



## 2011 First Quarter Results

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

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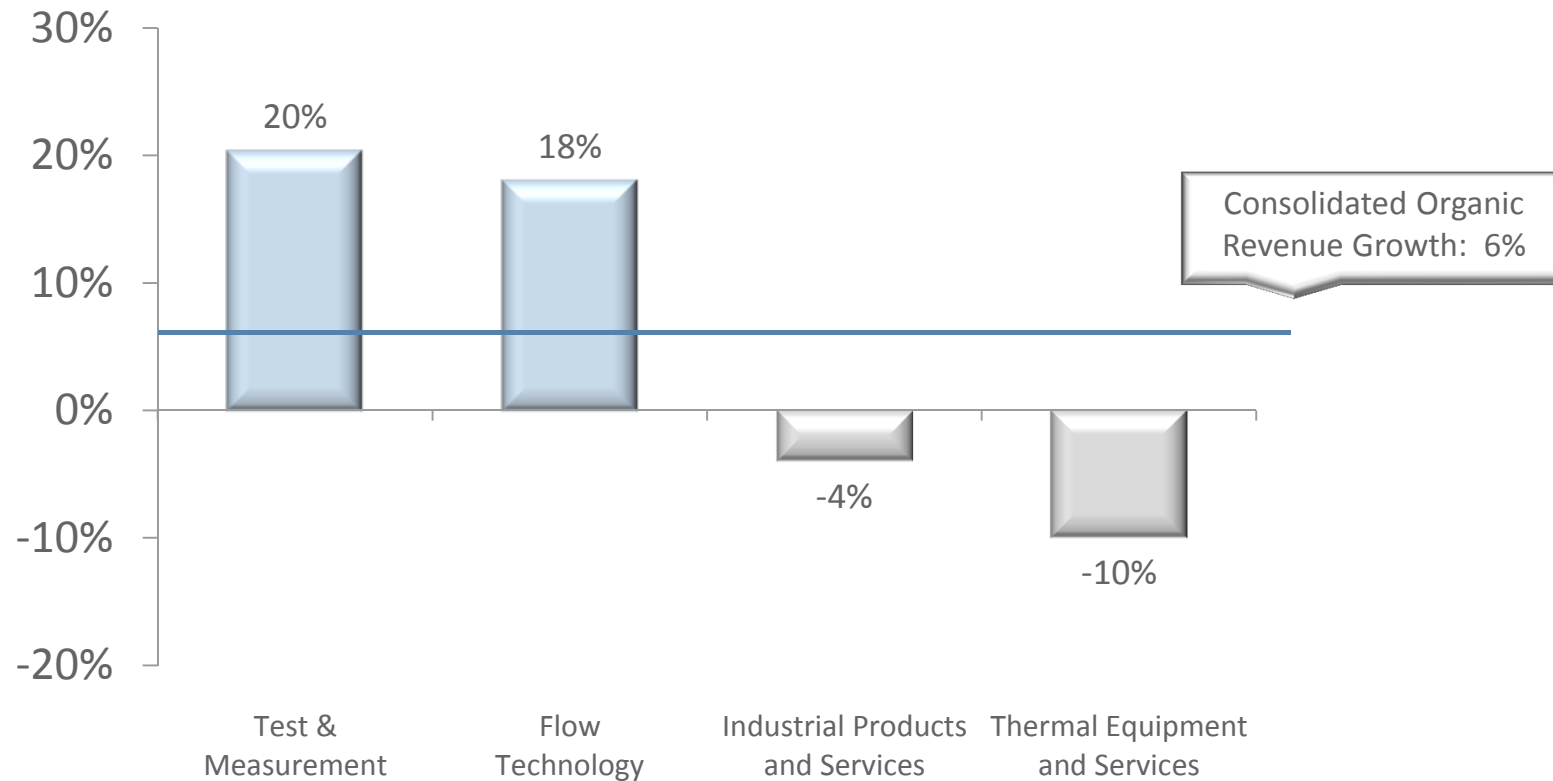
# Introductory Comments

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

- Q1 results were in-line with expectations:
  - 11% revenue growth
  - 31% EPS growth
  
- Total backlog increased 4% sequentially:
  - Order trends in Flow Technology segment were particularly strong
  - Positive order trends continued for transformers
  
- Completed two strategic acquisitions:
  - Teradyne's Diagnostic Solutions business (vehicle service)
  - B.W. Murdoch (food & beverage)
  
- Key investments on track
  
- Raised full year EPS guidance \$0.05

**Q1 Results In-Line with Company Expectations;  
Continue to Focus on Strategic Investments to Enhance Future Growth**

### Q1 2011 Organic Revenue Change by Segment



Note: See appendix for non-GAAP reconciliations

**Organic Revenue Growth Driven by Early, Short Cycle Businesses;  
Revenue in Late Cycle, Power & Energy Related Businesses Declined**

