



4th Quarter 2010 Earnings Conference Call
Tuesday, February 1, 2011, 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, February 1, 2011

- 800-406-7325 – Conference ID # 4399746
- 303-590-3030 – Conference ID # 4399746, for International participants



Financial Results

\$ millions except EPS	Fouth Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales	\$ 197	\$ 146	35 %	\$ 744	\$ 579	28 %
Gross Profit	108	77	39 %	403	293	38 %
Rate	55 %	53 %		54 %	51 %	
Operating Expenses	70	53	30 %	250	219	15 %
Operating Earnings	38	24	59 %	153	74	106 %
Interest & Other Expenses	1	1		4	5	
Earnings Before Income Taxes	37	23	62 %	149	69	116 %
Income Taxes	10	6		46	20	
Net Earnings	\$ 27	\$ 17	57 %	\$ 103	\$ 49	110 %
Diluted Earnings Per Share	\$ 0.44	\$ 0.28	57 %	\$ 1.69	\$ 0.81	109 %

Consolidated Results



\$ millions	Fourth Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales						
Americas	\$ 103	\$ 76	35 %	\$ 408	\$ 329	24 %
Europe	49	37	33 %	178	143	25 %
Asia Pacific	45	33	37 %	158	107	46 %
Total	\$ 197	\$ 146	35 %	\$ 744	\$ 579	28 %
Operating Earnings	\$ 38	\$ 24	59 %	\$ 153	\$ 74	106 %
% of sales	19%	16%		21%	13%	

<u>Change in % of sales</u>	<u>Fourth Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	16 %	13 %
Translation effect	—	—
Product cost / mix / price	1 %	2 %
Unabsorbed manufacturing costs, reduction	1 %	1 %
Workforce reduction costs (2009)	—	1 %
Volume effect on expense leverage	1 %	4 %
2010 Operating Earnings (percentage of sales)	19 %	21 %



Quarterly Summary

- Fourth quarter sales of \$197 million and earnings of \$27 million
- Sales by geography increased as compared to prior year
 - Americas increased by 35 percent
 - Europe increased by 33 percent (42 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 fourth quarter 2009
 - Higher production volumes, 1 percentage point



Quarterly Summary

- Operating expenses increased \$16 million, but as a percentage of sales were 1 percentage point lower than the fourth quarter 2009
 - Volume related items including incentive and bonus \$7 M
 - Increase in new product launch expenses in marketing and selling of approximately \$2 M, primarily in the Contractor segment
 - Increase in legal and contingent litigation fees \$1 M
- Tax rate of 26 percent
 - R&D tax credit reinstated, \$2½ M



Annual Summary

- Sales of \$744 million and earnings of \$103 million
 - Favorable currency translation effect of \$3 million on sales, \$2 million on net earnings
- Sales by geography increased as compared to prior year
 - Americas increased by 24 percent
 - Europe increased by 25 percent (29 percent at consistent translation rates)
 - Asia Pacific increased by 46 percent (41 percent at consistent translation rates)
- Gross profit margin as a percentage of sales of 54 percent compared to 51 percent in 2009
 - Higher production volumes, 2 percentage points



Annual Summary

- Operating expenses up \$32 million over 2009, decreased as a percentage of sales, 34% in 2010 vs. 38% in 2009
 - Increased incentive provisions \$21M
- Tax rate of 31% compared to 29% last year
 - Effect of tax credits lower as a percentage of pretax earnings



Cash Flow and Liquidity

- 2010 cash flow from operations of \$101 million versus \$147 million in 2009
 - Cash uses
 - Capital expenditures \$17 M
 - Dividends \$48 M
- Share repurchases \$24 M
- Pension contribution \$10 M
- Working capital
 - Increase in inventories \$33 M
 - Increase in accounts receivable \$23 M
- Adequate availability of credit
 - Long-term debt of \$70 M
 - Available unused credit lines of \$194 M



