



Electrical Products Group Presentation

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May 19, 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.
- Unless otherwise indicated, amounts in this presentation relate to continuing operations.



Current Update and Market Trends



1) Improved operating performance over last four quarters:

- ✓ Transitioned to new operational alignment
- ✓ 4 consecutive quarters of year-over-year margin expansion, totaling 110 points from Q2 2013 through Q1 2014
- ✓ 8% increase in segment income, despite 2.5% revenue decline

2) Increased and healthier order backlog:

- ✓ Disciplined order acceptance
- ✓ 7% year-over-year increase in backlog (excluding Thermal South Africa backlog)

3) Significant progress on strategic and capital allocation actions:

- ✓ Generated \$679 million of pre-tax divestiture proceeds
- ✓ Reduced gross debt to EBITDA* to 2.0x after completing early bond redemption
- ✓ Completed U.S. Qualified Pension Plan actions
- ✓ Increased annual dividend 50% to \$1.50 per share
- ✓ Completed \$368m of share repurchases from Q2 2013 through Q1 2014

*Gross debt to EBITDA as defined in the credit facility

Significant Progress on Improving Operating Performance and Returning Capital to Shareholders

Food & Beverage

Components

- Positive, steady aftermarket and component order trends

Systems

- Strong pipeline of frontlog activity for new dairy systems in EMEA and Asia Pacific

Power & Energy

Oil & Gas

- Demand for pipeline valves steady at a high level
- Aftermarket order activity also steady at a high level
- Strong quote and bid activity for OE pumps with growing project pipeline

Power Generation

- Investment activity remains steady at low levels

Industrial Flow

- Continued growth in heat exchanger orders driven by marine market
- Mining continues to be weak
- Increased quoting activity and growing pipeline for industrial mixers used in chemical processing

**Positive Trends in Aftermarket and Most Short Cycle Component Markets
Order Pipeline for Large Projects in Dairy and Oil & Gas Markets Remains Strong**

Power Transformers (U.S.)

- No significant changes in market trends
- Replacement demand for power transformers remains strong
- Market pricing remains competitive, with market lead times for medium power units stable

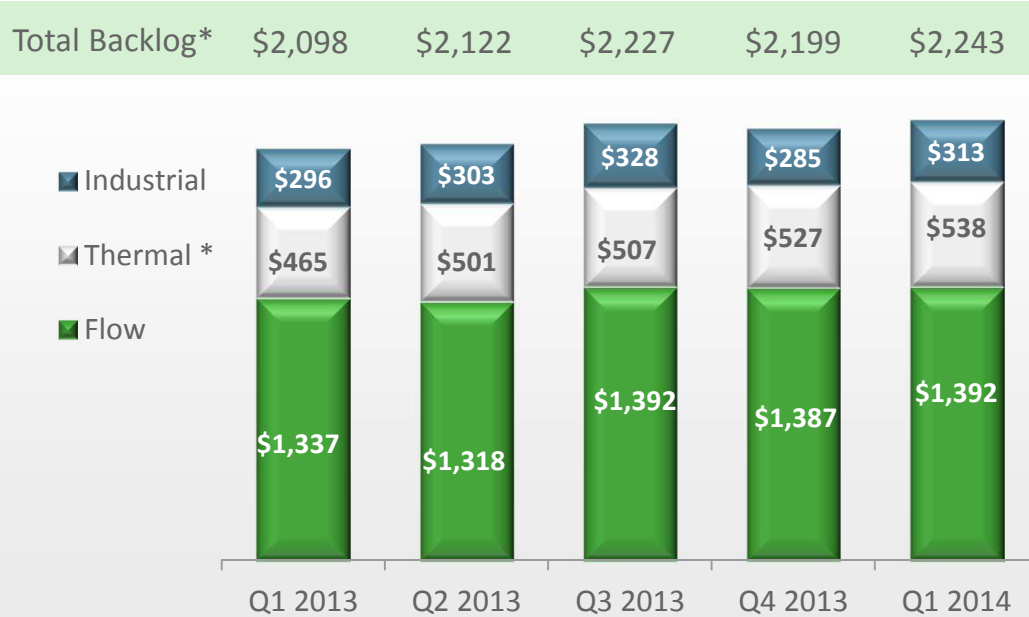
Thermal Equipment

- Challenging conditions persist in global power generation markets
- Expanding cooling tower products and channels into petrochemical, industrial and data centers markets...as a result, we have won a number of medium-to-smaller sized orders for petrochemical, industrial and HVAC applications, primarily in North America

**U.S. Power Transformer Market Remains Stable, Strong Volume and Steady Pricing;
Expanding Sales Channel for Cooling Systems Has Led to Increased Orders in Adjacent Markets**

Sequential Backlog Analysis

(\$ millions)



- Ending Q1 total backlog* up 7% year-over-year; up 2% sequentially
- Short cycle trends generally positive
- Strong pipeline of front log activity in oil & gas and food & beverage projects

