

Baird Industrial Conference

November 2010



Topics:

- YTD financial summary
- Market focus and position
- Growth initiatives

Financial Performance Summary

	9 mos. YTD <u>2010</u>	% +(-) <u>Prior</u>	
Sales	\$539 M	+ 12%	(+ 11% organic)
Operating Income ¹	\$59.3 M	+ 49%	
EPS ¹	\$1.55	+ 64%	
Gross Profit Margin	32.3%	+ 270 BPS	
LTM Return on Invested Capital ²	16.1%	+ 620 BPS	
Net Debt/Equity	7.4%	- 1350 BPS	

¹ Before restructuring charge and legal settlement

² Operating income before restructuring, legal settlement / (equity + net debt)



Strategic Objective

To be the world's leading supplier to two global distribution channels:

- Groundwater and adjacent pumping systems
- Fueling systems

Addressable
Market:

\$5.2 B

\$1.0 B

Sales LTM
9/30/10:

\$563 M

\$119 M



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Global Market Leadership

Major Product Categories

Franklin Market Share Rank

Water Systems

Groundwater Pumping

#1
(Global)

Residential Wastewater Pumping

#2
(North & South America)

Fueling Systems

Fuel Transfer Systems
(Pumping & Containment)

#1
(Global)

Fuel & Vapor Management Systems

#2
(Global)



Water Systems Growth

Product Line Extensions and Geographic Expansion



Franklin Submersible
Motor
1950s



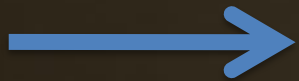
Motors, Controls
and Drives
1990s



Motors, Pumps, Drives
and Controls
2004



Adjacent Pumping
Systems
2006



Developing Regions



Pump share growth in US/Canada



Packaged systems

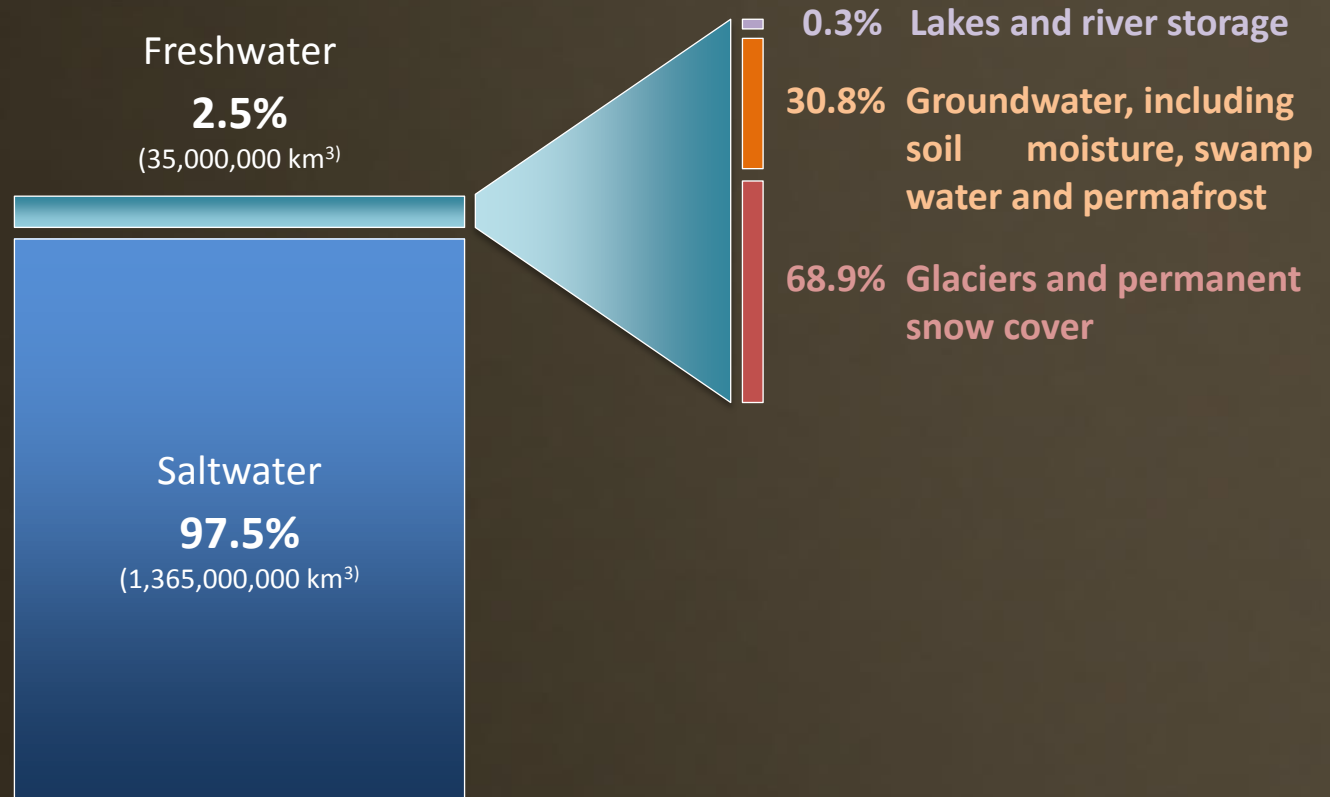




FRANKLIN ELECTRIC WATER SYSTEMS

Growth in Developing Regions

Global Water Supply



Source: Igor A. Shiklomanov, State Hydrological Institute (SHI, St. Petersburg) and United Nations Educational, Scientific and Cultural Organization (UNESCO, Paris), 1999.

