

Q2 2016 Earnings Presentation



SPX

August 4, 2016

- 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 economic, business and other risks stemming from changes in the economy, legal and regulatory risks, cost of raw materials, pricing pressures, our international operations, our recent spin-off transaction, the effectiveness, success and timing of restructuring and divestiture plans related to our power generation businesses, 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, 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. A 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. 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.
- "Core" and "Base Power" results in this presentation are non-GAAP financial measures that exclude the results of the South African projects.

Introductory Comments

Gene Lowe

August 4, 2016



Performance and Accomplishments

- Solid organic revenue growth* and more than 250 basis points of margin expansion in both HVAC and Detection & Measurement segments
- Continued margin improvement in the Transformer business; raising 2016 margin target
- Further headwinds in power generation operating environment offsetting stronger performance of strategic platforms
- Strong free cash flow* of \$21m and a reduction of leverage

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

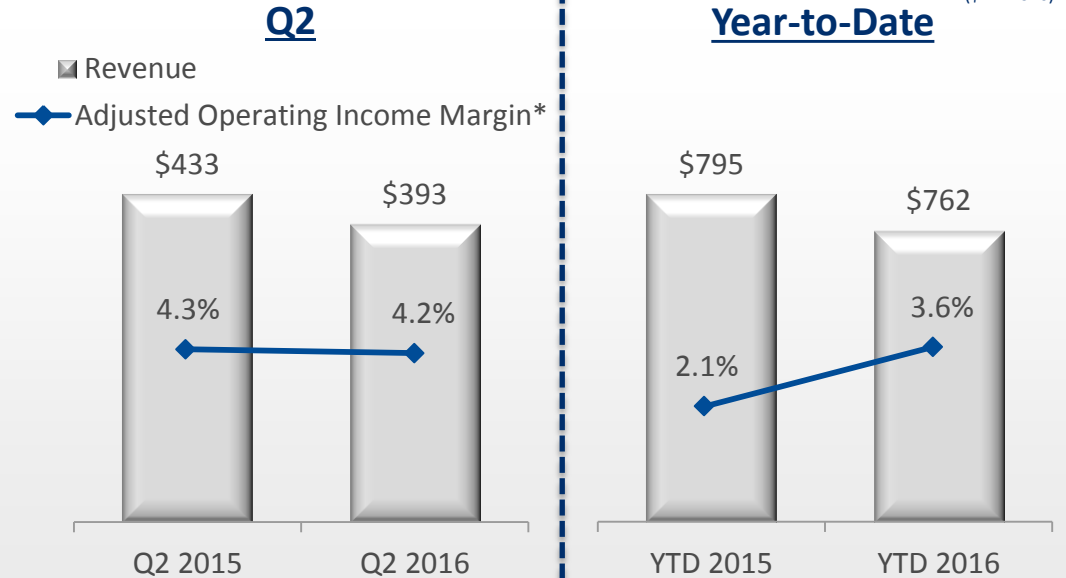
Maintaining Full-Year 2016 Guidance

Core Q2 2016 Results



Year-over-Year Analysis

- ~2/3rds of revenue decline driven by the Dry Cooling business (sold in Q1 2016)
- Organic revenue* decline primarily driven by recent completion of a large, unique power project that contributed to Q2'15
- Power generation declines offsetting expansion in strategic platforms
- Modestly lower restructuring and corporate related costs



Note: Core results are non-GAAP financials measures that exclude the results of the South African projects.
*Non-GAAP measure. Reconciliations from US GAAP measures are available in the Appendix of the presentation.

