

COLFAX

Fourth Quarter 2011 Earnings Conference Call

February 7, 2012

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, including the expected effects of the proposed Charter acquisition, its anticipated benefits and the potential impact on our business. 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 2010 Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the period ended September 30, 2011 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.

Q4 and Full Year 2011 Results

Q4 2011 Highlights

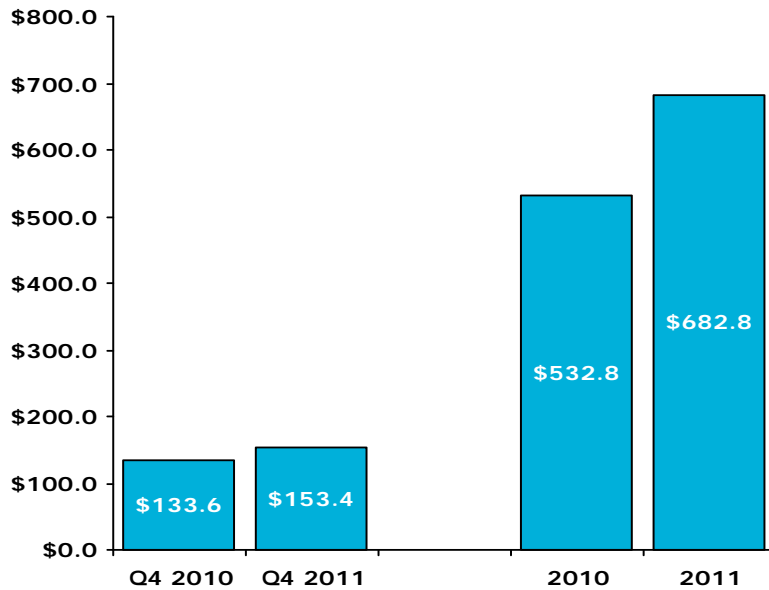
- Adjusted net income of \$17.6 million (\$0.40 per share) compared to \$16.9 million (\$0.39 per share) in Q4 2010, an increase of 4.1%
- Net sales of \$177.8 million compared to \$166.7 million in Q4 2010, an increase of 6.7%
- Adjusted operating income of \$26.8 million compared to \$26.5 million in Q4 2010, an increase of 1.1%
- Fourth quarter orders of \$153.4 million compared to \$133.6 million in Q4 2010, an increase of 14.8%
- Backlog of \$347.2 million

Full Year 2011 Highlights

- Adjusted net income of \$58.1 million (\$1.31 per share) compared to \$40.2 million (\$0.92 per share) in 2010, an increase of 44.5%
- Net sales of \$693.4 million compared to \$542.0 million in 2010, an increase of 27.9%
- Adjusted operating income of \$89.6 million compared to \$65.8 million in 2010, an increase of 36.2%
- 2011 orders of \$682.8 million compared to \$532.8 million in 2010, an increase of 28.2%

