



# COLFAX

EPG CONFERENCE | MAY 2017

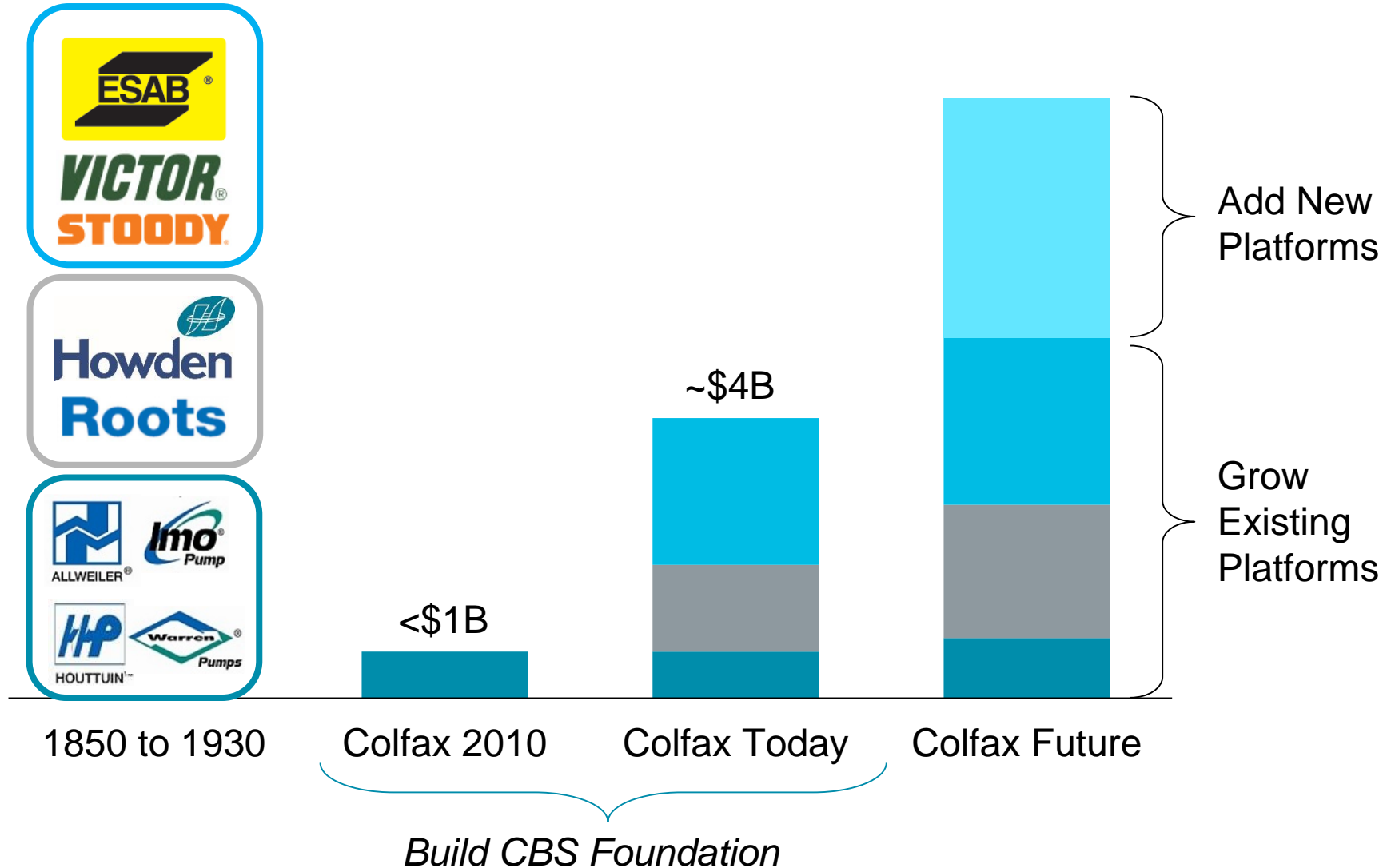
# Important Statements

The following information contains forward-looking statements, including forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements concerning Colfax's plans, objectives, expectations and intentions and other statements that are not historical or current facts. Forward-looking statements are based on Colfax's current expectations and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause Colfax's results to differ materially from current expectations include, but are not limited to, factors detailed in Colfax's reports filed with the U.S. Securities and Exchange Commission including its 2016 Annual Report on Form 10-K under the caption "Risk Factors". In addition, these statements are based on a number of assumptions that are subject to change. This presentation speaks only as of this date. Colfax disclaims any duty to update the information herein.

Colfax has provided in this presentation financial information that has not been prepared in accordance with GAAP. These non-GAAP financial measures are adjusted net income, adjusted net income per share, projected adjusted net income per share, adjusted operating income, adjusted operating income margin, adjusted EBITDA, adjusted EBITDA margin, organic sales growth (decline) and organic order growth (decline). Adjusted net