Growth in Developing Regions

Water Withdrawals by Region¹

km³/year

US/Canada 700

Western Europe 400

Latin America 350

Eastern Europe² 200

Mideast/Africa 400

Asia Pacific 2,100

Total 4,150

**74% in
Developing
Regions**



¹ Source UNESCO and management estimates

² Russia, Ukraine, Belarus

Growth in Developing Regions

Water Withdrawals by Region¹

	<u>km³/year</u>	<u>Growth Trend</u>	<u>% Withdrawals for Agriculture Use</u>
US/Canada	700	Flat	40%
Western Europe	400	Flat	20%
Latin America	350	Growing	90%
Eastern Europe ²	200	Growing	70%
Mideast/Africa	400	Growing	80%
Asia Pacific	<u>2,100</u>	Growing	90%
Total	4,150		

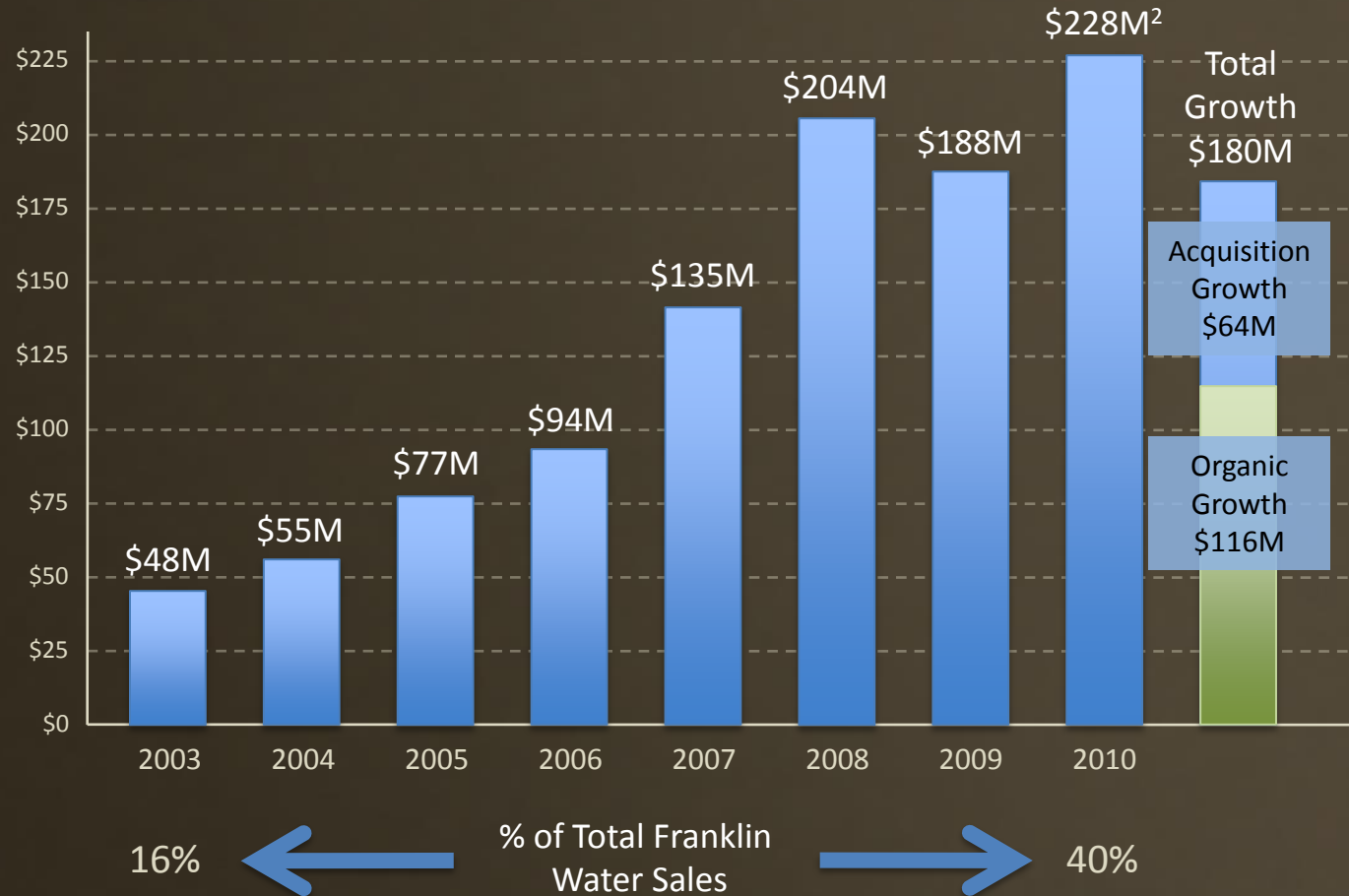


¹ Source UNESCO and management estimates

² Russia, Ukraine, Belarus

FRANKLIN ELECTRIC WATER SYSTEMS

Sales in Developing Regions¹

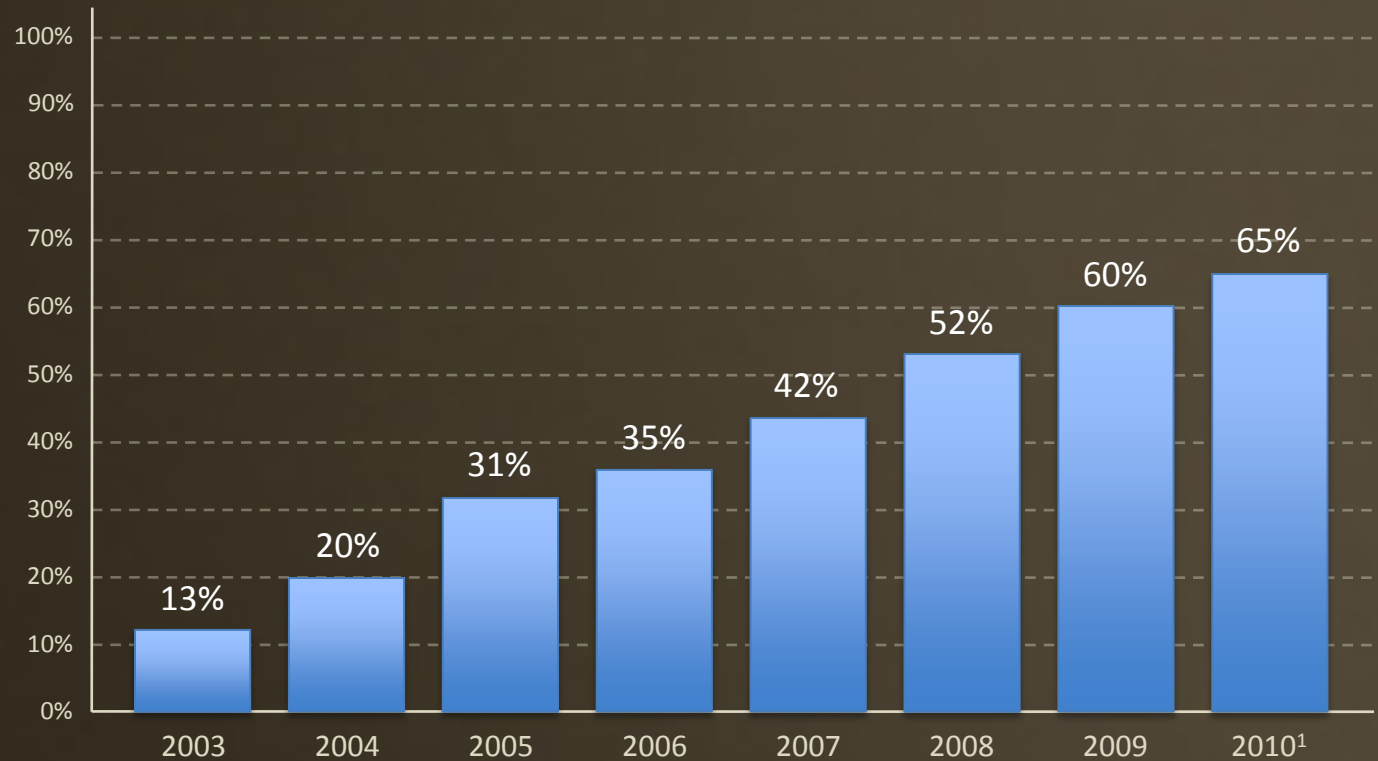


¹ Latin America, Asia/Pacific, Mideast, Africa, Eastern Europe

² 9 months 2010 annualized

Manufacturing in Low Cost Regions

% of Total Water Systems Manufacturing Man-hours



¹ 2010 is an estimated full year projection

New Manufacturing in Low Cost Regions

Linares, Mexico



300,000 sq. ft.

Brno, Czech Republic



80,000 sq. ft.

Suzhou, China



60,000 sq. ft.



