2014 Third Quarter Results and Flow Spin-Off Announcement

October 29, 2014

- 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.
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- 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.
- This presentation includes non-GAAP financial measures. A copy of this presentation, including a reconciliation of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP, is available on our website at www.spx.com.
- The 2014 earnings per share guidance is on an adjusted basis to exclude the gain on sale of our EGS joint venture interest, early extinguishment of debt charges, non-service cost pension items and costs associated with the planned spin-off transaction. The 2014 free cash flow guidance is also on an adjusted basis to exclude tax payments associated with gains on asset sales.
- Unless otherwise indicated, amounts in this presentation relate to continuing operations.

SPX

Introductory Comments

Chris Kearney, Chairman, President and CEO

Overview

SPX

Q3 Summary of Key Results

- Earnings per share from continuing operations of $1.52, up 7% year-over-year
- Adjusted earnings per share from continuing operations of $1.62, up 14% year-over-year
- Revenue up 1% year-over-year, driven by 1.5% organic revenue growth
- Segment margins improved 80 points year-over-year to 12.1%:
  - Sixth consecutive quarter of segment income margin improvement
  - **Flow segment income margin increased 250 points to 15.3%**
- Segment income increased 8% over the prior year to $140m:
  - **Flow segment income increased $14m, or 17% year-over-year**
- Completed $140m of share repurchases in Q3 and ~$485m of the $500m plan through Oct. 28th

Note: See appendix for reconciliations of non-GAAP measures

Today We Announced a Plan to Spin-Off the Flow Business in a Tax-Free Transaction

Flow End Market Trends

Food & Beverage	Power & Energy	Industrial Flow
<u>Components</u> ▪ Steady incremental growth in component and aftermarket orders <u>Systems</u> ▪ Awarded one large order in Q3: ❑ Infant formula plant in India ~$10m ▪ Frontlog activity remains strong and is focused on new dairy systems in Asia and EMEA	<u>Oil & Gas</u> ▪ Demand for oil pipeline valves remains at a high level in North America ▪ Steady aftermarket demand ▪ Several mid-large OE orders anticipated to be booked in Q3 were booked in October <u>Power Generation</u> ▪ Nuclear opportunities developing ▪ Conventional power investment remains steady at low levels	▪ Q3 orders up modestly over prior year period: ❑ chemical processing ❑ compressed air ❑ marine markets ▪ Mining demand stable at low levels

Steady Trends in Most Short Cycle Markets and in the Aftermarket; Encouraging Start to Fourth Quarter Orders in Flow Power & Energy

Floating Production Storage and Offloading (FPSO) Project

- **~$40m of awards won in October for multiple SPX technologies** to be used on an FPSO already being developed for use off the coast of Nigeria:
  - ClydeUnion water injection pumps
  - Bran & Luebbe positive displacement pumps
  - Plenty process filtration
  - APV plate heat exchangers
- Additional bids in process:
  - ClydeUnion crude oil transfer pumps
  - Bran & Luebbe chemical injection skids
  - Dollinger filtration

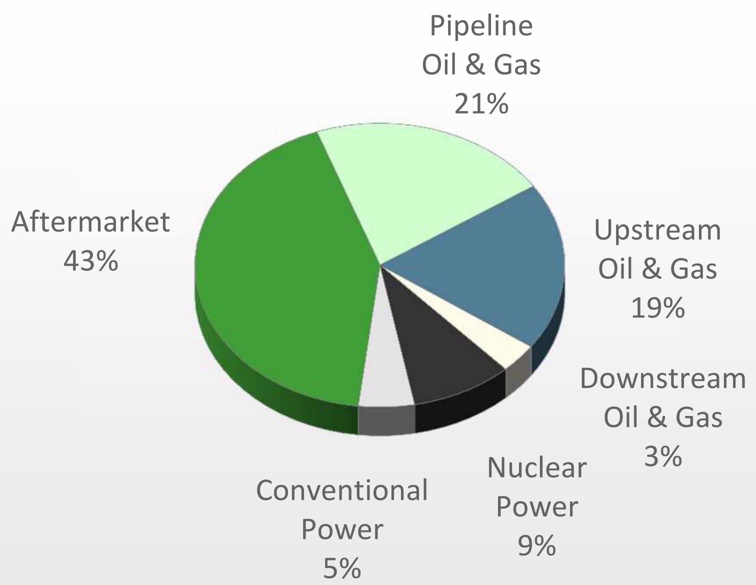
A Significant Win For SPX That is a Direct Result of Our Commercial Strategy

