

# SPX Corporation 2019 Investor Event

March 5, 2019

**New York City**



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- Statements in this presentation are only as of the time made, and SPX disclaims any responsibility to update or revise such statements except as required by 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 the appendix to this presentation and in our applicable SEC filings, which are available on our website. 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.
- 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.

# Agenda



Welcome and Introductions

Paul Clegg

SPX's Value Creation Journey

Gene Lowe

Organic Growth and Improvement Strategy

John Swann

Inorganic Growth Strategy

Franklin McClelland

SPX Business System

Randy Data

Financial Structure and Capital Allocation

Scott Sproule

Q&A

All



Gene Lowe  
President and CEO  
**SPX's Value Creation Journey**



Randy Data, President, Global  
Operations & South Africa  
**SPX Business System**



John Swann  
President, Heating, and  
Location & Inspection  
**Organic Growth and  
Improvement Strategy**



Scott Sproule  
Treasurer and CFO  
**Financial Structure and Capital  
Allocation**



Franklin McClelland  
VP, Business Development  
& Strategy  
**Inorganic Growth Strategy**

# SPX's Value Creation Journey

Gene Lowe  
President and CEO

# Why SPX?



## Attractive Core

Well positioned key platforms in growth markets

## Growth

Favorable secular trends and business mix; growth initiatives in early innings

## Cash Flow

>110% conversion of adjusted net income\*

## Business System

Consistent repeatable process to drive improvement

## Capital Deployment

Anticipate ~\$500m of capital available for growth and value creation during 2019-2020

**Sustainable Double Digit EPS Growth with Strong Cash Conversion**

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

# SPX at a Glance - 2018



## HVAC

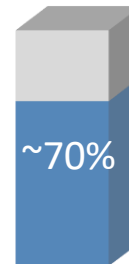
- ✓ Cooling towers
- ✓ Boilers
- ✓ Electrical heating

REVENUE

**\$582m**

EBITDA MARGIN\*

**16%**



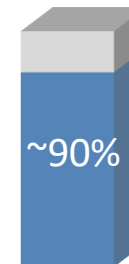
REVENUE FROM  
REPLACEMENT SALES

## DETECTION & MEASUREMENT

- ✓ Location & inspection
- ✓ Fare collection
- ✓ Communication technologies

**\$321m\***

**27%**



REVENUE FROM  
#1 OR #2  
MARKET POSITION†

## ENGINEERED SOLUTIONS

- ✓ Transformers
- ✓ Process cooling & components

**\$537m**

**9%**

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

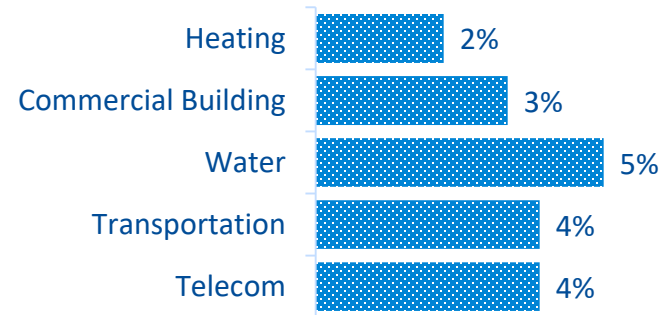
†Based on management estimates.

## FAVORABLE & BALANCED DEMAND DRIVERS



## GROWTH RATES IN KEY END MARKETS

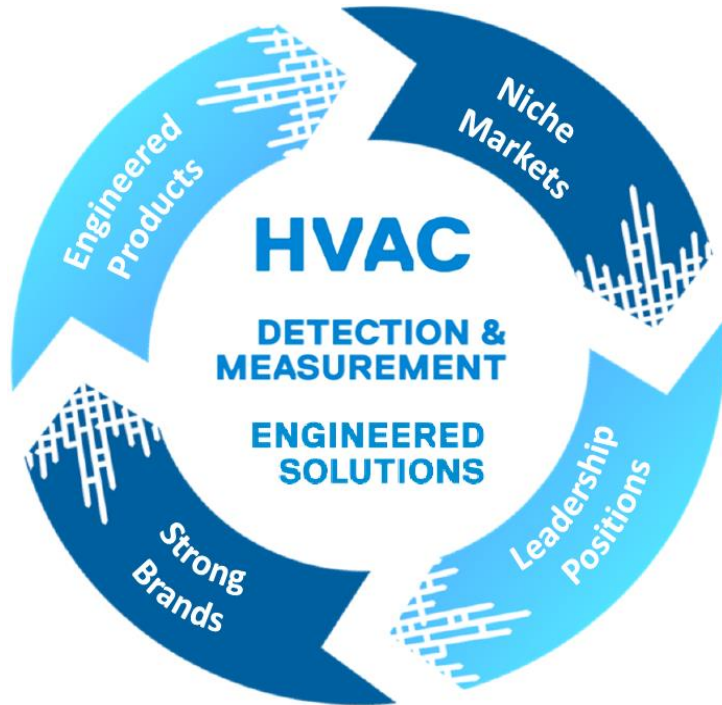
(Industry 5yr CAGR estimates)



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

\* Management estimate of the percent of 2018 Adjusted revenue from sales of replacement products.





## Organic Growth

- New products
- Channel expansion
- Adjacent markets

## Inorganic Growth

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

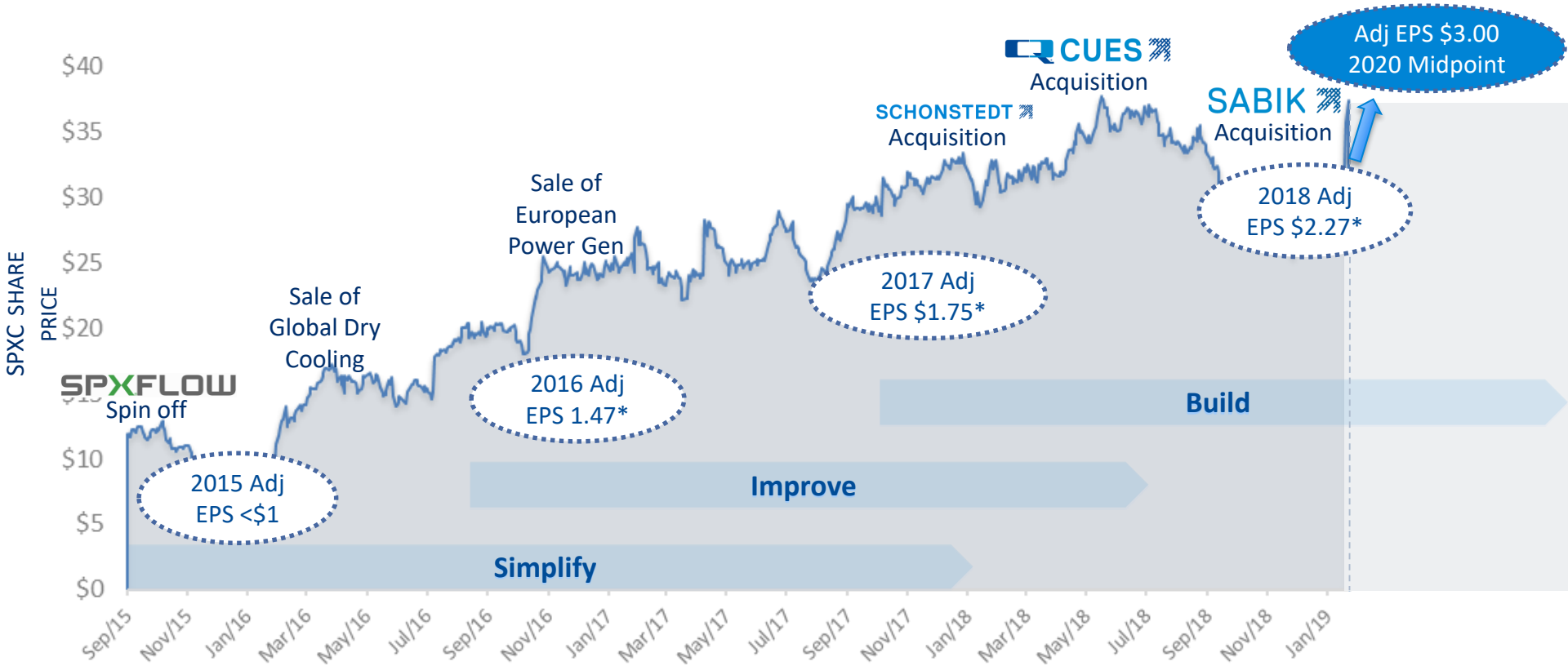
## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

