

# Q1 2022 Earnings Presentation

May 4, 2022



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- ❑ Statements in this presentation are only as of the time made, and SPX disclaims any responsibility to update or revise such statements except as required by law.
- ❑ This presentation includes non-GAAP financial measures. Reconciliations of historical non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP are available in the appendix to this presentation. We believe that these non-GAAP measures are useful to investors in evaluating our operating performance and our management of business from period to period.

# Introductory Comments

## Gene Lowe

- ❑ Solid start to 2022
  - ✓ Exceeded internal expectations
  
- ❑ Supply constraints continue; seeing some improvement
  
- ❑ Executing on growth strategy
  - ✓ ITL acquisition further builds out AtoN
  
- ❑ Updating guidance for ITL acquisition

Well-Positioned to Continue Value Creation Journey

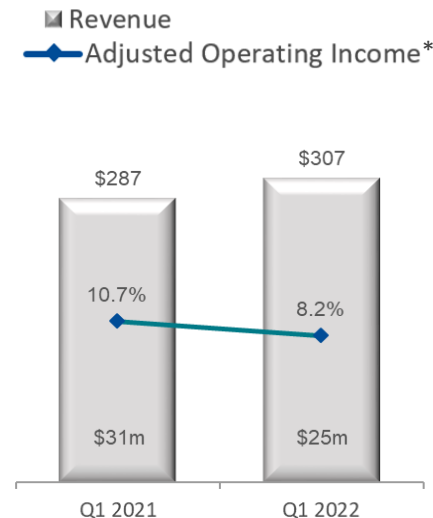
# Q1 2022 Results Summary



(\$ millions)

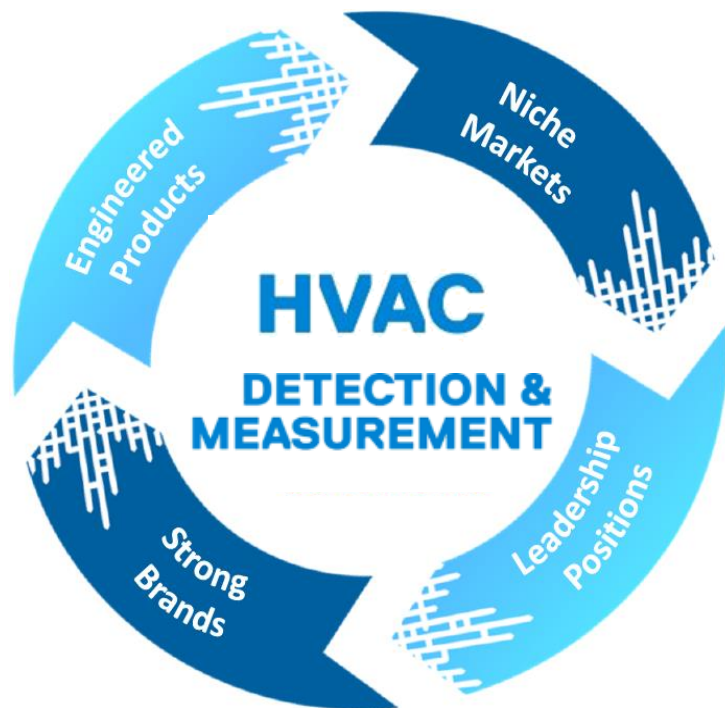
- ❑ Lower organic D&M revenues Y/Y
  - ✓ As anticipated
- ❑ Location & Inspection and Transportation outperformed
- ❑ Continued demand strength
- ❑ Acquisitions supporting growth

## Q1 2022



On Track for Double Digit Earnings Growth

\*Adjusted results are non-GAAP financial measures. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.



## Organic Growth

- New products
- Channel expansion
- Adjacent markets

## Inorganic Growth

- Strategic platform focus
- Significant capital to deploy
- Large target pipeline

## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

## Culture & Values

- Integrity
- Results/accountability
- Diversity & Inclusion
- Employee development

