



Third Quarter 2011 Earnings Call

October 27, 2011



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.



- Adjusted net income of \$16.3 million (37 cents per share) compared to \$9.5 million (22 cents per share) in Q3 2010, an increase of 71.6%; Q3 2011 results include the positive 2 cent per share effect of currency translation
- Net sales of \$170.3 million compared to \$132.4 million in Q3 2010, an increase of 28.6%
- Adjusted operating income of \$23.9 million compared to \$15.6 million in Q3 2010, an increase of 53.2%
- Third quarter orders of \$174.8 million compared to \$124.1 million in Q3 2010, an increase of 40.9%
- Backlog of \$373.4 million



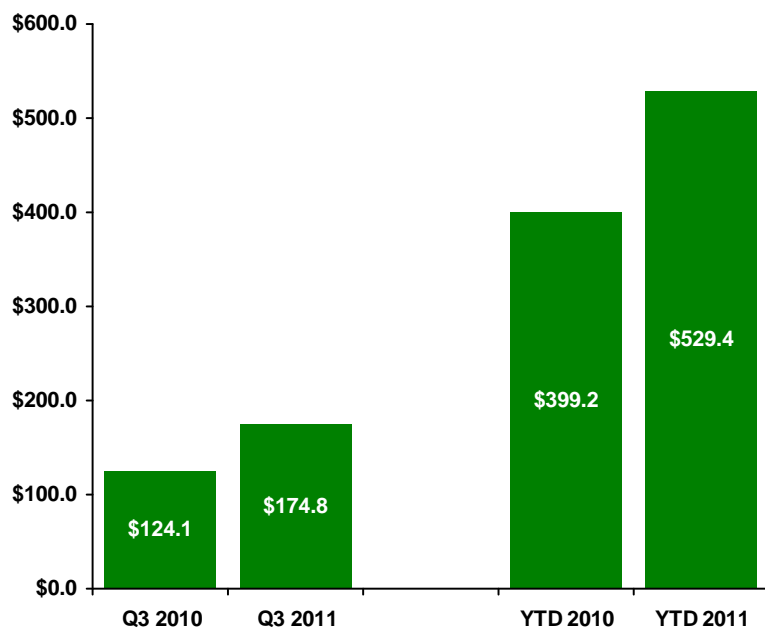
- Adjusted net income of \$40.5 million (91 cents per share) compared to \$23.3 million (53 cents per share) for year to date 2010, an increase of 73.8%; 2011 results include the positive 6 cent per share effect of currency translation
- Net sales of \$515.6 million compared to \$375.3 million for year to date 2010, an increase of 37.4%
- Adjusted operating income of \$62.8 million compared to \$39.3 million for year to date 2010, an increase of 59.8%
- Year to date 2011 orders of \$529.4 million compared to \$399.2 million for year to date 2010, an increase of 32.6%



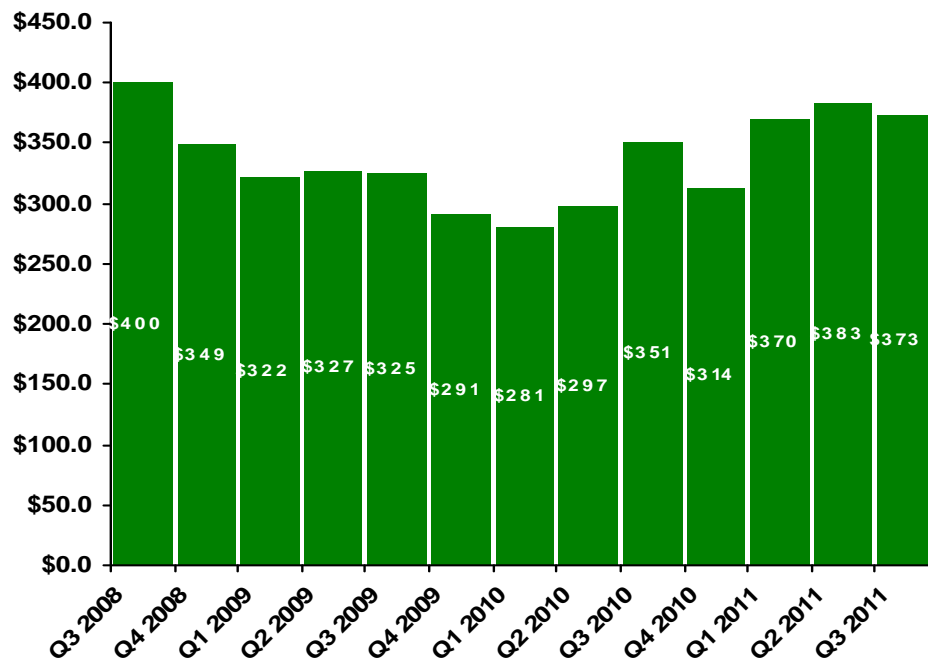
Orders and Backlog

Q3 2011 Earnings Call

Orders



Backlog



| | | |
|---------------------|---------------|---------------|
| Existing Businesses | 28.8 % | 13.3 % |
| Acquisitions | 4.8 % | 13.8 % |
| FX Translation | 7.3 % | 5.5 % |
| Total Growth | 40.9 % | 32.6 % |