Manufacturing in Low Cost Regions



Linares, Mexico Manufacturing Complex

“Best Manufacturing Plant in Mexico”

- Business Directive Initiatives Platinum Quality Award

“Best Manufacturing Plant in Mexico”

- Best Places to Work Institute

“Finalist”

- Industry Week Magazine Best Plants in North America





FRANKLIN ELECTRIC WATER SYSTEMS

Pump Share Growth in US/Canada

Objective:

Expand share of \$1.2 B addressable market in the US/Canada

Strategy:

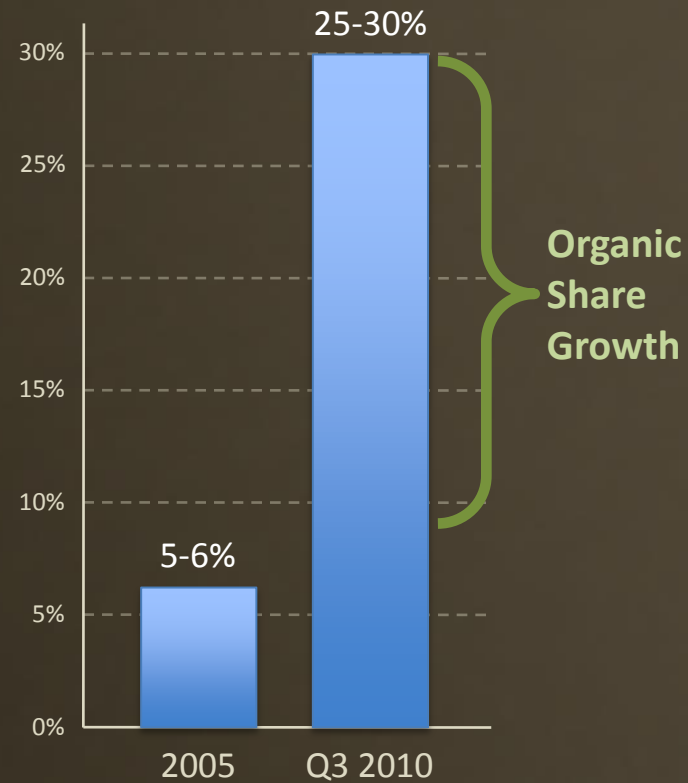
Use strong motor customer relationships to expand pump sales

Focus on the needs of the installing contractor:

- Product reliability
- Training and technical support

Pump Share Growth in US/Canada

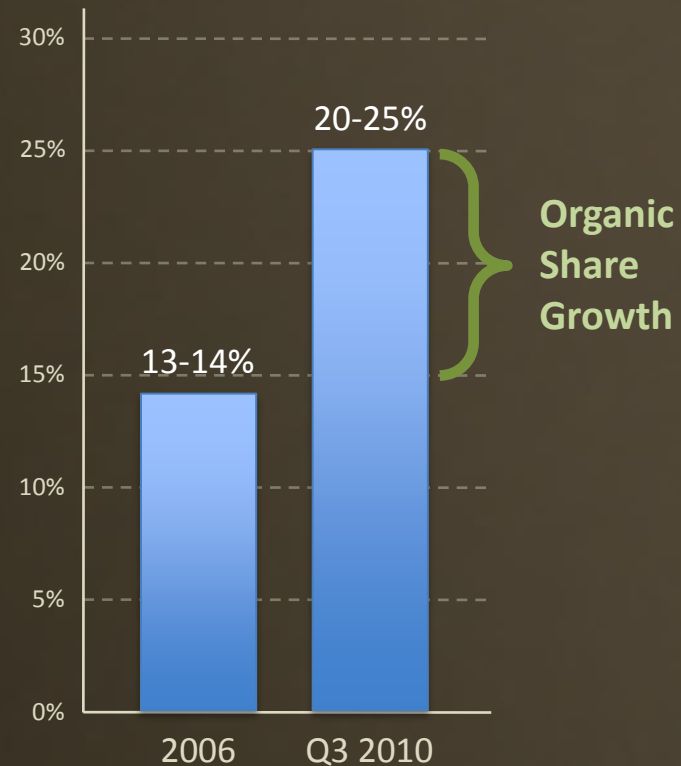
% Franklin Share - Residential Groundwater Pumps¹
(4" Submersibles + Jets)
(Year of market entry to most recent quarter)



¹ Management estimates based on Trade Association data.