FLASH  
TECHNOLOGY

~\$40-60m

Terrestrial  
Obstruction Lighting



SABIK  
MARINE

~\$25-30m\*

Marine Obstruction  
Lighting



Sealite Avlite

~\$30-40m\*

Airfield Ground and  
Marine Obstruction  
Lighting



itl  
International  
Tower Lighting, LLC

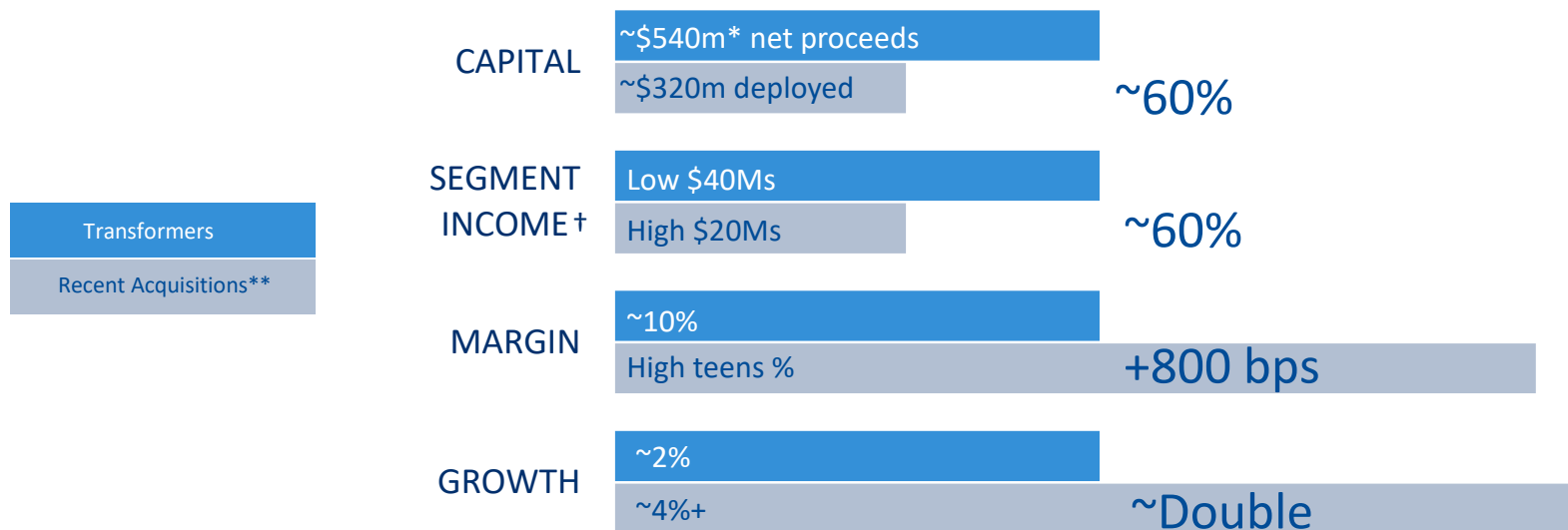
~\$18m\*

Bolt-on Terrestrial  
Obstruction Lighting



Transformed ~\$40-60m Obstruction Lighting Business into ~\$150m Global Leader in Aids to Navigation Solutions

# Reinvesting Proceeds of Transformers Sale



• Net after-tax proceeds received for sale of Transformer Solutions (Oct '21)

\*\* Sealite, ECS, Cincinnati Fan, and ITL

† For Transformers: annual average of 2018-2021 (management estimate used for 2021). For "Recent Acquisitions": approximate run-rate at time of acquisition.

Efficiently Redeploying Capital for Higher Margin/Higher Growth



# Q1 Financial Review

Jamie Harris

# Adjusted Earnings Per Share



	<u>Q1 2021</u>	<u>Q1 2022</u>
<b>GAAP EPS from continuing operations</b>	<b>\$0.50</b>	<b>\$0.28</b>
Amortization	\$0.07	\$0.15
Acquisition-related	\$0.02	\$0.03
Non-service pension & other	<u>(\$0.10)</u>	<u>(\$0.06)</u>
<b>Adj. EPS from continuing operations*</b>	<b>\$0.49</b>	<b>\$0.40</b>

Q1 2022 Adjusted EPS of \$0.40

Note: Adjusted results are non-GAAP financial measures. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# Adjusted Q1 2022 Results

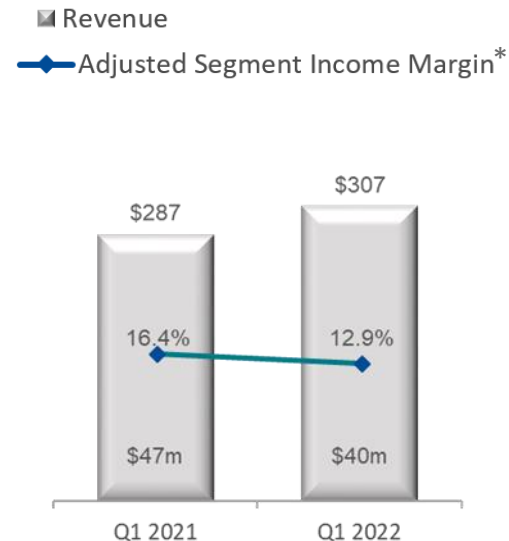
## Q1 Adjusted Results:

- ❑ 6.9% year-over-year increase:
  - ✓ **-2.5% organic** decrease due to lower D&M volumes, partially offset by price increases in HVAC
  - ✓ **9.9% acquisition** impact (Sealite, ECS and Cincinnati Fan)
  - ✓ **-0.5% currency** impact from stronger USD

## Q1 Adjusted Segment Income\* and Margin\*:

- ❑ \$7.4m decrease in Adjusted Segment Income\*
- ❑ 350 bps decrease in margin due to lower D&M volumes and supply/production constraints in HVAC

## Q1 2022



**Stronger-than-Anticipated Start to 2022**

\*Adjusted results are non-GAAP financial measures. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# Summary Q1 2022 Adjusted Segment Results



	Q1 2022	
Segment	Y/Y % Change in Revenue	Y/Y Change in Adjusted Segment Income Margin*
HVAC	10.0%	(240) Bps
Detection & Measurement	2.2%	(480) Bps
<b>Total SPX</b>	<b>6.9%</b>	<b>(350) bps</b>
Organic	-2.5%	
Acquisitions	9.9%	
Currency	-0.5%	

\*Adjusted results are non-GAAP financial measures. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# HVAC Q1 2022 Results



(\$ millions)

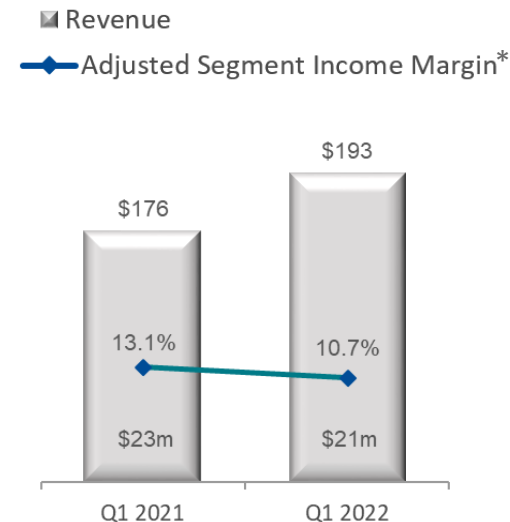
## Q1 Revenue:

- 10.0% year-over-year Increase:
  - ✓ **0.4% organic** increase. Strong demand and pricing, tempered by production and labor constraints
  - ✓ **9.6% acquisition** impact (Cincinnati Fan)

## Q1 Adjusted Segment Income\* and Margin\*:

- \$2.4m decrease in Adjusted Segment Income\*
- 240 bps decrease in margin due to production and labor constraints, and cost inflation

## Q1 2022



Strong Demand; Managing Production and Labor Constraints

\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# Detection & Measurement Q1 2022 Results



(\$ millions)

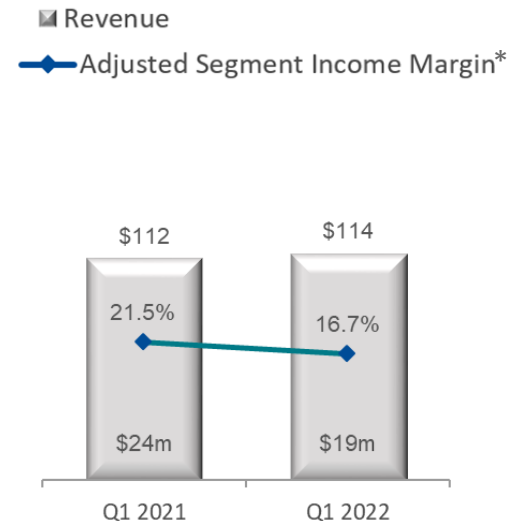
## Q1 Revenue:

- ❑ 2.2% year-over-year increase:
  - ✓ **-7.0% organic** decrease due to lower revenues from CommTech and ULC, partially offset by significant strength in locator sales
  - ✓ **10.3% acquisition impact (Sealite and ECS)**
  - ✓ **-1.1% currency** impact from stronger USD

## Q1 Adjusted Segment Income\* and Margin\*:

- ❑ \$5.0m decrease in Adjusted Segment Income\*
- ❑ 480 bps decrease in margin due largely to lower revenues from CommTech and ULC

