



# Franklin Electric

KeyBanc Conference

June 2008



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

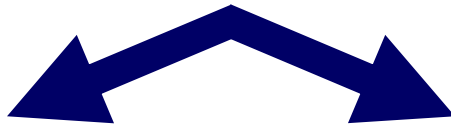
Any forward-looking statements contained herein, including those relating to the Company’s financial results, business goals and sales growth, involve risks and uncertainties, including but not limited to, risks and uncertainties with respect to general economic and currency conditions, various conditions specific to the Company’s business and industry, weather conditions, new housing starts, market demand, competitive factors, changes in distribution channels, 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, included in Item 1A of Part I of the Company’s Annual Report on Form 10-K for the fiscal year ending December 30, 2006, Exhibit 99.1 attached thereto and in Item 1A of Part II of the Company’s Quarterly Reports on Form 10-Q. These risks and uncertainties may cause actual results to differ materially from those indicated by the forward-looking statements. All forward-looking statements made herein are based on information currently available, and the Company assumes no obligation to update any forward-looking statements.

# Topics

- Overview – Strategy for Growth
- Review Recent Financial Performance
- Outlook

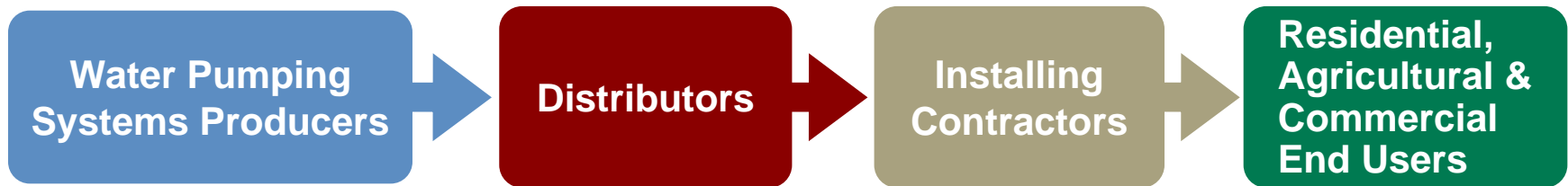
## Strategic Focus

Premier Global Supplier of Pumping Systems and Components to the Residential, Agricultural and Commercial (RAC) Water Systems and Petroleum Equipment Distribution Channels

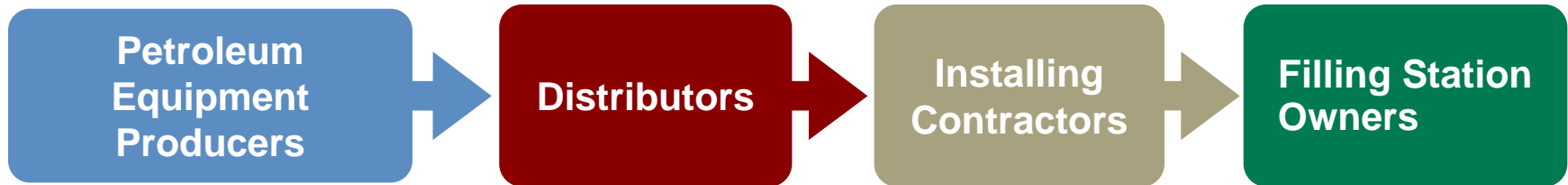


## Strategic Focus

**\$6.1 Bil** Addressable Market



**\$1 Bil** Addressable Market



- Growing Global Demand
- Customers Value Reliability
- Franklin Brand Equity



# Growth Strategy

## Product Line Extensions and Geographic Expansion

Water Systems



Franklin  
Submersible Motor  
1950s



Motors, Controls  
and Drives  
1990s



Motors, Pumps, Drives  
and Controls  
2004



Adjacent Pumping  
Systems  
2006



Global  
Sales  
Opportunity

Fueling Systems



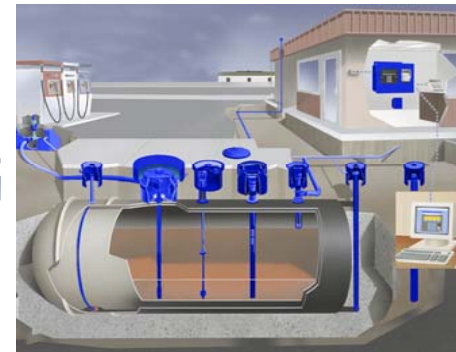
Franklin  
Submersible Motor  
1960s



FE Petro  
Turbine Pump  
1980s



FE Petro Turbine  
and Drive  
1990s



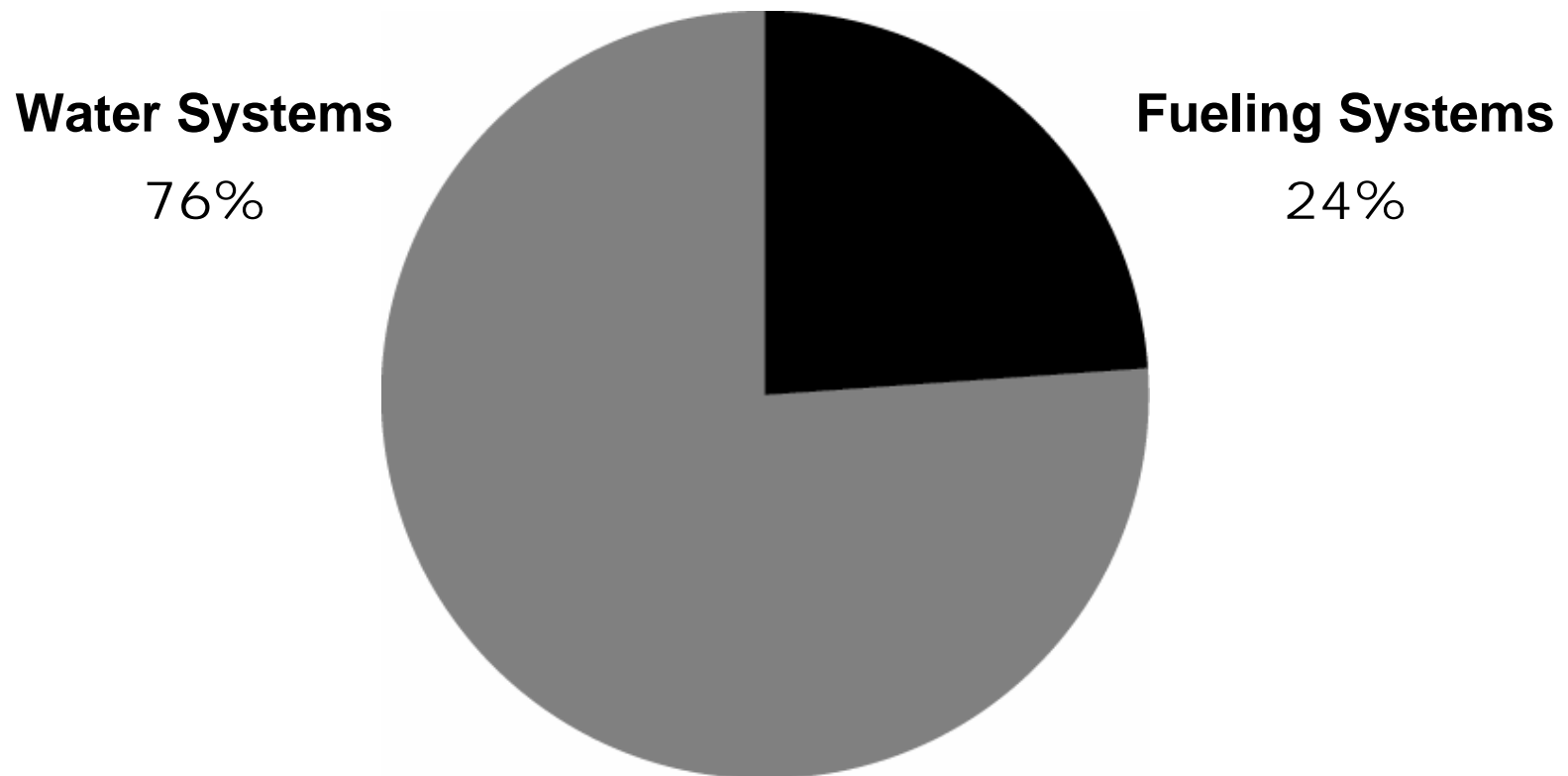
Adjacent Products  
2000s



Global  
Sales  
Opportunity

## Franklin Product Mix

Annualized Sales Run Rate Approx. \$750 mil



# Water Systems

Core and Complimentary Products

## Complimentary Pumping Systems

- Sump Pumps
- Condensate Pumps
- Sewage Pumps
- Utility Pumps
- Effluent Pumps
- Irrigation Pumps
- Pressure Boost Pumps

