



**COLFAX**

**DEUTSCHE BANK CONFERENCE | JUNE 2015**

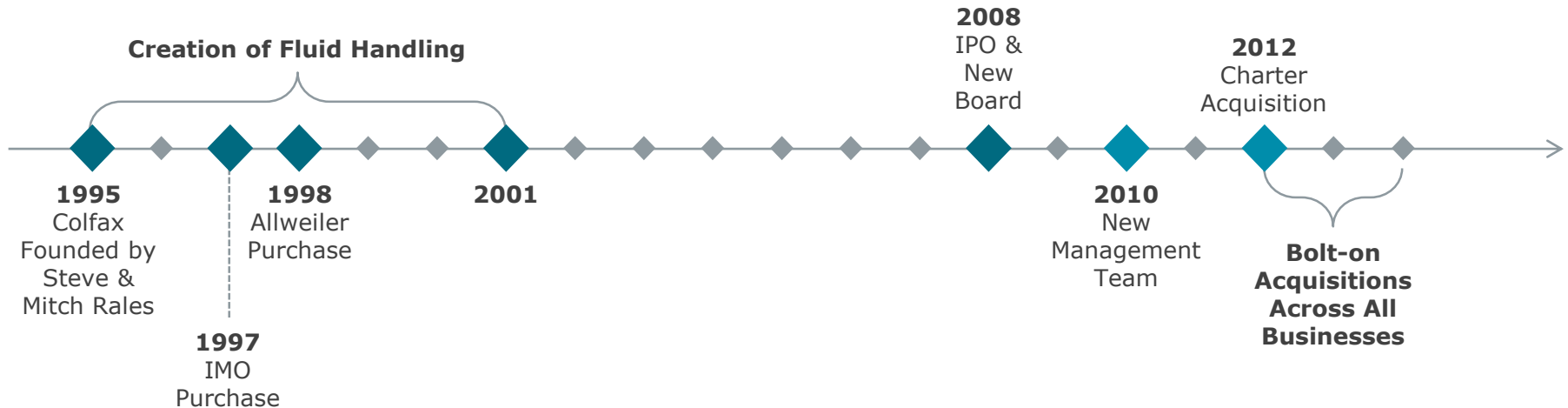
# FORWARD-LOOKING STATEMENTS

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# JOURNEY TOWARD EXCELLENCE

## CREATING A WORLD CLASS INDUSTRIAL ENTERPRISE

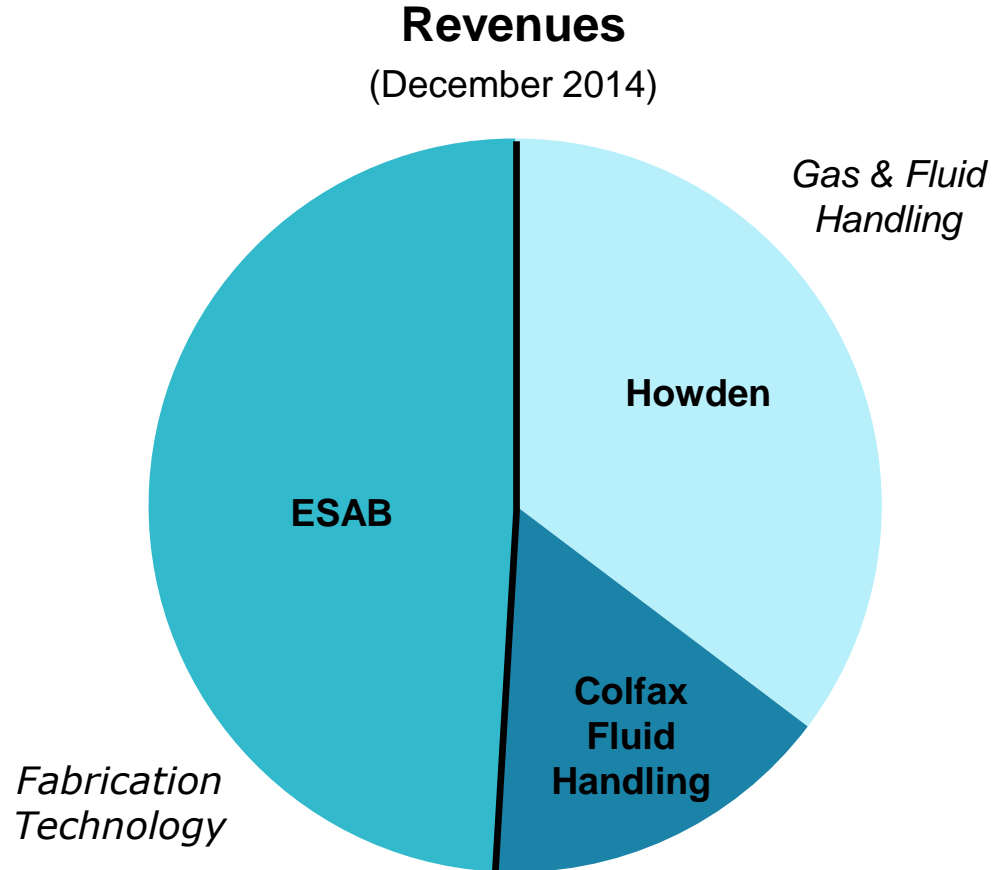


**SPECIALTY PUMP COMPANY**

**DIVERSIFIED INDUSTRIAL**

# BUSINESS OVERVIEW

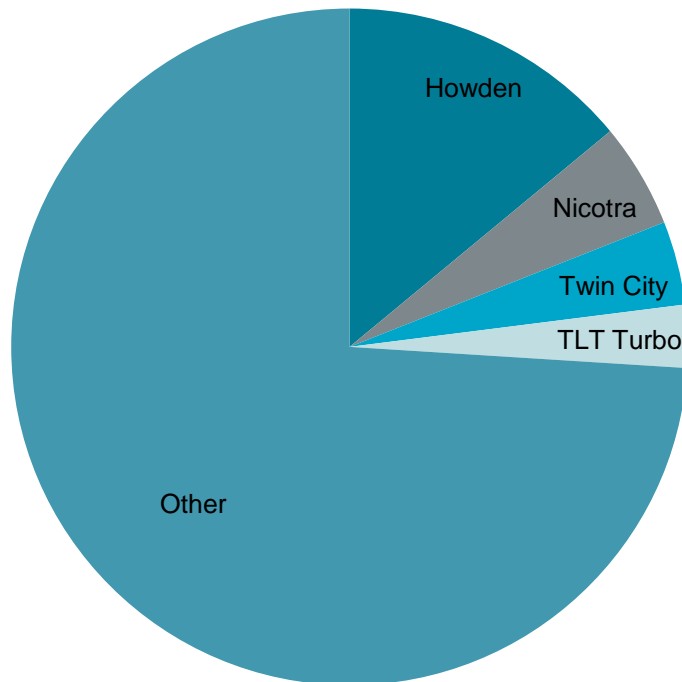
