

# SPX Corporation Investor Presentation

May 2020



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- ❑ Particular risks facing SPX include risks relating to economic, business and other risks stemming from changes in the economy, including changes resulting from the impact of the COVID-19 pandemic; market specific cycles and weather related fluctuations; legal and regulatory risks; cost of raw materials; pricing pressures; our reliance on U.S. revenues and international operations; our ability to successfully resolve various claims and disputes associated with our large power projects in South Africa; legacy liability (including asbestos, environmental and pension); liabilities retained in connection with dispositions; integration of acquisitions and achievement of anticipated synergies; our 2015 spin-off transaction; the effectiveness, success, and timing of restructuring plans; and other risks and uncertainties arising from impact of the COVID-19 pandemic or related government responses on SPX’s businesses and the businesses of its customers and vendors, including whether SPX’s businesses and those of its customers and vendors will continue to be treated as “essential” operations under government orders restricting business activities or, even if so treated, whether health and safety concerns might otherwise require certain operations to be halted for some period of time. 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. Reconciliations of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP are 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.

**Gene Lowe**  
President and CEO



**Scott Sproule**  
Treasurer and CFO



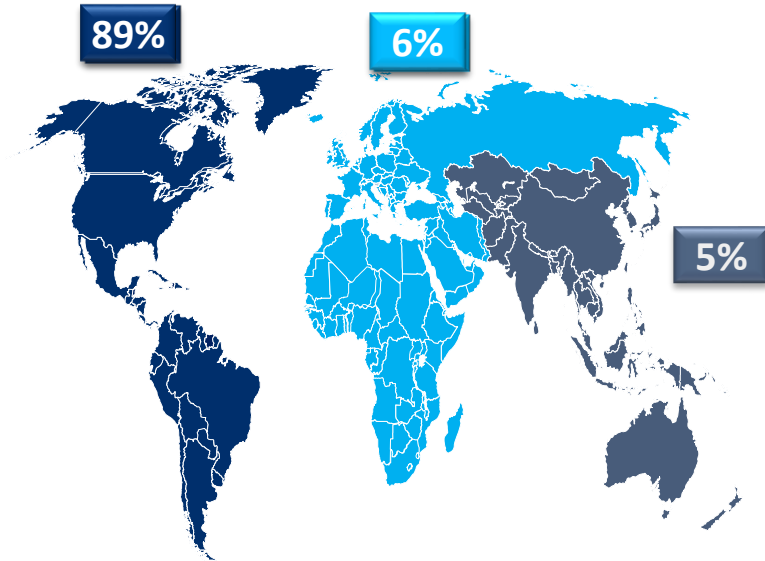
# SPX Corporation Overview

# Company Overview



- ❑ Headquartered in Charlotte, NC
- ❑ A leading supplier of:
  - ✓ HVAC products
  - ✓ Detection & Measurement technologies, and
  - ✓ Engineered Solutions
- ❑ ~\$1.5b Adjusted Revenue\* in 2019
- ❑ ~4,500 employees
- ❑ NYSE Ticker: **SPXC**

## 2019 Adjusted Revenue\* by Region



SPX is a Leading Supplier of HVAC, Detection & Measurement and Engineered Solutions;  
The Majority of Revenue is Generated by North American Sales

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

# Attractiveness of SPX for Long-Term Holders



## Attractive Core

Well positioned key platforms in growth markets

## Growth

Favorable long-term secular trends and business mix; growth initiatives in early innings

## Cash Flow

100-110% conversion of adjusted net income\*

## Business System

Consistent repeatable process to drive improvement

## Capital Deployment

Substantial available capital and liquidity

Well Positioned to Navigate Current Uncertainty;  
Poised to Continue Growth journey as Crisis Abates

\*Non-GAAP financial measure. Reconciliations from US GAAP are available in the appendix of this presentation. Based on historical conversion rates.

# Strong Product Offerings and Attractive Market Dynamics



## HVAC

- ✓ Cooling towers
- ✓ Refrigeration
- ✓ Boilers
- ✓ Electrical heating

## DETECTION & MEASUREMENT

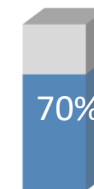
- ✓ Location & inspection
- ✓ Fare collection
- ✓ Communication technologies

## ENGINEERED SOLUTIONS

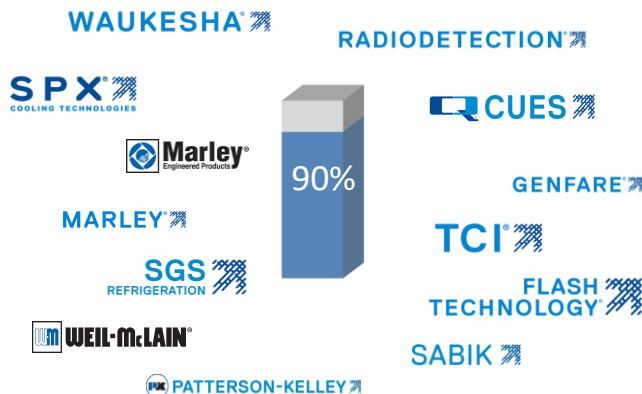
- ✓ Transformers
- ✓ Process cooling & components

2019	
REVENUE	ADJUSTED EBITDA MARGIN*
\$593m	17%
\$385m	25%
\$549m	10%

## 2019 REVENUE FROM REPLACEMENT SALES†



## 2019 REVENUE FROM #1 OR #2 MARKET POSITION†



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

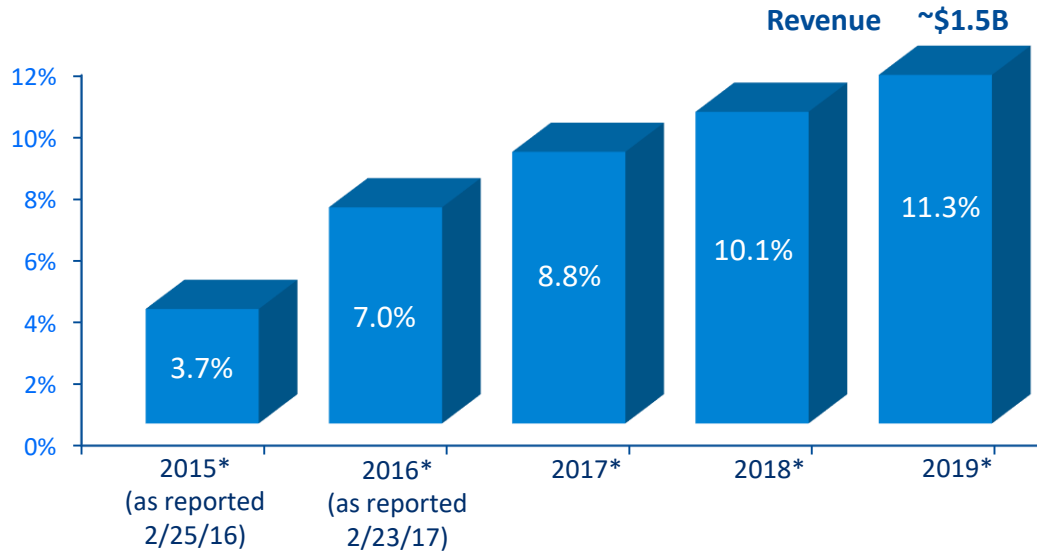
†Based on management estimates.

