



THIRD QUARTER 2016 | EARNINGS CONFERENCE CALL

# Forward-looking Statements

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 including its 2015 Annual Report on Form 10-K 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.

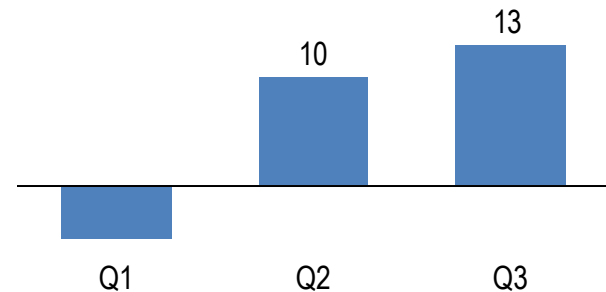
# Q3 Highlights

- Delivered financial performance expectations
- Structural cost changes reading through
- Strong orders, but markets remain challenging
- Favorable ruling expected to benefit future cash flow

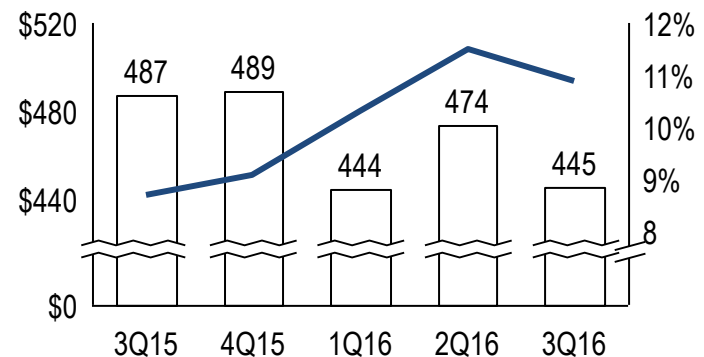
# Colfax on Path to Segment Mid-teen Margins

- Increasing read-through on SG&A cost reduction actions across both segments
- On track to deliver total restructuring savings of \$50 million in 2016
- ESAB margins moving in the right direction despite lower sales
- Identifying and implementing additional cost-out projects
  - Permanent cost reductions
  - Strengthening our Company

**SG&A Net Savings**  
(YOY \$Million Normalized)



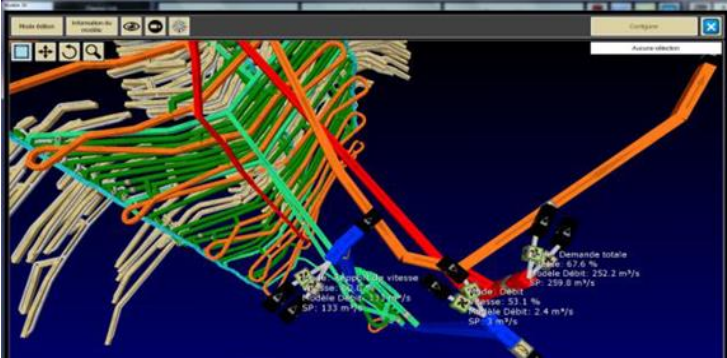
**ESAB Margin Progression**  
(Sales, \$M, and AOP Margin)



*Dollars in millions.  
Refer to Appendix for Non-GAAP reconciliation and footnotes.*

# Increasing Focus on Growth

## SmartEXEC Synergies



- Impactful IoT technology for complex ventilation systems
- Powerful aftermarket value proposition
- Sales funnel grew 6x in first year
- Q3 project wins in Mexico and Africa

- G&FH project wins point to 2H orders growth
  - Highlighting power of CBS to improve commercial performance
  - Simsmart synergies – expanded sales pipeline 6x; booked first big project win
  - Continuing to drive structural costs out to ensure strong performance when markets improve
- Improving Emerging Market performance in FabTech
  - Developing our Value Selling capability
  - Making filler metal investments in faster-growing regions
  - Addressing weaker developed markets with expanding cost actions
- Active M&A pipeline

