



Q4 2008 Earnings Call

February 20, 2009



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 as well as its Registration Statement on Form S-1 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.



- Adjusted net income of \$17.5 million (40 cents per share), an increase of 19.1%
- Net sales of \$159.3 million, an increase of 10.9% (organic growth of 19.1%)
- Adjusted operating income of \$28.6 million, an increase of 14.9%
- Adjusted EBITDA of \$32.1 million, an increase of 10.8%
- Fourth quarter orders of \$126.3 million, a decrease of 19.3% (organic decrease of 15.8%)
- Record backlog of \$337.3 million

Strong performance in 2008

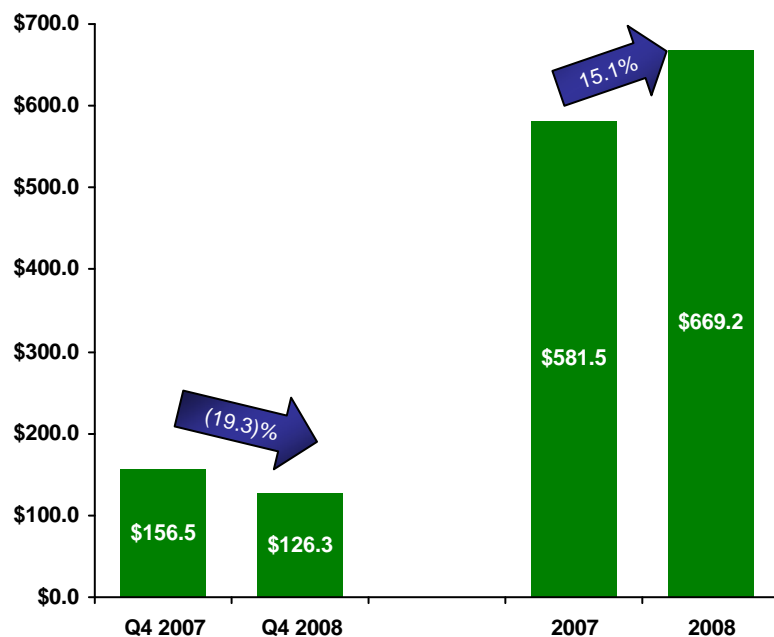


- Adjusted net income of \$53.7 million (\$1.22 per share), an increase of 32.8%
- Net sales of \$604.9 million, an increase of 19.5% (organic growth of 13.9%)
- Adjusted operating income of \$90.8 million, an increase of 24.5%
- Adjusted EBITDA of \$105.6 million, an increase of 19.8%
- Orders of \$669.2 million, an increase of 15.1% (organic growth of 7.0%)

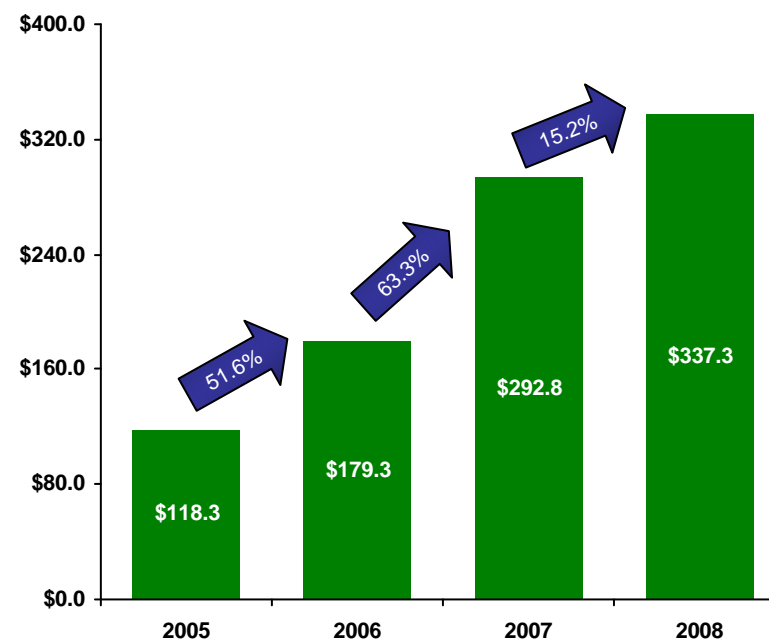
Strong performance in 2008



Orders



Backlog



Existing Businesses	--	(15.8)%	--	7.0%	--	15.0%
Acquisitions	--	2.0%	--	2.0%	--	5.2%
FX Translation	--	<u>(5.5)%</u>	--	<u>6.1%</u>	--	<u>(5.0)%</u>
Total Growth		(19.3)%		15.1%		15.2%