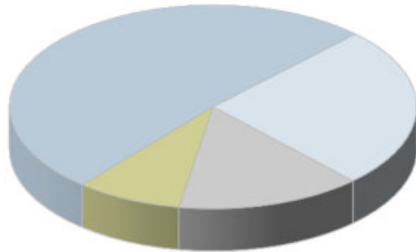
# Q1 Revenue by Region



## Q1 Year-Over-Year Change

### Q1 2011 Revenue by Geography

Americas  
51%



Europe  
26%

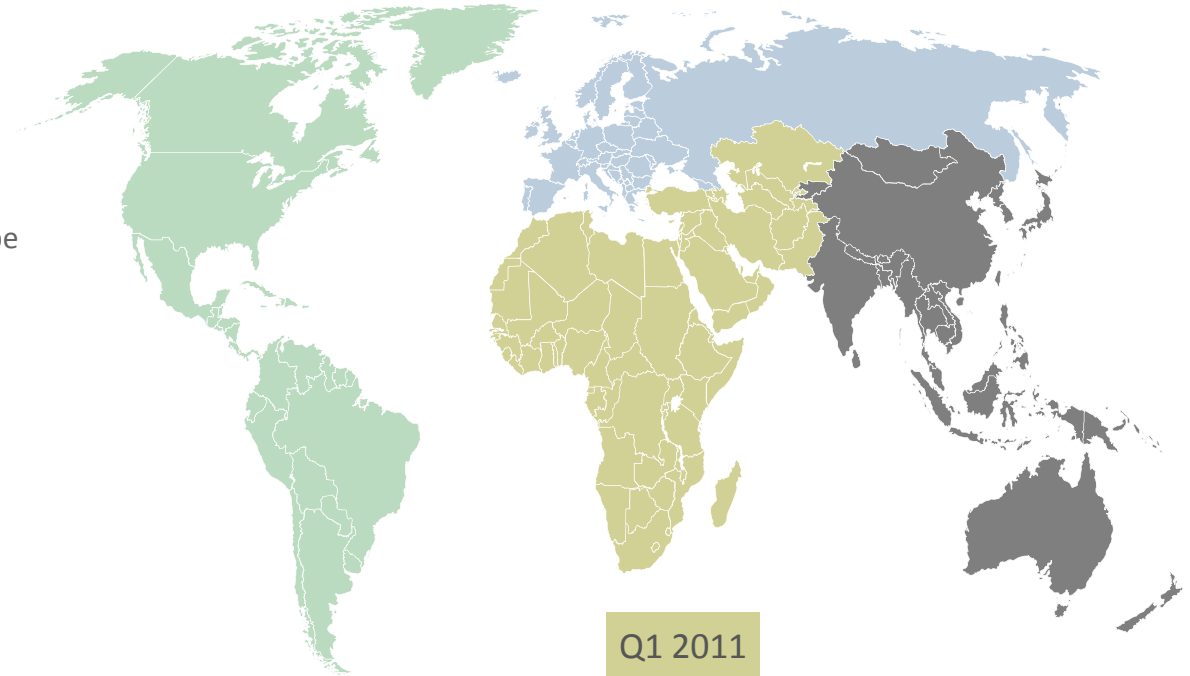
Middle East  
& Africa  
9%

Asia Pacific  
14%

Q1 2011  
+9%

Q1 2011  
+12%

Q1 2011  
-2%



Q1 2011  
+38%

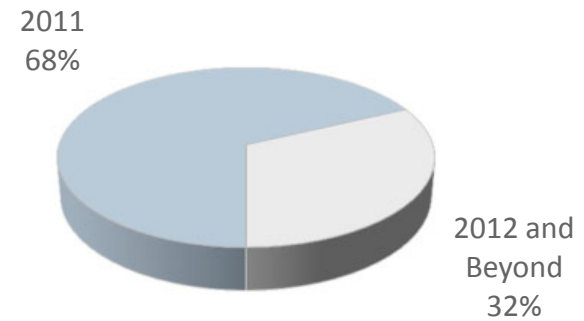
**Q1 Revenue Into Emerging Markets Increased 17% Year-Over-Year**

## Quarter End Backlog

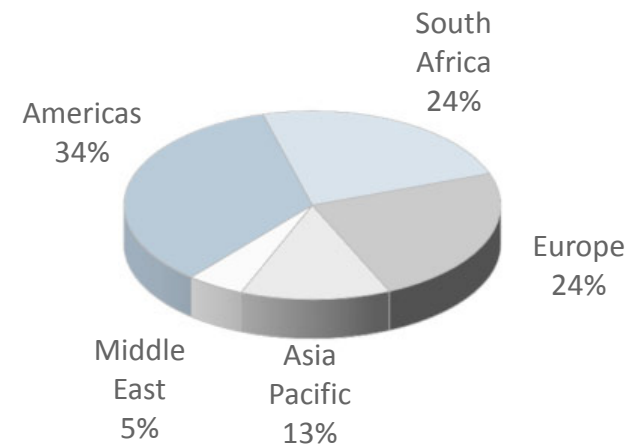
(\$ billions)



## Aging of Q1 2011 Ending Backlog



## Q1 2011 Ending Backlog by Geography



**4% Sequential Increase in the Backlog Driven by Flow and Industrial Segments**

- Exposure in Japan:
  - ~1% of annual revenue is generated from sales into Japan
  - Modest level of sourcing from Japan, primarily electronics
  - No manufacturing facilities
  
- Exposure to nuclear power:
  - <3% of total annual revenue is from sales of nuclear power generation equipment
  - ~\$185m of nuclear orders (for 2011-2012) in Q1 ending backlog
  - Customer reaction to current and future nuclear projects has been mixed:
    - Awarded >\$20m nuclear order in Switzerland following the events in Japan
    - Some current projects are delayed and we expect delays on some future nuclear orders
  
- Well positioned to participate in alternate power sources, including Natural Gas, Coal and Solar Thermal

**Updated 2011 Financial Targets Reflect the Impact of the Events In Japan**



# 2011 Guidance Update



2011 EPS Guidance Range



Note: See appendix for non-GAAP reconciliations

**Raised EPS Guidance Range to \$4.25 to \$4.55;  
Free Cash Flow Guidance Range Remained at \$220m to \$260m**

# Balance Sheet and Debt Ratios

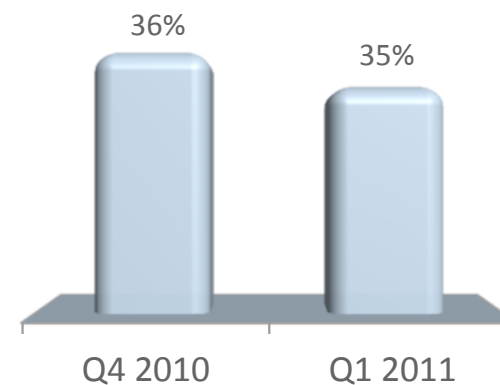


(\$ millions)

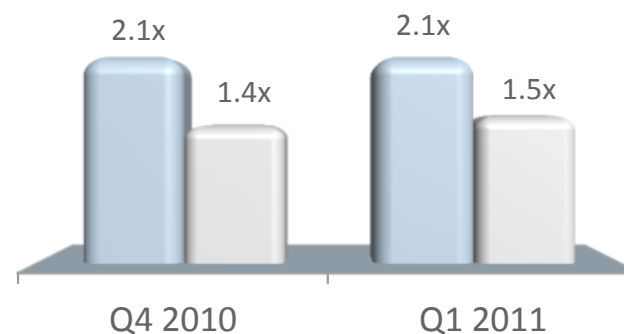
## Key Balance Sheet Accounts

	<u>12/31/10</u>	<u>4/2/11</u>
Cash	\$455	\$372
Total Assets	\$5,993	\$6,104
Total Debt	\$1,198	\$1,222
Total Equity	\$2,104	\$2,223

## 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

**Financial Position Remained Stable in Q1**



# Q1 Financial Analysis

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

## Significant Year-Over-Year Drivers

### Q1 Earnings Per Share



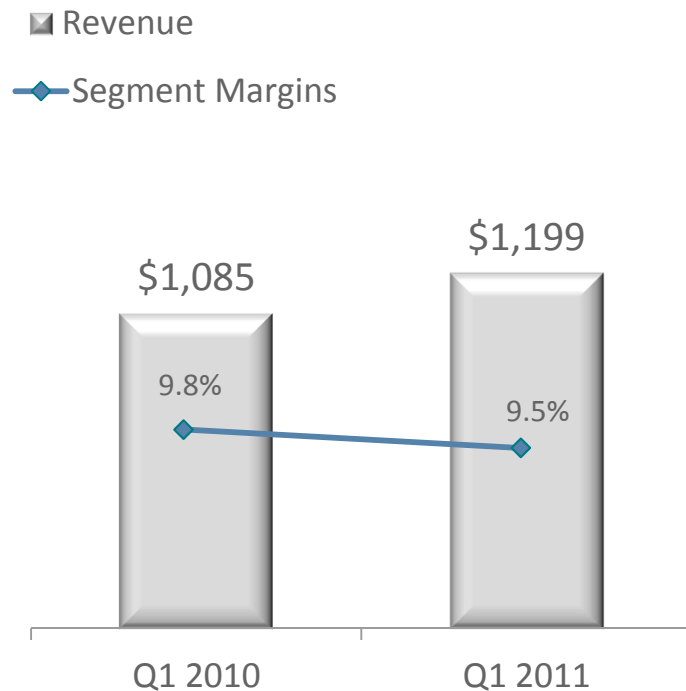
- Increases:
  - Flow segment income
  - Test & Measurement segment income
  - Insurance recovery (Industrial segment)
  - Currency benefits
  
