

Q1 2019 Earnings Presentation

May 2, 2019



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- ❑ Although SPX believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. In addition, estimates of future operating results are based on the company's existing operations and complement of businesses, which are subject to change.
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- ❑ 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. Reconciliation of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP is 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.
- ❑ We have not reconciled non-GAAP financial measures guidance to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP financial measures is not practicable.

Introductory Comments

Gene Lowe

- ❑ Solid start to 2019, on track to achieve full-year targets
 - ✓ Strong year-over-year adjusted revenue and adjusted operating profit growth
 - ✓ 90 basis points year-over-year adjusted operating margin expansion

- ❑ Financial condition provides substantial capital for strategic initiatives
 - ✓ Expect net leverage around lower end of long-term target range by year-end
 - ✓ Completed Sabik acquisition; integration on-track with expectations

- ❑ Maintaining guidance: delivering on double-digit earnings growth and value creation strategy

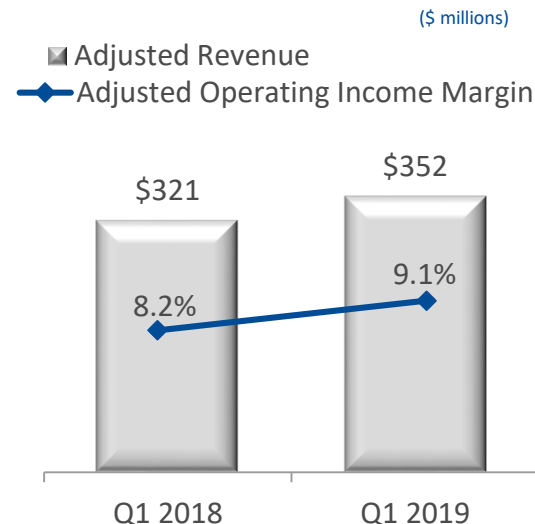
On Track to Achieve 2019 Guidance

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. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

Adjusted Q1 2019 Year-Over-Year Summary

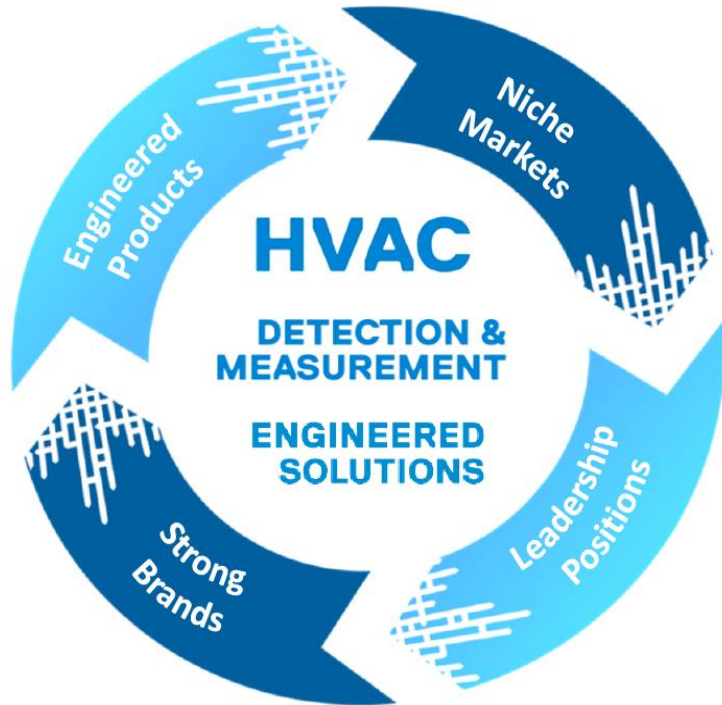


- Revenue growth across all three reportable segments
 - ✓ 9.5% adjusted revenue growth
- Detection & Measurement and Engineered Solutions were primary drivers of adjusted operating income growth
 - ✓ 21.8% adjusted operating income growth



Q1 Adjusted EPS of \$0.51

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. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.



