



SPX Corporation  
2011 Third Quarter Results



**SPX**

November 2, 2011

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- 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](http://www.spx.com).
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## Introductory Comments

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

- 9% increase in adjusted earnings per share:
  - Adjusted EPS and segment margin results exceeded company guidance
  
- 8% revenue growth:
  - Sales into emerging markets increased 29%
  - Growth driven by Flow Technology and Test & Measurement segments
  
- Results in power related businesses declined year-over-year:
  - No significant change in order trends
  
- Signed an agreement to acquire CLYDEUNION Pumps:
  - Creates a global power & energy platform for Flow Technology segment
  - Financing in place

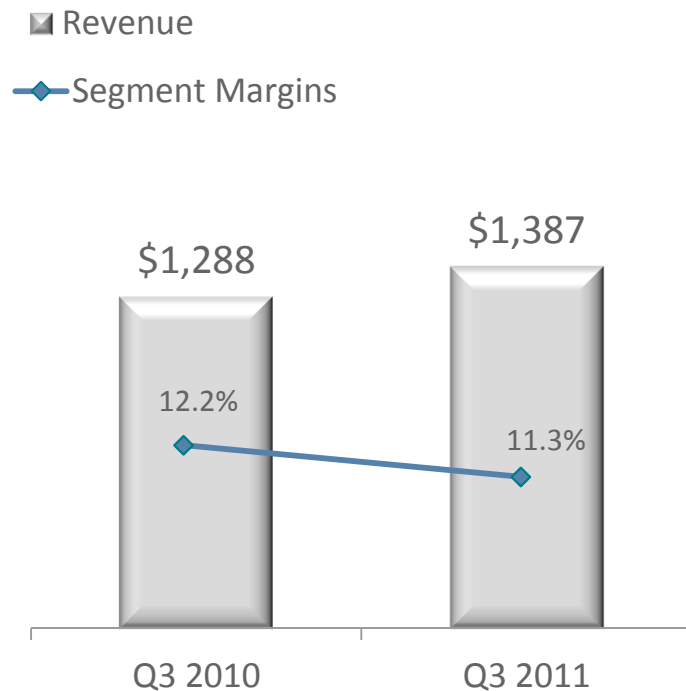
Note: See appendix for non-GAAP reconciliations

**8% Revenue Growth and 9% Adjusted Earnings Per Share Growth in Q3**

# Consolidated Q3 Financial Analysis



(\$ millions)



- 8% revenue growth:
  - 4% organic growth
  - 3% currency benefit
  - 1% acquisition growth
- 90 points of margin decline:
  - Due primarily to margin declines in late cycle, power related businesses

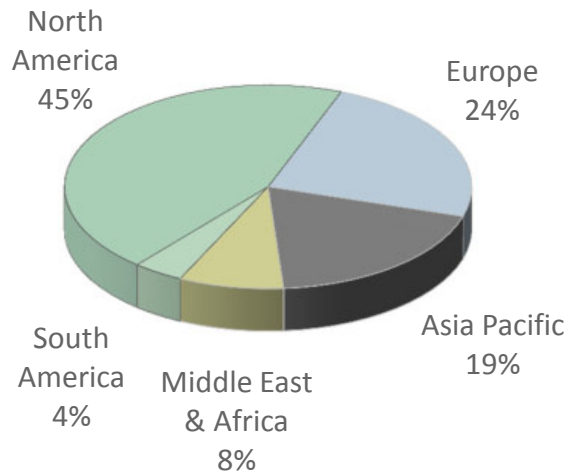
**Q3 Revenue Increased 8% Year-Over-Year;  
Margin Decline Due Primarily to Late Cycle, Power Related Businesses**

# Q3 Revenue by Region



## Q3 Year-Over-Year Change

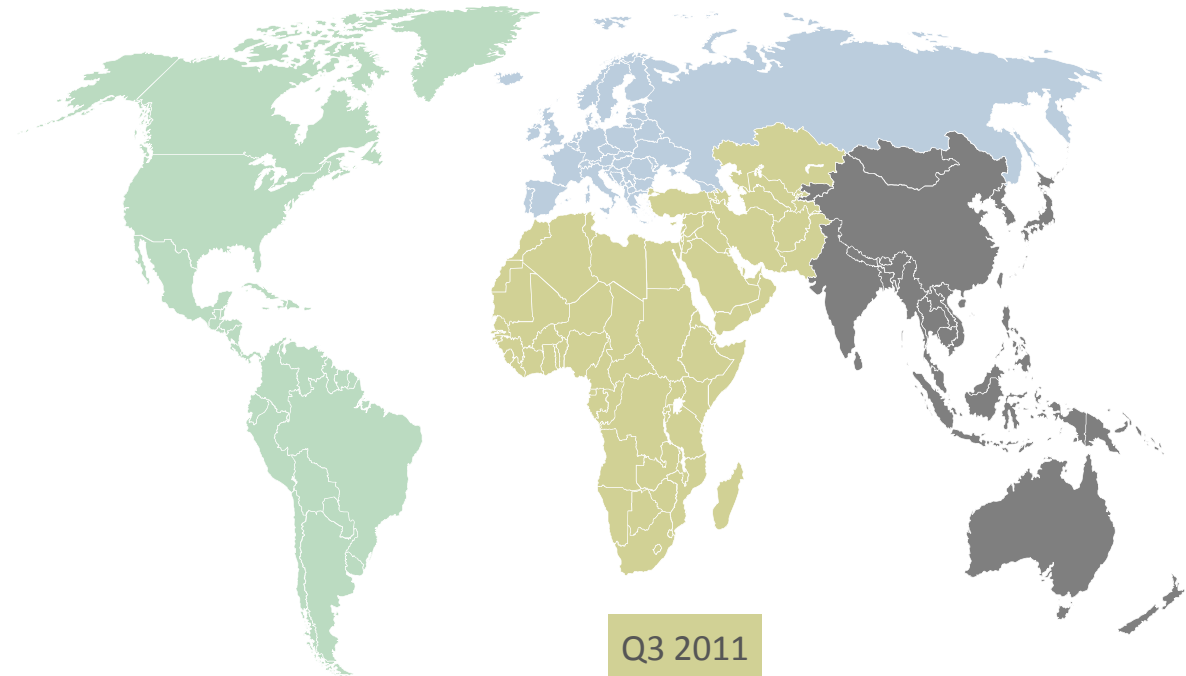
### Q3 2011 Revenue by Geography



Q3 2011  
+7%

Q3 2011  
+7%

Q3 2011  
+8%



Q3 2011  
+10%

**Q3 Sales Into All Key Regions Increased Year-Over-Year;  
Emerging Market Revenue Accounted for 33% of Total Revenue**

(\$ billions)

