

# Baker Hughes Company (BKR)

NASDAQ: BKR | Energy technology: gas infrastructure, power and oilfield equipment | Equity research update | 12 October 2026

|                                       |                    |                                    |                                                  |
|---------------------------------------|--------------------|------------------------------------|--------------------------------------------------|
| <b>Last close (9 October 2026)</b>    | \$56.70            | <b>Recommendation</b>              | WATCHLIST (unchanged), from fundamentals         |
| <b>Previous report (12 Sep)</b>       | \$59.06, Watchlist | <b>Investment score</b>            | 64.8 / 100 (prior 65.7, restated)                |
| <b>Move since then</b>                | -4.0%              | <b>Weighted fair value</b>         | \$65.00; +14.6%                                  |
| <b>P/E, 2026E / 2027E</b>             | 21.9x / 18.8x      | <b>Price of interest</b>           | \$55 or below; or a 50-day reclaim after results |
| <b>FCF yield on guided conversion</b> | about 3.9%         | <b>Technical read (chart only)</b> | Confirms: downtrend                              |
| <b>Average analyst target</b>         | \$72.04            | <b>Next results</b>                | Q3 2026: 27 Oct after the close; call 28 Oct     |

## A Month of Orders, a Quarter Still to Prove

Baker Hughes closed at \$56.70 on 9 October 2026, 4.0% below the \$59.06 of the previous report. The month brought more orders and no answers. On 13 September the company announced two further Venture Global awards: 13 gas compression systems for the Cloud Connector feed-gas pipeline and four liquefaction blocks, using Chart cold boxes, for the Plaquemines LNG expansion. On 5 October it signed a non-binding gas alliance in Venezuela. Neither moves the case. The case still turns on two questions the 9 September update raised: whether Chart delivers 55% to 65% of its 2026 EBITDA in the fourth quarter, and whether free cash flow conversion lands at the reduced 40% to 45%.

The shares briefly reached the level the last report named. They closed at \$54.90 on 30 September and traded down to \$54.35 the next day, after three brokers cut their targets within four days, UBS citing a weaker Chart outlook. The trigger in that report was a price below \$55 *without further deterioration in the operating case*. The company has said nothing new about the operating case, so that condition cannot be judged until the third-quarter results on 27 October, eleven trading days away. One close a dime under the line, accompanied by target cuts with one tied to the very segment in question, does not meet it.

**Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): Confirms.** The stock sits in a downtrend below both the 50-day and 200-day averages, which agrees with waiting. Watch for a reclaim of the 200-day near \$59.64 and then a higher low above \$54.35. Fair value is \$65.00, 14.6% above the price, slightly lower than last month's \$66.50 because the ten-year yield has risen 26 basis points. The name becomes interesting at **\$55 or below**, about 18.3 times 2027 consensus and a 4.0% free cash flow yield on guided conversion, or on a reclaim of the 50-day average near \$60.38 after a results release that shows the Chart ramp starting.

## 1. What has changed since the last report

| Item                                | 12 September     | 12 October                  | Read                                             |
|-------------------------------------|------------------|-----------------------------|--------------------------------------------------|
| Price                               | \$59.06          | \$56.70                     | -4.0%; one close below \$55 on 30 Sep            |
| 10-year Treasury                    | 4.96% (11 Sep)   | 5.22% (8 Oct)               | Fed raised rates on 16 Sep; discount rate higher |
| Broker targets: Jefferies, BMO, UBS | \$80, \$75, \$72 | \$77, \$68, \$69            | Cut 29 Sep-2 Oct; average now \$72.04            |
| Free cash flow yield, guided        | About 3.75%      | About 3.9%                  | Lower price only; guidance unchanged             |
| Results date                        | Not yet set      | 27 Oct release, 28 Oct call | Set by the company on 28 Sep                     |
| Chart Q4 test                       | Pending          | Pending                     | First evidence on 27 Oct                         |

Prices of record are closing quotes; analyst targets as relayed in broker notes to 12 Oct 2026.

The third-quarter release is set for 27 October after the close, with the call on 28 October. The call falls on the same day as the Federal Reserve decision.