## Q1 2022



Significant Strength in Locator Sales

\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

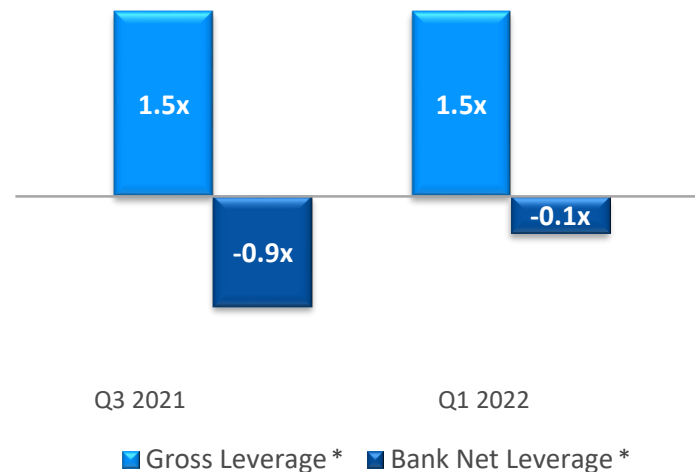
# Financial Position and Liquidity Review

Jamie Harris

# Financial Position - Capital Structure & Liquidity Update



(\$millions)	Q4 2021	Q1 2022
Short-term debt	\$2	\$2
Current maturities of long-term debt	13	13
Long-term debt	231	228
<b>Total Debt</b>	<b>\$246</b>	<b>\$243</b>
Less: Cash on hand	(395)	(270) **
<b>Net Debt</b>	<b>\$(149)</b>	<b>\$(27)</b>



Well-Positioned to Continue Growth Initiatives

\*\* Includes ~\$6m of cash related to discontinued operations

\* Calculated as defined by SPX's credit facility agreement.





	Revenue	Segment Income Margin
HVAC	<ul style="list-style-type: none"> <li>\$855-\$890m</li> </ul>	<ul style="list-style-type: none"> <li>14.0-14.5%</li> </ul>
Detection & Measurement	<ul style="list-style-type: none"> <li>\$500-\$535m (+\$15m) (\$485-\$520m prior)</li> </ul>	<ul style="list-style-type: none"> <li>19.0%-21.0%</li> </ul>
Total SPX	<ul style="list-style-type: none"> <li>\$1.36-\$1.43B (+\$15m) (\$1.34-\$1.41B prior)</li> </ul>	<ul style="list-style-type: none"> <li>16%-17%</li> </ul>

**Adj. Operating Income of \$153-173m (+\$3m), 11%-12% margin;**  
**Adj. EPS\* of \$2.55-2.85 (+\$.05); (+\$0.11 with Debt Pay-Down)**

Note: Adjusted results are non-GAAP financial measures. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.  
\* Prior to capital deployment. Management estimates that using cash balances to repay debt would increase the \$2.55-\$2.85 Adjusted EPS guidance range to \$2.66-2.96.

# End Market Overview and Closing Remarks

Gene Lowe

Market	Comments
	<ul style="list-style-type: none"><li>❑ <b>Cooling:</b><ul style="list-style-type: none"><li>- Solid commercial demand in Americas</li><li>- Labor constraints / pandemic restrictions</li></ul></li><li>❑ <b>Heating:</b><ul style="list-style-type: none"><li>- Demand strong / No material order cancellations</li><li>- Managing production constraints (key driver of 2022 results)</li></ul></li></ul>
	<ul style="list-style-type: none"><li>❑ <b>Run-rate:</b><ul style="list-style-type: none"><li>- Continued strength in Location &amp; Inspection</li><li>- Steady demand for AtoN products</li></ul></li><li>❑ <b>Project-oriented:</b><ul style="list-style-type: none"><li>- Attractive frontlog activity overall</li><li>- CommTech opportunities developing (timing TBD)</li></ul></li></ul>

Overall Favorable Demand Trends Support Growth Outlook

- ❑ Solid start to year
- ❑ Executing on growth strategy (ITL acquisition)
- ❑ Strong end market demand; managing production constraints
- ❑ Significant capital available

