UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 29, 2018

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-37393

SPX FLOW, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**47-3110748**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
13320 Ballantyne Corporate Place Charlotte, NC	**28277**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code **(704) 752-4400**

(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☐
	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Common shares outstanding as of October 26, 2018 were 42,551,969.

SPX FLOW, INC. AND SUBSIDIARIES
FORM 10-Q INDEX

PART I—FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

SPX FLOW, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Revenues	$ 530.3	$ 491.1	$ 1,551.8	$ 1,422.3
Cost of products sold	367.2	332.0	1,060.3	971.1
Gross profit	163.1	159.1	491.5	451.2
Selling, general and administrative	102.8	114.9	337.1	343.2
Intangible amortization	4.3	4.4	13.0	13.3
Special charges	0.2	2.3	3.9	17.6
Operating income	55.8	37.5	137.5	77.1
Other income (expense), net	(2.8)	0.6	(8.2)	(1.8)
Interest expense, net	(11.3)	(15.5)	(36.2)	(47.2)
Income before income taxes	41.7	22.6	93.1	28.1
Income tax provision	(9.2)	(9.6)	(21.9)	(12.2)
Net income	32.5	13.0	71.2	15.9
Less: Net income (loss) attributable to noncontrolling interests	(0.2)	0.2	0.1	0.2
Net income attributable to SPX FLOW, Inc.	$ 32.7	$ 12.8	$ 71.1	$ 15.7
Basic income per share of common stock	$ 0.77	$ 0.31	$ 1.69	$ 0.38
Diluted income per share of common stock	$ 0.77	$ 0.30	$ 1.67	$ 0.37
Weighted average number of common shares outstanding - basic	42.229	41.884	42.169	41.765
Weighted average number of common shares outstanding - diluted	42.696	42.332	42.607	42.126

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; in millions)

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net income	$ 32.5	$ 13.0	$ 71.2	$ 15.9
Other comprehensive income (loss), net - foreign currency translation adjustments	6.1	37.3	(31.9)	134.2
Total comprehensive income	38.6	50.3	39.3	150.1
Less: Total comprehensive income (loss) attributable to noncontrolling interests	(0.2)	(0.8)	(0.3)	0.3
Total comprehensive income attributable to SPX FLOW, Inc.	$ 38.8	$ 51.1	$ 39.6	$ 149.8

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; in millions, except share data)

	September 29, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and equivalents	$ 221.6	$ 263.7
Accounts receivable, net	374.4	381.4
Contract assets	82.2	57.7
Inventories, net	318.4	293.9
Other current assets	43.3	50.0
Total current assets	1,039.9	1,046.7
Property, plant and equipment:		
Land	34.7	35.1
Buildings and leasehold improvements	235.4	238.3
Machinery and equipment	467.2	461.6
	737.3	735.0
Accumulated depreciation	(391.6)	(374.1)
Property, plant and equipment, net	345.7	360.9
Goodwill	757.6	771.3
Intangibles, net	332.8	350.3
Other assets	147.3	159.8
TOTAL ASSETS	$ 2,623.3	$ 2,689.0
LIABILITIES, MEZZANINE EQUITY AND EQUITY		
Current liabilities:		
Accounts payable	$ 225.4	$ 219.4
Contract liabilities	178.9	182.3
Accrued expenses	169.5	207.3
Income taxes payable	19.2	21.6
Short-term debt	29.8	24.2
Current maturities of long-term debt	20.5	20.5
Total current liabilities	643.3	675.3
Long-term debt	787.5	850.9
Deferred and other income taxes	55.7	63.3
Other long-term liabilities	120.6	125.5
Total long-term liabilities	963.8	1,039.7
Commitments and contingent liabilities (Note 11)		
Mezzanine equity	20.9	22.2
Equity:		
SPX FLOW, Inc. shareholders’ equity:		
Preferred stock, no par value, 3,000,000 shares authorized, and no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 300,000,000 shares authorized, 42,929,898 issued and 42,551,969 outstanding at September 29, 2018, and 42,690,342 issued and 42,405,222 outstanding at December 31, 2017	0.4	0.4
Paid-in capital	1,660.4	1,650.9
Accumulated deficit	(250.6)	(327.5)
Accumulated other comprehensive loss	(411.6)	(372.8)
Common stock in treasury (377,929 shares at September 29, 2018, and 285,120 shares at December 31, 2017)	(13.5)	(8.9)
Total SPX FLOW, Inc. shareholders' equity	985.1	942.1
Noncontrolling interests	10.2	9.7
Total equity	995.3	951.8
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$ 2,623.3	$ 2,689.0

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in millions)

	Nine months ended September 29, 2018								
	Common Stock								
	Shares Outstanding	Par	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Common Stock in Treasury	Total SPX FLOW, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	42.4	$ 0.4	$ 1,650.9	$ (327.5)	$ (372.8)	$ (8.9)	$ 942.1	$ 9.7	$ 951.8
Adoption of accounting standards	—	—	—	5.8	(7.3)	—	(1.5)	—	(1.5)
Net income	—	—	—	71.1	—	—	71.1	0.1	71.2
Other comprehensive loss, net	—	—	—	—	(31.5)	—	(31.5)	(0.4)	(31.9)
Incentive plan activity	—	—	2.4	—	—	—	2.4	—	2.4
Stock-based compensation expense	—	—	12.8	—	—	—	12.8	—	12.8
Restricted stock and restricted stock unit vesting, net of tax withholdings	0.2	—	—	—	—	(4.6)	(4.6)	—	(4.6)
Acquisition of noncontrolling interest	—	—	(5.7)	—	—	—	(5.7)	3.1	(2.6)
Dividends attributable to noncontrolling interests	—	—	—	—	—	—	—	(2.3)	(2.3)
Balance at September 29, 2018	42.6	$ 0.4	$ 1,660.4	$ (250.6)	$ (411.6)	$ (13.5)	$ 985.1	$ 10.2	$ 995.3

	Nine months ended September 30, 2017								
	Common Stock								
	Shares Outstanding	Par	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Common Stock in Treasury	Total SPX FLOW, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2016	41.9	$ 0.4	$ 1,640.4	$ (373.9)	$ (521.4)	$ (4.9)	$ 740.6	$ 1.5	$ 742.1
Net income	—	—	—	15.7	—	—	15.7	0.2	15.9
Other comprehensive income, net	—	—	—	—	134.1	—	134.1	0.1	134.2
Incentive plan activity	0.1	—	4.5	—	—	—	4.5	—	4.5
Stock-based compensation expense	—	—	12.1	—	—	—	12.1	—	12.1
Restricted stock and restricted stock unit vesting, net of tax withholdings	0.4	—	0.3	—	—	(3.5)	(3.2)	—	(3.2)
Dividends attributable to noncontrolling interests and other	—	—	—	—	—	—	—	(1.1)	(1.1)
Balance at September 30, 2017	42.4	$ 0.4	$ 1,657.3	$ (358.2)	$ (387.3)	$ (8.4)	$ 903.8	$ 0.7	$ 904.5

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine months ended	
	September 29, 2018	September 30, 2017
Cash flows from operating activities:		
Net income	$ 71.2	$ 15.9
Adjustments to reconcile net income to net cash from operating activities:		
Special charges	3.9	17.6
Deferred income taxes	4.0	(0.9)
Depreciation and amortization	44.4	45.9
Stock-based compensation	12.8	12.1
Pension and employee benefits provided in stock	5.1	5.5
Loss (gain) on asset sales and other, net	0.2	(2.9)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	6.6	28.5
Contract assets and liabilities, net	(26.0)	32.4
Inventories	(26.6)	(23.4)
Accounts payable, accrued expenses and other	(35.9)	14.3
Cash spending on restructuring actions	(11.7)	(27.8)
Net cash from operating activities	48.0	117.2
Cash flows from (used in) investing activities:		
Proceeds from asset sales and other, net	—	37.4
Capital expenditures	(17.3)	(13.7)
Net cash from (used in) investing activities	(17.3)	23.7
Cash flows used in financing activities:		
Borrowings under senior credit facilities	69.8	125.5
Repayments of senior credit facilities	(134.8)	(208.5)
Borrowings under trade receivables financing arrangement	79.5	89.1
Repayments of trade receivables financing arrangement	(79.5)	(110.3)
Borrowings under other financing arrangements	10.2	9.4
Repayments of other financing arrangements	(4.6)	(12.6)
Minimum withholdings paid on behalf of employees for net share settlements, net	(4.6)	(3.5)
Dividends paid to noncontrolling interests in subsidiary	(2.3)	(1.5)
Net cash used in financing activities	(66.3)	(112.4)
Change in cash, cash equivalents and restricted cash due to changes in foreign currency exchange rates	(6.6)	37.5
Net change in cash, cash equivalents and restricted cash	(42.2)	66.0
Consolidated cash, cash equivalents and restricted cash, beginning of period	264.9	216.2
Consolidated cash, cash equivalents and restricted cash, end of period	$ 222.7	$ 282.2

The accompanying notes are an integral part of these statements.

(1) BASIS OF PRESENTATION

SPX FLOW, Inc. and its consolidated subsidiaries ("SPX FLOW," ''the Company,'' "we," "us," or "our") operate inthree business segments.

We prepared the condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim reporting. As permitted under those rules and regulations, certain footnotes or other financial information normally required by accounting principles generally accepted in the United States ("GAAP") can be condensed or omitted. The financial statements represent our accounts after the elimination of intercompany transactions and, in our opinion, include the adjustments (consisting only of normal and recurring items) necessary for their fair presentation.

Preparing financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated and combined financial statements contained in our 2017 Annual Report on Form 10-K. Interim results are not necessarily indicative of full year results and the condensed consolidated financial statements may not be indicative of the Company's future performance.

Certain customer contract-related amounts in the accompanying condensed consolidated balance sheet as ofDecember 31, 2017 and condensed consolidated statement of cash flows for the nine months ended September 30, 2017 have been reclassified to conform to the current year presentation.

We establish actual interim closing dates using a fiscal calendar, which requires our businesses to close their books on the Saturday closest to the end of the first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2018 were March 31, June 30, and September 29, compared to the respective April 1, July 1, and September 30, 2017 dates. We had one less day in the first quarter of 2018 and will have one more day in the fourth quarter of 2018 than in the respective 2017 periods.

(2) NEW ACCOUNTING PRONOUNCEMENTS

The following is a summary of new accounting pronouncements that apply or may apply to our business.

New Revenue Recognition Pronouncement

Effects of Adoption - In May 2014, and as subsequently amended, the Financial Accounting Standards Board (the "FASB") issued a new standard on revenue recognition that outlines a single comprehensive model for accounting for revenue arising from contracts with customers and supersedes most revenue recognition guidance. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in accordance with the transfer of control over those goods and services. The new standard also requires a number of disclosures intended to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue, and the related cash flows.

We adopted the standard effective January 1, 2018 using the modified retrospective adoption method. In connection with our adoption of the new revenue recognition pronouncement, we recorded a reduction in our accumulated deficit of $2.3, representing the net earnings which would have been recognized as of December 31, 2017 under the new standard on executed customer contracts ("orders") in effect on that date. This reduction in our accumulated deficit reflects the net effects of (1) an increase in the amount of revenue to be recognized over time, as described below for certain product lines that were previously recognized at a point in time under the previous standard, partially offset by (2) a decrease in the amount of revenue recognized over time under the previous standard for certain contracts which do not contain a contractual enforceable right to payment in the event of customer cancellation or default, which are being recognized at a point in time under the new standard. The impacts of the new standard on our reportable segments are as follows:

- Food and Beverage - Under previous accounting principles, we recognized revenue on certain long-term systems projects, most of which are customer-owned assets, over time using the cost-to-cost method, and revenue on long-term service contracts on a straight-line basis over the life of the related agreements. All other revenues were recognized at a point in time when the risks and rewards of ownership transferred to the customer. Under the new standard, revenue for (1) all customer-owned systems projects and service contracts is recognized over time on a cost-to-cost basis, (2) contracts for skids assembled in our factories or systems projects not owned by the customer during execution that explicitly provide an enforceable right to payment is recognized over time on a cost-to-cost basis and (3) all other skids and systems projects, as well as customer contracts for the sale of component and aftermarket parts, is recognized at a point in time upon transfer of control to the customer.

- Power and Energy - Under previous accounting principles, we recognized revenue on certain long-term contracts for large pumps over time using the cost-to-cost method. We recognized all other product revenues in this segment, including revenues for most service contracts, at a point in time. In assessing the new standard, we determined our large pumps manufactured for use in upstream oil and nuclear power generation applications generally have limited alternative use. Likewise, our larger and more complex valve products and metering systems have limited alternative use. Our contractual enforceable rights to payment for performance completed to date in the event of customer cancellation or default is contract-specific for substantially all product lines in the segment. Under the new standard, revenue is recognized over time, if a contract explicitly provides an enforceable right to payment, for large pumps, large and/or complex valve products and metering systems. Revenue for service contracts is recognized over time. Revenue for all other products is recognized at a point in time, upon transfer of control of the product to the customer.

- Industrial - Under previous accounting principles, substantially all of this segment's revenue was recognized at a point in time when the risks and rewards of ownership transferred to the customer. In assessing the new standard, we determined that certain original equipment ("OE") products such as large mixers constructed with unique metals, custom-enclosed heat exchangers, and certain dehydration systems have little to no alternative use. Our contractual enforceable rights to payment for performance completed to date in the event of customer cancellation or default is contract specific for substantially all product lines in this segment. Under the new standard, revenue is recognized over time, if a contract explicitly provides an enforceable right to payment, for certain OE mixer types, custom-enclosed heat exchanger units, unique dehydration systems and service contracts. Revenue for all other products within this segment is recognized at a point in time, upon transfer of control of the product to the customer (i.e., effectively no change).