income, adjusted net income per share, projected adjusted net income per share, adjusted operating income, adjusted operating income margin, adjusted EBITDA, and adjusted EBITDA margin exclude Restructuring and other related charges. Adjusted EBITDA and adjusted EBITDA margin also exclude depreciation and amortization charges. The effective tax rates used to calculate adjusted net income and adjusted net income per share are 27.4% for the first quarter of 2017, and 29.0% for the first quarter of 2016. Organic sales growth (decline) and organic order growth (decline) exclude the impact of acquisitions and foreign exchange rate fluctuations. These non-GAAP financial measures assist Colfax in comparing its operating performance on a consistent basis because, among other things, they remove the impact of restructuring and other related charges, depreciation and amortization.

Sales and order information by end market are estimates. We periodically update our customer groupings order to refine these estimates.

# Colfax History and Growth



# Colfax Strategy – A Winning Model

## Acquire Good Companies



## Focus and Empower Top Talent



## Use CBS to Make Them Great

- Attractive markets
- Strong brands and solutions
- Opportunities to improve and expand

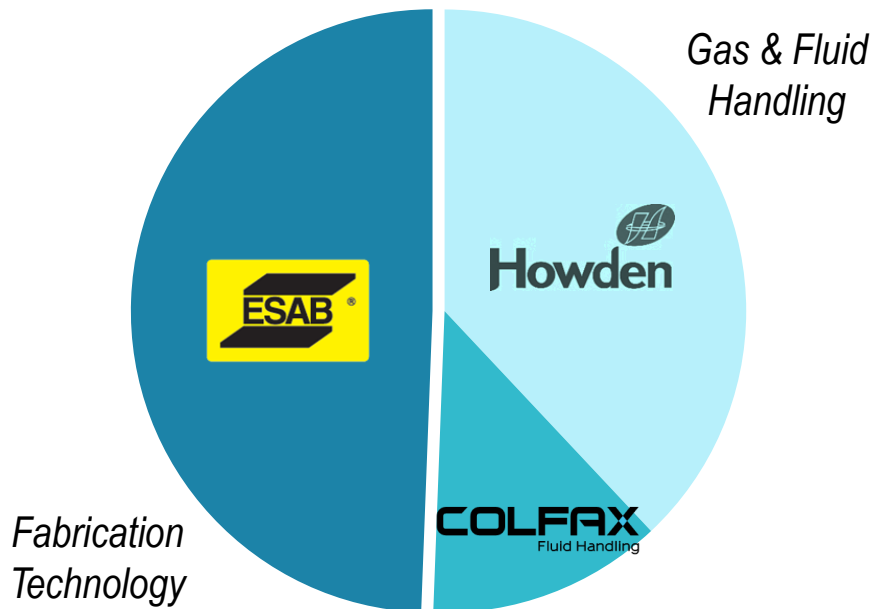
- Independent businesses
- Great leaders, strong teams, winning spirit
- Lean, high value corporate