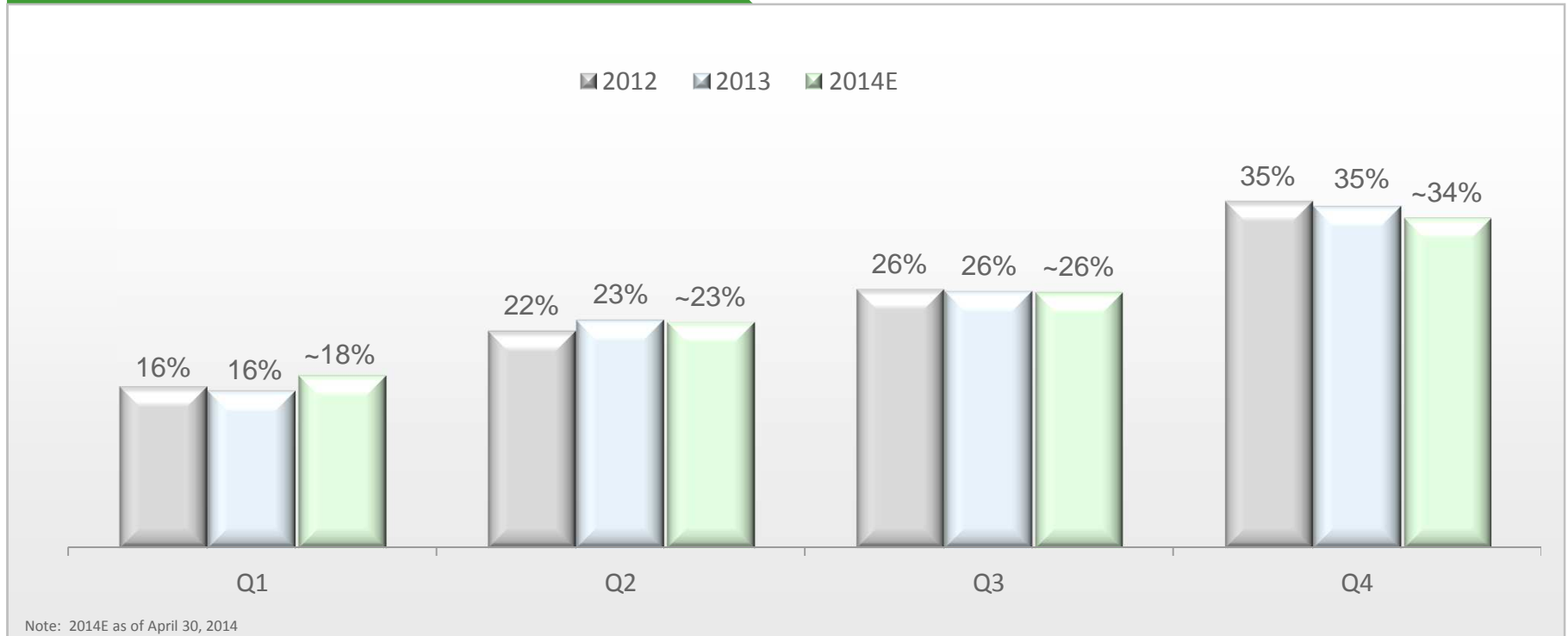
*Excludes Thermal's South Africa backlog

Total Backlog* Increased 7% Year-Over-Year

Quarterly Segment Income Profile



% of Full Year Segment Income Per Quarter



Segment Income Seasonally Stronger in Second Half of the Year

2014 Guidance on a Continuing Operations Basis

Adjusted Earnings Per Share

\$5.00 to \$5.50

Adjusted Free Cash Flow

\$225m to \$275m

	Revenue Growth	Segment Margin Improvement
Flow segment	+3% to +6%	+100 points
Thermal segment	(2%) to +2%	+40 points
Industrial segment	+6 to +10%	+80 points
Consolidated	+2% to +6%	+90 points

Note: 2014 financial guidance as of April 30, 2014; See appendix for reconciliation of non-GAAP metrics

