




AUGUST 4, 2021

# Q2 2021 EARNINGS WEBCAST



Certain statements contained in this presentation that are not historical facts, including any statements as to future market conditions, results of operations and financial projections, are forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and the Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future expressed or implied results.

Although SPX FLOW 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. Estimates of future operating results are based on the company's continuing operations, which are subject to change.

Particular risks facing SPX FLOW include risks relating to economic, business and other risks stemming from changes in the economy, the impact of the COVID-19 pandemic, our international operations, legal and regulatory risks, cost of raw materials, and pricing pressures. More information regarding such risks can be found in SPX FLOW's SEC filings, including its most recent form 10-K, and in its news releases issued earlier today.

Statements in this presentation are only as of the time made, and SPX FLOW does not intend to update any statements made in this presentation except as required by regulatory authorities.

Our Industrial segment has been renamed as Precision Solutions. There have been no other changes to the segment.

This presentation includes non-GAAP financial measures. A copy of this presentation, including a reconciliation of the non-GAAP financial measures from their most comparable measures calculated and presented in accordance with GAAP, is available on our website at [www.SPXFLOW.com](http://www.SPXFLOW.com).

# Q2 2021 Highlights

## Profitable Growth

### Orders +16%

- Short cycle demand
- Outperformance in Growth & Balanced
- Front-log activity remains strong

### Revenue +14%

- Backlog execution
- Short cycle volume
- 80/20 segmentation

### OI Margins +260bps\*

- Price / material inflation management
- Cost programs and lower corp. expense
- Quality of revenue

## High Return Investments

### Organic Investment

- Plans in place to nearly double CAPEX to drive productivity & customer experience
- Increased R&D by more than 25%

### Programmatic M&A

- Acquired Philadelphia Mixing on May 12th
- Pipeline of opportunities is robust
- Integration plans on track

### Return to Shareholders

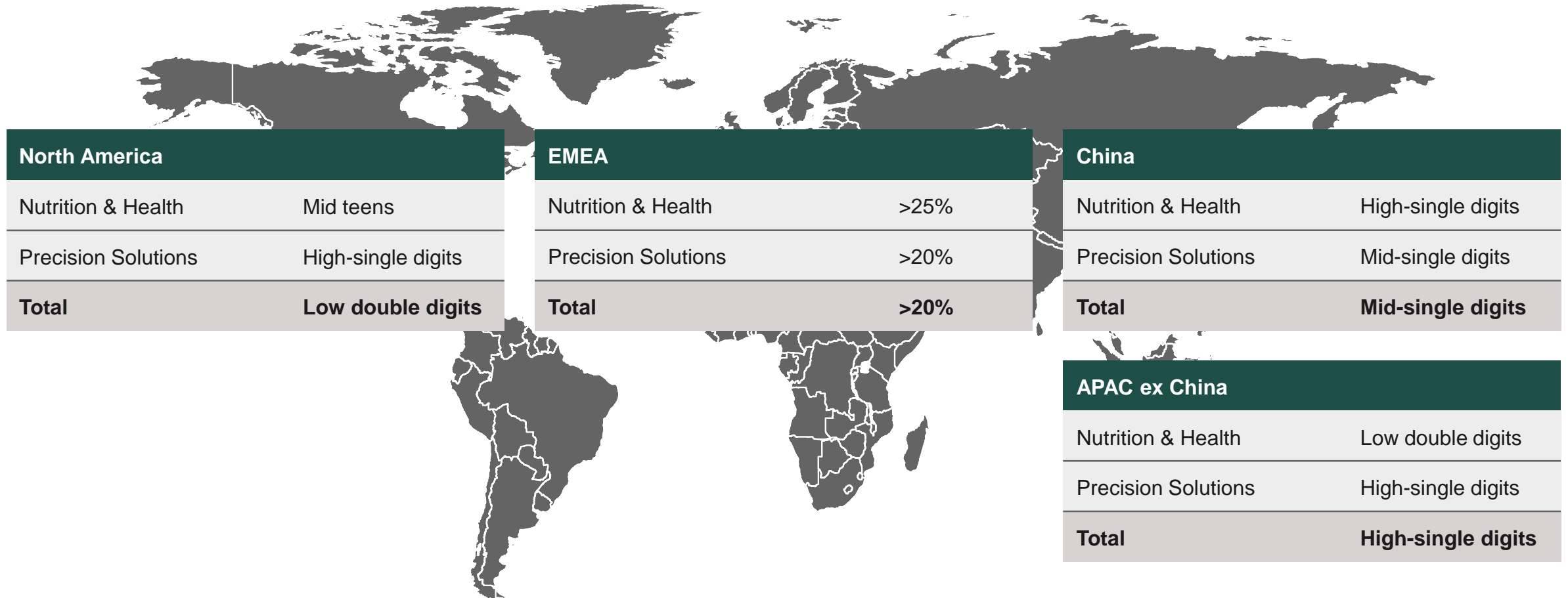
- Share repurchases of ~\$25 million
- Paid first ever quarterly dividend

