



KeyBanc Industrial Conference

June 1, 2011



Franklin Electric

Financial Performance Summary - 2010

	<u>2010</u>	<u>% +(-)</u> <u>Prior Year</u>	
Sales	\$713.8 M	+ 14%	(+ 12% organic)
Operating Income ¹	\$73.7 M	+ 36%	
EPS ¹	\$1.94	+ 50%	
LTM Return on Invested Capital ²	16.6%	+ 510 BPS	
Net Debt	\$12.4 M	- 81%	

¹ After non-GAAP adjustments including restructuring and legal settlement charges, and gains on foreign currency forward purchase contract and sale of land and building

² Operating income after non-GAAP adjustments / equity + net debt





FRANKLIN ELECTRIC

Financial Performance Summary

	1st Qtr <u>2011</u>	% +(-) <u>Prior Year</u>
Sales	\$185 M	+ 16%
Operating Income ¹	\$17 M	+ 25%
EPS ¹	\$0.46	+ 35%

¹ After non-GAAP adjustments including restructuring and legal settlement charges, and gains on foreign currency forward purchase contract and sale of land and building



FRANKLIN ELECTRIC

Financial Performance Summary

Outlook for 2nd Quarter

	<u>% +(-) Prior Year</u>
Consolidated Operating Income (After non-GAAP adjustments) ¹	+ 8 to 12%
Effective Tax Rate	- 500 BPS (16% lower than prior year)

¹ After non-GAAP adjustments including restructuring and legal settlement charges, and gains on foreign currency forward purchase contract and sale of land and building

Strategic Objective

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

- Groundwater and adjacent pumping systems
- Fueling systems

Global
Addressable
Market:

\$5.2 B

\$1.0 B

LTM 1st Qtr.
2011 Sales:

\$596 M

\$143 M



FRANKLIN ELECTRIC

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



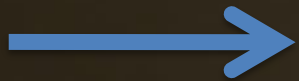
Motors, Controls
and Drives
1990s



Motors, Pumps, Drives
and Controls
2004



Adjacent Pumping
Systems
2006



Developing Regions



Pump share growth in US/Canada



Packaged systems



Growth in Developing Regions

Water Withdrawals by Region¹

	<u>km³/year</u>	
US/Canada	700	
Western Europe	400	
Latin America	350	} 74% in Developing Regions
Eastern Europe ²	200	
Mideast/Africa	400	
Asia Pacific	<u>2,100</u>	
Total	4,150	



