Colfax Announces Intention to Separate into Two Independent Public Companies

March 4, 2021
Cautionary Statements

These materials include “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be characterized by terms such as “believe,” “anticipate,” “should,” “would,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “targets,” “aims,” “seeks,” “sees” and similar expressions. All statements other than statements of historical fact could be deemed forward-looking statements, including, but not limited to, statements regarding: the intended separation of the FabTech and MedTech businesses; expected 2021 revenue and Adjusted EBITDA for FabTech and MedTech; the timing and method of the separation; the anticipated benefits of the separation; the expected financial and operating performance of, and future opportunities for, each company following the separation; the tax treatment of the transaction; and the leadership of each company following the separation. These statements are based on assumptions and assessments made by our management as of the date of this press release in light of their experience and perception of historical trends, current conditions, expected future developments and other factors believed to be appropriate. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that might cause actual results, developments and business decisions to differ materially from those expressed or implied thereby, and are not guarantees of future performance or actual results. These factors include, among other things: the final approval of the separation by our board of directors; the uncertainty of obtaining regulatory approvals in connection with the separation, including rulings from the Internal Revenue Service; the ability to successfully complete financing and other transactions on satisfactory terms, and other steps necessary to qualify the separation as a tax-free transaction; the ability to satisfy the necessary closing conditions to complete the separation on a timely basis, or at all; our ability to successfully separate the two companies and realize the anticipated benefits of the separation; developments related to the impact of the COVID-19 pandemic on the separation and the financial and operating performance of each company following the separation, including actions by governments, businesses and individuals in response to the pandemic, and other impacts on our business, businesses and individuals in response to the pandemic, which could also rise or contribute to or amplify the risks associated with many of these factors.

The factors identified above are not exhaustive. We operate in a dynamic business environment in which new risks may emerge frequently. Other unknown or unpredictable factors could also cause actual results, developments and business decisions to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements should be construed in the light of such factors. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. Additional information regarding these and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements is set forth in our public filings with the Securities Exchange Commission (the “SEC”), including our Annual Report on Form 10-K for the year ended December 31, 2020 and our subsequent filings with the SEC. We do not undertake, and hereby disclaim, any obligation to update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Colfax has provided in this presentation certain 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 include adjusted EBITDA (adjusted EBITA plus depreciation and other amortization) and adjusted EBITDA margin. Colfax also provides adjusted EBITDA and adjusted EBITDA margin on a segment basis.

- Adjusted EBITA represents net income (loss) from continuing operations excluding restructuring and other related charges, acquisition-related amortization and other non-cash charges, European Union Medical Device Regulation (“MDR”) and other costs, and strategic transaction costs, as well as income tax expense (benefit) and interest expense, net. 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.

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 non-GAAP measures, such as Adjusted EBITDA on a segment basis. Colfax does not provide such outlook on a GAAP basis because changes in the items that Colfax excludes from GAAP to calculate such 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: Separating into Two Independent, Publicly Traded Companies

- Creates focused specialty medical and fabrication technology companies
- Now is the right time to build on the momentum in both businesses
- Continues Colfax’s active portfolio transformation
- Separation targeted to be completed in the first quarter of 2022
- Maintaining leadership and Board continuity
- Completion subject to various conditions as described in today’s announcement

Expected to unlock significant shareholder value
Compelling Strategic Rationale

- Businesses are **well-positioned** strategically, operationally and financially for separation.
- Enables each company to **sharpen its strategic focus** to capitalize on **distinct investment opportunities**.
- Provides **tailored capital structures** and expected **capital deployment** for each business.
- Allows each company to be valued based on **distinct strategic, operational and financial characteristics**.
- Intended to be **tax-free to shareholders**.

Creates focused specialty Medical Technologies and Fabrication Technology companies, positioning both to accelerate strategic momentum.
Sustainable Model to Drive Compounding Value

Colfax has Successfully Transformed Both of Its Businesses...

- Talent
- Innovation
- Continuous Improvement (CBS)
- Acquisitions / Portfolio Shaping

...and Positioned Them to Drive Strong Results and Value Creation

- Above-Market Growth
- Margin Expansion
- Healthy Free Cash Flow

FabTech and MedTech businesses are ready to be successful independent companies
Two Highly Focused Market-Leading Companies

**Specialty Medical Technologies Company**
Leading Innovator in Attractive Global Orthopedic Segments

- Surgical Extremities
- Surgical Hip & Knee
- Bracing & Support
- Recovery Sciences

**Fabrication Technology Company**
Leading Global Innovator of Welding and Cutting Solutions

- Filler Metal
- Specialty Gas
- Gas Control Equipment
- PPE
- Digital Solutions
- Arc Equipment
- Gouging and Exothermic
- Cutting Automation
- Arc Accessories
- Manual Plasma
- Welding Automation

**Segment-Level\(^1\) 2021 Estimates:**

<table>
<thead>
<tr>
<th>Specialty Medical Technologies Company</th>
<th>Fabrication Technology Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$1.4B Revenue</td>
<td>~$2.2B Revenue</td>
</tr>
<tr>
<td>~$0.3B Adj. EBITDA</td>
<td>~$0.4B Adj. EBITDA</td>
</tr>
</tbody>
</table>