TWO BUSINESS PLATFORMS PROVIDING BRANDED, DIFFERENTIATED INDUSTRIAL PRODUCTS



# GAS & FLUID HANDLING – MARKET

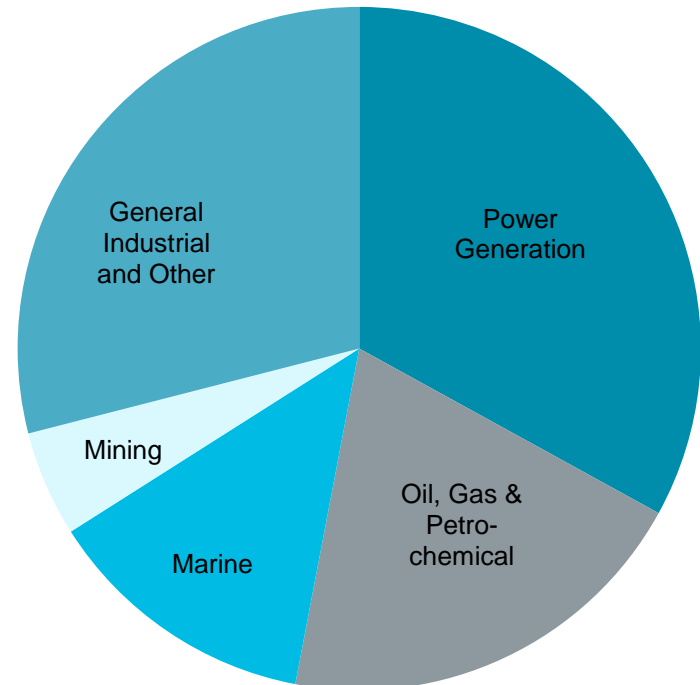
## STRONG END MARKET FUNDAMENTALS; AMPLE CONSOLIDATION POTENTIAL

**COMPETITIVE POSITION (FANS)**  
(% of Served Market)



- Highly fragmented market with ample acquisition opportunity

**GAS & FLUID HANDLING**  
(% of 2014 Revenues)



- +60% of revenues in infrastructure driven growth sectors with mission critical technologies