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

- Leadership development
- Results/accountability
- Integrity

Q1 Financial Review

Scott Sproule

Adjusted Earnings Per Share



	Q1 2019	Q1 2018
GAAP EPS from continuing operations	\$0.01	\$0.28
South Africa and Heat Transfer*	\$0.47	\$0.08
Acquisition-related	\$0.06	\$0.02
Non-service pension & other**	(\$0.06)	\$0.05
Amortization	\$0.03	-
Adjusted EPS from continuing operations	\$0.51	\$0.43

Adjusted EPS Growth of 18.6%

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. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

* Includes a \$0.39 per share charge related to the South African projects in Q1’19.

** “Other” includes change in fair value of equity security in Q1 2019; favorable discrete tax items in Q1 2018 and 2019; tax reform-related adjustments in Q1 2018; and tax effects associated with these adjustments.

Adjusted Q1 2019 Year-Over-Year Results

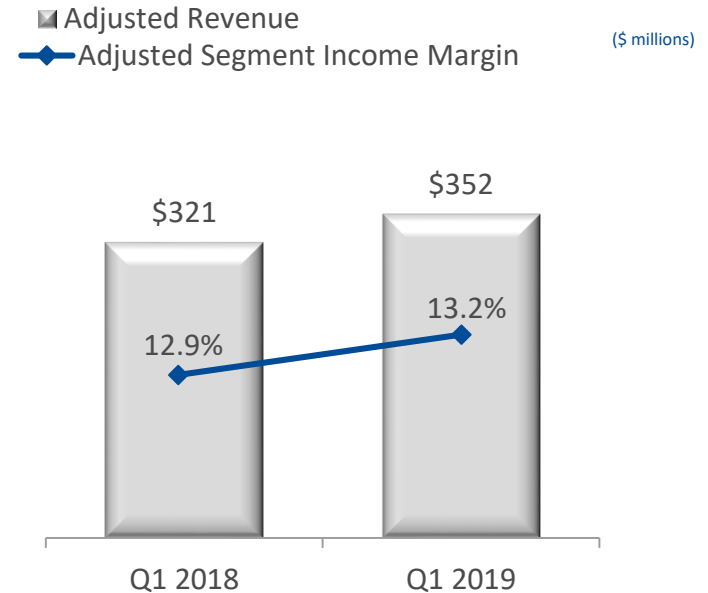


Q1 Adjusted Revenue:

- 9.5% year-over-year increase:
 - ✓ 7.5% acquisition impact
 - ✓ 2.5% organic increase*, primarily due to volumes in HVAC and Engineered Solutions
 - ✓ (0.5%) unfavorable currency impact

Q1 Adjusted Segment Income and Margin:

- \$4.8m increase in Adjusted segment income driven by acquisitions in Detection & Measurement and solid performance in Engineered Solutions.
- 30 basis points of Adjusted segment margin expansion.



Solid Revenue and Segment Income Growth

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. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

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

HVAC Q1 2019 Year-Over-Year Results



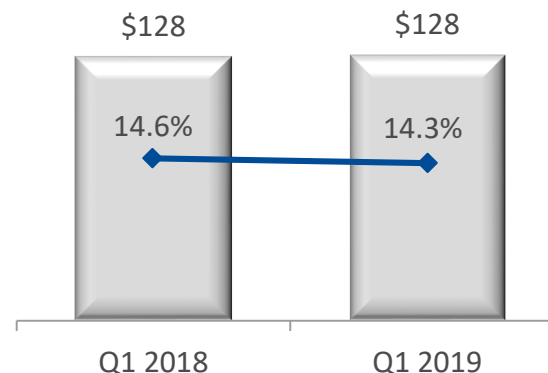
Q1 Revenue:

- ❑ 0.5% year-over-year increase:
 - ✓ 1.0% organic increase* primarily driven by higher heating volumes
 - ✓ (0.5%) unfavorable currency impact

Q1 Segment Income and Margin:

- ❑ \$0.2m decrease in segment income
- ❑ 30 basis points of margin decline due to sales mix

