

SPX Corporation

Divestiture of Transformers Business & Strategic Update

June 9, 2021



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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. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.

- Why divest?
 - ✓ More strategically focused business
 - ✓ Higher margins and attractive growth. Less cyclicality
 - ✓ Core segments focused on product management, innovation and digital solutions
 - ✓ Significant investment opportunities for accelerating growth

- Why now?
 - ✓ Buyer interest timing
 - ✓ Favorable valuation environment
 - ✓ Capital redeployment opportunities

Enables Acceleration of Focused Growth Initiatives

Transaction Overview



CONSIDERATION

- Stock sale of Transformer Solutions to Prolec GE for \$645M in cash
 - Adjusted EBITDA Multiple of ~10.5x (LTM 3/31/2021E)
 - Estimated net after tax cash proceeds ~\$540M
-

TIMING AND CLOSING CONDITIONS

- Expected to close in 2H 2021, subject to customary closing conditions and regulatory approvals
 - Transition Services Agreement
 - IT support
 - Other support
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USE OF PROCEEDS

- Strategic growth – organic / inorganic
- Short-term debt repayment
- If appropriate, standing share buyback authorization in place

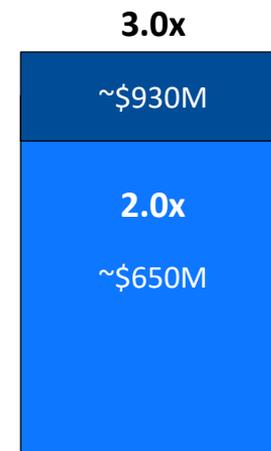
Increased Capital Availability and Financial Flexibility



~\$170M Net Cash Position After Taxes & Fees

(\$millions)	Q1 2021	Sealite Acquisition	Sale Net Proceeds	Pro Forma
Short-term debt	\$(100)		\$ 96	\$ (4)
Current maturities of long-term debt	(9)		-	(9)
Long-term debt	(283)		42	(241)
Total Debt	\$(392)		\$ 138	\$(254)
Plus: Cash on hand	107	\$(84)	402	425
Net Cash (Net Debt)	\$(285)	\$(84)	\$ 540	\$ 171

Pro Forma Available Capital (Year-End 2021)⁽¹⁾



1) Estimated cash plus borrowing capacity based on bank net leverage ratio

Significant Investment Capacity

SPX Strategic Portfolio Transformation Continues



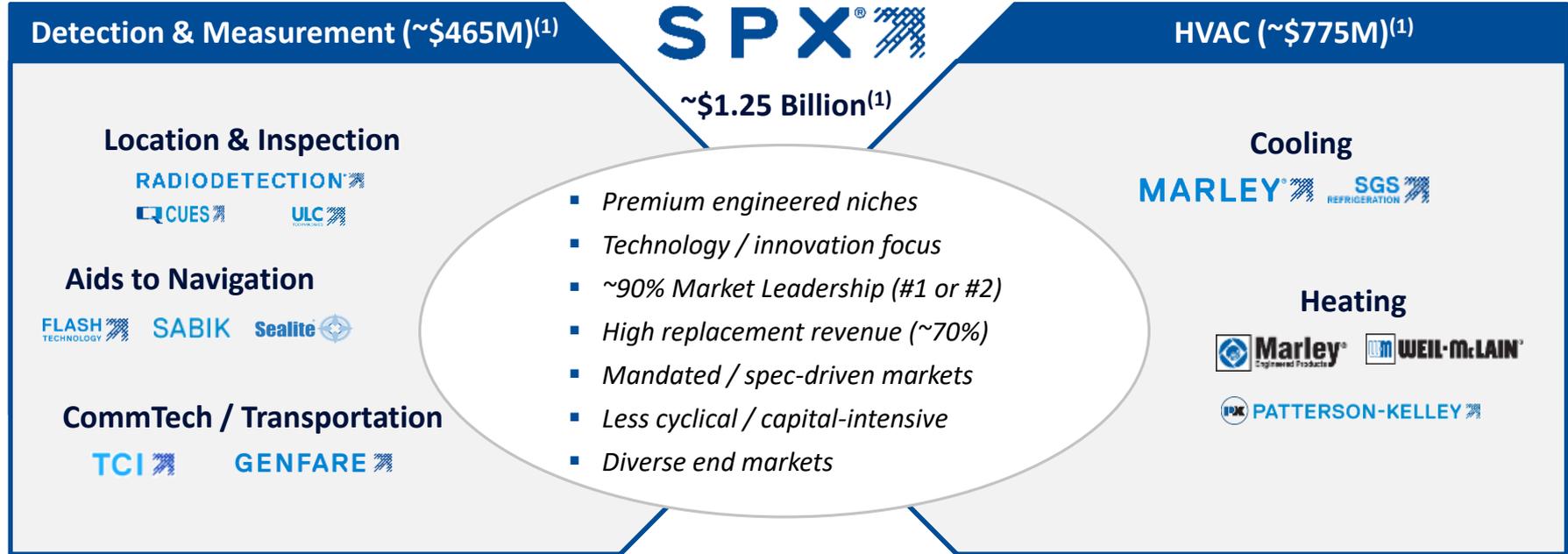
	Current		Post-Sale		2025 Targets
<i>Adj. Revenue</i>	~\$1.7B		~\$1.25B		~\$2.0B
<i>Gross margin %</i>	~32.5%	~450bps	~37.0%	~+300bps	~40%
<i>Adj. Segment Income %</i>	~15.5%	~150bps	~17.0%	~+300bps	~20%
<i>Adj. Operating Income %</i>	~11.5%		~11.5%	~+450bps	~16%
<i>Long-term Growth %</i>	~1-4%		~2-5%		~3-5%