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		

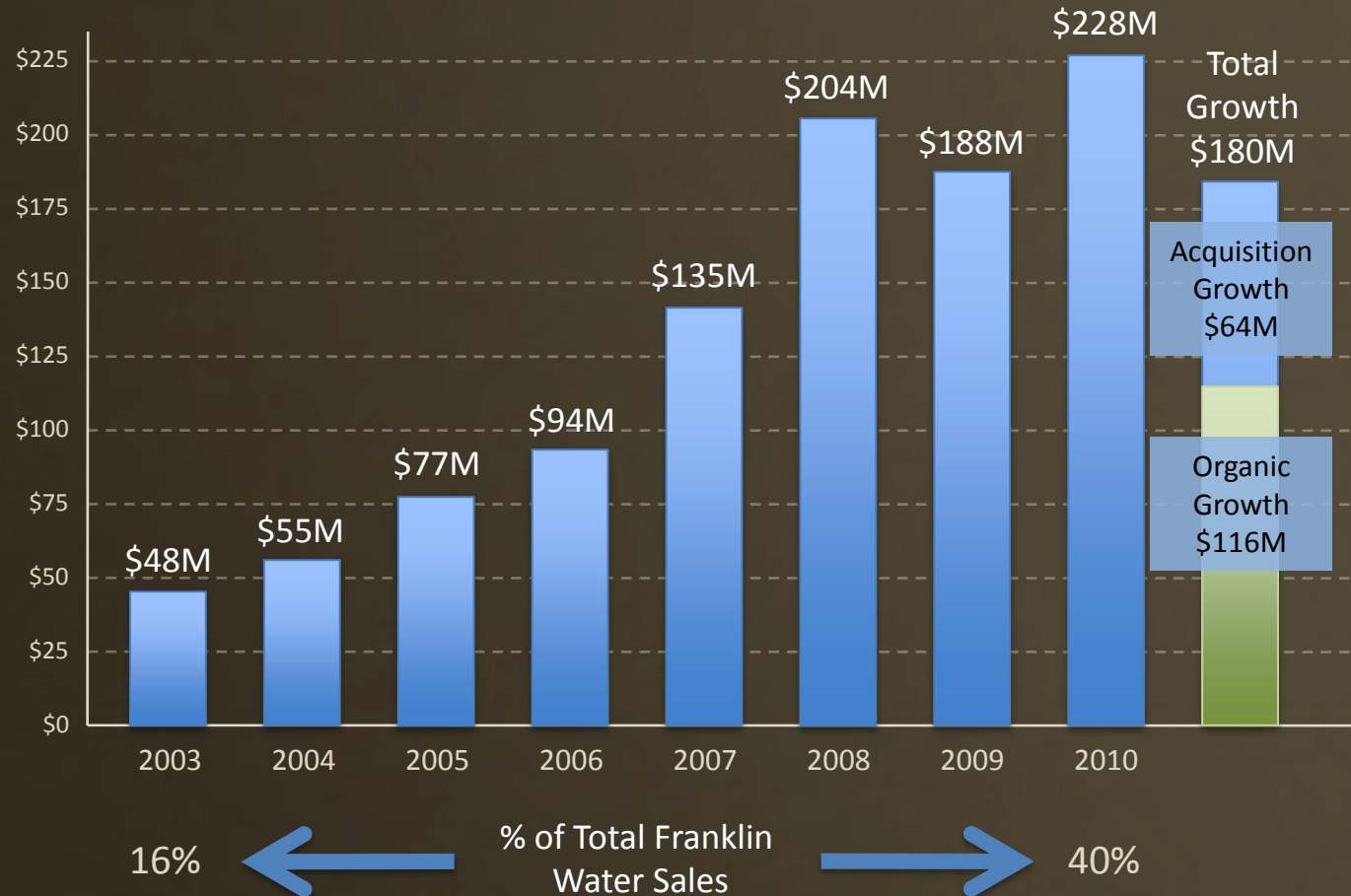


¹ Source UNESCO and management estimates

² Russia, Ukraine, Belarus

FRANKLIN ELECTRIC WATER SYSTEMS

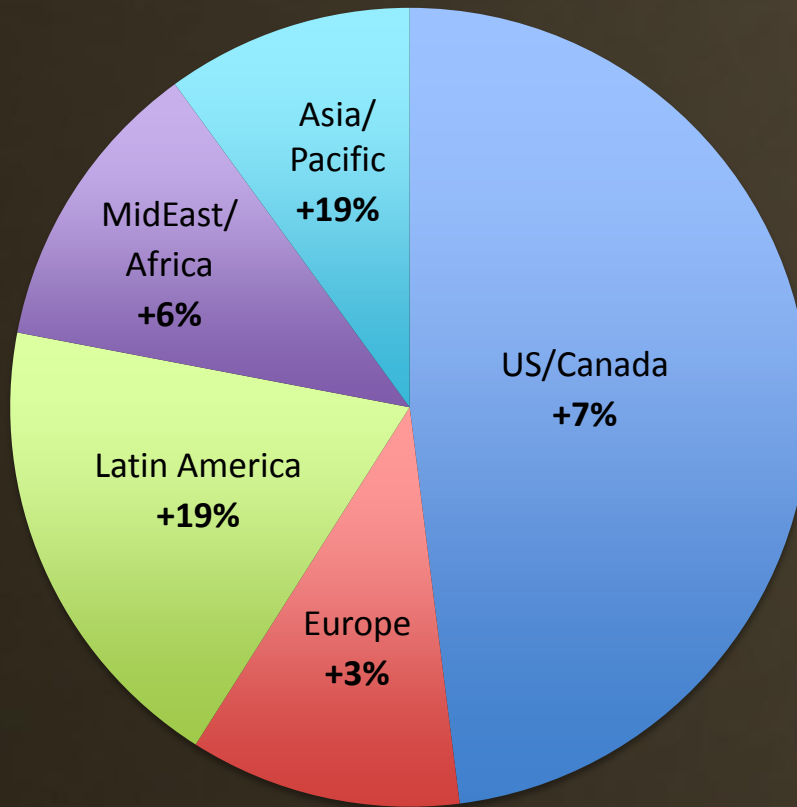
Sales in Developing Regions¹



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

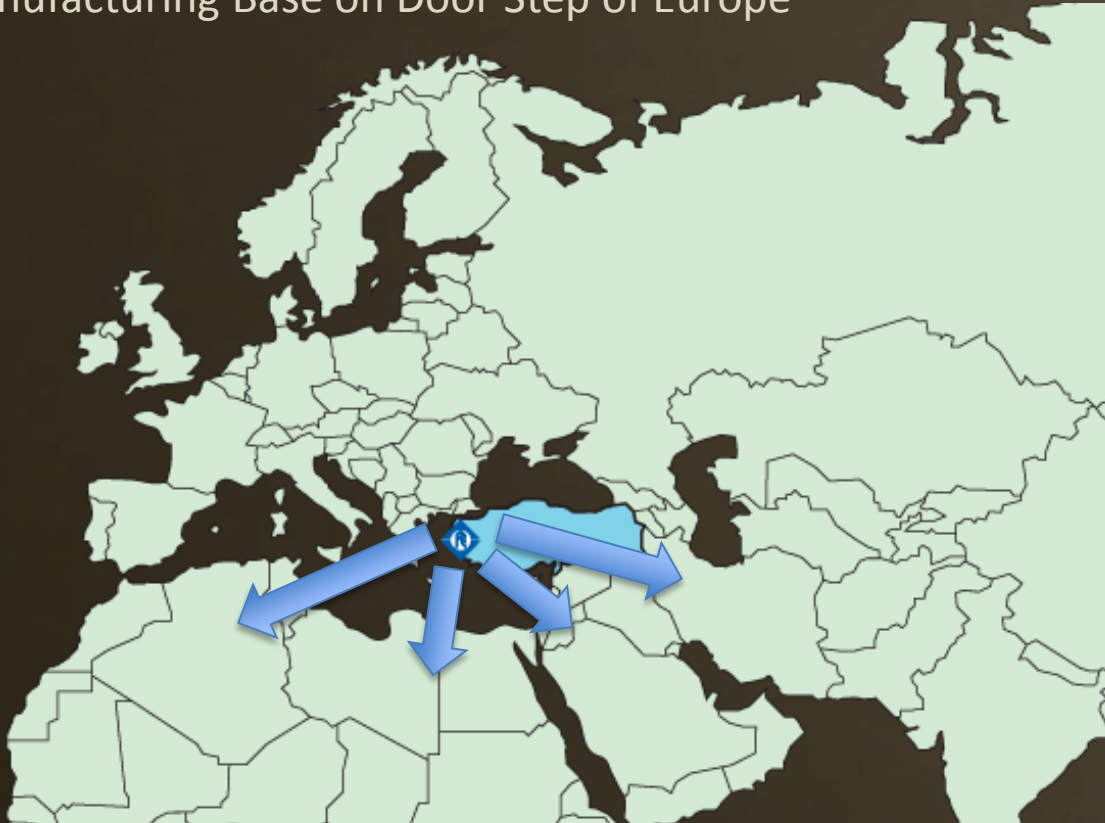
Sales Growth by Region (Q1 2011)

% of Franklin Global Water Sales



IMPO Acquisition

- \$28 M Sales
- Leader in Groundwater Pumps and Motors in Turkey
- Distribution in Turkey and Throughout Mid-East
- World Class Manufacturing Capability
- Low Cost Manufacturing Base on Door Step of Europe



FRANKLIN ELECTRIC WATER SYSTEMS
Sales in Developing Regions

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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
- Value for the dollar

