

Baker Hughes Company

NASDAQ: BKR | Energy Technology & Industrial Equipment | Report date: 4 August 2026 | Prices as of close 3 August 2026

Recommendation	Last Price	12-Month Target	Expected Return	Horizon
BUY	\$60.81	\$73.50	+20.9%	12–24 months

Investment Score: 69 / 100 · Market cap \$60.4bn · Pro-forma enterprise value approximately \$74bn · Dividend yield 1.5%

Investment Summary

Baker Hughes is no longer usefully described as an oilfield services company. Following the \$13.6 billion acquisition of Chart Industries, which closed on 16 July 2026, roughly two-thirds of group profit now comes from equipment and services sold into gas infrastructure, power generation and industrial end markets, with the legacy oilfield business contributing the remainder. That distinction matters because the two halves deserve very different multiples, and the market is still working out which one it is paying for.

The second quarter, reported on 26 July, made the case for the new identity about as forcefully as a single quarter can. Industrial & Energy Technology booked a record \$7.1 billion of orders, double the year-ago figure, on a 2.2 times book-to-bill. Remaining performance obligations rose 19% to an all-time high of \$37.1 billion. Power systems orders alone reached \$2.6 billion, of which \$2.2 billion came from data centres, and management raised its three-year IET order target above \$45 billion while committing to double gas turbine capacity by the end of 2028. Adjusted EBITDA of \$1.23 billion beat the top of guidance, and margin reached a record 18.3%.

The tension in the thesis is that none of this is yet visible in the income statement. Group revenue fell 2% year-over-year to \$6.74 billion. IET revenue was flat. Adjusted earnings per share of \$0.64 grew 2%. The orders being written today, particularly in gas technology equipment, convert to revenue largely beyond 2027, and management said as much on the call. An investor buying today at roughly 12 times pro-forma EBITDA and 21 times forward earnings is paying a full multiple for earnings that arrive in 2028 and beyond, secured by a backlog that is contracted rather than merely hoped for.

That trade is judged acceptable, but not compelling enough to chase. The backlog is real, the pricing embedded in it is favourable by management's own account, and the capacity investments carry stated paybacks under two years. Set against that: leverage jumps from 0.1 times net debt to EBITDA to roughly 2.2 times, buybacks have stopped, the Middle East remains an unresolved drag on both segments, and a fifth of the quarter's record orders came from a single demand source whose durability nobody can underwrite. A Buy is warranted; an aggressive one is not.

What has to go right	Gas technology equipment backlog converts on schedule from 2028; IET margin holds above 20% as lower-priced legacy backlog rolls off; Chart delivers the \$325m cost synergies and the data-centre cross-sell management describes.
What breaks the thesis	Hyperscaler capital spending decelerates and power systems orders normalise toward the \$3.2bn booked in all of 2025; Middle East disruption widens beyond the 1–2% revenue headwind assumed in guidance; Chart integration consumes management attention and deleveraging slips past 24 months.
Key levels	Ideal accumulation \$56.00–60.00. Cut-loss \$54.50. First target \$70.50, second target \$78.00.

1. Analytical Framework

A generic template is the wrong instrument for this company, because Baker Hughes is mid-way through changing what it is. The group now spans three quite different economic engines: a long-cycle equipment and aftermarket franchise selling turbomachinery into LNG and power (IET), a short-cycle services business levered to global upstream spending (OFSE), and, from July, a cryogenic and thermal-management equipment maker (Chart) with its own industrial customer base. Shareholder returns over the next two years will be decided by five variables, and the report is organised around them.

Driver	Why it decides the outcome	Current reading
1. Power systems order-to-revenue conversion	IET has booked orders far faster than it can build. Whether the \$37.1bn backlog converts on the promised cadence, and at the pricing management claims is embedded in it, determines almost all of the 2028–2030 earnings step-up the shares are discounting.	Orders \$2.6bn in Q2; YTD approaching \$4bn versus \$3.2bn for all of 2025. First incremental NovaLT capacity H1 2027; gas turbine capacity doubles by end-2028.
2. IET margin trajectory	IET is where operating leverage lives. Margin moved from 17.8% to 20.6% year-over-year on flat revenue, which is pricing and cost discipline rather than volume. Sustaining that as newer, better-priced backlog converts is the single largest swing factor in group EBITDA.	20.6% in Q2, up 280bp. Management guided to a further tailwind in 2027 and beyond from backlog pricing.
3. Chart integration and deleveraging	The largest acquisition in company history, funded with roughly \$9.9bn of new debt. Synergy delivery and the pace of debt reduction govern both the equity's risk profile and when capital returns resume.	\$325m cost synergies targeted by year three (\$95m year one). Management committed to 1.0–1.5x net leverage within 24 months. No buybacks in H1 2026 versus \$384m in H1 2025.
4. OFSE resilience	Roughly half of revenue and 47% of segment EBITDA still comes from a business exposed to global upstream capex, which management expects to decline modestly in 2026. Its job is to hold margin and fund the rest of the company, not to grow.	Q2 revenue \$3.45bn, down 5% year-over-year; EBITDA margin 17.5%, down 120bp. Beat the top of guidance on strength outside the Middle East.
5. Valuation regime	The shares have re-rated from oilfield-services multiples toward industrial ones. Whether that holds is as important to the two-year return as anything in the operations.	Approximately 12.3x pro-forma EV/EBITDA against SLB at 12.4x, Halliburton near 10.5x and GE Vernova above 30x. Shares up 39% over 52 weeks.