- Values
- Tools & processes
- Way of working

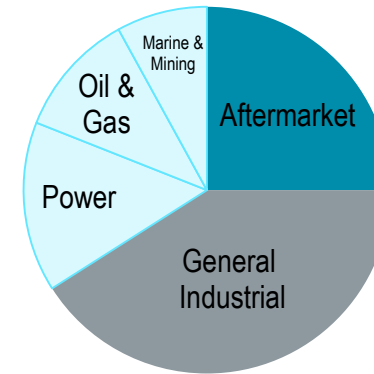
We use CBS to make good businesses great

# Colfax Overview

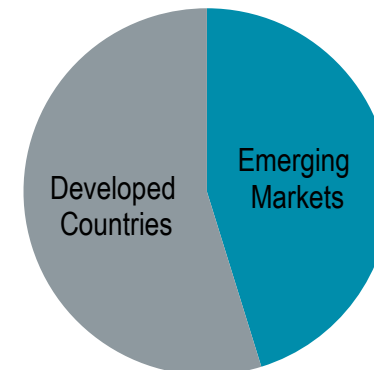
\$3.6 BILLION 2016 REVENUES



DIVERSIFIED END MARKETS



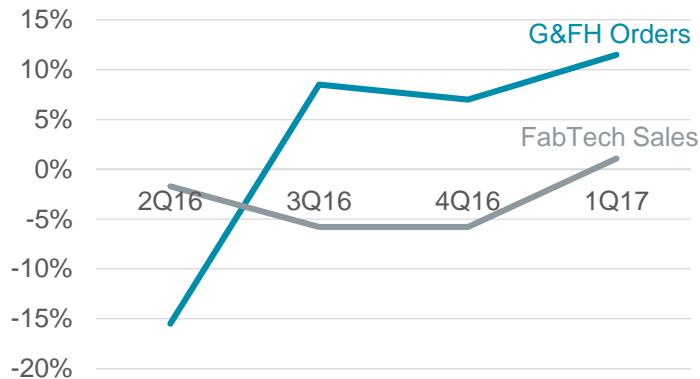
GLOBAL PRESENCE



Two platforms providing branded, differentiated industrial products

# Pivoting to Growth

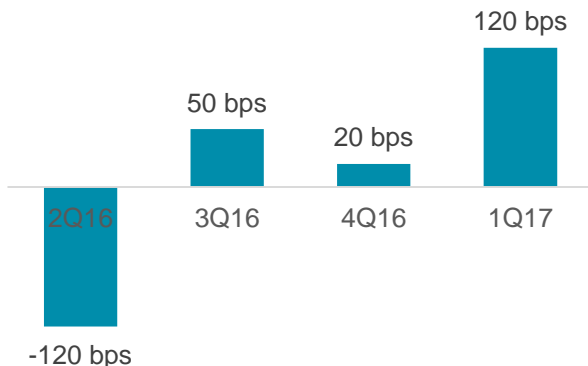
## ORDERS AND SALES TURNING



- 3 quarters of strong Gas & Fluid Handling orders growth
- Fabrication Technology organic growth in Q1, continuing in Q2
- Improving cost structure furthers progress toward mid-teen segment margin goals

## COST REDUCTIONS READING THROUGH

(YOY Adj. Operating Profit Margin Improvement)\*



Pivoting to growth on the strength of internal initiatives and improving end markets

\* 3Q16 reported compared to a 3Q15 normalized for one-time items

# New Product Acceleration at ESAB

- Step function increase in pace of new product introductions
  - Changing the game with new category platforms – Rebel, Renegade, WeldCloud
  - New performance benchmarks for next gen products – Cutmaster, Edge, OK48
  - Leadership in welding process technologies – ICE, Aristo, hybrid laser
- Rebuilding the brand reputation as an innovator
- Increasing value to our channel partners
- Opportunity to support with technology focused M&A