## Culture & Values

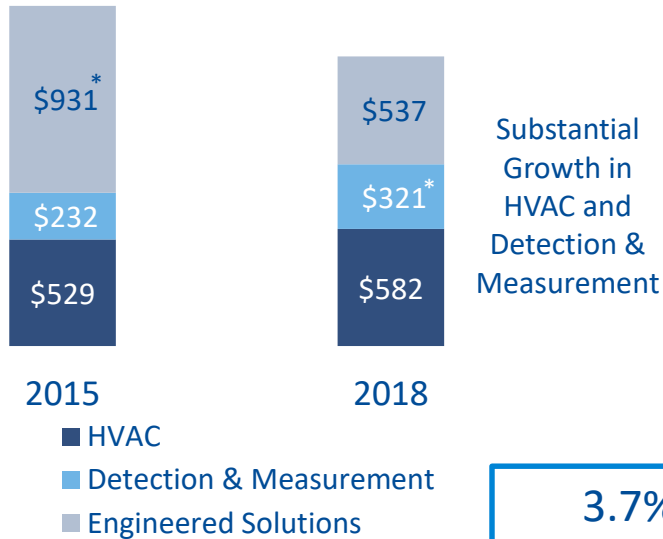
- Leadership development
- Results/accountability
- Integrity

# Impact of Value Creation Framework

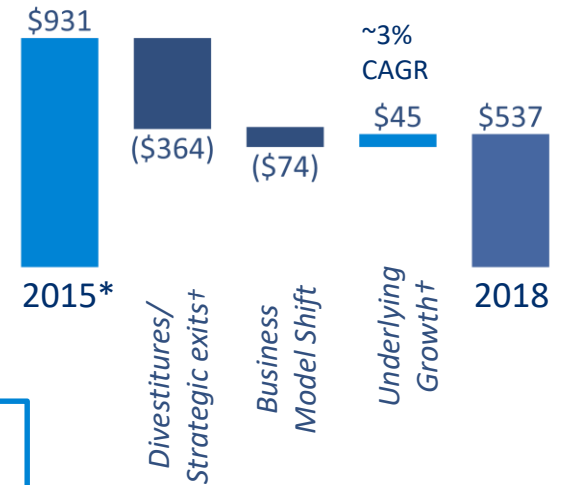


\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the appendix of this presentation.

## SPX CORPORATION SEGMENT REVENUE CHANGES (\$M)



## ENGINEERED SOLUTIONS SEGMENT REVENUE CHANGES (\$M)



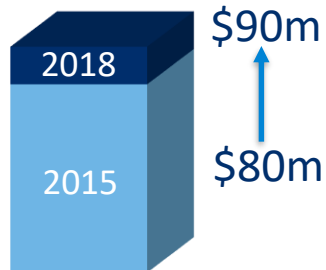
3.7% Underlying Growth Rate

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

† Revenue growth for Engineered Solutions includes a \$13.9m favorable impact associated with the adoption of ASC 606.

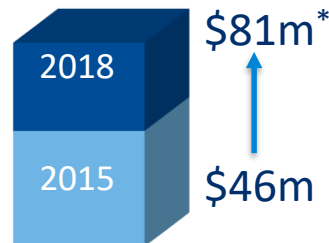
# Segment Income Transformation

## HVAC



- NEW PRODUCT INTRODUCTIONS
- CHANNEL INITIATIVES
- OPERATIONAL EXCELLENCE

## DETECTION & MEASUREMENT



- NEW PRODUCT INTRODUCTIONS
- ACQUISITIONS
- OPERATIONAL EXCELLENCE

## ENGINEERED SOLUTIONS



- OPERATIONAL EXCELLENCE
- BUSINESS EXITS (POWER GEN)
- FOCUS ON COMPONENTS AND SERVICE

2015 - 2018

**>2x**  
ADJUSTED  
EPS GROWTH\*

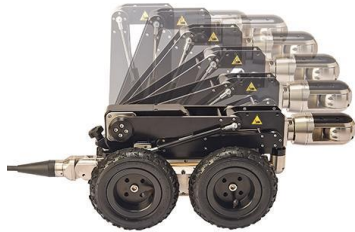
**~600** BPS  
SEGMENT  
MARGIN\*  
EXPANSION

**>110%**  
FCF  
CONVERSION\*

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

# Recent Inorganic Investments

## RADIODETECTION®



Radiodetection  
Inspection Equipment

## CUES



CUES Market Leading  
Inspection Equipment



Global Leader  
in Inspection  
Equipment

## FLASH TECHNOLOGY



Flash Technology Obstruction  
Lighting Equipment

## SABIK



Sabik Market Leading  
Marine Lighting Products



Strengthens Global  
Leadership in  
Engineered  
Specialty Lighting

# Attractive Platforms For Growth & Margin Expansion

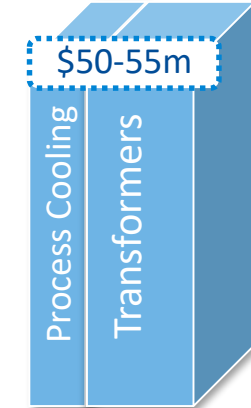
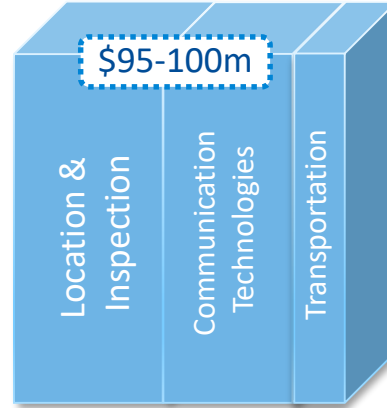


## HVAC

## DETECTION & MEASUREMENT

## ENGINEERED SOLUTIONS

'19 EBITDA



'19 GM%

Low 30%<sup>s</sup>

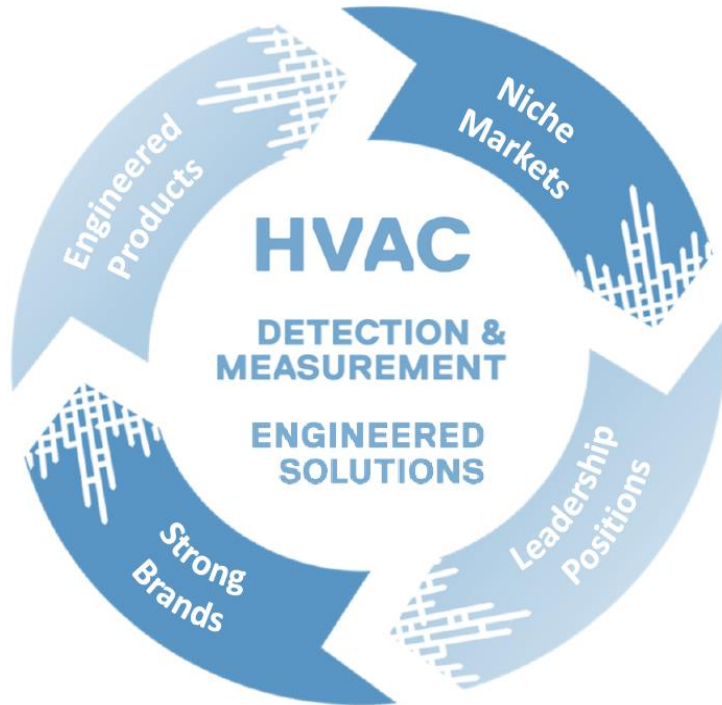
Mid-40%<sup>s</sup>

Mid-teens

FOCUS ON INORGANIC GROWTH

ORGANIC GROWTH & CONTINUOUS MARGIN ENHANCEMENT

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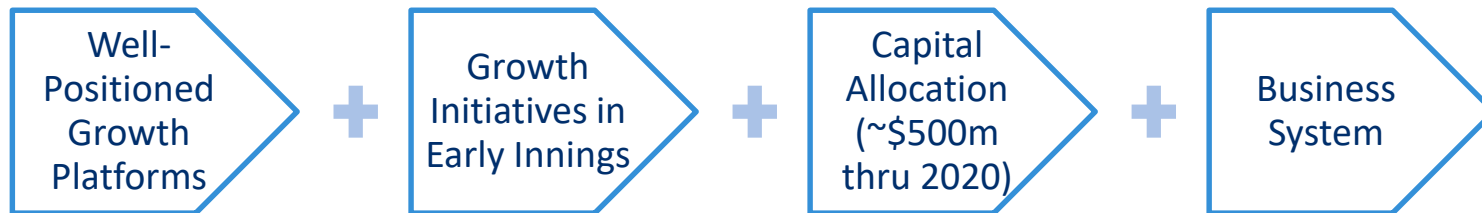
## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

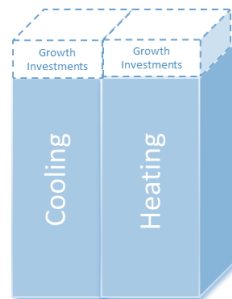
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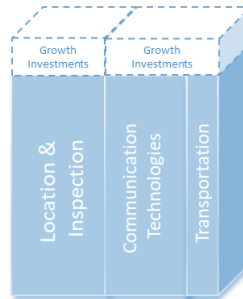
# SPX - Well Positioned for Continued Value Creation



**HVAC**



**DETECTION & MEASUREMENT**



**ENGINEERED SOLUTIONS**



Sustainable Double Digit EPS Growth with Strong Cash Conversion



# Organic Growth & Improvement Strategy

John Swann

President, Heating and Location & Inspection

- ❑ Built into goal deployment with KPIs for each business unit and functional group
- ❑ Critical component of multi year strategy process including key initiatives and product / service roadmaps
- ❑ Product management / channel management as key competency focus for best practice development and enhancement
- ❑ Several growth tools for enterprise application
  - Channel management
  - New product development
  - Voice of customer
  - Value proposition quantification and value selling