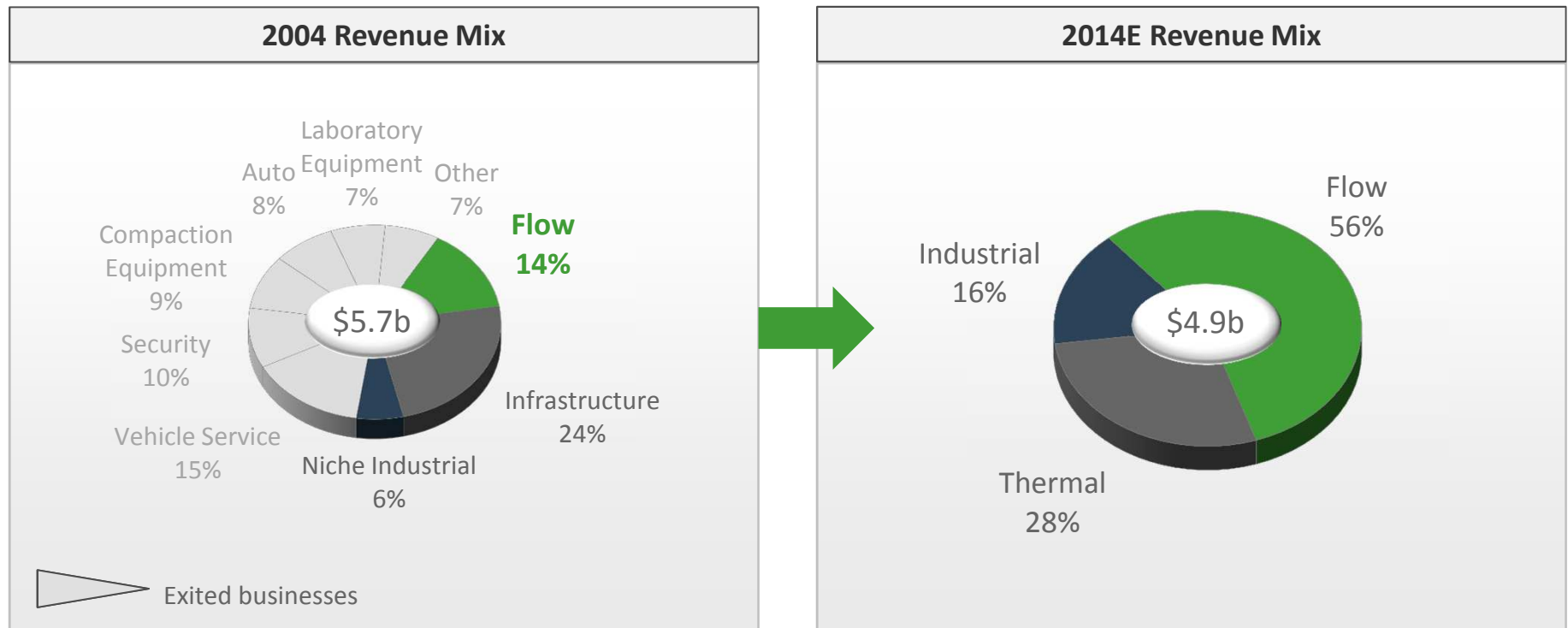
Targeting 2% to 6% Revenue Growth With 90 Points of Segment Margin Improvement and at Least 100% Adjusted Free Cash Flow Conversion



Long-Term Growth Strategy



Strategic Transformation



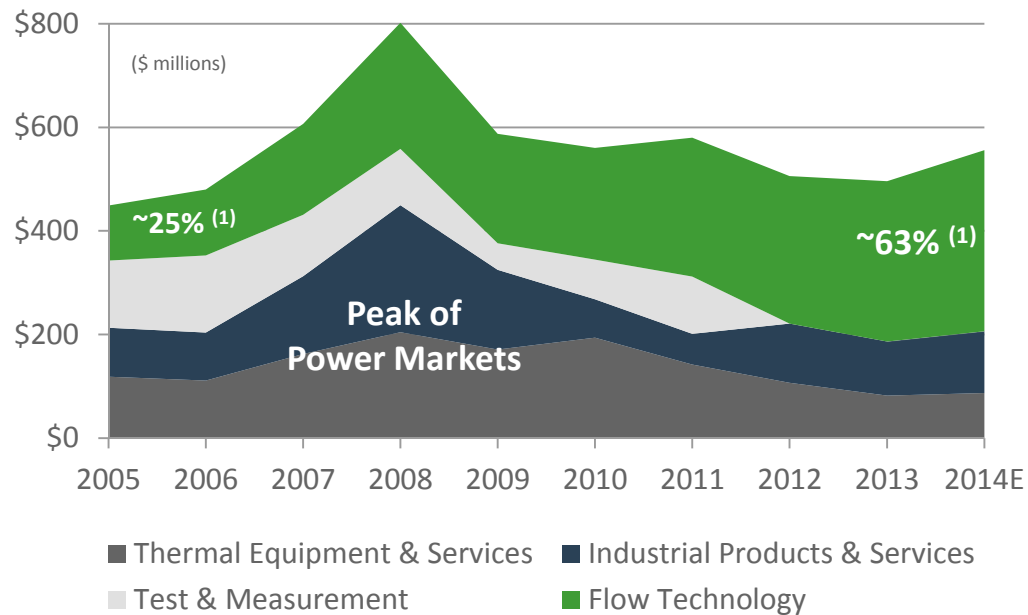
Note: 2014E as of April 30, 2014

**Significant Transformation Since 2004 has Simplified SPX;
 Transitioning from Portfolio Company to Operating Company**

Segment Income Development



Segment Income



Earnings Impact

- Since 2008, growth and investment in Flow segment, combined with capital allocation actions have largely offset...
- ... the earnings declines at our Thermal and Industrial segments related to the slow recovery in power generation and power T&D markets

