

The Colfax logo is displayed in a bold, black, sans-serif font. The letters are thick and blocky, with a distinctive design for the 'X' which features a small square cutout in the center. The logo is set against a light gray rectangular background.

**COLFAX**

**SECOND QUARTER 2018 | EARNINGS CONFERENCE CALL**

# Forward Looking Statements & Non-GAAP Disclaimer

The following information may contain forward-looking statements, including forward-looking statements within the meaning of the U.S. 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 fact. 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 2017 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the period ended June 29, 2018 under the caption "Risk Factors." In addition, these statements are based on a number of assumptions that are subject to change. This press release speaks only as of the date hereof. Colfax disclaims any duty to update the information herein.

Colfax has provided in this press release 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 EBITDA, adjusted EBITDA margin, Core or 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 EBITDA and adjusted EBITDA margin exclude Restructuring and other related items, Goodwill and intangible asset impairment charges, and Pension settlement loss, to the extent they impact the periods presented. Adjusted net income and adjusted net income per share also exclude the impact of acquisition-related amortization and gain or loss on short term investments, to the extent they impact the periods presented. The 2018 Adjusted EBITDA and adjusted EBITDA margin also exclude the gain or loss on short term investments, to the extent it impacts the periods presented. The effective tax rates used to calculate adjusted net income and adjusted net income per share for the three and six months ended June 29, 2018 are 15.0% and 17.9%, respectively. The effective tax rates used to calculate adjusted net income and adjusted net income per share for the three and six months ended June 30, 2017 are 29.6% and 28.0%, respectively. Core or 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 management in comparing its operating performance over time because certain items may obscure underlying business trends and make comparisons of long-term performance difficult, as they are of a nature and/or size that occur with inconsistent frequency or relate to discrete restructuring plans that are fundamentally different from the ongoing productivity improvements of the Company. Colfax management also believes that presenting these measures allows investors to view its performance using the same measures that the Company uses in evaluating its financial and business performance and trends.

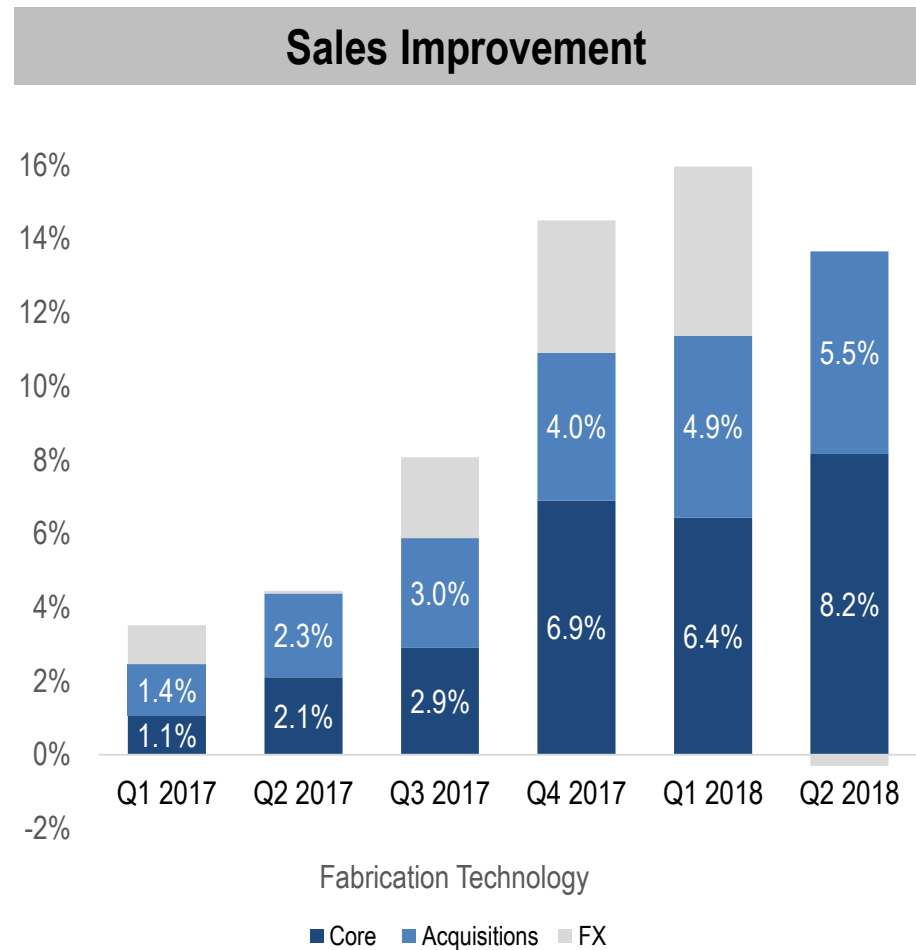
Sales and order information by end market are estimates. We periodically update our customer groupings order to refine these estimates.

