

Baker Hughes Company

NASDAQ: BKR | Energy Technology & Industrial Equipment | Report date: 17 August 2026 | Prices as of close 14 August 2026

Recommendation	Last Price	12-Month Target	Expected Return	Horizon
BUY	\$64.82	\$73.50	+13.4%	12–24 months

Investment Score: 67 / 100 · Market capitalisation approximately \$64.4bn · Pro-forma enterprise value approximately \$78bn · Dividend yield 1.4% · Rating unchanged; price levels reset

Investment Summary

Baker Hughes shares have risen 6.6% in the eleven sessions since this coverage was last published, from \$60.81 to \$64.82, without a corresponding change in the earnings the company is expected to report. That is the central fact this update has to deal with. The investment case set out previously rested on a business that had genuinely changed identity — roughly two-thirds of group profit now sits in equipment and services sold into gas infrastructure, power generation and industrial end markets following the \$13.6 billion Chart Industries acquisition that closed on 16 July — and on a share price that had not yet paid for it. The first half of that argument is intact and has been reinforced. The second half is materially weaker.

Three developments since 3 August are worth recording, and all three point the same way. Baker Hughes was awarded the subsea production systems and digital scope for the Eni-Petronas Kutei Northern Hub development in Indonesia, an \$11.8 billion project, including seventeen deepwater horizontal tree systems for the Geng North and Gehem fields. It signed a multi-year contract with Kuwait Oil Company and committed to building a research and development centre in Kuwait as part of the Ahmadi Innovation Valley project, which is notable because Middle East spending discipline was one of the specific risks previously flagged. And the US rig count has turned, climbing five in the week to 14 August to 593 and reaching its highest level since March 2025, which is the first genuine relief for the oilfield half of the group in more than a year.

None of that is a step change. Subsea awards and long-cycle equipment orders convert over three to five years, so they add to a backlog that was already at a record \$37.1 billion rather than to 2027 earnings. The rig count inflection is one week of data and matters to a segment guided flat to declining. What the news flow does is reduce the probability of the bear case rather than raise the base case, and the scenario weightings below reflect that asymmetry.

The valuation arithmetic has moved against the position. The previous report's sum-of-the-parts exercise on 2027 estimated EBITDA produced an implied equity value of \$51.30 to \$63.90 per share with a midpoint of \$57.60. At \$60.81 that range bracketed the price. At \$64.82 the shares now trade above the top of it. The same report's roll-forward to 2028 EBITDA, discounted back at 9%, produced roughly \$65 per share, and the price is now sitting on that number almost exactly. Consensus, at an average target of \$71.45 across 22 analysts, offers 10.2% upside against the 17.2% available a fortnight ago. Forward earnings have gone from 21.5 times to approximately 22.9 times, against a five-year average nearer 17 to 19 times.

The conclusion is a reaffirmed Buy on materially different grounds. Previously this was a company whose transformation the market had not yet priced. It is now a company whose transformation the market has begun to price, held for backlog conversion and the 2028 earnings inflection rather than for a valuation discount. That is a legitimate reason to own it, and the order flow supports it, but it is a thinner one. The published levels have been reset accordingly: the old accumulation zone of \$56.00 to \$60.00 is no longer reachable and has been raised to \$61.50 to \$64.00, and the \$54.50 cut-loss, now 15.9% below the market, has been raised to \$59.00. Risk and reward has compressed from roughly 2.0 to 1 to about 1.5 to 1. Above \$68 without an upward revision to estimates, this stops being a Buy.

What Has Changed Since 3 August

Measure	Previous report	Now	Read-through
Share price	\$60.81	\$64.82	Up 6.6% in eleven sessions on order news rather than an estimate revision.
Consensus target	\$71.27 (23 analysts)	\$71.45 (22 analysts)	Essentially static. Implied upside falls from +17.2% to +10.2% purely because the price rose.
Forward P/E	21.5x	approximately 22.9x	Derived by rolling the prior multiple on the same consensus EPS. Five-year average is 17–19x.
EV / 2027E EBITDA	11.1x	approximately 11.7x	On \$6.7bn including \$230m of synergies and unchanged pro-forma net debt of \$13.75bn.
2027 sum-of-the-parts	\$51.30–63.90; midpoint \$57.60	unchanged	The price has moved above the top of the range rather than inside it.
Free cash flow yield	5.2%	4.9%	Trailing free cash flow of \$3.13bn on a larger equity value. Still the clearest valuation floor.
US rig count	declining trend	593, +5 week-on-week	Highest since March 2025. First evidence the oilfield drag is bottoming.
New awards	—	Kutei Northern Hub; Kuwait Oil Company	Adds to a record \$37.1bn backlog. Revenue recognition is a 2028–2030 event.
Investment score	69 / 100	67 / 100	Valuation alone moved down, from 5 to 4. Technical setup moved up from 7 to 8.
Recommendation	Buy	Buy	Unchanged rating, changed reasoning. Backlog momentum now carries a full multiple.