Well-Positioned to Achieve “SPX 2025” Targets

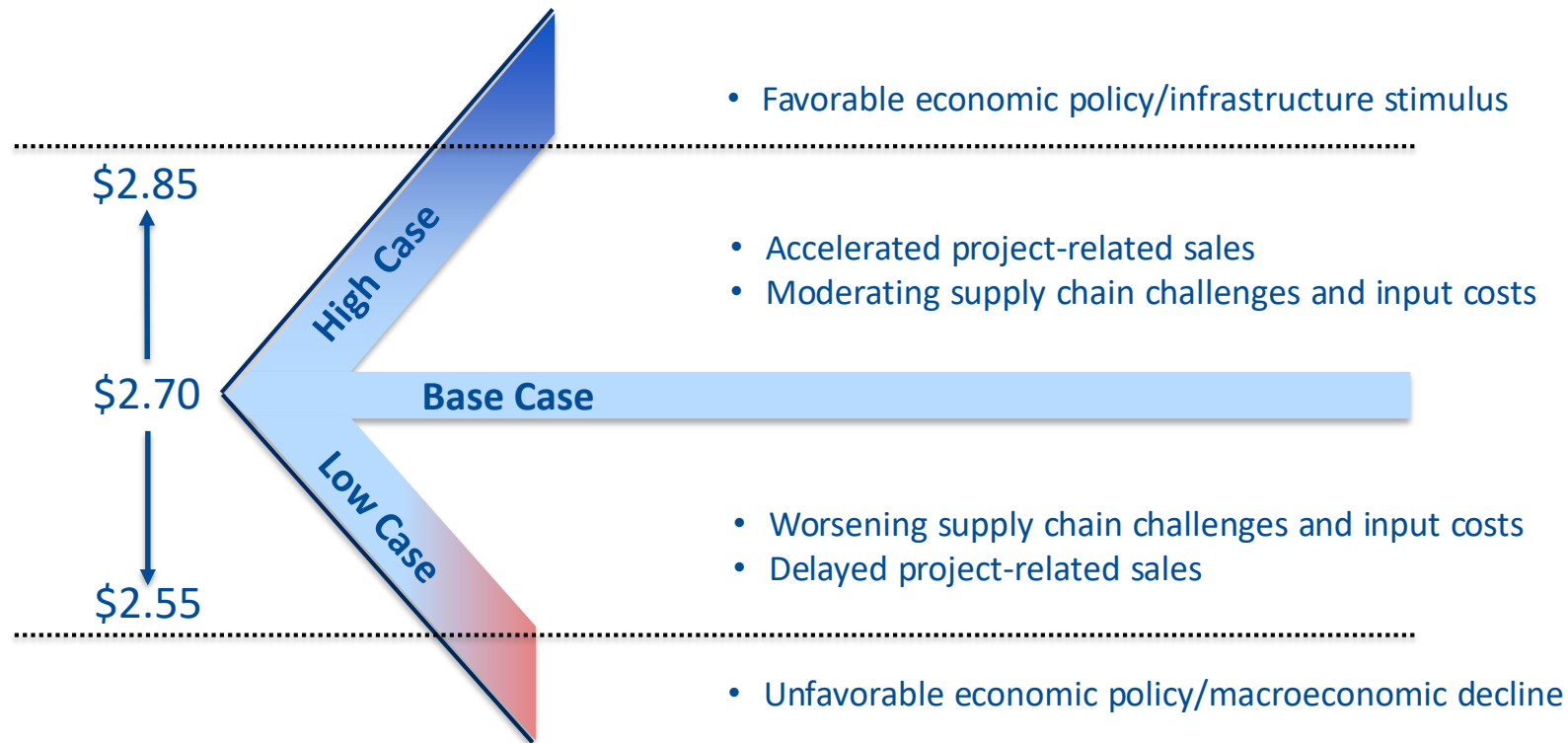
# Questions

# Modeling Considerations - Full Year 2022



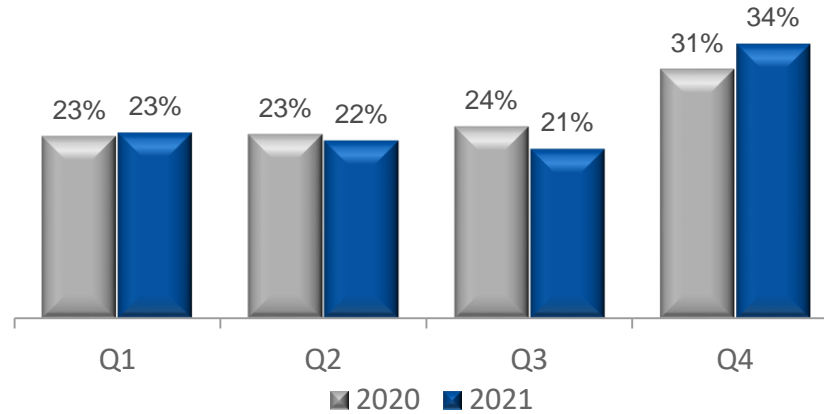
Metric	Considerations
Corporate expense	\$47-49m
Long-term incentive comp	\$12-14m
Restructuring costs	\$1m
Interest cost	~\$8-9m
Other income/(expense), and Non-service pension benefit/(expense)	\$4-5m
Tax rate	20-22%
Capex	\$15-20m
Cash cost of pension + OPEB	\$12-13m
D&A	\$46-48m
Share count	~47m
Currency effect	Topline sensitivity to USD-GBP rate

# 2022 Adjusted EPS Guidance - Key Drivers



Note: Adjusted results are non-GAAP financial measures. Reconciliations of guidance measures to US GAAP financial measures are not practicable and accordingly are not included in this Appendix.

