

EQUITY RESEARCH | COVERAGE REVIEW

Baker Hughes Company

NASDAQ: BKR | Energy Technology & Industrial Equipment | August 31, 2026 | Prices as of close 28 August 2026

RECOMMENDATION	Last Price (Aug 28)	12-Month Target	Risk / Reward	Investment Score
BUY Reaffirmed. Entry has improved	\$62.41 -3.7% since Aug 17 report	\$73.50 +17.8% expected return	3.3 : 1 Was 1.5 : 1 a fortnight ago	68.2 / 100 Prior 67.2

Investment Summary

The August 17 update was written at \$64.82 and its uncomfortable conclusion was that the entry had deteriorated faster than the business had improved: the shares had run 6.6% in eleven sessions on order news rather than an estimate revision, had cleared the top of their own 2027 sum-of-the-parts range, and offered a risk and reward of roughly 1.5 to 1. It reset the accumulation zone up to \$61.50–64.00, raised the stop to \$59.00, and said plainly that above \$68 without an upward revision to estimates this would stop being a Buy.

Ten sessions later the stock is \$62.41, down 3.7%, and it has walked back into the middle of that accumulation zone rather than out of the top of it. Every argument the last report made against adding has reversed. The shares are back inside the 2027 sum-of-the-parts range instead of above it, forward earnings have eased to roughly 22 times from 22.9, consensus upside has widened from 10.2% to 14.5%, and the risk and reward against the same unchanged stop and target is 3.3 to 1 rather than 1.5 to 1. Meanwhile two brokers raised targets into the decline: RBC Capital went to \$76 from \$71 on August 25, calling the Chart acquisition financially compelling, and Capital One to \$73 from \$71 on August 17. This is the pullback the last report asked for, and it arrived without an accompanying reason to worry.

One thing did go the wrong way, and it is the datapoint the August report leaned on hardest. The United States rig count, which had climbed five to 593 in the week to 14 August and was described as the first genuine relief for the oilfield half of the group in more than a year, gave the whole move back: 588 on 21 August and 588 again on 28 August, with the oil count specifically down five to 447. The correct conclusion is not that the oilfield outlook has deteriorated. It is that one week of rig data was never evidence of a bottom, and this review removes it from the case rather than replacing it with the opposite claim on equally thin grounds.

What Has Changed Since 17 August

Measure	17 August	Now	Read-through
Share price	\$64.82	\$62.41	Down 3.7% on no company-specific news. Back inside the published accumulation zone.
Position vs 2027 SOTP	Above the \$63.90 top	2.3% below the top	The specific objection that cut the Valuation score has reversed.
Position vs 2028 DCF (~\$65)	Sitting on it	4.0% below it	No longer paying today for a 2028 result in full.
Forward P/E	~22.9x	~22.1x	Five-year average is 17–19x. Still a premium, a smaller one.
EV / 2027E EBITDA	~11.7x	~11.3x	On \$6.7bn including \$230m of synergies and pro-forma net debt of \$13.75bn.
Consensus target	\$71.45 (22 analysts)	\$71.45 (22 analysts)	Static, so implied upside rises from +10.2% to +14.5% on price alone.

Measure	17 August	Now	Read-through
Broker actions	Capital One to \$73	RBC to \$76 from \$71, Outperform	Targets moved up while the price moved down. Unusual and worth noting.
Free cash flow yield	4.9%	5.1%	Trailing free cash flow of \$3.13bn on a smaller equity value.
US rig count	593, +5 w/w, highest since Mar 2025	588, flat; oil rigs –5 to 447	The turn retraced. Treat both weeks as noise, not signal.
Risk / reward (blended target)	~1.5 : 1	~3.3 : 1	Same \$73.50 target, same \$59.00 stop, better price.
Investment score	67.2 / 100	68.2 / 100	Valuation up one, technical setup down two.
Recommendation	Buy	Buy	Unchanged rating. The reasoning has reverted to a valuation argument.

Prices as of the close on 28 August 2026 from Alpha Vantage. Forward P/E, EV/EBITDA, market capitalisation, enterprise value and the probability-weighted fair value are this report's calculations from the stated inputs, carried forward on the same consensus earnings estimate the previous two reports used; they are not company-reported measures. The forward multiple cross-checks at approximately 22.8x on an independent aggregator's earnings estimate, so treat it as "roughly 22 times" rather than a precise figure.