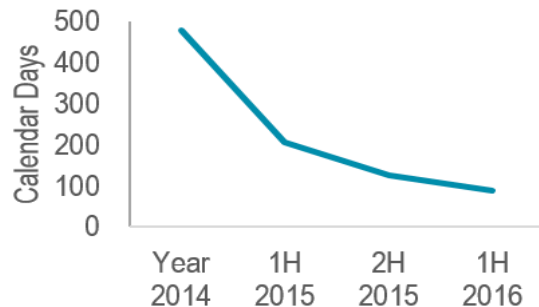
# CBS - Improving Our Business

## NA Filler Metal Delivery Performance

Metric	2014	2016
US OTD	84%	96%
Mexico OTD	89%	98%
Mfg. Lead Time	2-4 days	~1 day
Stock Fill Rate	~90%	>98%

- CBS progress reducing costs and enabling growth
- Improved filler metal service level performance
  - Significant gains in quality, delivery, and cost across global facilities
  - Leading to new investments
- Medina facility now moving at 'the speed of the aftermarket'
  - Market leading rebuild lead time
  - Consolidation of NA footprint

## Howden Medina Lead Time Reduction



# Q3 2016 Highlights

	<u>Q3 2015</u>	<u>Q3 2016</u>
Total Sales	\$969.1	\$879.2
Gross Profit	\$295.9	\$275.4
% of sales	30.5%	31.3%
SG&A Expense	\$237.2	\$199.5
% of sales	24.5%	22.7%
Adjusted Operating Profit	\$58.6	\$78.3
% of sales	6.0%	8.9%
Adjusted EBITDA	\$94.7	\$112.1
% of sales	9.8%	12.7%
Adjusted Net Income per Share	\$0.24	\$0.39

- Continuing to navigate weak end markets
- Structural cost reductions and productivity improvements contributed to higher AOP margin versus prior year
- SG&A savings read-through of \$13 million in the quarter
- Favorable court ruling provides improved path to \$88 million collection and lower future cash outlays; also resulted in \$8.2 million non-cash charge
- Adj. EPS benefitted from lower tax rate and lower net interest costs

*Dollars in millions, except per share amounts  
Refer to Appendix for Non-GAAP reconciliation and footnotes.*

# Fabrication Technology

## Q3 2016 Results

### Revenue

\$487.2

\$446.1

Q3 2015

Q3 2016

Volume	(4.9)%
Price/ Mix	(0.9)%
Acquisitions	—%
FX Translation	(2.6)%
<b>Total Decline</b>	<b>(8.4)%</b>

### Adjusted Operating Profit

\$42.4

\$48.6

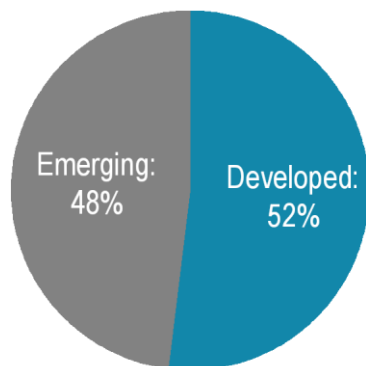
8.7%

10.9%

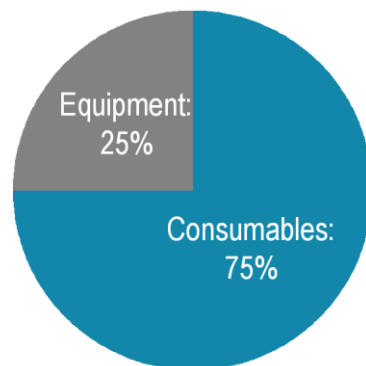
Q3 2015

Q3 2016

### Geographic Exposure YTD



### Consumable Mix YTD



- Emerging market growth led by India, Russia, and China
- Market decline in NA and softer in Europe
- Restructuring savings and stronger operating performance driving margin improvement

Note: Dollars in millions (unaudited).