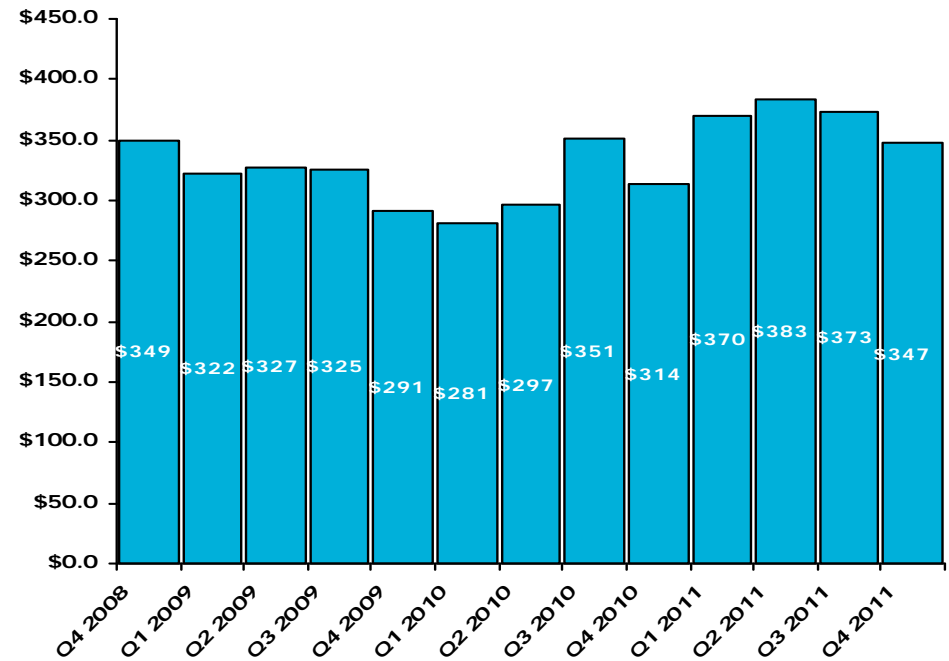
Orders and Backlog

Orders



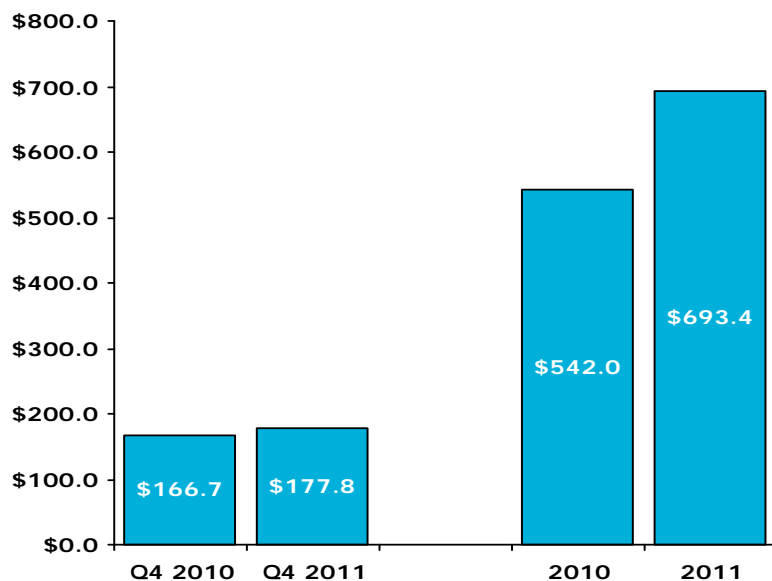
Existing Businesses	8.8 %	12.2 %
Acquisitions	6.7 %	12.0 %
FX Translation	(0.7)%	4.0 %
Total Growth	14.8 %	28.2 %