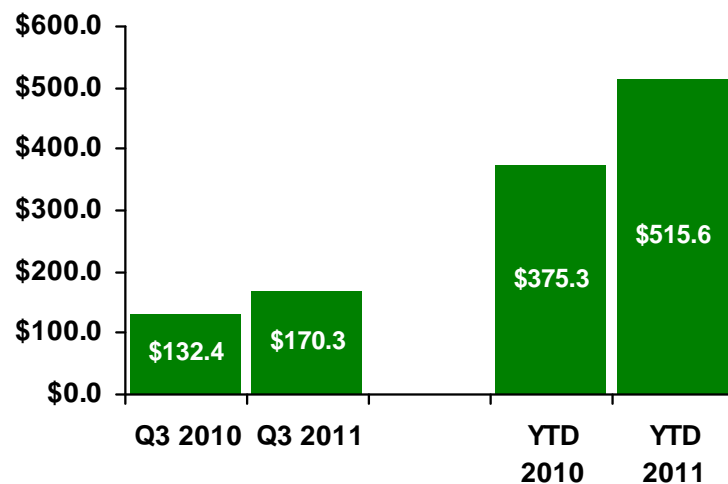
Note: Dollars in millions.



Revenue and Adjusted Operating Income

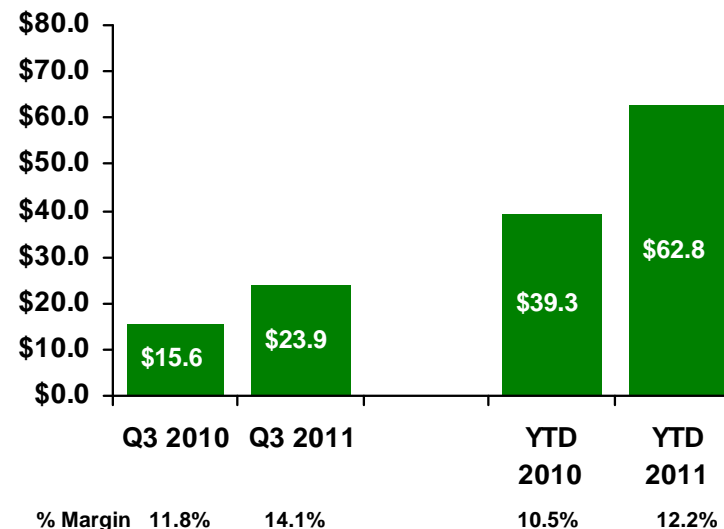
Q3 2011 Earnings Call

Revenue



| | Q3 2010 | Q3 2011 | YTD 2010 | YTD 2011 |
|---------------------|---------|---------------|----------|---------------|
| Existing Businesses | | 10.4 % | | 14.0 % |
| Acquisitions | | 11.3 % | | 17.5 % |
| FX Translation | | 6.9 % | | 5.9 % |
| Total Growth | | 28.6 % | | 37.4 % |

Adjusted Operating Income ⁽¹⁾



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

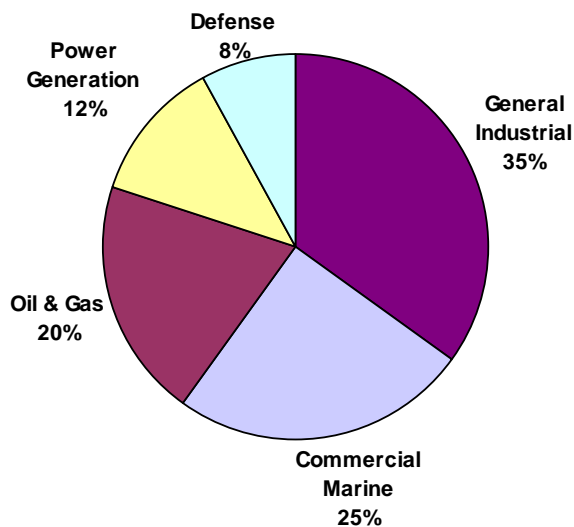
Note: Dollars in millions (unaudited).



Q3 2011 Sales and Orders by End Market

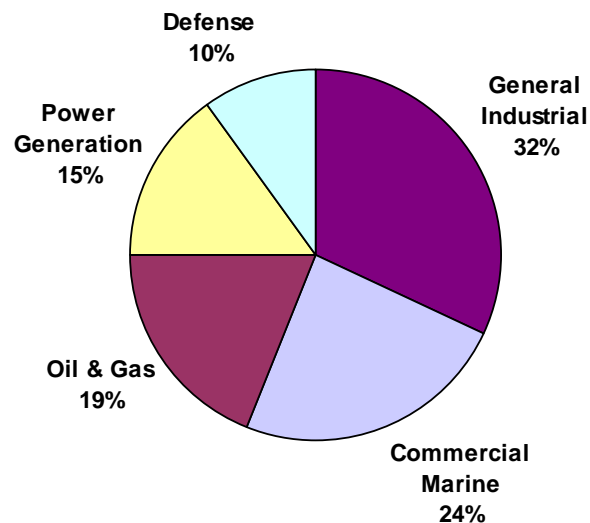
Q3 2011 Earnings Call

Sales: \$170.3 million



| | <u>Total Growth (Decline)</u> | <u>Organic Growth (Decline)</u> |
|--------------------|-------------------------------|---------------------------------|
| Commercial Marine | 26 % | 14 % |
| Oil & Gas | 89 % | 18 % |
| Power Generation | (8)% | (11)% |
| Defense | 3 % | 2 % |
| General Industrial | 31 % | 17 % |
| Total | 29 % | 10 % |