Application of New Revenue Recognition Standard to Contract Revenues Recognized Over Time:

Under the new revenue recognition standard, a contract with a customer is an agreement approved by both parties that creates enforceable rights and obligations, has commercial substance and includes identified payment terms under which collectability is probable. Once the Company has entered a contract, the contract is evaluated to identify performance obligations. For OE contracts that are recognized over time, our customers generally contract with us to provide a service of integrating a complex set of tasks and components into a single project of a highly engineered and tailored capability that generally cannot be re-sold to another customer without significant re-engineering and/or re-work cost. Such contracts are typically accounted for as a single performance obligation. For aftermarket service contracts, our customers generally receive and consume the benefits of the service as we perform, or our performance enhances a customer-controlled asset. As noted above, we generally recognize revenue over time, using costs incurred to date relative to total estimated costs at completion ("EAC's") for these OE and service contracts. This measure best depicts the transfer of control to customers continuously over time which occurs as we incur costs related to satisfaction of performance obligation(s) under our contracts. This transfer of control over time is also supported by the work being either customer-owned throughout the life of the project or by termination clauses which allow us to recover costs incurred plus a reasonable profit. Revenues, including estimated profits, are recorded proportionally as costs are incurred. For certain long-term aftermarket maintenance contracts where we stand ready to perform at any time, we recognize revenue ratably over the life of the related contract.

During the three months ended September 29, 2018, we recognized revenues of $74.9, $30.9 and $17.8 under contracts for which control transferred over time in our Food and Beverage, Power and Energy, and Industrial segments, respectively. During the nine months ended September 29, 2018, we recognized revenues of $218.9, $96.4 and $53.9 under contracts for which control transferred over time in each segment, respectively.

We have established controls and procedures to update project EAC's for cost-to-cost contracts at least quarterly. Costs to fulfill include primarily labor, materials and subcontractors' costs, as well as other direct costs. Our cost estimation process is based upon (i) historical experience, (ii) the professional judgment and knowledge of our engineers, project managers, and operations and financial professionals, and (iii) an assessment of key factors such as progress towards completion and the related program schedule, identified opportunities and risks and the related changes in estimates of revenues and costs.

EAC adjustments are recognized in the period in which they become known, including the resulting impact on revenues and operating income. These adjustments may result from positive (or negative) project performance, and may result in an increase (or decrease) in operating income during performance, depending on whether or not we are successful in mitigating risks surrounding the technical, schedule and cost aspects of those performance obligations or realizing related opportunities. If and when EAC costs exceed revenue to be earned on a project, a provision for the entire expected loss on the performance obligation is recognized in the period the loss is determined. The impact of EAC adjustments on our revenues and operating income was insignificant during the three and nine months ended September 29, 2018.

(Unaudited; in millions, except per share data)

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be longer than one year, and had recorded $0.5 in “Other current assets” in our condensed consolidated balance sheets for such costs as ofSeptember 29, 2018 and December 31, 2017. The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract when the amortization period is expected to be less than one year. These costs primarily include the Company's internal sales force compensation program; under the terms of this program these costs are generally earned and recognized at the time the revenue is recognized.

Disaggregated Information about Revenues:

Our aftermarket revenues generally include sales of parts and service/maintenance services, and OE revenues generally include all other revenue streams described above. The following table provides disaggregated information about our OE, including Food and Beverage systems, and aftermarket revenues by reportable segment for the three and nine months ended September 29, 2018:

	Three months ended September 29, 2018			Nine months ended September 29, 2018		
	Original Equipment	Aftermarket	Total Revenues	Original Equipment	Aftermarket	Total Revenues
Food and Beverage	$ 134.7 (1)	$ 60.1	$ 194.8	$ 364.3 (1)	$ 184.6	$ 548.9
Power and Energy	74.7	72.0	146.7	232.0	211.2	443.2
Industrial	130.3	58.5	188.8	382.0	177.7	559.7
Total revenues	$ 339.7	$ 190.6	$ 530.3	$ 978.3	$ 573.5	$ 1,551.8

(1) Includes $81.8 and $202.4, for the three and nine months ended September 29, 2018, respectively, of revenue realized from the sale of highly engineered Food and Beverage systems.

Contract Assets and Liabilities:

Contract assets include unbilled amounts typically resulting from sales under cost-to-cost contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Contract assets are generally classified as current, as we expect to bill the amounts within the next twelve months. Contract liabilities include billings in excess of revenue recognized under cost-to-cost contracts and advance payments received from customers related to product sales (unearned revenue). We classify contract liabilities generally as a current liability, as we expect to recognize the related revenue within the next twelve months. Our contract assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period. Our contract assets and liabilities, and changes in such balances, were as follows:

	September 29, 2018	December 31, 2017	Change(1)	% Change
Contract assets	$ 82.2	$ 57.7	$ 24.5	42.5 %
Contract liabilities	(178.9)	(182.3)	3.4	(1.9)%
Net contract liabilities	$ (96.7)	$ (124.6)	$ 27.9	

(1) The $27.9 reduction in our net contract liabilities from December 31, 2017 to September 29, 2018 was primarily due to the timing of advance and milestone payments received on certain Food and Beverage and Power and Energy cost-to-cost contracts, and of performance obligations satisfied and the related revenue recognized on such contracts.

(Unaudited; in millions, except per share data)

Reconciliation of Operating Results and Balance Sheet - Previous vs. Current Revenue Recognition Standard:

In accordance with the new revenue recognition standard requirements, the disclosure of the impact of adoption on our condensed consolidated statements of operations and balance sheet is as follows:

	Three months ended September 29, 2018		
Statement of Operations	**Amounts without adoption of new revenue standard**	**Effect of adoption higher / (lower)**	**As Reported**
Revenues	$ 520.9	$ 9.4	$ 530.3
Cost of products sold	359.4	7.8	367.2
Selling, general and administrative	102.9	(0.1)	102.8
Income tax provision	8.9	0.3	9.2
Net income	31.1	1.4	32.5
Net income attributable to SPX FLOW, Inc.	31.3	1.4	32.7

	Nine months ended September 29, 2018		
Statement of Operations	**Amounts without adoption of new revenue standard**	**Effect of adoption higher / (lower)**	**As Reported**
Revenues	$ 1,521.3	$ 30.5	$ 1,551.8
Cost of products sold	1,036.1	24.2	1,060.3
Selling, general and administrative	337.1	—	337.1
Income tax provision	20.9	1.0	21.9
Net income	65.9	5.3	71.2
Net income attributable to SPX FLOW, Inc.	65.8	5.3	71.1

	As of September 29, 2018		
Balance Sheet	**Amounts without adoption of new revenue standard**	**Effect of adoption higher / (lower)**	**As Reported**
Assets			
Contract assets	$ 61.2	$ 21.0	$ 82.2
Inventories, net	334.8	(16.4)	318.4
Other current assets	42.8	0.5	43.3
Other assets	147.9	(0.6)	147.3
Liabilities			
Contract liabilities	183.7	(4.8)	178.9
Accrued expenses	169.7	(0.2)	169.5
Income taxes payable	18.7	0.5	19.2
Deferred and other income taxes	54.3	1.4	55.7
Equity			
Accumulated deficit	(258.2)	7.6	(250.6)

Remaining Performance Obligations:

Remaining performance obligations represent the transaction price of orders for which (i) control of goods or services has not been transferred to the customer or we have not otherwise met our performance obligations, or (ii) where revenue is accounted for over time, proportional costs have not yet been incurred. Such remaining performance obligations exclude unexercised contract options and potential orders under “blanket order” contracts (e.g., with indefinite delivery dates or quantities). As of September 29, 2018, the aggregate amount of our remaining performance obligations was $1,015.8. The Company expects to recognize revenue on approximately 85% and substantially all of our remaining performance obligations within the next 12 and 24 months, respectively, with an insignificant remaining amount expected to be recognized thereafter.

Other New Accounting Pronouncements

In February 2016, and as subsequently amended, the FASB issued a new standard which requires a lessee to recognize on its balance sheet the assets and liabilities associated with the rights and obligations created by leases with terms that exceed twelve months. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement and presentation of costs and cash flows arising from a lease. The new standard is effective for interim and annual reporting periods beginning after December 15, 2018 and requires a modified retrospective approach to adoption for lessees related to capital and operating leases existing at, or entered into after, the earliest comparative period presented in the financial statements, with certain practical expedients available. Early adoption is permitted. We are currently evaluating the effect that this new standard will have on our consolidated financial statements, including (i) performing procedures to assess the completeness of the population of our lease arrangements and (ii) reviewing the relevant terms of applicable leases and compiling such terms in a centralized database in order to facilitate the determination of the effect of the new standard on our consolidated financial statements.

In October 2016, the FASB issued an amendment that requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory. Under current authoritative guidance, the tax effects of intra-entity asset transfers (intercompany sales) are deferred until the transferred asset is sold to a third party or otherwise recovered through use. This amendment requires tax expense and deferred tax asset recognition from the intra-entity sale of the asset in the seller’s tax jurisdiction when the asset transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. We adopted this amendment as of the beginning of the first quarter of 2018 using modified retrospective application, and recorded a cumulative charge of $3.8 to accumulated deficit during the quarter.

In November 2016, the FASB issued an amendment to guidance for statement of cash flow presentation, which requires that entities explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents in the statement of cash flows. Entities are also required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. We adopted this amendment in the first quarter of 2018 using retrospective application. We held $1.1 and $1.2 of restricted cash as of September 29, 2018 and December 31, 2017, respectively, and $1.1 of restricted cash as of September 30, 2017 and December 31, 2016, which was reported in "Other current assets" in our condensed consolidated balance sheets and included in "Cash, cash equivalents and restricted cash" in our condensed consolidated statements of cash flows as of the respective dates. Such restricted cash balances consist primarily of deposits which serve as bank guarantees related to our performance under customer contracts and are required by law in certain international jurisdictions in lieu of letters or credit or other forms of security.

In February 2018, the FASB issued an amendment to guidance which allows entities to reclassify certain stranded income tax effects from accumulated other comprehensive income/loss to retained earnings resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017 (the “Tax Act”), as well as additional financial statement disclosures to clarify the effects of adoption. The Company adopted this amendment as of the beginning of the first quarter of 2018 and elected to reclassify the income tax effects of the Tax Act between accumulated other comprehensive loss and accumulated deficit. The Company recorded a cumulative reduction of $7.3 of accumulated deficit and corresponding charge to accumulated other comprehensive loss during the quarter. The tax effects reclassified under this standard included the change in federal tax rate (net of the change in federal benefit of state tax, where applicable) pursuant to the Tax Act on the foreign exchange gains (losses) recorded through accumulated other comprehensive loss and the reversal of the tax impact of certain gains (losses) where the Tax Act impacted the Company’s intention to repatriate certain earnings that were previously taxed but would result in a tax on the foreign exchange gain (loss) upon repatriation.

In March 2018, the FASB issued an amendment to update the FASB Accounting Standards Codification (the "Codification") and XBRL Taxonomy as a result of the Tax Act, and to incorporate Staff Accounting Bulletin No. 118 as released by the SEC, which provides guidance for companies that are not able to complete their accounting for the income tax effects of the Tax Act in the period of enactment. This amendment is effective for interim and annual reporting periods beginning after December 15, 2018. The Company continues to evaluate the impact this tax reform legislation may have on its consolidated financial statements.

In August 2018, the FASB issued an amendment to modify the disclosure requirements related to fair value measurements. This amendment removes, modifies, and adds certain disclosures required under current guidance. For example, the amendment removes the requirements to disclose the amount of and reason for transfers between Level 1 and Level 2 of the fair value hierarchy as well as the policy for timing of transfers between levels, and requires certain additional disclosures related to Level 3 fair value measurements. This amendment is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the impact this amendment may have on its consolidated financial statements.

In August 2018, the FASB issued an amendment to modify the disclosure requirements related to defined benefit plans. This amendment removes, clarifies, and adds certain disclosures required under current guidance. For example, the amendment removes the requirement to disclose the effects of a one-percentage point change in assumed health care cost trend rates on postretirement benefit obligations and service and interest cost components of periodic benefit costs, and requires an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. This amendment is effective for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact this amendment may have on its consolidated financial statements.

In August 2018, the FASB issued an amendment to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). Amongst other changes in requirements, the amendments in this update also require an entity to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. This amendment is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the impact this amendment may have on its consolidated financial statements.

(Unaudited; in millions, except per share data)

Summary of Effects of Retrospective Accounting Standard Changes Adopted in First Quarter of 2018

The cumulative effects of the changes made to our condensed consolidated balance sheet as of the beginning of the first quarter of 2018 as a result of the adoption of the accounting standard updates on (i) revenue recognition, (ii) income tax consequences of intra-entity non-inventory asset transfers and (iii) reclassification of certain stranded income tax effects from accumulated other comprehensive loss ("AOCL") to accumulated deficit, were as follows:

		Effects of adoption of accounting standards updates related to:				
Balance Sheet	**As filed December 31, 2017**	**Revenue recognition**	**Tax effects of intra-entity non-inventory asset transfers**	**Stranded AOCL reclassifications due to the Tax Act**	**Total effects of adoption**	**With effect of accounting standard updates January 1, 2018**
Assets						
Contract assets	$ 57.7	$ 17.8	$ —	$ —	$ 17.8	$ 75.5
Inventories, net	293.9	5.8	—	—	5.8	299.7
Other current assets	50.0	0.5	—	—	0.5	50.5
Other assets	159.8	(0.5)	(3.8)	—	(4.3)	155.5
Liabilities						
Contract liabilities	182.3	20.5	—	—	20.5	202.8
Accrued expenses	207.3	(0.2)	—	—	(0.2)	207.1
Income taxes payable	21.6	0.2	—	—	0.2	21.8
Deferred and other income taxes	63.3	0.8	—	—	0.8	64.1
Equity						
Accumulated deficit	(327.5)	2.3	(3.8)	7.3	5.8	(321.7)
Accumulated other comprehensive loss	(372.8)	—	—	(7.3)	(7.3)	(380.1)

(3) INFORMATION ON REPORTABLE SEGMENTS, CORPORATE EXPENSE AND OTHER

We innovate with customers to help feed and enhance the world by designing, delivering and servicing high value solutions at the heart of growing and sustaining our diverse communities with operations in over 30 countries and sales in over 150 countries around the world. The Company's product offering is concentrated in rotating, actuating and hydraulic technologies, as well as automated process systems, into food and beverage, industrial and power and energy markets.