Steady backlog growth

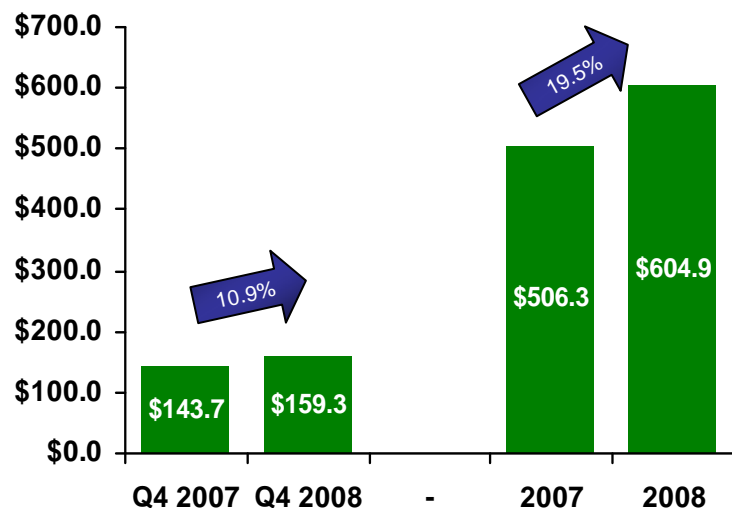
Note: Dollars in millions.



Revenue and Adjusted EBITDA

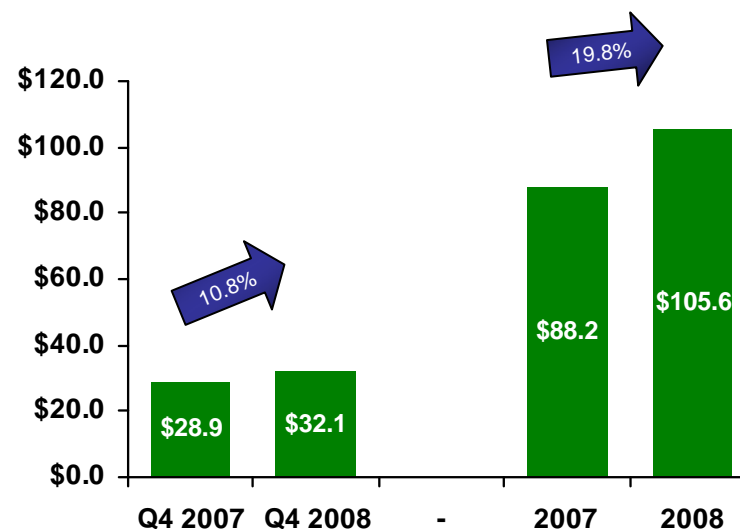
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Revenue



Existing Businesses	--	19.1%	--	13.9%
Acquisitions	--	0.6%	--	1.1%
FX Translation	--	(8.8)%	--	4.5%
Total Growth		10.9%		19.5%

Adjusted EBITDA ⁽¹⁾



% Margin	20.1%	20.1%	-	17.5%	17.4%
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Consistent track record of profitable sales growth

(1) Refer to Appendix for Non-GAAP reconciliation.

Note: Dollars in millions.