# Q2 2018 Highlights

- Second quarter operating performance was in-line with expectations
- Fabrication Technology achieved another quarter of strong growth with a healthy outlook
- Air & Gas Handling adjusted operating margins expanded sequentially from the first quarter; strong Industrial growth continued
- Signed agreement for a complementary Fabrication Technology acquisition; repurchased shares
- Increased full year adjusted net income per share outlook

# Fabrication Technology Performing Strongly

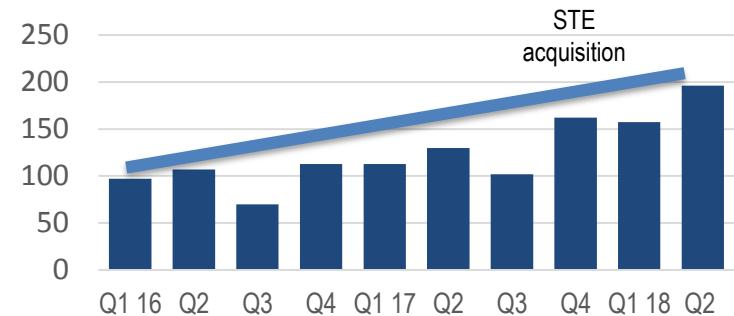
- Strong core growth across all regions and product groups
- Product vitality numbers continue to improve
- Strong automation and cutting backlog and funnel momentum



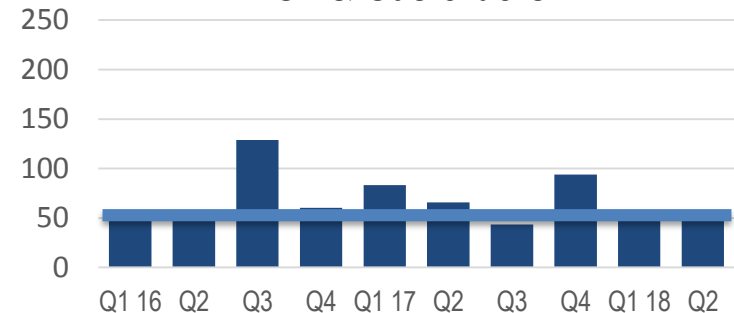
# Air & Gas Handling Progress

- Air & Gas Handling industrial segment orders grew organically 24%
- Oil & Gas orders of \$68 million before sanctions-related cancellation; strong funnels support outlook for 2H improvement
- Q2 Power orders in expected range
- Executing and expanding restructuring initiatives
- Air & Gas Handling margins improved and on track for second half recovery
- Remain on target to deliver 2018 earnings growth

