



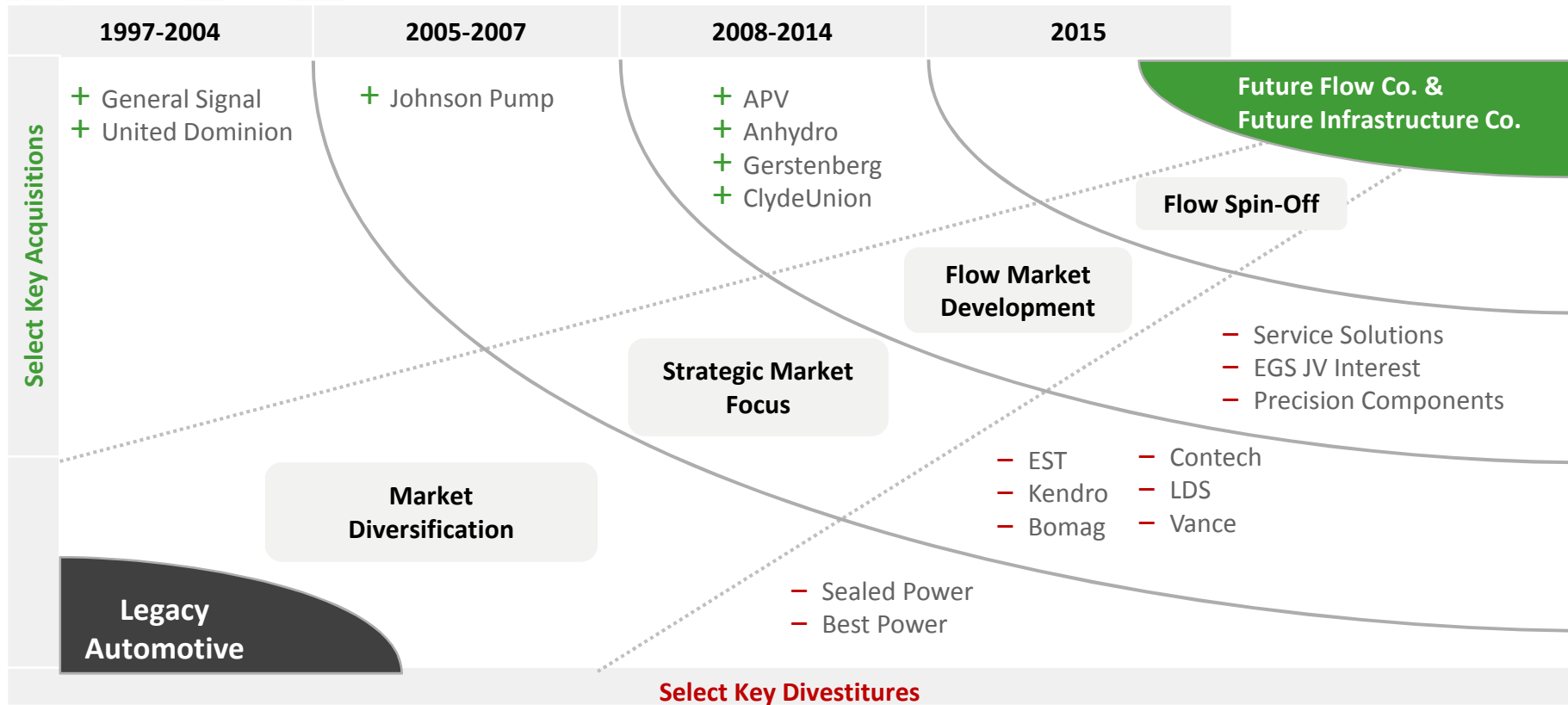
2014 Baird Industrial Conference  
Jeremy Smeltser, VP and CFO  
November 12, 2014





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  - 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](http://www.spx.com).
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# SPX's Strategic Transformation Continues