## 2. Company developments

| Development                                                                                                | Status and date                          | What is known                                                                                                                                            | What is forecast (and by whom)                                       | Impact |
|------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------|
| 2026 guidance update: revenue and EBITDA raised, FCF conversion cut to 40-45%, Chart margin near 17% in H2 | Announced 9 Sep; first test 27 Oct       | Adjusted EBITDA \$4.875-5.475bn; Chart EBITDA \$300-400m, weighted to Q4; Chart 2H'28 margin target 22-23%                                               | Management targets; leverage of 1.0-1.5x by 2H'28                    | High   |
| Venture Global awards: Cloud Connector compression and Plaquemines expansion liquefaction                  | Announced 13 Sep                         | 13 Frame 5/2E compression systems (Frame 5/2E fleet serving Plaquemines now 23); 4 liquefaction blocks, 8 modules, Chart cold boxes; value not disclosed | Company: supports over 100 MTPA of existing and planned LNG capacity | Medium |
| Sale of Waygate Technologies to Hexagon                                                                    | Announced 13 Apr; close expected 2H 2026 | All-cash, about \$1.45bn before adjustments; Waygate 2025 revenue about \$630m, EBITDA \$83m                                                             | Company: proceeds reinforce the balance sheet                        | Medium |
| Venezuela gas alliance with Lindsayca and Fulcrum LNG, and MOU with New Stratus Energy                     | Signed 5 Oct                             | Cooperation framework, not a binding project commitment; projects need definitive agreements and US sanctions authorisations                             | No value or timing given                                             | Low    |
| Chart audited and pro forma financials filed                                                               | Filed 1 Oct                              | Pro forma 2025 revenue \$31.6bn, diluted EPS \$2.09; pro forma net debt about \$15.7bn at 31 Mar                                                         | Purchase price allocation preliminary                                | Low    |
| CEO remarks at Gastech                                                                                     | Mid-Sep                                  | No slowdown in project investment seen despite higher rates; IET backlog just over \$37bn                                                                | Company: LNG capacity must reach 900 MTPA by 2035                    | Low    |
| Q3 2026 results dates                                                                                      | Announced 28 Sep                         | Release 27 Oct after the close; call 28 Oct                                                                                                              | -                                                                    | Low    |

*Company releases, SEC filings and the acquirer's announcement; Venezuela terms as described by the company and wire reports.*

Only one item is High, and it is not new: the 9 September guidance update that drove the last rating change. It stays High because the third-quarter results on 27 October are its first hard test, and the scenarios below are built on its outcome. Nothing announced since 12 September changes it. The Venture Global awards are Medium. They confirm that the combined offer of compression plus Chart liquefaction is winning work, which is the strategic logic of the Chart deal, but the company gave no value and IET orders were already guided to \$17.5-19.5bn for the year. The Venezuela agreements are Low. They carry no value, no timetable and a sanctions condition, and the share price rise of 2.5% on the day gave them more weight than the text supports.

The Waygate sale is Medium because it is the nearest source of deleveraging. At about \$1.45bn for a business with \$83m of 2025 EBITDA, the price is roughly 17.5 times EBITDA, well above the group's own multiple, so the disposal lowers leverage rather than raising it. It is expected to close in the second half of 2026. Whether it closes in the fourth quarter matters for where year-end leverage lands against the 1.0-1.5x target set for the second half of 2028.

### 2a. The guidance update and the 27 October test

**What is known.** On 9 September the company raised 2026 revenue guidance to \$28.5-30.3bn and adjusted EBITDA to \$4.875-5.475bn, cut free cash flow conversion to 40% to 45% on acquisition interest, transaction and integration costs, guided Chart's second-half margin to about 17% and placed its 22-23% target in the second half of 2028. Chart's 2026 EBITDA of \$300-400m counts only from the 16 July close and is weighted to the fourth quarter. **Why it matters.** Chart is the newest and least proven of three segments, and cash conversion sets the valuation floor. **What success and failure look like.** Success on 27 October is a third quarter that shows Chart orders and margin tracking toward the guided range, and year-to-date cash flow consistent with 40% to 45%. Failure is a narrowed or lowered Chart range, or a further cut to conversion.