Total Addressable Market \$3.8 Bil

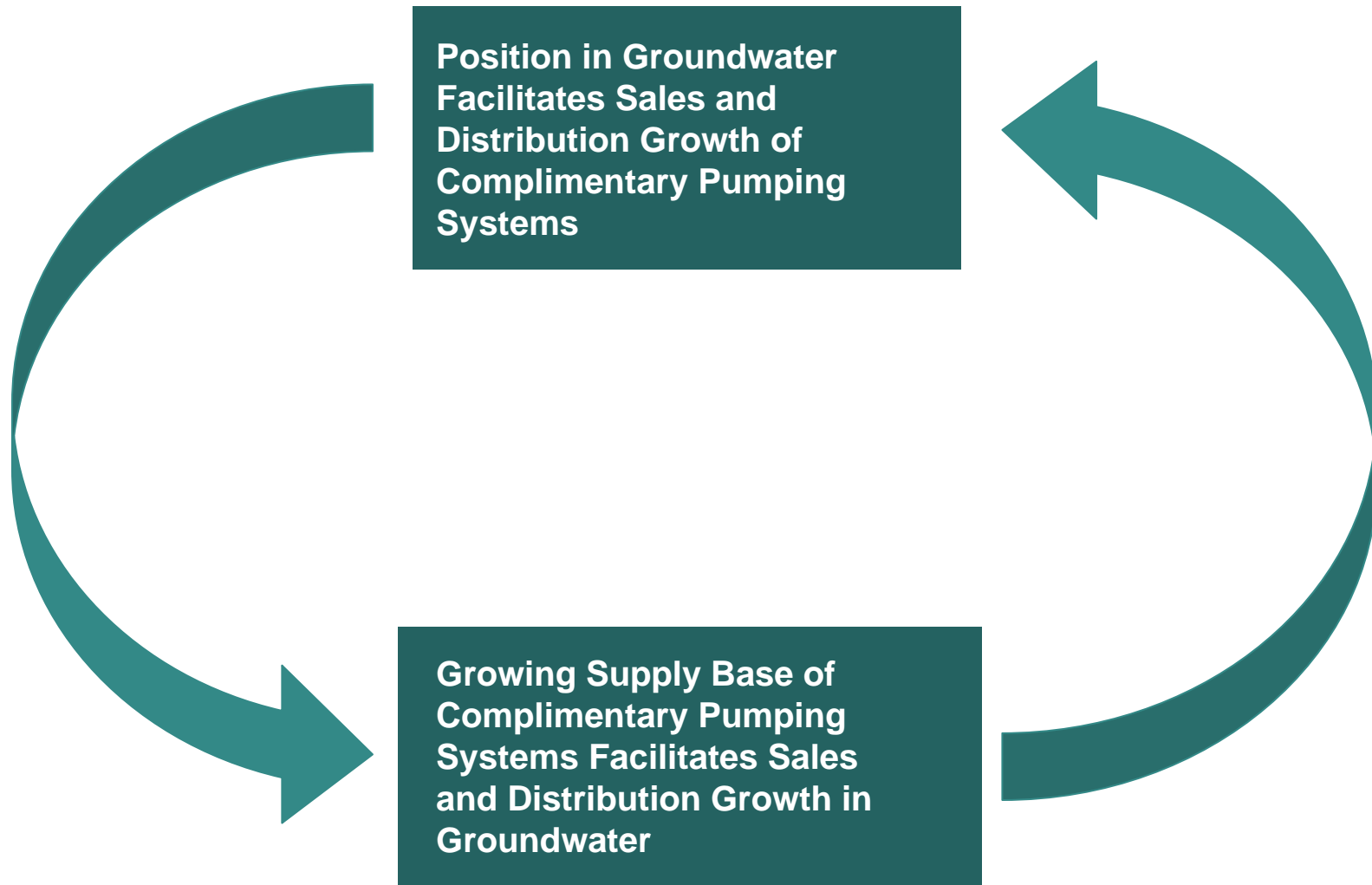
## Core

Groundwater  
Pumping Systems  
Total Addressable  
Market \$2.3 Bil



## Business Dynamic

Groundwater Capability Facilitates Building Distribution and Sales of Complimentary Products and Vice Versa



# Franklin Global Market Position

## Groundwater Pumping Systems

	<b><u>% of \$2.3 bil Global Addressable Market*</u></b>
Franklin Electric	16-18%
Competitor A	11-13%
Competitor B	10-11%
Competitor C	9-11%
Competitor D	3-4%
All Others	44-50%
<b>Total</b>	<b>100%</b>

# Franklin Global Market Position

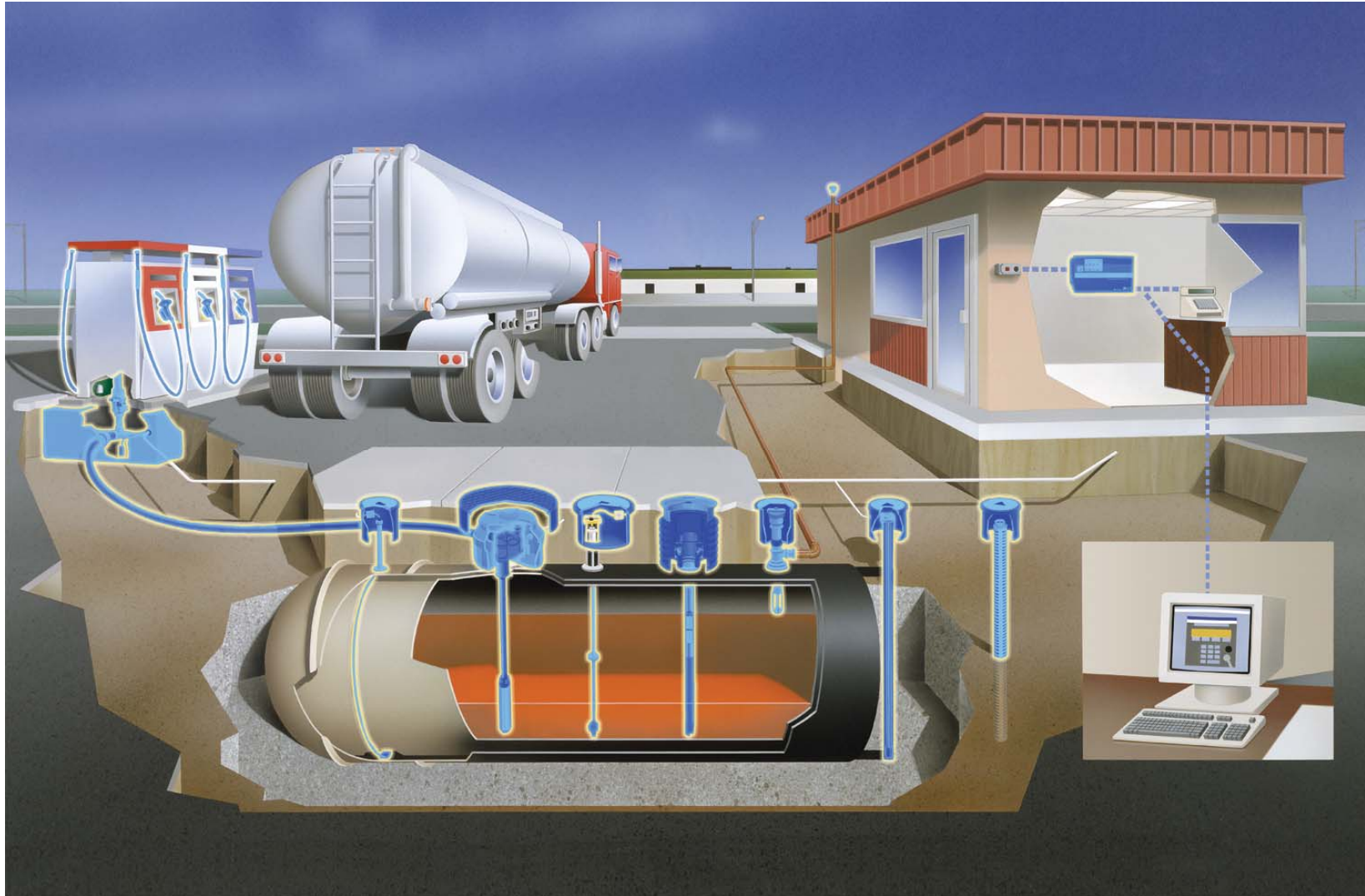
Residential, Agricultural and Commercial Pumping Systems

