



**SPX**

**Investor Presentation**

**New York, NY  
September 2, 2015**



- 
- Certain statements contained in this presentation that are not historical facts, including any statements as to future market conditions, results of operations and financial projections, are forward-looking statements and are thus prospective. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future express or implied results.
  - Although SPX believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. In addition, estimates of future operating results are based on the company's continuing operations, which are subject to change.
  - Particular risks facing SPX include risks relating to our proposed spinoff transaction, economic, business and other risks stemming from changes in the economy, our international operations, legal and regulatory risks, cost of raw materials, pricing pressures, execution on the power projects in South Africa and integration of acquisitions. More information regarding such risks can be found in SPX's SEC filings.
  - Statements in this presentation are only as of the time made, and SPX does not intend to update any statements made in this presentation except as required by regulatory authorities.
  - Also, there can be no assurance as to when the company's planned spinoff will be completed, if at all, or if the spinoff will be completed in the form contemplated. Even if the transaction is completed as and on the timetable currently contemplated, the two publicly-traded companies may not realize some of or all projected benefits, or expenses relating to the spinoff may be significantly higher than projected.
  - This presentation includes non-GAAP financial measures. A reconciliation of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP, is available in the appendix.
  - All director and officer appointments are effective upon spinoff of FLOW business.

## Agenda

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- |   |                 |
|---|-----------------|
| 1) Update on FLOW Spinoff and Introductions   | Jeremy Smeltser |
| 2) Introductory Comments and Company Overview | Gene Lowe       |
| 3) Segment Details:                           |                 |
| ▪ HVAC  | Gene Lowe       |
| ▪ Detection & Measurement                     | Gene Lowe       |
| ▪ Power                                       | Scott Sproule   |
| 4) Financial and Capital Allocation Overview  | Scott Sproule   |
| 5) Executive Summary                          | Gene Lowe       |

**Questions and Answers to Follow Prepared Remarks**

# Spinoff of FLOW Update

Jeremy Smeltser, VP and CFO, SPX FLOW, Inc.



September 2, 2015

## Update on Spinoff of SPXFLOW

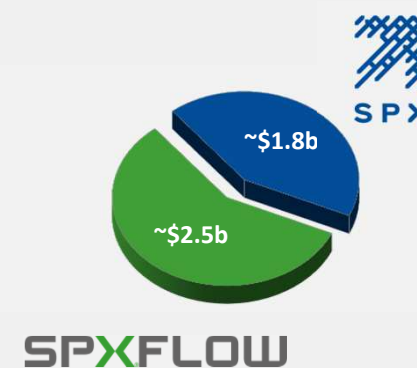


- ✓ Finalized Board and corporate structures for both companies
- ✓ Signed credit facilities for both companies
- ✓ Filed 2<sup>nd</sup> amendment of Form 10 with SEC on August 19<sup>th</sup> (third overall filing)
- ✓ Determined stock dividend ratio will be 1:1

### Upcoming Key Events:

- Finalize Form 10 with the SEC
- Board to declare spin dividend, record date, distribution date
- “When-issued” trading period expected to last ~10 business days
- New tickers:
  - **SPXC\***
  - **FLOW**
- Total spin-related costs expected to be in the range of \$60m to \$70m

### 2015E Revenue



\*We expect the shares of SPX Corporation, the remaining company, to trade under the new ticker “SPXC” during the “when-issued” trading period and upon completion of the spinoff

**Expect to Complete the Spinoff of FLOW Near the End of September**

## New SPX Corporation Board Members



Board Member		Committee Assignments		
		Compensation	Nominating & Governance	Audit
Patrick O’Leary <i>(non-executive Chairman)</i>	Former EVP and CFO of SPX Corporation for 16 years			
David Roberts	Chairman, President and CEO of Carlisle Companies	<b>Chair</b>	X	X
Dr. Ruth Shaw	Former President and CEO, Duke Power Company	X	<b>Chair</b>	X
Rick Puckett	EVP, CFO and CAO of Snyder’s Lance, Inc.	X	X	<b>Chair</b>
Tana Utley	VP, Large Power Systems Division of Caterpillar Inc.			X
Chris Kearney	Chairman, President and CEO of SPX Corp. for 11 years Chairman, President and CEO of SPX FLOW, Inc.			
Gene Lowe	President and CEO of SPX Corporation			

**Experienced and Diverse Board of Directors**

## SPX Corporation CEO and CFO Introductions



### Gene Lowe – President and CEO



- Gene Lowe will serve as President and CEO and as a member of the Board of Directors of SPX Corporation.

- Mr. Lowe joined SPX in 2008 and has served as:
  - President, Thermal Equipment & Services (2013-present)
  - President, Global Evaporative Cooling (2010-2013)
  - VP, Marketing and Business Development (2008-2010)
- Prior to joining SPX, Mr. Lowe held positions with Bain & Company, Lazard Technology Partners and Milliken.

### Scott Sproule – VP, Treasurer and CFO



- Scott Sproule will serve as VP, Treasurer and CFO of SPX Corporation.

- Mr. Sproule joined SPX in 2005 and has served as:
  - CFO, Thermal Equipment & Services (2014-present)
  - CFO, Flow Technology (2012-2014)
  - VP, Corporate Finance (2009-2012)
  - CFO, Test & Measurement (2007-2009)
  - Assistant Corporate Controller (2005-2007)
- Prior to joining SPX, Mr. Sproule held positions with Corning Incorporated, Eastman Kodak and PricewaterhouseCoopers.

# SPX Corporation: Introductory Comments

Gene Lowe, President and CEO



September 2, 2015



# Executive Management

**Gene Lowe**  
President and CEO



**Scott Sproule**  
VP, Treasurer and CFO



**John Nurkin**  
VP, General Counsel and Secretary



**Tausha White\***  
VP, Chief Human Resources Officer



**Vivek Dhir**  
VP, Marketing and Business Development



**John Swann**  
President, Weil McLain, MEP and Radiodetection



**J.B. Ballard**  
President, TCI & Flash



**Darren Dickson**  
President, Genfare



**Brian Mason\***  
President, SPX Transformer Solutions



**Randy Data\***  
President, Global Operations & South Africa



**Rick Bowling**  
President, Power Generation



\*Denotes New Hire in 2015

**10 Direct Reports to CEO;  
Experienced Senior Leadership Team**

## SPX Corporation Introductions

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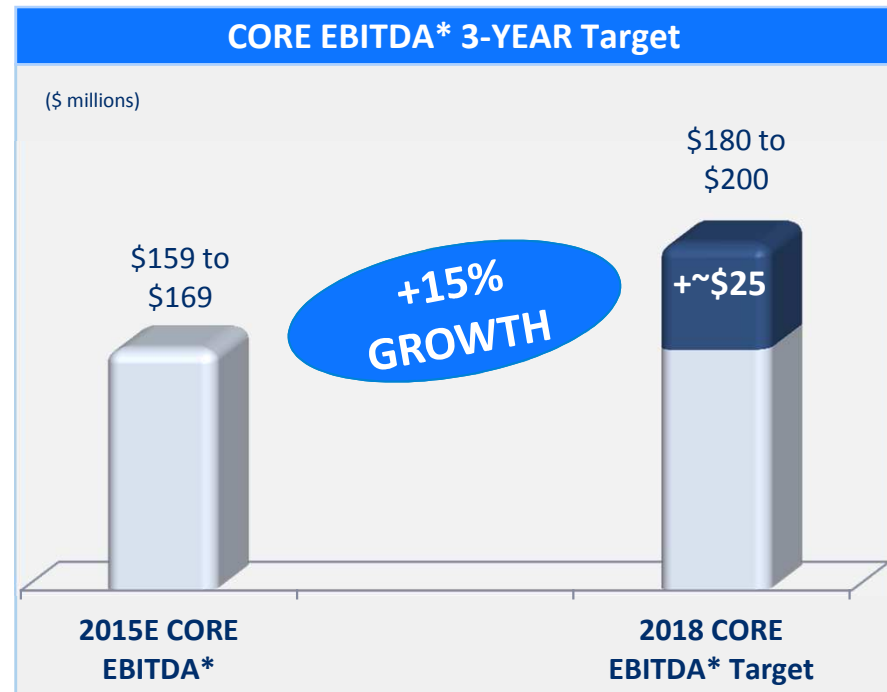


- Gene Lowe President and CEO
- Scott Sproule VP, Treasurer and CFO
- **Paul Clegg** **VP, Finance and Investor Relations**
- John Nurkin VP, Secretary and General Counsel
- Stefanie Holland Assistant General Counsel, SEC and Compliance
- Jerry Tejchma Director of Finance
- Jessica Niles Executive Assistant