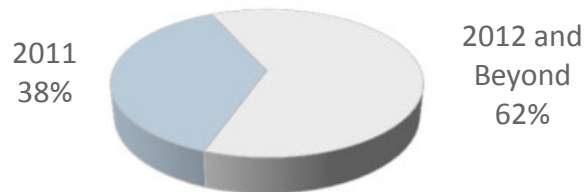
## Quarter End Backlog



## Sequential Change

- 5% currency decline:
  - South African Rand
  - Euro
- 4% organic decline:
  - Decline in Thermal segment backlog offset an increase in Flow segment backlog

## Aging of Q3 2011 Ending Backlog

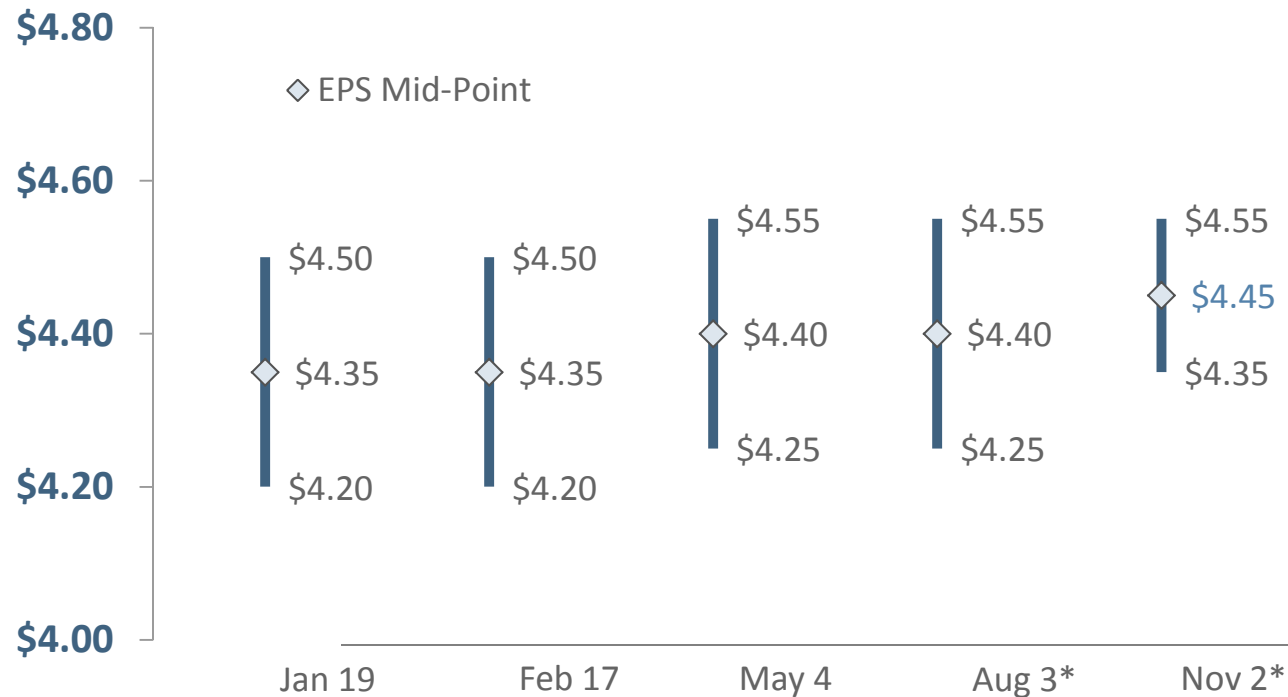


**Backlog Declined 9% Sequentially Primarily Driven by Currency Rate Fluctuations and Thermal Segment Backlog Decline**

# 2011 EPS Guidance Update



2011 EPS\* Guidance Range



\*2011 EPS Guidance is on an adjusted basis and assumes exchange rates from late October

Note: See appendix for non-GAAP reconciliations

**Narrowed EPS Guidance Range to \$4.35 to \$4.55 Per Share;  
Raised EPS Mid-Point 5 Cents to \$4.45 Per Share**



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## Q3 Financial Analysis

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

## Q3 2011 Earnings Per Share



	<u>Q3 2011</u>
GAAP EPS from continuing operations	\$ 1.19
Net tax benefits	\$ (0.41)
CLYDEUNION acquisition related charges	<u>\$ 0.43</u>
Adjusted EPS from continuing operations	<u><u>\$ 1.21</u></u>

**Q3 2011 Adjusted EPS Excludes  
\$0.41 of Net Tax Benefits and \$0.43 of Acquisition Related Charges**

# Q3 Adjusted Earnings Per Share



## Q3 Adjusted Earnings Per Share



## Year-Over-Year Bridge

<b>Q3 2010 adjusted EPS</b>	<b>\$1.11</b>
<ul style="list-style-type: none"> <li>▪ Segment income           <ul style="list-style-type: none"> <li>□ Flow Technology</li> <li>□ Test &amp; Measurement</li> <li>□ Thermal Equipment &amp; Services</li> <li>□ Industrial Products &amp; Services</li> </ul> </li> <li>▪ Reduced tax rate</li> <li>▪ Net other items</li> </ul>	<ul style="list-style-type: none"> <li>\$0.15</li> <li>\$0.15</li> <li>(\$0.25)</li> <li>(\$0.07)</li> <li>\$0.09</li> <li>\$0.03</li> </ul>
<b>Q3 2011 adjusted EPS</b>	<b>\$1.21</b>

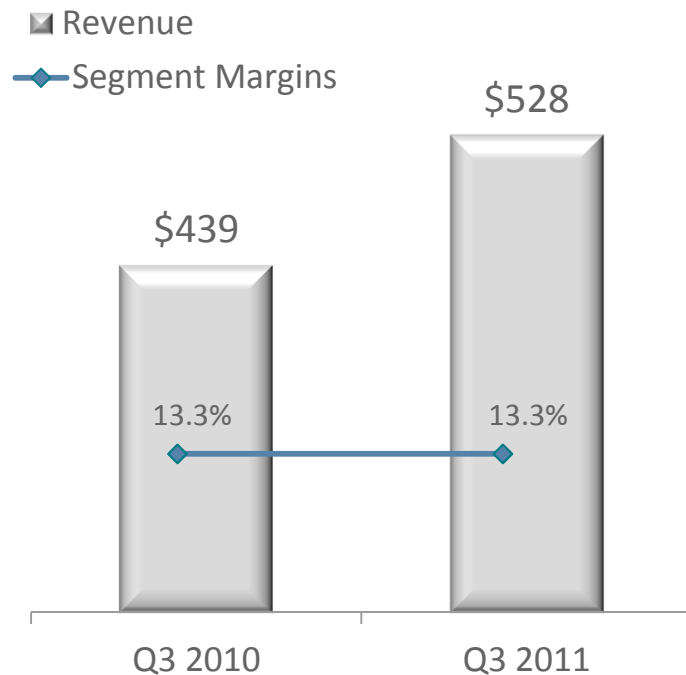
Note: See appendix for non-GAAP reconciliations

**Increased Segment Income in Flow Technology and Test & Measurement Offset by Declines in Power-Related Businesses in Thermal Equipment and Industrial Products Segments**