We have three reportable segments: Food and Beverage, Power and Energy, and Industrial. In determining our segments, we apply the threshold criteria of the Segment Reporting Topic of the Codification to operating income or loss of each segment before considering impairment and special charges, pension and postretirement service costs and other indirect corporate expenses (including corporate stock-based compensation). This is consistent with the way our chief operating decision maker evaluates the results of each segment.

Food and Beverage

The Food and Beverage reportable segment operates in a regulated, global industry with customers who demand highly engineered, turn-key solutions. Key demand drivers include dairy consumption, emerging market capacity expansion, sustainability and productivity initiatives, customer product innovation and food safety. Key products for the segment include mixing, drying, evaporation and separation systems and components, heat exchangers, and reciprocating and centrifugal pump technologies. We also design and construct turn-key systems that integrate many of these products for our customers. Our core brands include Anhydro, APV, Bran+Luebbe, Gerstenberg Schroeder, LIGHTNIN, Seital, and Waukesha Cherry-Burrell.

Power and Energy

The Power and Energy reportable segment primarily serves customers in the oil and gas industry and, to a lesser extent, the nuclear and other conventional power industries. A large portion of the segment's revenues are concentrated in oil extraction, production and transportation at existing wells, and in pipeline applications. The underlying driver of this segment includes demand for power and energy. Key products for the segment include pumps, valves and related accessories, while the core brands include APV, Bran+Luebbe, ClydeUnion Pumps, Copes-Vulcan, Dollinger Filtration, LIGHTNIN, M&J Valve, Plenty, and Vokes.

Industrial

The Industrial reportable segment primarily serves customers in the chemical, air treatment, mining, pharmaceutical, marine, shipbuilding, infrastructure construction, general industrial and water treatment industries. Key demand drivers of this segment are tied to macroeconomic conditions and growth in the respective end markets we serve. Key products for the segment are air dryers, filtration equipment, mixers, pumps, hydraulic technologies and heat exchangers. Core brands include Airpel, APV, Bolting Systems, Delair, Deltech, Hankison, Jemaco, Johnson Pump, LIGHTNIN, Power Team, and Stone.

Corporate Expense

Corporate expense generally relates to the cost of our Charlotte, North Carolina corporate headquarters and our Asia Pacific center in Shanghai, China.

(Unaudited; in millions, except per share data)

Reportable Segment Financial Data

Financial data for our reportable segments for the three and nine months ended September 29, 2018 and September 30, 2017 were as follows:

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Revenues[(1)]:				
Food and Beverage	$ 194.8	$ 176.4	$ 548.9	$ 518.8
Power and Energy	146.7	141.0	443.2	391.9
Industrial	188.8	173.7	559.7	511.6
Total revenues	$ 530.3	$ 491.1	$ 1,551.8	$ 1,422.3
Income:				
Food and Beverage	$ 27.4	$ 19.9	$ 65.3	$ 52.7
Power and Energy	11.0	12.8	37.7	21.3
Industrial	26.8	22.0	74.8	63.9
Total income for reportable segments	65.2	54.7	177.8	137.9
Corporate expense	8.8	14.5	35.2	42.1
Pension and postretirement service costs	0.4	0.4	1.2	1.1
Special charges	0.2	2.3	3.9	17.6
Consolidated operating income	$ 55.8	$ 37.5	$ 137.5	$ 77.1

(1) We recognized revenues of $123.6 and $81.2 over time in the three months ended September 29, 2018 and September 30, 2017, respectively. For the nine months ended September 29, 2018 and September 30, 2017, revenues recognized over time were $369.2 and $189.5, respectively.

(4) SPECIAL CHARGES

Special charges for the three and nine months ended September 29, 2018 and September 30, 2017 were as follows:

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Food and Beverage	$ 0.3	$ 2.7	$ 1.0	$ 7.7
Power and Energy	—	(1.5)	1.4	0.8
Industrial	(0.1)	0.9	1.5	5.6
Other	—	0.2	—	3.5
Total	$ 0.2	$ 2.3	$ 3.9	$ 17.6

Special Charges By Reportable Segment

Unless otherwise noted below, charges for the three and nine months ended September 30, 2017 related to our multi-year global realignment program which concluded in the fourth quarter of 2017. Refer to the notes to our consolidated and combined financial statements in our 2017 Annual Report on Form 10-K for additional information regarding the global realignment program.

Food and Beverage — Charges for the three months ended September 29, 2018 related primarily to severance and other costs related to the reorganization of the segment's commercial aftermarket function in the EMEA region. Charges for the nine months ended September 29, 2018 related primarily to this reorganization as well as a further consolidation of our facilities in Poland, including the termination and other exit costs associated with a leased facility.

(Unaudited; in millions, except per share data)

Charges for the three months ended September 30, 2017 related primarily to costs incurred in connection with a commercial reorganization in the EMEA region of $1.3, severance and other costs associated with a revision of accruals for certain European manufacturing facilities and an asset impairment charge of $0.5 related to certain long-lived assets of a product line which was exited and formerly based primarily in the EMEA region. Charges for the nine months ended September 30, 2017 included these charges as well as (i) previous charges associated with the consolidation and relocation of a manufacturing facility in Germany to the facility in Poland and (ii) severance and other costs associated with the reorganization and consolidation of certain commercial, operational and administrative functions across all regions in which the segment operates.

Power and Energy — Charges for the nine months ended September 29, 2018 included severance and other costs associated with a reduction in workforce of the manufacturing operations of a facility in the U.K., which was partially offset by a credit related primarily to a revision of estimates for certain previously recognized restructuring initiatives.

The credit for the three months ended September 30, 2017 related primarily to a revision of the accruals for certain 2016 and 2017 restructuring initiatives, partially offset by a charge related to the planned consolidation of the operations of two manufacturing facilities in the U.K. Charges for the nine months ended September 30, 2017 included the net credit related to these items, more than offset by severance and other costs associated with (i) various locations in North America and (ii) the reorganization and consolidation of certain commercial, operational and administrative functions primarily in the EMEA and North American regions.

Industrial — Charges for the nine months ended September 29, 2018 related primarily to severance and other costs associated with (i) operations and commercial personnel in North America and the Asia Pacific region, partially offset by (ii) revisions of estimates related to certain previously announced restructuring activities.

Charges for the three months ended September 30, 2017 related primarily to severance and other costs associated with (i) the consolidation and relocation of the manufacturing operations of facilities in Sweden and the Netherlands to existing facilities in Poland and other locations and (ii) a manufacturing facility located in the U.S. Charges for the nine months ended September 30, 2017 included these charges as well as (i) previous charges associated with the consolidation and relocation of the manufacturing facilities in Sweden and the Netherlands to other facilities, (ii) severance and other costs associated with the reorganization and consolidation of certain commercial, operational and administrative functions across all regions in which the segment operates, partially offset by (iii) revisions of estimates for severance and other costs related to the previously planned consolidation and relocation of a manufacturing facility in the U.S.

Other — Charges for the nine months ended September 30, 2017 reflected primarily asset impairment and other related charges in connection with the sale of certain corporate assets during the period.

Expected charges still to be incurred under actions approved as of September 29, 2018 were approximately $0.1.

The following is an analysis of our restructuring liabilities for the nine months ended September 29, 2018 and September 30, 2017:

	Nine months ended	
	September 29, 2018	September 30, 2017
Balance at beginning of year	$ 12.4	$ 33.6
Special charges[1]	3.9	13.5
Utilization — cash	(11.7)	(27.8)
Currency translation adjustment and other	(0.3)	1.8
Balance at end of period	$ 4.3	$ 21.1

(1) Amounts that impacted special charges but not the restructuring liabilities included $4.1 of asset impairment and other related charges during the nine months ended September 30, 2017.

(Unaudited; in millions, except per share data)

(5) INVENTORIES, NET

Inventories at September 29, 2018 and December 31, 2017 comprised the following:

	September 29, 2018	December 31, 2017
Finished goods	$ 100.2	$ 92.3
Work in process	104.0	99.2
Raw materials and purchased parts	120.7	108.9
Total FIFO cost	324.9	300.4
Excess of FIFO cost over LIFO inventory value	(6.5)	(6.5)
Total inventories	$ 318.4	$ 293.9

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated net realizable values. Certain domestic inventories are valued using the last-in, first-out ("LIFO") method. These inventories were approximately 9% and 7% of total inventory at September 29, 2018 and December 31, 2017, respectively. Other inventories are valued using the first-in, first-out ("FIFO") method.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill by reportable segment during thenine months ended September 29, 2018 were as follows:

	December 31, 2017	Impairments	Foreign Currency Translation and Other	September 29, 2018
Food and Beverage	$ 271.8	$ —	$ (5.0)	$ 266.8
Power and Energy(1)	272.4	—	(2.8)	269.6
Industrial(2)	227.1	—	(5.9)	221.2
Total	$ 771.3	$ —	$ (13.7)	$ 757.6

(1) The carrying amount of goodwill included $253.9 and $256.5 of accumulated impairments as of September 29, 2018 and December 31, 2017, respectively.
(2) The carrying amount of goodwill included $67.7 of accumulated impairments as of September 29, 2018 and December 31, 2017.

As of September 29, 2018, there were no indicators necessitating an interim impairment test of any of our reporting units, based on management's review of operating performance.

We will perform our annual impairment testing of goodwill (and indefinite-lived intangible assets that are not amortized), during the fourth quarter of 2018 in conjunction with our annual financial planning process. In performing that annual impairment testing, we will assess, among other items, order trends and the operating cash flow performance of our reporting units.

(Unaudited; in millions, except per share data)

Other Intangibles, Net

Identifiable intangible assets were as follows:

	September 29, 2018			December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with determinable lives:						
Customer relationships	$ 222.4	$ (128.3)	$ 94.1	$ 226.1	$ (121.9)	$ 104.2
Technology	92.7	(53.9)	38.8	94.1	(50.9)	43.2
Patents	6.7	(5.3)	1.4	6.8	(5.1)	1.7
Other	13.5	(11.0)	2.5	13.8	(11.1)	2.7
	335.3	(198.5)	136.8	340.8	(189.0)	151.8
Trademarks with indefinite lives	196.0	—	196.0	198.5	—	198.5
Total	$ 531.3	$ (198.5)	$ 332.8	$ 539.3	$ (189.0)	$ 350.3

As of September 29, 2018, the net carrying value of intangible assets with determinable lives consisted of the following by reportable segment: $71.4 in Power and Energy, $45.7 in Food and Beverage, and $19.7 in Industrial. Trademarks with indefinite lives consisted of the following by reportable segment: $100.3 in Food and Beverage, $60.3 in Industrial, and $35.4 in Power and Energy.

No impairment charges were recorded during the nine months ended September 29, 2018 or September 30, 2017. Changes in the gross carrying values of trademarks and other identifiable intangible assets during the nine months ended September 29, 2018 related to foreign currency translation.

(7) EMPLOYEE BENEFIT PLANS

SPX FLOW sponsors a number of defined benefit pension plans and a postretirement plan. For all of these plans, changes in the fair value of plan assets and actuarial gains and losses are recognized to earnings in the fourth quarter of each year, unless earlier remeasurement is required. The remaining components of pension and postretirement expense, primarily service and interest costs and expected return on plan assets, are recorded on a quarterly basis.

Components of Net Periodic Pension and Postretirement Benefit Expense (Income)

Net periodic benefit expense (income) for our foreign pension plans and our domestic pension and postretirement plans for the three and nine months ended September 29, 2018 and September 30, 2017 included the following components:

	Foreign Pension Plans		Domestic Pension and Postretirement Plans		Total		
	Three months ended						
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017	Statement of Operations Caption in Which Expense is Reported
Service cost	$ 0.2	0.2	$ 0.2	$ 0.2	$ 0.4	$ 0.4	Selling, general and administrative
Interest cost	0.2	0.2	0.1	0.1	0.3	0.3	Other income (expense), net
Total net periodic benefit expense	$ 0.4	$ 0.4	$ 0.3	$ 0.3	$ 0.7	$ 0.7	

(Unaudited; in millions, except per share data)

	Foreign Pension Plans		Domestic Pension and Postretirement Plans		Total		Statement of Operations Caption in Which Expense (Income) is Reported
	Nine Months Ended						
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017	
Service cost	$ 0.5	0.5	$ 0.7	$ 0.6	$ 1.2	$ 1.1	Selling, general and administrative
Interest cost	0.5	0.6	0.4	0.4	0.9	1.0	Other income (expense), net
Curtailment gain(1)	—	(1.1)	—	—	—	(1.1)	Other income (expense), net
Recognized net actuarial loss(2)	0.6	—	—	—	0.6	—	Other income (expense), net
Total net periodic benefit expense	$ 1.6	$ —	$ 1.1	$ 1.0	$ 2.7	$ 1.0	

(1) Gain is related to the cessation of accrual of future benefits by participants in a defined benefit pension plan in the Netherlands effective March 31, 2017. The accumulated obligations for future pension payments to participants in this plan were also transferred to an insurance company at that time. Under the agreement, the insurance company irrevocably assumed the obligation to make future pension payments to the approximately 60 participants of the plan.

(2) Represents a cumulative charge related to a change in the accounting for certain foreign benefit plans from defined contribution plans to defined benefit plans. These plans include approximately 50 active participants.

Employer Contributions

During the nine months ended September 29, 2018 and September 30, 2017, contributions to the foreign and domestic pension plans we sponsor were less than $0.1.

