

SPX

August 2016

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- This presentation includes non-GAAP financial measures. 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.

# SPX Corporation: Company Overview

August 2016



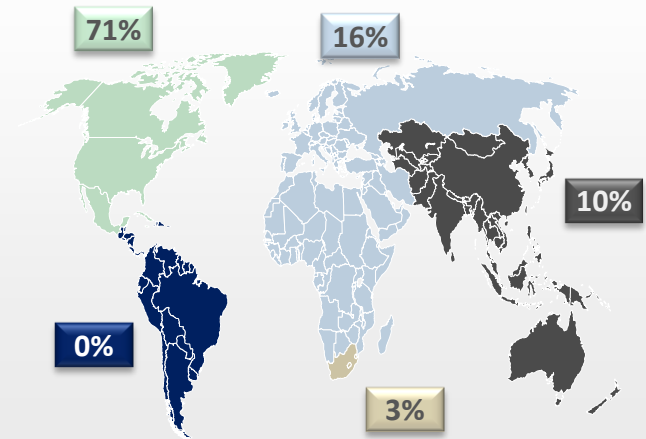
# Company Overview



## The “New” SPX Corporation

- Headquartered in Charlotte, NC
- A leading supplier of:
  - HVAC products,
  - Detection & Measurement technologies, and
  - Power equipment
- ~\$1.7b of revenue in 2015
- ~6,000 employees
- NYSE Ticker: **SPXC**

### 2015 Revenue by Region



**SPX Corporation is a Leading Supplier of HVAC, Detection & Measurement and Power Equipment;  
More than 2/3 of Revenue is Generated by Sales Into North America**

# Key Product Offerings and Financial Profile by Segment

## HVAC

- ✓ Package cooling units
- ✓ Fluid coolers
- ✓ Residential and non-residential boilers
- ✓ Electrical heating products

### 2015:

- \$529m revenue
- Segment Income margin: 15%

## DETECTION & MEASUREMENT

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

### 2015:

- \$232m revenue
- Segment Income margin: 20%

## POWER

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

### 2015 base power business<sup>(1)</sup>:

- \$931m revenue
- Segment Income margin: 1%

<sup>(1)</sup> Excludes South African projects

Segment Income is Predominantly Generated by the HVAC and Detection & Measurement Segments

## 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**

# Value Creation Key Accomplishments

## HVAC

- ✓ Launch of new evaporative condenser product (industrial refrigeration)
- ✓ Launch of new high-efficiency boiler (residential heating)
- ✓ Launch of Everest (large cooling tower) for commercial and industrial markets

## DETECTION & MEASUREMENT

- ✓ New Genfare Link fare collection system installed in key reference market
- ✓ Launch of RD8100 GPS-enabled cable and pipe locator

## POWER

- ✓ Transformer business tracking ahead of schedule on long-term margin target
- ✓ Engaged BNP Paribas to pursue sale of European-based portion of our power generation business
- ✓ Completed sale of Global Dry Cooling business in Q1 2016
- ✓ South African Projects: GE agreement amendment completed in Q4 2015

**Making Progress On Value Creation Strategies**

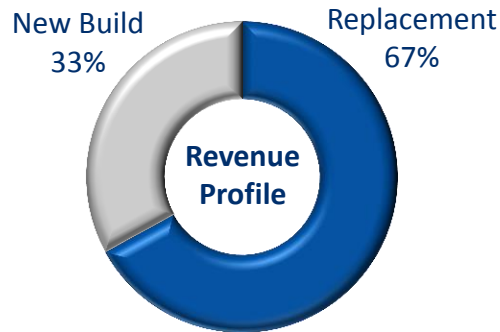
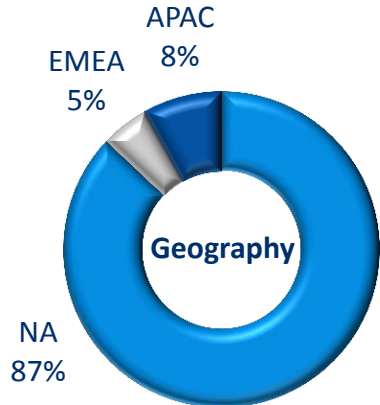
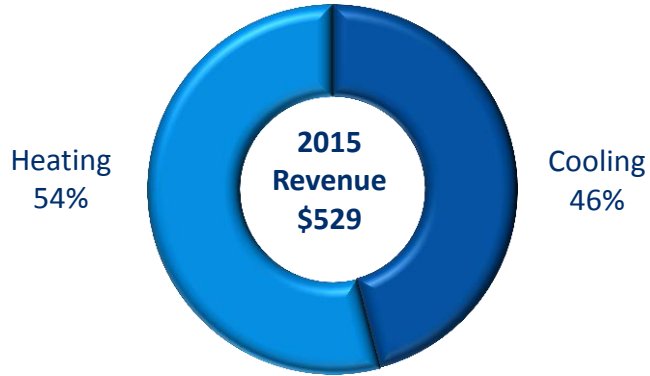
# Segment Overview