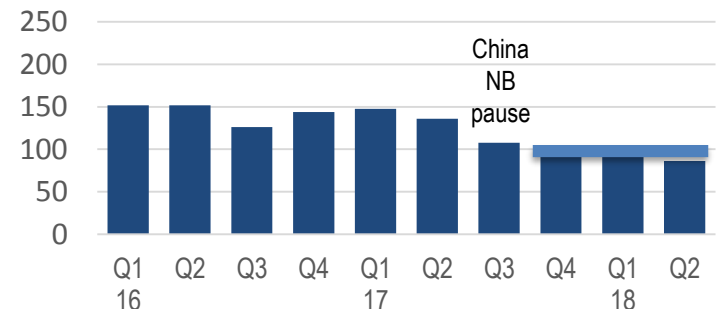
## General Industrial orders



## Oil & Gas orders



## Power Generation orders

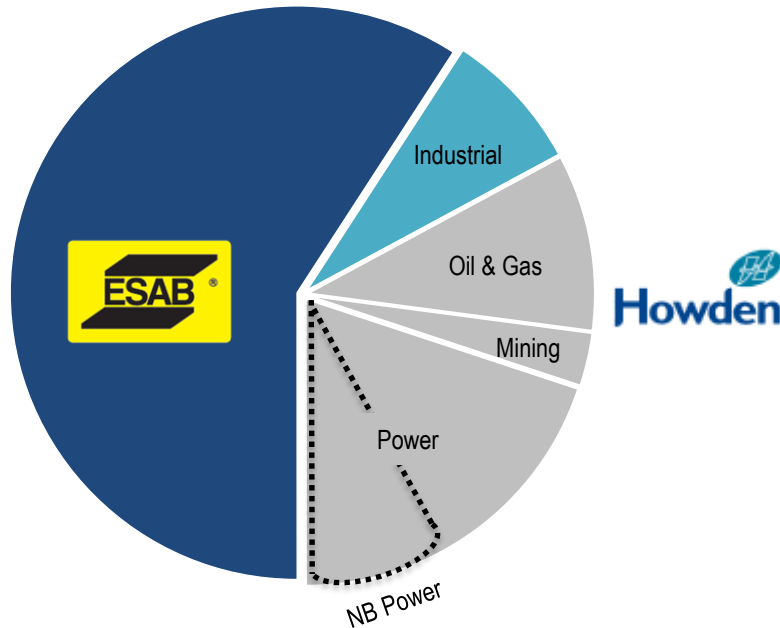


- European gas equipment business with leading brands
- Over 100 years of experience developing, manufacturing and distributing equipment for pressure and flow control of high pressure gases
- Serves a broad range of industries including scientific and research, medical and general industry
- Complements our Fabrication Technology business with improved scale and customer reach while increasing our presence in attractive specialty gas applications

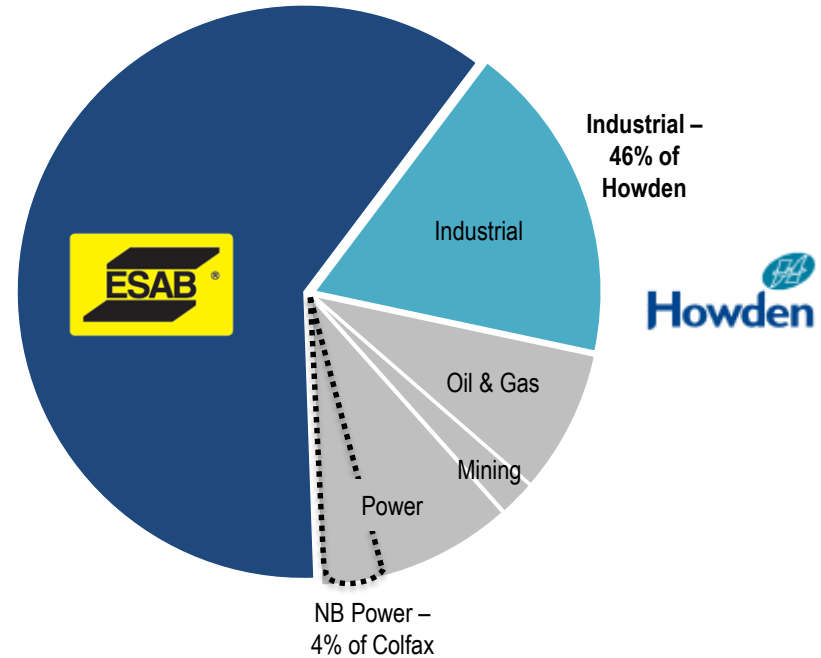


# Shaping Colfax for Long Term Growth

2013 Sales



June 2018 YTD Sales



- Successfully diversifying into higher-growth, less cyclical end markets
- Pursuing an active pipeline of attractive bolt-on and platform acquisitions
- Investing in technology to accelerate growth
- Pivoting to regions and applications with faster growth

# Q2 2018 Financial Highlights

\$Millions, except per share amounts

	<u>Q2 2017</u>	<u>Q2 2018</u>
Net sales	\$848	\$925
Gross profit	\$258	\$287
Margin	30.4%	31.1%
Adj Op Profit	\$81	\$83
Margin	9.6%	8.9%
Adjusted EBITDA	\$111	\$117
Adjusted EPS	\$0.45	\$0.61