\*Adjusted Non-GAAP measure

Note: Orders and revenue increases are on an organic basis

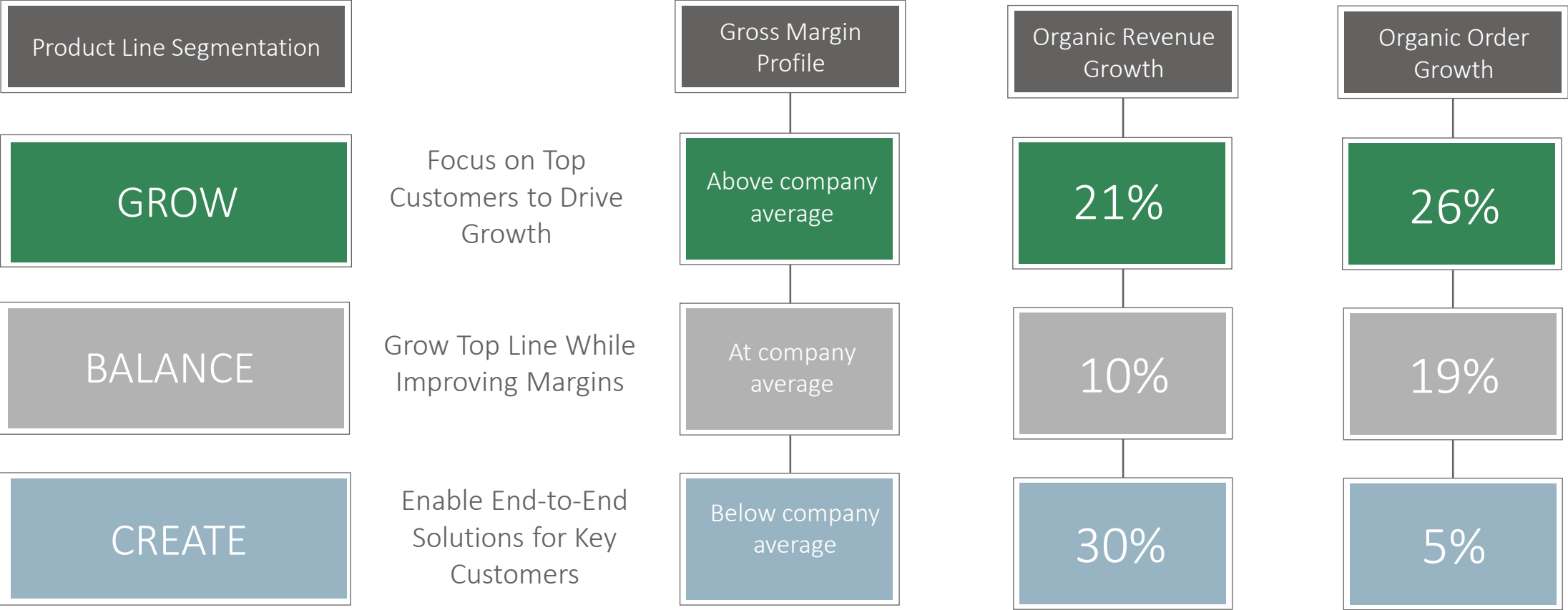
# Q2 2021 Regional revenue performance (YoY)

