



# Franklin Electric

KeyBanc Capital Markets Industrial, Automotive &  
Transportation Conference

**June 7, 2007**

**“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995.**

Any forward looking statements contained herein involve risks and uncertainties, including but not limited to, general economic and currency conditions, various conditions specific to the Company’s business and industry, market demand, competitive factors, supply constraints, technology factors, litigation, government and regulatory actions, the Company’s accounting policies, future trends, and other risks which are detailed in the Company’s Securities and Exchange Commission filings, including, in particular, under Item 1A of Part 1 of the Company’s Annual Report in Form 10-K for the fiscal year ended December 30, 2006, and Exhibit 99.1 thereto. These risks and uncertainties may cause actual results to differ materially from those indicated by the forward-looking statements.

# Topics

- 2006 Review
- Strategic Transformation Update
  - Water Systems
  - Fueling Systems

# Financial Summary

LTM March, 31, 2007

NASDAQ	FELE
Sales Revenue	<b>\$586.7 Mil + 36%</b>
EPS (diluted)	<b>\$2.22 + 4%</b>
EBIT* / Capital Employed	<b>19%</b>
Net Debt / EBITDA*	<b>0.8X</b>

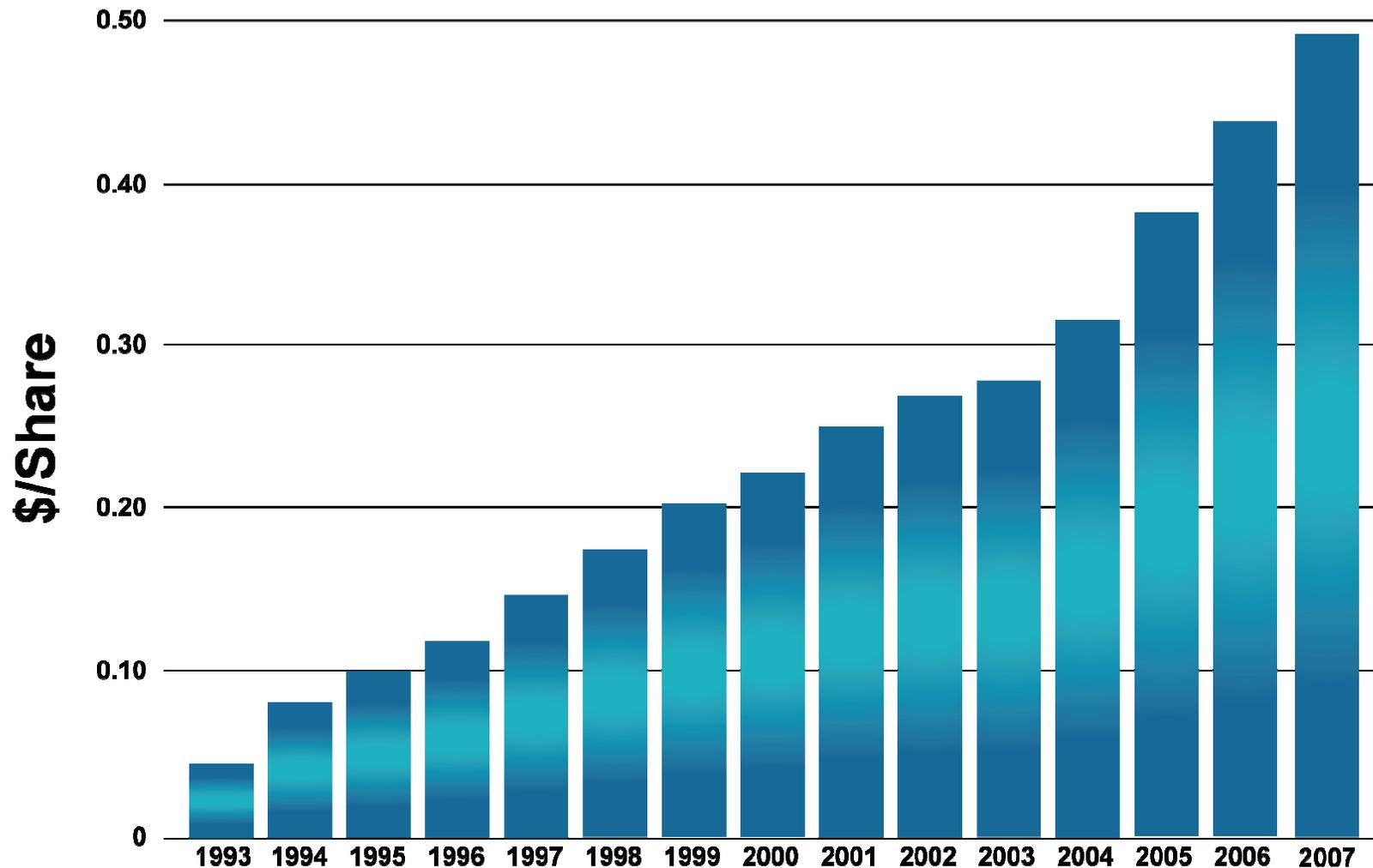
**\*LTM March 31, 2007 Continuing Operations**

EBITDA	\$102.8 Mil
Less Depreciation & Amortization	<u>\$18.6</u>
EBIT	\$89.2
Less Interest Expense	\$4.4
Less Income Taxes	<u>\$27.9</u>
Net Income	\$51.9 Mil

## Franklin Electric Dividend History

2006 – Dividend Increased for 14<sup>th</sup> Consecutive Year

2007 – Dividend Increased for 15<sup>th</sup> Consecutive Year



## 2006 Acquisitions

**Little Giant Pump Company, Inc.**  
\$108 Mil Proforma Sales (2006)\*



**Healy Systems, Inc.**  
\$25 Mil Proforma Sales (2006)\*



\* As if acquisition occurred on January 1, 2006

## Continued Production Shift to Low Cost Regions

- Linares, Mexico; Brno, Czech Rep.; + 15%  
Suzhou, China Headcount
- Siloam, Arkansas and Wittlich, - 19%  
Germany Headcount