	2021E Revenue	2021E Revenue ⁽¹⁾	Future Revenue ⁽¹⁾

1) Current 2021 estimates. Process Cooling included in HVAC Segment Revenue Post-sale. Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as "Other" in the company's reporting structure. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.

Focused Platforms with Higher Margin and Growth Opportunities

Focused, Market-Leading Growth Platforms



1) Current 2021 estimates

Simplified, Higher-Return Portfolio

Cooling (~\$445m)⁽¹⁾

Heat Rejection



Cooling Tower



Evaporative Condenser



Fluid Cooler

Heating (~\$330m)⁽¹⁾

Boilers



Residential

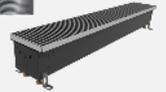


Large Commercial / High-Efficiency



Hazardous, Wall, Convection

Electric Heat



Core Assets

- ✓ Leading position in packaged cooling and field erected towers
- ✓ Heat exchange / air movement expertise
- ✓ Proprietary channels

- ✓ Broad scope of technologies and products for residential and commercial heating
- ✓ Large installed base / established spec position
- ✓ Leading distribution position

1) Current 2021 estimates

Highly-Scalable, Market-Leading Platforms

HVAC Segment - Focused Growth Strategy



	Cooling	Heating
Organic	<ul style="list-style-type: none">1 Fluid coolers and refrigeration growth (channel and product)2 Geographic channel expansion3 New product offerings	<ul style="list-style-type: none">1 High-efficiency / Commercial NPI2 Digital contractor conversions and program3 Increase penetration at top distributors
Inorganic	<ul style="list-style-type: none">1 Adjacent cooling segments / markets2 Expansion of air movement / air handling	<ul style="list-style-type: none">1 Core consolidation (non-resi)2 Select adjacent product add-ons

Multiple Attractive Levers to Accelerate Growth

Detection & Measurement Segment - Overview

Location & Inspection (~\$260m)⁽¹⁾

Location Technologies



Precision, Ferrous, GPR

Inspection Robotics



Water, Wastewater, Natural Gas

Aids to Navigation (~\$100m)⁽¹⁾

AOL⁽²⁾



Broadcast Tower

Marine



Ocean Buoy

AGL⁽²⁾



Mobile Airfield System

Commtech / Transport (~\$105m)

CommTech



Signals Intelligence Monitoring

Transportation



Fare Collection Platform

Core Assets

- ✓ Global distribution / established channels
- ✓ Integrated hardware and software solutions
- ✓ Leading technology competencies (data analytics, robotics, AI)
- ✓ Global leader with full product range
- ✓ Large installed base, mandated replacement
- ✓ Proprietary monitoring solution with 24/7 Network Operation Center
- ✓ Niche technologies / high barriers
- ✓ Spectrum monitoring leader with expanding COMINT presence
- ✓ Incumbent farebox leader with growing software solution

1) Current 2021 estimates. Includes partial year of Sealite acquisition

2) Aviation Obstruction Lighting ("AOL"), Airfield Ground Lighting ("AGL")