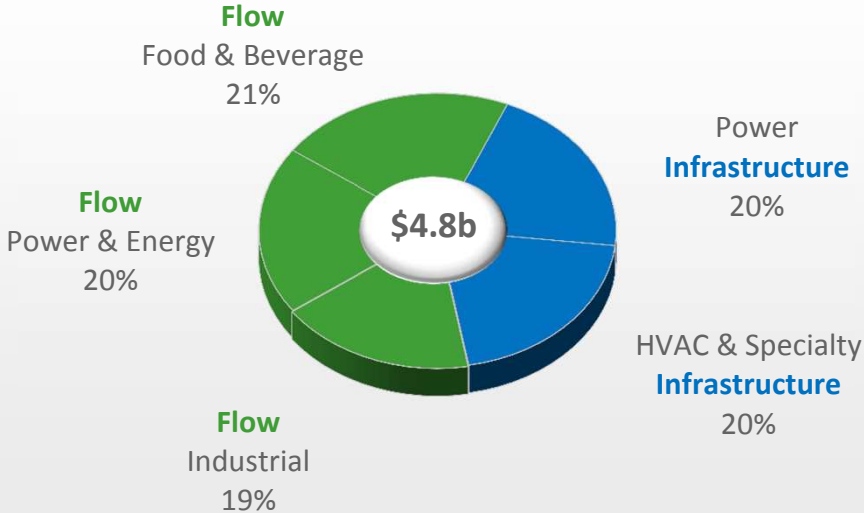
- Service Solutions
- EGS JV Interest
- Precision Components

**SPX's Transformation Continues With Plan to Spin-Off Flow Business  
Resulting in Two Standalone Publicly Traded Companies**

**Company Overview**

- SPX is a global supplier of highly engineered technologies and solutions with ~14,000 employees worldwide
- ~60% of revenue from sales into three broad Flow markets
- ~40% of revenue from sales into Infrastructure markets

**2014E Revenue by End Market**



Note: 2014E as of October 29, 2014

**SPX is a Global Supplier of Highly Engineered Technologies into Diverse Flow and Infrastructure Markets**

## Overview of Spin Announcement



- On October 29, 2014, SPX announced plans to spin-off the company’s Flow business in a tax-free transaction expected to be completed in 2015
- Post-transaction, shareholders will own 100% of two independent, publicly traded companies:
  - Future Flow Company to include current Flow segment and Hydraulic Technologies business
  - Future Infrastructure Company to include current Thermal Segment and power transformer, Radiodetection, Genfare and communications businesses
- Expect after-tax, one-time separation costs to be in the range of \$60 to \$80 million

Future Flow Company	
■ Headquarters:	Charlotte, NC
■ Incorporation:	Delaware
■ Chairman, President & CEO:	Chris J. Kearney
■ 2014E Pro Forma* revenue:	~\$3b
■ <b>2014E Pro Forma* EBITDA:</b>	<b>~\$365m</b>

Future Infrastructure Company	
■ Headquarters:	Charlotte, NC
■ Incorporation:	Delaware
■ Executive Chairman:	Michael J. Mancuso
■ CEO:	Gene Lowe
■ 2014E Pro Forma* revenue:	~\$2b
■ <b>2014E Pro Forma* EBITDA:</b>	<b>~\$130m</b>

Note: 2014E as of October 29, 2014

\*Pro Forma defined as 2014 estimated revenue and EBITDA categorized in the proposed future structure and inclusive of estimated stand alone costs; see appendix for reconciliations to non-GAAP metrics

