# Cowen Health Care Conference

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**Colfax Corporation**

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# Forward Looking Statements & Non-GAAP Disclaimer

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Colfax has provided in this presentation financial information that has not been prepared in accordance with accounting principles generally accepted in the United States of America ("non-GAAP"). These non-GAAP financial measures are adjusted net income, adjusted net income per share, adjusted EBITA (earnings before interest, taxes and amortization), adjusted EBITA margin, organic sales growth, and free cash flow. Colfax also provides adjusted EBITA and adjusted EBITA margin on a segment basis.

- Adjusted net income represents net income (loss) from continuing operations excluding restructuring and other related charges, pension settlement loss, debt extinguishment charges, acquisition-related amortization and other non-cash charges, strategic transaction costs, and loss on short-term investments related to the 2017 divestiture of the Fluid Handling business.
- Adjusted EBITA represents net income (loss) from continuing operations excluding restructuring and other related charges, acquisition-related amortization and other non-cash charges, and strategic transaction costs, as well as provision (benefit) for income taxes, loss on short-term investments, interest expense, net and pension settlement loss. Colfax presents adjusted EBITA margin, which is subject to the same adjustments as adjusted EBITA. Further, Colfax presents adjusted EBITA (and adjusted EBITA margin) on a segment basis, where we exclude the impact of strategic transaction costs and acquisition-related amortization and other non-cash charges from segment operating income.
- Adjusted EBITDA represents Adjusted EBITA plus depreciation and other amortization.
- Core or organic sales growth (decline) excludes the impact of acquisitions and foreign exchange rate fluctuations.
- Free cash flow represents operating cash flow less purchases of property, plant and equipment ("PP&E") plus proceeds from sales of PP&E.

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 Colfax. Colfax management also believes that presenting these measures allows investors to view its performance using the same measures that Colfax uses in evaluating its financial and business performance and trends. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures provided in the appendix to this presentation.

In this presentation, Colfax presents forward-looking adjusted EPS guidance. Colfax does not provide such outlook on a GAAP basis because changes in the items that Colfax excludes from GAAP to calculate the adjusted EPS measures can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of Colfax's routine operating activities. Additionally, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on outlook done on a GAAP basis.

# Colfax Strategy to Create Shareholder Value

*What we are*

Multi-platform enterprise of market-leading businesses

*What we do*

**Compound value** by continuously improving our businesses and investing in acquisitions & innovation to build-out our platforms

**Leverage our business system** to drive sustainable process improvements in everything we do

**Shape our portfolio** to further improve organic growth and gross margins

**Well-positioned to profitably grow our company**

# Proven Corporate Value Proposition

| Attract, Focus, Develop, and Empower Talent | Deploy CBS Values, Processes, and Capabilities | Shape and Invest in Winning Strategies and Innovation | Disciplined Capital Allocation and Deployment |
|---|---|---|---|