**Linares, Mexico Expansion**



**Suzhou, China Expansion**



## Other Plant Expansions

**Franklin Fueling Madison, WI**



**Wilburton, OK Pumps and Franklin Tech**

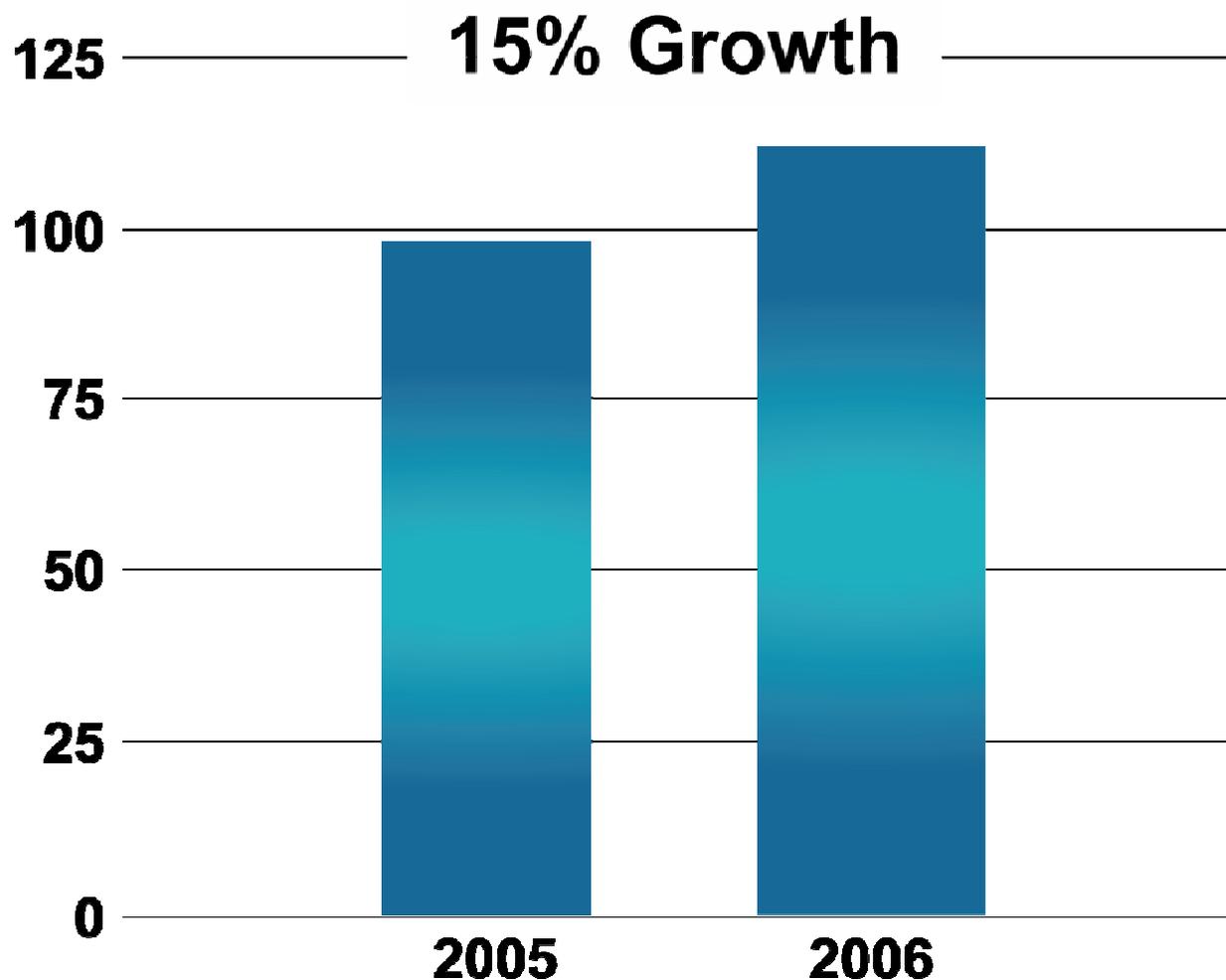


**Grant County, IN**



## Emerging Market Sales Growth\*

(Proforma Including Full Year Healy & Little Giant Sales – in Millions)



\*Latin America, Eastern Europe, Middle East & North Africa, Southern Africa & Asia Pacific/India

## Strategic Focus

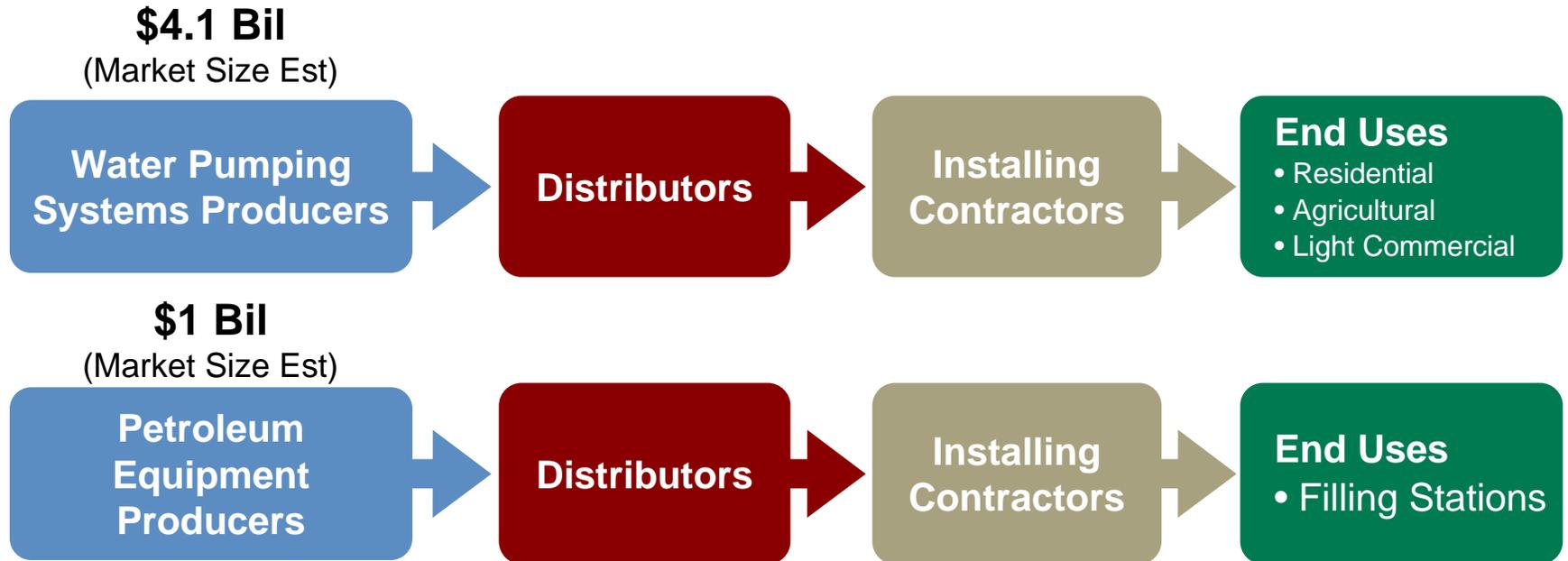
Global Water Systems and Petroleum Equipment Distribution Channels

# Process Control Company



## Strategic Focus

Water Systems & Petroleum Equipment Distribution Channels



- Growing Global Demand
- Fragmented Customer Base
- Installing Contractors – Value Reliability
- Franklin Brand Equity