**On October 29, 2014, SPX Announced a Plan to Spin-Off the Company’s Flow Business**

### Strategic Rationale

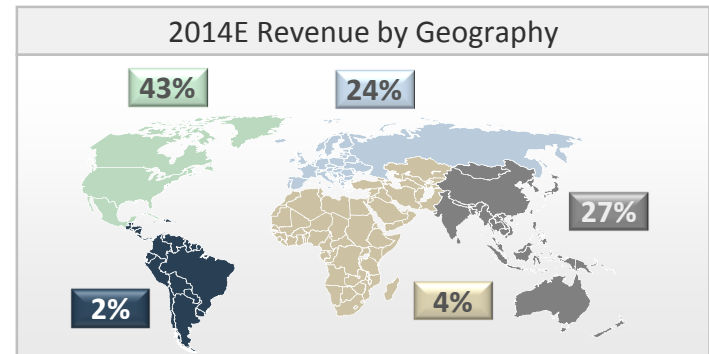
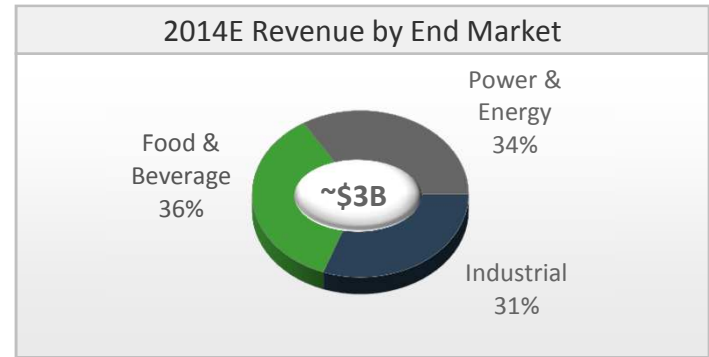
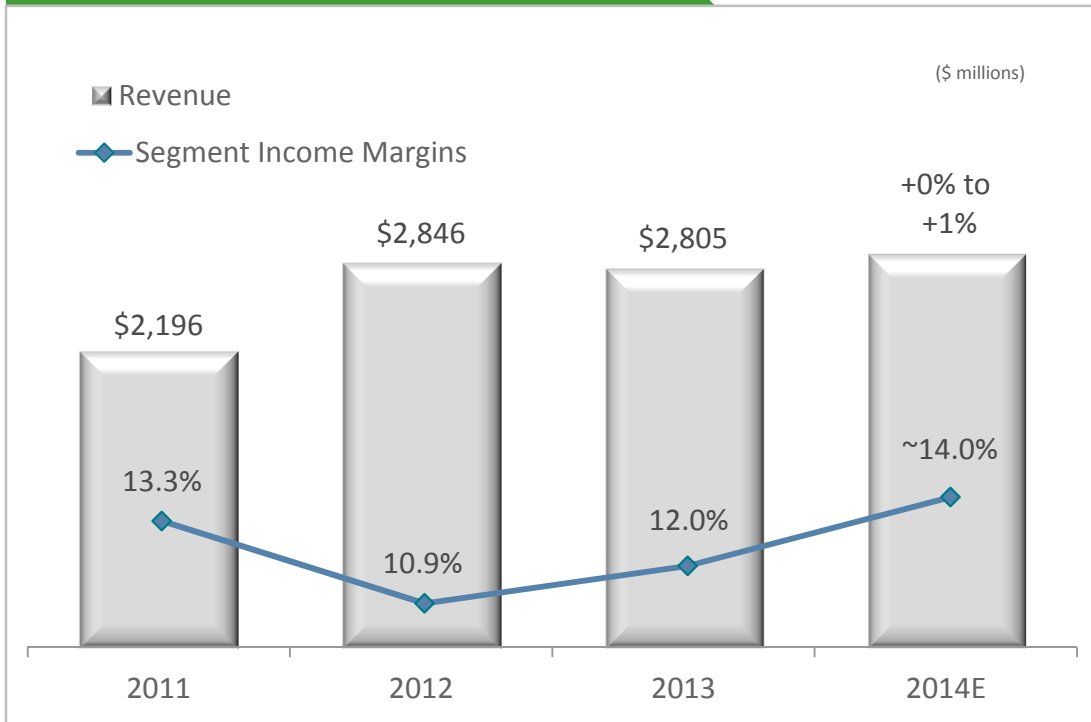
- Significant progress has been made over the last several years to simplify and strengthen SPX
- Following a thorough review of strategic options, management and the Board have decided to pursue a spin-off of SPX's Flow business
- The spin-off will result in two independent, publicly traded companies with increased strategic flexibility:
  - **“Future Flow Company”**: Pure-play flow company with diversified end market exposure
  - **“Future Infrastructure Company”**: Diversified global infrastructure platform with market leading positions
- We believe this will create significant value for shareholders, customers and employees:
  - Allows each company to pursue a more focused strategy that leverages its strengths
  - Enables a capital allocation strategy appropriate for each company
  - Can be achieved in a tax efficient manner

**We Believe a Tax-Free Spin-Off of Our Flow Business Will Accelerate Our Strategic Transformation and Create Value for Shareholders, Customers and Employees**