Note: Weil-McLain is a division of The Marley-Wylain Company

# Transformation of SPX - 2015 Through 2019



## Adjusted Operating Income Margin



**Adjusted EPS\***

**N/A**

**\$1.47**

**\$1.74**

**\$2.27**

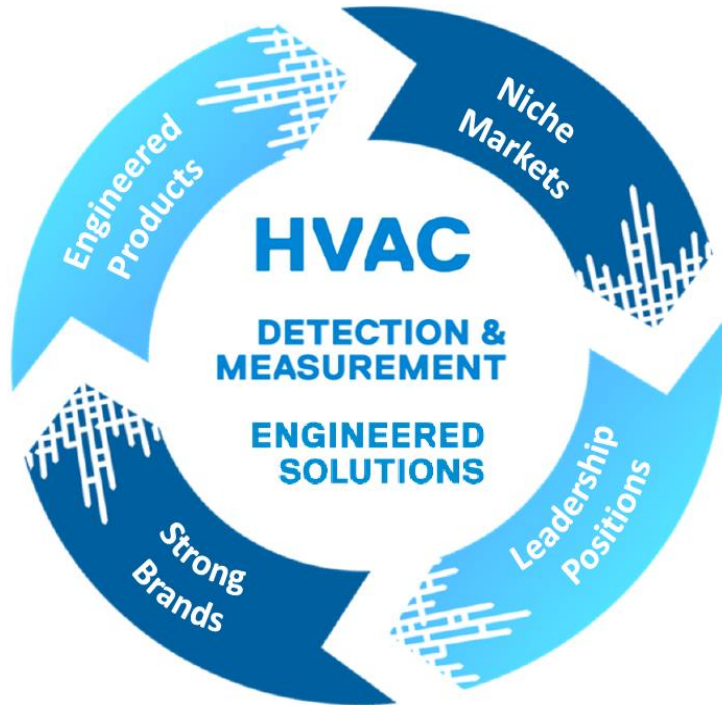
**\$2.76**

**Actions Taken in Last Four Years Have Significantly Strengthened SPX's Financial Profile**

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

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African and Heat Transfer operations categorized as "All Other" in the company's reporting structure.





## Organic Growth

- New products
- Channel expansion
- 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

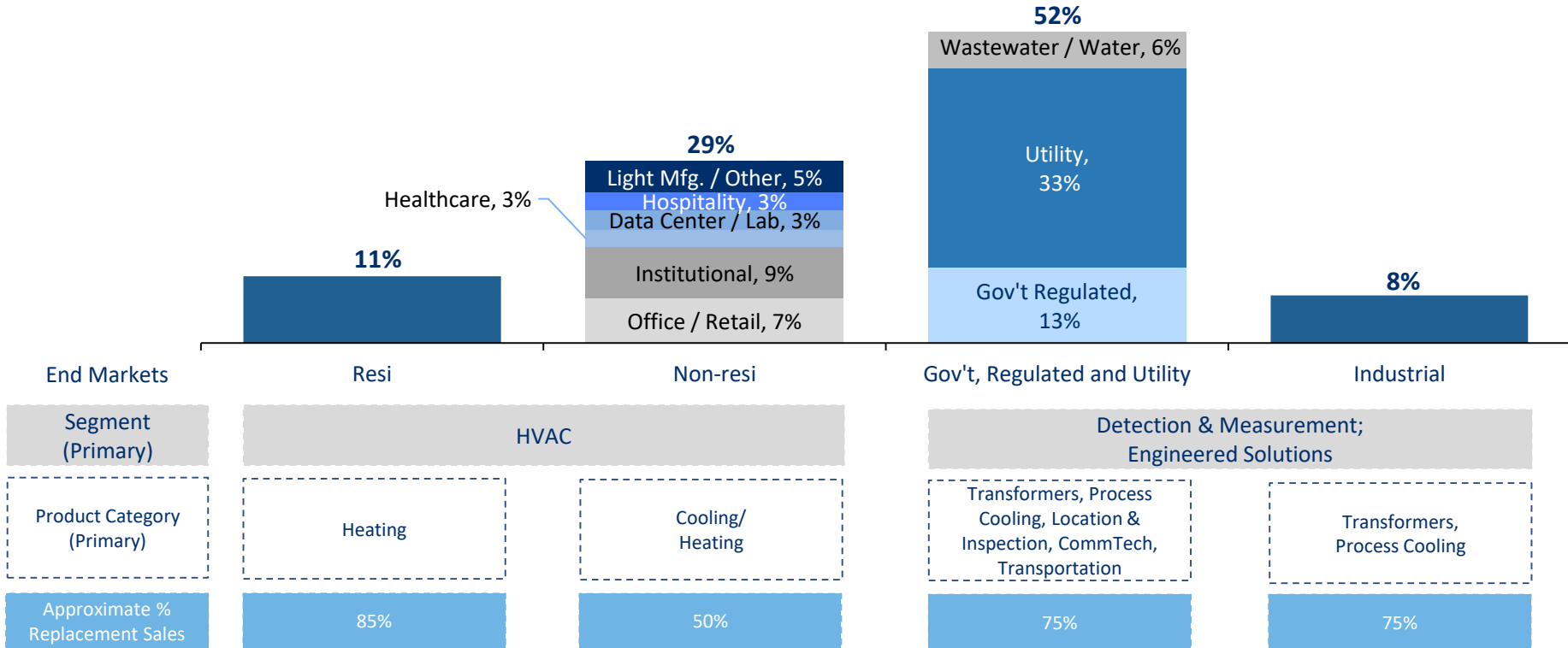
## Culture & Values

- Employee development
- Results/accountability
- Integrity

# End Market Exposures\* (2019)

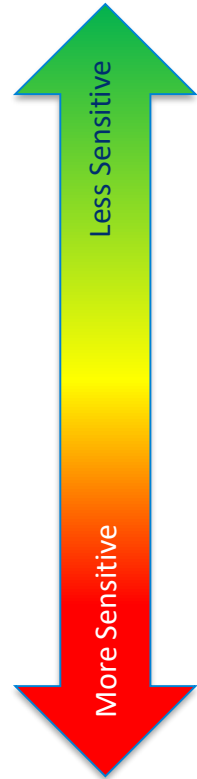


## Total 2019 Revenue of \$1.5 Billion



\*Based on Management estimates

# Near-Term Demand Sensitivity



	<u>% of 2019 Segment EBITDA</u>	<u>Considerations</u>
Inspection; Transformers; Transportation; SMS/CommInt	~33%	CARES Act; Gov't Spending; Backlog
Aids-to-Navigation; Process Cooling; Residential Heating* Commercial Cooling**	~42%	Regulatory drivers; Project timing (access); SME Liquidity; Capex budgets; Dodge data
Location; Commercial Heating	~25%	Dodge data; ABI Index; Global GDP

Note: Based on Management estimates

\*HVAC Heating experiencing impact of weak heating season demand

\*\*Commercial HVAC Cooling demand split of 50% new and 50% replacement over a full cycle per management estimates.

# Segment Overview

- ❑ HVAC
- ❑ Detection & Measurement
- ❑ Engineered Solutions

HVAC

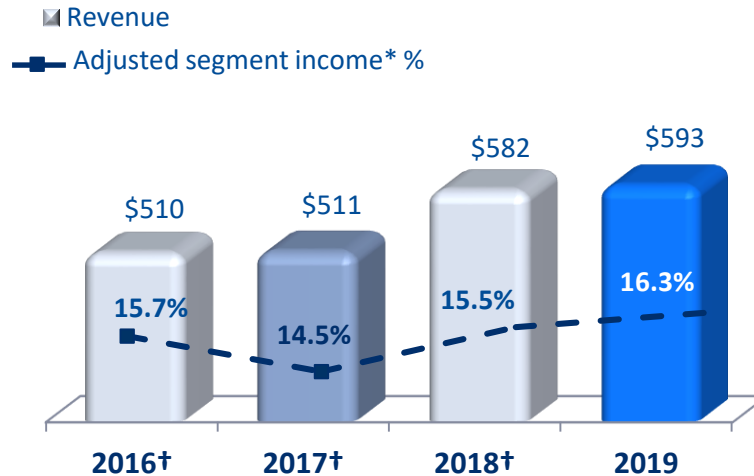
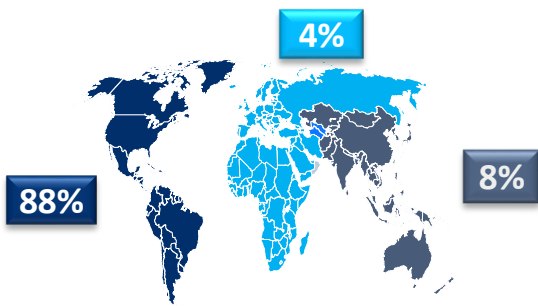
# HVAC Segment Overview



## 2019 Revenue by Product



## 2019 Revenue by Geography



(\$ millions)

	2016†	2017†	2018†	2019
Segment GM%	34%	32%	32%	33%
Segment EBITDA*	\$86	\$80	\$95	\$102

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†GAAP financial measure.