14% Organic growth broad based end market recovery across all geographies



# Delivering improved mix (YTD)

Order growth and backlog supports growth in H2 2021 and 2022



# Quarterly orders

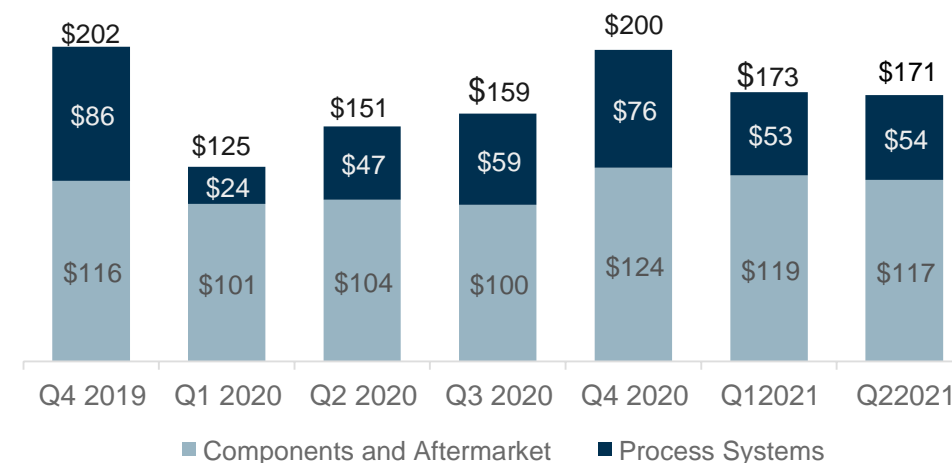
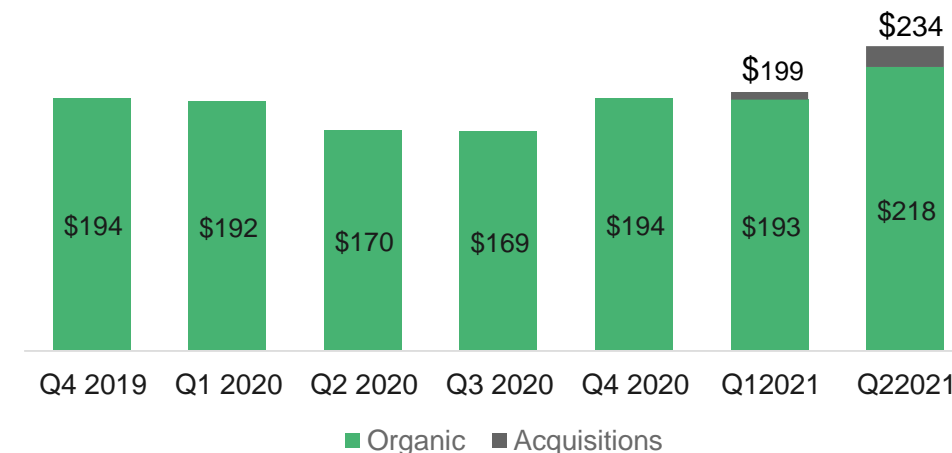
Q2 2021 sequential order assessment

## PRECISION SOLUTIONS organic orders up ~14% sequentially:

- Short cycle orders increased modestly
  - North America showed continued improvement
- OE project pipelines converting into orders
  - Solid growth in North America and APAC

## Nutrition & Health organic orders sequentially flat:

- System awards stable
  - Significant gains in EMEA offset by timing of awards in North America
- Short cycle orders stable at a high level
  - Run-rate business remains resilient
  - Notable growth in North America and Asia Pacific



# 2021 Working Assumptions

2021 economic outlook modestly improved

Quality of Revenue Continues to Improve	<ul style="list-style-type: none"><li>■ 80/20 segmentation creates focus and investments in higher quality revenue streams</li><li>■ Progress driving improved mix</li></ul>
Revenue Growth	<ul style="list-style-type: none"><li>■ Mid-single digit organic growth buoyed by continued economic recovery</li><li>■ Acquisitions and fx expected to aid revenue growth by 4% and 3%, respectively*</li></ul>
Operating Margins	<ul style="list-style-type: none"><li>■ Margins expected to improve sequentially throughout the second half of 2021</li></ul>
Building Culture of Productivity and Profitability Mindset	<ul style="list-style-type: none"><li>■ SG&amp;A productivity plans on-track</li><li>■ 80/20 providing opportunities to further drive productivity</li></ul>
Strong Cash Generation and High Return Investments	<ul style="list-style-type: none"><li>■ FCF conversion greater than 100% of net income</li><li>■ Organic investments in CAPEX and innovation well above historical levels</li><li>■ M&amp;A activity yielding results; pipeline and momentum continue to build</li></ul>

