

Colfax Reports 1Q Loss On Acquisition Costs

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The Associated Press

FULTON, Md. (AP) — Pump and valve maker Colfax Corp. said Tuesday that acquisition costs helped the company swing to a loss in its first quarter, even as its newly acquired business helped boost revenue sharply.

Shares fell 5 percent in afternoon trading as the broader markets also declined.

In September, Colfax announced its acquisition of Charter International PLC, which owns two engineering businesses, for \$2.4 billion in cash and stock.

The acquisition helped increase first-quarter revenue more than fivefold. But acquisition costs of \$42.9 million pretax helped wipe out the company's first-quarter profit. Colfax reported a net loss of \$109.3 million, or \$1.33 per share, compared to net income of \$6.6 million, or 15 cents per share, a year earlier.

Excluding one-time items, adjusted income was 23 cents per share, higher than the adjusted income of 21 cents per share that analysts expected, according to FactSet.

Revenue rose to \$886.4 million from \$158.6 million in the prior-year period. Analysts had been expecting \$897.8 million.

Colfax also said buying Dublin-based Charter would provide the company exposure to emerging markets and offer an additional growth platform in the fragmented welding and cutting industry.

Charter wasn't Colfax's only acquisition. In December, Colfax paid at least \$34 million for Cot-Puritech, an oil flushing and remediation services supplier, expanding Colfax's lubrication management services offering, particularly for the oil and gas market. Canton, Ohio-based Cot-Puritech supplies its services to refinery and petrochemical operators, power generation plants and other industrial manufacturing sites. It generated about \$20 million in revenue in 2010.

Shares of Colfax fell \$1.53 to \$31.40. The stock has traded between \$17.90 and \$37.64 in the last year.

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