Orders: \$174.8 million



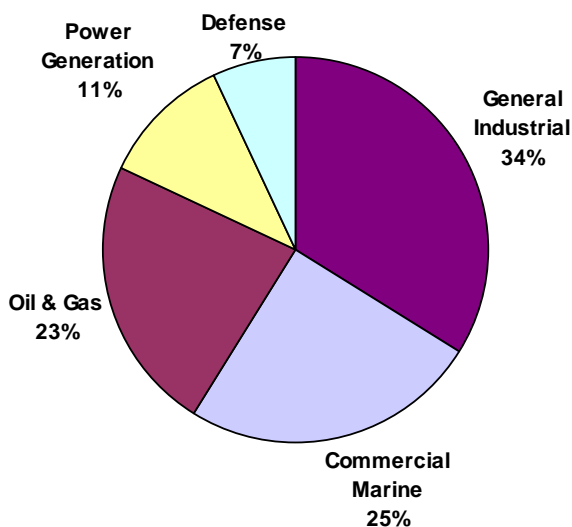
| | <u>Total Growth</u> | <u>Organic Growth</u> |
|--------------------|---------------------|-----------------------|
| Commercial Marine | 95 % | 76 % |
| Oil & Gas | 40 % | 20 % |
| Power Generation | 39 % | 36 % |
| Defense | 27 % | 25 % |
| General Industrial | 22 % | 10 % |
| Total | 41 % | 29 % |



YTD 2011 Sales and Orders by End Market

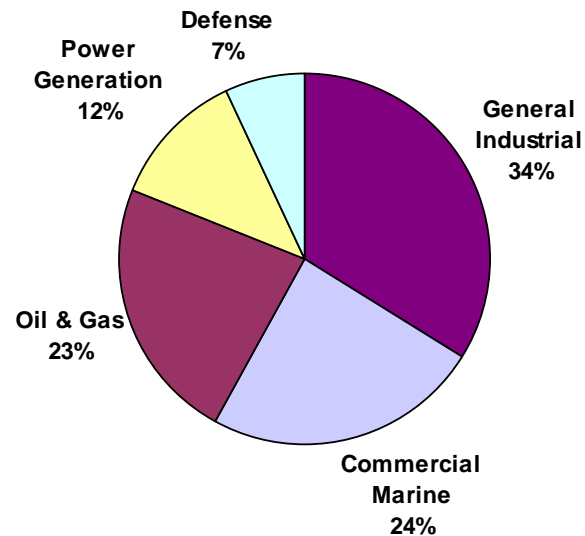
Q3 2011 Earnings Call

Sales: \$515.6 million



| | <u>Total Growth</u> | <u>Organic Growth (Decline)</u> |
|--------------------|---------------------|---------------------------------|
| Commercial Marine | 29 % | 18 % |
| Oil & Gas | 156 % | 30 % |
| Power Generation | 1 % | (1)% |
| Defense | 2 % | 1 % |
| General Industrial | 27 % | 16 % |
| Total | 37 % | 14 % |

Orders: \$529.4 million

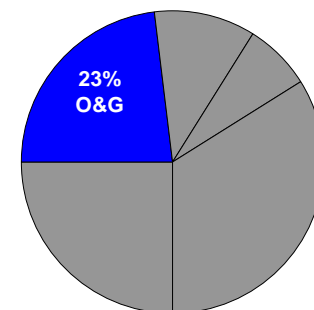


| | <u>Total Growth (Decline)</u> | <u>Organic Growth (Decline)</u> |
|--------------------|-------------------------------|---------------------------------|
| Commercial Marine | 47 % | 35 % |
| Oil & Gas | 92 % | 14 % |
| Power Generation | 12 % | 11 % |
| Defense | (30)% | (30)% |
| General Industrial | 27 % | 16 % |
| Total | 33 % | 13 % |

Sales & Orders Growth

| | Q3 2011 vs. Q3 2010 | | YTD 2011 vs. YTD 2010 | |
|---------------|---------------------|------------|-----------------------|------------|
| | Total | Organic | Total | Organic |
| Sales | 89% | 18% | 156% | 30% |
| Orders | 40% | 20% | 92% | 14% |