Backlog

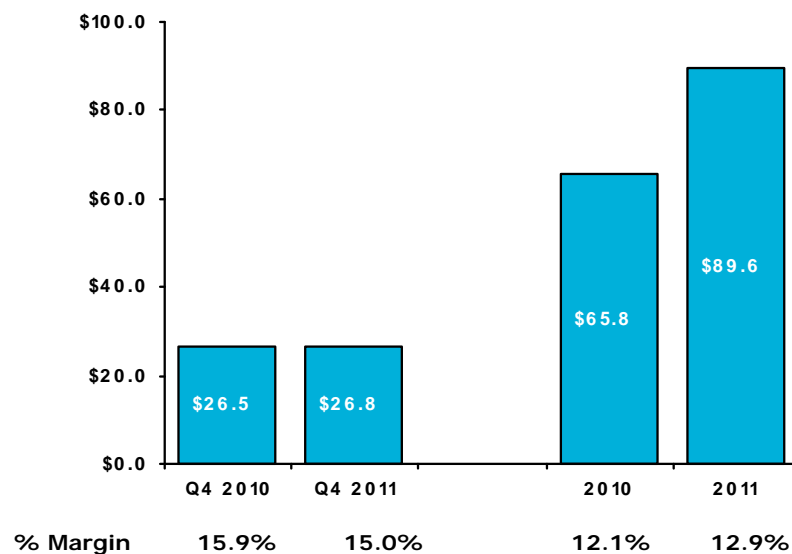


Revenue and Adjusted Operating Income

Revenue



Adjusted Operating Income⁽¹⁾



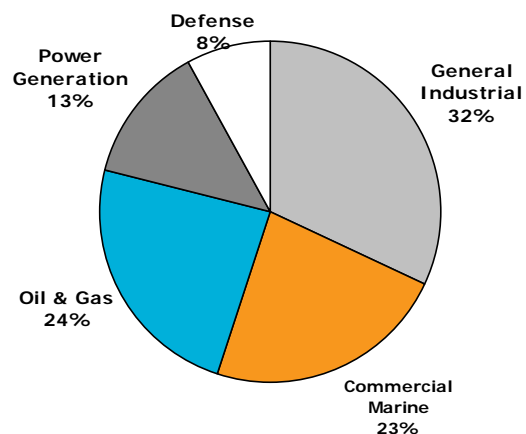
Existing Businesses	(2.3)%	9.0 %
Acquisitions	9.4 %	15.0 %
FX Translation	(0.4)%	3.9 %
Total Growth	6.7 %	27.9 %

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

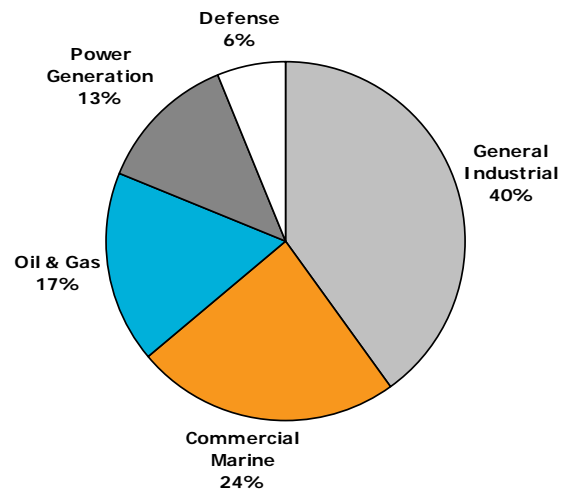
Note: Dollars in millions (unaudited).

Q4 2011 Sales and Orders by End Market

Sales: \$177.8 million



Orders: \$153.4 million

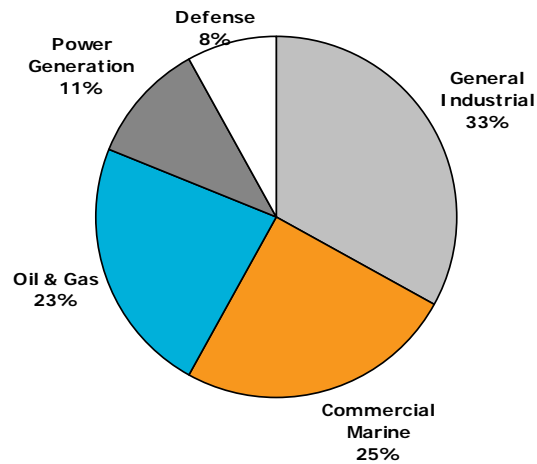


	<u>Total Growth</u> <u>(Decline)</u>	<u>Organic (Decline)</u> <u>Growth</u>
Commercial Marine	--	(1)%
Oil & Gas	24 %	(12)%
Power Generation	7 %	7 %
Defense	(26)%	(26)%
General Industrial	13 %	9 %
Total	7 %	(2)%

	<u>Total Growth</u>	<u>Organic Growth</u> <u>(Decline)</u>
Commercial Marine	13 %	12 %
Oil & Gas	10 %	6 %
Power Generation	45 %	46%
Defense	17 %	17 %
General Industrial	10 %	(2)%
Total	15 %	9 %

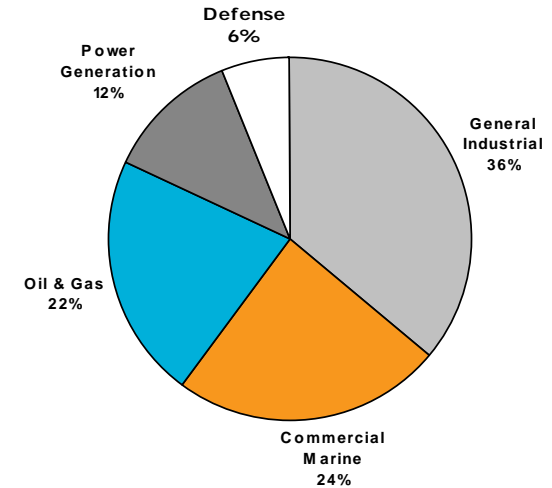
2011 Sales and Orders by End Market

Sales: \$693.4 million



	<u>Total Growth</u> (Decline)	<u>Organic Growth</u> (Decline)
Commercial Marine	21 %	12 %
Oil & Gas	100 %	12 %
Power Generation	3 %	1 %
Defense	(8)%	(9)%
General Industrial	23 %	14 %
Total	28 %	9 %