# Q2 2021 financial highlights

Organic growth and improved mix driving YoY margins

\$ millions	Q2 2020 Actuals	Q2 2021 Actuals
Orders	\$320	\$405
Revenue	\$308	\$382
Adjusted Operating Income <sup>(1)</sup>	\$26	\$43
<i>Operating Income %</i>	8.6%	11.2%
EBITDA <sup>(1)</sup>	\$33	\$49
<i>EBITDA %</i>	10.6%	12.9%
Adjusted Earnings Per Share <sup>(1)</sup>	\$0.26	\$0.63

Note: See appendix for reconciliations of non-GAAP measures

(1) Adjusted Non-GAAP measure; Q2 2021 and Q2 2020 adjusted EPS is calculated at a tax rate of 28% and 29%, respectively

## Orders up ~16% organically:

- Meaningful outperformance across industrial markets and short cycle Nutrition & Health
- Mix improvement supported by ~20% increase in Growth and Balanced categories

## Revenue up 14% organically:

- YoY gains across both segments
- Higher shippable backlog and elevated short cycle book and turn activity

## Operating income margin up 260pts YoY:

- Price realization
- Structural SG&A savings

## Strong FCF generation

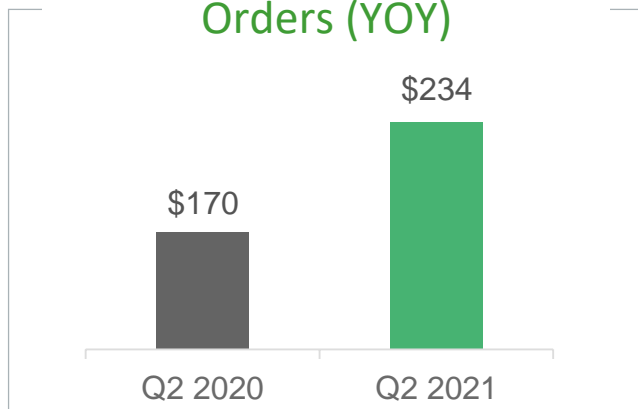
- ~\$31m of adjusted FCF in Q2
- >100% FCF conversion inline with long-term targets



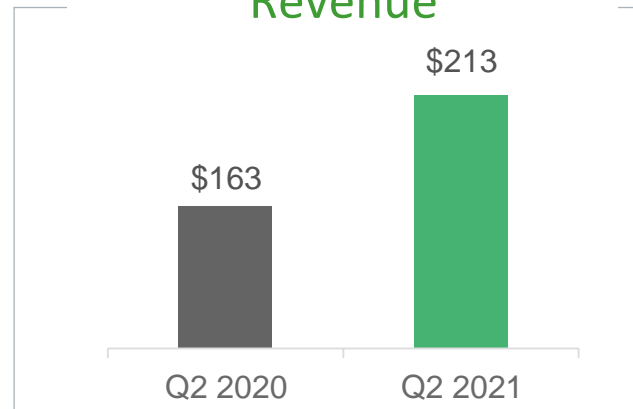
# Precision Solutions Q2 2021 results

Volume recovery aided by improved mix

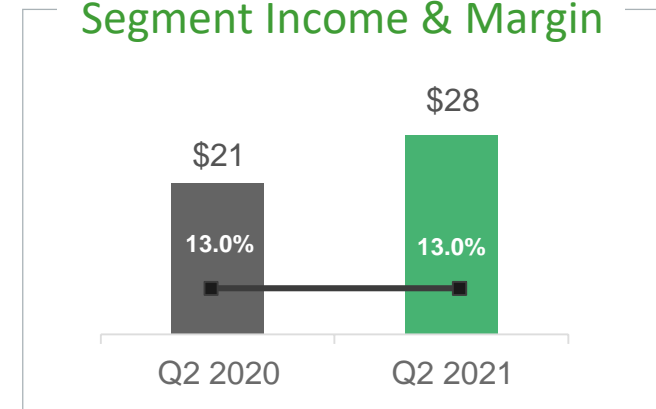
Orders (YOY)



