2014 Second Quarter Results

July 30, 2014

- 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 and are thus prospective. 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 continuing operations, which are subject to change.
- Particular risks facing SPX include economic, business and other risks stemming from changes in the economy, our international operations, legal and regulatory risks, cost of raw materials, pricing pressures, pension funding requirements, and integration of acquisitions. More information regarding such risks can be found in SPX's SEC filings.
- Statements in this presentation are only as of the time made, and SPX does not intend to update any statements made in this presentation except as required by regulatory authorities.
- 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.
- The 2014 earnings per share guidance is on an adjusted basis to exclude the gain on sale of our EGS joint venture interest, early extinguishment of debt charges and non-service cost pension items. The 2014 free cash flow guidance is also on an adjusted basis to exclude tax payments associated with gains on asset sales.
- Unless otherwise indicated, amounts in this presentation relate to continuing operations.

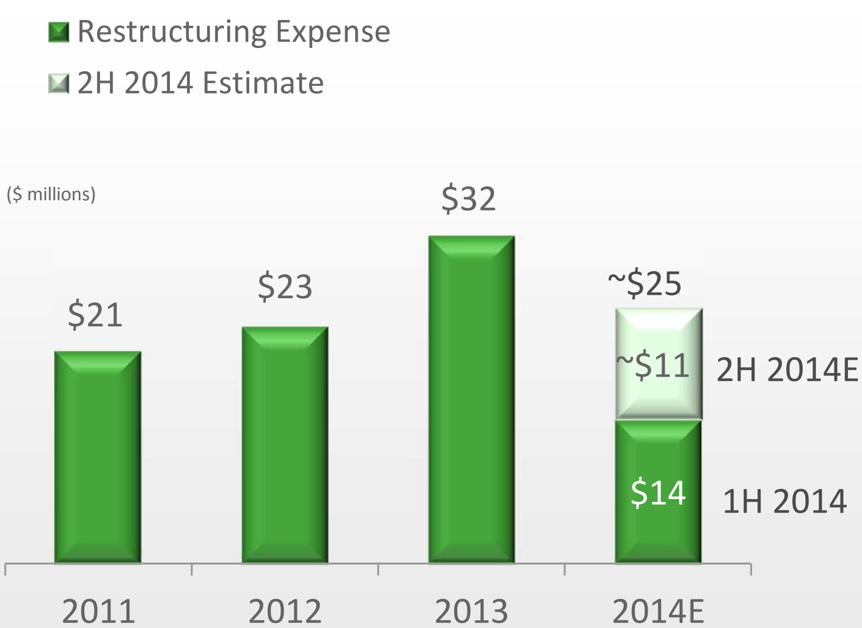
Q2 Overview

Q2 Summary of Key Results

- Earnings per share from continuing operations of $1.25, up 54% year-over-year
- Segment margins improved 50 points year-over-year to 10.4%:
  - **Flow segment operating margin increased 310 points to 13.4%**
  - Fifth consecutive quarter of segment income margin improvement
- Segment income increased 7% over the prior year to $123m:
  - **Flow segment income increased $21m or 32% year-over-year**
  - Recorded $8m charge in Thermal segment related to increased cost estimates on South Africa projects
- Q2 ending backlog up 2.3% year-over-year; Q2 book-to-bill steady at 1.0x
- Completed ~$330m of $500m 10b5-1 share repurchase plan through July 29th

Q2 EPS Increased 54% Year-Over-Year and Exceeded Guidance Range;
Flow Segment Income Increased 32% and Margins Improved 310 Points

Restructuring Actions



1H 2014 Analysis:

- Actions focused on reducing Flow's cost structure at various European and U.S. locations
- Incremental cost reduction actions in Thermal and Industrial segments

2014 Full Year Target:

- ~$25m of full year restructuring expense
- Evaluating additional opportunities to optimize global manufacturing footprint and to reduce global corporate cost structure

Continued Restructuring Efforts Expected to Further Simplify Our Organization and Reduce Our Cost Structure