Linares, Mexico Manufacturing Complex



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

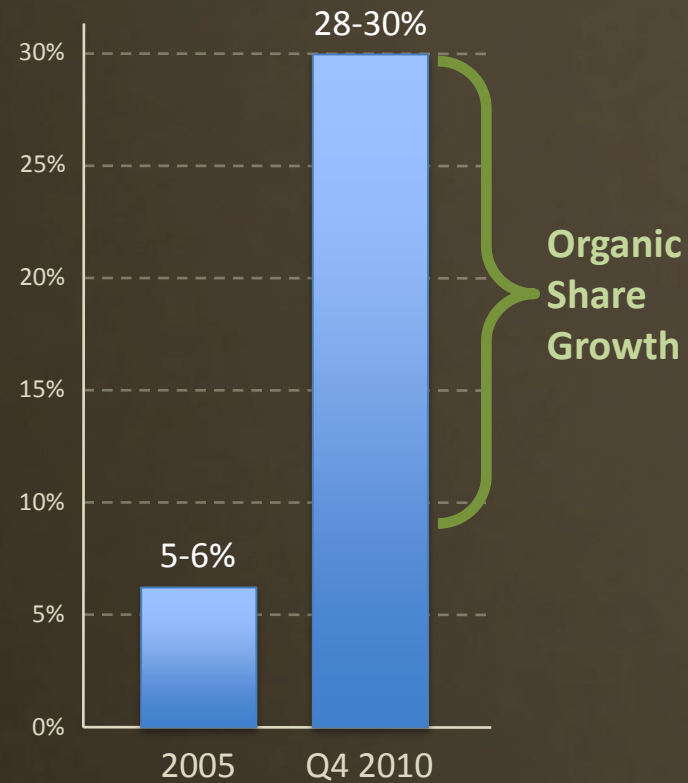
“Finalist”

- Industry Week Magazine Best Plants in North America



Pump Share Growth in US/Canada

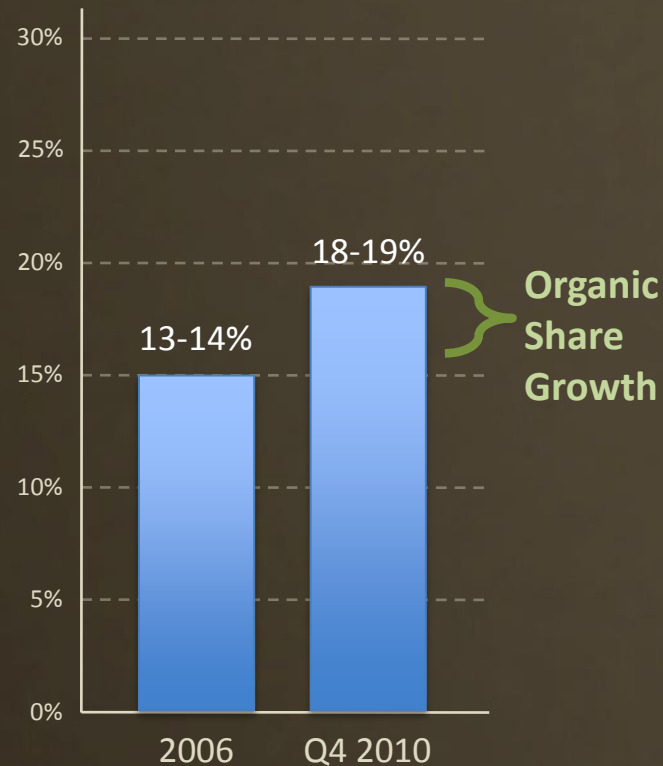
% Franklin Share - Residential Groundwater Pumps¹
(4" Submersibles + Jets)
(Year of market entry to most recent quarter)



