



**S P X**

## **Investor Event**

**March 6, 2017  
New York**

- 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 within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to safe harbor created thereby. 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.
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- Particular risks facing SPX include risks relating to market specific cycles and weather related fluctuations; economic, business and other risks stemming from changes in the economy; legal and regulatory risks; cost of raw materials; pricing pressures; our reliance on U.S. revenues and international operations; our 2015 spin-off transaction; the effectiveness, success, and timing of restructuring plans; our ability to manage changes and measure and estimate the expected revenue and cost associated with our power projects in South Africa; pension funding requirements; liabilities retained in connection with dispositions, and integration of acquisitions. More information regarding such risks can be found in SPX's Annual Report on Form 10-K and other SEC filings.
- 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 regulatory authorities.
- This presentation includes non-GAAP financial measures. Reconciliation of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP is available in our applicable SEC filings, including in our 8-K filed February 23, 2016. 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.
- "Core" and "Engineered Solutions (Core)" results in this presentation are non-GAAP financial measures that exclude the results of the South African projects.

# SPX Investor Day Agenda



Speaker	Title	Topic(s)
Paul Clegg	VP, Finance and Investor Relations	Welcome/Opening Remarks
Gene Lowe	President and CEO	SPX Overview Updated Valuation Creation Roadmap Segment Overview
Randy Data	President, Global Operations and South Africa	SPX Business System
Scott Sproule	VP, Treasurer and CFO	Capital Availability and Acquisition Approach
All		Q&A

# Executive Management



**Gene Lowe**  
President and CEO



**Scott Sproule**  
VP, Treasurer  
and CFO



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



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



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



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



**Brian Mason**  
President, SPX  
Transformer Solutions

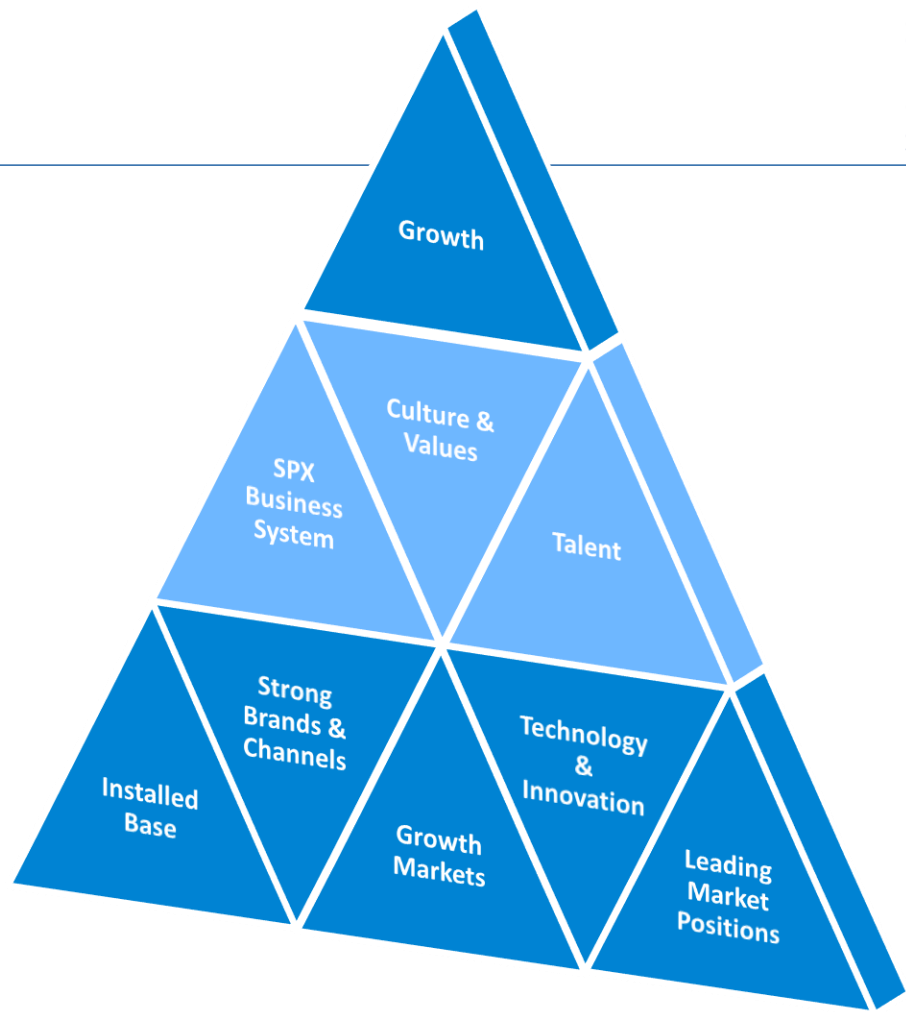


# Executive Summary



- 2015 – Introduced value creation framework
- 2016 – Transformed SPX to position company for substantial growth
- Today – Introducing updated value creation framework built on solid foundation

**Substantial Growth  
Opportunity Ahead**



# SPX Corporation Overview

Gene Lowe, President and CEO

March 6, 2017

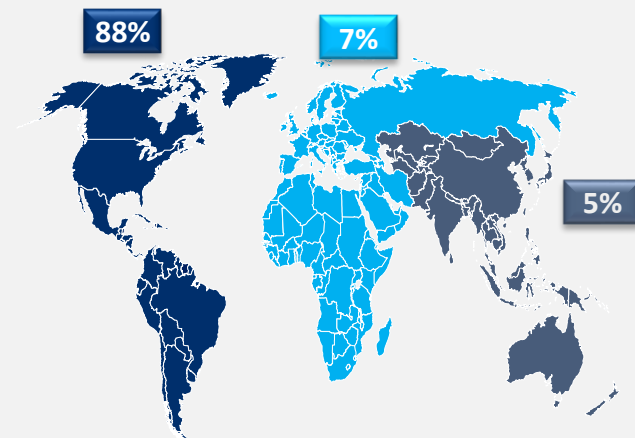


# Company Overview

## SPX Corporation

- Headquartered in Charlotte, NC
- A leading supplier of:
  - HVAC products,
  - Detection & Measurement technologies, and
  - Engineered Solutions
- ~\$1.4b Core Revenue\* in 2016
- ~5,000 employees
- NYSE Ticker: **SPXC**

### 2016 Core Revenue\* by Region



\*Non-GAAP financial measure. Excludes the results of the South African projects.

**SPX is a Leading Supplier of HVAC, Detection & Measurement and Engineered Solutions;  
Almost 90% of Revenue is Generated by Sales into North America**

## Key Product Offerings and Financial Profile by Segment

### HVAC

- ✓ Package cooling units
- ✓ Fluid coolers
- ✓ Residential and Non-Residential Boilers
- ✓ Electrical heating products

#### 2016:

- \$510m revenue
- Segment income margin 16%

### DETECTION & MEASUREMENT

- ✓ Locators
- ✓ Fare collection systems
- ✓ Communication technologies
- ✓ Obstruction lighting

#### 2016:

- \$226m revenue
- Segment income margin 20%

### ENGINEERED SOLUTIONS

- ✓ Power transformers
- ✓ Cooling towers
- ✓ Heat exchangers

#### 2016:

- \$653m Core revenue\*
- Core income margin\* 5%

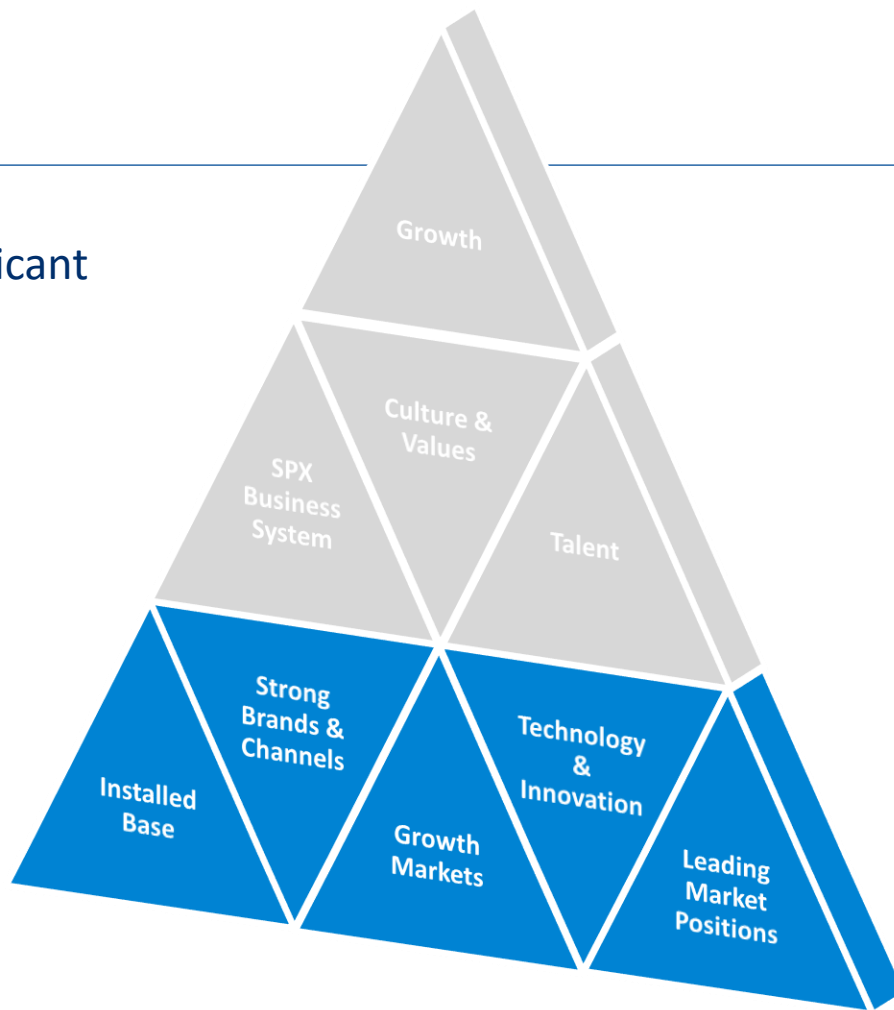
\*Non-GAAP financial measure. Excludes the results of the South African projects.



# Foundational Strengths

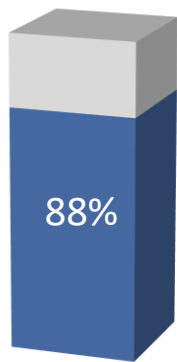
Our strong foundation provides significant advantages

- High replacement revenues
- Leadership economics
- Solid platform to expand (products, markets, channels)



# Strong Brands and Leading Market Positions

~88% of Revenue from #1 or #2 Market Position



2016 Core Revenue\*  
~\$1.4B

*Management Estimates*

**WAUKESHA** 

 **Williamson-Thermoflo**<sup>®</sup>

 **WEIL-McLAIN**<sup>®(1)</sup>

**MARLEY** 

**RECOLD** 

 **Marley**<sup>®</sup>  
Engineered Products

**SPX**<sup>®</sup>   
COOLING TECHNOLOGIES

**TCI**<sup>®</sup> 

**RADIODETECTION** 

**FLASH TECHNOLOGY** 

**GENFARE**<sup>®</sup> 

**PEARPOINT**<sup>®</sup> 

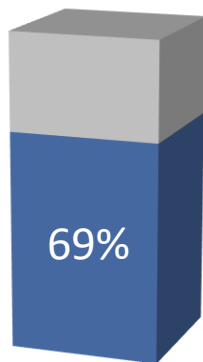
\*Non-GAAP financial measure.