# EXPANDING ADDRESSABLE MARKETS: Mechanical Vapor Compression



## EXVEL® TURBO FANS (Vapor Compressor)

- *Opportunity:* Emerging \$125 million application driven by focus on water recovery and energy efficiency
- *Key Strategic Initiatives:*
  - Transfer technology to Howden Chinese operations
  - Expand addressable applications through targeted development
- *Progress Highlights:*
  - Initial production in China on track for Q3
  - >20% growth last year with strong funnel for 2015

NEW PRODUCT IN OUR PORTFOLIO ADDRESSING HIGH-GROWTH APPLICATION



# EXPANDING ADDRESSABLE MARKETS: New Coal-fired Plants in Southeast & East Asia



## SOUTHEAST AND EAST ASIA NEW POWER GENERATION CAPACITY

- *Opportunity:* Strong growth in SE Asia economies; replacement of aging plants in Japan and Korea
- *Key Strategic Initiatives:*
  - Strengthen presence in region (Southeast Asia, Korea)
  - Differentiate through product development
    - Cost reductions by design
    - Efficiency improving features
- *Progress Highlights:*
  - 1<sup>st</sup> domestic Japanese air heater win
  - 2 orders from Korean boilermakers through our new Korea office

EFFORTS TO DATE DELIVERING STRONG OPPORTUNITY FUNNEL AND BOOKINGS GROWTH

Note: JOP = jumping-off point.

Source: GlobalData E-Powertracker [accessed 12 Nov 2014], McCoy Boiler Report 2013, management estimates and analysis.

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# BEST TEAM & CBS

## IMPROVING PERFORMANCE; BUILDING THE CULTURE

### *Example – Lean Tools: Howden ČKD (Prague)*

#### BEFORE

- 375,000 ft<sup>2</sup> used
- Department / batch manufacturing
- 55% on-time delivery
- \$13.1 million inventory



#### AFTER

- 75,000 ft<sup>2</sup> used
- Cellular / single-piece flow manufacturing
- 85% OTD (and improving)
- \$4.4 million inventory



#### *Key actions/tools:*

- Value stream mapping
- 5S/Visual mgmt.
- Demand pull



# EXPANDING ADDRESSABLE MARKETS: Howden Compressors



## EXPANDING ADDRESSABLE MARKET

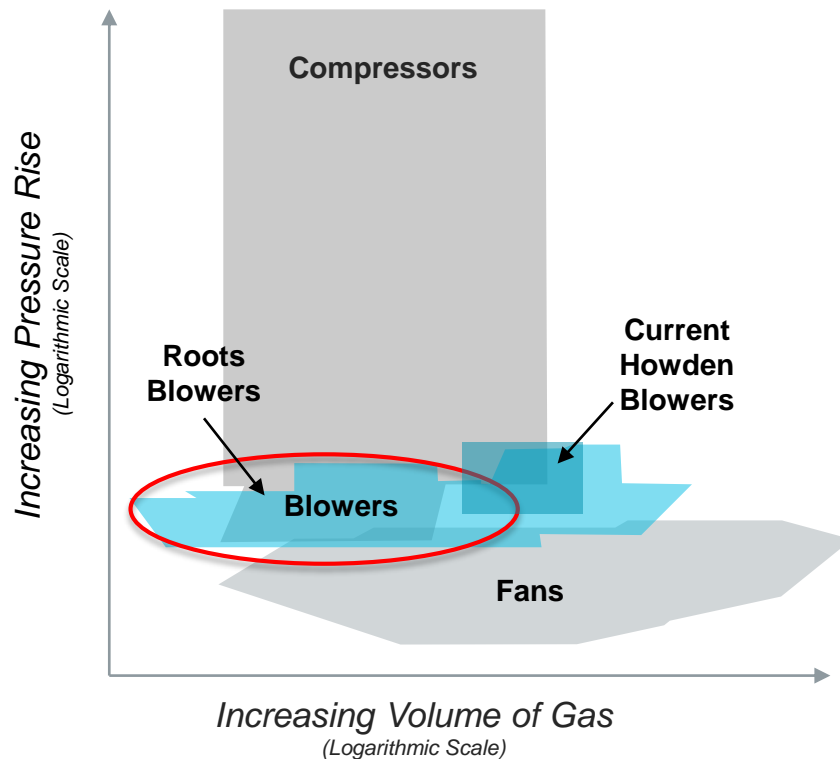
- *Opportunity:* Serving only 20% of available market
- *Key Strategic Initiatives:*
  - Targeted improvements to CKD centrifugal compressor technology
  - Channel expansion into target regions and applications
- *Progress Highlights:*
  - Servable market increased by \$700M
  - Key wins in target areas: \$30M Middle East; \$40M Asia Pacific