Flow End Market Trends

SPX

Food & Beverage	Power & Energy	Industial Flow
<u>Components</u> ▪ Steady aftermarket and component order trends <u>Systems</u> ▪ Awarded two large orders in Q2: ❑ Baby food plant in Belarus ~$28m ❑ Margarine plant in Australia ~$18m ▪ Pipeline remains strong with frontlog activity focused on new dairy systems in Asia and EMEA	<u>Oil & Gas</u> ▪ Demand for oil pipeline valves remains at a high level ▪ Steady aftermarket activity ▪ Strong quote and bid activity for large pump and valve projects ▪ Q2 OE pump orders down y-y <u>Power Generation</u> ▪ Potential opportunities in nuclear ▪ Conventional power investment remains steady at low levels	▪ Q2 orders up over prior year driven by short cycle demand in: ❑ chemical processing ❑ compressed air ❑ marine markets ▪ Mining continues to be weak

Steady Trends in Most Short Cycle Markets and in the Aftermarket;
Order Pipeline for Large Projects in Dairy and Oil & Gas Markets Remains Strong

End Market Trends for Power Transformers and Thermal Equipment

Power Transformers (U.S.)

- Replacement demand for power transformers remained strong
- Market pricing challenging, market lead times stable
- Increasing exposure to oil & gas and data center opportunities

Thermal Equipment

- Strong Q2 order intake for personal comfort heating businesses
- Commercial initiatives and new products driving improved order intake:
  - Continue to expand cooling systems offerings into North American petrochemical, industrial and HVAC markets
  - Increased dry cooling orders in North America and Asia (supplying joint venture with Shanghai Electric)
- Challenging conditions persist in global power generation markets

Thermal Equipment Order Development Benefitting from Commercial Initiatives;
Power Market Trends for Transformers and Thermal Equipment Remained Stable

2014 Financial Guidance

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	Operating Income Margin Change
Flow	+3% to +5%	+130 points
Thermal	+1% to +3%	(30) points
Industrial	+4 to +8%	+30 points
Consolidated	**+3% to +5%**	**+80 points**

Note: 2014 financial guidance on a continuing operations basis; See appendix for reconciliation of non-GAAP metrics

Updated Segment Targets;
Reaffirmed 2014 Adjusted EPS and Free Cash Flow Guidance

Financial Analysis

Jeremy Smeltser

Q2 Earnings Per Share

Q2 EPS Bridge to Guidance Mid-Point

Q2 EPS Guidance Mid-Point	$1.16	EPS guidance range was $1.11 to $1.21 per share
Segment income (excluding S.A. charge)	$0.06	Flow and Thermal (excluding S.A. charge)
South Africa charge (net of taxes and minority interest)	($0.10)	$8m charge recorded in Thermal Segment income
Discrete tax items	$0.09	
Net other items	$0.04	
EPS from continuing operations	**$1.25**	

Q2 Earnings Per Share of $1.25 Exceeded Guidance Range

Consolidated Q2 Results

Q2 Year-Over-Year Analysis

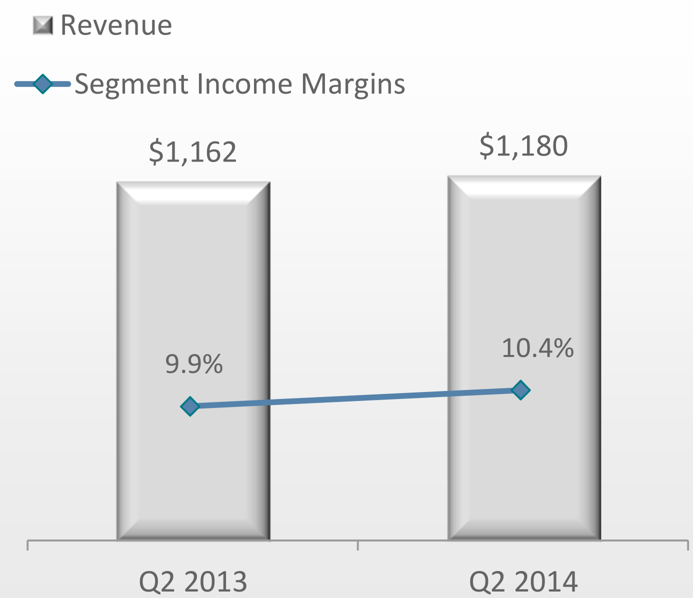
Revenue:

- 1.5% increase year-over-year:
  - 1.4% currency benefit
  - 0.1% organic growth:
    - **2.8% organic growth excluding impact from the ramp down of power projects in South Africa**

Segment Income:

- Consolidated segment income of $123m, up 7% versus prior year
- 50 points of margin improvement

($ millions)



Note: See appendix for reconciliation of non-GAAP metrics

2.8% Organic Revenue Growth Excluding Impact From Power Projects in South Africa
Increase in Segment Income and Margins Driven by Flow Segment

Flow Technology Q2 Results

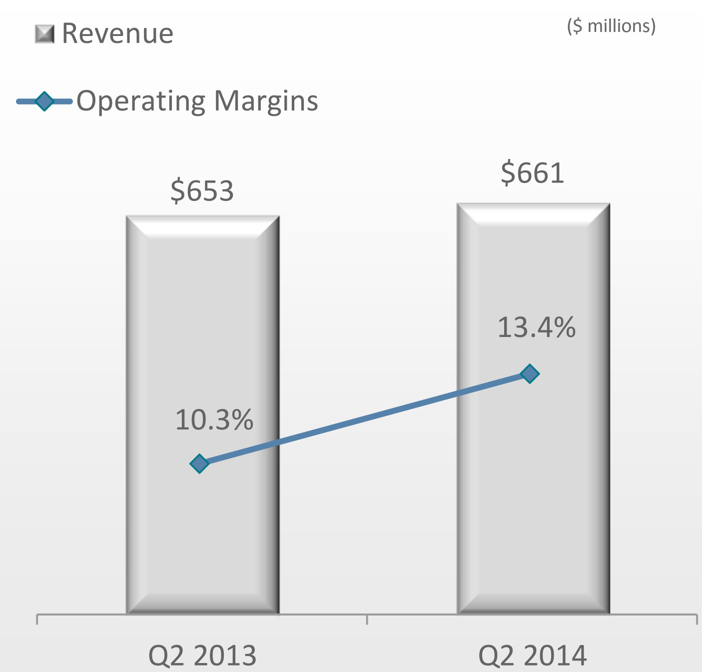
Q2 Year-Over-Year Analysis

Revenue increased 1.2%:

- 2.5% currency benefit
- (1.3%) organic decline:
  - Due primarily to reduced industrial mixer revenue
  - Revenue increases:
    - oil pipeline and nuclear valves
    - food and beverage equipment
    - aftermarket sales across multiple markets

Income increased $21m, or 32%:

- 310 points of margin improvement driven by:
  - ✓ cost savings from restructuring initiatives
  - ✓ increased revenue related to nuclear power valves, oil pipeline valves and aftermarket sales

