



**Franklin Electric**

Baird Conference

November 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

- Franklin Electric Overview
- Water Systems and Fueling Systems Growth Plans
- Outlook
- Financial Position

# September 2008 YTD Financial Summary

	<b><u>September 2008 YTD</u></b>	<b><u>% ±</u></b>
Sales	\$593.5 M	+32%
Operating Income	\$69.1 M	+78%
EPS	\$1.75	+77%
Net Debt/Capital (Book)	23%	
Net Debt/EBITDA (LTM)	1.3X	

## Strategic Focus

**Residential, Agricultural &  
Commercial Water Systems**  
\$5.8 B Global Market Potential



**Fueling Systems**  
\$1.0 B Global Market Potential



# Growth History

## 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



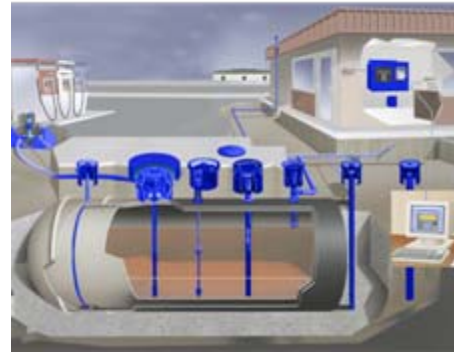
Franklin  
Submersible Motor  
1960s



FE Petro  
Turbine Pump  
1980s



FE Petro Turbine  
and Drive  
1990s



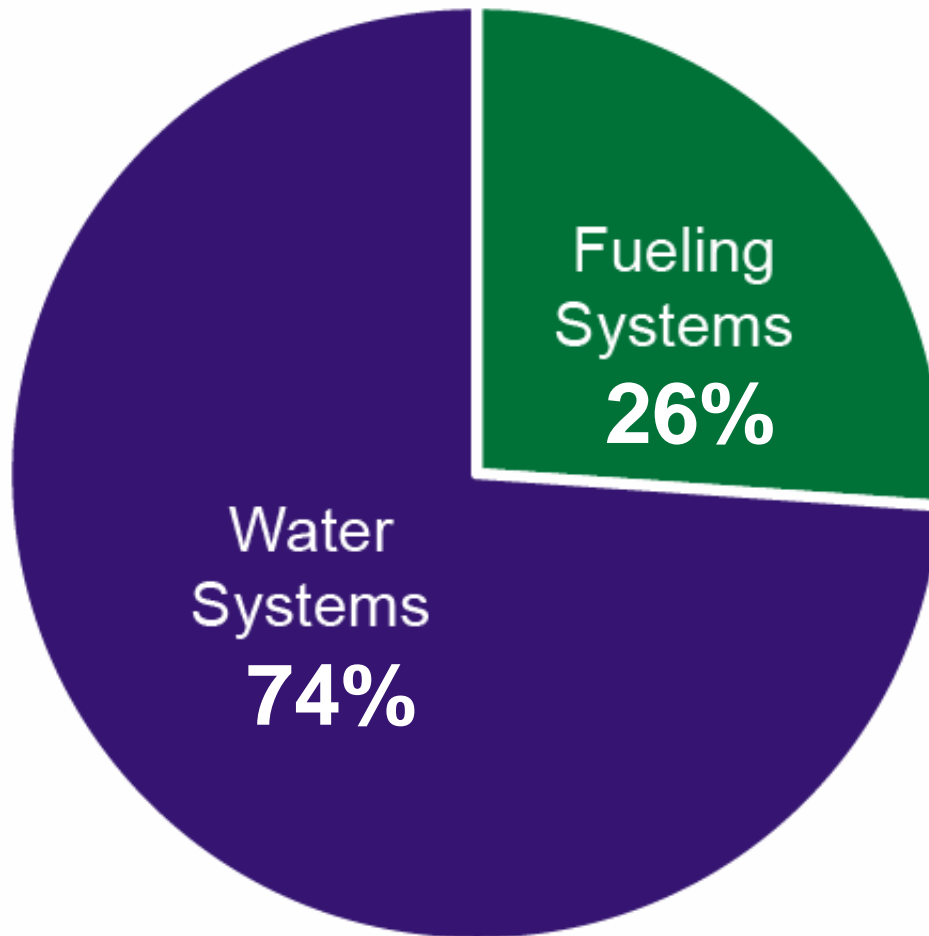
Adjacent Products  
2000s



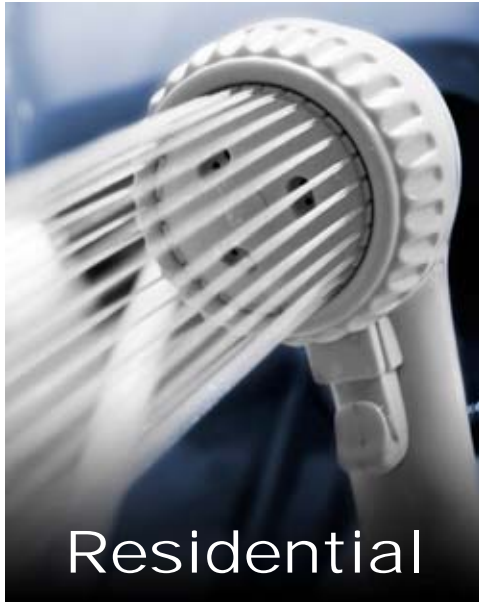
Global  
Sales  
Opportunity

# Product/Market Sales Mix

## 2008 Annualized Sales $\pm$ \$770 M



# Water Systems Product Categories



## Groundwater Pumping

- Dewatering/Sump Pumps
- Sewage & Effluent Pumps
- HVAC Condensate Pumps
- Pressure Boosting
- Utility Pumps
- Pond & Fountain Pumps
- Water Garden Products



## Groundwater Pumping

- Irrigation Pumping