# Flow Technology Q3 Analysis



(\$ millions)



- 20% revenue growth:
  - 16% organic growth
  - 4% currency benefit
- 20% increase in segment income
- Margins flat:
  - Increased percentage of lower margin systems revenue offset leverage on organic revenue growth

Note: See appendix for non-GAAP reconciliations

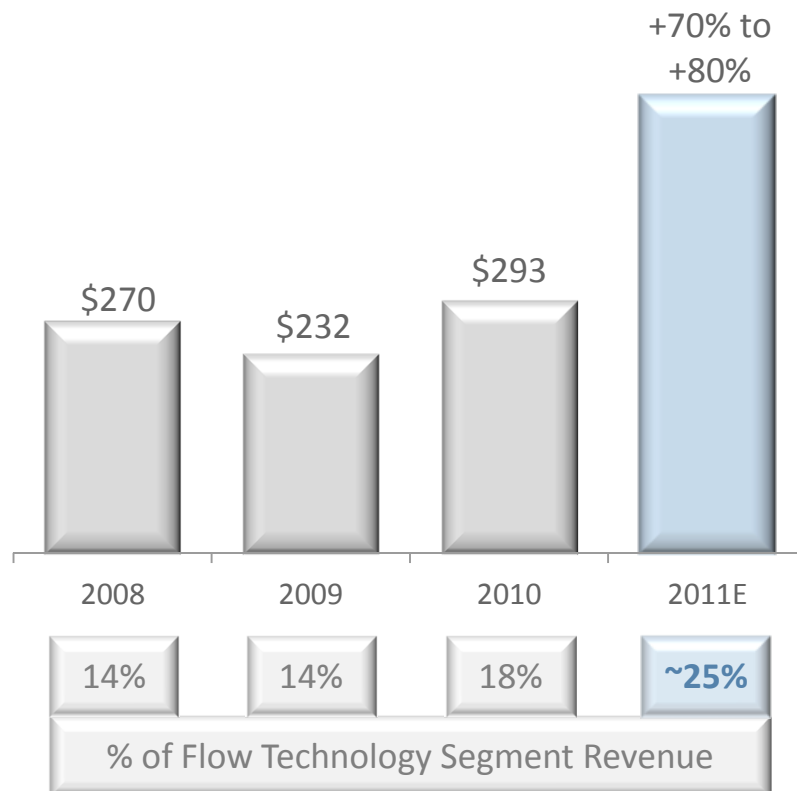
**20% Revenue Growth and 20% Increase in Segment Income**

# Flow Technology Food & Beverage Systems

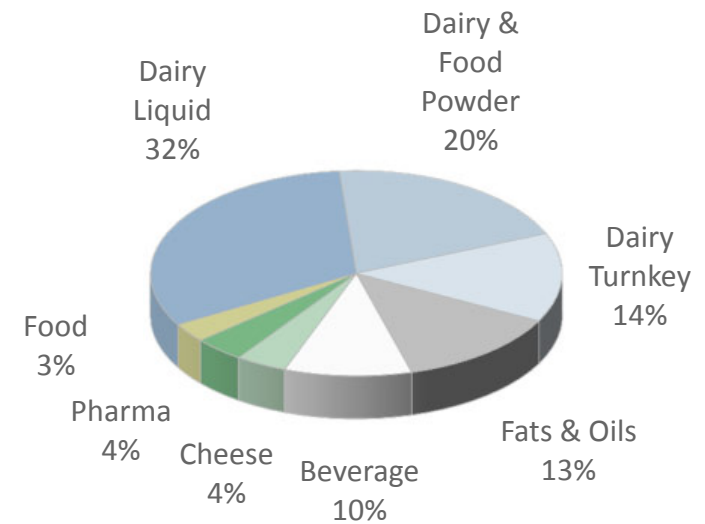


(\$ millions)

**Annual Systems Revenue**



**2011E Systems Revenue by Type**



**77% Growth in Food & Beverage Systems Revenue in First Nine Months of 2011**



SPX Awarded Contract to Establish Powder Infant Formula Plant in New Zealand

- Contract valued at >\$30m
- SPX scope:
  - Designing and installing all technologies required to convert fresh milk into dry powder infant formula
  - Constructing 27,000 square foot facility

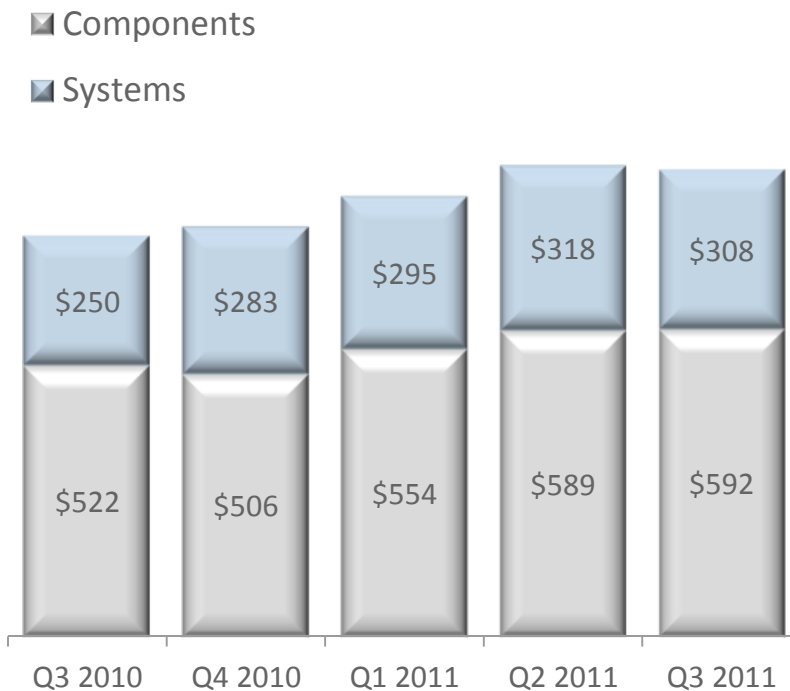
**This Highly Advanced System Will Utilize Multiple SPX Food Processing Technologies and Further Validates Our Acquisition Strategy**

# Flow Technology Backlog Analysis



(\$ millions)