Note: Core results are non-GAAP financial measures that exclude the results of the South African projects.

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

# Attractive Market Dynamics

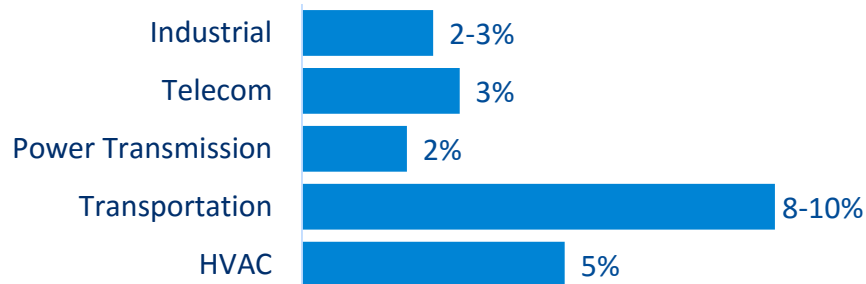
69% of Revenue from Replacement Sales



2016 Core Revenue\*  
~\$1.4B

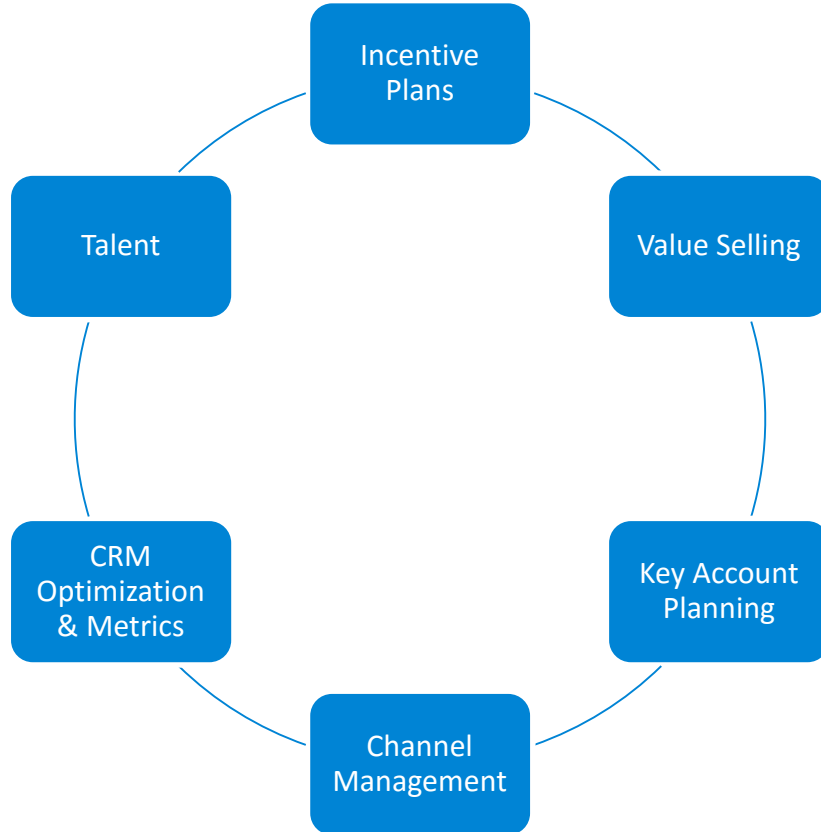
*Management Estimates*

Growth Rates in Key End Markets  
(3-year forward CAGR estimates)



*Based on external industry and economic estimates with management review*

\*Non-GAAP financial measure. Excludes the results of the South African projects.



- Significant focus on optimizing commercial processes
  - Value selling
  - Aligned incentives
  - Channel management
  - Key account programs
- Key focus area across portfolio

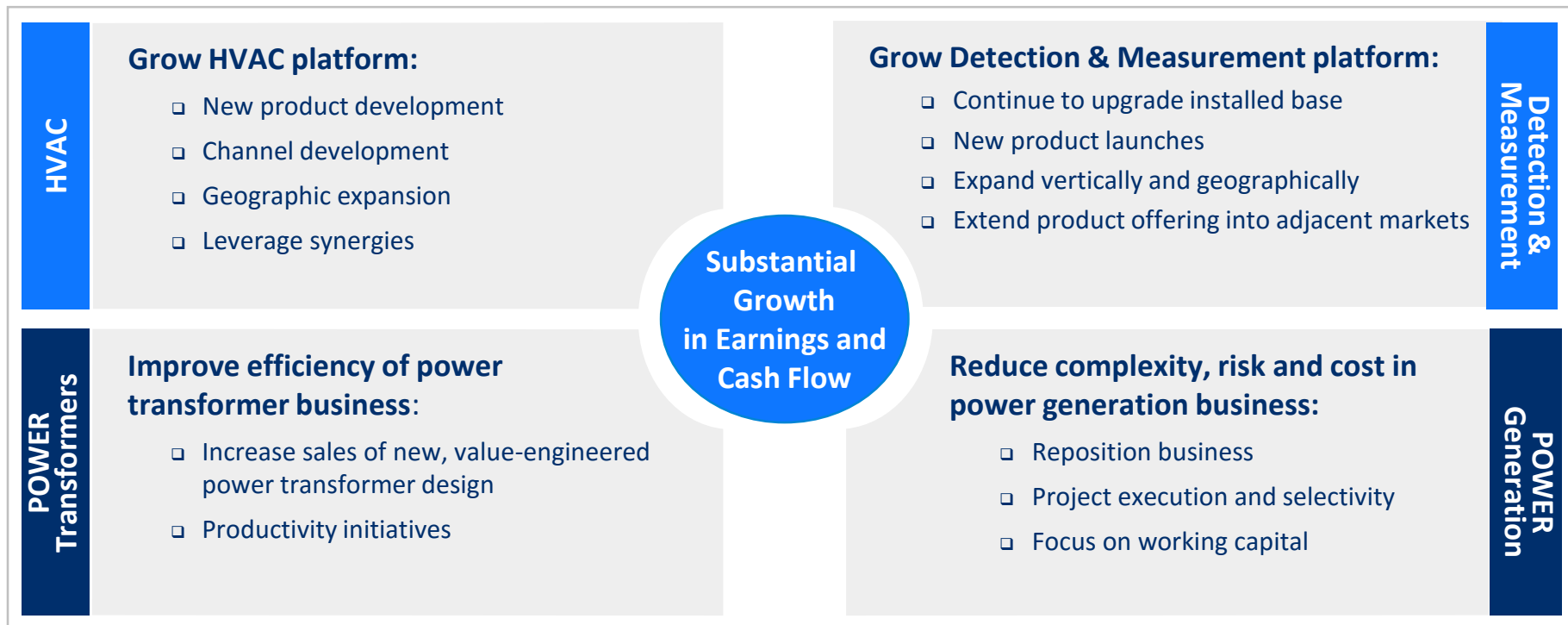
# SPX Corporation Value Creation

Gene Lowe, President and CEO

March 6, 2017



# Value Creation in Core Business



**Expanding in Attractive Markets While Reducing Exposure to Lower Return Markets**

# SPX “Year 1” Key Value Creation Accomplishments

## HVAC

### Delivering Operational Excellence

- ✓ Driving year-over-year margin expansion

### Growing in Adjacent Markets

- ✓ New evaporative condenser product (industrial refrigeration)

### Expanding Product Breadth

- ✓ Launch of new high-efficiency boiler (residential heating)

### Innovating Transformative Solutions

- ✓ Launch and first order of NC Everest cooling tower

## DETECTION & MEASUREMENT

### Building Large Project Backlog

- ✓ Awarded two of largest jobs in several years

### Enhancing Product Offerings

- ✓ Launch of RD8100 GPS-enabled cable and pipe locator
- ✓ Launch of Model 709 Compact Spectrum Monitoring System (CSMS)

### Leveraging Technology Investments

- ✓ New Genfare Link fare collection system live in key reference market

## ENGINEERED SOLUTIONS

### Driving Operational Initiatives

- ✓ Transformer business achieved long-term margin target of 10%

### Reducing Exposure to Power Gen

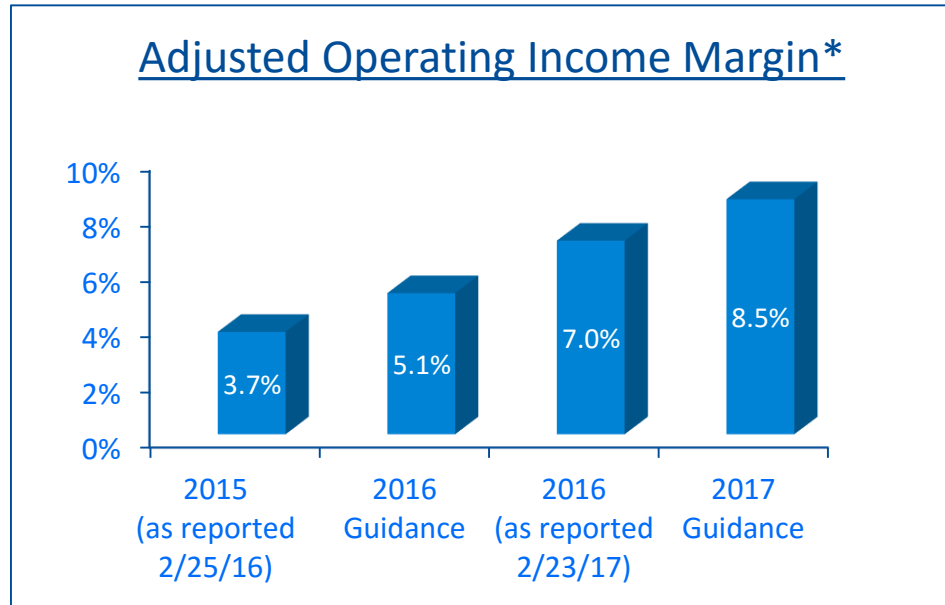
- ✓ Completed sale of Dry Cooling business in Q1 2016
- ✓ Completed sale of European Power Generation in Q4 2016

### Reducing Project Risk

- ✓ South African Projects: Agreement with customer in Q4'15 to reduce future scope of work

