



SPX

August 2018



- Certain statements contained in this presentation that are not historical facts, including any statements as to future market conditions, results of operations, and financial projections, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to safe harbor created thereby. These forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future express or implied results.
- Although SPX believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. In addition, estimates of future operating results are based on the company's existing operations and complement of businesses, which are subject to change.
- Particular risks facing SPX include risks relating to market specific cycles and weather related fluctuations; economic, business and other risks stemming from changes in the economy; legal and regulatory risks; cost of raw materials; pricing pressures; our reliance on U.S. revenues and international operations; our 2015 spin-off transaction; the effectiveness, success, and timing of restructuring plans; our ability to manage changes and measure and estimate the expected revenue and cost associated with our power projects in South Africa; pension funding requirements; liabilities retained in connection with dispositions, and integration of acquisitions. More information regarding such risks can be found in SPX's Annual Report on Form 10-K and other SEC filings.
- Statements in this presentation are only as of the time made, and SPX disclaims any responsibility to update or revise such statements except as required by regulatory authorities.
- This presentation includes non-GAAP financial measures. Reconciliation of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP is available in 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.
- "Core" and "Engineered Solutions (Core)" results in this presentation are non-GAAP financial measures that exclude the results of the South African projects and Heat Transfer operations. We have excluded the Heat Transfer business in addition to the South African projects in anticipation of reporting Heat Transfer business as a discontinued operation upon completion of the wind down, which we expect to be by the end of Q1 2019.



# SPX Corporation Overview



August 2018

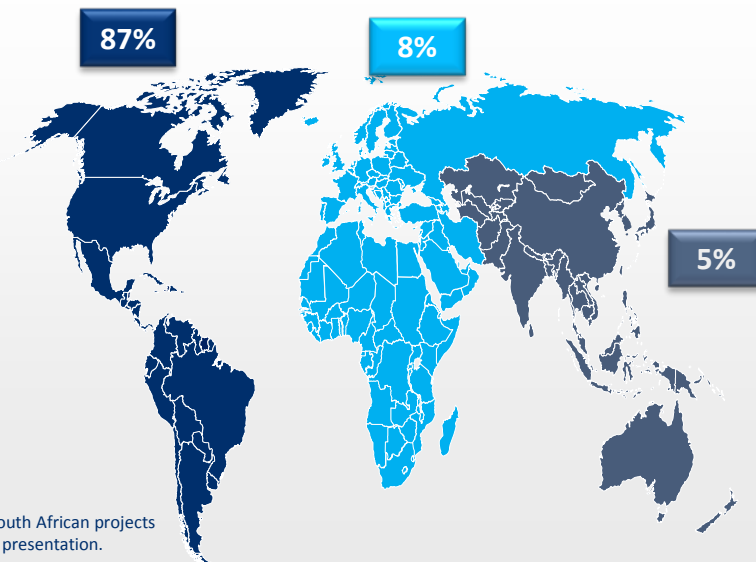


# Company Overview

## SPX Corporation

- Headquartered in Charlotte, NC
- A leading supplier of:
  - HVAC products,
  - Detection & Measurement technologies, and
  - Engineered Solutions
- ~\$1.4b Core Revenue\* in 2017
- ~5,000 employees
- NYSE Ticker: **SPXC**

### 2017 Core Revenue\* by Region



\*Non-GAAP financial measure. Note: Core results are non-GAAP financial measures that exclude the results of the South African projects and Heat Transfer operations. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