Specialty Engineered / Tech-Driven Platforms in Premium Niches

Detection & Measurement - Focused Growth Strategy

	Location & Inspection	Aids to Navigation	CommTech / Transport
Organic	<ul style="list-style-type: none"> ① Global sales coverage ② Strategic NPD (adjacent locator applications, crossbore inspection) ③ Vertical market expansion 	<ul style="list-style-type: none"> ① Mobile airfield solutions ② Global cross-selling ③ Service revenue 	<ul style="list-style-type: none"> ① CommTech global coverage ② New products launch ③ Fare collection software
Inorganic	<ul style="list-style-type: none"> ① Core consolidation ② Select product / software add-ons ③ Adjacent / emerging technologies 	<ul style="list-style-type: none"> ① Core consolidation ② Vertical coverage (military, offshore wind, O&G) 	<ul style="list-style-type: none"> ① Integrated HW / SW COMINT solution ② Adjacent Transport hardware / software solution

Accelerating Momentum with Broad Range of Opportunities

Building Strategic Platforms



Detection & Measurement

Location & Inspection

RADIODETECTION

Strategic Location
Add-ons

Inspection
Expansion

2018

SCHONSTEDT

CUES

2020

Sensors &
Software

ULC
TECHNOLOGIES

*Transformed ~\$100m Locator Business
into ~\$250m Full Life Cycle
Infrastructure Solutions Provider*

Aids-to-Navigation

FLASH
TECHNOLOGY

Marine AtoN & Airfield
Ground Lighting

2018

SABIK
MARINE

2021

Sealite

*Transformed AOL Business
into ~\$110m Global Leader
in AtoN Solutions*

HVAC

Heating / Cooling

WEIL-McLAIN

MARLEY

High-efficiency
Commercial Boilers

Industrial
Refrigeration

2019

PATTERSON-KELLEY

SGS
REFRIGERATION

*Accelerated HE commercial boiler
strategy in Heating and industrial
refrigeration strategy in Cooling*

Proven Success in Building Platforms – Significant Runway Ahead

SPX Business Value Model



Disciplined Business System

Strategic Organic Sales Growth
(Innovation, Product Mgmt.)

Continuous Improvement
(Lean, 80/20)

Talent Development
(360 Leadership)

Digital
(Software, Productivity)

Strategic Acquisition Approach

**SPX has acquired
~\$260M of revenue
in ~3 years**

Average EV/EBITDA Multiple Paid:

Pre-Synergy	Post-Synergy
~10.5x	~8.5x

Logos of acquired companies: PATTERSON-KELLEY, SABIK MARINE, ULC TECHNOLOGIES, CUES, SCHONSTEDT, Sealite, Sensors & Software, SGS REFRIGERATION.