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

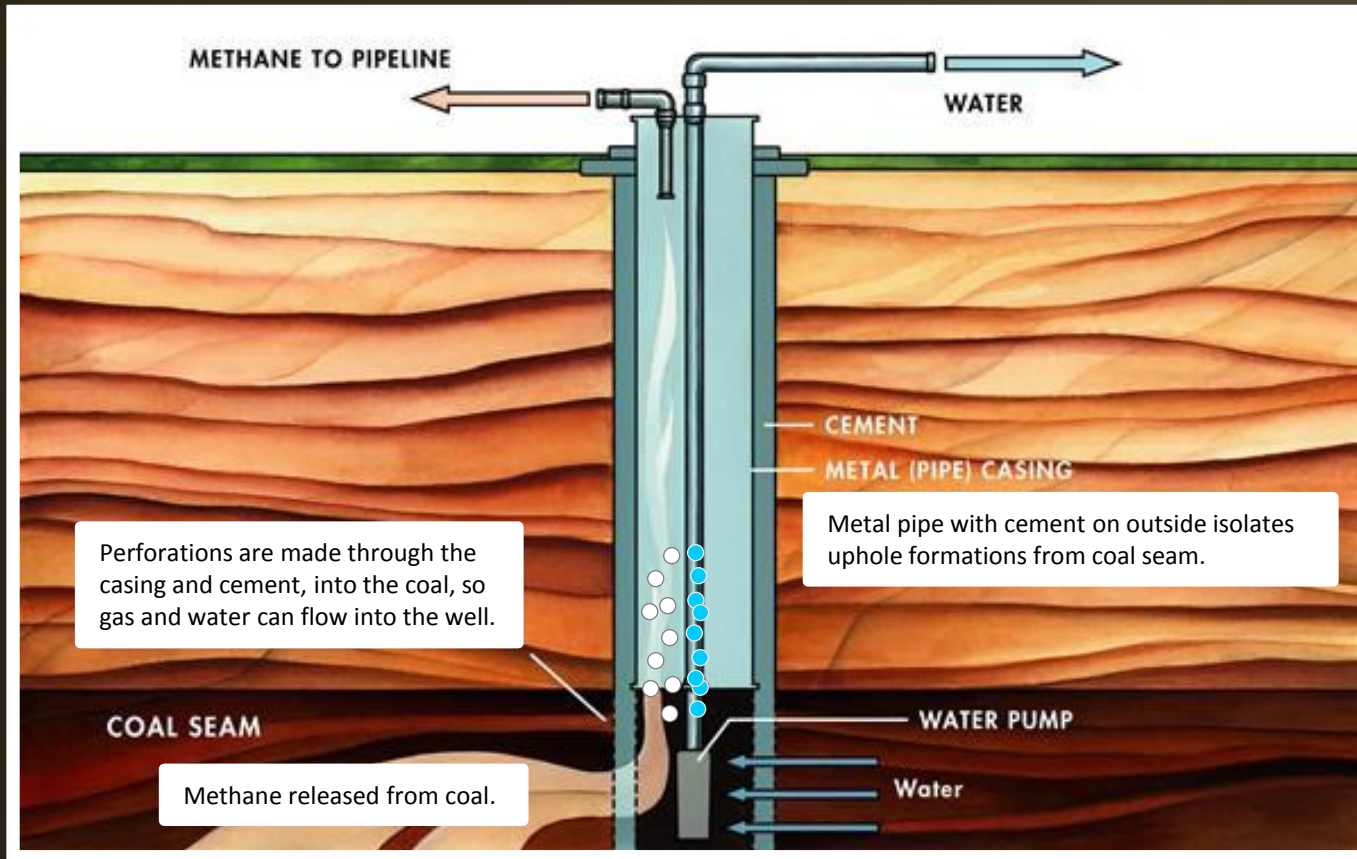


Motor, pump, electronic
drive, ancillary equipment
\$500-800/unit



Extend Product Lines to Include More Packaged Systems

Coal Seam Natural Gas:





FRANKLIN ELECTRIC WATER SYSTEMS

Extend Product Lines to Include More Packaged Systems

Coal Seam Natural Gas – Franklin System:

(up to 1000 meters depth)

Pump
Motor
Drive
Telemetry
Discharge head
Ancillary equipment



Significantly Lower
Cost than Oil Field
Pumping Systems

Solar Groundwater Pumping Systems:

- Franklin system:

Pump
Motor
Inverter/Drive



Annual Market Potential:
≈ \$30-40 M per year

- Franklin value proposition:
 - Reliability & durability in the field
 - Efficiency (water per unit of sunlight)