(8) INDEBTEDNESS

Debt at September 29, 2018 and December 31, 2017 was comprised of the following:

	September 29, 2018	December 31, 2017
Term loan(1)	$ 205.0	$ 270.0
5.625% senior notes, due in August 2024	300.0	300.0
5.875% senior notes, due in August 2026	300.0	300.0
Other indebtedness(2)	41.5	35.8
Less: deferred financing fees(3)	(8.7)	(10.2)
Total debt	837.8	895.6
Less: short-term debt	29.8	24.2
Less: current maturities of long-term debt	20.5	20.5
Total long-term debt	$ 787.5	$ 850.9

(1) The term loan, which had an initial principal balance of $400.0, is repayable in quarterly installments of 5.0% annually which began with our third quarter of 2016, with the remaining balance repayable in full on September 24, 2020. In January and May 2018, we made voluntary principal prepayments in the amounts of $30.0 and $20.0, respectively, under the term loan facility, funded by cash on hand. There was no penalty associated with these prepayments.

(2) Primarily includes capital lease obligations of $11.2 and $11.6 and balances under a purchase card program of $26.3 and $21.9 as of September 29, 2018 and December 31, 2017, respectively. The purchase card program allows for payment beyond customary payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(3) Deferred financing fees were comprised of fees related to the term loan and senior notes.

A detailed description of our senior credit facilities and senior notes is included in our consolidated and combined financial statements included in our 2017 Annual Report on Form 10-K.

The weighted-average interest rate of outstanding borrowings under our senior credit facilities was approximately 4.0% and 4.1% at September 29, 2018 and December 31, 2017, respectively.

At September 29, 2018, we had $443.0 of borrowing capacity under our revolving credit facilities after giving effect to $7.0 reserved for outstanding letters of credit. At September 29, 2018, we had $32.4 of available borrowing capacity under our trade receivables financing arrangement. Our trade receivables financing arrangement provides for a total commitment of $50.0 from associated lenders, depending upon our trade receivables balance and other factors. In addition, at September 29, 2018, we had $356.3 of available issuance capacity under our foreign credit instrument facilities after giving effect to $143.7 reserved for outstanding bank guarantees and standby letters of credit.

At September 29, 2018, in addition to the revolving lines of credit described above, we had approximately $7.2 of letters of credit outstanding under separate arrangements in China and India.

During the first quarter of 2018 and as a result of our consolidated leverage and interest coverage ratios being less than or equal to 3.25:1.00 and greater than or equal to 3.50:1.00, respectively, the Company voluntarily ended its covenant relief period prior to its December 31, 2018 termination date, in accordance with provisions provided in the second amendment to our senior credit facilities.

At September 29, 2018, we were in compliance with all covenants of our senior credit facilities and senior notes.

(9) DERIVATIVE FINANCIAL INSTRUMENTS

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency ("FX") exchange rates. Our objective is to preserve the economic value of non-functional currency-denominated cash flows and to minimize the impact of changes as a result of currency fluctuations. Our principal currency exposures relate to the Euro, Chinese Yuan and British Pound.

We had FX forward contracts with an aggregate notional amount of $53.5 and $44.6 outstanding as of September 29, 2018 and December 31, 2017, respectively, with all such contracts scheduled to mature within one year. We also had FX embedded derivatives with an aggregate notional amount of $15.5 and $16.9 at September 29, 2018 and December 31, 2017, respectively, with scheduled maturities of $15.4 and $0.1 within one and two years, respectively. There were no unrealized gains or losses recorded in accumulated other comprehensive loss related to FX forward contracts as of September 29, 2018 and December 31, 2017, respectively. The net losses recorded in "Other income (expense), net" related to FX losses totaled $2.5 and $0.4 for the three months ended September 29, 2018 and September 30, 2017, respectively, and $6.5 and $3.8 for the nine months then ended.

We enter into arrangements designed to provide the right of setoff in the event of counterparty default or insolvency, and have elected to offset the fair values of our FX forward contracts in our condensed consolidated balance sheets. The gross fair values of our FX forward contracts and FX embedded derivatives, in aggregate, were $2.2 and $2.3 (gross assets) and $0.1 and $0.0 (gross liabilities) at September 29, 2018 and December 31, 2017, respectively.

(Unaudited; in millions, except per share data)

(10) EQUITY AND STOCK-BASED COMPENSATION

Income Per Share

The following table sets forth the number of weighted-average shares outstanding used in the computation of basic and diluted income per share:

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Weighted-average shares outstanding, basic	42.229	41.884	42.169	41.765
Dilutive effect of share-based awards	0.467	0.448	0.438	0.361
Weighted-average shares outstanding, dilutive[(1)]	42.696	42.332	42.607	42.126

(1) Unvested restricted stock shares/units not included in the computation of diluted income per share because required internal performance thresholds for vesting (as discussed below) were not met, were 0.247 and 0.187 for the three months ended September 29, 2018 and September 30, 2017, respectively, and 0.232 and 0.206 for the nine months then ended. Stock options outstanding excluded from the computation of diluted income per share because their exercise price was greater than the average market price of common shares, were 0.342 and 0.355 for the three months ended September 29, 2018 and September 30, 2017, respectively, and 0.342 and 0.361 for the nine months then ended.

Stock-Based Compensation

SPX FLOW stock-based compensation awards may be granted to certain eligible employees or non-employee directors under the SPX FLOW Stock Compensation Plan (the “Stock Plan”). Under the Stock Plan, up to 0.931 unissued shares of our common stock were available for future grant as of September 29, 2018. The Stock Plan permits the issuance of authorized but unissued shares or shares from treasury upon the vesting of restricted stock units, granting of restricted stock shares or exercise of stock options. Each restricted stock share, restricted stock unit and stock option granted reduces share availability under the Stock Plan by one share.

Restricted stock shares or restricted stock units may be granted to certain eligible employees or non-employee directors in accordance with the Stock Plan and applicable award agreements. Subject to participants' continued service and other award terms and conditions, the restrictions lapse and awards generally vest over a period of time, generally three years (or one year for awards to non-employee directors). In some instances, such as death, disability, or retirement, awards may vest concurrently with or following an employee's termination. Approximately half of such restricted stock shares and restricted stock unit awards vest based on performance thresholds, while the remaining portion vest based on the passage of time since grant date.

Eligible employees, including officers, were granted 2018 target performance awards, primarily during the three months ended March 31, 2018, in which the employee can earn between 50% and 150% of the target performance award in the event, and to the extent, the award meets the required performance vesting criteria. Such awards are generally subject to the employees’ continued employment during the three-year vesting period, and may be completely forfeited if the threshold performance criteria are not met. Vesting for the 2018 target performance awards is based on SPX FLOW shareholder return versus the performance of a composite group of companies, as established under the awards (the "Composite Group"), over the three-year period from January 1, 2018 through December 31, 2020. In addition, certain eligible employees, including officers, were granted 2018 internal performance metric awards, primarily during the three months ended March 31, 2018, that vest subject to attainment of stated improvements in a three-year average annual return on invested capital (as defined under the awards) measured at the conclusion of the measurement period ending December 31, 2020 (including eligible employees’ continued employment during the measurement period). These target performance and internal performance metric awards were issued as restricted stock units to eligible non-officer employees and restricted stock shares to eligible officers.

Eligible employees, including officers, also were granted 2018 awards, primarily during the three months ended March 31, 2018, that vest ratably over three years, subject to the passage of time and the employees’ continued employment during such period. In some instances, such as death, disability, or retirement, awards may vest concurrently with or following an employee's termination. These awards were issued as restricted stock units to eligible non-officer employees and restricted stock shares to eligible officers.

(Unaudited; in millions, except per share data)

Non-employee directors received restricted stock share awards in the three months ended June 30, 2018 that vest at the close of business on the day before the date of the Company's next regular annual meeting of shareholders held after the date of the grant, subject to the passage of time and the directors' continued service during such period.

Restricted stock share and unit awards granted to eligible employees, including officers, primarily during the three months ended March 31, 2018, include early retirement provisions which permit recipients to be eligible for vesting generally upon reaching the age of 60 and completing ten years of service (and, if applicable, subject to the attainment of performance measures).

Restricted stock shares and restricted stock units that do not vest within the applicable vesting period are forfeited.

Stock options may be granted to eligible employees in the form of incentive stock options or nonqualified stock options. The option price per share may be no less than the fair market value of our common stock at the close of business on the date of grant. Upon exercise, the employee has the option to surrender previously owned shares at current value in payment of the exercise price and/or for withholding tax obligations.

The recognition of compensation expense for share-based awards is based on their grant-date fair values. The fair value of each award is amortized over the lesser of the award's requisite or derived service period, which is generally up to three years as noted above. For the three and nine months ended September 29, 2018 and September 30, 2017, we recognized compensation expense related to share-based programs in “Selling, general and administrative” expense in the accompanying condensed consolidated statements of operations as follows:

	Three months ended		Nine months ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Stock-based compensation expense	$ 3.7	$ 4.2	12.8	12.1
Income tax benefit	(0.9)	(1.5)	(3.1)	(4.3)
Stock-based compensation expense, net of income tax benefit	$ 2.8	$ 2.7	$ 9.7	$ 7.8

Restricted Stock Share and Restricted Stock Unit Awards

The Monte Carlo simulation model valuation technique was used to determine the fair value of our restricted stock shares and restricted stock units that contain a “market condition.” The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award and calculates the fair value of each restricted stock share and restricted stock unit award.

The following table summarizes the unvested restricted stock share and restricted stock unit activity for the nine months ended September 29, 2018:

	Unvested Restricted Stock Shares and Restricted Stock Units	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at December 31, 2017	1.132	$32.65
Granted	0.403	48.69
Vested	(0.294)	39.65
Forfeited and other	(0.037)	32.79
Outstanding at September 29, 2018	1.204	$36.29

As of September 29, 2018, there was $19.8 of unrecognized compensation cost related to restricted stock share and restricted stock unit compensation arrangements. We expect this cost to be recognized over a weighted-average period of 1.8 years.

Stock Options

There were 0.342 of SPX FLOW stock options outstanding as of September 29, 2018 and December 31, 2017, all of which were exercisable as of September 29, 2018. The weighted-average exercise price per share of the stock options is $61.29 and the weighted-average grant-date fair value per share is $19.33. The term of these options expires on January 2, 2025 (subject to earlier expiration upon a recipient's termination of service as provided under the awards). There was no unrecognized compensation cost related to these stock options as of September 29, 2018.

Accumulated Other Comprehensive Loss

Substantially all of accumulated other comprehensive loss as of September 29, 2018 and December 31, 2017, and in the changes thereof during the three and nine months then ended, was foreign currency translation adjustment.

Substantially all of accumulated other comprehensive loss as of September 30, 2017 and December 31, 2016, and in the changes thereof during the three and nine months then ended, was foreign currency translation adjustment.

Common Stock in Treasury

During the nine months ended September 29, 2018 and September 30, 2017, “Common stock in treasury” was increased by $4.6 and $3.5, respectively, for common stock that was surrendered by recipients of restricted stock as a means of funding the related minimum income tax withholding requirements.

Incentive Plan Activity

As of the market close on March 29, 2018, the Company amended the SPX FLOW Retirement Savings Plan (the "401(k) Plan") to institute a freeze of new investments (whether through contributions, transfers, exchanges or rebalancing) directed into the SPX FLOW Stock Fund investment option provided under the 401(k) Plan. All Company matching contributions to the 401(k) Plan related to payroll periods ending after March 29, 2018 have been contributed in cash instead of Company common stock and, as a result of this change, Company matching contributions after such date have not impacted the number of outstanding shares or "Paid-In Capital."

(11) LITIGATION, CONTINGENT LIABILITIES AND OTHER MATTERS

We are subject to litigation matters that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

We are subject to domestic and international environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. We believe our compliance obligations with environmental protection laws and regulations should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

Mezzanine Equity

Independent noncontrolling shareholders in certain foreign subsidiaries of the Company have put options under their respective joint venture operating agreements that allow them to sell their common stock to the controlling shareholders (wholly-owned subsidiaries of SPX FLOW) upon the satisfaction of certain conditions, including the passage of time. The respective carrying values presented in "Mezzanine equity" of our condensed consolidated balance sheets as of September 29, 2018 and December 31, 2017 are stated at the current exercise value of the put options, irrespective of whether the options are currently exercisable. To the extent the noncontrolling interests' put option price is correlated with the estimated fair value of the subsidiary, we have used the market method to estimate such fair values. This represents a Level 3 fair value measurement as described in Note 13. Of the $20.9 of current exercise value of the put options outstanding as of September 29, 2018, options with a value of $11.5 became exercisable during our third quarter of 2018. If and when such options are exercised, we expect to settle the option value in cash.

(12) INCOME TAXES

Impact of the Tax Cuts and Jobs Act

On December 22, 2017, the President of the United States signed into law the Tax Act. The Tax Act included numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction was effective for the Company as of January 1, 2018, which resulted in the Company revaluing its net U.S. federal deferred tax liability. The Company substantially completed its accounting for the revaluation of its net U.S. federal deferred tax liabilities and recorded a tax benefit of approximately $17.8 in the fourth quarter of 2017, excluding the impact for rate change on earnings which were not considered indefinitely reinvested. This provisional estimate was revised during the three and nine months ended September 29, 2018 to a tax benefit of approximately $17.6. The accounting for the revaluation of the Company’s net U.S. federal deferred tax liabilities remains substantially complete as of September 29, 2018.