■ Revenue (\$ millions)
◆ Segment Income Margin



Solid Performance vs. Strong Prior Year Results

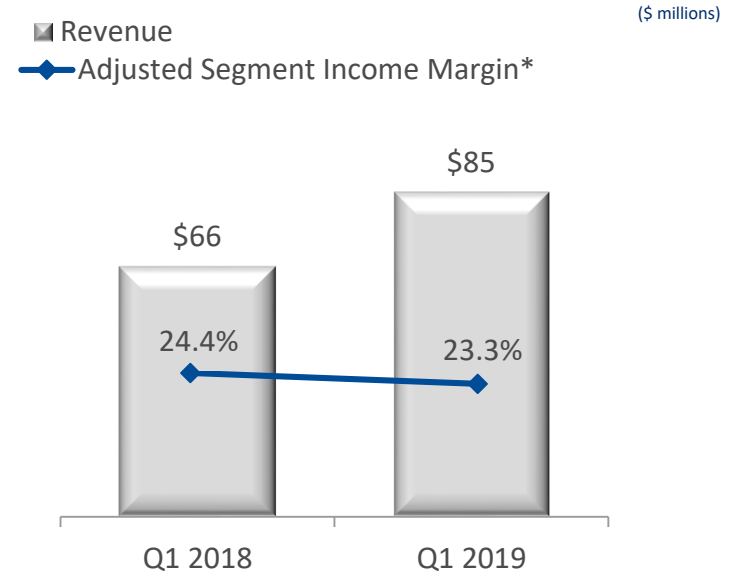
*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

Q1 Revenue:

- 29.7% year-over-year increase:
 - ✓ 34.2% increase from acquisitions
 - ✓ (3.4%) organic decrease* primarily due to timing of project revenues
 - ✓ (1.1%) unfavorable currency impact

Q1 Adjusted Segment Income and Margin:

- \$3.8m increase in Adjusted segment income*
- 110 basis points of margin decline primarily due to sales mix



~24% Increase in Adjusted Segment Income

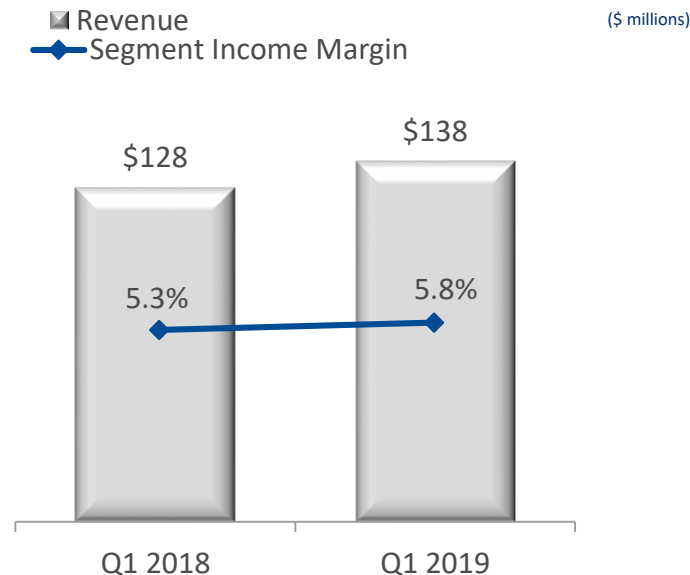
*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

Q1 Revenue:

- 8.0% year-over-year increase:
 - ✓ Improved volumes in Transformers and Process Cooling

Q1 Segment Income and Margin:

- \$1.2m increase in segment income
- 50 basis points of margin expansion
 - ✓ Higher revenues in Transformers and Process Cooling