August 2016





# HVAC Segment Overview



(\$ millions)

	2014	2015	3-Yr Target
Revenue	\$536	\$529	2-4% CAGR
Segment Income %	13.0%	15.2%	15-16%

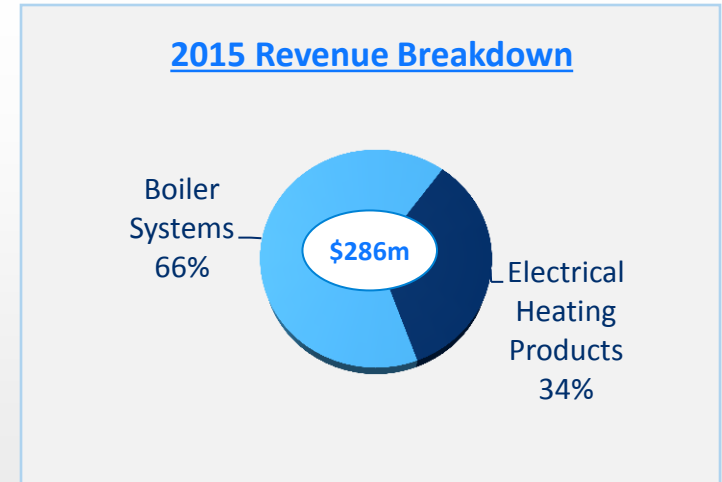
## 2016 Outlook Considerations

- EMEA and APAC market environments
- Timing of start of Q4'15 winter heating season
- Growth from 2015/2016 new product launches
- Commercial construction sensitivity
- Favorable mix effect on 2015 margins
- **High degree of replacement sales and North American-focused footprint**

Note: Revenue Profile breakdown is based on Management's best estimates of end-market uses

# Heating Products Overview

- North American businesses with strong brands
- Products used in residential and non-residential markets and sold primarily through distributors
- End customers concentrated in the Northeast and Midwest
- Demand for boiler systems is seasonal:
  - ❑ Concentrated in the second half
  - ❑ Sensitive to heating season degree days
- Key organic growth opportunities:
  - ❑ Product portfolio expansion
  - ❑ Sales channel management



**Strong Product Brands and Leading Market Positions in North America**

# Heating Product Examples

## Residential Boilers

- ✓ Standard cast iron
- ✓ High efficiency
- ✓ Natural gas and oil



## Commercial Boilers

- ✓ Standard cast iron
- ✓ High efficiency
- ✓ Natural gas and oil



## Electrical Heating Products



Wash-down, corrosion resistant heaters



Digital wall heaters



Aluminum convection heaters

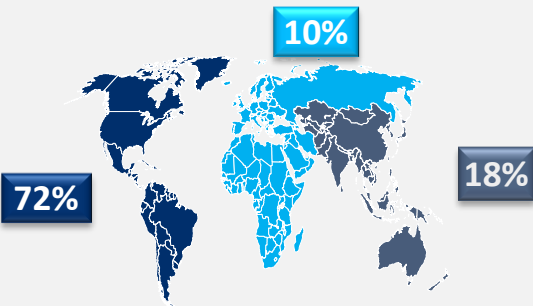
**Broad Product Offering of Heating Solutions for Residential and Light Commercial Applications**

# Cooling Products Overview

## 2015 Revenue Breakdown



## 2015 Revenue by Geography



- Cooling products used in non-residential, commercial construction, process cooling and refrigeration applications
- Well-recognized product brands: Marley and Recold
- Well-established sales channel including reps and distributors
- Demand generally follows construction trends (e.g., Dodge Index)
- Key growth opportunities:
  - ❑ Expand in adjacent markets
  - ❑ New product development
  - ❑ Channel expansion
  - ❑ Geographic expansion