The Tax Act also provided for a mandatory one-time "deemed repatriation" of accumulated post-1986 foreign earnings which had not been previously taxed. The Company recorded a provisional estimate for this transition tax of $50.4 in the fourth quarter of 2017. As of September 29, 2018, the Company revised this estimate to $52.0 based on additional analysis of the provisions of the Tax Act and a change in certain elections available pursuant to the Tax Act, which resulted in the Company recording $1.6 of additional income tax expense during the nine months ended September 29, 2018. After the revisions to the provisional estimate, the Company expects to pay U.S. federal tax of approximately $12.2 on the deemed repatriation after utilization of tax loss carryforwards and foreign tax credits. The Company will pay this amount over a period of up to nine years as a result of fiscal year-ends of certain foreign subsidiaries ending after December 31, 2017. The accounting for the transition tax as required by the Tax Act remains provisional at September 29, 2018.

The Tax Act also contained provisions on the taxation of Global Intangible Low-Taxed Income (“GILTI”). The Company has not yet adopted an accounting policy related to the provision of deferred taxes related to GILTI. As such, the Company has not recorded any deferred taxes for GILTI but treated it as a period cost in computing the tax provision for the three and nine months ended September 29, 2018. The Company anticipates future issuance of U.S. Treasury department regulations and notices that will clarify significant issues dealing with the application and computation of taxes due under the GILTI provisions.

The Tax Act made significant changes to the taxation of undistributed foreign earnings, requiring that all previously untaxed earnings and profits of our controlled foreign corporations be subjected to a one-time mandatory repatriation tax as described above. The transition tax substantially eliminated the basis difference that existed previously for purposes of Section 740 of the Codification. However, there are limited other taxes that could continue to apply such as foreign withholding and certain state taxes. At September 29, 2018, the Company is still evaluating the full impact of the Tax Act on our assertion regarding the indefinite reinvestment of the earnings of our foreign corporations. The Company recorded benefits of $2.1 and $0.8 for the three and nine months ended September 29, 2018, reflecting a change in the expected liability upon the future repatriation of certain earnings.

Unrecognized Tax Benefits

As of September 29, 2018, we had gross unrecognized tax benefits of $5.3 (net unrecognized tax benefits of $1.9), of which $1.9, if recognized, would impact our effective tax rate.

We classify interest and penalties related to unrecognized tax benefits as a component of our income tax provision. As of September 29, 2018, gross accrued interest totaled $0.3 (net accrued interest of $0.2), and there was no accrual for penalties included in our unrecognized tax benefits.

Based on the outcome of certain examinations or as a result of the expiration of statutes of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by $1.0 to $2.0. The previously unrecognized tax benefits relate to transfer pricing matters.

The unrecognized tax benefits described above represent amounts that were included in tax returns filed by the Company. Historically, a portion of the Company's operations were included in tax returns filed by SPX Corporation (the "former Parent") or its subsidiaries that were not part of our spin-off from the former Parent effected on September 26, 2015 (the "Spin-Off"). As a result, some uncertain tax positions related to the Company's operations resulted in unrecognized tax benefits that are now potential obligations of the former Parent or its subsidiaries that were part of the Spin-Off. In addition, some of the Company's tax returns included the operations of the former Parent's subsidiaries that were not part of the Spin-Off. In certain of these cases, these subsidiaries' activities gave rise to unrecognized tax benefits for which the Company could be potentially liable. When required under the Income Taxes Topic of the Codification, we have recorded a liability for these uncertain tax positions within our condensed consolidated balance sheets.

Other Tax Matters

During the three months ended September 29, 2018, we recorded an income tax provision of $9.2 on $41.7 of pre-tax income, resulting in an effective tax rate of 22.1%. This compares to an income tax provision for the three months ended September 30, 2017 of $9.6 on $22.6 of pre-tax income, resulting in an effective tax rate of 42.5%. The effective tax rate for the third quarter of 2018 was impacted by income tax benefits of (i) $1.1 resulting from the net impact of an election made related to the basis generated under the transition tax and the impact of that election on earnings not considered indefinitely reinvested and (ii) $1.0 resulting from a refinement of the transition tax calculation, which were partially offset by income tax charges of $1.4 resulting from the addition of a valuation allowance for a subsidiary for which the benefit of previously incurred losses is not expected to be realized. The effective tax rate for the third quarter of 2017 was impacted by $2.4 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized.

During the nine months ended September 29, 2018, we recorded an income tax provision of $21.9 on $93.1 of pre-tax income, resulting in an effective tax rate of 23.5%. This compares to an income tax provision for the nine months ended September 30, 2017 of $12.2 on $28.1 of pre-tax income, resulting in an effective tax rate of 43.4%. The effective tax rate for the first nine months of 2018 was impacted by income tax benefits of (i) $8.6 resulting from additional foreign tax credits available to the Company arising from distributions of income taxed under the transition tax provisions of the Tax Act and (ii) $2.3 resulting from the finalization of the transfer pricing analysis on intercompany transactions to be reported on tax returns of the Company and its subsidiaries, which were partially offset by income tax charges of (i) $1.6 resulting from a refinement of the transition tax calculation, (ii) $1.3 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized, and (iii) $1.4 resulting from the addition of a valuation allowance for a subsidiary for which the benefit of previously incurred losses is not expected to be realized. The effective tax rate for the first nine months of 2017 was impacted by (i) $5.5 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized, (ii) an income tax charge of $1.3 related to the vesting of certain restricted stock shares and restricted stock units during the period, partially offset by (iii) an income tax benefit of $3.4 resulting from changes to our unrecognized tax benefits due to expiration of the statute of limitations during the period.

We review our income tax positions on a continuous basis and record unrecognized tax benefits for potential uncertain positions when we determine that an uncertain position meets the criteria of the Income Taxes Topic of the Codification. As events change and resolutions occur, adjustments are made to amounts previously provided, such as in the case of audit settlements with taxing authorities.

In connection with the Spin-Off, we and the former Parent entered into a Tax Matters Agreement which, among other matters, addresses the allocation of certain tax adjustments that might arise upon examination of the 2013, 2014 and the pre-Spin-Off portion of the 2015 federal income tax returns of the former Parent. None of those returns are currently under examination, and we believe any contingencies have been adequately provided for.

State income tax returns generally are subject to examination for a period of three to five years after filing the respective tax returns. The impact on such tax returns of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination. We believe any uncertain tax positions related to these examinations have been appropriately reflected as unrecognized tax benefits.

We have various non-U.S. income tax returns under examination. The most significant of these is the examination in Germany for the 2010 through 2014 tax years. We expect this examination will conclude in 2019. We believe that any uncertain tax positions related to these examinations have been appropriately reflected as unrecognized tax benefits.

An unfavorable resolution of one or more of the above matters could have a material adverse effect on our results of operations or cash flows in the quarter and year in which an adjustment is recorded or the tax is due or paid. As audits and examinations are still in process or we have not yet reached the final stages of the appeals process, the timing of the ultimate resolution and any payments that may be required for the above matters cannot be determined at this time.

(13) FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 — Significant inputs to the valuation model are unobservable.

There were no changes during the periods presented to the valuation techniques we use to measure asset and liability fair values on a recurring basis. There were no transfers between the three levels of the fair value hierarchy during the periods presented.

The following section describes the valuation methodologies we use to measure different financial instruments at fair value on a recurring basis.

Derivative Financial Instruments

Our derivative financial assets and liabilities include FX forward contracts and FX embedded derivatives, valued using valuation models based on observable market inputs such as forward rates, interest rates, our own credit risk and the credit risk of our counterparties, which comprise investment-grade financial institutions. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. We have not made any adjustments to the inputs obtained from the independent sources. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active. We primarily use the income approach, which uses valuation techniques to convert future amounts to a single present amount.

As of September 29, 2018 and December 31, 2017, the gross fair values of our derivative financial assets and liabilities, in aggregate, were $2.2 and $2.3 (gross assets) and $0.1 and $0.0 (gross liabilities), respectively. As of September 29, 2018, there had been no significant impact to the fair value of our derivative liabilities due to our own credit risk as the related instruments are collateralized under our senior credit facilities. Similarly, there had been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

Equity Security Investment

Until June 2017, we had an investment in an equity security that was accounted for under the fair value option, but not readily marketable, and therefore which was classified as a Level 3 asset in the fair value hierarchy. In April 2017, we entered into an agreement to sell our investment in the equity security to a third party, and the security's value as of the end of the first quarter of 2017 reflected the sales price under this agreement. We received proceeds from the sale of the equity security during the second quarter of 2017. We held no equity securities required to be stated at fair value as of September 29, 2018 and December 31, 2017.

(Unaudited; in millions, except per share data)

The table below presents a reconciliation of our investment in the equity security measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2017, including net unrealized losses recorded to "Other income (expense), net."

	Nine months ended September 30, 2017
Balance at beginning of year	$ 7.6
Unrealized losses recorded to earnings	(1.4)
Proceeds received from sale of investment	(6.2)
Balance at end of period	$ —

Mezzanine Equity

To the extent the noncontrolling interests' put option price is correlated with the estimated fair value of the subsidiary, we use the market method to estimate the fair values of noncontrolling interest put options reported in "Mezzanine equity" using unobservable inputs (Level 3) on a recurring basis. Changes to the noncontrolling interest put option values are reflected as adjustments to "Mezzanine equity" and "Accumulated deficit." Refer to Note 11 for further discussion.

Goodwill, Indefinite-Lived Intangible and Other Long-Lived Assets

Certain of our non-financial assets are subject to impairment analysis, including long-lived assets, indefinite-lived intangible assets and goodwill. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually for indefinite-lived intangible assets and goodwill. Any resulting impairment would require that the asset be recorded at its fair value. At September 29, 2018, we did not have any significant non-financial assets or liabilities that were required to be measured at fair value on a recurring or non-recurring basis. Refer to Note 6 for further discussion pertaining to our annual evaluation of goodwill and other intangible assets for impairment.

Indebtedness and Other

The estimated fair values of other financial liabilities (excluding capital leases and deferred financing fees) not measured at fair value on a recurring basis as of September 29, 2018 and December 31, 2017 were as follows:

	September 29, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loan(1)	$ 205.0	$ 205.0	$ 270.0	$ 270.0
5.625% Senior notes(1)	300.0	301.5	300.0	315.0
5.875% Senior notes(1)	300.0	301.5	300.0	320.3
Other indebtedness	30.3	30.3	24.2	24.2

(1) Carrying amount reflected herein excludes related deferred financing fees.

The following methods and assumptions were used in estimating the fair value of these financial instruments:

- The fair values of the senior notes were determined using Level 2 inputs within the fair value hierarchy and were based on quoted market prices for the same or similar instruments or on current rates offered to us for debt with similar maturities, subordination and credit default expectations.
- The fair values of amounts outstanding under our term loan approximated carrying value due primarily to the variable-rate nature and credit spread of this instruments, when compared to other similar instruments.
- The fair values of other indebtedness approximated carrying value due primarily to the short-term nature of these instruments.

The carrying amounts of cash and equivalents, receivables and contract assets reported in our condensed consolidated balance sheets as of September 29, 2018 and December 31, 2017 approximate fair value due to the short-term nature of those instruments.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations(in millions, unless otherwise noted)

FORWARD-LOOKING STATEMENTS

Some of the statements in this document and any documents incorporated by reference, including any statements as to operational and financial projections, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our businesses' or our industries' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Such statements may address our plans, our strategies, our prospects, or changes and trends in our business and the markets in which we operate under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") or in other sections of this document. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential" or "continue" or the negative of those terms or similar expressions. Particular risks facing us include business, internal operations, legal and regulatory risks, costs of raw materials, pricing pressures and changes in the economy. These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors, and forward-looking statements should not be relied upon as a prediction of actual results. In addition, management's estimates of future operating results are based on our current complement of businesses, which is subject to change as management selects strategic markets.

All the forward-looking statements in this document are qualified in their entirety by reference to the factors discussed herein and under the heading "Risk Factors" in our 2017 Annual Report on Form 10-K and in any other documents subsequently filed by us under the Exchange Act that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements. We caution you that these risk factors may not be exhaustive. We operate in a continually changing business environment and frequently enter into new businesses and product lines. We cannot predict these new risk factors, and we cannot assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, you should not rely on forward-looking statements as a prediction of actual results. We undertake no obligation to update or publicly revise any forward-looking statements to reflect events or circumstances that arise after the date of this document.

EXECUTIVE OVERVIEW

Our Business

SPX FLOW, Inc. and its consolidated subsidiaries ("SPX FLOW," "the Company," "we," "us," or "our") operate in three business segments. Based in Charlotte, North Carolina, SPX FLOW innovates with customers to help feed and enhance the world by designing, delivering and servicing high value solutions at the heart of growing and sustaining our diverse communities. The Company's product offering is concentrated in rotating, actuating and hydraulic technologies, as well as automated process systems, into food and beverage, industrial and power and energy markets. In 2017, SPX FLOW had approximately $2 billion in annual revenues with operations in more than 30 countries and sales in more than 150 countries, with approximately 40%, 37%, and 23% from sales into the Americas, EMEA, and Asia Pacific regions, respectively.

We serve the food and beverage, power and energy and industrial markets. Our product portfolio of pumps, valves, mixers, filters, air dryers, hydraulic tools, homogenizers, separators and heat exchangers, along with the related aftermarket parts and services, supports global industries, including food and beverage, oil and gas, power generation (including nuclear and conventional), chemical processing, compressed air and mining. From an end market perspective, in 2017, approximately 37% of our revenues were from sales into the food and beverage end markets, approximately 28% were from sales into the power and energy end markets, and approximately 35% were from sales into the industrial end markets. Our core strengths include expertise in rotating, actuating and hydraulic equipment, a highly skilled workforce, global capabilities, product breadth, and a deep application knowledge that enables us to optimize configuration and create custom-engineered solutions for diverse processes.

Between 2015 and 2017 we executed a multi-year, global realignment plan to transition our organization to an operating structure, improve our competitive position and increase our ability to serve customers. As part of this plan, we optimized our global footprint by consolidating eight manufacturing sites and a shared service center. In addition, we improved our capabilities in high value countries, streamlined several business processes and reduced selling, general and administrative expense across our support functions. The majority of the improvements tied to the global realignment program are structural in nature to allow us to operate at a lower cost structure and more efficiently.