- Advanced analytics to maximize market coverage
  - “80/20” approach to increase key account & wallet share conversion
  - Contractor and specifier “pull” strategy
- 



- Voice of customer
  - Reduced complexity (quality, delivery, cost)
  - Rapid speed to market
  - Impactful launch
- 

Drives Profitable Share Growth





## HVAC Heating



- New boiler introductions
- Channel expansion/penetration



- Channel expansion/penetration

## Location & Inspection

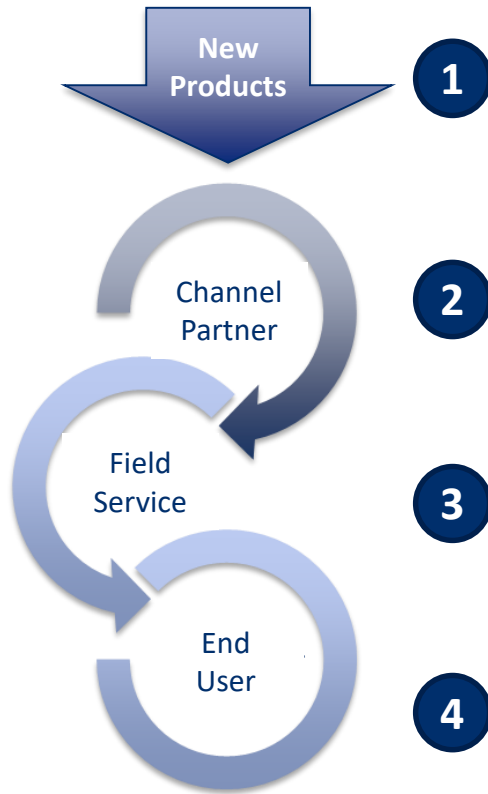
RADIODETECTION 



- New product introductions

\*Weil-McLain is a division of the Marley-Wylain Company, Inc.

# Key Product & Commercial Initiatives (Boilers)



1

Launch New High Efficiency Lines:  
Extend portfolio to broadest in industry

2

Channel & Coverage Strategy:  
Capture high efficiency share with competitive conversion kits

3

Contractor Engagement:  
Create value-added programs to facilitate sales and drive loyalty

4

Advanced Selling Tools:  
Simplify selling message around “Good, Better, Best” line structure

## Results

- Expanded line coverage by 30%\* since 2015
- Designed and launched best-in-class Distributor Alliance Program for improved share of wallet
- Focused efforts on contractor and specifier to create channel “pull”
- Expanded line and selling tools driving higher win rates at end-user level

\* Based on management estimates.

- Seven new product introductions in the high efficiency boiler category since 2015
- New launches have expanded addressable market coverage from 64% to 95%\*
- Established “Good, Better, Best” line structure in Residential segment
- Only boiler OEM with three material options in Commercial segment



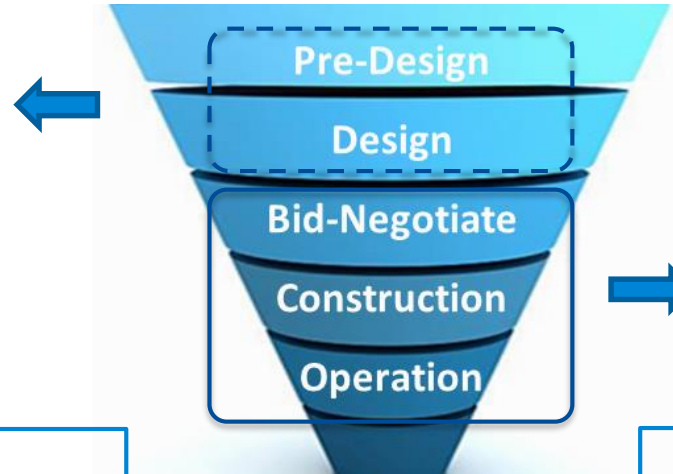
Increased Commercial High Efficiency Share by 6%\* in 2018

\*Based on management estimates.

Note: Weil-McLain is a division of the Marley-Wylain Company, Inc.



## Commercial Project Funnel



**Engage Earlier**  
*See More\**

- ❑ Analytics-driven lead generation
- ❑ E-heat system integration

### Top of Funnel Focus

- Averaged >10%† Growth in quoting volume since 2015

**Leverage Tools & Metrics**  
*Quote More\* – Win More\**

- ❑ Submittal and Quote tools
- ❑ Prioritized support for sales teams

### Bottom of Funnel Focus

- +3.5pt† improvement in win rate since 2015

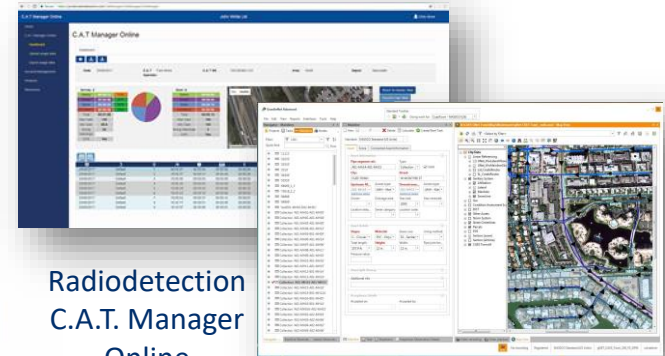
**Double Digit Growth CAGR in Specified Volume Since 2015**

\*The terms “See More,” “Quote More,” “Win More” are based on Frank Lynn Associates Channel Strategy.

† Based on management estimates.

# Product Development Example - Location & Inspection

- Twelve new product introductions since 2015
- Application-specific product launches tailored to high value market segments
- Introduced cloud-based asset management software solutions to improve field productivity and quality
- Successful integration of product portfolio from recent acquisitions (Schonstedt magnetometers and CUES/Pearpoint video inspection line)



Radiodetection  
C.A.T. Manager  
Online



Radiodetection  
RD5100 Cable  
& Pipe Locator



CUES SPiDER  
Manhole Scanner

CUES GraniteNet  
Software

Increased Product Vitality by 5X Since 2015

- Share growth across all major heating categories in 2018\*
- Averaged double digit growth in high value Commercial Electrical spec volume since 2015
- Increased boiler product vitality index by 76% and locators by 500% since 2015
- Strong momentum in applying toolkits to recent Location & Inspection acquisitions

Operating Leverage/Margin Expansion in  
Highest Return Businesses



\*Based on management estimates.