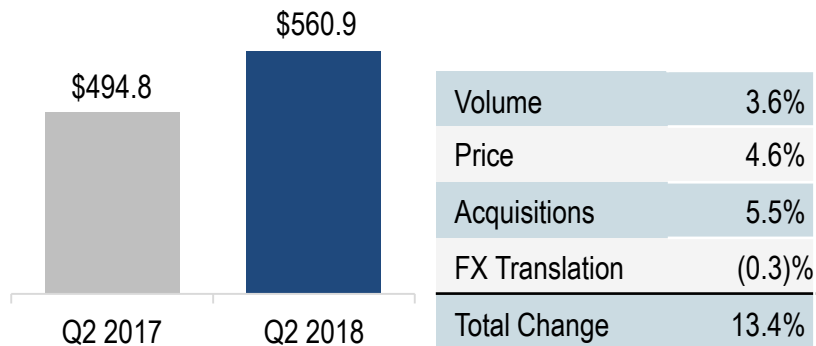
- Sales increased 9% yr-yr
  - Acquisitions +8%, FX +2%, Organic -1%
- Gross margin improved 70 bps
  - Acquisitions, restructuring benefits
- Adjusted Operating profit up \$2M
  - Grew \$7M excluding amortization
  - Benefits from acquisitions and restructuring offset A&GH market softness
- Q2 2018 adjusted EPS increased 36% to \$0.61
  - Higher adj operating profit (excluding amortization), 7c discrete tax benefits



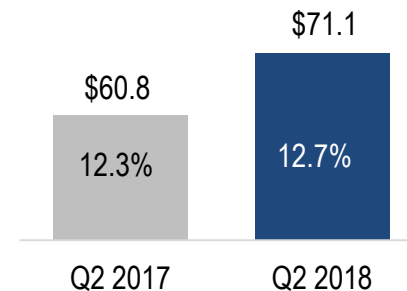
# Q2 2018 Results: Fabrication Technology

\$Millions

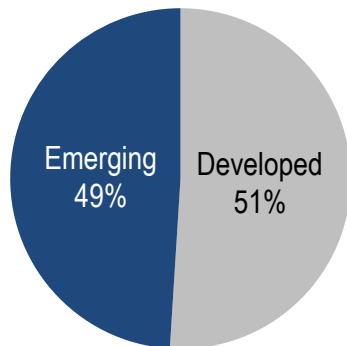
## Sales



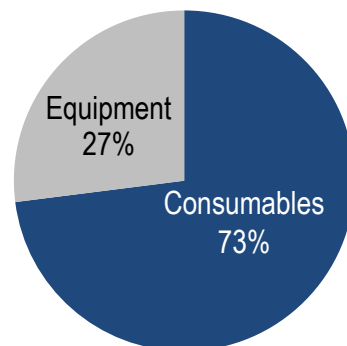
## Adjusted Operating Profit



## Geographic Exposure YTD



## Consumable Mix YTD

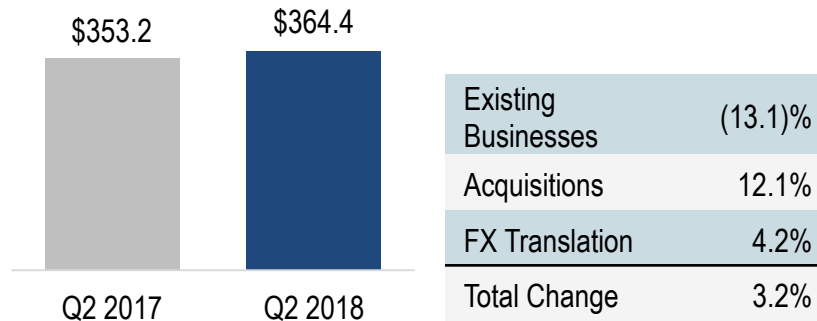


- 13% sales growth in the quarter, 8% core; growth across all products and regions
- Margins improved 40 basis points to 12.7% on higher sales
- Material inflation offset with price