# Growth Strategy

## Product Line Extensions



Franklin  
Submersible Motor  
1950s



Motors, Controls  
and Drives  
1990s



Motors, Pumps, Drives  
and Controls  
2004



Adjacent Pumping  
Systems  
2006



Global  
Sales  
Opportunity



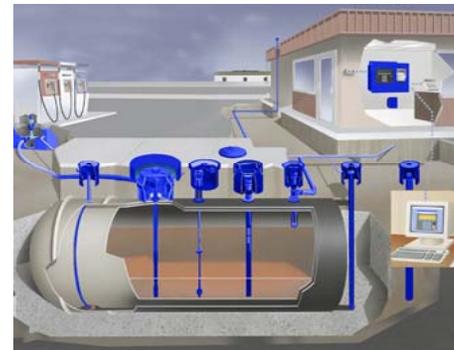
Franklin  
Submersible Motor  
1960s



FE Petro  
Turbine Pump  
1980s



FE Petro Turbine  
and Drive  
1990s

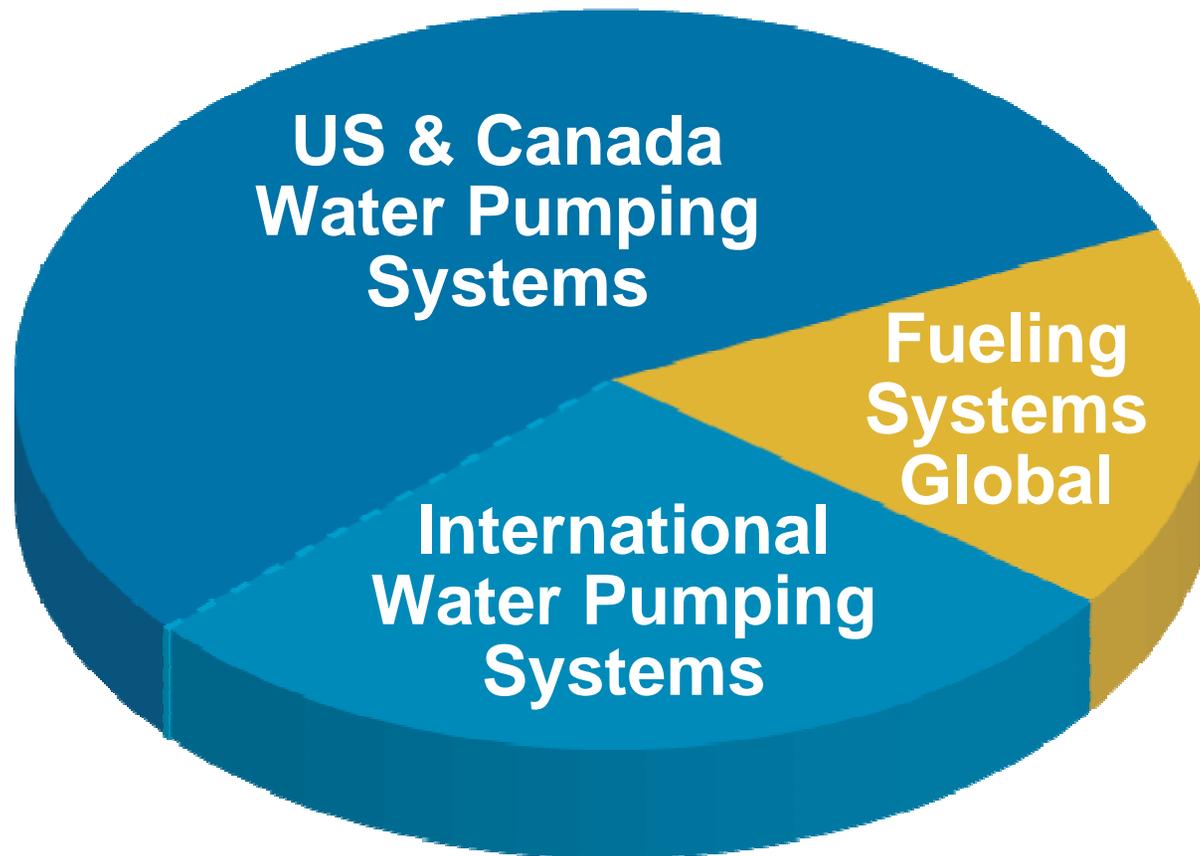


Adjacent Products  
2000s



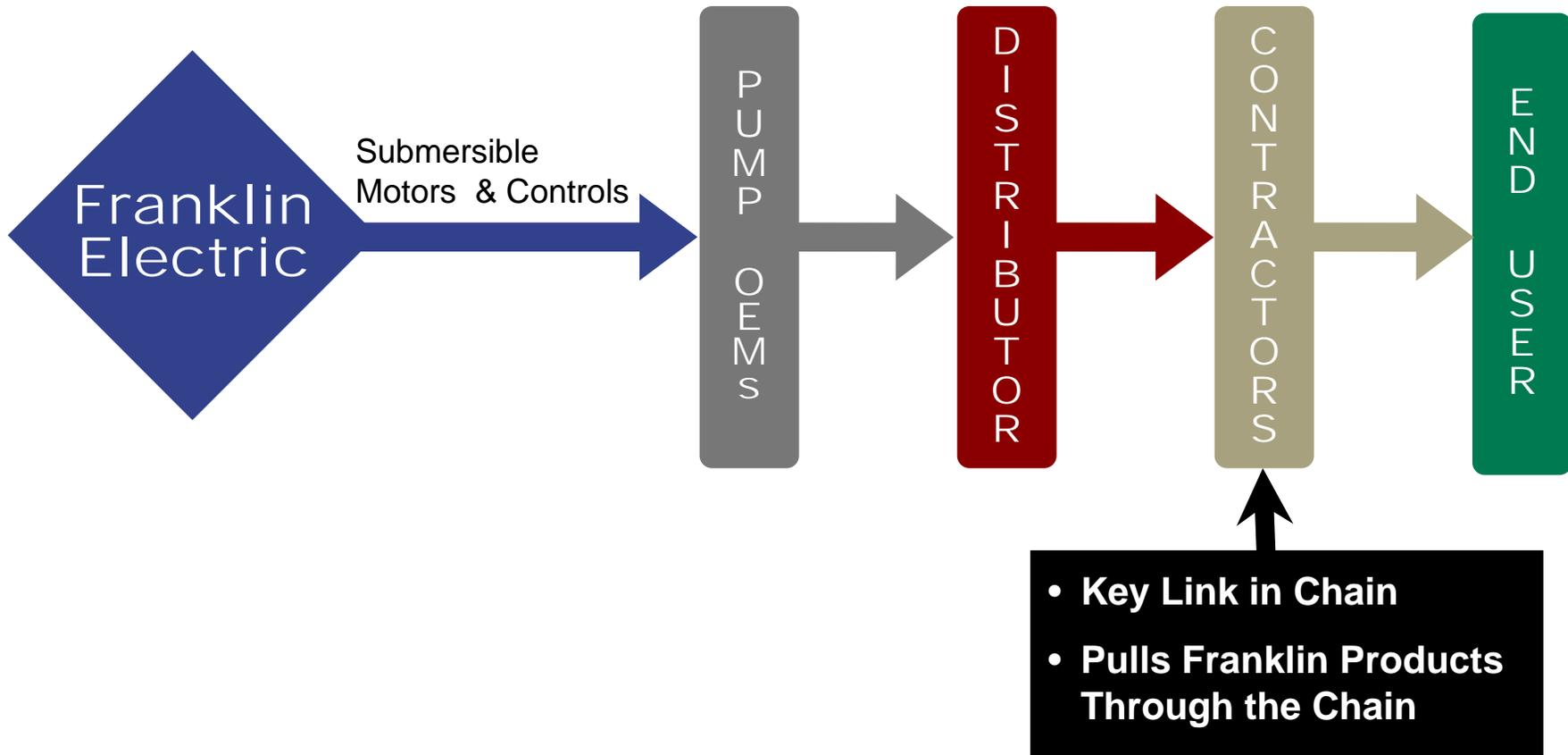
Global  
Sales  
Opportunity

## Sales by Product Line



# Water Systems

Business Model Before 2004



## Water Systems

Contractor Pull – Franklin Motors



### Example:

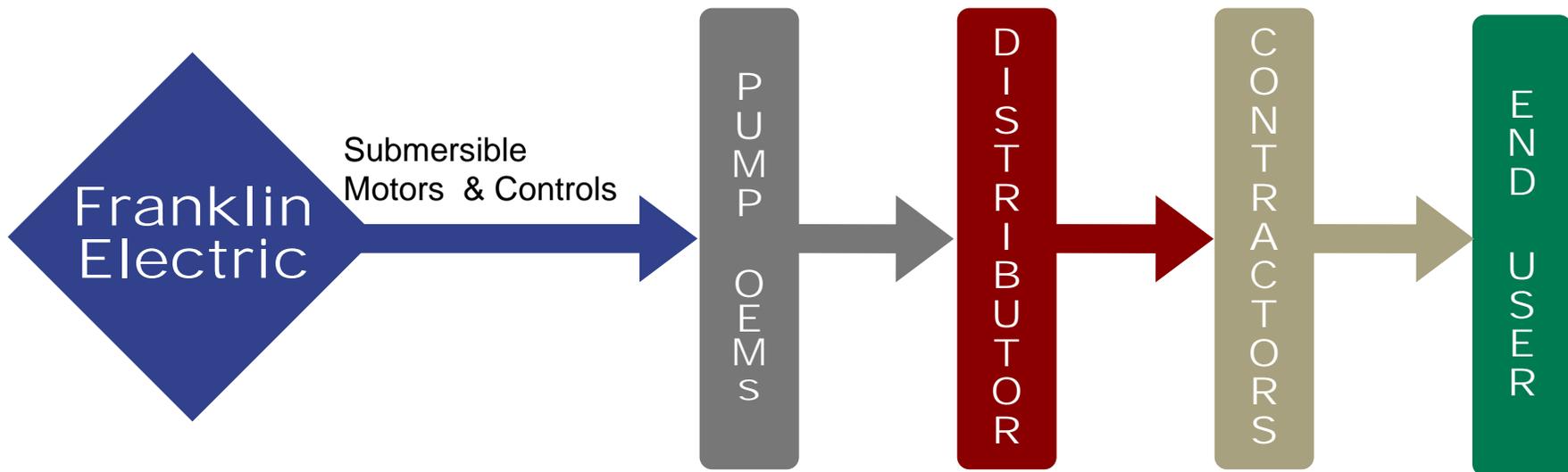
Total 4" Groundwater Installation: \$6,000