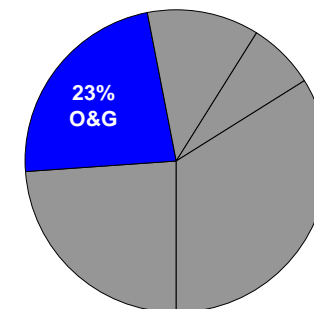
Colfax YTD 2011 Sales Split



Highlights and Outlook

- Rosscor very robust enabling entry into new accounts
- Strong quoting activity in the market
- Projects increasing in size

Colfax YTD 2011 Orders Split



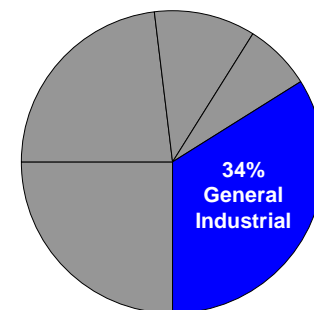
Sales & Orders Growth

| | Q3 2011 vs. Q3 2010 | | YTD 2011 vs. YTD 2010 | |
|---------------|---------------------|------------|-----------------------|------------|
| | Total | Organic | Total | Organic |
| Sales | 31% | 17% | 27% | 16% |
| Orders | 22% | 10% | 27% | 16% |

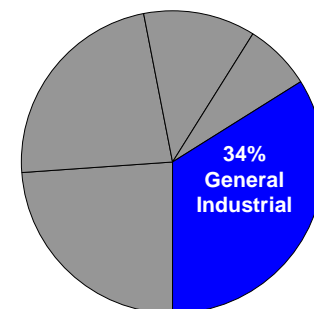
Highlights and Outlook

- Sales and orders up for the quarter and year to date
- Order strength is geographically broad-based, with continued strength in North America, Europe and Asia
- Growth in Q3 2011 was spread across our submarkets, most notably chemical processing, machinery and sales through distribution

Colfax YTD 2011 Sales Split



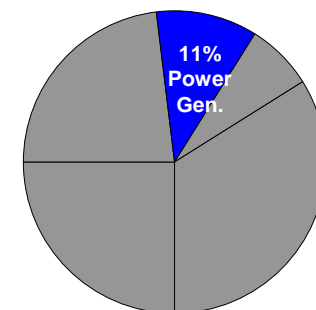
Colfax YTD 2011 Orders Split



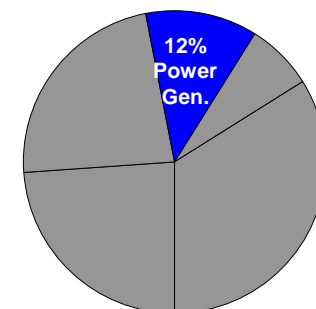
Sales & Orders Growth (Decline)

| | Q3 2011 vs. Q3 2010 | | YTD 2011 vs. YTD 2010 | |
|--------|---------------------|---------|-----------------------|---------|
| | Total | Organic | Total | Organic |
| Sales | (8)% | (11)% | 1% | (1)% |
| Orders | 39 % | 36% | 12% | 11% |

Colfax YTD 2011 Sales Split



Colfax YTD 2011 Orders Split



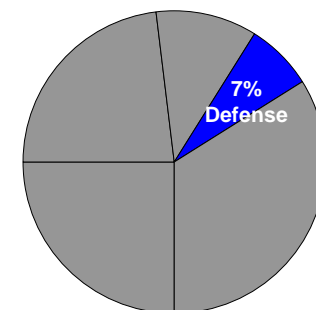
Highlights and Outlook

- Sales decline due to decision to exit certain business in the Middle East
- Record orders for the quarter, including a large project in the Middle East, and growth in South America, the Middle East and Asia
- Large backlog of power infrastructure projects in emerging markets

Sales & Orders Growth (Decline)

| | Q3 2011 vs. Q3 2010 | | YTD 2011 vs. YTD 2010 | |
|--------|---------------------|---------|-----------------------|---------|
| | Total | Organic | Total | Organic |
| Sales | 3% | 2% | 2% | 1% |
| Orders | 27% | 25% | (30)% | (30)% |

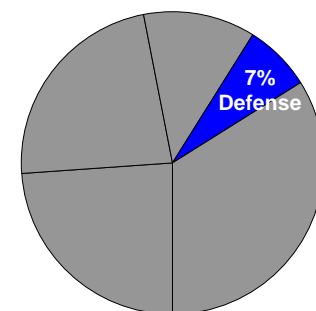
Colfax YTD 2011 Sales Split



Highlights and Outlook

- Sales and orders both increased during Q3 2011
- Shipment and order activity continue to follow timing of specific ship programs (large orders are booked and delivered over multiple years)
- Two large orders booked this quarter: DDG 1000 program and another Virginia class submarine