## Quarter End Backlog



## Q3 2011 Backlog Commentary

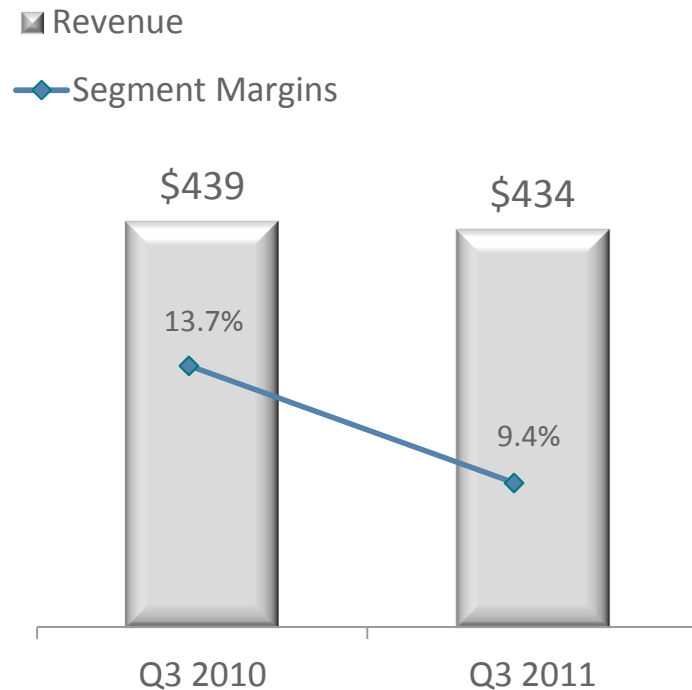
- 3% organic backlog growth:
  - Demand remained at a high level across key end markets and geographies
- 4% currency decline

**Organic Increase in Backlog Offset by Currency;  
Q3 Ending Backlog Increased 17% Year-over Year**

# Thermal Equipment & Services Q3 Analysis



(\$ millions)



- 1% revenue decline:
  - 4% organic decline
  - 3% currency benefit
- 32% decrease in segment income
- 430 points of margin decline:
  - Decline in higher margin power generation projects
  - Organic volume decline

Note: See appendix for non-GAAP reconciliations

**Revenue Growth in the Americas and Middle East Offset by Declines in China and Europe; Margin Contraction Was Due Primarily to Lower Margin Revenue Mix**

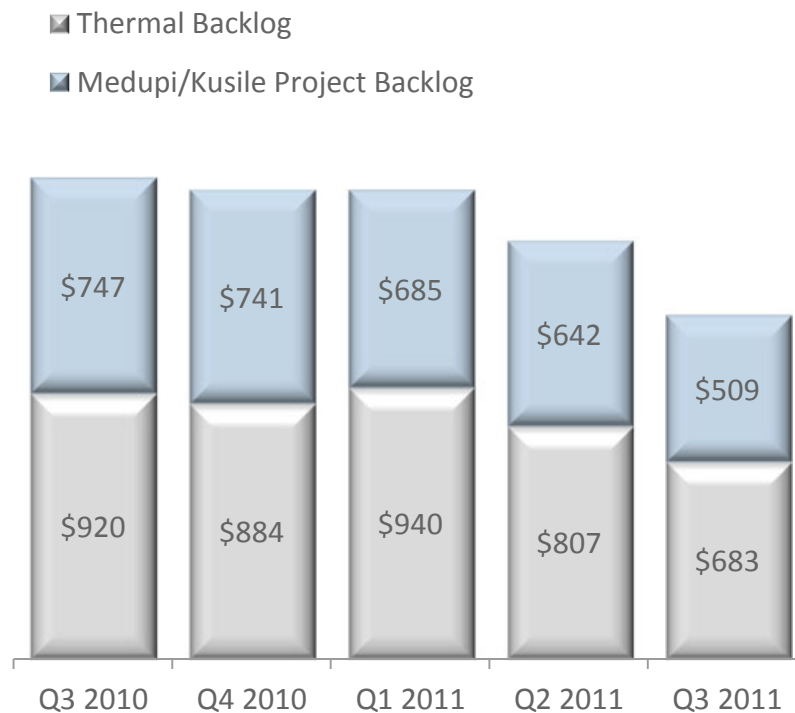


# Thermal Equipment & Services Backlog Analysis



(\$ millions)

## Quarter End Backlog



## Q3 2011 Commentary

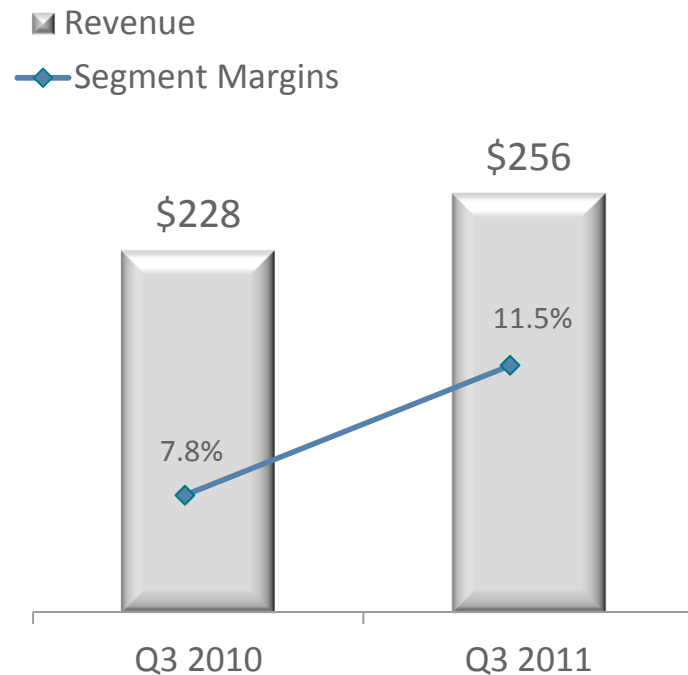
- Backlog declined 18% sequentially:
  - 11% organic decline
  - 7% currency decline
- Year-to-date orders through Q3 increased 1% over last year
- Timing of orders is uneven

**Backlog Decline Primarily Due to Execution on South Africa Projects and Currency Rate Changes; Year-to-Date Orders Through Q3 Increased Modestly Over Last Year**

# Test & Measurement Q3 Analysis



(\$ millions)



- 12% revenue growth:
  - 5% organic growth
  - 5% increase from acquisition
  - 2% currency benefit
- 65% increase in segment income
- 370 points of margin expansion

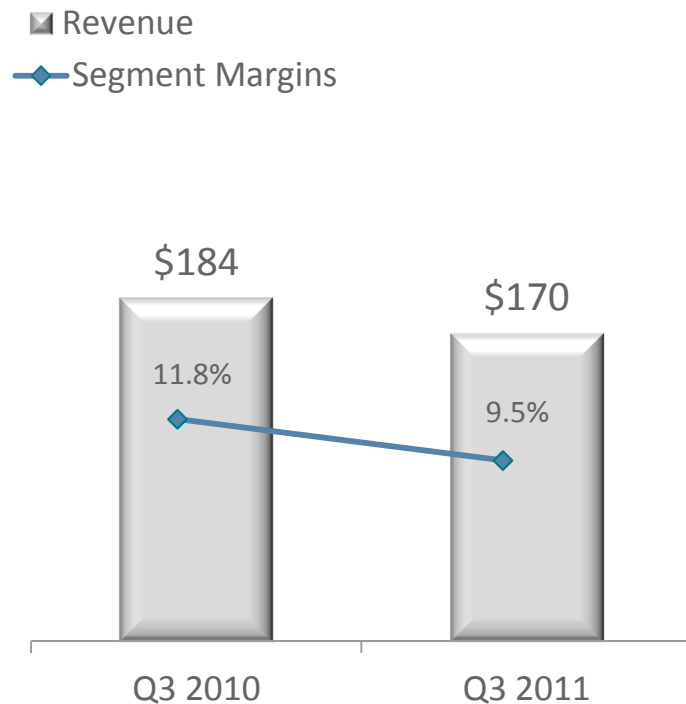
Note: See appendix for non-GAAP reconciliations