# CORE EBITDA\*



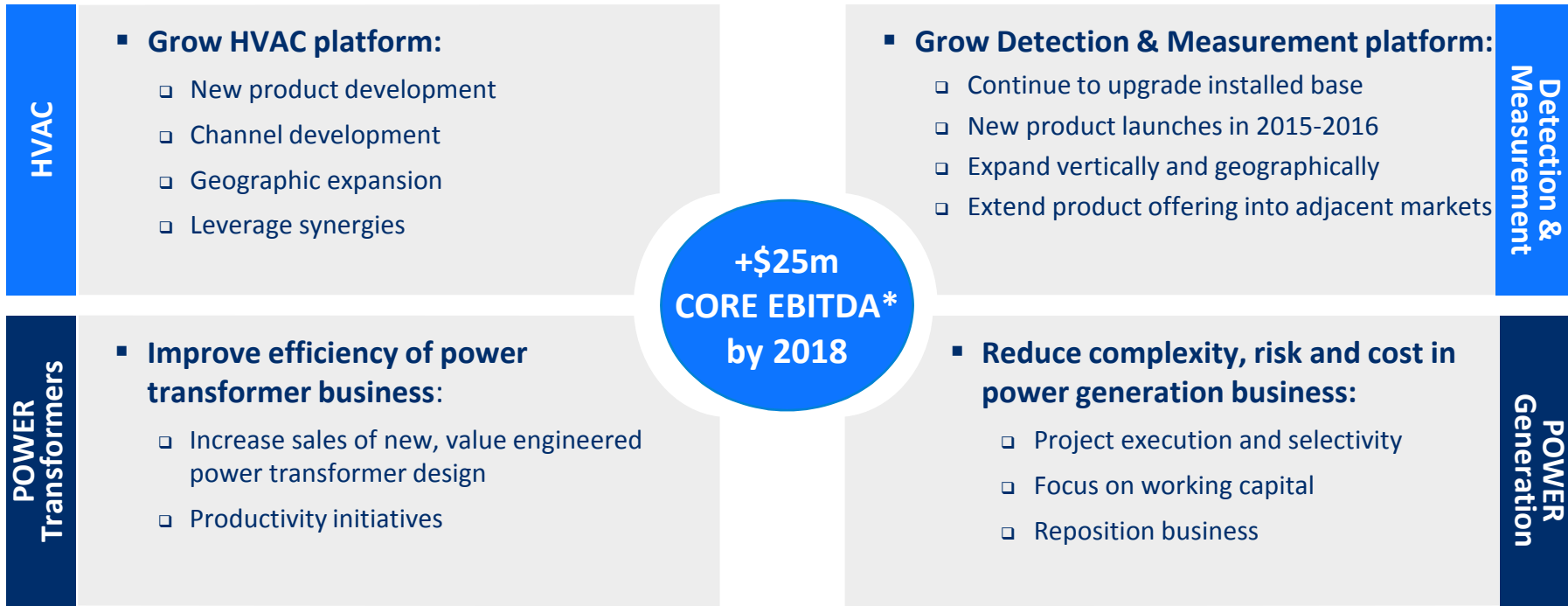
2015E CORE EBITDA*	
(\$ millions)	
2015E Bank EBITDA <i>(July 29th mid-point target)</i>	\$150
Spin related depreciation adjustment	(\$9)
Net losses on South African projects	+\$23
<b>2015E CORE EBITDA*</b>	<b>\$164</b>



\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

**Targeting ~\$25m, or 15% Growth in CORE EBITDA\* Over the Next 3 Years to ~\$190m;  
Optionality for Strategic Initiatives and Capital Allocation Actions to Drive Further Growth and Value**

# Value Creation in Core Business



\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

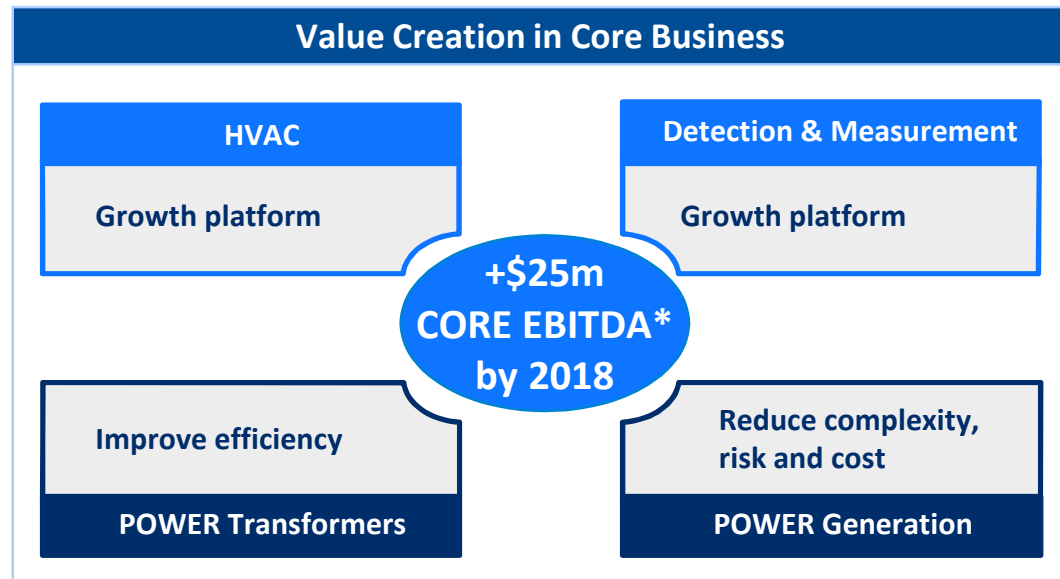
**Targeting ~\$25m, or 15% Growth in CORE EBITDA\* Over the Next 3 Years to ~\$190m;  
By Selectively Expanding in Attractive Markets While Reducing Exposure to Lower Return Markets**

# Executive Summary



### Key Objectives

- 1) Create value in core business:
  - Targeting ~\$190m in CORE EBITDA\* by 2018
- 2) Manage South African projects
- 3) Disciplined capital allocation
- 4) Evaluate strategic growth



\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

**Significant Opportunity to Drive EBITDA Growth and Shareholder Value**

# SPX Corporation: Company Overview

Gene Lowe, President and CEO



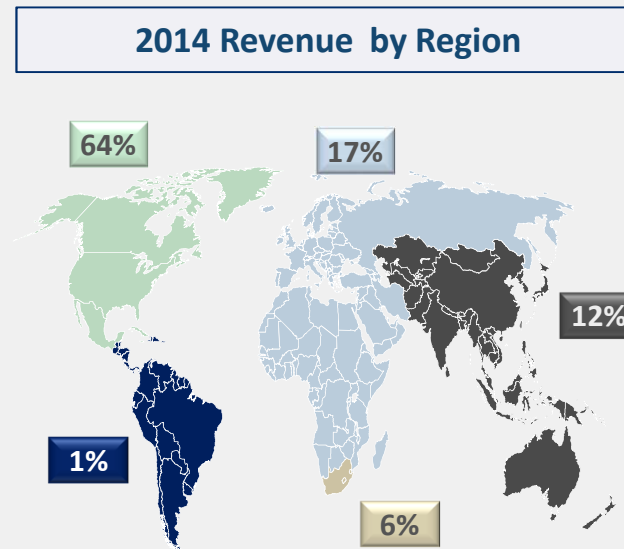
September 2, 2015

## Company Overview



### The "New" SPX Corporation

- Headquartered in Charlotte, NC
- A leading supplier of:
  - HVAC products,
  - Detection & Measurement technologies, and
  - Power equipment
- ~\$1.8b in estimated revenue for 2015
- ~6,000 employees
- NYSE Ticker: **SPXC\***



\*We expect the shares of SPX Corporation, the remaining company, to trade under the new ticker "SPXC" during the "when-issued" trading period and upon completion of the spinoff

**SPX Corporation is a Leading Supplier of HVAC, Detection & Measurement and Power Equipment;  
Approximately 2/3 of Revenue is Generated by Sales Into North America**

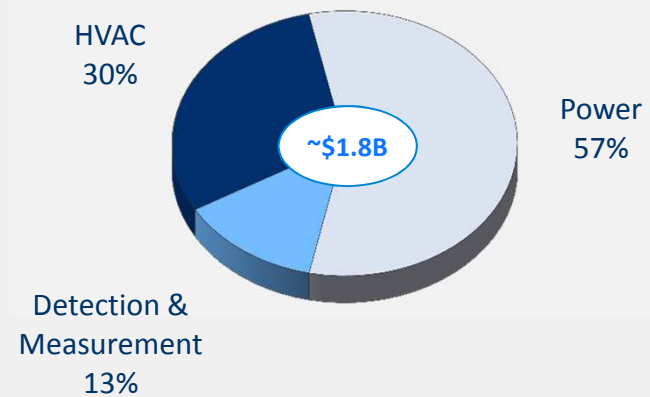
# Strengths



## The "New" SPX Corporation

- Experienced and diverse Board of Directors and Senior Management team
- Well positioned as a diversified infrastructure company with market leading positions and strong product brands
- Large installed base
- Robust new product development and innovation
- Culture of growth and continuous improvement

2015E Revenue by Segment



SPX Corporation Designs and Manufactures Products That Make the World More Efficient and Productive