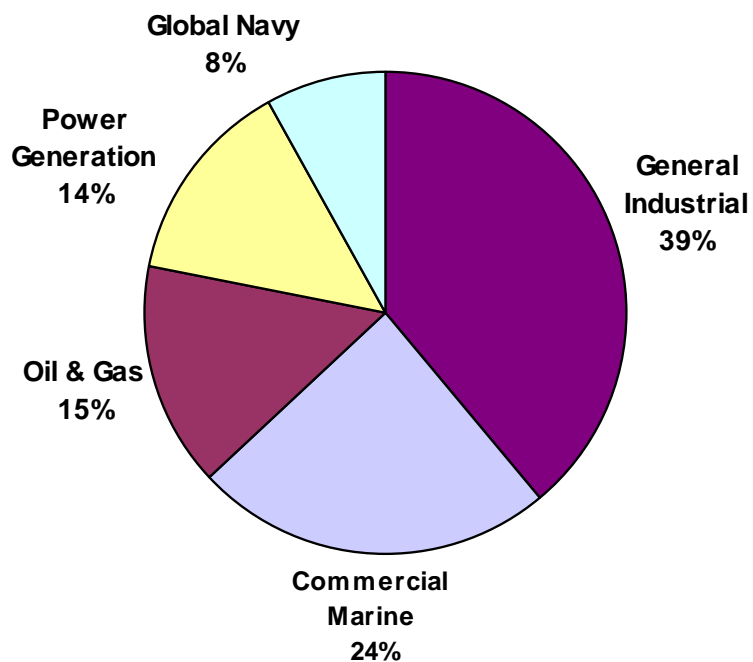




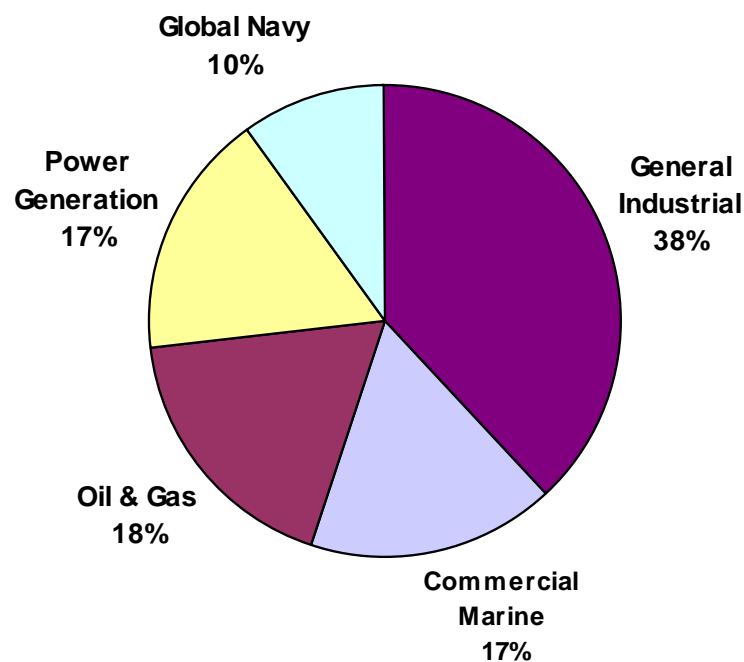
Q4 2008 Sales and Orders by End Market

Q4 2008 Earnings Call

Q4 2008 Sales: \$159.3 million



Q4 2008 Orders: \$126.3 million



Well positioned in five attractive and diverse end markets

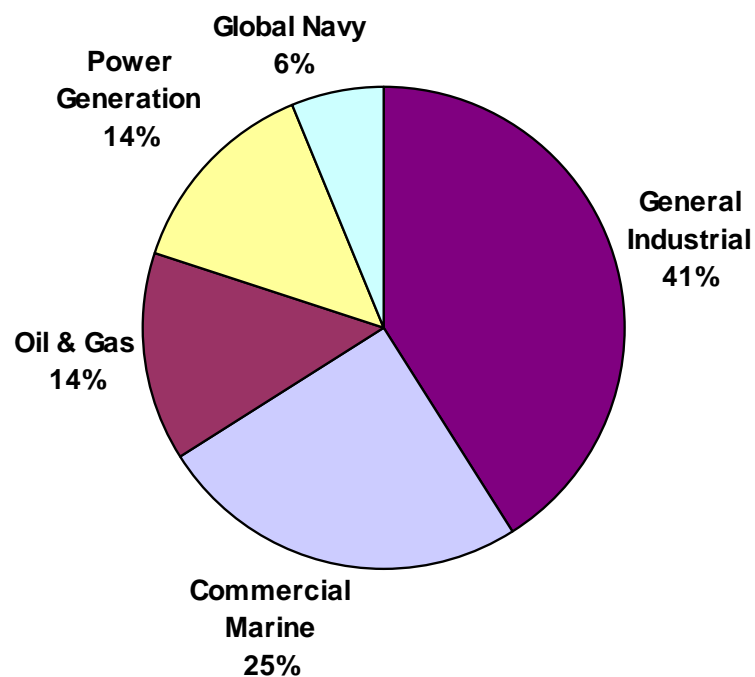




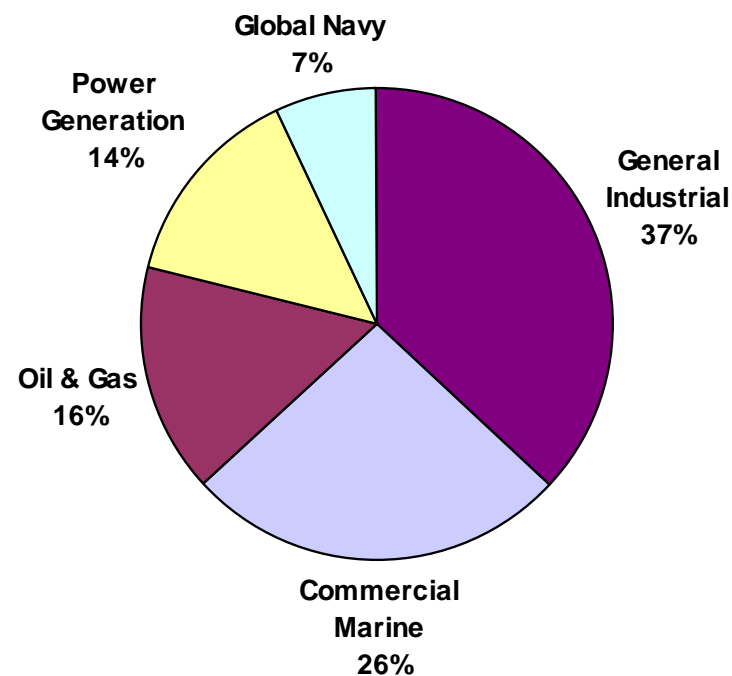
2008 Sales and Orders by End Market

Q4 2008 Earnings Call

2008 Sales: \$604.9 million



2008 Orders: \$669.2 million



Well positioned in five attractive and diverse end markets





Q4 2008 Year-Over-Year Results

- Orders down 62.5% year-over-year (-58.2% organic growth)
- Sales up 21.4% year-over-year (34.4% organic growth)

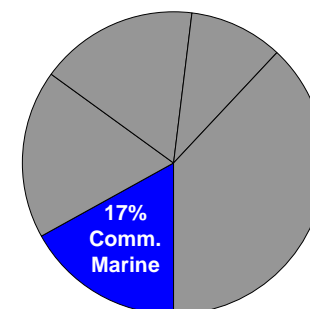
2008 Year-Over-Year Results

- Orders up 4.9% year-over-year (-2.4% organic growth)
- Sales up 24.1% year-over-year (17.1% organic growth)

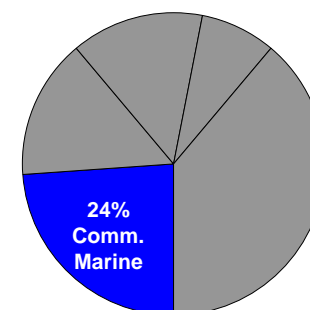
Market Trends

- International trade and demand for bulk commodities and oil continuing to drive new ship construction
- Aging fleet, environmental regulations requiring ship owners to upgrade or replace ships
- Local presence required to effectively serve customers and capture aftermarket business
- Declining orders and risk of potential cancellations/project delays

Colfax Q4 08
Orders Split



Colfax Q4 08
Sales Split



Executing strategies to drive profitable sales growth



Q4 2008 Year-Over-Year Results

- Orders up 35.8% year-over-year (37.2% organic growth)
