlight the benefits of our business system implementation. Now in its third year, this disciplined operating model is focused on performance management, strategy deployment and continuous improvement. Rooted in Lean and Kaizen principles, it is equipping teams across the enterprise with tools to simplify workflows, eliminate waste and improve execution – ultimately supporting progress towards our 20% EBITDA margin target.

Slide 13.



Turning to OFSE on slide 13.

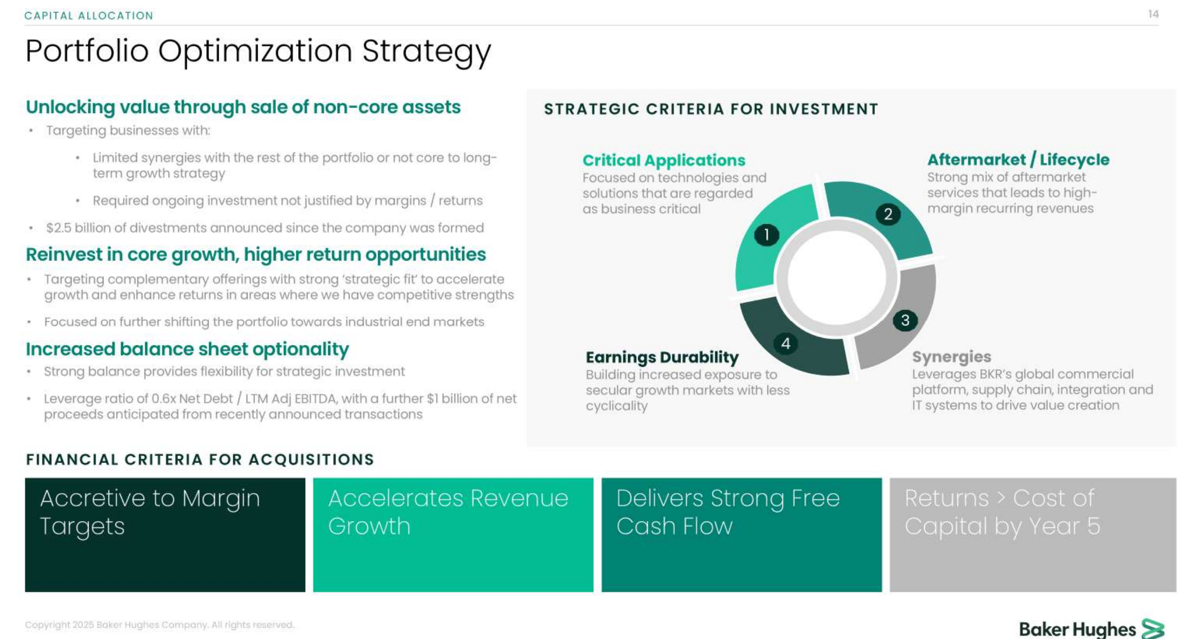
OFSE revenue in the quarter was $3.6 billion, up 3% sequentially.

In international markets, revenue increased 4% sequentially, led by Europe and Middle East excluding Saudi Arabia, where activity continued to trend lower. We also saw solid growth in Latin America, driven by Mexico. While upstream activity in Mexico remains subdued, we experienced strong growth in chemicals as refiners work to address rising crude quality challenges.

In North America, revenue was up 1% sequentially. North America land revenues remained stable compared to the first quarter, outperforming the 3% decline in U.S. onshore rig activity due to our strong weighting towards production-related work.

Driven by disciplined execution and a continued focus on cost efficiencies, OFSE delivered EBITDA of $677 million – exceeding the midpoint of our guidance range despite a challenging market. Importantly, EBITDA margins expanded 90 basis points sequentially to 18.7%.

Slide 14.



Turning to slide 14. I'd like to take a few minutes to highlight the progress we've made on portfolio optimization, and how we are advancing this strategic priority as we transition from Horizon One[1] – a period defined by significant operational improvement – into Horizon Two, which will be characterized by continued execution discipline and an increased focus on strategic growth, particularly in industrial, New Energy markets and Mature Assets Solutions.

We have remained focused on reshaping the portfolio to drive higher profitability and position Baker Hughes for more durable, long-term growth. Including the $1.5 billion of expected proceeds from the PSI and SPC transactions, we will have generated over $2.5 billion in cash from a series of strategic actions since the merger in 2017.