## Key Product Offerings and Financial Profile by Segment



<h1>HVAC</h1>	<ul style="list-style-type: none"> <li>✓ Package cooling units</li> <li>✓ Fluid coolers</li> <li>✓ Residential and Non-Residential Boilers</li> <li>✓ Electrical heating products</li> </ul>	<p><b>2015E:</b></p> <ul style="list-style-type: none"> <li>▪ ~\$550m revenue</li> <li>▪ mid-teens EBITDA %</li> </ul>
<h1>DETECTION &amp; MEASUREMENT</h1>	<ul style="list-style-type: none"> <li>✓ Locators</li> <li>✓ Fare collection systems</li> <li>✓ Communication technologies</li> <li>✓ Obstruction lighting</li> </ul>	<p><b>2015E:</b></p> <ul style="list-style-type: none"> <li>▪ ~\$245m revenue</li> <li>▪ &gt;20% EBITDA %</li> </ul>
<h1>POWER</h1>	<ul style="list-style-type: none"> <li>✓ Power transformers</li> <li>✓ Cooling towers</li> <li>✓ Heat exchangers</li> <li>✓ Pollution filters</li> </ul>	<p><b>2015E base power business<sup>(1)</sup>:</b></p> <ul style="list-style-type: none"> <li>▪ ~\$970m revenue</li> <li>▪ mid single-digit EBITDA %</li> </ul>

<sup>(1)</sup> Excludes South African projects; see appendix for reconciliation

\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

**~75% of 2015E CORE EBITDA\* is Generated by the HVAC and Detection & Measurement Segments**

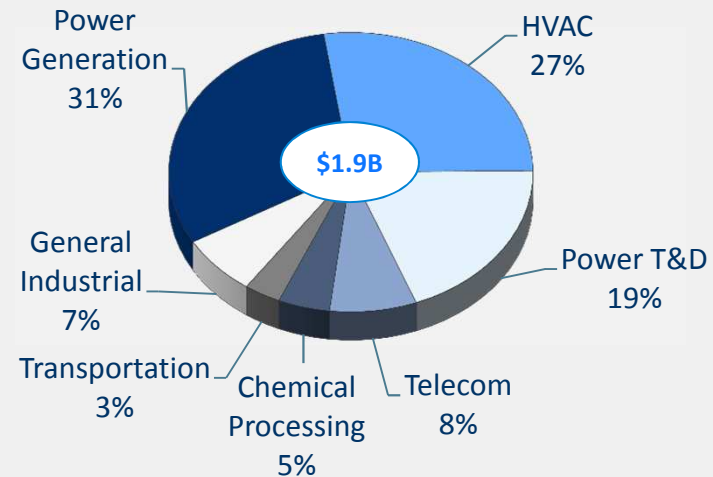
## Key End Market Drivers



### Macro-Economic Drivers

- 1) Efficiency and environmental regulations
- 2) Rising living standards in non-residential and residential construction
- 3) Telecommunications investment
- 4) North American highway and transportation funding
- 5) Aging infrastructure

2014 Revenue by End Market



**Diverse End Market Profile;  
Demand Influenced by Regulatory Environment and Infrastructure Investment**

# HVAC

Gene Lowe, President and CEO



September 2, 2015

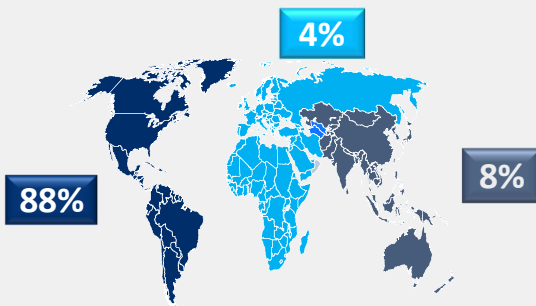
## HVAC Segment Overview



### 2015E Revenue by Product



### 2014 Revenue by Geography



### HVAC Segment Overview

- A leading North American supplier of package cooling products, boiler systems and electric comfort heating products
- Well-recognized product brands and large installed base:
  - Provides steady replacement activity each year
- Products sold through distributors and direct to customers:
  - Often specified in construction designs
- Strong new product development and innovation programs
- Sales are primarily book and ship, or short cycle, in nature

**Strong Product Brands and Leading Market Positions  
Across HVAC Heating and Cooling Product Portfolio**

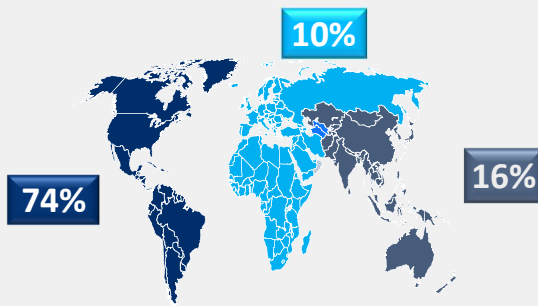
## Cooling Products Overview



### 2015E Revenue Breakdown



### 2014 Revenue by Geography



- Cooling products used in non-residential, commercial construction, process cooling and refrigeration applications
- Well-recognized product brands: Marley and Recold
- Well-established sales channel including reps and distributors
- Demand generally follows construction trends (e.g., Dodge Index)
- Key growth opportunities:
  - ❑ Expand in adjacent markets
  - ❑ New product development
  - ❑ Channel expansion
  - ❑ Geographic expansion

**Strong Product Brands and Leading Market Positions  
Across Cooling Product Portfolio**

## Cooling Product Examples

### Marley NC Cooling Tower

- ✓ High efficiency
- ✓ Low drift rates
- ✓ Quiet by design
- ✓ Long-life construction



### Recold Fluid Cooler:

- ✓ High performance design
- ✓ Low cost of ownership



### Evaporative Condenser:

- ✓ Launched in 2015
- ✓ Adjacent product and market (refrigeration)



**Strong Product Portfolio of Cooling Technologies with Opportunity for Expansion**



## Cooling Product Examples



**Over 90 Years of Experience Engineering and Manufacturing Cooling Towers;  
Marley Sets a High Standard for Efficiency and Quality**

## New Product Development Example: Cooling



### Growth Oriented Initiatives

#### New Product Development: Package Cooling Tower

- Broadened product range by developing new offerings (MD, MHF)
- Released new core NC product line with ultra quiet and high efficiency technologies
- Key innovations driving sustained growth

Marley MD Package Cooling Tower



**Innovation has Led to Market Share Gains;  
We Continue to Drive Innovation to Support Our Customers**



## New Product and Adjacent Market Examples: Cooling



### Growth Oriented Initiatives

#### Local Market Product Innovation: **NX Cooling Tower for Asia Pacific**

- Designed to meet customer and environmental specifications in Asia Pacific
- Expanded into a growing market at a competitive price
- Achieved multi-million dollar sales growth in important market segment

#### Adjacent Market Expansion: **Data Centers**

- Strong position in a non-traditional, high-growth sales channel
- Built several strategic customer relationships

[Marley NX Package Cooling Tower](#)



**Double-Digit CAGR in Asia Pacific Market From 2013 to 2015E**

## Heating Products Overview



- North American businesses with strong brands
- Products used in residential and non-residential markets and sold primarily through distributors
- End customers concentrated in the Northeast and Midwest
- Demand for boiler systems is seasonal:
  - Concentrated in the fourth quarter
- Key organic growth opportunities:
  - Product portfolio expansion
  - Sales channel management

### 2015E Revenue Breakdown



**Strong Product Brands and Leading Market Positions in North America;  
Financial Performance Seasonally Strong in Second Half**