2. Business and Industry Position

Baker Hughes operates in more than 120 countries with roughly 56,000 employees and, following the Chart close, reports through three segments. Oilfield Services & Equipment sells well construction, completions, production solutions and subsea systems to national and international oil companies. Industrial & Energy Technology sells gas turbines, centrifugal compressors, generators, control systems and the multi-decade service agreements attached to them, principally into LNG liquefaction, gas processing, pipelines and, increasingly, behind-the-meter power generation. Chart, now the third reporting segment, brings cryogenic storage and transport, heat transfer, air and gas handling and carbon capture equipment.

The commercial logic of IET is worth stating precisely, because it is what separates the company from its oilfield peers. Turbomachinery is sold once and serviced for twenty to thirty years. Gas technology services generated \$831 million of revenue in the quarter against \$1,524 million of equipment, and the services stream carries structurally higher margin and far lower cyclicality. Every equipment order booked today enlarges that annuity. IET's \$37.1 billion of remaining performance obligations splits roughly \$15.0 billion equipment and \$16.7 billion services, which is why the order book is a better guide to 2029 earnings than the current revenue line is.

The end-market backdrop has shifted decisively in the company's favour, and not for reasons of its own making. Management cited hyperscaler capital spending roughly doubling from \$370 billion in 2025 to nearly \$750 billion by 2028, and S&P Global forecasts of 18% annual growth in data-centre power demand through 2030. Grid interconnection queues have made behind-the-meter generation the fastest route to powering a data centre, and Baker Hughes sells exactly that: NovalT and Frame 5 gas turbines plus BRUSH generators, in the 15–50 megawatt class where the large turbine makers are less focused and delivery slots are less contested. The Dynamis award for 76 NovalT16 units, approximately 1.3 gigawatts, and the Kodiak Gas Services framework for up to 1.8 gigawatts are the clearest evidence that the positioning is converting into orders.

LNG remains the second pillar. The company booked roughly \$1.8 billion of LNG equipment orders in the quarter across Venture Global, Cheniere and Golar, taking the half-year total to \$2.9 billion, already above the full-year 2025 figure. Management continues to underwrite installed nameplate capacity approaching 800 MTPA by 2030 and 950 MTPA by 2035. Baker Hughes has supplied a large share of the world's liquefaction compression trains, and that installed base is close to unassailable for aftermarket purposes even where competitors win new awards.

Against that, the oilfield half faces a flat-to-down market. Management expects global upstream spending to decline modestly in 2026, with growth in Latin America, offshore Africa and North American land more than offset by Europe and the Middle East. Middle East disruption is not a hypothetical: OFSE revenue in the region is down 10% from the fourth quarter of 2025, and IET carries an explicit 1–2% revenue headwind from the same source. This is a business being asked to hold its ground while the rest of the company grows around it.

3. Financial Performance

The second quarter separates cleanly into an excellent order book and an unremarkable income statement. Both readings are correct, and the gap between them is the investment question.

\$m unless stated	Q2 2026	Q1 2026	Q2 2025	Y/Y	Comment
Orders	10,501	8,159	7,032	+49%	Book-to-bill 1.6x group, 2.2x IET
Revenue	6,742	6,587	6,910	-2%	Decline driven by PSI and SPC disposals
Adjusted EBITDA	1,231	1,158	1,212	+2%	Above the top of guidance
Adjusted EBITDA margin	18.3%	17.6%	17.5%	+70bp	Record; IET-led
Adjusted diluted EPS	\$0.64	\$0.58	\$0.63	+2%	Consensus was \$0.49
GAAP diluted EPS	\$0.68	\$0.93	\$0.71	-3%	Q1 flattered by \$721m disposal gain
Free cash flow	1,109	210	239	n/m	Milestone and advance payments
Remaining performance obligations	40,100	36,100	n/d	+11% q/q	IET portion \$37.1bn, a record

