

SPX Technologies

William Blair's What's Next for Industrials?

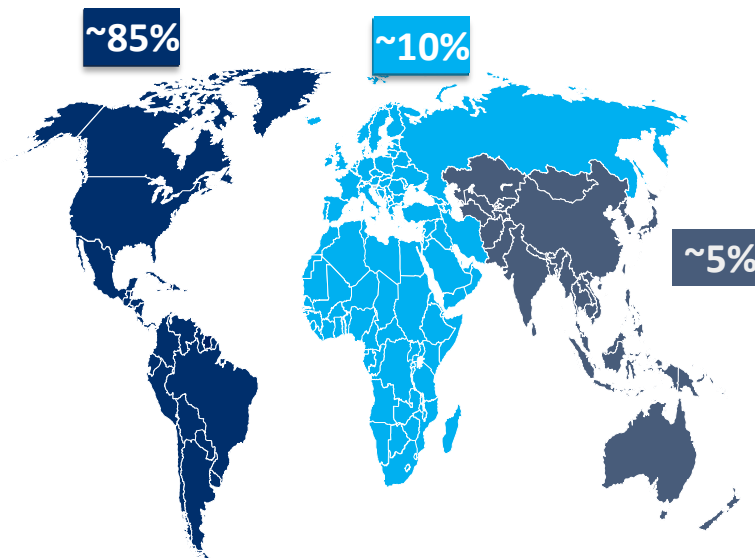
September 2023



SPX Technologies Overview

- ❑ Headquartered in Charlotte, NC
- ❑ Focused, market-leading platforms:
 - ✓ HVAC
 - ✓ Detection & Measurement
- ❑ \$1.74B Revenue*
- ❑ +4,000 employees
- ❑ NYSE Ticker: **SPXC**

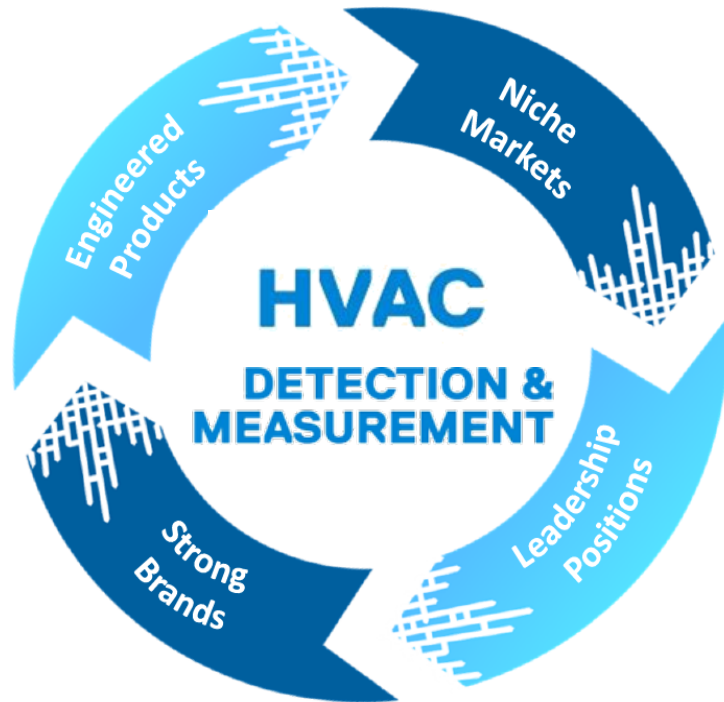
2022 Revenue by Region†



* Midpoint of 2023 guidance as presented August 2, 2023

†Based on management estimates.

A Leading Supplier of HVAC and Detection & Measurement Products and Technologies;
The Majority of Revenue is Generated by North American Sales



Organic Growth

- New products
- Channel expansion
- Adjacent markets

Inorganic Growth

- Strategic platform focus
- Significant capital to deploy
- Large target pipeline