## Heating Product Examples



### Residential Boilers

- ✓ High efficiency natural gas
- ✓ Standard cast iron



### Commercial Boilers

- ✓ High efficiency natural gas
- ✓ Standard cast iron



### Electrical Heating Products



Wash-down, corrosion resistant heaters

Digital wall heaters

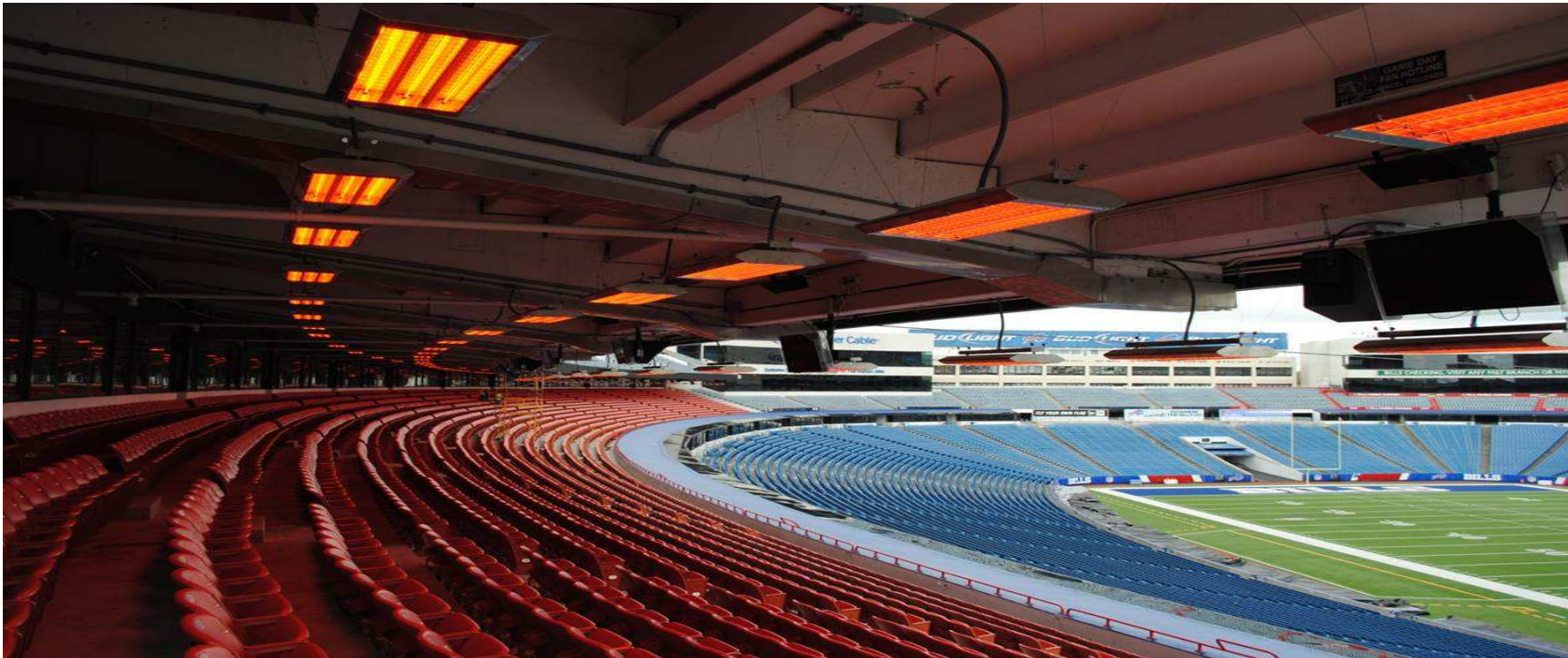


Aluminum convection heaters



**Broad Product Offering of Heating Solutions for Residential and Light Commercial Applications**

## Heating Product Example



**Marley Engineered Products Outdoor Heating System Installed at  
Ralph Wilson Stadium in Orchard Park, NY**

## New Product Development Example: Heating



### Growth Oriented Initiatives

#### New Product Development:

- ECO wall mount condensing boiler, launched in Q2 2013:
  - ❑ **95% efficiency** meets Department of Energy regulations and achieves **Energy Star** rating to maximize customer rebates
  - ❑ Lightweight, easy to install
- High-growth market segment
- Expanded product offering through existing channel

Weil-McLain<sup>(1)</sup>  
ECO™ Wall Mount Condensing Boiler



<sup>(1)</sup> Weil-McLain, a division of The Marley-Wylain Company

**>20% Year-Over-Year Growth in Sales During 1H 2015**

## Strategic Growth Initiatives



**1. New Product Development**

**2. Channel Development**

**3. Geographic Expansion**

**4. Leverage Synergies**

**1. New Product Development:**

- Target existing and adjacent markets

**2. Continued Channel Development:**

- Broaden channels to market

**3. Geographic Expansion:**

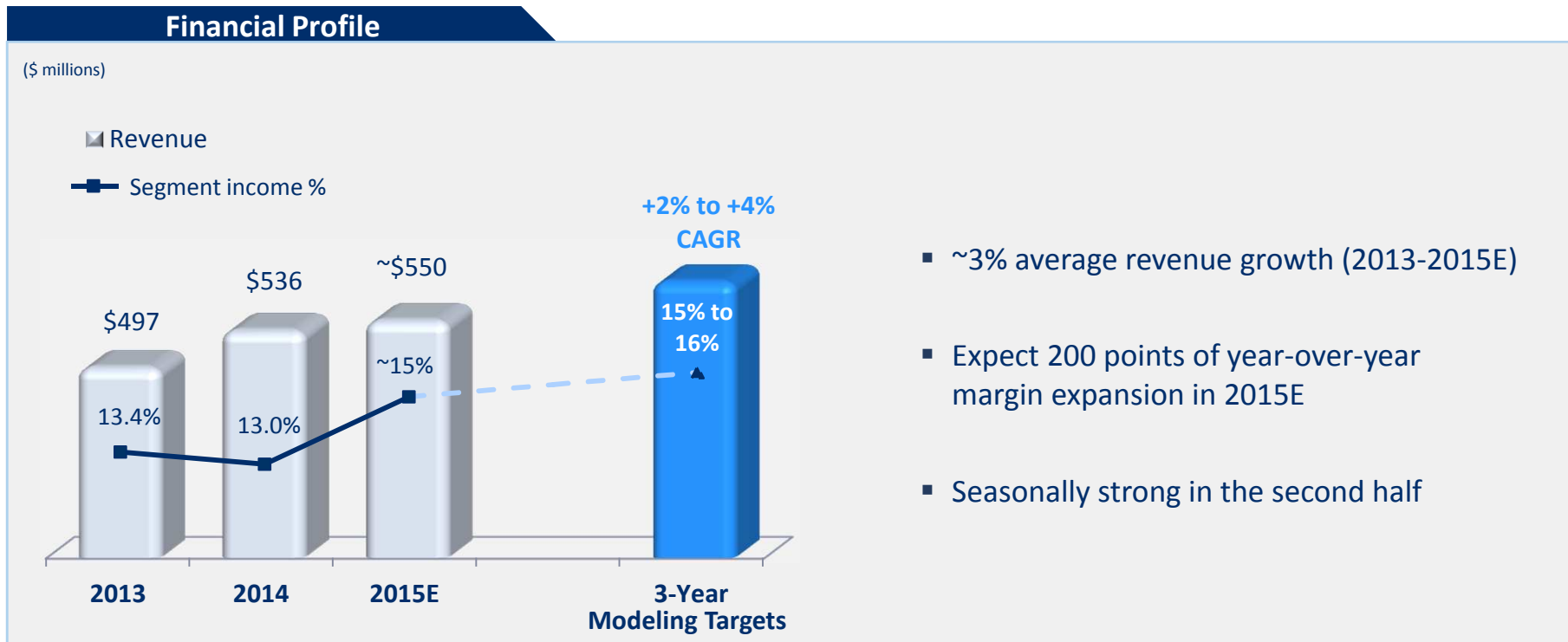
- Develop underserved markets (SE Asia, Latin America, EMEA)

**4. Leverage Synergies Across Heating and Cooling:**

- Commercial, Technical, Operational

Several Attractive Organic Opportunities to Build Out HVAC Platform

# HVAC Financial Profile



**Targeting 2% to 4% Annual Organic Revenue Growth and Up to 100 Points of Margin Expansion Over 3 Year Period**



# Detection & Measurement

Gene Lowe, President and CEO

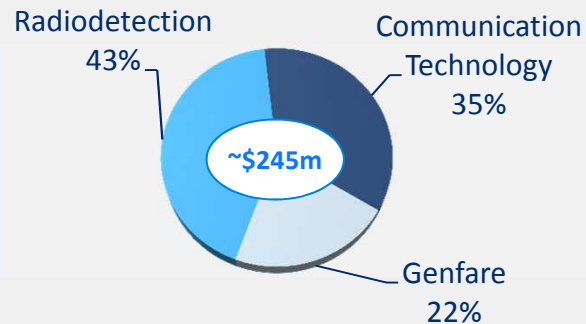


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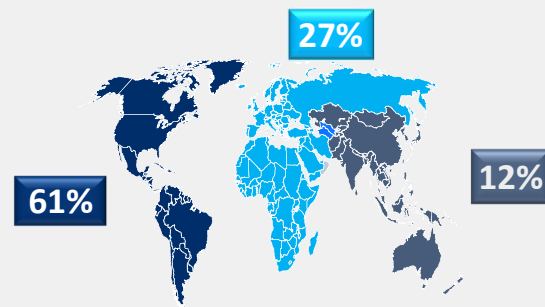


## Detection & Measurement Segment Overview

### 2015E Revenue by Product



### 2014 Revenue by Geography



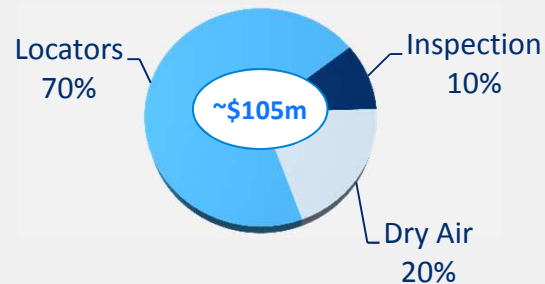
### Detection & Measurement Segment Overview

- Technology intensive product portfolio
- Strong new product development and innovation programs
- Leading positions in niche markets
- Attractive margin and cash flow profile
- Sales primarily short cycle in nature:
  - Timing of medium-sized orders can cause variability in quarterly financial comparisons

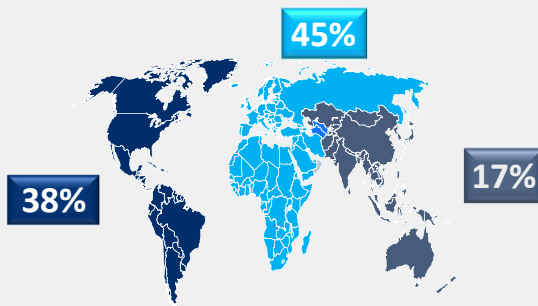
**Technology Intensive Product Portfolio  
With Leading Positions in Niche Markets**

# Radiodetection

### 2015E Revenue by Product



### 2014 Revenue by Geography



- Based in the U.K., a leading global supplier of underground pipe and conduit locators and inspection equipment
- Continuous new product enhancements and loyal customer base
- ~7% revenue CAGR from 2010-2015E
- Key demand drivers:
  - Global infrastructure growth
  - Construction growth
  - Telecommunications growth



**Radiodetection is a Leading Global Supplier of Underground Pipe and Conduit Detection Equipment**

“Radiodetection’s **pioneering products** for the location of buried utility infrastructures help reduce the risk of injury to personnel and damage to utilities during excavation and have **set the global benchmark** for electromagnetic buried service detection.”