Q2 Adjusted EPS* of \$0.26

Value Creation in Core Businesses



HVAC

Grow HVAC platform:

- ❑ New product development
- ❑ Channel development
- ❑ Geographic expansion
- ❑ Leverage synergies

Grow Detection & Measurement platform:

- ❑ Continue to upgrade installed base
- ❑ New product launches in 2016
- ❑ Expand vertically and geographically
- ❑ Extend product offering into adjacent markets

Detection & Measurement

Substantial
Growth
in Earnings and
Cash Flow

POWER
Transformers

Improve efficiency of power transformer business:

- ❑ Increase sales of new, value-engineered power transformer design
- ❑ Productivity initiatives

Reduce complexity, risk and cost in power generation business:

- ❑ Reposition business
- ❑ Project execution and selectivity
- ❑ Focus on working capital

POWER
Generation

Expanding in Attractive Markets While Reducing Exposure to Lower Return Markets

Segment/Business	Commentary
HVAC Segment	<ul style="list-style-type: none">➤ Cooling: Continued strength from commercial markets➤ Heating: Slow 1H 2016 due to the mild 2015/2016 winter
Detection & Measurement Segment	<ul style="list-style-type: none">➤ Demand for run-rate products remains steady; healthy frontlog activity➤ Elongated sales cycle for some project-related products (within expectations)
Transformer Business	<ul style="list-style-type: none">➤ Steady lead times and pricing➤ Taking orders into 2017
Power Generation Business	<ul style="list-style-type: none">➤ Challenged markets, particularly in Europe and for heat exchange products➤ Focused on repositioning the business

**Markets for Strategic Platforms Remain Stable; Repositioning Business
Away from Challenged Power Generation Markets**

Q2 Financial Review

Scott Sproule

August 4, 2016



Earnings Per Share



Q2 2016 Adjusted EPS

GAAP EPS from Continuing Operations	(\$0.33)
Adjustment to Redeemable Noncontrolling Interest	\$0.44
South African Projects	\$0.09
Non-Service Pension Items	\$0.04
Adjustment to Gain on sale of Dry Cooling	\$0.02
Adjusted EPS (non-GAAP)	<u>\$0.26</u>

In addition to usual adjustments:

- Adjustment for redeemable noncontrolling interest
 - Arbitration decision regarding value of put in South Africa
 - No cash impact on Q2 results

Q2 Adjusted EPS of \$0.26

Core Q2 2016 Results



Year-over-Year Analysis

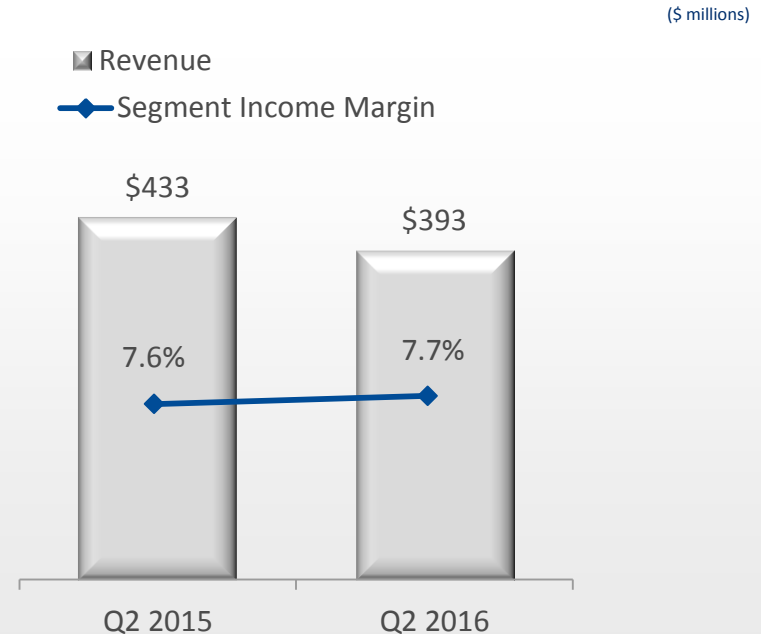
Q2 Revenue:

- (9.1%) year-over-year decline:
 - (6.0%) decline from sale of Dry Cooling business
 - (1.9%) organic decline*, with declines in power generation business more than offsetting growth in HVAC and Detection & Measurement segments
 - (1.2%) currency impact

Q2 Segment Income and Margin:

- \$2.8m decrease in Segment Income largely driven by sale of Dry Cooling
- Margin growth in HVAC and Detection & Measurement segments and Transformer business, offset by headwinds in power generation

Note: Core results are non-GAAP financials measures that exclude the results of the South African projects.
*Non-GAAP measure. Reconciliations from US GAAP measures are available in the Appendix of the presentation.