**Economics, our calculation.** At 55% to 65% weighting, Chart must earn about \$165m to \$260m of EBITDA in the fourth quarter. Each \$50m of Chart EBITDA is worth about \$0.038 of EPS after tax at 24% on 0.99bn shares, around 1.5% of 2026 consensus, so the earnings effect is small. Each five points of conversion is about \$259m of free cash flow, or 0.46 points of yield at today's price. The risk sits in the multiple, not the earnings: a Chart miss would tell the market that the industrial re-rating is further away. **What the price assumes.** At 18.8 times 2027 consensus the shares already discount part of the delay; the base case below holds 22 times. **Still unknown.** Chart's third-quarter order intake, the timing of the Waygate close and the cash interest on the July term loans, which the company has not disclosed.

The verdict would be the same without any of the newer items. The rating rests on the 9 September update and the evidence the third quarter will bring, and the levels below say whether they assume that outcome.

### 3. Framework: what drives returns from here

Baker Hughes sells equipment and long-term services into gas infrastructure, LNG, power generation and oilfield work. Five variables decide the next two years: IET order intake and conversion of the \$37.1bn backlog at booked margin; the Chart integration, measured by segment margin against the 17% now and 22-23% in the second half of 2028; free cash flow conversion, which sets both the valuation floor and the pace of deleveraging; the oilfield services cycle, about a third of profit; and the multiple the market grants a business that is part industrial, part oilfield. The macro variables follow from these: the gas and LNG investment cycle, and the cost of debt on a balance sheet levered for the Chart purchase.

### 4. Business and industry

Industrial & Energy Technology (IET) supplies gas turbines, compressors, LNG liquefaction trains and the services that run on them for decades. Oilfield Services & Equipment (OFSE) sells drilling, completion and production products and services. Chart, acquired in July, adds cryogenic equipment, heat exchangers and cold boxes used in LNG, industrial gases, hydrogen and helium. In the June quarter IET earned a 20.6% EBITDA margin on \$3.29bn of revenue and OFSE 17.5% on \$3.45bn.

Industry demand for gas infrastructure remains strong. Oil near \$100 Brent and supply disruption in the Gulf have made gas security a policy priority, and US LNG developers continue to sanction expansions. The US rig count rose to 603 in the week to 9 October, against 588-593 in August, so the oilfield side has stopped falling but is not yet growing. The company's own view, voiced at Gastech in September, is that higher rates have not slowed project investment because offtake contracts carry the financing.

### 5. Financials

| Measure                                  | Q2 2026                 | H1 2026       | 2026 guidance (9 Sep)                 |
|------------------------------------------|-------------------------|---------------|---------------------------------------|
| Revenue                                  | \$6.74bn                | -             | \$28.5-30.3bn                         |
| Adjusted EBITDA                          | \$1.23bn                | -             | \$4.875-5.475bn                       |
| Adjusted EPS (diluted)                   | \$0.64                  | -             | Consensus \$2.59                      |
| Orders / IET orders                      | \$10.5bn / \$7.09bn     | -             | IET orders \$17.5-19.5bn              |
| Remaining performance obligations        | \$40.1bn (IET \$37.1bn) | -             | -                                     |
| Operating cash flow                      | \$1.35bn                | \$1.84bn      | -                                     |
| Free cash flow                           | \$1.11bn                | \$1.32bn      | 40-45% of EBITDA, about \$2.07-2.33bn |
| Progress collections and deferred income | \$6.60bn (30 Jun)       | +\$694m in H1 | -                                     |
| Dividend                                 | \$0.23 a quarter        | No buyback    | Yield 1.6%                            |

*Company Q2 2026 release (27 Jul) and 9 Sep guidance. Free cash flow at guided conversion is this report's calculation on the \$5.175bn EBITDA midpoint.*

The cash line needs reading against working capital. In the first half, progress collections and deferred income rose \$694m while contract assets rose \$327m, so customer funding contributed a net \$367m of the \$1.32bn of free cash flow (our calculation from the balance sheet). That is normal for a long-cycle equipment maker taking deposits on a growing backlog,

and it can reverse when orders slow. It is also why the trailing free cash flow of about \$3.13bn, a 5.6% yield, overstates what the business earns in cash. The guided 40% to 45% conversion gives about \$2.20bn and a 3.9% yield, and that is the figure this report uses.

The balance sheet carries the Chart purchase. The company's pro forma statements put total debt at \$18.2bn and cash at \$2.5bn at 31 March, about \$15.7bn net, and the company entered into two \$1bn term loans on 15 July to close the deal. The buyback is suspended. The Waygate proceeds and two years of cash flow are the route to the 1.0-1.5x leverage target.