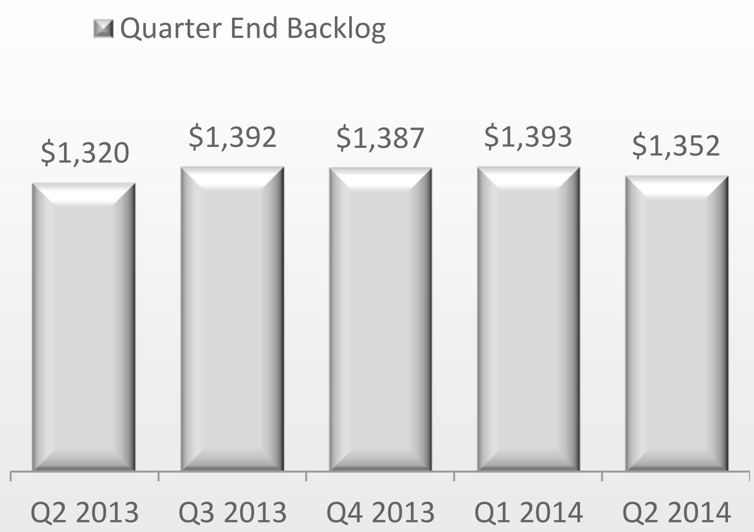


32% Increase in Segment Income and 310 Points of Margin Expansion Driven Primarily by Flow Power & Energy Business

Flow Technology Backlog

Sequential Backlog Analysis

($ millions)



- Q2 backlog up 2.4% over prior year period
- Sequential backlog decline concentrated in Flow Power & Energy business (OE pumps)
- Strong pipeline of front log activity for oil & gas and dairy projects

Q2 Backlog Up 2.4% Year-Over-Year;
Strong Pipeline of Oil & Gas and Food & Beverage Projects

Thermal Equipment & Services Q2 Results

Q2 Year-Over-Year Analysis

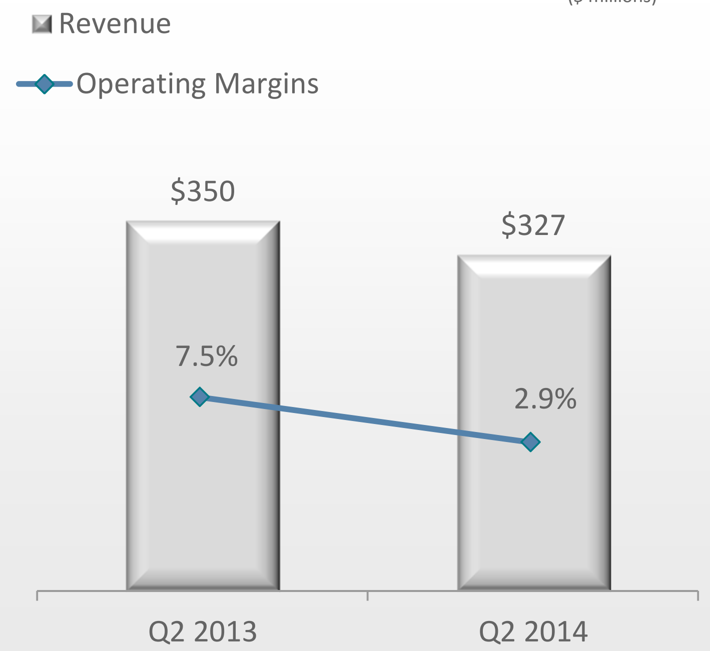
Revenue decreased $23m, or 6.6%:

- (0.5%) currency impact
- (6.1%) organic decline:
  - Reduced revenue on power projects in South Africa
  - Increased sales of cooling equipment in Asia Pacific and personal comfort heating products in the U.S.

Income decreased $17m, margins declined 460 points:

- $16m of decline in **South Africa**:
  - $8m of increased cost estimates on power projects
  - Favorable contract price adjustments in Q2 2013
  - Revenue decline

($ millions)



Reduced Revenue and Profitability in South Africa Significantly Impacted Q2 Financial Results

Thermal Equipment & Services Backlog

Sequential Backlog Analysis

($ millions)

- Core backlog up 11% year-over-year
- South Africa backlog ramping down:
  - Estimated contract price adjustments expected to contribute ~$90m of future revenue