Notable Flow Power & Energy Awards in October

Notable Flow Power & Energy Awards in October

- ~$40m of awards for an FPSO project
- Multiple awards for **filtration** technology to be used in refineries in Saudi Arabia
- Large award for **boiler feed pumps** to be used on nuclear power plants in China
- Multiple medium-sized awards for **oil pipeline valves** in North America
- Sequential increase in **aftermarket orders tracking as expected**

Flow Power & Energy: 2014E Revenue by End Market



Flow's Power & Energy Orders in October on Pace to be 50% Higher Than the Average Monthly Orders Through the First Nine Months This Year

Flow Power & Energy Growth Initiatives

SPX

Organic Growth Initatives

- **Increase penetration in profitable market segments (i.e. aftermarket, pipeline, FPSO, nuclear power)**
- Expand global service center footprint and aftermarket capabilities
- Leverage combined technology offerings
- Transition mix from “engineered to order” to “configured to order”
- Emerging market growth

Recently Opened New Aftermarket Facility in Aberdeen, Scotland;
Valve Capacity Expansion in Houston Expected to be Completed in Q4 2014

End Market Trends for Power Transformers and Thermal Equipment

Power Transformers (U.S.)

- Replacement demand for power transformers remains at a high level
- Market pricing remains challenging; market lead times for medium power transformers increased modestly
- Adjacent markets providing incremental growth (e.g. oil & gas processing and data centers)

Thermal Equipment

- Strong Q3 order intake for personal comfort heating businesses
- Commercial initiatives and new products drove high level of orders in Q3:
  - Continued to expand cooling systems offerings into North American petrochemical, industrial and HVAC markets
  - ~$50m order to provide ClearSky™ cooling towers for a coal liquefaction plant to be built in China
  - ~$37m dry cooling order for coal plant to be built in Algeria

Solid Q3 Order Development in Power-Related Businesses

Financial Analysis

Jeremy Smeltser

Q3 Earnings Per Share

Q3 EPS Bridge to Guidance Mid-Point

Q3 EPS Guidance Mid-Point	$1.35	EPS guidance range was $1.30 to $1.40 per share
Segment income	$0.04	Flow/Thermal better than expected; Industrial lower than expected
Currency Impact	($0.04)	Strengthening of the dollar; ~($18m) impact to revenue
Special charges	$0.07	Timing of restructuring actions
Net other items	$0.10	Various corporate related items
EPS from continuing operations	**$1.52**	
Incremental taxes on asset sale gain	$0.10	Taxes related to the gain on sale of interest in EGS joint venture
Adjusted EPS from continuing operations	**$1.62**	

Note: 2014 earnings per share guidance is on an adjusted basis to exclude the gain on sale of our EGS joint venture interest, early extinguishment of debt charges and non-service cost pension items