Superior Performance

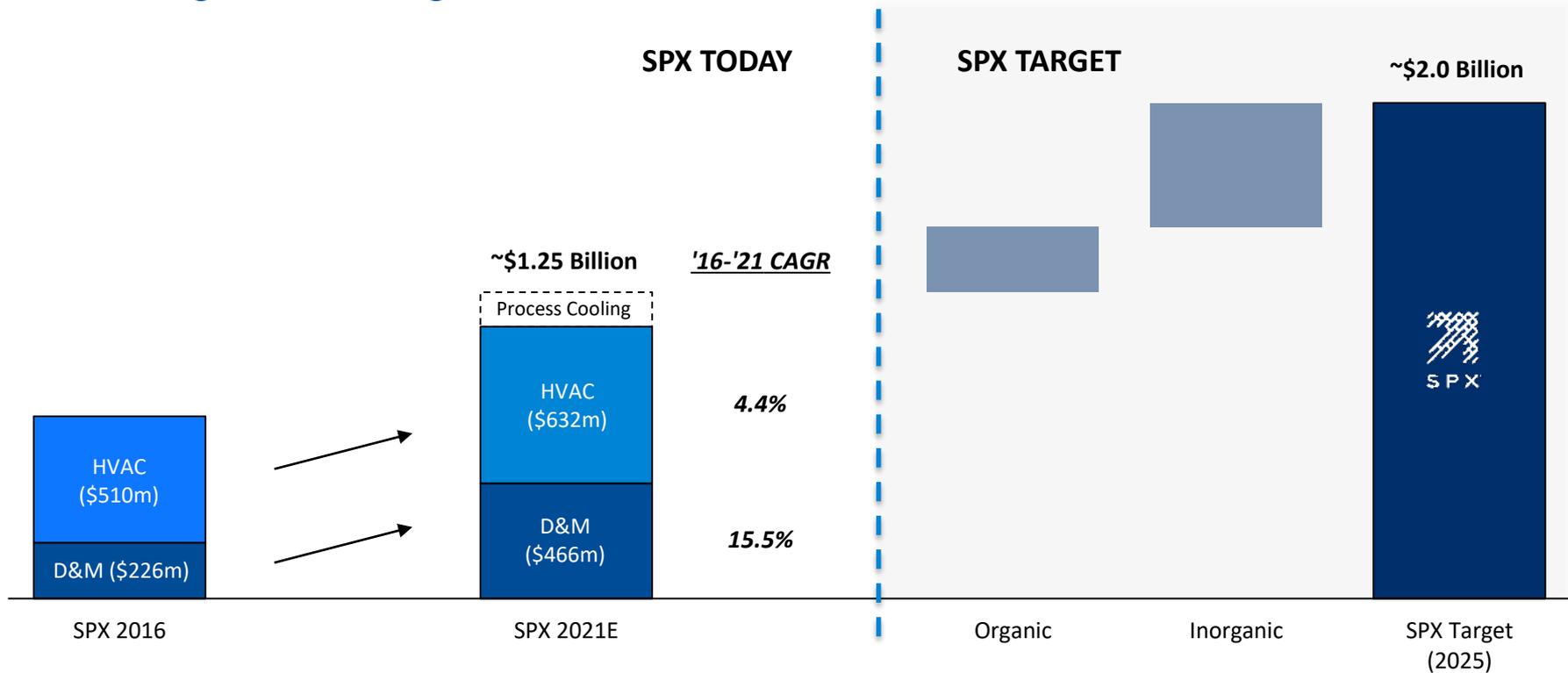
**Organic / Inorganic
Revenue Growth**

Margin Expansion

Cash Flow Generation

Established Model for Sustainable Growth

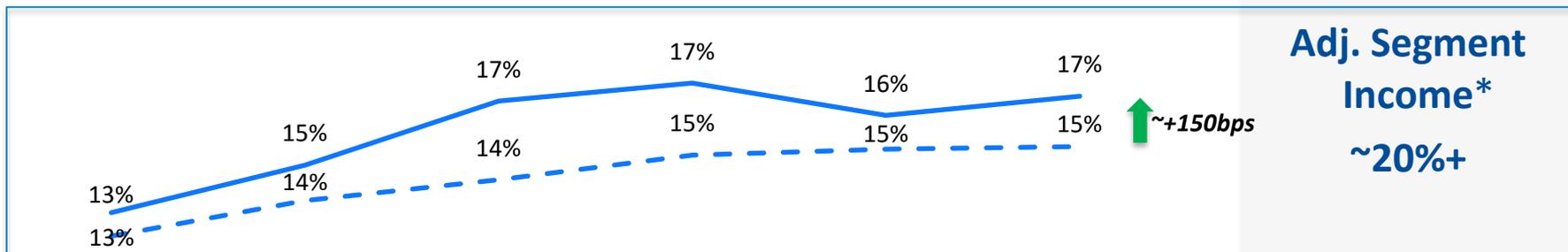
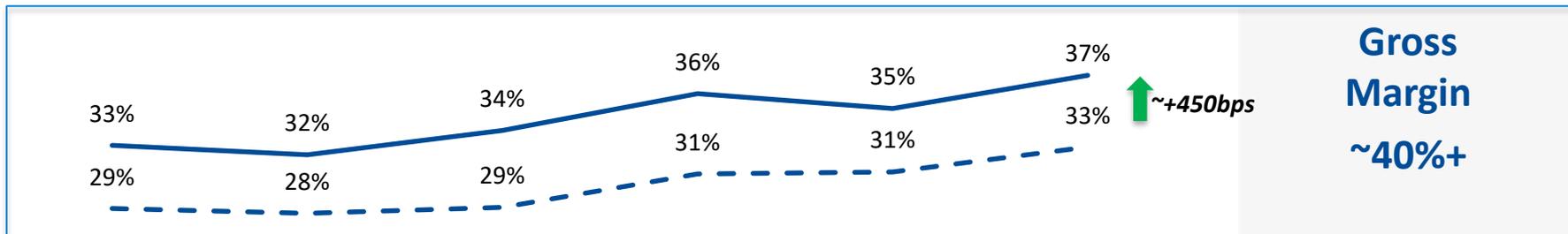
SPX Long-Term Targets - Revenue



*Process Cooling to HVAC Segment post-sale

Focused, Strategic Path to Long-term Targets

SPX Long-Term Targets - Margin



2016 2017 2018 2019 2020 2021E **SPX Future**

— GM% (w/o Transformers) - - GM% (w/Transformers)
— Adj. Segment Income % (w/o Transformers) - - Adj. Segment Income % (w/Transformers)

Higher-Margin Profile Supports Attractive Returns

* Non-GAAP measure. Reconciliations for historical periods are included in the Appendix to this presentation.