## 6. Competitors

| Competitor                     | Where it competes                                         | Position against Baker Hughes                                                                 |
|--------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| GE Vernova                     | Heavy-duty gas turbines for utility and data centre power | Larger frames; Baker Hughes wins on aeroderivative and mid-size units such as NovaLT          |
| Siemens Energy                 | Industrial turbines, compression, grid                    | The closest IET rival across compression and power; both supply-constrained                   |
| Linde Engineering, Air Liquide | Cryogenic process equipment and liquefaction              | Chart competes here; the combined offer bundles cold boxes with compression                   |
| SLB, Halliburton               | Oilfield services and equipment                           | OFSE peers; SLB has the international scale, Halliburton the North American completion weight |

*Qualitative positioning from company disclosures.*

The moat is the LNG installed base. Baker Hughes compression drives a large share of the world's liquefaction trains, and each one ties the operator into decades of services. The Plaquemines award, which pairs the company's compression strings with Chart cold boxes, is public evidence that the combination sells as one package.

## 7. Management

The record on operations is good. EBITDA beat the top of guidance in the June quarter, IET orders more than doubled year on year, and the full-year order outlook was raised in July. The record on cash is weaker. Conversion guidance was cut within seven weeks of the Chart close, and management described Chart's first half as underwhelming. The third quarter is the first chance to show that the cash shortfall is a one-year acquisition cost, as management says. No insider transactions have been filed since 8 September.

## 8. Growth drivers and catalysts

| Driver or catalyst                       | Status and date                                       | Likelihood | Impact                                                 |
|------------------------------------------|-------------------------------------------------------|------------|--------------------------------------------------------|
| Q3 2026 results                          | 27 Oct after the close; call 28 Oct                   | Certain    | First read on the Chart Q4 ramp and on cash conversion |
| IET orders toward \$17.5-19.5bn for 2026 | Guided 9 Sep; Venture Global awards 13 Sep            | High       | Backlog extends into 2028-29 at booked margin          |
| Waygate sale close                       | Expected 2H 2026                                      | High       | About \$1.45bn of proceeds toward deleveraging         |
| Chart margin ramp to 22-23%              | Target for 2H 2028                                    | Medium     | The main source of 2028 EBITDA uplift                  |
| Data centre power orders                 | \$4.2bn booked since 2025                             | Medium     | Growth engine and concentration risk at once           |
| Venezuela gas projects                   | Framework signed 5 Oct; needs sanctions authorisation | Low        | Option value only                                      |

*Dates from company releases. Targets are management's.*

## 9. Risks

| Risk                                       | Probability | Severity | Comment                                                                          |
|--------------------------------------------|-------------|----------|----------------------------------------------------------------------------------|
| Chart's 2026 profit concentrated in Q4     | Medium      | High     | 55-65% of segment EBITDA in one quarter; brokers cut Chart estimates in late Sep |
| Chart margin ramp slips beyond 2028        | Medium      | High     | About 17% now against 22-23% promised for 2H 2028                                |
| Cash conversion stays below plan into 2027 | Low-Medium  | High     | Attributed to one-off acquisition costs; unproven until a quarter shows it       |
| Leverage and cost of debt                  | Medium      | Medium   | Net debt near \$15.7bn pro forma; ten-year at 5.22%; buyback suspended           |
| Data centre power order concentration      | Medium      | High     | A deferral, not a pause, would hit the growth case                               |
| Backlog fails to convert at booked margin  | Medium      | High     | Delivery slots are the constraint; \$40.1bn RPO                                  |
| Gulf supply disruption                     | Medium      | Medium   | Raises gas demand but threatens Middle East operations and project timing        |
| Oilfield services keeps declining          | Medium      | Medium   | Rig count steadier at 603, but international activity is uneven                  |
| Multiple compression toward oilfield peers | Medium      | High     | 18.8x 2027E still assumes part of an industrial re-rating                        |

*Probability and severity are this report's assessments. A Risk score of 5/10 denotes a middling risk profile: a concentrated near-term test and above-target leverage, offset by a record backlog and long-term service contracts.*