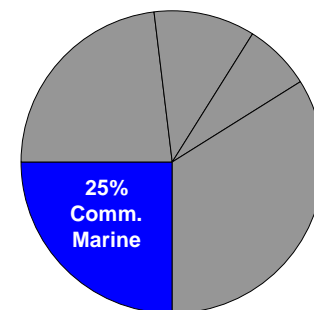
Colfax YTD 2011 Orders Split



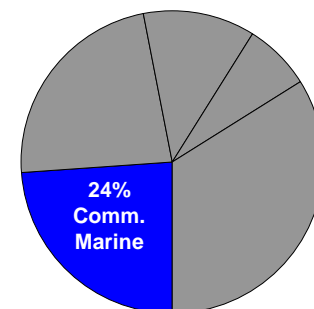
Sales & Orders Growth

| | Q3 2011 vs. Q3 2010 | | YTD 2011 vs. YTD 2010 | |
|---------------|---------------------|------------|-----------------------|------------|
| | Total | Organic | Total | Organic |
| Sales | 26% | 14% | 29% | 18% |
| Orders | 95% | 76% | 47% | 35% |

Colfax YTD 2011 Sales Split



Colfax YTD 2011 Orders Split



Highlights and Outlook

- Sales and orders both increased during the quarter, orders for Q3 2010 were relatively weak
- Cancellations were \$2 million in Q3 2011 vs. \$4 million in Q3 2010; \$5 million YTD 2011 vs. \$10 million YTD 2010
- End market performance continues to exceed our expectations

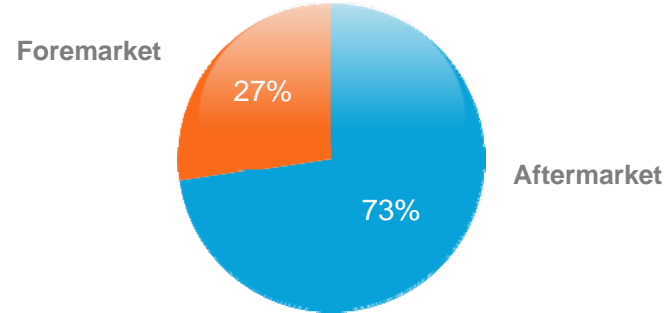


#2 global manufacturer of welding & cutting products; technology & innovation leader



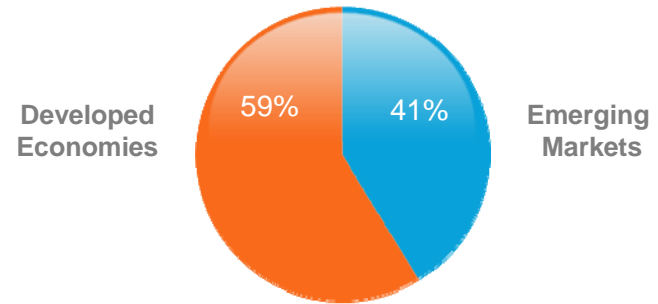
AFTERMARKET REVENUES

1H 2011 LTM = £1.3b



GEOGRAPHIC EXPOSURE

1H 2011 LTM = £1.3b

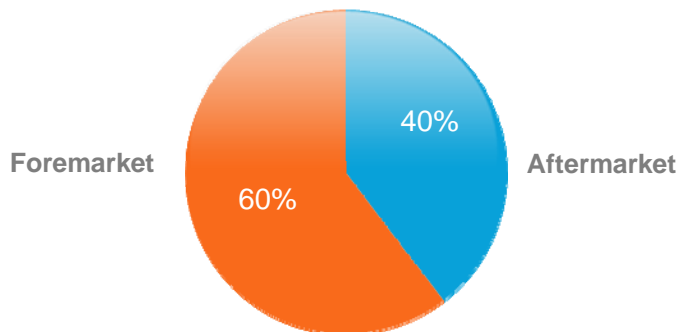


Source: Company filings

Leading global manufacturer of heavy-duty fans and compressors; energy, power and mining key drivers of revenue

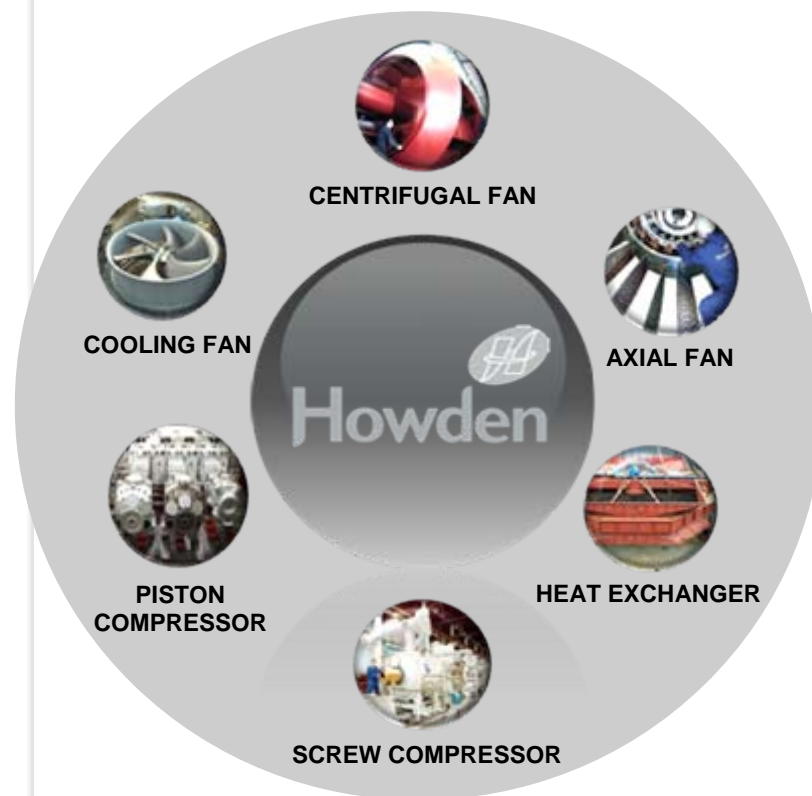
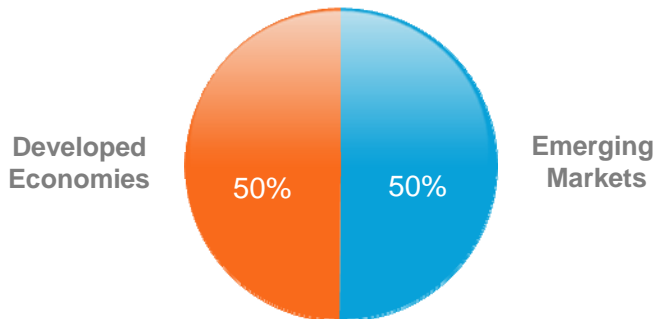
AFTERMARKET REVENUES