# “Future Flow Company” Profile



## Revenue and Segment Income %



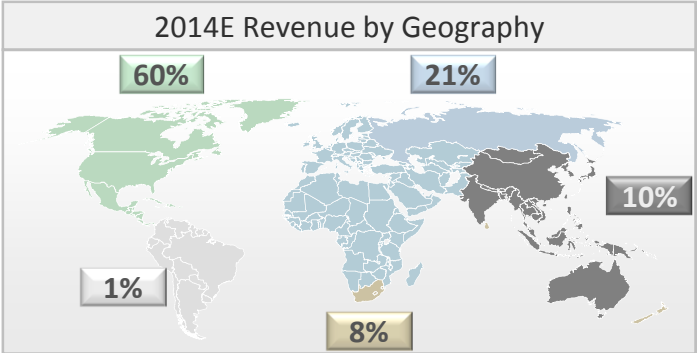
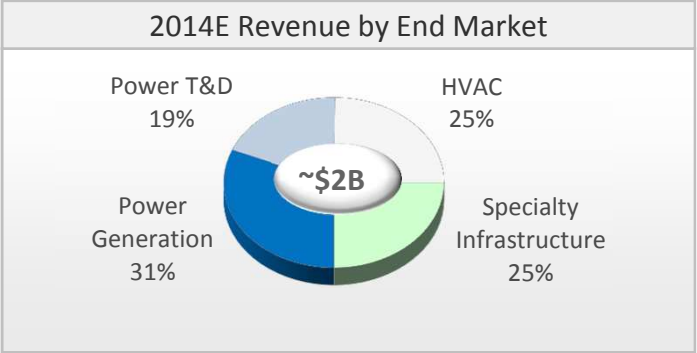
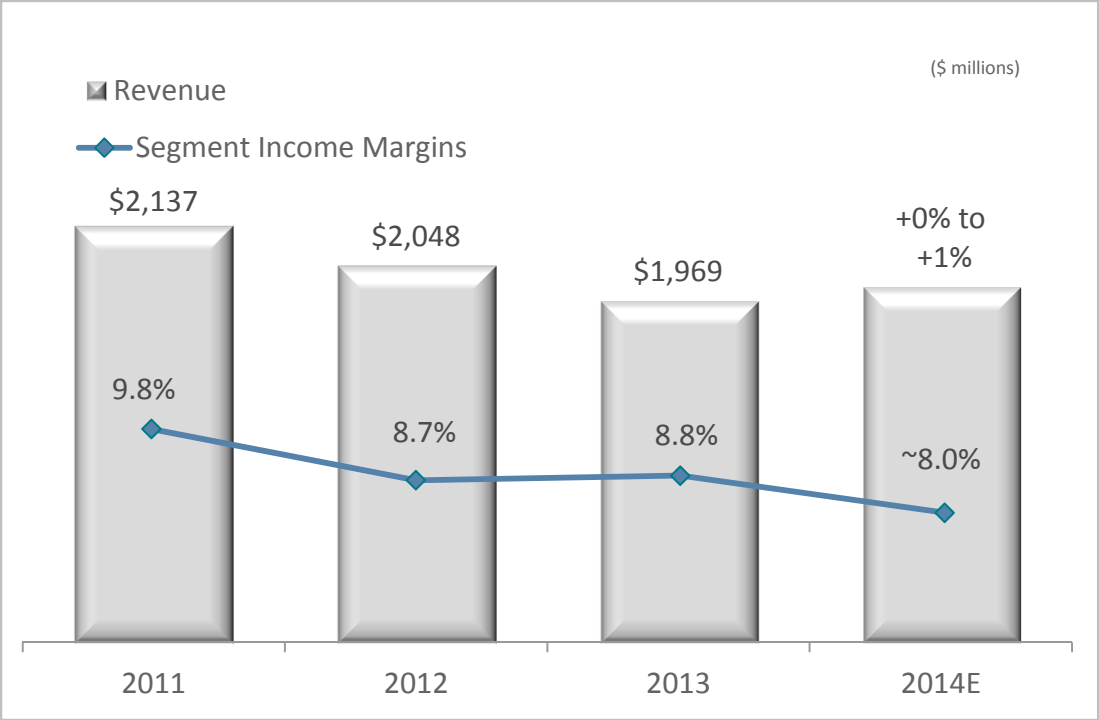
Note: All data is pro Forma, defined as 2014 estimated revenue per guidance categorized in the proposed future structure; 2014E as of October 29, 2014; see appendix for reconciliations to non-GAAP metrics