On Track for 150 Basis Point Margin Improvement for Full-Year 2019

Financial Position and Liquidity Review

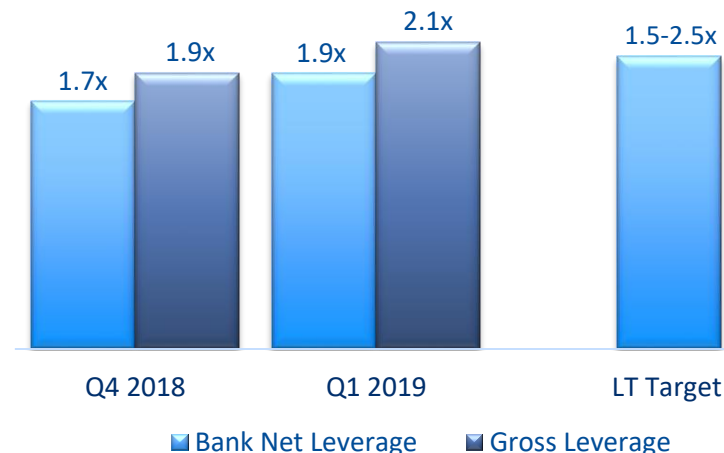
Scott Sproule

Financial Position - Capital Structure & Liquidity Update



(\$millions)	Q4 2018	Q1 2019
Short-term debt	\$31.9	\$75.0
Current maturities of long-term debt	18.0	14.2
Long-term debt	331.9	332.3
Total Debt	\$381.8	\$421.5
Less: Cash on hand	(68.8)	(39.0)
Net Debt	\$313.0	\$382.5

Leverage Ratios*



Maintaining Strong Balance Sheet and Leverage Profile

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

2019 Adjusted Guidance (No Change)



	Revenue	Segment Income Margin
HVAC	<ul style="list-style-type: none"> In a range of \$570-580 million 	<ul style="list-style-type: none"> In a range of 15.5-16.0%, or +25 bps at midpoint vs 2018
Detection & Measurement	<ul style="list-style-type: none"> In a range of a \$385-395 million 	<ul style="list-style-type: none"> In a range of 23-24%, ex amortization
Engineered Solutions	<ul style="list-style-type: none"> In a range of \$530-540 million 	<ul style="list-style-type: none"> ~8%, or +150 bps vs 2018
Total SPX Adjusted	<ul style="list-style-type: none"> ~\$1.50 billion 	<ul style="list-style-type: none"> ~15%, ex amortization

**Adjusted Operating Income in a Range of \$162-172 Million (~11% margin);
Adjusted EPS in a Range of \$2.50-2.65**

Note: Adjusted results are non-GAAP financial measures and excludes, among other items, results of the Heat Transfer and South African operations categorized as “All Other” in the company’s reporting structure. We have not reconciled non-GAAP financial measures guidance to their nearest GAAP equivalents because we do not provide guidance for items that we do not consider indicative of our on-going performance and that are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP financial measures is not practicable.

End Market Overview and Closing Remarks

Gene Lowe

Market	Comments
HVAC	<ul style="list-style-type: none">❑ Cooling: Commercial and institutional markets remain steady❑ Heating: Seasonal demand remains a key driver; commercial markets steady
Detection & Measurement	<ul style="list-style-type: none">❑ Favorable run-rate markets❑ Frontlog activity remains strong for project markets
Transformers	<ul style="list-style-type: none">❑ Key customer activity and bookings remain solid❑ Competitive market pricing
Process Cooling	<ul style="list-style-type: none">❑ Demand for components remains favorable❑ Timing on some services related projects pushed into 2020