- Sales up 8.9% year-over-year (10.7% organic growth)

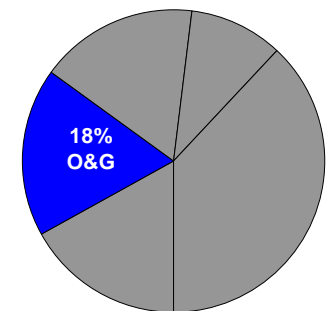
2008 Year-Over-Year Results

- Orders up 38.2% year-over-year (33.6% organic growth)
- Sales up 4.9% year-over-year (2.1% organic growth)

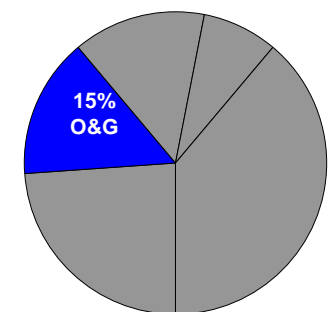
Market Trends

- Capacity constraints and global demand spurring heavy oil exploration, transport and processing
- Customers focusing more on “total cost of ownership” to reduce downtime and increase efficiency
- Application expertise critical to winning large project orders
- Volatile oil prices and economic downturn resulting in project delays

Colfax Q4 08
Orders Split



Colfax Q4 08
Sales Split



Strong product portfolio capable of solving needs of evolving oil & gas market

Q4 2008 Year-Over-Year Results

- Orders up 50.0% year-over-year (59.2% organic growth)
- Sales down 8.4% year-over-year (-2.8% organic growth)

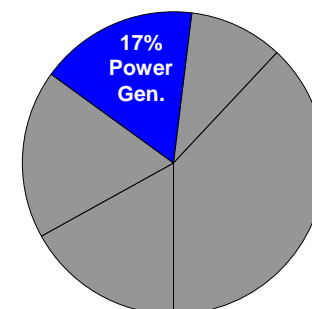
2008 Year-Over-Year Results

- Orders up 17.6% year-over-year (12.9% organic growth)
- Sales up 25.5% year-over-year (21.3% organic growth)

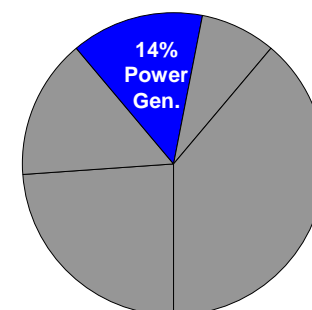
Market Trends

- Economic growth in Asia and Middle East driving investment in energy infrastructure projects
- Aging power infrastructure in mature markets creating upgrade projects to increase efficiency and lower operating costs
- Multiple forms of power generation (gas, coal, hydro, nuclear) being employed to satisfy growing global demand