Q3 Earnings Per Share Exceeded Guidance Range

Consolidated Q3 Results

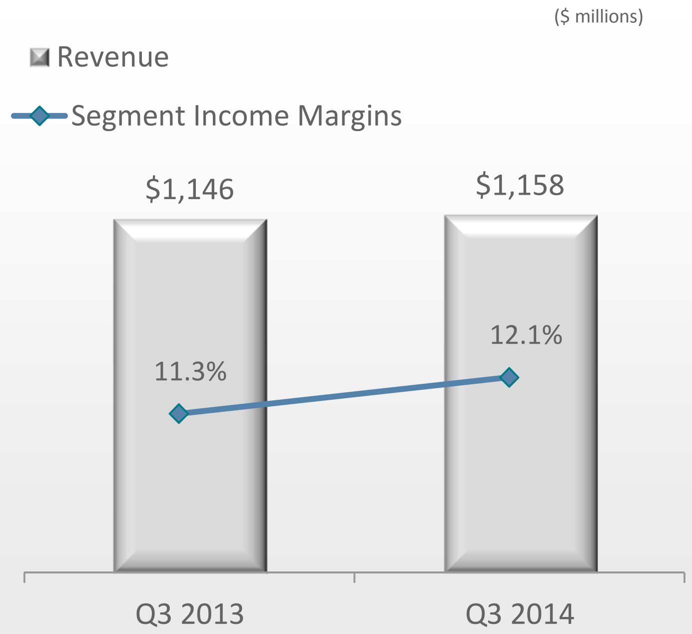
Q3 Year-Over-Year Analysis

Revenue:

- 1.1% increase year-over-year:
  - 1.5% organic growth:
    - **Driven by Thermal and Industrial**
  - (0.4%) currency impact

Segment Income:

- Consolidated segment income of $140m, up 8% versus prior year
- 80 points of margin improvement



Revenue Growth Driven by Thermal and Industrial Segments; Segment Income and Margin Improvements Driven by Flow Segment

Flow Technology Q3 Results

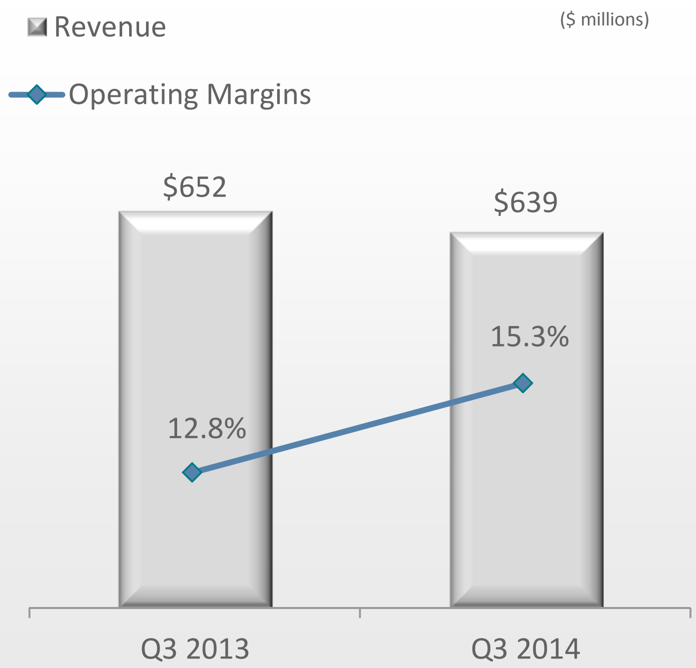
Q3 Year-Over-Year Analysis

Revenue decreased (2.0%):

- (2.0%) organic decline:
  - Lower sales of power & energy pumps
  - Timing of shipments largely related to changes in customer or supplier schedules
- 0% currency impact

Income increased $14m, or 17%:

- 250 points of margin improvement driven by:
  - ✓ Cost savings from restructuring initiatives
  - ✓ Improved operational performance and favorable sales mix at Flow Power & Energy