Do The Published Levels Still Hold?

They do, and for the first time in three reports no level needs moving. The August 17 update raised the accumulation zone to \$61.50–64.00 specifically because the old \$56.00–60.00 range had become unreachable. At \$62.41 the stock is sitting in the middle of the new zone, which is the outcome that zone was drawn to capture. The instruction in the last report was to add only on a retest into the low sixties. That retest has happened.

Level	As published	Status at \$62.41	Action
Ideal accumulation	\$61.50–64.00	Inside it, mid-zone	Hold. This is the retest the last report specified.
Cut-loss	\$59.00	5.5% below; 2.1 ATR standoff	Hold at \$59.00 — see the note below.
Take-profit 1	\$70.50	+13.0% away; 52-week high is \$70.41	Hold. Trim one third to one half there.
Take-profit 2	\$78.00	+25.0% away; ~13x 2027 EBITDA	Hold.
Blended target	\$73.50	+17.8%; weighted 60/40 to the two targets	Hold. Nothing has revised 2027 or 2028 estimates.
Downgrade trigger	\$68 without an estimate revision	\$5.59 above the market	Not triggered. Restated unchanged.

A note on the stop, because the arithmetic has quietly changed. The \$59.00 cut-loss was set on 17 August at a standoff of roughly 3.3 times the then 14-day ATR, deliberately matching the 3.2 ATR spacing of the original stop. At \$62.41 with ATR(14) at \$1.63, that standoff has compressed to 2.1 ATR. The stop is therefore doing more work than it was designed to do and will trigger on a smaller move than intended. It is being held at \$59.00 anyway. Widening a stop after a drawdown, to restore a volatility spacing the price has moved away from, is how a trading plan turns into a hope; and \$59.00 still sits beneath the 50-day average at \$59.37 and beneath the late-July consolidation, which is the structural job the level was given. An investor who wants the original volatility cushion should take a smaller position, not a looser stop.

Valuation

At \$62.41 across roughly 993 million shares, market capitalisation is about \$62.0 billion and pro-forma enterprise value, including the \$13.75 billion of net debt carried after the Chart Industries acquisition, is approximately \$75.8 billion. The dividend yields 1.47% on the \$0.23 quarterly rate. None of the underlying estimates has moved since 17 August, so every multiple below has improved by exactly the 3.7% the share price fell, and the improvement should be understood as nothing more than that.

Method	Reading	Prior	Verdict
2027 sum-of-the-parts	\$51.30–63.90 implied equity value, midpoint \$57.60	Price above the top	Price is back inside the range, 2.3% below the top and 8.4% above the midpoint.
2028 EBITDA roll-forward	~\$65 per share, discounted back at 9%	Price sitting on it	Price 4.0% below. A modest discount to the two-year outcome rather than none.
Forward P/E	~22.1x on the same consensus estimate used since 3 August	~22.9x	Still a premium to the 17–19x five-year average. The premium is the transformation, not an error.
EV / 2027E EBITDA	~11.3x on \$6.7bn including \$230m of synergies	~11.7x	Reasonable for a business with two-thirds of profit now in industrial end markets.
Free cash flow yield	5.1% on trailing free cash flow of \$3.13bn	4.9%	Still the clearest valuation floor in the file and the least assumption-dependent.
Consensus target	\$71.45 across 22 analysts; 18 Buy, 4 Hold, 1 Sell; range \$51 to \$85	+10.2%	+14.5% implied. RBC at \$76 and Capital One at \$73 both raised into the decline.
Scenario-weighted	See below	\$72.00	\$71.60, or +14.7%. Fair value edged down; upside widened.

The Rig Count, Honestly

The previous report gave the rig count more weight than a single week deserved, and this review corrects that rather than defending it. On 14 August the total United States count rose five to 593, the highest reading since March 2025, and the report called it the first genuine relief for the oilfield half of the group in over a year. On 21 August it fell five to 588. On 28 August it was flat at 588, with the oil count down five to 447 against a 454 estimate and the gas count up five to 132. Net across the three weeks: unchanged, with the composition shifting from oil toward gas.