Key End Markets Remain Healthy

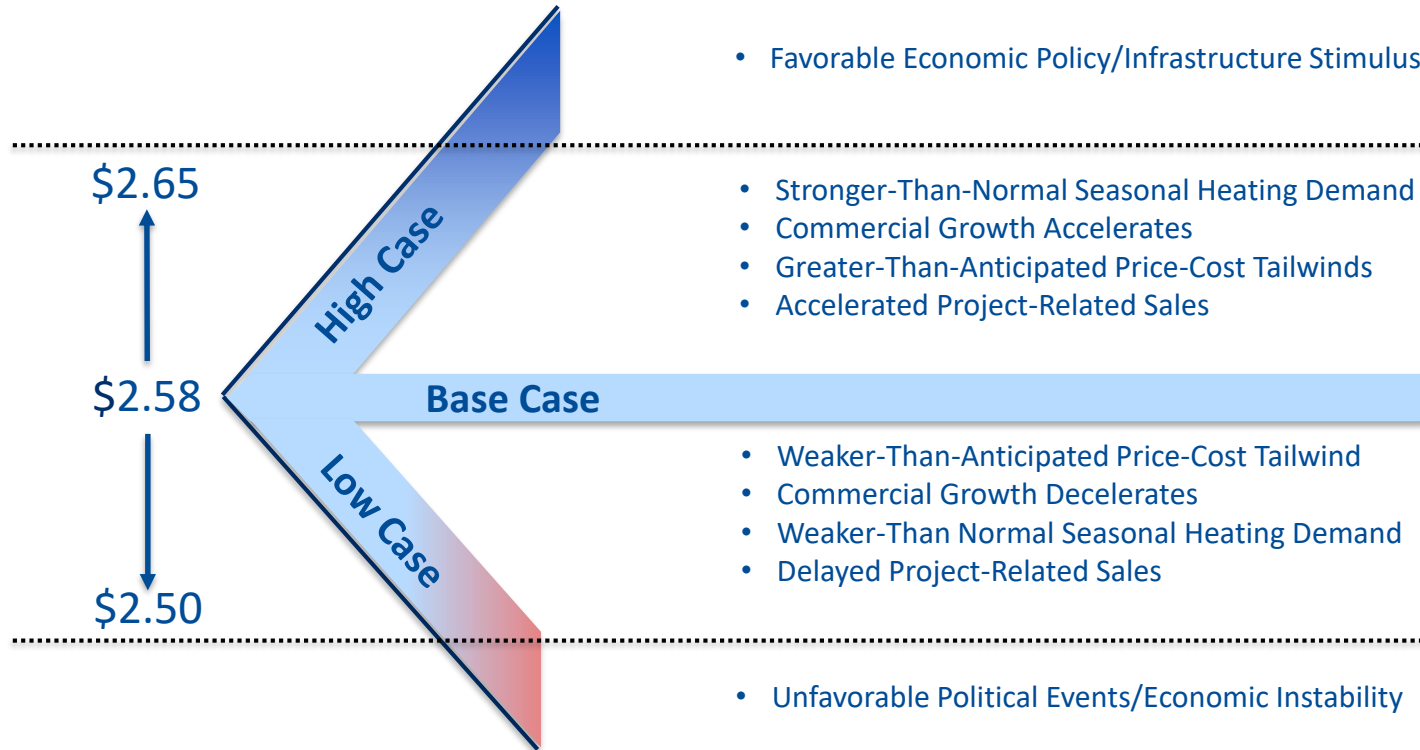
- ❑ Strong start to 2019 – on track for double-digit EPS growth
- ❑ Healthy overall revenue growth and margin expansion
- ❑ Solid balance sheet and liquidity profile
- ❑ Acquisition integrations going well; M&A pipeline active

Creating Value for Shareholders and Executing on Plans to Drive Sustainable Double-Digit Earnings Growth

Questions

Appendix

2019 Adjusted EPS Guidance - Key Drivers

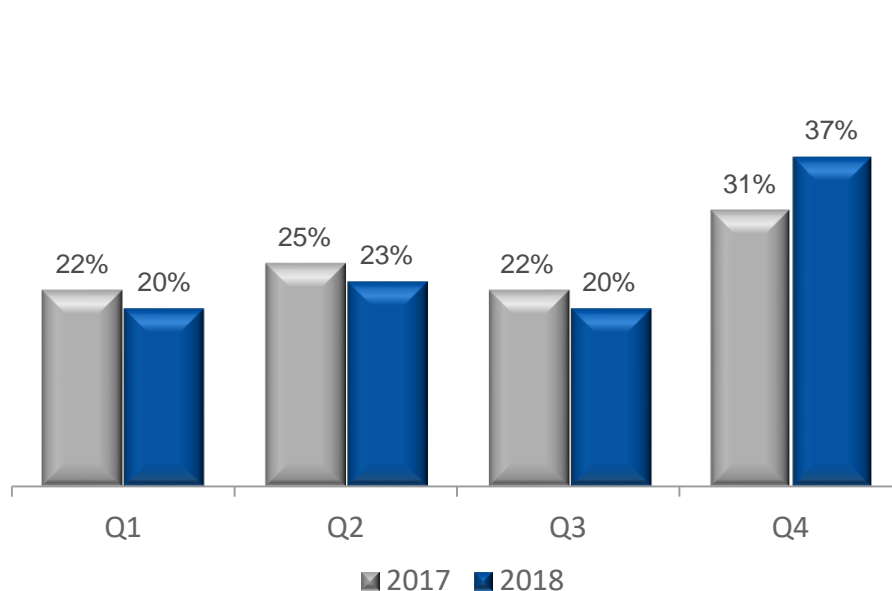


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Adjusted Segment Income Phasing