Orders: \$682.8 million



	<u>Total Growth</u> (Decline)	<u>Organic Growth</u> (Decline)
Commercial Marine	38 %	29 %
Oil & Gas	69 %	12 %
Power Generation	19 %	18 %
Defense	(24)%	(24)%
General Industrial	23 %	11 %
Total	28 %	12 %

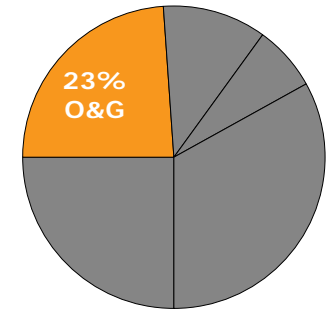
Fluid-Handling End Markets

Oil & Gas Market Perspective

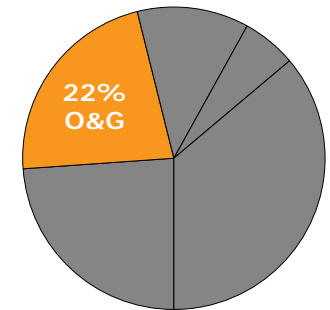
Sales & Orders Growth (Decline)

	Q4 2011 vs. Q4 2010		2011 vs. 2010	
	Total	Organic	Total	Organic
Sales	24%	(12)%	100%	12%
Orders	10%	6%	69%	12%

Colfax 2011
Sales Split



Colfax 2011
Orders Split



Highlights

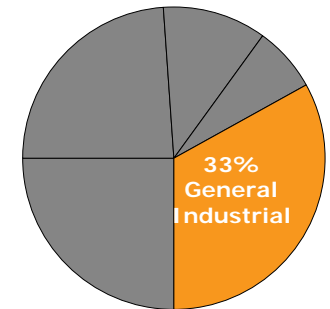
- COT-Puritech expands service offering
- Robust market fueled by higher crude oil prices and deferred capital projects
- Projects are increasing in size and scope

General Industrial Market Perspective

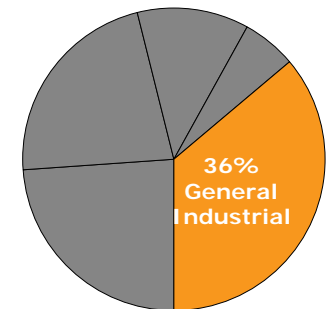
Sales & Orders Growth (Decline)

	Q4 2011 vs. Q4 2010		2011 vs. 2010	
	Total	Organic	Total	Organic
Sales	13%	9%	23%	14%
Orders	10%	(2)%	23%	11%

Colfax 2011
Sales Split



Colfax 2011
Orders Split



Highlights

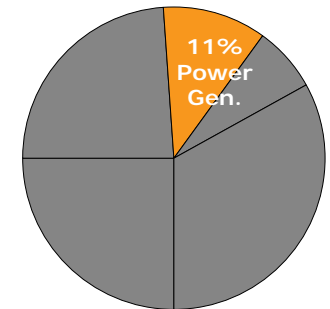
- Order rate remains strong, with some slowing in certain European segments
- Strong orders in the diesel engine and chemical processing submarkets

Power Generation Market Perspective

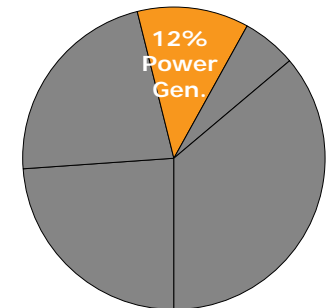
Sales & Orders Growth

	Q4 2011 vs. Q4 2010		2011 vs. 2010	
	Total	Organic	Total	Organic
Sales	7%	7%	3%	1%
Orders	45%	46%	19%	18%