Two conclusions follow. The first is narrow: the specific evidence cited a fortnight ago in support of an oilfield bottom no longer exists, and the Risk score's justification is restated below to remove it. The second is broader and more useful. Oilfield Services & Equipment is roughly a third of group profit and is guided flat to declining; the thesis has never required it to grow, only to stop falling, and three weeks of oscillation around 588 rigs is entirely consistent with a segment that has flattened out. The mix shift toward gas is mildly supportive of the Industrial & Energy Technology side, where the LNG compression and turbomachinery franchise sits. Neither week was signal, and the case for owning Baker Hughes was never built on either.

Risk Register

Risk	Prob.	Severity	Note
Data centre power order concentration	Medium	High	\$2.2bn of the \$2.6bn of Q2 power systems orders came from data centres. The growth engine and the concentration risk are the same thing. Unchanged and still the largest swing factor.
Backlog fails to convert on schedule or at booked margin	Medium	High	A record \$37.1bn of remaining performance obligations is worthless unless it lands. Delivery slot availability is the binding constraint; turbine capacity is committed to double by end-2028.
IET margin slips as equipment rises in the mix	Medium	High	18.3% record in Q2. Holding 18% while mix shifts toward lower-margin equipment would be an achievement; 16% removes most of the 2028 uplift.
Leverage and Chart integration	Low-Med	Medium	Net leverage ~2.2x against a 1.0–1.5x target within 24 months, \$325m synergies by year three, buybacks suspended until the target is met. RBC's 25 August note endorsing the deal economics is an opinion, not evidence.

Risk	Prob.	Severity	Note
Oilfield services keeps declining	Medium	Medium	About a third of profit in a segment guided flat to declining. The rig count has oscillated around 588 for three weeks; there is no evidence of a bottom and none of further deterioration.
Middle East spending discipline	Medium	Medium	Partly mitigated by the multi-year Kuwait Oil Company contract and the Ahmadi Innovation Valley commitment.
Waygate disposal slips or reprices	Low	Low	\$1.45bn all-cash sale to Hexagon agreed 13 April, expected to close in the second half. Proceeds accelerate deleveraging.
Multiple compression toward oilfield comparables	Medium	High	The whole case rests on the market granting a partial industrial multiple. At ~22x forward against a 17–19x history, some of that re-rating is already in the price.

The Risk score is held at 6 out of 10 and its justification is restated: data centre order concentration, integration and leverage, and Middle East exposure, offset by contracted backlog visibility and a free cash flow yield above 5% that limits how far a de-rating can run. The rig count is no longer part of the offset, because a datapoint that reverses within a week was never one. That list describes a business with real, identifiable, mostly execution-driven risks and a balance sheet that can absorb them but not comfortably at 2.2 times leverage — which is what a 6 means on this scale.

Technical Position

This is the one dimension that has clearly worsened, and it deserves the downgrade the valuation improvement earns in the other direction. On 17 August the stock was above the 20-, 50- and 100-day averages with MACD positive and widening, RSI at 65.1 and a new 20-day high, which is why the score was raised to 8. It has since given up the \$65 area entirely. Price at \$62.41 sits below the 20-day at \$62.96 and marginally above the 100-day at \$61.88, with the 50-day at \$59.37 well below and still the meaningful support. MACD has crossed under its signal line, at 0.66 against 1.01 with the histogram at –0.35, and RSI has fallen to 53.3.

The structure is still constructive rather than broken. The stock is 18.4% above its early-July low of \$52.27, the rising 50-day is ten sessions of drift below the price, and volume has fallen to a 20-day average of 6.2 million against a 50-day 8.7 million, which is orderly profit-taking rather than distribution. But the short-term trend is down, the momentum indicator has rolled, and buying inside an accumulation zone while the chart is falling is deliberately what an accumulation zone is for. The score comes down from 8 to 6 to say so.

Indicator	Reading	Interpretation	Indicator	Reading	Interpretation
Price	\$62.41	Mid accumulation zone	RSI(14)	53.3 (was 65.1)	Neutral
SMA 20	\$62.96	Below by 0.9%	MACD	+0.66	Above zero
SMA 50	\$59.37	Above by 5.1%	Signal	+1.01	Bearish cross
SMA 100	\$61.88	Above by 0.9%	ATR(14)	\$1.63 (2.6%)	Steady
EMA 20 / 50	\$62.20 / \$61.31	Above both	Volume 20d	6.2M vs 8.7M 50d	Orderly, not distribution
SMA 200	Not computed	Series limited to 100 sessions	20d range	\$59.08–65.44	Consolidating

Indicators computed from 100 sessions of daily OHLCV through 28 August 2026 (Alpha Vantage), not read from third-party summaries. A 100-session series cannot produce a 200-day average and none is estimated. Technicals inform entry timing only and do not override the fundamental case.