**Revenue Growth and Margin Improvement Driven by Increased OEM New Program Sales**

# Industrial Products & Services Q3 Analysis



(\$ millions)



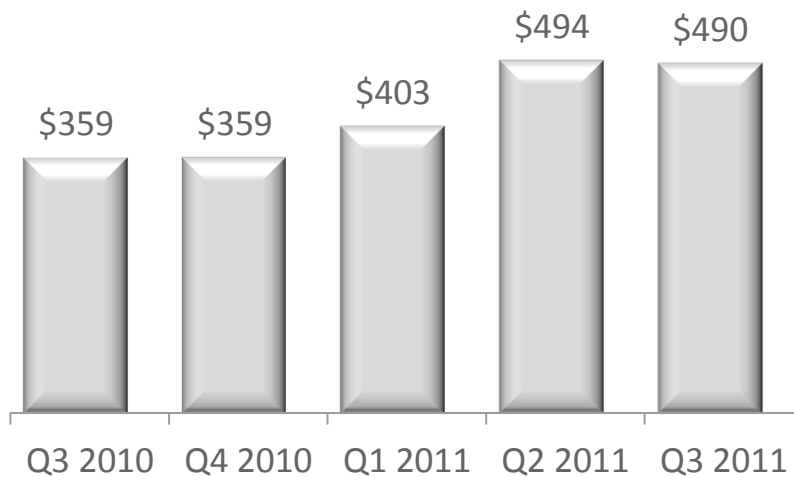
- 8% organic revenue decline:
  - Timing of power transformer and crystal grower shipments
  - Decline in sales of aerospace components
- 26% decrease in segment income:
- 230 points of margin decline:
  - Lower volume of power transformer shipments
  - \$3m of costs associated with transformer plant expansion

Note: See appendix for non-GAAP reconciliations

**Revenue and Profitability Decline Due Primarily to Late Cycle Power Transformer Business**

(\$ millions)

## Quarter End Backlog



## Q3 2011 Backlog Commentary

- 37% year-over-year increase
- Power transformer trends:
  - Replacement demand for power transformers remains robust
  - Gradual, moderate increase in average price of new orders over the past 2 quarters

**Q3 2011 Industrial Segment Backlog Up 37% Year-Over-Year**

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## 2011 Guidance

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

# Q4 2011 Targets



(\$ millions, except per share data)

	<u>Q4 2010</u>	<u>Q4 2011E</u>
Revenue	\$1,325	total growth: +11% to +15%
Segment Income	\$160	\$185 to \$200
Segment Income Margin	12.1%	12.7% to 13.2%
Earnings Per Share	\$1.13*	\$1.75 to \$1.95

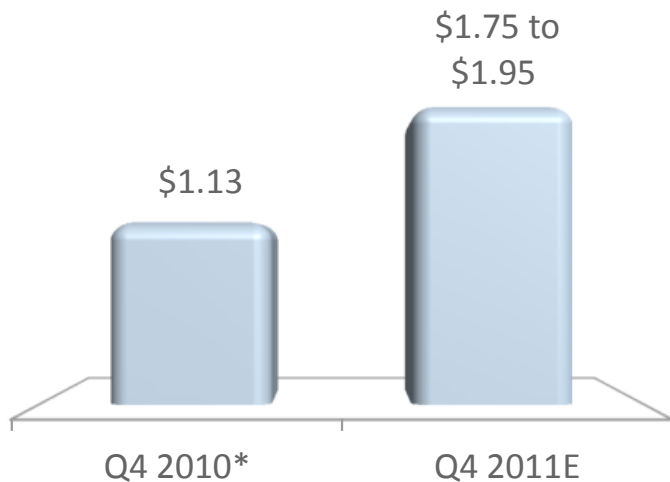
\* Adjusted EPS, see appendix for non-GAAP reconciliation

**Targeting 11% to 15% Year-Over-Year Revenue Growth in Q4;  
Q4 EPS Guidance Mid-Point is \$1.85**

# Q4 Earnings Per Share Bridge



## Q4 Earnings Per Share



## Year-Over-Year Bridge

<b>Q4 2010 adjusted EPS*</b>	<b>\$1.13</b>
<ul style="list-style-type: none"> <li>□ Segment Income</li> <li>□ Reduced special charges</li> <li>□ Net other items</li> </ul>	<ul style="list-style-type: none"> <li>\$0.45</li> <li>\$0.17</li> <li>\$0.10</li> </ul> <hr style="width: 100%;"/>
<b>Q4 2011 EPS mid-point guidance</b>	<b>\$1.85</b>

\* Adjusted EPS, see appendix for non-GAAP reconciliation

**Targeting Increased Revenue and Segment Income Across All Four Segments**

# 2011 Consolidated Financial Targets



Revenue	~\$5.5b	total growth: +11% to 12% organic growth: +7% to +8%
Segment Income Margin	10.8% to 11.0%	modest decline
Adjusted Earnings Per Share	\$4.35 to \$4.55	~23% increase vs. 2010
Free Cash Flow	\$220m to \$260m	~107% of net income