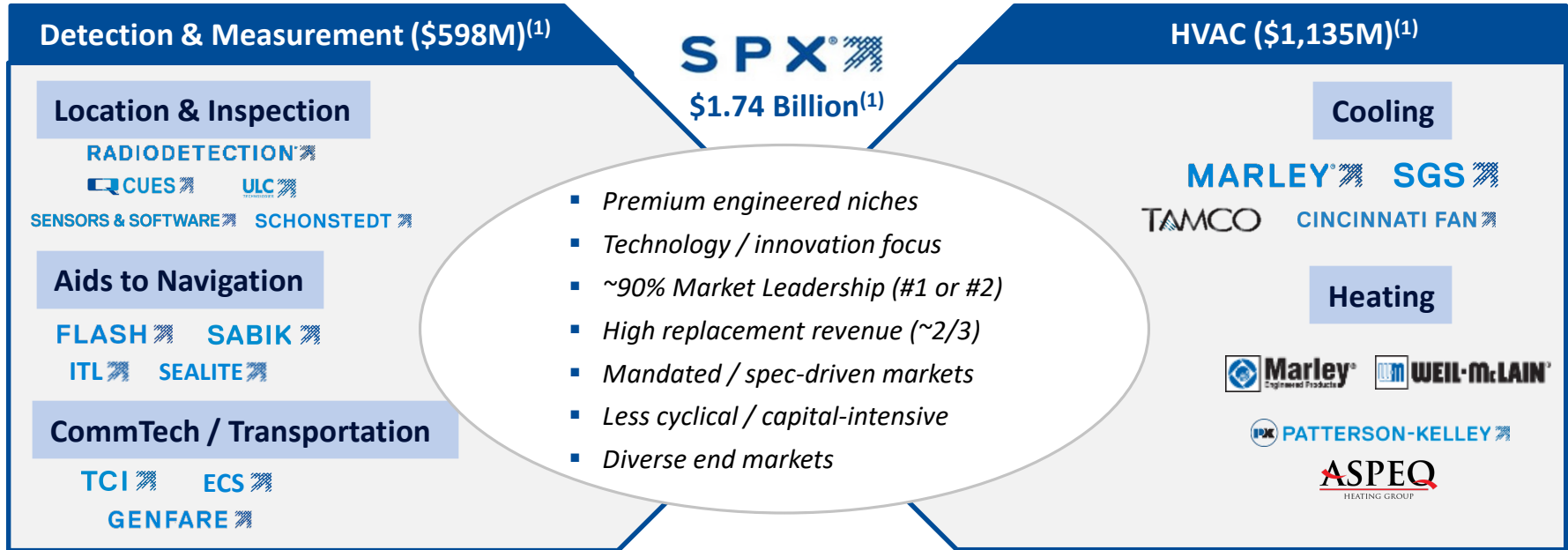
SPX Business System

- Digital initiatives
- Continuous Improvement
- Due diligence/integration

Culture & Values

- Integrity
- Results/accountability
- Diversity & Inclusion
- Employee development

Focused, Market-Leading Growth Platforms



1) Mid-Point of 2023E Guidance as presented August 2, 2023

Simplified, Higher-Return Portfolio

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 ~\$535M of revenue in ~5 years



Average EV/EBITDA Multiple Paid:

Pre-Synergy
~10.6x

Post-Synergy
~9x

Superior Performance

Organic / Inorganic Revenue Growth

Margin Expansion

Cash Flow Generation

Established Model for Sustainable Growth

SPX Strategic Portfolio Transformation Continues



	2021	2023 Current Guidance *	2025 Targets
<i>Revenue</i>	\$1.22B	\$1.74B	~\$2.0B
<i>Gross margin %</i>	35.4%	~38%	~40%
<i>Segment Income %</i> [†]	16.4%	~20%	~20% ✓
<i>Adj. Operating Income %</i> [†]	11.1%	~16.1%	~16% ✓
<i>Long-term Growth %</i>	~2-4%	~3-5%	~3-5% ✓
<i>Adj. EPS</i>	\$2.33	~\$4.22	+\$5.00

*Midpoint of Full-Year 2023 Guidance from August 2nd, 2023.

†Adjusted results and consolidated segment information are non-GAAP financial measures. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.

Approaching SPX 2025 Targets

Digital and Sustainability: Innovations and Market Drivers

Multiple Waves of Secular Drivers

+46%

**Organic increase
in backlog***

AI



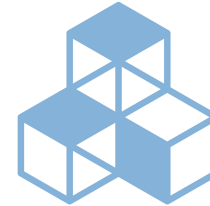
Commercial
apps, Chips Act,
etc.

Sustainability



IRA, IIJA, Paris
Accord, EU
regs, CA regs

Infrastructure



IRA, IIJA,
wireless,
broadband, etc.