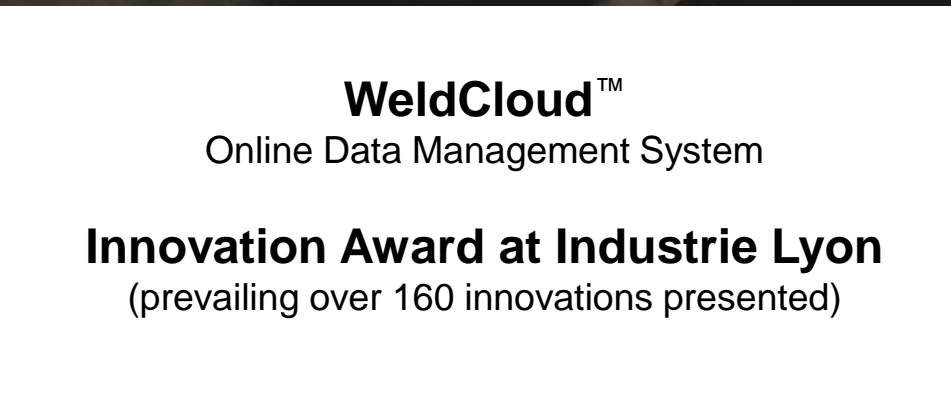


# Innovation Defines Our Future



**Victor® EDGE™ 2.0**  
Heavy-Duty Gas Regulator

**iF Design Award**  
(in the Product Industry/Skilled Trades category)



**Rebel™**  
The Go Anywhere, Weld Anything Machine

**SEMA Global Media Award**

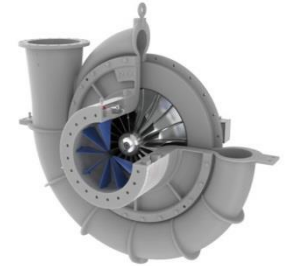
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# Expanding Addressable Markets

## Product technology

- Roots significantly expanded blower and centrifugal industrial compressor range
- STE strengthens turbo blowers and expands industrial compression solutions
- STE adds turbines used to recover waste heat to drive industrial compressors



## Application range

- Focus applications such as wastewater, mechanical vapor compression, and process off-gassing and circulation
- New product development leverages base technology to similar applications



## Geographic reach

- Localize technology in Asia
- Leverage global channel: SG line to NA, blowers to China, single stage to ME
- Push into emerging markets through regional business units



**Delivering growth in over \$2B of new addressable market**

# Driving Growth in Emerging Markets



## EXPANDING ADDRESSABLE MARKET

- Investing in local commercial, technical, and service capability
    - Design and position products to win in the local market
    - Localize production & supply chain
  - Leveraging simplified, aligned organization structure
- 
- China non-power order up >60% in 3 years; up another >20% in 2017
  - Increasing traction in India with important Q1 order wins

# Colfax Strategy

## 3-5 Year Objectives

### Strengthen the foundation

- Deeper, empowered talent accelerating performance
- Colfax Business System – culture & impact
- Fixed and variable productivity journeys

**Mid-teen  
segment  
margins**

### Pivot to growth

- Focus on segments where the growth is
- Drive new products & innovation
- Emerging Markets expansion

**GDP +1-2%  
organic  
growth**

### Innovate and acquire

- Expand innovation and IoT pipeline
- Acquisitions to strengthen & extend platforms
- New platforms broaden, diversify portfolio

**Innovate and  
acquire to  
compound  
returns**

# APPENDIX

# Fabrication Technology

LEADING GLOBAL MANUFACTURER OF WELDING & CUTTING PRODUCTS;  
TECHNOLOGY & INNOVATION LEADER

## KEY STRATEGIES/FOCUS

- Create competitive advantage through operational excellence
- Simplify / streamline processes
- Leverage position in faster growing emerging markets
- Provide productivity solutions for targeted customer segments
- Rejuvenate/strengthen equipment product line





