



3rd Quarter 2010 Earnings Conference Call
Thursday, October 21, 2010, 10 a.m. CT

PROVEN QUALITY. LEADING TECHNOLOGY.



Safe Harbor

Today's presentation includes forward-looking statements that reflect management's current expectations about the Company's future business and financial performance.

These statements are subject to certain risks and uncertainties that could cause actual results to differ from anticipated results. Factors that could cause actual results to differ from anticipated results are identified in Part 1, Item 1A of, and Exhibit 99 to, the Company's 2009 Form 10-K.

Telephone replay available after 2 p.m. ET, October 21, 2010

- 800-406-7325 – Conference ID #4370547
- 303-590-3030 – Conference ID #4370547, for International participants



Financial Results

\$ millions except EPS	Third Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales	\$ 190	\$ 147	29 %	\$ 547	\$ 433	26 %
Gross Profit	105	78	34 %	296	215	37 %
Rate	55 %	53 %		54 %	50 %	
Operating Expenses	62	52	18 %	181	164	10 %
Operating Earnings	43	26	66 %	115	51	127 %
Interest & Other Expenses	1	1		3	5	
Earnings Before Income Taxes	42	25	70 %	112	46	143 %
Income Taxes	12	8		36	14	
Net Earnings	\$ 30	\$ 17	76 %	\$ 76	\$ 32	139 %
Diluted Earnings Per Share	\$ 0.50	\$ 0.29	72 %	\$ 1.25	\$ 0.53	136 %

Consolidated Results



\$ millions	Third Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales						
Americas	\$ 109	\$ 84	29 %	\$ 306	\$ 253	21 %
Europe	43	35	22 %	129	106	22 %
Asia Pacific	38	28	37 %	112	74	51 %
Total	\$ 190	\$ 147	29 %	\$ 547	\$ 433	26 %
Operating Earnings	\$ 43	\$ 26	66 %	\$ 115	\$ 51	127 %
% of sales	23%	18%		21%	12%	

<u>Change in % of sales</u>	<u>Third Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	18 %	12 %
Translation effect	—	—
Product cost / mix / price	—	2 %
Unabsorbed manufacturing costs, reduction	2 %	2 %
Workforce reduction costs (2009)	—	1 %
Volume effect on expense leverage	3 %	4 %
2010 Operating Earnings (percentage of sales)	23 %	21 %



Q3 Summary

- Third quarter sales of \$190 million and earnings of \$30 million
- Sales by geography increased as compared to prior year
 - Americas increased by 29 percent
 - Europe increased by 22 percent (32 percent at consistent translation rates)
 - Asia Pacific increased by 37 percent (33 percent at consistent translation rates)
- Gross profit margin as a percentage of sales of 55 percent compared to 53 percent in the third quarter 2009
 - Higher production volumes, 2 percentage points



Q3 Summary

- Operating expenses increased 18 percent, but as a percentage of sales were 3 percentage points lower than the third quarter 2009
 - Volume related items including incentive and bonus
 - Increase in new product launch expenses in marketing and selling of approximately \$1 million as compared to the third quarter in the prior year, primarily in the Contractor segment
- Tax rate of 28 percent
 - Expiring statutes of limitations
 - Recent tax law rulings
 - Expect tax rate of 34 – 35 percent for following quarters



Year-to-date September Summary

- Year-to-date sales of \$547 million and earnings of \$76 million
 - Favorable currency translation effect of \$4 million on sales, \$2 million on net earnings
- Sales by geography increased as compared to prior year
 - Americas increased by 21 percent
 - Europe increased by 22 percent (25 percent at consistent translation rates)
 - Asia Pacific increased by 51 percent (45 percent at consistent translation rates)
- Gross profit margin as a percentage of sales of 54 percent compared to 50 percent in 2009
 - 2009 work force reduction costs, 1 percentage point
 - Higher production volumes, 2 percentage points



Year-to-date September Summary

- Operating expenses up \$16 million over 2009, decreased as a percentage of sales, 33% in 2010 vs 38% in 2009
 - Increased incentive provisions
- Tax rate of 32 percent
 - R&D tax credit has not been renewed



Cash Flow and Liquidity

- Year-to-date 2010 cash flow from operations of \$62 million versus \$110 million in 2009
 - Cash uses
 - Capital expenditures \$9 M
 - Dividends \$36 M
- Share repurchases \$24 M
- Pension contribution \$10 M
- Working capital
 - Increase in inventories \$27 M
 - Increase in accounts receivable \$35 M
- Adequate availability of credit
 - Long-term debt of \$90 M
 - Available unused credit lines of \$171 M



Industrial Equipment

\$ millions	Third Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales						
Americas	\$ 47	\$ 37	26 %	\$ 134	\$ 108	24 %
Europe	25	22	16 %	81	66	23 %
Asia Pacific	27	19	40 %	82	53	55 %
Total	\$ 99	\$ 78	27 %	\$ 297	\$ 227	31 %
Operating Earnings	\$ 31	\$ 20	53 %	\$ 91	\$ 45	102 %
% of sales	31%	26%		31%	20%	

<u>Change in % of sales</u>	<u>Third Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	26 %	20 %
Translation effect	—	—
Product cost / mix / price	—	2 %
Unabsorbed manufacturing costs, reduction	2 %	2 %
Workforce reduction costs (2009)	—	1 %
Volume effect on expense leverage	3 %	6 %
2010 Operating Earnings (percentage of sales)	31 %	31 %



Contractor Equipment

\$ millions	<u>Third Quarter</u>			<u>Year-to-Date</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
Sales						
Americas	\$ 47	\$ 36	29 %	\$ 130	\$ 109	20 %
Europe	16	12	30 %	44	37	18 %
Asia Pacific	7	7	10 %	21	17	22 %
Total	\$ 70	\$ 55	27 %	\$ 195	\$ 163	19 %
Operating Earnings	\$ 14	\$ 11	23 %	\$ 32	\$ 24	30 %
% of sales	20%	20%		16%	15%	

Change in % of sales

	<u>Third Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percent of sales)	20 %	15 %
Translation effect	—	—
Product cost / mix / price	(2)%	(1)%
Unabsorbed manufacturing costs	2 %	—
Workforce reduction costs (2009)	—	1 %
Volume effect on operating leverage	—	1 %
2010 Operating Earnings (percent of sales)	20 %	16 %

Lubrication Equipment



\$ millions	<u>Third Quarter</u>			<u>Year-to-Date</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
Sales						
Americas	\$ 15	\$ 11	39 %	\$ 41	\$ 35	17 %
Europe	2	1	49 %	4	3	53 %
Asia Pacific	4	2	115 %	10	5	111 %
Total	\$ 21	\$ 14	49 %	\$ 55	\$ 43	29 %
Operating Earnings	\$ 3	\$ (0)		\$ 6	\$ (3)	
% of sales	14%	(1)%		11%	(8)%	

<u>Change in % of sales</u>	<u>Third Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	(1)%	(8)%
Translation effect	—	2 %
Product cost / mix / price	6 %	6 %
Unabsorbed manufacturing costs	3 %	2 %
Workforce reduction costs (2009)	—	2 %
Volume effect on operating leverage	6 %	7 %
2010 Operating Earnings (percentage of sales)	14 %	11 %



Move

Measure

Control

Dispense

Spray



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