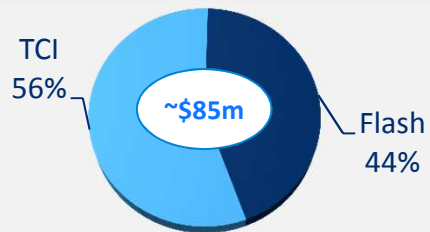
THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
INTERNATIONAL TRADE  
2015



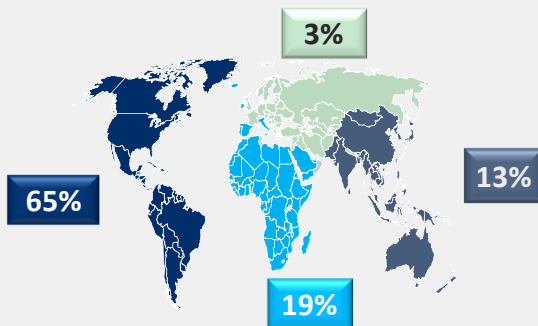
**Radiodetection is the Proud 2015 Winner of the Queen's Award for Enterprise: International Trade**

## Communications Technology

### 2015E Revenue by Product



### 2014 Revenue by Geography



- **TCI** : A leading global supplier of spectrum monitoring, communication intelligence and geolocation technology
- **Flash Technology**: A leading North American supplier of obstruction lighting products
- Key demand drivers:
  - Global growth of wireless usage
  - Increased spectrum provisioning and monitoring
  - Anti-terrorism and drug interdiction efforts
  - Maintenance and replacement of installed base

**TCI and Flash Technology are Leaders in Their Respective Markets**



### Spectrum Monitoring (SMS)



### Communications Intelligence (COMINT)



**From Borders to Battlefields and From Urban Landscapes to Wide Open Spaces,  
TCI Technology Empowers Customers to Monitor, Analyze and Manage the RF Spectrum**

Flash Lighting Systems



Flash Lighting Systems



Flash Technology Provides High-Quality LED and Xenon Lighting Systems for a Variety of Tower Applications

# Genfare

- A leading North American supplier in fare collection:
  - Historical market position concentrated on fare box installations
- Rapidly evolving technology in the market has driven a transformation in our business:
  - Evolved from “fare box supplier” to “fare collection system provider”
  - Invested in software, product development, program management and marketing
  - Strategic relationships with larger public infrastructure system integrators
- New product introductions have expanded product offering to include:
  - ✓ Mobile ticketing
  - ✓ Cloud-based data hosting
  - ✓ Remote ticket validator
  - ✓ Point-of-sale delivery systems



**Genfare is a Leading North American Supplier in Fare Collection**

# Genfare Innovation: Next Generation Fare Collection



**Fast Fare Suite of Products Integrated With Back-End Support;  
We Believe This is The New Industry Standard**



## Strategic Growth Initiatives

**1. Upgrade  
Installed Base**

**2. New Product  
Launches**

**3. Vertical &  
Geographic  
Expansion**

**4. Adjacent  
Markets**

**1. Upgrade and maintain Installed Base:**

- Fare collection on aged bus fleets in the U.S.
- Aged installed base communication technology

**2. New product launches in 2015 and 2016:**

- Genfare: Next generation fare collection system
- Radiodetection: GPS enabled locator
- TCI: Lighter weight and higher performance in core product architecture

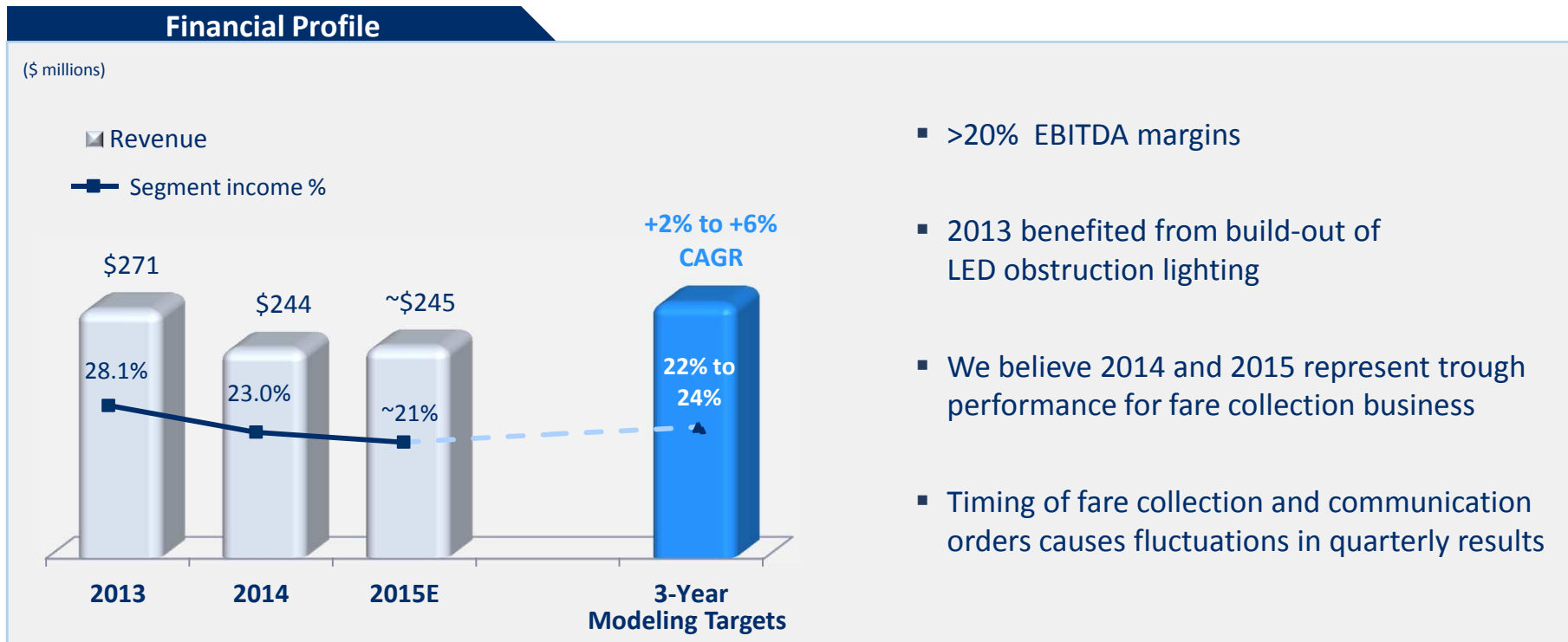
**3. Vertical and Geographic Market Expansion:**

- Expand sales and distribution network
- Product development targeting vertical market expansion

**4. Extend product offerings into adjacent markets**

**Several Attractive Organic Opportunities to Expand and Grow Detection & Measurement Platform**

# Detection & Measurement Financial Profile



**Targeting 2% to 6% Annual Organic Revenue Growth and 100 to 300 Points of Margin Expansion Over the 3 Year Period**

# Power

Scott Sproule, VP, Treasurer and CFO

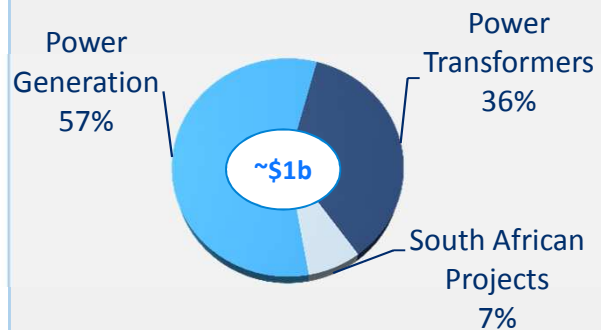


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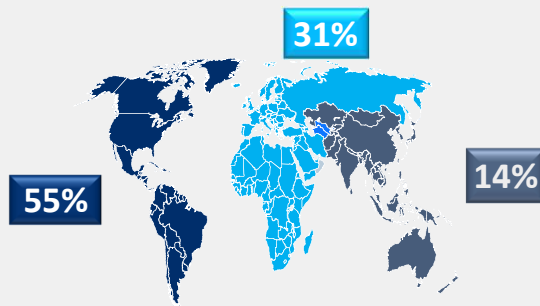
## Power Segment Overview



### 2015E Revenue by Product



### 2014 Revenue by Geography



### Power Segment Overview

- A leading global supplier of cooling technologies, heat exchangers and pollution control systems
- A leading North American supplier of power transformers
- Large installed base and strong brand recognition
- Over 250 patents
- The majority of revenue is long-cycle in nature