# Adjusted Segment Income Phasing and Reconciliations





# Adjusted SPX Results by Quarter



(\$ millions)

	Q1	Q2	Q3	Q4	2021	Q1 2022
Segment Income	42.3	37.3	32.9	61.4	173.9	30.2
Exclude: One time acquisition related costs	0.7	0.9	3.2	0.3	5.1	0.1
Exclude: Intangible amortization	4.0	6.5	5.5	5.6	21.6	9.3
Adjusted Segment Income	47.0	44.7	41.6	67.3	200.6	39.6
Operating Income from Continuing Operations	25.0	17.1	17.7	13.9	73.7	11.4
Exclude: "Other" operating adjustments <sup>(1)</sup>	5.6	11.6	9.7	34.5	61.4	13.7
Adjusted Operating Income	30.6	28.7	27.4	48.4	135.1	25.1
Net Income from Continuing Operations	23.0	17.7	13.9	4.4	59.0	13.0
Exclude: "Other" income adjustments <sup>(2)</sup>	(0.1)	6.3	6.5	36.5	49.2	5.8
Adjusted Net Income	22.9	24.0	20.4	40.9	108.3	18.8
Adjusted EPS	\$0.49	\$0.51	\$0.44	\$0.88	\$2.33	\$0.40

<sup>(1)</sup> Excludes acquisition-related costs and charges resulting from changes in estimates associated with asbestos product liability matters.

<sup>(2)</sup> Excludes costs and charges noted above, gains from equity investment, and non-service pension items.

# HVAC Segment Results - 2021-2022



(\$ millions)

	Q1	Q2	Q3	Q4	2021	Q1 2022
Revenue	\$175.6	\$185.4	\$179.3	\$211.8	\$752.1	\$193.1
GAAP Segment Income	22.3	25.9	23.0	33.0	104.2	15.2
Exclude: One time acquisition related costs	-	-	-	0.1	0.1	-
Exclude: Intangible amortization	0.7	0.7	0.6	1.4	3.4	5.4
Adjusted Segment Income	\$23.0	\$26.6	\$23.6	\$34.5	\$107.7	\$20.6
	13%	14%	13%	16%	14%	11%

# D&M Segment Results - 2021-2022



(\$ millions)

	Q1	Q2	Q3	Q4	2021	Q1 2022
Revenue	\$111.6	\$111.2	\$106.4	\$138.2	\$467.4	\$114.0
GAAP Segment Income	20.0	11.4	9.9	28.4	69.7	15.0
Exclude: One time acquisition related costs	0.7	0.9	3.2	0.2	5.0	0.1
Exclude: Intangible amortization	3.3	5.8	4.9	4.2	18.2	3.9
Adjusted Segment Income	\$24.0	\$18.1	\$18.0	\$32.8	\$92.9	\$19.0
	22%	16%	17%	24%	20%	17%

# Q1 2022 U.S. GAAP to Adjusted EPS Reconciliation



	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 30.2	\$ 9.4	\$ 39.6
Corporate expense <sup>(2)</sup>	(16.6)	5.2	(11.4)
Long-term incentive compensation expense	(3.1)	-	(3.1)
Special charges, net	-	-	-
Other operating income <sup>(3)</sup>	0.9	(0.9)	-
<b>Operating income</b>	<u>11.4</u>	<u>13.7</u>	<u>25.1</u>
Other income, net <sup>(4)</sup>	6.5	(4.9)	1.6
Interest expense, net	<u>(2.3)</u>	<u>-</u>	<u>(2.3)</u>
<b>Income from continuing operations before income taxes</b>	<u>15.6</u>	<u>8.8</u>	<u>24.4</u>
Income tax provision <sup>(5)</sup>	<u>(2.6)</u>	<u>(3.0)</u>	<u>(5.6)</u>
<b>Income from continuing operations</b>	<u>13.0</u>	<u>5.8</u>	<u>18.8</u>
Diluted shares outstanding	46.445		46.445
<b>Earnings per share from continuing operations</b>	\$ 0.28		\$ 0.40

(\$ millions)

<sup>(1)</sup> Adjustment represents the removal of (i) amortization expense associated with acquired intangible assets (\$9.3), and (ii) integration costs (\$0.1).

<sup>(2)</sup> Adjustment represents the removal of acquisition and transformation related expenses (\$4.1), costs associated with our South Africa business that could not be allocated to discontinued operations for U.S. GAAP purposes (\$0.2), as well as a reclassification of transition services income (\$0.9) from "Other income, net."