Note: see appendix for non-GAAP reconciliations

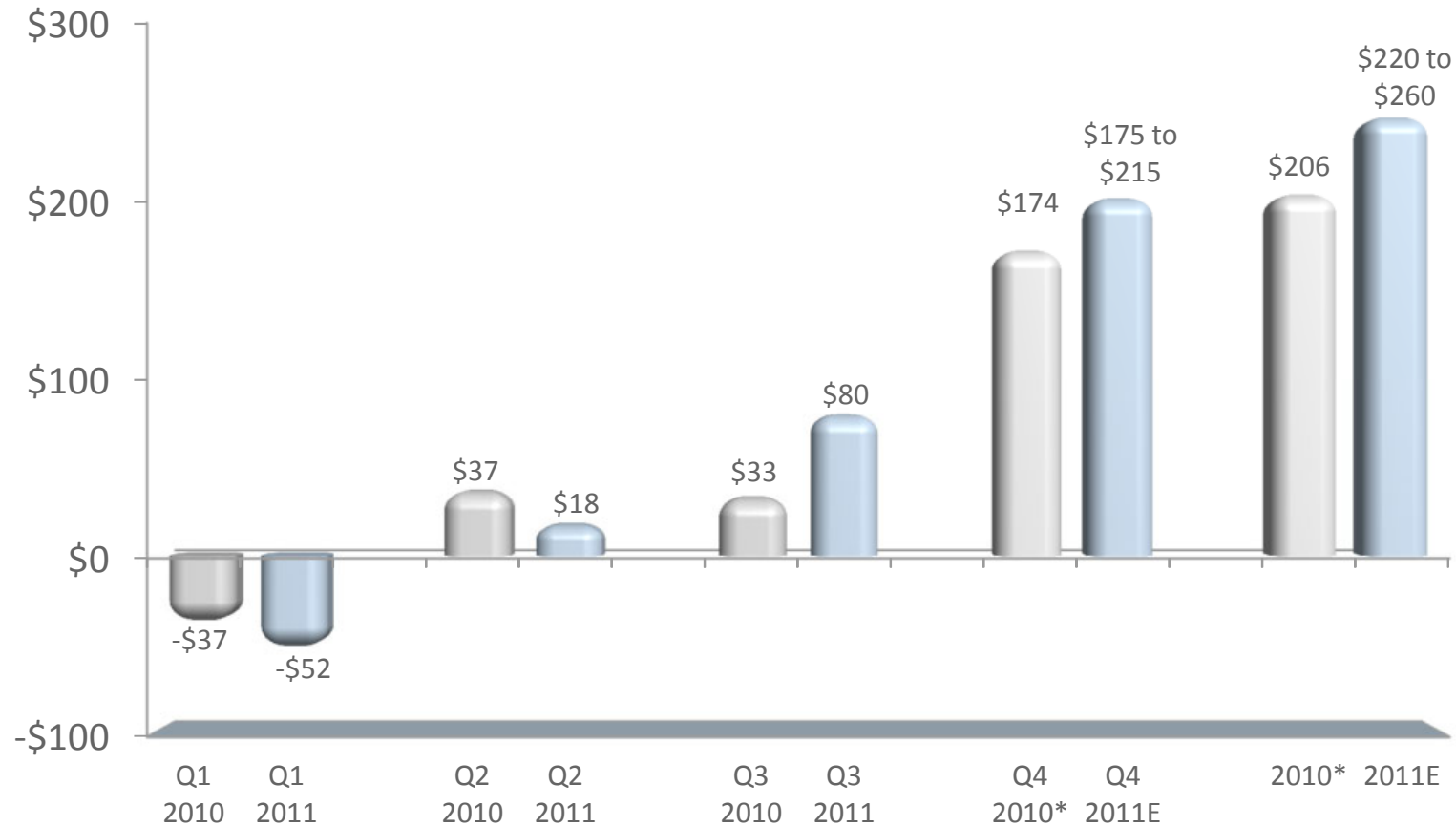
**Targeting High Single Digit Organic Revenue Growth,  
~23% EPS Growth and ~107% Conversion of Free Cash Flow**



# Free Cash Flow



(\$ millions)



\*Includes \$100m voluntary pension contribution  
 Note: See appendix for non-GAAP reconciliations

**2011 Free Cash Flow Generation Consistent With Historical Performance;  
 Targeting \$220m to \$260m of Free Cash Flow in 2011**

# Balance Sheet and Debt Ratios

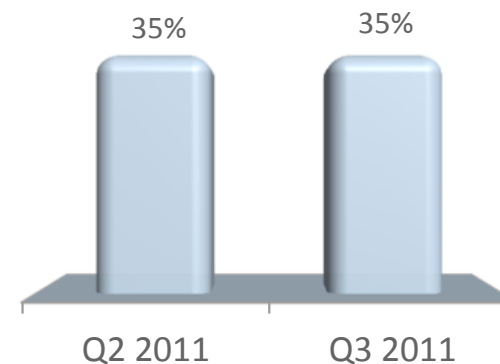


(\$ millions)

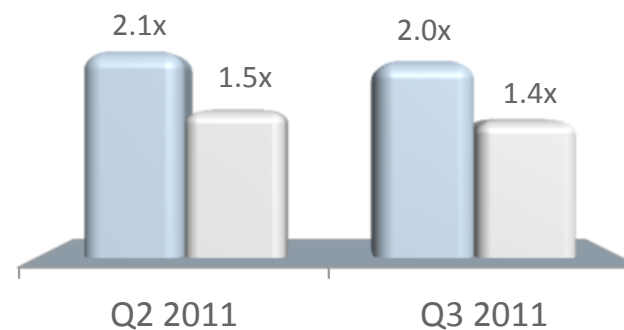
## Key Balance Sheet Accounts

	<u>7/2/2011</u>	<u>10/1/2011</u>
Cash	\$395	\$396
Total Assets	\$6,248	\$6,186
Total Debt	\$1,247	\$1,202
Total Equity	\$2,294	\$2,264

## Debt to Capital



## Debt to Bank EBITDA <sup>(1)</sup>



■ Gross Leverage    □ Net Leverage

<sup>(1)</sup> Net and Gross Debt to EBITDA as defined in the credit facility, see appendix for reconciliation

**No Significant Changes to Balance Sheet or Leverage in Q3**

- Executed amended purchase agreement
  
- Completed financing structure :
  - ❑ \$300m 18-month term loan
  - ❑ \$500m 5-year term loan
  - ❑ Average interest rate: <3%
  
- Received antitrust clearance from the U.S. and Norway:
  - ❑ Approvals from China and the French Ministry of Defense still required
  
- Integration plan in place:
  - ❑ Intend CLYDEUNION to operate as a distinct business unit within the Flow Technology segment for 2012

**Executed Amended Purchase Agreement and  
Completed Financing Structure for CLYDEUNION Acquisition**

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## Executive Summary

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

# Key Flow Technology Acquisitions



## Food & Beverage



## Power & Energy



*Note: CLYDEUNION acquisition targeted to close in Q4 2011*

## Industrial Markets

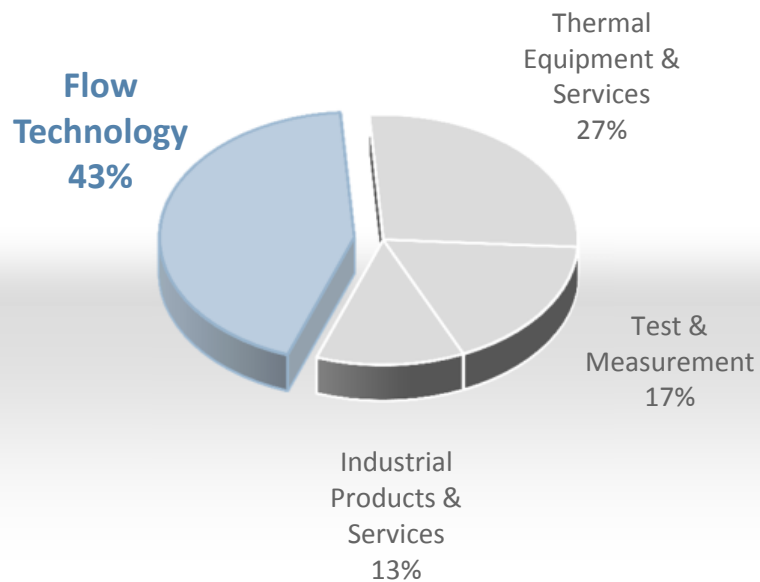


Since 2005, 85% of Acquisition Capital Has Been Focused on Strategically Expanding Flow Technology Segment