Submersible Motor: \$150

**Franklin Motors and Controls Contain  
Proprietary Features Which Make Them  
Preferred by Contractors Worldwide**

## Water Systems

Business Model Before 2004

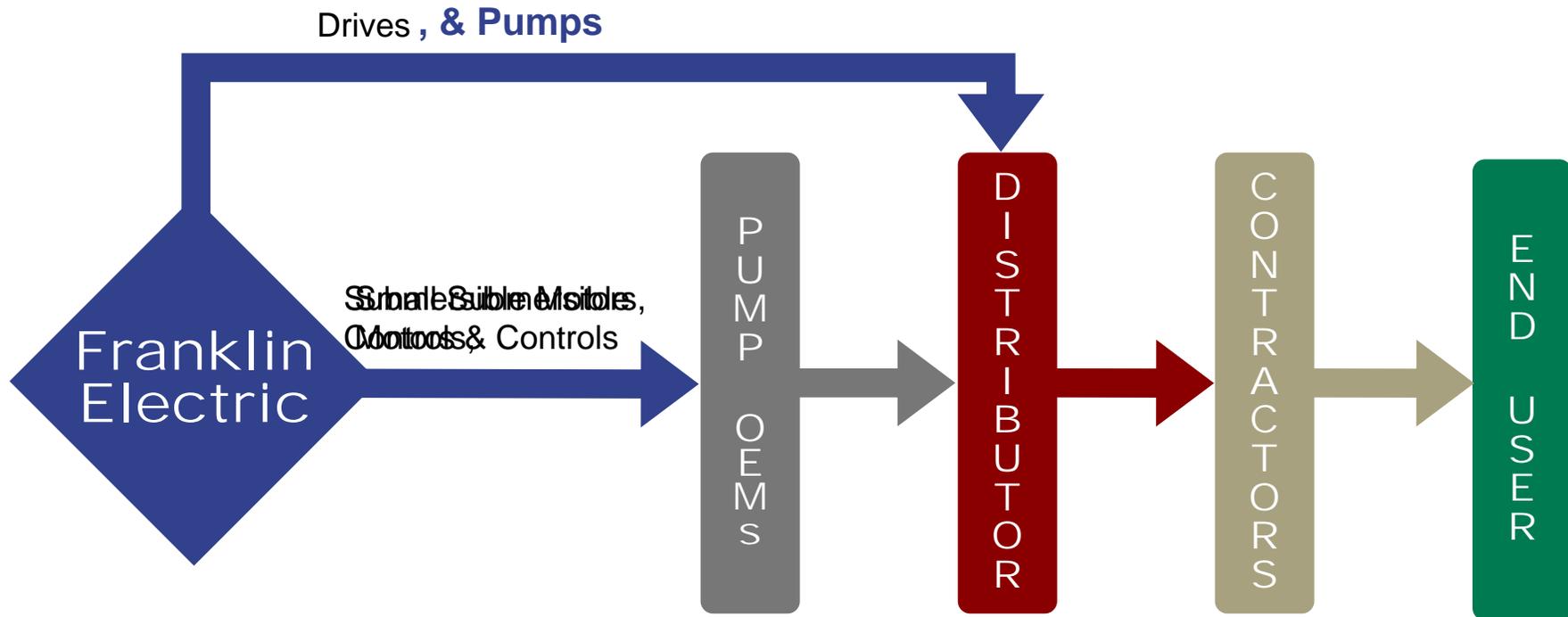


### Strategic Issues:

- Limited Sales Growth Potential
- Growing Customer Concentration
- OEMs Threatening to Displace Franklin

# Water Systems

Business Model After 2004



## Strategic Issues:

- Limited Sales Growth Potential  
Total Addressable Market = \$1 Bil  $\longrightarrow$  \$4.1 Bil
- Growing Customer Concentration  
Two Pump OEMs = 40% of Sales  $\longrightarrow$  Less than 10% of Sales
- No More Reliance on Competitors to Distribute FE Products

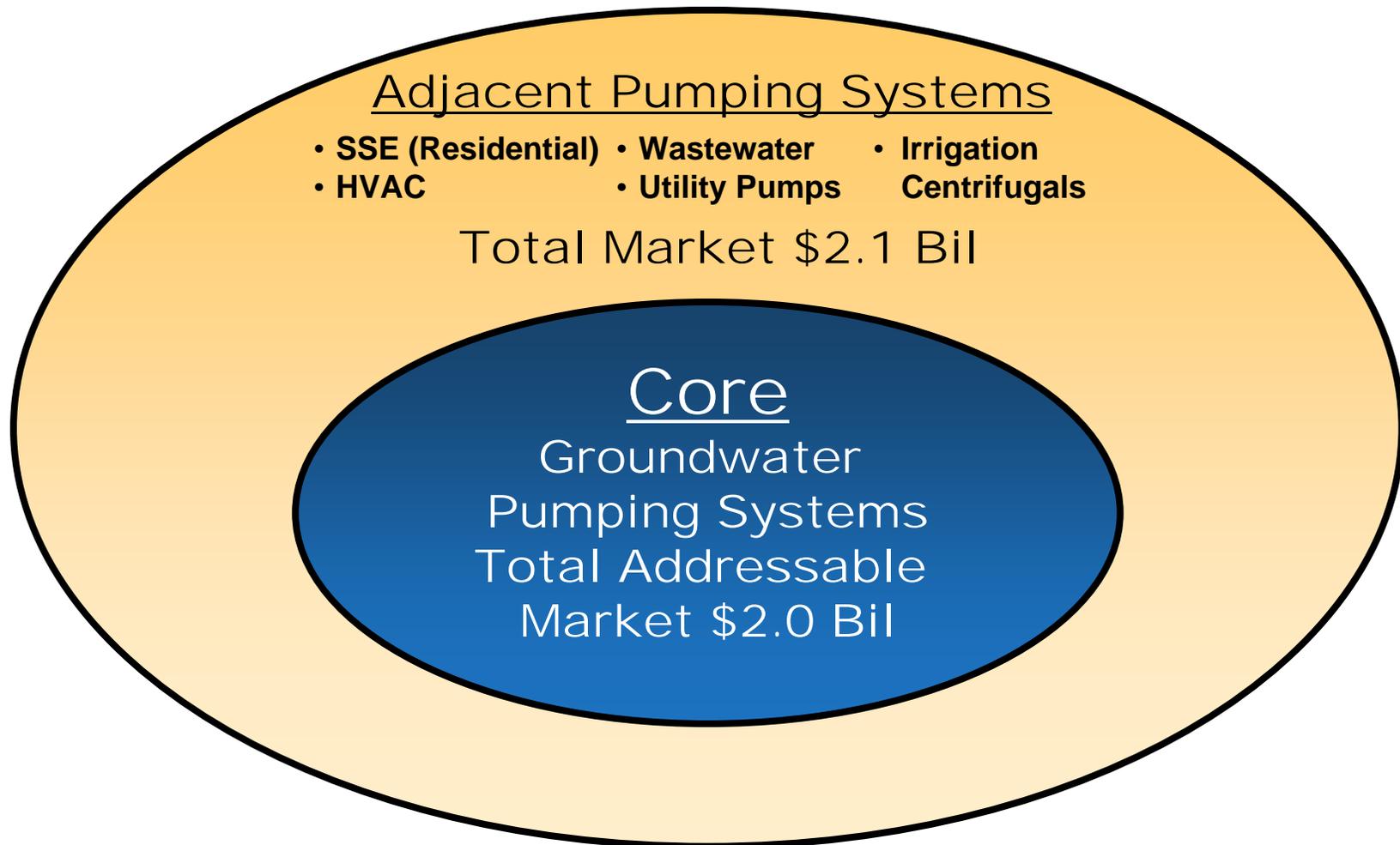
# Global Leadership in Groundwater Pumping

<u>Supplier</u>	<u>Estimated Global Groundwater Pumping Sales*</u>
Franklin Electric	\$400 Mil
Competitor A	\$270 Mil
Competitor B	\$250 Mil
Competitor C	\$210 Mil
Competitor D	\$70 Mil
All Others/Eliminations	<u>\$800 Mil</u>
<b>Total</b>	<b>\$2,000 Mil</b>

Grow Rapidly by  
Adding Pumps, Drives  
and Packaged Systems  
to the Product Line  
while Expanding  
Distribution Globally