## Channel management and product development best practices



Global Sales  
Coverage Model

MARLEY



Everest Product  
Innovation

GENFARE



Product & Business  
Model Innovation

## Developing and executing against strategies across other organic growth initiatives

Aftermarket /  
recurring  
revenue streams

Data analytics /  
solutions  
offerings

Value-based  
pricing  
models

Leveraging Business System to Accelerate  
Above-Market Growth Across Enterprise

# Inorganic Growth Strategy

Franklin McClelland

VP, Business Development & Strategy



**Aligns with strategic priorities**

Strengthens competitive positions



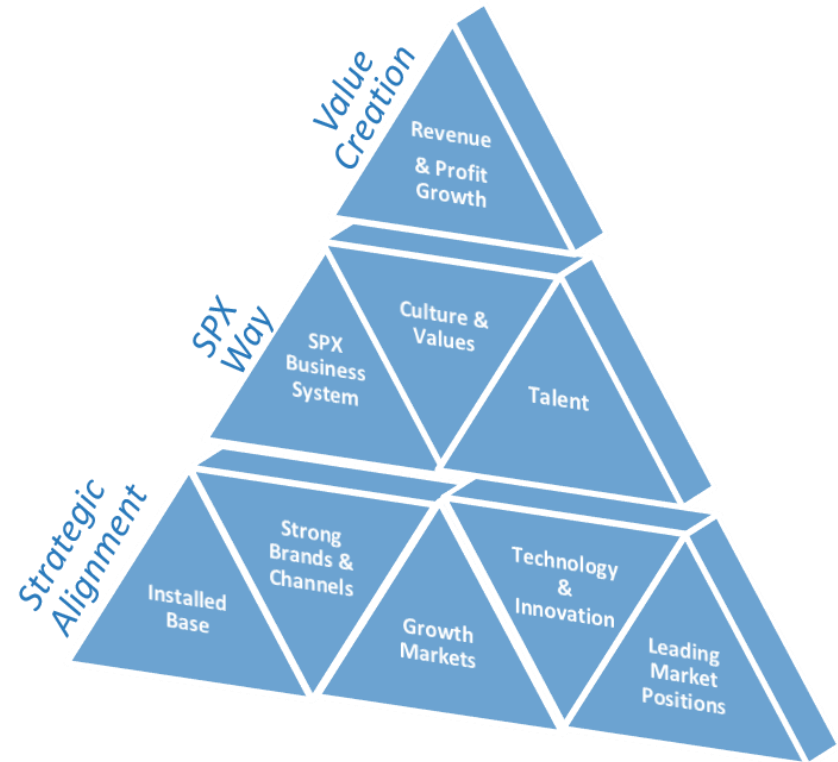
**EPS Accretive**

Adjusted EPS accretion by year 1; GAAP by year 2

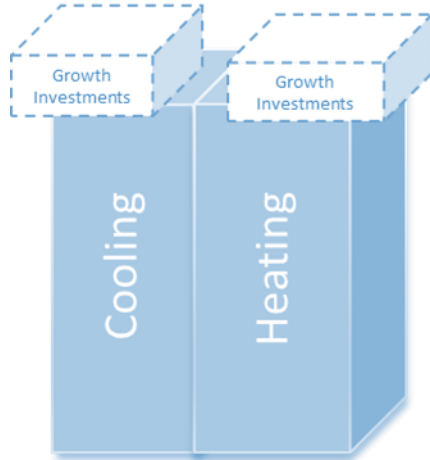


**Double Digit Cash ROIC (3-5 yrs)**

Growth and synergies to drive strong returns



## HVAC



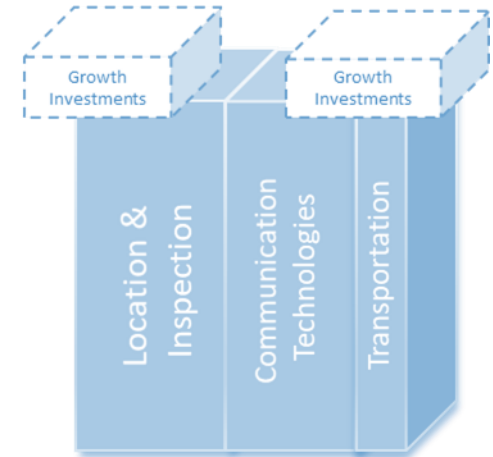
## STRATEGIC FOCUS AREAS

- Build core scale
- Enhance capabilities / technologies
- Invest in adjacent platforms

## TARGET TRAITS

- Differentiated leadership
- Highly engineered products
- Creates scale and optionality across our platforms
- “Fit” with SPX culture





## DETECTION & MEASUREMENT



# Scalable, Repeatable M&A Value Creation Model





	Where We Are Focused			What We Look For		
	CORE SCALE	TECHNOLOGY	PLATFORM ADJACENCY	NICHE MARKETS	PLATFORM SCALE	CULTURAL FIT
SCHONSTEDT 	✓	✓		✓		✓
 CUES 	✓	✓	✓	✓	✓	✓
SABIK 		✓	✓	✓	✓	✓

Completed Deals Good Examples of M&A Focus Areas / Approach

## RADIODETECTION

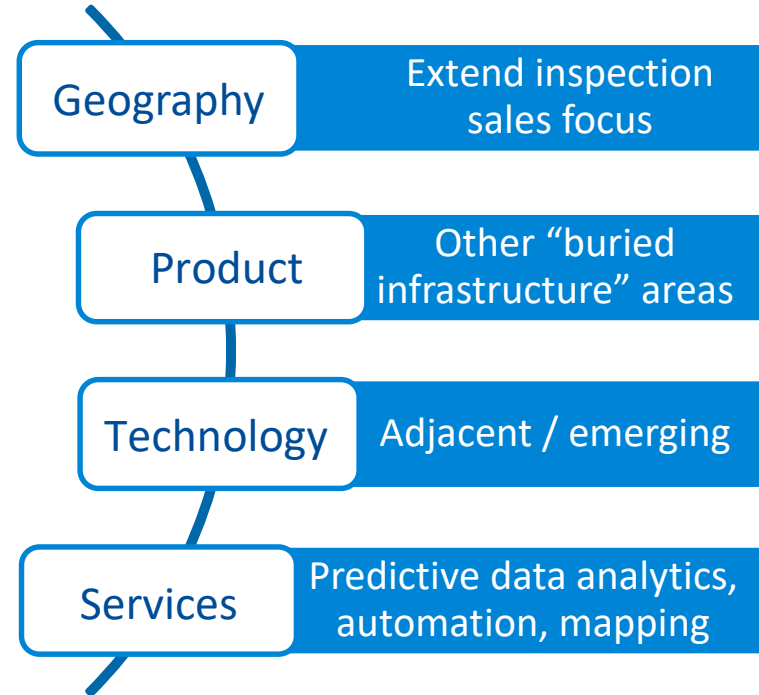
- ✓ Market leading position – underground location
- ✓ Global market strength
- ✓ Municipal / utility customers
- ✓ Data analytics

## CUES

- ✓ Market leading position – underground inspection
- ✓ U.S. market strength
- ✓ Municipal customer base
- ✓ Data analytics

***+\$200M revenue base with strong expansion prospects***

## Expansion/Growth Vectors





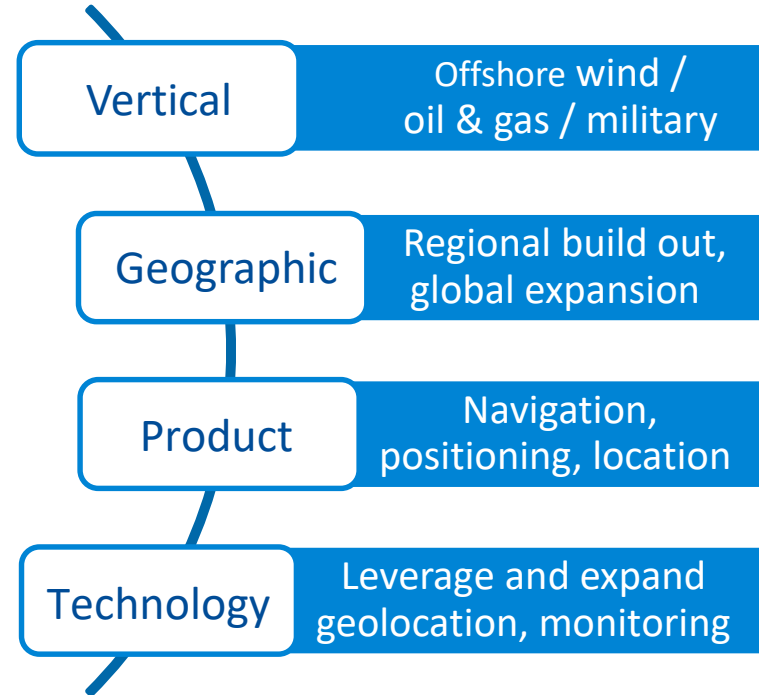
- ✓ Market leading
- ✓ Mission critical comms systems
- ✓ Regulated specifications
- ✓ Rugged telecom/land-based operating environments



- ✓ Market leading
- ✓ Mission critical comm systems
- ✓ Regulated specifications
- ✓ Rugged airport and marine operating environments

***+\$125M revenue base with broad range of expansion options***

## ***Expansion/Growth Vectors***



# Roadmap for Path Forward



	BUSINESS AREA	KEY BRANDS	CORE SCALE	TECHNOLOGY	PLATFORM ADJACENCY	COMMENT
HVAC	Heating	Weil-McLain, Marley	●	●	●	Build on strong brands, channel
	Cooling	Marley	●	●	●	Several attractive adjacencies
Detection & Measurement	Inspection & Location	Radiodetection, Cues	●	●	●	Several adjacent categories under evaluation
	Communication Technologies	Flash, TCI, Sabik	●	●	●	Focused on further building platform scale
	Transportation	Genfare	●	●	○	Technology capabilities