Colfax Q4 08
Orders Split



Colfax Q4 08
Sales Split



Leading supplier of lubrication solutions to power generation OEMs

Q4 2008 Year-Over-Year Results

- Orders up 84.7% year-over-year (38.3% organic growth)
- Sales up 26.9% year-over-year (20.1% organic growth)

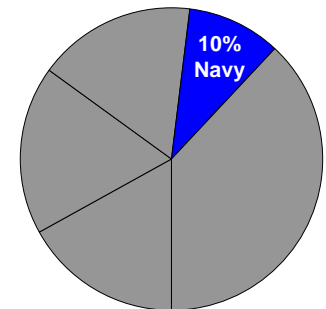
YTD 2008 Year-Over-Year Results

- Orders up 58.0% year-over-year (22.1% organic growth)
- Sales up 11.1% year-over-year (-2.3% organic growth)

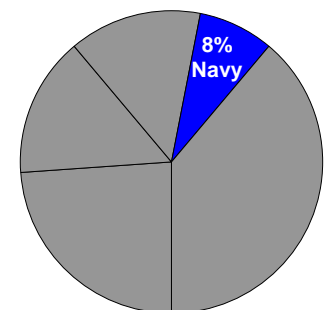
Market Trends

- New ships replacing older decommissioned vessels in the U.S.
- Sovereign navies around the world expanding fleets to address heightened national security level concerns
- Increased demand for integrated fluid handling systems and solutions to reduce operating costs

Colfax Q4 08
Orders Split



Colfax Q4 08
Sales Split



Developing innovative fluid handling products and systems to drive future growth

Q4 2008 Year-Over-Year Results

- Orders down 22.2% year-over-year (-14.7% organic growth)
- Sales up 11.0% year-over-year (22.8% organic growth)

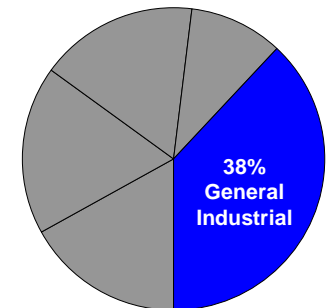
2008 Year-Over-Year Results

- Orders up 8.4% year-over-year (1.0% organic growth)
- Sales up 21.9% year-over-year (16.9% organic growth)

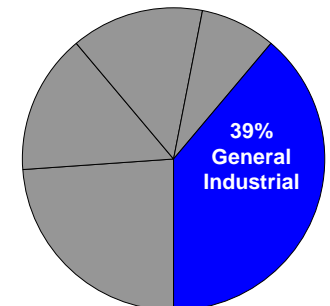
Market Trends

- Global economic development driving increased capital investment
- Developing regions embracing engineered products and solutions that reduce costs and increase efficiency
- Global footprint and channel optimization required to cover broad end market applications
- Uncertain economy impacting some end markets

Colfax Q4 08
Orders Split



Colfax Q4 08
Sales Split



Leading supplier of highly engineered fluid handling products and systems with global reach



Income Statement Summary

Q4 2008 Earnings Call

	Three Months Ended		Delta	
	12/31/2008	12/31/2007	\$	%
Orders	\$ 126.3	\$ 156.5	\$ (30.2)	-19.3%
Sales	\$ 159.3	\$ 143.7	\$ 15.6	10.9%
Gross Profit	\$ 57.8	\$ 49.2	\$ 8.5	17.4%
% of Sales	36.3%	34.2%		
SG&A Expense	\$ 27.7	\$ 23.2	\$ 4.5	19.4%
R&D Expense	1.4	1.1	0.3	31.2%
Operating Expenses	\$ 29.1	\$ 24.3	\$ 4.8	19.9%
% of Sales	18.3%	16.9%		
Adjusted Operating Income	\$ 28.6	\$ 24.9	\$ 3.7	14.9%
% of Sales	18.0%	17.3%		
Adjusted EBITDA	\$ 32.1	\$ 28.9	\$ 3.1	10.8%
% of Sales	20.1%	20.1%		
Adjusted Net Income	\$ 17.5	\$ 14.7	\$ 2.8	19.1%
% of Sales	11.0%	10.2%		

Refer to Appendix for Non-GAAP reconciliation.

Note: Dollars in millions.