- Livestock Watering
- Dewatering



## Groundwater Pumping

- Dewatering
- Pressure Boosting
- HVAC Condensate Removal
- Irrigation Pumping
- Utility Pumps
- Pond & Fountain Pumps
- Water Garden Products



## Water Systems

### September 2008 YTD Financial Summary (\$ M)

	<b>September 2008 YTD</b>	<b>% ±</b>	
US/Canada Sales	\$245	+14%	
International Sales	<u>\$204</u>	<u>+48%</u>	
Total Sales	\$449	+27%	← <b>Organic Growth 8%</b>
Operating Income	\$59.8	+29%	

1) Includes FX impact of \$19.0 M and the organic growth from acquisitions, excluding FX impact Organic Growth is 3%

## Water Systems

### US/Canada Market Potential and FE Share (\$ B)

	<u>Market Potential</u>	<u>FE Share</u>
US/Canada Groundwater Pumping Sales	\$0.6 B	30%-35%
US/Canada Adjacent Pumping Systems <sup>1</sup>	<u>\$0.9 B</u>	<u>10%-15%</u>
<b>Total</b>	<b>\$1.5 B</b>	<b>20%-25%</b>

1) Adjacent Pumping Systems – Non-Groundwater Pumping Systems Sold Through the Groundwater Pump Distribution Channel (Source - Franklin Management Estimate)

# Water Systems

## International Market Potential and Growth Trends (\$ B)

	<b>Total Potential <u>Market</u><sup>3</sup></b>	<b><u>Long Term Growth Trend</u><sup>3</sup></b>
Mature Regions <sup>1</sup>	\$1.8 B	0%-3%/year
Developing Regions <sup>2</sup>	\$2.5 B	5%-10%/year