# FabTech: Leading Brands and Technologies

Market Size: ~\$22 Billion

Long-Term Market Growth: ~3-4%

## Market Drivers

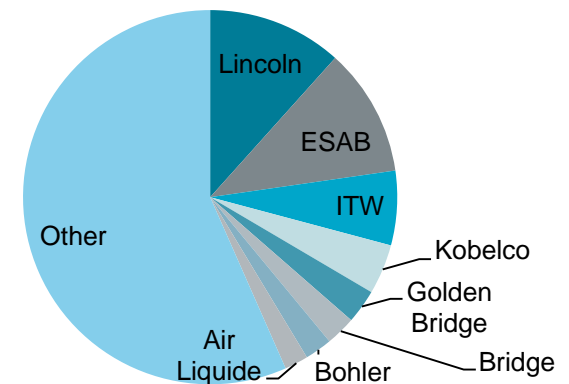
- Shortage of skilled welders driving need for easier-to-use equipment and automation
- Continued growth in application complexity: thinner metals, alloys, etc.
- Increasing customer demands for efficiency and productivity
- Building the world's energy, trade, and urban infrastructure

## ESAB HIGHLIGHTS

#1 in Europe  
#1 in South America  
#1 in SEA and India  
#1 in Russia  
#3 in North America but strengthened by Victor

## FABRICATION TECHNOLOGY PLAYERS

(% of Served Market)



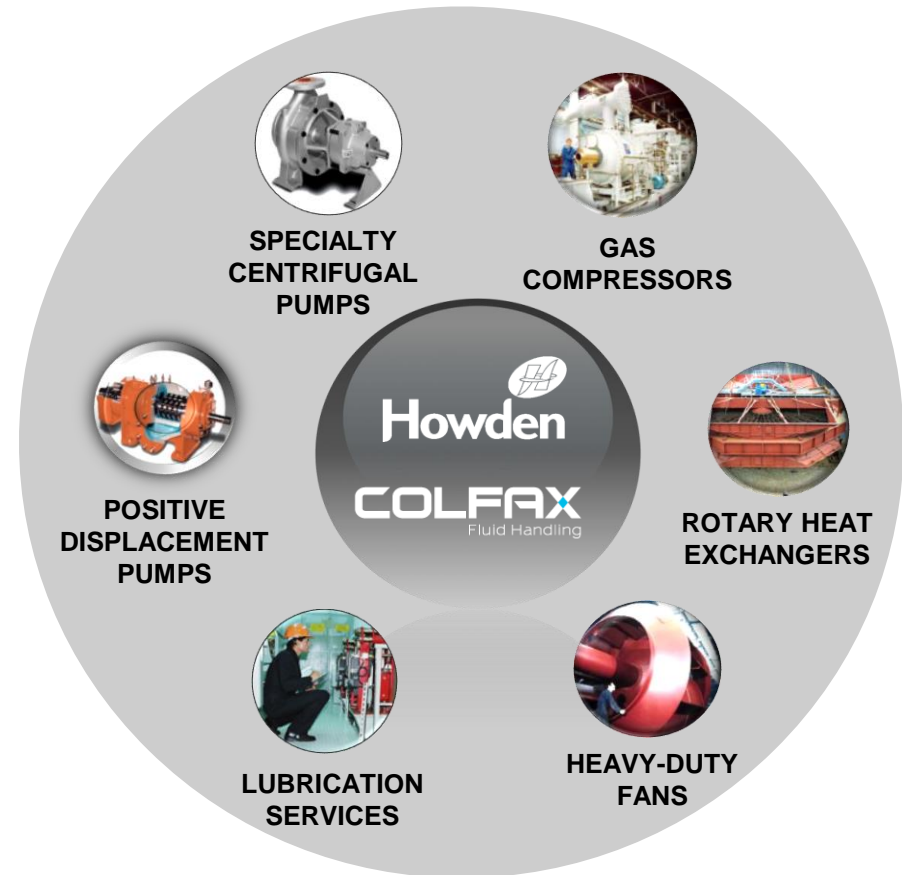
Large market, increasing pace of technology, good fundamentals