Income Statement Summary

Q4 2008 Earnings Call

	Year Ended		Delta	
	12/31/2008	12/31/2007	\$	%
Orders	\$ 669.2	\$ 581.5	\$ 87.7	15.1%
Sales	\$ 604.9	\$ 506.3	\$ 98.6	19.5%
Gross Profit	\$ 217.2	\$ 175.6	\$ 41.6	23.7%
% of Sales	35.9%	34.7%		
Adjusted SG&A Expense	\$ 120.5	\$ 98.5	\$ 22.0	22.4%
R&D Expense	5.9	4.2	1.7	40.7%
Operating Expenses	\$ 126.4	\$ 102.7	\$ 23.7	23.1%
% of Sales	20.9%	20.3%		
Adjusted Operating Income	\$ 90.8	\$ 72.9	\$ 17.9	24.5%
% of Sales	15.0%	14.4%		
Adjusted EBITDA	\$ 105.6	\$ 88.2	\$ 17.4	19.8%
% of Sales	17.5%	17.4%		
Adjusted Net Income	\$ 53.7	\$ 40.4	\$ 13.2	32.8%
% of Sales	8.9%	8.0%		

Refer to Appendix for Non-GAAP reconciliation.

Note: Dollars in millions.





Statement of Cash Flows Summary (Preliminary & Unaudited)

Q4 2008 Earnings Call

	Year Ended December 31,	
	2008	2007
Net (Loss) Income	\$ (0.6)	\$ 64.9
Non-Cash Expenses	18.4	39.0
Change in Working Capital and Accrued Liabilities	(27.7)	3.3
Other	(21.6)	(32.7)
Total Operating Activities	\$ (31.5)	\$ 74.5
Capital Expenditures	\$ (20.1)	\$ (13.6)
Acquisitions	(0.4)	(33.0)
Proceeds from Sale of Fixed Assets	-	0.1
Total Investing Activities	\$ (20.5)	\$ (46.5)
Net Borrowings	\$ (110.3)	\$ 14.7
Proceeds from IPO, Net of Offering Costs	193.0	-
Dividends Paid	(38.5)	-
Common Stock Repurchases	(5.7)	-
Other	(3.7)	(3.0)
Total Financing Activities	\$ 34.8	\$ 11.7
Effect of Exchange Rates on Cash	(2.1)	0.8
(Decrease) Increase in Cash	(19.3)	40.5
Cash Beginning of Period	48.1	7.6
Cash End of Period	\$ 28.8	\$ 48.1

Note: Dollars in millions.



- Debt to adjusted EBITDA < 1 times
- Approximately \$130 million available on revolver (expires in 2013)
- Approximately \$29 million in cash

Strong balance sheet and credit availability provide flexibility

(1) As of FYE 2008



2009 Outlook Summary

Q4 2008 Earnings Call

Revenue Range			
2009 Organic growth ⁽¹⁾	1%	to	3%
2009 Total	\$570 million	to	\$585 million

EPS Range			
2009 Net income per share	\$0.80	to	\$0.87
2009 Adjusted net income per share ⁽²⁾	\$1.10	to	\$1.17

Assumptions	
Asbestos coverage litigation	\$12 million
Asbestos liability and defense costs	\$7 million
Euro	\$1.41
Tax rate	32%
Interest expense	\$8 million
Incremental public company costs	\$2.5 million
Outstanding shares	43.3 million