We have aligned our segment teams to focus primarily on developing intimate customer relationships and expanding our relevance to customers within each end market. The key areas our end market teams are emphasizing include (i) product management, (ii) channel development, (iii) localization and (iv) project execution and delivery. We made substantial progress in these areas during 2016 and 2017. Our ultimate goal was to create a more customer-centric, service-oriented organization and deliver greater value to our customers, investors and employees.

Our business is organized into three reportable segments — Food and Beverage, Power and Energy, and Industrial. The following summary describes the products and services offered by each of our reportable segments:

Food and Beverage: The Food and Beverage reportable segment operates in a regulated, global industry with customers who demand highly engineered, turn-key solutions. Key demand drivers include dairy consumption, emerging market capacity expansion, sustainability and productivity initiatives, customer product innovation and food safety. Key products for the segment include mixing, drying, evaporation and separation systems and components, heat exchangers, and reciprocating and centrifugal pump technologies. We also design and construct turn-key systems that integrate many of these products for our customers. Our core brands include Anhydro, APV, Bran+Luebbe, Gerstenberg Schroeder, LIGHTNIN, Seital and Waukesha Cherry-Burrell. The segment's primary competitors are Alfa Laval AB, Fristam Pumps, GEA Group AG, Krones AG, Südmo, Tetra Pak International S.A. and various regional companies.

Power and Energy: The Power and Energy reportable segment primarily serves customers in the oil and gas industry and, to a lesser extent, the nuclear and other conventional power industries. A large portion of the segment's revenues are concentrated in oil extraction, production and transportation at existing wells, and in pipeline applications. The underlying driver of this segment includes demand for power and energy. Key products for the segment include pumps, valves and the related accessories, while the core brands include APV, Bran+Luebbe, ClydeUnion Pumps, Copes-Vulcan, Dollinger Filtration, LIGHTNIN, M&J Valve, Plenty and Vokes. The segment's primary competitors are Cameron, Ebara Fluid Handling, Flowserve Corporation, ITT Goulds Pumps, KSB AG and Sulzer Ltd.

Industrial: The Industrial reportable segment primarily serves customers in the chemical, air treatment, mining, pharmaceutical, marine, shipbuilding, infrastructure construction, general industrial and water treatment industries. Key demand drivers of this segment are tied to macroeconomic conditions and growth in the respective end markets we serve. Key products for the segment are air dryers, filtration equipment, mixers, pumps, hydraulic technologies and heat exchangers. Core brands include Airpel, APV, Bolting Systems, Delair, Deltech, Hankison, Jemaco, Johnson Pump, LIGHTNIN, Power Team and Stone. The segment's primary competitors are Alfa Laval AB, Chemineer Inc., EKATO, Actuant, Enerpac, IDEX Viking Pump, KSB AG, Parker Domnick Hunter and various regional companies.

Summary of Operating Results

Non-GAAP Measures - Throughout the following segment discussion, we use organic revenue growth (decline) to facilitate explanation of the operating performance of our segments based on the revenue recognition standard which we utilized throughout the comparative period of 2017. Organic revenue growth (decline) is a non-GAAP financial measure, and is not a substitute for net revenue growth (decline). Refer to the explanation of this measure and purpose of use by management under “Results of Operations-Non-GAAP Measures.”

The financial information discussed below and included in this Quarterly Report on Form 10-Q may not necessarily reflect what our financial condition, results of operations and cash flows may be in the future.

The following summary is intended to provide a few highlights of the discussion and analysis that follows*(all comparisons are to the related period in the prior year)*:

Revenues — For the three months ended September 29, 2018, revenues increased $39.2 (8.0%). The increase in revenues was due primarily to an increase in organic revenue and, to a lesser extent, an increase in revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018, partially offset by a strengthening of the U.S. dollar during the period against various foreign currencies. The increase in organic revenue was due to an increase in original equipment ("OE") and aftermarket sales across each of our segments.

For the nine months ended September 29, 2018, revenues increased $129.5 (9.1%). The increase in revenues was due primarily to an increase in (i) organic growth, (ii) the impact of our application of the new revenue recognition standard in 2018, and (iii) a weakening of the U.S. dollar against various foreign currencies during the period. The increase in organic revenue was due primarily to an increase in aftermarket revenues across each of our segments, shipments of pumps and valves into midstream oil applications, and mixers, pumps and dehydration equipment revenues in our Industrial segment, partially offset by a decline in Food and Beverage systems revenues.

Income before Income Taxes — Income before income taxes increased $19.1 (84.5%) and $65.0 (231.3%) in the three and nine months ended September 29, 2018, respectively. The improvement in pre-tax income for both periods was due primarily to (i) an increase in segment profitability, (ii) reduced special charges as our global realignment program concluded in the fourth quarter of 2017, and (iii) reduced interest expense due primarily to voluntary principal prepayments on our term loan facility of $100.0, $30.0 and $20.0, respectively, during the fourth quarter of 2017 and first and second quarters of 2018.

Cash Flows from Operations — For the nine months ended September 29, 2018, cash flows from operations decreased to $48.0 from $117.2 primarily as a result of (i) increases in working capital driven by the timing of project execution and associated milestone payments and (ii) increased payments for incentive compensation, partially offset by (iii) increased cash flows generated by the improved operating results of our segments during the period and (iv) reduced spending on restructuring actions.

RESULTS OF OPERATIONS

The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with our annual consolidated and combined financial statements included in our 2017 Annual Report on Form 10-K. Interim results are not necessarily indicative of results for a full year. We establish actual interim closing dates using a fiscal calendar, which requires our businesses to close their books on the Saturday closest to the end of the first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2018 were March 31, June 30, and September 29, compared to the respective April 1, July 1, and September 30, 2017 dates. We had one less day in the first quarter of 2018 and will have one more day in the fourth quarter of 2018 than in the respective 2017 periods.

Cyclicality of End Markets, Seasonality and Competition - The financial results of many of our businesses closely follow changes in the industries and end markets they serve.

In our Food and Beverage reportable segment, system revenues are highly correlated to timing on capital projects, which may cause significant fluctuations in our financial performance from period to period. Fluctuations in dairy commodity prices and production of dairy related products, particularly those aimed at serving the China market, can influence the timing of capital spending by many end customers in our Food and Beverage reportable segment.

In our Power and Energy reportable segment, capital spending on original equipment by our customers in the oil and gas industries is heavily influenced by current and expected oil and gas prices.

Although our businesses operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since our competitors do not offer all the same product lines or serve all the same markets. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are service, product performance, technical innovation and price. These methods vary with the type of product sold. We believe we compete effectively on the basis of each of these factors. See "Executive Overview - Our Business" for a discussion of our competitors.

Non-GAAP Measures - Organic revenue growth (decline) presented herein is defined as revenue growth (decline) excluding the effects of (i) foreign currency fluctuations, as well as (ii) the impact of the new revenue recognition standard which we adopted on a modified retrospective basis effective January 1, 2018. We believe this metric is a useful financial measure for investors in evaluating our operating performance for the periods presented, as, when read in conjunction with our revenues, it presents a tool to evaluate our ongoing operations under a consistent basis of revenue recognition methodology and provides investors with a metric they can use to evaluate our management of assets held from period to period. In addition, organic revenue growth (decline) is one of the factors we use in internal evaluations of the overall performance of our business. This metric, however, is not a measure of financial performance under accounting principles generally accepted in the United States (“GAAP”), should not be considered a substitute for net revenue growth (decline) as determined in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies.

The following table provides selected financial information for thethree and nine months ended September 29, 2018 and September 30, 2017, respectively, including the reconciliation of organic revenue growth to net revenue growth:

	Three months ended			Nine months ended		
	September 29, 2018	**September 30, 2017**	**% Change**	**September 29, 2018**	**September 30, 2017**	**% Change**
Revenues	$ 530.3	$ 491.1	8.0	$ 1,551.8	$ 1,422.3	9.1
Gross profit	163.1	159.1	2.5	491.5	451.2	8.9
% of revenues	30.8%	32.4%		31.7%	31.7%	
Selling, general and administrative	102.8	114.9	(10.5)	337.1	343.2	(1.8)
% of revenues	19.4%	23.4%		21.7%	24.1%	
Intangible amortization	4.3	4.4	(2.3)	13.0	13.3	(2.3)
Special charges	0.2	2.3	(91.3)	3.9	17.6	(77.8)
Other income (expense), net	(2.8)	0.6	*	(8.2)	(1.8)	355.6
Interest expense, net	(11.3)	(15.5)	(27.1)	(36.2)	(47.2)	(23.3)
Income before income taxes	41.7	22.6	84.5	93.1	28.1	231.3
Income tax provision	(9.2)	(9.6)	(4.2)	(21.9)	(12.2)	79.5
Net income	32.5	13.0	150.0	71.2	15.9	347.8
Less: Net income (loss) attributable to noncontrolling interests	(0.2)	0.2	*	0.1	0.2	(50.0)
Net income attributable to SPX FLOW, Inc.	32.7	12.8	155.5	71.1	15.7	352.9
Components of consolidated revenue growth:						
Organic growth			7.6			4.9
Foreign currency			(1.5)			2.1
Impact of new revenue recognition standard			1.9			2.1
Net revenue growth			8.0			9.1

*Not meaningful for comparison purposes

Revenues - For the three months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in organic revenue and, to a lesser extent, an increase in revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018, partially offset by a strengthening of the U.S. dollar during the period against various foreign currencies. The increase in organic revenue was due to an increase in OE and aftermarket sales across each of our segments.

For the nine months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in (i) organic growth, (ii) the impact of our application of the new revenue recognition standard in 2018, and (iii) a weakening of the U.S. dollar against various foreign currencies during the period. The increase in organic revenue was due primarily to an increase in aftermarket revenues across each of our segments, shipment of pumps and valves into midstream oil applications, and mixers, pumps and dehydration equipment revenues in our Industrial segment, partially offset by a decline in Food and Beverage systems revenues.

See "Results of Reportable Segments" for additional details.

Gross Profit - The increase in gross profit for the three months ended September 29, 2018, compared to the respective 2017 period, was attributable primarily to the revenue increase noted above, as well as incremental savings from restructuring actions in connection with the Company's global realignment program, concluded in the fourth quarter of 2017, and other cost reduction initiatives. The effects of these items on margin for the three months ended September 29, 2018, compared to the respective 2017 period, were more than offset by the impacts of a lower margin revenue mix and increased costs on oil and gas related projects in our Power and Energy segment.

The increase in gross profit for the nine months ended September 29, 2018, compared to the respective 2017 period, was attributable primarily to the items noted above, partially offset by costs associated with the repair of a large mixer, which was damaged while in operation at a customer site. Based on the timing during 2017 of restructuring actions associated with the global realignment program, savings from such actions and other cost reduction initiatives associated with that program had a more significant impact on margin during the first and second quarters of 2018, compared to the respective 2017 periods, than in the third quarter of 2018, compared to its respective 2017 period.

See "Results of Reportable Segments" for additional details.

Selling, General and Administrative ("SG&A") Expense - For the three months ended September 29, 2018, the decrease in SG&A expense, compared to the respective 2017 period, was due primarily to a decrease in variable incentive compensation, based on the Company's anticipated performance relative to certain incentive targets in 2018 as compared to 2017's anticipated performance relative to that year's targets.

For the nine months ended September 29, 2018, the decrease in SG&A expense, compared to the respective 2017 period, was due primarily to the decrease in variable incentive compensation noted above as well as incremental savings from restructuring actions in connection with the Company's global realignment program, concluded in the fourth quarter of 2017, and other cost reduction initiatives. These reductions in SG&A expense were partially offset by the effect of a weaker U.S. dollar during the period against various foreign currencies.

Intangible Amortization - For the nine months ended September 29, 2018, the decrease in intangible amortization, compared to the respective period in 2017, was due primarily to certain intangible assets having become fully amortized during the first quarter of 2017.

Special Charges - See Note 4 to our condensed consolidated financial statements for the details of actions taken during the three and nine months ended September 29, 2018 and September 30, 2017, respectively. For the three and nine months ended September 30, 2017, special charges related primarily to our global realignment program, which concluded in the fourth quarter of 2017, including restructuring initiatives to consolidate manufacturing, distribution, sales and administrative facilities, reduce workforce and asset impairment and other related charges associated with management's decision to market for sale certain corporate assets.

Other Income (Expense), net - Other expense, net, for the three months ended September 29, 2018 was composed of foreign currency ("FX") losses of $2.5 and non-service-related pension and postretirement costs of $0.3. See Note 7 to our condensed consolidated financial statements for additional details related to non-service-related pension and postretirement costs.

Other income, net, for the three months ended September 30, 2017 was composed of gains on asset sales of $1.4, partially offset by FX losses of $0.4, non-service-related pension and postretirement costs of $0.3, and other items of $0.1.

Other expense, net, for the nine months ended September 29, 2018 was composed of FX losses of $6.5, non-service-related pension and postretirement costs of $1.5 and losses on asset dispositions of $0.2. Of the $6.5 of FX losses, $5.3 related to the effect of the devaluation of the Angolan Kwanza against the U.S. dollar during the first nine months of 2018 and the impact of that devaluation on certain Kwanza-denominated cash and cash equivalents held by the Company.

Other expense, net, for the nine months ended September 30, 2017 was composed of FX losses of $3.8 and investment-related losses of $1.4, partially offset by gains on asset sales of $2.9, non-service-related pension and postretirement benefits of $0.1 and other items of $0.4. See Note 13 to our condensed consolidated financial statements for additional details related to the loss on our investment in an equity security.

Interest Expense, net - Interest expense, net, for the three and nine months ended September 29, 2018 and September 30, 2017, was composed primarily of interest expense related to our senior notes and senior credit facility and, to a lesser extent, interest expense related to our trade receivables financing arrangement, capital lease obligations and miscellaneous lines of credit, partially offset by interest income on cash and equivalents.