Prices as of the close on 14 August 2026. Forward P/E and EV/EBITDA are derived from the prior report's consensus inputs rolled to the current price and are calculations rather than company-reported figures.

Do The Published Levels Still Hold?

Level	As published	Status	Action
Ideal accumulation	\$56.00–60.00	Out of reach	The price is 8.0% above the top of the zone and has not traded inside it since 31 July. Raised to \$61.50–64.00, which is the breakout base and the 20-day average at \$60.48 extended to the current consolidation.
Cut-loss	\$54.50	Too wide	Now 15.9% below the market, or 8.9 ATR. A stop that far away no longer limits anything. Raised to \$59.00, which sits below both the 20-day (\$60.48) and 50-day (\$59.40) averages at 3.3 ATR, matching the roughly 3.2 ATR standoff the original stop was set at.
Take-profit 1	\$70.50	Intact	The 52-week high of \$70.41 has not been tested; the price is 8.8% below it. Held. Trim one third to one half there.
Take-profit 2	\$78.00	Intact	Top of the post-results analyst range and approximately 13x 2027 EBITDA. Held.
Blended target	\$73.50	Intact	Weighted 60% to the first target and 40% to the second. Nothing in the last fortnight justifies raising it: the new awards add backlog, not near-term EBITDA.
Risk / reward	2.0 : 1	Degraded	Now approximately 1.5 : 1 on the reset stop. Acceptable but no longer comfortable.

Evaluation Framework

Baker Hughes earns money in two structurally different ways, and the framework has to keep them apart. Industrial & Energy Technology, now including Chart, sells long-cycle equipment — gas turbines, LNG compression trains, cryogenic and industrial gas systems — and then services an installed base for decades at higher margin than the original sale. Oilfield Services & Equipment sells drilling and completion products and services into an activity cycle it does not control. The first deserves an industrial multiple, the second an oilfield one, and the share price reflects a blend the market is still arguing about.

Over the next two years shareholder returns will be decided by five variables:

Driver	Why it decides the outcome
Order-to-revenue conversion	A record \$37.1bn of remaining performance obligations is worthless unless it converts on schedule and at the booked margin. Delivery slot availability is the binding constraint, which is why the commitment to double gas turbine capacity by end-2028 matters more than any single order.
Power systems demand durability	Of the \$2.6bn of power systems orders booked in the second quarter, \$2.2bn came from data centres. That is the growth engine and simultaneously the concentration risk. Whether hyperscaler capacity commitments hold through a capital spending digestion phase is the single largest swing factor in the thesis.
IET margin trajectory	Margin reached a record 18.3% in the second quarter. The equipment mix is rising as the backlog converts, and equipment carries lower margin than service. Holding 18% while the mix shifts against you would be a genuine achievement; slipping to 16% would remove most of the 2028 earnings uplift.
Chart integration and deleveraging	Net leverage jumped from roughly 0.1x to about 2.2x to fund the deal. The \$325m cost synergy target by year three and the 1.0–1.5x leverage target within 24 months are the two commitments to hold management to. Buybacks stay suspended until the second is met, which removes a support the shares had for years.
Oilfield services floor	Roughly a third of profit still sits in a segment guided flat to declining. The question is not whether it grows but where it stops falling. The rig count turning up to 593, the highest since March 2025, is the first supportive datapoint in some time.

Business and Industry Position

The reporting structure now runs three ways: Industrial & Energy Technology, Oilfield Services & Equipment, and the new industrial segment created around Chart, which contributed \$4.3 billion of revenue in its final year as a standalone company and serves customers in more than fifty countries. Chart brings cryogenic tanks, gas processing and thermal management, which sit directly adjacent to Baker Hughes' existing compression and turbomachinery franchise. The industrial logic is that a customer building an LNG train, a hydrogen facility or a data centre power island can now buy compression, gas processing, thermal management and lifecycle service from one vendor. The financial logic is \$325 million of cost synergies by year three, with cross-selling upside management has deliberately not quantified.