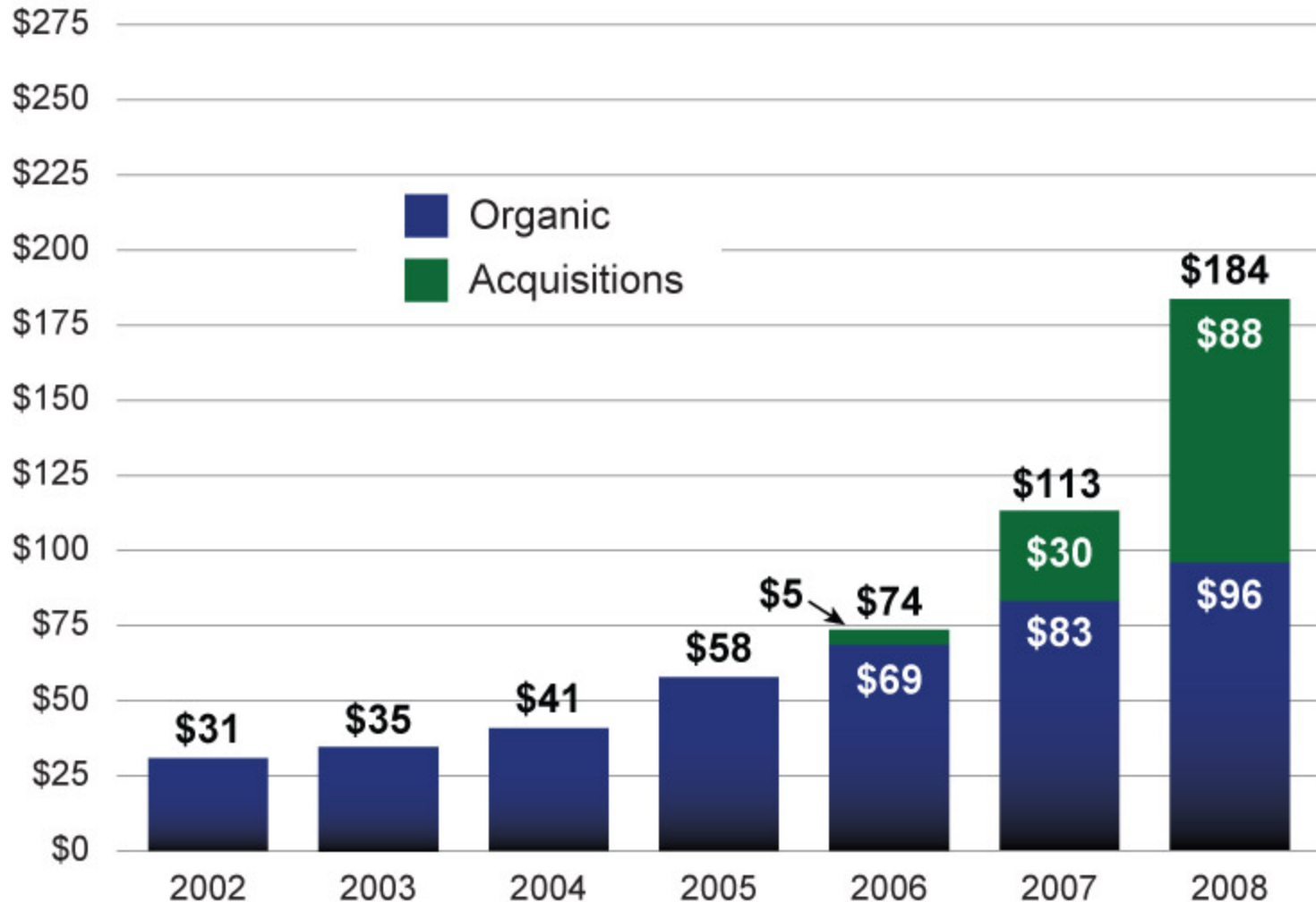
1) Mature Regions: Europe, Japan/Korea, Australia/New Zealand

2) Developing Regions: Mideast, India, Latin America, China, Russia, Africa, Asean

3) Source - Franklin Management Estimate

# Water Systems

## Franklin Sales in Developing Regions (\$ M)



# Water Systems

## Global Groundwater Pumping Systems League Table

	<b><u>% of \$2.1 B Global Addressable Market*</u></b>
<b>Franklin Electric</b>	<b>18-19%</b>
Competitor A	11-13%
Competitor B	10-11%
Competitor C	9-11%
Competitor D	3-4%
All Others	42-49%
Total	100%