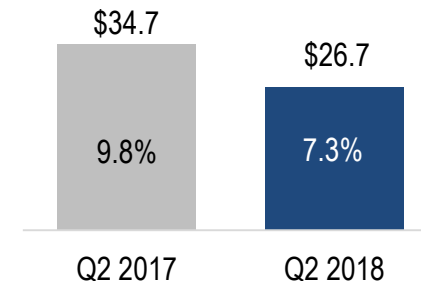
# Q2 2018 Results: Air & Gas Handling

\$Millions

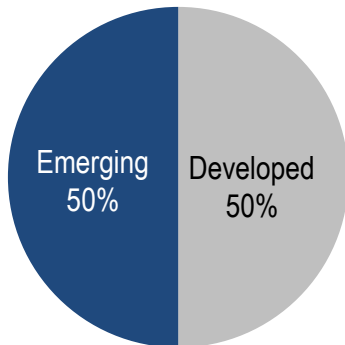
## Sales



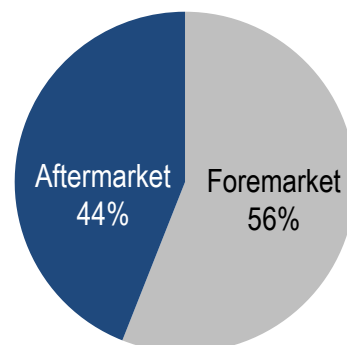
## Adjusted Operating Profit



## Geographic Exposure YTD



## AFM / FM Mix YTD

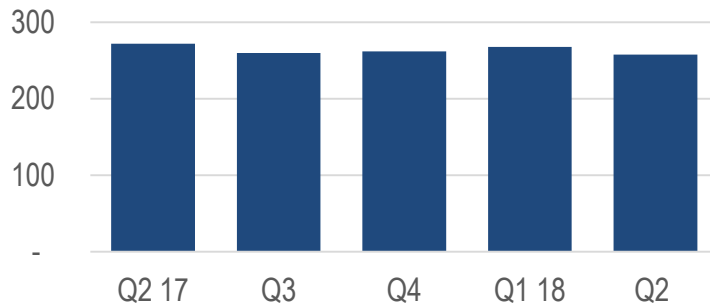


- 3% sales growth in the quarter, -13% core as expected
- Margins sequentially improved 60 basis points from Q1 to 7.3%
- Expect improved performance in the second half of 2018; seasonally strong Q4

# Ample Liquidity to Support Strategic Growth

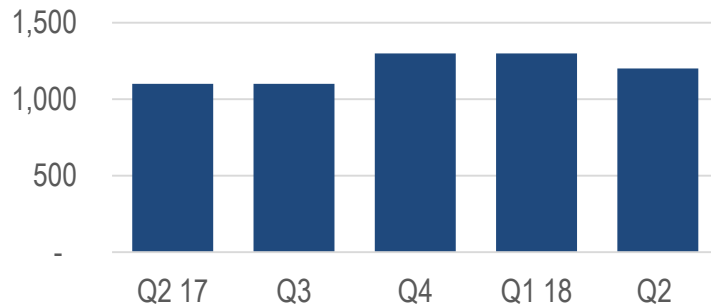
\$Millions

## Cash Balances



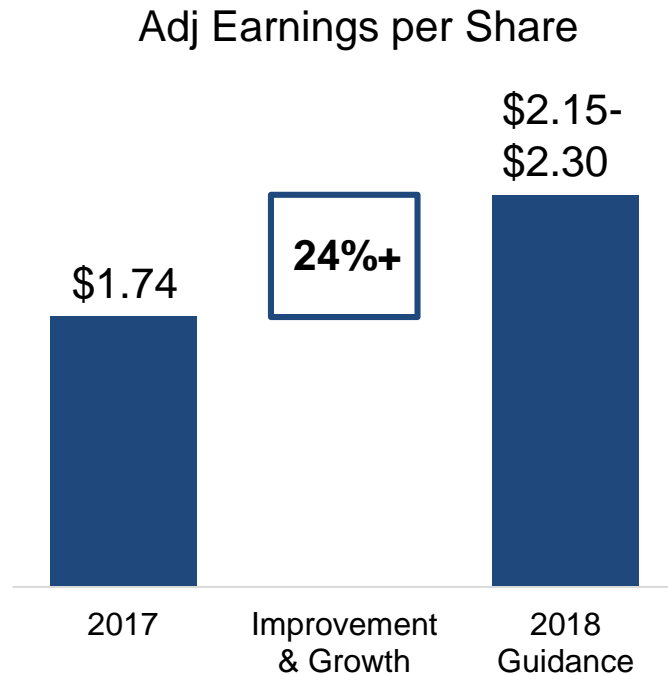
- Sold CIRCOR shares in Q2 for net proceeds of \$139 million
- Repurchased \$200 million of Colfax shares since May (\$144 million in Q2)