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

## Executive Highlights

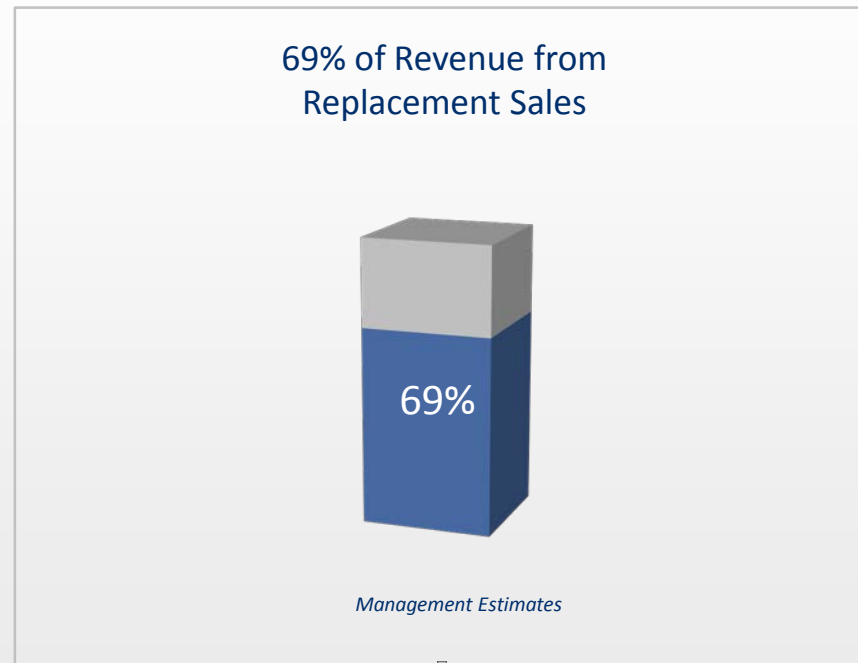
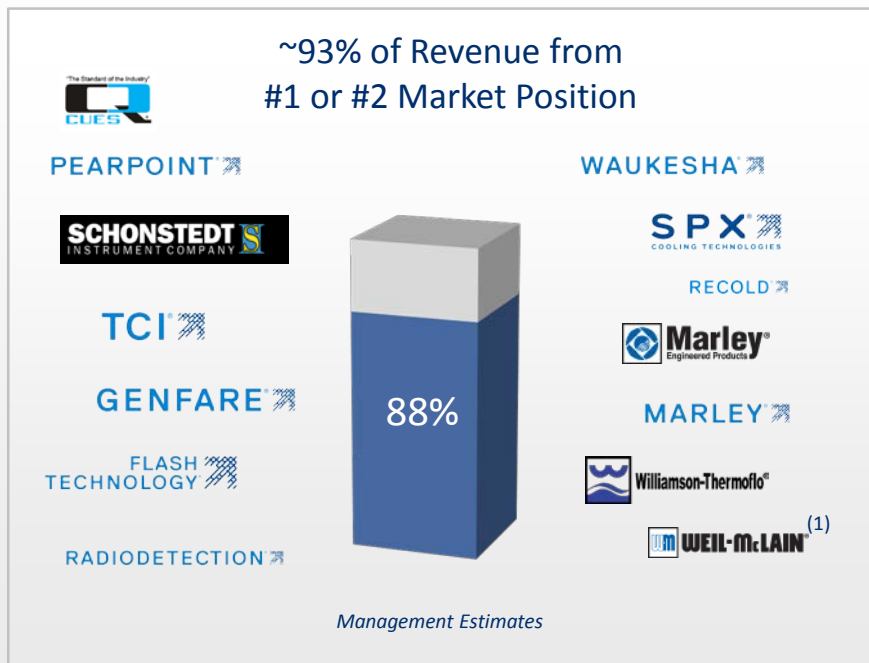
- Well-positioned to invest for sustainable double digit earnings growth
- Solid FCF\* conversion 100% to 110% of Core net income
- >\$400M remaining available capital to deploy through 2020
- Solid platform to expand (products, markets, channels)
- Completed two proprietary acquisitions YTD 2018

\*Non-GAAP financial measure. Note: Core results are non-GAAP financial measures that exclude the results of the South African projects and Heat Transfer operations. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

**Continuing to Execute on Plan for Significant Value Creation**

# Strong Brands and Attractive Market Dynamics

2017 Core Revenue\* ~\$1.4B



\*Non-GAAP financial measure. **Note:** Core results are non-GAAP financial measures that exclude the results of the South African projects and Heat Transfer operations. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

(1) Weil-McLain, a division of The Marley-Wylain Company



## Key Product Offerings and Financial Profile by Segment

### HVAC

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

#### 2017:

- \$511m revenue
- Segment income margin 15%

### DETECTION & MEASUREMENT

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

#### 2017:

- \$260m revenue
- Segment income margin 24%

### ENGINEERED SOLUTIONS

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

#### 2017:

- \$625m Adjusted revenue\*
- Adjusted income margin\* 7%

\*Non-GAAP financial measure. Excludes the results of the South African projects. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