The pending \$1.45 billion all-cash sale of Waygate Technologies to Hexagon, agreed on 13 April and expected to close in the second half of this year, is the other half of the portfolio move. Baker Hughes is exiting industrial inspection to concentrate on rotating equipment, LNG and energy technology. The proceeds go to the balance sheet and accelerate the return to the leverage target. Taken together with Chart, the direction of travel is unambiguous and management has now spent two years executing it rather than describing it.

Competitive position differs sharply by segment. In LNG compression the installed base is close to unassailable; displacing an incumbent on a brownfield expansion is impractical, and the aftermarket annuity that follows is durable. In power systems the advantage is availability rather than technology — whoever can deliver a turbine in 2028 wins the order, and that edge erodes as the industry adds capacity. In oilfield services the company competes against SLB and Halliburton on roughly level terms without a structural cost advantage. The Kutei Northern Hub award is a useful reminder that the subsea franchise remains competitive: seventeen deepwater horizontal trees plus digital scope on an \$11.8 billion development is not a consolation prize.

Financial Position

Metric	Value	Interpretation
Trailing revenue	approximately \$27.9bn	Declining on an organic basis as oilfield activity contracts, before Chart consolidates fully.
Trailing free cash flow	\$3.13bn	The most reliable number in the accounts and the anchor of the valuation floor. A 4.9% yield at the current price, down from 5.2%.
IET EBITDA margin	18.3% (Q2 record)	Beat the top of guidance for a second consecutive quarter. The mix shift toward equipment is the pressure point from here.
Return on invested capital	approximately 16%	Against a weighted average cost of capital near 8%. Genuine value creation, and the strongest single argument for the industrial re-rating.
Net leverage	approximately 2.2x	Up from roughly 0.1x pre-Chart. Management targets 1.0–1.5x within 24 months. Waygate proceeds of \$1.45bn plus free cash flow make that achievable rather than heroic.
Remaining performance obligations	\$37.1bn	An all-time high, up 19% year-on-year, and the reason a two-year horizon is the right one. Recent awards add to this figure.
Dividend	\$0.23 quarterly; 1.4% yield	Maintained, roughly 30% payout, growing only about 2% a year. Income is not the reason to own this.
Buybacks	Suspended	Removed until leverage is back inside target. Shareholders absorb unremarkable reported earnings without that support.

Figures are trailing twelve months unless stated, drawn from the most recent filings and the second quarter release of 26 July 2026. Free cash flow yield and leverage are stated pro forma for the Chart close.

Competitive Comparison

Company	EV / EBITDA	Positioning	Assessment relative to Baker Hughes
SLB	approximately 12x	Oilfield leader	Broader international footprint and better digital monetisation, but no equivalent power generation franchise. Trades on a similar multiple for a less differentiated growth story.
Halliburton	approximately 10.5x	North America weighted	More leveraged to the rig count recovery now underway and cheaper, but structurally exposed to the segment Baker Hughes is diversifying away from.
GE Vernova	above 30x	Pure power equipment	The comparison that carries the bull case. If a fraction of that rating attaches to the IET and Chart earnings stream, the sum of the parts re-rates materially. The market has so far declined to grant it.
Chart (pre-deal)	approximately 12x	Cryogenic and industrial gas	Acquired at roughly 13 times EBITDA, which was not cheap. The purchase price is why the valuation section is the binding constraint on this rating.

The valuation gap between the oilfield comparables near 10 to 12 times and GE Vernova above 30 times is the entire argument. Baker Hughes at approximately 11.7 times 2027 EBITDA is being priced as an oilfield company with a modest industrial kicker. The bull case is that the blend shifts. Two weeks of order announcements do not shift it; four quarters of IET margin above 18% while the backlog converts might.

Management and Capital Allocation

The execution record supports the benefit of the doubt. Group margin has risen from 5.6% in 2022 to roughly 14.6% today, the portfolio has been reshaped deliberately through both an acquisition and a divestiture rather than opportunistically, and the last two quarters have each beaten the top end of guidance. Guidance accuracy is one of the few genuinely testable measures of a management team, and on that measure this one is performing.