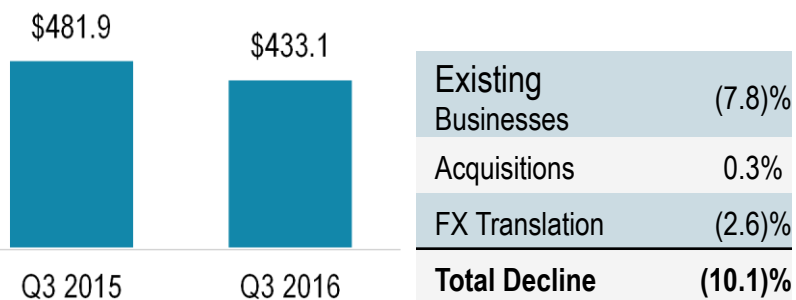
**COLFAX**



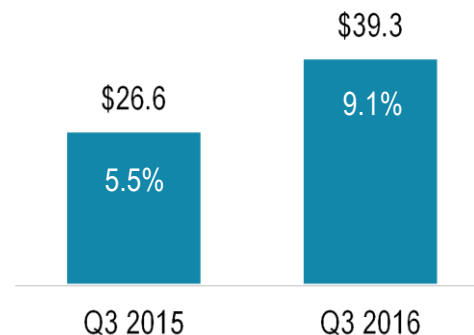
# Gas & Fluid Handling

## Q3 2016 Results

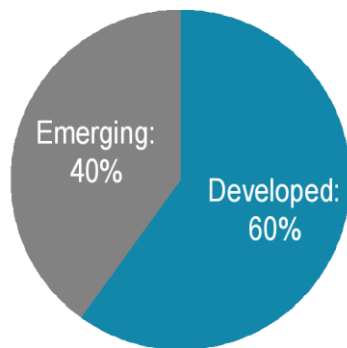
### Revenue



### Adjusted Operating Profit



### Geographic Exposure YTD 2016



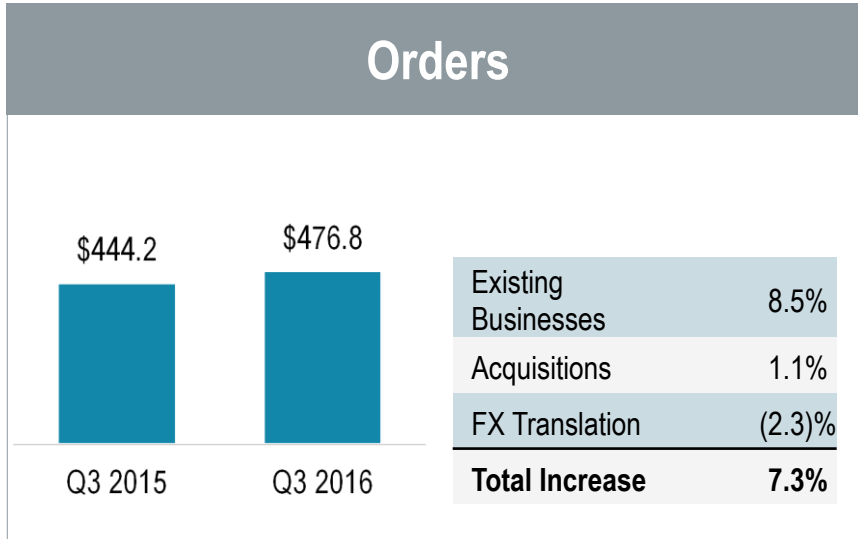
- Lower Q3 revenue in line with expectations
- Structural cost savings support mid-teen decrements
- Prior year included substantial one-time charges

Note: Dollars in millions (unaudited).