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

# Strategic Growth Initiatives

## New Product Development

- ❑ Commercialize NC Everest (Cooling)
- ❑ Grow Evergreen (high-efficiency boiler)



## Adjacent Markets

- ❑ Expand refrigeration – Evaporative Condenser; LS Fluid Cooler
- ❑ Grow combi-boilers (Aquabalance™)



## Channel Development

- ❑ Expand geographic and vertical market channels
- ❑ Execute multi-level sales activities
  - ✓ End user, architect/engineer, mechanical contractor

## Operational Excellence

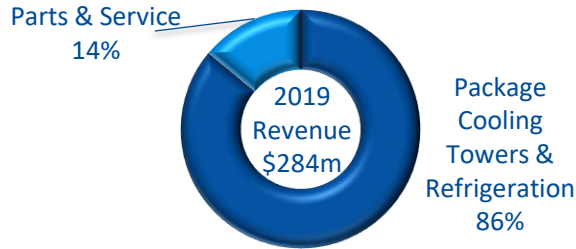
- ❑ Drive strategic sourcing, productivity initiatives



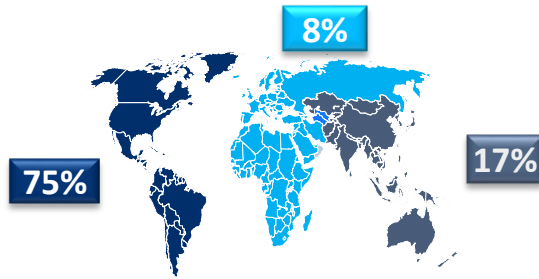
Several Attractive Opportunities to Expand and Grow HVAC Platform

# Cooling Products Overview

## 2019 Revenue by Product



## 2019 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)
- ❑ Approximately 50% replacement sales

Strong Product Brands and Leading Market Positions Across Cooling Product Portfolio



## Marley NC Cooling Tower

- ✓ High efficiency
- ✓ Low drift rates
- ✓ Quiet by design
- ✓ Long-life construction



## Recol Fluid Cooler

- ✓ High performance design
- ✓ Low cost of ownership



Strong Product Portfolio of Cooling Technologies with Opportunity for Expansion

# Cooling - Key New Products

## Marley MH Element Fluid Cooler

- ✓ Launched in Early 2020 for Industrial and process cooling applications
- ✓ High performance copper coils with superior corrosion resistance
- ✓ The most efficient system in its class



## Marley MD Everest Tower

- ✓ Launched in Early 2019 for larger applications
- ✓ 85% more cooling capacity than any other pre-assembled tower
- ✓ Installation 80% faster than field erected cooling towers



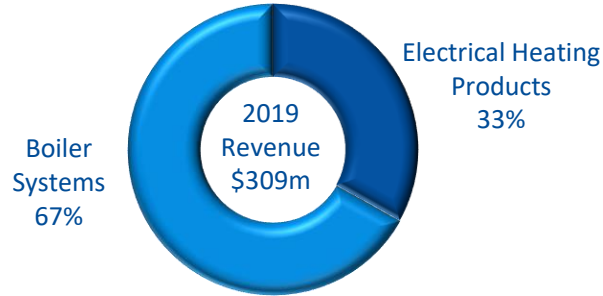
## Marley LW Fluid Cooler

- ✓ Launched in 2016
- ✓ High efficiency, low height fluid cooler



Strong Brand Identity and Well Established Channel Support a Broader NPI Impact

## 2019 Revenue by Product



- ❑ North American businesses with strong brands
- ❑ Products used in residential and non-residential markets and sold primarily through distributors
- ❑ Demand for boiler systems is seasonal:
  - ✓ Concentrated in the fourth quarter
- ❑ Approximately 80% replacement revenues

Strong Product Brands and Leading Market Positions in North America;  
Financial Performance Seasonally Strong in Second Half

# Heating Product Examples

## Residential Boilers

- ✓ High efficiency natural gas
- ✓ Standard cast iron
- ✓ Unique hybrid design
- ✓ Gas Combi boilers



## Commercial Boilers

- ✓ High efficiency natural gas
- ✓ Standard cast iron



## Electrical Heating Products

Digital wall heaters



Wash-down, corrosion resistant heaters



Trench heaters

Broad Product Offering of Heating Solutions for Residential and Light commercial Applications

Note: Weil-McLain is a division of the Marley-Wylain Company, Inc.

## Growth Oriented Initiatives - New Product Development:

- ❑ In 2019, we added four new sizes to our SVF boiler portfolio to accommodate larger commercial applications
- ❑ New launches have expanded addressable market coverage from 64% to 95%\*
- ❑ Established “Good, Better, Best” line structure in Residential segment
- ❑ Only boiler OEM with three material options in Commercial segment

SVF Commercial Stainless Steel Boiler



AquaBalance Residential Combi Boiler



Significant Increase in Commercial High Efficiency Share

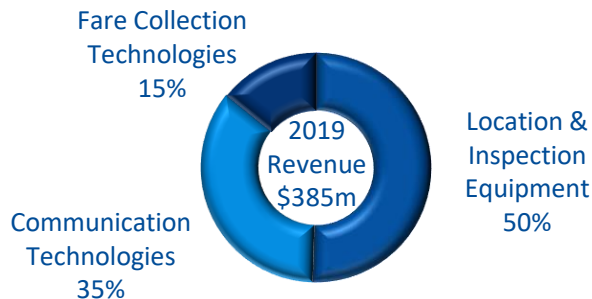
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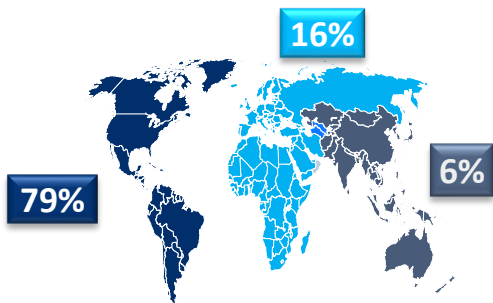
# Detection & Measurement

# Detection & Measurement Segment Overview

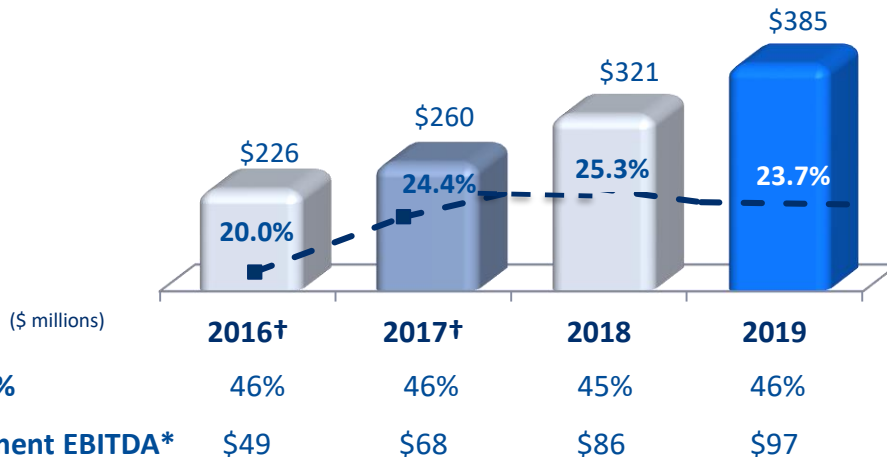
## 2019 Revenue by Product



## 2019 Revenue by Geography



■ Adjusted revenue\*  
 ■ Adjusted segment income\* %



Segment GM%

46%      46%      45%      46%

Adjusted Segment EBITDA\*

\$49      \$68      \$86      \$97

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†GAAP financial measure.