Capital allocation is where the scrutiny belongs. Chart was bought at roughly thirteen times EBITDA, funded with debt, at the top of an industrial gas cycle. That is a defensible strategic price rather than a bargain, and it consumed the balance sheet flexibility that had underwritten the buyback. Shareholders are being asked to accept suspended repurchases and unremarkable reported earnings for roughly two years in exchange for a 2028 earnings base that is structurally different. The Waygate sale funds part of that bridge. The commitments to watch are the \$325 million synergy target and the 1.0 to 1.5 times leverage range; both have dates attached, which makes them checkable. Insider ownership remains negligible, which is a mild negative rather than a red flag at this size.

Growth Drivers

Driver	Likelihood	Impact	Detail
Power systems and data centre demand	High	High	\$2.6bn of second-quarter orders, of which \$2.2bn from data centres. Turbine capacity doubling by end-2028 is the enabling commitment. A revenue opportunity management frames as three to four times the 2025 base by 2029.
Backlog conversion	High	High	\$37.1bn of remaining performance obligations, up 19%, plus the Horizon 2 order target raised above \$45bn. Mechanical rather than speculative, provided delivery holds.
Chart synergies	Medium-high	Medium	\$325m of cost synergies by year three, with unquantified cross-selling upside. Integration is underway using the company's existing operating system.
Subsea and international awards	Medium	Medium	Kutei Northern Hub in Indonesia and the Kuwait Oil Company contract were both booked this month. Converts from 2028 onward and demonstrates the franchise is winning work outside power.
Oilfield stabilisation	Medium	Medium	The rig count at 593, the highest since March 2025, would remove a drag rather than add growth. One week of data; treat as directional only.
Waygate proceeds	High	Low-medium	\$1.45bn in cash on closing in the second half accelerates deleveraging and brings the buyback restart forward.

Risks

Risk	Probability	Severity	Assessment
Data centre order concentration	Medium	High	\$2.2bn of a \$2.6bn quarterly power systems order book from one end market. A hyperscaler capital spending pause would not damage the installed base but would remove the growth narrative that the current multiple depends on.
Valuation	Medium-high	Medium-high	The price now sits above the top of the 2027 sum-of-the-parts range and on the discounted 2028 value. Multiple compression alone could deliver a flat two years even if operations perform.
Chart integration	Medium	Medium-high	The largest acquisition in company history, bought at roughly 13x, funded with debt. Synergy slippage or cultural friction would be expensive and visible.
Leverage and suspended buyback	Medium	Medium	Net leverage at about 2.2x against a 1.0–1.5x target. Until it is met there is no repurchase support under the shares and limited flexibility if the cycle turns.
Middle East spending discipline	Medium	Medium	A material revenue exposure in a region that has been cutting. The Kuwait Oil Company award argues the other way and is the reason this risk reads slightly better than it did.
IET margin mix	Medium	Medium	Equipment revenue rising as a share of the mix while service carries the margin. Holding 18% through the conversion phase is not guaranteed.
Oilfield cyclicalilty	Medium	Medium	Roughly a third of profit in a flat-to-declining segment. The rig count turn helps but does not resolve it.
Execution on turbine capacity	Low-medium	High	Doubling gas turbine capacity by end-2028 underwrites the 2029 revenue ambition. Delay would push the earnings inflection beyond this holding horizon.

Read alongside the scorecard: this is a leveraged, mid-integration industrial with genuine end-market concentration, which is why Risk scores 6 out of 10 rather than 8. Contracted backlog visibility is what keeps it from scoring lower.

Valuation

Metric	Value	Context
Market capitalisation	approximately \$64.4bn	Derived from approximately 993m shares at \$64.82. Several data providers still show stale pre-Chart figures.
Pro-forma enterprise value	approximately \$78.1bn	Market capitalisation plus pro-forma net debt of \$13.75bn, unchanged since the last report.
EV / 2026E EBITDA	approximately 13.2x	On pro-forma EBITDA of roughly \$5.93bn excluding synergies. Was 12.5x. SLB approximately 12x, Halliburton approximately 10.5x, GE Vernova above 30x.
EV / 2027E EBITDA	approximately 11.7x	On \$6.7bn including \$230m of phased synergies. Was 11.1x.
Forward P/E	approximately 22.9x	Prior 21.5x rolled to the current price on unchanged consensus EPS. Five-year average nearer 17–19x. This is a calculation, not a company-reported figure.
Free cash flow yield	4.9%	Trailing free cash flow of \$3.13bn. Down from 5.2%. Still the clearest floor under the shares.
Dividend yield	1.4%	\$0.92 annualised at roughly 30% payout, growing about 2% a year.
Return on invested capital	approximately 16%	Against a cost of capital near 8%.