Segment detail

Segment	Revenue	Y/Y	EBITDA	Margin	Margin Y/Y	Orders	Y/Y
Industrial & Energy Technology	\$3,291m	flat	\$678m	20.6%	+280bp	\$7,088m	+101%
Oilfield Services & Equipment	\$3,451m	-5%	\$605m	17.5%	-120bp	\$3,413m	-3%

IET produced 16% EBITDA growth on flat revenue. That is entirely price, productivity, cost-out and foreign exchange, and it is the most important number in the release, because it says the margin expansion is structural rather than volume-driven. If the segment can hold 20%-plus while revenue is static, the incremental margin as backlog converts from 2028 should be attractive. OFSE moved the other way: margin fell 120 basis points year-over-year on inflationary cost and an unfavourable Middle East mix, where higher product content carried elevated logistics and freight costs.

Sequentially, however, OFSE margin ticked up 10 basis points and the segment beat the top of its guidance range, which given the operating environment is a creditable result.

Cash generation was strong but flattered. Free cash flow of \$1,109 million against \$239 million a year earlier owes much to \$523 million of working capital release, itself a function of customer collections and milestone payments on the record order intake. That is a genuine benefit of the order cycle, not an accounting artefact, but it will not repeat every quarter and management explicitly declined to raise the full-year conversion assumption when asked. Trailing twelve-month free cash flow of \$3.13 billion on an 11.3% margin is the more useful anchor, and it represents a 5.2% free cash flow yield at the current price.

The balance sheet requires care, because most screening data is misleading right now. At 30 June the company showed \$15.7 billion of cash against \$16.3 billion of debt, an apparent net cash position and net leverage of 0.1 times. That cash was pre-funding for Chart: roughly \$9.9 billion of long-term debt was issued in the first half specifically for the acquisition, which closed sixteen days after the balance sheet date. Pro forma for the close, net debt is approximately \$13.5–14 billion and net leverage around 2.2 times combined EBITDA. Data providers still quoting an enterprise value near \$59 billion are using the stale balance sheet; the correct figure is closer to \$74 billion.

4. Competitive Position

Baker Hughes competes in two arenas that barely overlap, and its relative standing differs sharply between them.

Competitor	Where it competes	Relative position
SLB	Oilfield services across the full well lifecycle; digital; production systems.	Larger and more technologically integrated in reservoir and drilling. Baker Hughes is the smaller OFS player but the only one of the three with a genuine industrial equipment franchise alongside. Trades at a comparable 12.4x EV/EBITDA.
Halliburton	Pressure pumping, completions, North American land in particular.	Cheapest of the three at roughly 10.5x EV/EBITDA, and most exposed to the North American cycle. Little overlap with IET. Its discount is a reasonable read on where oilfield-only multiples sit.
GE Vernova	Heavy-duty gas turbines (7HA/9HA class), grid equipment, wind.	The dominant name in large-frame power generation, trading above 30x EBITDA. Competes less directly than headlines suggest: Baker Hughes plays in the 15–50MW distributed and behind-the-meter class where GE Vernova's slot availability is thinner. The multiple gap defines the re-rating opportunity.
Siemens Energy, Mitsubishi Power	Gas turbines, LNG compression, grid.	Credible in both LNG trains and power generation, with comparable order-book strength. Delivery slots rather than technology are the binding constraint across the industry, which supports pricing for everyone and makes capacity expansion the real competitive weapon.
Atlas Copco, Ingersoll Rand, Linde engineering	Compression, industrial gas and cryogenic equipment (Chart's markets).	Chart brought a defensible position in cryogenic storage, transport and heat transfer with an installed base in industrial gases, mining and, increasingly, space. Aftermarket attachment rates are below Baker Hughes' own, which is the clearest identified synergy.

The durable advantage sits in IET rather than OFSE. Turbomachinery is a business of installed base, qualification and delivery slots. Once a Baker Hughes compression train is in an LNG facility it is serviced by Baker Hughes for decades, and the Nigeria LNG extension and fleet-wide Cheniere upgrades booked this quarter show that annuity compounding. In power generation the moat is narrower and more temporary: it rests on capacity in a market where capacity is scarce. Management is spending to widen it, doubling gas turbine output by end-2028, but so is everyone else. The window in which slot scarcity supports pricing is real and probably multi-year, but it is a window rather than a permanent structure.