**Large Installed Base, Strong Product Offering and Brands;  
Well-Positioned in Challenging End Market Environment**

## Power Transformer Business Overview

- SPX is a leading supplier of power transformers into North America with strong brand equity
- Customers include:
  - ❑ Public and private electric utilities
  - ❑ Independent power producers
- Two primary manufacturing locations:
  - ❑ Waukesha, WI
  - ❑ Goldsboro, NC
- Service and components center in Dallas, TX



**A Leading North American Supplier of Power Transformers**

## Power Transformers



**SPX Transformer Solutions is a Leading North American Supplier of Medium Power Transformers;  
We Also Participate in the North American Large Power Transformer Market**



- **Demand largely driven by replacement of aging installed base:**
  - Average age of installed base is ~40 years
  
- **Electricity demand has been lackluster in recent years, but historically has been a driver of replacement demand for transformers:**
  - Load growth
  - New capacity: transmission projects, natural gas power plants
  - New housing starts
  
- **Regulatory standards have influence on customer spending habits:**
  - Energy policy act of 2005
  - FERC Electric Reliability Standards (2007)
  - Korean import tariffs (2012)



**Replacement of Aged Transformers Expected to be the Primary Demand Driver Over the Next 10 Years**

## North American Power Transformer Market



- **Recent end market trends:**
  - ❑ Replacement demand has been strong
  - ❑ Market pricing remains competitive
  - ❑ Market lead times are stable
  
- **Our focus is on driving higher levels of operational efficiency:**
  - ❑ Plant productivity and utilization
  - ❑ Strategic sourcing
  
- **Commercial initiatives:**
  - ❑ Marketing new, value engineered transformer design
  - ❑ Focusing on the market segments that best leverage our manufacturing and engineering value



**Our Focus is on Driving Higher Levels of Operational Efficiency and Commercial Initiatives**



## Power Generation Equipment – Cooling Technologies

# POWER

### Wet Cooling



### Dry Cooling (ModuleAir)



### Hybrid Cooling (ClearSky)



**A Leading Global Supplier of Cooling Systems with a Wide Variety of Technology Solutions**

## Power Generation Equipment – Heat Exchange and Pollution Control

# POWER

**Feedwater Heater**



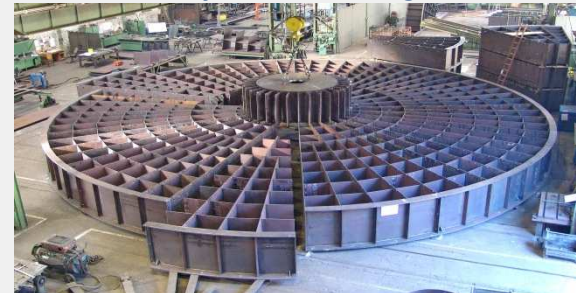
**Moisture Separator Reheater**



**Pollution Control Filter**



**Rotary Heat Exchanger**



**A Leading Supplier of Large Scale Heat Exchangers and Pollution Control Systems**

## Power Generation Equipment

# POWER

Solar



Nuclear



Natural Gas



**Our Power Generation Equipment Can be Applied at Many Types of Power Generation Plants**

## Strategic Initiatives



**1. Value Engineering**

**2. Improve Productivity**

**3. Project Selectivity**

**4. Reposition Power Generation**

**1. Value Engineering:**

- New power transformer design

**2. Improve productivity:**

- Plant efficiency and utilization
- Project execution

**3. Project selectivity:**

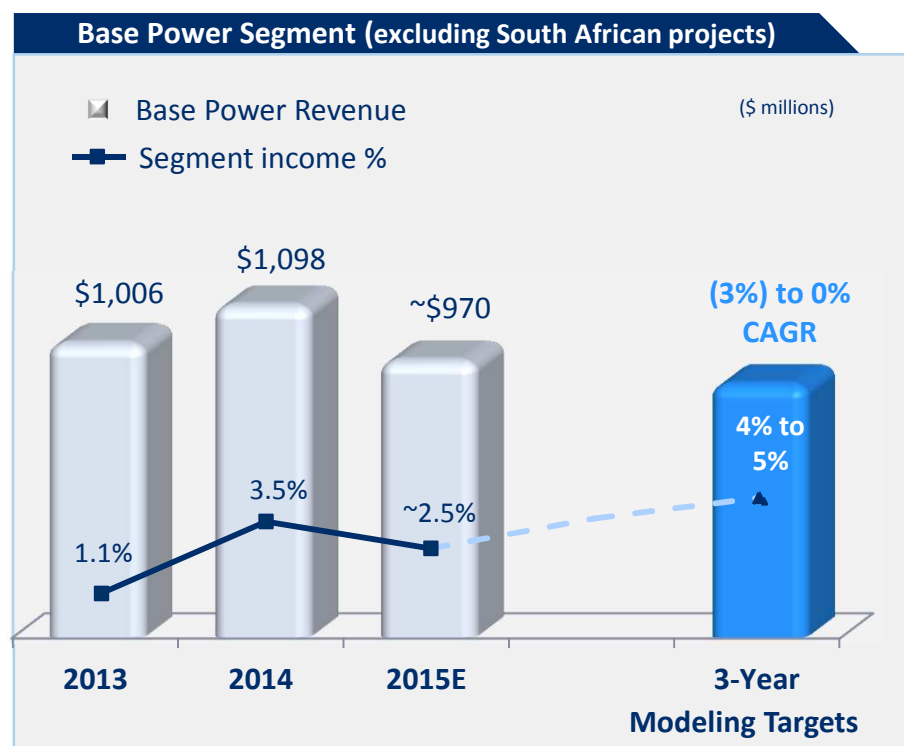
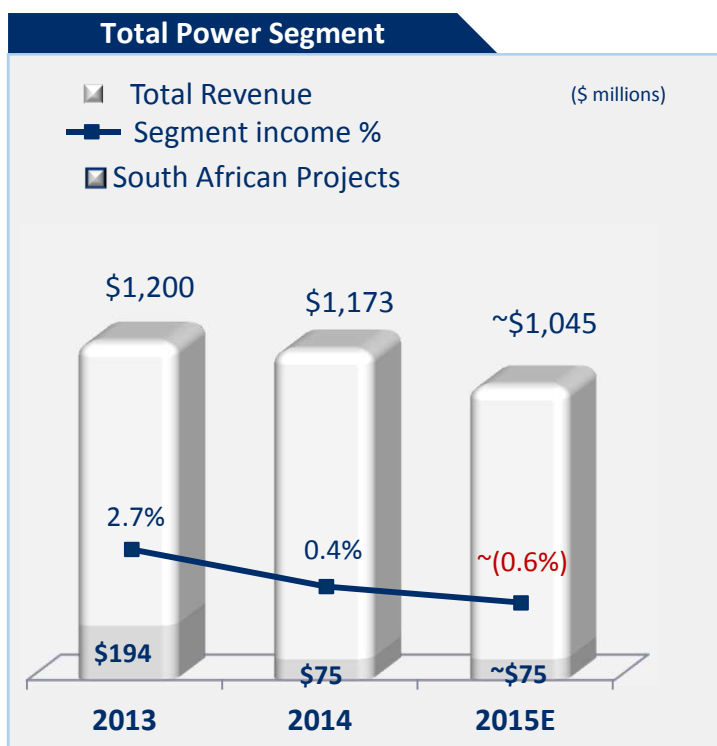
- Disciplined order acceptance to minimize large project risk

**4. Reposition Power Generation Business:**

- Reduce cost, risk and complexity
- Increase focus on working capital
- Optimize footprint

**Focused on Improving Profitability in Power Segment**

# Power Segment Financial Profile



**In Base Power Business, Expect Annual Revenue to be Flat to (3%); Targeting 150 to 250 Points of Margin Expansion Over the 3 Year Period**



# South Africa

Scott Sproule, VP, Treasurer and CFO



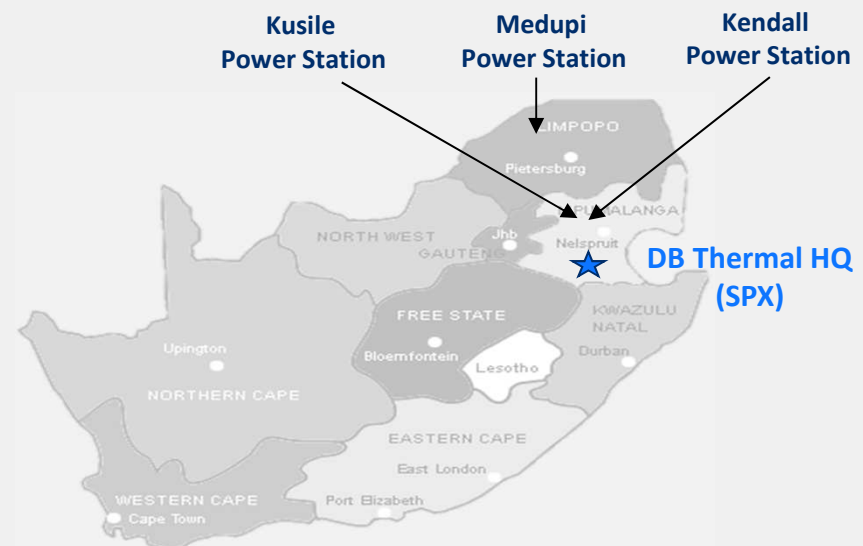
September 2, 2015

## South Africa Overview



### SPX History in South Africa

- Established a presence in South Africa as DB Thermal in 1970
- Supplied the Dry Cooling System to Eskom's 4,100 MW Kendall Power Station project, started in 1982 and completed in 1993
- Maintain a service business in South Africa (\$30m to \$40m in annual revenue)