<sup>(3)</sup> Adjustment represents the removal of a gain related to a revision of the liability associated with contingent consideration on a recent acquisition.

<sup>(4)</sup> Adjustment represents the removal of (i) a gain on equity security associated with a fair value adjustment (\$4.4), (ii) non-service pension and postretirement charges (\$0.4), as well as the reclassification of income related to a transition services agreement (\$0.9) to "Corporate expense."

<sup>(5)</sup> Adjustment represents the tax impact of items (1) through (4) above and the removal of non-recurring tax benefits associated with transformation initiatives.

# Q1 2021 U.S. GAAP to Adjusted EPS Reconciliation



	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 42.3	\$ 4.7	\$ 47.0
Corporate expense <sup>(2)</sup>	(14.4)	0.9	(13.5)
Long-term incentive compensation expense	(2.7)	-	(2.7)
Special charges, net	<u>(0.2)</u>	<u>-</u>	<u>(0.2)</u>
<b>Operating income</b>	25.0	5.6	30.6
Other income, net <sup>(3)</sup>	7.4	(5.6)	1.8
Interest expense, net	<u>(4.1)</u>	<u>-</u>	<u>(4.1)</u>
<b>Income from continuing operations before income taxes</b>	28.3	-	28.3
Income tax provision	<u>(5.3)</u>	<u>(0.1)</u>	<u>(5.4)</u>
<b>Income from continuing operations</b>	23.0	(0.1)	22.9
Diluted shares outstanding	46,319		46,319
<b>Earnings per share from continuing operations</b>	\$ 0.50		\$ 0.49

(\$ millions)

<sup>(1)</sup> Adjustment represents the removal of (i) amortization expense associated with acquired intangible assets (\$4.0) and (ii) inventory step-up charges related to the Sensors & Software acquisition of (\$0.7).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period and costs associated with our South Africa business that could not be allocated to discontinued operations for U.S. GAAP purposes (\$0.2).

<sup>(3)</sup> Adjustment represents the removal of (i) a gain on an equity security associated with a fair value adjustment (\$5.2) and (ii) non-service pension and postretirement income (\$0.4).

# U.S. GAAP to Adjusted Operating Income Reconciliation



	Three months ended	
	April 2, 2022	April 3, 2021
Operating income	\$ 11.4	\$ 25.0
Include - TSA Income <sup>(1)</sup>	0.9	-
Exclude:		
Acquisition related and other costs <sup>(2)</sup>	(4.4)	(1.6)
Other operating income <sup>(3)</sup>	0.9	-
Amortization expense <sup>(4)</sup>	(9.3)	(4.0)
Adjusted operating income	<u>\$ 25.1</u>	<u>\$ 30.6</u>
as a percent of revenues <sup>(5)</sup>	8.2 %	10.7 %

(\$ millions)

<sup>(1)</sup> Represents transition services revenue related to the Transformer Solutions disposition. Amount recorded in non-operating income for U.S. GAAP purposes.

<sup>(2)</sup> For the three months ended April 2, 2022, represents (i) cost incurred in connection with acquisitions and transformation initiatives (\$4.2) and (ii) costs associated with our South Africa business that could not be allocated to discontinued operations for U.S. GAAP purposes of \$0.2. For the three months ended April 3, 2021, represents (i) cost incurred in connection with acquisitions, including inventory step-up charges of \$0.7, and (ii) costs associated with our South Africa business that could not be allocated to discontinued operations for U.S. GAAP purposes of \$0.2.

<sup>(3)</sup> Represents a gain of \$0.9 during the three months ended April 2, 2022 related to a revision of the liability associated with contingent consideration on a recent acquisition.

<sup>(4)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(5)</sup> See "Results of Reportable Segments" for applicable percentages based on GAAP results.

# Q1 2022 Non-GAAP Reconciliation - Organic Revenue



	Three months ended April 2, 2022		
	HVAC	Detection & Measurement	Consolidated
Net Revenue Growth	10.0 %	2.2 %	6.9 %
Exclude: Foreign Currency	- %	(1.1) %	(0.5) %
Exclude: Acquisitions	9.6 %	10.3 %	9.9 %
Organic Revenue Growth (Decline)	0.4 %	(7.0) %	(2.5) %

# U.S. GAAP Adjusted Segment Income Reconciliation

(\$ millions)

CONSOLIDATED SPX:	Three months ended	
	April 2, 2022	April 3, 2021
Total segment income	\$ 30.2	\$ 42.3
Exclude: Acquisition related costs <sup>(1)</sup>	(0.1)	(0.7)
Exclude: Amortization expense <sup>(2)</sup>	(9.3)	(4.0)
Adjusted segment income	<u>\$ 39.6</u>	<u>\$ 47.0</u>
as a percent of revenues	12.9 %	16.4 %

<sup>(1)</sup> Includes cost incurred in connection with acquisitions during the periods herein, including additional "Cost of products sold" related to the step-up of inventory (to fair value) acquired in connection with these acquisitions of \$0.7 during the three months ended April 3, 2021.