Industrial Equipment

\$ millions	Fourth Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales						
Americas	\$ 54	\$ 40	33 %	\$ 188	\$ 149	26 %
Europe	29	23	26 %	109	89	24 %
Asia Pacific	30	23	35 %	112	75	49 %
Total	\$ 113	\$ 86	31 %	\$ 409	\$ 313	31 %
Operating Earnings	\$ 35	\$ 23	52 %	\$ 126	\$ 68	85 %
% of sales	31%	27%		31%	22%	

<u>Change in % of sales</u>	<u>Fourth Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	27 %	22 %
Translation effect	—	—
Product cost / mix / price	1 %	1 %
Unabsorbed manufacturing costs, reduction	2 %	2 %
Workforce reduction costs (2009)	—	1 %
Volume effect on expense leverage	1 %	5 %
2010 Operating Earnings (percentage of sales)	31 %	31 %



Contractor Equipment

\$ millions	<u>Fourth 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	\$ 33	\$ 24	35 %	\$ 163	\$ 133	22 %
Europe	18	13	42 %	63	50	24 %
Asia Pacific	11	8	28 %	31	25	24 %
Total	\$ 62	\$ 45	36 %	\$ 257	\$ 208	23 %
Operating Earnings	\$ 5	\$ 5	13 %	\$ 37	\$ 29	28 %
% of sales	8%	10%		14%	14%	

<u>Change in % of sales</u>	<u>Fourth Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percent of sales)	10 %	14 %
Translation effect	—	—
Product cost / mix / price	—	(1)%
Unabsorbed manufacturing costs	(1)%	—
Workforce reduction costs (2009)	—	1 %
Spending	(1)%	—
2010 Operating Earnings (percent of sales)	8 %	14 %

Lubrication Equipment



\$ millions	<u>Fourth 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	\$ 16	\$ 12	43 %	\$ 58	\$ 47	23 %
Europe	2	1	63 %	6	4	56 %
Asia Pacific	4	2	92 %	14	7	104 %
Total	\$ 22	\$ 15	52 %	\$ 78	\$ 58	35 %
Operating Earnings	\$ 3	\$ 0		\$ 9	\$ (3)	
% of sales	11%	3%		11%	(5)%	

<u>Change in % of sales</u>	<u>Fourth Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	3 %	(5)%
Translation effect	—	1 %
Product cost / mix / price	1 %	6 %
Unabsorbed manufacturing costs	3 %	2 %
Workforce reduction costs (2009)	—	1 %
Volume effect on operating leverage	4 %	6 %
2010 Operating Earnings (percentage of sales)	<u>11 %</u>	<u>11 %</u>



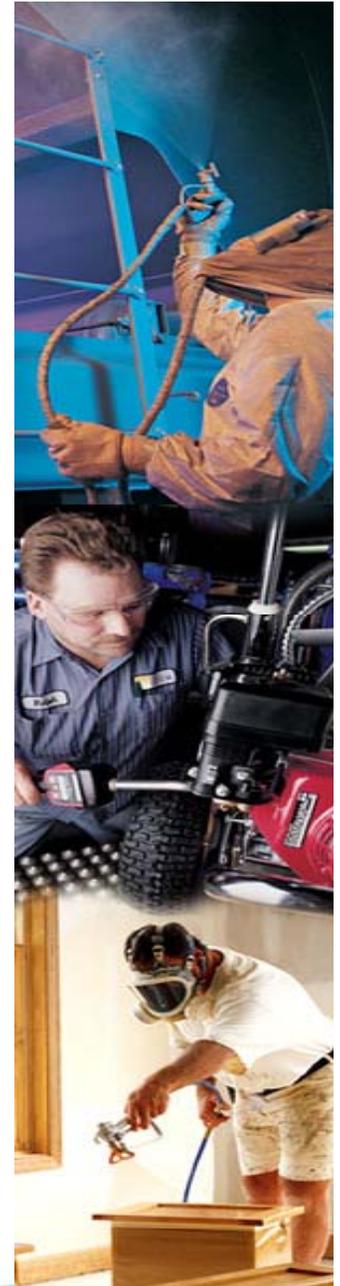
Move

Measure

Control

Dispense

Spray



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