Interest expense, net, included interest expense of $13.2 and $16.7, and interest income of $1.9 and $1.2, respectively, during the three months ended September 29, 2018 and September 30, 2017 and interest expense of $41.3 and $50.7, and interest income of $5.1 and $3.5, respectively, during the nine months ended September 29, 2018 and September 30, 2017. The decrease in interest expense, net, during the three and nine months ended September 29, 2018, compared to the respective 2017 periods, was due primarily to a lower level of average outstanding borrowings under our term loan facility. The reduction in our term loan borrowings was due primarily to voluntary principal repayments of $100.0, $30.0 and $20.0, respectively, during the fourth quarter of 2017 and first and second quarters of 2018. See Note 8 to our condensed consolidated financial statements for additional details on our third-party debt.

Income Tax Provision - During the three months ended September 29, 2018, we recorded an income tax provision of $9.2 on $41.7 of pre-tax income, resulting in an effective tax rate of 22.1%. This compares to an income tax provision for the three months ended September 30, 2017 of $9.6 on $22.6 of pre-tax income, resulting in an effective tax rate of 42.5%. The effective tax rate for the third quarter of 2018 was impacted by income tax benefits of (i) $1.1 resulting from the net impact of an election made related to the basis generated under the transition tax and the impact of that election on earnings not considered indefinitely reinvested and (ii) $1.0 resulting from a refinement of the transition tax calculation, which were partially offset by income tax charges of $1.4 resulting from the addition of a valuation allowance for a subsidiary for which the benefit of previously incurred losses is not expected to be realized. The effective tax rate for the third quarter of 2017 was impacted by $2.4 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized.

During the nine months ended September 29, 2018, we recorded an income tax provision of $21.9 on $93.1 of pre-tax income, resulting in an effective tax rate of 23.5%. This compares to an income tax provision for the nine months ended September 30, 2017 of $12.2 on $28.1 of pre-tax income, resulting in an effective tax rate of 43.4%. The effective tax rate for the first nine months of 2018 was impacted by income tax benefits of (i) $8.6 resulting from additional foreign tax credits available to the Company arising from distributions of income taxed under the transition tax provisions of the Tax Act and (ii) $2.3 resulting from the finalization of the transfer pricing analysis on intercompany transactions to be reported on tax returns of the Company and its subsidiaries, which were partially offset by income tax charges of (i) $1.6 resulting from a refinement of the transition tax calculation, (ii) $1.3 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized, and (iii) $1.4 resulting from the addition of a valuation allowance for a subsidiary for which the benefit of previously incurred losses is not expected to be realized. The effective tax rate for the first nine months of 2017 was impacted by (i) $5.5 resulting from losses occurring in certain jurisdictions where the tax benefit of those losses is not expected to be realized, (ii) an income tax charge of $1.3 related to the vesting of certain restricted stock shares and restricted stock units during the period, partially offset by (iii) an income tax benefit of $3.4 resulting from changes to our unrecognized tax benefits due to expiration of the statute of limitations during the period.

Our future effective tax rate may vary, particularly during the first quarter of each year, based on tax charges or benefits that could result from potential future vestings of restricted stock shares and restricted stock units.

RESULTS OF REPORTABLE SEGMENTS

The following information should be read in conjunction with our condensed consolidated financial statements and related notes.

Food and Beverage

	As of and for the three months ended			As of and for the nine months ended		
	September 29, 2018	September 30, 2017	% Change	September 29, 2018	September 30, 2017	% Change
Backlog	$ 343.3	$ 335.2	2.4	$ 343.3	$ 335.2	2.4
Orders	157.9	188.5	(16.2)	528.4	538.0	(1.8)
Revenues	194.8	176.4	10.4	548.9	518.8	5.8
Income	27.4	19.9	37.7	65.3	52.7	23.9
% of revenues	14.1%	11.3%		11.9%	10.2%	
Components of revenue growth:						
Organic growth (decline)			7.3			(0.1)
Foreign currency			(2.0)			2.4
Impact of new revenue recognition standard			5.1			3.5
Revenue growth			10.4			5.8

Revenues - For the three months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to increases in organic revenue and revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018, partially offset by a strengthening of the U.S. dollar during the period against various foreign currencies. The increase in organic revenue was due primarily to higher volumes of systems project, aftermarket and components sales.

For the nine months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in revenue recognized during the 2018 period as a result of our application of the new revenue recognition standard in 2018 and a weakening of the U.S. dollar during the period against various foreign currencies, partially offset by a modest decrease in organic revenue. The modest decrease in organic revenue was due primarily to a lower volume of systems project revenues, which was substantially offset by higher volumes of aftermarket and components sales.

Income - For the three months ended September 29, 2018, income and margin increased, compared to the respective 2017 period, primarily due to a decrease in variable incentive compensation, based on the Company’s anticipated performance relative to certain incentive targets in 2018 as compared to 2017's anticipated performance relative to that year's targets, and the revenue growth noted above.

For the nine months ended September 29, 2018, income and margin increased, compared to the respective 2017 period, primarily due to the items noted above, as well as savings from restructuring actions in connection with the Company’s global realignment program concluded in the fourth quarter of 2017, and other cost reduction initiatives.

Backlog - The segment had backlog of $343.3 and $335.2 as of September 29, 2018 and September 30, 2017, respectively. Of the $8.1 year-over-year increase in backlog, $13.5 was attributable to organic growth and was partially offset by a $5.4 decrease attributable to the impact of fluctuations in foreign currencies relative to the U.S. dollar. The organic growth was due primarily to an increase in components and aftermarket awards.

Power and Energy

	As of and for the three months ended			As of and for the nine months ended		
	September 29, 2018	September 30, 2017	% Change	September 29, 2018	September 30, 2017	% Change
Backlog	$ 432.0	$ 411.2	5.1	$ 432.0	$ 411.2	5.1
Orders	146.3	140.3	4.3	460.7	453.5	1.6
Revenues	146.7	141.0	4.0	443.2	391.9	13.1
Income	11.0	12.8	(14.1)	37.7	21.3	77.0
% of revenues	7.5%	9.1%		8.5%	5.4%	
Components of revenue growth:						
Organic growth			7.0			9.2
Foreign currency			(0.8)			2.3
Impact of new revenue recognition standard			(2.2)			1.6
Revenue growth			4.0			13.1

Revenues - For the three months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in organic revenue, partially offset by a reduction in revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018, and a strengthening of the U.S. dollar during the period against various foreign currencies. The increase in organic revenue was due primarily to an increased volume of OE pump shipments into North American midstream pipeline oil applications and modest aftermarket growth, partially offset by a decrease in OE valve shipments.

For the nine months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in organic revenue and, to a lesser extent, a weakening of the U.S. dollar during the period against various foreign currencies and the impact of our application of the new revenue recognition standard in 2018. The increase in organic revenue reflects increased aftermarket sales, as well as sales of pumps and, to a lesser extent, valves used in midstream oil and nuclear power applications.

Income - For the three months ended September 29, 2018, income and margin decreased, compared to the respective 2017 period, primarily due to a lower margin revenue mix and increased costs on oil and gas related projects, which were partially offset by a decrease in variable incentive compensation and savings from restructuring actions and other cost reduction initiatives.

For the nine months ended September 29, 2018, income and margin increased, compared to the respective 2017 period, primarily due to the revenue growth noted above and savings from restructuring actions and other cost reduction initiatives. The favorable effect of these items was partially offset by the effects of the lower margin revenue mix and increased costs on oil and gas related projects, noted primarily during the three months ended September 29, 2018, compared to the respective 2017 period.

Backlog - The segment had backlog of $432.0 and $411.2 as of September 29, 2018 and September 30, 2017, respectively. Of the $20.8 year-over-year increase in backlog, $24.2 was attributable to organic growth and was partially offset by a $3.4 decrease attributable to the impact of fluctuations in foreign currencies relative to the U.S. dollar. The organic growth was due primarily to an increase in OE valve and pump orders for use in midstream oil applications in the North American region.

Industrial

	As of and for the three months ended			As of and for the nine months ended		
	September 29, 2018	September 30, 2017	% Change	September 29, 2018	September 30, 2017	% Change
Backlog	$ 240.5	$ 214.8	12.0	$ 240.5	$ 214.8	12.0
Orders	195.8	183.6	6.6	595.2	559.7	6.3
Revenues	188.8	173.7	8.7	559.7	511.6	9.4
Income	26.8	22.0	21.8	74.8	63.9	17.1
% of revenues	14.2%	12.7%		13.4%	12.5%	
Components of revenue growth:						
Organic growth			8.6			6.8
Foreign currency			(1.9)			1.4
Impact of new revenue recognition standard			2.0			1.2
Revenue growth			8.7			9.4

Revenues - For the three months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in organic revenue and, to a lesser extent, an increase in revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018, partially offset by a strengthening of the U.S. dollar during the period against various foreign currencies. The increase in organic revenue was due primarily to an increased volume of shipments of mixers, dehydration equipment and pumps.

For the nine months ended September 29, 2018, the increase in revenues, compared to the respective 2017 period, was due primarily to an increase in organic revenue and, to a lesser extent, a weakening of the U.S. dollar during the period against various foreign currencies and an increase in revenue recognized during the third quarter of 2018 as a result of our application of the new revenue recognition standard adopted effective January 1, 2018. The increase in organic revenue was across a variety of Industrial segment product lines, including increased shipments of mixers, pumps and dehydration equipment.

Income - For the three months ended September 29, 2018, income and margin increased compared to the respective 2017 period, due primarily to income from the organic revenue growth noted above and, to a lesser extent, a reduction of variable incentive compensation.

For the nine months ended September 29, 2018, income and margin increased compared to the respective 2017 period, due to income from the organic revenue growth noted above, savings from restructuring actions and other cost reduction initiatives, and a decrease in variable incentive compensation. The effects of these improvements in income and margin were partially offset by costs associated with the repair of a large mixer during the first quarter of 2018, which was damaged while in operation at a customer site.

Backlog - The segment had backlog of $240.5 and $214.8 as of September 29, 2018 and September 30, 2017, respectively. Of the $25.7 year-over-year increase in backlog, $31.9 was attributable to organic growth and was partially offset by a $6.2 decrease attributable to the impact of fluctuations in foreign currencies relative to the U.S. dollar. The organic growth was due primarily to an increase in backlog of mixers, pumps and hydraulic tools and, to a lesser extent, in dehydration equipment.

CORPORATE EXPENSE AND PENSION AND POSTRETIREMENT SERVICE COSTS

	Three months ended			Nine months ended		
	September 29, 2018	September 30, 2017	% Change	September 29, 2018	September 30, 2017	% Change
Total consolidated revenues	$ 530.3	$ 491.1	8.0	$ 1,551.8	$ 1,422.3	9.1
Corporate expense	8.8	14.5	(39.3)	35.2	42.1	(16.4)
% of revenues	1.7%	3.0%		2.3%	3.0%	
Pension and postretirement service costs	0.4	0.4	—	1.2	1.1	9.1

Corporate Expense - Corporate expense generally relates to the cost of our Charlotte, North Carolina corporate headquarters and our Asia Pacific center in Shanghai, China. Corporate expense also reflects stock-based compensation costs associated with corporate employees.

The decrease in corporate expense for the three months ended September 29, 2018, compared to the respective 2017 period, was due primarily to (i) a decrease in variable incentive compensation, and, to a lesser extent, (ii) an increase in the number of retirement eligible executives whose awards became fully vested and were fully recognized as compensation expense during the first quarter of 2018 based on early retirement provisions, rather than ratably during 2017 over the related service periods up to retirement eligibility.

The decrease in corporate expense for the nine months ended September 29, 2018, compared to the respective 2017 period, was due primarily to (i) a decrease in variable incentive compensation, and, to a lesser extent, (ii) savings from restructuring actions undertaken in connection with our global restructuring program during 2017.

See Note 10 to our condensed consolidated financial statements for further details regarding our stock-based compensation awards.

Pension and Postretirement Service Costs - SPX FLOW sponsors a number of defined benefit pension plans and a postretirement plan. For all of these plans, changes in the fair value of plan assets and actuarial gains and losses are recognized to earnings in the fourth quarter of each year as a component of net periodic benefit expense, unless earlier remeasurement is required. The remaining components of pension and postretirement expense, primarily service and interest costs and expected return on plan assets, are recorded on a quarterly basis. Non-service-related pension and postretirement costs (benefits) are reported in "Other income (expense), net."

See Note 7 to our condensed consolidated financial statements for further details regarding our pension and postretirement plans.

LIQUIDITY AND FINANCIAL CONDITION

Listed below are the cash flows from (used in) operating, investing, and financing activities, as well as the net change in cash, cash equivalents and restricted cash, for the nine months ended September 29, 2018 and September 30, 2017.

Cash Flow

	Nine months ended	
	September 29, 2018	**September 30, 2017**
Cash flows from operating activities	$ 48.0	$ 117.2
Cash flows from (used in) investing activities	(17.3)	23.7
Cash flows used in financing activities	(66.3)	(112.4)
Change in cash, cash equivalents and restricted cash due to changes in foreign currency exchange rates	(6.6)	37.5
Net change in cash, cash equivalents and restricted cash	$ (42.2)	$ 66.0

Operating Activities - During the nine months ended September 29, 2018, the decrease in cash flows from operating activities, compared to the same period in 2017, was primarily attributable to (i) increases in working capital driven by the timing of project execution and associated milestone payments and (ii) increased payments for incentive compensation, partially offset by (iii) increased cash flows generated by the improved operating results of our segments during the period and (iv) reduced spending on restructuring actions.