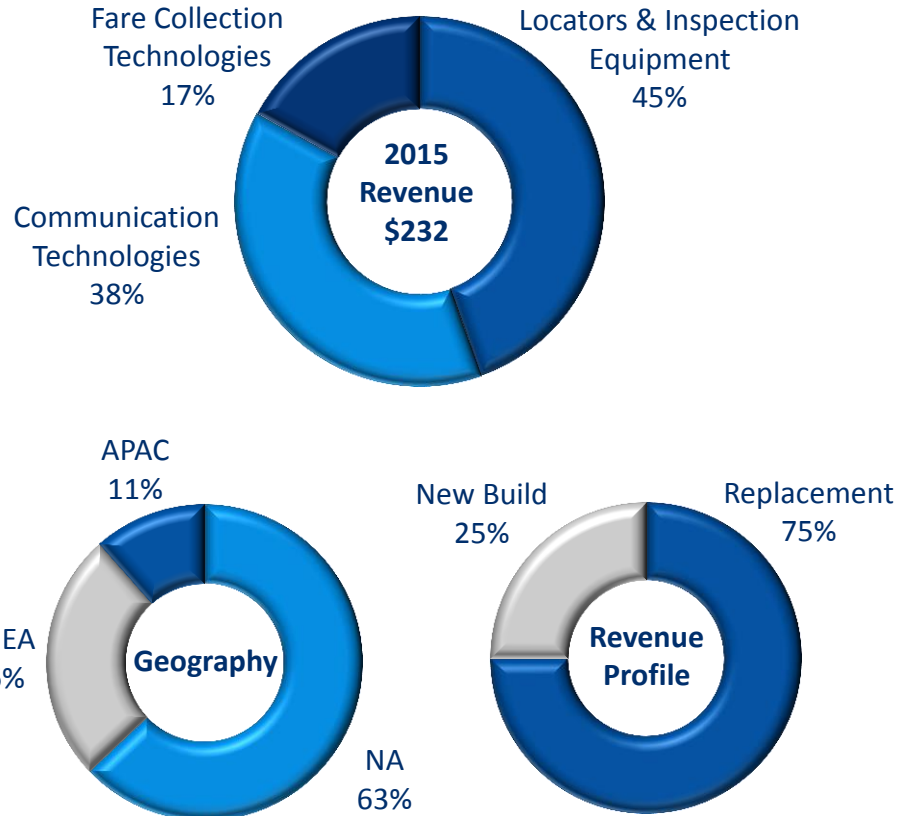
**Strong Product Brands and Leading Market Positions  
Across Cooling Product Portfolio**

# Cooling Product Examples



**Over 90 Years of Experience Engineering and Manufacturing Cooling Towers;  
Marley Sets a High Standard for Efficiency and Quality**

# Detection & Measurement Segment Overview



(\$ millions)

	2014	2015	3-Yr Target
Revenue	\$244	\$232	2-6% CAGR
Segment Income %	22.6%	19.8%	22-24%

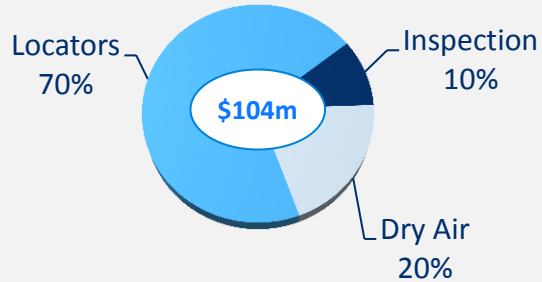
## 2016 Outlook Considerations

- U.S. federal transportation funding
- Industrial and commercial construction
- Global government spending
- Growth from 2015/2016 new product launches
- Currency fluctuation
- **High degree of replacement sales; strong operating leverage and growth in infrastructure-based project businesses**

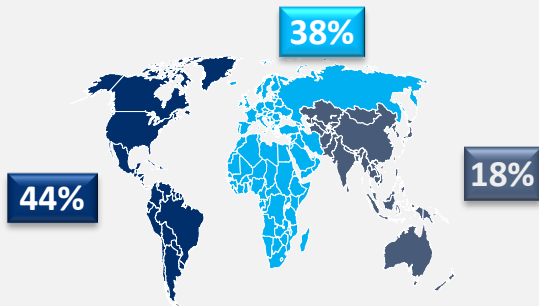
Note: Revenue Profile breakdown is based on Management's best estimates of end-market uses