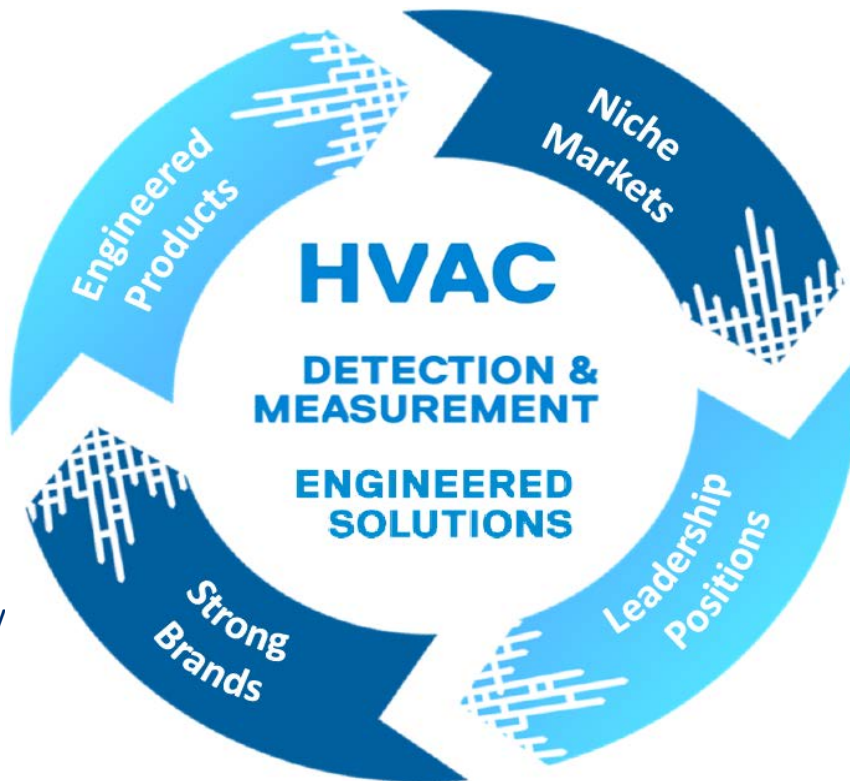
# Updated Value Creation Roadmap

## Organic Growth

- New products
- New channels
- Adjacent markets

## Inorganic Growth

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



## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

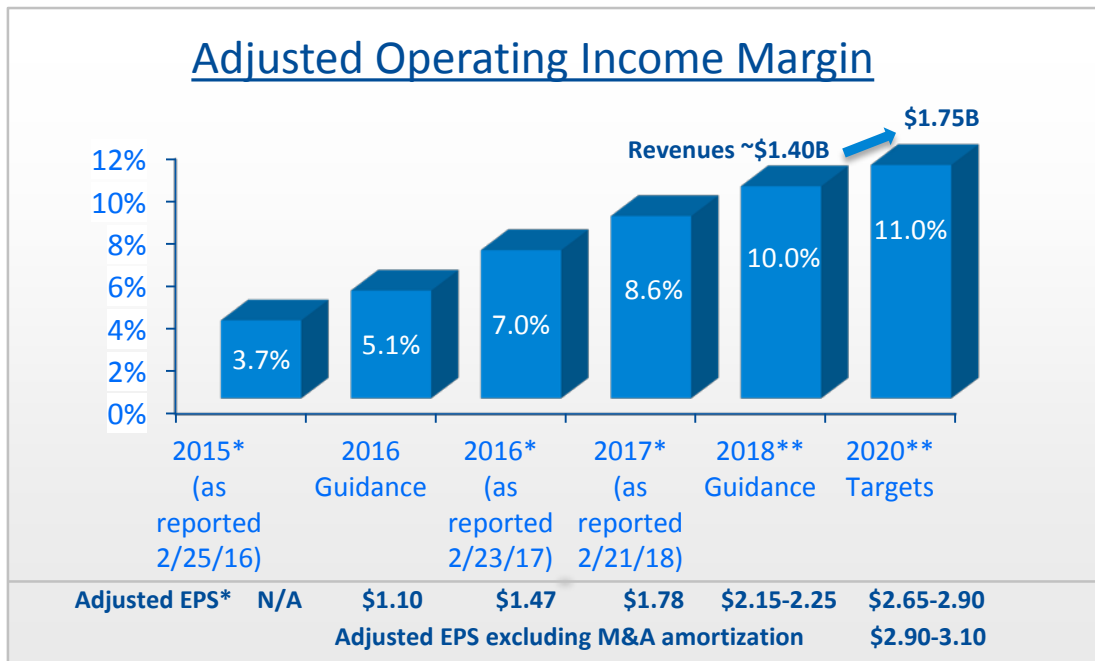
## Culture & Values

- Leadership development
- Results/accountability
- Integrity





# SPX Margin Transformation



\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the applicable earnings release.

\*\*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.