## 10. Valuation

| Method                         | Input            | At \$56.70 | Read                                           |
|--------------------------------|------------------|------------|------------------------------------------------|
| P/E, 2026E                     | Consensus \$2.59 | 21.9x      | A partial Chart year and acquisition costs     |
| P/E, 2027E                     | Consensus \$3.01 | 18.8x      | Above a 17-19x history, below industrial peers |
| FCF yield, guided conversion   | About \$2.20bn   | 3.9%       | Range 3.7-4.1%; below the ten-year yield       |
| FCF yield, trailing            | About \$3.13bn   | 5.6%       | Flattered by customer deposits                 |
| Probability-weighted scenarios | See section 14   | \$65.00    | +14.6%                                         |
| Average analyst target         | 24 analysts      | \$72.04    | +27.1%                                         |

*Market value about \$56.3bn on 993m shares. Consensus estimates and the average target as of 12 October 2026; yields are this report's calculation.*

Price to 2027 earnings and the free cash flow yield on guided conversion are the right pair here. The first captures the earnings power once Chart is a full-year contributor; the second keeps the valuation honest about cash during an acquisition year. At 18.8 times 2027 consensus the shares sit above their own 17-19 times history and below industrial equipment peers, so the market grants part of the industrial re-rating and withholds the rest until Chart delivers. The 3.9% cash yield is thin against a 5.22% ten-year. The shares look fairly valued to modestly undervalued on the base case, and fully valued on cash today.

**The macro variables that matter here.** The first is the gas investment cycle. Brent near \$100 and WTI at \$88.96 on 7 October, with Gulf supply disrupted, keep LNG developers sanctioning capacity, and the Venture Global awards show that continuing; for OFSE the US rig count of 603 has steadied but is not rising. The second is the cost of debt. The Federal Reserve raised rates on 16 September and meets on 27 and 28 October, with futures pricing a further increase as unlikely after September payrolls rose by only 29,000. The ten-year yield closed at 5.22% on 8 October, 26 basis points above its level at the last report. With net debt near \$15.7bn pro forma and the buyback suspended, a higher rate path slows deleveraging and lifts the discount rate on a valuation that depends on 2028 earnings.

## 11. Sentiment

| Input                       | Reading                                                                                                                                                                                                                                                                            | Interpretation                |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Broker actions since 12 Sep | Stifel Buy, \$75 (14 Sep); Evercore Buy, \$76 (14 Sep); Morgan Stanley Buy, \$70 (21 Sep); Jefferies Buy, \$77 from \$80 (29 Sep); UBS Neutral, \$69 from \$72 (30 Sep); BMO Outperform, \$68 from \$75 (2 Oct); BofA Buy, \$73 from \$74 (2 Oct); Goldman Sachs Buy, \$71 (9 Oct) | Ratings held, targets trimmed |
| Consensus                   | 19 Buy or Strong Buy, 4 Hold, 1 Strong Sell; average target \$72.04, range \$51-85                                                                                                                                                                                                 | Constructive but cooling      |
| Short interest              | About 2.5% of float, 3.6 days to cover                                                                                                                                                                                                                                             | Low; no crowded short         |
| Insiders                    | No filings since 8 Sep                                                                                                                                                                                                                                                             | No signal                     |
| News tone                   | Order wins and Venezuela against target cuts                                                                                                                                                                                                                                       | Neutral                       |

*Rating actions and notices to 12 Oct 2026; consensus and short interest as of 10 Oct 2026.*

The sell side has not changed its mind on the company, only on its targets. Every action since the last report kept its rating, and the target cuts cluster in the week the shares touched \$54.90. UBS tied its cut to a weaker Chart outlook. The pattern points to near-term estimates, not to anything the company said.