# Gas & Fluid Handling

LEADING GLOBAL MANUFACTURER OF HEAVY-DUTY FANS, COMPRESSORS AND FLUID HANDLING SOLUTIONS FOR USE IN DEMANDING APPLICATIONS

## KEY STRATEGIES/FOCUS

- Expand addressable market
- Increase aftermarket and services capture
- Exploit environmental opportunities
- Combine IoT technology with leading equipment solutions
- Simplify business structure



# G&FH: Leading Brands and Technologies

Market Size: ~\$17 Billion

Long-Term Market Growth: ~3-5%

## Market Drivers

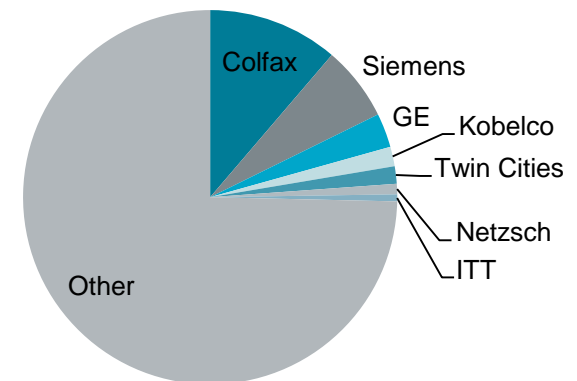
- Increasing end-user focus on energy efficiency
- Environmental regulations and performance upgrades driving retrofits
- Expansion of global seaborne trade (LNG, containers, etc.)
- Continued infrastructure investment in emerging markets

## GAS & FLUID HANDLING HIGHLIGHTS

#1 in Heavy Fans  
#1 in Rotary Heat Exchangers  
#1 in Industrial Fans  
#1 in Niche compressor applications  
#1 in Screw Pumps  
#1 in Lubrication Services

## GAS & FLUID HANDLING PLAYERS

(% of Served Market)