Segment Income Growth and Margin Expansion Across Strategic Platforms

HVAC Q2 2016 Results



Year-over-Year Analysis

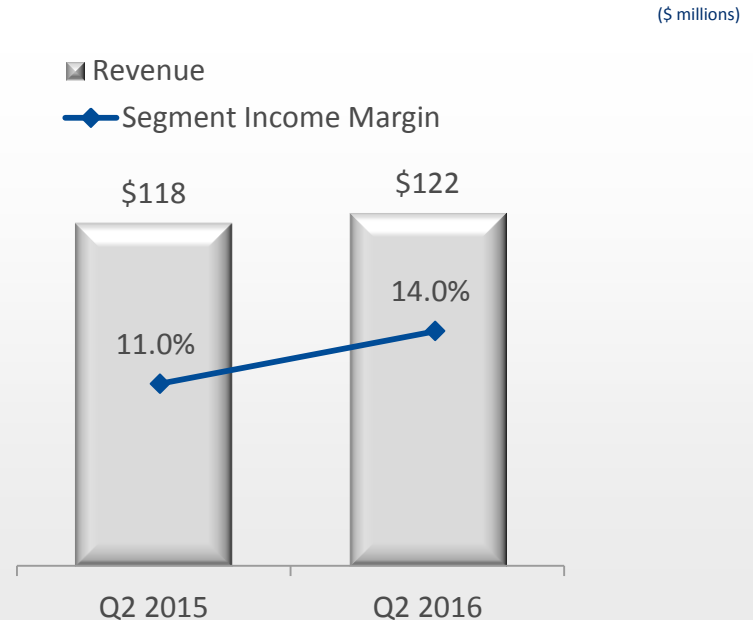
Q2 Revenue:

- +3.0% year-over-year improvement:
 - +4.5% organic growth* due to the strength of cooling products sales in commercial markets
 - (1.5%) currency impact

Q2 Segment Income and Margin:

- \$4.1m increase in Segment Income
- 300 basis points of margin improvement due to higher sales and continued benefits from operational initiatives

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



4.5% Organic Revenue Growth* and 300 Basis Points of Margin Expansion

Detection & Measurement Q2 2016 Results



Year-over-Year Analysis

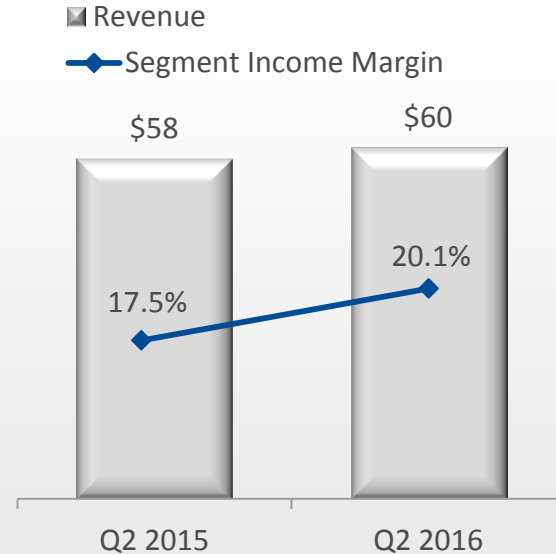
Q2 Revenue:

- +3.3% year-over-year growth:
 - +5.0% organic growth*, largely due to higher sales of fare collection products
 - (1.7%) currency impact

Q2 Segment Income and Margin:

- \$1.9m increase in Segment Income
- 260 basis points of margin improvement
 - Margin expansion across multiple product lines
 - More favorable sales mix in Q2 2016

(\$ millions)