**Focused on Expanding Presence in Key End Markets and Continued Operational Improvement**

# “Future Infrastructure Company” Profile



## Revenue and Segment Income Profit %

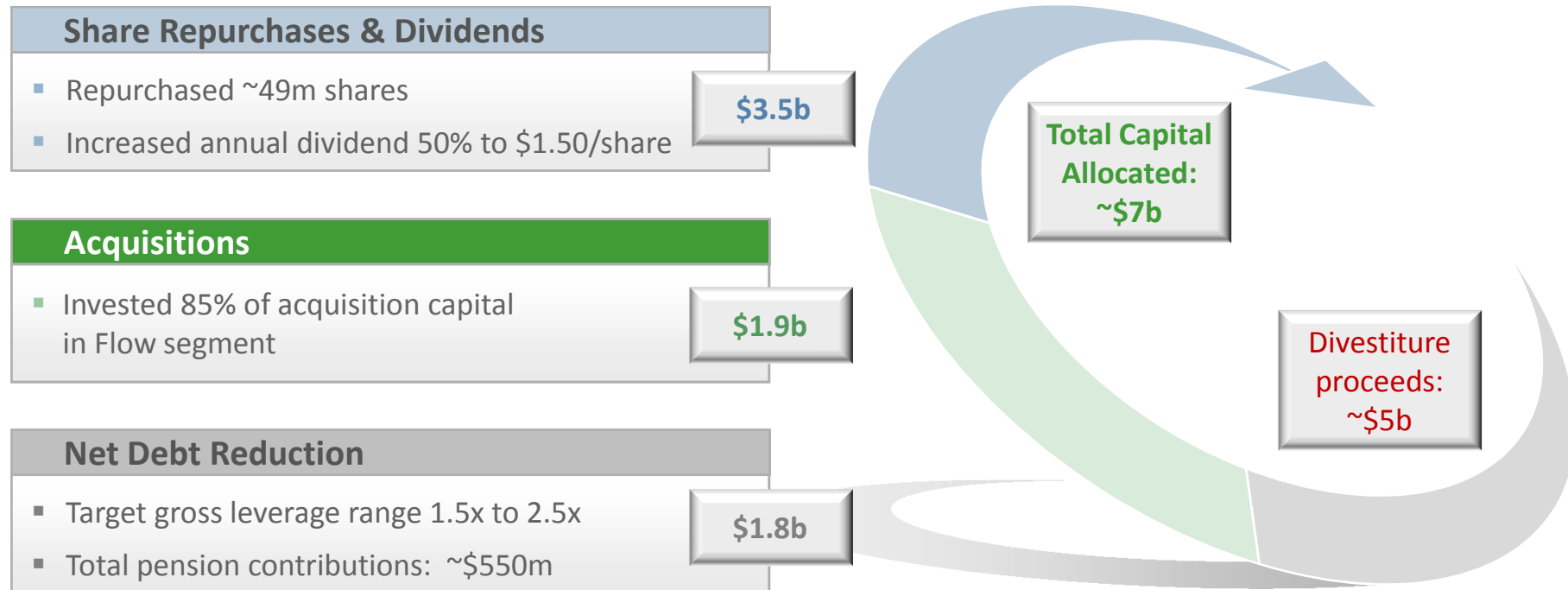


Note: All data is pro Forma, defined as 2014 estimated revenue per guidance categorized in the proposed future structure; 2014E as of October 29, 2014; see appendix for reconciliations to non-GAAP metrics

**Focused on Driving Growth in Across Key End Markets and on Continued Operational Improvement**



## Capital Allocation 2005 thru 2014



**Intend to Maintain Current Dividend Policy Through Effective Date of Spin Transaction;  
Expect Both Future Companies to Maintain a Disciplined Approach to Capital Allocation**

## 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**



Questions





## Appendix



### Business Strengths

- Pure-play flow company, well positioned in attractive end markets with diverse, global customer base
- Broad product offering of highly engineered flow products and well-recognized brands
- Strong organic revenue growth potential through market share gains and end market growth
- Highly attractive aftermarket opportunity with large installed base and significant opportunity to expand customer service footprint and capabilities
- Advanced engineering capabilities focused on new product development and innovation
- Initiatives underway to optimize footprint and supply chain and drive continuous improvement

**A “Pure-Play” Flow Company Well Positioned for  
Organic Revenue Growth and Operating Margin Expansion Opportunities**

## “Future Flow Company” Key Product Offerings



### Food & Beverage



#### Key Products

- Reciprocating and centrifugal pumps technologies
- Various valve technologies
- Plate Heat Exchangers
- Mixers
- Dispersion & Separation
- Filtration & Dehydration
- Drying & Evaporation
- Full-Line Systems

