

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **September 30, 2019**

Colfax Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34045
(Commission
File Number)

54-1887631
(I.R.S. Employer
Identification No.)

420 National Business Parkway, 5th Floor
Annapolis Junction, MD 20701
(Address of principal executive offices) (Zip Code)

(301) 323-9000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	CFX	New York Stock Exchange
5.75% Tangible Equity Units	CFXA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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 pursuant to Section 13(a) of the Exchange Act

Introductory Note

On September 30, 2019, pursuant to the previously disclosed purchase agreement, dated as of May 15, 2019, by and among Colfax Corporation, a Delaware corporation (the “Company”) and certain entities affiliated with KPS Capital Partners, LP (collectively, the “Purchaser”), the Company completed the divestiture of certain subsidiaries and assets comprising the Company’s Air & Gas Handling business (the “Business”) for aggregate consideration of \$1.8 billion including \$1.67 billion paid at closing and the assumption of certain liabilities. The purchase price is subject to certain adjustments pursuant to the Purchase Agreement. The cash proceeds, net of transaction expenses and estimated taxes, will be used to pay down debt.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The disclosure set forth in the Introductory Note of this Current Report on Form 8-K is incorporated herein by reference and is qualified in its entirety by reference to the full text of the Purchase Agreement, which was attached as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the SEC on May 17, 2019 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On September 30, 2019, the Company issued a press release announcing the closing of the transactions contemplated by the Purchase Agreement. A copy of the press release is furnished herewith as Exhibit 99.1. The information contained in Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed by the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

Unaudited pro forma financial information of the Company to give effect to the transactions contemplated by the Purchase Agreement is included in Exhibit 99.2 filed herewith and incorporated by reference into this Item 9.01(b).

EXHIBIT INDEX

(d) Exhibits

Exhibit No.	Description
99.1	Colfax Corporation press release dated September 30, 2019.
99.2	Pro forma financial information of Colfax Corporation.

SIGNATURES

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

October 4, 2019

Colfax Corporation

By:	<u>/s/ Douglas J. Pitts</u>
Name:	Douglas J. Pitts
Title:	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)

Colfax Completes Sale of Air & Gas Handling Business

Annapolis Junction, MD, September 30, 2019 - Colfax Corporation (“Colfax”) (NYSE: CFX), a leading diversified industrial technology company, today announced it completed the sale of its Air & Gas Handling business to an affiliate of KPS Capital Partners, LP for an aggregate consideration of \$1.8 billion. The cash proceeds, net of transaction expenses and estimated taxes, of approximately \$1.6 billion will be used to pay down debt.

“Colfax has built a much stronger portfolio - less cyclical, higher margin, and with more stable cash generation and an attractive long-term growth outlook,” said Matt Trerotola, Colfax President and CEO. “This is a terrific foundation on which to drive continuous improvement and compound our results by investing in innovation and attractive acquisitions.”

ABOUT COLFAX CORPORATION

Colfax Corporation is a leading diversified technology company that provides orthopedic care and fabrication technology products and services to customers around the world principally under the DJO and ESAB brands. Colfax believes that its brands are among the most highly recognized in each of the markets that it serves. Colfax is traded on the NYSE under the ticker “CFX.” Additional information about Colfax is available at www.colfaxcorp.com.

Investor Contact:

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Unaudited Pro Forma Condensed Consolidated Financial Information

On September 30, 2019, pursuant to the previously disclosed purchase agreement, dated as of May 15, 2019, by and among Colfax Corporation, a Delaware corporation (the “Company”) and certain entities affiliated with KPS Capital Partners, LP (collectively, the “Purchaser”), the Company completed the divestiture of certain subsidiaries and assets comprising the Company’s Air & Gas Handling business (the “Business”). The aggregate purchase price of \$1.8 billion comprised \$1.67 billion paid at closing, the assumption of certain liabilities, and is subject to certain adjustments pursuant to the purchase agreement.

The sale of the Business is considered a significant disposition for purposes of Item 2.01 of Form 8-K. As a result, the Company prepared the accompanying unaudited pro forma condensed consolidated financial information in accordance with Article 11 of Regulation S-X.