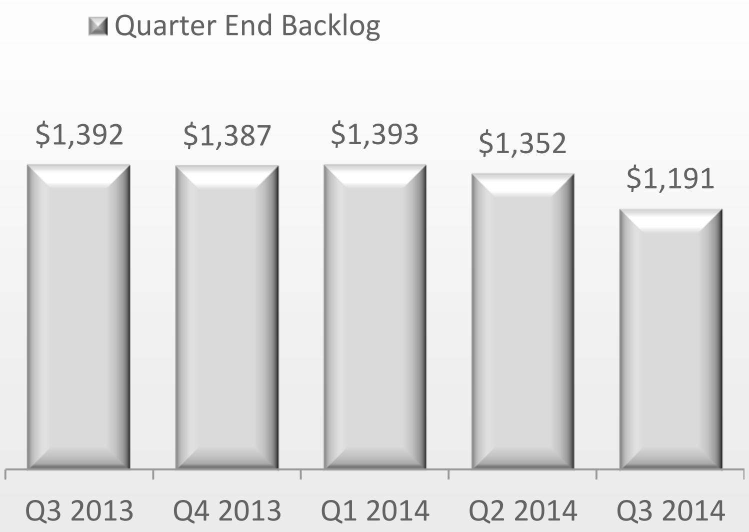


Revenue Decline Primarily Driven by Lower Sales of Power & Energy Pumps;
17% Increase in Segment Income and 250 Points of Margin Improvement

Flow Technology Backlog

Sequential Backlog Analysis

($ millions)



- Q3 backlog down 12% sequentially:
  - ~$45m of the decline due to currency
- Timing of orders for mid-large capital projects in Power & Energy and Food & Beverage
- Slowdown in Asia Pacific orders

Backlog Declined Sequentially Due to Currency and Timing of Mid-Large OE Orders; Encouraging Start to Q4 With Strong Uptick in Power & Energy Orders

Thermal Equipment & Services Q3 Results

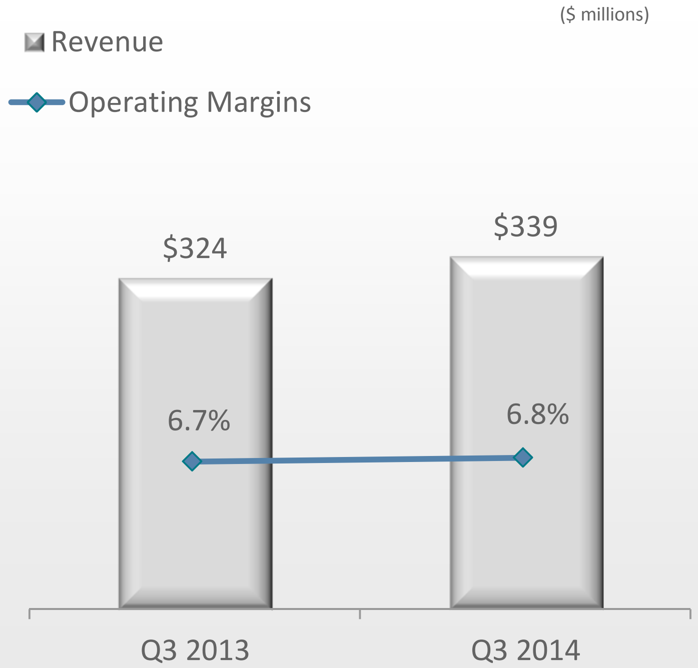
Q3 Year-Over-Year Analysis

Revenue increased 4.5%:

- 6.2% organic growth:
  - Increased sales of cooling equipment in the U.S. and Asia Pacific
  - Strong pre-season sales of personal comfort heating equipment
  - ($13m) organic decline from South Africa projects
- (1.7%) currency impact

Income increased $1.5m, margins increased 10 points:

- Leverage from organic revenue growth partially offset by lower profitability in South Africa