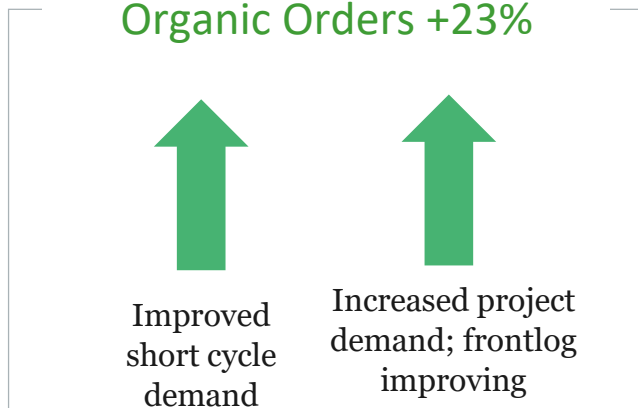
Revenue



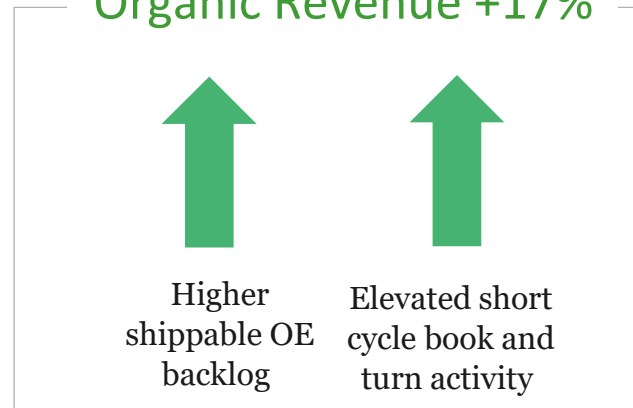
Segment Income & Margin



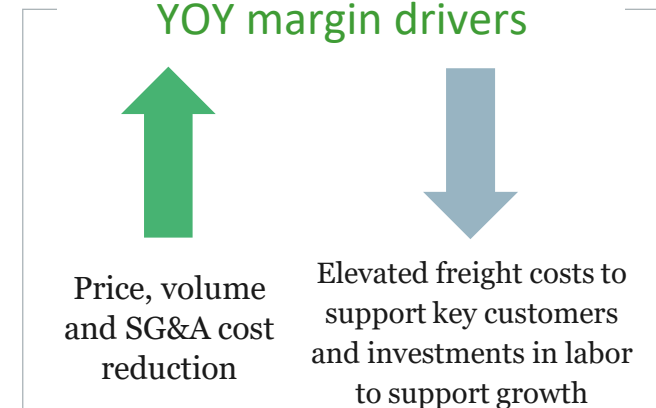
Organic Orders +23%



Organic Revenue +17%



YOY margin drivers



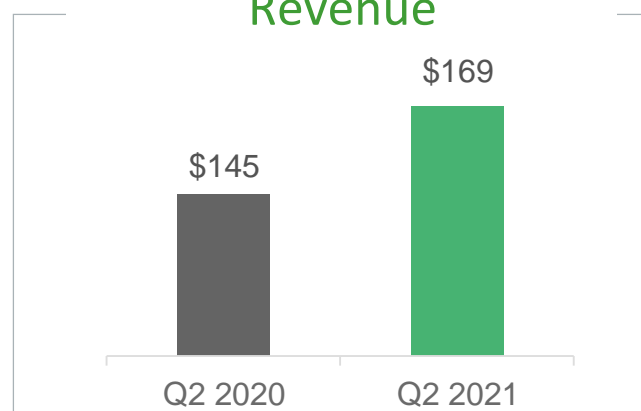
# Nutrition & Health Q2 2021 results

Solid execution, volume recovery, and improved mix

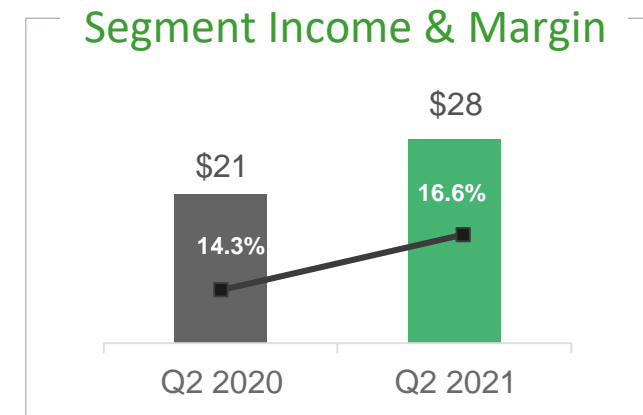
## Orders (YOY)