Our divested businesses will now be with owners where they are a stronger strategic fit, while enabling Baker Hughes to further streamline its portfolio and concentrate on higher margin, recurring revenue opportunities. These transactions have unlocked significant value, strengthened our balance sheet, and enhanced our strategic focus and flexibility.

We have also been disciplined in how we've redeployed this capital. Including the acquisition of CDC we have reinvested approximately $1.8 billion to expand our industrial presence and align with long-term growth trends.

Other notable investments include BRUSH Electric Motors, which expanded IET's driver and power generation offerings, and Altus Intervention, which strengthened our capabilities within Mature Assets Solutions. We have also made early-stage investments in decarbonization technologies that, once commercialized, could drive meaningful long-term growth.

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[1] *The three strategic horizons define the company's phased approach:*
Horizon One (through 2025): Targets LNG and upstream growth, business transformation and simplification, portfolio optimization, and leveraging turbomachinery capabilities for early-stage New Energy projects.
Horizon Two (mid to late 2020s): Sees upstream growth start to moderate and focuses on aftermarket services growth, digital offerings expansion, and commercialization of technologies in development.
Horizon Three (2030 and beyond): Emphasizes decarbonization as a prerequisite, new ways to leverage existing capabilities, significant recurring digital and services revenue, and accelerated growth in decarbonization offerings.

The combination of the PSI divestiture and CDC acquisition is a clear example of our portfolio strategy in action. We are monetizing non-core assets and unlocking significant value while reinvesting into higher-margin, recurring revenue businesses at attractive multiples that enhance returns.

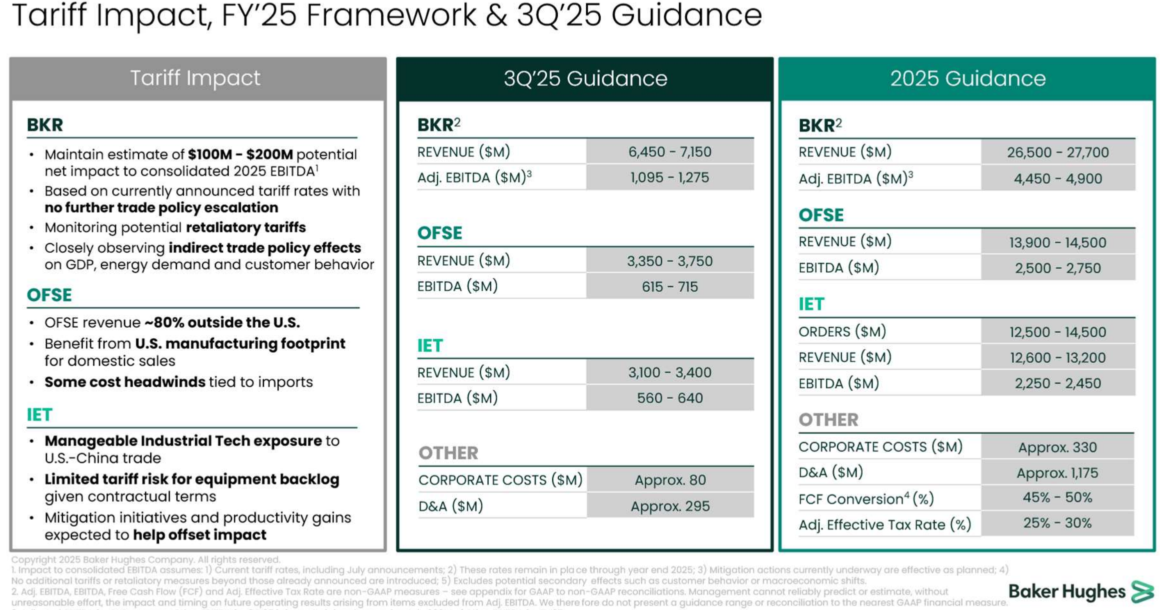
Collectively, these actions advance our strategy to reshape the portfolio for more resilient earnings and cash flow. They demonstrate our disciplined approach – prioritizing strategic fit, exposure to growth markets, accretive margins and returns, and lifecycle-based business models. Looking ahead, we will continue to invest in opportunities that strengthen our industrial footprint and unlock meaningful synergies.