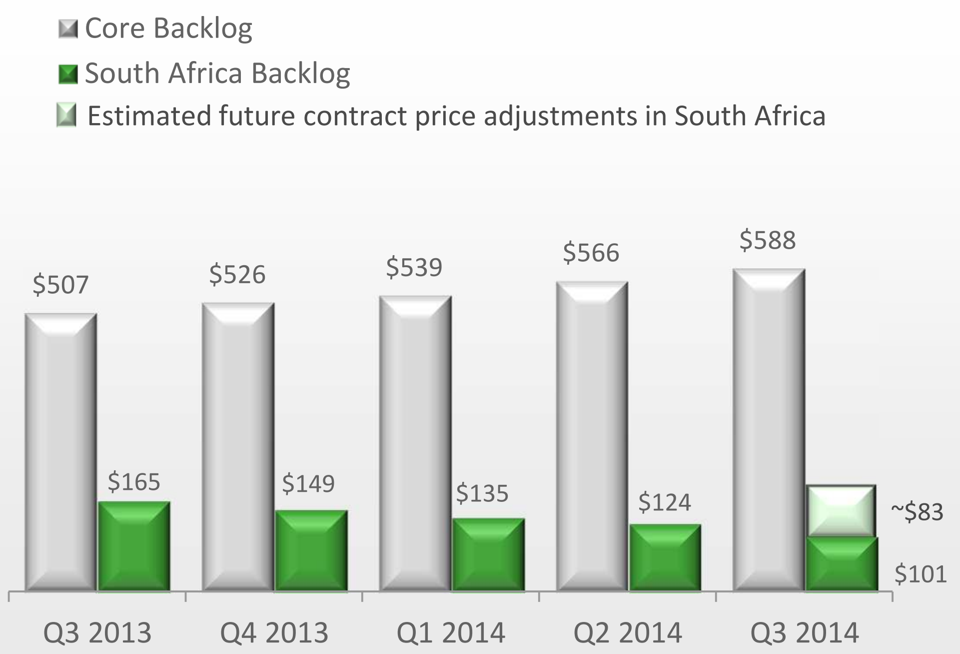


Growth and Improvement Initiatives Had a Positive Impact on Q3 Results

Thermal Equipment & Services Backlog

Sequential Backlog Analysis

($ millions)



- Core backlog up 16% year-over-year
- Steady sequential increase in core backlog
- South Africa backlog ramping down:
  - Estimated contract price adjustments expected to contribute ~$83m of future revenue

Core Backlog Increased 16% Year-Over-Year

Industrial Products & Services Q3 Results

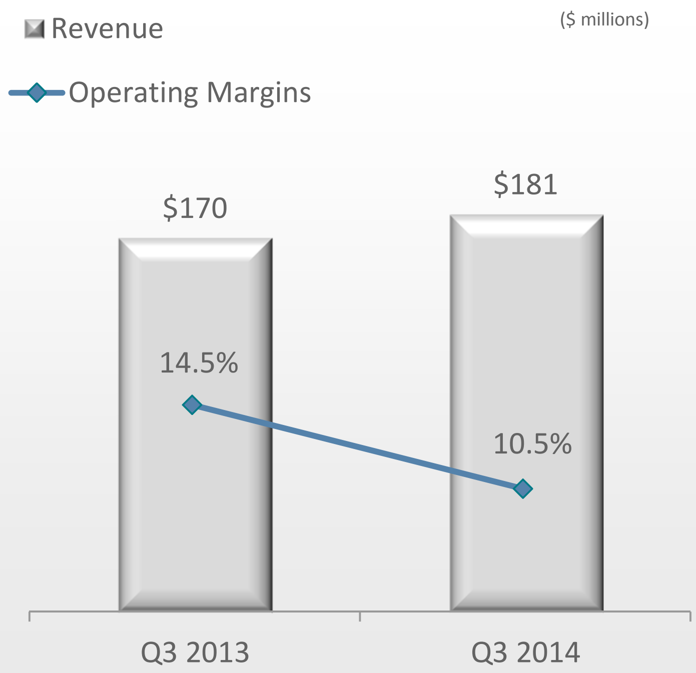
Q3 Year-Over-Year Analysis

Revenue increased 6.3%:

- 5.8% organic growth:
  - >20% organic growth in power transformer revenue…
  - …partially offset by decline in fare collection systems
- 0.5% currency benefit

Income decreased $6m or 23% over the prior year:

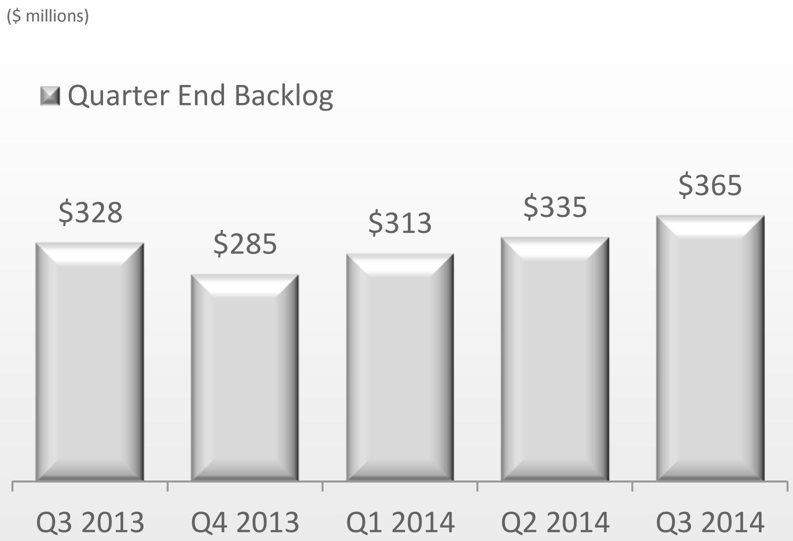
- Income and margins lower due to a sharp decline ($7m) in profit from fare collection systems
- The increased mix of power transformer revenue was dilutive to segment margins



Reduced Sales of Higher Margin Fare Collection Systems; Increased Sales of Lower Margin Power Transformers

Industrial Products & Services Backlog

Sequential Backlog Analysis



- Q3 2014 backlog up 11% versus the prior year period and up 9% sequentially
- Strong order volume for power transformers and communication technologies
- In contrast, several fare collection orders have been delayed into next year

Steady Sequential Increase in Backlog Driven by Power Transformer Orders; Several Fare Collection System Orders Delayed Into 2015

Q4 Consolidated Financial Analysis

($ millions, except per share data)

	Q4 2013	Q4 2014 Targets	Comments
Revenue	$1,329	(1%) to +3%	▪ ~($30m) impact from currency ▪ Low-mid single digit organic growth
Segment Income	$173	$173 to $188	▪ ~($4m) impact from currency
Segment Income %	13.0%	+40 points	▪ Increase in Flow margins, decline in Industrial margins
Shares Outstanding	45.6m	~41.5m	▪ Reflects share repurchases
Special Charges	$7	~$7m	▪ Continued cost reduction initiatives ▪ Flat to prior year
Adjusted Earnings Per Share	NA	$2.05 to $2.30	▪ Excludes non-service related pension items and costs related to spin-off transaction

Note: 2014 EPS guidance is on an adjusted basis to exclude the gain on sale of our EGS joint venture interest, early extinguishment of debt charges, non-service cost pension items and costs related to spin-off transaction

Q4 Adjusted EPS Guidance Range: $2.05 to $2.30 Per Share

2014 Financial Guidance

($ millions, except per share data)

	Revenue	Segment Margin	Adjusted EPS*	Adjusted FCF**
Flow (variance to 2013)	~$2,640 0% to +1%	~13.6% +190 points		
Thermal	~$1,350 0% to +1%	~5.8% (30) points		
Industrial	~$800 0% to +1%	~13.6% (150) points		
Consolidated	**~$4,790** **0% to +1%**	**~11.5%** **+80 points**	**$5.25 to $5.50**	**$225 to $275**

*2014 EPS from continuing operations guidance is on an adjusted basis to exclude the gain on sale of our EGS joint venture interest, early extinguishment of debt charges, non-service cost pension items and costs related to spin-off transaction

**2014 Free Cash Flow from continuing operations is on an adjusted bases to exclude the tax payments related to the gain on asset sales

2014 Adjusted EPS Mid-Point Guidance Model

	2014E
Revenue	$4,790
Segment income %	11.5%
Corporate expense	($106)
Pension service costs	($10)
Stock-based compensation	($39)
Special charges	($25)
Operating Income	**$371**
Equity earnings in joint ventures	$1
Interest expense, net	($61)
Other income or (expense)	($2)
Income before taxes	**$309**
Income tax provision	($77)
Income from continuing operations	**$232**
Minority interest, net of taxes	$1
Net income from continuing operations	**$232**
Mid-Point Adjusted EPS	**$5.38**