*Colfax Business System*

**Repeatable approach to driving strong, consistent results**

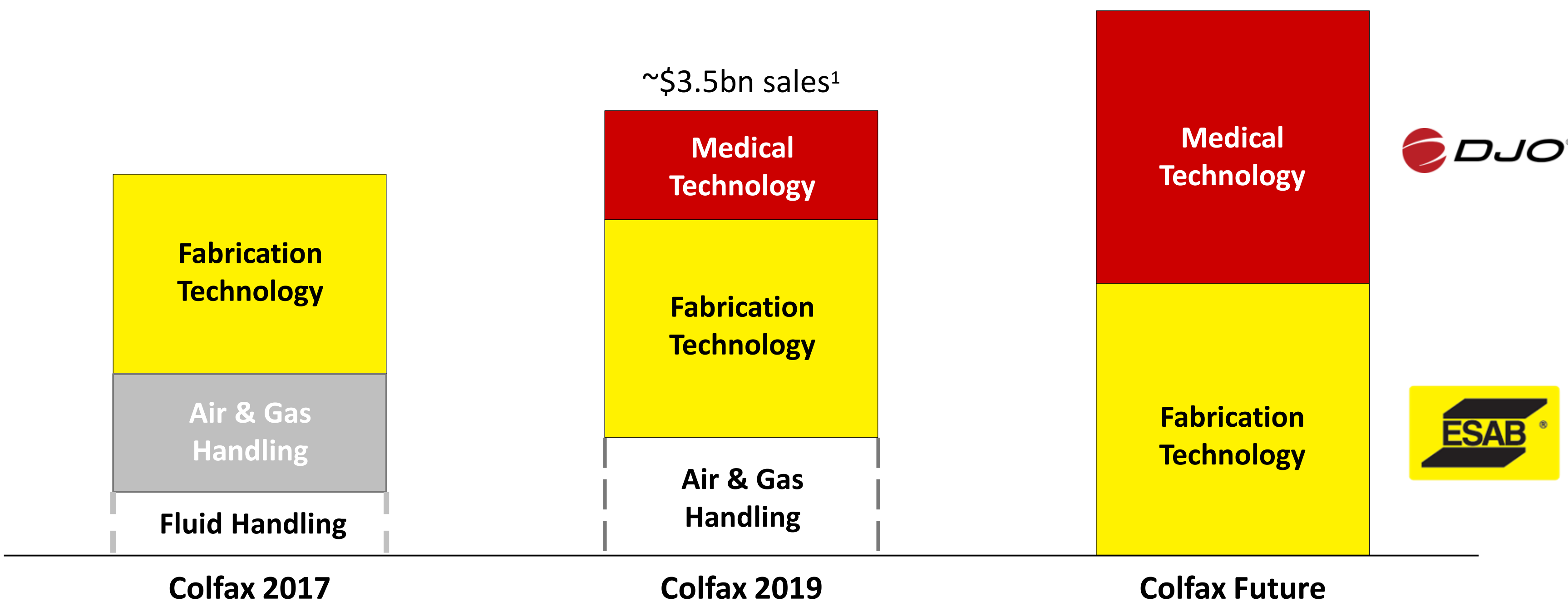
# Portfolio Transformed

**2017-2019: Transformation**

- DJO Global acquired, $1.2B revenue
- Divested Fluid Handling and Air & Gas Handling (~$2B revenue)

**2020+: Diversified Tech Growth**

- Grow existing businesses
- Accelerate growth with strategic acquisitions




**Transformation complete; moving to aggressively grow Med Tech and Fab Tech**

*1 Includes estimated DJO pre-acquisition sales occurring in January and February 2019; does not include Air & Gas Handling sales in the period*

# Power of the New Colfax Portfolio

**Organic growth**

- Leaders in attractive markets with strong secular growth drivers
- Improving innovation process, expanding pipeline of products and workflow solutions

**M&A**

- Fragmented markets with large funnel of attractive targets
- Disciplined process strengthens businesses and creates new growth vectors

**Margins / Cash Flow**

- Demonstrated success using CBS to improve business performance including margins and cash flow
- Clear lines of sight for continuous improvement, profit & cash flow growth

**Strong foundation, significant opportunities for profitable growth and investment**

# FabTech: Building a Better Business

*A **global leader** in welding and cutting solutions*

| 2015 | |
|---|---|
| Sales | $2.0B |
| Margin | 11.5% |

**350+ bps of margin improvement**

- ✓ **Developed innovation engine**
- ✓ **Used CBS to improve productivity**
- ✓ **Consolidated sites (47 sites to 34)**
- ✓ **Proactively managed price / costs**
- ✓ **Improved portfolio through M&A**

| 2019 | |
|---|---|
| Sales | $2.25B |
| Margin | 15.1% |

## Strong momentum

- Winning with CBS, plenty of improvement headroom left
- Commercial execution and innovation delivering share gain
- Capitalizing on automation and digital solutions
- Strong and consistent cash flow supports Colfax M&A strategy

**Demonstrated success of Colfax business model**

*Refer to Appendix for non-GAAP reconciliation and footnotes.*

# MedTech: Strong Growth Platform

DJO® *Leading **innovator** across the **growing** orthopedic continuum of care*

| 2019 | |
|---|---|
| Sales<br>*Organic Growth* | $1.25B<br>*~+4%* |
| Margin | ~17% |

**Apply CBS & Strategy to:**

- ✓ **Accelerate innovation process improvements**
- ✓ **Drive continuous improvement, productivity and efficiency**
- ✓ **Expand platform through M&A and connected medicine**

| Future |
|---|
| $3B+ MedTech Platform with mid-single digit growth capabilities |
| Continuous margin improvement |