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

5% Organic Revenue Growth* and 260 Points of Margin Improvement

Base Power Q2 2016 Results

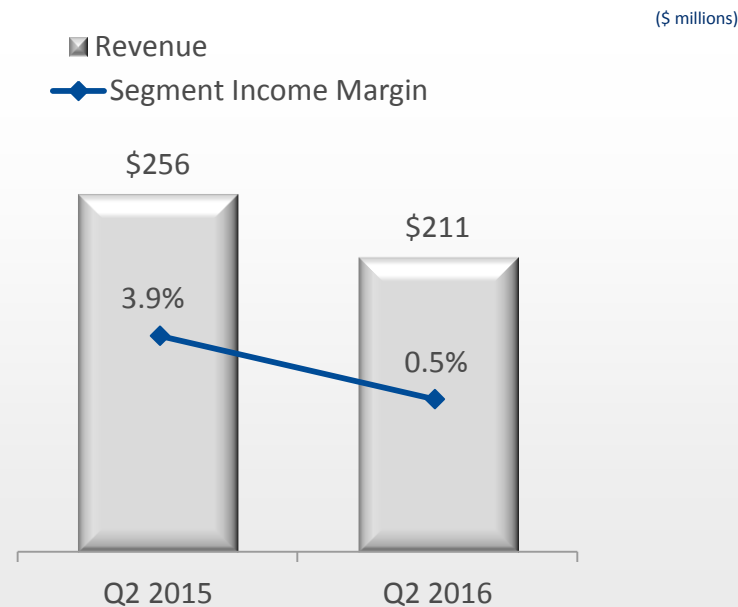
Year-over-Year Analysis

Q2 Revenue:

- (17.6%) year-over-year decline:
 - (10.2%) decline from sale of Dry Cooling business
 - (6.5%) organic decline* primarily driven primarily by the completion of a large, unique power project that contributed favorably to the prior year period
 - (0.9%) currency impact

Q2 Segment Income and Margin:

- \$8.8m decrease in Segment Income
- 340 basis points of margin decline
 - Transformer margin up year-over-year and on-track to exceed full-year 2016 margin target



Note: Base Power results are non-GAAP financials measures that exclude the results of the South African projects.

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

**Strong Margin Performance in Our Transformer Business,
More than Offset by Further Challenges in Power Generation Market**

Financial Position & Guidance

Scott Sproule

August 4, 2016



Financial Position



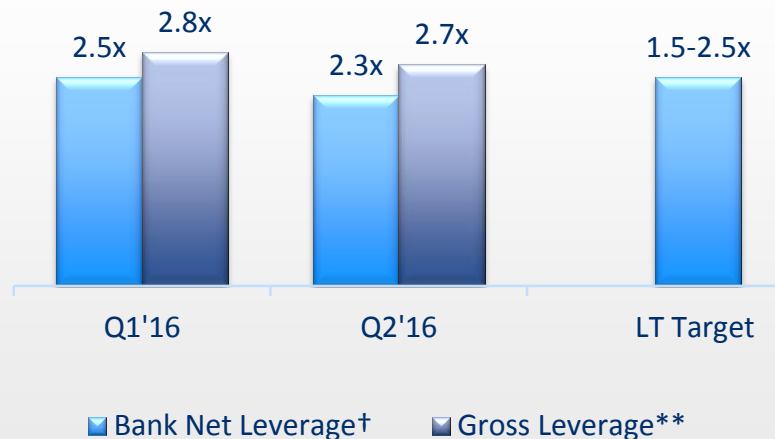
Capital Structure Update

(\$ millions)

Q2 2016

Short-term debt	\$22
Current maturities of long-term debt	18
Long-term debt	334
Gross Debt	\$374
Less: Cash on hand	(\$102)
Net Debt	\$272

Leverage Ratios



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

†Calculated as defined by SPX's credit facility agreement. Net debt subtracts cash in excess of \$50 million.