Scorecard

Component	Score	vs prior	Comment
Growth Potential	8/10	—	\$37.1bn backlog, Horizon 2 orders above \$45bn, turbine capacity doubling by 2028. Unchanged.
Valuation	5/10	+1	Raised from 4. Back inside the 2027 sum-of-the-parts range, ~22.1x forward from 22.9x, consensus upside 14.5% from 10.2%.
Competitive Advantage	8/10	—	LNG compression installed base close to unassailable; the power systems edge still rests on delivery slots. Unchanged.
Business Quality	7/10	—	Durable IET service annuity against a third of profit still in cyclical oilfield. Unchanged.
Financial Strength	6/10	—	\$3.13bn trailing free cash flow and ~16% ROIC against 2.2x leverage with buybacks suspended. Waygate proceeds still have not landed. Unchanged.
Management	8/10	—	Two consecutive beats above the top of guidance and a portfolio reshaped deliberately. Unchanged.
Risk (10 = lowest risk)	6/10	—	Held at 6. Justification restated: the rig-count offset cited on 17 August has been retraced and is removed.
Technical Setup	6/10	-2	Lowered from 8. Below the 20-day, MACD crossed under signal, RSI down to 53.3 from 65.1.

Scored 1–10, where 10 is always best, including Risk. Weighting: Growth Potential 20, Valuation 20, Competitive Advantage 15, Business Quality 12, Financial Strength 12, Management 10, Risk 6, Technical Setup 5. Weights are unchanged from the previous two reports so the totals are directly comparable, and the 17 August report used this same Risk direction, so no restatement was required. Weighted total computed in code: 68.2 / 100 against 67.2.

The score rises a point, and the composition is the interesting part rather than the total. Valuation recovers the point it lost a fortnight ago, worth two on the weighted scale at a 20% weight, because the exact conditions that took it down — a price above its own sum-of-the-parts range, halved consensus upside, a stretched multiple — have all reversed. Technical Setup gives back two of the points it gained, worth one at a 5% weight. Everything with a fundamental basis is unchanged, which is correct for a company that has made no disclosure since 26 July.

Trade Plan — Recommendation: BUY (reaffirmed)

Parameter	Level / guidance	Change vs Aug 17
Recommended entry	At market, inside the accumulation zone. This is the retest the last report asked for.	Was: add only on a retest into the low \$60s
Ideal accumulation	\$61.50–64.00	Unchanged
Cut-loss	\$59.00 — beneath the 50-day at \$59.37 and the late-July consolidation	Unchanged; standoff now 2.1 ATR, not widened
Take-profit 1	\$70.50 — at the \$70.41 52-week high. Trim one third to one half.	Unchanged
Take-profit 2	\$78.00 — top of the post-results analyst range, ~13x 2027 EBITDA.	Unchanged
Blended target	\$73.50, weighted 60% to target 1 and 40% to target 2	Unchanged

Parameter	Level / guidance	Change vs Aug 17
Expected upside	+17.8% to the blended target; +13.0% to target 1; +25.0% to target 2	Was +13.4% blended
Expected downside	–5.5% to the stop	Was –9.0%
Risk / reward	~3.3 : 1 on the blended target; ~2.4 : 1 to target 1	Was ~1.5 : 1
Holding horizon	12–24 months. The thesis needs backlog conversion and the 2028 inflection.	Unchanged
Position size	Up to 4% here, from a 3% hold. The improved entry justifies completing the position, not exceeding it.	Was: keep an existing 3% position
Downgrade trigger	\$68 without an upward revision to estimates	Unchanged; \$5.59 above the market
Next catalyst	Q3 FY26 results, 22 October 2026; Waygate close expected in the second half	Unchanged

Scenario Analysis

Scenario	Prob.	Earnings outlook	Fair value	Narrative
Bull	30%	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%	2028 EBITDA ~\$7.15bn; IET margin holds near 18%	\$73	The plan is delivered without a re-rating. Leverage reaches 1.5x during 2027. Held at \$73; the Kutei and Kuwait awards that justified the last raise are already in the number.
Bear	20%	2028 EBITDA nearer \$6.0bn; IET margin slips toward 16%	\$48	Data centre orders deferred, Middle East cuts deepen, Chart underperforms. Multiple compresses to oilfield comparables with leverage above 2x and no buyback.