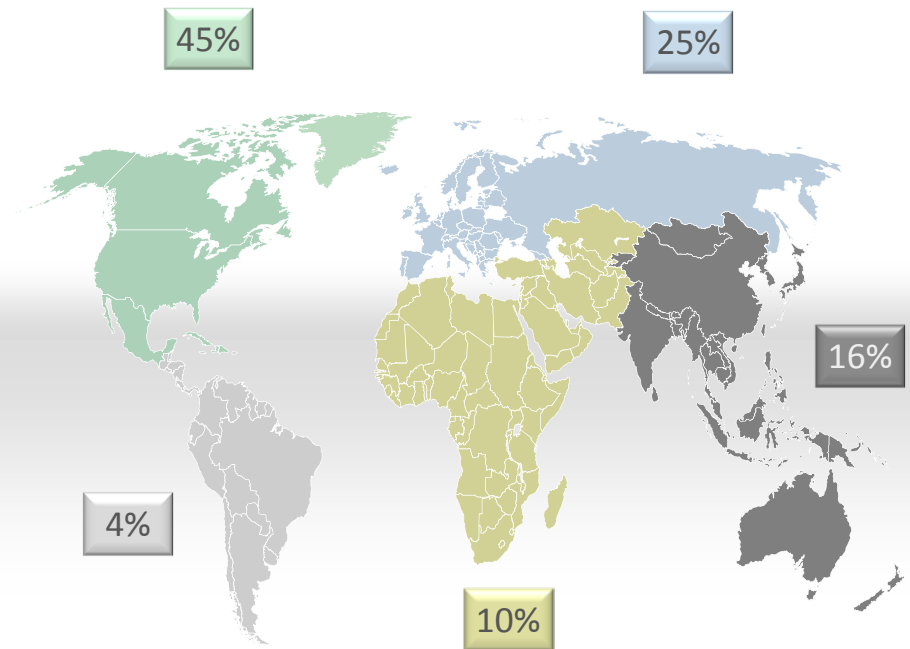
# Pro Forma SPX-CLYDEUNION Revenue Profile



**2011E Pro Forma  
Revenue by Segment**



**2010 Pro Forma  
Revenue % by Geography**



**The Acquisition of CLYDEUNION Will Increase Flow Technology to 43% of Total Revenue**

## Earnings Per Share\*



- Focused on fourth quarter operating execution
- Targeting 23% EPS growth in 2011E
- Investing in long-term strategy:
  - CLYDEUNION acquisition
  - Large Power Transformer expansion

\*As adjusted numbers reported at the time, see appendix for non-GAAP reconciliations

**Focused on Fourth Quarter Operating Execution and Completing Strategic Actions**

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Questions?

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS



## Appendix

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

# EPS Mid-Point Model



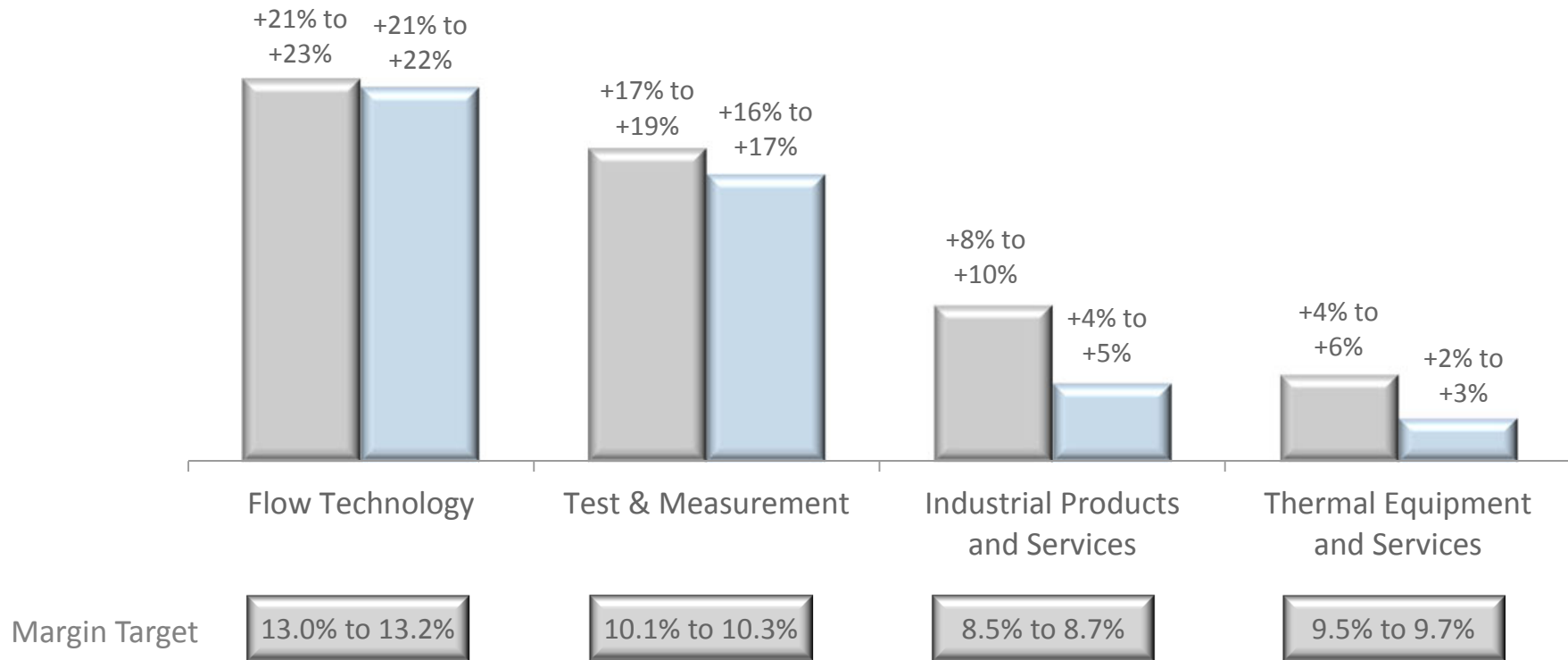
(\$ millions, except share data)	2010	2011E
Revenue	\$4,887	\$5,475
Segment income margin	11.5%	10.9%
Corporate expense	(96)	(102)
Pension / PRHC	(52)	(36)
Stock-based compensation	(31)	(42)
Impairment of goodwill and other intangibles	(2)	0
Special charges	(36)	(25)
<b>Operating Income</b>	<b>\$343</b>	<b>\$392</b>
<i>% of revenues</i>	7.0%	7.2%
Equity earnings in J/V	30	30
Other expense	(21)	(3)
Interest expense, net	(82)	(89)
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$270</b>	<b>\$329.2</b>
Income tax provision	(91)	(97)
<b>Income from Continuing Operations</b>	<b>\$180</b>	<b>\$232</b>
Less income attributable to noncontrolling interests, net of tax	\$3	(\$6)
<b>Net Income from continuing operations attributable to SPX</b>	<b>\$182</b>	<b>\$226</b>
Tax rate	34%	30%
Weighted average dilutive shares outstanding	50	51
<b>Adjusted EPS Mid-Point from continuing operations</b>	<b>\$3.62</b>	<b>\$4.45</b>
<b>Bank EBITDA</b>	<b>\$547</b>	<b>\$617</b>