**Substantial Progress Achieved on Key Value Creation Initiatives**

# SPX Margin Transformation



**Adjusted EPS\***

N/A

\$1.10

\$1.47

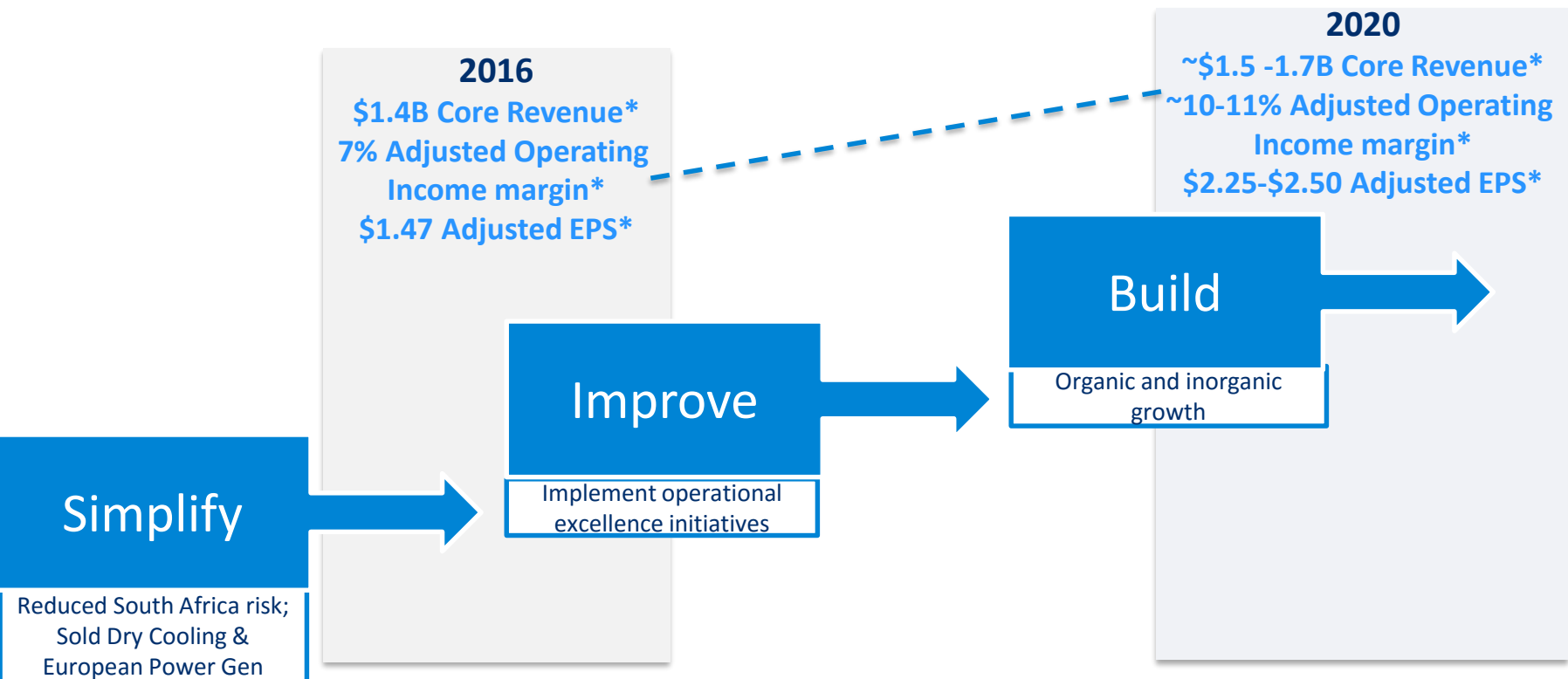
\$1.63

\*Non-GAAP financial measure. Excludes the results of the South African projects.

**Actions Taken Since Spin Have Significantly Strengthened SPX's Financial Profile**



# Vision for Future



\*Non-GAAP financial measure. Excludes the results of the South African projects. We have not reconciled forward-looking non-GAAP financial measures to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the forward-looking non-GAAP financial measures to their corresponding GAAP financial measures is not available without unreasonable effort.

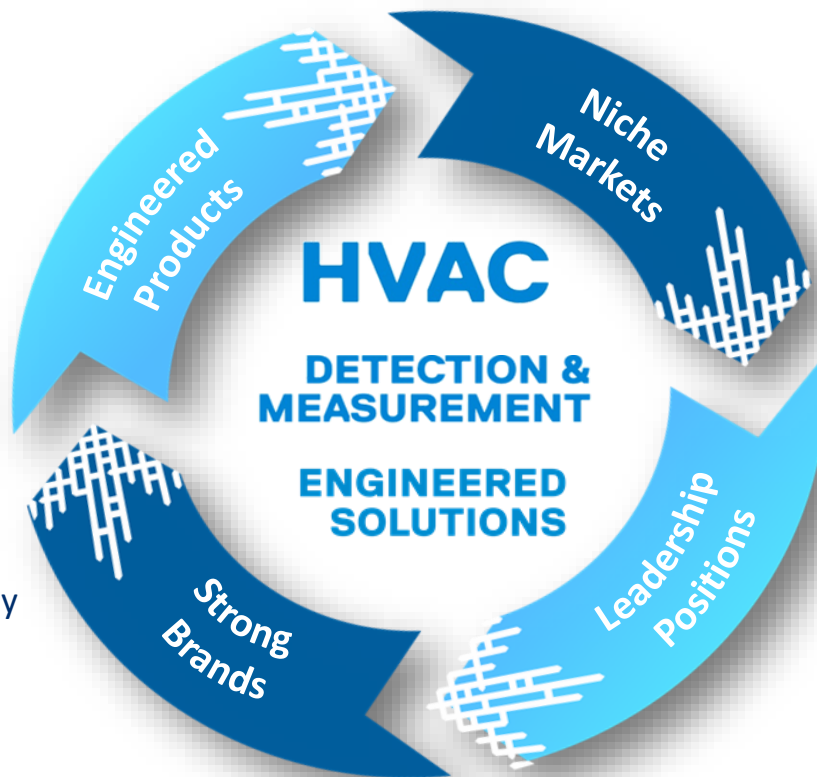
# Updated Value Creation Roadmap

## Organic Growth

- New products
- New channels
- Adjacent markets

## Inorganic Growth

- Focus in HVAC and D&M
- Significant capital to deploy
- Large target pipeline



## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

## Culture & Values

- Leadership development
- Results/accountability
- Integrity

**HVAC**



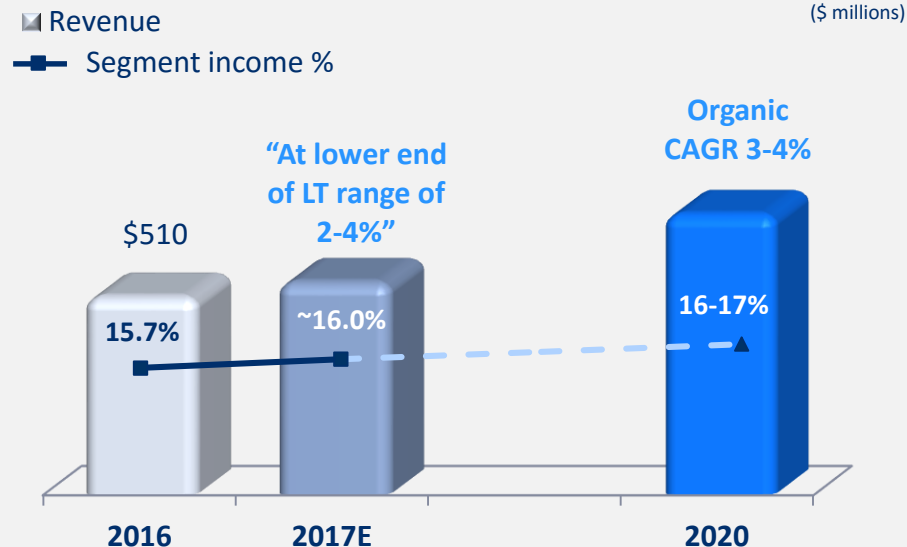
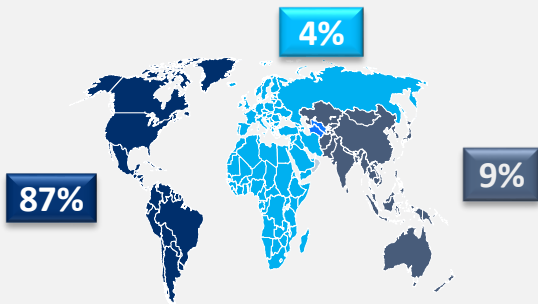
# HVAC Segment Overview



## 2016 Revenue by Product



## 2016 Revenue by Geography



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



Commercial  
Construction



Replacement  
Demand



Economic  
Growth



Weather



# Strategic Growth Initiatives



## New Product Development

- Commercialize NC Everest (Cooling)
- Grow Evergreen (high-efficiency boiler)



## Adjacent Markets

- Expand refrigeration – Evaporative Condenser; LS Fluid Cooler
- Grow combi-boilers (Aquabalance™)



## Channel Development

- Expand geographic and vertical market channels
- Execute multi-level sales activities
  - End user, architect/engineer, mechanical contractor

## Operational Excellence

- Drive strategic sourcing, productivity initiatives



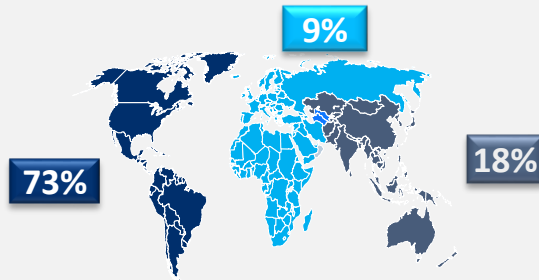
**Several Attractive Opportunities to Expand and Grow HVAC Platform**

# Cooling Products Overview

## 2016 Revenue Breakdown



## 2016 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)
- Approximately 50% replacement sales

**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



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



## Marley NC Everest Tower

- ✓ Launched in 2016
- ✓ 50% more cooling capacity than any other pre-assembled tower
- ✓ Awarded first order in Q4 2016



## Marley LW Fluid Cooler

- ✓ Launched in Q4 2016
- ✓ High efficiency, low height fluid cooler
- ✓ Awarded first order in Q4 2016



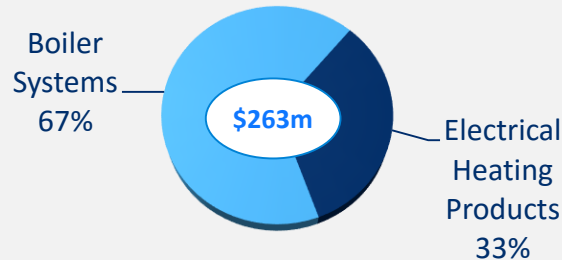
## Evaporative Condenser

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



**Strong Brand Identity and Well Established Channel Support a Broader NPI Impact**

## 2016 Revenue Breakdown



- North American businesses with strong brands
- Products used in residential and non-residential markets and sold primarily through distributors
- Demand for boiler systems is seasonal:
  - Concentrated in the fourth quarter
- Approximately 80% replacement revenues

**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
- ✓ Unique hybrid design



### Commercial Boilers

- ✓ High efficiency natural gas
- ✓ Standard cast iron



### Electrical Heating Products

Digital wall heaters



Wash-down, corrosion resistant heaters



Aluminum convection heaters

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

## Growth Oriented Initiatives

### New Product Development:

- Evergreen® floor standing/wall mount modulating condensing boiler, launched in Q3 2015:
  - ❑ **95% efficiency** meets Department of Energy regulations and achieves **Energy Star** rating to maximize customer rebates
  - ❑ Sizes cover residential and light commercial applications
  - ❑ 2016 Dealer Design Awards (DDA) Gold winner
- High-growth market segment

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

### Weil-McLain<sup>(1)</sup> Evergreen® Condensing Boiler



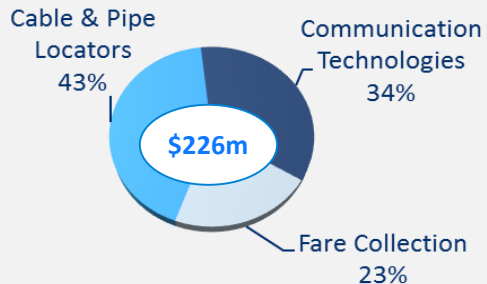
## Award Winning New High Efficiency Product Launch