The Company presented its operations for the Air & Gas Handling business as discontinued operations in its condensed consolidated financial statements included in the Form 10-Q for the three and six months ended June 28, 2019. The accompanying unaudited pro forma condensed consolidated statements of operations for the six months ended June 28, 2019 and for years ended December 31, 2018, 2017, and 2016 give effect to this divestiture as if it had occurred on January 1, 2016. The following unaudited pro forma condensed consolidated balance sheet gives effect to this divestiture as if it had occurred on June 28, 2019, the date of the Company’s most recently filed balance sheet.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with (i) the audited consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Colfax’s Form 10-K for the year ended December 31, 2018 filed with the SEC on February 21, 2019, and (ii) the unaudited condensed consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” included in Colfax’s Form 10-Q for the three and six months ended June 28, 2019 filed with the SEC on August 6, 2019.

The unaudited pro forma condensed consolidated financial information is presented based on assumptions, adjustments, and currently available information described in the accompanying notes and is intended for informational purposes only. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of what Colfax’s results of operations or financial condition would have been had the divestiture been completed on the dates assumed. In addition, it is not necessarily indicative of Colfax’s future results of operations or financial condition.

COLFAX CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
June 28, 2019
(Dollars in thousands)

	Company As Reported	Pro Forma Adjustments Divestiture of Air & Gas Handling	Company Pro Forma
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 131,925	\$ —	\$ 131,925
Trade receivables, less allowance for doubtful accounts of \$31,678	616,263	—	616,263
Inventories, net	594,800	—	594,800
Other current assets	171,622	—	171,622
Current portion of assets held for sale	2,121,983	(2,121,983) (a)	—
Total current assets	3,636,593	(2,121,983)	1,514,610
Property, plant and equipment, net	488,956	—	488,956
Goodwill	2,822,093	—	2,822,093
Intangible assets, net	2,314,420	—	2,314,420
Lease asset - right of use	153,924	—	153,924
Other assets	483,267	—	483,267
Total assets	\$ 9,899,253	\$ (2,121,983)	\$ 7,777,270
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt	\$ 39,524	\$ —	\$ 39,524
Accounts payable	399,812	—	399,812
Customer advances and billings in excess of costs incurred	16,277	—	16,277
Accrued liabilities	448,558	—	448,558
Current portion of liabilities held for sale	694,384	(694,384) (a)	—
Total current liabilities	1,598,555	(694,384)	904,171
Long-term debt, less current portion	4,078,232	(1,652,188) (c)	2,426,044
Non-current lease liability	119,398	—	119,398
Other liabilities	846,719	—	846,719
Total liabilities	6,642,904	(2,346,572)	4,296,332
EQUITY:			
Total Colfax Corporation equity	3,094,798	339,234 (a)	3,434,032
Noncontrolling interest	161,551	(114,645) (b)	46,906
Total equity	3,256,349	224,589	3,480,938
Total liabilities and equity	\$ 9,899,253	\$ (2,121,983)	\$ 7,777,270

See Notes to unaudited pro forma condensed consolidated financial information.

COLFAX CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Six Months Ended June 28, 2019
(Dollars in thousands, except per share amounts)

	Company As Reported	Pro Forma Adjustments	Company Pro Forma
	Company As Reported	Divestiture of Air & Gas Handling	Company Pro Forma
Net sales	\$ 1,592,566	\$ —	\$ 1,592,566
Cost of sales	955,495	—	955,495
Gross profit	637,071	—	637,071
Selling, general and administrative expense	555,788	—	555,788
Restructuring and other related charges	37,416	—	37,416
Operating income	43,867	—	43,867
Interest expense, net	54,992	—	54,992
Loss from continuing operations before income taxes	(11,125)	—	(11,125)
Provision for income taxes	8,193	(36) (g)	8,157
Net loss from continuing operations	(19,318)	36	(19,282)
Loss from discontinued operations, net of taxes	(495,289)	489,899 (d)	(5,390) (f)
Net loss	(514,607)	489,935	(24,672)
Less: income attributable to noncontrolling interest, net of taxes	6,650	(4,430) (b)	2,220
Net loss attributable to Colfax Corporation	\$ (521,257)	\$ 494,365	\$ (26,892)
<i>Net loss per share - basic</i>			
Continuing operations	\$ (0.16)	\$ —	\$ (0.16)
Discontinued operations	\$ (3.70)	\$ 3.66	\$ (0.04)
Consolidated operations	\$ (3.86)	\$ 3.66	\$ (0.20)
<i>Net loss per share - diluted</i>			
Continuing operations	\$ (0.16)	\$ —	\$ (0.16)
Discontinued operations	\$ (3.70)	\$ 3.66	\$ (0.04)
Consolidated operations	\$ (3.86)	\$ 3.66	\$ (0.20)
Weighted-average shares of common stock outstanding:			
Basic	134,991,844		134,991,844
Diluted	134,991,844		134,991,844