\*See appendix for non-GAAP reconciliations

# Full Year Segment Targets



- Previous Revenue Growth Targets
- Current Revenue Growth Targets



**Updated Targets Reflect Impact From Changes Due to Organic Expectations and Currency Rates**

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## Non-GAAP Reconciliations

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

# Q3 2011 Organic Revenue Growth Reconciliation



Quarter Ended October 1, 2011

	Net Revenue Change	Acquisitions/ Divestitures	Currency	Organic
Flow Technology	20.4%	0.5%	3.6%	16.3%
Thermal Equipment & Services	-1.1%	0.0%	2.5%	-3.6%
Test & Measurement	12.3%	5.0%	2.5%	4.8%
Industrial Products & Services	-7.5%	0.0%	0.3%	-7.8%
Consolidated SPX	7.7%	1.1%	2.5%	4.1%

# 2010 Free Cash Flow Reconciliation



(\$ millions)

	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Q3 2010</u>	<u>Q4 2010</u>	<u>Full Year 2010</u>
Net cash from continuing operations	\$ (25)	\$ 49	\$ 20	\$ 214	\$ 257
Capital expenditures	(12)	(12)	(12)	(40)	(76)
Payments on early termination of swap agreements	-	-	25	-	25
Adjusted free cash flow from continuing operations	<u>\$ (37)</u>	<u>\$ 37</u>	<u>\$ 33</u>	<u>\$ 174</u>	<u>\$ 206</u>

Note: Q3 and Full Year 2010 adjusted Free Cash Flow excludes \$24.3m of one-time cash payments associated with the early termination of interest rate swap agreements and \$0.2m related to an early termination fee

# 2011 Free Cash Flow Reconciliation



(\$ millions)

	<u>Q1 2011</u>	<u>Q2 2011</u>	<u>Q3 2011</u>	<u>Q4 2011E</u>	<u>Full Year 2011E</u>
Net cash from continuing operations	\$ (35)	\$ 48	\$ 111	\$ 250	\$ 375
Capital expenditures	<u>(16)</u>	<u>(31)</u>	<u>(31)</u>	<u>(57)</u>	<u>(135)</u>
Adjusted free cash flow from continuing operations	<u>\$ (51)</u>	<u>\$ 18</u>	<u>\$ 80</u>	<u>\$ 193</u>	<u>\$ 240</u>

Note: Q4 2011E and Full Year 2011E based on mid-point estimates

## 2011 Free Cash Flow Guidance Range



(\$ millions)

	<u>Q4 2011E</u>		<u>Full Year 2011E</u>	
Net cash from continuing operations	\$ 225	\$ 275	\$ 350	\$ 400
Capital expenditures	<u>(50)</u>	<u>(60)</u>	<u>(130)</u>	<u>(140)</u>
Adjusted free cash flow from continuing operations	<u>\$ 175</u>	<u>\$ 215</u>	<u>\$ 220</u>	<u>\$ 260</u>



# Debt Reconciliations



(\$ millions)

	<u>7/2/2011</u>	<u>10/1/2011</u>
Short-term debt	\$ 135	\$ 86
Current maturities of long-term debt	1	1
Long-term debt	<u>1,111</u>	<u>1,115</u>
<b>Gross Debt</b>	<b>\$ 1,247</b>	<b>\$ 1,202</b>
Less: Purchase card program and extended A/P programs	<u>\$ (43)</u>	<u>\$ (39)</u>
<b>Adjusted Gross Debt</b>	<b>\$ 1,204</b>	<b>\$ 1,163</b>
Less: Cash in excess of \$50	<u>\$ (345)</u>	<u>\$ (346)</u>
<b>Adjusted Net Debt</b>	<b><u><u>\$ 859</u></u></b>	<b><u><u>\$ 817</u></u></b>

Note: Debt as defined in the credit facility

# Bank EBITDA Reconciliations



(\$ millions)	<u>2010</u>	<u>LTM</u>	<u>2011E</u>
<b>Revenues</b>	<b>\$4,887</b>	<b>\$5,196</b>	<b>\$5,475</b>
<b>Net Income</b>	<b>\$194</b>	<b>\$162</b>	<b>\$226</b>
Income tax provision (benefit)	53	58	97
Interest expense	82	94	95
<b>Income before interest and taxes</b>	<b>\$329</b>	<b>\$314</b>	<b>\$418</b>
Depreciation and intangible amortization expense	113	116	121
<b>EBITDA from continuing operations</b>	<b>\$442</b>	<b>\$430</b>	<b>\$539</b>
<b>Adjustments:</b>			
Amortization and write-off of intangibles and organizational costs	0	26	0
Non-cash compensation expense	31	38	42
Extraordinary non-cash charges	14	11	0
Extraordinary non-recurring cash charges	62	52	25
Joint venture EBITDA adjustments	0	12	11
Pro Forma effect of acquisitions and divestitures	(5)	6	0
Other	3	0	0
<b>Bank LTM EBITDA from continuing operations</b>	<b>\$547</b>	<b>\$576</b>	<b>\$617</b>

Note: EBITDA as defined in the credit facility

## Q3 and Q4 2010 Adjusted EPS



	<u>Q3 2010</u>	<u>Q4 2010</u>
GAAP EPS from continuing operations	\$0.78	\$1.30
tax benefits		(0.17)
refinancing charges	<u>\$0.33</u>	<u>          </u>
Adjusted EPS from continuing operations	<u><u>\$1.11</u></u>	<u><u>\$1.13</u></u>

# Full Year Adjusted EPS



	2006	2007	2008	2009	2010	2011E Mid-Point
GAAP EPS from continuing operations	\$ 3.74	\$ 5.33	\$ 4.68	\$ 0.95	\$ 3.86	\$ 4.14
refinancing charges	-	-	-	-	0.33	-
asset impairments	-	0.05	2.21	3.40	-	0.29
tax benefits	(0.85)	(0.59)	(0.47)	(0.43)	(0.57)	(0.41)
legal matters	0.27	0.06	0.11	-	-	-
CLYDEUNION acquisition related charges	-	-	-	-	-	0.43
other	(0.08)	-	-	-	-	-
Adjusted EPS from continuing operations	\$ 3.07	\$ 4.85	\$ 6.53	\$ 3.92	\$ 3.62	\$ 4.45