Colfax 2011
Sales Split



Colfax 2011
Orders Split



Highlights

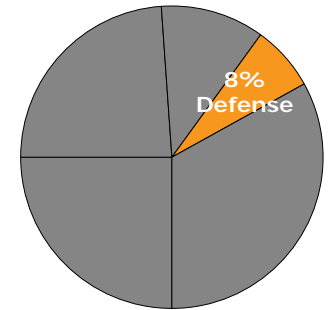
- New infrastructure projects in Asia and the Middle East
- Optimistic long-term growth due to global undersupply of electricity

Defense Market Perspective

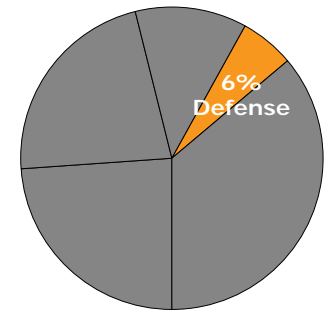
Sales & Orders (Decline) Growth

	Q4 2011 vs. Q4 2010		2011 vs. 2010	
	Total	Organic	Total	Organic
Sales	(26)%	(26)%	(8)%	(9)%
Orders	17%	17%	(24)%	(24)%

Colfax 2011
Sales Split



Colfax 2011
Orders Split



Highlights

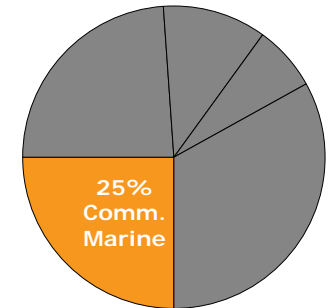
- Shipment and order activity continue to follow timing of specific ship programs (large orders are booked and delivered over multiple years)

Commercial Marine Market Perspective

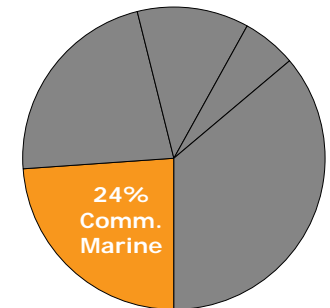
Sales & Orders Growth

	Q4 2011 vs. Q4 2010		2011 vs. 2010	
	Total	Organic	Total	Organic
Sales	--	(1)%	21%	12%
Orders	13%	12%	38%	29%

Colfax 2011
Sales Split



Colfax 2011
Orders Split



Highlights

- Sales were relatively flat, in line with internal expectations
- Cancellations declined from \$6 million in Q4 2010 to \$1 million in Q4 2011 (YTD decline: \$16 million in 2010 to \$6 million in 2011)

Howden and ESAB Update

Charter Acquisition Update

- Transaction successfully closed on January 13th
- Initial focus at Howden:
 - Intensify focus of lean
 - Streamline functions and simplify organizational structure
 - Leverage existing best practice models
 - Deploy CBS and improve our value-added selling capability
- Initial focus at ESAB:
 - Building the best team
 - Provide *Voice of Customer*-based products and services to regional end markets
 - Align organization strategically and structurally
 - Leverage global resources
 - Deploy CBS and provide exceptional customer service

Results of Operations

Income Statement Summary

(unaudited)

	Three Months Ended December 31,		Change	
	2011	2010	\$	%
Orders	\$ 153.4	\$ 133.6	\$ 19.8	14.8 %
Sales	\$ 177.8	\$ 166.7	\$ 11.1	6.7 %
Gross profit	\$ 61.5	\$ 59.6	\$ 1.9	3.2 %
% of sales	34.6%	35.8%		
SG&A expense	\$ 33.6	\$ 31.6	\$ 2.0	6.3 %
R&D expense	1.2	1.6	(0.4)	(25.0)%
Operating expense	\$ 34.8	\$ 33.2	\$ 1.6	4.8 %
% of sales	19.6%	19.9%		
Adjusted operating income	\$ 26.8	\$ 26.5	\$ 0.3	1.1 %
% of sales	15.0%	15.9%		
Adjusted EBITDA	\$ 31.9	\$ 31.4	\$ 0.5	1.6 %
% of sales	18.0%	18.8%		
Adjusted net income	\$ 17.6	\$ 16.9	\$ 0.7	4.1 %
% of sales	9.9%	10.1%		
Adjusted net income per share	\$ 0.40	\$ 0.39	\$ 0.01	2.0 %

Refer to Appendix for Non-GAAP reconciliation and footnotes.