Probability-weighted fair value: $0.30 \times \$85 + 0.50 \times \$73 + 0.20 \times \$48 = \$71.60$, or 14.7% above the \$62.41 close before the dividend. Probabilities sum to 100%. One input changed and it is stated rather than buried: the bear case reverts from \$50 to \$48, undoing the raise the 17 August report made on the strength of the rig-count turn, because that turn has been retraced. Probabilities are held at 30/50/20 — the retracement removes a reason to have narrowed the downside, not a reason to widen it further. The net effect is a fair value forty cents lower and upside three and a half points wider, which is the shape of a refresh where the price did the work rather than the estimates.

Final Verdict

Would this warrant fresh money at \$62.41? Yes, and more comfortably than at any point in this coverage. The last two reports have been arguing with the entry price rather than the business, and the entry price has now moved back to meet them. Baker Hughes is a company that has 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 acquisition — carrying a record \$37.1 billion backlog, an Industrial & Energy Technology margin at a record 18.3%, and a return on invested capital near 16% against a cost of capital near 8%. At \$62.41 it trades inside its own 2027 sum-of-the-parts range, at a 4% discount to the discounted 2028 outcome, on a 5.1% free cash flow yield, with 3.3 units of reward per unit of risk against a stop that has not moved.

The honest counterweight is unchanged and should not be softened by a better price. Net leverage sits near 2.2 times with the buyback suspended until it reaches 1.0 to 1.5, so the shareholder return support the stock enjoyed for years is absent. The growth engine depends heavily on data centre power orders, where \$2.2 billion of the \$2.6 billion booked in the second quarter originated, and nobody at Baker Hughes controls that capital spending cycle. A record backlog is a promise rather than a result until it converts at the booked margin, and turbine delivery slots are the binding constraint on whether it does. And roughly a third of profit still sits in a segment guided flat to declining whose rig count has now oscillated around

588 for three weeks without telling anyone anything.

What has changed is the price paid for that mix of promise and risk, and it is a fourteen percent better price than the one this desk declined to chase a fortnight ago. The action is to complete the position toward 4% inside \$61.50–64.00, hold the \$59.00 stop without widening it, and let the \$73.50 blended target stand. The single biggest thing to watch remains whether Industrial & Energy Technology margin holds near 18% as equipment rises in the mix, and the single biggest thing that would invalidate the thesis remains data centre power orders being deferred rather than digested. The downgrade trigger is restated unchanged and unmet: at \$68 without an upward revision to estimates, this stops being a Buy.

Sources. Alpha Vantage daily OHLCV through 28 August 2026 — one API call, used for both the current price and the technical series. Baker Hughes second-quarter FY26 results (26 July 2026) and associated filings for backlog, segment margin, leverage, synergy and free cash flow figures, carried forward from the 4 and 17 August reports. Baker Hughes weekly United States rig count releases for 14, 21 and 28 August 2026. Company announcements of the Eni-Petronas Kutei Northern Hub subsea award (10 August), the Kuwait Oil Company multi-year contract and Ahmadi Innovation Valley commitment (11 August), and the pending \$1.45bn Waygate Technologies sale to Hexagon (13 April). moomoo news aggregation for the RBC Capital target raise to \$76 (25 August), the Morgan Stanley reiteration at \$70 (20 August) and the Capital One raise to \$73 (17 August). StockAnalysis.com and Investing.com for the consensus target, rating distribution and a cross-check on the forward multiple. The 17 August 2026 Baker Hughes report for the prior levels, scores and scenario inputs, whose valuation arithmetic and stop-distance methodology were re-derived and confirmed for this review. Baker Hughes has not reported since 26 July 2026 and has issued no guidance revision, so no new earnings call transcript exists for this period; the second-quarter call was reviewed in the 4 August report.

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