	<u>% of \$6.1 bil Global Addressable Market*</u>	
Competitor A	13-16%	
Competitor B	10-12%	
Franklin Electric	9-11%	← <b>5-6% in 2004</b>
Competitor C	6-8%	
Competitor D	2-3%	
All Others	53-59%	
<b>Total</b>	<b>100%</b>	

\* Source – Franklin Management Estimates

# Fueling Systems

Product Line



## Fueling Systems Growth

Process Control Products and Services:

- Vapor Control and Monitoring
- Variable Speed Pumping
- Leak Detection
- Inventory Control
- Product Adulteration Detection

# Franklin Fueling Global Market Position

## Fueling Equipment\*

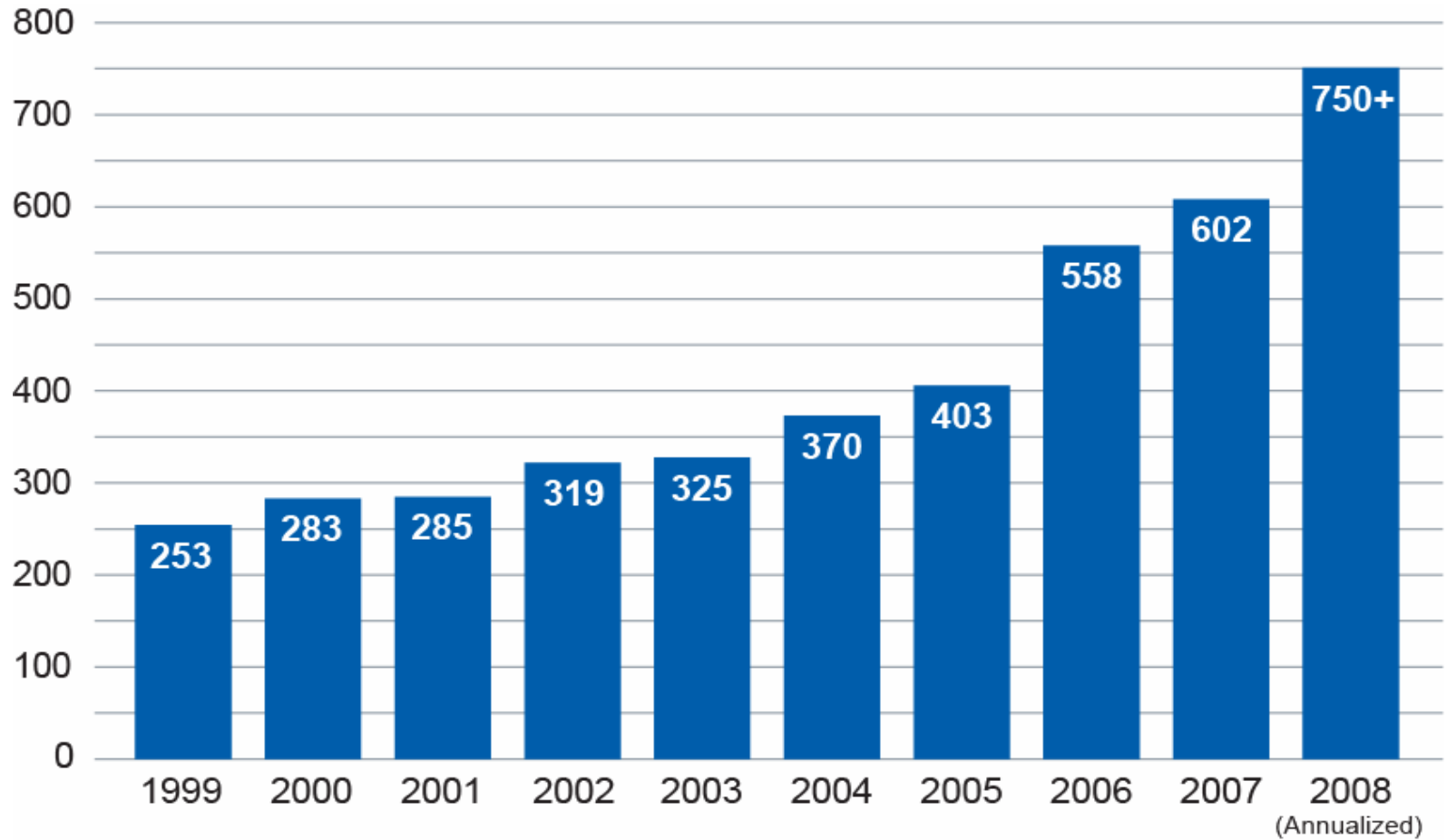
	<b><u>% of \$1 bil Global Addressable Market**</u></b>
Franklin Electric	17%
Competitor A	12-14%
Competitor B	10-12%
All Others	57-61%
<b>Total</b>	<b>100%</b>

\* Excludes Dispensing Systems

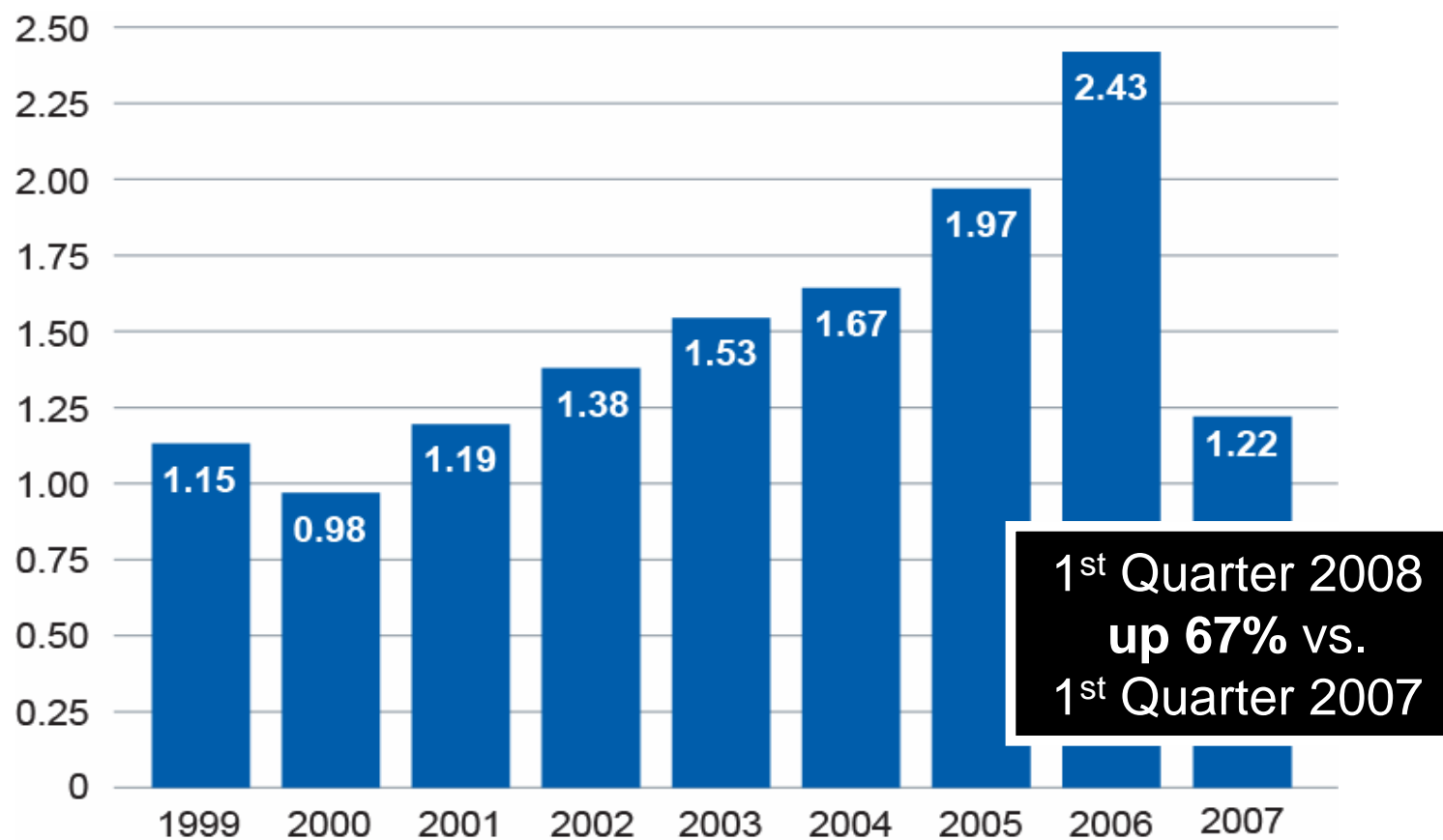
\*\* Source – Franklin Management Estimates