⁽¹⁾ % of segment income from Flow segment; 2014E as of April 30, 2014

Flow Segment Income Now Represents ~63% of Total Segment Income

Attractiveness of Flow End Markets



Definition of Flow Markets

- Market sectors that require highly engineered system solutions and components which enable our customers to:
 - process, transport, meter, filter or dehydrate...
 - ...fluids, gases and powders across a variety of applications

Strategic Rationale for Flow

- High growth, high margin potential
- Aftermarket model
- Technology adaptable across multiple end markets
- Fragmented industry
- Generally, a higher valuation potential than multi-industrial companies

pumps



valves



heat exchangers



mixers



separation



air treatment

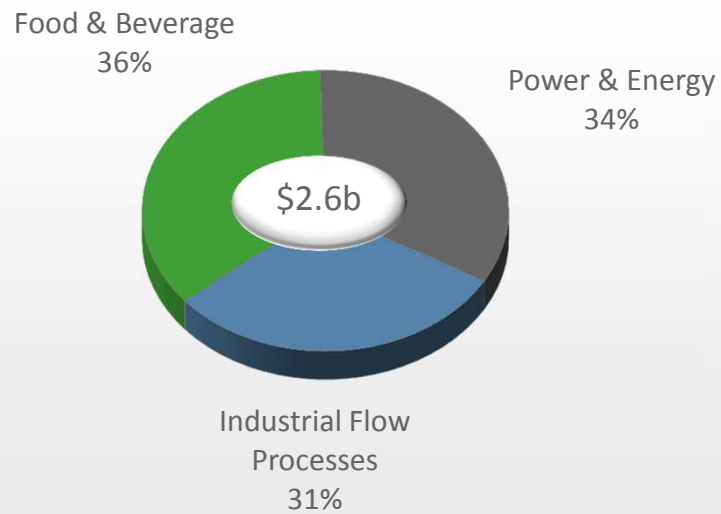


**Many Attractive Characteristics to the Flow End Markets
Representing Significant Growth Opportunities for SPX**

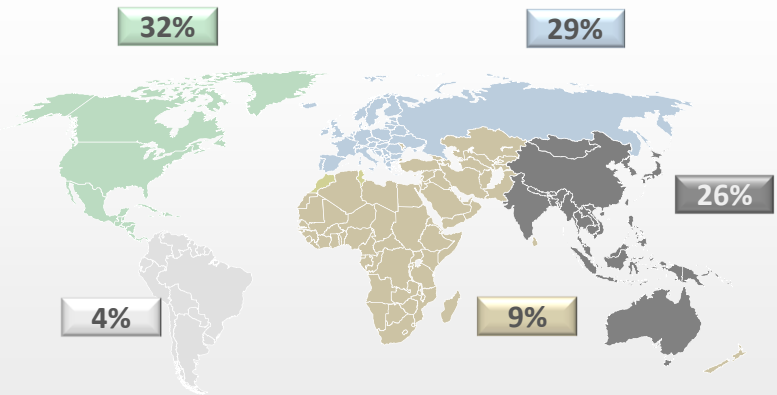
SPX Flow Technology Segment Overview



2013 Revenue by End Market



2013 Revenue by Geography



**SPX Flow Technology Consists of Three End Market Platforms;
Well Positioned in Highly Attractive Food & Energy Markets**

Flow's 2013 Power & Energy Revenue



Customer Examples



Power & Energy Overview

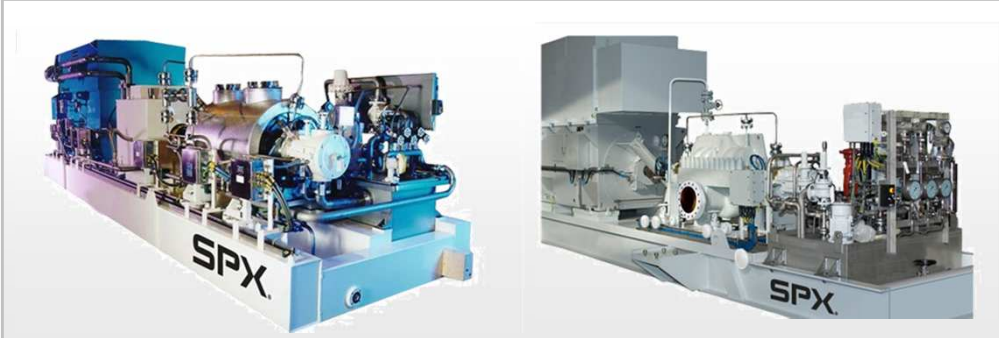
- Large, global markets in which customers demand highly engineered technology solutions
- Competitors include Flowserve, Sulzer, KSB, Cameron, Goulds Pumps and Ebara
- Key demand drivers:
 - ❑ North American pipeline investment
 - ❑ Global energy consumption
 - ❑ Crude oil & natural gas pricing
 - ❑ Global rig count
 - ❑ Global shale activity
 - ❑ Nuclear safety programs and new investments

