

SPX Reports Second Quarter 2009 Results

July 29, 2009 3:42 AM ET

Earnings per Share from Continuing Operations of \$0.80

Net Cash from Continuing Operations of \$61.9 Million

Lowers Earnings Guidance Range to \$4.00 to \$4.30 per Share

CHARLOTTE, NC - July 29, 2009 - SPX Corporation (NYSE:SPW) today reported results for the second quarter ended June 27, 2009:

- Revenues decreased 20.7% to \$1.19 billion from \$1.5 billion in the year-ago quarter. Organic revenues* declined 14.8%, completed acquisitions increased reported revenues by 0.2%, and the impact of currency fluctuations decreased reported revenues by 6.1%.
- Segment income and margins were \$135.9 million and 11.4%, compared with \$205.9 million and 13.7% in the year-ago quarter.
- Diluted net income per share from continuing operations was \$0.80, compared with \$1.65 in the year-ago quarter. The current year quarter included special charges of \$23.3 million, or \$0.30 per share, related to restructuring actions.
- Net cash from continuing operations was \$61.9 million, compared with \$48.5 million in the year-ago quarter. The increase in cash flow was due primarily to improved working capital management, offset partially by lower earnings and increased spend on restructuring.
- Free cash flow from continuing operations* during the quarter was \$32.3 million, compared with \$23.1 million in the year-ago quarter. The increase was due primarily to the items noted above, offset partially by higher capital expenditures in 2009.

"The global economic environment remains challenging. We are seeing some stabilization of short-cycle order rates from Q1 to Q2, but the levels are still depressed. We are also seeing strong quoting activity in our longer-cycle project businesses, but face delays in order placements for certain large projects," said Chris Kearney, Chairman, President and CEO.

"Given this, we are lowering our earnings guidance range to \$4.00 to \$4.30 per share from \$4.40 to \$4.80 per share. Our cash flow guidance range remains at \$230 to \$270 million," Kearney said.

"We have a strong working capital focus and intend to maintain our substantial liquidity. Furthermore, we continue to be committed to growing and strategically investing in developing economies such as China, India, Russia and South Africa," he added.

FINANCIAL HIGHLIGHTS - CONTINUING OPERATIONS

Flow Technology

Revenues for the second quarter of 2009 were \$396.2 million compared to \$534.5 million in the second quarter of 2008, a decrease of \$138.3 million, or 25.9%. Organic revenues declined 17.4%, driven primarily by softness in the dehydration, industrial, mining and food and beverage markets, partially offset by growth in the oil and gas market. The impact of currency fluctuations decreased revenues by 8.5% from the year-ago quarter.

Segment income was \$48.5 million, or 12.2% of revenues, in the second quarter of 2009 compared to \$69.7 million, or 13.0% of

revenues, in the second quarter of 2008. Segment income and margins declined primarily due to the organic and currency declines noted above.

Test and Measurement

Revenues for the second quarter of 2009 were \$207.6 million compared to \$320.0 million in the second quarter of 2008, a decrease of \$112.4 million, or 35.1%. Organic revenues declined 29.4% in the quarter, driven primarily by the continued difficulties being experienced by vehicle manufacturers and their dealer service networks. The impact of currency fluctuations decreased revenues by 6.6% from the year-ago quarter, while acquisitions contributed 0.9% to reported revenues.

Segment income was \$13.3 million, or 6.4% of revenues, in the second quarter of 2009 compared to \$36.6 million, or 11.4% of revenues, in the second quarter of 2008. Segment income and margins declined due to the organic and currency related declines noted above. As compared to Q1 2009, segment margins improved 340 basis points as benefits were realized from cost reduction and restructuring initiatives.

Thermal Equipment and Services

Revenues for the second quarter of 2009 were \$368.9 million compared to \$409.4 million in the second quarter of 2008, a decrease of \$40.5 million, or 9.9%. Organic revenues declined 4.3% in the quarter, driven primarily by project timing. The impact of currency fluctuations decreased reported revenues by 5.6% from the year-ago quarter.

Segment income was \$27.5 million, or 7.5% of revenues, in the second quarter of 2009 compared to \$45.6 million, or 11.1% of revenues, in the second quarter of 2008. The decrease in segment income and margins was due primarily to unfavorable product mix as compared to the year-ago quarter. The decline in revenues attributable to currency fluctuations also contributed to the lower segment income.

Industrial Products and Services

Revenues for the second quarter of 2009 were \$220.8 million compared to \$241.0 million in the second quarter of 2008, a decrease of \$20.2 million, or 8.4%. Organic revenues declined 7.4% in the quarter, driven primarily by softness in the hydraulic tools and solar crystal grower product lines. The impact of currency fluctuations decreased revenues by 1.0% from the year-ago quarter.

Segment income was \$46.6 million, or 21.1% of revenues, in the second quarter of 2009 compared to \$54.0 million, or 22.4% of revenues, in the second quarter of 2008. The decrease in segment income and margins was driven largely by the organic declines noted above. In addition, the second quarter of 2009 included a charge of \$3.3 million related to a product liability matter.

OTHER ITEMS

Dividend: On May 29, 2009, the Board of Directors announced a quarterly dividend of \$0.25 per common share payable on July 2, 2009, to shareholders of record on June 15, 2009. The first quarter 2009 dividend of \$0.25 per common share was paid on April 2, 2009.

Discontinued Operations: During the fourth quarter of 2008 and second quarter of 2009, the company committed to plans to divest two distinct product lines which were previously reported in the Industrial Products and Services segment. These sales are expected to be completed during the next twelve months.

The financial condition, results of operations, cash flows and losses anticipated from the sale of the product lines discussed above have been reported as discontinued operations in the attached condensed consolidated financial statements.

Form 10-Q: The company expects to file its quarterly report on Form 10-Q for the quarter ended June 27, 2009 with the Securities and Exchange Commission by August 6, 2009. This press release should be read in conjunction with that filing, which

will be available on the company's website at www.spx.com, in the Investor Relations section.

SPX Corporation is a Fortune 500 multi-industry manufacturing leader. The company offers highly-specialized engineered solutions to solve critical problems for customers.

SPX is focused on providing solutions that support the expansion of global infrastructure, with particular emphasis on the growing worldwide demand for energy and power. Its innovative product portfolio, containing many energy efficient products, includes cooling systems for power plants throughout the world; custom engineered process equipment that assists a variety of flow processes including food and beverage manufacturing, oil and gas exploration, distribution and refinement and power generation; handheld diagnostic tools that aid in vehicle maintenance and repair; and power transformers that regulate voltage for electrical transmission and distribution by utility companies.

SPX is headquartered in Charlotte, North Carolina and has employees in over 40 countries worldwide. Visit www.spx.com. (NYSE: SPW)

* Non-GAAP number. See attached financial schedules for reconciliation to most comparable GAAP number.

Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. Please read these results in conjunction with the company's documents filed with the Securities and Exchange Commission, including the company's annual report on Form 10-K for the year ended December 31, 2008. These filings identify important risk factors and other uncertainties that could cause actual results to differ from those contained in the forward-looking statements. Actual results may differ materially from these statements. The words "believe," "expect," "anticipate," "estimate," "guidance," "target" and similar expressions identify forward-looking statements. Although the company 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 current complement of businesses, which is subject to change. Statements in this press release speak only as of the date of this press release, and SPX disclaims any responsibility to update or revise such statements.

[Click here to view financials](#)

Contact:

704-752-4486
E-mail: investor@spx.com

Jennifer H. Epstein (Media)
704-752-7403
jennifer.epstein@spx.com