Reshoring

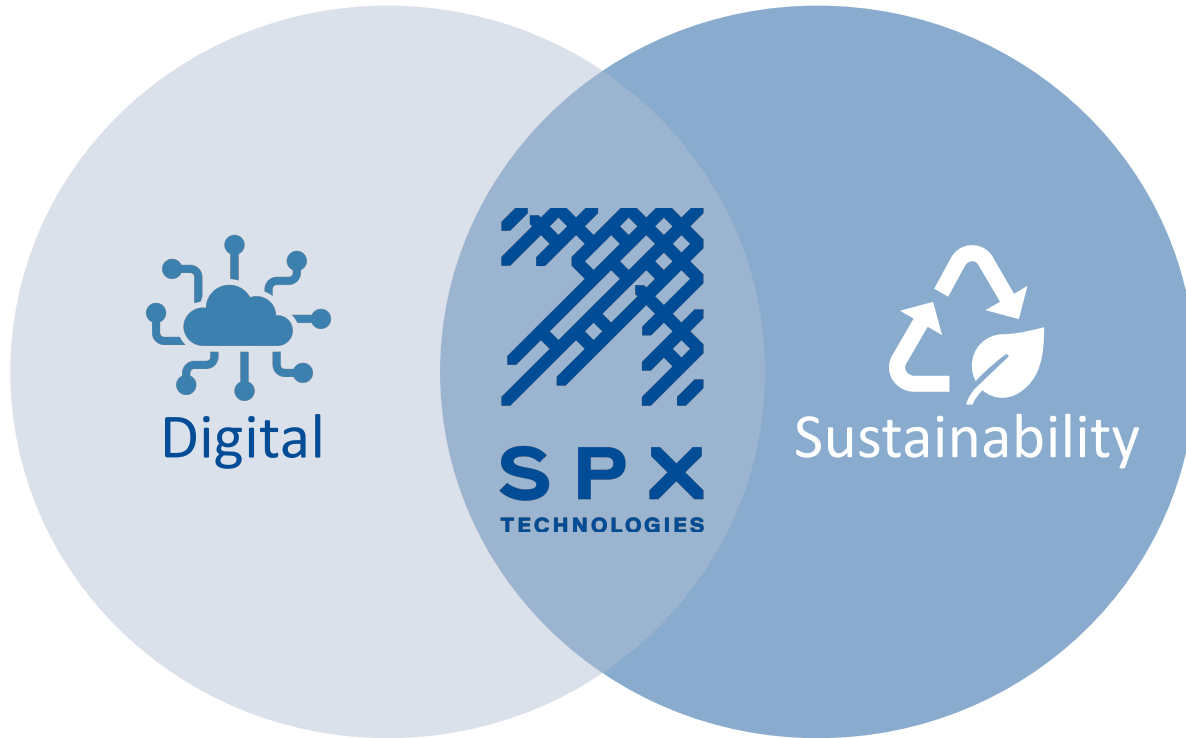


Supply chain
concerns,
Chips Act

Primarily engineered products; low channel restocking risk

* Organic increase in backlog since 6/30/21. Increase including acquisitions was 72%

SPX at the Intersection of Digital and Sustainability



Digital Demand Drivers



Datacenters: Expansion of computational power for AI applications (LLMs, etc.).

2x

Heat rejection required by AI chips

Semiconductors: Reshoring to ease supply concerns

\$200bn

Investments announced in the Americas

Sustainability Demand Drivers



Decarbonization:

Reducing greenhouse gas footprint of customer ops

+24%

Increase in CO2 ppm in atmosphere since 1980

Renewables: Significant expansion of wind capacity

+80

GW of wind energy projected to be installed by 2030 (vs 2023)


Water: infrastructure funding for water/wastewater

+\$50bn


Funding in IIJA for “water and wastewater”

Digital Solutions Create Customer Value...and Loyalty


Better scans +
valuable data



Software



Apps



Configurators

More efficient boiler
installs & repairs



Digital payments +
system mgt for buses



Faster defect identification
in water pipes (AI solution)