The sum-of-the-parts exercise published a fortnight ago valued Industrial & Energy Technology at 13.0 to 15.5 times 2027 EBITDA of \$2.95 billion, Oilfield Services at 6.0 to 7.0 times \$2.45 billion, and Chart at 11.5 to 13.5 times \$1.30 billion, less

capitalised corporate cost and pro-forma net debt. Nothing in the last two weeks changes those segment estimates: subsea and Kuwait awards convert in 2028 and beyond, and one week of rig count data does not move a 2027 forecast. The range therefore stands at \$51.30 to \$63.90 per share with a midpoint of \$57.60 — and the shares now trade above the top of it rather than inside it. That is the single most important sentence in this update.

The 2028 roll-forward is where the case survives. On approximately \$7.15 billion of 2028 estimated EBITDA at a twelve times blended multiple, less net debt reduced toward \$8 billion, implied equity value approaches \$78 per share; discounted back at 9% that is worth roughly \$65 today. The price is \$64.82. In other words the market now pays fair value for the 2028 outcome and gives nothing away for the risk of getting there. Triangulating the three approaches still produces a fair value band of \$71 to \$74 on a twelve to twenty-four month view, because that horizon captures the point at which 2028 stops being a forecast and starts being next year. Consensus at \$71.45 sits inside that band. Conclusion: fairly valued on 2027 earnings, modestly undervalued on a two-year view, with the margin of safety that existed a fortnight ago now largely spent.

Sentiment and Positioning

Indicator	Reading	Interpretation
Analyst consensus	Buy; 22 analysts; average target \$71.45	18 buy, 4 hold, 1 sell. Range \$51 to \$85. Broad support, but the average target now implies only 10.2% upside against 17.2% a fortnight ago. Post-results moves clustered \$71–78: TD Cowen \$78, Piper Sandler \$73, Bank of America \$74, UBS \$71.
News flow direction	Constructive	Aggregated coverage over the last fortnight is net positive and event-driven: two contract awards, a rig count inflection, and no negative company-specific disclosure. No guidance change since 26 July.
Rig count	593, +5 week-on-week	Oil rigs +1 to 455, gas rigs +4 to 128. Highest total since March 2025 and the second increase in three weeks. Supportive for the oilfield segment and for Halliburton-style comparables generally.
Institutional ownership	Broadly held, stable	No disclosed step change in the period. The Chart deal has drawn some industrial-mandate interest, which is part of the re-rating mechanism.
Insider activity	Negligible ownership	No meaningful open-market purchases. Unchanged and mildly unhelpful for conviction.
Momentum	Positive	The 10-day average crossed above the 50-day on 5 August, and the shares have made a new 20-day high. Trend followers are now involved, which cuts both ways.

Technical Position

Indicator	Reading	Interpretation
Close (14 Aug 2026)	\$64.82	Up 6.6% from the \$60.81 close the previous report was written against.
SMA 20 / 50 / 100	\$60.48 / \$59.40 / \$61.75	Price above all three, with the 20-day above the 50-day. A clean uptrend on the intermediate frame.
SMA 200	not computed	The available series runs 100 sessions, which cannot produce a 200-day average. Stated rather than estimated.
EMA 20 / 50	\$61.39 / \$60.55	Both rising and both below the price, consistent with the moving-average picture above.
RSI (14)	65.1	Firm without being overbought. Room to run before the 70 threshold, but the easy part of the move is behind.
MACD (12,26,9)	1.65, signal 1.13, histogram +0.51	Positive and widening. The crossover flagged in the previous report has extended rather than faded.
ATR (14)	\$1.77 (2.7% of price)	Daily volatility has calmed from 3.3%, which is what allows a tighter stop without inviting noise.
Volume	20-day average 8.7m vs 50-day 8.8m	In line. The advance has not been driven by an unusual volume surge, which argues it is repricing rather than a squeeze.
Range	20-day \$65.17 / \$54.42; period high \$70.41	A new 20-day high. The 52-week high at \$70.41 is the obvious resistance and coincides with the first target.

