



**COLFAX**

**EPG CONFERENCE | MAY 2016**

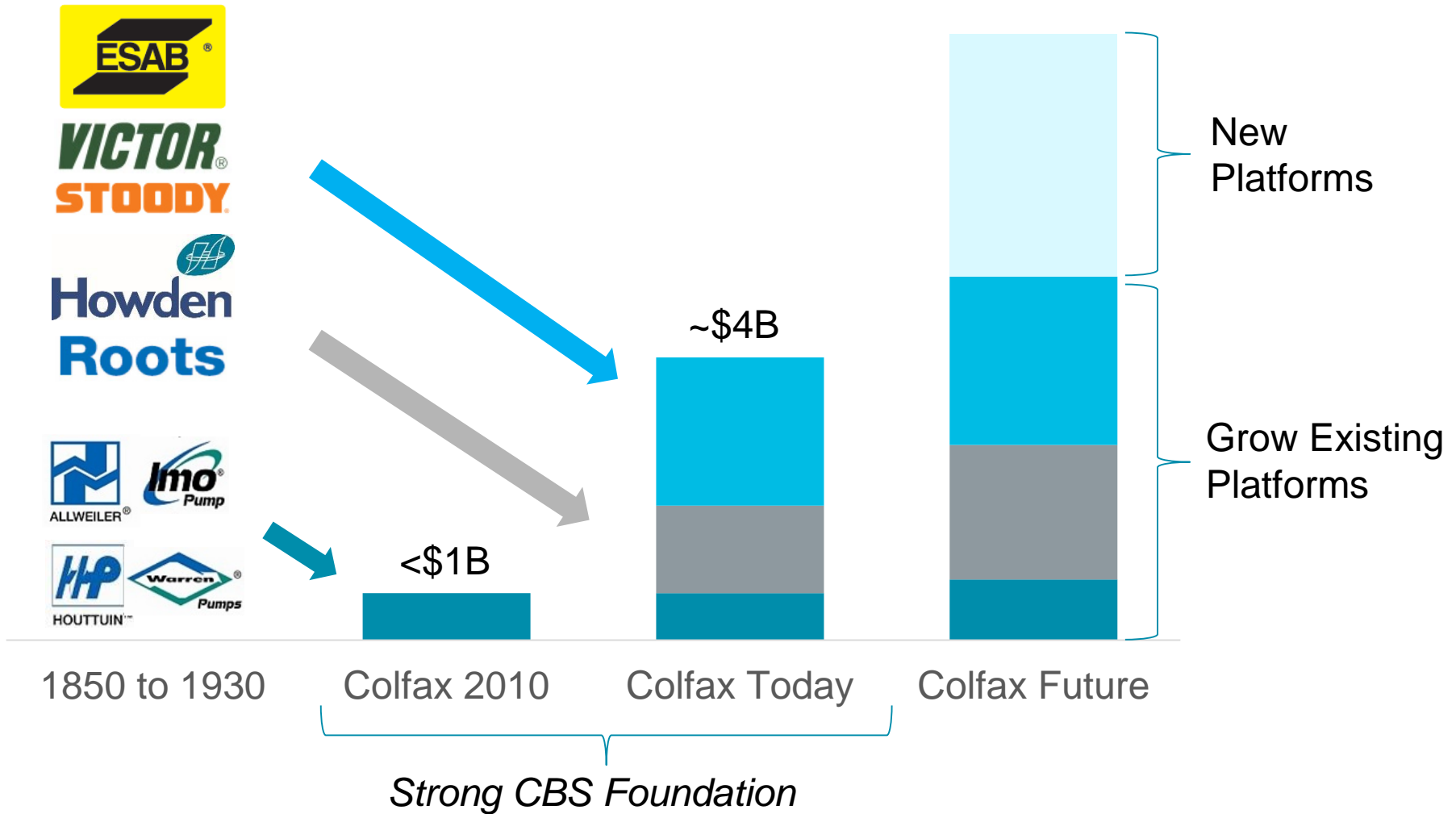
# FORWARD-LOOKING STATEMENTS

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# Colfax History And Growth

RICH HISTORY, POWERFUL MODEL, EXCITING FUTURE



# Investment Highlights

- ✓ Broad global footprint
- ✓ Long-term growth drivers
- ✓ Leading market positions where brand and technology matter
- ✓ Proven business system (CBS) and growth model
- ✓ Experienced management – strong industrial track record