5. Management and Capital Allocation

Lorenzo Simonelli has run Baker Hughes since the 2017 combination with GE Oil & Gas and has spent the past several years reshaping it, with CFO Ahmed Moghal. The record is better than the share price suggested for most of that period. The company has exited Precision Sensors & Instrumentation, formed a joint venture out of Surface Pressure Control, agreed the \$1.45 billion sale of Waygate Technologies to Hexagon, and used the proceeds and the balance sheet to buy Chart. Operating margin has moved from 5.6% in 2022 to 14.6% on a trailing basis, and free cash flow from \$899 million to \$3.13 billion over the same span. That is a genuine operating turnaround, not a commodity-price windfall.

Guidance accuracy is one of the few testable measures of a management team, and here the record is good. Adjusted EBITDA exceeded the high end of the guidance range in the second quarter, as it did in the first; OFSE beat the top of its range on both revenue and EBITDA despite the Middle East. The full-year raise was, however, smaller than the first-half beat, a point TD Cowen's Marc Bianchi put directly to the CFO on the call. The answer given was project timing, gas technology services normalising as catch-up work on the overdue aeroderivative backlog runs off, and higher regional logistics costs. That is a reasonable explanation, and consistent with the segment detail, but the practical effect is that the second half is guided conservatively and the beat has not been extrapolated.

Capital allocation is where the scrutiny should sit over the next eighteen months. Chart was bought at roughly 13 times trailing adjusted EBITDA of \$1.01 billion, falling to about 10 times after the identified \$325 million of synergies. That is a full but not indefensible price for an asset with 23.8% adjusted EBITDA margins and genuine adjacency to the data-centre thesis. The capacity expansion is more clearly attractive: phased spend through 2028, stated paybacks below two years, brownfield rather than greenfield, leveraging existing roof line. What has been sacrificed is the buyback. There were no repurchases in the first half of 2026 against \$384 million in the same period of 2025, and none should be expected until leverage is back inside the 1.0–1.5 times target. The \$0.23 quarterly dividend was maintained and looks secure at a 30% payout, but it has grown only 2.2% year-over-year.

Insider alignment is thin. Directors and officers hold approximately 0.11% of shares outstanding, and disclosed 2026 activity has been sales rather than purchases, including the chief executive disposing of 181,411 shares at a weighted average \$63.36 and the chief financial officer selling 23,392 shares at \$62.38. Both were executed under Rule 10b5-1 plans adopted in March, which removes most of the signalling content, and one open-market sale by a senior officer at \$55.05 predates the quarter. No conclusion should be drawn beyond the observation that nobody inside the company has been buying.

6. Growth Drivers

Driver	Mechanism and evidence	Likelihood	Impact
Behind-the-meter power for data centres	\$2.2bn of the quarter's \$2.6bn power systems orders came from data centres. Grid interconnection delays make on-site generation the fastest path to energised capacity, and the 15–50MW NovaLT and Frame 5 class is where slots are most available. Dynamis (1.3GW) and Kodiak (up to 1.8GW) are anchor awards.	High	Very high
Gas turbine capacity doubling by end-2028	Phased brownfield investment with paybacks under two years. Management sizes the resulting annual power systems revenue opportunity at close to \$5bn at full utilisation, three to four times the approximately \$1bn generated in 2025 even on conservative utilisation.	Medium-high	Very high
LNG equipment and lifecycle services	\$2.9bn of LNG equipment orders in H1, already above full-year 2025. Nameplate capacity path toward 800 MTPA by 2030. Each train adds decades of service revenue at higher margin.	High	High
Chart cost and commercial synergies	\$325m annualised cost synergies by year three, phased \$95m / \$230m / \$325m, from SG&A, procurement and footprint. Nearly 300 initiatives identified across 18 integration workstreams. Commercial upside in combined power-plus-cooling data-centre offers and aftermarket attachment on Chart's installed base.	Medium-high	High

Driver	Mechanism and evidence	Likelihood	Impact
IET backlog repricing	Newer orders carry materially better pricing than the backlog rolling off. Management explicitly guided to a favourable IET margin tailwind in 2027 and beyond as these convert.	Medium-high	High
Adjacent markets: geothermal, CCUS, space, mining	Mantle Reach agreement for up to 500MW of geothermal; H&P collaboration; first Leucipa deployment outside oil and gas; Chart's cryogenic position in space and its mining installed base.	Medium	Low near term