Our ability to integrate acquisitions effectively is enabled by the strength of our business system. It provides the structure, discipline and repeatability to execute with speed and consistency – accelerating synergy capture and driving faster value creation.

With a net leverage ratio of 0.6x EBITDA, we have ample capacity to pursue value-accretive opportunities – including high-return organic investments, disciplined M&A, and continued capital returns to shareholders. This financial flexibility enables us to allocate capital with precision and purpose, with a clear focus on actions to accelerate revenue growth, enhance margins, improve returns, and strengthen our long-term positioning.

Our ultimate objective remains the same: to maximize long-term shareholder value and position Baker Hughes for sustainable, differentiated growth.

Slide 15.



Turning to slide 15, I want to provide an update on the dynamic trade policy environment and our outlook.

In the second quarter, we estimate that the increase in tariff rates negatively impacted our EBITDA by approximately $15 million. We executed a series of mitigation initiatives that helped limit the financial impact, and these actions will continue to play a critical role in managing ongoing exposure.

Since our trade policy update on our previous earnings call, there have been several changes – both implemented and proposed – relative to the tariff rates assumed in our original analysis. At a high level, our updated analysis suggests that these developments largely offset each other. As a result, we are maintaining the previously communicated estimate of $100 to 200 million net EBITDA impact for the year.

Note that this assumes recently announced tariffs are implemented as planned, no further trade policy escalation – including retaliatory tariffs – and continued success of our mitigation actions across both segments.

We are tracking the risk for retaliatory tariffs in key regions. While not currently reflected in our net tariff impact estimate, we remain prepared to implement additional mitigation initiatives to limit, where possible, any further impact on our global operations and financial performance.

Beyond the direct impacts of ongoing trade policy shifts, we continue to monitor potential secondary effects, such as more cautious customer behavior and signs of broader economic weakness.

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

While there’s still volatility around trade policy developments, we have been successfully executing our mitigation plans, and our underlying business continues to perform well. In light of these factors, and consistent with our commitment to transparency, we are reestablishing full-year guidance for both segments and the company overall.

For the third quarter, we expect total company EBITDA of approximately $1.185 billion at the midpoint of our guidance range, led by continued strong growth in IET and resilient margins in OFSE.

For IET, we expect third-quarter results to benefit from continued productivity gains, supported by the enhanced implementation of our business system, as well as strong revenue conversion from the segment's record backlog. Overall, we anticipate IET EBITDA of $600 million at the midpoint of our guidance range.

For OFSE, we expect third-quarter EBITDA of $665 million at the midpoint of our guidance range, which represents flat sequential margins on a slight revenue decline.

Now turning to our full-year guidance. We see continued strength in IET fundamentals, while OFSE remains challenged by subdued market conditions. Taking this into account, we expect total company EBITDA of $4.675 billion at the midpoint of our guidance range.

In IET, we maintain the midpoint of our orders guidance range of $13.5 billion given our solid first half order performance and positive outlook for the second half, particularly in LNG.

Also, we are raising the guidance range for both revenue and EBITDA, increasing the midpoint for revenue to $12.9 billion from $12.75 billion and EBITDA to $2.35 billion from $2.3 billion.

The major factors driving our third quarter and full-year guidance ranges for IET will be the pace of backlog conversion in GTE, the impact of any aeroderivative supply chain tightness in Gas Tech, foreign exchange rates, trade policy, and operational execution in Industrial Tech and CTS.

For OFSE, we are reestablishing full-year guidance with midpoints of $14.2 billion for revenue and $2.625 billion for EBITDA, implying margin improvement despite lower revenue, driven by strong execution of our structural cost-out program and reinforcing the durability of our margins.

Factors driving our third quarter and full-year guidance ranges for OFSE include execution of our SSPS backlog, the impact on near-term activity levels in North America and International markets, trade policy, and pricing across more transactional markets.

We remain confident in our ability to deliver solid performance in 2025, with continued growth in IET helping to offset softness in more market-sensitive areas of OFSE – underscoring the strength of our portfolio and the benefits of our strategic diversification.

In summary, we are pleased with the Company's operational performance during the second quarter. OFSE delivered strong margin performance despite softness in the upstream market, while IET margins continued to progress towards our 20% target.

We remain focused on elements within our control – streamlining operations and driving efficiencies that will benefit us well beyond this cycle.