(\$ millions)



GAAP
 Exclude: "All other"
 Exclude: One time acquisition related costs
 Exclude: Intangible amortization
Adjusted
% of full-year

Q1 2018	Q2 2018	Q3 2018	Q4 2018
37.0	41.0	29.6	70.9
(4.1)	(4.4)	(8.0)	(2.4)
(0.3)	(1.8)	(2.9)	(0.9)
(0.1)	(0.5)	(1.3)	(1.3)
\$41.5	\$47.7	\$41.7	\$75.5
<i>20%</i>	<i>23%</i>	<i>20%</i>	<i>37%</i>

GAAP
 Exclude: "All other"
 Exclude: One time acquisition related costs
 Exclude: Intangible amortization
Adjusted
% of full-year

Q1 2017	Q2 2017	Q3 2017	Q4 2017
34.3	20.7	45.4	24.5
(5.2)	(24.6)	5.7	(32.6)
-	-	-	-
(0.1)	(0.1)	(0.2)	(0.1)
\$39.6	\$45.4	\$39.9	\$57.2
<i>22%</i>	<i>25%</i>	<i>22%</i>	<i>31%</i>

*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. Reconciliations from US GAAP financial measures for 2018 and for 2017, are available in the Appendix of the presentation.

2019 Modeling Considerations



Metric	Commentary/Assumptions
Corporate costs	Low \$40Ms
Long-term incentive comp	\$14-15M
Restructuring costs	\$1M
Interest cost	\$20-21M
Equity earnings, other	\$4-5M
Tax rate	22-23%
Capex	\$15-17M
Cash cost of pension + OPEB	Approximately \$16M
D&A	Approximately \$32M, mostly in COGS, including approximately \$6M of amortization
Share count	45.0-45.5M
FCF Conversion	Targeting 110% of Adjusted Net Income
Currency effect	Topline sensitivity to USD-GBP rate

Q1 2019 U.S. GAAP to Adjusted Earnings Per Share Reconciliation



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income ⁽¹⁾	\$ 20.8	\$ 25.5	\$ 46.3
Corporate expense ⁽²⁾	(12.4)	1.6	(10.8)
Long-term incentive compensation expense	(3.5)	—	(3.5)
Special charges, net	(0.1)	—	(0.1)
Other operating expenses ⁽³⁾	<u>(1.8)</u>	<u>1.8</u>	<u>—</u>
Operating income	3.0	28.9	31.9
Other income, net ⁽⁴⁾	7.2	(5.3)	1.9
Interest expense, net	<u>(5.0)</u>	<u>—</u>	<u>(5.0)</u>
Income from continuing operations before income taxes	5.2	23.6	28.8
Income tax provision ⁽⁵⁾	<u>(4.6)</u>	<u>(1.2)</u>	<u>(5.8)</u>
Income from continuing operations	0.6	22.4	23.0
Dilutive shares outstanding	44.880		44.880
Earnings per share from continuing operations	\$ 0.01		\$ 0.51

⁽¹⁾ Adjustment represents the removal of (i) operating losses associated with the South Africa and Heat Transfer businesses (\$22.6), (ii) inventory step-up charges related to the Cues and Sabik acquisitions (\$1.3), and (iii) amortization expense associated with acquired intangible assets (\$1.6).

⁽²⁾ Adjustment represents the removal of acquisition related expenses incurred during the period.

⁽³⁾ 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 revision resulting from settlement activity during the period.

⁽⁴⁾ Adjustment represents the removal of (i) a gain on an equity security associated with a fair value adjustment (\$6.3) and (ii) non-service pension and postretirement charges (\$1.0).