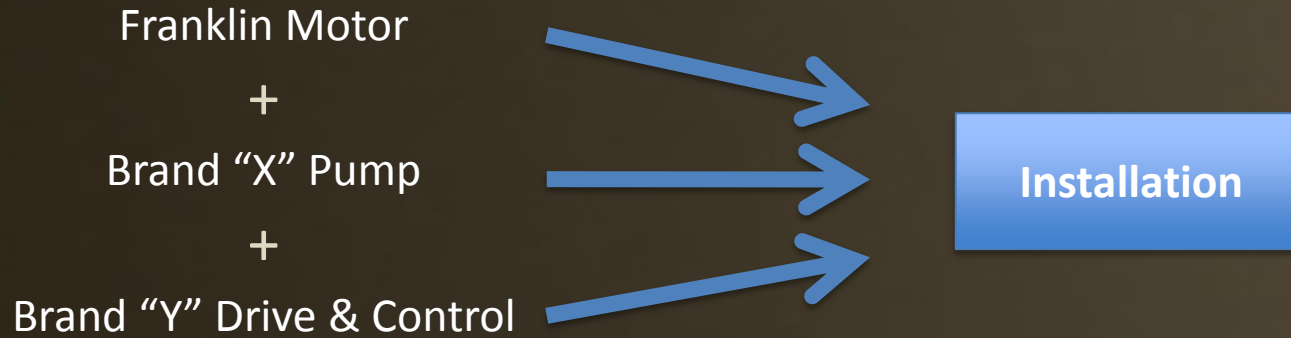
Pump Share Growth in US/Canada

% Franklin Share - Residential Wastewater Pumps¹
(Sump, Sewage, Effluent, Utility ≤ 2 hp)
(Year of market entry to most recent quarter)



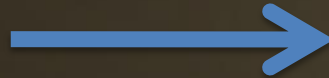
¹ Management estimates based on Trade Association data.

Extend Product Lines to Include More Packaged Systems



Extend Product Lines to Include More Packaged Systems

Franklin Prepackaged
Motor, Pump,
Drive & Control



Installation

Contractor benefit:

- Simplified installation
- Performance guarantee

Franklin benefit:

- More revenue per installation



Motor only
\$100-200/unit



Motor & pump
\$200-300/unit

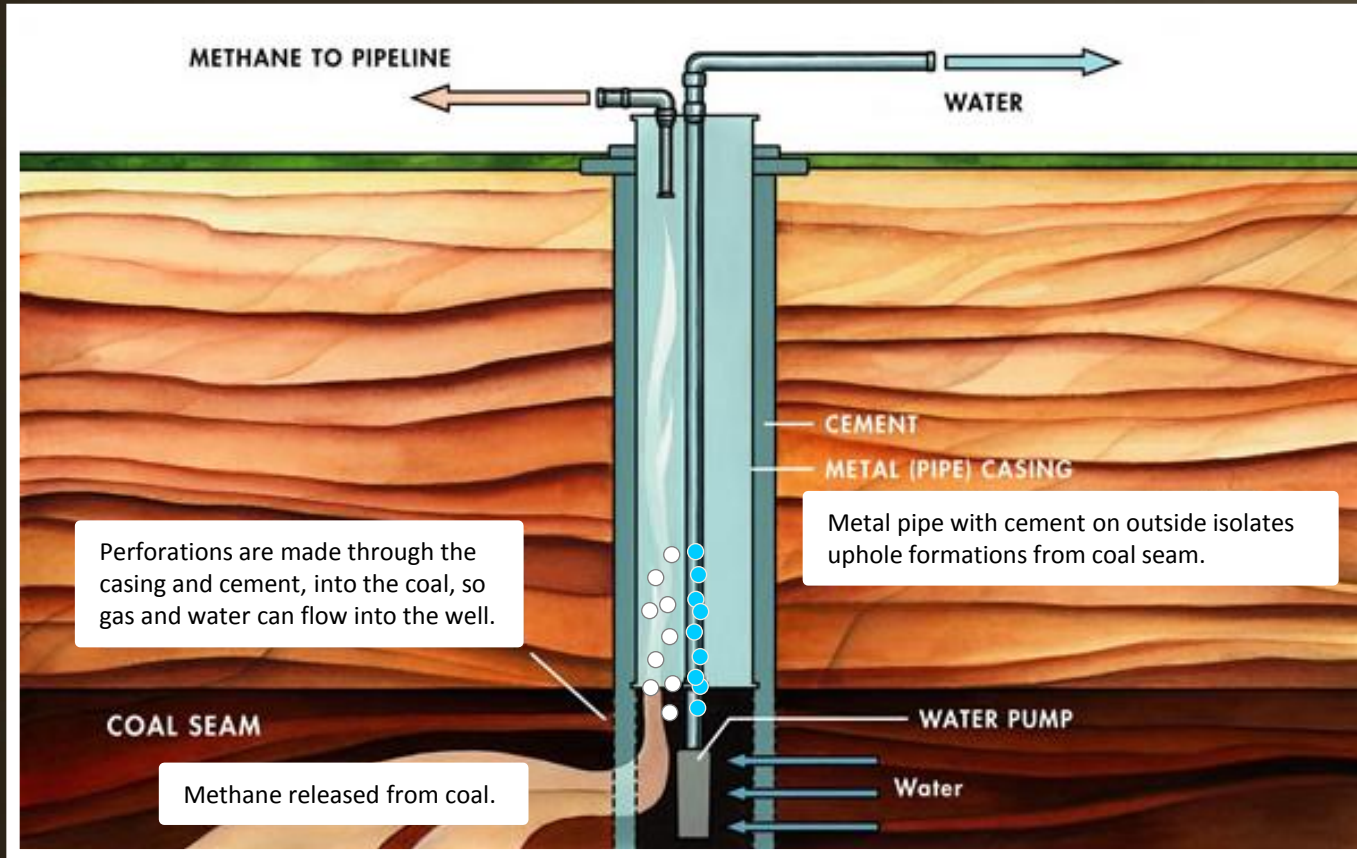


Motor, pump, electric drive,
ancillary equipment
\$500-800/unit



Extend Product Lines to Include More Packaged Systems

Coal Seam Natural Gas:



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Extend Product Lines to Include More Packaged Systems

Coal Seam Natural Gas – Current Systems:

Nodding Donkey

(\$100,000 to \$150,000 per well)



Oil Field Pump System

(\$50,000 to \$70,000 per well)





FRANKLIN ELECTRIC WATER SYSTEMS

Extend Product Lines to Include More Packaged Systems

Coal Seam Natural Gas – Franklin System:
(up to 1000 meters depth)

Pump	}	≈ \$30,000/well
Motor		
Drive		
Telemetry		
Discharge head		
Ancillary equipment		

Extend Product Lines to Include More Packaged Systems

Solar Groundwater Pumping Systems:

- Franklin system:

Pump
Motor
Inverter/Drive



Annual Market Potential:
≈ \$25-35 M per year

- Franklin value proposition:
 - Deliver maximum water per unit of sunlight (efficiency)
 - Reliability
 - Ease of installation



Product Line Extensions and Geographic Expansion



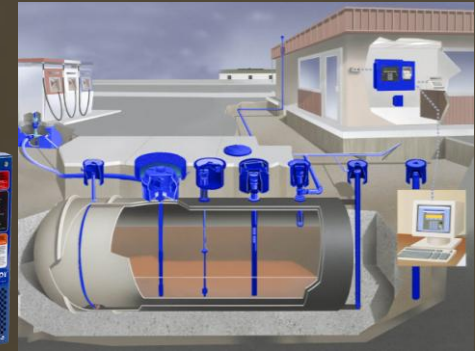
Franklin Submersible
Motor
1960s



FE Petro
Turbine Pump
1980s



FE Petro Turbine
and Drive
1990s



Adjacent Products
2000s

International Expansion:



Growing motor vehicle population



Installation of new technologies





FRANKLIN FUELING SYSTEMS

Annual Sales of Cars & Light Trucks

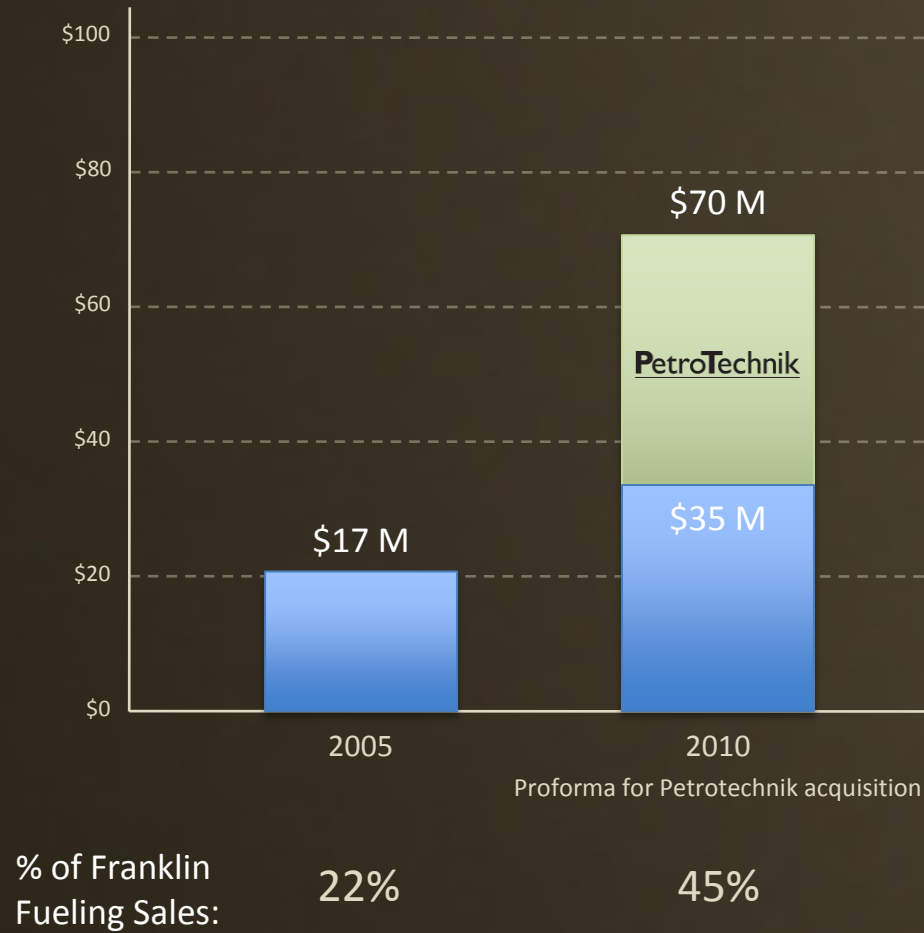
	<u>2000</u>	FCST <u>2010</u>	
North America	20 M	14 M	
China, India & Latin America	3 M	15 M	➔ Up 500%