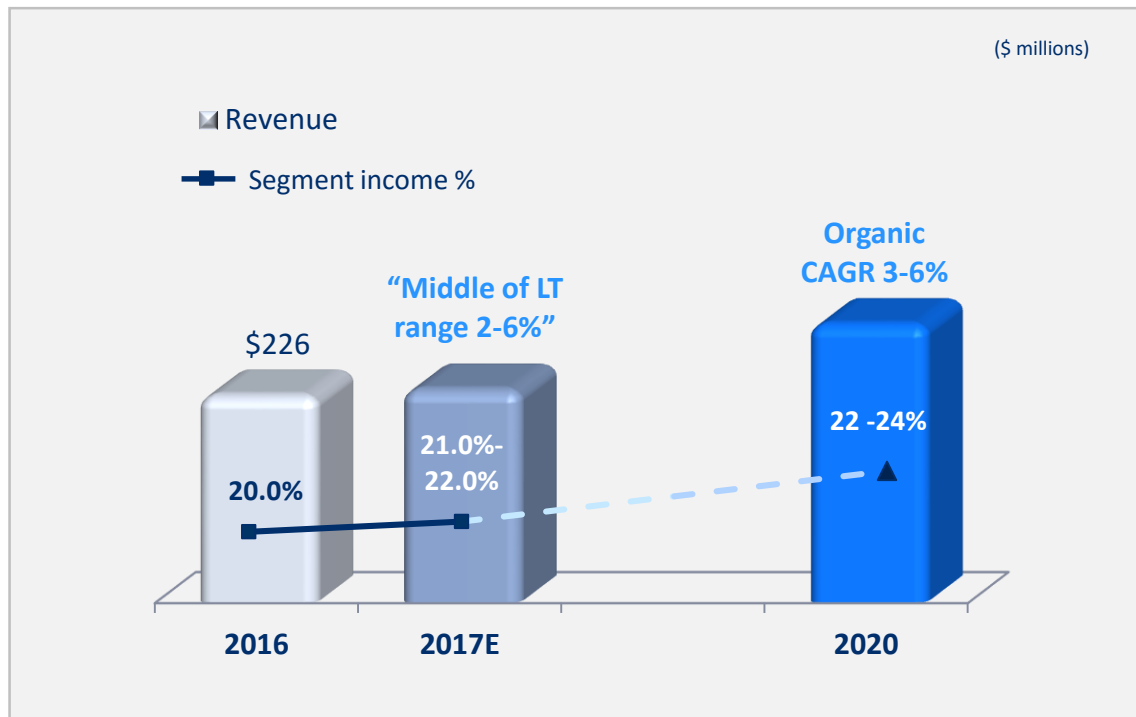
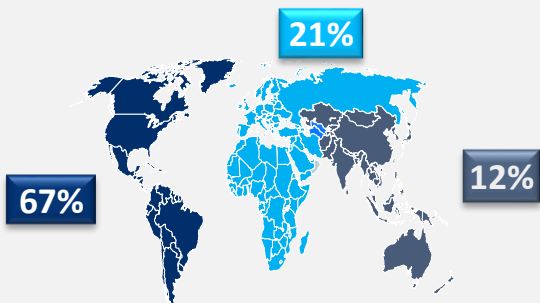
# Detection & Measurement

# Detection & Measurement Segment Overview

## 2016 Revenue by Product



## 2016 Revenue by Geography



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

# Detection & Measurement End Market Drivers



**Industrial/  
Commercial  
Development**



**Government  
Regulation**



**Telecom  
Infrastructure  
Spending**



**Transportation  
Spending**



# Strategic Growth Initiatives

## New Product Development

- Scale new GPS-enabled locator
- Grow fare-collection solutions platform

## Adjacent Markets

- Build out geographic and vertical channels
- New LED Red lighting solution

## Upgrade Installed Base

- Aged bus fleet (fare collection)
- Communication technologies infrastructure

## Operational Excellence

- Drive productivity and sourcing initiatives
- Internet of Things (IOT)

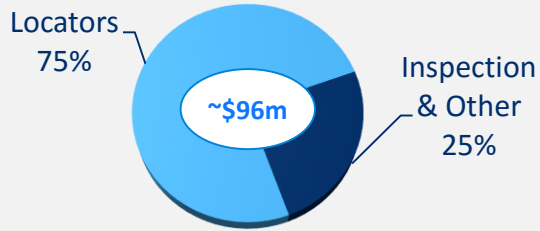


**Several Attractive Opportunities to Expand and Grow Detection & Measurement Platform**

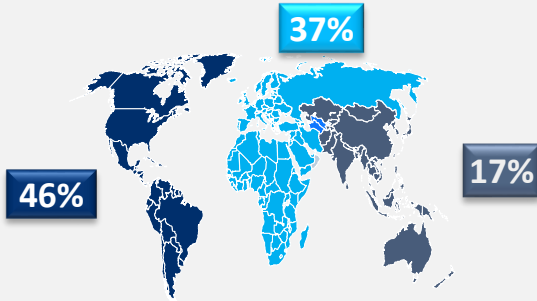


# Radiodetection Overview

## 2016 Revenue by Product



## 2016 Revenue by Geography



- Based in the U.K., a leading global supplier of underground cable and pipe locators, and inspection equipment
- Continuous new product enhancement and loyal customer base
- Key demand drivers:
  - ❑ Global infrastructure growth
  - ❑ Construction growth
  - ❑ Health & Safety Legislation



**Radiodetection is a Leading Global Supplier of Equipment to Locate and Inspect Buried Cables & Pipes**

# Radiodetection – Key New Products

Pipeline Mapper



Cable Avoidance



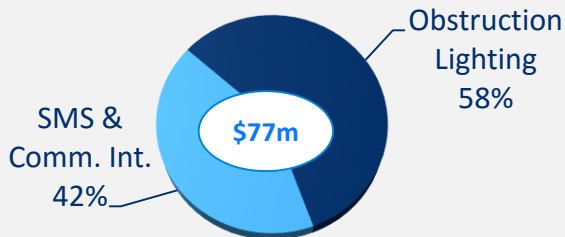
Video Inspection



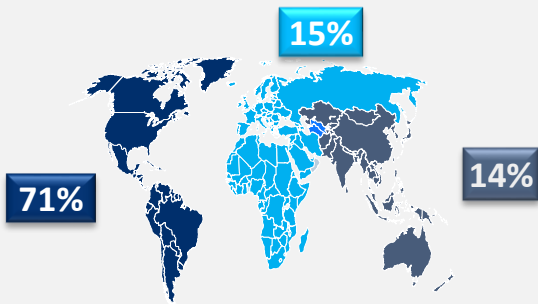
**New Product Introduction Continues to Drive Radiodetection's Performance**

# Communication Technologies Overview

## 2016 Revenue by Product



## 2016 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
  - ❑ Compliance with government & industry regulations
  - ❑ Approximately two-thirds of sales are replacements

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

## SMS & Communications Intelligence



## Flash Lighting Systems



**Our Communication Technologies Solutions are Adapting to  
Serve Evolving and Complex Customer Needs**

- 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 “farebox 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 Products: Next Generation Fare Collection

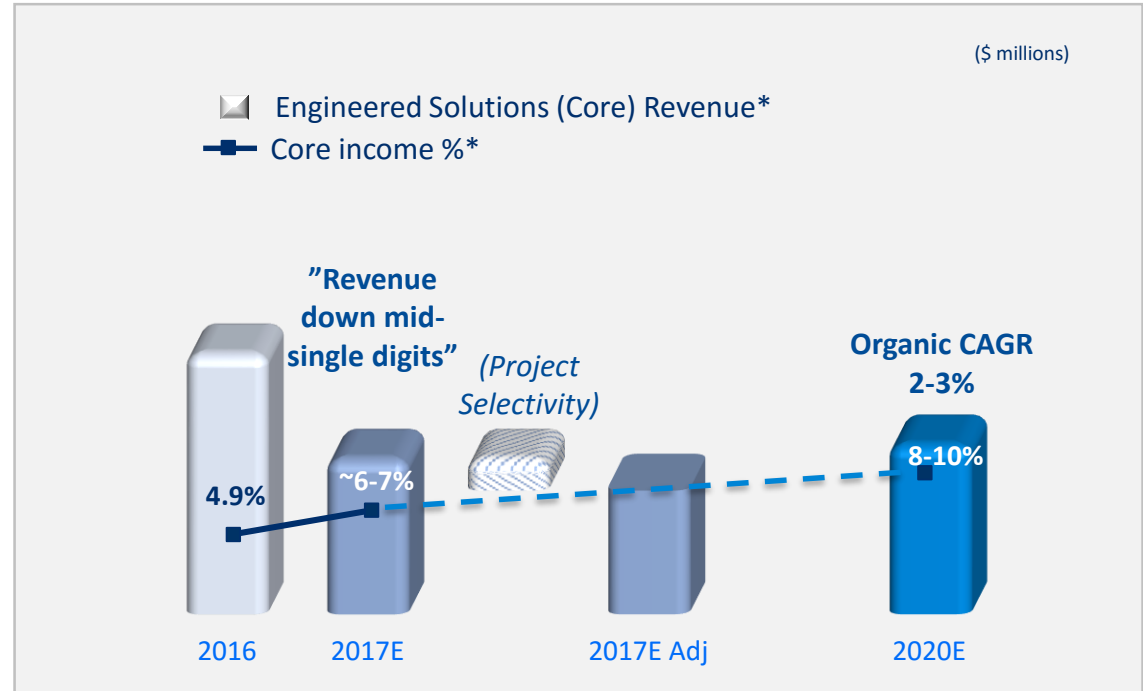
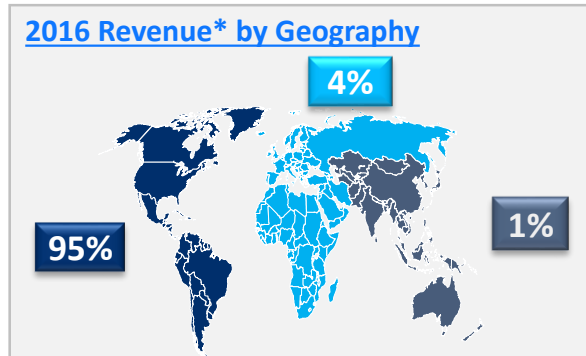
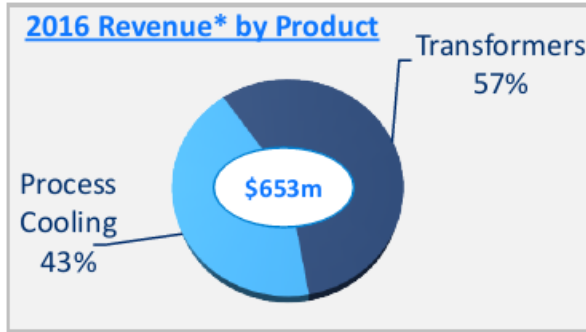


**Fare Collection Suite of Products Integrated with Back-End Support;  
We Believe This is The New Industry Standard**

# Engineered Solutions



# Engineered Solutions (Core) Segment Overview



\*Non-GAAP financial measure. Note: Core results are non-GAAP financial measures that exclude the results of the South African projects.