- Decreases:
  - Thermal & Industrial segment income:
    - Related primarily to power businesses
  - Stock compensation expense

**31% Year-Over-Year Increase in Earnings Per Share**

# Consolidated Q1 Financial Analysis



(\$ millions)



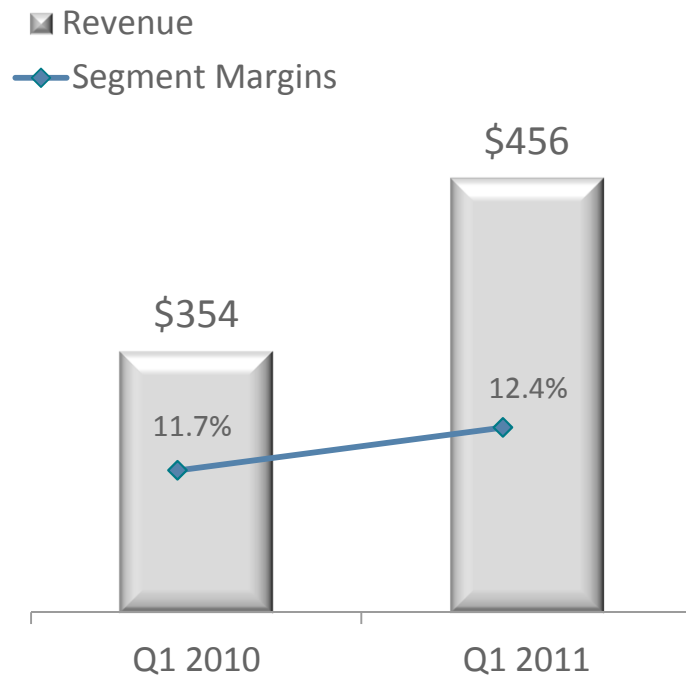
- 11% revenue growth:
  - 6% organic growth
  - 3% acquisition growth
  - 2% currency benefit
- 8% increase in segment income
- 30 points of margin contraction:
  - Due to declines in higher margin power transformer and dry cooling system businesses

**Q1 Revenue Increased 11% Year-Over-Year;  
Margin Decline Due to Power Related Businesses**

# Flow Technology Q1 Analysis



(\$ millions)



- 29% revenue growth:
  - 18% organic growth
  - 8% increase from acquisitions
  - 3% currency benefit
- 37% increase in segment income
- 70 points of margin expansion:
  - Leverage on organic revenue growth
  - 30 points of dilution from acquisitions

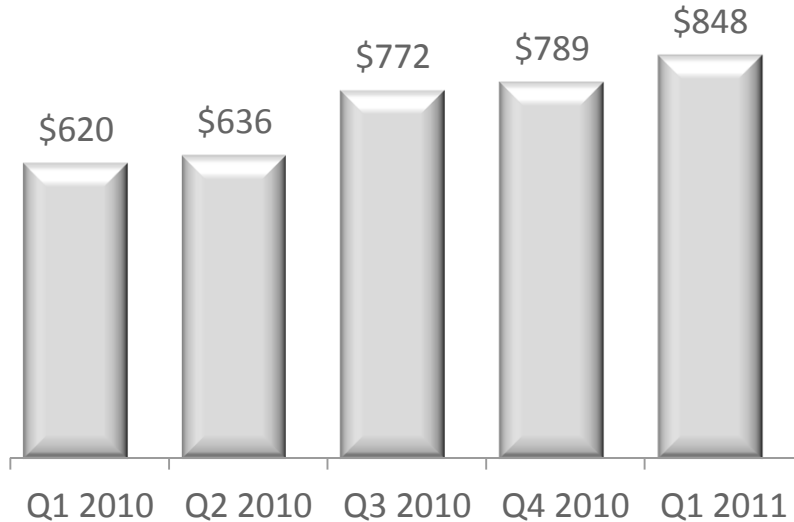
**29% Revenue Growth and 37% Increase in Segment Income;  
Margins Expanded 70 Points Despite the Dilutive Impact of the 2010 Acquisitions**

# Flow Technology Backlog Analysis



(\$ millions)

## Quarter End Backlog



## Q1 2011 Backlog Commentary

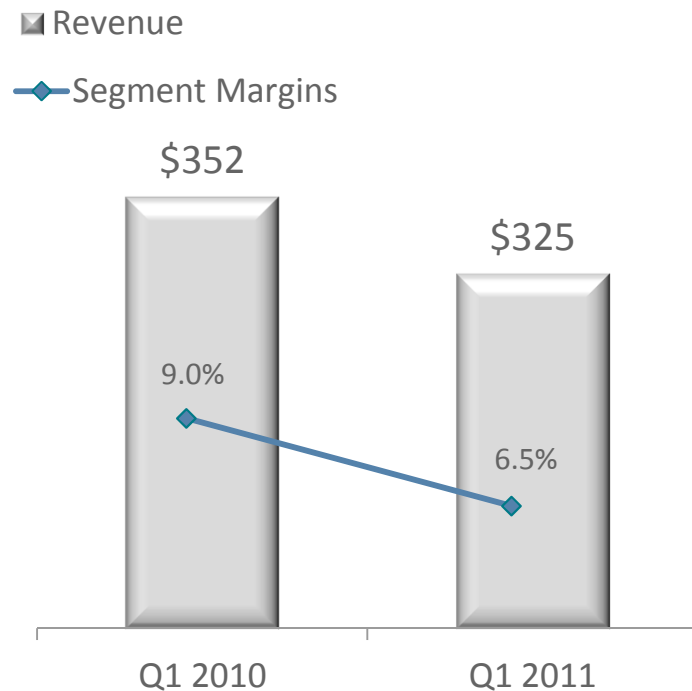
- 7% sequential increase:
  - Strong demand for food & beverage components
  - Strong replacement demand in oil and natural gas markets
  - Steady increase in industrial markets driven by aftermarket and replacement spending
  - 3% benefit from currency

**Improved Visibility to the Second Half of 2011**

# Thermal Equipment & Services Q1 Analysis



(\$ millions)



- 8% revenue decline:
  - 10% organic decline
  - 2% currency benefit
- 33% decrease in segment income
- 250 points of margin contraction:
  - Decline in higher margin dry cooling projects

**Revenue Growth in Africa and The Americas Offset by Declines in China and Europe;  
Margin Contraction Was Due Primarily to Decline in Dry Cooling Projects**