1- Excludes corporate costs
Innovative Specialty MedTech Growth Company

MedTechCo Leadership & Key Facts

- Matt Trerotola, CEO; Brady Shirley, COO; Chris Hix, CFO
- Brady to join Matt and Mitch Rales on Board
- 6,200 employees
- Headquarters in Wilmington, Delaware; significant presence in Dallas, Texas
- Will be renamed before the separation is completed to reflect strategic focus
- Capital deployment expected to support strategic growth, including acquisitions in fragmented medical technology markets

Company Highlights

- Fast-growing surgical implants business with significant presence in extremities
- Global brand leader in bracing and recovery sciences devices spanning attractive segments
- Strong innovation and commercial engines
- CBS driving continuous improvement
- Recent acquisitions in attractive areas – foot/ankle surgery & therapeutic laser technology
- Opportunities to expand share in high-growth, high-margin served markets and adjacencies
- Positioned to deliver above-market growth, margin improvement and increased cash flow
MedTechCo Uniquely Advantage in $25B Addressable Market

**Surgical** ($20B Market)

- Rapid Sales Growth
  - $mm
  - **17% CAGR**
  - 2015: 148
  - 2019: 274

- Innovation Leader
  - *ALTIVATE REVERSE*®
  - (#1 in US Reverse Shoulder)

- Acquired New Foot & Ankle Growth Platform
  - **STAR™ Ankle**

**Prevention & Rehabilitation** ($5B Market)

- **MedTechCo Sales Mix** (’21 projections)
  - 25%
  - 75%

- **Prevention & Rehabilitation**
  - Bracing & Supports
  - Rehabilitation Equipment
  - Bone Growth Stimulation
  - Footcare

- #1 Globally, > 1/3 Revenue in Faster-Growing International Markets

- Recent Acquisition Expands Growth Opportunities

- Leader in Connected Medicine

Surgical
- Shoulder
- Hips
- Knees
- Foot & Ankle

Surgical ($20B Market)

Prevention & Rehabilitation ($5B Market)
ESAB Leadership & Key Facts

- Shyam Kambeyanda CEO; Kevin Johnson, CFO
- Mitch Rales and Shyam to serve on Board
- 9,000 employees
- Headquarters in Maryland
- Global presence supported by 31 manufacturing facilities
- Will continue to operate under well-known brand name ESAB
- Balanced capital allocation focused on growth investments, bolt-on acquisitions, and return of capital to shareholders

Company Highlights

- Unparalleled business model with global scale and regional leadership & agility
- Strong positions in attractive emerging markets and higher-growth applications
- Industry-leading innovation program; fast-growing digital product platform
- Disciplined acquisitions to expand technology content, geographic reach and served markets
- Leveraging CBS to drive share gain, margin growth and cash flow expansion
- Predictable recurring revenue stream from consumables
- Attractive free cash flow conversion, positioned to further enhance margins and cash flow
FabTech Market Leadership

Best-in-Class Innovation Program
Product Introductions (#)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>18</td>
<td>24</td>
<td>48</td>
<td>58</td>
<td>84</td>
<td>80</td>
</tr>
</tbody>
</table>

Outperforming in 2019 & 2020

Core Sales Growth
(avg. growth vs. peers)

Profit Margin % Expansion
(vs. peers)

~300 basis points
higher growth

~200 basis points
higher margin growth

Significant Operating Improvements
Adj. EBITA Margin

- Growth / op leverage
- Rationalized mfg footprint
- CBS → productivity

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>11.5%</td>
<td>15.1%</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Only True Global Leader

Approximately 50% of revenue in faster-growing emerging markets

Refer to Appendix for non-GAAP reconciliation and footnotes
Peer group includes Lincoln Electric and the Welding Business within ITW; core sales exclude FX and acquisitions
<table>
<thead>
<tr>
<th>Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>➡️ <strong>Continue to execute our profitable growth strategy</strong></td>
</tr>
<tr>
<td>➡️ <strong>Hold Investor Day on March 11, 2021</strong></td>
</tr>
<tr>
<td>➡️ <strong>Determine form of separation, prepare SEC filings</strong></td>
</tr>
<tr>
<td>➡️ <strong>Create separate corporate capabilities</strong></td>
</tr>
<tr>
<td>➡️ <strong>Take other steps to satisfy conditions for targeted Q1 ‘22 separation</strong></td>
</tr>
</tbody>
</table>
Appendix
Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fabrication Technology</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Years Ended December 31,</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>$1,985.2</td>
<td>$2,247.0</td>
<td>$1,950.1</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>168.6</td>
<td>279.6</td>
<td>224.4</td>
</tr>
<tr>
<td></td>
<td>8.5%</td>
<td>12.4%</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Restructuring and other related charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20.7</td>
<td>28.0</td>
<td>21.6</td>
</tr>
<tr>
<td></td>
<td>1.5%</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Intangible asset impairment charge</strong></td>
<td>1.5%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Segment operating income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$199.8</td>
<td>$302.6</td>
<td>$246.0</td>
</tr>
<tr>
<td></td>
<td>10.1%</td>
<td>13.5%</td>
<td>12.6%</td>
</tr>
<tr>
<td><strong>Acquisition-related amortization and other non-cash charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28.4</td>
<td>35.6</td>
<td>36.3</td>
</tr>
<tr>
<td></td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>$228.2</td>
<td>$338.2</td>
<td>$282.3</td>
</tr>
<tr>
<td></td>
<td>11.5%</td>
<td>15.1%</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

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

Note: Dollars in millions.