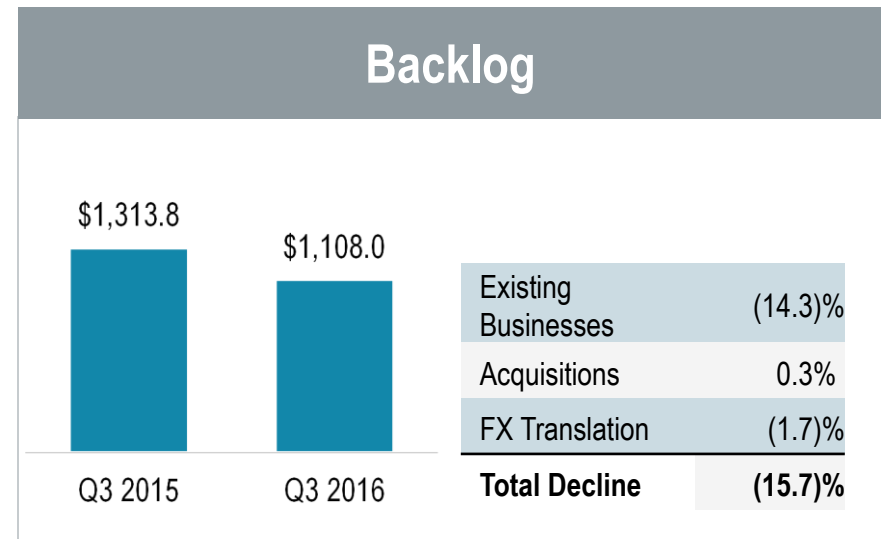
# Gas & Fluid Handling

## Q3 2016 Results

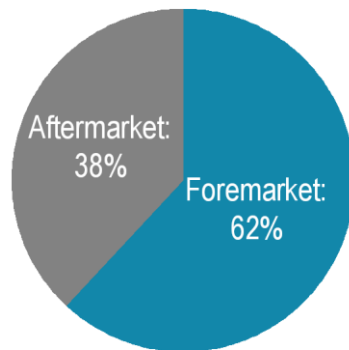
### Orders



### Backlog



### Revenue Profile YTD 2016



- Value selling of differentiated solutions drove large project wins in Mining and Oil & Gas; expect 2H orders growth over prior year
- Orders growth resulted from timing and team performance; not experiencing broad end market recovery

Note: Dollars in millions (unaudited).

Backlog measured as of the end of the quarter.

# Outlook

- Improving cost structure furthers progress toward mid-teen margin goal for business segments
- Markets still near bottom of cycle; focused on relative outperformance and cost actions
- Stronger read-through on restructuring savings and seasonal volume expected to benefit Q4
- Tightening guidance range from \$1.45 - \$1.55 to \$1.50 - \$1.55

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**

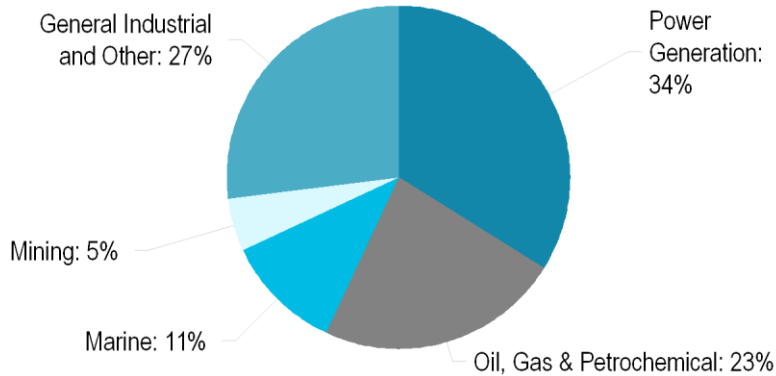
# Disclaimer

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, adjusted operating income, adjusted operating income margin, adjusted EBITDA, adjusted EBITDA margin, organic sales decrease and organic order growth (decrease). Adjusted net income, adjusted net income per share, adjusted operating income, adjusted operating income margin, adjusted EBITDA, and adjusted EBITDA margin exclude Restructuring and other related charges, Asbestos coverage adjustment, and charges associated with the deconsolidation of our operations in Venezuela to the extent they impact the periods presented. Adjusted EBITDA and adjusted EBITDA margin also exclude depreciation and amortization charges. Adjusted net income and adjusted net income per share for the nine months ended September 25, 2015 exclude the write-off of certain deferred financing fees and original issue discount associated with the refinancing of Colfax's credit agreement. The effective tax rates used to calculate adjusted net income and adjusted net income per share are 27.2% and 29.1% for the three and nine months ended September 30, 2016, respectively, and 27.5% and 28.5% for the three and nine months ended September 25, 2015, respectively. 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 in comparing its operating performance on a consistent basis because, among other things, they remove the impact of restructuring and other related charges, asbestos coverage adjustments, Venezuela deconsolidation charges, depreciation, amortization and write-off of certain deferred financing fees and original issue discount.