1H 2011 LTM = £0.6b



GEOGRAPHIC EXPOSURE

1H 2011 LTM = £0.6b

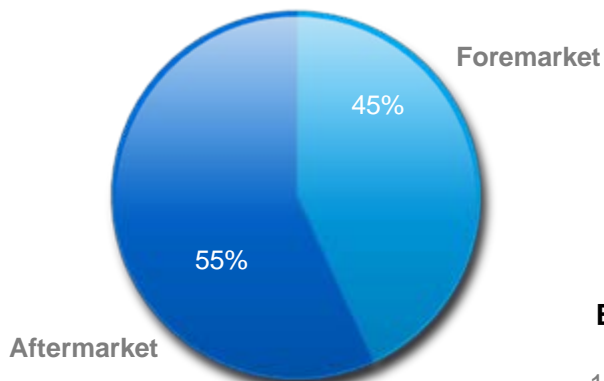


Source: Company filings

Attractive business mix; strong secular growth drivers

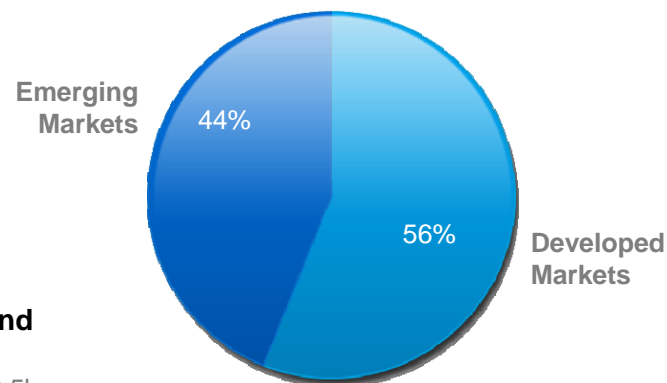
Meaningful recurring revenue stream

1H 2011 LTM Pro-Forma = \$3.5b



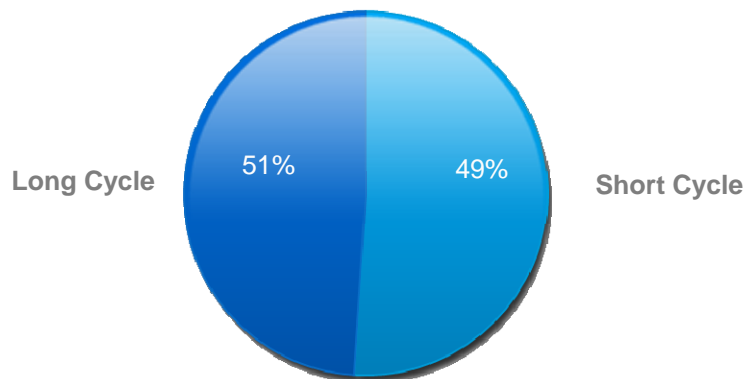
Considerable exposure to emerging markets

1H 2011 LTM Pro-Forma = \$3.5b



Balance between short and long cycle businesses

1H 2011 LTM Pro-Forma = \$3.5b



Source: Company filings



- Strong balance sheet
 - Debt of \$75 million, principal payments of \$10 million in 2011
 - Cash of \$64 million
 - \$130 million available on revolver



Income Statement Summary (Unaudited)