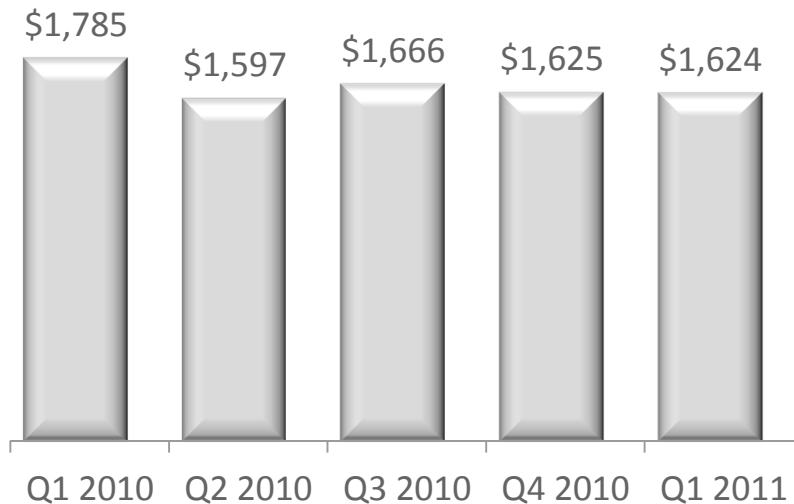


# Thermal Equipment & Services Backlog Analysis



(\$ millions)

## Quarter End Backlog



## Q1 2011 Backlog Commentary

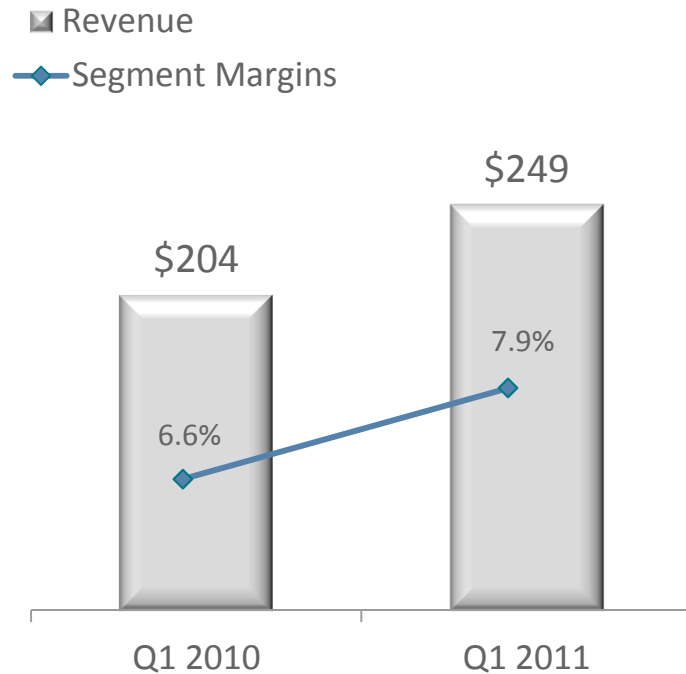
- Backlog flat sequentially:
  - Steady demand for smaller scale power projects related to evaporative cooling systems and heat exchangers
  - 1% benefit from currency
- Year-over-year increase in Q1 orders

**The Backlog has Been Relatively Stable Over the Past 4 Quarters**

# Test & Measurement Q1 Analysis



(\$ millions)



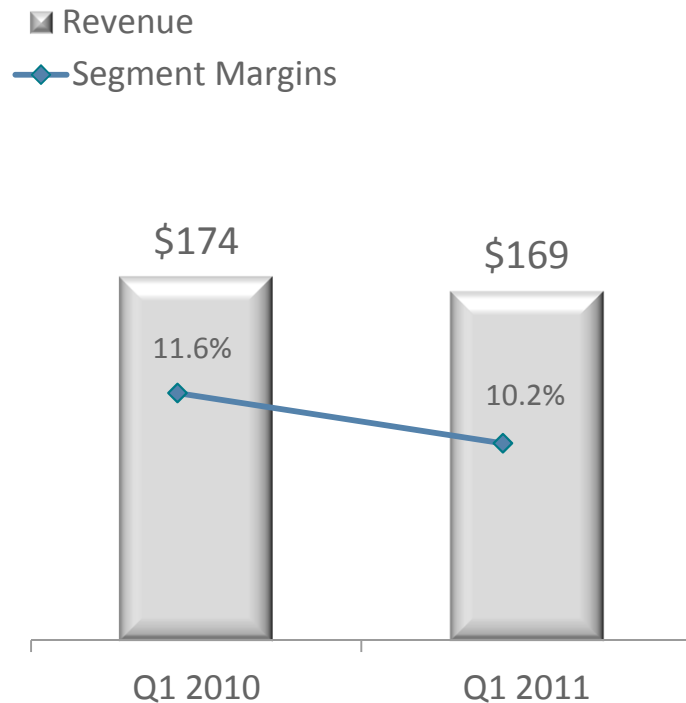
- 22% revenue growth:
  - 20% organic growth
  - 2% currency benefit
- 46% increase in segment income
- 130 points of margin expansion:
  - Leverage on organic growth

**20% Organic Revenue Growth;  
Margins Increased 130 Points Year-Over-Year**

# Industrial Products & Services Q1 Analysis



(\$ millions)

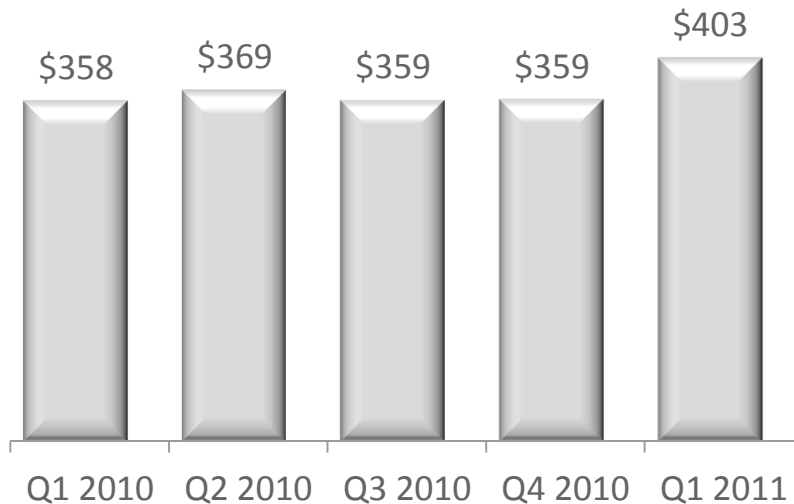


- 3% revenue decline:
  - 4% organic revenue decline
  - 1% acquisition growth
- 14% decrease in segment income:
- 140 points of margin contraction:
  - Lower pricing on power transformer shipments
  - Partially offset by a \$6m insurance recovery

**Revenue Decrease and Margin Decline Due Primarily to Lower Pricing on Power Transformer Shipments**

(\$ millions)

## Quarter End Backlog



## Q1 2011 Backlog Commentary

- Segment backlog increased 12% sequentially:
  - Positive order trends across all businesses
  - 15% increase in transformer backlog driven by volume:
    - Lead times have extended to 8 to 12 months
    - Pricing remained stable