### Power & Energy



#### Key Products

- Centrifugal Pumps
- Reciprocating Pumps
- Oil Pipeline Valves
- Nuclear & Conventional Power Valves
- Hydraulic Technologies
- Plate Heat Exchangers
- Filtration
- Chemical Injection Skids

### Industrial Flow



#### Key Products

- Air Treatment Technologies
- Industrial Mixers
- Hydraulic Technologies
- Plate Heat Exchangers
- Centrifugal Pumps

**“Future Flow Company” Will Have a Broad Product Offering in All Three Key Markets**

## “Future Flow Company” Market Demand Drivers



### Food & Beverage

- Regulated, global industry in which customers demand highly engineered, turn-key solutions
- Key demand drivers:
  - ❑ Consumer dairy consumption
  - ❑ Emerging market capacity expansion
  - ❑ Sustainability & productivity
  - ❑ Customer product innovation
  - ❑ Food safety

### Power & Energy

- Global energy consumption
- North American oil & gas pipeline and storage investments
- Offshore exploration and new FPSO investments
- Nuclear power new builds and safety retrofits
- Conventional power generation investment

### Industrial Flow

- Global GDP growth
- Manufacturing expansion and industrial capital spending
- Key end markets:
  - Chemical Processing
  - Air Treatment
  - Marine / Shipbuilding
  - Mining
  - Water

Well Positioned in Attractive Growth Markets

## “Future Flow Company” Strategic Initiatives



### Growth

- Expand aftermarket footprint
- Leverage combined product offering
- Key account management and channel development
- Localize and expand further in emerging markets
- Strategic acquisitions in fragmented industry

### Customer Experience

- Expand service capabilities and footprint
- Drive customer focused innovation and solutions
- Reduce lead times and increase throughput
- Improve project execution

### Operational Performance

- Rationalize global manufacturing footprint
- Focus on repeatability in engineering design and manufacturing process
- Utilize standard systems
- Consolidate and globally manage supply chain
- Continued focus on operational improvement

### Organizational Effectiveness

- Promote employee engagement & talent development
- Localize resources in growth regions
- Global alignment and accountability
- Strategic workforce planning

**Spin-Off Better Positions Future Flow Company to Pursue Strategic Initiatives**



## “Future Infrastructure Company” Overview



### Business Strengths

- A diversified global infrastructure platform with market leading positions
- Strong brand recognition driven by new product development and innovation
- Well positioned to benefit from power market recovery and global infrastructure investment
- Provides power generation technologies across nearly all fuel sources
- Significant margin expansion opportunities building off recent initiatives
- Multiple platforms for organic and acquisition growth

**A Leading Provider of Engineered Solutions into Power and Infrastructure Markets**

# “Future Infrastructure Company” Key Products and Brands



## Power Generation



- Cooling systems
- Heat exchangers
- Pollution control systems
- Parts and services

> Marley®

> Balcke-Dürr®

## Power T&D



- Medium power transformers
- Large power transformers
- Parts and services

> Waukesha®

## HVAC



- Package cooling towers
- Residential and commercial boilers
- Comfort heating products

> Marley®



## Specialty Infrastructure



- Underground locators and inspection equipment
- Fare collection systems
- Communication technologies