Faster, easier configuring
of cooling towers



Preventing
gas leaks



Most efficient
way to cool



Reduce water
consumption
in cooling



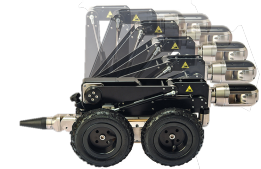
LED obstruction
lighting



Electrical
heating

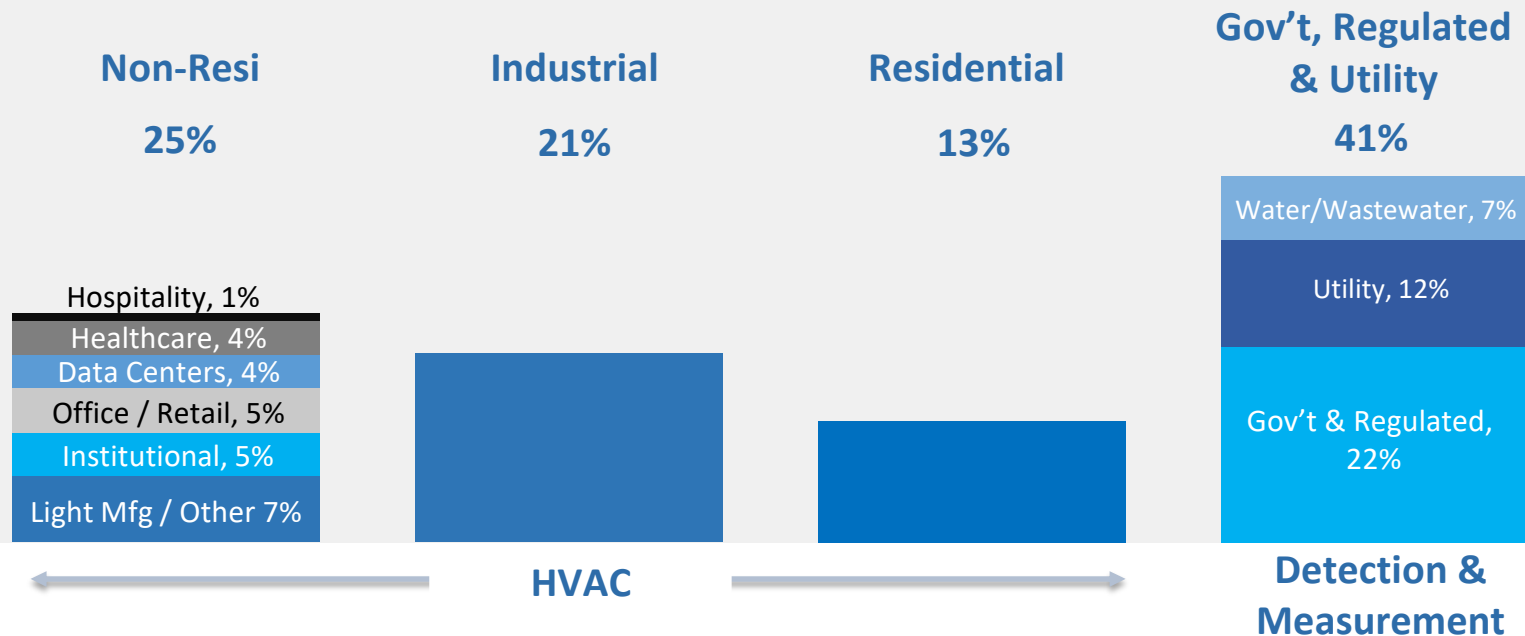


Water &
wastewater
remediation



End Market Exposure

~\$1.74 Billion*
(~2/3 Replacement Revenue)



* 2023 Midpoint revenue guidance. Breakdowns based on Management estimates

- ❑ Balanced business portfolio with attractive and diverse end market drivers
- ❑ Effective business system and continued focus on growth accelerators, including inorganic opportunities
- ❑ Strong cash generation and solid balance sheet support growth investments
- ❑ Numerous secular tailwinds and innovations driving strong outlook

Significant Value Creation Opportunity

Questions

Appendix

GAAP Reconciliation Results by Quarter



(\$ millions)