7. Risks

Risk	Assessment	Probability	Severity
Data-centre order concentration	Roughly a fifth of record quarterly orders traced to a single demand source whose capital spending cycle is set by a handful of buyers. A hyperscaler digestion phase would not impair the existing backlog but would abruptly reset the order growth rate the shares are capitalising.	Medium	High
Valuation and multiple compression	At approximately 12.3x pro-forma EV/EBITDA and 21.5x forward earnings, against a five-year history closer to 8–10x, much of the re-rating has already happened. Current earnings growth of 2% does not support the multiple on its own.	Medium	High
Chart integration and leverage	Largest deal in company history, funded with roughly \$9.9bn of new debt. Net leverage moves from 0.1x to about 2.2x. Synergy shortfall or slower deleveraging delays the resumption of buybacks and raises the cost of any further portfolio action.	Medium	Medium-high
Middle East disruption	OFSE regional revenue down 10% from Q4 2025; IET carries an explicit 1–2% revenue headwind. Guidance assumes conditions remain broadly unchanged through year-end, an assumption management flagged as the principal swing factor in either direction.	High	Medium
Backlog conversion timing	Management confirmed that a meaningful portion of 2026 gas technology equipment orders converts after 2027. Long-dated conversion means several more quarters of order headlines without revenue, testing investor patience and leaving the multiple exposed.	High	Medium
Upstream capex decline	Global upstream spending expected to fall modestly in 2026. OFSE is roughly half of revenue and has already given back 120bp of margin year-over-year on cost inflation.	High	Medium
Execution on capacity expansion	Doubling turbine capacity by end-2028 while integrating Chart is a demanding simultaneous ask. Supply chain for aeroderivative units has already been a constraint on gas technology services this year.	Medium	Medium

8. Valuation

Three methods are appropriate here and a fourth is not. Enterprise value to EBITDA is the primary lens, because the balance sheet has just changed materially and equity multiples obscure that. A sum-of-the-parts is essential, because the three segments deserve genuinely different multiples and a blended figure conceals the argument. Free cash flow yield provides a valuation floor. A conventional discounted cash flow is deliberately not relied upon: the earnings step-up sits in 2028–2030 and any DCF is therefore almost entirely terminal value, which makes it a statement of assumption rather than a valuation.

Pro-forma multiples

Metric	Value	Basis	Context
Market capitalisation	\$60.4bn	992.7m shares at \$60.81	Shares down 0.3% year-over-year

Metric	Value	Basis	Context
Pro-forma net debt	~\$13.75bn	Post-Chart close estimate	Was \$0.5bn net at 30 June; screens are stale
Pro-forma enterprise value	~\$74.1bn	Market cap plus net debt	Data providers still show approximately \$59bn
Pro-forma 2026 EBITDA	~\$5.93bn	BKR guidance \$4.85bn plus Chart approximately \$1.08bn	Excludes synergies
EV / EBITDA (2026E)	12.5x	Pro forma	SLB 12.4x; Halliburton approximately 10.5x; GE Vernova above 30x
EV / EBITDA (2027E)	11.1x	\$6.7bn including \$230m synergies	Net debt also falling toward target
Forward P/E	21.5x	Consensus forward EPS	Five-year average nearer 17–19x
Free cash flow yield	5.2%	TTM FCF \$3.13bn	Supportive; the clearest valuation floor
Dividend yield	1.5%	\$0.92 annualised, 30% payout	Growth only 2.2% year-over-year
Return on invested capital	16.2%	Trailing	Against WACC near 8%; genuine value creation

Sum-of-the-parts

The exercise below values each segment on 2027 estimated EBITDA at multiples drawn from the closest listed comparables, then deducts corporate costs and pro-forma net debt.

Segment	2027E EBITDA	Multiple range	Implied EV	Multiple rationale
Industrial & Energy Technology	\$2.95bn	13.0x – 15.5x	\$38.4 – 45.7bn	Long-cycle equipment with a large service annuity. Below GE Vernova, above pure oilfield.
Oilfield Services & Equipment	\$2.45bn	6.0x – 7.0x	\$14.7 – 17.2bn	In line with Halliburton and the lower end of SLB. A flat-to-declining end market.
Chart	\$1.30bn	11.5x – 13.5x	\$15.0 – 17.6bn	Includes phased synergies. Industrial gas and cryogenic peers.
Corporate costs	-\$0.34bn	10.0x	-\$3.4bn	Capitalised central cost
Enterprise value	\$6.36bn		\$64.7 – 77.1bn	Midpoint approximately \$70.9bn
Less pro-forma net debt			-\$13.75bn	Falling as free cash flow and Waygate proceeds arrive
Implied equity value			\$50.9 – 63.4bn	\$51.3 – 63.9 per share; midpoint \$57.6

That result deserves to be stated plainly rather than explained away: on 2027 numbers, the sum of the parts brackets the current share price and its midpoint sits below it. The shares are not cheap against the earnings the company will report next year. The bull case rests entirely on 2028 and beyond, when the doubled turbine capacity is running and the backlog booked in 2026 is converting. Rolling the same exercise to 2028 estimated EBITDA of roughly \$7.15 billion at a 12 times blended multiple, less net debt reduced to approximately \$8 billion, implies an equity value near \$78 per share. Discounted back at 9%, that is worth about \$65 today.