High Priority
  Medium Priority
  Opportunistic

# Business System

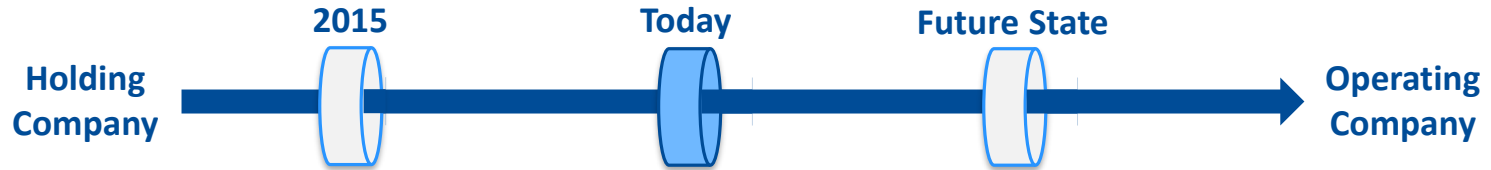
Randy Data

President, Global Operations & South Africa



Driving Growth and Margin Enhancement

# SPX Business System Evolution



**Goal  
Deployment**

Well developed process ... early focus as we organized a new Company

**Business  
Excellence**

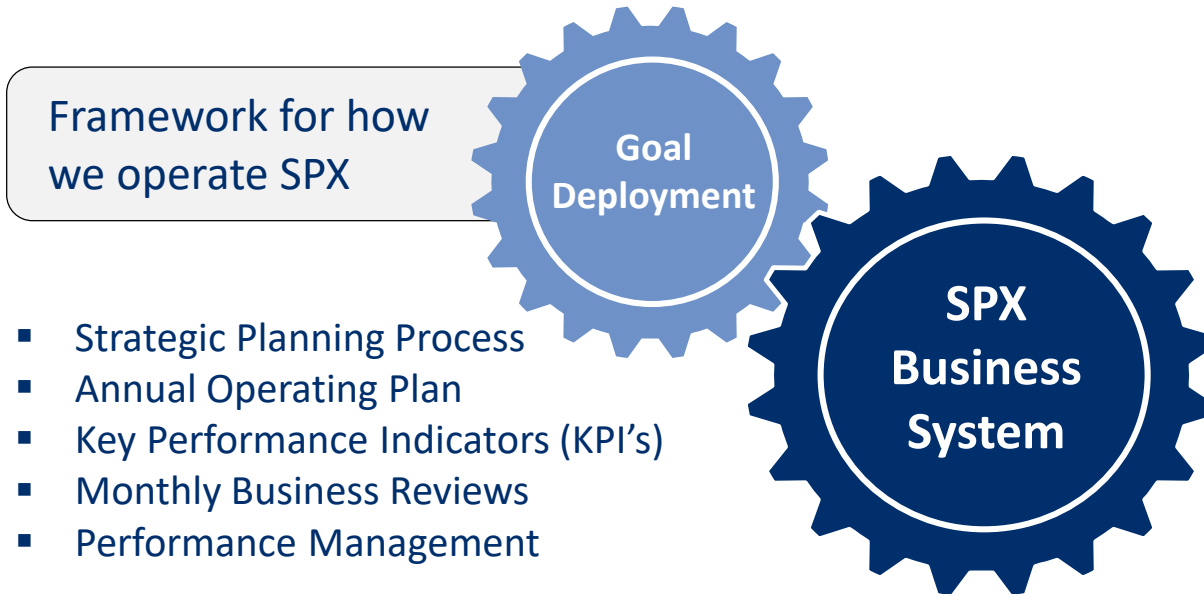
Reshaped portfolio, executing on growth strategy and applying process tools

**Talent  
Management**

Key resource additions, engaging employees and developing business leaders

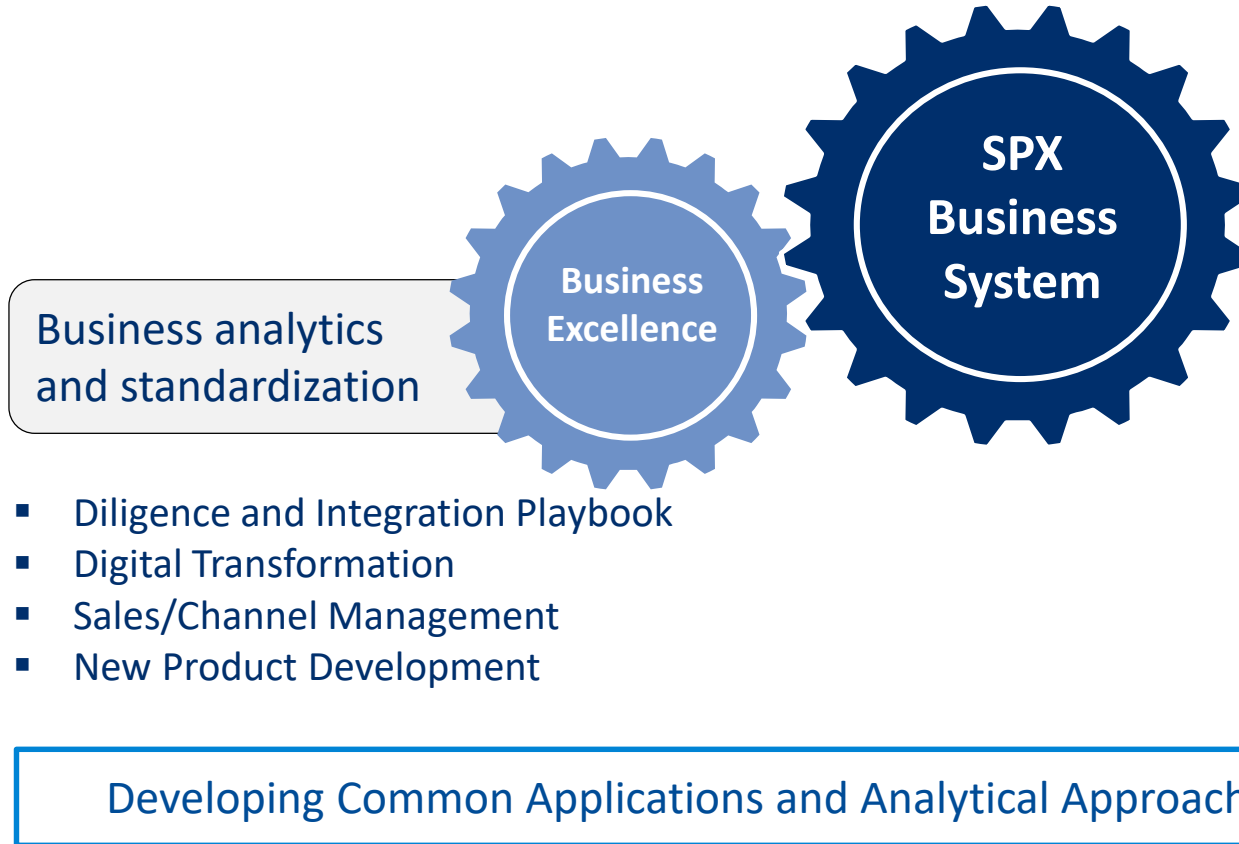
**Operational  
Excellence**

Laying foundation for continuous improvement and margin expansion



Establishes a Common Framework for how we Operate





## Process



- Common processes that drive a consistent and proven approach
  - Standard checklists to ensure key elements are covered
- 

## People



- Leadership resources who understand interdependencies
  - Business resources who drive value through execution
- 

## Technology



- Technology to support project consistency
- Library of prior efforts to support lessons learned and best practices

Establishes a Consistent Approach to Investigate,  
Evaluate and Integrate Acquisitions

# M&A Due Diligence and Integration Results



Acquisition	Business Objective	Primary Value Drivers	Expected Synergy Result
<b>Schonstedt</b>	Core Scale Technology Enhancement	<ul style="list-style-type: none"> <li>Channel Expansion</li> <li>Strategic Sourcing</li> </ul>	
<b>CUES</b>	Platform Scale	<ul style="list-style-type: none"> <li>International Growth</li> <li>Strategic Sourcing</li> <li>Production Enhancement</li> </ul>	
<b>Sabik</b>	International Expansion Platform Scale & Adjacency	<ul style="list-style-type: none"> <li>International Growth</li> <li>Production Rationalization</li> </ul>	Just Announced

Early Success on Recent Acquisitions



Driving Operational Efficiencies and Margin Improvement



## Manufacturing Excellence

- Capacity expansion to support growth and insourcing
- Capacity rationalization to reduce cost and complexity



## Strategic Sourcing

- Logistics reductions through corporate contracts
- Vendor consolidation across business
- Insourcing of vendor services



## Revenue Enhancement

- Channel expansion and new markets
- Cross business sales opportunities



Expected Result:  
2X Synergy Benefit

# Continuous Improvement and Manufacturing Excellence

## Manufacturing Excellence Framework



- Stronger focus on facility output and efficiency
- Driving continuous improvement to a higher level
- Best practices on visual and daily management
- Re-establishing common metrics



Employee engagement and development

- Leadership Development
- Talent Acquisition Approaches
- Talent Health Assessment & Succession Planning
- Coaching & Career Planning
- Cultural Identity & Employee Engagement



Building a Culture and Talent Base to Support Growth

- Increase manufacturing throughput/efficiency
- Leverage strategic sourcing across company
- Reduce overall working capital
- Drive continuous improvement and analytics in core and acquired businesses



COGS 1 – 2%



Cash Conversion



Target 1 – 2 X  
Synergy Benefit

Supports Double-Digit Earnings Growth



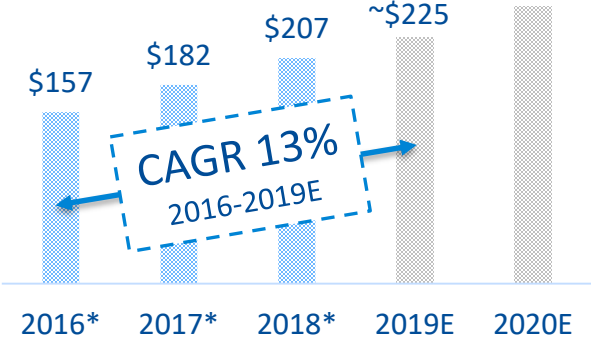
# Financial Discussion & Capital Structure Analysis