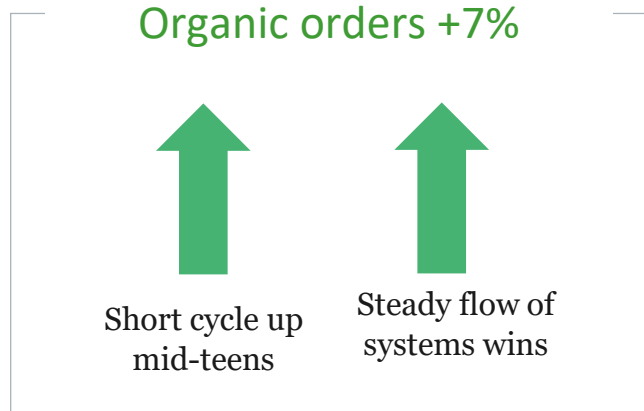
## Revenue



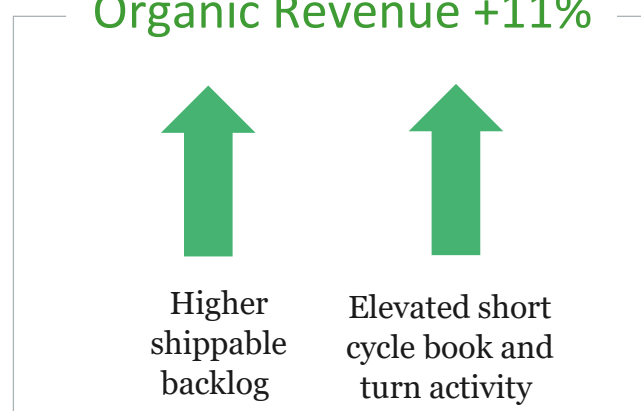
## Segment Income & Margin



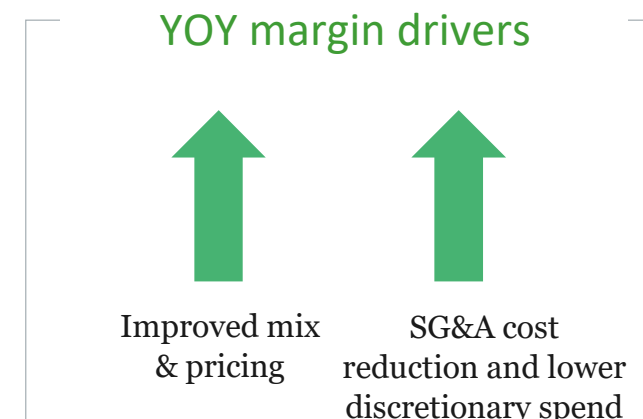
## Organic orders +7%



## Organic Revenue +11%



## YOY margin drivers



# Q3 2021 insights

Revenue and margin outlook supported by strong YTD order rates

- Q3 shippable backlog up low-single digits YoY organically, primarily driven by H1 2021 order rates
- Acquisitions and foreign exchange are expected to aid revenue growth by ~4% and ~2.5%, respectively\*
- Adjusted operating margins expected to improve sequentially

# Capital Structure Update

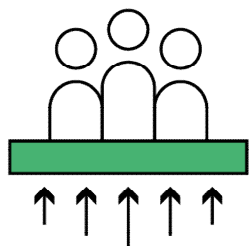
Increased flexibility, lowered cash interest costs, extended maturity

- **Annual cash interest savings of ~\$10m**
- Extended full maturity to 2026
- Refinanced credit facility on 8/3/21
- **New Term Loan A:**
  - ~\$375m with 5% amortization, per annum
  - L + 137.5 opening pricing, then grid based
  - No prepayment penalties
- ~\$475m undrawn global revolver remains in place
- Issued irrevocable call notice on 8/3/21 for \$300m 5.875% senior notes due 2026, to be funded by new term loan

Maturity Schedule

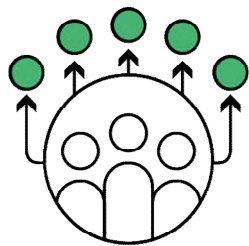


# Environmental, Social & Governance (ESG) Mission



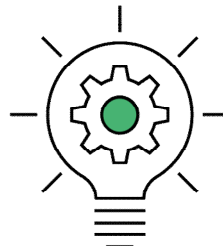
## **PUTTING PEOPLE FIRST**

The best outcomes start with the health and safety of our people.