Core Backlog Increased 11% Year-Over-Year

Industrial Products & Services Q2 Results

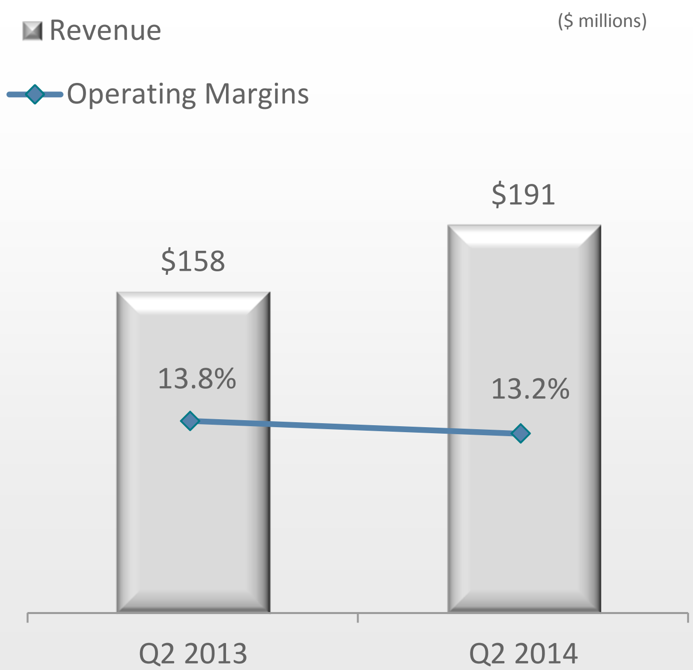
Q2 Year-Over-Year Analysis

Revenue increased 20.7%:

- 1.3% currency benefit
- 19.4% organic growth:
  - Each business grew organically
  - Significant increase in power transformer shipments was the primary organic growth driver

Income increased 15.6% over the prior year:

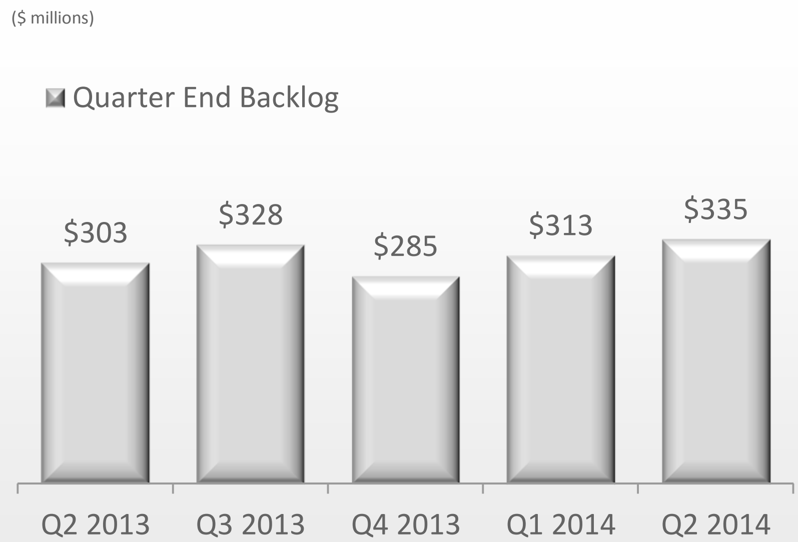
- Margins lower due to higher mix of power transformer revenue



21% Revenue Growth Driven by Increase in Power Transformer Shipments

Industrial Products & Services Backlog

Sequential Backlog Analysis



- Q2 2014 backlog up 11% versus the prior year period and up 7% sequentially
- Strong Q2 order volume for power transformer business

Strong Q2 Order Volume in Power Transformer Business

Financial Targets and Financial Position Update

Jeremy Smeltser

Q3 Consolidated Financial Analysis

($ millions, except per share data)

	Q3 2013	Q3 2014 Targets	Comments
Revenue	$1,146	+6% to +9%	▪ Expect growth across all three segments
Segment Income	$130	$135 to $145	▪ Targeting ~8% growth driven by Flow
Segment Income %	11.3%	~11.3%	▪ Expect increase in Flow margins to be offset by declines in Industrial margins
Shares Outstanding	45m	~43m	▪ Reflects share repurchases
Special Charges	$7	$7 to $10	▪ Additional cost reduction actions
Adjusted Earnings Per Share	NA	$1.30 to $1.40	▪ Excludes non-service related pension items