## Franklin Sales Growth

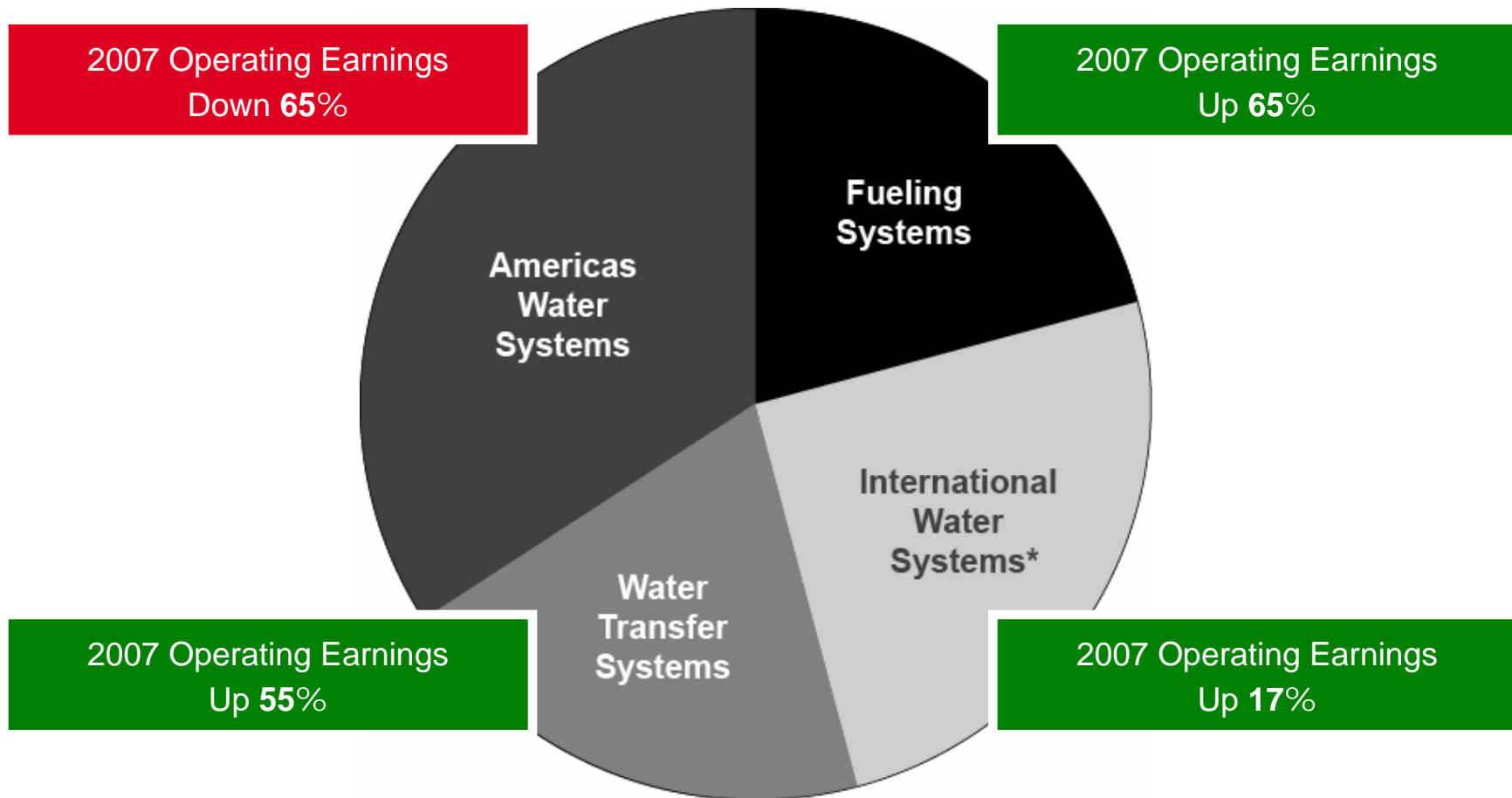


## Franklin EPS



# Franklin Operating Units

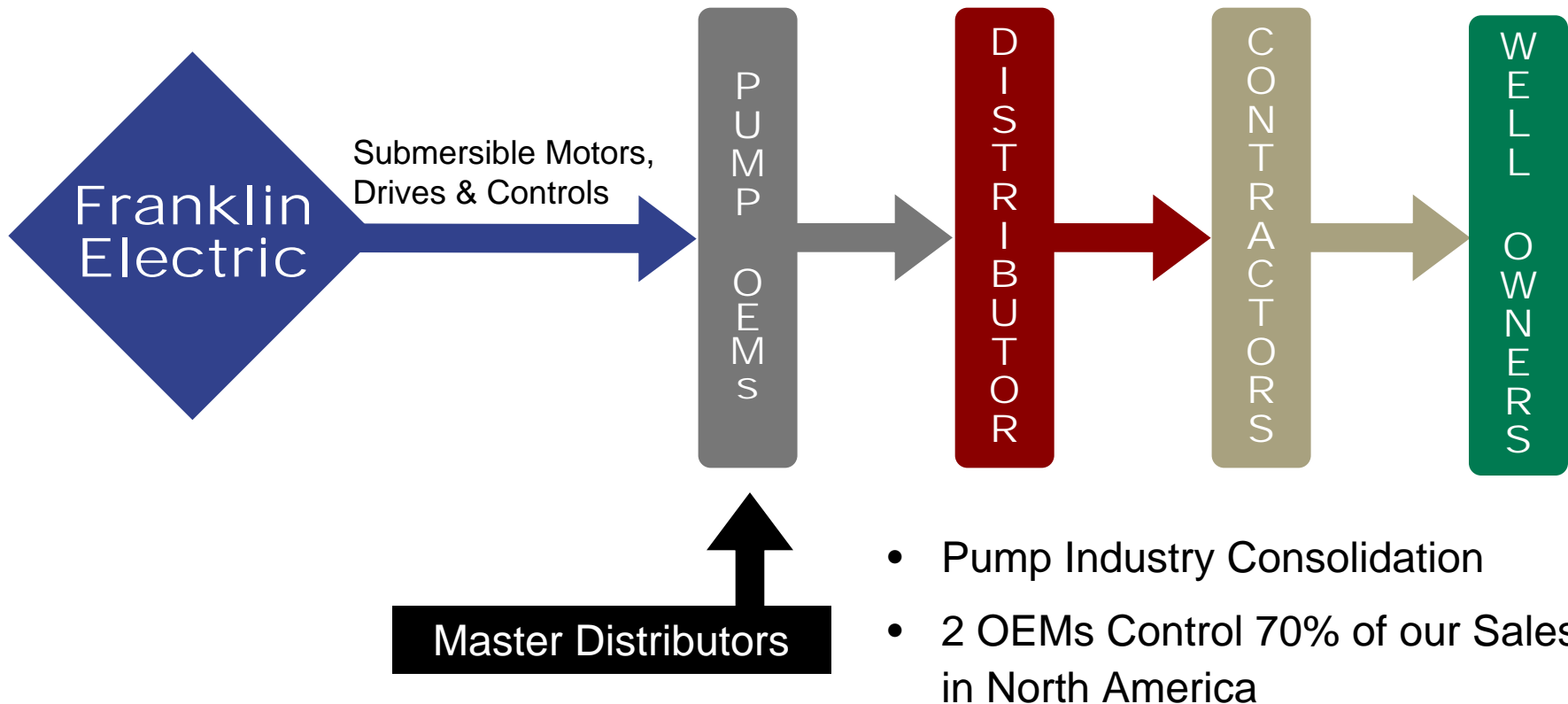
## Sales Mix



\* Asia/Pacific, Europa, South Africa

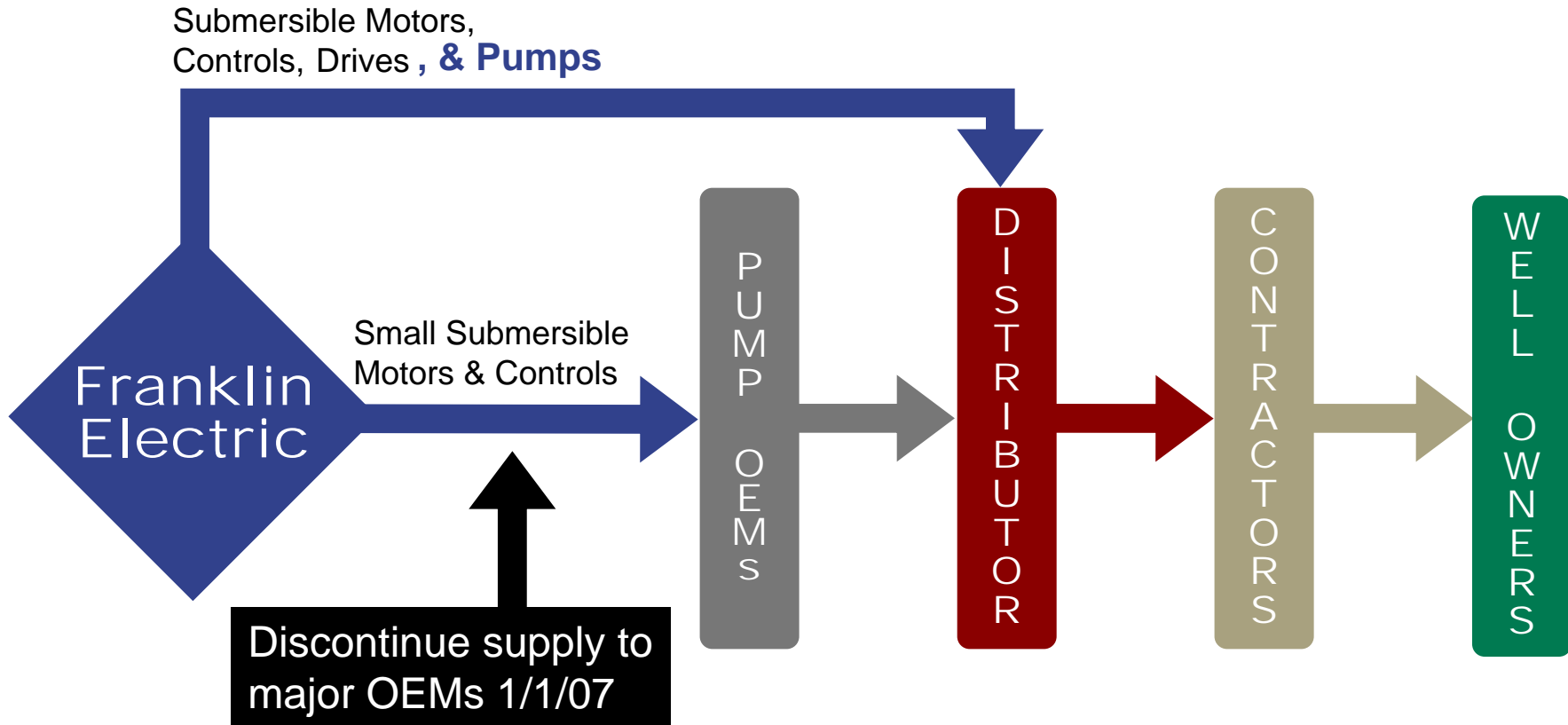
# Americas Water Systems

Business Model Before 2004



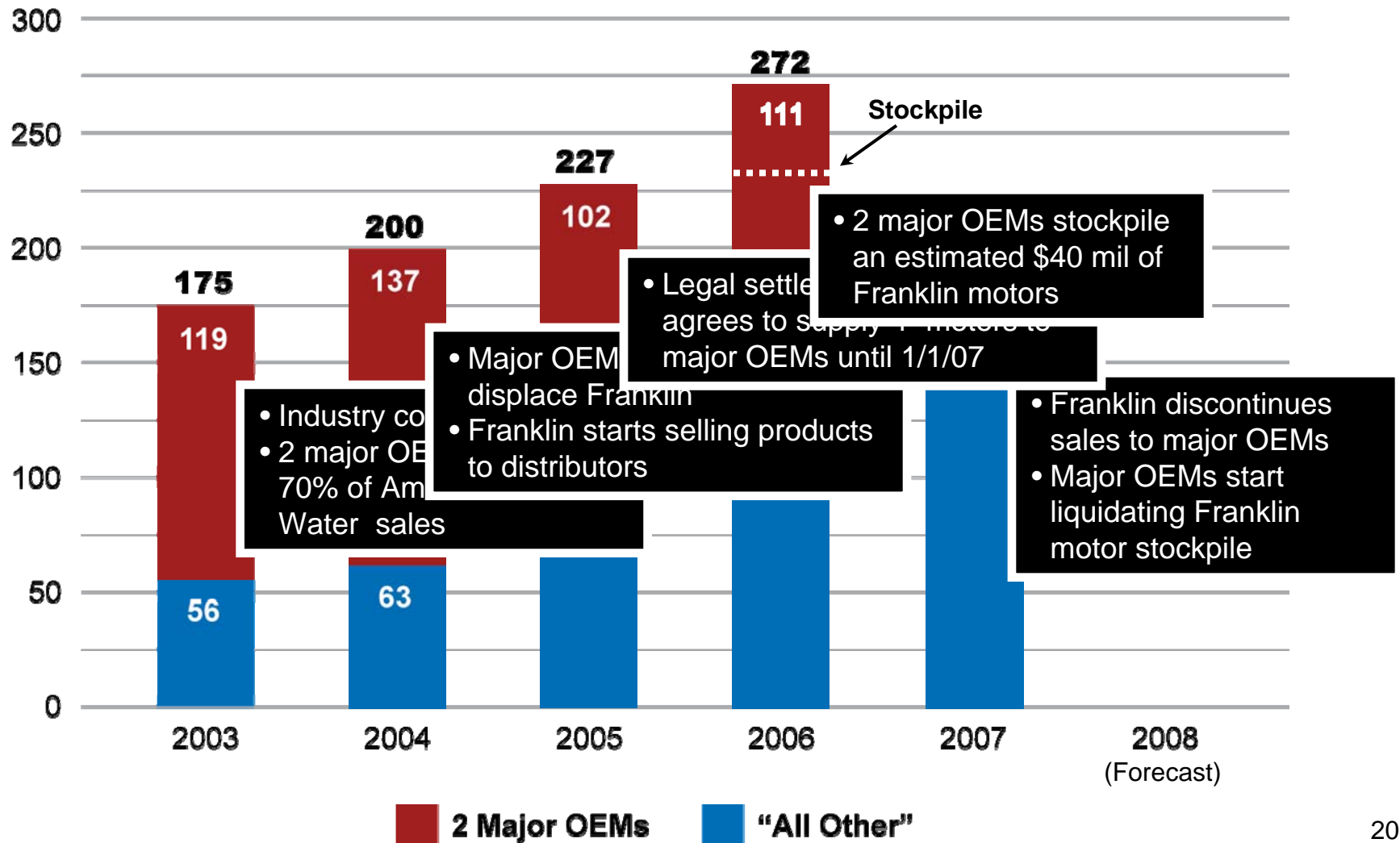
# Americas Water Systems

## Business Model After 2004



# Americas Water Systems

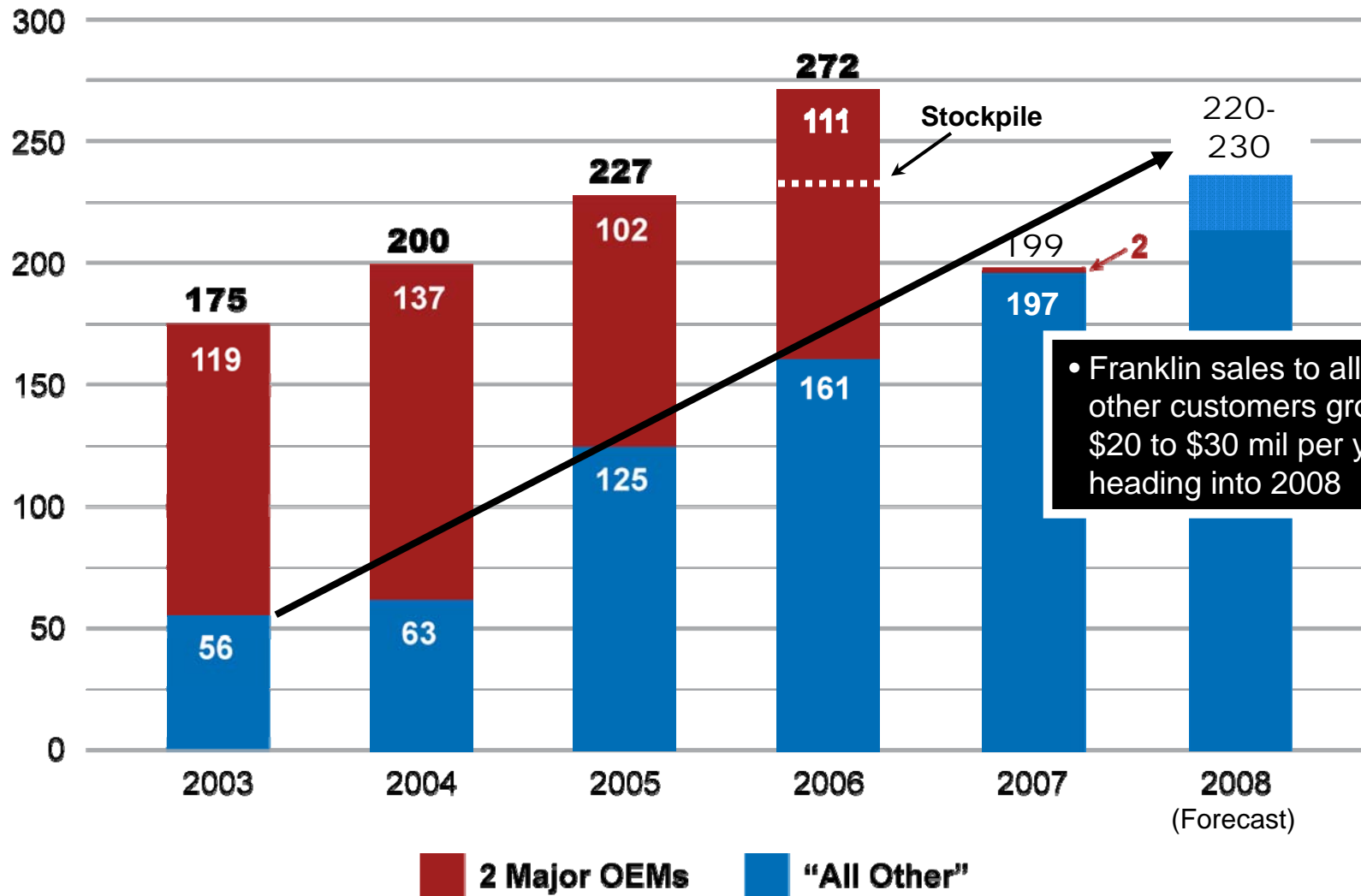
## Sales Mix





# Americas Water Systems

## Sales Mix



# North America Water Systems