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

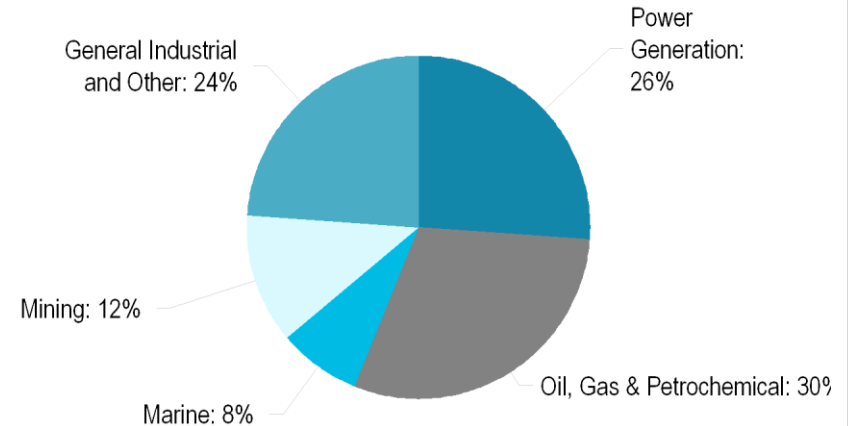
# Q3 2016 Gas & Fluid Handling Sales and Orders by End Market

## Sales: \$433.1 million



	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(11.4)%	(8.1)%
Oil, Gas & Petrochemical	(13.6)%	(9.9)%
Marine	(0.6)%	(0.4)%
Mining	38.2%	31.6%
General Industrial & Other	(14.8)%	(12.8)%
<b>Total</b>	<b>(10.1)%</b>	<b>(7.8)%</b>

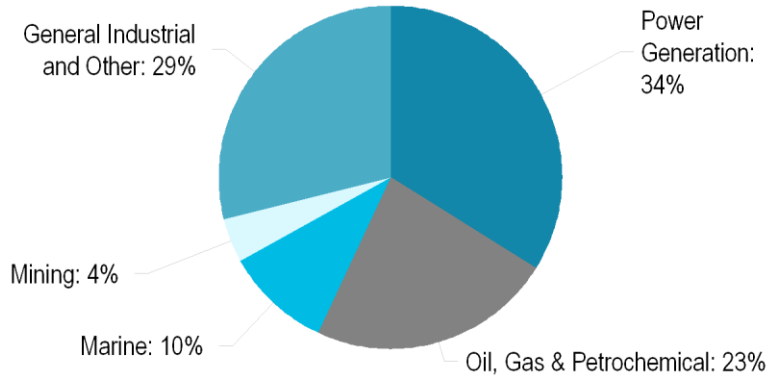
## Orders: \$476.8 million



	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(26.4)%	(23.1)%
Oil, Gas & Petrochemical	53.3%	56.5%
Marine	(2.7)%	(2.5)%
Mining	294.1%	261.9%
General Industrial & Other	(10.9)%	(10.0)%
<b>Total</b>	<b>7.3%</b>	<b>8.5%</b>

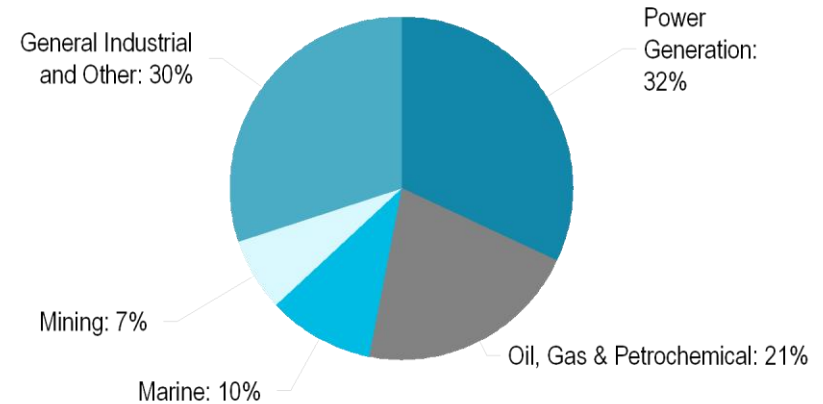
# YTD 2016 Gas & Fluid Handling Sales and Orders by End Market

**Sales: 1,349.5 million**



	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(6.2)%	(2.6)%
Oil, Gas & Petrochemical	(0.2)%	0.8%
Marine	(7.2)%	(6.3)%
Mining	(17.7)%	(13.7)%
General Industrial & Other	(1.3)%	(9.1)%
<b>Total</b>	<b>(4.2)%</b>	<b>(4.7)%</b>