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

# Segment Overview

August 2018



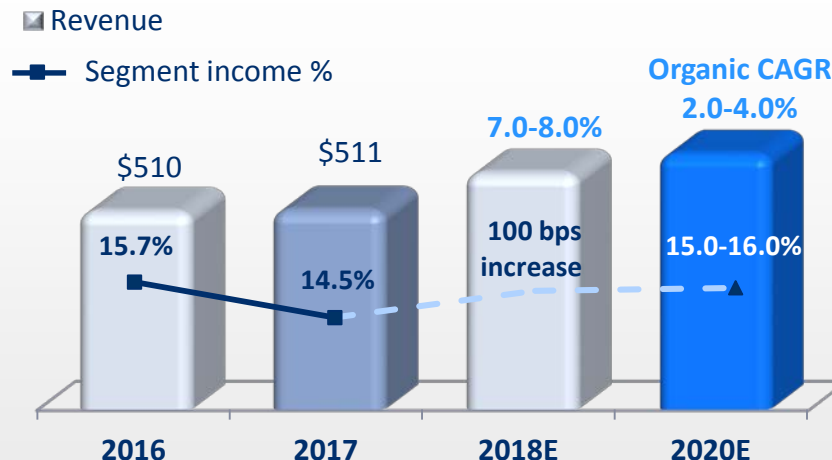
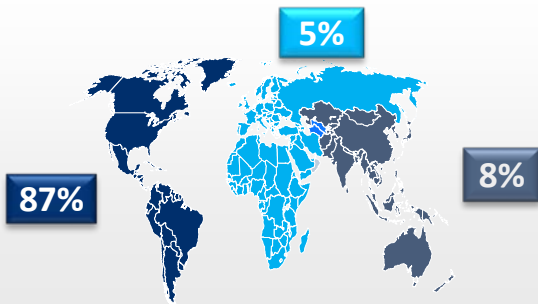
# HVAC Segment Overview



## 2017 Revenue by Product



## 2017 Revenue by Geography



(\$ millions)	2016	2017	2018E
Segment GM%	34%	32%	+ ~100 bps
Segment EBITDA*	\$86	\$80	+ ~13%

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

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



# HVAC Product Examples



## Cooling Products

Marley NC Cooling Tower



Recold Fluid Cooler



Marley MD Everest Cooling Tower



Evaporative Condenser



## Heating Products

Residential Boilers



Commercial Boilers

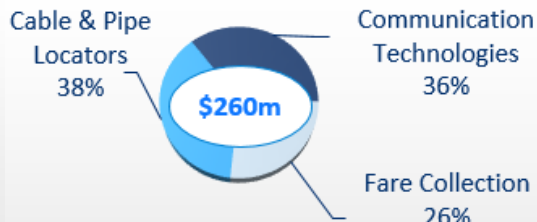


Electrical Heating Products

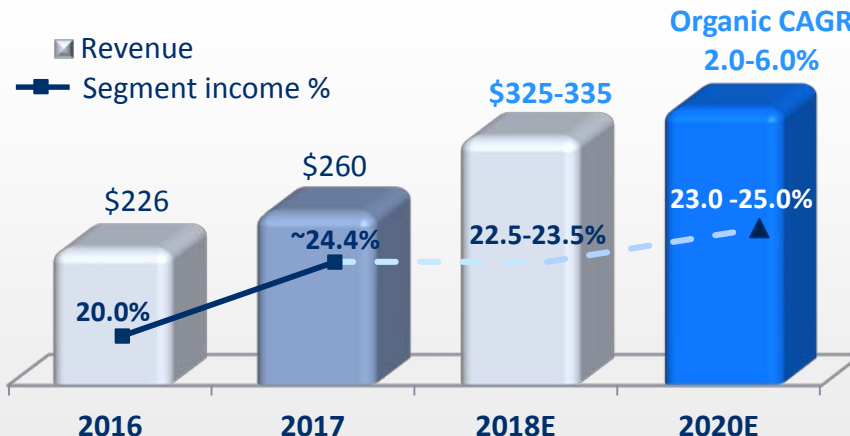
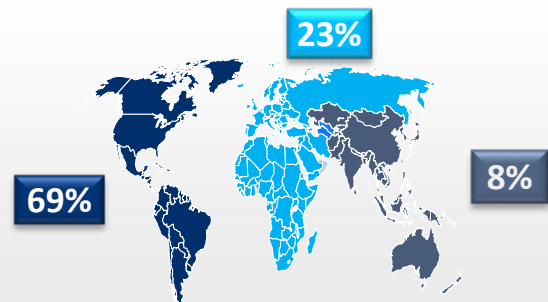


# Detection & Measurement Segment Overview

## 2017 Revenue by Product



## 2017 Revenue by Geography



(\$ millions)