Q3 2011 Earnings Call

| | Three Months Ended | | Change | |
|-------------------------------|--------------------|-----------------|---------|--------|
| | September 30, 2011 | October 1, 2010 | \$ | % |
| Orders | \$ 174.8 | \$ 124.1 | \$ 50.7 | 40.9 % |
| Sales | \$ 170.3 | \$ 132.4 | \$ 37.9 | 28.6 % |
| Gross profit | \$ 60.7 | \$ 47.1 | \$ 13.6 | 28.9 % |
| % of sales | 35.6% | 35.6% | | |
| SG&A expense | \$ 41.0 | \$ 29.9 | \$ 11.1 | 37.1 % |
| R&D expense | 1.4 | 1.6 | (0.2) | -13% |
| Operating expense | \$ 42.4 | \$ 31.5 | \$ 10.9 | 34.6 % |
| % of sales | 24.9% | 23.8% | | |
| Adjusted operating income | \$ 23.9 | \$ 15.6 | \$ 8.3 | 53.2 % |
| % of sales | 14.1% | 11.8% | | |
| Adjusted EBITDA | \$ 29.2 | \$ 19.5 | \$ 9.7 | 49.7 % |
| % of sales | 17.2% | 14.7% | | |
| Adjusted net income | \$ 16.3 | \$ 9.5 | \$ 6.8 | 71.6 % |
| % of sales | 9.6% | 7.2% | | |
| Adjusted net income per share | \$ 0.37 | \$ 0.22 | \$ 0.15 | 68.2 % |

Refer to Appendix for Non-GAAP reconciliation and footnotes.

Note: Dollars in millions.



Income Statement Summary (Unaudited)

Q3 2011 Earnings Call

| | Nine Months Ended | | Change | |
|-------------------------------|--------------------|-----------------|----------|--------|
| | September 30, 2011 | October 1, 2010 | \$ | % |
| Orders | \$ 529.4 | \$ 399.2 | \$ 130.2 | 32.6 % |
| Sales | \$ 515.6 | \$ 375.3 | \$ 140.3 | 37.4 % |
| Gross profit | \$ 178.6 | \$ 131.8 | \$ 46.8 | 35.5 % |
| % of sales | 34.6% | 35.1% | | |
| SG&A expense | \$ 116.9 | \$ 87.8 | \$ 29.1 | 33.1 % |
| R&D expense | 4.5 | 4.7 | (0.2) | (4.3) |
| Operating expense | \$ 121.4 | \$ 92.5 | \$ 28.9 | 31.2 % |
| % of sales | 23.5% | 24.6% | | |
| Adjusted operating income | \$ 62.8 | \$ 39.3 | \$ 23.5 | 59.8 % |
| % of sales | 12.2% | 10.5% | | |
| Adjusted EBITDA | \$ 80.2 | \$ 50.5 | \$ 29.7 | 58.8 % |
| % of sales | 15.6% | 13.5% | | |
| Adjusted net income | \$ 40.5 | \$ 23.3 | \$ 17.2 | 73.8 % |
| % of sales | 7.9% | 6.2% | | |
| Adjusted net income per share | \$ 0.91 | \$ 0.53 | \$ 0.38 | 71.7 % |


Refer to Appendix for Non-GAAP reconciliation and footnotes.

Note: Dollars in millions.

Appendix

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, adjusted operating income, earnings before interest, taxes depreciation and amortization (“EBITDA”), adjusted EBITDA, organic sales growth (decline) and organic order growth (decline). Adjusted net income, adjusted net income per share, adjusted operating income and adjusted EBITDA exclude asbestos liability and defense costs, asbestos coverage litigation expenses, restructuring and other related charges and, beginning in Q3 2011, charges related to the proposed Charter acquisition, to the extent they impact the periods presented. As we are currently anticipating a significant reduction in our 2011 adjusted-basis effective tax rate from 32% to 30.5%, the effective tax rates used to calculate adjusted net income and adjusted net income per share present income taxes are 30.5% and 28.2% for the year to date and Q3 periods of 2011, respectively, in comparison to 32% for both the year to date and Q3 periods of 2010. 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 legacy asbestos issues, Charter acquisition-related charges 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.




Non-GAAP Reconciliation

(unaudited)

Q3 2011 Earnings Call

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|------------------|--------------------|------------------|
| | September 30, 2011 | October 1, 2010 | September 30, 2011 | October 1, 2010 |
| EBITDA | | | | |
| Net income | \$ 3,690 | \$ 5,851 | \$ 20,635 | \$ 7,565 |
| Interest expense | 1,218 | 1,544 | 4,507 | 5,075 |
| Provision for income taxes | 532 | 1,210 | 8,337 | 2,177 |
| Depreciation and amortization | 5,306 | 3,932 | 17,426 | 11,242 |
| EBITDA | <u>\$ 10,746</u> | <u>\$ 12,537</u> | <u>\$ 50,905</u> | <u>\$ 26,059</u> |
| EBITDA margin | 6.3% | 9.5% | 9.9% | 6.9% |
| Adjusted EBITDA | | | | |
| Net income | \$ 3,690 | \$ 5,851 | \$ 20,635 | \$ 7,565 |
| Interest expense | 1,218 | 1,544 | 4,507 | 5,075 |
| Provision for income taxes | 532 | 1,210 | 8,337 | 2,177 |
| Depreciation and amortization | 5,306 | 3,932 | 17,426 | 11,242 |
| Charter acquisition-related costs | 5,728 | - | 5,728 | - |
| Restructuring and other related charges | 5,299 | 2,441 | 7,518 | 9,515 |
| Asbestos liability and defense costs | 4,391 | 2,202 | 7,644 | 4,179 |
| Asbestos coverage litigation expenses | 3,086 | 2,339 | 8,454 | 10,763 |
| Adjusted EBITDA | <u>\$ 29,250</u> | <u>\$ 19,519</u> | <u>\$ 80,249</u> | <u>\$ 50,516</u> |
| Adjusted EBITDA margin | 17.2% | 14.7% | 15.6% | 13.5% |

Note: Dollars in thousands.