## Significant potential for growth

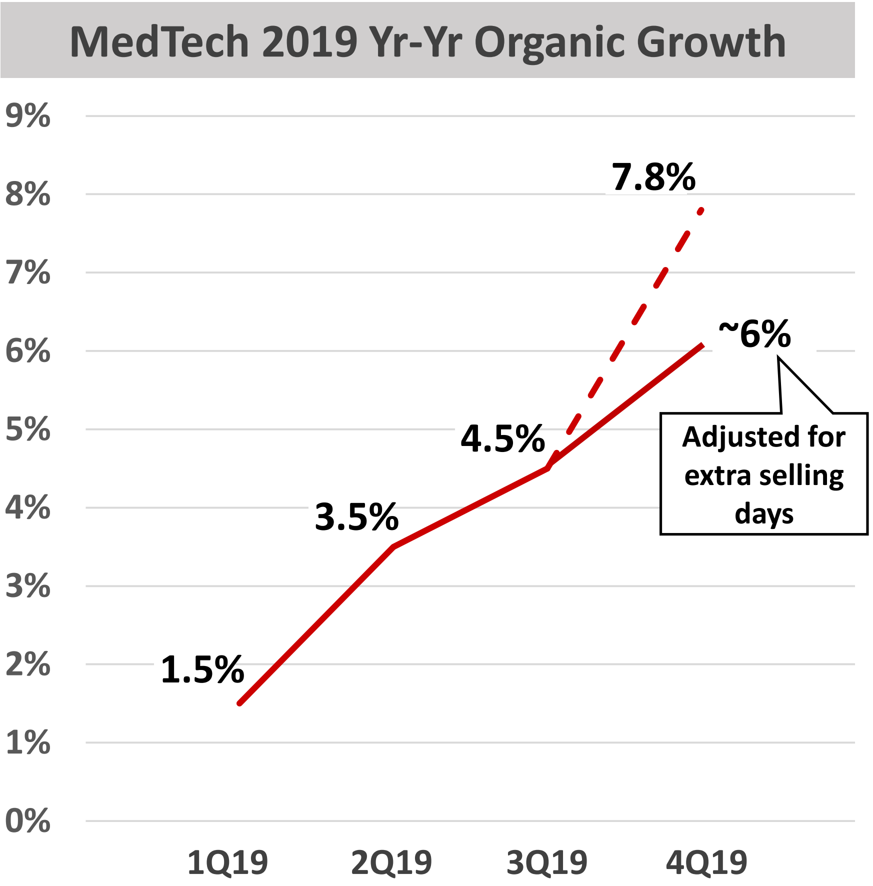
- Only end-to-end provider across the orthopedic continuum of care
- Strong secular drivers underpin attractive market growth
- Fast-growing surgical implants business, leader in reverse shoulder in US
- Global leader in bracing, returned to growth in 2H of 2019

**Strong opportunities for growth and margin improvement**

*2019 financial performance includes full year 2019 pro forma for acquisition of DJO; actual results only included 10 months of DJO performance following February 22, 2019 acquisition date.*

*Refer to Appendix for non-GAAP reconciliation and footnotes.*

# MedTech Quickly Returned to Healthy Growth




- Double digit growth in Reconstructive reflects share gains from new product releases and surgeon conversion
- Prevention & Rehabilitation returned to positive growth in 2H, demonstrating market leadership
- 2019 growth acceleration includes tailwind from solid execution of ongoing operational improvements and easier 2018 comps

**Operating improvements, innovation expected to drive 2020 growth**

*Refer to Appendix for non-GAAP reconciliation and footnotes.*

# Uniquely Advantaged in $22B Market

DJO®

*Long-term **market leadership** positions & industry-defining **brands***

## PREVENTION & REHABILITATION

| | | |
|---|---|---|
| Bracing & Supports | **Bracing & Supports**<br>($3bn global market) | *#1 Globally* |
| Rehabilitation | **Rehabilitation Equipment**<br>($1bn global market) | *#1 Globally* |
| Footcare | **Footcare**<br>($0.2bn US market) | *#1 in US* |

DONJOY®
DEFIANCE® CUSTOM ACL BRACE

AIRCAST®
AIRSELECT® WALKING BOOT


COMPEX®
NMES FOR MUSCLE GROWTH & RECOVERY

## RECONSTRUCTIVE

| | | |
|---|---|---|
| Surgical | **Surgical Implants**<br>($17bn global market) | *#1 in US Reverse Shoulder* |
| BGS | **Bone Growth Stimulation**<br>($0.5bn US market) | *#2 in US* |

djosurgical.
ALTIVATE® REVERSE® SHOULDER

**Industry defining brands and technology**

# Only End-to-End Provider Across the Market

**Prevention** - - - - - - **Repair** - - - - - - **Recovery**

**PERFORMANCE**
- Athletic braces
- Muscle stimulation

**PREVENTION**
- Pre-op braces
- Slings
- Protective solutions
- Orthotic shoes

**SURGICAL**
- Shoulders
- Knees
- Hips

**RECOVERY**
- Post-op braces
- Bone growth stim.
- DVT
- Cold therapy

**REHAB**
- Traction devices
- Electrotherapy
- Heat/cold therapy

MOTIONMD®
*Purpose-built SaaS platform*

MotioniQ™
*Connected medicine*

**Uniquely positioned along orthopedic continuum of care**

# Exciting Innovation Paths

## PRODUCTS

ProCare XTEND 173

ICEMAN CLASSIC 3

ALTIVATE® REVERSE® SHOULDER

- **Prevention and Rehabilitation**: Revitalizing product vitality by refreshing core projects and filling market gaps
- **Reconstructive**: Deepen and expand market coverage & build on demonstrated outcome performance of Altivate® Reverse Shoulder and Empowr® Knee