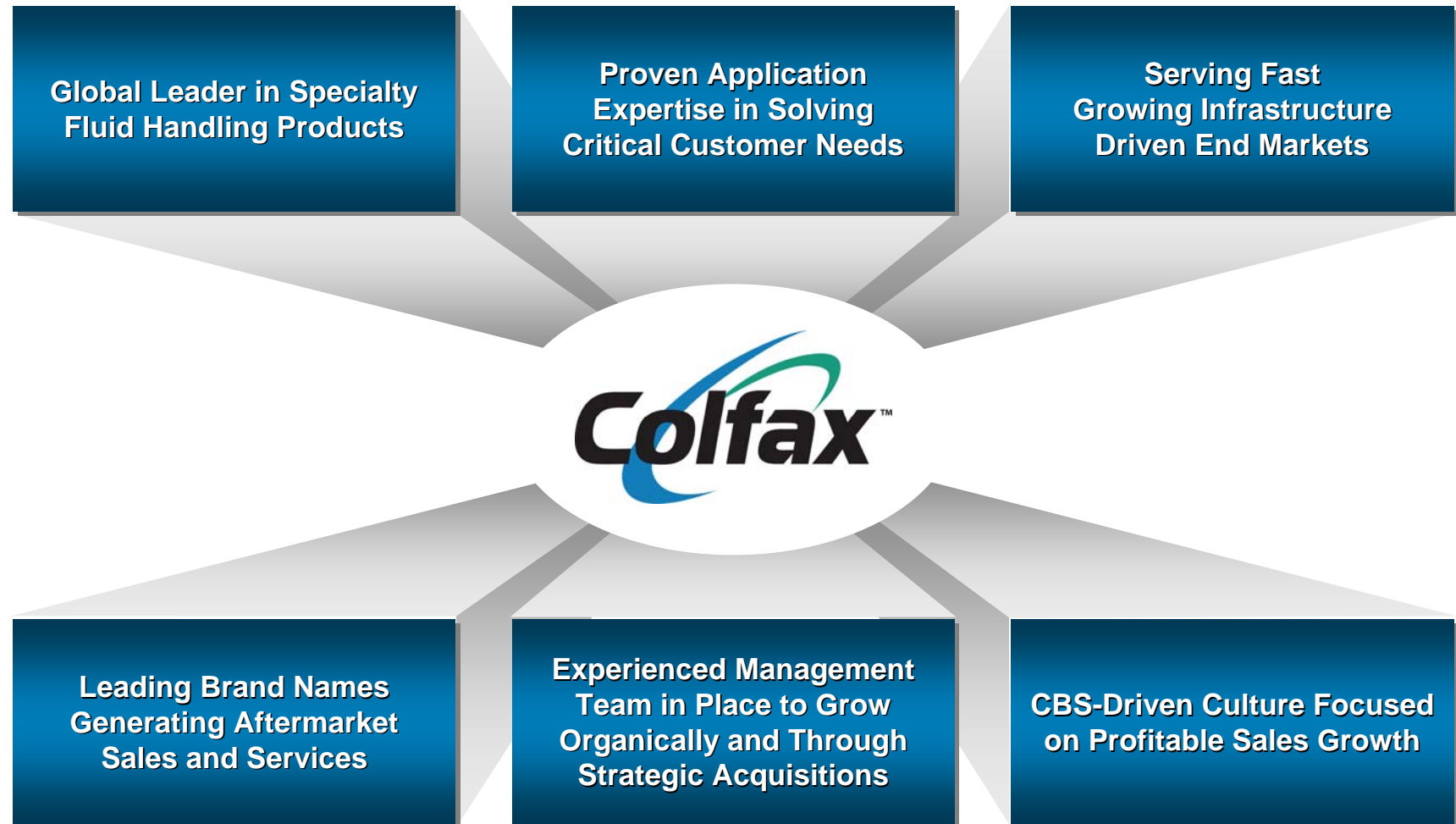
(1) Excludes impact of foreign exchange rate fluctuations and acquisitions

(2) Excludes impact of asbestos coverage litigation and asbestos liability and defense costs

(See Appendix for Non-GAAP reconciliation)

Adjusted EPS for 2009 of \$1.10 to \$1.17





Appendix

Adjusted net income, adjusted net income per share, adjusted operating income, EBITDA, adjusted EBITDA, adjusted selling, general and administrative expenses, organic sales growth and organic order growth are non-GAAP financial measures. Adjusted net income, adjusted net income per share, adjusted operating income and adjusted EBITDA exclude asbestos liability and defense cost (income) and asbestos coverage litigation expense, certain legacy legal charges, certain due diligence costs, as well as one time initial public offering-related costs. Adjusted selling, general and administrative expenses exclude certain legacy legal charges and certain due diligence costs. Adjusted net income also reflects interest expense as if the initial public offering (IPO) had occurred at the beginning of 2007 and presents income taxes at an effective tax rate of 34%. Adjusted net income per share assumes the 44,006,026 shares outstanding at the closing of the IPO to be outstanding since January 1, 2007. Projected adjusted net income per share excludes asbestos coverage litigation and asbestos liability and defense costs, and presents income tax benefit at 32%. Organic sales growth and organic order growth 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 changes in our capital structure and asset base, non-recurring items such as IPO-related costs, legacy asbestos issues (except in the case of EBITDA) and items outside the control of its operating management team.

Sales and order information by end market are estimates. We periodically update our customer groupings in order to refine these estimates. During the fourth quarter of 2008, reclassifications of previously reported amounts were made to conform to current period presentation. No changes have been made to total sales or orders.



Non-GAAP Reconciliation

Q4 2008 Earnings Call

	Three Months Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
EBITDA				
Net income (loss)	\$ 10,379	\$ 28,992	\$ (571)	\$ 64,882
Interest expense	2,138	4,830	11,822	19,246
Provision for income taxes	9,210	17,715	5,438	39,147
Depreciation and amortization	3,443	4,034	14,788	15,239
EBITDA	<u>\$ 25,170</u>	<u>\$ 55,571</u>	<u>\$ 31,477</u>	<u>\$ 138,514</u>
EBITDA margin	15.8%	38.7%	5.2%	27.4%
Adjusted EBITDA				
Net income (loss)	\$ 10,379	\$ 28,992	\$ (571)	\$ 64,882
Interest expense	2,138	4,830	11,822	19,246
Provision for income taxes	9,210	17,715	5,438	39,147
Depreciation and amortization	3,443	4,034	14,788	15,239
IPO-related costs	-	-	57,017	-
Legacy legal adjustment	-	-	4,131	-
Due diligence costs	-	-	582	-
Asbestos liability and defense (income) costs	1,978	(31,946)	(4,771)	(63,978)
Asbestos coverage litigation expense	4,905	5,314	17,162	13,632
Adjusted EBITDA	<u>\$ 32,053</u>	<u>\$ 28,939</u>	<u>\$ 105,598</u>	<u>\$ 88,168</u>
Adjusted EBITDA margin	20.1%	20.1%	17.5%	17.4%

Note: Dollars in thousands.