# Locators & Inspection Equipment

## 2015 Revenue by Product



## 2015 Revenue by Geography



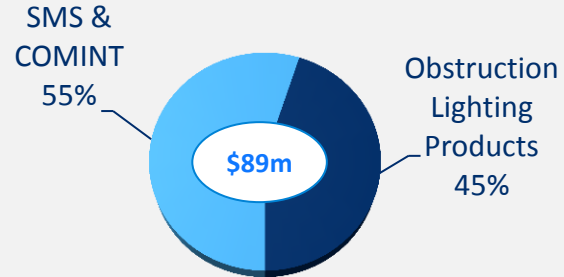
- Based in the U.K., a leading global supplier of underground pipe and conduit locators and inspection equipment
- Continuous new product enhancements and loyal customer base
- ~6% revenue CAGR from 2010-2015
- Key demand drivers:
  - Global infrastructure growth
  - Construction growth
  - Telecommunications growth



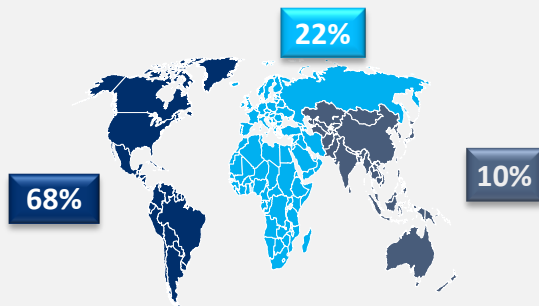
**Leading Global Supplier of  
Underground Pipe and Conduit Detection Equipment**

# Communication Technologies

## 2015 Revenue by Product



## 2015 Revenue by Geography



- A leading global supplier of spectrum monitoring (SMS) and communications intelligence (COMINT) systems
- A leading North American supplier of obstruction lighting products
- Key demand drivers:
  - ❑ Global growth of wireless usage
  - ❑ Increased spectrum provisioning and monitoring
  - ❑ Anti-terrorism and drug interdiction efforts
  - ❑ Maintenance and replacement of installed base

**Leading Brands and Technologies**



## Spectrum Monitoring (SMS)



## Communications Intelligence (COMINT)



**From Borders to Battlefields and From Urban Landscapes to Wide Open Spaces,  
Our Products Empower Customers to Monitor, Analyze and Manage the RF Spectrum**

## Flash Lighting Systems



## Flash Lighting Systems



**We Provide High-Quality LED and Xenon Lighting Systems for a Variety of Tower Applications**

# Fare Collection Technologies

- A leading North American supplier in fare collection:
  - Historical market position concentrated on fare box installations
  
- Rapidly evolving technology in the market has driven a transformation in our business:
  - Evolved from “fare box supplier” to “fare collection system provider”
  - Invested in software, product development, program management and marketing
  - Strategic relationships with larger public infrastructure system integrators
  
- New product introductions have expanded product offering to include:
  - ✓ Mobile ticketing
  - ✓ Cloud-based data hosting
  - ✓ Remote ticket validator
  - ✓ Point-of-sale delivery systems



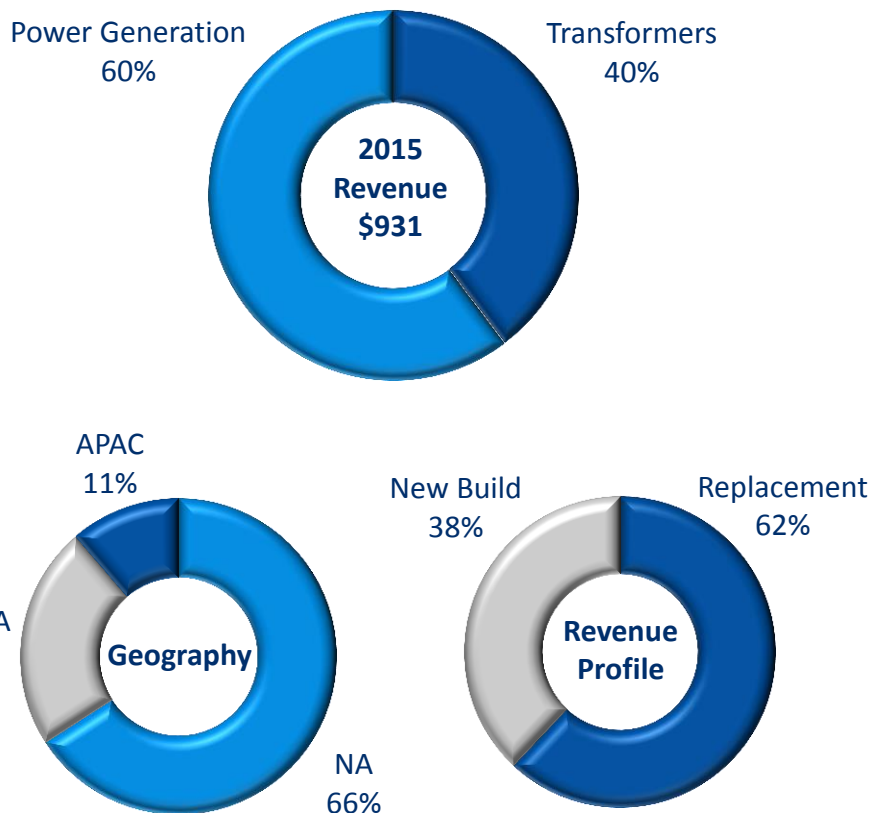
**A Leading North American Supplier of Fare Collection Technologies**