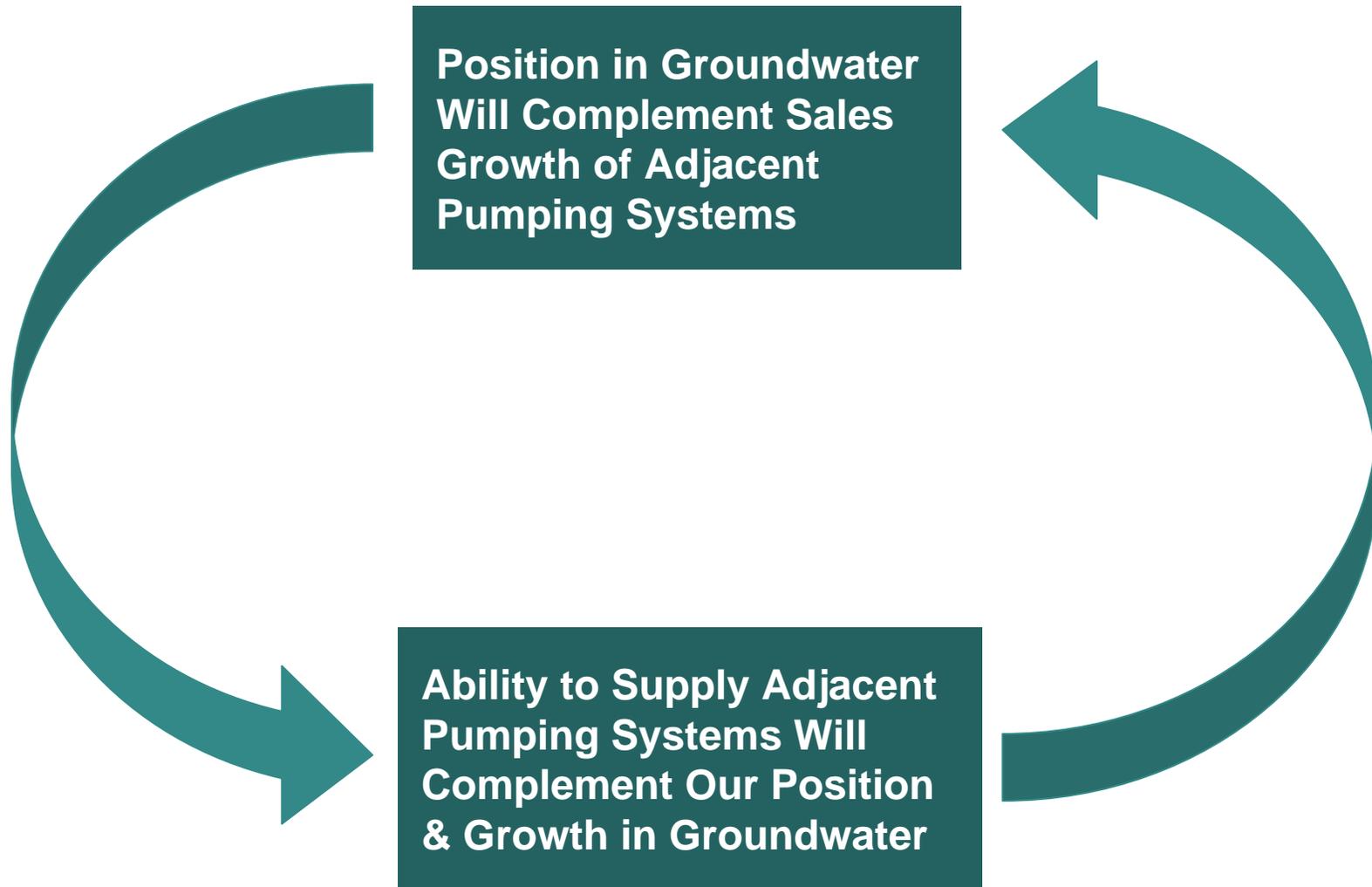
\* Franklin Estimates for 2007

## Core Market & Adjacent Pumping Systems



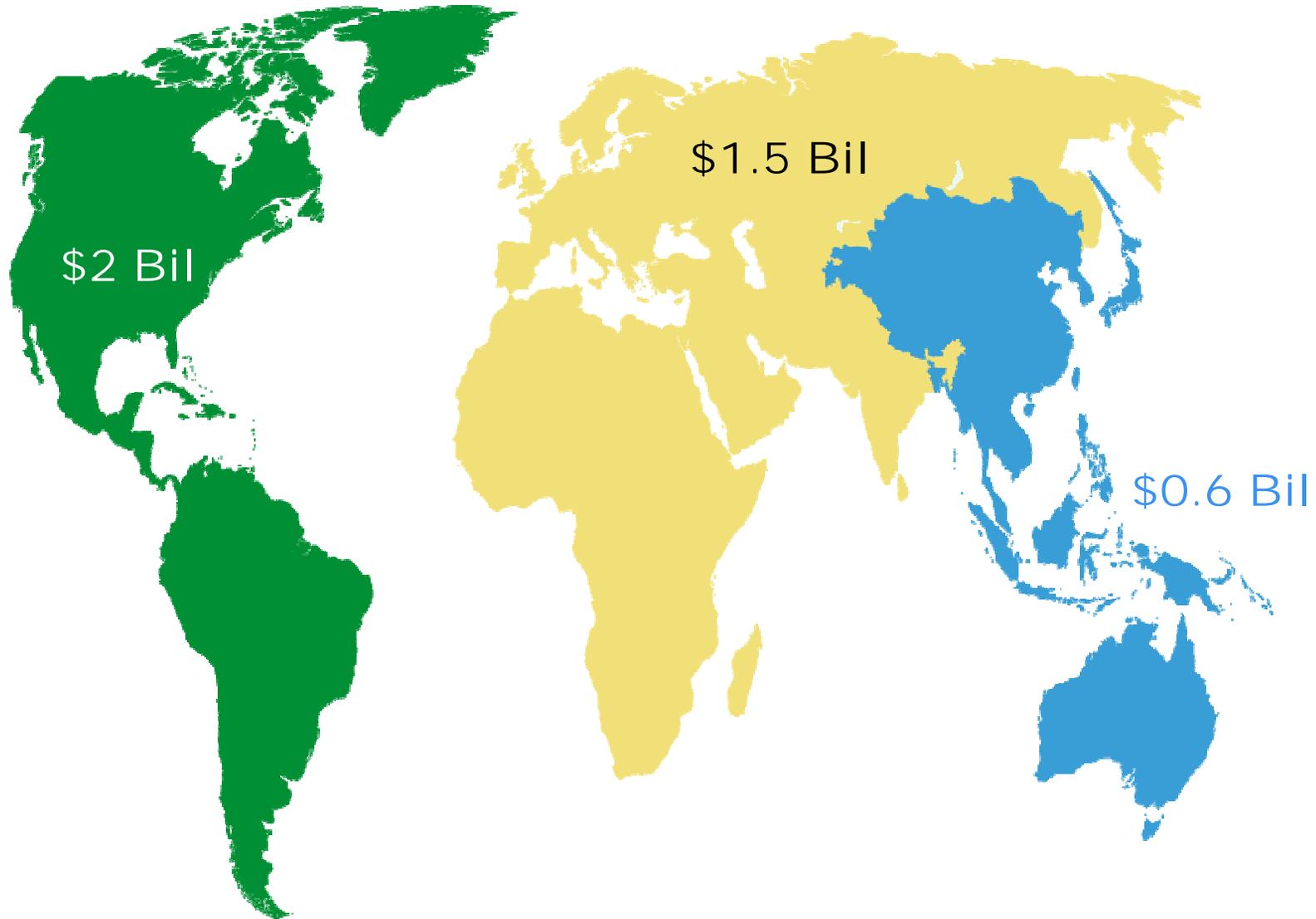
## Business Dynamic

Groundwater Capability Facilitates Sales of Adjacent Pumping Systems and Vice Versa



# Building the International Platform

(Est. Market Size by Region)



# Western Hemisphere Water Supply Systems

JBD Acquisition – 4<sup>th</sup> QTR 2004



- Full Line Residential Water Supply Systems Product Catalog
- Solid Quality Reputation
- 250,000 Sq. Ft. Manufacturing Facility
- Experienced Team

# Western Hemisphere Water Supply Systems

JBD Acquisition – 4<sup>th</sup> QTR 2004  
(Product Catalog Includes 900 SKUs)



# Western Hemisphere Water Supply Systems

Pioneer Pump Investment – 3<sup>rd</sup> QTR 2005  
(Irrigation Product Catalog Includes 500 SKUs)



# Western Hemisphere Water Transfer Systems

Little Giant Acquisition – 2<sup>nd</sup> QTR 2006



- 2005 Sales \$106 Million
- 400,000 SQ. FT. of Manufacturing, Distribution & Office Space

# Water Transfer Systems

Little Giant Acquisition (Product Catalog Includes 1500 SKUs)