	2021					2022				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Segment income	\$ 47.0	\$ 44.7	\$ 41.6	\$ 67.3	\$ 200.6	\$ 39.6	\$ 56.1	\$ 63.4	\$ 90.5	\$ 249.6
Corporate expense	(14.4)	(13.6)	(11.9)	(20.6)	(60.5)	(16.6)	(16.4)	(17.2)	(18.4)	(68.6)
Acquisition related and other costs	(0.7)	(0.9)	(3.2)	(0.3)	(5.1)	(0.1)	(0.9)	(0.1)	(0.8)	(1.9)
Long-term incentive compensation expense	(2.7)	(3.3)	(3.4)	(3.4)	(12.8)	(3.1)	(2.5)	(2.1)	(3.2)	(10.9)
Intangible amortization	(4.0)	(6.5)	(5.5)	(5.6)	(21.6)	(9.3)	(7.1)	(6.7)	(5.4)	(28.5)
Impairment of goodwill and intangible assets	-	-	(24.3)	(5.7)	(30.0)	-	-	-	(13.4)	(13.4)
Special charges, net	(0.2)	(0.6)	0.1	(0.3)	(1.0)	-	(0.1)	-	(0.3)	(0.4)
Other operating income (expense), net	-	(2.7)	24.3	(17.5)	4.1	0.9	(1.9)	-	(73.9)	(74.9)
Operating income (loss)	25.0	17.1	17.7	13.9	73.7	11.4	27.2	37.3	(24.9)	51.0
Other income (expense), net	7.4	6.4	3.8	(8.6)	9.0	6.5	(1.7)	(24.6)	4.6	(15.2)
Interest expense, net	(4.1)	(3.2)	(3.4)	(1.9)	(12.6)	(2.3)	(2.0)	(1.6)	(1.7)	(7.6)
Loss on amendment/refinancing of senior credit agreement	-	(0.2)	-	-	(0.2)	-	-	(1.1)	-	(1.1)
Income (loss) from continuing operations before income taxes	28.3	20.1	18.1	3.4	69.9	15.6	23.5	10.0	(22.0)	27.1
Income tax (provision) benefit	(5.3)	(2.4)	(4.2)	1.0	(10.9)	(2.6)	(4.4)	2.5	(2.8)	(7.3)
Income (loss) from continuing operations	23.0	17.7	13.9	4.4	59.0	13.0	19.1	12.5	(24.8)	19.8
Income (loss) from discontinued operations, net of tax	4.6	40.1	(35.3)	(3.7)	5.7	-	-	-	-	-
Income (loss) on disposition of discontinued operations, net of tax	(0.8)	4.1	351.7	5.7	360.7	(1.6)	(6.1)	(9.4)	(2.5)	(19.6)
Income (loss) from discontinued operations, net of tax	3.8	44.2	316.4	2.0	366.4	(1.6)	(6.1)	(9.4)	(2.5)	(19.6)
Net income (loss)	\$ 26.8	\$ 61.9	\$ 330.3	\$ 6.4	\$ 425.4	\$ 11.4	\$ 13.0	\$ 3.1	\$ (27.3)	\$ 0.2

Adjusted SPX 2021 Results by Quarter



(\$ millions)

	Q1	Q2	Q3	Q4	2021
HVAC segment income	\$ 23.0	\$ 26.6	\$ 23.6	\$ 34.5	\$ 107.7
Detection & Measurement segment income	24.0	18.1	18.0	32.8	92.9
Consolidated segment income	<u>\$ 47.0</u>	<u>\$ 44.7</u>	<u>\$ 41.6</u>	<u>\$ 67.3</u>	<u>\$ 200.6</u>
Operating income from continuing operations	\$ 25.0	\$ 17.1	\$ 17.7	\$ 13.9	\$ 73.7
Exclude: "Other" operating adjustments ⁽¹⁾	5.6	11.6	9.7	34.5	61.4
Adjusted operating income	<u>\$ 30.6</u>	<u>\$ 28.7</u>	<u>\$ 27.4</u>	<u>\$ 48.4</u>	<u>\$ 135.1</u>
Net income from continuing operations	\$ 23.0	\$ 17.7	\$ 13.9	\$ 4.4	\$ 59.0
Exclude: "Other" income adjustments ⁽²⁾	(0.2)	6.1	6.8	36.5	49.2
Adjusted net income	<u>\$ 22.8</u>	<u>\$ 23.8</u>	<u>\$ 20.7</u>	<u>\$ 40.9</u>	<u>\$ 108.2</u>
Adjusted EPS	\$0.49	\$0.51	\$0.44	\$0.88	\$2.33

⁽¹⁾ Excludes amortization expense associated with acquired intangible assets, acquisition-related costs (including inventory step-up charges), asset impairment charges, costs associated with our Transformers Solutions and South Africa businesses that could not be allocated to discontinued operations for U.S. GAAP purposes, revisions of liabilities associated with contingent consideration on acquisitions, and charges resulting from changes in estimates associated with asbestos product liability matters. In addition, includes a reclassification of transition services income from "Other non-operating income/expense".

⁽²⁾ Excludes items noted above, gains on an equity security associated with a fair value adjustments, non-service pension items, and the tax impacts of these items, as well as certain discrete tax items.