See Notes to unaudited pro forma condensed consolidated financial information.

COLFAX CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2018
(Dollars in thousands, except per share amounts)

	Company As Reported	Pro Forma Adjustments Divestiture of Air & Gas Handling (e)	Company Pro Forma
Net sales	\$ 3,666,812	\$ (1,473,729)	\$ 2,193,083
Cost of sales	2,533,973	(1,070,266)	1,463,707
Gross profit	1,132,839	(403,463)	729,376
Selling, general and administrative expense	818,210	(269,447)	548,763
Restructuring and other related charges	77,686	(48,609)	29,077
Operating income	236,943	(85,407)	151,536
Pension settlement (gain)	(39)	—	(39)
Interest expense (income), net	44,052	5,031	49,083
Loss on short term investments	10,128	—	10,128
Income from continuing operations before income taxes	182,802	(90,438)	92,364
Income tax (benefit) provision	(21)	1,298 (g)	1,277
Net income from continuing operations	182,823	(91,736)	91,087
<i>Discontinued Operations:</i>			
Loss from discontinued operations, net of taxes	(28,350)	—	(28,350) (f)
Net income	154,473	(91,736)	62,737
Less: income attributable to noncontrolling interest, net of taxes	14,277	(13,616) (b)	661
Net income attributable to Colfax Corporation	<u>\$ 140,196</u>	<u>\$ (78,120)</u>	<u>\$ 62,076</u>
<i>Net income (loss) per share - basic</i>			
Continuing operations	\$ 1.40	\$ (0.65)	\$ 0.75
Discontinued operations	\$ (0.24)	\$ —	\$ (0.24)
Consolidated operations	<u>\$ 1.16</u>	<u>\$ (0.65)</u>	<u>\$ 0.52 *</u>
<i>Net income (loss) per share - diluted</i>			
Continuing operations	\$ 1.40	\$ (0.65)	\$ 0.75
Discontinued operations	\$ (0.24)	\$ —	\$ (0.24)
Consolidated operations	<u>\$ 1.16</u>	<u>\$ (0.65)</u>	<u>\$ 0.51</u>
Weighted-average shares of common stock outstanding:			
Basic	120,288,297		120,288,297
Diluted	120,795,056		120,795,056

* Net income per share does not foot due to rounding

See Notes to unaudited pro forma condensed consolidated financial information.

COLFAX CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2017
(Dollars in thousands, except per share amounts)

	Company As Reported	Pro Forma Adjustments Divestiture of Air & Gas Handling (e)	Company Pro Forma
Net sales	\$ 3,300,184	\$ (1,362,902)	\$ 1,937,282
Cost of sales	2,270,709	(1,005,006)	1,265,703
Gross profit	1,029,475	(357,896)	671,579
Selling, general and administrative expense	732,340	(231,692)	500,648
Restructuring and other related charges	68,351	(33,018)	35,333
Goodwill and intangible asset impairment charge	152,700	(152,700)	—
Operating income	76,084	59,514	135,598
Pension settlement loss	46,933	—	46,933
Interest expense, net	41,137	(1,031)	40,106
(Loss) income from continuing operations before income taxes	(11,986)	60,545	48,559
Income tax provision (benefit)	42,554	(63,997) (g)	(21,443)
Net (loss) income from continuing operations	(54,540)	124,542	70,002
<i>Discontinued Operations:</i>			
Income from discontinued operations, net of taxes	224,047	—	224,047 (f)
Net income (loss)	169,507	124,542	294,049
Less: income attributable to noncontrolling interest, net of taxes	18,417	(16,844) (b)	1,573
Net income attributable to Colfax Corporation	\$ 151,090	\$ 141,386	\$ 292,476
<i>Net (loss) income per share - basic</i>			
Continuing operations	\$ (0.59)	\$ 1.15	\$ 0.56
Discontinued operations	\$ 1.82	\$ —	\$ 1.82
Consolidated operations	\$ 1.23	\$ 1.15	\$ 2.37 *
<i>Net (loss) income per share - diluted</i>			
Continuing operations	\$ (0.59)	\$ 1.14	\$ 0.55
Discontinued operations	\$ 1.81 (h)	\$ —	\$ 1.81
Consolidated operations	\$ 1.22	\$ 1.14	\$ 2.36
Weighted-average shares of common stock outstanding:			
Basic	123,229,806		123,229,806
Diluted	123,229,806 (h)		123,996,201