**76% of Flow's 2013 Power & Energy Revenue
From Sales Into the Oil & Gas End Market**

Key Flow Power & Energy Offerings



multi-stage pumps



valves



closures



dosing pumps



filtration and strainers



dehydration & dryers



mixers



heat exchangers



Complementary Products With Very Good Potential for Revenue Synergies Through Cross-Selling Opportunities, Channel Combinations and Key Customer Account Management

SPX Flow Oil & Gas Offerings



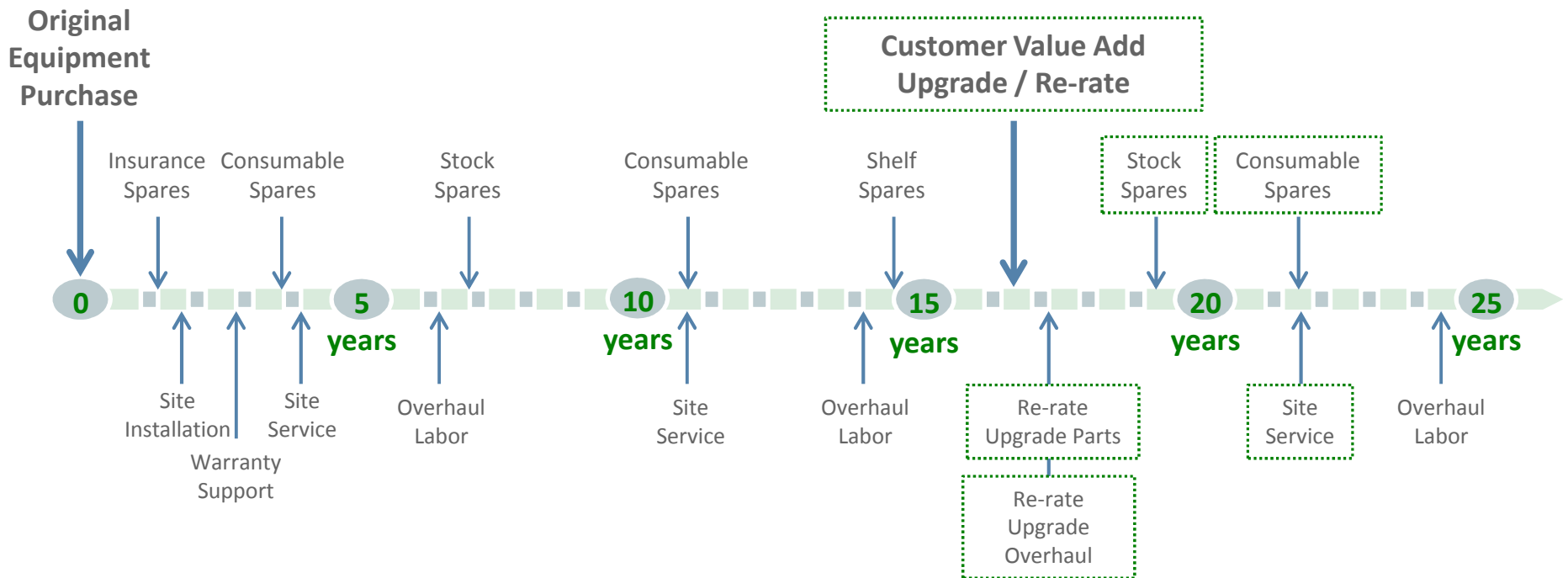
SPX POWER+ENERGY

- P** Pumps
- V** Valves & Closures
- D** Dehydration
- F** Filtration
- M** Mixers
- H** Heat Exchangers

Typical Oil & Gas Pump Lifecycle



25 Year Pump Timeline



The Typical Product Lifecycle Provides an Aftermarket Revenue Opportunity Ranging from 2x to 5x the Original Equipment Sale Over a 25-Year Period