Scott Sproule  
Chief Financial Officer & Treasurer

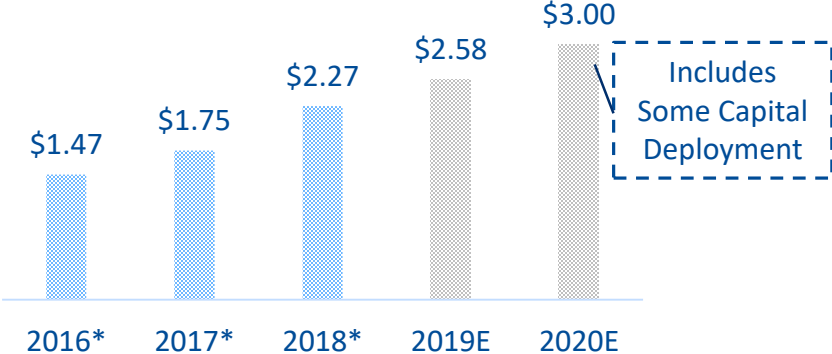
# Strong Progression Towards Targets - Profit Measures



### ADJUSTED SEGMENT INCOME (\$M)



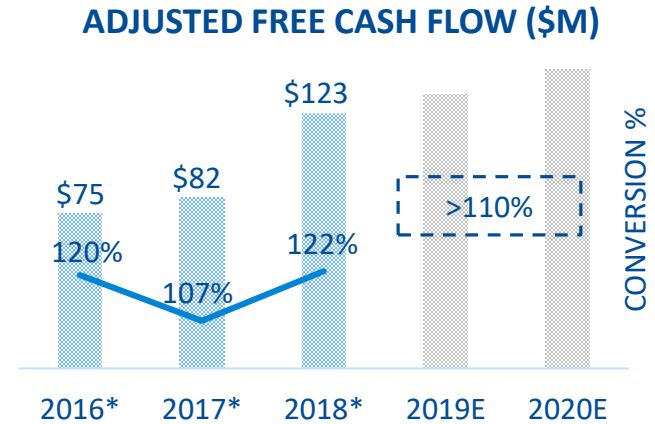
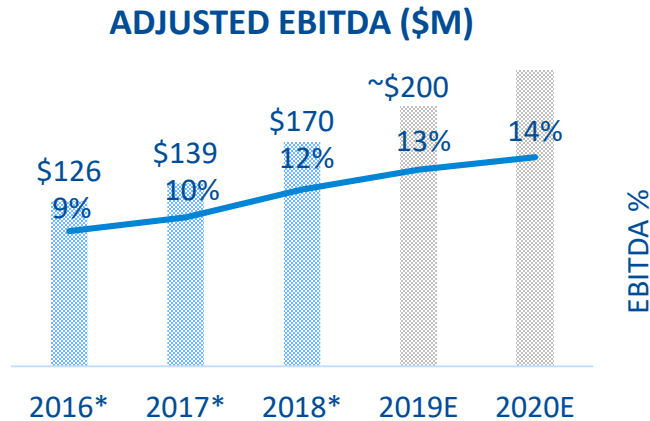
### ADJUSTED EPS



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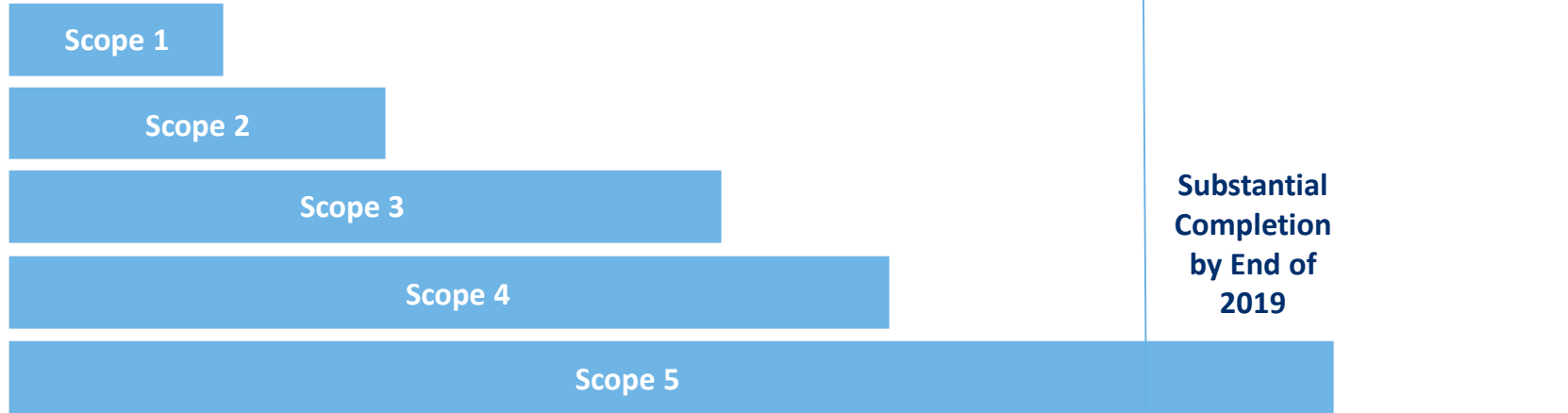
# Strong Progression Towards Targets - Cash Measures



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# South African Projects Status



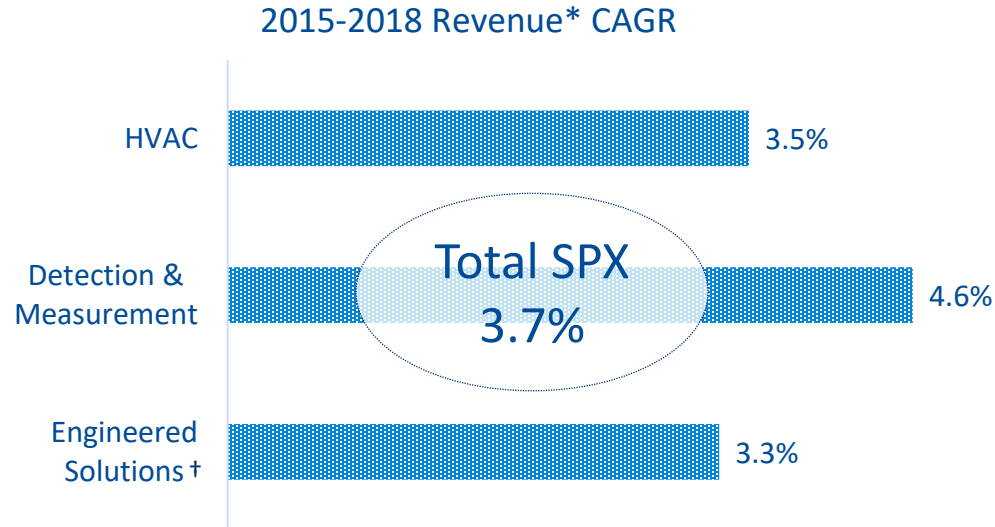
**Cash Usage\*:** \$33M (2016), \$49M (2017), \$24M (2018)

**Modest Cash Usage**  
Through Final Construction

Project Execution Finalizing /  
Engaged in Dispute Resolutions

\*Net of U.S. tax benefits related to South Africa for 2017 forward

# Solid Underlying Revenue Growth



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

† Engineered Solutions segment excludes ~\$74m associated with project selectivity, associated with the company's intentional reduction of process cooling project sales. Also, revenue growth for Engineered Solutions includes a \$13.9m favorable impact associated with the adoption of ASC 606.

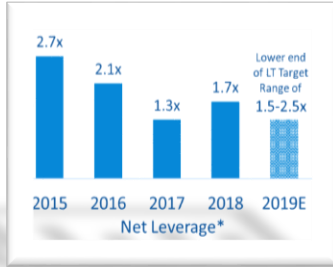
# Organic Segment Financial Targets



	HVAC	Adjusted Detection & Measurement	Engineered Solutions	SPX Total (Adjusted)
2019 Revenue	~\$575m	~\$390m	~\$535m	~\$1.5b
<b><i>Long-term Modeling Target</i></b> <b>Total Organic Revenue Growth</b>	<b>2% to 4%</b>	<b>2% to 6%</b>	<b>2% to 3%</b>	<b>2% to 4%</b>
2019 Segment Income† %	15.5-16.0%	23-24%	~8%	~15%
<b><i>Long-term Modeling Target</i></b> <b>Adjusted Segment Income† %</b>	<b>15.5% to 16.5%</b>	<b>23% to 26%</b>	<b>9% to 10%</b>	<b>16% to 17%</b>

\*Non-GAAP financial measure. 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.