Segment GM%	46%	46%	Moderate Decline
Segment EBITDA *	\$49	\$67	Mid-\$80's

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

**Long-Term Targets Include 2% to 6% Annual Organic Revenue Growth and Moderate of Margin Expansion**



# Detection & Measurement Product Examples

### Fare Collection Products

Fast Fare Farebox

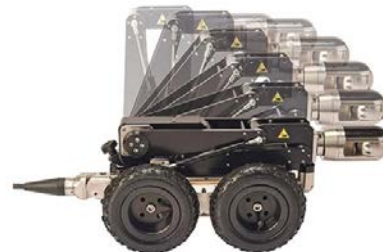


Fast Fare E



### Cable & Pipe Locator Products

Video Inspection



Cable Avoidance



### Communication Technologies Products

SMS & Communications Intelligence



Flash Lighting Systems

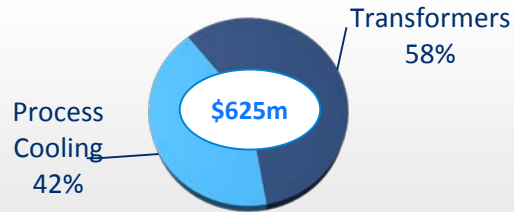


Drone Detection Systems

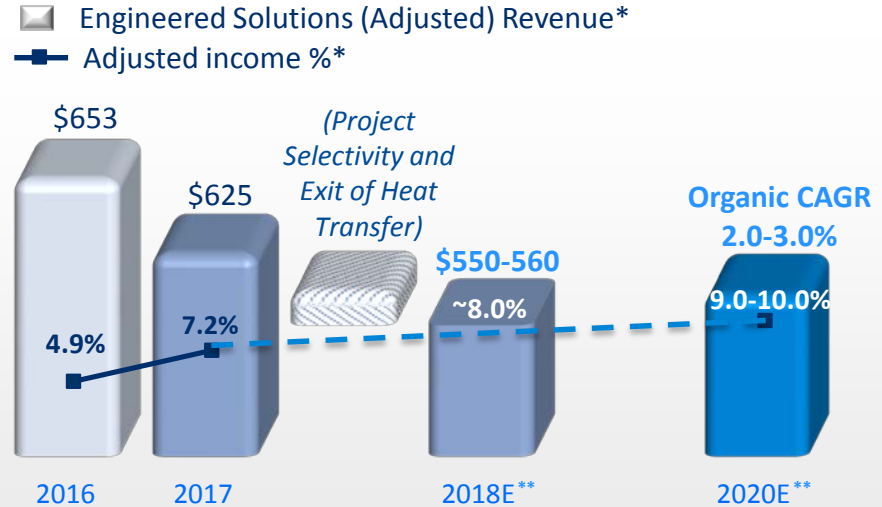


# Engineered Solutions (Adjusted\*) Segment Overview

## 2017 Adjusted Revenue by Product



## 2017 Revenue by Geography



Segment GM%*	16%	17%	Flat
Segment EBITDA*	\$47	\$58	\$53

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

\*\*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.

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





# Engineered Solutions Product Examples

## Transformer Solutions

Medium Power Transformer



High Voltage Transformer



Installation & Service

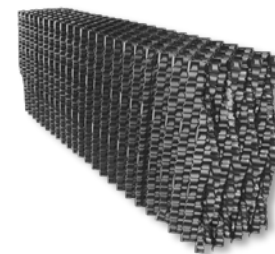


## Process Cooling Components

Gear Reducer



Heat Transfer Media



Air Flow Components





# Financial Position & Capital Allocation

August 2018

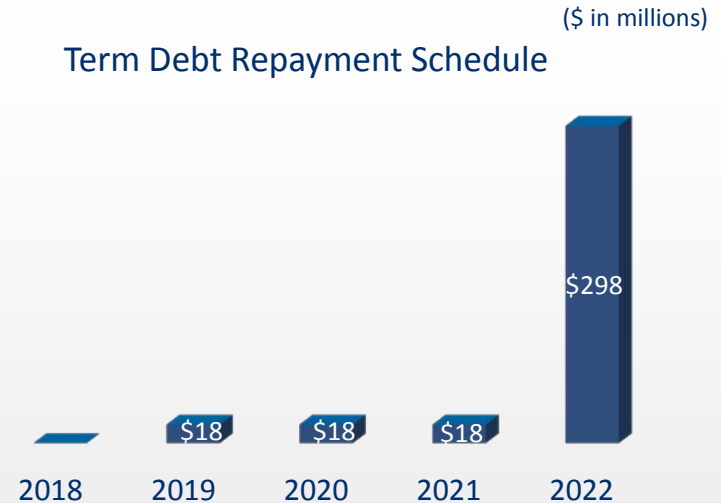




# Cash Flow & Liquidity



- Targeting 110% Core Free Cash Flow\* Conversion
- Projecting >\$400 million remaining of capacity for capital allocation through 2020
  - ❑ Growth investments in Core businesses
  - ❑ Active M&A pipeline
  - ❑ Return of capital to shareholders