⁽⁵⁾ Adjustment represents the tax impact of items (1) through (4) above and the removal of certain income tax charges and benefits that are considered non-recurring.

Q1 2018 U.S. GAAP to Adjusted Earnings Per Share Reconciliation



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income ⁽¹⁾	\$ 37.0	\$ 4.5	\$ 41.5
Corporate expense ⁽²⁾	(11.8)	0.8	(11.0)
Long-term incentive compensation expense	(3.9)	—	(3.9)
Special charges, net ⁽³⁾	<u>(2.0)</u>	<u>1.6</u>	<u>(0.4)</u>
Operating income	19.3	6.9	26.2
Other income, net ⁽⁴⁾	1.0	0.3	1.3
Interest expense, net	<u>(3.8)</u>	<u>—</u>	<u>(3.8)</u>
Income from continuing operations before income taxes	16.5	7.2	23.7
Income tax provision ⁽⁵⁾	<u>(4.1)</u>	<u>(0.5)</u>	<u>(4.6)</u>
Income from continuing operations	12.4	6.7	19.1
Dilutive shares outstanding	44.353		44.353
Earnings per share from continuing operations	\$ 0.28		\$ 0.43

⁽¹⁾ Adjustment represents the removal of (i) operating losses associated with the South Africa and Heat Transfer businesses (\$4.1), (ii) inventory step-up charges related to the Schonstedt acquisition (\$0.3), and (iii) amortization expense associated with acquired intangible assets (\$0.1).

⁽²⁾ Adjustment primarily represents removal of acquisition related expenses incurred during the period.

⁽³⁾ Adjustment represents removal of restructuring charges associated with the South Africa business.

⁽⁴⁾ Adjustment represents removal of non-service pension and postretirement items.

⁽⁵⁾ Adjustment represents the tax impact of items (1) through (4) above and the removal of tax charges associated with the impact of U.S. tax reform.

Q1 2019 and 2018 U.S. GAAP to Adjusted Operating Income Reconciliation



(\$ millions)

	Three months ended	
	March 30, 2019	March 31, 2018
Operating income	\$ 3.0	\$ 19.3
Exclude:		
Aggregate operating losses of the South Africa and Heat Transfer businesses ⁽¹⁾	(22.6)	(5.5)
One time acquisition related costs ⁽²⁾	(2.9)	(1.3)
Other operating expenses ⁽³⁾	(1.8)	—
Amortization expense ⁽⁴⁾	(1.6)	(0.1)
Adjusted operating income	<u>\$ 31.9</u>	<u>\$ 26.2</u>
as a percent of adjusted revenues ⁽⁵⁾	9.1 %	8.2 %

(1) Represents the removal of the financial results of these businesses, inclusive of "special charges" of \$0.0 and \$1.6 during the three months ended March 30, 2019 and March 31, 2018, respectively.

(2) Represents charges during the three months ended March 30, 2019 for the Sabik and Cues acquisitions associated with inventory step-up of \$1.3 and integration and transaction costs of \$1.6, and charges during the three months ended March 31, 2018 associated with the Schonstedt acquisition associated with inventory step-up \$0.3 and integration and transaction costs of \$1.0.

(3) Represents charges associated with revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business, with such revision resulting from settlement activity during the period.

(4) Represents amortization expense associated with acquired intangible assets.

(5) See "Results of Reportable and Other Operating Segments" for applicable percentages based on GAAP results.