	Revenue	Segment Income Margin
HVAC	<ul style="list-style-type: none"> ~\$770-780 million (including Process Cooling) 	<ul style="list-style-type: none"> ~14.5%
Detection & Measurement	<ul style="list-style-type: none"> ~\$460-470 million 	<ul style="list-style-type: none"> ~20.5%
Total SPX Adjusted	<ul style="list-style-type: none"> ~\$1.25 billion 	<ul style="list-style-type: none"> ~17.0% (~+150bps vs. prior)

Adjusted Operating Income Margin of ~11-12%;
Adjusted EPS in a Range of \$2.17-2.37 (Prior \$ 3.06-3.26)

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.

- ❑ More focused business and strategy
- ❑ Higher margins, attractive growth, less cyclicality
- ❑ Active pipeline / redeployment opportunities

Targeting Substantial Growth Through 2025

Questions

Appendix

Updated 2021 Guidance vs Prior



	Adjusted Revenue		Adjusted Segment Income Margin %		Comments
	<u>New</u>	<u>Prior</u>	<u>New</u>	<u>Prior</u>	
HVAC	~\$770-780m	Growth of mid-to-high single digits %	~14.5%	Modest increase	Added Process Cooling to HVAC, increasing revenue, and decreasing margin.
D&M	~\$460-470m	Growth of high teens-to-low 20s % including 2020 and 2021 acquisitions impact	~20.5%	Modest decrease	No change in outlook. Provided numerical guidance for consistency with HVAC update. 2020 revenue and margin were \$387.3m and 20.9%, respectively.
SPX Total	~\$1.25 billion	Growth of mid-to-high single digits %	~17%	Modest increase	Updated for removal of Transformers, reducing revenue and increasing margin. Provided numerical guidance for consistency. 2020 segment margin was 15.3%.

Adjusted Revenue and Segment Income Reconciliation - 2016-2020

(\$ in millions, except per share data)	2016		2017		2018		2019		2020	
REVENUE										
U.S. GAAP revenue	\$	1,472.3	\$	1,425.8	\$	1,512.6	\$	1,520.9	\$	1,559.5
Exclude:										
SPX Transformer Solutions	\$	372.5	\$	361.4	\$	373.8	\$	403.4	\$	427.4
Other		138.5		93.8		72.6		(6.1)		4.0
Adjusted revenue	\$	961.3	\$	970.6	\$	1,066.2	\$	1,123.6	\$	1,128.1
SEGMENT INCOME										
U.S. GAAP segment income	\$	142.8	\$	124.9	\$	181.4	\$	176.5	\$	203.7
as a percent of revenue		9.7%		8.8%		12.0%		11.6%		13.1%
Exclude:										
SPX Transformer Solutions		39.6		38.5		27.0		35.3		53.4
Other		(21.8)		(56.8)		(21.1)		(45.6)		(20.6)
Amortization expense		(2.9)		(0.6)		(4.1)		(8.9)		(14.0)
Adjusted segment income	\$	127.9	\$	143.8	\$	179.6	\$	195.7	\$	184.9
Adjusted SI%		13.3%		14.8%		16.8%		17.4%		16.4%

Transformers and Process Cooling Revenue Detail



\$ in millions	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019
Transformers	98.8	104.6	93.5	106.6	403.5
Process Cooling	39.2	34.4	27.6	44.2	145.4

	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020
Transformers	110.6	113.9	95.1	107.8	427.4
Process Cooling	44.3	32.9	28.1	44.9	150.1

	Q1'21
Transformers	110.6
Process Cooling	29.1

Modeling Considerations - Full Year 2021



Metric	Considerations
Corporate Expense	~\$50m, including TSA income
Long-term incentive comp	~\$13m
Restructuring costs	~\$1m
Interest cost	~\$13m
Equity earnings in JV, Other income/(expense), and Non-service pension benefit/(expense)	\$3-5m
Tax rate	~21-23%
Capex	~\$15m
Cash cost of pension + OPEB	\$13-14m
D&A	~\$40-42m
Share count	~46.4-46.7m
Currency effect	Topline sensitivity to USD-GBP rate