# Next Generation Fare Collection System



**Fast Fare Suite of Products Integrated With Back-End Support;  
We Believe This is The New Industry Standard**

# Base Power Overview



Note: Revenue Profile breakdown is based on Management's best estimates of end-market uses

(\$ millions)

	2014	2015	3-Yr Target
Revenue	\$1,097	\$931	(3%)-0% CAGR
Segment Income %	3.5%	1.1%	4-5%

## 2016 Outlook Considerations

- Transformer pricing and lead times
- Impact of transformers' operational initiatives
- Restructuring savings in power generation
- Additional cost reduction opportunities
- Global power demand
- **Margin growth in Transformers business; portfolio re-shaping and cost reduction initiatives in power generation**

Note: Base Power results exclude the results of the South African projects.

# Power Transformers

- SPX is a leading supplier of power transformers into North America with strong brand equity
  - Locations: Waukesha, WI and Goldsboro, NC
- Demand largely driven by replacement of aging installed base:
  - Average age of installed base is ~40 years
- Recent end market trends:
  - Replacement demand has been strong
  - Market pricing remains competitive with stable lead times
- Commercial initiatives:
  - Marketing new, value engineered transformer design
  - Focusing on the market segments that best leverage our manufacturing and engineering value



**Our Focus is on Creating Higher Margins through Operational Efficiencies and Commercial Initiatives**

- Leading supplier of cooling systems, large scale heat exchangers and pollution control systems
- Highly engineered products
- Equipment and technological solutions for several types of power generation plants
- Large installed base with recurring service opportunities
- Focused on specific strategic actions to significantly reduce our cost base and improve operational efficiency