**Large Installed Base, Strong Product Offering and Brands;  
Well-Positioned to Achieve Margin Improvement**



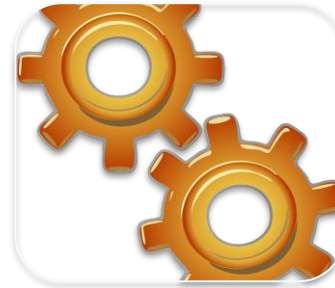
# Engineered Solutions End Market Drivers



**Grid Maintenance/  
Expansion**



**Government  
Regulation**



**Replacement  
Parts**



**Industrial  
Development**



# Strategic Growth Initiatives

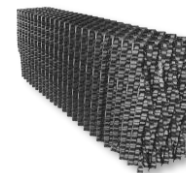
## New Product Development

- Commercialize proprietary load tap changer (LTC)
- Broaden component offerings



## Evolve Business Model

- Expand service and components
- More selective on process cooling projects



## Expand Market Presence

- Large voltage/EHV transformers
- Supply to OEM customers



## Operational Excellence

- Continue operational excellence initiatives
- Strategic sourcing, productivity and Lean

**Several Attractive Opportunities to Grow Profitability of Segment**

## Transformer Business

- 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
  - Large industrial sites
- Two primary manufacturing locations:
  - Waukesha, WI
  - Goldsboro, NC
- Service and Components center in Dallas, TX



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

# Transformers Overview - North American Market

- Demand largely driven by replacement of aging installed base:
  - Average age of installed base is ~40 years
- Electricity demand has been flat over the past decade, however new T&D construction continues driving demand for power transformers:
  - Utility-scale solar and wind grid connections
  - New capacity of natural gas power plants
  - Grid reliability initiatives: Transmission projects, spare units
- Regulatory standards have influence on customer spending habits:
  - Energy Policy Act of 2005
  - FERC Electric Reliability Standards (2007 and Order 1000)
  - American Reinvestment and Recovery Act of 2009



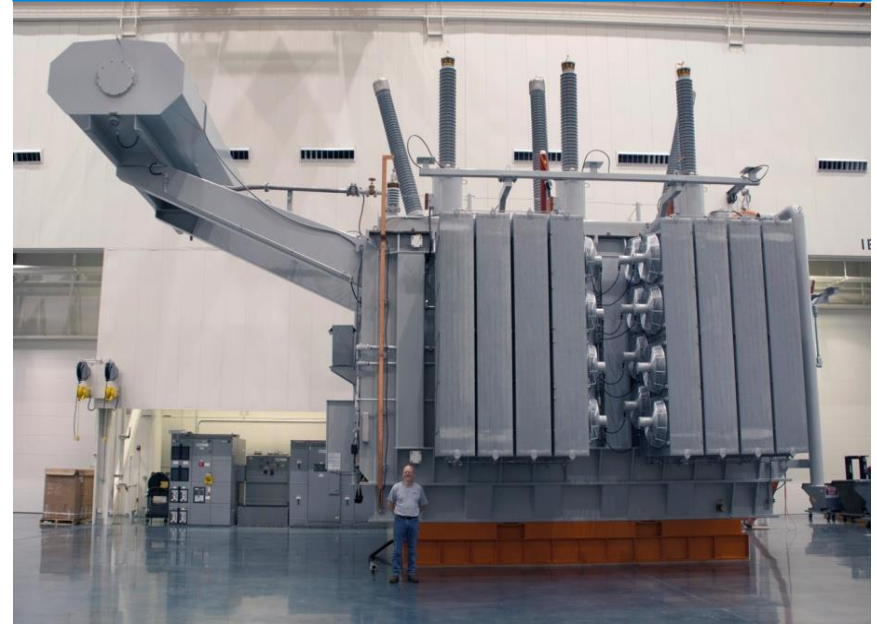
**Replacement Transformers Expected to be Primary Demand Driver**

# Transformer Product and Service Examples

Oil Processing Truck



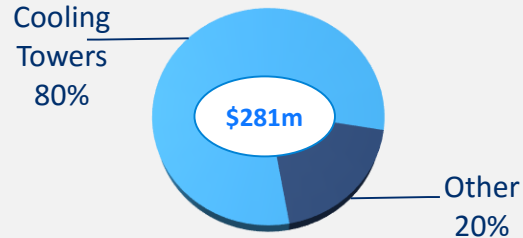
Large Power (High Voltage) Transformer



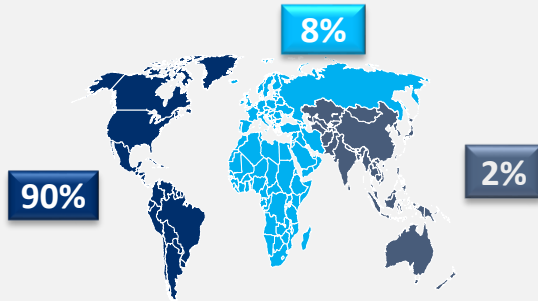
**Leading North American Supplier of Medium Power Transformers**

# Process Cooling Overview

## 2016 Revenue by Product



## 2016 Revenue by Geography



- Based in the U.S., a leading global manufacturer of cooling towers and air cooled heat exchangers
- Continuous new product enhancements and exception quality equipment for more than a century
- Large installed base in U.S. and abroad
- Growing component and aftermarket opportunities
- Greater selectivity in projects



**Repositioning Business for Greater Aftermarket Opportunities**

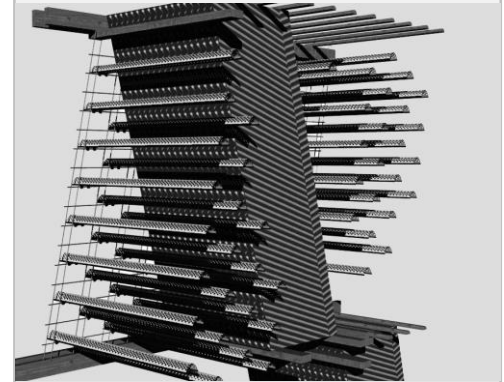
**Gear Reducer**



**Air Flow Components**



**Heat Transfer Media**



**Aftermarket Service and Components is Focus  
Area of New Product Initiatives**

# SPX Business Systems

Randy Data, President  
Global Operations & South Africa

March 6, 2017

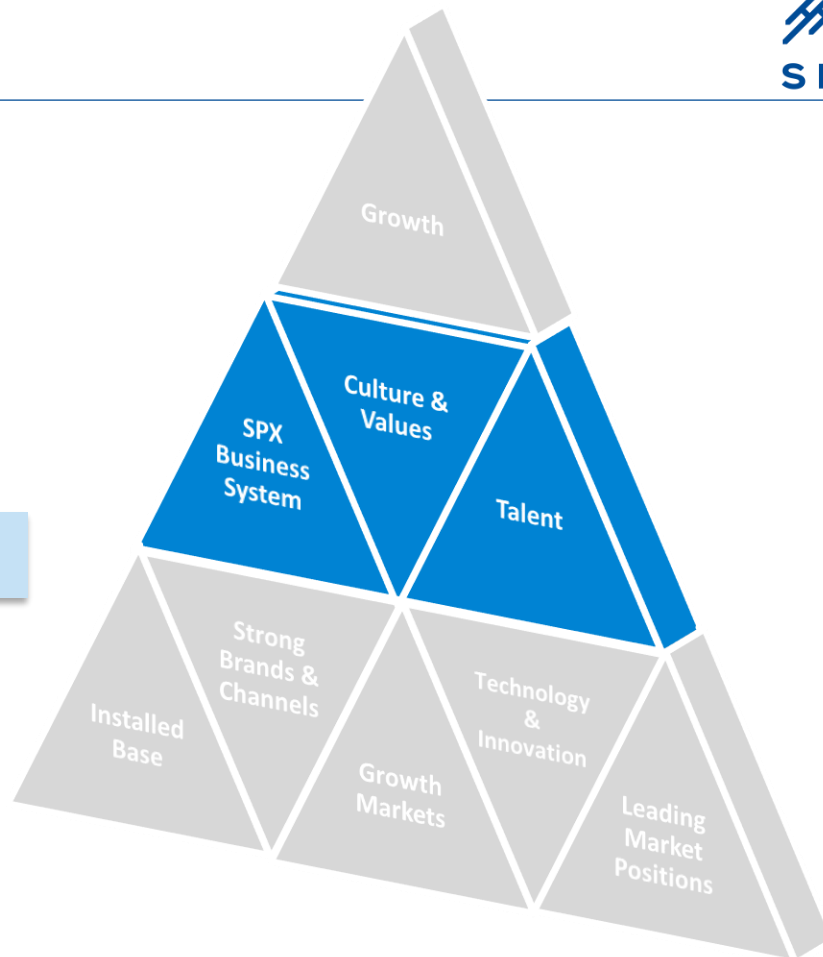




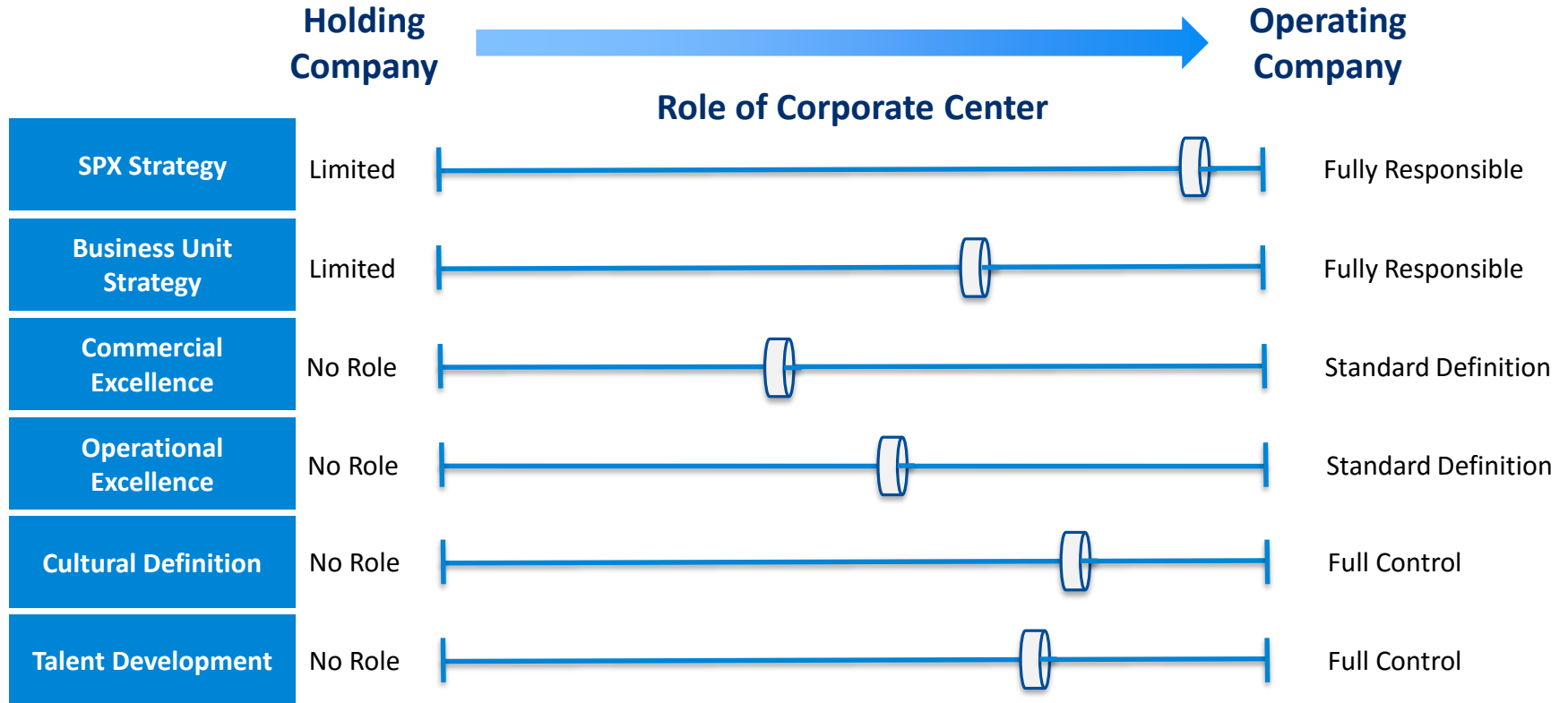
Operating Model Evolution

SPX Business System

Accomplishments & Next Steps



# Operating Model Evolution



## *Areas of Focus...*



The way we operate and manage the Company – policy deployment



Set of best practices for business operations – margin growth



How we diligence and integrate acquisitions – inorganic growth

# Business System Policy Deployment

## Annual Operating Plan

- Select and link key initiatives to financial performance
- Develop current year financial targets