Industry

## 4" Pump/Motor + Pump End Shipments (Units\*)

	<u>2006</u>	<u>2007</u>	<u>% change</u>
Total Industry (WSC)	989,000	884,000	(10.6%)

2007 Franklin Shipments      Up 32% 

2007 2 Major OEMs      Estimated Down 25% 

**Response:**  
Price Discounting

## 2007 New Product and Facility Initiatives

**TRI-SEAL**



**VersaJet**



**New Linares  
Pump Plant**



**Madison  
Consolidation**



**Grant County  
Expansion**

## 2007 Earnings Performance

- Fueling, International Water and Water Transfer Systems Operating Earnings
  - **Up 46%**
- Americas Water Systems Issues:
  - Stockpile Liquidation
  - Housing Recession
  - Strategic Initiatives

## 2008 Earnings Improvement

- Organic Sales Growth
- Fixed Spending Leverage
- Cost Reduction Initiatives
- Accretive Acquisitions

## 2008 Earnings Improvement

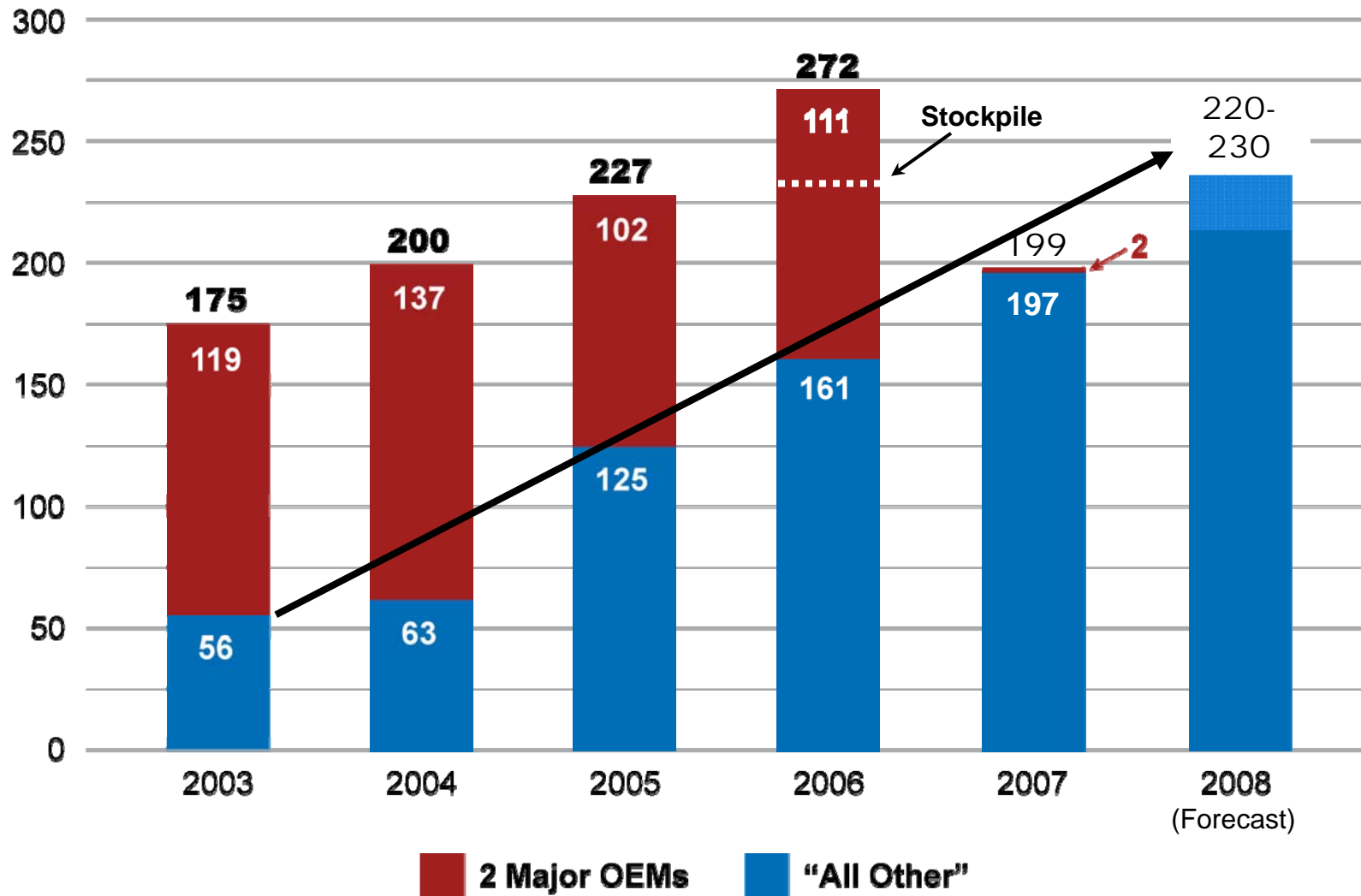
### Organic Sales Growth

	<b>2008 Organic Sales Growth Guidance</b>	<b>2008 1<sup>st</sup> Quarter</b>
Global Water Systems	10%	12%
Fueling Systems	30%	31%
<b>Total</b>	<b>12%</b>	<b>17%</b>
<b>Overall Sales Growth</b> (including acquisitions)	<b>25%</b>	<b>34%</b>