## Hybrid Cooling (ClearSky)



**We Provide Highly Engineered Products that Serve Several Types of Power Generation Plants**

# South Africa

August 2016

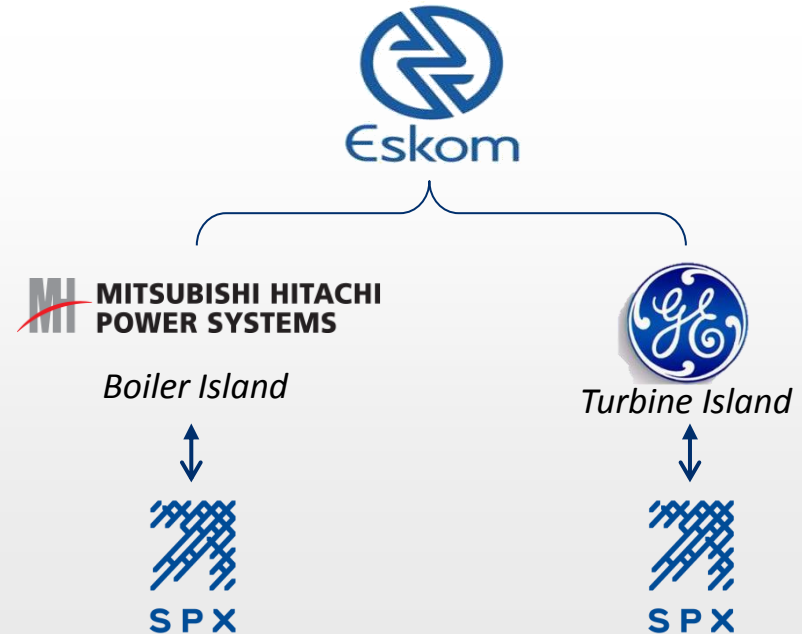




# South African Projects Overview

## Medupi & Kusile Power Stations

- Medupi and Kusile are the two mega-projects:
  - Twelve 800 mega-watt coal-fired plants (six at each project site)
- Eskom is a state-owned South African utility
- Alstom and Mitsubishi Hitachi are the primary contractors
- The final unit is expected to be commercially operational around 2021
- Four primary phases: manufacturing, construction, commissioning and warranty



These Two Power Stations Expected to Add ~10 GW of Power Capacity When Completed

# Q2 Results & 2016 Guidance

August 2016

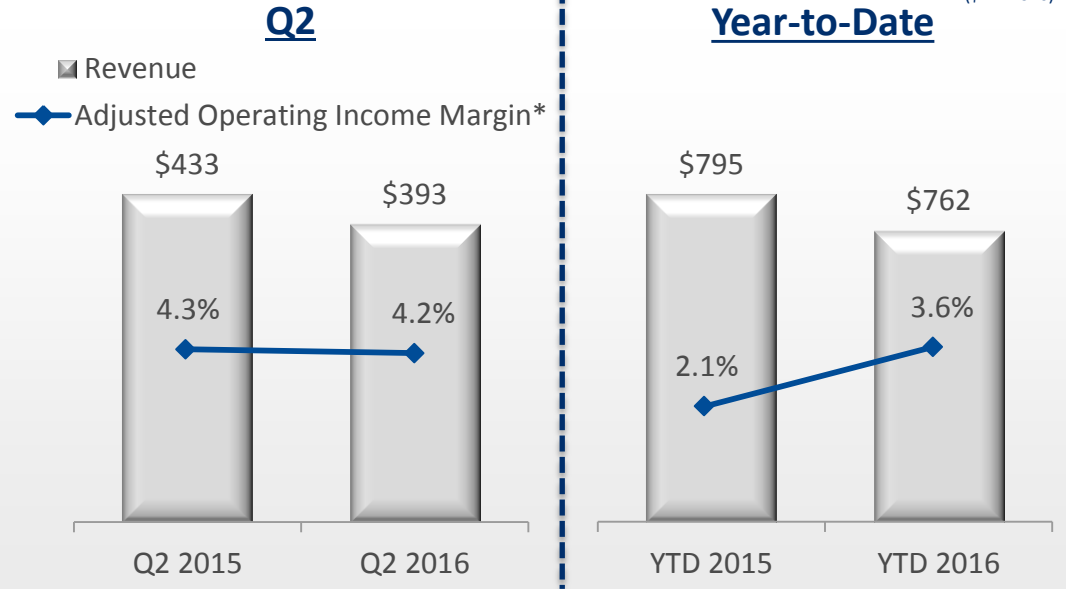


# Core Q2 2016 Results



## Year-over-Year Analysis

- ~2/3<sup>rd</sup>s 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.

**Q2 Adjusted EPS\* of \$0.26**

# HVAC Q2 2016 Results



## Year-over-Year Analysis

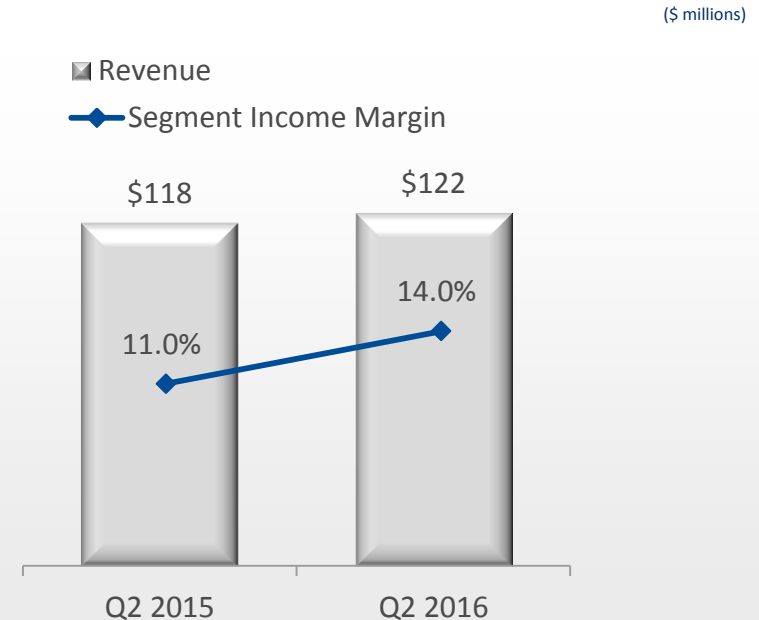
### Q2 Revenue:

- +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.