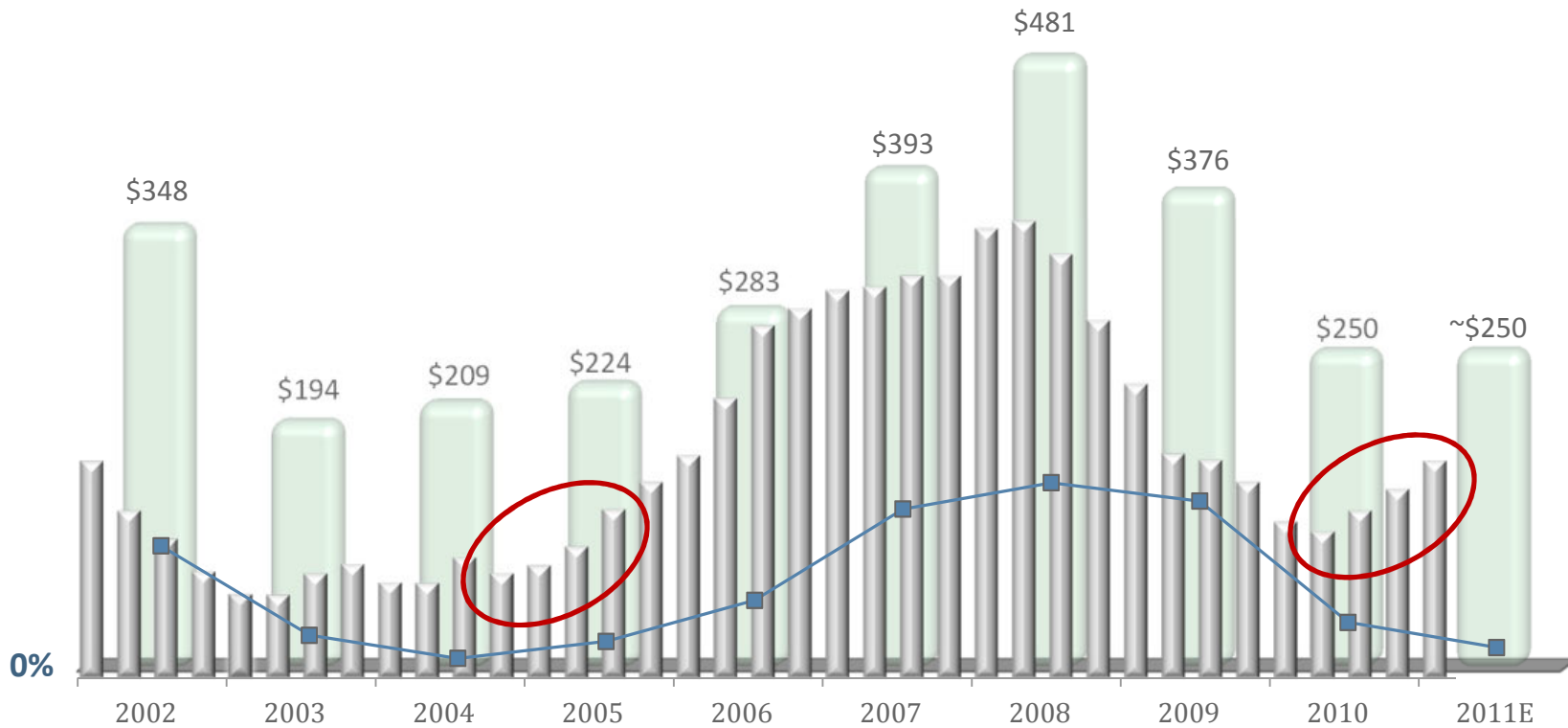
**Q1 2011 Industrial Segment Backlog Increased 12% Sequentially and 13% Year-Over-Year; Positive Trends in Power Transformer Market Continued to Develop**

# Historical Transformer Data



(\$ millions)

- Quarterly Backlog Value
- Full Year Revenue
- Full Year Operating Margin %

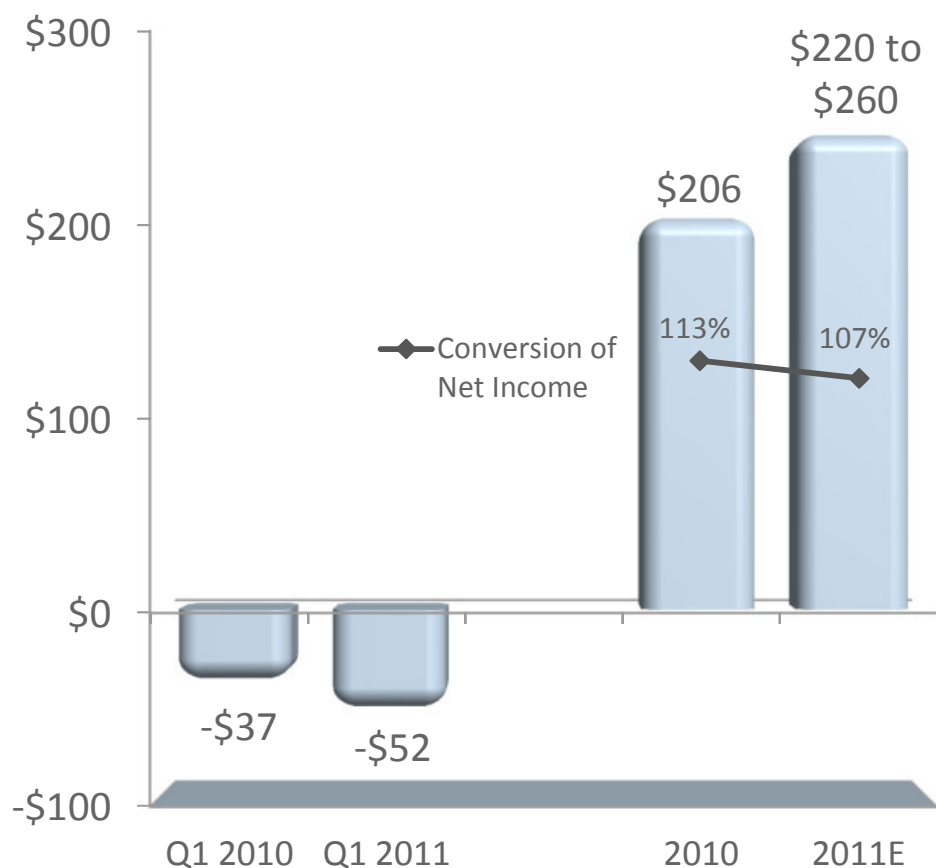


**Cyclical Recovery Underway;  
Volume and Price Have Been Highly Correlated**

# Free Cash Flow



(\$ millions)



- Q1 2011 Free Cash Flow:
  - Consistent with historical seasonality
  - Increased capital investment vs. Q1 2010
- 2011E Free Cash Flow:
  - Elevated capital spending at \$150m
  - ~\$30m of restructuring spend

Note: See appendix for non-GAAP reconciliations

**Q1 Free Cash Flow Consistent With Historical Seasonality;  
Targeting \$220m to \$260m of Free Cash Flow in 2011**



## 2011 Guidance

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

## Q2 2011 Targets



(\$ millions, except per share data)

	<u>Q2 2010</u>	<u>Q2 2011E</u>
Revenue	\$1,189	total growth: +10% to 15%
Segment Income	\$136	\$133 to \$138
Segment Income Margin	11.4%	9.8% to 10.3%
Earnings Per Share	\$1.00*	\$0.80 to \$0.90

\*Adjusted EPS excludes \$0.41 of tax benefits; see appendix for non-GAAP reconciliation