Attractive Platform for Growth Investments; Long-Term Targets Include  
 2% to 6% Annual Organic Revenue Growth

# Strategic Growth Initiatives

## New Product Development

- ❑ Scale new GPS-enabled locator
- ❑ Grow fare-collection solutions platform

## Adjacent Markets

- ❑ Build out geographic and vertical channels
- ❑ Leverage global footprint to expand CUES sales

## Upgrade Installed Base

- ❑ Aged bus fleet (fare collection)
- ❑ Communication technologies infrastructure

## Operational Excellence

- ❑ Drive productivity and sourcing initiatives
- ❑ Internet of Things (IOT)



Several Attractive Opportunities to Expand and Grow Detection & Measurement Platform

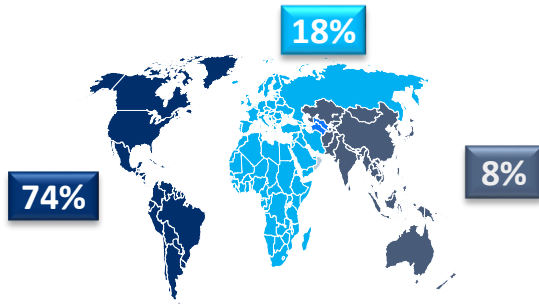


# Location & Inspection Overview

## 2019 Revenue by Product



## 2019 Revenue by Geography



- ❑ A leading global supplier of location & inspection equipment for underground infrastructure
- ❑ Continuous new product enhancement and loyal customer base
- ❑ Key demand drivers:
  - ✓ Global infrastructure growth
  - ✓ Construction growth
  - ✓ Health & Safety Legislation



Leading Global Supplier of Equipment to Locate and Inspect Buried Cables & Pipes

# Location & Inspection - Key New Products

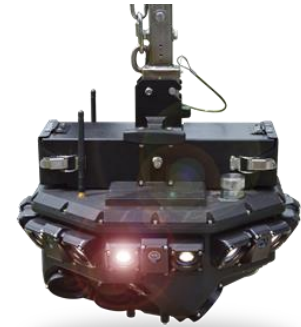
## Pipeline Mapper



## Cable Avoidance



## Inspection Equipment

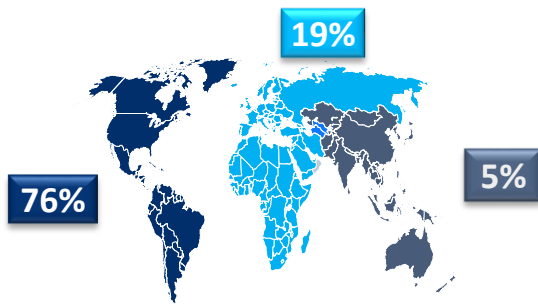


New Product Introduction Continues to Drive Performance

## 2019 Revenue by Product



## 2019 Revenue by Geography



- ❑ **TCI** : A leading global supplier of spectrum monitoring, communication intelligence and geolocation technology
- ❑ **Obstruction Lighting**: A leading global supplier of Flash Technology and Sabik marine obstruction lighting products
- ❑ Key demand drivers:
  - ✓ Global growth of wireless usage
  - ✓ Increased spectrum provisioning and monitoring
  - ✓ Anti-terrorism and drug interdiction effort
  - ✓ Compliance with government & industry regulations
  - ✓ Approximately two-thirds of sales are replacements
  - ✓ Connectivity and lower maintenance benefits

TCI, Flash and Sabik are Leaders in Their Respective Markets

## SMS & Communications Intelligence



## Flash Lighting Systems



## Marine Obstruction Lighting



Our Communication Technologies Solutions are Adapting to Serve Evolving and Complex Customer Needs

- ❑ Genfare is 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 “farebox 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



Genfare is a Leading North American Supplier in Fare Collection

# Transportation Products: Next Generation Fare Collection



Fare Collection Suite of Products Integrated with Back-End Support;  
We Believe This is The New Industry Standard



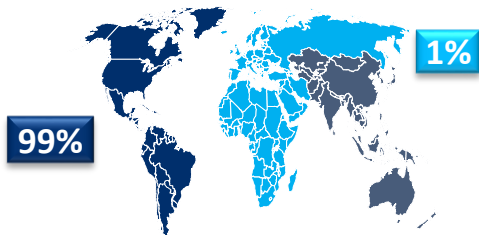
# Engineered Solutions

# Engineered Solutions Segment Overview

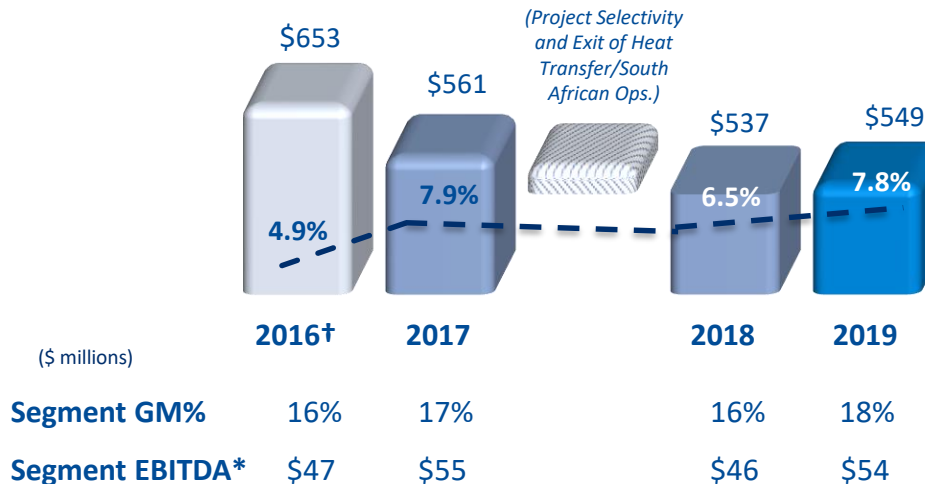
## 2019 Revenue by Product



## 2019 Revenue by Geography



Engineered Solutions revenue  
 Segment income %



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†Non-GAAP financial measure as reported.

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



# Strategic Growth Initiatives

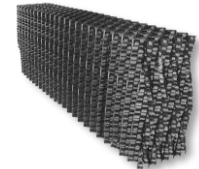
## New Product Development

- ❑ Broaden Process Cooling component offerings
- ❑ Expand Transformers Service and Components offerings



## Evolve Business Model

- ❑ Expand service and components
- ❑ More selective on process cooling projects



## Expand Market Presence

- ❑ Large voltage/EHV transformers
- ❑ Supply to OEM customers



## Operational Excellence

- ❑ Continue operational excellence initiatives
- ❑ Strategic sourcing, productivity and Lean

Several Attractive Opportunities to Grow Profitability of Segment

## Transformer Business

- ❑ SPX is a leading supplier of power transformers into North America with strong brand equity
- ❑ Customers include:
  - ✓ Public and private electric utilities
  - ✓ Independent power producers
  - ✓ Large industrial sites
- ❑ Two primary manufacturing locations:
  - ✓ Waukesha, WI
  - ✓ Goldsboro, NC
- ❑ Service and Components center in Dallas, TX



A Leading North American Supplier of Power Transformers

# Transformers Overview - North American Market

- ❑ Demand largely driven by replacement of aging installed base:
  - ✓ Average age of installed base is ~40 years
  
- ❑ Electricity demand has been flat over the past decade, however new T&D construction continues driving demand for power transformers:
  - ✓ Utility-scale solar and wind grid connections
  - ✓ New capacity of natural gas power plants
  - ✓ Grid reliability initiatives: Transmission projects, spare units
  
- ❑ Regulatory standards have influence on customer spending habits:
  - ✓ Energy Policy Act of 2005
  - ✓ FERC Electric Reliability Standards (2007 and Order 1000)
  - ✓ American Reinvestment and Recovery Act of 2009