# 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 and Processes
- Way of Working

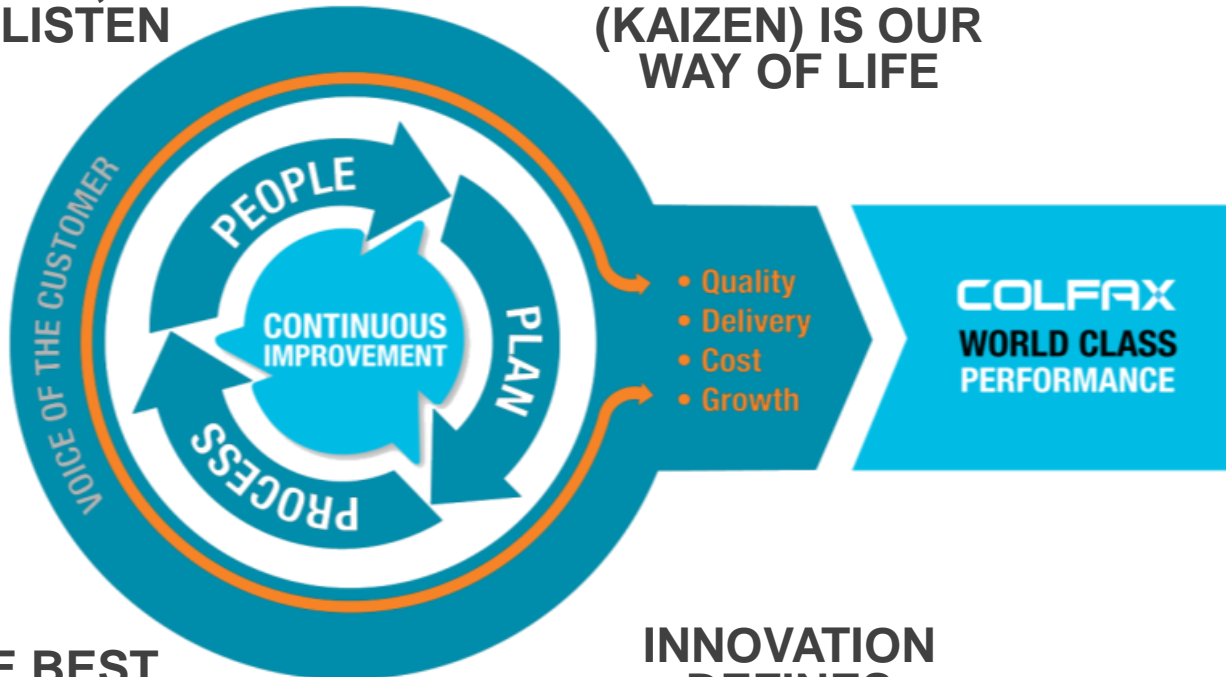
**WE USE CBS TO MAKE GOOD BUSINESSES GREAT**

# CBS – A Proven Business System

VALUES + TOOLS + WAY OF WORKING

CUSTOMERS  
TALK,  
WE LISTEN

CONTINUOUS  
IMPROVEMENT  
(KAIZEN) IS OUR  
WAY OF LIFE



WE COMPETE FOR  
SHAREHOLDERS  
BASED ON OUR  
PERFORMANCE

THE BEST  
TEAM WINS

INNOVATION  
DEFINES  
OUR FUTURE

# Create a Strong Foundation for Growth – European Turnaround



## EUROPEAN RELATIVE PERFORMANCE

- *Situation:* Long-term, slow trend of share erosion
- *Solution:*
  - New manufacturing model and responsive customer service processes
  - Value Selling driving sales force effectiveness
  - Investing in distributor programming & support
- *Result:*
  - Over 95% on-time delivery
  - Stabilized share, gaining in some target areas