**Targeting 10% to 15% Year-Over-Year Revenue Growth in Q2;  
Q2 EPS Guidance Mid-Point is \$0.85**



## Q2 2011 EPS Guidance Bridge



Q2 2010 Adjusted EPS **\$1.00**

*EPS increases:*

□ Segment Income (excluding Thermal) **\$0.22**

*EPS decreases:*

□ Thermal Segment Income **(\$0.22)**

- Reduced power project volume
- Fewer retrofit projects

□ Interest expense **(\$0.07)**

- Potential Q2 refinancing: (\$0.03)

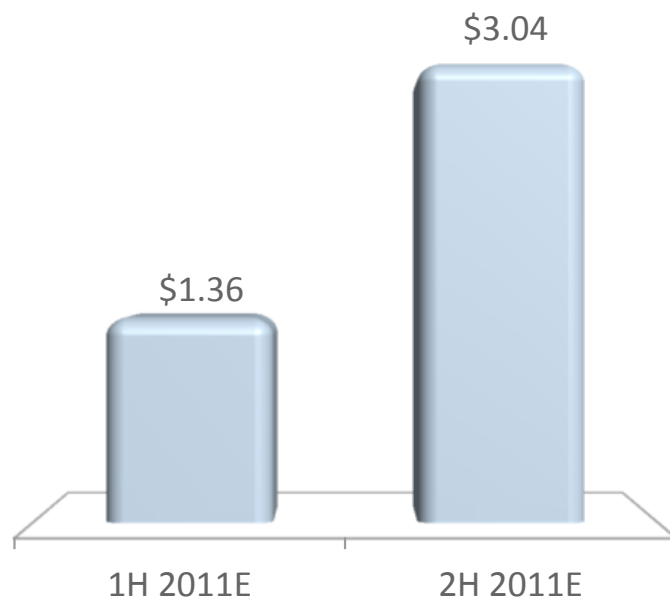
□ Restructuring expense **(\$0.06)**

□ Net other items **(\$0.02)**

Current Q2 2011E EPS Mid-Point **\$0.85**

**Q2 2011 EPS Expected to Decline Primarily Due to Lower Power Generation Revenue**

## Earnings Per Share Mid-Point Estimates



## Second Half 2011 Drivers vs. First Half

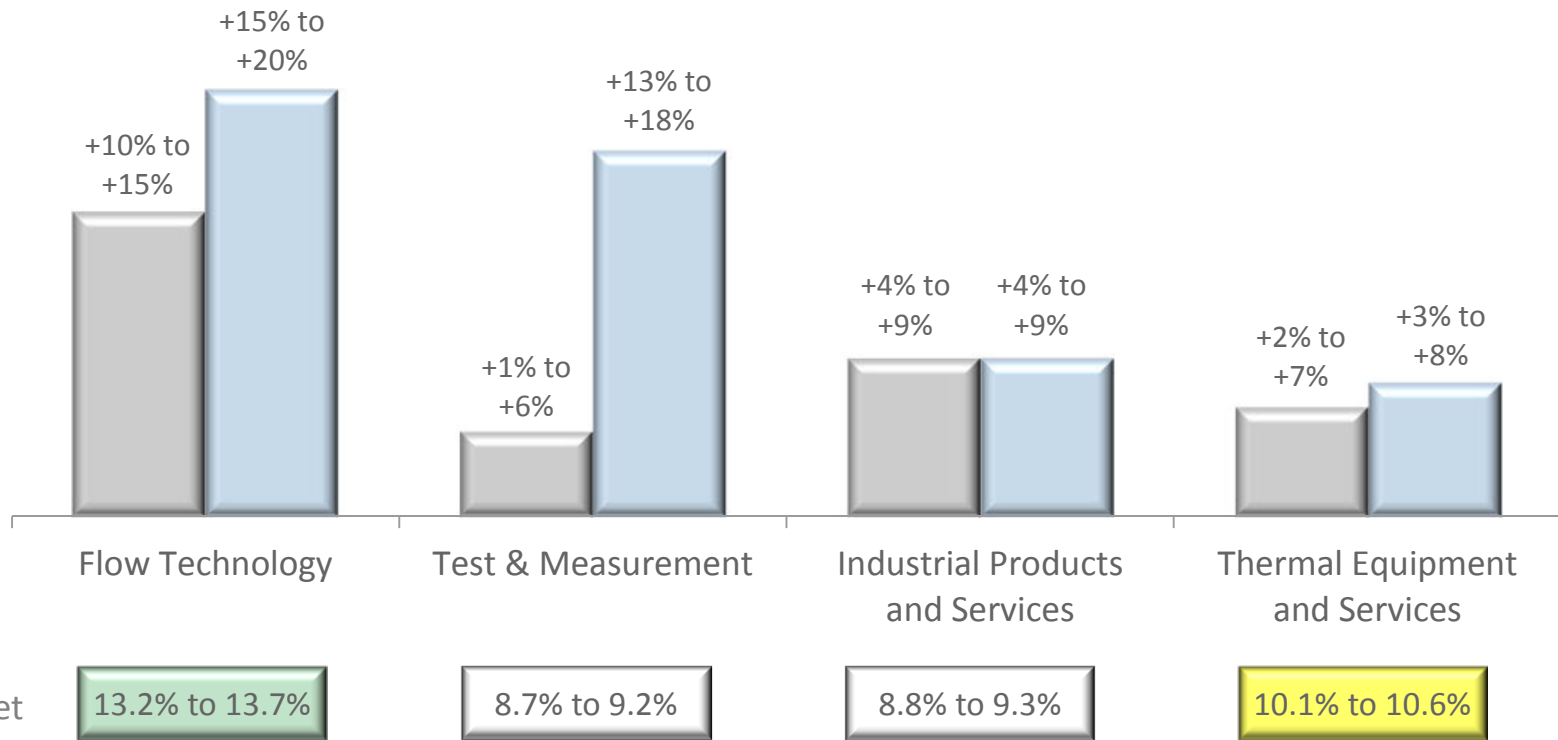
- Thermal segment:
  - ~35% revenue increase with significant margin improvement
- Flow segment:
  - ~10% revenue increase with margin improvement
- ~\$0.16 cents benefit from lower stock compensation expense

**Expect Thermal and Flow Segments to be the Primary EPS Drivers in 2H of 2011**

# Full Year Segment Targets



- Previous Revenue Growth Targets
- Current Revenue Growth Targets



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

# 2011 Consolidated Financial Targets



Revenue	\$5.4b to \$5.6b	total growth: +10% to 15% organic growth: +5% to 9%
Segment Income Margin	10.8% to 11.3%	modest decline
Earnings Per Share	\$4.25 to \$4.55 EPS mid-point: \$4.40	~22% increase vs. 2010
Free Cash Flow	\$220m to \$260m	~107% of net income
Capital Spending	~\$150m	transformer plant expansion & China manufacturing campus

Note: see appendix for non-GAAP reconciliations

**Targeting Mid to High Single Digit Organic Revenue Growth,  
~22% EPS Growth and ~107% Conversion of Free Cash Flow**

## 2011 EPS Guidance Bridge



**Previous 2011 EPS Mid-Point** **\$4.35**

***EPS increases:***

- |                               |        |
|-------------------------------|--------|
| □ Organic growth expectations | \$0.17 |
| □ Currency changes            | \$0.17 |
| □ 2011 completed acquisitions | \$0.04 |