# Water Systems

## Residential, Agricultural & Commercial Pumping Systems League Tables

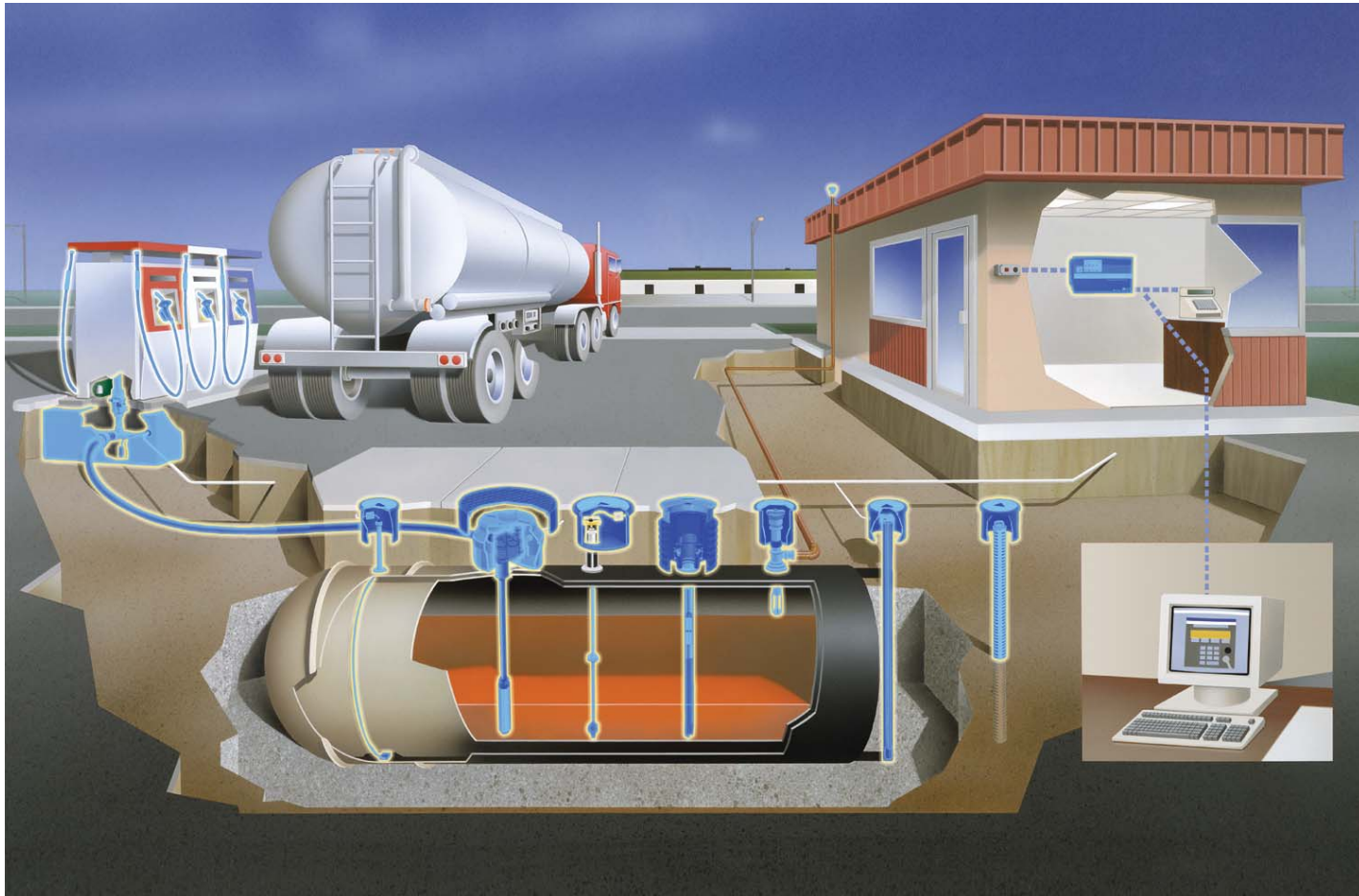
	<u>% of \$5.8 B Global Addressable Market*</u>	
Competitor A	14-16%	
Competitor B	12-13%	
<b>Franklin Electric</b>	<b>10-11%</b>	<b>← 5-6% in 2004</b>
Competitor C	6-8%	
Competitor D	2-3%	
All Others	49-56%	
Total	100%	