## WORKFLOW MANAGEMENT & AUTOMATION

MOTIONMD®

- Purpose-built **SaaS platform** with expanding app library to streamline orthopedic clinic workflow

OfficeCARE™ VeriPro™ eCare™
MotioniQ™ OaraScore™ JointRegistry

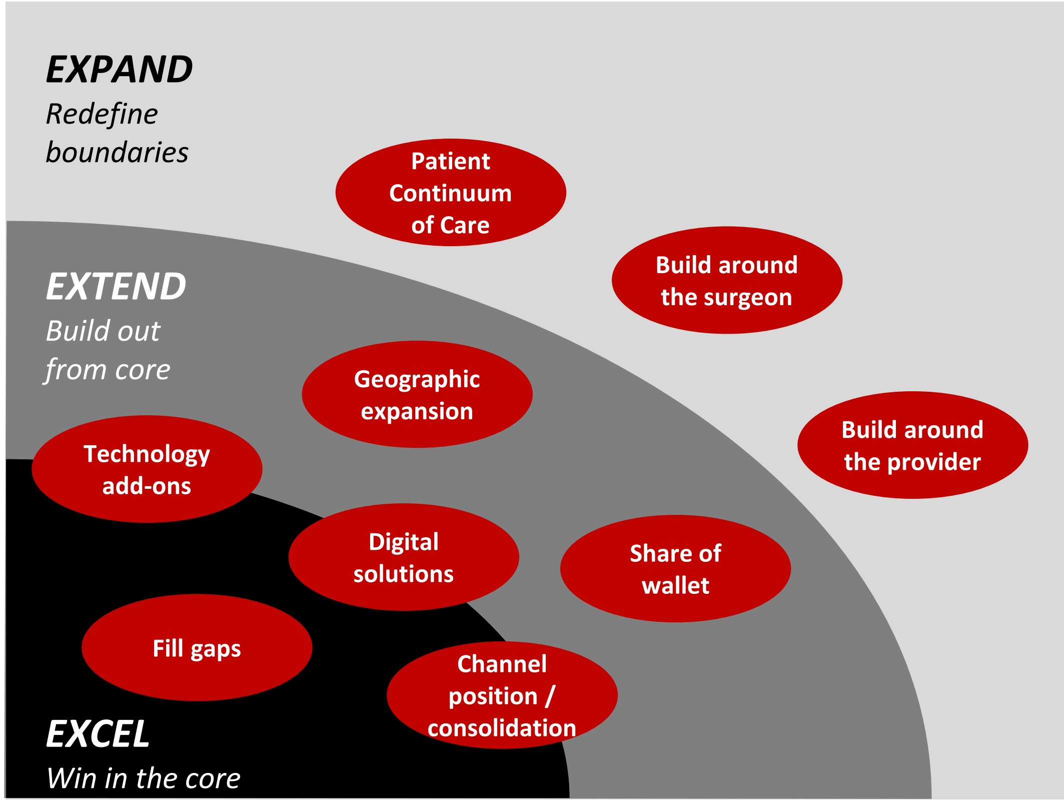
## CONNECTED MEDICINE

- **Improved outcomes** through real time compliance tracking
- Data collection capability to drive **therapy improvements**

**Significant opportunity to drive growth through innovation**

# Creating Value Through M&A

## Many Attractive Acquisition Vectors




- Proactive approach rooted in business strategy
- Clear view of value creation thesis, synergy requirements
- Intense focus on commercial diligence pre- and post-offer
- Disciplined assessment; willing to walk away
- Detailed integration plans; regular follow up / review

**Clear path to build, strengthen business and create new growth platforms**

# An Exciting Future For Colfax

**Looking Ahead**

- Build a $3 billion Med Tech platform with MSD+ growth capability
- Continue to outperform industry growth in Fab Tech
- Pursue continuous improvement in operating margin across portfolio
- Realize strong cash conversion to support investment in acquisitions
- Diversify & strengthen portfolio through innovation & bolt-on acquisitions

**2020 Priorities**

- Sustain DJO mid-single digits organic growth; advance acquisition funnel
- Innovate across both businesses to gain share
- Expand margins with CBS and restructuring while investing for future growth
- Deliver financial commitments
  - Adjusted EPS of $2.10 - $2.20
  - Free cash flow >$250M