Investing Activities - During the nine months ended September 29, 2018, cash flows used in investing activities were comprised of capital expenditures associated generally with the upgrades of manufacturing facilities and information technology. During the nine months ended September 30, 2017, cash flows from investing activities were comprised of proceeds from asset sales and other of $37.4, partially offset by capital expenditures of $13.7 associated generally with the upgrades of manufacturing facilities and information technology. Proceeds from asset sales and other of $37.4 during the first nine months of 2017 related primarily to the sale of certain corporate assets, certain facilities in the EMEA and Asia Pacific regions, and our former investment in an equity security. See Note 13 to our condensed consolidated financial statements for additional details regarding our former investment in the equity security.

Financing Activities - During the nine months ended September 29, 2018, cash flows used in financing activities related primarily to repayments under our term loan facility of $65.0, including voluntary prepayments of $50.0. During the nine months ended September 30, 2017, cash flows used in financing activities related primarily to net repayments of our senior credit facilities of $83.0 and of our trade receivables financing arrangement of $21.2.

Change in Cash, Cash Equivalents and Restricted Cash due to Changes in Foreign Currency Exchange Rates - The decrease in cash, cash equivalents and restricted cash due to foreign currency exchange rates of $6.6 in the nine months ended September 29, 2018, reflected primarily a decrease in U.S. dollar equivalent balances of foreign-denominated cash, cash equivalents and restricted cash primarily as a result of the strengthening of the U.S. dollar against the Angolan Kwanza and, to a lesser extent, the modest strengthening of the U.S. dollar against certain other foreign currencies during the period.

The increase in cash, cash equivalents and restricted cash due to foreign currency exchange rates of $37.5 in the nine months ended September 30, 2017, reflected primarily an increase in U.S. dollar equivalent balances of foreign-denominated cash, cash equivalents and restricted cash as a result of the weakening of the U.S. dollar against the Euro, British Pound and various other foreign currencies during the period.

Borrowings and Availability

Borrowings —Debt at September 29, 2018 and December 31, 2017 was comprised of the following:

	September 29, 2018	December 31, 2017
Term loan(1)	$ 205.0	$ 270.0
5.625% senior notes, due in August 2024	300.0	300.0
5.875% senior notes, due in August 2026	300.0	300.0
Other indebtedness(2)	41.5	35.8
Less: deferred financing fees(3)	(8.7)	(10.2)
Total debt	837.8	895.6
Less: short-term debt	29.8	24.2
Less: current maturities of long-term debt	20.5	20.5
Total long-term debt	$ 787.5	$ 850.9

(1) The term loan, which had an initial principal balance of $400.0, is repayable in quarterly installments of 5.0% annually which began with our third quarter of 2016, with the remaining balance repayable in full on September 24, 2020. In January and May 2018, we made voluntary principal prepayments in the amounts of $30.0 and $20.0, respectively, under the term loan facility, funded by cash on hand. There was no penalty associated with these prepayments.

(2) Primarily includes capital lease obligations of $11.2 and $11.6 and balances under a purchase card program of $26.3 and $21.9 as of September 29, 2018 and December 31, 2017, respectively. The purchase card program allows for payment beyond customary payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(3) Deferred financing fees were comprised of fees related to the term loan and senior notes.

Availability — At September 29, 2018, we had $443.0 of borrowing capacity under our revolving credit facilities after giving effect to $7.0 reserved for outstanding letters of credit, and $32.4 of available borrowing capacity under our trade receivables financing arrangement. In addition, at September 29, 2018, we had $356.3 of available issuance capacity under our foreign credit instrument facilities after giving effect to $143.7 reserved for outstanding bank guarantees and standby letters of credit.

At September 29, 2018, in addition to the revolving lines of credit described above, we had approximately $7.2 of letters of credit outstanding under separate arrangements in China and India.

Refer to Note 8 for further information on our borrowings as of September 29, 2018.

During the first quarter of 2018 and as a result of our consolidated leverage and interest coverage ratios being less than or equal to 3.25:1.00 and greater than or equal to 3.50:1.00, respectively, the Company voluntarily ended its covenant relief period prior to its December 31, 2018 termination date, in accordance with provisions provided in the second amendment to our senior credit facilities.

At September 29, 2018, we were in compliance with all covenants of our senior credit facilities and senior notes.

Financial Instruments

We measure our financial assets and liabilities on a recurring basis, and nonfinancial assets and liabilities on a non-recurring basis, at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or significant unobservable inputs (Level 3).

Our derivative financial assets and liabilities include FX forward contracts and FX embedded derivatives measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active.

As of September 29, 2018, there had been no significant impact to the fair value of our derivative liabilities due to our own credit risk as the related instruments were collateralized under our senior credit facilities. Similarly, there had been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

We primarily use the income approach, market approach, or both approaches, as appropriate. The income approach uses valuation techniques to convert future amounts to a single present amount. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including the sale of a business). Assets and liabilities measured at fair value on a recurring basis are further discussed below.

Currency Forward Contracts and Currency Forward Embedded Derivatives

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency-denominated cash flows and to minimize the impact of changes as a result of currency fluctuations (see Note 9 to our condensed consolidated financial statements). Our principal currency exposures relate to the Euro, Chinese Yuan and British Pound.

We had FX forward contracts with an aggregate notional amount of $53.5 and $44.6 outstanding as of September 29, 2018 and December 31, 2017, respectively, with all such contracts scheduled to mature within one year. We also had FX embedded derivatives with an aggregate notional amount of $15.5 and $16.9 at September 29, 2018 and December 31, 2017, respectively, with scheduled maturities of $15.4 and $0.1 within one and two years, respectively. There were no unrealized gains or losses recorded in accumulated other comprehensive loss related to FX forward contracts as of September 29, 2018 and December 31, 2017, respectively. The net losses recorded in "Other income (expense), net" related to FX losses totaled $2.5 and $0.4 for the three months ended September 29, 2018 and September 30, 2017, respectively, and $6.5 and $3.8 for the nine months then ended.

The net fair values of our FX forward contracts and FX embedded derivatives were $2.1 (asset) and $2.3 (asset) at September 29, 2018 and December 31, 2017, respectively.

Other Fair Value Financial Assets and Liabilities

The carrying amounts of cash and equivalents, receivables and contract assets reported in our condensed consolidated balance sheets approximate fair value due to the short-term nature of those instruments.

The fair value of our debt instruments (excluding capital leases and deferred financing fees), based on borrowing rates available to us at September 29, 2018 for similar debt, was $838.3, compared to our carrying value of $835.3.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and equivalents, trade accounts receivable, contract assets and FX forward contracts. These financial instruments, other than trade accounts receivable and contract assets, are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

We maintain cash levels in bank accounts that, at times, may exceed federally-insured limits. We have not experienced, and believe we are not exposed to significant risk of, loss in these accounts.

We have credit loss exposure in the event of nonperformance by counterparties to the above financial instruments, but have no other off-balance-sheet credit risk of accounting loss. We anticipate that counterparties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counterparties.

Concentrations of credit risk arising from trade accounts receivable and contract assets are due to selling to customers in a particular industry. Credit risks are mitigated by performing ongoing credit evaluations of our customers' financial conditions and obtaining collateral, advance payments, or other security when appropriate. No one customer, or group of customers that, to our knowledge, are under common control, accounted for more than 10% of our revenues for any period presented.

Other Matters

Contractual Obligations - As noted above, in January and May 2018, we made voluntary principal prepayments in the amounts of $30.0 and $20.0, respectively, under the term loan facility, funded by cash on hand. As of September 29, 2018, with the exception of these voluntary term loan prepayments, there were no material changes in our contractual obligations from those disclosed in our 2017 Annual Report on Form 10-K.

Our total net liabilities for unrecognized tax benefits including interest were $2.1 as of September 29, 2018. Of that amount, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits (including interest) could decrease by $1.0 to $2.0.

Contingencies and Other Matters - We are subject to litigation matters that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

We are subject to domestic and international environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. None of our compliance obligations with environmental protection laws and regulations, individually or in the aggregate, is expected to have a material adverse effect on our financial position, results of operations or cash flows.

Refer to Note 11 for discussion regarding amounts reported in "Mezzanine equity" on the condensed consolidated balance sheets as of September 29, 2018 and December 31, 2017. Subsequent changes, if any, in amounts reported are not expected to have a material adverse effect on our financial position, results of operations or cash flows.

Critical Accounting Policies and Use of Estimates

General - The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operations and that require our most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties are discussed in our consolidated and combined financial statements included in our 2017 Annual Report on Form 10-K.

Effective January 1, 2018, we adopted the FASB's new standard on revenue recognition, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most revenue recognition guidance, including industry-specific guidance. Refer to Note 2 of our condensed consolidated financial statements for further information regarding estimates and assumptions associated with our adoption of the new standard on revenue recognition.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related to changes in interest rates, foreign currency exchange rates and commodity raw material prices, and we selectively use financial instruments to manage certain of these risks. We do not enter into financial instruments for speculative or trading purposes; however, these instruments may be deemed speculative if the future cash flows originally hedged are no longer probable of occurring as anticipated. Our currency exposures vary, but are primarily concentrated in the Euro, Chinese Yuan and British Pound. We generally do not hedge currency translation exposures. Our exposures for commodity raw materials vary, with the highest concentration relating to steel. See Note 9 to our condensed consolidated financial statements for further details.

The following table provides information, as of September 29, 2018, about our primary outstanding debt obligations and presents principal cash flows by expected maturity dates, weighted-average interest rates and fair values.

	Due Within 1 Year	Due Within 2 Years	Due Within 3 Years	Due Within 4 Years	Due Within 5 Years	Thereafter	Total	Fair Value
Term loan	$ 20.0	$ 185.0	$ —	$ —	$ —	$ —	$ 205.0	$ 205.0
Average interest rate							3.992%	
5.625% senior notes	—	—	—	—	—	300.0	300.0	301.5
Average interest rate							5.625%	
5.875% senior notes	—	—	—	—	—	300.0	300.0	301.5
Average interest rate							5.875%	

We believe that cash and equivalents, cash flows from operations, and availability under revolving credit facilities and our trade receivables financing arrangement will be sufficient to fund working capital needs, planned capital expenditures, dividend payments (if declared), other operational cash requirements and required debt service obligations for at least the next 12 months.

We had FX forward contracts with an aggregate notional amount of $53.5 outstanding as of September 29, 2018, with all such contracts scheduled to mature within one year. We also had FX embedded derivatives with an aggregate notional amount of $15.5 at September 29, 2018, with scheduled maturities of $15.4 and $0.1 within one and two years, respectively. The gross fair values of our FX forward contracts and FX embedded derivatives, in aggregate, were $2.2 (gross assets) and $0.1 (gross liabilities) as of September 29, 2018.

ITEM 4. Controls and Procedures

SPX FLOW management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of disclosure controls and procedures, pursuant to Exchange Act Rules 13a-15 and 15d-15, as of September 29, 2018. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 29, 2018.

In connection with the evaluation by SPX FLOW management, including the Chief Executive Officer and the Chief Financial Officer, of our internal control over financial reporting, pursuant to Exchange Act Rules 13a-15 and 15d-15, no changes during the quarter ended September 29, 2018 were identified that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

The information required by this Item is incorporated by reference from the footnotes to the condensed consolidated financial statements, specifically Note 11, “Litigation, Contingent Liabilities and Other Matters,” included under Part I of this Form 10-Q.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our 2017 Annual Report on Form 10-K, which could materially affect our business, financial condition, future results of operations or cash flows.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table summarizes the repurchases of common stock during the three months ended September 29, 2018:

Period	Total Number of Shares Purchased(1)	Average Price Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan or Program
7/1/18 - 7/31/18	—	$ —	—	
8/1/18 - 8/31/18	3,046	47.75	—	
9/1/18 - 9/29/18	266	53.33	—	
Total	3,312		—	

(1) Reflects the surrender to us of shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock shares and restricted stock units.

ITEM 6. Exhibits

The exhibits to this Quarterly Report on Form 10-Q are listed in the accompanying Index to Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPX FLOW, Inc.
(Registrant)

Date: October 30, 2018	By	**/s/ Marcus G. Michael**
		President and Chief Executive Officer
Date: October 30, 2018	By	**/s/ Jeremy W. Smeltser**
		Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Item No.	Description
11.1	Statement regarding computation of earnings per share. See condensed consolidated statements of operations on page 1 of this Form 10-Q.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	SPX FLOW, Inc. financial information from its Form 10-Q for the quarterly period ended September 29, 2018, formatted in XBRL, including: (i) Condensed Consolidated Statements of Operations for the three and nine months ended September 29, 2018 and September 30, 2017; (ii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 29, 2018 and September 30, 2017; (iii) Condensed Consolidated Balance Sheets as of September 29, 2018 and December 31, 2017; (iv) Condensed Consolidated Statements of Equity for the nine months ended September 29, 2018 and September 30, 2017; (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 29, 2018 and September 30, 2017; and (vi) Notes to Condensed Consolidated Financial Statements.

EXHIBIT 31.1

Certification

I, Marcus G. Michael, certify that:

1. I have reviewed this report on Form 10-Q of SPX FLOW, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

/s/ MARCUS G. MICHAEL

President and Chief Executive Officer

EXHIBIT 31.2

Certification

I, Jeremy W. Smeltser, certify that:

1. I have reviewed this report on Form 10-Q of SPX FLOW, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

/s/ JEREMY W. SMELTSER

Vice President and Chief Financial Officer

EXHIBIT 32.1

The following statement is being made to the U.S. Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

U.S. Securities and Exchange Commission
100 F. Street N.E.
Washington, DC 20549

Re: SPX FLOW, Inc.

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that:

(i) this Quarterly Report on Form 10-Q, for the period ended September 29, 2018, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of SPX FLOW, Inc.

Date: October 30, 2018

/s/ MARCUS G. MICHAEL	/s/ JEREMY W. SMELTSER
Marcus G. Michael	Jeremy W. Smeltser
President and Chief Executive Officer	Vice President and Chief Financial Officer