

# Arcline acquires BHGE's reciprocating compression division

Legacy company name - Cooper - returns to the gas compression industry. By DJ Slater

**A**rcline Investment Management, a private equity company, has purchased the reciprocating compression division of Baker Hughes, a GE Company (BHGE). The transaction includes such brands as Cooper-Bessemer, Ajax, Superior, Gemini, Enterprise, TSI Turbochargers, and Texcentric.

Financial terms of the deal were not disclosed, but the deal officially closed on Aug. 1. The move comes a little over a year after GE announced its plans to divest itself

of Baker Hughes, a fullstream provider of oil & gas products and services.

## Getting closer with customers

Now branded as Cooper Machinery Services, the reciprocating compression division manufacturers and services compression and engine systems used in several applications, including natural gas transmission. Cooper Machinery Services serves as the original equipment manufacturer and supplier of parts for its

systems, and it also provides overhaul and repair services to its customers.

Cooper Machinery Services handles its manufacturing operations in Houston, Texas and Salina, Kansas. Its overhaul and repair shops are located across the United States and the company has service and sales offices around the world.

"BHGE's reciprocating compression division (Cooper Machinery Services) serves the most critical infrastructure applications of its customers," Arcline said

## A look back on the BHGE merger (and separation)

Baker Hughes, which has a heritage dating back to the early 1900s, became part of GE in July 2017 as part of a US\$30 billion deal that combined Baker Hughes with GE Oil and Gas. The combined company had roughly US\$23 billion in annual revenue. Its portfolio includes a range of oilfield technologies and maintains an extensive portfolio of gas compression products and services, including heavy-duty and aeroderivative gas turbines, steam turbines, centrifugal compressors, expanders, pumps, valves, fuel gas systems, gearboxes and pre-commissioning and maintenance services.

But only a few months after the blockbuster deal was finalized, GE's-then CEO John Flannery was publicly discussing "exit options" for Baker Hughes. At the end of June 2018 - less than a year after the merger - GE said it would "pursue an orderly separation" from Baker Hughes because the company didn't fit GE's newest strategy to right itself in a massive revamping that included divestitures of BHGE and GE Healthcare and a refocusing of GE

primarily as an aviation, power and renewable energy player.

Flannery said that separating GE Healthcare and BHGE will allow the two to invest in innovation and pursue their own growth strategies. "I think the big message here for our owners is Baker Hughes is a strong, improving asset," Flannery said. "We had an upstream business, we made a strategic decision to combine it with a downstream business - that's been very well received by customers, a full stream offering.

"We like the company (BHGE) a lot, but in the grand scheme of our portfolio analysis, we did not think it made as much sense for us to own that directly over time as to have it outside GE."



**An employee performs maintenance work on a 12Q145-H Cooper-Bessemer integral engine-compressor. With the Arcline purchase of BHGE's reciprocating compression division, the new standalone company has chosen to operate as Cooper Machinery Services.**

in a statement. "We plan to aggressively invest in our long-standing, loyal employee base so that they can support every brand of our equipment operating in the field."

The acquisition allows the former BHGE division to operate as its own standalone company. The company retains the same service and equipment offerings as its predecessor with a honed focus on its relationships with end users, said Meraj Anas, president, Cooper Machinery Services.

"Over time, a number of OEMs have moved away from interacting with the end user, causing them to lose touch with the outcomes they were trying to achieve," Anas said. "Now we have an opportunity as an OEM to support our customers' equipment to drive the industry and ensure improved outcomes for them."

"We need to focus our business through the eyes of the end user," he said. "We have a huge opportunity to reinvent ourselves as a standalone company. Our goal is to get closer to our customers as opposed to distancing ourselves from our customers through intermediaries."

### The return of the Cooper name

To stand out as a new company, Anas and his associates had to find a name. They surveyed all employees within the business, which immediately generated

an abundance of responses. Several options emerged for a new name, with more than 90% of employee submissions having "Cooper" in the title.

The Cooper name harkens back to 1833 when the Cooper foundry was formed in Mount Vernon, Ohio by Charles and Elias Cooper. The Cooper name evolved into Cooper-Bessemer following the 1929 merger of C.&G. Cooper and the Bessemer Gas Engine Co. The name, Anas said, became a staple of the gas compression industry and one that many associated with quality machinery.

"I'm hearing positive feedback from people inside and outside of the company," he said. "There's a lot of intrigue and excitement. This really is a rebirth."

Arcline declined to comment outside of the press release it published announcing the acquisition. Anas said Arcline has a history of purchasing companies and helping them flourish.

Established in 2018, Arcline is based in San Francisco, California, and New York, and invests in control buyouts of niche, high-quality middle-market businesses operating across a wide range of industries. It targets companies valued up to US\$1 billion and its business segments include engineered products, industrial products and capital



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**MERAJ ANAS, president,  
Cooper Machinery Services**

goods in end markets, such as aerospace and defense and energy.

Anas didn't want to speculate on the short- or long-term outlook of Cooper Machinery Services in the company's infancy, he expressed optimism in the company's capabilities and the current state of the gas compression industry.

"We are really excited to be somewhat autonomous to work with speed to support the end user outcome," he said. "It will take time as we go through our transition. As we grow and evolve, we're going to get better and better."

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