<sup>(2)</sup> Represents amortization expense associated with acquired intangible assets.



# U.S. GAAP to Adjusted Segment Income Reconciliations



## HVAC REPORTABLE SEGMENT:

	Three months ended	
	April 2, 2022	April 3, 2021
HVAC segment income	\$ 15.2	\$ 22.3
Exclude: Acquisition related costs <sup>(1)</sup>	-	-
Exclude: Amortization expense <sup>(2)</sup>	(5.4)	(0.7)
HVAC adjusted segment income	<u>\$ 20.6</u>	<u>\$ 23.0</u>
as a percent of HVAC segment revenues <sup>(3)</sup>	10.7 %	13.1 %

(\$ millions)

## DETECTION & MEASUREMENT REPORTABLE SEGMENT:

	Three months ended	
	April 2, 2022	April 3, 2021
Detection & Measurement segment income	\$ 15.0	\$ 20.0
Exclude: Acquisition related costs <sup>(1)</sup>	(0.1)	(0.7)
Exclude: Amortization expense <sup>(2)</sup>	(3.9)	(3.3)
Detection & Measurement adjusted segment income	<u>\$ 19.0</u>	<u>\$ 24.0</u>
as a percent of Detection & Measurement segment revenues <sup>(3)</sup>	16.7 %	21.5 %

<sup>(1)</sup> Includes cost incurred in connection with acquisitions during the periods herein, including additional "Cost of products sold" related to the step-up of inventory (to fair value) acquired in connection with these acquisitions of \$0.7 during the three months ended April 3, 2021.

<sup>(2)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(3)</sup> See "Results of Reportable Segments" for applicable percentages based on GAAP results.

# Q1 2022 Debt Reconciliation



(\$ millions)

	<u>Q1 2022</u>
Short-term debt	\$ 2.0
Current maturities of long-term debt	13.0
Long-term debt	<u>227.7</u>
Gross debt	242.7
less: adjustment associated with acquisitions <sup>(1)</sup>	0.4
Adjusted gross debt	242.3
less: cash and equivalents <sup>(2)</sup>	<u>(268.9)</u>
Adjusted net debt	<u>\$ 26.6</u>

<sup>(1)</sup> Includes the valuation of earn outs on acquisitions of \$0.6 and unamortized debt issuance costs associated with term loan of \$1.0, less purchase card debt of \$2.0.

<sup>(2)</sup> Excludes restricted cash of \$0.6.

Note: Adjusted net debt as defined by SPX's current credit facility agreement.

# Q1 2022 Consolidated Adjusted EBITDA\* Reconciliation



(\$ millions)

	<u>Last 12 Months</u>
Net Income attributable to SPX Corporation common shareholders	\$ 87.0
Income tax provision	(22.6)
Interest expense	<u>11.5</u>
Income before interest and taxes	75.9
Depreciation and amortization	<u>50.1</u>
EBITDA	126.0
Adjustments:	
(Gains)/Losses on disposition of assets outside the ordinary course of business	(4.5)
Impairments & other organizational costs	5.7
Non-cash compensation	23.5
Pension adjustments	(15.5)
Extraordinary non-recurring, non-cash charges (gains), net	29.2
Extraordinary non-recurring cash charges, net	1.1
Material acquisition / disposition related fees, costs, or expenses, net	6.2
Pro forma effect of acquisitions and divestitures, and other	(4.7)
Adjusted EBITDA	<u>\$ 167.0</u>

\* Adjusted EBITDA includes pro-forma impact related to acquisitions closed during the last 12 months.

Note: Adjusted consolidated EBITDA as defined by SPX's current credit facility agreement.

# Q1 2022 Adjusted Free Cash Flow Reconciliation



(\$ millions)

	<u>Q1 2022</u>
Operating cash from continuing operations	\$ (48.6)
Capital Expenditures	<u>(2.1)</u>
Free Cashflow from continuing Operations	(50.7)
Adjustment*	<u>13.9</u>
Adjusted free cash flow from continuing operations	(36.8)

\* Adjustments align with our reconciliation of GAAP to Adjusted EPS