Triangulating the three approaches gives a fair value of \$71–74. The near-term sum-of-the-parts argues for the low \$60s, the 2028 roll-forward for the mid \$60s discounted or the high \$70s undiscounted, and the 5.2% free cash flow yield offers support well below current levels. The probability-weighted scenario value in section 13 lands at \$71.10, and the consensus of 23 analysts sits at \$71.27, which is reassuring rather than confirmatory. Conclusion: **modestly undervalued on a two-year view, fully valued on next year's earnings.**

9. Sentiment and Positioning

Indicator	Reading	Interpretation
Analyst consensus	Buy; 23 covering analysts; average target \$71.27 (+17.2%)	Broad but not unanimous support. Post-results targets clustered \$71–78: TD Cowen \$78, Stifel \$75, BofA \$74 (from \$71), Piper Sandler \$73. UBS trimmed to \$71 and stayed Neutral.
Estimate revisions	Six analysts raised earnings estimates after the print	Positive direction, though revisions have been to near-term numbers rather than the 2028 figures that actually drive the valuation.
Institutional ownership	97.0% of shares outstanding	Essentially fully institutionally held, with a 990.7m free float. Leaves little marginal buyer among traditional holders and makes the stock sensitive to sector rotation.
Insider ownership and activity	0.11% held; 2026 disclosures are sales under 10b5-1 plans	No open-market buying identified. Plan-based sales carry limited signal, but the absence of purchases in a year the shares rose 39% is worth noting.
Short interest	26.64m shares, 2.68% of shares outstanding; 2.79 days to cover	Low in absolute terms but rising from 24.57m the prior month, suggesting some incremental scepticism around the valuation or the integration.
News flow	Constructive and improving	Post-quarter items skew positive: the Dynamis turbine award, sequential US rig count gains and a cluster of target increases. One outlier, Zephirin Group, raised its objective only to \$52, well below the current price.

10. Technical Setup

Indicators below were computed from the daily closing series to 3 August 2026. The 200-day average is cited from market data, as the retrieved history covers 100 sessions.

Indicator	Value	Reading
Last close	\$60.81	Up 0.5% on the session; 13.6% below the 52-week high of \$70.41
20-day SMA	\$57.62	Price well above; short-term trend positive
50-day SMA	\$59.66	Reclaimed on the post-earnings gap and held for five sessions
200-day SMA	\$56.59 (market data)	Price 7.5% above; primary uptrend intact
20-day EMA / 50-day EMA	\$58.32 / \$59.22	Short EMA below long EMA but converging upward
RSI(14)	59.5	Constructive without being stretched; room before overbought
MACD(12,26,9)	0.35 versus signal -0.33; histogram +0.67	Bullish crossover confirmed on the earnings gap
ATR(14)	\$1.98 (3.3% of price)	Elevated volatility; position sizing and stops should respect it
Volume, 20-day versus 50-day	9.69m versus 9.10m	Earnings-driven participation above trend
Support	\$57.25 / \$54.42 / \$52.27	Pre-earnings close, mid-July consolidation low, and the 2 July low
Resistance	\$62.67 / \$66.11 / \$70.41	Post-earnings intraday high, early-June swing high, 52-week high

The chart supports rather than drives the case. The shares corrected from \$70.41 in late April to \$52.27 on 2 July, a 26% drawdown, then based and broke higher on the 27 July results with 15.2 million shares traded. Price now sits above the 20-, 50- and 200-day averages with a confirmed MACD crossover and RSI in the high 50s, which is the profile of a trend resuming rather than one that is exhausted. The gap from \$57.25 has partially filled, which is healthy. A close back below \$57.25 would negate the breakout; a break of \$52.27 would invalidate the medium-term uptrend and is

where the stop belongs. None of this should override the fundamental conclusion, but it does argue that adding into strength here is less attractive than accumulating on a retest toward the 50-day average.