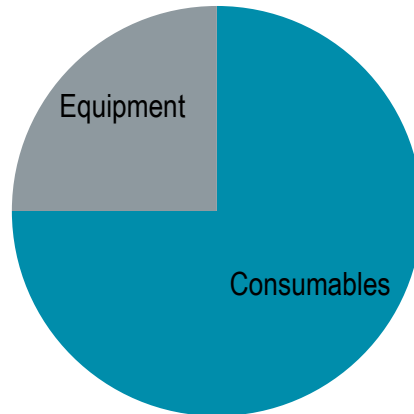


Global leader in served market; significant room for growth

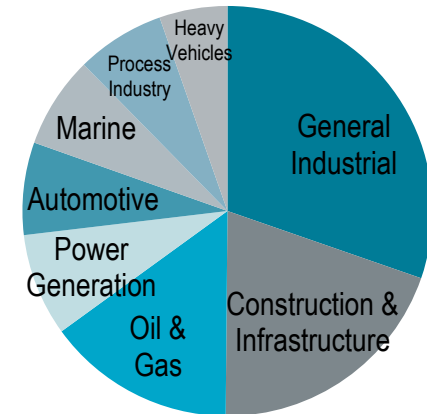
# Segment Profiles

## FABRICATION TECHNOLOGY

PRODUCT MIX

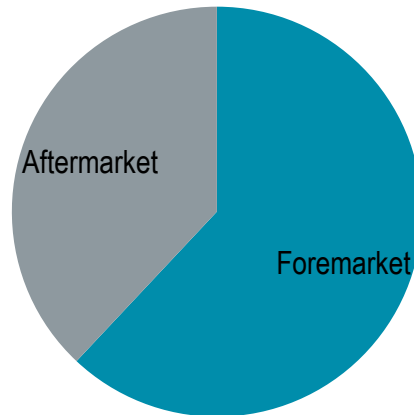


END MARKETS

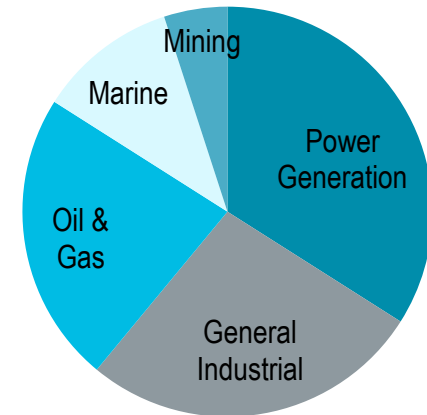


## GAS & FLUID HANDLING

PRODUCT MIX



END MARKETS



Note: All data 2016 except Fabrication Technology End Markets which is a 2015 management estimate

Source: Management estimates and company filings.

# Change in Sales, Orders and Backlog (unaudited)

	Net Sales		Gas and Fluid Handling			
			Orders		Backlog at Period End	
	\$	%	\$	%	\$	%
<b>As of and for the three months ended April 1, 2016</b>	\$ 876.8		\$ 406.3		\$ 1,135.3	
<i>Components of Change:</i>						
Existing Businesses <sup>(1)</sup>	(35.6)	(4.1)%	46.6	11.5%	(7.5)	(0.7)%
Acquisitions <sup>(2)</sup>	6.5	0.7%	—	—%	—	—%
Foreign Currency Translation	(2.8)	(0.2)%	(7.7)	(1.9)%	(43.1)	(3.8)%
	<u>(31.9)</u>	<u>(3.6)%</u>	<u>38.9</u>	<u>9.6%</u>	<u>(50.6)</u>	<u>(4.5)%</u>
<b>As of and for the three months ended March 31, 2017</b>	<b>\$ 844.9</b>		<b>\$ 445.2</b>		<b>\$ 1,084.7</b>	

<sup>(1)</sup> Excludes the impact of foreign exchange rate fluctuations and acquisitions, thus providing a measure of growth due to factors such as price, product mix and volume.

<sup>(2)</sup> Represents the incremental sales as a result of our acquisition of Arc Machines, Inc. ("AMI").

*Note: Dollars in millions.*

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# Financial Information (unaudited)

	Fabrication Technology - Net Sales								Gas and Fluid Handling - Orders							
	2Q16		3Q16		4Q16		1Q17		2Q16		3Q16		4Q16		1Q17	
Prior Year Quarter	520.5		487.2		488.6		444.1		502.3		444.2		425.0		406.3	
Components of Change:																
Existing businesses	(21.8)	-4.2%	(28.5)	-5.8%	(42.4)	-8.7%	4.7	1.1%	(78.0)	-15.5%	37.8	8.5%	29.6	7.0%	46.6	11.5%
Acquisitions	-	0.0%	-	0.0%	1.3	0.3%	6.5	1.4%	38.4	7.6%	4.8	1.1%	-	0.0%	-	0.0%
Foreign currency translation	(25.1)	-4.8%	(12.6)	-2.6%	(10.9)	-2.2%	4.7	1.1%	(17.0)	-3.4%	(10.0)	-2.3%	(11.6)	-2.7%	(7.7)	-1.9%
	(46.9)	-9.0%	(41.1)	-8.4%	(52.0)	-10.6%	15.9	3.6%	(56.6)	-11.3%	32.6	7.3%	18.0	4.2%	38.9	9.6%
Current Year Quarter	473.6		446.1		436.6		460.0		445.7		476.8		443.0		445.2	