Note: Dollars in millions.

Income Statement Summary

(unaudited)

	Twelve Months Ended December 31,		Change	
	2011	2010	\$	%
Orders	\$ 682.8	\$ 532.8	\$ 150.0	28.2 %
Sales	\$ 693.4	\$ 542.0	\$ 151.4	27.9 %
Gross profit	\$ 240.1	\$ 191.4	\$ 48.7	25.4 %
% of sales	34.6%	35.3%		
SG&A expense	\$ 144.8	\$ 119.4	\$ 25.4	21.3 %
R&D expense	5.7	6.2	(0.5)	(4.3)
Operating expense	\$ 150.5	\$ 125.6	\$ 24.9	19.8 %
% of sales	21.7%	23.2%		
Adjusted operating income	\$ 89.6	\$ 65.8	\$ 23.8	36.2 %
% of sales	12.9%	12.1%		
Adjusted EBITDA	\$ 112.2	\$ 81.9	\$ 30.3	37.0 %
% of sales	16.2%	15.1%		
Adjusted net income	\$ 58.1	\$ 40.2	\$ 17.9	44.5 %
% of sales	8.4%	7.4%		
Adjusted net income per share	\$ 1.31	\$ 0.92	\$ 0.39	42.8 %

Refer to Appendix for Non-GAAP reconciliation and footnotes.

Note: Dollars in millions.

Appendix

Disclaimer

Colfax has provided 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, earnings before interest, taxes and depreciation (EBITDA), adjusted EBITDA, organic sales growth and organic order growth. Adjusted net income, adjusted net income per share, adjusted EBITDA and adjusted operating income exclude asbestos liability and defense costs and asbestos coverage litigation expenses, restructuring and other related charges, and beginning in Q3 2011, charges related to the Charter acquisition to the extent they impact the periods presented. Projected adjusted net income per share reflects Colfax's definition beginning in 2012, which includes asbestos liability and defense costs and restructuring programs that are considered normal improvements to our operating process, but excludes asbestos coverage litigation expense, expenses related to major restructuring programs at Charter or any additional structural changes announced in the future, expenses related to the Charter acquisition and significant year-one fair value adjustment amortization expense in excess of the normal straight-line expense that will continue. The effective tax rates used to calculate adjusted net income, adjusted net income per share and projected adjusted net income per share are 30.5% for the full year and Q4 periods of 2011 in comparison to 32% for both the full year and Q4 periods of 2010. 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 legacy asbestos issues, costs related to the Charter acquisition and items outside the control of its operating management.

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

Non-GAAP Reconciliation

(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
EBITDA				
Net income	\$ (16,080)	\$ 8,650	\$ 4,555	\$ 16,215
Interest expense	1,412	1,609	5,919	6,684
Provision for income taxes	7,095	9,296	15,432	11,473
Depreciation and amortization	<u>5,172</u>	<u>4,888</u>	<u>22,598</u>	<u>16,130</u>
EBITDA	<u>\$ (2,401)</u>	<u>\$ 24,443</u>	<u>\$ 48,504</u>	<u>\$ 50,502</u>
EBITDA margin	(1.4)%	14.7%	7.0%	9.3%
Adjusted EBITDA				
Net income	\$ (16,080)	\$ 8,650	\$ 4,555	\$ 16,215
Interest expense	1,412	1,609	5,919	6,684
Provision for income taxes	7,095	9,296	15,432	11,473
Depreciation and amortization	5,172	4,888	22,598	16,130
Charter acquisition-related costs	25,324	-	31,052	-
Restructuring and other related charges	2,162	808	9,680	10,323
Asbestos liability and defense costs	4,593	3,697	12,237	7,876
Asbestos coverage litigation expenses	<u>2,246</u>	<u>2,443</u>	<u>10,700</u>	<u>13,206</u>
Adjusted EBITDA	<u>\$ 31,924</u>	<u>\$ 31,391</u>	<u>\$ 112,173</u>	<u>\$ 81,907</u>
Adjusted EBITDA margin	18.0%	18.8%	16.2%	15.1%