Raised 2014 Adjusted EPS Mid-Point Guidance by 13 Cents to $5.38 Per Share

2014 Adjusted EPS Guidance: Bridge vs. Prior Guidance

Notable Changes to 2014 Adjusted EPS Guidance

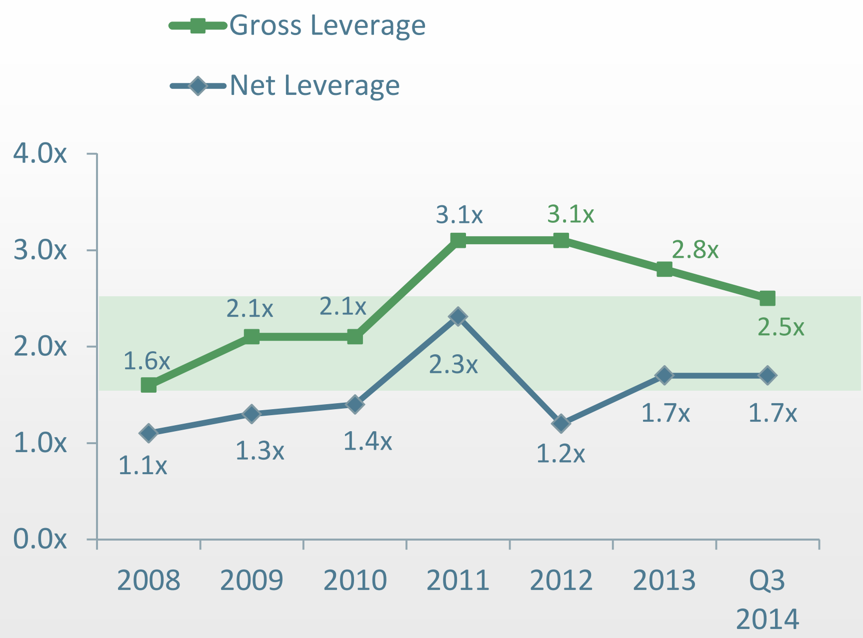
Prior Adjusted EPS Guidance Mid-Point	$5.25	EPS guidance range was $5.00 to $5.50 per share
Flow segment income	$0.14	Improved operational performance and favorable sales mix
Industrial segment income	($0.19)	Primarily due to delayed project timing for fare collection systems
Flash Technologies (Industrial Segment)	$0.13	Reclassified as a continuing operation in the Industrial segment in Q4 2014
Currency impact to segment income	($0.13)	Strengthening of the dollar; ~($60m) impact to revenue
Net other benefits	$0.18	Lower corporate related items, primarily taxes
Updated Adjusted EPS Guidance Mid-Point	**$5.38**	

Note: Flash Technologies reclassified as a continuing operation in Q4 2014 in conjunction with strategic decision to spin-off Flow business

Improved Flow Margins and Benefits from Lower Corporate Items Drove Increase in EPS Guidance Mid-Point; ($0.13) Impact from Currency Offset by Reclassification of Flash Technologies

Financial Position

Leverage and Balance Sheet Review



Note: Gross leverage as defined in the credit facility; See appendix for reconciliations of non-GAAP metrics

- **$78m of adjusted free cash flow in Q3**
- Gross leverage at 2.55x
- $502m of cash on hand at end of Q3
- Key cash **inflows** expected in Q4 2014:
  - $155m to $205m of adjusted free cash flow (excludes tax payments on asset sale gains)
- Key cash **outflows** expected in Q4 2014:
  - ~$75m of share repurchases
  - ~$60m of tax payments related to asset sale gains
  - ~$16m dividend payment