## KPI Development & Deployment

- Develop action plans to achieve key initiatives
- Driving actions throughout the functional organizations
- Monthly, quarterly and local operating reviews



Results



Accountability



Integrity



Teamwork



Excellence

## Core Values

## Strategic Plan

- Perform market assessment
- Evaluate strategic alternatives
- Develop key initiatives

## Talent & Organizational Development

- Alignment of personal goals to business action plans
- Ensuring critical skill sets
- Annual succession planning and quarterly activity reviews

# Application of Best Practices – Operational Excellence

## Operational Excellence

Continuous Improvement  
Manufacturing Dashboard  
Cost of Quality  
Safety Culture

*Process Efficiency*

## Costs of Goods Sold

Strategic Sourcing  
Value Engineering  
Make vs Buy

*Product Cost*

## Asset/ Organizational Optimization

Operating Model  
Facilities Footprint  
Low Cost Engineering  
Internet of Things

*Asset Management*

## Project Management Office

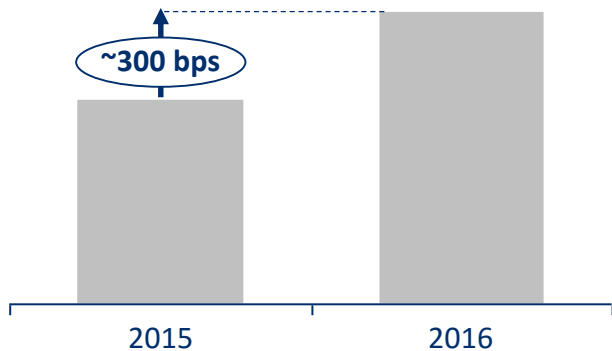
Due Diligence Processes  
Integration Processes  
Risk Management  
Processes

*Managing Growth*

**Driving Margin Improvement & Organizational Effectiveness**

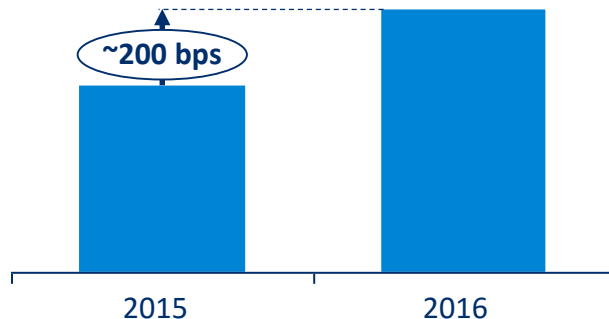
# Operational Excellence Impacts

## Transformers



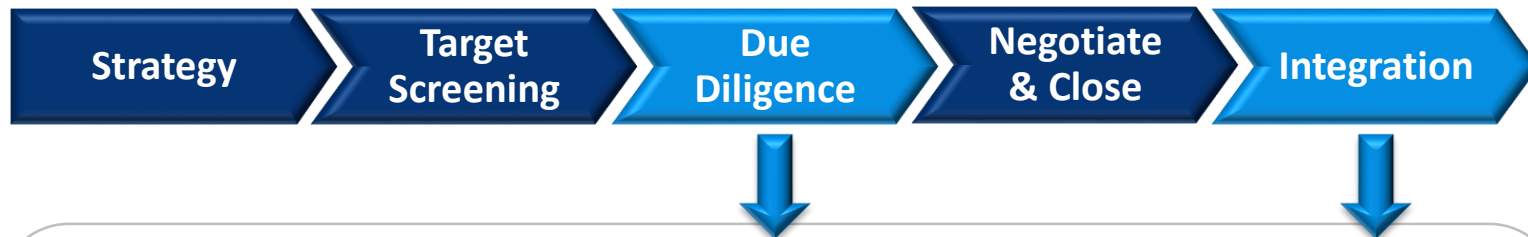
- Strategic sourcing initiatives
- Production planning improvements
- Value engineered design

## HVAC Heating



- Product quality improvements
- Reduction of indirect spend
- Strategic sourcing initiatives

## Diligence and Integration in the Acquisition Process



- Global Operations owns core due diligence and integration processes
- Utilize business unit, corporate and external resources to lead processes
- Implement best practices to drive operational excellence and margin improvement
- Post-close reviews of purchase with specific tracking metrics (policy deployment)

Area of Focus	Accomplishments	Next Steps
 <p>Policy Deployment</p>	<ul style="list-style-type: none"> <li>• Operating cadence firmly established</li> <li>• Key processes in place</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on succession planning</li> <li>• Driving excellence from strategy to employee objectives</li> </ul>
 <p>Operational Excellence</p>	<ul style="list-style-type: none"> <li>• Transformers operational improvement</li> <li>• HVAC Heating margin improvement</li> <li>• NPI development &amp; execution</li> </ul>	<ul style="list-style-type: none"> <li>• Extend strategic sourcing reach</li> <li>• Asset optimization</li> <li>• Production efficiency framework</li> </ul>
 <p>Diligence/Integration</p>	<ul style="list-style-type: none"> <li>• Management team experienced in M&amp;A</li> <li>• Re-shaped old Power portfolio</li> <li>• Positioning of external support</li> </ul>	<ul style="list-style-type: none"> <li>• Execution of bolt-on acquisitions</li> </ul>



# Available Capital & Acquisition Strategy

Scott Sproule

VP, Treasurer and CFO

March 6, 2017



# Available Capital & Acquisition Strategy

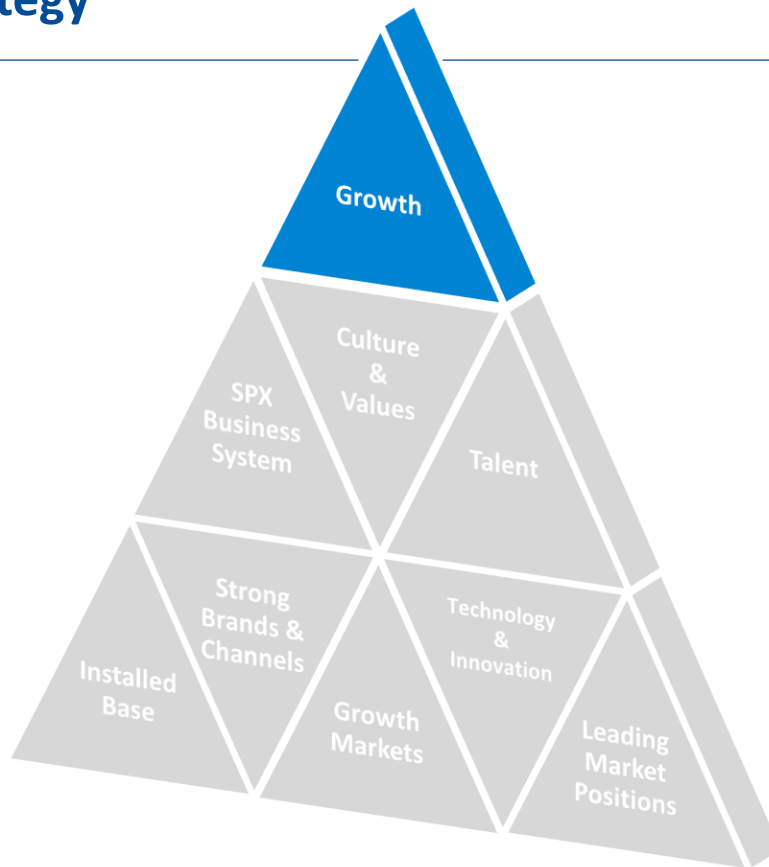
## Available Capital

- Organic Segment Financial Targets
- Capital Allocation Discipline
- Projected Capital Availability

## SPX Acquisition Approach

- Target Characteristics (primary focus)
- Return Criteria
- Areas of Focus
- Acquisition Process

## Long-Term Financial Targets



# Organic Segment Financial Targets



(\$ millions)	HVAC	Detection & Measurement	Engineered Solutions (Core)*	SPX Total (Core)*
2016 Revenue	\$510	\$226	\$653	\$1,389
<b>2020 Modeling Target</b>				
Organic Revenue CAGR	+3% to +4%	+3% to +6%	+2% to +3%	+2% to +3%
Business Model Change	-	-	~(3%)	~(1%)
Total Revenue Growth	+3% to +4%	+3% to +6%	~(1%) to flat	+1% to +2%
2016 Segment Income %	15.7%	20.0%	4.9%	11.3%
<b>2020 Modeling Target</b>				
Segment Income %	16% to 17%	22% to 24%	8% to 10%	13% to 14%

\*Non-GAAP financial measure. Note: Core results are non-GAAP financial measures that exclude the results of the South African projects.

# 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>▪ Net Debt to EBITDA<sup>(1)</sup> target range: 1.5x to 2.5x</li> </ul>
3) Invest available capital in highest, risk-adjusted, return opportunities	<ul style="list-style-type: none"> <li>▪ Cost reduction initiatives</li> <li>▪ Organic business development</li> <li>▪ Bolt-on acquisitions</li> <li>▪ Return of capital to shareholders</li> </ul>

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

# Projected Capital Availability

## 2020 Capital Availability

(\$ in millions)

\$450

\$400

\$350

\$300

\$250

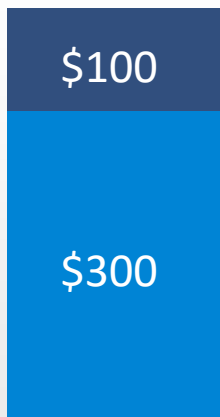
\$200

\$150

\$100

\$50

\$-



■ Cash from Ops ■ Debt Capacity

- Free cashflow generation and existing cash create \$300m of the available capital
- Operating at upper end of target leverage range provides an additional \$100m of available capital
- Intended use for acquisitions
- Ability to increase leverage (short-term) for transformative opportunities

# SPX Acquisition Approach

## Target Characteristics

- Focused on building existing platforms
  - Existing markets or close adjacencies
- Engineered products
- Attractive growth opportunities
  - Secular growth drivers
  - Fragmented market with consolidation opportunities
- Differentiated offering through technology, brand or channel
- Transaction size \$10-\$100 million
- Opportunistically consider larger/transformational targets

# SPX Acquisition Approach

## Return Criteria

- Focused on cash returns (ROIC) that exceed our WACC in 3-5 years
- Accretive to EPS
  - Adjusted in year 1 (excluding deal amortization and one-time accounting items)
  - GAAP in year 2
- Integrate acquisitions using SPX business system to deliver synergies

# SPX Acquisition Approach

## Areas of Focus

### HVAC

- ✓ Consolidation
- ✓ Adjacent markets and product line extensions
- ✓ Expanding technology platform
- ✓ Commercial and industrial applications
- ✓ Geographic expansion

### Detection & Measurement

- ✓ Consolidation
- ✓ Adjacent markets and product line extensions
- ✓ Existing technologies

### Engineered Solutions

- ✓ Components
- ✓ Service



# SPX Acquisition Approach

## SPX Target ID and Review Process

### Identification

- Source through business leaders and professional relationships
- Current pipeline includes ~70 opportunities
- Monthly reviews by senior management

### Execution

- Apply a disciplined approach with standard processes
- Leverage internal experience and supplement with external resources

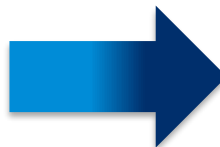
### Integration

- Leverage SPX Business System
- Ownership at business leadership level
- Execution aligned with annual budgets

# Long-Term Financial Targets

**2016**

- \$1.4B Core Revenue\*
- 7% Adjusted Operating Income Margin\*
- \$1.47 Adjusted EPS\*
- \$75 million Core FCF\*



**2020 Targets**

- \$1.5 - \$1.7B Core Revenue\*
- 10-11% Adjusted Operating Income Margin\*
- \$2.25 - \$2.50 Adjusted EPS\*
- >100% FCF\* Conversion of Adjusted Net Income\*

\*Non-GAAP financial measure. Excludes the results of the South African projects. We have not reconciled forward-looking non-GAAP financial measures to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the forward-looking non-GAAP financial measures to their corresponding GAAP financial measures is not available without unreasonable effort.