**Strong momentum heading into 2020**

# Matt Trerotola, President & CEO
## Cowen Healthcare Conference

March 2, 2020

# Appendix

# Non-GAAP Reconciliation

**Colfax Corporation**
**Reconciliation of GAAP to Non-GAAP Financial Measures**
**Dollars in millions**
**(Unaudited)**

| | Year Ended December 31, 2019 | | | Year Ended December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Fabrication Technology | | | Fabrication Technology | | |
| Net sales | $ | 2,247.0 | | $ | 1,985.3 | |
| **Operating income** | | **279.6** | **12.4%** | | **168.6** | **8.5%** |
| Restructuring and other related charges | | 23.0 | 1.0% | | 29.7 | 1.5% |
| **Segment operating income** | **$** | **302.6** | **13.5%** | **$** | **199.8** | **10.1%** |
| Strategic transaction costs | | - | | | - | |
| **Adjusted operating profit** | **$** | **302.6** | **13.5%** | **$** | **199.8** | **10.1%** |
| Acquisition-related amortization and other non-cash charges[1] | | 35.6 | 1.6% | | 29.4 | 1.5% |
| **Adjusted EBITA** | **$** | **338.2** | **15.1%** | **$** | **229.2** | **11.5%** |

[1] Includes amortization of acquired intangibles and fair value charges on acquired inventory.
Note: Dollars in millions.

# Non-GAAP Reconciliation

**Colfax Corporation**
**Reconciliation of GAAP to non-GAAP Financial Measures**
**Change in Sales**
**Dollars in millions**
**(Unaudited)**

| | Medical Technology | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **QTD Q1 (1)** | | **QTD Q2** | | **QTD Q3** | | **QTD Q4** | | **YTD (1)** | |
| | **$** | **%** | **$** | **%** | **$** | **%** | **$** | **%** | **$** | **%** |
| **For the prior year period ended in 2018 (1)** | $ 288.6 | | $ 307.1 | | $ 295.8 | | $ 310.4 | | $ 1,201.9 | |
| *Components of change:* | | | | | | | | | | |
| Existing businesses[2] | 4.3 | 1.5% | 10.6 | 3.4% | 13.3 | 4.5% | 24.1 | 7.8% | $ 52.3 | 4.4% |
| Acquisitions[3] | 5.4 | 1.9% | 3.1 | 1.0% | 1.1 | 0.4% | 1.1 | 0.4% | 10.7 | 0.9% |
| Foreign currency translation[4] | (5.6) | -2.0% | (4.8) | -1.6% | (2.9) | -1.0% | (2.0) | -0.6% | (15.4) | -1.3% |
| | 4.1 | 1.4% | 8.9 | 2.9% | 11.5 | 3.9% | 23.3 | 7.5% | 47.7 | 4.0% |
| **For the current year period ended in 2019** | **$ 292.7** | | **$ 315.9** | | **$ 307.3** | | **$ 333.7** | | **$ 1,249.6** | |

(1) Medical Technology prior year net sales and net sales for January and February 2019 are prior to our acquisition of DJO. The amounts and components of change are based on or derived from Management's internal reports.

(2) Existing business or Organic growth 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.

(3) Represents the incremental sales from our acquisitions.

(4) Represents the difference between prior year sales valued at the actual prior year foreign exchange rates and prior year sales valued at current year foreign exchange rates.

Note: Dollars in millions.

# Non-GAAP Reconciliation

**Colfax Corporation**
**Reconciliation of GAAP to Non-GAAP Financial Measures**
**Dollars in millions**
**(Unaudited)**

| | Medical Technology | | | | |
|---|---|---|---|---|---|
| | For the ten-months ended December 31, 2019 | | | Year ended December 31, 2019 [1] | |
| Net sales | $ | 1,080.4 | | $ | 1,249.6 |
| Segment operating income | | 96.2 | 8.9% | | |
| Strategic transaction costs | | - | | | |
| **Adjusted operating profit** | **$** | **96.2** | **8.9%** | | |
| Acquisition-related amortization and other non-cash charges [2] | | 102.9 | 9.5% | | |
| **Adjusted EBITA** | **$** | **199.0** | **18.4%** | **Approximately** | **17%** |

**For the year ended December 31, 2019**

[1] Medical Technology net sales and aEBITA for January and February 2019 are prior to our acquisition of DJO. The amounts are based on or derived from Management's internal reports.

[2] Includes amortization of acquired intangibles and fair value charges on acquired inventory.

Note: Dollars in millions.