## Sump, Sewage & Effluent



## HVAC Pumps

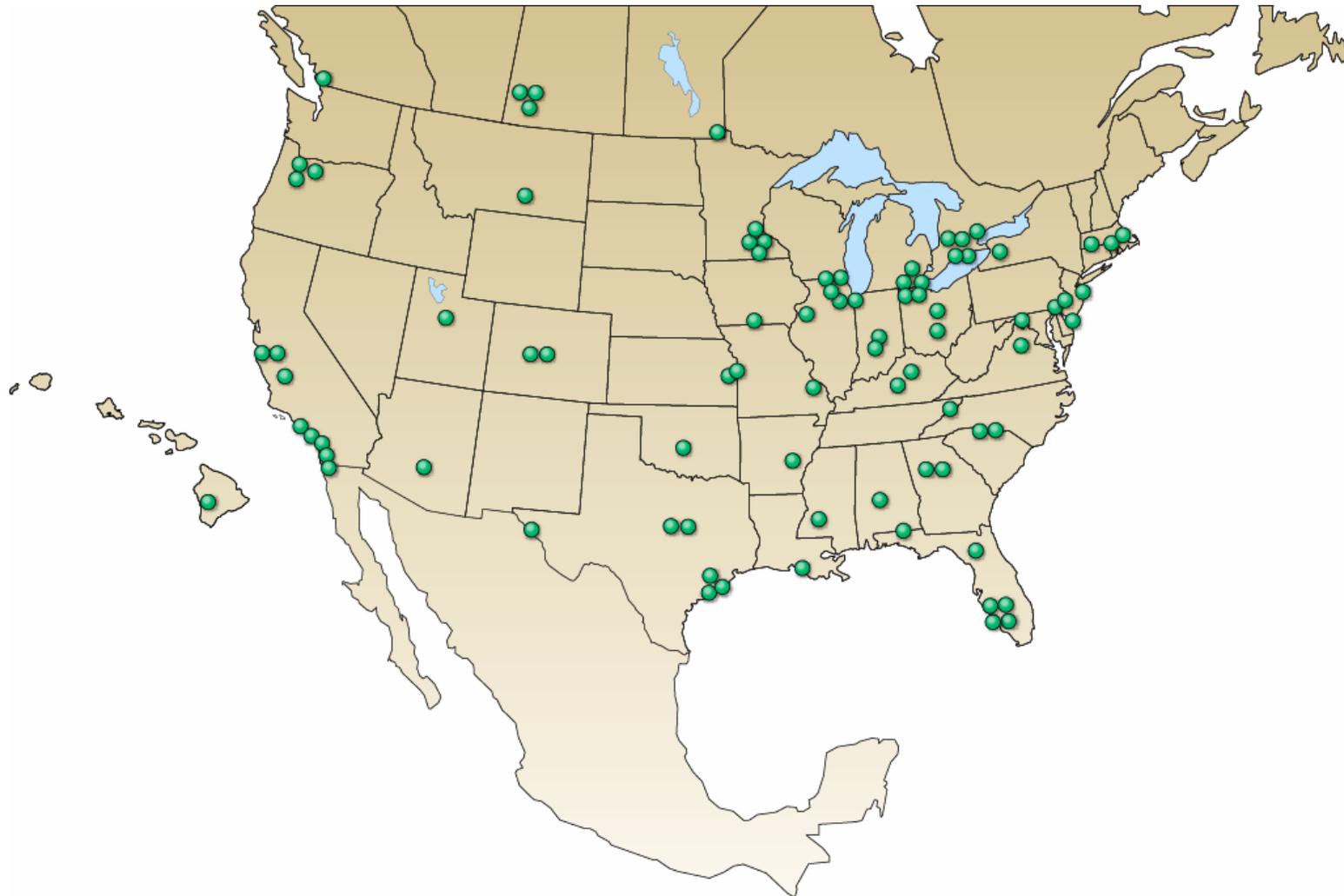


## Utility Pumps



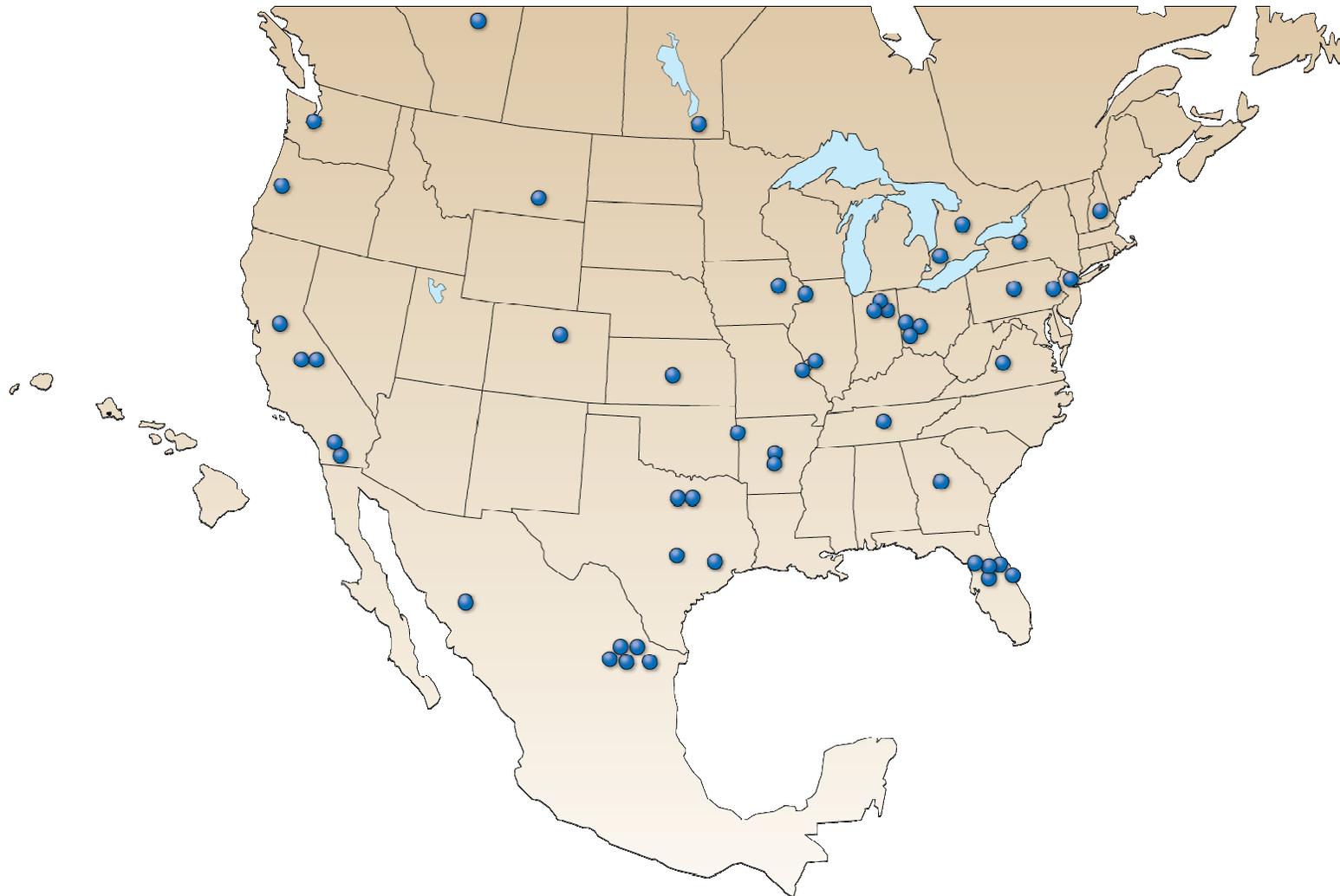
# Water Transfer Systems

## Field Sales Organization



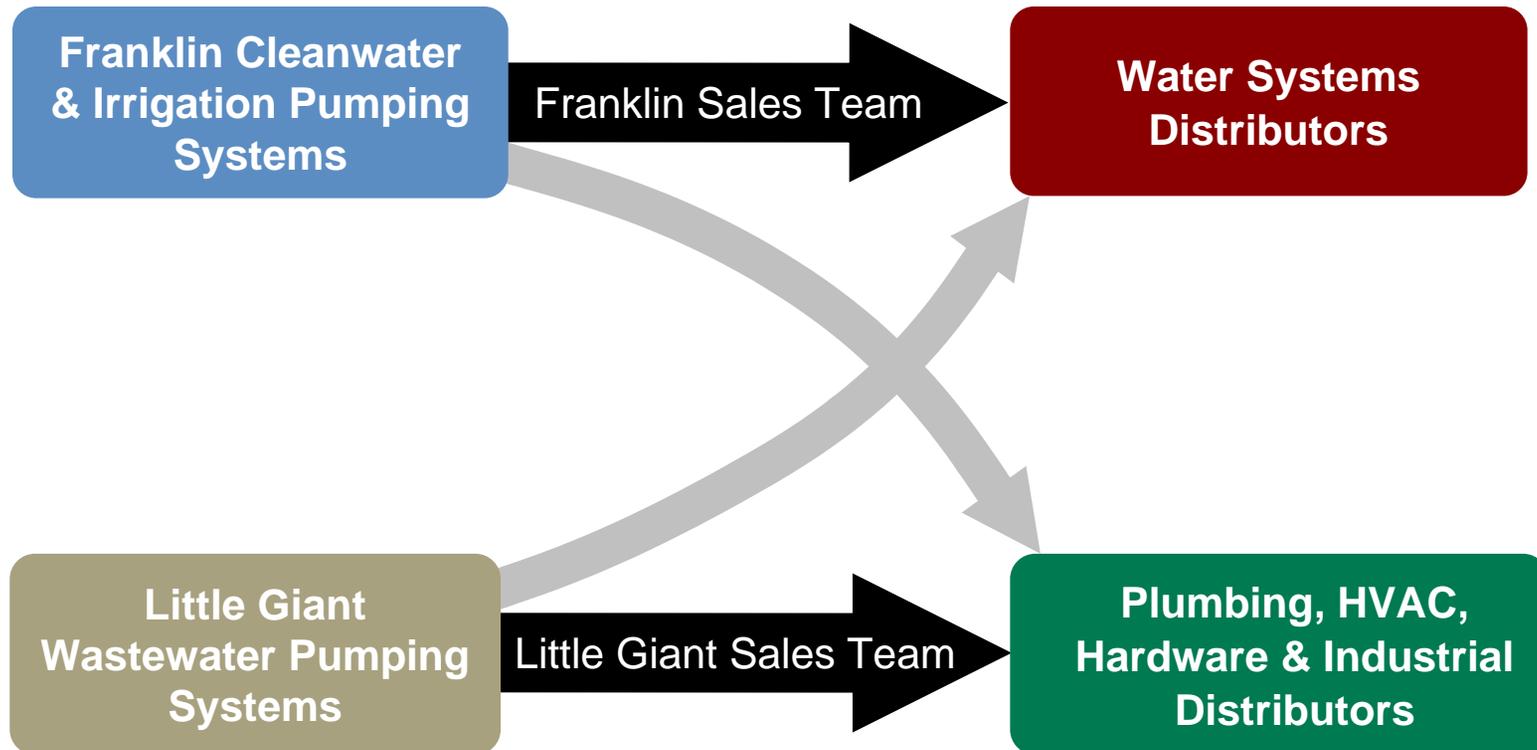
# North American Water Systems

## Field Sales Organization



# Water & Wastewater

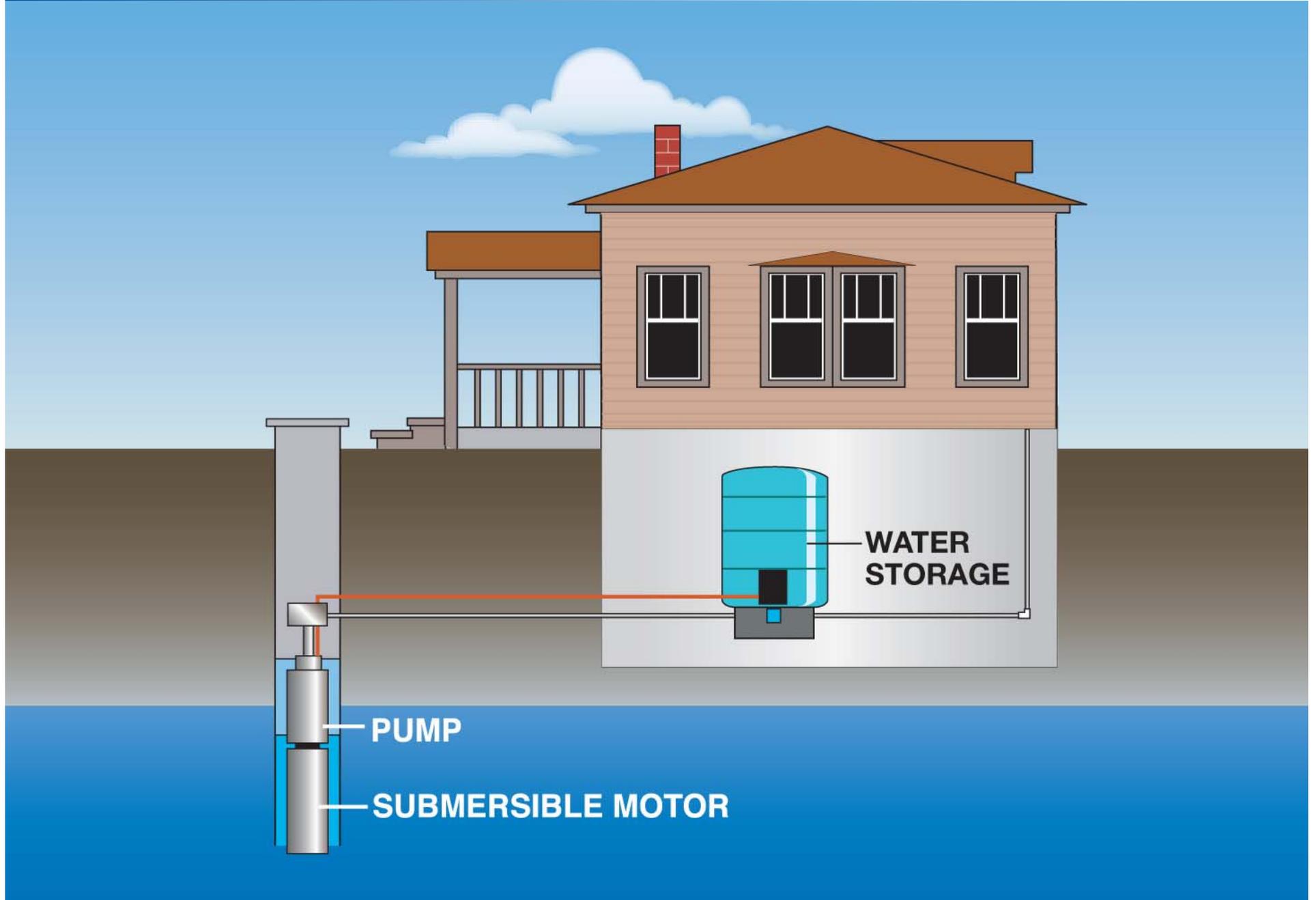
## Cross Selling Opportunities





## SubDrive Constant Pressure Systems





## Tri-Seal™ Pump Product Line

Existing Franklin  
10 gpm



New Franklin  
TRI-SEAL™ 10 gpm



### **Customer Benefits:**

- Better Efficiency