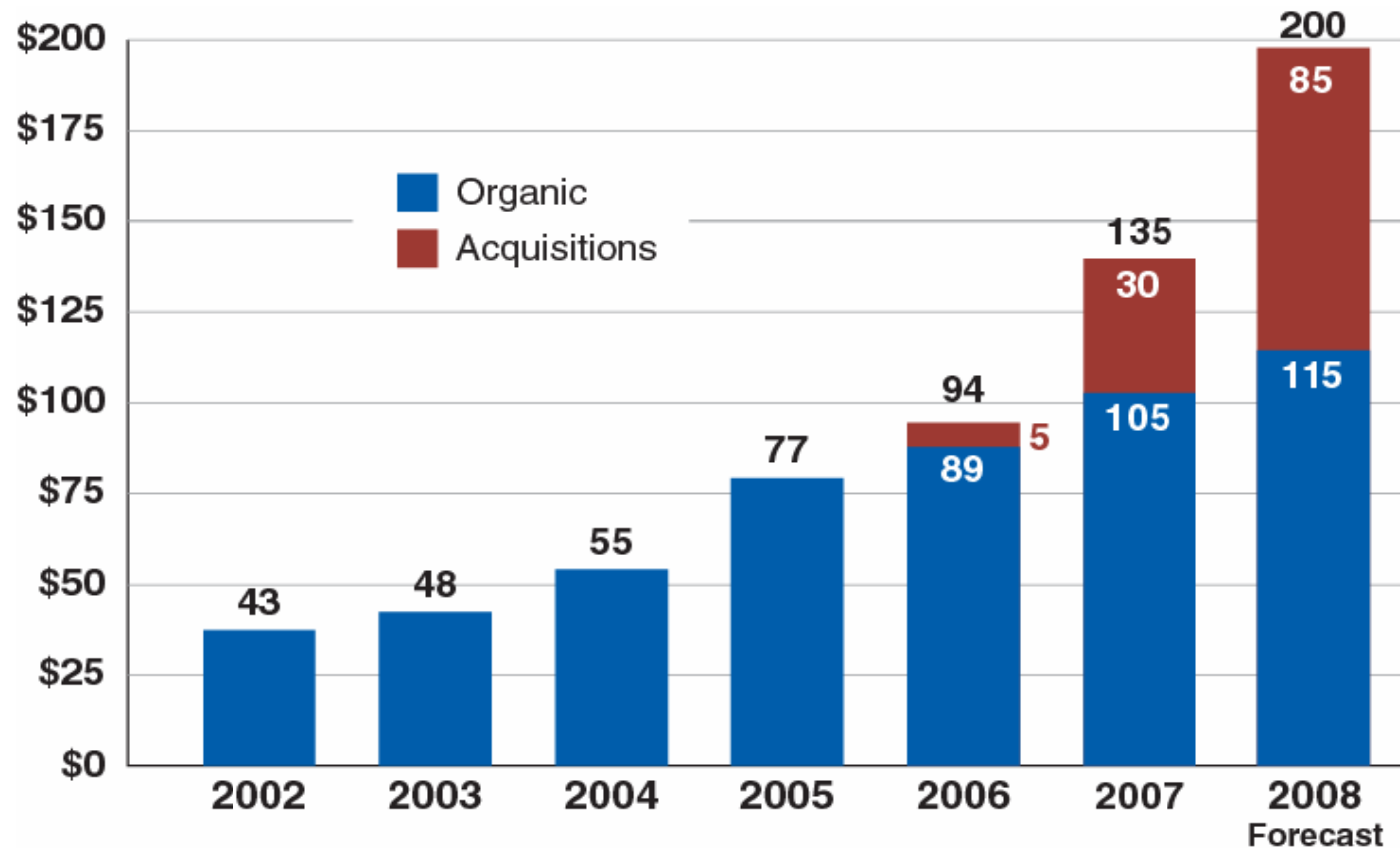
# Americas Water Systems

## Organic Sales Growth



# Water Systems Sales in Developing Regions\*

2002 – 2008 Forecast (\$ 000s)



\* Latin America/Brazil, Asia/Pacific, Middle East, Africa, Eastern Europe

# Fueling Systems Organic Sales Growth in 2008

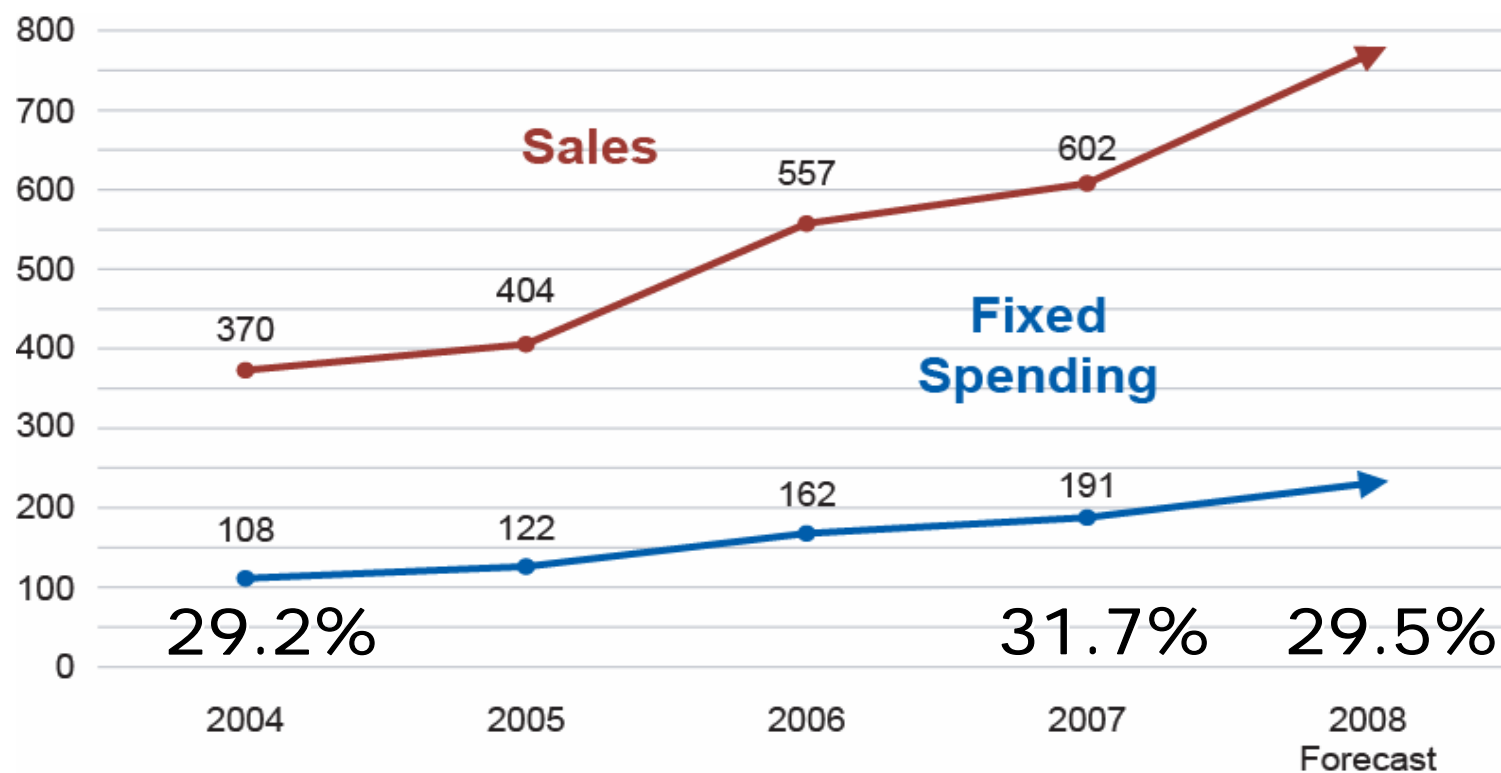
Environmental Legislation – California Vapor Control Regulations



- **Vapor Control System Purchases**  
4/30/08 to 4/30/09 - \$135 mil\*
- **Vapor Monitoring System Purchases**  
4/30/08 to 10/1/10 - \$60 mil\*
- **Franklin 1 of Only 2 Approved Suppliers**
- **Other Countries/Municipalities May Follow**

## 2008 Earnings Improvement

Fixed Spending Leverage\* (\$ mil)



\$14 - 17 mil Cost Improvement

\* Fixed Spending = (SG & A Spending – Sales Commissions) + Fixed Manufacturing Spending + Restructuring Spending

## 2008 Earnings Improvement

Cost Reduction Initiatives Start to “Kick In”

- Transition to New 4” Pumps Complete (2<sup>nd</sup> Qtr. 2008)
- New Linares, Mexico Pump Plant Start-up (2<sup>nd</sup> Qtr. 2008)
- Fueling Consolidation in Madison (4<sup>th</sup> Qtr. 2007)
- Wittlich & Siloam Springs Rightsizing (During 2007)