** Uses gross debt and LTM EBITDA as defined by SPX's credit facility agreement.

**Strong Free Cash Flow* and Debt Reduced by \$16m in Q2;
Net Leverage of 2.3x Within Target Range**

2016 Core Guidance Update (Changes in Bold)



	Revenue	Segment Income Margin
HVAC	<ul style="list-style-type: none"> Towards the lower-end of LT annual growth targets of 2-4% 	<ul style="list-style-type: none"> Approaching 16%
Detection & Measurement	<ul style="list-style-type: none"> In-line with LT annual growth targets of 2-6% 	<ul style="list-style-type: none"> At least 100 bps increase driven by commercial efforts in fare collection systems
Base Power	<ul style="list-style-type: none"> Transformer revenues up modestly Decline in power generation revenues Sale of Dry Cooling (completed in Q1) 	<ul style="list-style-type: none"> At least 150 bps improvement in Transformer business Further challenges in power generation operating environment
Total SPX Core	<ul style="list-style-type: none"> \$1.5-1.7 billion (lower revenues in power generation, the sale of Dry Cooling and FX headwinds) 	<ul style="list-style-type: none"> 9-10% with improvements in our strategic platforms

Note: Core results are non-GAAP financial measures that exclude the results of the South African projects. Non-service pension items, the gain on the sale of Dry Cooling, a non-cash impairment of intangible assets and an adjustment related to the value of the minority interest stake in our South African subsidiary have also been excluded from 1H'16 results.

**Adjusted Operating Income Range of \$80 million to \$100 million;
Adjusted EPS Range of \$0.95-1.25**

Executive Summary

Gene Lowe

August 4, 2016



- **Q2 2016 Recap:** Segment Income and margin growth in HVAC, Detection & Measurement and Transformer business
- **Value Creation Initiatives:** Committed to eliminating losses in power generation business to drive full earnings potential of strategic platforms
 - Power generation headwind in 2016 of more than \$0.30 per share
- **Market Conditions:** Key strategic markets remain stable
- **2016 Outlook:** Reaffirming full-year guidance

**Strong Performance in Strategic Platforms;
On-Track to Meet Full-Year Targets**

Questions

August 4, 2016



Appendix

August 4, 2016



2016 Modeling Considerations



Metric	Commentary/Assumptions
Corporate costs	~\$40M
Long-term incentive comp	\$13-15M
Restructuring costs	~\$6M
Interest cost	\$13-14M
Tax rate	35-40%, jurisdictionally sensitive
Capex	\$18-20M
Cash cost of pension + OPEB	~\$16M ongoing cash cost
D&A	~\$30M, mostly in COGS
Share count	42-43M
FCF Conversion	~100% of Core Net Income (i.e., ex South African projects)

Core Revenue & Segment Income Reconciliation



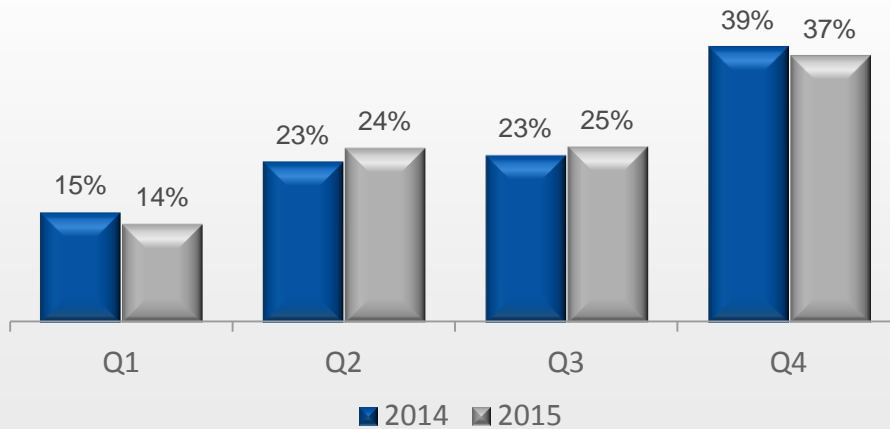
(\$ millions)