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

# Detection & Measurement Q2 2016 Results



## Year-over-Year Analysis

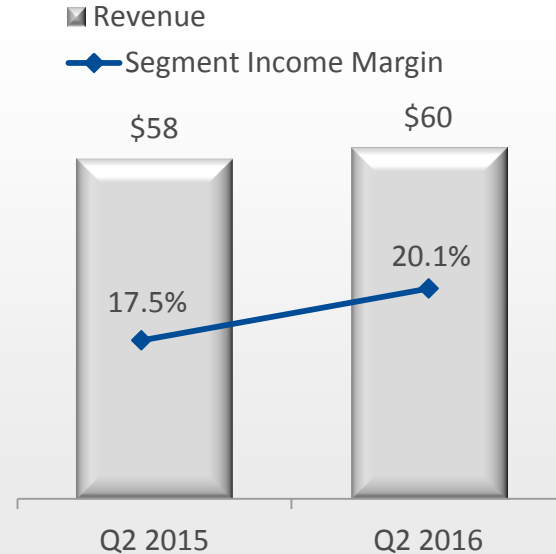
### Q2 Revenue:

- +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

\*Non-GAAP measure.



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

# Base Power Q2 2016 Results

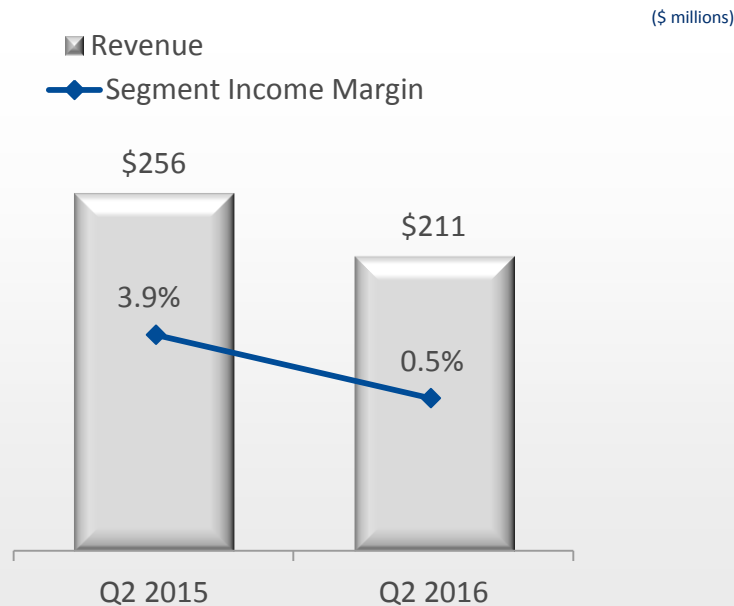
## Year-over-Year Analysis

### 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.

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

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

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

## 2016 Core Guidance Update (Changes in Bold)



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

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**



# 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)

# Financial Position & Capital Allocation

August 2016



# Financial Position

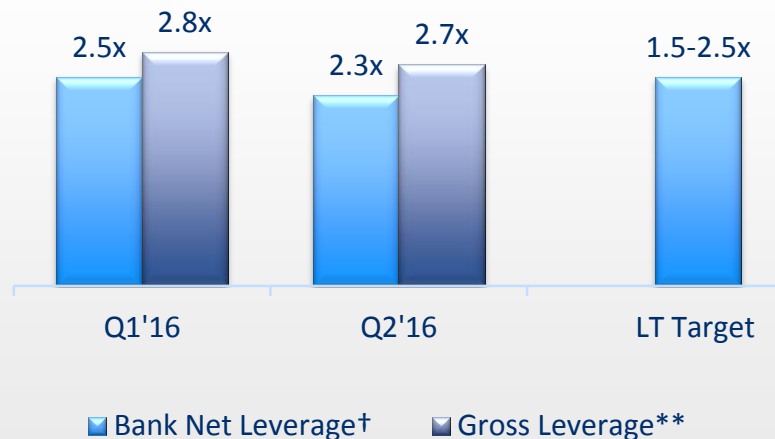
## Capital Structure Update

(\$ millions)

**Q2 2016**

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

### Leverage Ratios



\*Non-GAAP measure.