# Capital Allocation Philosophy



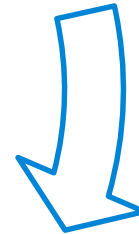
Maintain Leverage of 1.5-2.5x



Service Debt/Legacy Obligations

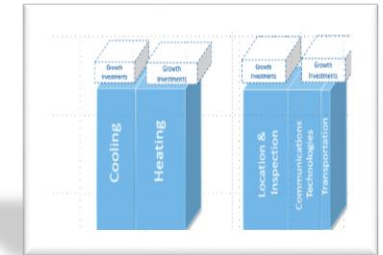


CAPITAL ALLOCATION PROCESS



Opportunistic about transformative targets

Invest for Growth & Value Creation



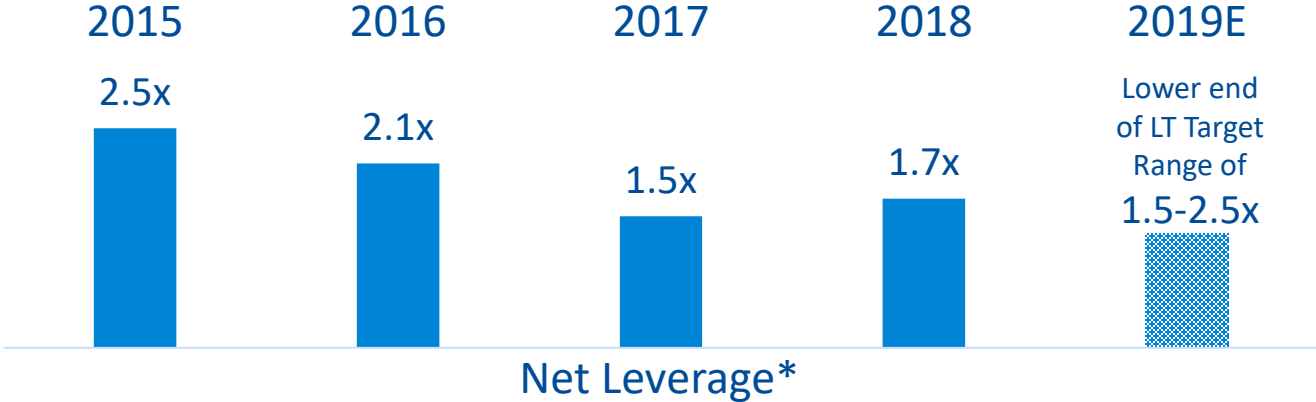
\*Calculated as defined by SPX's credit facility agreement.

# Leverage and Capital Availability



Available Capital  
at 2.5x leverage

→ ~\$500m  
2019-2020



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

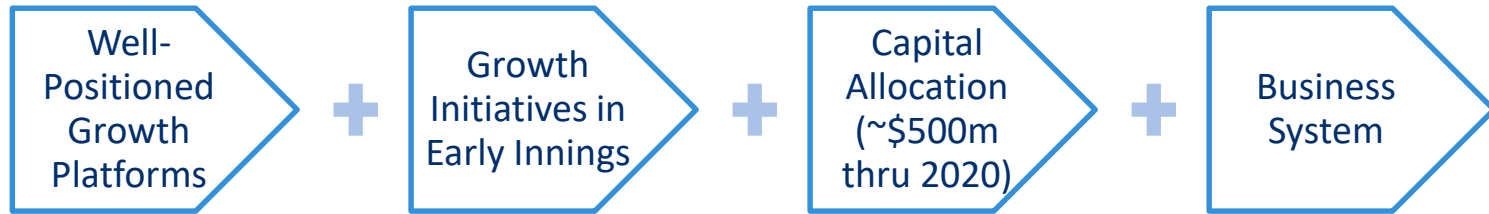




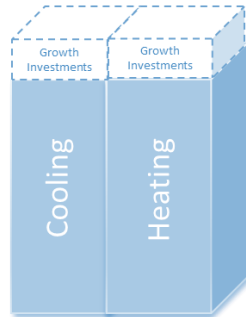
# Wrap Up

Gene Lowe  
President & CEO

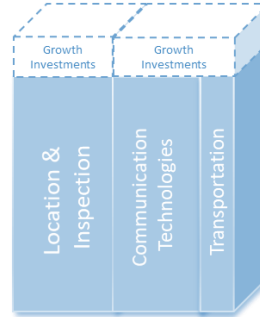
# SPX - Positioned for Value Creation



**HVAC**



**DETECTION & MEASUREMENT**



**ENGINEERED SOLUTIONS**



Sustainable Double Digit EPS Growth with Strong Cash Conversion



# Q&A



# APPENDIX

# 2015 Adjusted Revenue and Segment Income to U.S. GAAP Reconciliation



(\$ millions)

	FY 2015		
	GAAP	SA Projects	Adjusted
<b>Revenue</b>			
HVAC	529.1		529.1
D&M	232.3		232.3
Engineered Solutions	957.9	(27.3)	930.6
<b>Total SPX</b>	<b>\$1,719.3</b>	<b>(\$27.3)</b>	<b>\$1,692.0</b>
<b>Segment Income</b>			
HVAC	80.2		80.2
D&M	46.0		46.0
Engineered Solutions	(110.5)	120.5	10.0
<b>Total SPX</b>	<b>\$15.7</b>	<b>\$120.5</b>	<b>\$136.2</b>

# FY 2016 Consolidated EBITDA to U.S. GAAP Reconciliation



(\$ millions)

	<b>FY 2016</b>
Consolidated Revenue	\$ 1,472.3
Exclude: South African projects	83.3
Adjusted revenues	<u>\$ 1,389.0</u>
Adjusted operating income	\$ 96.7
as a percent of adjusted revenue	7.1%
Adjustments:	
Depreciation & amortization	26.5
Other income/(expense)	1.8
Adjusted EBITDA	<u>\$ 125.0</u>
as a percent of adjusted revenue	<u>9.0%</u>

# FY 2018 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>	(\$ millions)
Segment income <sup>(1)</sup>	\$ 178.5	\$ 24.8	\$ 203.3	
Corporate expense <sup>(2)</sup>	(48.5)	4.9	(43.6)	
Long-term incentive compensation expense	(15.5)	—	(15.5)	
Special charges, net <sup>(3)</sup>	(6.3)	5.0	(1.3)	
Loss on sale of dry cooling	(0.6)	0.6	—	
<b>Operating income</b>	<b>107.6</b>	<b>35.3</b>	<b>142.9</b>	
Other income (expense), net <sup>(4)</sup>	(7.6)	8.5	0.9	
Interest expense, net	(20.0)	—	(20.0)	
Loss on amendment/refinancing of senior credit agreement <sup>(5)</sup>	(0.4)	0.4	—	
<b>Income from continuing operations before income taxes</b>	<b>79.6</b>	<b>44.2</b>	<b>123.8</b>	
Income tax provision <sup>(6)</sup>	(1.4)	(24.0)	(25.4)	
<b>Income from continuing operations</b>	<b>78.2</b>	<b>20.2</b>	<b>98.4</b>	
Dilutive shares outstanding	44.660		44.660	
<b>Earnings per share from continuing operations</b>	<b>\$ 1.75</b>		<b>\$ 2.20</b>	

<sup>(1)</sup> Adjustment represents the removal of operating losses associated with the South Africa and Heat Transfer businesses, and the inventory step-up charge and backlog amortization related to the Cues and Schonstedt acquisitions.

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period partially offset by corporate costs allocated to Heat Transfer that will remain post wind-down.

<sup>(3)</sup> Adjustment represents removal of restructuring charges associated with the South Africa and Heat Transfer businesses.

<sup>(4)</sup> Adjustment represents the removal of non-service pension and postretirement items and removal of foreign currency losses associated with the South Africa and Heat Transfer businesses.

<sup>(5)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(6)</sup> Adjustment represents the tax impact of items (1) through (5) above and the removal of certain income tax benefits that are considered non-recurring.

# FY 2017 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 124.9	\$ 56.8	\$ 181.7
Corporate expense	(46.2)	(0.9)	(47.1)
Long-term incentive compensation expense	(15.8)	—	(15.8)
Pension service cost	(0.3)	—	(0.3)
Special charges, net <sup>(2)</sup>	<u>(2.7)</u>	<u>1.5</u>	<u>(1.2)</u>
<b>Operating income</b>	59.9	57.4	117.3
Other expense, net <sup>(3)</sup>	(7.1)	5.4	(1.7)
Interest expense, net <sup>(4)</sup>	(15.8)	0.6	(15.2)
Loss on amendment/refinancing of senior credit agreement <sup>(5)</sup>	<u>(0.9)</u>	<u>0.9</u>	<u>—</u>
<b>Income from continuing operations before income taxes</b>	36.1	64.3	100.4
Income tax provision (benefit) <sup>(6)</sup>	<u>47.9</u>	<u>(72.0)</u>	<u>(24.1)</u>
<b>Income from continuing operations</b>	84.0	(7.7)	76.3
Dilutive shares outstanding	43.905		43.905
<b>Earnings per share from continuing operations</b>	\$ 1.91		\$ 1.74

<sup>(1)</sup> Adjustment represents the removal of operating losses associated with the South Africa business and the operating income of the Heat Transfer business.

<sup>(2)</sup> Adjustment represents removal of restructuring charges associated with the South Africa and Heat Transfer businesses.

<sup>(3)</sup> Adjustment represents removal of a gain on interest rate swaps, as these swaps no longer qualified for hedge accounting in connection with an amendment to our senior credit agreement, foreign currency losses associated with the South Africa and Heat Transfer businesses, and the removal of non-service pension and postretirement items.

<sup>(4)</sup> Adjustment relates to the removal of interest expense incurred in connection with borrowings under a line of credit in South Africa.

<sup>(5)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(6)</sup> Adjustment represents the tax impact of items (1) through (5) above and the removal of certain income tax benefits that are considered non-recurring.