Indicators computed from the daily OHLCV series through 14 August 2026 (100 sessions). Technicals inform entry timing only and do not override the fundamental assessment.

The technical picture has improved unambiguously and that is precisely the tension in this update. Support sits at \$61.50 to \$62.00 where the early-August base formed, then at the 20-day average of \$60.48 and the 50-day at \$59.40. Resistance is

the 52-week high of \$70.41 with little of consequence between here and there. A trend this clean argues for holding an existing position; it does not argue for buying 8% above the accumulation zone the previous report specified.

Scorecard

Dimension	Score	Assessment
Business Quality		7/10 Durable installed base and service annuity in IET, offset by roughly a third of group profit still in cyclical oilfield services. Unchanged.
Financial Strength		6/10 Trailing free cash flow of \$3.13bn and roughly 16% ROIC against net leverage near 2.2x with buybacks suspended. Unchanged; Waygate proceeds help but have not landed.
Competitive Advantage		8/10 LNG compression installed base close to unassailable; the Kutei subsea award and Kuwait R&D commitment reinforce the franchise. The power systems edge still rests on delivery slots. Unchanged.
Management		8/10 Margin up from 5.6% to about 14.6% since 2022, two consecutive beats above the top of guidance, and a portfolio reshaped deliberately. Insider ownership negligible. Unchanged.
Growth Potential		8/10 \$37.1bn backlog, Horizon 2 orders above \$45bn, turbine capacity doubling by 2028, and two fresh awards this month. Unchanged at the top of the range.
Valuation		4/10 Lowered from 5. The price is now above the top of its own 2027 sum-of-the-parts range, forward earnings are approximately 22.9x against a 17–19x five-year average, and consensus upside has halved to 10.2%.
Risk (10 = lowest risk)		6/10 Data centre order concentration, integration and leverage, and Middle East exposure, partly offset by contracted backlog visibility and a rig count that has turned. Unchanged.
Technical Setup		8/10 Raised from 7. Above the 20-, 50- and 100-day averages, MACD positive and widening, RSI 65.1, a new 20-day high, and volatility down to 2.7% of price.

Scored 1–10, where 10 is always best, including Risk. The previous report labelled its Risk row “higher is safer”, which is the same direction as this scale, so its score of 6 is directly comparable and no restatement was required.

Dimension	Score	Weight	Contribution
Growth Potential	8	20%	1.60
Valuation	4	20%	0.80
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	8	5%	0.40
Weighted total		100%	6.72 → 67 / 100

Weights are unchanged from the previous report so the two totals are comparable. Growth and valuation carry the heaviest weights because they remain the two live arguments. The score falls from 69 to 67 entirely on valuation, partly offset by a stronger technical setup.

Recommendation: Buy (unchanged)

The rating is reaffirmed, and the reasoning behind it has changed enough to state plainly. A fortnight ago this was a company whose transformation the market had not yet paid for, with a sum-of-the-parts range that bracketed the share price and an accumulation zone below it. Today the market has paid for a good deal of that transformation. The shares sit above the top of the 2027 sum-of-the-parts range and on the discounted value of the 2028 outcome. What justifies continuing to own them is backlog momentum, a credible path to a structurally higher 2028 earnings base, and order flow over the last fortnight that has reduced the probability of the bear case. What no longer justifies it is a valuation discount, because there is not much of one left.

Trade Plan

Parameter	Level	Rationale
Recommended entry	\$61.50–64.00	Raised from \$56.00–60.00, which the price has left behind. This zone is the early-August breakout base extended to the 20-day average at \$60.48. Existing holders hold; new money waits for a retest rather than buying the new high.
Current price	\$64.82	Approximately 1.3% above the top of the zone. Close enough for a starter position, not for a full one.
Cut-loss	\$59.00	Raised from \$54.50. Below both the 20-day (\$60.48) and 50-day (\$59.40) averages, 3.3 ATR from the market, matching the standoff the original stop used. A break here invalidates the trend that the technical score rests on.
Take-profit 1	\$70.50	Held. The 52-week high of \$70.41. Trim one third to one half.
Take-profit 2	\$78.00	Held. Top of the analyst range and approximately 13x 2027 EBITDA.
Blended target	\$73.50	Held. Weighted 60% to the first target, 40% to the second. Sits inside the \$71–74 fair value band.
Expected upside	+13.4%	To the blended target, from +20.9%. Excludes the 1.4% dividend yield.
Expected downside	–9.0%	To the cut-loss. Bear-case fair value near \$50 implies roughly –23% if the thesis fails outright.
Risk / reward	approximately 1.5 : 1	Down from 2.0 : 1. Acceptable for a moderate position, insufficient for a large one.
Holding horizon	12–24 months	Unchanged. The earnings inflection is a 2028 event and 24 months remains the honest horizon.
Position size	Moderate; trim to small above \$68	Leverage, integration risk and a full multiple all argue against concentration.
Suggested allocation	3% of an equity portfolio	Unchanged. Add toward 4% only on a retest into the low \$60s. Treat as an industrial holding rather than an energy one.