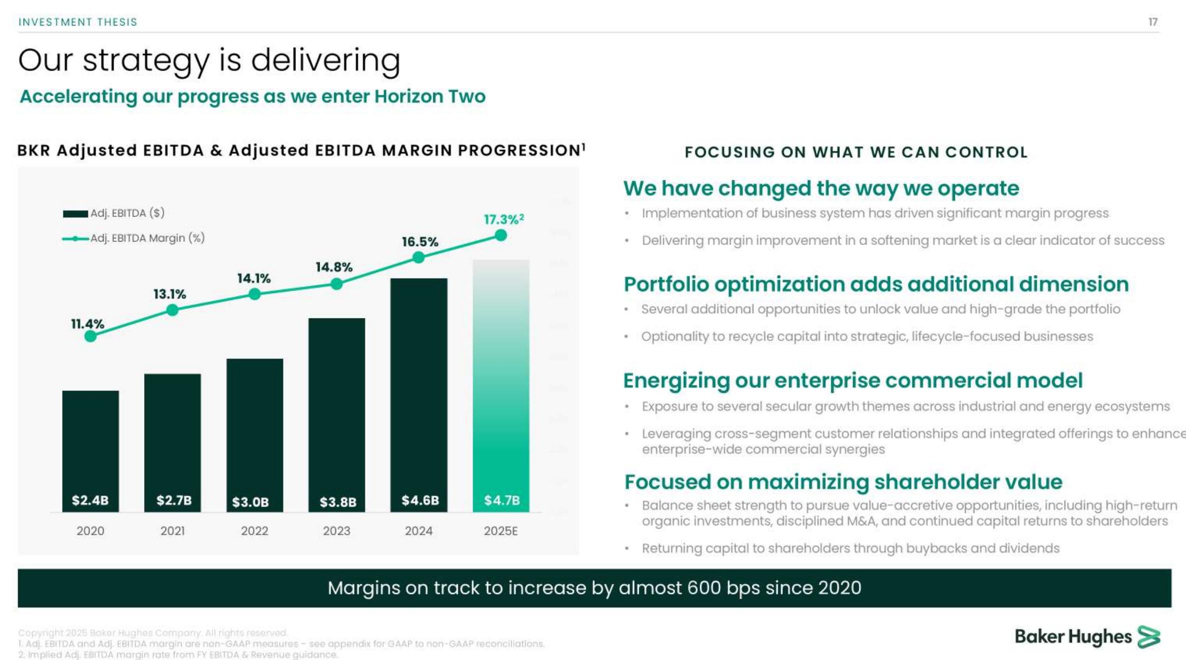
With that, I'll turn the call back over to Lorenzo.

Lorenzo Simonelli *Baker Hughes – Chairman & CEO*

Thank you, Ahmed.

Our strong second-quarter results clearly demonstrate the continued progress we are making in transforming our operations and streamlining the organization – even in a challenging and uncertain market environment.

Slide 17.



As you can see 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 almost 600 basis points over the past five years. Additionally, EBITDA has more than doubled over this same period. The magnitude of this improvement speaks to the substantial progress we've made and reinforces our confidence in the strategic vision we set out when we formed the company.

We are entering Horizon Two from a position of strength, with a clear path to drive further growth and enhanced margins, underscoring our commitment to delivering long-term value for our shareholders. Our business system is a critical enabler for continued success – driving operational discipline, improving productivity, and accelerating the consistency of execution.

We are now complementing our operational efforts with additional portfolio optimization actions. The transactions announced in the second quarter serve as a clear blueprint for our strategy – unlocking value from non-core businesses and recycling that capital into higher-margin opportunities aligned with our financial and strategic frameworks.

In addition to our operational and portfolio progress, our complementary and versatile technology portfolio supports our strong position in key growth markets, including natural gas, New Energy and mature basins. This enables us to capitalize on emerging secular trends, driving sustained order momentum into Horizon Two and beyond.

The opportunities emerging within these growth markets are fostering enhanced commercial integration throughout the company. By leveraging our enterprise-wide customer relationships, cross-segment sales channels, and integrated offerings, we will be able to drive incremental growth and capture a greater share of our addressable market.

To conclude, thank you to the entire Baker Hughes team for yet again delivering outstanding results. As we continue our journey to take Baker Hughes and energy 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*

Operator, we can now open up for questions.