Non-GAAP Reconciliation

Q4 2008 Earnings Call

	Three Months Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Adjusted Net Income and Adjusted Earnings per Share				
Net income (loss)	\$ 10,379	\$ 28,992	\$ (571)	\$ 64,882
IPO-related costs	-	-	57,017	-
Legacy legal adjustment	-	-	4,131	-
Due diligence costs	-	-	582	-
Asbestos liability and defense (income) costs	1,978	(31,946)	(4,771)	(63,978)
Asbestos coverage litigation expense	4,905	5,314	17,162	13,632
Interest adjustment to effect IPO at beginning of period	-	2,143	2,302	7,536
Tax adjustment to 34% effective rate	210	10,161	(22,201)	18,333
Adjusted net income	<u>\$ 17,472</u>	<u>\$ 14,664</u>	<u>\$ 53,651</u>	<u>\$ 40,405</u>
Adjusted net income margin	11.0%	10.2%	8.9%	8.0%
Shares outstanding at closing of IPO	44,006,026	44,006,026	44,006,026	44,006,026
Adjusted net income per share	<u>\$ 0.40</u>	<u>\$ 0.33</u>	<u>\$ 1.22</u>	<u>\$ 0.92</u>
Net income (loss) per share-basic and diluted in accordance with GAAP	<u>\$ 0.24</u>	<u>\$ 0.77</u>	<u>\$ (0.11)</u>	<u>\$ 1.79</u>
Adjusted Operating Income				
Operating income	\$ 21,727	\$ 51,537	\$ 16,689	\$ 123,275
IPO-related costs	-	-	57,017	-
Legacy legal adjustment	-	-	4,131	-
Due diligence costs	-	-	582	-
Asbestos liability and defense (income) costs	1,978	(31,946)	(4,771)	(63,978)
Asbestos coverage litigation expense	4,905	5,314	17,162	13,632
Adjusted operating income	<u>\$ 28,610</u>	<u>\$ 24,905</u>	<u>\$ 90,810</u>	<u>\$ 72,929</u>
Adjusted operating income margin	18.0%	17.3%	15.0%	14.4%

Note: Dollars in thousands, except per share amounts.





Non-GAAP Reconciliation

Q4 2008 Earnings Call

	Three Months Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Adjusted SG&A Expense				
Selling, general and administrative expenses	\$ 27,718	\$ 23,223	\$ 125,234	\$ 98,500
Legacy legal adjustment	-	-	4,131	-
Due diligence costs	-	-	582	-
Adjusted selling, general and administrative expenses	\$ 27,718	\$ 23,223	\$ 120,521	\$ 98,500

Note: Dollars in thousands.





Sales & Order Growth

Q4 2008 Earnings Call

	Sales		Orders	
	\$	%	\$	%
Three Months Ended December 31, 2007	\$ 143.7		\$ 156.5	
<i>Components of Growth:</i>				
Organic growth from existing businesses	27.4	19.1%	(24.7)	(15.8%)
Acquisitions	0.8	0.6%	3.1	2.0%
Foreign currency translation	(12.6)	(8.8%)	(8.6)	(5.5%)
Total Growth	15.6	10.9%	(30.2)	(19.3%)
Three Months Ended December 31, 2008	\$ 159.3		\$ 126.3	

	Sales		Orders	
	\$	%	\$	%
Year Ended December 31, 2007	\$ 506.3		\$ 581.5	
<i>Components of Growth:</i>				
Organic growth from existing businesses	70.2	13.9%	40.9	7.0%
Acquisitions	5.5	1.1%	11.7	2.0%
Foreign currency translation	22.9	4.5%	35.1	6.1%
Total Growth	98.6	19.5%	87.7	15.1%
Year Ended December 31, 2008	\$ 604.9		\$ 669.2	

Note: Dollars in millions.





Non-GAAP Reconciliation

Q4 2008 Earnings Call

Preliminary and Unaudited (amounts in dollars)

	EPS Range	
Projected 2009 net income per share - fully diluted	\$ 0.80	\$ 0.87
Asbestos coverage litigation	0.28	0.28
Asbestos liability and defense costs	0.16	0.16
Income tax benefit at 32%	(0.14)	(0.14)
Projected 2009 adjusted net income per share - fully diluted	\$ 1.10	\$ 1.17