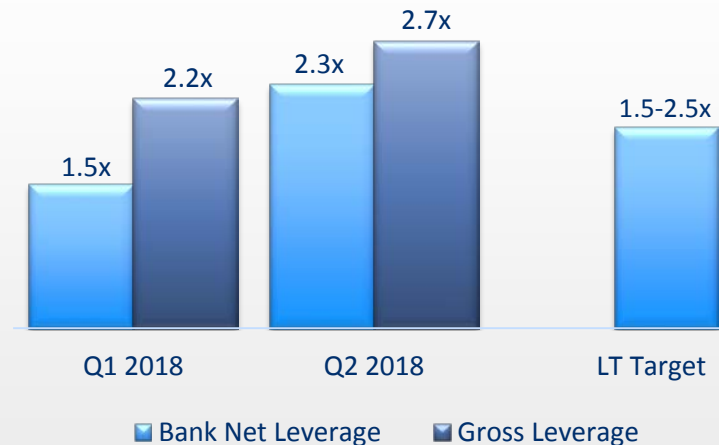
Note: Core results are non-GAAP financial measures that exclude the results of the South African projects and Heat Transfer operations.

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

# Capital Structure



Leverage Ratios\*



(\$millions)	Q1 2018	Q2 2018
Short-term debt	\$6.8	\$124.1
Current maturities of long-term debt	4.9	9.2
Long-term debt	344.9	340.6
<b>Total Debt</b>	<b>\$356.6</b>	<b>\$473.9</b>
Less: Cash on hand	(103.7)	(66.7)
<b>Net Debt</b>	<b>\$252.9</b>	<b>\$407.2</b>

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

## SPX Acquisition Approach

### Qualitative

- Focused on building existing platforms
  - Existing markets or close adjacencies
- Engineered products
- Attractive growth opportunities
  - Secular growth drivers
  - Fragmented market with consolidation opportunities
- Differentiated offering through technology, brand or channel

### Quantitative

- Revenue transaction size \$20-\$100 million (primary focus); opportunistically consider larger targets
- Cash ROIC  $\geq$  double digits 3-5 yrs
- Accretive to adjusted EPS in year 1, GAAP EPS in year 2

# Schonstedt Overview



## Company Profile

2017 Sales: \$9M

**Purchase multiple\*:** <7x post-synergies

**Description:** Manufacturer of magnetic locator products used for locating underground utilities and other buried objects.

### Acquisition Rationale:

- Strengthens Detection & Measurement
- Highly complementary locator technology
- Market leader
- Attractive growth profile



XTpc Pipe and Cable Locator



Rex Multi-Frequency  
Pipe & Cable Locator



GA-92XTd  
Magnetic  
Locator

\*Purchase price, net cash acquired, divided by 2017 EBITDA plus expected synergies over a 3-year period.

# CUES Overview

## Company Profile

**2017 Sales:** ~\$86M

**Purchase multiple\*:** <10x post-synergies

**Description:** Leading manufacturer of inspection and rehabilitation equipment.

### Acquisition Rationale:

- Strengthens Detection & Measurement
- Significantly increases presence in inspection market
- Market leading product portfolio
- Attractive growth profile

CUES Digital Universal Camera



"The Standard of the Industry"