Targeting 6% to 9% Revenue Growth in Q3
Q3 EPS Guidance Range: $1.30 to $1.40 Per Share

2014 Financial Guidance

2014 Guidance on a Continuing Operations Basis

Adjusted Earnings Per Share

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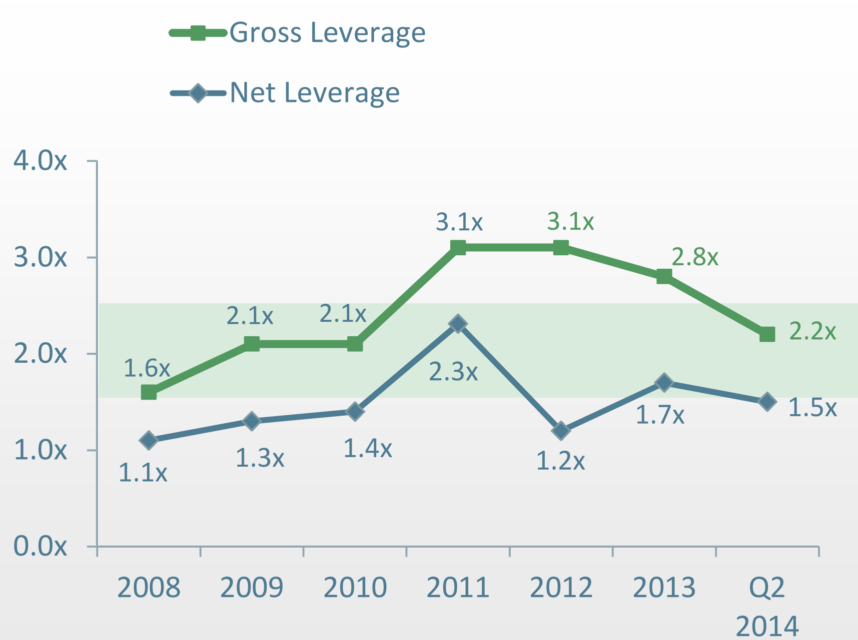
Note: 2014 financial guidance on a continuing operations basis; See appendix for reconciliation of non-GAAP metrics

Updated Segment Targets Reflect First Half Results;
Reaffirmed 2014 Adjusted EPS Guidance

Financial Position

Leverage and Balance Sheet Review



- **$62m of adjusted free cash flow in Q2**
- Gross leverage at 2.2x, within target range
- $466m of cash on hand at end of Q2
- Key cash inflows expected in 2H 2014:
  - ~$260m of adjusted free cash flow
- Key cash outflows expected in 2H 2014:
  - ~$215m of share repurchases
  - ~$120m of tax payments related to asset sale gains
  - ~32m of dividend payments

Note: Gross leverage as defined in the credit facility; See appendix for reconciliations of non-GAAP metrics

Gross Leverage Within Target Range

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Executive Summary

Chris Kearney

Capital Allocation Discipline

Methodology	Expected Outcome
1) Utilize strategic planning process to evaluate future revenue and earnings growth	▪ Quantify projected future cash flows and estimate total company valuation
2) Maintain target capital structure and fund regular dividend	▪ Gross Debt to EBITDA[1] target range: 1.5x to 2.5x ▪ Annual dividend of $1.50 per share
3) Invest available capital in highest, risk adjusted, return opportunities: ▪ **EVA models continue to drive allocation decision-making**	▪ Organic growth and improvement opportunities ▪ Strategic acquisitions *(not expected in the near term)* ▪ Share repurchases ▪ Increase dividend