## 12. Investment scorecard

| Criterion               | Weight | Score                  |      | Prior | Rationale and what moved                                                                                                                                 |
|-------------------------|--------|------------------------|------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Quality        | 16%    | <div><div></div></div> | 7/10 | 7/10  | Unchanged. A gas-infrastructure and power equipment franchise with a services annuity, against a third of profit still in cyclical oilfield work.        |
| Financial Strength      | 16%    | <div><div></div></div> | 5/10 | 5/10  | Unchanged. Pro forma net debt near \$15.7bn, conversion guided to 40-45%, buyback suspended; the pending \$1.45bn Waygate sale helps but has not closed. |
| Competitive Advantage   | 16%    | <div><div></div></div> | 8/10 | 8/10  | Unchanged. LNG compression and liquefaction installed base, now with Chart cold boxes inside the same award, as the Plaquemines order shows.             |
| Management              | 10%    | <div><div></div></div> | 7/10 | 7/10  | Unchanged. EBITDA beat the top of guidance in the June quarter, but the cash guide was cut within seven weeks of the Chart close.                        |
| Growth Potential        | 16%    | <div><div></div></div> | 8/10 | 8/10  | Unchanged. Record \$37.1bn IET backlog, further Venture Global awards in September; the Chart margin ramp is pushed to 2028.                             |
| Valuation               | 16%    | <div><div></div></div> | 5/10 | 5/10  | Unchanged. 18.8x 2027E and about 3.9% free cash flow yield on guided conversion, with the ten-year 26bp higher.                                          |
| Risk (10 = lowest risk) | 10%    | <div><div></div></div> | 5/10 | 5/10  | Unchanged. A full year of Chart profit still rests on one quarter; leverage sits above target into a tighter rate path.                                  |

*Scored 1-10, where 10 is always best, including Risk. The previous report used the same direction, so no Risk restatement was required. Weighted total computed in code: 64.8 out of 100.*

### Overall Investment Score: 64.8 / 100

The prior score is restated on the seven fundamental factors, without the chart factor, for comparability: 65.7, against 63.9 as published. No factor score moved. The change to 64.8 comes from adopting the standard weights of 16% for each of the five main factors and 10% each for Management and Risk, which gives Valuation and Growth Potential less weight and Business Quality and Financial Strength more. The carried High item was weighed against Risk, Financial Strength and Valuation; it remains untested until 27 October, so it moved none of them. The Venture Global awards support the Growth Potential score already given.

### 13. Recommendation: Watchlist

**Rating: WATCHLIST, unchanged.** The reasoning is the same as a month ago, with one addition. The shares reached the \$55 line for a single close, but the drop came alongside broker target cuts, one tied to a weaker Chart outlook, which is the very doubt the rating is waiting on. Buying there would have meant acting on the price half of the trigger and ignoring the operating half. Fair value is \$65.00, 14.6% above the price, but the distribution is wide: the bear case at \$46 sits 19% below and the decisive evidence arrives in eleven trading days.

**The price of interest is \$55 or below.** That is 18.3 times 2027 consensus and a 4.0% free cash flow yield on guided conversion, derived from this report's inputs, and it sits near the 60-session closing low of \$54.90. The level assumes the 27 October results do not cut Chart or cash guidance again; if they do, it no longer applies and the scenarios are rebuilt. The second path is a reclaim of the 50-day average near \$60.38 after results that show the Chart ramp beginning: paying more for confirmation is the better trade than guessing before it. No cut-loss or take-profit levels are published because the rating is not a Buy and no position is held.

| Condition                                                                           | Direction    | Why it changes the view                        |
|-------------------------------------------------------------------------------------|--------------|------------------------------------------------|
| Q3 results show Chart tracking to \$300-400m of 2026 EBITDA, with Q4 orders in hand | Toward Buy   | Removes the single largest open question       |
| Year-to-date cash flow consistent with 40-45% conversion                            | Toward Buy   | Confirms the shortfall is acquisition cost     |
| Price at \$55 or below with the operating case intact after 27 Oct                  | Toward Buy   | 18.3x 2027E and about 4.0% FCF yield           |
| Waygate closes in Q4 and leverage falls toward target                               | Toward Buy   | Restarts the path to a buyback                 |
| Chart range lowered or conversion cut again                                         | Toward Avoid | The bear case becomes the base                 |
| Data centre power orders deferred rather than paused                                | Toward Avoid | Removes the growth engine                      |
| Long-term rates rising further alongside a fall in LNG and gas sanctioning          | Down         | Higher discount rate and fewer orders together |

*Macro rows are directional. The price level comes from the report's own valuation.*

### 14. Technical read

#### Chart as of the 9 October 2026 close.

Verdict: Watchlist, from fundamentals. **Technical read (chart only): Confirms.** The stock is in a downtrend: it has closed below the 200-day average within the last ten sessions and sits under a 50-day average that is no longer rising. That agrees with waiting. Watch for a reclaim of the 200-day near \$59.64 and then a higher low above the 20-session low of \$54.35; a close above the 50-day near \$60.38 would mark the turn. Momentum is improving at the margin, with the MACD histogram back above zero and RSI at 44. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides timing.