\$7 - 10 mil Cost Improvement

# 2008 Earnings Improvement

## Accretive Acquisitions

**JACUZZI.**



**WATER HORSE**



**JESCO**



**MONO Pumps**



**NORMAFLO**

**SUPER D**



**RED LION**

Pump Brands  
**(Southern Africa)**

Sales \$35 Mil

Monarch Pumps  
**(Canada & US)**

Sales \$33 Mil

Bombas Schneider  
**(Brazil)**

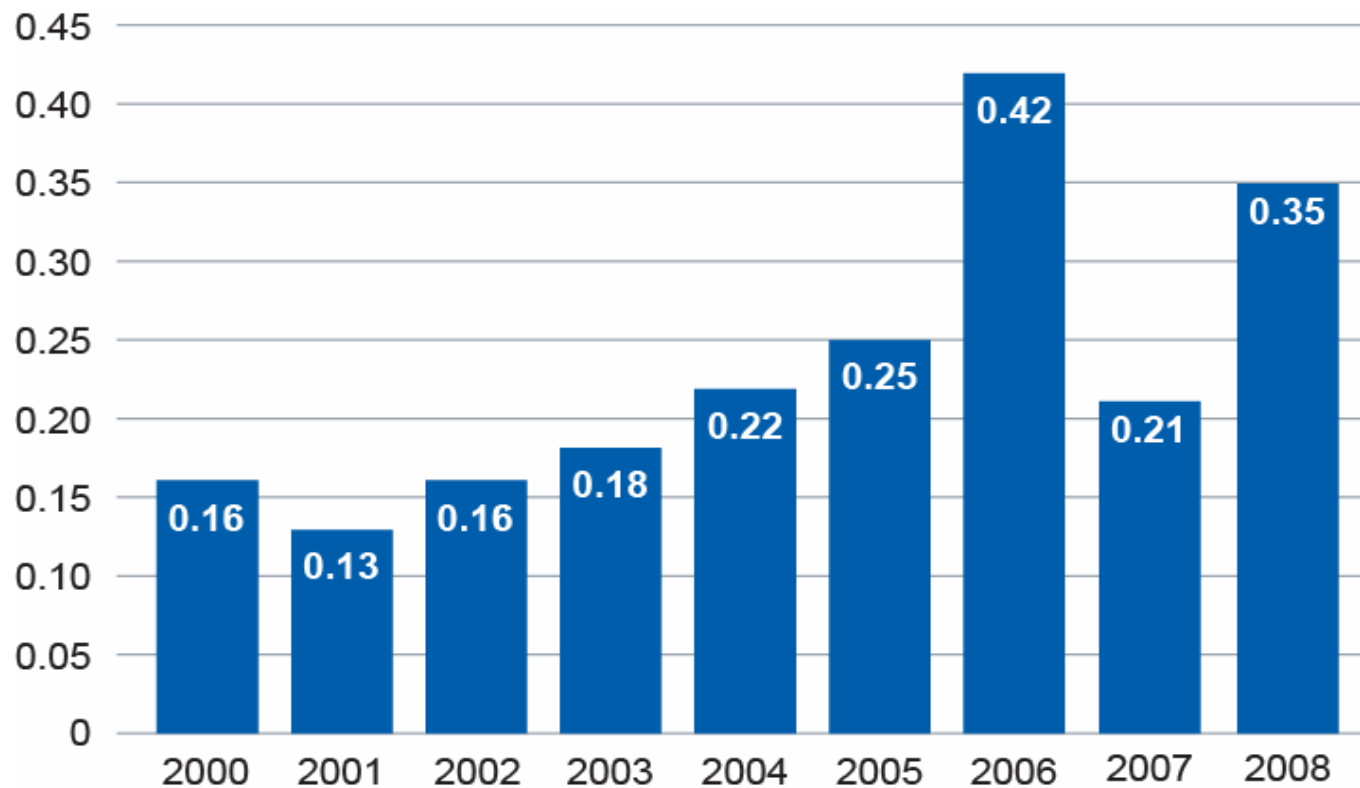
Sales \$44 Mil



## 2008 Earnings Impact

- 10% Organic Growth – Water
- 30% Organic Growth – Fueling
- Fixed Spending Leverage (220 BPS)
- Payback on Strategic Initiatives
- Accretive Acquisitions

## 1<sup>st</sup> Quarter EPS 2000 – 2008

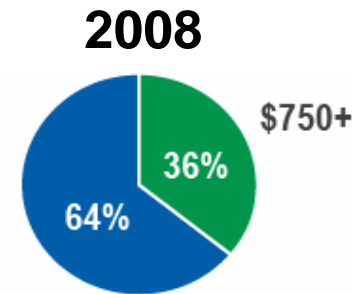
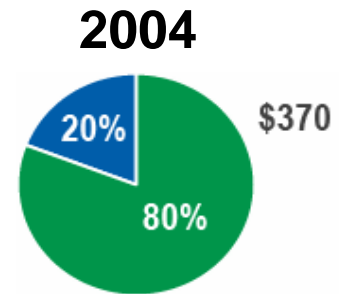


- **Raw Material and Freight Inflation**

## Franklin Changing Global Profile (\$ mil)

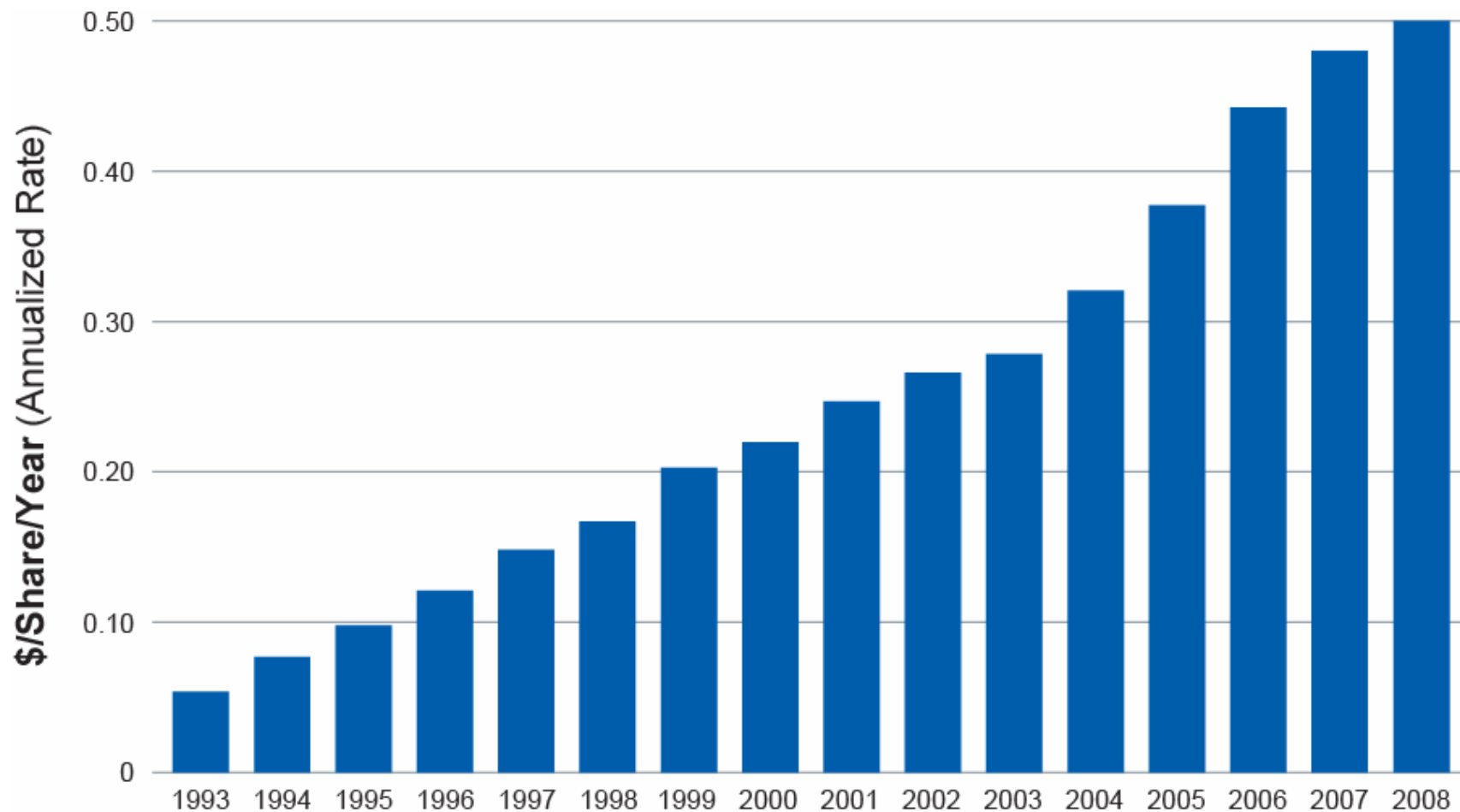
### Products

-  Motors
-  Pump Systems/Components



# Franklin Electric Dividend History

2008 – Dividend Increased for 16<sup>th</sup> Consecutive Year





**Franklin Electric**