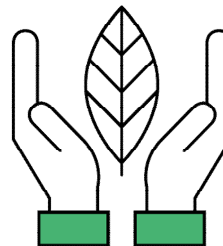
## **OPPORTUNITY FOR EVERYONE**

Our culture of belonging means everyone is valued and has room to grow.



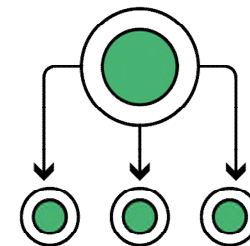
## **INNOVATING HOW THINGS ARE MADE**

We create safe and sustainable solutions to solve complex challenges.



## **COMMITMENT TO CONSERVE**

We are focused on reducing the environmental impact of our operations.



## **GIVING BACK TO OUR COMMUNITIES**

We partner with community organizations where we live and work to make a positive impact.

# 3-year strategic objectives

Low-single to Mid-single digits organic revenue growth

➤ Mid-Teens Operating Margins

◀ Acquired revenue of \$200-\$300M

FOCUS MARKETS: NUTRITION | HEALTH | INDUSTRIAL

BIG PLAYS: MIXING | PUMPS | UHT

PEOPLE & CULTURE

Top 10% of Companies to Work For

CUSTOMER EXPERIENCE

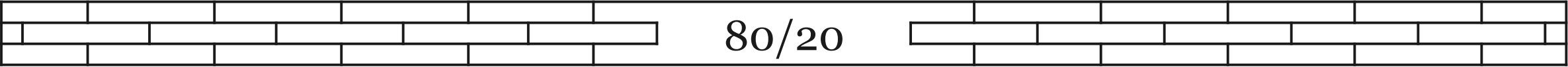
Improve Fort Satisfaction Scores

PROFITABLE GROWTH

Gross Margins ~40%  
Leverage Scale

HIGH RETURN INVESTMENTS

Double Digit Returns



# Surpassing Expectations in Year 1 of 3-Year Strategic Plan

Proven 80/20 methodology positively impacting performance

Current Working Assumptions vs. Initial 2021 Framework*	Organic Revenue	>200 bps higher	<ul style="list-style-type: none"> <li>Focus on key accounts, aftermarket, and new product development</li> <li>Momentum in market recovery</li> <li>13% organic order growth in the first half of 2021 supports MSD 3-year CAGR</li> </ul>
	Gross Margin	In line	<ul style="list-style-type: none"> <li>80/20 segmentation driving improved mix and higher quality backlog</li> <li>YTD price realization ahead of plans; incremental price increase effective July 1</li> </ul>
	SG&A % Revenue	>150bps lower than anticipated	<ul style="list-style-type: none"> <li>Pacing ahead of SG&amp;A reduction plans; raising annualized 2022 savings to \$30m</li> <li>Increasing organic investments to support growth</li> </ul>
3-Year Target	Operating Income Margin	Halfway to 3-year target	<ul style="list-style-type: none"> <li>Significant outperformance in Year 1</li> <li>Benefits of 80/20 still in early stages leaving room for continued improvement</li> </ul>
	Acquired Revenue	~\$70 million	<ul style="list-style-type: none"> <li>Closed UTG Mixing and Philadelphia Mixer transactions in 2021</li> <li>Robust funnel and relationships</li> </ul>



# QUESTIONS?





# APPENDIX



# FY and Q3 2021 modeling assumptions

2021 Full Year Modeling Assumptions	
corporate expense	~\$53m
interest expense	~\$16m
tax rate	~28%
diluted shares outstanding	~42m
depreciation	~\$30m
amortization	~\$15m
CAPEX	~\$40m

Q3 2021 Modeling Assumptions	
corporate expense	~\$13m
interest expense	~\$4m
tax rate	~28%
diluted shares outstanding	~42m
depreciation	~\$8m
amortization	~\$4m