CKD INTEGRATION AHEAD OF PLAN; STRONG EARLY RESULTS FROM STRATEGY

# EXPANDING ADDRESSABLE MARKETS: Roots™ Acquisition

## LEVERAGING CAPABILITIES TO ACCELERATE GROWTH

### PRESSURE-VOLUME CHARACTERISTICS of AIR and GAS MOVING DEVICES



### ROOTS™ STRATEGIC FIT

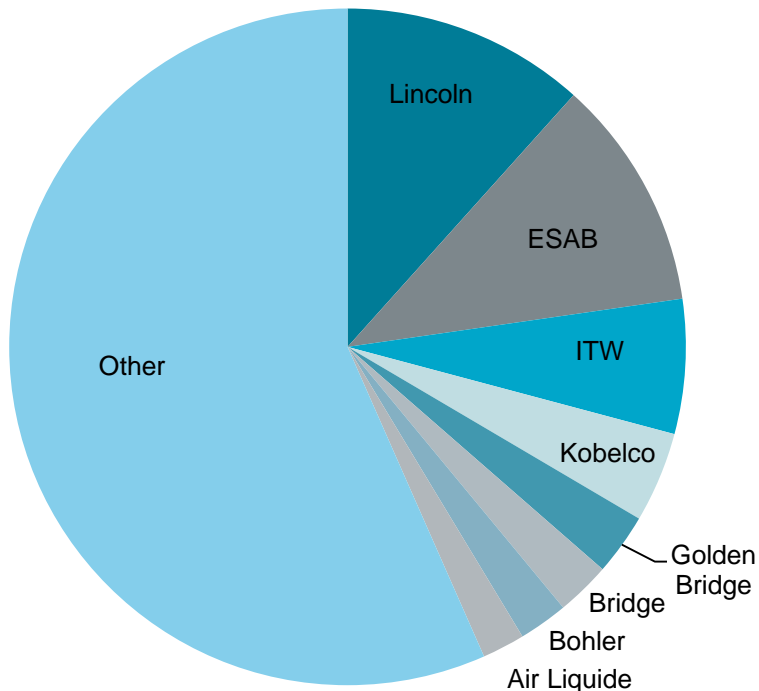
- US leader in positive displacement blowers
- Opens \$1.2B of new addressable market
- Compliments Howden's existing turboblower presence and global channel strength
- Attractive cost leverage from CBS and supply chain alignment

# FABRICATION TECHNOLOGY – MARKET

## NUMEROUS OPPORTUNITIES FOR DIFFERENTIATION, GROWTH, AND CONSOLIDATION

### COMPETITIVE POSITION

(% of Served Market<sup>1</sup>)



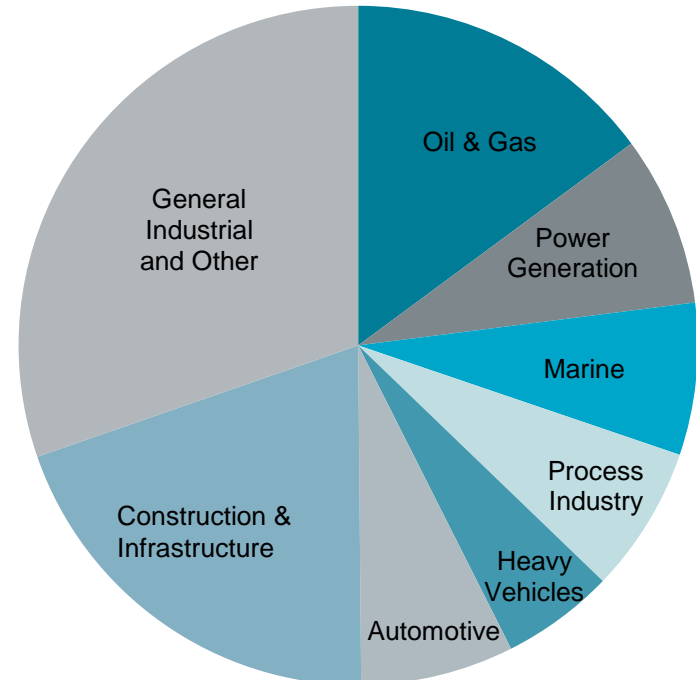
- Fragmented \$25B global market, where brand matters