	Q2 2016			Q2 2015		
	GAAP	SA Projects	Core	GAAP	SA Projects	Core
Revenue						
HVAC	121.9		121.9	118.3		118.3
D&M	60.1		60.1	58.2		58.2
Power	230.9	(19.6)	211.3	282.9	(26.5)	256.4
Total SPX	\$412.9	(\$19.6)	\$393.3	\$459.4	(\$26.5)	\$432.9
Segment Income						
HVAC	17.1		17.1	13.0		13.0
D&M	12.1		12.1	10.2		10.2
Power	(1.8)	2.9	1.1	1.6	8.3	9.9
Total SPX	\$27.4	\$2.9	\$30.3	\$24.8	\$8.3	\$33.1
	YTD 2016			YTD 2015		
	GAAP	SA Projects	Core	GAAP	SA Projects	Core
Revenue						
HVAC	233.5		233.5	226.0		226.0
D&M	115.5		115.5	110.1		110.1
Power	453.2	(40.1)	413.1	499.6	(40.5)	459.1
Total SPX	\$802.2	(\$40.1)	\$762.1	\$835.7	(\$40.5)	\$795.2
Segment Income						
HVAC	33.0		33.0	25.9		25.9
D&M	23.1		23.1	19.1		19.1
Power	(7.3)	6.3	(1.0)	(9.8)	16.7	6.9
Total SPX	\$48.8	\$6.3	\$55.1	\$35.2	\$16.7	\$51.9

Core Segment Income Phasing



(\$ millions)



	Q1 2014	Q2 2014	Q3 2014	Q4 2014
GAAP	25.6	30.5	38.0	35.5
Less: South African Projects	(0.4)	6.3	0.3	27.7
Core	\$25.2	\$36.8	\$38.3	\$63.2
<i>% of full-year</i>	15%	23%	23%	39%

	Q1 2015	Q2 2015	Q3 2015	Q4 2015
GAAP	10.4	24.8	(64.7)	45.2
Less: South African Projects	8.4	8.3	98.2	5.6
Core	\$18.8	\$33.1	\$33.5	\$50.8
<i>% of full-year</i>	14%	24%	25%	37%

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

Core Revenue and Segment Income Phasing



(\$ millions)

	2015			
	Q1	Q2	Q3	Q4
Revenue				
HVAC	107.7	118.3	142.7	160.4
D&M	51.9	58.2	55.9	66.3
Base Power	202.7	256.4	211.9	259.5
Core SPX	\$362.3	\$432.9	\$410.5	\$486.2
Segment Income				
HVAC	12.9	13.0	23.5	30.8
D&M	8.9	10.2	8.3	18.6
Base Power	(3.0)	9.9	1.7	1.4
Core SPX	\$18.8	\$33.1	\$33.5	\$50.8

Note: Core & Base Power results are non-GAAP financial measures that exclude the results of the South African projects.

Q2 2016 GAAP to Adjusted Earnings Per Share Reconciliation



	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income	\$ 27.4	\$ 2.9	\$ 30.3
Corporate expense	(8.2)	—	(8.2)
Pension and postretirement income (expense)	(2.8)	2.9	0.1
Long-term incentive compensation expense	(3.5)	—	(3.5)
Special charges, net	(2.0)	—	(2.0)
Loss on sale of dry cooling business	(1.2)	1.2	—
Operating income	<u>9.7</u>	<u>7.0</u>	<u>16.7</u>
Other income (expense), net ⁽¹⁾	(0.5)	2.3	1.8
Interest expense, net	(3.6)	—	(3.6)
Equity earnings in joint ventures	0.4	—	0.4
Income from continuing operations before income taxes	<u>6.0</u>	<u>9.3</u>	<u>15.3</u>
Income tax provision	(2.6)	(1.9)	(4.5)
Income from continuing operations	<u>3.4</u>	<u>7.4</u>	<u>10.8</u>
Less: Net loss attributable to redeemable noncontrolling interest	(1.0)	0.9	(0.1)
Net income from continuing operations attributable to SPX Corporation common shareholders	<u>4.4</u>	<u>6.5</u>	<u>10.9</u>
Adjustment related to redeemable noncontrolling interest	(18.1)	18.1	—
Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest	<u>\$ (13.7)</u>	<u>\$ 24.6</u>	<u>\$ 10.9</u>
Shares outstanding	41.594		41.954
Earnings (loss) per share	<u>\$ (0.33)</u>		<u>\$ 0.26</u>

(\$ millions, except per share values)

(1) Adjustment represents losses on foreign currency forward contracts associated with the South African projects.