Flow Power & Energy Growth Initiatives



Organic Growth Initiatives

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



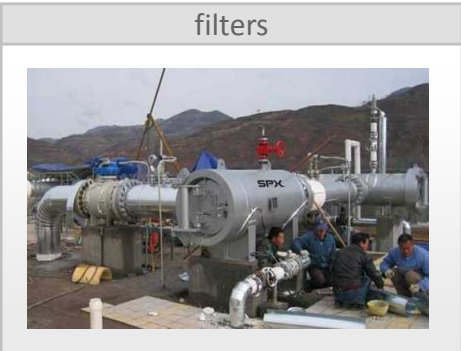
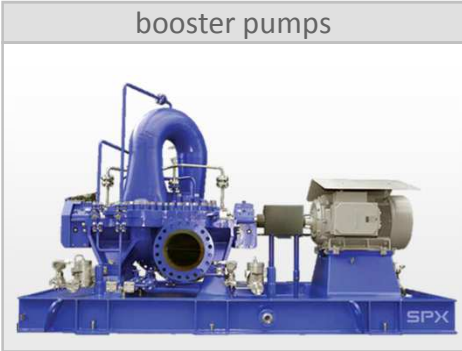
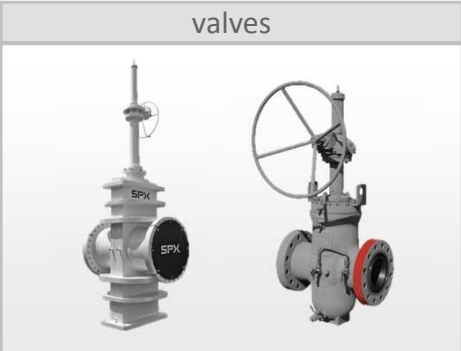
Focused on Profitable Growth in Attractive Power & Energy Markets

SPX Product Portfolio for Oil & Gas Pipelines



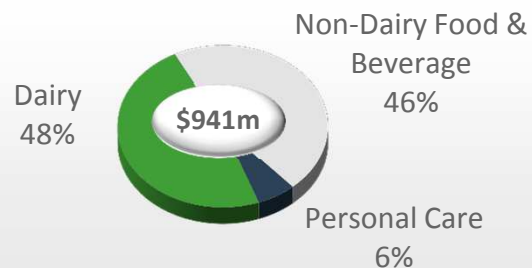
Key Pipeline Products

- Gate valves
- Surge relief valves
- Closures
- Booster pumps
- Transfer pumps
- Injection pumps
- Plate heat exchangers
- Filters
- Power transformers



Focused on Expanding Supplier Relationship with Pipeline Customers

Flow's 2013 Food & Beverage Revenue



Customer Examples



Market Overview

- Regulated, global industry in which customers demand highly engineered, turn-key solutions
- Competitors include GEA, Tetra Pak, Alfa Laval, Sudmo (Pentair) and Fristam
- Key demand drivers:
 - Emerging market capacity expansion
 - Sustainability & productivity
 - Customer product innovation
 - Safety

Well Positioned as a Leading Global Supplier of Food & Beverage Systems and Aftermarket Services

Key Food & Beverage Offerings

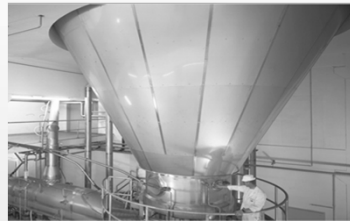


Full Line Systems

Liquid Processing



Drying & Evaporation



Extraction & Distillation

Components

Separation & Clarification



Dispersion



Mixing



Pumps



Valves



Heat Exchangers



Our Technology Offerings Include Full-Line Process Systems and Process Components

Dairy Project in Shanghai



Project Details

- End Market: Liquid Dairy in China
- Customer: Bright Dairy & Food Co., Inc.
- SPX Scope:
 - Design and install all technologies required to produce stirred and set yoghurt, pasteurized and UHT milk
 - Expect to produce 1,200 tons of yoghurt per day which would make this the largest plant of its type
 - Utilize multiple SPX process technologies as well as engineering and project management
- **SPX contracts valued at >\$40m**

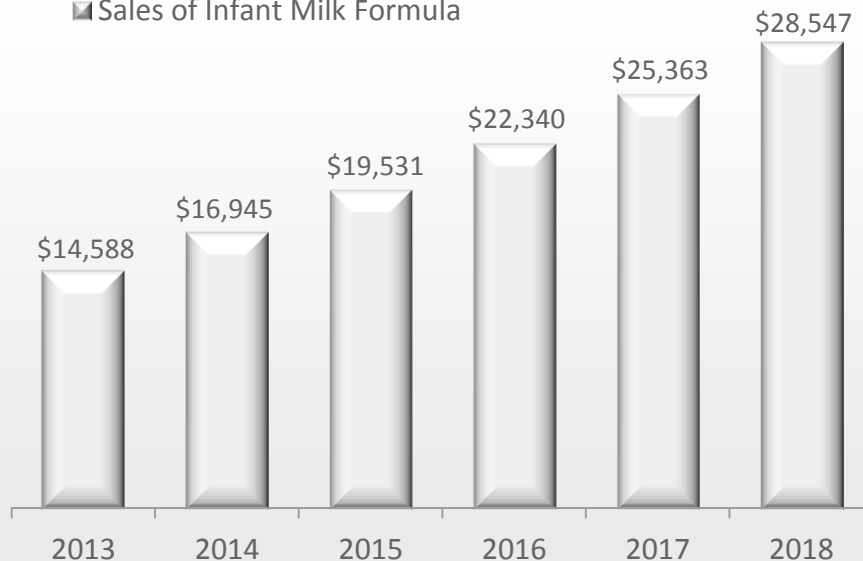


**Represents Largest Dairy Processing Plant in China;
SPX Technician On-Site to Provide Customer Service Support**

China Infant Formula Market Trends

(\$ millions)