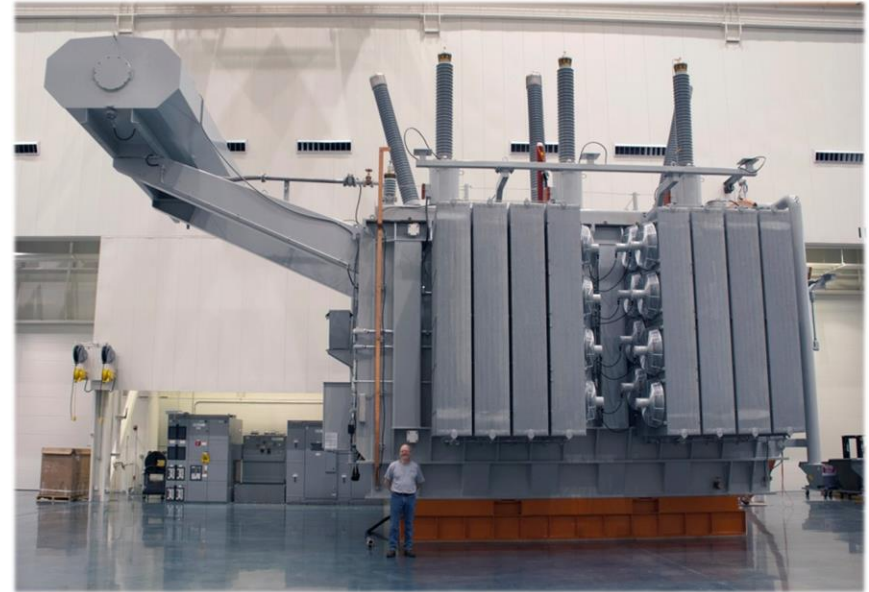
Replacement Transformers Expected to be Primary Demand Driver

# Transformer Product and Service Examples

## Transformer Service



## Large Power (High Voltage) Transformer

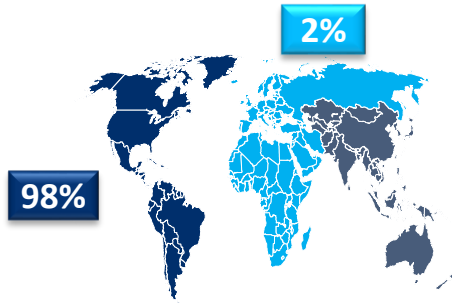


# Process Cooling Overview

## 2019 Revenue by Product



## 2019 Revenue by Geography



- ❑ Based in the U.S., a leading global manufacturer of cooling towers and parts & components
- ❑ Continuous new product enhancements and exceptional quality equipment for more than a century
- ❑ Large installed base in U.S. and abroad
- ❑ Growing component and aftermarket opportunities
- ❑ Greater selectivity in projects



Repositioning Business for Greater Aftermarket Opportunities

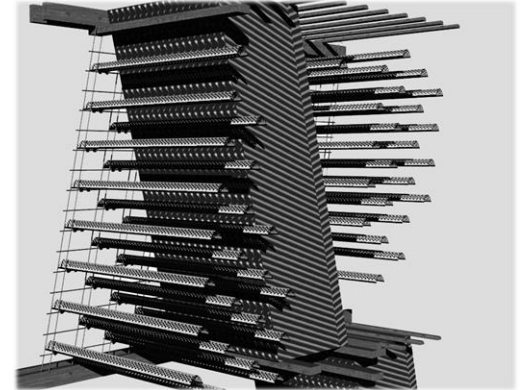
**Gear Reducer**



**Air Flow Components**



**Heat Transfer Media**



Aftermarket Service and Components is Focus Area of New Product Initiatives

# Financial Performance & Capital Allocation

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>▪ Net Debt to EBITDA<sup>(1)</sup> target range: 1.5x to 2.5x</li></ul>
3) Invest available capital in highest, risk-adjusted, return opportunities	<ul style="list-style-type: none"><li>▪ Cost reduction initiatives</li><li>▪ Organic business development</li><li>▪ Bolt-on acquisitions</li><li>▪ Return of capital to shareholders</li></ul>

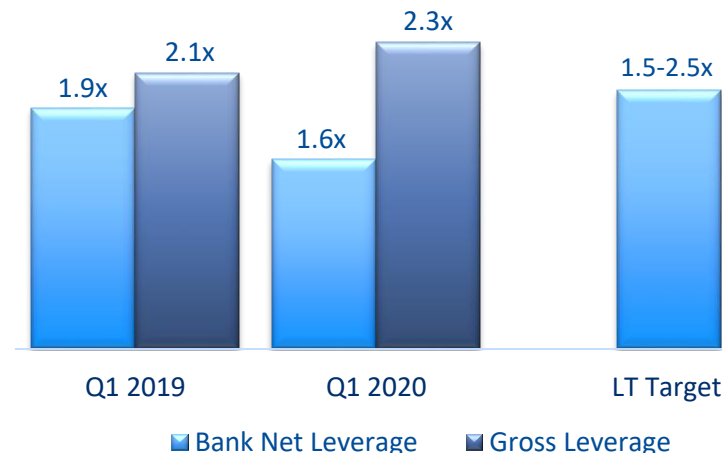
<sup>(1)</sup> Net Debt and EBITDA as defined in SPX Corporation's credit agreement



# Capital Structure

(\$millions)	Q1 2019	Q1 2020
Short-term debt	\$75.0	\$260.3
Current maturities of long-term debt	14.2	2.6
Long-term debt	332.3	248.6
<b>Total Debt</b>	<b>\$421.5</b>	<b>\$511.5</b>
Less: Cash on hand	(39.0)	(163.1)
<b>Net Debt</b>	<b>\$382.5</b>	<b>\$348.4</b>

Leverage Ratios\*

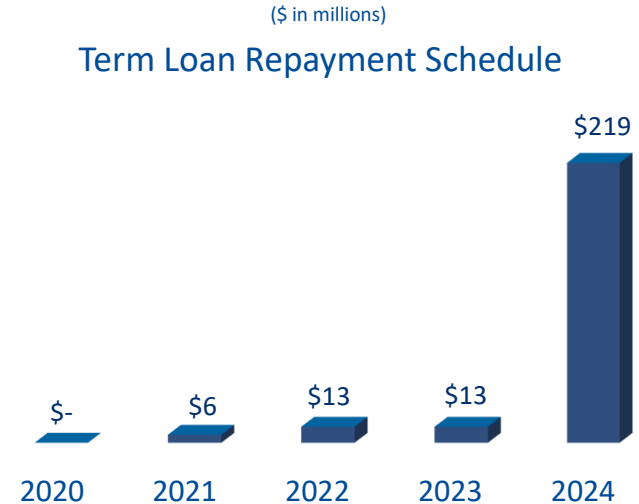


Maintaining Strong Balance Sheet and Leverage Profile

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

## Refinanced Credit Facility in Q4'19:

- ❑ \$450 million revolver, with ~\$200 million remaining capacity at Q1'20
  - Drew down \$100 million pre-emptively during Q1
- ❑ \$250 million term loan - 2024 final maturity and modest amortization payments (zero in 2020)
- ❑ 3.75x net leverage covenant (vs 1.6x currently); 3.0x interest coverage covenant (vs >10x currently)



Approximately \$350 Million of Readily Available Liquidity

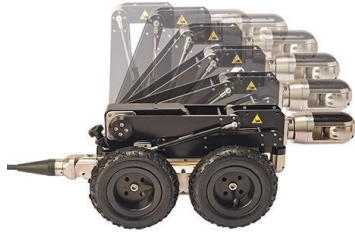
## Qualitative

- ❑ 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-\$200 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

## RADIODETECTION®



Radiodetection  
Inspection Equipment

## CUES



CUES Market Leading  
Inspection Equipment



Global Leader  
in Inspection  
Equipment

## FLASH TECHNOLOGY



Flash Technology Obstruction  
Lighting Equipment

## SABIK MARINE



Sabik Market Leading  
Marine Lighting Products



Strengthens Global  
Leadership in  
Engineered  
Specialty Lighting

**MARLEY**



**SGS**   
REFRIGERATION



**Strengthens  
Industrial  
Refrigeration  
Solutions**

**WEIL-McLAIN** <sup>®</sup>



**PATTERSON-KELLEY**



**Accelerates Growth  
Strategy in  
Commercial High  
Efficiency Boilers**

## Company Profile

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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

# SCHONSTEDT



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.

## Company Profile

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**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**



**Mobile Inspection Units**



**CUES SPiDER Scanner**



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

## Company Profile

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2019 Sales: ~\$27M

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

**Description:** Leading manufacturer of marine and obstruction lighting

### Acquisition Rationale:

- ❑ Complementary fit with our Flash Technology business
- ❑ Strengthens aids-to-navigation specialty lighting solutions
- ❑ Market leading product portfolio
- ❑ Attractive growth platform and opens new market opportunities

# SABIK MARINE



\*Purchase price, net cash acquired, divided by 2019 EBITDA plus expected synergies over a 3-year period.