> Radiodetection®

> Genfare®

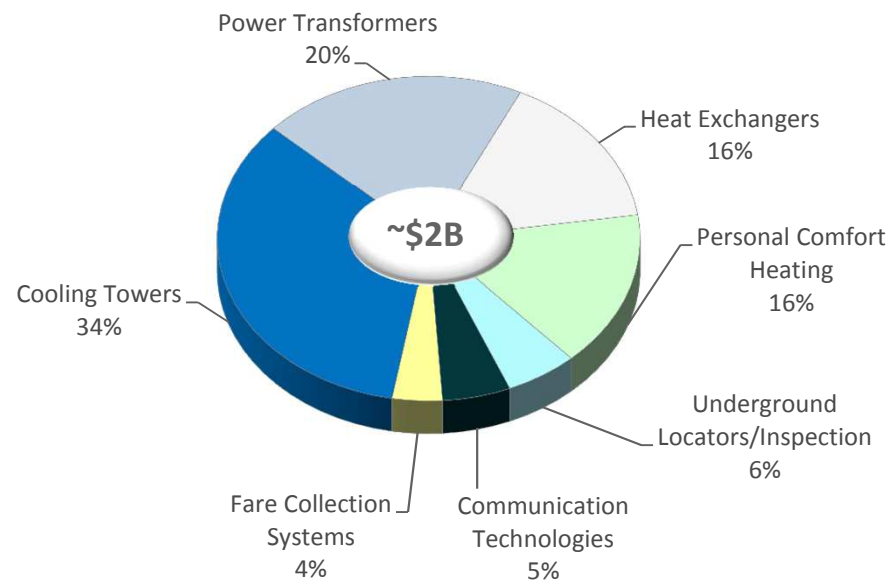
> TCI®

Diverse Offering of Highly Engineered Infrastructure Products

# “Future Infrastructure Company” Product Offering



## 2014E Revenue by Product



- Balanced product portfolio
- ~45% short cycle products
- ~55% long cycle products (6-24 months)

Note: 2014E as of October 29, 2014

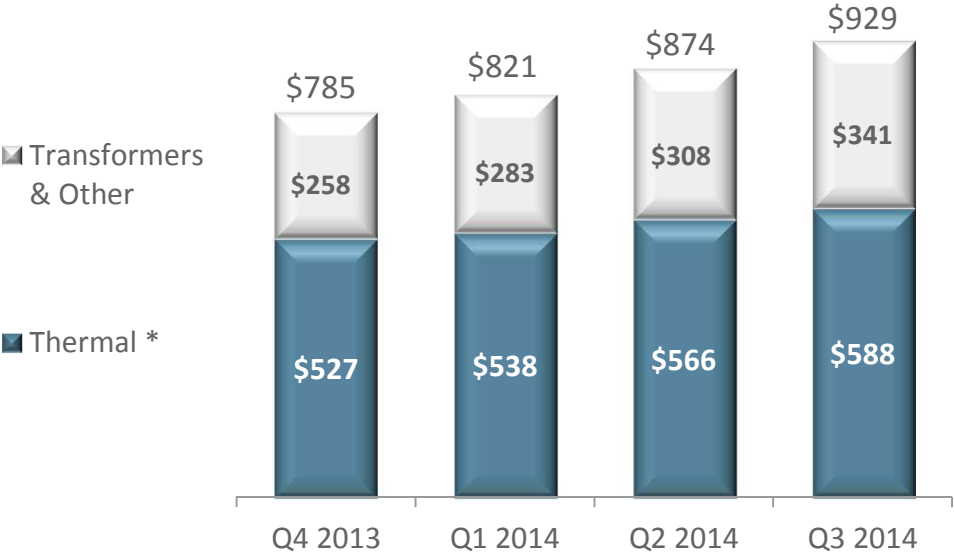
Diversified, Highly Engineered Product Offering with a Balanced Mix of Short and Long Cycle Products

# “Future Infrastructure Company” Backlog Development



## Sequential Backlog Analysis

(\$ millions)



\*Excludes South Africa backlog of \$101m

- Solid revenue visibility
- Steady sequential backlog growth driven by commercial initiatives and new product introductions
- Q3 backlog up 18% since year end and approaching \$1b

**Backlog Growth has Provided Significant Visibility to 2015 Revenue in Our Longer Cycle Businesses**

## “Future Infrastructure Company” Market Demand Drivers



### Power Infrastructure

#### Power Generation:

- Electricity demand
- New power generation build in emerging markets
- Replacement / retrofit demand of aged infrastructure in the U.S. and Western Europe
- Alternative energy investments
- Environmental regulations

#### Power T&D (North America):

- Electricity demand
- Replacement demand for power transformers
- New power stations
- New home builds and commercial construction

### HVAC & Specialty Infrastructure

#### HVAC:

- Residential and commercial construction
- Seasonal demand for heating products

#### Specialty Infrastructure:

- Data center expansion
- Chemical processing investments
- Global telecommunications infrastructure and commercial construction investments
- U.S. transportation funding
- U.S. and U.S. allies government and military communications investment

Well Positioned for Global Power Recovery and Infrastructure Investment

## “Future Infrastructure Company” Strategic Initiatives



### Revenue Growth

- Commercialize new products and technologies
- Further develop sales and distribution channels
- Expand current offering into adjacent markets
- Develop adjacent product and service categories
- Evaluate strategic acquisitions and partnerships

### Customer Experience

- Expand service capabilities
- Drive customer focused innovation and solutions
- Reduce lead times and increase throughput
- Improve project execution