Installation of New Technologies in International Markets

	US (175,000 stations)	Rest of World (500,000 stations)
Stations with pressure pumping technology	97%	23%
Stations with vapor recovery systems	60-80% (on board)	17%
Stations with fuel management systems	75%	36%



International Sales Growth





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2010

- Double-digit organic sales growth
- Superior return on invested capital
- Strong balance sheet
- Robust global growth opportunities

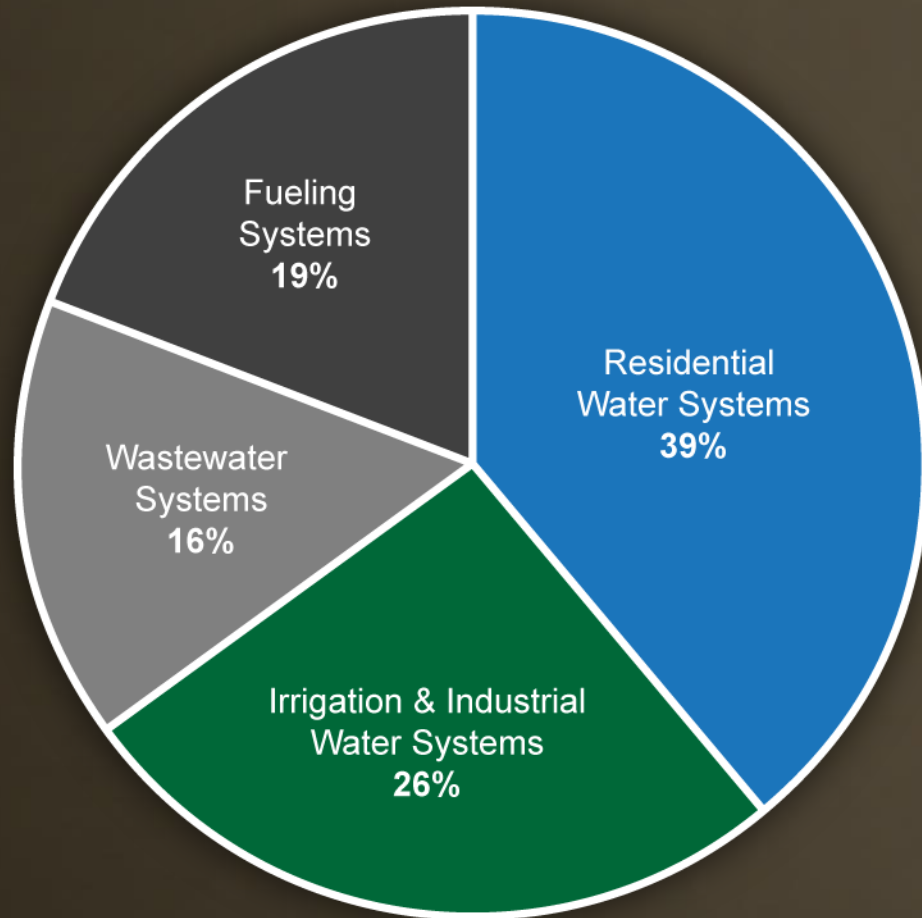


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Appendix