# Global Water Systems Manufacturing Facilities



	<u>2003</u>	<u>2008</u>
% Water Systems Manufacturing Headcount in Low Cost Regions	10%	40%

26% of Total Franklin Sales







# YTD Franklin Fueling Financial Summary

**(\$ M)**

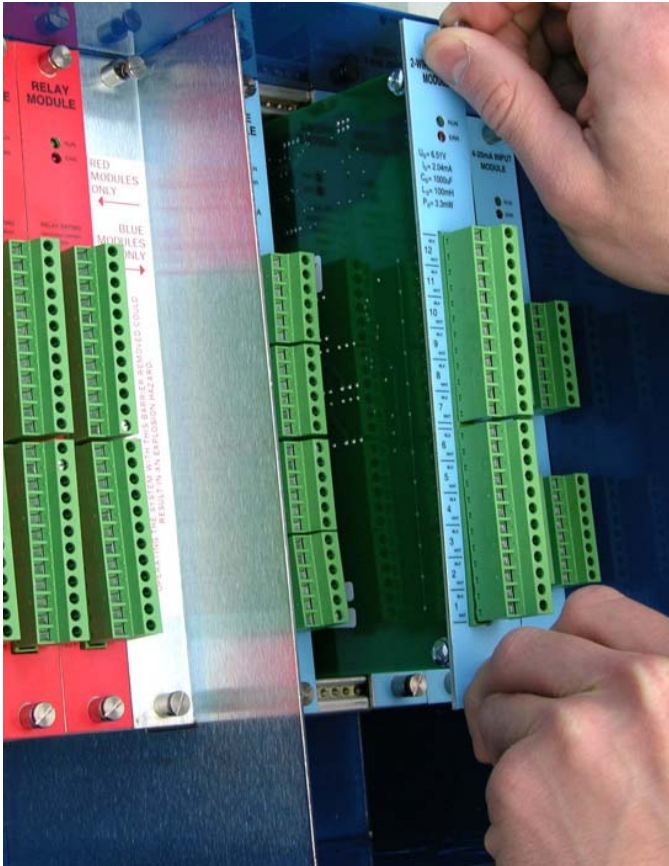
	<b>September <u>2008 YTD</u></b>	<b><u>% ±</u></b>
Sales	\$145	+54% (All Organic)
Operating Income	\$39.2	+148%



## Key Growth Driver

### Franklin Fuel Management Systems (Modules)

- Vapor Control and Monitoring
  - Leak Detection
  - Product Adulteration Detection
  - Inventory Monitoring and Management
  - Variable Speed Pumps
- Environmental Issues**