11. Scorecard

Dimension	Score		Assessment
Business Quality		7	High-quality installed base and service annuity in IET, offset by roughly half the group still sitting in cyclical oilfield services.
Financial Strength		6	Trailing free cash flow of \$3.13bn and 16.2% ROIC, but net leverage jumping from 0.1x to about 2.2x and buybacks suspended.
Competitive Advantage		8	LNG compression installed base is close to unassailable; the power systems edge rests on delivery slots, which is real but time-limited.
Management		8	Credible portfolio transformation, margin up from 5.6% to 14.6% since 2022, and two consecutive quarters beating the top of guidance. Insider ownership is negligible.
Growth Potential		8	\$37.1bn IET backlog, Horizon 2 orders above \$45bn, and a power systems revenue opportunity three to four times the 2025 base by 2029.
Valuation		5	12.5x pro-forma EBITDA and 21.5x forward earnings against 2% current EPS growth. The binding constraint on the rating.
Risk (higher is safer)		6	Middle East exposure, integration and leverage, and data-centre order concentration, partly offset by contracted backlog visibility.
Technical Setup		7	Above all key moving averages with a confirmed MACD crossover, but 13.6% below the 52-week high and carrying 3.3% daily volatility.

Dimension	Score	Weight	Contribution
Growth Potential	8	20%	1.60
Valuation	5	20%	1.00
Competitive Advantage	8	15%	1.20
Business Quality	7	12%	0.84
Financial Strength	6	12%	0.72
Management	8	10%	0.80
Risk	6	6%	0.36
Technical Setup	7	5%	0.35
Weighted total		100%	6.87 → 69 / 100

Growth and valuation carry the heaviest weights because they are the two live arguments. Everything else is either settled (the competitive position, the management record) or second-order over a two-year horizon (the technical setup).

12. Recommendation and Trade Plan

Recommendation: Buy. The case is not that Baker Hughes is cheap, because on next year's earnings it is not. The case is that the company has secured, in writing, a level of forward demand that its current share price does not fully capitalise, and that the mechanism by which that demand becomes profit is unusually well specified: capacity is being added on stated sub-two-year paybacks, the backlog is priced better than what it replaces, and management has beaten the top of guidance in each of the last two quarters while doing it.

The honest counterweight is that this is a Buy with a two-year fuse and a full entry multiple. Revenue is declining, adjusted earnings grew 2%, and management confirmed that a meaningful portion of this year's equipment orders converts after 2027. Investors will be asked to hold through several more quarters of impressive order headlines and unremarkable income statements, without a buyback underneath the stock, while leverage sits above target. That is a real cost, and it is why the position size recommended below is moderate and the ideal accumulation zone sits below the current price.

Parameter	Level	Rationale
Recommended entry	\$60.81 (current)	Acceptable for a starter position; the trend is confirmed and the catalyst is fresh.
Ideal buy range	\$56.00 – \$60.00	A retest of the 50-day average at \$59.66 and the 200-day at \$56.59. Scale in rather than commit at once.
Cut-loss	\$54.50	Below the mid-July consolidation low of \$54.42 and roughly 3.2 ATR from current price. A break here invalidates the uptrend.
Take-profit 1	\$70.50	The 52-week high of \$70.41. Trim one third to a half.
Take-profit 2	\$78.00	Top of the post-results analyst range and approximately 13x 2027 EV/EBITDA.
Blended target	\$73.50	Weighted 60% to the first target, 40% to the second.
Expected upside	+20.9% to blended target; +28.3% to the second	Excludes the 1.5% dividend yield.
Expected downside	-10.4% to the cut-loss	Bear-case fair value near \$48 implies -21% if the thesis fails outright.
Risk / reward	2.0 : 1	Blended upside against the cut-loss.
Holding horizon	12 – 24 months	The earnings inflection is a 2028 event; 24 months is the honest horizon.
Position size	Moderate	Not a concentrated holding. Leverage and integration risk argue against oversizing.
Suggested allocation	3% of an equity portfolio	Up to 4% if accumulated below \$58. Treat as an industrial rather than an energy position for diversification purposes.

Conditions that would upgrade the view to Strong Buy: two further quarters of IET book-to-bill above 1.5x with power systems orders sustained near current run-rates; IET EBITDA margin holding above 21%; and net leverage tracking below 1.8x by mid-2027. Conditions that would downgrade it to Watchlist or Hold: a quarter in which power systems orders fall below \$1.0bn; any deferral of the capacity expansion timetable; Chart synergy realisation below the \$95m year-one target; or a close below \$54.50.

13. Scenario Analysis

Scenario	Prob.	Revenue outlook	Earnings outlook	Fair value	Narrative
Bull	30%	2027 pro-forma revenue approximately \$33bn; power systems orders sustained above \$10bn annually	2027 adjusted EPS approximately \$3.60; 2028 EBITDA approximately \$7.8bn	\$85	The data-centre build-out extends through 2028, capacity comes online on schedule and is fully utilised, Chart synergies exceed \$325m, and the market completes the re-rating toward 13x EBITDA. Deleveraging finishes early and buybacks resume in 2027.