FRANKLIN FUELING SYSTEMS
Fueling Systems Growth

Product Line Extensions and Geographic Expansion



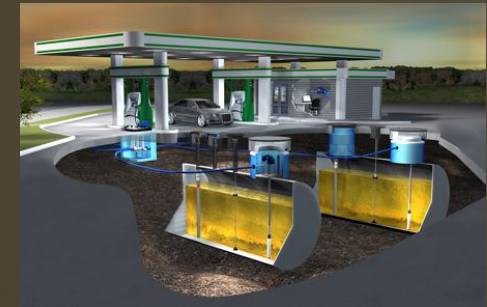
Franklin Submersible
Motor
1960s



FE Petro
Turbine Pump
1980s

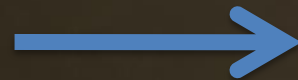


FE Petro Turbine
and Drive
1990s



Adjacent Products
2000s

International Expansion:



Growing motor vehicle population



Installation of new technologies





FRANKLIN FUELING SYSTEMS

Annual Sales of Cars & Light Trucks

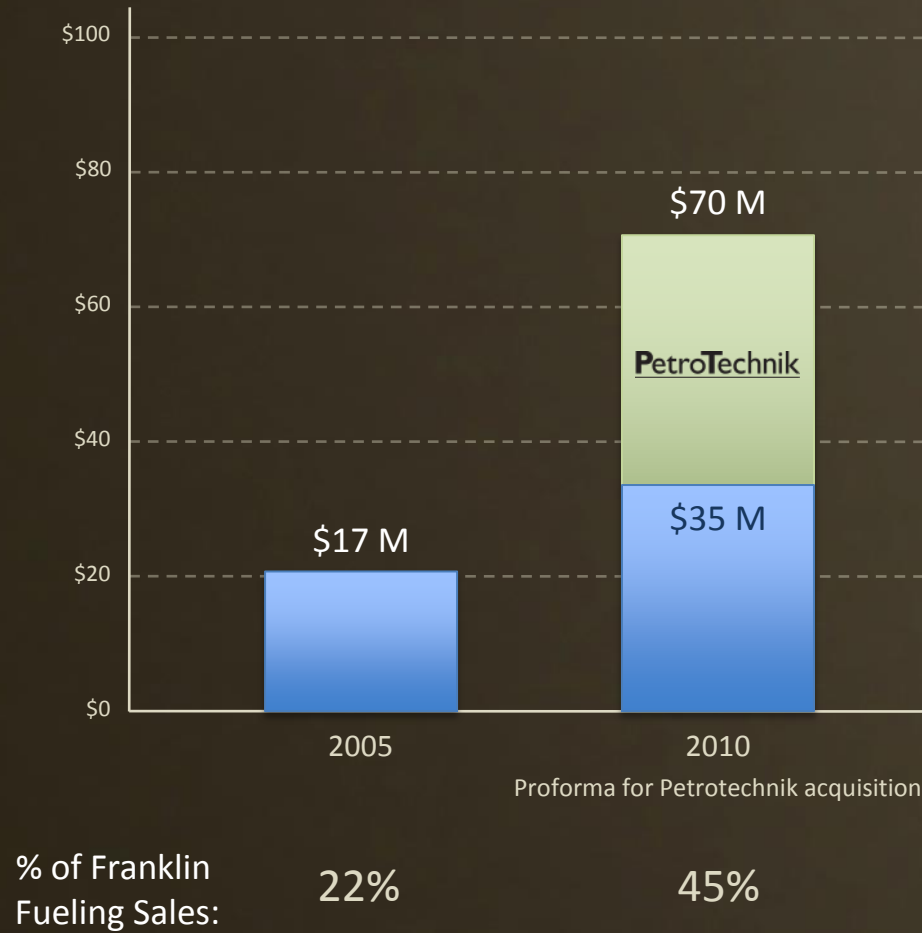
	<u>2000</u>		<u>2010</u>	
North America	20 M	→	13.9 M	
China, India & Latin America	3 M	→	15.6 M	→ Up 5x

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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