Mobile Inspection Units



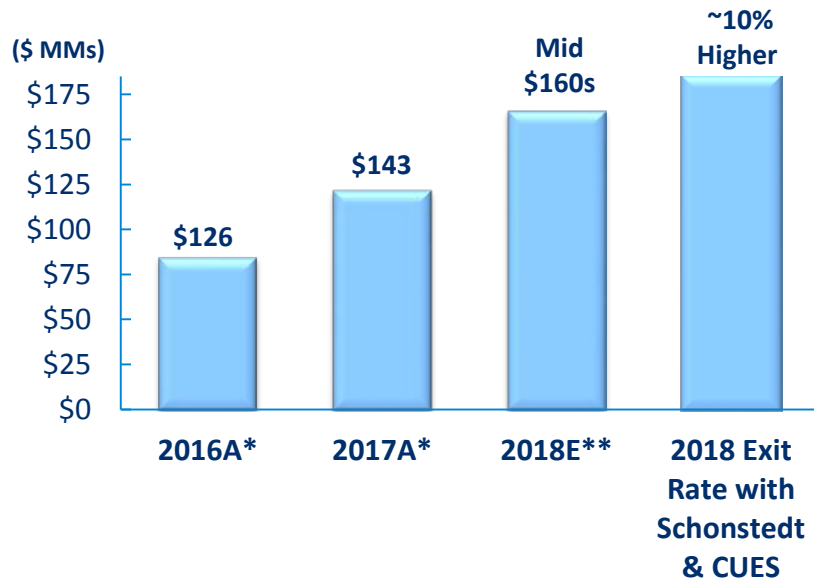
CUES SPiDER Scanner



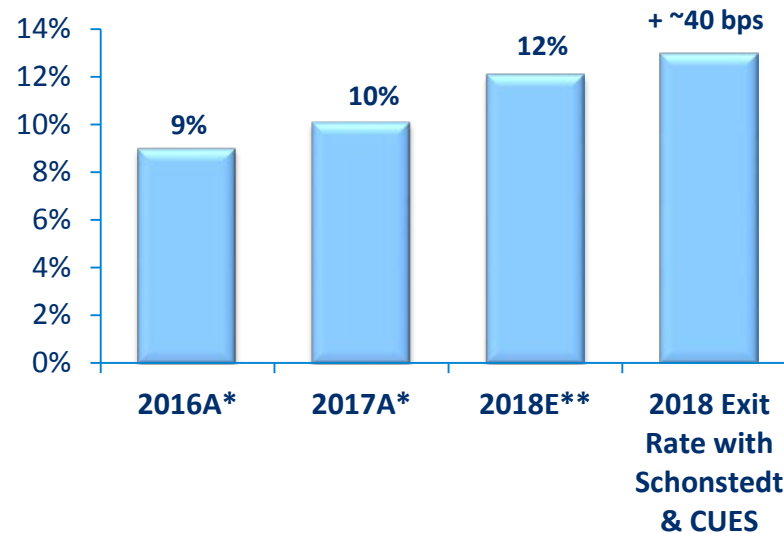
\*Purchase price, net cash acquired, divided by 2017 EBITDA plus expected synergies over a 3-year period.

# 2016-2018 SPX Adjusted EBITDA Performance

## Adjusted EBITDA



## Adjusted EBITDA Margin %



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

\*\*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.

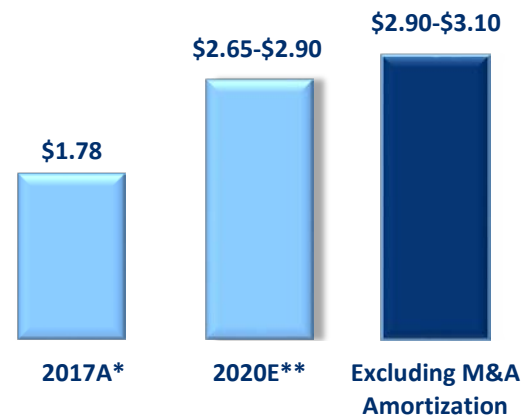
**Continuous Delivery of Value Creation Since Spin**

# 2020 Financial Targets

## Focus on Cash Returns from Capital Deployment

- Prior 2020 Adjusted EPS\*\* guidance of \$2.65 - \$2.90 included M&A-related amortization
- A look at cash returns from capital deployment provides a better view of value creation
- Adjusted 2020 EPS excluding M&A-related amortization increases by approximately \$0.20 to around \$3 per share at the midpoint

## Adjusted Earnings Per Share



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

\*\*We have not reconciled non-GAAP financial measures guidance to their nearest GAAP equivalents because 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.

## Anticipating Significant Earnings Growth



# Appendix

August 2018





# Full-Year Gross Margins to U.S. GAAP Reconciliation



## Engineered Solutions segment

	<u>FYE 2017</u>	<u>FYE 2016</u>
Engineered Solutions gross profit	47.7	97.7
as a percent of revenues	7%	13%
Exclude: South African projects <sup>(1)</sup>	<u>(59.1)</u>	<u>(5.8)</u>
Engineered Solutions (Adjusted) Gross profit	<u>106.8</u>	<u>103.5</u>
as a percent of Adjusted revenues	17%	16%

<sup>(1)</sup>For the twelve months ended December 31, 2017, we made revisions to our estimates of expected revenues and costs on our large power projects in South Africa. As a result of these revisions, we reduced revenues for the projects during the twelve months ended December 31, 2017 by \$36.9, and increased the loss on the projects by \$52.8.