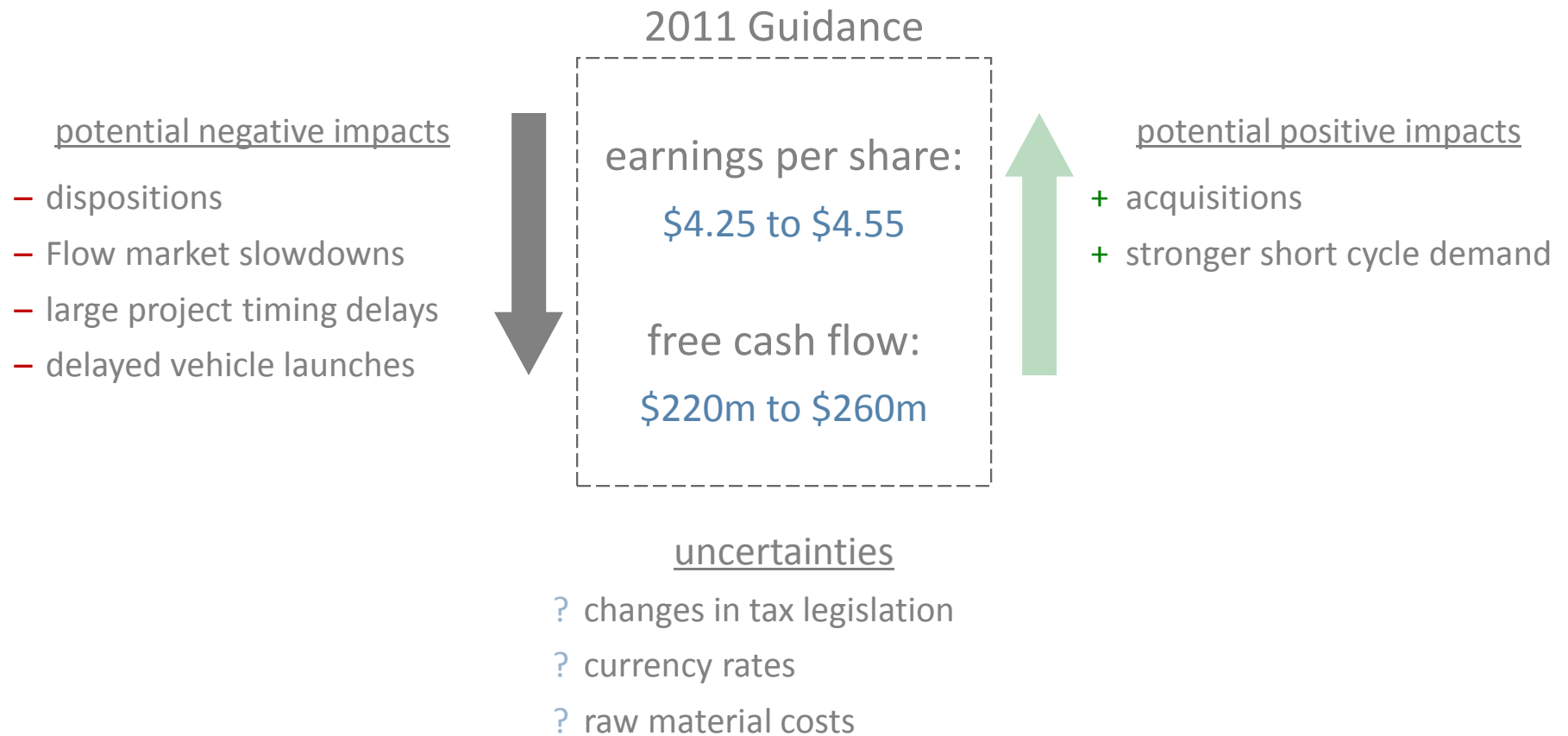
***EPS decreases:***

- |                              |          |
|------------------------------|----------|
| □ Japan/nuclear impact       | (\$0.13) |
| □ Stock compensation expense | (\$0.10) |
| □ Net other items            | (\$0.10) |

**Current 2011E EPS Mid-Point** **\$4.40**

**Raised EPS Guidance Range to \$4.25 to \$4.55**

# 2011 Guidance Upsides & Downsides



**Certain Events Could Influence Earnings Per Share;  
\$1m of Net Income Equals ~\$0.02 of Earnings Per Share**



## Executive Summary

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

## Earnings Per Share\*



- Q1 results generally in-line with expectations
- Q1 ending backlog increased 4% sequentially
- Expect stronger 2<sup>nd</sup> half to drive full year 2011 organic revenue and earnings growth
- Investing in:
  - Innovation
  - Large power transformer capacity
  - China manufacturing campus
- Positive medium to long-term growth expectations across most markets

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

**At the Early Point of Cyclical Recovery;  
Continue to Invest in Long-Term Strategy**





## Questions

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS



## Appendix

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

# EPS Mid-Point Model



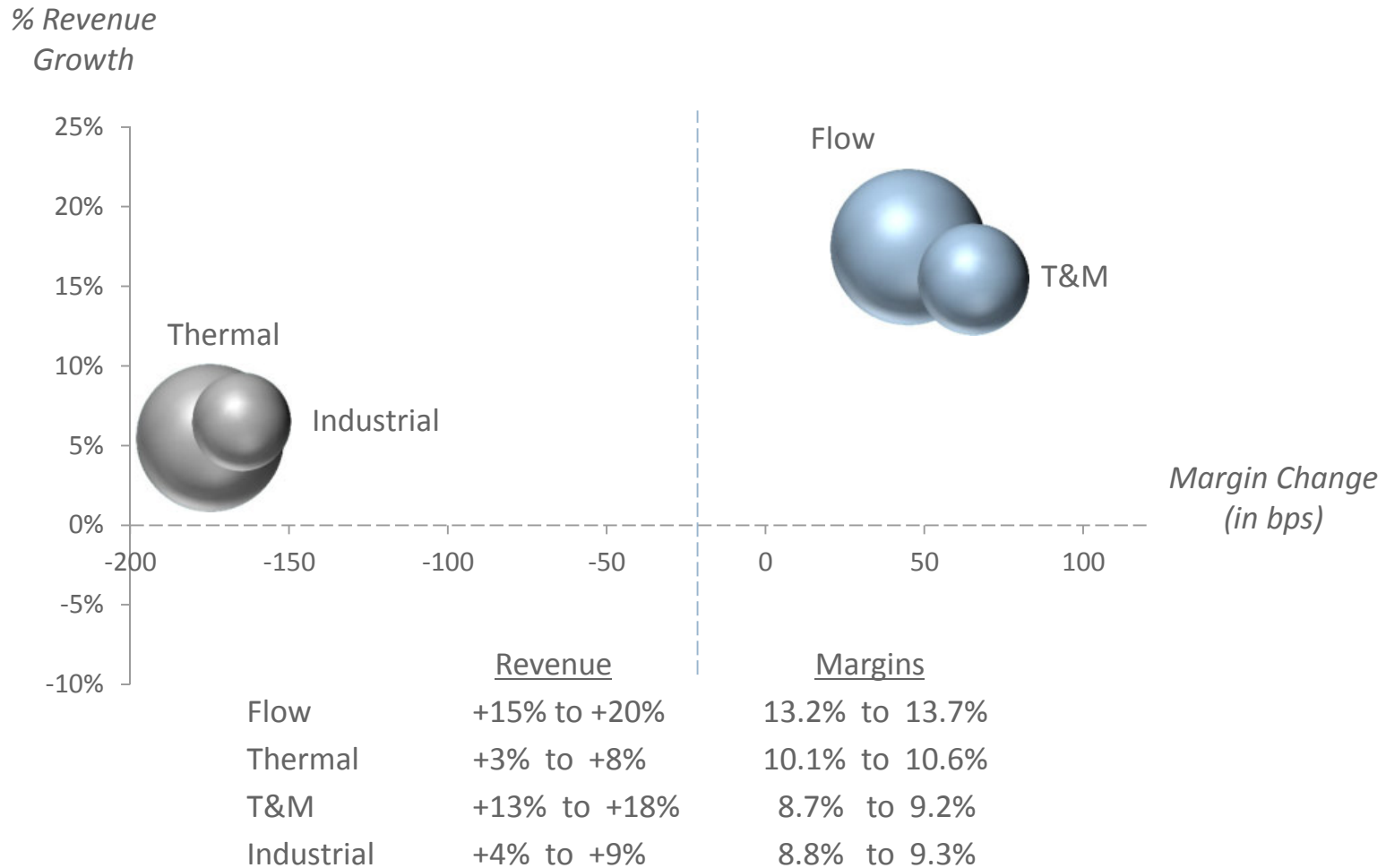
(\$ millions, except share data)

