



## Colfax Responds to Market Rumors Regarding a Potential Acquisition of Charter International

FULTON, Md., Sept. 4, 2011 /PRNewswire/ -- Colfax Corporation (NYSE: CFX) ("Colfax" or the "Company") today confirmed, in response to market rumors, that it is in preliminary discussions regarding a possible all-cash offer to acquire Charter International plc (LSE: CHTR) ("Charter").

Colfax believes the acquisition of Charter, if consummated, would complement its stated strategy which, in addition to driving organic growth, includes pursuing value-creating acquisitions within its served markets, and adding complementary growth platforms to provide scale and revenue diversity.

The Company takes a disciplined approach to acquisitions with clearly defined strategic and financial criteria, and is committed to maintaining a prudent capital structure. Colfax considers Charter to be a leading player in key markets with an attractive business mix and strong technological capabilities that would fit well with Colfax's acquisition criteria. Charter's Howden division, which focuses on air and gas handling, would complement and extend Colfax's existing fluid handling business and its ESAB business, which provides welding and cutting solutions, would become the foundation of a new growth platform.

The transaction would be financed with a combination of balance sheet cash, new debt and new equity. The new equity would be provided, in whole or in part, by certain existing shareholders as well as long-term third-party investors that share Colfax's values and vision. Colfax believes the capital structure would meet its goal of maintaining a credit rating of BB-/Ba3 or better, which it believes will ensure the Company retains sufficient flexibility to continue existing and new initiatives without undue balance sheet risk.

The Company expects the acquisition, if completed, would be significantly accretive to earnings on a fully diluted basis(1) and would achieve a double-digit return on invested capital within three to five years.

Colfax reserves the right to vary the form and/or mix of consideration as set out above and/or introduce other forms of consideration in substitution for all or part of the cash consideration. This statement does not represent a firm intention to make an offer and there can be no certainty that any offer will ultimately be made, or the terms or timing on which any such offer would be made.

Any further announcement will be made when appropriate.

(1) This should not be taken as a statement regarding the Company's expectations for its earnings per share during the remainder of 2011, for 2012 or subsequent periods.

**ABOUT COLFAX CORPORATION** — Colfax Corporation (the "Company" or "Colfax") is a global supplier of a broad range of fluid-handling products, including pumps, fluid handling systems and controls, and specialty valves. The Company has a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. The Company's products serve a variety of applications in five strategic end markets: commercial marine, oil and gas, power generation, defense and general industrial. Colfax designs and engineers its products to high quality and reliability standards for use in critical fluid-handling applications where performance is paramount, and it offers customized fluid-handling solutions to meet individual customer needs based on its in-depth technical knowledge of the applications in which its products are used.

Colfax's stated strategy is to drive aggressive growth within its existing business through a combination of organic initiatives and acquisitions, and periodically to add new growth platforms. The Company has completed thirteen acquisitions since its founding in 1995 and takes a disciplined approach to acquisitions with clearly defined criteria:

- Strong brand names
- Leading market positions
- Global reach and manufacturing
- Attractive secular growth drivers
- Differentiated products/technologies
- Complementary end market/geographic focus (for transactions within existing platforms)
- Lengthy bolt-on acquisition runway (for transactions establishing new platforms)
- Accretive to earnings

- Double digit return on invested capital within three to five years

Colfax recently reported robust second quarter earnings. The Company believes the strong performance of its base business provides a solid foundation for complementary acquisitions such as Charter.

#### **CAUTIONARY NOTE CONCERNING FORWARD LOOKING STATEMENTS**

This press release may contain forward-looking statements, including forward-looking statements within the meaning of the U.S. 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 as well as its 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 press release speaks only as of this date. Colfax disclaims any duty to update the information herein.

The term "Colfax" in reference to the activities described in this press release may mean one or more of Colfax's global operating subsidiaries and/or their internal business divisions and does not necessarily indicate activities engaged in by Colfax Corporation.

#### **CAUTIONARY NOTE REGARDING UK TAKEOVER CODE**

This is an announcement falling under Rule 2.4 of The City Code on Takeovers and Mergers (the "Code"). It does not represent a firm intention to make an offer under Rule 2.5 of the Code. Accordingly, there can be no certainty that any offer will ultimately be made, or the terms or timing on which any such offer would be made.

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