## Revolver Undrawn Capacity



- Net leverage of 2.5X at June 29, 2018
- \$1.3B revolver total capacity

# 2018 Outlook



**Initial 2018 guidance of \$2.00-\$2.15**

**Increased in May to \$2.05-\$2.20**

**Increased in August to \$2.15-\$2.30**

- Expect strong performance in the second half of 2018 with seasonally highest profits in the fourth quarter
- Continued growth and profitability in FabTech; improved price offsetting material inflation
- Improved Air & Gas Handling adjusted margins, and extended benefits from restructuring actions
- Repurchased 6.4 million shares since May, 4.6 million in Q2
- Increased guidance to \$2.15-\$2.30

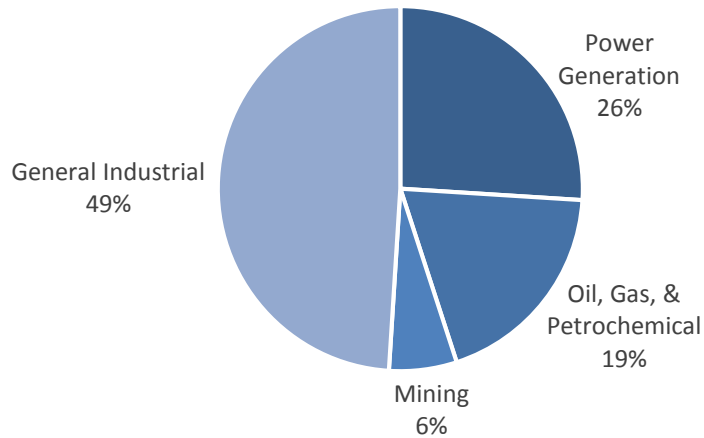
The COLFAX logo is rendered in a bold, black, sans-serif typeface. The letters are closely spaced, and the 'X' features a distinctive design with a small gap in the center. The logo is positioned on a light gray rectangular background.

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**APPENDIX**

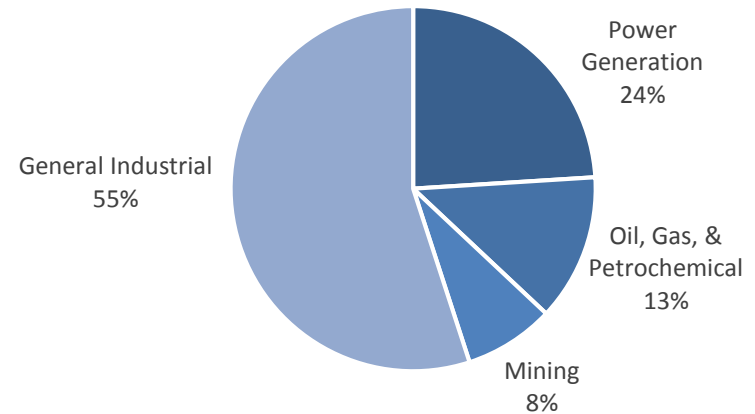
# Q2 2018 Air & Gas Handling Sales and Orders by End Market

**Sales: \$364.4 million**



	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(40.2)%	(43.8)%
Oil, Gas & Petrochemical	10.6%	(2.0)%
Mining	(28.9)%	(32.1)%
General Industrial & Other	76.7%	33.9%
<b>Total</b>	<b>3.2%</b>	<b>(13.1)%</b>

**Orders: \$359.6 million**

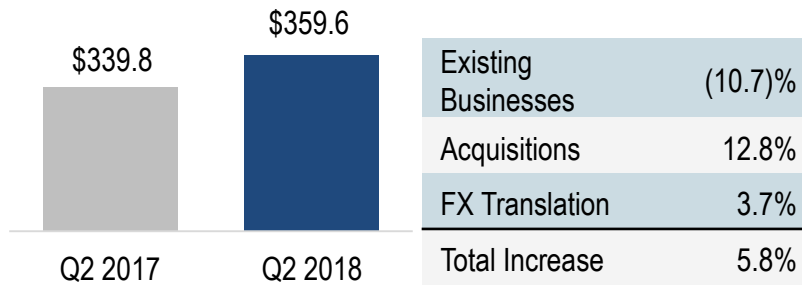


	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(32.6)%	(37.9)%
Oil, Gas & Petrochemical	(21.0)%	(29.8)%
Mining	4.9%	0.7%
General Industrial & Other	58.9%	24.1%
<b>Total</b>	<b>5.8%</b>	<b>(10.7)%</b>