* Net income per share does not foot due to rounding

See Notes to unaudited pro forma condensed consolidated financial information.

COLFAX CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2016
(Dollars in thousands, except per share amounts)

	As Reported	Pro Forma Adjustments	
		Divestiture of Air & Gas Handling (e)	Pro Forma
Net sales	\$ 3,185,753	\$ (1,385,261)	\$ 1,800,492
Cost of sales	2,193,371	(1,014,827)	1,178,544
Gross profit	992,382	(370,434)	621,948
Selling, general and administrative expense	696,800	(220,304)	476,496
Restructuring and other related charges	58,496	(26,808)	31,688
Goodwill and intangible asset impairment charge	238	—	238
Operating income	236,848	(123,322)	113,526
Pension settlement loss	48	—	48
Interest expense (income), net	30,276	569	30,845
Income from continuing operations before income taxes	206,524	(123,891)	82,633
Income tax provision	51,772	(41,562) (g)	10,210
Net income from continuing operations	154,752	(82,329)	72,423
<i>Discontinued Operations:</i>			
Loss from discontinued operations, net of taxes	(9,561)	—	(9,561) (e)
Net income	145,191	(82,329)	62,862
Less: income (loss) attributable to noncontrolling interest, net of taxes	17,080	(17,173) (b)	(93)
Net income attributable to Colfax Corporation	\$ 128,111	\$ (65,156)	\$ 62,955
<i>Net income (loss) per share - basic</i>			
Continuing operations	\$ 1.12	\$ (0.53)	\$ 0.59
Discontinued operations	\$ (0.08)	\$ —	\$ (0.08)
Consolidated operations	\$ 1.04	\$ (0.53)	\$ 0.51
<i>Net income (loss) per share - diluted</i>			
Continuing operations	\$ 1.12	\$ (0.53)	\$ 0.59
Discontinued operations	\$ (0.08)	\$ —	\$ (0.08)
Consolidated operations	\$ 1.04	\$ (0.53)	\$ 0.51
Weighted-average shares of common stock outstanding:			
Basic	122,911,581		122,911,581
Diluted	123,198,726		123,198,726

See Notes to unaudited pro forma condensed consolidated financial information.

COLFAX CORPORATION
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

- (a) Adjustment reflects the assets and liabilities of the Air & Gas Handling business, which were previously classified as held for sale, and the related equity.
- (b) Adjustment represents noncontrolling interests in subsidiaries which were historically part of the Air & Gas Handling business.
- (c) Adjustment reflects the use of the cash proceeds from the sale of the Air & Gas Handling business, net of transaction expenses and estimated taxes, to pay down debt.
- (d) Adjustment reflects the historical loss from discontinued operations, net of tax, associated with the Air & Gas Handling business.
- (e) Adjustment reflects the discontinued operations of the Air & Gas Handling business, except as otherwise noted.
- (f) The income (loss) from discontinued operations, net of tax, remaining after removing the Air & Gas Handling business, relates to the historical Fluid Handling discontinued operations including the Company's retained asbestos-related activities and gain on disposal associated with the Fluid Handling business.
- (g) Adjustment represents the tax effects of the Air & Gas Handling business divestiture to achieve the pro forma tax for the continuing operations of Colfax.
- (h) The weighted-average shares of common stock outstanding used in the diluted net income per share from discontinued operations for the year ended December 31, 2017 includes an additional 0.8 million potentially dilutive securities.

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