Adjusted Operating Income Reconciliation



(\$ millions)

	Three months ended		Six months ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Operating income (loss)	\$ 9.7	\$ (8.7)	\$ 30.0	\$ (53.3)
Adjustments:				
South African projects	2.9	8.3	6.3	16.7
Non-service pension and postretirement items	2.9	(1.0)	4.0	(1.3)
Certain corporate expenses ⁽¹⁾	—	19.9	—	54.8
(Gain) loss on sale of Dry Cooling	1.2	—	(16.7)	—
Non-cash impairment of intangible assets	—	—	4.0	—
Adjusted operating income	<u>\$ 16.7</u>	<u>\$ 18.5</u>	<u>\$ 27.6</u>	<u>\$ 16.9</u>
as a percent of Core revenues	4.2 %	4.3 %	3.6 %	2.1 %
GAAP operating income margin	2.3 %	(1.9)%	3.7 %	(6.4)%

(1) Represents an estimate of the corporate costs related to the support provided to SPX Flow. These costs were eliminated in connection with the spin-off.

Note: Core results exclude the results of the South African projects.

Q2 2016 Organic Revenue Reconciliation



	<u>HVAC</u>	<u>Detection & Measurement</u>	<u>Power</u>	<u>Consolidated</u>
Net Revenue Growth (Decline)	3.0 %	3.3 %	(18.4) %	(10.1) %
Adjustment for South African projects	- %	- %	(0.8) %	(1.0) %
Core Revenue Growth (Decline)	<u>3.0 %</u>	<u>3.3 %</u>	<u>(17.6) %</u>	<u>(9.1) %</u>
Foreign Currency	(1.5) %	(1.7) %	(0.9) %	(1.2) %
Effects of Disposition	- %	- %	(10.2) %	(6.0) %
Core Organic Revenue Growth (Decline)	<u>4.5 %</u>	<u>5.0 %</u>	<u>(6.5) %</u>	<u>(1.9) %</u>

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

Debt Reconciliation



(\$ millions)

	<u>July 2, 2016</u>
Short-term debt	\$ 21.5
Current maturities of long-term debt	17.9
Long-term debt ⁽¹⁾	<u>336.3</u>
Gross Debt	375.7
Less: Purchase card program and extended payables	<u>(4.3)</u>
Adjusted Gross Debt	371.4
Less: Cash in excess of \$50.0	(52.0)
Adjusted Net Debt	<u><u>\$ 319.4</u></u>

(1) Excludes unamortized debt issuance costs associated with the Term loan of \$1.8m

Note: Adjusted net debt as defined by SPX's current credit facility agreement

Consolidated EBITDA Reconciliation



	2H 2015	Q1 2016	Q2 2016	LTM	(\$ millions)
Net income (loss) attributable to SPX Corporation common shareholders	\$ (114.5)	\$ 13.0	\$ 4.0		
Income tax provision	2.3	3.5	2.6		
Interest expense	9.8	3.5	3.8		
Income (loss) before interest and taxes	(102.4)	20.0	10.4		
Depreciation and amortization	18.2	7.2	7.0		
EBITDA	(84.2)	27.2	17.4		
Adjustments:					
Non-cash compensation	15.2	5.5	5.5		
Pension adjustments	17.6	1.1	2.9		
Unusual/extraordinary non-cash charges	94.4	4.0	2.6		
Unusual/extraordinary non-recurring cash charges	36.3	0.3	(0.6)		
Net (gains) and losses on disposition of assets outside of the ordinary course of business	4.3	(16.8)	1.6		
Pro forma effect of acquisitions and divestitures, and other	1.4	3.6			
Consolidated EBITDA	<u>\$ 85.0</u>	<u>\$ 24.9</u>	<u>\$ 29.4</u>	<u>\$ 139.3</u>	

Note: Consolidated EBITDA as defined by SPX's current credit facility agreement

Free Cash Flow



(\$ millions)

	<u>Q2 2016</u>
Net cash from continuing operations	\$ 22.9
Capital expenditures - continuing operations	<u>(2.3)</u>
Free cash flow from continuing operations	<u><u>\$ 20.6</u></u>