- Better Durability

### **Franklin Benefits:**

- Less Material Cost  
(15% to 35% Fewer Stages)
- Revolutionizes Franklin Pump  
Manufacturing Process
- Produced in Linares, Mexico

# New Linares, Mexico Pump Plant

On Stream in 2008



## Water Systems Sales Growth

	<u>2003</u>	<u>2004</u>	<u>2005</u>	Proforma <u>2006*</u>
Franklin Electric Water Systems Sales	\$262 Mil	\$304 Mil	\$334 Mil	\$492 Mil

### **Status:**

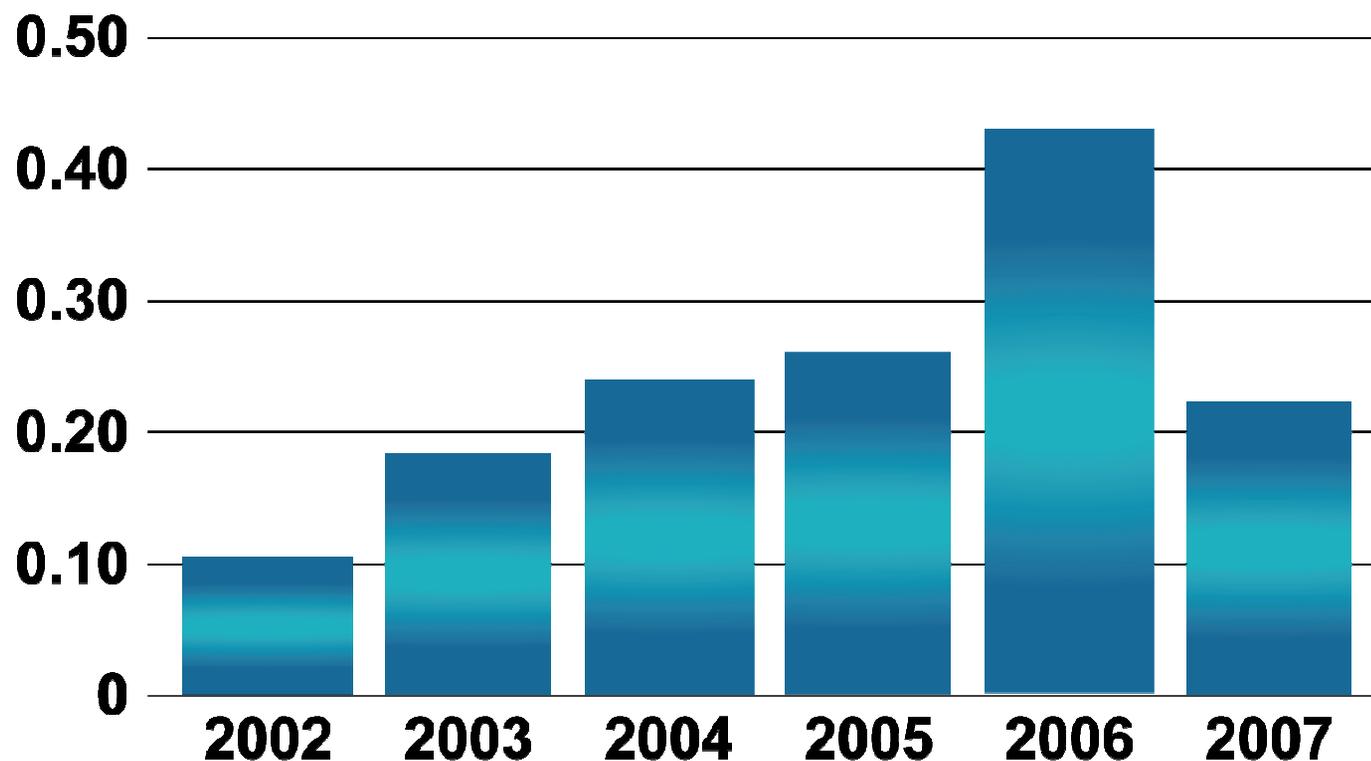
- Growing Distributor Relationships
- Groundwater Pump Sales Growing Rapidly
- Strong Portfolio of New Products
- Global Acquisition Opportunities