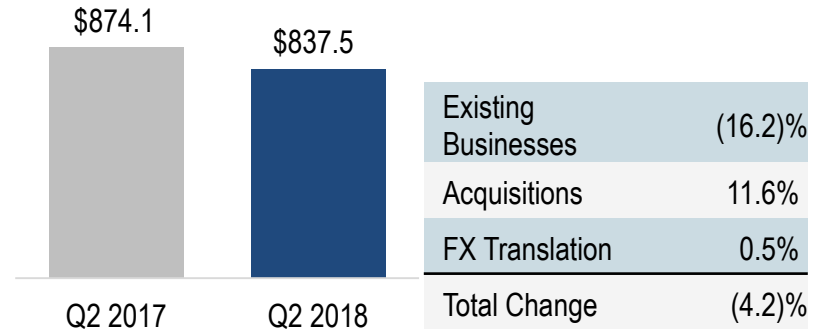
# Q2 2018 Air & Gas Handling Orders and Backlog

\$Millions

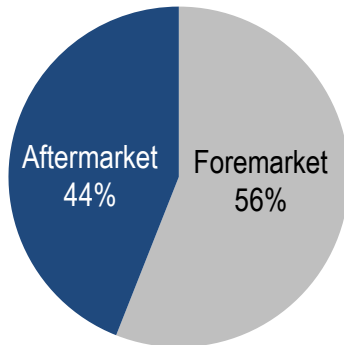
## Orders



## Backlog



## Revenue Profile YTD



# Change in Sales, Orders and Backlog

(unaudited)

	Net Sales		Air and Gas Handling Orders	
	\$	%	\$	%
<b>For three months ended June 30, 2017</b>	\$ 848.0		\$ 339.8	
<i>Components of Change:</i>				
Existing Businesses <sup>(1)</sup>	(6.0)	(0.7)%	(36.4)	(10.7)%
Acquisitions <sup>(2)</sup>	70.1	8.3%	43.5	12.8%
Foreign Currency Translation	13.2	1.6%	12.7	3.7%
	<u>77.3</u>	<u>9.1%</u>	<u>19.8</u>	<u>5.8%</u>
<b>For the three months ended June 29, 2018</b>	<b>\$ 925.3</b>		<b>\$ 359.6</b>	

	Net Sales		Air and Gas Handling Orders		Backlog at Period End	
	\$	%	\$	%	\$	%
<b>As of and for the six months ended June 30, 2017</b>	\$ 1,581.6		\$ 675.4		\$ 874.1	
<i>Components of Change:</i>						
Existing Businesses <sup>(1)</sup>	30.0	1.9%	(119.9)	(17.8)%	(141.7)	(16.2)%
Acquisitions <sup>(2)</sup>	138.9	8.8%	90.2	13.4%	101.2	11.6%
Foreign Currency Translation	55.7	3.5%	41.0	6.1%	3.9	0.5%
	<u>224.6</u>	<u>14.2%</u>	<u>11.3</u>	<u>1.7%</u>	<u>(36.6)</u>	<u>(4.2)%</u>
<b>As of and for the six months ended June 29, 2018</b>	<b>\$ 1,806.2</b>		<b>\$ 686.7</b>		<b>\$ 837.5</b>	

(1) 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.

(2) Represents the incremental sales, orders and order backlog as a result of the acquisitions completed in our Air and Gas Handling segment, and incremental sales for acquisitions completed in our Fabrication Technology segment.