	<b>2010</b>	<b>2011E</b>
Revenue	\$4,887	\$5,480
Segment income margin	11.5%	11.1%
Corporate expense	(96)	(104)
Pension / PRHC	(52)	(37)
Stock-based compensation	(31)	(43)
Impairment of goodwill and other intangibles	(2)	0
Special charges	(36)	(25)
<b>Operating Income</b>	<b>\$343</b>	<b>\$398</b>
<i>% of revenues</i>	7.0%	7.3%
Equity earnings in J/V	30	33
Other expense	(21)	2
Interest expense, net	(82)	(92)
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$270</b>	<b>\$341</b>
Income tax provision	(91)	(107)
<b>Income from Continuing Operations</b>	<b>\$180</b>	<b>\$233</b>
Less income attributable to noncontrolling interests, net of tax	\$3	(\$8)
<b>Net Income from continuing operations attributable to SPX</b>	<b>\$182</b>	<b>\$225</b>
Tax rate	34%	32%
Weighted average dilutive shares outstanding	50	51
<b>EPS Mid-Point from continuing operations</b>	<b>\$3.62 *</b>	<b>\$4.40</b>
<b>Bank EBITDA</b>	<b>\$547</b>	<b>\$625</b>

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

**2011 EPS Guidance Mid-Point of \$4.40**

# 2011E Segment Revenue and Margin Targets



**Consolidated Revenue Growth Target: +10% to +15% Over 2010;  
Segment Income Margin Target: 10.8% to 11.3%**

## Q1 2011 Backlog by Segment



	4/2/2011 Backlog	Variance to Q4 2010	Variance to Q1 2010
Flow Technology	\$848	7.4%	36.8%
Thermal Equipment & Services	\$1,624	-0.1%	-9.0%
Test & Measurement	\$153	3.7%	-0.3%
Industrial Products & Services	\$403	12.1%	12.6%
Consolidated SPX	\$3,028	3.6%	3.8%



## Non-GAAP Reconciliations

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

# Q1 2011 Organic Revenue Growth Reconciliation



Quarter Ended April 2, 2011

	Net Revenue Change	Acquisitions/ Divestitures	Currency	Organic
Flow Technology	28.8%	7.5%	3.2%	18.1%
Thermal Equipment & Services	-7.7%	0.0%	2.2%	-9.9%
Test & Measurement	21.8%	0.0%	1.6%	20.2%
Industrial Products & Services	-2.8%	0.8%	0.3%	-3.9%
Consolidated SPX	10.5%	2.6%	2.1%	5.8%

## Q1 Free Cash Flow Reconciliation



(\$ millions)

	<u>Q1 2010</u>	<u>Q1 2011</u>
Net cash from continuing operations	\$ (35)	\$ (25)
Capital expenditures	<u>\$ (16)</u>	<u>\$ (12)</u>
Free cash flow from continuing operations	<u><u>\$ (52)</u></u>	<u><u>\$ (37)</u></u>



# Full Year Free Cash Flow Reconciliation



(\$ millions)	<u>2010</u>	<u>2011E Guidance Range</u>	
<b>Net cash from continuing operations</b>	<b>\$ 257</b>	<b>\$ 370</b>	<b>to \$ 410</b>
Capital expenditures	<u>\$ (76)</u>	<u>\$ (150)</u>	<u>\$ (150)</u>
<b>Free cash flow from continuing operations</b>	<b><u>\$ 181</u></b>	<b><u>\$ 220</u></b>	<b>to <u>\$ 260</u></b>
Add back: Payments on early termination of swap agreements	<u>\$ 25</u>		
<b>Adjusted free cash flow from continuing operations</b>	<b><u><u>\$ 206</u></u></b>		

Note: 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

# Debt Reconciliations



(\$ millions)	<u>12/31/2010</u>	<u>4/2/2011</u>
Short-term debt	\$ 36	\$ 88
Current maturities of long-term debt	51	23
Long-term debt	<u>1,111</u>	<u>1,111</u>
<b>Gross Debt</b>	<b>\$ 1,198</b>	<b>\$ 1,222</b>
Less: Purchase card program and extended A/P programs	<u>\$ (36)</u>	<u>\$ (30)</u>
<b>Adjusted Gross Debt</b>	<b>\$ 1,162</b>	<b>\$ 1,192</b>
Less: Cash in excess of \$50	<u>\$ (405)</u>	<u>\$ (322)</u>
<b>Adjusted Net Debt</b>	<b><u><u>\$ 756</u></u></b>	<b><u><u>\$ 870</u></u></b>

Note: Debt as defined in the credit facility

# Bank EBITDA Reconciliations



(\$ millions)	<u>2010</u>	<u>2011E</u>
<b>Revenues</b>	<b>\$4,887</b>	<b>\$5,480</b>
<b>Net Income</b>	<b>\$194</b>	<b>\$226</b>
Income tax provision (benefit)	53	107
Interest expense	82	92
<b>Income before interest and taxes</b>	<b>\$329</b>	<b>\$425</b>
Depreciation and intangible amortization expense	113	123
<b>EBITDA from continuing operations</b>	<b>\$442</b>	<b>\$549</b>
<b>Adjustments:</b>		
Amortization and write-off of intangibles and organizational costs	0	0
Non-cash compensation expense	31	43
Extraordinary non-cash charges	14	6
Extraordinary non-recurring cash charges	62	25
Excess of JV distributions over JV income	0	5
Loss (Gain) on disposition of assets	0	0
Pro Forma effect of acquisitions and divestitures	(5)	0
Other	3	(2)
<b>Bank LTM EBITDA from continuing operations</b>	<b>\$547</b>	<b>\$625</b>

Note: EBITDA as defined in the credit facility

## 2006 to 2010 Adjusted EPS



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