\* Includes Little Giant Sales as if Acquired on January 1, 2006

## Key Near Term Issues

- Seasonality Shifting to Second & Third Quarters
- Pump OEM Stockpile Liquidation
- Slow Industry Sales (Housing Starts)
- Competitive Activity

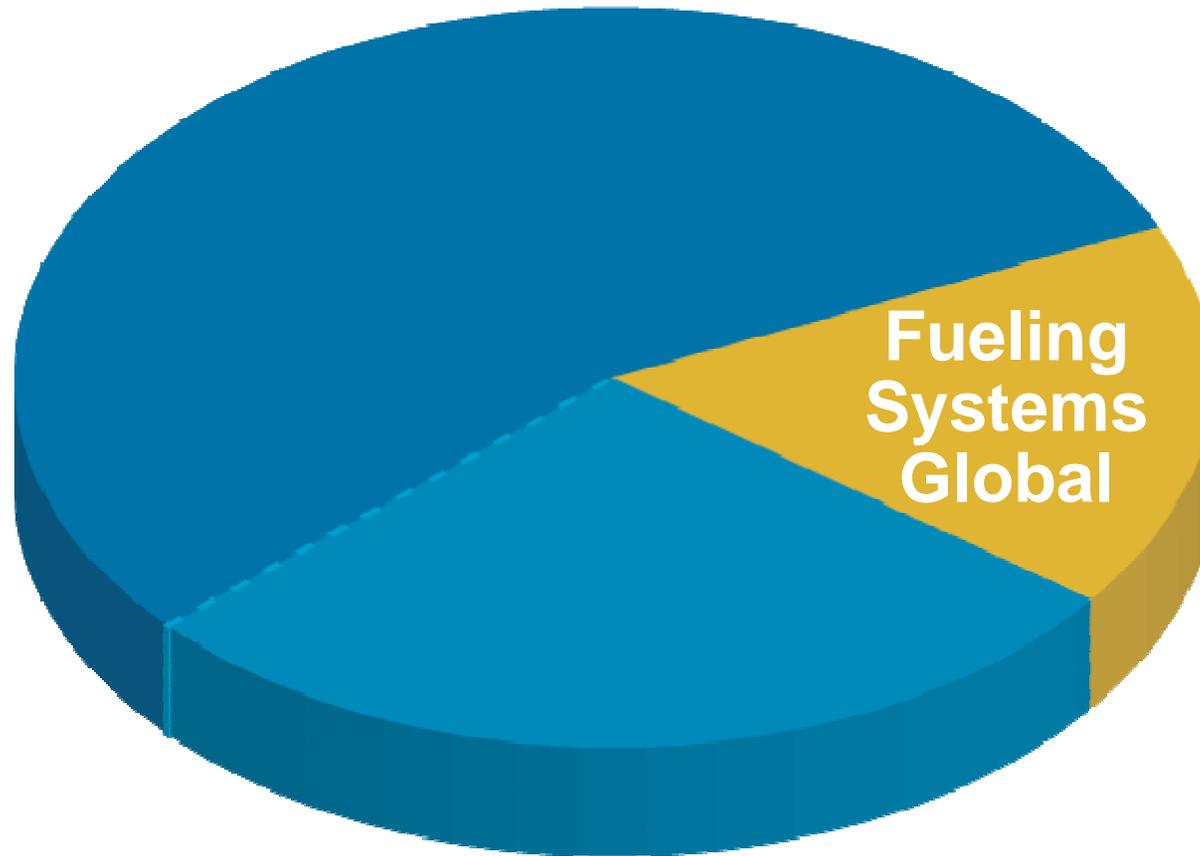
## 1<sup>st</sup> Quarter EPS



### By Year End 2007:

- Stockpile Liquidation Complete
- Tri-Seal Conversion Complete
- Linares Pump Manufacturing Ramp-up
- Operating Leverage from Rapidly Growing Pump Business

## Fueling Systems



## Fueling Systems Sales

	<u>2003</u>	<u>2004</u>	<u>2005</u>	Proforma <u>2006*</u>
Fueling Systems Sales	\$64 Mil	\$66 Mil	\$69 Mil	\$114 Mil

\* Includes Healy Sales as if Acquired on January 1, 2006

## Fueling Systems

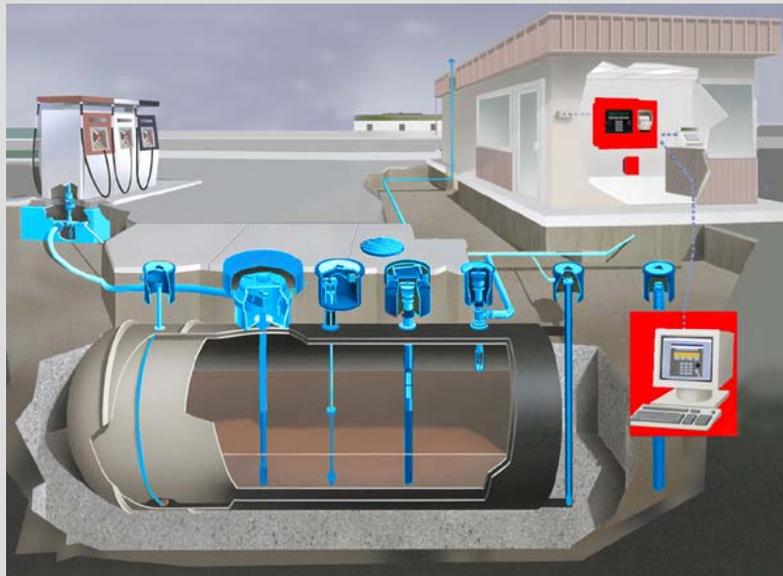
Addressable Market & Franklin Share

	<u>Market</u>	<u>Estimated Share</u>
<b>Fuel Management Systems</b> (Motors, Pumps, Drives, Controls, Nozzles, Valves & Hardware)	\$600 Mil	10%-15%
<b>Containment Products</b> (Piping, Sumps & Connections)	<u>\$400 Mil</u>	<u>5%-10%</u>
<b>Total</b>	<b>\$1,000 Mil</b>	<b>10%-15%</b>

**#2 Global Supplier**

# Fueling Management Systems

## Description of Electronic Fuel Management System



### System Modules:

- High Speed Pumping
- Inventory Management
- Product Quality Monitoring
- Leak Detection
- Vapor Containment \*

\* Healy Acquisition

## Fueling Systems

Environmental Legislation - California Vapor Control Regulations



- **Installation Must Occur Prior to Mid 2009**
- **10,000 Stations**
- **Vapor Control Systems - \$17,000 per Station**  
**Monitoring Systems - \$8,000 per Station**
- **\$250 Mil Opportunity**
- **Franklin/Healy is the Only Approved Vapor Control System as of April 2007**
- **Other States/Municipalities May Follow**

# Fueling Systems

## Growth Drivers



## Summary

- Clear Focus – Growth Within Water Systems and Petroleum Equipment Distribution Channels
- Attractive Brand Franchise
- The Global Leader in Key Pumping Systems Technologies
- Expanding Manufacturing Base in Low Cost Countries
- Expanding Product Line and Distributor Base (Globally)
- Attractive Backlog of Innovative New Products
- 28% Return on Capital (2006)
- Strong Balance Sheet



**Franklin Electric**