**Clear Line of Sight to Double Digit EPS Growth**

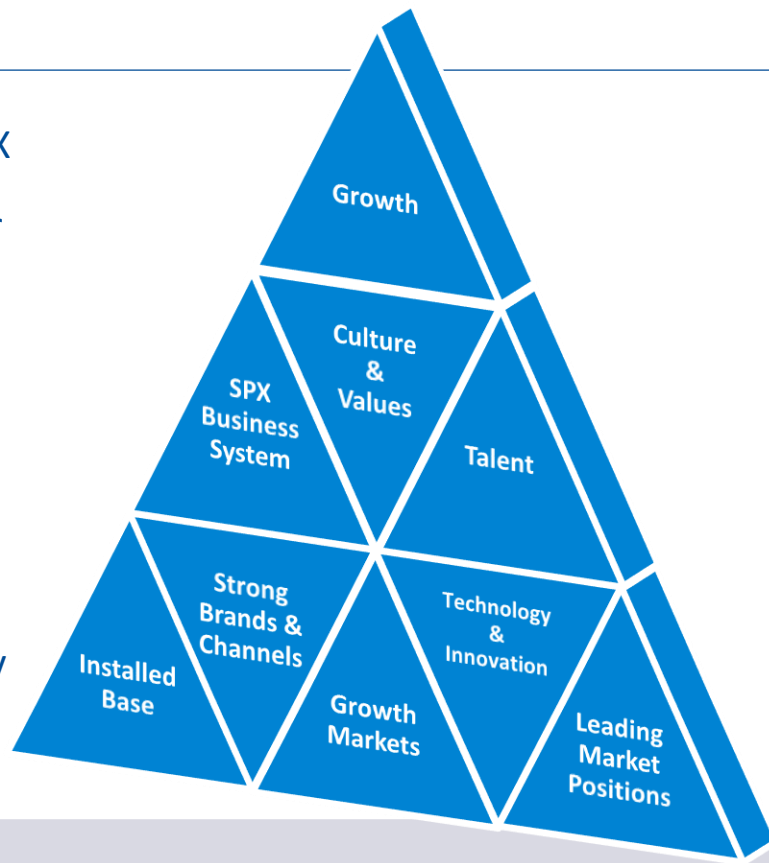
# Executive Summary

Actions since the spin have strengthened SPX

- Increased operating margins, stronger cash flow and earnings

We have a solid portfolio of engineered products with strong positions in niche growth markets

We have an attractive organic and inorganic growth opportunity with substantial capacity to deploy capital



**Positioned to Achieve Substantial Earnings and Cash Flow Growth**

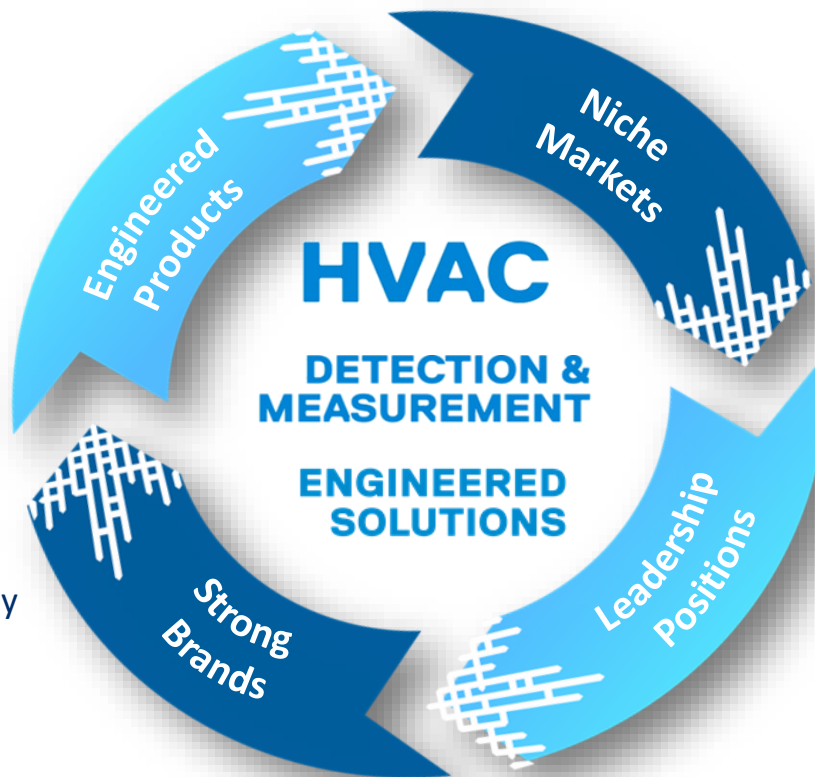
# Updated Value Creation Roadmap

## Organic Growth

- New products
- New channels
- Adjacent markets

## Inorganic Growth

- Focus in HVAC and D&M
- Significant capital to deploy
- Large target pipeline



## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

## Culture & Values

- Leadership development
- Results/accountability
- Integrity

Q & A



# Appendix

March 6, 2017



## 2017 Core Guidance

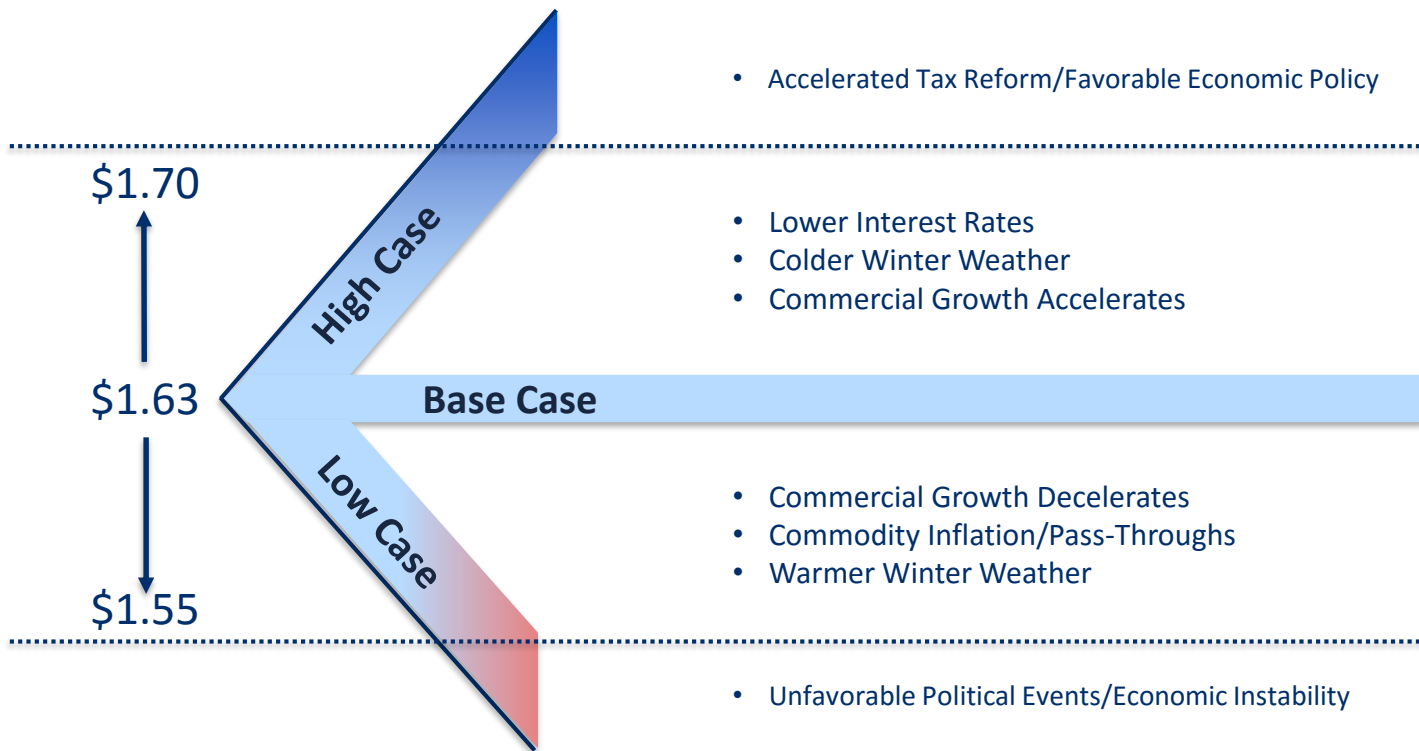
	Revenue	Segment Income Margin
<b>HVAC</b>	<ul style="list-style-type: none"> <li>Organic growth* at lower end of LT range of 2-4%</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 16%</li> </ul>
<b>Detection &amp; Measurement</b>	<ul style="list-style-type: none"> <li>Organic growth* towards middle of LT range of 2-6%</li> </ul>	<ul style="list-style-type: none"> <li>21-22%</li> </ul>
<b>Engineered Solutions (Core)</b>	<ul style="list-style-type: none"> <li>Segment revenue decline in mid-single digits %</li> <li>Flat Transformer business revenue; organic decline* in Process Cooling resulting from greater selectivity in market participation</li> </ul>	<ul style="list-style-type: none"> <li>6-7%</li> </ul>
<b>Total SPX Core</b>	<ul style="list-style-type: none"> <li>\$1.3 – \$1.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>12-13%</li> <li>+120 bps at midpoint</li> </ul>

\*Non-GAAP financial measure.

**Note:** Core results are non-GAAP financial measures that exclude the results of the South African projects. We have not reconciled non-GAAP financial measures guidance to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP financial measures is not available without unreasonable effort.

**Adjusted Operating Income\* Margin Up ~150 Basis Points to 8-9%;  
Adjusted EPS\* Guidance of \$1.55-1.70**

# 2017 Adjusted EPS\* Guidance - Key Drivers



\*Non-GAAP financial measure.

Note: Core results are non-GAAP financial measures that exclude the results of the South African projects. We have not reconciled non-GAAP financial measures guidance to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP financial measures is not available without unreasonable effort.