Non-GAAP Reconciliation

(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Adjusted Net Income and Adjusted Earnings per Share				
Net income	\$ (16,080)	\$ 8,650	\$ 4,555	\$ 16,215
Charter acquisition-related costs	25,324	-	31,052	-
Restructuring and other related charges	2,162	808	9,680	10,323
Asbestos liability and defense costs	4,593	3,697	12,237	7,876
Asbestos coverage litigation expenses	2,246	2,443	10,700	13,206
Tax adjustment to effective rate ⁽¹⁾	<u>(634)</u>	<u>1,330</u>	<u>(10,083)</u>	<u>(7,437)</u>
Adjusted net income	<u>\$ 17,611</u>	<u>\$ 16,928</u>	<u>\$ 58,141</u>	<u>\$ 40,183</u>
Adjusted net income margin	9.9%	10.2%	8.4%	7.4%
Weighted average shares outstanding - diluted	44,279,400	43,876,791	44,268,110	43,667,225
Adjusted net income per share	<u>\$ 0.40</u>	<u>\$ 0.39</u>	<u>\$ 1.31</u>	<u>\$ 0.92</u>
Net income per share—diluted in accordance with GAAP	<u>\$ (0.37)</u>	<u>\$ 0.20</u>	<u>\$ 0.10</u>	<u>\$ 0.37</u>
Adjusted Operating Income				
Operating income	\$ (7,573)	\$ 19,555	\$ 25,906	\$ 34,372
Charter acquisition-related costs	25,324	-	31,052	-
Restructuring and other related charges	2,162	808	9,680	10,323
Asbestos liability and defense costs	4,593	3,697	12,237	7,876
Asbestos coverage litigation expenses	<u>2,246</u>	<u>2,443</u>	<u>10,700</u>	<u>13,206</u>
Adjusted operating income	<u>\$ 26,752</u>	<u>\$ 26,503</u>	<u>\$ 89,575</u>	<u>\$ 65,777</u>
Adjusted operating income margin	15.0%	15.9%	12.9%	12.1%

⁽¹⁾ The effective tax rates used to calculate adjusted net income and adjusted net income per share present income taxes are 30.5% for the 2011 periods and to 32% for the 2010 periods.

Sales & Order Growth

(unaudited)

	Sales		Orders		Backlog at Period End	
	\$	%	\$	%	\$	%
Twelve months ended December 31, 2010	\$ 542.0		\$ 532.8		\$ 313.5	
<i>Components of Change:</i>						
Existing Businesses	48.8	9.0 %	65.0	12.2 %	(1.1)	(0.4)%
Acquisitions	81.3	15.0 %	64.0	12.0 %	40.2	12.8 %
Foreign Currency Translation	<u>21.3</u>	3.9 %	<u>21.0</u>	4.0 %	<u>(5.4)</u>	(1.7)%
Total	<u>151.4</u>	27.9 %	<u>150.0</u>	28.2 %	<u>33.7</u>	10.7 %
Twelve months ended December 31, 2011	<u>\$ 693.4</u>		<u>\$ 682.8</u>		<u>\$ 347.2</u>	

	Sales		Orders	
	\$	%	\$	%
Three months ended December 31, 2010	\$ 166.7		\$ 133.6	
<i>Components of Change:</i>				
Existing Businesses	(3.8)	(2.3)%	11.8	8.8 %
Acquisitions	15.6	9.4 %	8.9	6.7 %
Foreign Currency Translation	<u>(0.7)</u>	(0.4)%	<u>(0.9)</u>	(0.7)%
Total	<u>11.1</u>	6.7 %	<u>19.8</u>	14.8 %
Three months ended December 31, 2011	<u>\$ 177.8</u>		<u>\$ 153.4</u>	

2012 Outlook Summary

Revenue Range			
2012 Total ⁽¹⁾	\$4.0 billion	To	\$4.1 billion
EPS and Adjusted Net Income Range			
2012 Net income per share	\$0.41	To	\$0.57
Adjusted net income	\$165,200	To	\$185,000
2012 Adjusted net income per share ⁽¹⁾	\$1.45	To	\$1.65
Assumptions			
Asbestos coverage litigation	\$6 million		
Asbestos liability and defense costs	\$7 million		
Restructuring costs – Charter	\$25 million		
Charter acquisition-related expense	\$40 million		
Fair value adjustments – ESAB/Howden inventory and backlog	\$48 million		
Euro	\$1.30		
Tax rate - Adjusted basis/GAAP	29%/43%		
Outstanding shares – common and equivalents/preferred	86 million/13.9 million		

(1) Excludes impact of asbestos coverage litigation costs, Charter acquisition-related expense, Charter inventory and backlog fair value adjustments and Charter restructuring charges.