| Indicator                        | Value                            | Reading                                   |
|----------------------------------|----------------------------------|-------------------------------------------|
| Price of record (9 October 2026) | \$56.70                          | -4.0% since the previous report           |
| SMA 20 / EMA 20                  | \$56.72 / \$57.34                | Price level with the 20-day; -1.1% vs EMA |
| SMA 50 / EMA 50                  | \$60.38 / \$58.90                | Price -6.1% and -3.7%; 50-day not rising  |
| SMA 100 / EMA 100                | \$60.13 / \$59.50                | Price -5.7% and -4.7%                     |
| SMA 200 / EMA 200                | \$59.64 / \$57.27                | Price -4.9% and -1.0%                     |
| RSI (14)                         | 44.5                             | Neutral                                   |
| MACD (12,26,9)                   | -1.11, signal -1.24, hist. +0.13 | Negative, but above its signal            |
| ATR (14)                         | \$1.56, 2.7% of price            | Normal volatility                         |
| Volume, 20-day vs 50-day         | 7.7m vs 7.0m                     | Participation rising                      |

| Indicator            | Value                               | Reading                                                                   |
|----------------------|-------------------------------------|---------------------------------------------------------------------------|
| Support / resistance | \$54.35, \$54.90 / \$59.64, \$60.38 | 20-session low and 60-session closing low; the two long averages overhead |
| 52-week range        | \$43.92 - \$70.41                   | Close 19.5% below the high                                                |

Computed in code from a 300-session Twelve Data daily series ending 9 October 2026, all averages from that one series; distances against the price of record. Chart state classified by fixed rules.

The averages the last report cited have moved. The 50-day was \$60.44 then and is \$60.38 now; the 200-day has risen to \$59.64 and the price, which held it by half a percent a month ago, is now 4.9% below it.

## 15. Scenario analysis

| Case     | Prob. | Outlook and item outcome                                                                                                                                                                                      | 2027 EPS | Multiple | Fair value |
|----------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|------------|
| Bull     | 25%   | Q3 shows the Chart ramp on track and Q4 lands at the top of its range; conversion recovers above 50% in 2027; Waygate closes in Q4; the market grants more of the industrial multiple. Item outcome: success. | \$3.28   | 25x      | \$82       |
| Base     | 50%   | Chart delivers within its range; conversion lands at 40-45% in 2026 and recovers toward 50% in 2027; consensus 2027 EPS holds; leverage falls toward 1.5x during 2027-28. Item outcome: base.                 | \$3.01   | 22x      | \$66       |
| Bear     | 25%   | Chart misses its Q4 weighting and the 2028 margin target slips; conversion stays weak into 2027; the multiple compresses toward oilfield peers. Item outcome: failure.                                        | \$2.63   | 17.5x    | \$46       |
| Weighted | 100%  | Probability-weighted                                                                                                                                                                                          |          |          | \$65.00    |

Weighted fair value computed in code: \$65.00. Base-case EPS is the 12 October consensus; bull and bear EPS and all multiples are this report's assumptions. Fair values rounded to the dollar.

Probabilities stay at 25%, 50% and 25%. Nothing since the last report adds evidence on the Chart ramp either way, so they do not move. The cases are rebuilt on 2027 earnings so that each input is visible. Against the previous values of \$82, \$69 and \$46, the base case falls to \$66, mainly because a ten-year yield 26 basis points higher argues for a lower base multiple. The weighted value moves from \$66.50 to \$65.00.

## 16. Final verdict

Would an investor put new money into Baker Hughes at \$56.70? Not yet. The company is doing what it said: winning LNG and power orders, holding a record backlog and pairing Chart's equipment with its own in new awards. But the two numbers that made the rating fall, Chart's fourth-quarter weighting and cash conversion, are untested, and they are tested in eleven trading days. The shares touched the \$55 line alongside broker cuts, one tied to Chart, which is the doubt itself, not relief from it. The single biggest concern remains that more than half of Chart's year rests on one quarter. What would change the answer: results on 27 October showing that ramp beginning, which would justify paying up toward the 50-day average, or a price of \$55 or below with the guidance intact. The carried High item drives the verdict; nothing newer changes it.

## Sources

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