## California Vapor Control Mandate

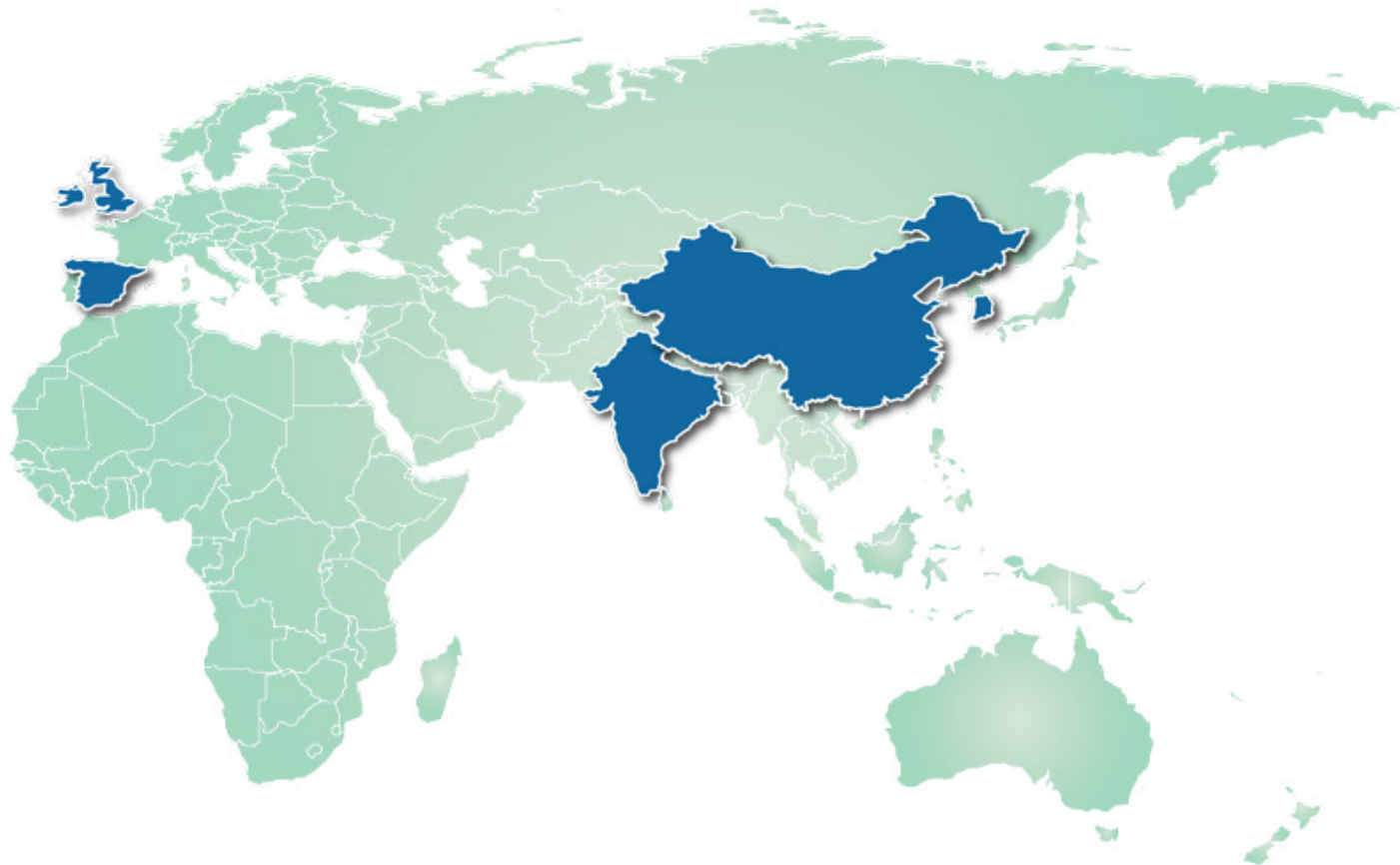


- **12,000 Filling Stations in California**
- **Equipment Cost = \$27,000/Station**
- **\$300 M Market Opportunity 2008-2010**
- **Franklin One of Two Authorized Suppliers**
- **Conversion 35% to 40% Complete (9/30/08)**