	For the Quarter Ended															
	2Q15		3Q15		4Q15		1Q16		2Q16		3Q16		4Q16		1Q17	
Net Sales	1,025,375		969,144		1,061,464		876,843		957,249		879,204		933,751		844,926	
Operating Income	96,574	9.4%	45,555	4.7%	65,063	6.1%	48,466	5.5%	73,062	7.6%	50,520	5.7%	65,967	7.1%	66,221	7.8%
Asbestos coverage adjustment	-		-		-		-		-		8,226		-		-	
Restructuring and related charges	8,834		13,071		35,519		17,668		14,490		17,159		24,853		7,100	
Loss on deconsolidation of Venezuelan operations	-		-		-		-		-		2,369		-		-	
Normalization items <sup>(1)</sup>			24,000								1,200					
Adjusted operating income	\$ 105,408		\$ 82,626		\$ 100,582		\$ 66,134		\$ 87,552		\$ 79,474		\$ 90,820		\$ 73,321	
	10.3%		8.5%		9.5%		7.5%		9.1%		9.0%		9.7%		8.7%	

(1) Normalization of items identified in financial statements or in quarterly earnings calls

# Financial Information (unaudited)

	Three Months Ended March 31, 2017							Three Months Ended April 1, 2016						
	Gas and Fluid Handling		Fabrication Technology		Corporate and Other	Total Colfax Corporation		Gas and Fluid Handling		Fabrication Technology		Corporate and Other	Total Colfax Corporation	
Net sales	\$384,865		\$460,061		\$ —	\$844,926		\$432,738		\$444,105		\$ —	\$876,843	
Operating income (loss)	27,993	7.3%	52,897	11.5%	(14,669)	66,221	7.8%	23,330	5.4%	38,810	8.7%	(13,674)	48,466	5.5%
Restructuring and other related charges	4,358		2,742		—	7,100		10,593		7,075		—	17,668	
Adjusted operating income (loss)	\$ 32,351	8.4%	\$ 55,639	12.1%	\$ (14,669)	\$ 73,321	8.7%	\$ 33,923	7.8%	\$ 45,885	10.3%	\$ (13,674)	\$ 66,134	7.5%

Note: Dollars in thousands.

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# Financial Information (unaudited)

	Three Months Ended	
	March 31, 2017	April 1, 2016
<b>Adjusted Net Income and Adjusted Net Income Per Share</b>		
Net income attributable to Colfax Corporation	\$ 38,542	\$ 22,615
Restructuring and other related charges	7,100	17,668
Tax adjustment <sup>(1)</sup>	(1,959)	(3,398)
Adjusted net income	43,683	36,885
Adjusted net income margin	5.2%	4.2%
Weighted-average shares outstanding - diluted	123,795	123,243
Adjusted net income per share	\$ 0.35	\$ 0.30
Net income per share— basic and diluted (in accordance with GAAP)	\$ 0.31	\$ 0.18

- (1) The effective tax rates used to calculate adjusted net income and adjusted net income per share are 27.4% for the first quarter of 2017, and 29.0% for the first quarter of 2016.

*Note: In thousands, except per share amounts.*

# Financial Information (unaudited)

	Three Months Ended	
	March 31, 2017	April 1, 2016
Net income	\$ 41,487	\$ 26,210
Interest expense	9,095	9,120
Provision for income taxes	15,639	13,136
Depreciation and amortization	31,878	34,613
Restructuring and other related charges	7,100	17,668
Adjusted EBITDA	\$ 105,199	\$ 100,747
Adjusted EBITDA margin	12.5%	11.5%

*Note: Dollars in thousands.*

# Financial Information (unaudited)

	2017 EPS Range	
Projected net income per share – diluted	\$ 1.34	\$ 1.49
Restructuring costs	0.36	0.36
Tax Adjustment	(0.10)	(0.10)
Projected adjusted net income per share - diluted	\$ 1.60	\$ 1.75