Q1 2019 U.S. GAAP Revenue to Organic Revenue Reconciliation



(\$ millions)

	Three months ended March 30, 2019			
	HVAC	Detection & Measurement	Engineered Solutions	Adjusted SPX
Net Revenue Growth	0.5 %	29.7 %	8.0 %	9.5 %
Exclude: Foreign Currency	(0.5) %	(1.1) %	— %	(0.5) %
Exclude: Acquisitions	— %	34.2 %	— %	7.5 %
Organic Revenue Growth (Decline)	<u>1.0 %</u>	<u>(3.4) %</u>	<u>8.0 %</u>	<u>2.5 %</u>

Q1 2019 and 2018 U.S. GAAP to Adjusted Revenue and Adjusted Segment Income Reconciliations



(\$ millions)

CONSOLIDATED SPX:

	Three months ended	
	March 30, 2019	March 31, 2018
Consolidated revenue	\$ 343.6	\$ 351.9
Exclude: "All Other" operating segments ⁽¹⁾	(7.9)	30.8
Adjusted consolidated revenue	<u>\$ 351.5</u>	<u>\$ 321.1</u>
Total segment income	\$ 20.8	\$ 37.0
Exclude: "All Other" operating segments ⁽¹⁾	(22.6)	(4.1)
Exclude: One time acquisition related costs ⁽²⁾	(1.3)	(0.3)
Exclude: Amortization expense ⁽³⁾	<u>(1.6)</u>	<u>(0.1)</u>
Adjusted segment income	<u>\$ 46.3</u>	<u>\$ 41.5</u>
as a percent of adjusted revenues ⁽⁴⁾	13.2 %	12.9 %

DETECTION & MEASUREMENT REPORTABLE SEGMENT:

Detection & Measurement segment income	\$ 17.0	\$ 15.7
Exclude: One time acquisition related costs ⁽²⁾	(1.3)	(0.3)
Exclude: Amortization expense ⁽³⁾	<u>(1.5)</u>	<u>—</u>
Detection & Measurement adjusted segment income	<u>\$ 19.8</u>	<u>\$ 16.0</u>
as a percent of Detection & Measurement adjusted segment revenues	23.3 %	24.4 %

⁽¹⁾ Represents the removal of the financial results of our South Africa and Heat Transfer businesses. Note: These businesses are now 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.

⁽²⁾ Represents additional "Cost of products sold" recorded during the three months ended March 30, 2019 related to the step-up of inventory (to fair value) acquired in connection with the Sabik and Cues acquisitions and recorded during the three months ended March 31, 2018 related to the Schonstedt acquisition.

⁽³⁾ Represents amortization expense associated with acquired intangible assets.

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

Q1 2019 Debt Reconciliation



(\$ millions)

	<u>Q1 2019</u>
Short-term debt	\$ 75.0
Current maturities of long-term debt	14.2
Long-term debt ⁽¹⁾	<u>334.0</u>
Gross debt	423.2
Less: Purchase card program and extended payables	<u>(2.5)</u>
Adjusted gross debt	420.7
Less: Cash and equivalents	(39.0)
Adjusted net debt	<u>\$ 381.7</u>

1) Excludes unamortized debt issuance costs associated with term loan of \$1.7m.

Note: Adjusted net debt as defined by SPX's current credit facility agreement.

Q1 2019 Consolidated Adjusted EBITDA Reconciliation



	<u>Last 12 Months</u>	(\$ millions)
Net income from continuing operations attributable to SPX Corporation common shareholders	\$ 68.0	
Income tax provision (benefit)	1.9	
Interest expense	<u>22.5</u>	
Income from continuing operations before interest and taxes	92.4	
Depreciation and amortization	<u>30.7</u>	
EBITDA	123.1	
Adjustments:		
Non-cash compensation	20.5	
Pension adjustments	8.8	
Extraordinary non-cash charges, (gains), net	8.8	
Extraordinary non-recurring cash charges, net	21.7	
Material acquisition/disposition related fees, costs, or expenses, net	4.4	
Pro forma effect of acquisitions and divestitures, and other	11.9	
Adjusted EBITDA	<u>\$ 199.2</u>	

[Note:](#) Consolidated EBITDA as defined by SPX's current credit facility agreement.

Q1 2019 Adjusted Free Cash Flow from Continuing Operations to U.S. GAAP Reconciliation



(\$ millions)

	<u>Q1 2019</u>
Net operating cash flow from continuing operations	\$ 11.5
Capital expenditures - continuing operations	(3.7)
Free cash flow used in continuing operations	<u>7.8</u>
Adjustment for "All other"	6.2
Adjusted free cash flow from continuing operations	<u>\$ 14.0</u>

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. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.