Non-GAAP Reconciliation (unaudited)

Q3 2011 Earnings Call

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-----------------|--------------------|-----------------|
| | September 30, 2011 | October 1, 2010 | September 30, 2011 | October 1, 2010 |
| Adjusted Net Income and Adjusted Earnings per Share | | | | |
| Net income | \$ 3,690 | \$ 5,851 | \$ 20,635 | \$ 7,565 |
| Charter acquisition-related costs | 5,728 | - | 5,728 | - |
| Restructuring and other related charges | 5,299 | 2,441 | 7,518 | 9,515 |
| Asbestos liability and defense costs | 4,391 | 2,202 | 7,644 | 4,179 |
| Asbestos coverage litigation expenses | 3,086 | 2,339 | 8,454 | 10,763 |
| Tax adjustment to effective rate ⁽¹⁾ | (5,865) | (3,284) | (9,449) | (8,767) |
| Adjusted net income | \$ 16,329 | \$ 9,549 | \$ 40,530 | \$ 23,255 |
| Adjusted net income margin | 9.6% | 7.2% | 7.9% | 6.2% |
| Weighted average shares outstanding - diluted | 44,411,970 | 43,619,252 | 44,299,157 | 43,539,372 |
| Adjusted net income per share | \$ 0.37 | \$ 0.22 | \$ 0.91 | \$ 0.53 |
| Net income per share—diluted in accordance with GAAP | \$ 0.08 | \$ 0.13 | \$ 0.47 | \$ 0.17 |
| Adjusted Operating Income | | | | |
| Operating income | \$ 5,440 | \$ 8,605 | \$ 33,479 | \$ 14,817 |
| Charter acquisition-related costs | 5,728 | - | 5,728 | - |
| Restructuring and other related charges | 5,299 | 2,441 | 7,518 | 9,515 |
| Asbestos liability and defense costs | 4,391 | 2,202 | 7,644 | 4,179 |
| Asbestos coverage litigation expenses | 3,086 | 2,339 | 8,454 | 10,763 |
| Adjusted operating income | \$ 23,944 | \$ 15,587 | \$ 62,823 | \$ 39,274 |
| Adjusted operating income margin | 14.1% | 11.8% | 12.2% | 10.5% |

⁽¹⁾ As we are currently anticipating a significant reduction in our 2011 adjusted-basis effective tax rate from 32% to 30.5%, the effective tax rates used to calculate adjusted net income and adjusted net income per share present income taxes are 30.5% and 28.2% for the year to date and Q3 periods of 2011, respectively, in comparison to 32% for both the year to date and Q3 periods of 2010.



Sales & Order Growth - (unaudited)

Q3 2011 Earnings Call

| | <u>Sales</u> | | <u>Orders</u> | | <u>Backlog at Period End</u> | |
|---|------------------------|--------|------------------------|--------|------------------------------|--------|
| | \$ | % | \$ | % | \$ | % |
| Nine months ended October 1, 2010 | \$ 375.3 | | \$ 399.2 | | \$ 351.2 | |
| <i>Components of Change:</i> | | | | | | |
| Existing Businesses | 52.6 | 14.0 % | 53.2 | 13.3 % | (17.3) | (4.9)% |
| Acquisitions | 65.7 | 17.5 % | 55.1 | 13.8 % | 40.6 | 11.5 % |
| Foreign Currency Translation | <u>22.0</u> | 5.9 % | <u>21.9</u> | 5.5 % | <u>(1.1)</u> | (0.3)% |
| Total | <u>140.3</u> | 37.4 % | <u>130.2</u> | 32.6 % | <u>22.2</u> | 6.3 % |
| Nine months ended September 30, 2011 | <u>\$ 515.6</u> | | <u>\$ 529.4</u> | | <u>\$ 373.4</u> | |

| | <u>Sales</u> | | <u>Orders</u> | |
|--|------------------------|--------|------------------------|--------|
| | \$ | % | \$ | % |
| Three months ended October 1, 2010 | \$ 132.4 | | \$ 124.1 | |
| <i>Components of Change:</i> | | | | |
| Existing Businesses | 13.8 | 10.4 % | 35.7 | 28.8 % |
| Acquisitions | 14.9 | 11.3 % | 6.0 | 4.8 % |
| Foreign Currency Translation | <u>9.2</u> | 6.9 % | <u>9.0</u> | 7.3 % |
| Total | <u>37.9</u> | 28.6 % | <u>50.7</u> | 40.9 % |
| Three months ended September 30, 2011 | <u>\$ 170.3</u> | | <u>\$ 174.8</u> | |

Note: Dollars in millions.