POSITIONED TO OUTPERFORM AS THE REGION TURNS TO GROWTH



# Productivity Solutions – Automation



## COLLABORATIVE AUTOMATION SOLUTIONS

- *Situation:* Boeing's needed to manufacture 170' fuel tanks for the NASA deep space rocket program
- *Solution:*
  - Collaborative design approach and joint problem solving
  - Leveraged innovative concepts from previous ESAB automation projects
  - Innovation in welding apparatus, software, and hardware
- *Result:*
  - ESAB awarded contract to build the world's largest welder – rocket production to begin this fall

INVESTING IN R&D AND COLLABORATIVE PRODUCT DEVELOPMENT



# Productivity Solutions – Equipment Innovation



## INNOVATIVE EQUIPMENT FOR LIGHT AND MEDIUM INDUSTRIAL FABRICATION

- *Situation:* Welders at all experience levels value speed and quality
- *Solution:*
  - Collaborative, open innovation development model
  - Focus on VOC and segmentation processes
  - Lower cost of technology enabling new user benefits
- *Result:*
  - Rebel launch results above expectations
  - European launch this summer
  - Product family extensions and next new platform coming

VOICE OF CUSTOMER AND CBS TOOLS ENABLING BREAKTHROUGH DIFFERENTIATION

# Expanding Addressable Markets – New Power in Southeast Asia and India

## SOUTHEAST AND INDIA NEW POWER GENERATION CAPACITY

- *Opportunity:* Strong growth in regional economies; turning to higher efficiency technologies
- *Key Strategic Initiatives:*
  - Strengthen presence in region (Southeast Asia, Korea, India)
  - Differentiate through product development
    - Cost reductions by design
    - Efficiency improving features
- *Results:*
  - SEA Bookings up 40% in 2 years
  - Significant share gains

EFFORTS TO DATE DELIVERING STRONG OPPORTUNITY FUNNEL AND BOOKINGS GROWTH



# Increasing Aftermarket Capture: Air Preheaters in North America



## TARGETING COMPETITORS WITH LEADING TECHNOLOGY & CAPABILITY

- *Opportunity:* Leverage new technology to serve competitor's large installed base
- *Key Strategic Initiatives:*
  - Extend turnkey project management capability to aftermarket
  - Leverage new products into performance retrofits
  - Improve processes – speed of the aftermarket
- *Results:*
  - On-track to triple revenue from 2014

FOCUSING RESOURCES AND CAPABILITIES TO INCREASE AFTERMARKET CAPTURE

# Expanding Addressable Markets – General Industrial Applications in China



## EXPANDING ADDRESSABLE MARKET

- *Opportunity:* Leverage high performance team to provide full-range of Howden products
- *Key Strategic Initiatives:*
  - Design and position products to win in the mid-market
  - Localize production & supply chain
  - Develop channels to new verticals
- *Results:*
  - Non-Power growth up xx%
  - First big project win in mine ventilation

TARGETING THE LARGE MID-MARKET IN APPLICATIONS OUTSIDE POWER

# 2016 Initiatives

- Outperform in a weak growth environment
  - Aftermarket growth
  - New ESAB products → Rebel, WeldCloud, others
  - Expand addressable market in G&FH
- Improve operating margins and gross/project margins
- Continue strong FCF conversion

IMPROVE COST BASE AND BUILD MOMENTUM FOR 2017

# 3-5 Year Financial Goals

- GDP + 1-2% organic growth
  - Large and attractive end-markets
  - Strong brands and leading technologies
- Mid-teens operating margins
  - CBS culture and tools the building blocks
  - Growing talent bench driving improvement
- FCF driving active acquisition program
  - Strengthen existing businesses
  - Add new platform

**ORGANIC GROWTH AND MARGIN EXPANSION ACCELERATED BY ACQUISITIONS**