1. Includes 'pro forma' amount for Victor  
2. Excludes Personal Protective Equipment.

Source: Management Estimates

### FABRICATION TECHNOLOGY

(% of Served Market<sup>2</sup>)



- Secular trends and increasing application complexity driving mid-single digit long-term growth

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# BUILDING BLOCKS OF THE TURNAROUND

## LAYING THE FOUNDATION FOR GROWTH

### STRENGTHEN ORGANIZATION

- 47 new senior execs now on-board and making impact
- Reshaped organization and expectations
- Aligned structure with strategy
- Restructured footprint and back office

### IMPROVE OPERATIONS

- Improved margin to 11.8%
- Reduced safety incidents by 75%
- Improved service levels by 2000 bps
- Brought China to profitability
- Improved inventory turns by 25%

### INVEST FOR GROWTH

- More than doubled R&D spending
- Accelerated Product Development process
- Vitality index from 7% to 15%
- Aligned global product management & engineering

# STRENGTHENED COMMERCIAL CAPABILITY



## NORTH AMERICA PIPE MILL CONVERSIONS

- *Situation:* Pipe mill customers depend on welding productivity to stay cost competitive
- *Solution:*
  - VOC driven segmentation and organizational alignment
  - Leveraged full ESAB portfolio to create customer value
  - Solved customer quality issues through application expertise and superior product
- *Result:*
  - Converted several major pipe mills
  - Providing automation, equipment, and filler metal solutions

ALIGNING COMMERCIAL EFFORTS WITH THE STRATEGY; GAINING MOMENTUM



# DIFFERENTIATED PRODUCT & APPLICATION DEVELOPMENT



## EUROPEAN SHIPBUILDER CONVERSION

- *Situation:* Customer needed to upgrade productivity and quality management for multiple shipyards
- *Solution:*
  - Remote data monitoring capability developed in conjunction with the customer
  - New Aristo Mig 4004i Pulse
  - Solution selling to demonstrate customer benefit
- *Result:*
  - ESAB selected to provide a system wide welding platform upgrade