(See Non-GAAP Reconciliation included in this Appendix)

2012 Outlook Summary

(continued)

Assumptions (continued)	
Depreciation	\$100 million
Amortization	\$76 million
Interest Expense (based on LIBOR = 25 bps, EURIBOR = 70 bps)	\$98 million
Capital Expenditures	2.5% of revenue
Pension funding in excess of expense	\$40 million
Preferred dividend	\$20 million

2012 Organic Growth Outlook

	2012 Forecast Organic Growth
Fluid handling	4-8%
Howden	10-15%
ESAB	2-4%

2012 Rollforward

	Sales		Adjusted Income		EPS Range	
					Low	High
2011 Proforma sales, Colfax adjusted operating income		3,900,000		77,300 ⁽¹⁾		
FX @ 1.30 = Euro 1.00, others at January average		(100,000)		(9,200)		
Charter operating income at 2011 sales levels, including \$22 million recurring amortization				246,000		
FY impact of 2011 acquisitions		23,000		6,500		
Restructuring benefit - Colfax				4,000		
Pension expense				(10,000)		
Reduce asbestos liability and defense costs				5,000		
Results before organic revenue change		3,823,000		319,600		
Organic revenue growth impact: 5% @ 20% fall-through	190,000		38,000			
Organic revenue growth impact: 8% @ 22% fall-through		300,000		66,000		
	4,013,000	4,123,000	357,600	385,600		
Interest expense			(98,000)	(98,000)		
Tax			(75,200)	(83,400)		
Noncontrolling interest			(19,200)	(19,200)		
Adjusted net income			165,200	185,000		
Preferred dividend			(20,400)	(20,400)		
			144,800	164,600	1.45	1.65

⁽¹⁾ Calculated using the 2012 definition.

(See Non-GAAP Reconciliation included in this Appendix)

Significant Impacts on 2012 Projected Earnings Per Share

	EPS Impact
Preferred Stock Impact on EPS Available to Common Shareholders	\$0.20 / share
Asbestos Liability and Defense Costs	\$0.05 / share
Incremental Amortization of Intangibles	\$0.16 / share
Pension Expense	\$0.15 / share

2011 Adjusted Net Income – Current Presentation

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2011</u>
Net income (loss)	\$ 6,555	\$ 10,390	\$ 3,690	\$ (16,080)	\$ 4,555
Charter acquisition-related expense	-	-	5,728	25,324	31,052
Asbestos coverage litigation expense	2,066	3,302	3,086	2,246	10,700
Restructuring and other related charges	1,977	242	5,299	2,162	9,680
Tax adjustment to effective tax rate	(1,385)	(1,157)	(4,575)	767	(6,351)
Adjusted net income	<u>\$ 9,213</u>	<u>\$ 12,777</u>	<u>\$ 13,228</u>	<u>\$ 14,419</u>	<u>\$ 49,636</u>
Weighted average shares outstanding - diluted	44,105,120	44,277,234	44,411,970	44,279,400	44,268,110
Adjusted net income per share (diluted)	\$ 0.21	\$ 0.29	\$ 0.30	\$ 0.33	\$ 1.12

Non-GAAP Reconciliation

(unaudited)

	<u>EPS Range</u>	
Projected net income per share - diluted	\$ 0.41	\$ 0.57
Fair value adjustments - Charter inventory and backlog	0.48	0.48
Restructuring costs - Charter	0.25	0.25
Asbestos coverage litigation	0.06	0.06
Charter transaction costs	0.40	0.40
Tax adjustment	<u>(0.15)</u>	<u>(0.11)</u>
Projected adjusted net income per share - diluted	<u>\$ 1.45</u>	<u>\$ 1.65</u>