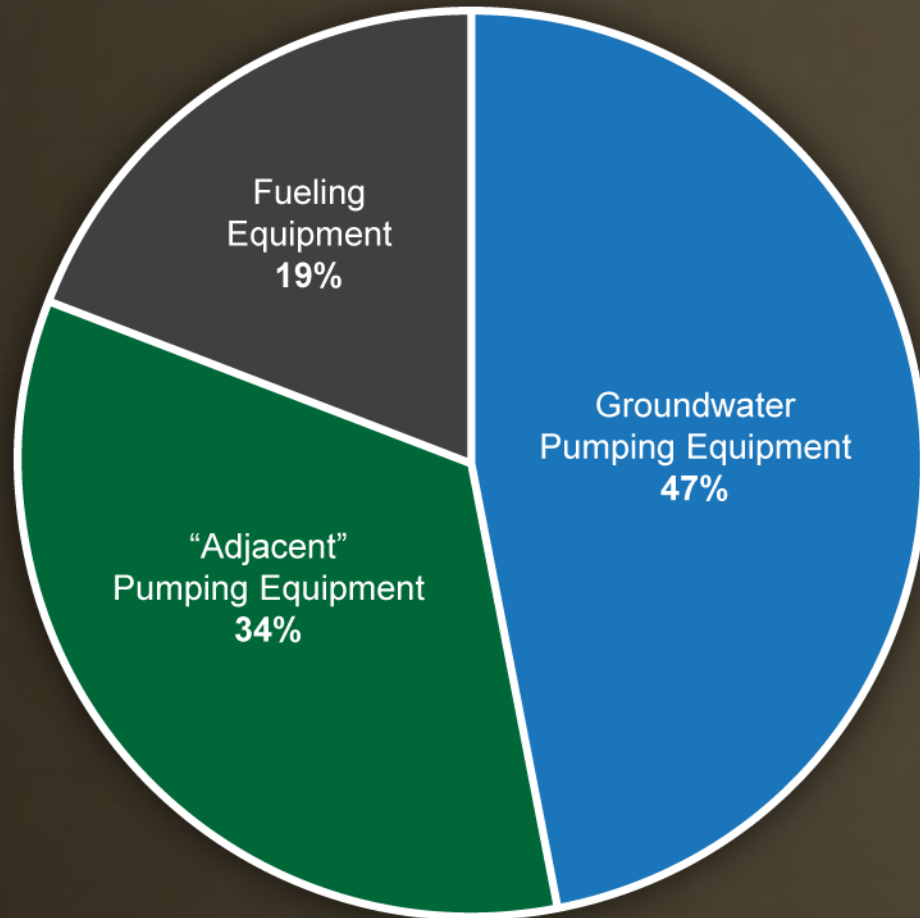


2010 Forecasted Sales by End Market

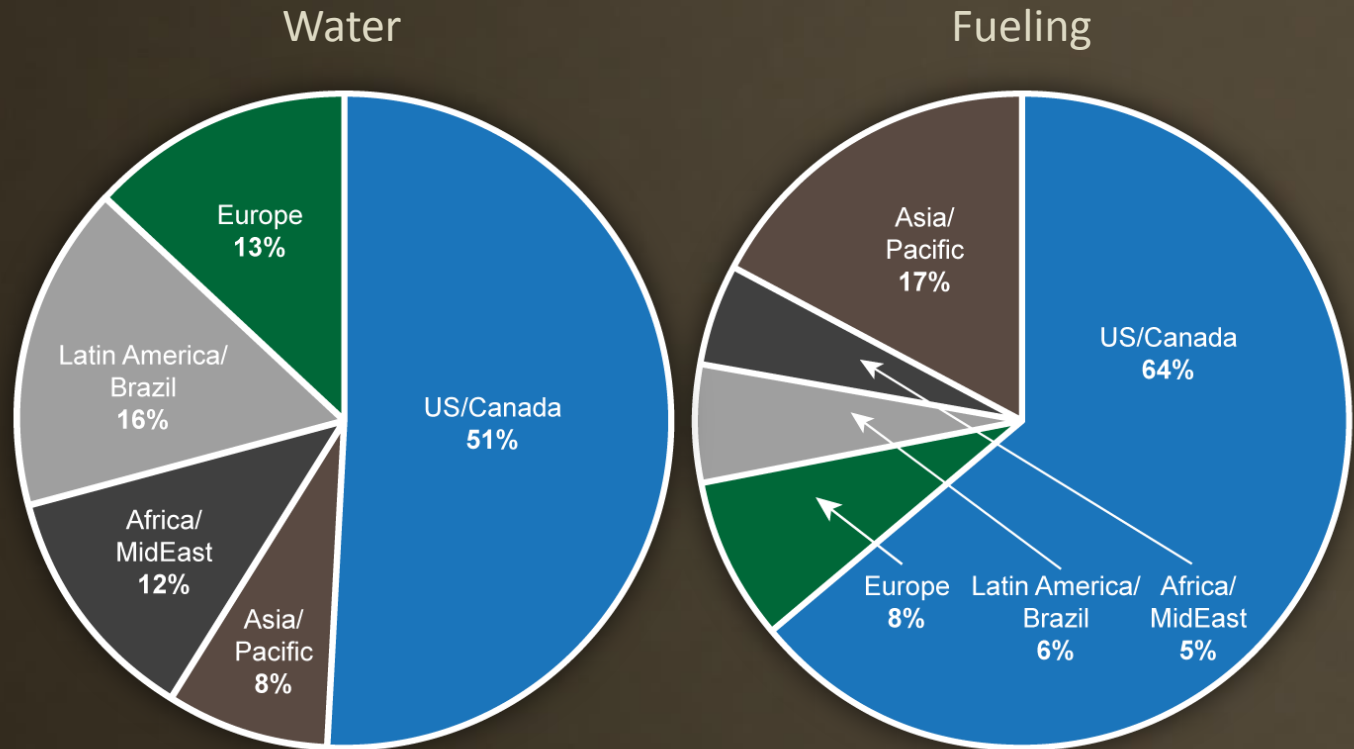


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2010 Forecasted Sales by Product Type



2010 Forecasted Sales by Geographic Region



Outlook

4th Qtr. 2010 versus 4th Qtr. 2009 (assuming current exchange rates)

- Consolidated sales up 15-20%
- Consolidated EPS will be flat to up modestly
 - Water:
Sales up 6-8% and operating income down 5-10%
 - Fueling:
Sales up 50-60% and operating income up 30-35%
(including impact of Petrotechnik acquisition)