What would change this view

The rating goes to Watchlist above roughly \$68 in the absence of an upward revision to 2027 or 2028 estimates, because at that price the blended target offers under 8% and the risk-reward stops working. It also goes to Watchlist on a close below \$59.00, on IET margin slipping below 17% in a reported quarter, or on evidence that data centre power orders are being deferred rather than merely digested. It goes to Strong Buy on a retest into the mid-to-high \$50s with the backlog intact, or on the Horizon 2 order target being raised again alongside confirmation that turbine capacity is on schedule. A slip in the Chart synergy timetable or leverage still above 2 times at the end of 2027 would move it to Hold regardless of price.

Scenario Analysis

Scenario	Prob.	Revenue outlook	Earnings outlook	Fair value	Narrative
Bull	30%	IET and Chart compound at a low-teens rate through 2028; oilfield stabilises	2028 EBITDA above \$7.5bn; synergies exceed \$325m	\$85	Turbine capacity doubles on schedule, data centre orders hold, and the market grants a partial industrial multiple. Buyback restarts in 2027 as leverage clears target.
Base	50%	Backlog converts on schedule; oilfield flat as the rig count recovery offsets pricing	2028 EBITDA approximately \$7.15bn; IET margin holds near 18%	\$73	The plan is delivered without a re-rating. Leverage reaches 1.5x during 2027. Raised from \$72 on the Kutei and Kuwait awards, which add backlog at the margin.
Bear	20%	Data centre orders deferred; Middle East cuts deepen; Chart underperforms	2028 EBITDA nearer \$6.0bn; IET margin slips toward 16%	\$50	Multiple compresses to oilfield comparables with leverage still above 2x and no buyback. Raised from \$48 because the rig count turn reduces the depth of the oilfield downside.

Probability-weighted fair value: $0.30 \times \$85 + 0.50 \times \$73 + 0.20 \times \$50 = \$72.00$, or 11.1% above the current price of \$64.82 before the dividend. The equivalent calculation a fortnight ago produced \$71.10 against a price of \$60.81, or 16.9%. The fair value has barely moved; the upside has been consumed by the share price.

Final Verdict

Would this warrant fresh money at \$64.82? A starter position, yes; a full one, no. The business is doing what it said it would. A record \$37.1 billion backlog, a raised multi-year order target, IET margin at a record 18.3%, and two fresh contract awards this month all point in the same direction, and the rig count turning up removes some of the drag from the segment that has been holding reported numbers back. Return on invested capital near 16% against a cost of capital near 8% is real value creation rather than a story about it. On a two-year view the fair value band of \$71 to \$74 supports the \$73.50 target and the probability-weighted \$72.00 corroborates it.

The honest counterweight is that the entry has got worse in a fortnight without the business getting better in any measurable 2027 sense. The shares have moved above the top of their own near-term sum-of-the-parts range and now sit exactly on the discounted value of the 2028 outcome, which means the market is paying today for a result that is still two years and one capacity expansion away. Consensus upside has halved. Risk and reward has fallen from 2.0 to 1 to roughly 1.5 to 1. Leverage is above target, the buyback is still suspended, and the growth engine depends heavily on one end market whose capital spending cycle nobody at Baker Hughes controls.

That combination is a Buy held rather than a Buy chased. The right behaviour is to keep an existing 3% position, add only on a retest into the low \$60s, raise the stop to \$59.00, and accept that this now needs the 2028 inflection to arrive roughly on schedule rather than being underwritten by a valuation discount. The single biggest thing to watch is whether IET margin holds near 18% as equipment rises in the mix; the single biggest thing that would invalidate the thesis is data centre power orders being deferred rather than digested. If the price reaches \$68 before either question is answered, the rating should come down.

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