# SGS Refrigeration Overview



## Company Profile

**Headquarters:** Dixon, Illinois

**2019 Sales:** ~\$12M (net of intercompany sales)

**Description:** Manufacturer and distributor of industrial and commercial refrigeration equipment and products

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

### Acquisition Rationale:

- ❑ Strengthens industrial refrigeration solutions
- ❑ Expands sales and distribution channels
- ❑ Attractive end market growth profile



Evaporative Condensers  
DTC Condenser



Industrial Evaporators  
DT/DTX Series Unit Cooler



\*Purchase price, net cash acquired, divided by 2019 EBITDA plus expected synergies over a 3-year period.

# Patterson Kelley Overview



## Company Profile

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**Headquarters:** East Stroudsburg, PA

**2019 Sales:** ~\$35M

**Description:** Trusted leader in commercial high efficiency heating solutions

**Purchase multiple\*:** ~8x post-synergies

### Acquisition Rationale:

- ❑ Highly complementary product line (commercial high efficiency boilers) and channels
- ❑ Accelerated high efficiency strategy enhances scale and market share position
- ❑ Combines new product development and technology resources in key growth platform



High Efficiency Commercial Condensing Boiler

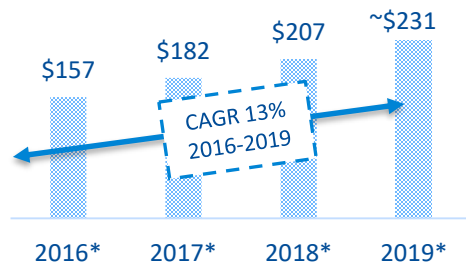


\*Purchase price, net cash acquired, divided by 2019 Estimated EBITDA plus expected synergies over a 3-year period.

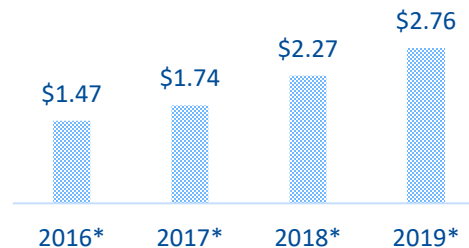
# 2016-2019E Adjusted Profit Measures



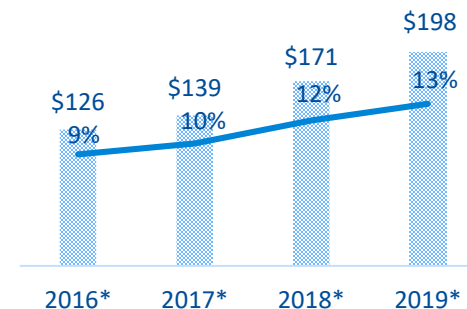
## ADJUSTED SEGMENT INCOME (\$M)



## ADJUSTED EPS



## ADJUSTED EBITDA (\$M)



Continuous Delivery of Value Creation

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

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African and Heat Transfer operations categorized as "All Other" in the company's reporting structure.

# Outlook

- ❑ Withdrawing 2020 guidance on uncertain market dynamics
- ❑ Diverse end markets and businesses
- ❑ Controlling discretionary costs while maintaining capacity to return quickly to growth and value creation initiatives
- ❑ Prepared for alternative scenarios

# Appendix

# Appendix: Modeling Considerations



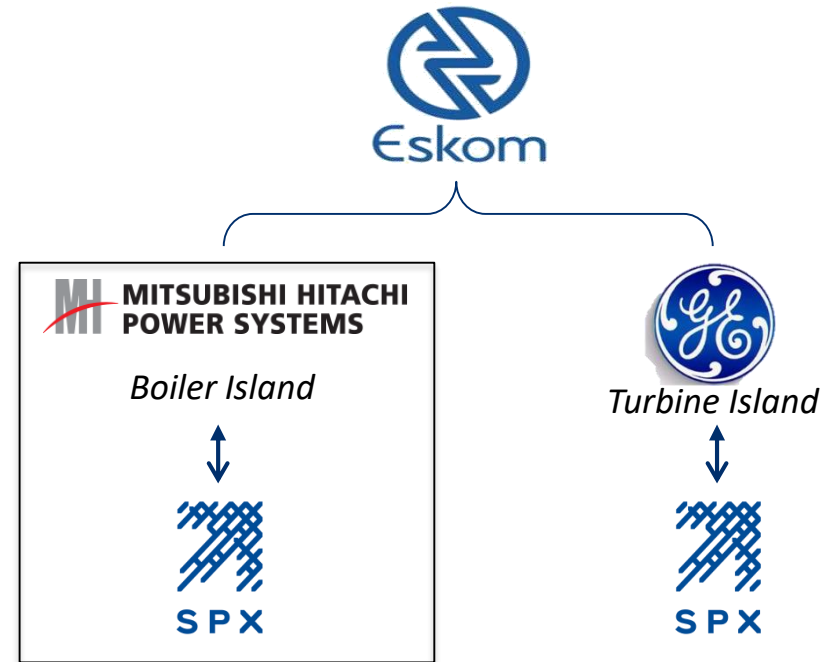
Metric	Considerations
Corporate Expense	Reduced incentive comp
Long-term incentive comp	~\$14-15m
Restructuring costs	Cost reduction actions
Interest cost	Drew \$100m on revolver in Q1'20
Equity earnings, other	~\$3-5m
Tax rate	Jurisdictional mix (US highest)
Capex	Maintenance ~\$10-12m
Cash cost of pension + OPEB	~\$18m
D&A	~\$36-38m
Share count	45.5-46m
Currency effect	Topline sensitivity to USD-GBP rate

Incremental/ Decremental Margins	
HVAC	Low-30s%
Detection & Measurement	~50%
Engineered Solutions	Low-20s%*

\* Note: in Q2'20, margins in Engineered Solutions are anticipated to be more similar to recent quarters as a result of improvements in operational performance implemented during 2019

# South African Projects Overview

- ❑ Two mega-projects sites:
  - ✓ Twelve 800 mega-watt coal-fired plants (six at each project site)
  - ✓ ~\$1.3B total project value
- ❑ Eskom is a state-owned South African utility
- ❑ Construction substantially complete
- ❑ GE/Alstom and Mitsubishi Hitachi are our customers
  - ✓ 2Q'19 agreement settled all material claims between SPX and GE/Alstom
  - ✓ 4Q'19 resolved all outstanding issues with minority shareholder
  - ✓ Q1'20 concluded arbitration against former subcontractor
  - ✓ Significant remaining disputes with one counterparty, Mitsubishi Hitachi



Project Execution Finalized /Engaged in Dispute Resolution Process



# FY 2016 Engineered Solutions Adjusted Revenue, Adjusted Gross Profit and Adjusted Segment Income to U.S. GAAP Reconciliation



(\$ millions)

	<u>FY 2016</u>
<b>Engineered Solutions and "All Other"* revenue</b>	\$ 736.4
Exclude: South African projects	83.3
Engineered Solutions adjusted revenue	<u>\$ 653.1</u>
<b>Engineered Solutions and "All Other"* gross profit</b>	\$ 97.7
<i>as a % of revenues</i>	13%
Exclude: South African projects	(5.8)
Engineered Solution adjusted gross profit	<u>\$ 103.5</u>
<i>as a % of adjusted revenue</i>	16%
<b>Engineered Solutions and "All Other"* segment income</b>	\$ 17.3
Exclude: Losses from South African projects	(14.5)
Engineered Solutions adjusted segment income	<u>\$ 31.8</u>
<i>as a % of adjusted revenue</i>	5%

\* South Africa operations and Heat Transfer businesses are being reported as an "All Other" group of operating segments from FY 2017 forward.