# ADJUSTED EPS

non-GAAP reconciliation

## SPX FLOW, INC. AND SUBSIDIARIES

### ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS RECONCILIATION

(Unaudited)

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Diluted earnings per share from continuing operations	\$ 0.27	\$ 0.15	\$ 0.72	\$ 0.15
Charges and fees associated with strategic actions, net of tax	—	0.04	—	0.05
Charges associated with certain M&A activities, net of tax	0.06	—	0.09	—
Restructuring and other related charges, net of tax	0.09	0.09	0.26	0.14
Asset impairment charges, net of tax	—	0.01	—	0.04
Fair value adjustment related to an equity security, net of tax	(0.04)	(0.09)	(0.14)	(0.09)
Purchase accounting - amortization of inventory fair value adjustment, net of tax	0.02	—	0.03	—
Intangible amortization, net of tax	0.09	0.05	0.14	0.10
Discrete tax charges	0.14	0.02	0.14	—
Adjusted diluted earnings per share from continuing operations	<u>\$ 0.63</u>	<u>\$ 0.27</u>	<u>\$ 1.24</u>	<u>\$ 0.39</u>

# ADJUSTED EBITDA – CONTINUING OPS

non-GAAP reconciliation

**SPX FLOW, INC. AND SUBSIDIARIES**  
**ADJUSTED EBITDA FROM CONTINUING OPERATIONS RECONCILIATION**  
(Unaudited; in millions)

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net income attributable to SPX FLOW, Inc. from continuing operations	\$ 11.4	\$ 6.5	\$ 30.3	\$ 6.2
Income tax provision	14.7	3.9	23.0	3.0
Interest expense, net	4.9	9.4	9.8	17.5
Depreciation and amortization	12.2	10.2	22.0	20.0
EBITDA from continuing operations	43.2	30.0	85.1	46.7
Charges and fees associated with strategic actions	—	2.4	—	3.2
Charges associated with certain M&A activities	3.3	—	4.8	—
Restructuring and other related charges	4.3	4.8	13.5	7.4
Asset impairment charges	—	0.8	—	2.7
Fair value adjustment related to an equity security	(2.1)	(5.3)	(7.5)	(5.3)
Gains on certain asset sales and other, net	(0.2)	—	(0.3)	—
Purchase accounting - amortization of inventory fair value adjustment	1.0	—	1.5	—
Adjusted EBITDA from continuing operations	\$ 49.5	\$ 32.7	\$ 97.1	\$ 54.7

# ORGANIC REVENUE

non-GAAP reconciliation

## SPX FLOW, INC. AND SUBSIDIARIES ORGANIC REVENUE RECONCILIATION (Unaudited)

	Three months ended July 3, 2021			
	Net Revenue Growth	Foreign Currency	Business Combinations	Organic Revenue Growth
Nutrition and Health	16.3 %	5.8 %	— %	10.5 %
Precision Solutions	30.5 %	5.1 %	8.1 %	17.3 %
Consolidated	23.9 %	5.5 %	4.3 %	14.1 %

	Six months ended July 3, 2021			
	Net Revenue Growth	Foreign Currency	Business Combinations	Organic Revenue Growth
Nutrition and Health	20.3 %	5.6 %	— %	14.7 %
Precision Solutions	28.7 %	5.0 %	6.1 %	17.6 %
Consolidated	24.7 %	5.3 %	3.2 %	16.2 %

# ADJUSTED OPERATING INCOME

non-GAAP reconciliation

**SPX FLOW, INC. AND SUBSIDIARIES**  
**ADJUSTED OPERATING INCOME RECONCILIATION**  
**(Unaudited; in millions)**

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Operating income	\$ 28.9	\$ 14.2	\$ 54.8	\$ 22.8
Charges and fees associated with strategic actions	—	2.4	—	3.2
Charges associated with certain M&A activities	3.3	—	4.8	—
Restructuring and other related charges	4.3	4.8	13.5	7.4
Asset impairment charges	—	0.8	—	2.7
Reduction of SG&A costs associated with transition services income	0.5	1.5	1.5	1.5
Purchase accounting - amortization of inventory fair value adjustment	1.0	—	1.5	—
Intangible amortization	4.7	2.9	7.7	5.7
Adjusted operating income	<u>\$ 42.7</u>	<u>\$ 26.6</u>	<u>\$ 83.8</u>	<u>\$ 43.3</u>