# FY 2016 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



(\$ millions)

	GAAP	Adjustments	Adjusted
Segment income <sup>(1)</sup>	\$ 142.8	\$ 14.5	\$ 157.3
Corporate expense	(41.7)	—	(41.7)
Pension and postretirement income (expense) <sup>(2)</sup>	(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 <sup>(3)</sup>	(30.1)	30.1	—
Gain on sale of dry cooling business <sup>(4)</sup>	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>(5)</sup>	(0.3)	2.1	1.8
Interest expense, net <sup>(6)</sup>	(14.0)	0.2	(13.8)
Loss on amendment/refinancing of senior credit agreement <sup>(7)</sup>	(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 <sup>(8)</sup>	(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>(9)</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>(9)</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>

<sup>(1)</sup> Adjustment represents the removal of operating losses associated with the South African projects.

<sup>(2)</sup> Adjustment represents the removal of non-service pension and postretirement items.

<sup>(3)</sup> Adjustment represents the removal of a non-cash impairment charge associated with our Heat Transfer businesses.

<sup>(4)</sup> Adjustment represents removal of gain on sale of dry cooling business.

<sup>(5)</sup> Adjustment represents removal of foreign currency losses associated with the South African projects.

<sup>(6)</sup> Adjustment relates to the removal of interest expense incurred in connection with borrowings under a line of credit in South Africa.

<sup>(7)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to the senior credit agreement.

<sup>(8)</sup> Adjustment represents the tax impact of the items noted in (1) through (7) above.

<sup>(9)</sup> Adjustment represents removal of noncontrolling interest amounts associated with the South Africa projects.

# FY 2018 and FY 2017 Adjusted Revenue and Adjusted Segment Income to U.S. GAAP Reconciliation



(\$ millions)

	Twelve months ended	
	December 31, 2018	December 31, 2017
Consolidated revenue	\$ 1,538.6	\$ 1,425.8
Exclude: "All Other" operating segments <sup>(1)</sup>	98.6	93.8
Acquisition accounting adjustment to acquired deferred revenue	(0.5)	—
Adjusted consolidated revenue	<u>\$ 1,440.5</u>	<u>\$ 1,332.0</u>
Total segment income	\$ 178.5	\$ 124.9
Exclude: "All Other" operating segments <sup>(1)</sup>	(18.9)	(56.8)
Exclude: One time acquisition related costs	(5.9)	—
Adjusted segment income	<u>\$ 203.3</u>	<u>\$ 181.7</u>
as a percent of adjusted revenues <sup>(2)</sup>	14.1 %	13.6 %

## DETECTION & MEASUREMENT SEGMENT:

	Twelve months ended	
	December 31, 2018	December 31, 2017
Detection & Measurement segment revenue	\$ 320.9	\$ 260.3
Acquisition accounting adjustment to acquired deferred revenue	(0.5)	—
Detection & Measurement adjusted segment revenue	<u>\$ 321.4</u>	<u>\$ 260.3</u>
Detection & Measurement segment income	\$ 72.4	\$ 63.4
Exclude: One time acquisition related costs <sup>(3)</sup>	(5.9)	—
Exclude: Amortization expense	(2.9)	—
Detection & Measurement adjusted segment income	<u>\$ 81.2</u>	<u>\$ 63.4</u>
as a percent of Detection & Measurement adjusted revenues <sup>(2)</sup>	25.3 %	24.4 %

<sup>(1)</sup> Represents the removal of the financial results of our South Africa and Heat Transfer businesses. Note: These businesses are now being reported as an "All Other" group of operating segments for U.S. GAAP purposes due to certain wind-down activities that are occurring within these businesses.

<sup>(2)</sup> See "Results of Reportable and Other Operating Segments" for applicable percentages based on GAAP results.

<sup>(3)</sup> Primarily represents additional "Cost of products sold" and "Intangibles amortization" recorded during the three and twelve months ended December 31, 2018 related to the step-up of inventory (to fair value) and customer backlog amortization, respectively, acquired in connection with the Cues and Schonstedt acquisitions.

# FY 2018 and FY 2017 Adjusted Segment Income, Adjusted Operating Income, Adjusted Net Income and Adjusted EBITDA to U.S. GAAP Reconciliation



(\$ millions)

	FY 2018	FY 2017
GAAP Revenue	\$ 1,538.6	\$ 1,425.8
Exclude: "All Other" operating segments	98.6	93.8
Exclude: Acquisition accounting adjustment to acquired deferred revenue	(0.5)	-
Adjusted Revenue	<u>\$ 1,440.5</u>	<u>\$ 1,332.0</u>
<b>ADJUSTED SEGMENT INCOME EXCLUDING AMORTIZATION</b>		
Adjusted segment income as reported*	\$ 203.3	\$ 181.7
Exclude: "All Other" operating segments	-	-
Exclude: Amortization expense	(3.3)	(0.4)
Adjusted segment income excluding amortization	<u>\$ 206.6</u>	<u>\$ 182.1</u>
as a percent of adjusted revenue	14.3 %	13.7 %
<b>ADJUSTED OPERATING INCOME EXCLUDING AMORTIZATION</b>		
Adjusted operating income as reported*	\$ 142.9	\$ 117.3
Exclude: "All Other" operating segments	-	-
Exclude: Amortization Expense	(3.3)	(0.4)
Adjusted operating income excluding amortization	<u>\$ 146.2</u>	<u>\$ 117.7</u>
as a percent of adjusted revenue	10.2 %	8.8 %
<b>ADJUSTED NET INCOME EXCLUDING AMORTIZATION</b>		
Adjusted net income as reported*	\$ 98.4	\$ 76.3
Exclude: "All Other" operating segments	-	-
Exclude: Amortization expense	(2.6)	(0.3)
Adjusted net income excluding amortization	<u>\$ 101.0</u>	<u>\$ 76.6</u>
as a percent of adjusted revenue	7.0 %	5.8 %
Adjusted EPS	\$ 2.27	\$ 1.75
Diluted Shares Outstanding	44,660	43,905
<b>ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION</b>		
Adjusted net income excluding amortization*	\$ 101.0	\$ 76.6
Exclude: Interest expense	(25.4)	(24.1)
Exclude: Tax expense	(20.0)	(15.2)
Exclude: Depreciation & amortization	(24.0)	(22.6)
Adjusted earnings before interest, tax, depreciation and amortization	<u>\$ 170.4</u>	<u>\$ 138.5</u>
as a percent of adjusted revenue	11.8 %	10.4 %

\* Non-GAAP financial measure. Reconciliations from US GAAP are available elsewhere within this appendix.

# FY 2018 and FY 2017 Adjusted Free Cash Flow from Continuing Operations to U.S. GAAP Reconciliation



(\$ millions)

	<u>FY 2018</u>	<u>FY 2017</u>
Net operating cash flow from continuing operations	\$ 112.9	\$ 53.5
Capital expenditures - continuing operations	(12.4)	(11.0)
Free cash flow used in continuing operations	<u>100.5</u>	<u>42.5</u>
Adjustment for "All other"*	22.3	39.7
Adjusted free cash flow from continuing operations	<u>\$ 122.8</u>	<u>\$ 82.2</u>
as a percent of Adjusted net income excluding Amortization	122%	107%

\* Represents the removal of the financial results of our South Africa and Heat Transfer businesses. Note: These businesses are now being reported as an "All Other" group of operating segments for U.S. GAAP purposes due to certain wind-down activities that are occurring within these businesses.

# FY 2016 Adjusted Free Cash Flow from Continuing Operations to U.S. GAAP Reconciliation



(\$ millions)

	<u>FY 2016</u>
Net operating cash flow 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
Adjusted free cash flow from continuing operations as a percent of adjusted net income	<u>\$ 74.8</u> 120%

# FY 2015 - FY 2018 Organic Revenue to U.S. GAAP Reconciliation



## Underlying Revenue Growth

Adjusted Revenue (\$M)	HVAC	Detection & Measurement	Engineered Solutions	SPX
2015 Adjusted Revenue (as reported)	\$ 529.1	\$ 232.3	\$ 930.6	\$ 1,692.0
Foreign exchange impact	\$ (5.3)	\$ (5.0)	\$ (3.7)	\$ (14.0)
Sales of Power Generation focused businesses	\$ -	\$ -	\$ (260.4)	\$ (260.4)
Removal of Heat Transfer and South Africa service business	\$ -	\$ -	\$ (99.9)	\$ (99.9)
Business model shift in Process Cooling	\$ -	\$ -	\$ (74.4)	\$ (74.4)
Acquisitions' 2018 impact	\$ -	\$ 60.7	\$ -	\$ 60.7
Revenue growth*	\$ 58.3	\$ 33.4	\$ 44.8	\$ 136.5
<b>2018 Adjusted Revenue (as reported)</b>	<b>\$ 582.1</b>	<b>\$ 321.4</b>	<b>\$ 537.0</b>	<b>\$ 1,440.5</b>

\*Revenue growth for Engineered Solutions includes a \$13.9m favorable impact associated with the adoption of ASC 606.