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

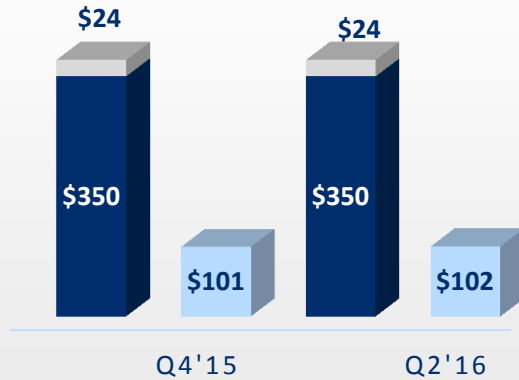
\*\* Uses gross debt and LTM EBITDA as defined by SPX's credit facility agreement.

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

# Financial Position

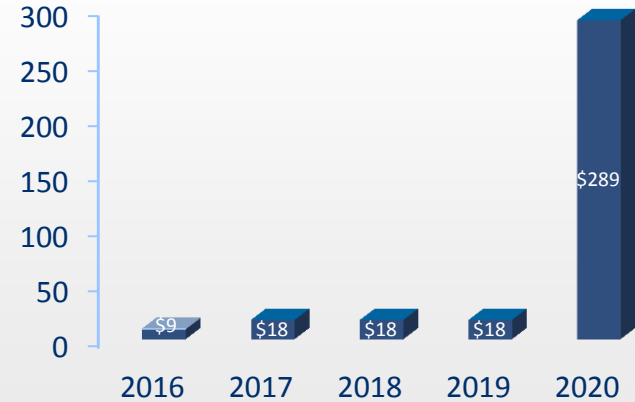
## Capital Structure Update

■ Term Debt    ■ Cash    ■ Other ST Debt



(\$ millions)

## Term Debt Repayment Schedule



**No Significant Debt Repayment Requirement Until 2020**

# Capital Allocation Discipline



Methodology	Expected Outcome
1) Utilize strategic planning process to evaluate future revenue and earnings growth	<ul style="list-style-type: none"><li>Quantify projected future cash flows and estimate total company valuation</li></ul>
2) Maintain target capital structure	<ul style="list-style-type: none"><li><b>Net Debt to EBITDA<sup>(1)</sup> target range: <u>1.5x to 2.5x</u></b></li></ul>
3) Invest available capital in highest, risk-adjusted, return opportunities: <ul style="list-style-type: none"><li><b>ROIC &amp; EVA models continue to drive allocation decision-making</b></li></ul>	<ul style="list-style-type: none"><li>Cost reduction initiatives</li><li>Organic business development</li><li>Bolt-on acquisitions (HVAC and Detection &amp; Measurement)</li><li>Return of capital to shareholders</li></ul>

<sup>(1)</sup> Net Debt and EBITDA as defined in SPX Corporation's credit facility

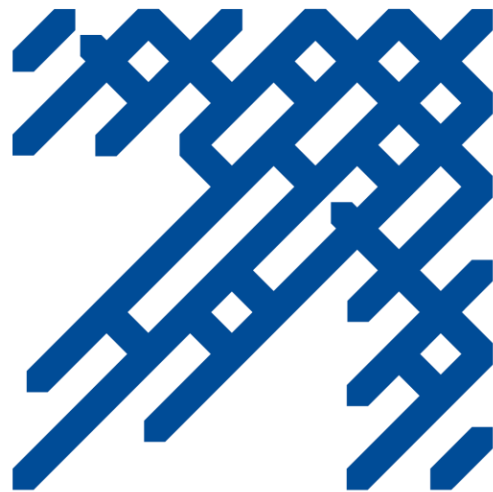
## Evaluating Highest, Risk-Adjusted Return Opportunities

## Capital Allocation Strategy

### Incremental Liquidity of \$200m by YE 2018

- Growth Investments in Core Businesses
- Return of Capital to Shareholders
- Reduction in Debt and Equivalents

**Expect At Least \$200m of Cumulative Incremental Liquidity by Year-End 2018**



**S P X<sup>®</sup>**