### Operational Performance

- Focus on repeatability in engineering design and manufacturing process
- Further reduce cost and focus on continuous improvement initiatives to drive operating margins
- Establish a lean corporate structure
- Evaluate incremental restructuring actions

### Organizational Effectiveness

- Promote employee engagement and talent development
- Reorganized management team
- Strategic workforce planning

**Spinoff Better Positions Future Infrastructure Company To Drive its Strategic Initiatives**

## Overview of Planned Spin-Off Transaction



Transaction details	<ul style="list-style-type: none"> <li>▪ Anticipate completing the transaction by distributing all of the shares of the Future Flow Company, a new, independent publicly traded company, to SPX shareholders, who will initially own 100% of the Future Flow Company</li> <li>▪ Expect the transaction to be tax-free to SPX's U.S. shareholders</li> </ul>
Timing and Approvals	<ul style="list-style-type: none"> <li>▪ Expect to complete spin-off transaction within 12 months</li> <li>▪ Completion is subject to certain customary conditions, including effectiveness of SEC filings and final approval of the spin-off by the SPX Board of Directors</li> <li>▪ No shareholder approval is necessary to complete the transaction</li> </ul>
Separation/ Standalone Costs and Effective Tax Rates	<ul style="list-style-type: none"> <li>▪ Expect after-tax, one-time separation costs to be in the range of \$60 to \$80 million</li> <li>▪ Management focused on minimizing incremental standalone costs</li> <li>▪ Estimated tax rates for both companies in the mid-high 20% range</li> </ul>

**Expect Transaction to be Completed Within 12 Months**



<p>Planned Debt Actions</p>	<ul style="list-style-type: none"> <li>▪ SPX intends to refinance its existing credit facilities</li> <li>▪ SPX's 6.875% Senior Notes due 2017 to be assumed by the "Future Flow Company"</li> </ul>
<p>Planned Capital Structures</p>	<ul style="list-style-type: none"> <li>▪ Expect the leverage ratios and credit ratings of both companies to be relatively consistent with SPX's current financial position</li> <li>▪ Expect both companies to be well capitalized with sufficient financial flexibility to pursue future growth opportunities</li> </ul>
<p>Capital Allocation Policy</p>	<ul style="list-style-type: none"> <li>▪ Expect both companies to maintain a disciplined approach to capital allocation with the focus on highest return opportunities</li> <li>▪ Intend to maintain current dividend policy through effective date</li> </ul>

**Expect Transaction to be Completed Within 12 Months**



## Pro Forma Future Company Reconciliations



**NOTE: Pro Forma 2014 estimates for revenue and EBITDA are based on SPX's 2014 mid-point EPS guidance model as categorized in the proposed future structure and inclusive of estimated stand alone costs**

	<u>Future Flow Company</u>		<u>Future Infrastructure Company</u>
<b>Revenue</b>		<b>Revenue</b>	
Current Flow Segment	\$2,640	Current Thermal Segment	\$1,351
Hydraulic Technologies	\$170	Other Industrial businesses <sup>(2)</sup>	\$634
<b>Total 2014E Pro Forma Revenue</b>	<u>\$2,810</u>	<b>Total 2014E Pro Forma Revenue</b>	<u>\$1,985</u>
<b>EBITDA</b>		<b>EBITDA</b>	
Segment Income and % margin	\$392    14.0%	Segment Income and % margin	\$158    8.0%
Depreciation & Amortization	\$71	Depreciation & Amortization	\$40
Net Standalone Corporate/Other Costs <sup>(1)</sup>	<u>(\$98)</u>	Net Standalone Corporate/Other Costs <sup>(1)</sup>	<u>(\$68)</u>
<b>Total 2014E Pro Forma EBITDA</b>	<u>\$365</u>	<b>Total 2014E Pro Forma EBITDA</b>	<u>\$130</u>
Total 2014E Pro Forma Bank EBITDA <sup>(3)</sup>	\$410	Total 2014E Pro Forma Bank EBITDA <sup>(3)</sup>	\$160

<sup>(1)</sup> 2014E as of 10/29/2014; Estimated net standalone costs include Corporate Expense, Stock Based Compensation, Pension Expense, Special Charges, Equity Earnings, Other Income and Expense and Minority Interest

<sup>(2)</sup> Other Industrial Businesses include: power transformers, Radiodetection, Genfare, TCI and Flash Technologies

<sup>(3)</sup> Bank EBITDA as defined by SPX's current credit facilities

**SPX**<sup>®</sup>