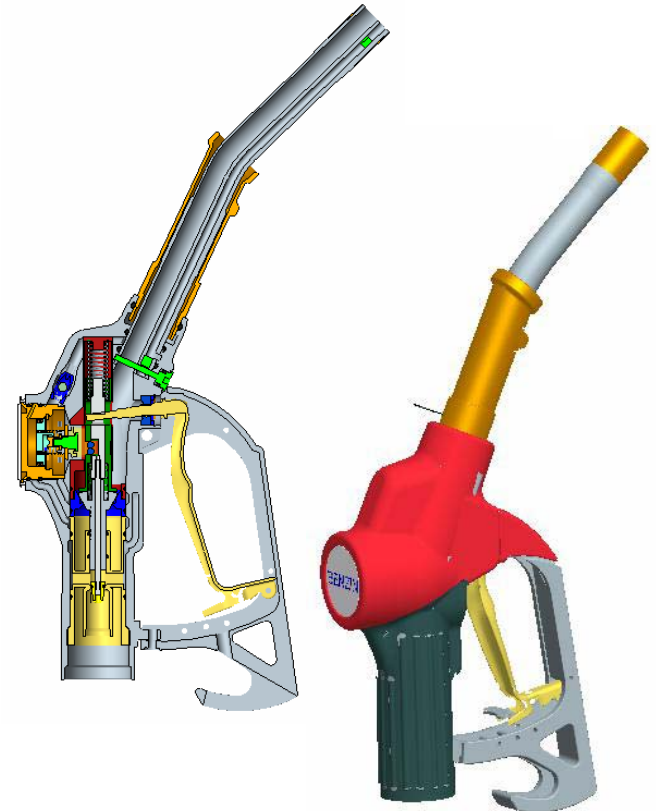
## Sales Growth Outside California

### **Vapor Control Initiatives by Environmental Authorities in International Markets**



## European Nozzle Development

- Franklin Vapor Control Technology
- Introduce in Mid 2009
- Conventional and Diesel Nozzles





## “BRIC” Inventory Management System



- Low Cost Inventory Management Hardware and Software
- Features for Developing Regions:
  1. Remote Inventory Monitoring/Control
  2. Reconciliation (Pay Only For Gallons Delivered)
  3. Product Adulteration Monitoring (Patented)

## Replacement Business

- Nozzles and Hanging Hardware
- Limited Product Life Due to Wear and Tear
- \$10-\$20 M Sales by 2010 and Growing as Installed Base Increases and Ages



## Sales Force Restructuring

- Replacing Manufactures Reps with Company Direct Sales Personnel
- 20% Plus Sales Increase in Converted Territories





## Outlook 2008

- Solid Performance Year to Date
- Fourth Quarter Headwinds
  - Uncertain Sales Volume
  - Reducing Inventories
  - Strengthening Dollar
  - Phase III Global Manufacturing Realignment Plan – Restructuring Charge
- 2009
  - Reduced Material Costs
  - Restructured and Low Cost Manufacturing Footprint
  - Increased Capacity Utilization

## 3Q 2008 Highlights

- Sales, Earnings and EPS were all records for the company
  - Sales were \$215.8 M, up 31%
  - Net income was \$17.3 M, up 48%
  - EPS was \$0.74 versus \$0.50 in 3Q 2007
- Fueling Systems led improvements due to California Vapor Control mandate
  - Fueling sales were \$61.2 M, up 93%
  - Operating margin was 31.5%
- Water Systems sales improved, but margins were lower
  - Water sales were \$154.6 M, up 16%
  - Operating margin was 12%
    - Reduced manufacturing utilization to reduce inventories
    - Acquired businesses increasing SG&A expenses
    - Higher incentive compensation expenses due to better business performance

# Liquidity Update

- Ended 3Q with Strong Cash and Liquidity Position
  - Cash of \$60.8 M Versus \$65.3 at 12/29/07
  - Net Debt to Total Capital is 23%
  - Net Debt to EBITDA (LTM) is 1.3x
  - Gross Debt to EBITDA (LTM) is 1.9x
- Two Debt Arrangements in Place;
  - Revolver, \$40 M Outstanding, \$120 M Line
    - Expires 12/2011, Libor Based Variable Rate, Accordion Feature to \$200 M
    - JP Morgan is Lead Bank, Wells, Wachovia, Bank of America
  - Term debt of \$150 M;
    - Private Placement Through Prudential
    - Due in Five \$30 M Installments Starting April 2015
    - Fixed Rate of 5.79%
- Covenants for All Agreements are Identical, in Full Compliance



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