# FY 2019, FY 2018, FY 2017 and FY 2016 Adjusted Segment EBITDA to U.S. GAAP Reconciliation



(\$ millions)

	FY 2019	FY 2018	FY 2017	FY 2016
<b>HVAC Segment</b>				
Segment income	\$ 95.4	\$ 90.0	\$ 74.1	\$ 80.2
Exclude: Depreciation & amortization	(6.9)	(5.4)	(5.5)	(5.3)
HVAC Segment EBITDA	<u>\$ 102.3</u>	<u>\$ 95.4</u>	<u>\$ 79.6</u>	<u>\$ 85.5</u>
<b>Detection &amp; Measurement Segment</b>				
Segment income	\$ 81.7	\$ 72.4	\$ 63.4	\$ 45.3
Exclude: Depreciation & amortization	(13.2)	(8.4)	(4.1)	(3.5)
Exclude: One time acquisition related costs <sup>(1)</sup>	(2.0)	(5.1)	-	-
Adjusted Detection & Measurement Segment EBITDA	<u>\$ 96.9</u>	<u>\$ 85.9</u>	<u>\$ 67.5</u>	<u>\$ 48.8</u>
<b>Engineered Solutions Segment<sup>(2)</sup></b>				
Adjusted Segment income	\$ 43.0	\$ 35.0	\$ 44.2	\$ 31.8
Exclude: Depreciation & amortization	(10.7)	(10.6)	(10.4)	(15.2)
Engineered Solutions Segment EBITDA	<u>\$ 53.7</u>	<u>\$ 45.6</u>	<u>\$ 54.6</u>	<u>\$ 47.0</u>

(1) Primarily represents additional "Cost of products sold" recorded during the twelve months ended December 31, 2019 related to the step-up of inventory (to fair value) acquired in connection with the Sabik acquisition and the twelve months ended December 31, 2018 related to the step-up of inventory (to fair value) acquired in connection with the Cues and Schonstedt acquisitions.

(2) FY 2016 includes the results of Heat Transfer and South Africa service businesses.

# FY 2019 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



	<b>GAAP</b>	<b>Adjustments</b>	<b>Adjusted</b>
Segment income <sup>(1)</sup>	\$ 174.0	\$ 57.0	\$ 231.0
Corporate expense <sup>(2)</sup>	(46.7)	2.6	(44.1)
Long-term incentive compensation expense	(13.6)	-	(13.6)
Special charges, net <sup>(3)</sup>	(4.0)	3.0	(1.0)
Other operating expenses <sup>(4)</sup>	(1.8)	1.8	-
<b>Operating income</b>	<b>107.9</b>	<b>64.4</b>	<b>172.3</b>
Other income (expense), net <sup>(5)</sup>	(4.9)	6.4	1.5
Interest expense, net <sup>(6)</sup>	(19.2)	(0.1)	(19.3)
Loss on amendment/refinancing of senior credit agreement <sup>(7)</sup>	(0.6)	0.6	-
<b>Income from continuing operations before income taxes</b>	<b>83.2</b>	<b>71.3</b>	<b>154.5</b>
Income tax provision <sup>(8)</sup>	(13.5)	(16.9)	(30.4)
<b>Income from continuing operations</b>	<b>69.7</b>	<b>54.4</b>	<b>124.1</b>
Less: Net loss attributable to redeemable noncontrolling interest	-	-	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	<b>69.7</b>	<b>54.4</b>	<b>124.1</b>
Adjustment related to redeemable noncontrolling interest <sup>(9)</sup>	5.6	(5.6)	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	<b>\$ 75.3</b>	<b>\$ 48.8</b>	<b>\$ 124.1</b>
Dilutive shares outstanding	44.957		44.957
<b>Earnings per share from continuing operations</b>	<b>\$ 1.67</b>		<b>\$ 2.76</b>

(\$ millions)

<sup>(1)</sup> Adjustment represents the removal of (i) operating losses associated with the South Africa and Heat Transfer businesses (\$46.1), (ii) amortization expense associated with acquired intangible assets (\$8.9), and (iii) inventory step-up charges related to the Sabik and Cues acquisitions of (\$2.0).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment primarily represents removal of restructuring charges associated with the South Africa and Heat Transfer businesses.

<sup>(4)</sup> Adjustment represents removal of charges associated with revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business, with such revisions resulting from settlement activity during the first quarter of 2019.

<sup>(5)</sup> Adjustment primarily represents the removal of non-service pension and postretirement charges (\$14.0), foreign currency losses associated with the South Africa business (\$0.6), and a gain on equity security associated with a fair value adjustment (\$7.9).

<sup>(6)</sup> Represents removal of interest income associated with the South Africa business.

<sup>(7)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(8)</sup> Adjustment represents the tax impact of items (1) through (7) above and the removal of certain income tax benefits that are considered non-recurring.

<sup>(9)</sup> Adjustment represents removal of non-controlling interest amounts associated with our South Africa business.

# FY 2018 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 178.5	\$ 28.1	\$ 206.6
Corporate expense <sup>(2)</sup>	(48.5)	4.9	(43.6)
Long-term incentive compensation expense	(15.5)	-	(15.5)
Special charges, net <sup>(3)</sup>	(6.3)	5.0	(1.3)
Loss on sale of dry cooling	(0.6)	0.6	-
<b>Operating income</b>	<u>107.6</u>	<u>38.6</u>	<u>146.2</u>
Other income (expense), net <sup>(4)</sup>	(7.6)	8.5	0.9
Interest expense, net	(20.0)	-	(20.0)
Loss on amendment/refinancing of senior credit agreement <sup>(5)</sup>	(0.4)	0.4	-
<b>Income from continuing operations before income taxes</b>	<u>79.6</u>	<u>47.5</u>	<u>127.1</u>
Income tax (provision) benefit <sup>(6)</sup>	(1.4)	(24.5)	(25.9)
<b>Income from continuing operations</b>	<u>\$ 78.2</u>	<u>\$ 23.0</u>	<u>\$ 101.2</u>
Dilutive shares outstanding	44.660		44.660
<b>Earnings per share from continuing operations</b>	\$ 1.75		\$ 2.27

(\$ millions)

<sup>(1)</sup> Adjustment primarily represents the removal of (i) operating losses associated with the South Africa and Heat Transfer businesses (\$18.9), (ii) the inventory step-up charge related to the Cues and Schonstedt acquisitions (\$4.7), and (iii) amortization charges associated with acquired intangible assets (\$4.1).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment represents removal of restructuring charges associated with the South Africa and Heat Transfer businesses.

<sup>(4)</sup> Adjustment represents the removal of non-service pension and postretirement items and removal of foreign currency losses associated with the South Africa and Heat Transfer businesses.

<sup>(5)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(6)</sup> Adjustment represents the tax impact of items (1) through (5) above and the removal of certain income tax benefits that are considered non-recurring.

# FY 2017 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



	GAAP	Adjustments	Adjusted	
Segment income <sup>(1)</sup>	\$ 124.9	\$ 57.4	\$ 182.3	(\$ millions)
Corporate expense	(46.2)	(0.9)	(47.1)	
Long-term incentive compensation expense	(15.8)	—	(15.8)	
Pension service cost	(0.3)	—	(0.3)	
Special charges, net <sup>(2)</sup>	(2.7)	1.5	(1.2)	
<b>Operating income</b>	59.9	58.0	117.9	
Other expense, net <sup>(3)</sup>	(7.1)	5.4	(1.7)	
Interest expense, net <sup>(4)</sup>	(15.8)	0.6	(15.2)	
Loss on amendment/refinancing of senior credit agreement <sup>(5)</sup>	(0.9)	0.9	—	
<b>Income from continuing operations before income taxes</b>	36.1	64.9	101.0	
Income tax provision (benefit) <sup>(6)</sup>	47.9	(72.4)	(24.5)	
<b>Income from continuing operations</b>	84.0	(7.5)	76.5	
Dilutive shares outstanding	43.905		43.905	
<b>Earnings per share from continuing operations</b>	\$ 1.91		\$ 1.74	

<sup>(1)</sup> Adjustment represents the removal of (i) operating losses associated with the South Africa business and the operating income of the Heat Transfer business, and (ii) amortization charges associated with acquired intangible assets (\$0.4).

<sup>(2)</sup> Adjustment represents removal of restructuring charges associated with the South Africa and Heat Transfer businesses.