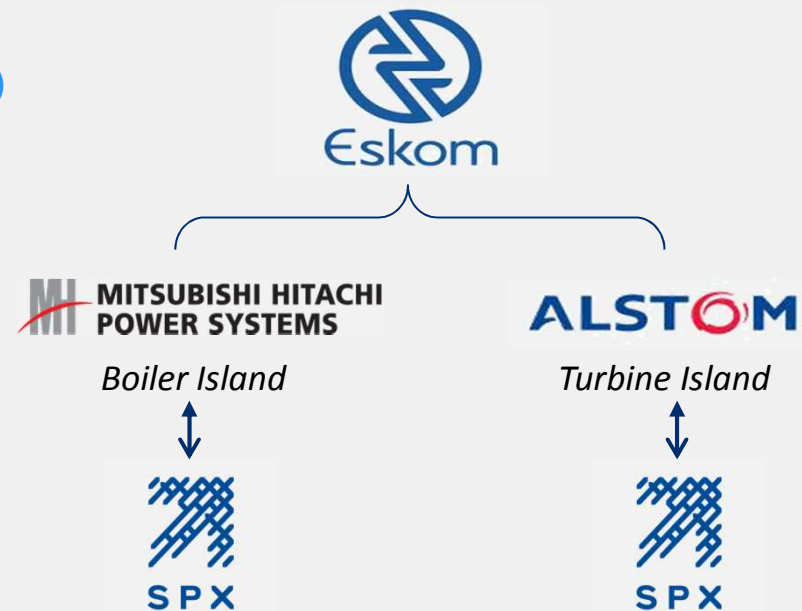
Historical Presence, Black Economic Empowerment Qualifications, and Local Manufacturing

## South African Projects Overview



### Medupi and Kusile Power Stations

- Medupi and Kusile are the two mega-projects:
  - **Twelve 800 mega-watt coal-fired plants (six at each project site)**
- Eskom is a state-owned South African utility
- Alstom and Mitsubishi Hitachi are the primary contractors
- SPX awarded contracts in 2007-2008 to supply critical components on both mega-projects:
  - Initial SPX contracts valued at ~\$700m
  - Contract price adjustments increased current value to ~\$1.2b
  - Future contract price adjustments expected



**These Two Power Stations Expected to Add ~10 GW of Power Capacity When Completed**



## South African Projects Overview



### Revenue Profile

Four primary project phases:

1. **Manufacturing:** ~90% complete today
2. **Construction:**
  - Medupi currently scheduled through 2019
  - Kusile currently scheduled through 2021
3. **Commissioning:** Units to be commissioned at various stages:
  - **Medupi 6 unit first to be commercially operational**
4. **Warranty:** The warranty period for our equipment ranges up to 24 months after commissioning



~\$1.1b of Revenue Recognized Since 2008

## Medupi Unit 6 in Full Commercial Operation



### Medupi Unit 6

- First synchronized on March 2, 2015
- In commercial operation August 30, 2015
- **Currently providing ~800 megawatts of power to the grid**
- Reduced load shedding



The Commercial Operation of Unit 6 of the Medupi Power Station is a Significant Milestone

## Kusile Site: Summer 2014



Construction was in the Early Stages One Year Ago...

## Kusile Site: Summer 2015



**...Significant Progress Has Been Made This Year on 3 of the 6 Dry Cooling Units at the Kusile Site**

## South African Project Summary



- Taken action to increase our control over the execution of the projects (our scope)
- Parties continue to work towards project completion:
  - Significant motivation for all parties to complete projects
- Favorable progress being made:
  - Commercial operation of Unit 6 at the Medupi site
  - Progress on our scope of the cooling towers (air cooled condensers) at the Kusile site
- Complex contracts and sometimes difficult work environment:
  - Aggressively managing projects to mitigate risk
  - Anticipate improvement over the 3-year target period; not possible to accurately quantify at this time

**Progress Continues and We are Aggressively Managing Projects to Mitigate Risk**



# Financial and Capital Allocation Overview

Scott Sproule, VP, Treasurer and CFO



September 2, 2015

## Financial Summary: 3-Year Modeling Targets



(\$ millions)	<u>HVAC</u>	<u>Detection &amp; Measurement</u>	<u>Base Power</u> <sup>(1)</sup>	<u>SPX Total</u> <sup>(1)</sup>
2015E Revenue	~\$550	~\$245	~\$970	~\$1,765
<b>Organic Revenue CAGR 3-Year Modeling Target</b>	<b>+2% to +4%</b>	<b>+2% to +6%</b>	<b>(3%) to 0%</b>	<b>0% to +2%</b>
2015E Segment Income %	~15%	~21%	~2.5%	~9%
<b>Segment Income % 3-Year Modeling Target</b>	<b>15% to 16%</b>	<b>22% to 24%</b>	<b>4% to 5%</b>	<b>10% to 11%</b>
2015E CORE EBITDA*				~\$164
<b>CORE EBITDA* 3-Year Modeling Target</b>				<b>\$180 to \$200</b>

(1) Excludes the impact of the South African projects; see appendix for reconciliation

\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

**Targeting 0% to 2% Organic Revenue Growth Per Year  
With 100 to 200 Points of Margin Expansion and ~\$25m of CORE EBITDA\* Growth**

# Quarterly Earnings Reporting and Guidance Approach



## Earnings and Guidance Approach

- Expect to report Q3 2015 results in early November
- Expect to report Q4 2015 results in February
- Plan to also provide 2016 annual guidance in February:
  - ❑ Full year target ranges for revenue, segment income %, free cash flow and EPS
  - ❑ Additional, relevant modeling assumptions (e.g. tax rate, share count, interest expense)
  - ❑ Expected quarterly phasing of revenue and segment income
- Do not plan to issue quarterly EPS guidance:
  - ❑ Project timing in Detection & Measurement and Power segments
  - ❑ EPS sensitivity on low share count

**Plan to Provide 2016 Annual Guidance in February**



## Estimated Capital Structure at Spin Date



Estimated Capital Structure at Spin Date	Q4 and Year-End Expectations
Cash on Hand:      ~\$50m	<ul style="list-style-type: none"> <li>Expect strong Q4 cash generation <i>(consistent with historical seasonality)</i></li> </ul>
Term Loan:            \$350m Revolving Debt: <u>~\$50m</u> Gross Debt:           ~\$400m	<ul style="list-style-type: none"> <li>Near-term capital allocation focused on debt reduction</li> </ul>
Gross Leverage:      ~2.7x	<ul style="list-style-type: none"> <li>Gross Debt to EBITDA target range: <u>1.5x to 2.5x</u></li> <li><b>Expect to reduce leverage to around the top end of the target range by year end</b></li> </ul>

Note: Gross debt , EBITDA and gross leverage as defined in SPX Corporation's credit facility

**Expect to be in a Solid Financial Position at the Spin Date;  
Expect Gross Leverage to be Within Target Range by Year End**

# Capital Allocation Discipline



Methodology	Expected Outcome
1) Utilize strategic planning process to evaluate future revenue and earnings growth	<ul style="list-style-type: none"> <li>▪ Quantify projected future cash flows and estimate total company valuation</li> </ul>
2) Maintain target capital structure	<ul style="list-style-type: none"> <li>▪ <b>Gross Debt to EBITDA<sup>(1)</sup> target range: <u>1.5x to 2.5x</u></b></li> </ul>
3) Invest available capital in highest, risk-adjusted, return opportunities: <ul style="list-style-type: none"> <li>▪ <b>EVA models continue to drive allocation decision-making</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Cost reduction initiatives</li> <li>▪ Organic business development</li> <li>▪ Bolt-on acquisitions (HVAC and Detection &amp; Measurement)</li> <li>▪ Return of capital to shareholders</li> </ul>

<sup>(1)</sup> Gross Debt and EBITDA as defined in SPX Corporation's credit facility

**Capital Allocation Discipline Focused on Highest Return Opportunities;  
Assuming 3-Year Targets, Expect to Have at Least \$200m of Available Capital to Invest**