[1] Gross Debt and EBITDA as defined in our credit facility

Capital Allocation Discipline Focused on Highest Return Opportunities

Operational Leadership

Chris Kearney
Chairman, President & CEO

Operational Leaders

- Tony Renzi — **Flow Power & Energy**
- Marc Michael — **Flow Food & Beverage**
- David Wilson — **Flow Industrial**
- Gene Lowe — **Thermal Group**
- Dave Kowalski — **Industrial Group**; **Global Manufacturing Operations**

Investor and Analyst Event on September 8th and 9th
Will Feature These Five Key Operational Leaders

Executive Summary

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Key Investor Messages

1) Significant increase in Flow's Q2 and first half profitability

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) Focused on profitable growth initiatives:
   - Growth in developing economies
   - Increased aftermarket penetration
   - Continued innovation to increase our market penetration on new product launches

4) Disciplined capital allocation

Targeting 3% to 5% Revenue Growth and 80 Points of Segment Margin Expansion in 2014; Committed to Operational Improvement and Returning Capital to Shareholders

Questions?

Appendix

Q2 2014 Organic Revenue Growth Reconciliation

Q2 2014 Organic Growth Reconciliation

	Three Months Ended June 28, 2014			
	Net Revenue Change	Acquisitions/ Divestitures	Currency	Organic
Flow Technology	1.2%	0.0%	2.5%	-1.3%
Thermal Equipment & Services	-6.6%	0.0%	-0.5%	-6.1%
Industrial Products & Services	20.7%	0.0%	1.3%	19.4%
Consolidated SPX	1.5%	0.0%	1.4%	0.1%

Q2 2014 Organic Revenue Growth Reconciliation
Excluding Revenue Related to South Africa Power Projects

Q2 2014 Organic Growth Reconciliation
Excluding Revenue Related to South Africa Power Projects

	SPX Consolidated		Thermal Segment	
	Q2 2013	Q2 2014	Q2 2013	Q2 2014
Reported Revenues	$1,162	$1,180	$350	$327
South Africa project revenues (Medupi and Kusile)	$59	$23	$59	$23
Year-over-year currency benefit		$22		$3
Organic revenues excluding South Africa project revenues	$1,103	$1,135	$292	$301
Organic growth excluding South Africa project revenues		**2.8%**		**3.2%**

Free Cash Flow

Reconciliation to GAAP Cash Flow Statement

($ millions)

	Q1 2014	Q2 2014	2H 2014	2014E		
Net cash from continuing operations	**($59)**	**($40)**	**$201**	**$76**	to	**$126**
Tax payments on asset sale gains		$114	$120	$234		$234
Capital expenditures	($11)	($12)	($61)	($85)		($85)
Adjusted free cash flow from continuing operations	**($71)**	**$62**	**$260**	**$225**	to	**$275**

Debt Reconciliation

December 31, 2013 Debt Reconciliation

($ millions)

		6/28/2014
Short-term debt	$	75
Current maturities of long-term debt		9
Long-term debt		1,181
Gross Debt	**$**	**1,265**
Less: Puchase card program and extended A/P programs		(31)
Adjusted Gross Debt	**$**	**1,234**
Less: Cash in excess of $50		(416)
Adjusted Net Debt	**$**	**818**

Note: Adjusted debt as defined in the credit facility

Bank EBITDA Reconciliation

($ millions)	LTM as of 6/28/2014	2014E
Net Income	**$521**	**$534**
Income tax provision (benefit)	212	239
Net interest expense	124	103
Income before interest and taxes	**$857**	**$876**
Depreciation, intangible amortization expense and write off of goodwill and intangibles	122	117
EBITDA	**$979**	**$993**
Adjustments:		
Non-cash compensation expense	53	56
Pension adjustments	12	17
Extraordinary non-cash charges	2	0
Extraordinary non-recurring cash charges (gains)	28	25
Joint venture EBITDA adjustments	6	0
Net (gains) and losses on disposition of assets outside the ordinary course of business	(505)	(506)
Pro Forma effect of acquisitions and divestitures	(24)	5
Other	0	0
Bank EBITDA	**$551**	**$590**

Note: EBITDA as defined in the credit facility