Solid Financial Position;
Expect Seasonally Strong Q4 Free Cash Flow Generation

Executive Summary

Key Investor Messages

- Actions taken over the past two years have simplified our organization, improved our operational performance and aligned us more closely to our customers:
  - New operational alignment and restructuring actions
  - Divestitures of non-core businesses
  - Share repurchases
  - Pension actions
  - Debt reduction
- Six consecutive quarters of consolidated segment margin improvement:
  - Flow segment income margins up 230 points to 13.5% over the last twelve months
- Spin-off of Flow business is next step in the transformation of SPX and expected to create value for shareholders, customers and employees

Actions Taken Over the Past Two Years Have Simplified and Improved Our Business and Positioned SPX to Take the Next Step in Our Strategic Transformation

Appendix


ideas
action
planning
develop
team
leadership
invent
project
STRATEGY
innovation
motivatio
vision
management
teamwork
success

Q3 2014 Organic Revenue Growth Reconciliation

Q3 2014 Organic Growth Reconciliation

	Three Months Ended September 27, 2014			
	Net Revenue Change	Acquisitions/ Divestitures	Currency	Organic
Flow Technology	-2.0%	0.0%	0.0%	-2.0%
Thermal Equipment & Services	4.5%	0.0%	-1.7%	6.2%
Industrial Products & Services	6.3%	0.0%	0.5%	5.8%
Consolidated SPX	1.1%	0.0%	-0.4%	1.5%

Adjusted Free Cash Flow

Reconciliation to GAAP Cash Flow Statement

($ millions)	2014 Adjusted Free Cash Flow from Continuing Operations						
	Q1 2014	Q2 2014	Q3 2014	Q4 2014E Mid-Point	Full Year 2014E		
Net cash from continuing operations	**($59)**	**($40)**	**$33**	**$155**	**$63**	to	**$113**
Tax payments on asset sale gains	$0	$114	$63	$60	$237		$237
Capital expenditures	($11)	($12)	($18)	($35)	($75)		($75)
Adjusted FCF from continuing operations	**($71)**	**$62**	**$78**	**$180**	**$225**	to	**$275**

Debt Reconciliation

Debt Reconciliation as of September 27, 2014

($ millions)

	9/27/2014
Short-term debt	$ 264
Current maturities of long-term debt	17
Long-term debt	1,173
Gross Debt	**$ 1,454**
Less: Puchase card program and extended A/P programs	(29)
Adjusted Gross Debt	**$ 1,424**
Less: Cash in excess of $50	(452)
Adjusted Net Debt	**$ 973**

Note: Adjusted debt as defined in the credit facility

Bank EBITDA Reconciliation

($ millions)	LTM as of 9/27/2014	2014E
Net Income	**$524**	**$523**
Income tax provision (benefit)	226	234
Net interest expense	114	102
Income before interest and taxes	**$864**	**$859**
Depreciation, intangible amortization expense and write off of goodwill and intangibles	112	110
EBITDA	**$976**	**$970**
Adjustments:		
Non-cash compensation expense	54	55
Impairments and other organizational costs	5	0
Pension adjustments	8	18
Extraordinary non-cash charges	2	1
Extraordinary non-recurring cash charges (gains)	24	23
Joint venture EBITDA adjustments	4	1
Net (gains) and losses on disposition of assets outside the ordinary course of business	(501)	(503)
Pro Forma effect of acquisitions and divestitures	(10)	4
Other	0	1
Bank EBITDA	**$561**	**$570**

Note: EBITDA as defined in the credit facility

Industrial Products and Services and Other Restated to Include Flash Technologies

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Restated 2013 & 2014 Quarterly Results

($ millions)

	Industrial Products & Services & Other									
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014E Mid-Point	FY 2014E Mid-Point
Revenue	$183	$177	$187	$244	$791	$181	$207	$194	$220	$802
Segment Income	$25	$28	$30	$37	$120	$23	$30	$22	$34	$109
Segment Income %	13.5%	15.8%	16.2%	15.1%	15.1%	12.9%	14.6%	11.6%	15.2%	13.6%

Industrial Products & Services and Other
Restated Quarterly Results to Include Flash Technologies

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