# Executive Summary

Gene Lowe, President and CEO



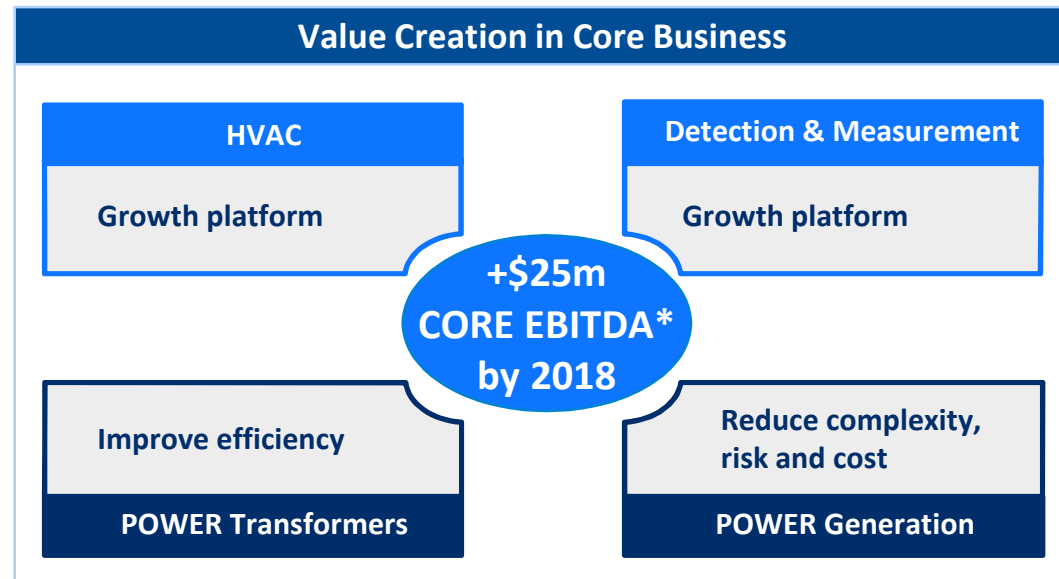
September 2, 2015

# Executive Summary



### Key Objectives

- 1) Create value in core business:
  - Targeting ~\$190m in CORE EBITDA\* by 2018
- 2) Manage South African projects
- 3) Disciplined capital allocation
- 4) Evaluate strategic growth



\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects; see appendix for reconciliation

**Significant Opportunity to Drive EBITDA Growth and Shareholder Value**

questions?



September 2, 2015

# appendix



September 2, 2015

## Quarterly Historical Segment Results



(Unaudited) (\$ millions)	2014					2015E				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Mid-Point Targets		Full Year
								Q3E	Q4E	
<b>Revenue</b>										
HVAC	\$105	\$119	\$137	\$175	\$536	\$108	\$118			\$550
Detection & Measurement	\$57	\$66	\$57	\$64	\$244	\$52	\$58			\$245
Power	\$257	\$304	\$295	\$318	\$1,173	\$217	\$283			\$1,045
<b>Consolidated Total</b>	<b>\$419</b>	<b>\$489</b>	<b>\$489</b>	<b>\$556</b>	<b>\$1,953</b>	<b>\$376</b>	<b>\$460</b>	<b>\$455</b>	<b>\$549</b>	<b>\$1,840</b>
<b>Segment Income</b>										
HVAC	\$12	\$11	\$18	\$29	\$70	\$13	\$13			\$83
Detection & Measurement	\$13	\$16	\$11	\$16	\$56	\$9	\$10			\$52
Power	\$1	\$5	\$9	-\$10	\$5	-\$12	\$2			-\$7
<b>Consolidated Total</b>	<b>\$26</b>	<b>\$31</b>	<b>\$38</b>	<b>\$35</b>	<b>\$130</b>	<b>\$10</b>	<b>\$25</b>	<b>\$35</b>	<b>\$59</b>	<b>\$128</b>
<b>Segment Income %</b>										
HVAC	11.2%	9.0%	13.2%	16.6%	13.0%	11.8%	11.0%			15.1%
Detection & Measurement	22.9%	23.8%	19.2%	25.5%	23.0%	17.1%	17.7%			21.2%
Power	0.4%	1.5%	3.1%	-3.2%	0.4%	-5.3%	0.7%			-0.6%
<b>Consolidated Total</b>	<b>6.2%</b>	<b>6.4%</b>	<b>7.8%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>2.7%</b>	<b>5.5%</b>	<b>7.6%</b>	<b>10.7%</b>	<b>7.0%</b>



## 2015E Pro Forma Earnings Mid-Point Model



### 2015E Pro Forma EPS Mid-Point Model

(\$ millions, except per share data)

	<u>2015E</u>	
Revenue	\$1,840	
Segment income	\$128	
Segment income %	7.0%	
Corporate expense and other items	(\$51)	Note: Preliminary estimate, includes corporate SG&A, stock compensation and pension expense
Special charges	(\$16)	
<b>Operating Income</b>	<b>\$61</b>	
Equity earnings in joint ventures	\$0	
Interest expense, net	(\$11)	Note: pro forma based on new credit facility
Other income or (expense)	(\$0)	
<b>Income before taxes</b>	<b>\$50</b>	
Income tax provision	(\$15)	<b>30%</b> Tax Rate
<b>Income from continuing operations</b>	<b>\$35</b>	
Minority interest, net of taxes	\$7	Note: Primarily related to South Africa BEE requirements
<b>Net income from continuing operations</b>	<b>\$41</b>	
<b>Mid-Point Pro forma EPS</b>	<b>\$1.00</b>	<b>41m</b> Shares Outstanding

## 2015E EBITDA Mid-Point Reconciliation



(\$ millions)	<u>2015E EBITDA Mid-Point Model</u>	<u>2015E Mid-Point</u>
<b>Net Income</b>		\$41
Income tax provision		15
Net interest expense		11
<b>Income before interest and taxes</b>		<u>\$67</u>
Depreciation and amortization expense		33
<b>EBITDA</b>		<u>\$101</u>
<b>Bank Adjustments:</b>		
Non-cash compensation expense		23
Extraordinary non-recurring cash charges		16
<b>Consolidated EBITDA</b>		<u>\$141</u>
<b>South Africa Adjustment:</b>		
Net South African project losses		23
<b>CORE EBITDA*</b>		<u>\$164</u>

Note: Consolidated EBITDA as defined by SPX Corporation's credit facility

\*CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects

## 2015E Pro Forma Mid-Point Target & Modeling Assumptions



(\$ millions)

"Core" Revenue	\$1,765	
South African Projects	\$75	
<b>Total 2015E Pro Forma Revenue</b>	<b>\$1,840</b>	
Segment Income and % margin	\$128	7.0%
Depreciation & Amortization	\$33	
Net Standalone Corporate/Other Costs <sup>(1)</sup>	(\$60)	
<b>EBITDA</b>	<b>\$101</b>	
Non-Cash Compensation Expenses	\$23	
Special Charges/Restructuring Expense	\$16	
South African project losses	\$23	
<b>Total 2015E CORE EBITDA <sup>(2)</sup></b>	<b>\$164</b>	

### Standalone Company Modeling Assumptions

- ~41m dilutive shares outstanding
- ~30% effective tax rate
- ~\$11m net interest expense

<sup>(1)</sup> Estimated net standalone costs include corporate expense, stock based compensation, pension expense, special charges, equity earnings, other income and expense and minority interest

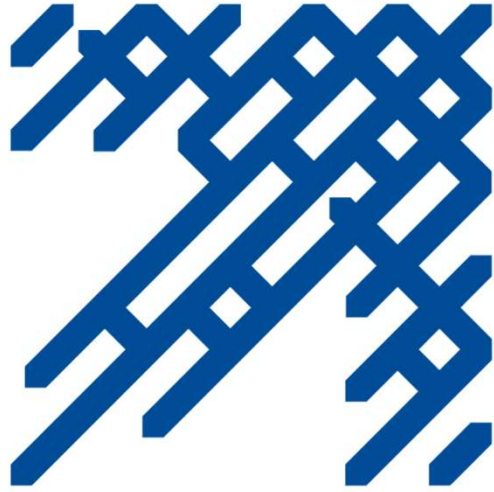
<sup>(2)</sup> CORE EBITDA reflects EBITDA as defined by SPX Corporation's credit facility and excludes the impact of the South African projects

**NOTE: Pro Forma 2015E Based on 2015 Mid-Point Financial Targets  
As Categorized in the Proposed Future Structure and Inclusive of Estimated Stand-alone Costs**

## Summary of Credit Facility Agreement (anticipate funding near spin date)



<b>Borrower:</b>	SPX Corporation (the “Borrower”) and certain foreign subsidiary borrowers
<b>Guarantors:</b>	Each existing and future direct and indirect domestic subsidiary of the Borrower
<b>Credit Facilities:</b>	<u>\$1,200 million Senior Secured Credit Facilities</u> \$350 million Revolving Credit Facilities \$350 million Term Loan A \$300 million Foreign Credit Instrument Facility – Participation \$200 million Foreign Credit Instrument Facility – Bilateral
<b>Revolver Features:</b>	\$200 million domestic sublimit for USD loans \$150 million global sublimit for foreign currencies \$40 million swingline sublimit \$100 million sublimit for Non-Financial LCs Financial LCs up to the full amount of the Revolver
<b>Maturity:</b>	Five years from close (2020)
<b>Amortization:</b>	0% / 5% / 5% / 5% / 5%; bullet at maturity
<b>Accordion:</b>	Unlimited up to 2.75x Senior Secured Leverage Ratio Up to \$300 million when Senior Secured Leverage is greater than 2.75x
<b>Security:</b>	Substantially similar to existing agreement
<b>Financial Covenants:</b>	Min. Interest Coverage 3.50x Max. Leverage Ratio 3.25x - Leverage Ratio calculated net of unrestricted cash in excess of \$50 million - Leverage Ratio may increase by 0.25x for 12 months following a material acquisition > \$250 million
<b>Ticking Fee:</b>	30 bps ticking fee after 90 days



**SPX<sup>®</sup>**