<sup>(3)</sup> Adjustment represents removal of a gain on interest rate swaps, as these swaps no longer qualified for hedge accounting in connection with an amendment to our senior credit agreement, foreign currency losses associated with the South Africa and Heat Transfer businesses, and the removal of non-service pension and postretirement items.

<sup>(4)</sup> Adjustment relates to the removal of interest expense incurred in connection with borrowings under a line of credit in South Africa.

<sup>(5)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(6)</sup> Adjustment represents the tax impact of items (1) through (5) above and the removal of certain income tax benefits that are considered non-recurring.

# FY 2016 Adjusted Earnings Per Share to U.S. GAAP Reconciliation



	GAAP	Adjustments	Adjusted
Segment income <sup>(1)</sup>	\$ 142.8	\$ 14.5	\$ 157.3
Corporate expense	(41.7)	—	(41.7)
Pension and postretirement income (expense) <sup>(2)</sup>	(15.4)	16.0	0.6
Long-term incentive compensation expense	(13.7)	—	(13.7)
Special charges, net	(5.3)	—	(5.3)
Impairment of intangible assets <sup>(3)</sup>	(30.1)	30.1	—
Gain on sale of dry cooling business <sup>(4)</sup>	18.4	(18.4)	—
<b>Operating income</b>	<b>55.0</b>	<b>42.2</b>	<b>97.2</b>
Other income (expense), net <sup>(5)</sup>	(0.3)	2.1	1.8
Interest expense, net <sup>(6)</sup>	(14.0)	0.2	(13.8)
Loss on amendment/refinancing of senior credit agreement <sup>(7)</sup>	(1.3)	1.3	—
<b>Income from continuing operations before income taxes</b>	<b>39.4</b>	<b>45.8</b>	<b>85.2</b>
Income tax provision <sup>(8)</sup>	(9.1)	(14.1)	(23.2)
<b>Income from continuing operations</b>	<b>30.3</b>	<b>31.7</b>	<b>62.0</b>
Less: Net loss attributable to redeemable noncontrolling interest <sup>(9)</sup>	(0.4)	0.3	(0.1)
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	<b>30.7</b>	<b>31.4</b>	<b>62.1</b>
Adjustment related to redeemable noncontrolling interest <sup>(9)</sup>	(18.1)	18.1	—
<b>Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	<b>12.6</b>	<b>49.5</b>	<b>62.1</b>
Dilutive shares outstanding	42.161		42.161
<b>Earnings per share from continuing operations</b>	<b>\$ 0.30</b>		<b>\$ 1.47</b>

(\$ millions)

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

<sup>(2)</sup> Adjustment represents the removal of non-service pension and postretirement items.

<sup>(3)</sup> Adjustment represents the removal of a non-cash impairment charge associated with our Heat Transfer business.

<sup>(4)</sup> Adjustment represents removal of gain on sale of dry cooling business.

<sup>(5)</sup> Adjustment represents removal of foreign currency losses associated with the South African projects.

<sup>(6)</sup> Adjustment relates to the removal of interest expense incurred in connection with borrowings under a line of credit in South Africa.

<sup>(7)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to the senior credit agreement.

<sup>(8)</sup> Adjustment represents the tax impact of the items noted in (1) through (7) above.

<sup>(9)</sup> Adjustment represents removal of noncontrolling interest amounts associated with the South Africa projects.

# FY 2019 and FY 2018 Adjusted Revenue and Adjusted Segment Income to U.S. GAAP Reconciliation



## CONSOLIDATED SPX:

	Twelve months ended	
	December 31, 2019	December 31, 2018
Consolidated revenue	\$ 1,525.4	\$ 1,538.6
Exclude: "All Other" operating segments <sup>(1)</sup>	(1.6)	98.6
Acquisition accounting adjustment to acquired deferred revenue	-	(0.5)
Adjusted consolidated revenue	<u>\$ 1,527.0</u>	<u>\$ 1,440.5</u>
Total segment income	\$ 174.0	\$ 178.5
Exclude: "All Other" operating segments <sup>(1)</sup>	(46.1)	(18.9)
Exclude: One time acquisition related costs <sup>(2)</sup>	(2.0)	(5.1)
Exclude: Amortization expense <sup>(3)</sup>	(8.9)	(4.1)
Adjusted segment income	<u>\$ 231.0</u>	<u>\$ 206.6</u>
as a percent of adjusted revenues <sup>(4)</sup>	15.1 %	14.3 %

(\$ millions)

## HVAC REPORTABLE SEGMENT:

HVAC segment income	\$ 95.4	\$ 90.0
Exclude: One time acquisition related costs	-	-
Exclude: Amortization expense <sup>(3)</sup>	(1.4)	(0.4)
HVAC adjusted segment income	<u>\$ 96.8</u>	<u>\$ 90.4</u>
as a percent of HVAC segment revenues <sup>(4)</sup>	16.3 %	15.5 %

## DETECTION & MEASUREMENT REPORTABLE SEGMENT:

Detection & Measurement segment revenue	\$ 384.9	\$ 320.9
Acquisition accounting adjustment to acquired deferred revenue	-	(0.5)
Detection & Measurement adjusted segment revenue	<u>\$ 384.9</u>	<u>\$ 321.4</u>
Detection & Measurement segment income	\$ 81.7	\$ 72.4
Exclude: One time acquisition related costs <sup>(2)</sup>	(2.0)	(5.1)
Exclude: Amortization expense <sup>(3)</sup>	(7.5)	(3.7)
Detection & Measurement adjusted segment income	<u>\$ 91.2</u>	<u>\$ 81.2</u>
as a percent of Detection & Measurement adjusted segment revenues <sup>(4)</sup>	23.7 %	25.3 %

<sup>(1)</sup> Represents the removal of the financial results of our South Africa and Heat Transfer businesses. Note: These businesses are being reported as an "All Other" group of operating segments for U.S. GAAP purposes due to certain wind-down activities that are occurring within these businesses.

<sup>(2)</sup> Primarily represents additional "Cost of products sold" recorded during the twelve months ended December 31, 2019 related to the step-up of inventory (to fair value) acquired in connection with the Sabik acquisition and the twelve months ended December 31, 2018 related to the step-up of inventory (to fair value) acquired in connection with the Cues and Schonstedt acquisitions.

<sup>(3)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(4)</sup> See "Results of Reportable and Other Operating Segments" for applicable percentages based on GAAP results.

# FY 2019, FY 2018, FY2017, and FY 2016 Adjusted Revenue and Consolidated EBITDA to U.S. GAAP Reconciliation



(\$ millions)

	FY 2019	FY 2018	FY 2017	FY 2016
GAAP Revenue	\$ 1,525.4	\$ 1,538.6	\$ 1,425.8	\$ 1,472.3
Exclude: "All Other" operating segment <sup>(1)</sup>	(1.6)	98.6	93.8	-
Exclude: South African projects	-	-	-	83.3
Exclude: Acquisition accounting adjustment to acquired deferred revenue	-	(0.5)	-	-
Adjusted Revenue	<u>\$ 1,527.0</u>	<u>\$ 1,440.5</u>	<u>\$ 1,332.0</u>	<u>\$ 1,389.0</u>
Adjusted net income excluding amortization <sup>(2)</sup>	\$ 124.1	\$ 101.2	\$ 76.8	\$ 62.1
Exclude: Interest expense	(19.3)	(25.4)	(24.1)	(13.8)
Exclude: Tax expense	(28.5)	(20.0)	(15.2)	(23.2)
Exclude: Depreciation & amortization	<u>(25.7)</u>	<u>(24.0)</u>	<u>(22.6)</u>	<u>(26.5)</u>
Adjusted earnings before interest, tax, depreciation and amortization	<u>\$ 197.6</u>	<u>\$ 170.6</u>	<u>\$ 138.7</u>	<u>\$ 125.6</u>
as a percent of adjusted revenue	13 %	12 %	10 %	9 %

<sup>(1)</sup> The "All Other" operating segment includes the results of the South African and Heat Transfer operations as categorized in the company's reporting structure.

<sup>(2)</sup> Non-GAAP financial measure. Reconciliations from US GAAP are available elsewhere within this appendix.