Scenario	Prob.	Revenue outlook	Earnings outlook	Fair value	Narrative
Base	50%	2027 pro-forma revenue approximately \$31bn; IET orders in the \$17–20bn range	2027 adjusted EPS approximately \$3.20; 2028 EBITDA approximately \$7.15bn	\$72	Backlog converts broadly on the guided cadence with some slippage. IET margin holds near 21%, OFSE is flat, Chart delivers the identified synergies on schedule. Multiple holds around 12x as the earnings arrive. Middle East stays disrupted but contained.
Bear	20%	2027 pro-forma revenue approximately \$29bn; power systems orders halve from the 2026 pace	2027 adjusted EPS approximately \$2.60; 2028 EBITDA approximately \$5.8bn	\$48	Hyperscaler capital spending enters a digestion phase and the order cycle rolls over. Middle East disruption widens. Chart integration absorbs management bandwidth and synergies slip. The multiple reverts toward oilfield-services levels near 9x, which alone accounts for most of the downside.

Probability-weighted fair value: $0.30 \times \$85 + 0.50 \times \$72 + 0.20 \times \$48 = \mathbf{\$71.10}$, or 16.9% above the current price before the dividend. The distribution is asymmetric in the investor's favour but not dramatically so, and the bear case is a genuine 21% loss rather than a token downside. Note that in the bear case roughly two-thirds of the decline comes from multiple compression rather than earnings, which is the mathematical expression of the central risk: the shares have already been repriced for a transition that has not yet shown up in reported results.

14. Investment Verdict

Would this warrant a personal commitment of capital today? Yes, at a moderate size, with the acknowledgement that the entry is not a bargain.

The reason is the quality of the visibility. Most companies claiming exposure to the artificial intelligence power build-out are selling a narrative. Baker Hughes is showing \$37.1 billion of contracted remaining performance obligations, a 2.2 times book-to-bill in the segment that matters, and a specific, costed plan to double the capacity that currently constrains it. Management put a number on the prize, close to \$5 billion of annual power systems revenue at full utilisation against roughly \$1 billion in 2025, and attached a payback period to the investment required to reach it. That is a more falsifiable claim than most, and it can be tracked quarter by quarter through the order line.

Underneath the growth story sits a business that has already done the hard work. Operating margin has roughly tripled since 2022, return on invested capital of 16.2% comfortably exceeds an 8% cost of capital, and trailing free cash flow of \$3.13 billion supports a 5.2% yield. The Chart acquisition, whatever its integration risk, was bought at about 10 times synergised EBITDA for an asset with 23.8% margins that plugs directly into the cooling side of the same data-centre demand the turbines serve. The strategic logic is coherent, which cannot be said of every large deal in this sector.

The single biggest concern is that the market has already agreed with all of the above. The shares are up 39% in a year and now trade at roughly 12.5 times pro-forma EBITDA, a multiple that has historically belonged to industrial compounders rather than to a company still generating half its profit from oilfield services in a market management expects to shrink this year. The sum-of-the-parts on 2027 numbers brackets the current price and its midpoint sits below it. Everything above the low \$60s is therefore an option on 2028, and that option is being sold at a fair rather than a generous price.

What would change the view fastest is the order line itself. Power systems orders approaching \$4 billion year-to-date against \$3.2 billion for all of 2025 is the number to watch. If that pace persists into the third and fourth quarters, the 2028 earnings base moves higher and the current multiple stops looking full. If it halves, the shares have very little support beneath them until the low \$50s, because the reported earnings that would otherwise cushion a fall simply are not there yet. Buy, size moderately, accumulate on weakness toward the 50-day average, and treat the order line rather than the earnings line as the scoreboard.

Data sources and as-of dates. Share price and daily OHLCV series: Alpha Vantage, close of 3 August 2026. Quarterly results, segment detail, orders, remaining performance obligations and balance sheet: Baker Hughes second-quarter 2026 earnings release, 26 July 2026. Guidance, synergy phasing and capacity commentary: Baker Hughes second-quarter 2026 earnings call, 27 July 2026. Chart Industries full-year 2025 financials: company release, 27 February 2026. Valuation ratios, ownership, short interest and analyst consensus: StockAnalysis.com, 3 August 2026. Technical indicators computed from the daily series; the 200-day moving average is cited from market data because the retrieved history covers 100 sessions. Pro-forma net debt and enterprise value are estimates derived from the 30 June balance sheet adjusted for the Chart consideration, and are not company-reported figures.

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