# Full-Year EBITDA to U.S. GAAP Reconciliation



	<u>FYE 2017</u>	<u>FYE 2016</u>
<b>HVAC Segment</b>		
Segment income	\$ 74.1	\$ 80.2
Adjustments:		
Depreciation & amortization	5.5	5.3
HVAC Segment EBITDA	<u>\$ 79.6</u>	<u>\$ 85.5</u>
<b>Detection &amp; Measurement segment</b>		
Segment income	\$ 63.4	\$ 45.3
Adjustments:		
Depreciation & amortization	4.0	3.4
Detection & Measurement Segment EBITDA	<u>\$ 67.4</u>	<u>\$ 48.7</u>
<b>Engineered Solutions segment</b>		
Segment Income	\$ (12.6)	\$ 17.3
Exclude: South African projects <sup>(1)</sup>	(68.0)	(14.5)
Exclude: Contract settlement gain	10.2	—
Engineered Solutions (Adjusted) income	\$ 45.2	\$ 31.8
Adjustments:		
Depreciation & amortization	12.5	15.2
Engineered Solutions (Adjusted) EBITDA	<u>\$ 57.7</u>	<u>\$ 47.0</u>

<sup>(1)</sup>For the twelve months ended December 31, 2017, we made revisions to our estimates of expected revenues and costs on our large power projects in South Africa. As a result of these revisions, we reduced revenues for the projects during the twelve months ended December 31, 2017 by \$36.9, and increased the loss on the projects by \$52.8.



# Full-Year Adjusted EBITDA to U.S. GAAP Reconciliation

(\$ millions)

	<b>FY 2017</b>	<b>FY 2016</b>
Consolidated revenue	\$ 1,425.8	\$ 1,472.3
Exclude: South African projects <sup>(1)</sup>	29.1	83.3
Adjusted revenues	<u>\$ 1,396.7</u>	<u>\$ 1,389.0</u>
Adjusted operating income <sup>(1)(2)</sup>	\$ 119.1	\$ 96.2
Adjustments:		
Depreciation & amortization	25.2	26.5
Other income/(expense)	(1.7)	2.8
Adjusted EBITDA	<u>\$ 142.6</u>	<u>\$ 125.5</u>
as a percent of Adjusted revenues	10.2%	9.0%

<sup>(1)</sup> For the twelve months ended December 17, 2017, we made revisions to our estimates of expected revenues and costs on our large power projects in South Africa. As a result of these revisions, we reduced revenues for the projects during the twelve months ended December 31, 2017 by \$36.9, and increased the loss on the projects by \$52.8.

<sup>(2)</sup> For the adjusted operating income see full year 2017 and 2016 operating income tables below.

# Engineered Solutions (Adjusted\*) Segment Income to U.S. GAAP Reconciliation



## ENGINEERED SOLUTIONS SEGMENT:

(as reported in \$ millions)

	<u>FY 2017</u>	<u>FY 2016</u>
Engineered Solutions revenue	\$ 654.5	\$ 736.4
Exclude: South African projects	29.1	83.3
Engineered Solutions (Adjusted) revenue	<u>\$ 625.4</u>	<u>\$ 653.1</u>
Engineered Solutions income	\$ (12.6)	\$ 17.3
Exclude: Losses from South African projects	(68.0)	(14.5)
Exclude: Contract settlement	10.2	—
Engineered Solutions (Adjusted) income	<u>\$ 45.2</u>	<u>\$ 31.8</u>
as a percent of Engineered Solutions (Adjusted) revenues	7.2%	4.9%

\*Non-GAAP financial measure. Excludes the results of the South African projects. Additionally, 2017 Adjusted segment income also excludes a gain related to contract settlement within our Engineered Solutions segment.



# Full-Year 2017 U.S. GAAP to Adjusted Operating Income



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 124.9	\$ 57.8	\$ 182.7
Corporate expense	(46.2)	—	(46.2)
Pension and postretirement (expense)	(0.3)	—	(0.3)
Long-term incentive compensation expense	(15.8)	—	(15.8)
Special charges, net <sup>(2)</sup>	<u>(2.7)</u>	<u>1.4</u>	<u>(1.3)</u>
<b>Operating income</b>	<b>59.9</b>	<b>59.2</b>	<b>119.1</b>

<sup>(1)</sup> Adjustment represents the removal of operating losses associated with the South African projects, and a gain on contract settlement within our Engineered Solutions reportable segment.

<sup>(2)</sup> Adjustment represents the removal of restructuring charges associated with the South African projects.



# Full-Year 2016 U.S. GAAP to Adjusted Operating Income



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 142.8	\$ 14.5	\$ 157.3
Corporate expense	(41.7)	—	(41.7)
Pension and postretirement (expense)	(0.4)	—	(0.4)
Long-term incentive compensation expense	(13.7)	—	(13.7)
Special charges, net	(5.3)	—	(5.3)
Impairment of intangible assets <sup>(2)</sup>	(30.1)	30.1	—
Gain on sale of dry cooling business <sup>(3)</sup>	18.4	(18.4)	—
<b>Operating income</b>	<u>70.0</u>	<u>26.2</u>	<u>96.2</u>

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

<sup>(2)</sup> Adjustment represents the removal of a non-cash impairment charge associated with our Heat Transfer business.

<sup>(3)</sup> Adjustment represents the removal of gain on sale of dry cooling business.