Note: in millions

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended June 29, 2018								Three Months Ended June 30, 2017													
	Air and Gas Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation		Air and Gas Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation							
Net sales	\$	364,431		\$	560,857		\$	—	\$	925,288		\$	353,165		\$	494,797		\$	—	\$	847,962	
Operating income (loss)		20,280	5.6%		60,540	10.8%		(15,116)		65,704	7.1%		31,509	8.9%		52,958	10.7%		(14,345)		70,122	8.3%
Restructuring and other related charges		6,393			10,552			1		16,946			3,193			7,867			—		11,060	
Adjusted operating income (loss)	\$	26,673	7.3%	\$	71,092	12.7%	\$	(15,115)	\$	82,650	8.9%	\$	34,702	9.8%	\$	60,825	12.3%	\$	(14,345)	\$	81,182	9.6%
	Six Months Ended June 29, 2018								Six Months Ended June 30, 2017													
	Air and Gas Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation		Air and Gas Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation							
Net sales	\$	712,083		\$	1,094,130		\$	—	\$	1,806,213		\$	626,734		\$	954,858		\$	—	\$	1,581,592	
Operating income (loss)		38,164	5.4%		122,264	11.2%		(32,552)		127,876	7.1%		52,301	8.3%		105,855	11.1%		(27,811)		130,345	8.2%
Restructuring and other related charges		11,891			12,966			18		24,875			5,224			10,609			—		15,833	
Adjusted operating income (loss)	\$	50,055	7.0%	\$	135,230	12.4%	\$	(32,534)	\$	152,751	8.5%	\$	57,525	9.2%	\$	116,464	12.2%	\$	(27,811)	\$	146,178	9.2%

Note: in thousands.

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
<b>Adjusted Net Income and Adjusted Net Income Per Share</b>				
Net income from continuing operations attributable to Colfax Corporation <sup>(1)</sup>	\$ 64,186	\$ 36,783	\$ 91,558	\$ 72,229
Restructuring and other related charges- pretax	16,946	11,060	24,875	15,833
Acquisition-related amortization and other non-cash charges- pretax <sup>(2)</sup>	19,381	13,684	40,062	27,077
(Gain) Loss on short term investments-pretax	(4,591)	—	10,128	—
Tax adjustment <sup>(3)</sup>	(20,740)	(5,824)	(31,897)	(11,221)
Adjusted net income from continuing operations	\$ 75,182	\$ 55,703	\$ 134,726	\$ 103,918
Adjusted net income per share continuing operations	\$ 0.61	\$ 0.45	\$ 1.09	\$ 0.84
Net income per share- diluted from continuing operations (GAAP)	\$ 0.52	\$ 0.30	\$ 0.74	\$ 0.58

(1) Net income from continuing operations attributable to Colfax Corporation for the respective periods is calculated using Net income from continuing operations less the income attributable to noncontrolling interest, net of taxes.

(2) Includes amortization of acquired intangibles and fair value charges on acquired inventory.

(3) The effective tax rates used to calculate adjusted net income and adjusted net income per share for the second quarter and six months ended June 29, 2018 are 15.0% and 17.9%, respectively. These rates exclude the benefit of a \$12.5 million deferred tax asset valuation allowance reversal. The effective tax rates used to calculate adjusted net income and adjusted net income per share for the second quarter and six months ended June 30, 2017 are 29.6% and 28.0%, respectively.

Note: In thousands, except per share amounts.

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended	
	June 29, 2018	June 30, 2017
Net income from continuing operations	\$ 67,508	\$ 41,864
Interest expense	9,680	8,524
(Benefit) provision for income taxes	(6,893)	19,734
Depreciation and amortization	34,563	29,578
Restructuring and other related charges	16,946	11,060
Gain on short term investments	(4,591)	—
Adjusted EBITDA	\$ 117,213	\$ 110,760

*Note: In thousands*

# Non-GAAP Reconciliation

(unaudited)

	Updated Guidance		Previous Guidance	
	Low	High	Low	High
<b>2018 Earnings Per Share</b>				
Projected net income per share from continuing operations (GAAP)- diluted	\$ 1.19	\$ 1.35	\$ 1.22	\$ 1.37
Restructuring and other related charges- pretax	0.58	0.58	0.31	0.31
Acquisition-related amortization and other non-cash charges- pretax <sup>(1)</sup>	0.61	0.61	0.60	0.60
Loss on short term investments- pretax	0.08	0.08	0.12	0.12
Tax adjustment <sup>(2)</sup>	(0.31)	(0.32)	(0.20)	(0.20)
Projected adjusted net income per share	\$ 2.15	\$ 2.30	\$ 2.05	\$ 2.20

(1) Includes amortization of acquired intangibles and fair value charges on acquired inventory.

(2) The estimated effective tax rate for adjusted net income and adjusted net income per share for the year ended December 31, 2018 is 20-22%.