■ Sales of Infant Milk Formula



Source: Euromonitor International, November 2013: Passport, Baby Food in China

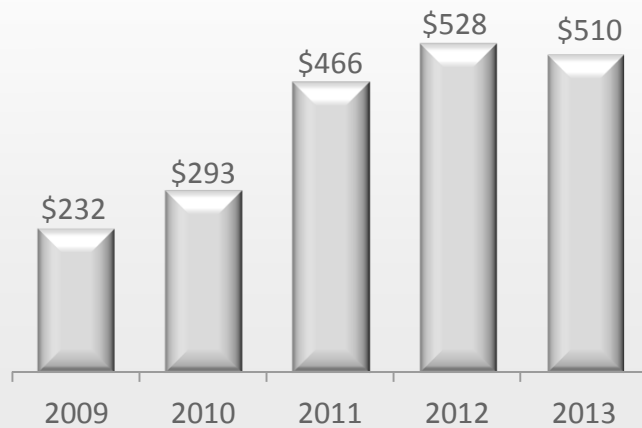
- Upcoming baby boom expected to drive a **14% CAGR in sales of infant milk formula** from 2013-2018
- Total market expected to more than double to ~\$28 billion by 2018
- Consumers increasingly cautious, preferring high quality brands
- International brands expected to benefit the most from market growth

China's Infant Milk Formula Market Expected to Grow 14% Per Year on Average from 2013-2018

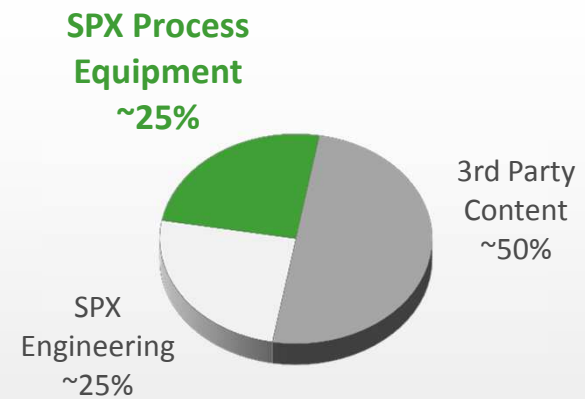
Food & Beverage System Revenue

(\$ millions)