**Orders: 1,330.2 million**



	Total (Decline) Growth	Organic (Decline) Growth
Power Generation	(13.5)%	(9.0)%
Oil, Gas & Petrochemical	(11.4)%	(9.9)%
Marine	(5.2)%	(3.9)%
Mining	52.7%	52.6%
General Industrial & Other	3.9%	(8.2)%
<b>Total</b>	<b>(4.5)%</b>	<b>(5.9)%</b>

# YTD Income Statement Summary

	Nine Months Ended	
	September 30, 2016	September 25, 2015
Net sales	\$ 2,713.3	\$ 2,905.6
Gross profit	\$ 857.0	\$ 918.3
% of sales	31.6%	31.6%
SG&A expense	\$ 627.4	\$ 673.1
% of sales	23.1%	23.2%
Adjusted operating income	\$ 232.0	\$ 245.2
% of sales	8.5%	8.4%
Adjusted EBITDA	\$ 333.1	\$ 351.6
% of sales	12.3%	12.1%
Adjusted net income	\$ 135.0	\$ 137.1
% of sales	5.0%	4.7%
Adjusted net income per share	\$ 1.10	\$ 1.10

*Dollars in millions, except per share amounts  
Refer to Non-GAAP reconciliation and footnotes.*



# Change in Sales, Orders and Backlog

(unaudited)

	Net Sales		Orders	
	\$	%	\$	%
<b>For the three months ended September 25, 2015</b>	\$ 969.1		\$ 444.2	
<i>Components of Change:</i>				
Existing Businesses	(65.9)	(6.8)%	37.8	8.5%
Acquisitions <sup>(1)</sup>	1.3	0.1%	4.8	1.1%
Foreign Currency Translation	(25.3)	(2.6)%	(10.0)	(2.3)%
Total	(89.9)	(9.3)%	32.6	7.3%
<b>For the three months ended September 30, 2016</b>	<b>\$ 879.2</b>		<b>\$ 476.8</b>	

	Net Sales		Orders		Backlog at Period End	
	\$	%	\$	%	\$	%
<b>As of and for the nine months ended September 25, 2015</b>	\$ 2,905.6		\$ 1,393.4		\$ 1,313.8	
<i>Components of Change:</i>						
Existing Businesses	(125.6)	(4.3)%	(81.7)	(5.9)%	(188.0)	(14.3)%
Acquisitions <sup>(2)</sup>	51.6	1.8%	66.6	4.8%	3.5	0.3%
Foreign Currency Translation	(118.3)	(4.1)%	(48.1)	(3.4)%	(21.3)	(1.7)%
Total	(192.3)	(6.6)%	(63.2)	(4.5)%	(205.8)	(15.7)%
<b>As of and for the nine months ended September 30, 2016</b>	<b>\$ 2,713.3</b>		<b>\$ 1,330.2</b>		<b>\$ 1,108.0</b>	

(1) Represents the incremental sales and orders as a result of our acquisition of Simsmart Technologies.

(2) Represents the incremental sales, orders and order backlog as a result of our acquisitions of Roots™ blowers and compressors and Simsmart Technologies; and incremental order backlog for Smsmart Technologies as of September 30, 2016.

Note: Dollars in millions.

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended September 30, 2016								Three Months Ended September 25, 2015							
	Gas and Fluid Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation		Gas and Fluid Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation	
Net sales	\$	433,119	\$	446,085	\$	—	\$	879,204	\$	481,908	\$	487,236	\$	—	\$	969,144
Operating income (loss)	18,983	4.4%	41,178	9.2%	(9,641)	50,520	5.7%	20,376	4.2%	35,602	7.3%	(10,423)	45,555	4.7%		
Restructuring and other related charges	10,263		6,896		—	17,159		6,258		6,813		—	13,071			
Asbestos coverage adjustment	8,226		—		—	8,226		—		—		—	—			
Loss on deconsolidation of Venezuelan operations	1,874		495		—	2,369		—		—		—	—			
Adjusted operating income (loss)	\$ 39,346	9.1%	\$ 48,569	10.9%	\$ (9,641)	\$ 78,274	8.9%	\$ 26,634	5.5%	\$ 42,415	8.7%	\$ (10,423)	\$ 58,626	6.0%		