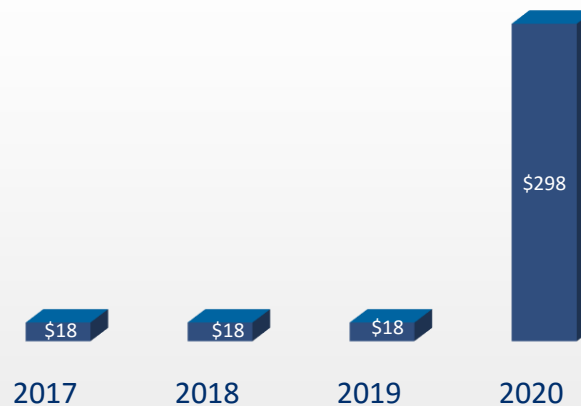


# FCF Dynamics

## Capital Structure Update

- 2016 Core Free Cash Flow\* of approximately \$75 million reflecting 120% conversion of Adjusted Net Income\*
- Projecting \$400 million of capacity for capital allocation through 2020
  - ❑ Growth investments in Core businesses
  - ❑ Return of capital to shareholders
  - ❑ Reduction in debt and equivalents

Term Debt Repayment Schedule  
(\$ in millions)



Note: Core results are non-GAAP financial measures that exclude the results of the South African projects.

\*Non-GAAP financial measure. Reconciliation to its nearest US GAAP financial measure is available elsewhere in the Appendix of the presentation.

# Free Cash Flow U.S. GAAP Reconciliation



(\$ millions)

	<u>FY 2016</u>
Net cash used from continuing operations	\$ 53.4
Capital expenditures - continuing operations	(11.7)
Free cash flow used in continuing operations	<u>41.7</u>
Adjustment for South African projects	33.1
Free cash flow used in continuing operations excluding South African projects	<u><u>\$ 74.8</u></u>

# Q1 2016 GAAP to Adjusted Earnings Per Share Reconciliation



(\$ millions, except  
per share values)

	Q1 2016		
	GAAP	Adjustments	Adjusted
<b>Revenue</b>	\$ 360.6	\$ (20.5)	\$ 340.1
Segment income	29.8	3.4	33.2
Corporate expense	(11.4)		(11.4)
Pension and postretirement income (expense)	(1.0)	1.1	0.1
Long-term incentive compensation expense	(2.7)		(2.7)
Special charges, net	(0.5)		(0.5)
Impairment of intangible assets	(4.0)	4.0	-
Gain on sale of dry cooling business	17.9	(17.9)	-
<b>Operating income</b>	<b>28.1</b>	<b>(9.4)</b>	<b>18.7</b>
Other income, net <sup>(1)</sup>	1.2	(0.2)	1.0
Interest expense, net	(3.3)		(3.3)
<b>Income from continuing operations before income taxes</b>	<b>26.0</b>	<b>(9.6)</b>	<b>16.4</b>
Income tax provision	(5.8)	(1.2)	(7.0)
<b>Income from continuing operations</b>	<b>20.2</b>	<b>(10.8)</b>	<b>9.4</b>
Less: Net income attributable to redeemable noncontrolling interest <sup>(2)</sup>	0.6	(0.6)	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	<b>19.6</b>	<b>(10.2)</b>	<b>9.4</b>
Dilutive shares outstanding	41.553		41.553
<b>Earnings per share from continuing operations</b>	<b>\$ 0.47</b>		<b>\$ 0.23</b>

(1) Adjustment represents removal of foreign currency gains associated with the South African projects.

(2) Adjustment represents removal of noncontrolling interest amounts associated with the South Africa projects.

# Q2 2016 GAAP to Adjusted Earnings Per Share Reconciliation



	Q2 2016		
	GAAP	Adjustments	Adjusted
<b>Revenue</b>	\$ 371.4	\$ (19.6)	\$ 351.8
Segment income	32.2	2.9	35.1
Corporate expense	(8.6)		(8.6)
Pension and postretirement income (expense)	(2.8)	2.9	0.1
Long-term incentive compensation expense	(3.4)		(3.4)
Special charges, net	(2.4)		(2.4)
Loss on sale of dry cooling business	(1.2)	1.2	-
<b>Operating income</b>	13.8	7.0	20.8
Other income, net <sup>(1)</sup>	0.1	2.1	2.2
Interest expense, net	(3.6)		(3.6)
<b>Income from continuing operations before income taxes</b>	10.3	9.1	19.4
Income tax provision	(3.8)	(1.9)	(5.7)
<b>Income from continuing operations</b>	6.5	7.2	13.7
Less: Net loss attributable to redeemable noncontrolling interest <sup>(2)</sup>	(1.0)	0.9	(0.1)
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	7.5	6.3	13.8
Adjustment related to redeemable noncontrolling interest <sup>(2)</sup>	(18.1)	18.1	
<b>Net income (loss) from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	(10.6)	24.4	13.8
Dilutive shares outstanding <sup>(3)</sup>	41,594		41,954
<b>Earnings (loss) per share from continuing operations</b>	\$ (0.25)		\$ 0.33

(\$ millions, except per share values)

(1) Adjustment represents removal of foreign currency losses associated with the South African projects.

(2) Adjustment represents removal of noncontrolling interest amounts associated with the South Africa projects.

(3) Dilutive shares outstanding used to calculate adjusted earnings per share reflect the dilutive impact of the adjustments.

# Q3 2016 GAAP to Adjusted Earnings Per Share Reconciliation



	Q3 2016		
	GAAP	Adjustments	Adjusted
<b>Revenue</b>	\$ 345.0	\$ (25.4)	\$ 319.6
Segment income	26.0	3.5	29.5
Corporate expense	(9.6)		(9.6)
Pension and postretirement income (expense)	(0.8)	1.0	0.2
Long-term incentive compensation expense	(4.1)		(4.1)
Special charges, net	(1.9)		(1.9)
Gain on sale of dry cooling business	1.7	(1.7)	-
<b>Operating income</b>	<u>11.3</u>	<u>2.8</u>	<u>14.1</u>
Other income, net <sup>(1)</sup>	0.9	0.3	1.2
Interest expense, net	(3.8)		(3.8)
Loss on early extinguishment of debt	(1.3)	1.3	-
<b>Income from continuing operations before income taxes</b>	<u>7.1</u>	<u>4.4</u>	<u>11.5</u>
Income tax provision	(0.5)	(1.5)	(2.0)
<b>Income from continuing operations</b>	<u>6.6</u>	<u>2.9</u>	<u>9.5</u>
Dilutive shares outstanding	42.475		42.475
<b>Earnings per share from continuing operations</b>	\$ 0.16		\$ 0.22

(\$ millions, except per share values)

(1) Adjustment represents removal of foreign currency losses associated with the South African projects.

# Q4 2016 GAAP to Adjusted Earnings Per Share Reconciliation



(\$ millions, except per share values)

	Q4 2016		
	GAAP	Adjustments	Adjusted
<b>Revenue</b>	\$ 395.3	\$ (17.8)	\$ 377.5
Segment income	54.8	4.7	59.5
Corporate expense	(12.1)	-	(12.1)
Pension and postretirement income (expense)	(10.8)	11.0	0.2
Long-term incentive compensation expense	(3.5)	-	(3.5)
Special charges, net	(0.5)	-	(0.5)
Impairment of intangible assets	(26.1)	26.1	-
<b>Operating income</b>	1.8	41.8	43.6
Other expense, net	(2.5)	-	(2.5)
Interest expense, net <sup>(1)</sup>	(3.3)	0.2	(3.1)
<b>Income (loss) from continuing operations before income taxes</b>	(4.0)	42.0	38.0
Income tax (provision) benefit	1.0	(9.5)	(8.5)
<b>Income (loss) from continuing operations</b>	(3.0)	32.5	29.5
Dilutive shares outstanding <sup>(2)</sup>	41.828		42.950
<b>Earnings (loss) per share from continuing operations</b>	\$ (0.07)		\$ 0.69

(1) Adjustment relates to interest expense incurred in connection with borrowings under a line of credit in South Africa.

(2) Dilutive shares outstanding used to calculate adjusted earnings per share reflect the dilutive impact of the adjustments.

# Full-Year 2016 GAAP to Adjusted Earnings Per Share Reconciliation



	Full-Year 2016			(\$ millions, except per share values)
	GAAP	Adjustments	Adjusted	
<b>Revenue</b>	\$ 1,472.3	\$ (83.3)	\$ 1,389.0	
Segment income	142.8	14.5	157.3	
Corporate expense	(41.7)	-	(41.7)	
Pension and postretirement income (expense)	(15.4)	16.0	0.6	
Long-term incentive compensation expense	(13.7)	-	(13.7)	
Special charges, net	(5.3)	-	(5.3)	
Impairment of intangible assets	(30.1)	30.1	-	
Gain on sale of dry cooling business	18.4	(18.4)	-	
<b>Operating income</b>	<b>55.0</b>	<b>42.2</b>	<b>97.2</b>	
Other income (expense), net <sup>(1)</sup>	(0.3)	2.1	1.8	
Interest expense, net <sup>(2)</sup>	(14.0)	0.2	(13.8)	
Loss on early extinguishment of debt	(1.3)	1.3	-	
<b>Income from continuing operations before income taxes</b>	<b>39.4</b>	<b>45.8</b>	<b>85.2</b>	
Income tax provision	(9.1)	(14.1)	(23.2)	
<b>Income from continuing operations</b>	<b>30.3</b>	<b>31.7</b>	<b>62.0</b>	
Less: Net loss attributable to redeemable noncontrolling interest <sup>(3)</sup>	(0.4)	0.3	(0.1)	
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	<b>30.7</b>	<b>31.4</b>	<b>62.1</b>	
Adjustment related to redeemable noncontrolling interest <sup>(3)</sup>	(18.1)	18.1	-	
<b>Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	<b>12.6</b>	<b>49.5</b>	<b>62.1</b>	
Dilutive shares outstanding	42.161		42.161	
<b>Earnings per share from continuing operations</b>	<b>\$ 0.30</b>		<b>\$ 1.47</b>	

(1) Adjustment represents removal of foreign currency losses associated with the South African projects.

(2) Adjustment relates to interest expense incurred in connection with borrowings under a line of credit in South Africa.

(3) Adjustment represents removal of noncontrolling interest amounts associated with the South Africa projects.

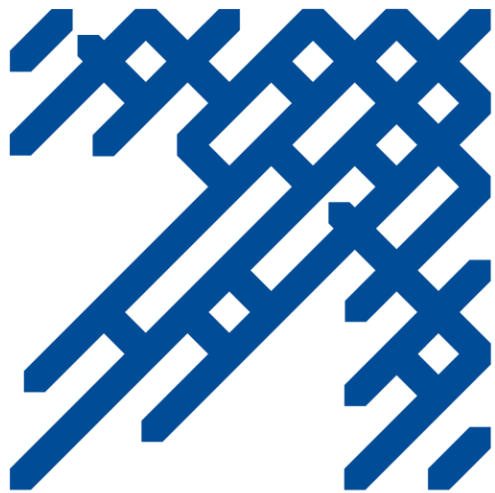
# Q4 and Full-Year 2016 South African Projects



(\$ millions)

	Q4 2016		FY 2016	
	Revenue	Segment Income	Revenue	Segment Income
Engineered Solutions	177.6	8.8	736.4	17.3
Exclude: South African Projects	(17.8)	4.7	(83.3)	14.5
Engineered Solutions (Core)	\$159.8	\$13.5	\$653.1	\$31.8





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