■ Food & Beverage System Revenue

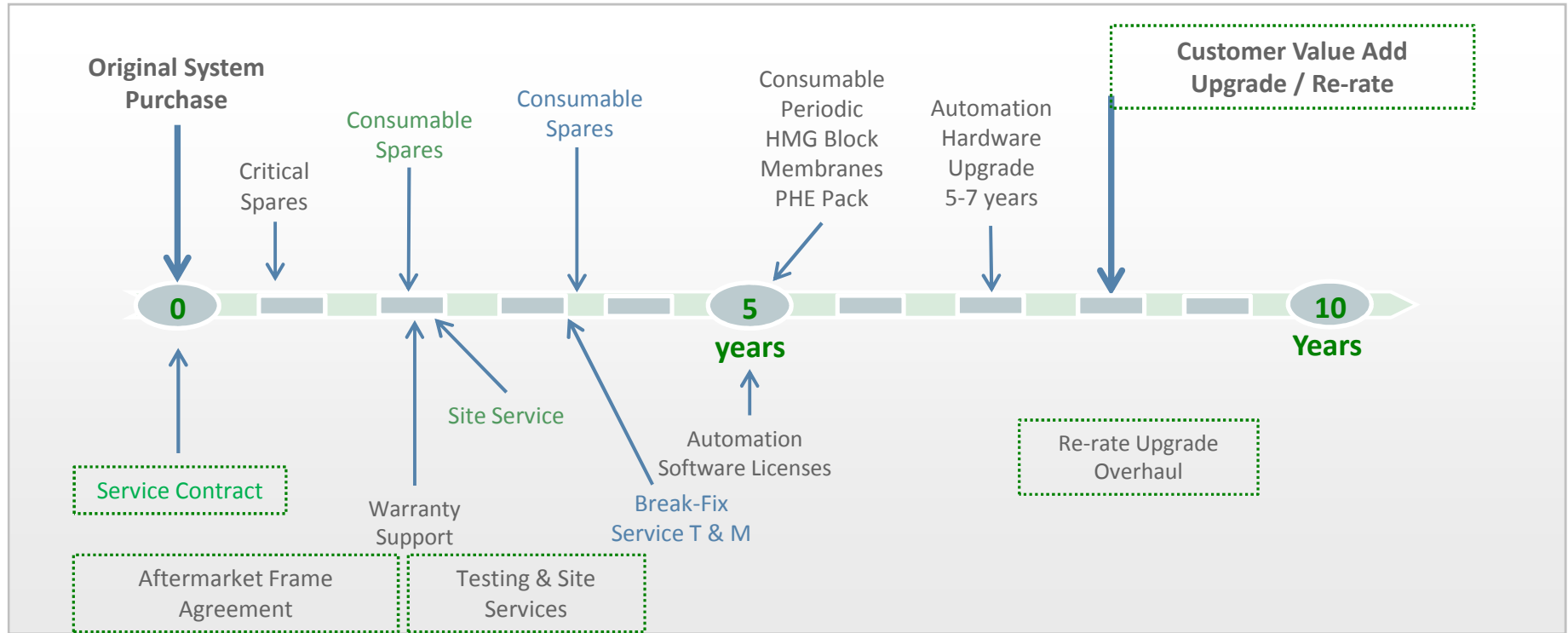


Cost Breakdown of a Typical System



Growing Installed Base Increases Aftermarket Potential

First 10 Years of Aftermarket Opportunity for a Typical Food & Beverage System



Aftermarket Opportunity is Typically 20%-30% of the Value of a Food & Beverage System Over the First 10 Years of Service

Organic Growth Initiatives

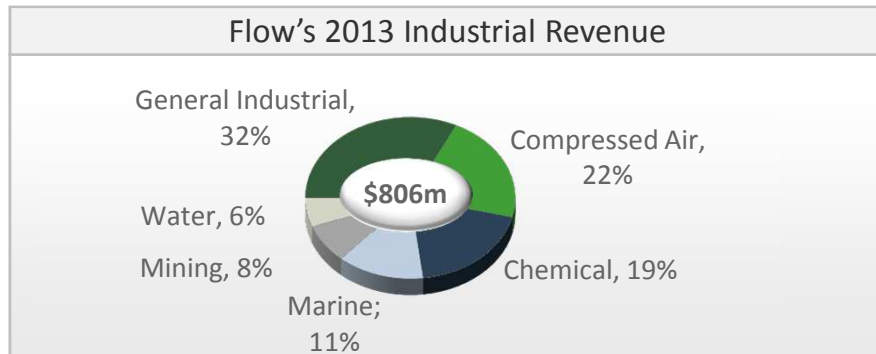
- **Selective pursuit of new system opportunities:**
 - Prioritize aftermarket annuity streams
 - Project risk assessment
 - Focus on core technologies and high growth market segments (i.e. dairy processing, infant formula)

- **Increase focus on aftermarket:**
 - Increase penetration on installed base
 - Capture the majority of aftermarket potential for SPX content on new installs

- **Innovation to support customer initiatives**



Focused on Profitable Growth in Attractive Food & Beverage Market



- Industrial Flow Markets Overview**
- Large, global markets in which customers demand highly engineered technology solutions
 - Fragmented, regional competitor base
 - Key demand drivers:
 - ❑ Global GDP growth
 - ❑ Manufacturing expansion
 - ❑ Industrial capital spending
 - ❑ Metal pricing
 - ❑ Shipbuilding

Industrial Flow Offerings Serve Global Customers in a Variety of Industrial End Markets

Flow Industrial Growth Initiatives



Organic Growth Initiatives

- Expand geographic presence through localization and new channels
- Focus on growing aftermarket sales
- Leverage combined product offerings
- Chemical market penetration across multiple lines
- Innovation and new product development

mixers



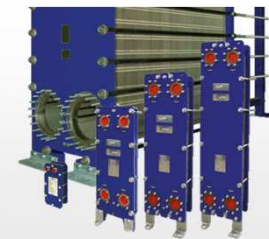
air treatment



pumps



heat exchangers



**Broad Opportunities for Strategic Growth in
Highly Engineered Industrial Flow Applications**

Fuel Station Tower Dryer

- Next generation Fuel Station Singel Tower Dryer
- Improves performance and energy efficiency
- Equipped with high performance particulate and oil removal filtration
- Optimized footprint offers ease of transport, installation and service
- Launched April 2014



Innovation Focused on High Potential Growth Market



Executive Summary



Key Investor Messages

- 1) Significant progress over the last four quarters improving operating performance and executing strategic and capital allocation actions
- 2) Remain committed to leaner cost structure and continued operating improvement:
 - Focused on achieving 2014 *and* long-term margin targets
 - >100% conversion of net income to free cash flow
- 3) Attractive end markets with focused growth initiatives in higher profit market sectors
- 4) Disciplined capital allocation

**Focused on Reducing Cost Structure and Driving Profitable Revenue Growth;
Committed to Operational Improvement and Returning Capital to Shareholders**



Questions?





Appendix



Reconciliation to GAAP Cash Flow Statement

	<u>2014E</u>	
(\$ millions)		
Net cash from continuing operations	\$50	to \$100
Tax payments on asset sale gains	\$260	\$260
Capital expenditures	<u>(\$85)</u>	<u>(\$85)</u>
Adjusted free cash flow from continuing operations	<u>\$225</u>	to <u>\$275</u>