	Nine Months Ended September 30, 2016								Nine Months Ended September 25, 2015							
	Gas and Fluid Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation		Gas and Fluid Handling		Fabrication Technology		Corporate and Other		Total Colfax Corporation	
Net sales	\$	1,349,549	\$	1,363,747	\$	—	\$	2,713,296	\$	1,408,992	\$	1,496,597	\$	—	\$	2,905,589
Operating income (loss)	80,310	6.0%	127,065	9.3%	(35,327)	172,048	6.3%	115,535	8.2%	139,539	9.3%	(35,492)	219,582	7.6%		
Restructuring and other related charges	27,952		21,365		—	49,317		11,562		14,096		—	25,658			
Asbestos coverage adjustment	8,226		—		—	8,226		—		—		—	—			
Loss on deconsolidation of Venezuelan operations	1,874		495		—	2,369		—		—		—	—			
Adjusted operating income (loss)	\$ 118,362	8.8%	\$ 148,925	10.9%	\$ (35,327)	\$ 231,960	8.5%	\$ 127,097	9.0%	\$ 153,635	10.3%	\$ (35,492)	\$ 245,240	8.4%		

Note: Dollars in thousands.

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015
<b>Adjusted Net Income and Adjusted Net Income Per Share</b>				
Net income attributable to Colfax Corporation	\$ 27,970	\$ 18,359	\$ 90,339	\$ 123,542
Restructuring and other related charges	17,159	13,071	49,317	25,658
Asbestos coverage adjustment	8,226	—	8,226	—
Loss on deconsolidation of Venezuelan operations	2,369	—	2,369	—
Debt extinguishment charges- Refinancing of credit agreement	—	—	—	4,731
Tax adjustment <sup>(1)</sup>	(7,914)	(1,966)	(15,282)	(16,871)
Adjusted net income	\$ 47,810	\$ 29,464	\$ 134,969	\$ 137,060
Adjusted net income margin	5.4%	3.0%	5.0%	4.7%
Weighted-average shares outstanding - diluted	123,102	125,032	123,130	125,134
Adjusted net income per share	\$ 0.39	\$ 0.24	\$ 1.10	\$ 1.10
Net income per share— diluted (in accordance with GAAP)	\$ 0.23	\$ 0.15	\$ 0.73	\$ 0.99

(1) The effective tax rates used to calculate adjusted net income and adjusted net income per share are 27.2% and 29.1% for the three and nine months ended September 30, 2016, respectively, and 27.5% and 28.5% for the three and nine months ended September 25, 2015, respectively.

Note: Dollars in thousands, except per share amounts.

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# Non-GAAP Reconciliation

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015
Net income	\$ 32,199	\$ 23,545	\$ 102,372	\$ 138,649
Interest expense	6,792	10,857	24,623	37,150
Provision for income taxes	11,529	11,153	45,053	43,783
Depreciation and amortization	33,824	36,075	101,106	106,364
Restructuring and other related charges	17,159	13,071	49,317	25,658
Asbestos coverage adjustment	8,226	—	8,226	—
Loss on deconsolidation of Venezuelan operations	2,369	—	2,369	—
Adjusted EBITDA	\$ 112,098	\$ 94,701	\$ 333,066	\$ 351,604
Adjusted EBITDA margin	12.7%	9.8%	12.3%	12.1%

Note: Dollars in thousands.

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# Non-GAAP Reconciliation

(unaudited)

Fabrication Technology	Three Months Ended					
	September 25, 2015	December 31, 2015	April 1, 2016	July 1, 2016	September 30, 2016	
Operating income	\$ 35,602	\$ 29,148	\$ 38,810	\$ 47,077	\$ 41,178	
Operating income margin	7.3%	6.0%	8.7%	9.9%	9.2%	
Restructuring and other related charges	6,813	15,554	7,075	7,394	6,896	
Loss on deconsolidation of Venezuelan operations	—	—	—	—	495	
Adjusted operating income	\$ 42,415	\$ 44,702	\$ 45,885	\$ 54,471	\$ 48,569	
Adjusted operating income margin	8.7%	9.1%	10.3%	11.5%	10.9%	

Note: Dollars in thousands.

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