ACCELERATED PRODUCT DEVELOPMENT; EARLY RETURNS BUILDING



# DIFFERENTIATED PRODUCT & APPLICATION DEVELOPMENT



## NA ALUMINUM TRAILER MANUFACTURER CONVERSION

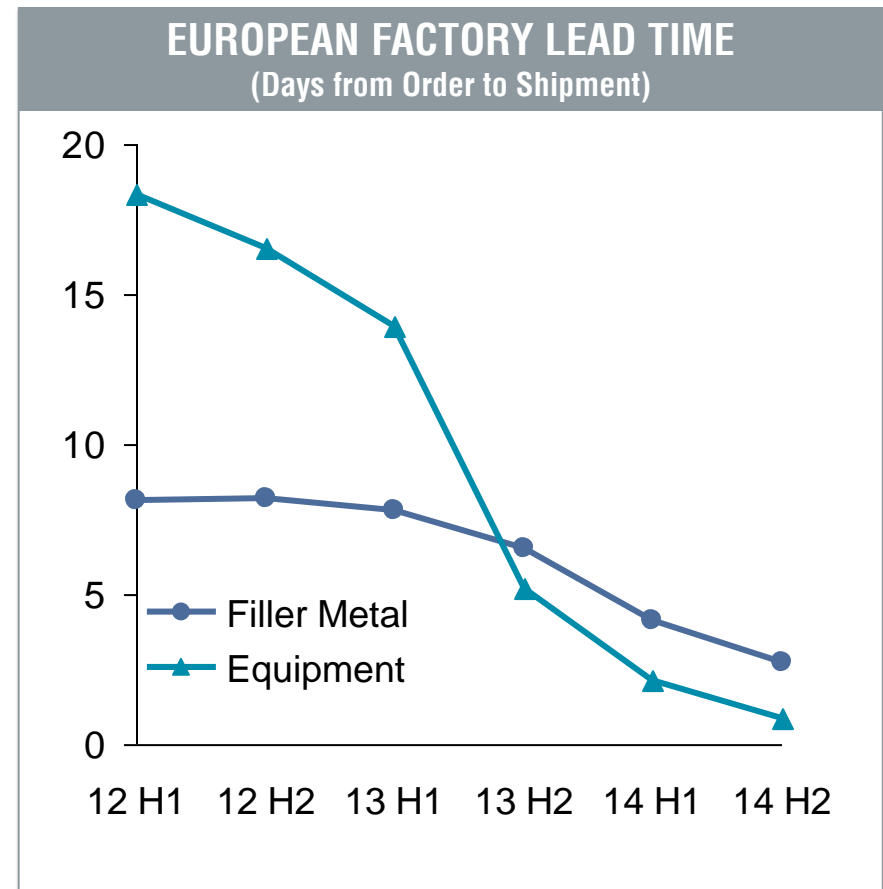
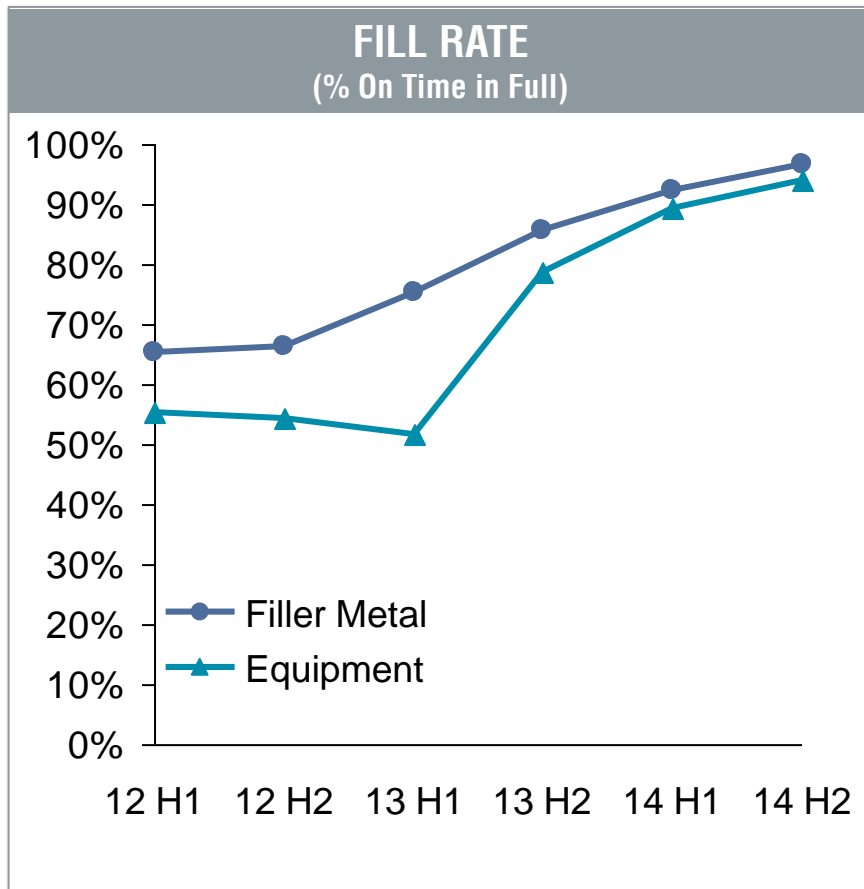
- *Situation:* Shavings, an unwanted byproduct of aluminum welding, cause downtime and defects
- *Solution:*
  - New NT Wire product line
  - Focus on the system, not just the wire or the equipment
  - Solution selling to demonstrate customer benefit
- *Result:*
  - Patent pending solution saved man-years of labor for the customer
  - Improved margins, longer term customer commitment

TARGETED NEW PRODUCTS DRIVING CUSTOMER PREFERENCE AND IMPROVING MARGINS

# CBS - PROVEN BUSINESS SYSTEM

## CBS CREATING OPPORTUNITY FOR DIFFERENTIATION AND GROWTH

### Example – ESAB European Factory Performance:



Note: On Time In Full = % of orders shipped on time 100% complete. 2014 through Nov..

# EXECUTIVE SUMMARY

## THREE YEARS INTO CHARTER ACQUISITION, EXECUTING ON OUR STATED STRATEGY

- On track to achieve margin commitments while also investing in innovation and growth
- CBS and culture of continuous improvement taking hold and gaining momentum
- Continuing to build and develop talent at all levels within the organization
- Strengthening platforms through well executed acquisitions