



**2<sup>nd</sup> Quarter 2010 Earnings Conference Call**  
**Thursday, July 22, 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.

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Telephone replay available after 2 p.m. ET, July 22, 2010

- 800-406-7325 – Conference ID #4323043
- 303-590-3030 – Conference ID #4323043, for International participants



# Financial Results

\$ millions except EPS	Second Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
Sales	\$ 192	\$ 148	30 %	\$ 357	\$ 286	25 %
Gross Profit	102	73	40 %	191	137	39 %
Rate	53 %	49 %		54 %	48 %	
Operating Expenses	63	55	15 %	119	112	6 %
Operating Earnings	39	18	113 %	72	25	193 %
Interest & Other Expenses	1	1		2	4	
Earnings Before Income Taxes	38	17	124 %	70	21	228 %
Income Taxes	13	5		25	7	
Net Earnings	\$ 25	\$ 12	113 %	\$ 45	\$ 14	215 %
Diluted Earnings Per Share	\$ 0.41	\$ 0.19	116 %	\$ 0.74	\$ 0.24	208 %

# Consolidated Results



\$ millions	Second Quarter			Year-to-Date		
	2010	2009	Change	2010	2009	Change
<b>Sales</b>						
Americas	\$ 110	\$ 88	25 %	\$ 197	\$ 169	17 %
Europe	44	35	27 %	86	70	22 %
Asia Pacific	38	25	53 %	74	47	59 %
<b>Total</b>	<b>\$ 192</b>	<b>\$ 148</b>	<b>30 %</b>	<b>\$ 357</b>	<b>\$ 286</b>	<b>25 %</b>
<b>Operating Earnings</b>	<b>\$ 39</b>	<b>\$ 18</b>	<b>113 %</b>	<b>\$ 72</b>	<b>\$ 25</b>	<b>193 %</b>
% of sales	20%	12%		20%	9%	

## Change in % of sales

	Second Quarter	Year-to-Date
2009 Operating Earnings (percentage of sales)	12 %	9 %
Translation effect	—	1 %
Product cost / mix / price	2 %	3 %
Unabsorbed manufacturing costs, reduction	2 %	1 %
Workforce reduction costs (2009)	—	1 %
Product development, decrease	2 %	1 %
Volume effect on expense leverage	2 %	4 %
<b>2010 Operating Earnings (percentage of sales)</b>	<b>20 %</b>	<b>20 %</b>



## Q2 Summary

- Second quarter sales of \$192 million and earnings of \$25 million
- Sales by geography increased as compared to prior year
  - Americas increased by 25 percent
  - Europe increased by 27 percent (33 percent at consistent translation rates)
  - Asia Pacific increased by 53 percent (47 percent at consistent translation rates)
- Gross profit margin as a percentage of sales of 53 percent as compared to 49 percent in the second quarter 2009
  - Higher production volumes, 2 percentage points
  - New product start-up costs of approximately \$1 million, primarily in the Contractor segment



## Q2 Summary

- Operating expenses as a percentage of sales were 4 percentage points lower than the second quarter 2009
  - Volume related items are re-adjusting from 2009
    - Strong operating results drove a higher rate of incentive and bonus provisions in the second quarter, with an increase of \$3 million as compared to the first quarter
    - For full year, expect that incentives and bonuses will add approximately \$15-\$20 million in expenses as compared to prior year
  - Increase in new product launch expenses in marketing and selling of approximately \$1 million as compared to the prior quarter, primarily in the Contractor segment
- Tax rate of 35½ percent

# 2010 Q2 to Q1 Discussion Items



\$ millions

Increased rate for incentive and bonus provisions	\$	3
Other volume related costs and expenses		1
	<u>\$</u>	<u>4</u>

Additional new product introduction costs and expenses

Manufacturing	\$	1
Selling and Marketing		1
	<u>\$</u>	<u>2</u>



## Year-to-date June Summary

- Year-to-date sales of \$357 million and earnings of \$45 million
  - Favorable currency translation effect of \$6 million on sales, \$3 million on net earnings
- Sales by geography increased as compared to prior year
  - Americas increased by 17 percent
  - Europe increased by 22 percent
  - Asia Pacific increased by 59 percent (51 percent at consistent translation rates)
- Gross profit margin as a percentage of sales of 54 percent as compared to 48 percent in 2009
  - Currency translation, 1 percentage point
  - 2009 work force reduction costs, 1 percentage point
  - Higher production volumes, 2 percentage points





## Year-to-date June Summary

- Operating expenses up \$7 million over 2009, decreased as a percentage of sales, 33% in 2010 vs 39% in 2009
  - Effects of cost reduction activities and lower pension expense were partially offset by effects of currency translation and increased incentive provisions
- Tax rate of 35 percent
  - R&D tax credit has not been renewed



# Cash Flow and Liquidity

- Year-to-date 2010 cash flow from operations of \$28 million versus \$69 million in 2009
  - Cash uses
    - Capital expenditures \$6 M
    - Dividends \$24 M
    - Repayment of long-term debt \$6 M
- Share repurchases \$10 M: \$3 M paid, balance in accounts payable
- Working capital
  - Increase in inventories \$18 M
  - Increase in accounts receivable \$37 M
- Adequate availability of credit
  - Long-term debt of \$80 M
  - Available unused credit lines of \$178 M

# Industrial Equipment



\$ millions	<u>Second 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>
<b>Sales</b>						
Americas	\$ 45	\$ 35	28 %	\$ 87	\$ 71	23 %
Europe	27	20	37 %	55	44	26 %
Asia Pacific	28	18	54 %	55	34	63 %
<b>Total</b>	<b>\$ 100</b>	<b>\$ 73</b>	<b>37 %</b>	<b>\$ 197</b>	<b>\$ 149</b>	<b>33 %</b>
<b>Operating Earnings</b>	<b>\$ 30</b>	<b>\$ 13</b>	<b>120 %</b>	<b>\$ 60</b>	<b>\$ 25</b>	<b>141 %</b>
% of sales	29%	18%		30%	17%	

## Change in % of sales

	<u>Second Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	18 %	17 %
Translation effect	—	1 %
Product cost / mix / price	2 %	2 %
Unabsorbed manufacturing costs, reduction	3 %	2 %
Workforce reduction costs (2009)	—	1 %
Product development, decrease	2 %	2 %
Volume effect on expense leverage	4 %	5 %
2010 Operating Earnings (percentage of sales)	<u>29 %</u>	<u>30 %</u>

# Contractor Equipment



\$ millions	<u>Second 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>
<b>Sales</b>						
Americas	\$ 52	\$ 41	26 %	\$ 84	\$ 73	15 %
Europe	15	14	10 %	28	25	12 %
Asia Pacific	<u>7</u>	<u>5</u>	29 %	<u>13</u>	<u>10</u>	29 %
Total	\$ 74	\$ 60	22 %	\$ 125	\$ 108	16 %
Operating Earnings	\$ 13	\$ 12	10 %	\$ 18	\$ 13	36 %
% of sales	18%	20%		15%	12%	

## Change in % of sales

	<u>Second Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percent of sales)	20 %	12 %
Translation effect	—	1 %
Product cost / mix / price	(1)%	—
Unabsorbed manufacturing costs	—	—
Workforce reduction costs (2009)	—	1 %
Volume effect on operating leverage	<u>(1)%</u>	<u>1 %</u>
2010 Operating Earnings (percent of sales)	<u>18 %</u>	<u>15 %</u>

# Lubrication Equipment



\$ millions	<u>Second 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>
<b>Sales</b>						
Americas	\$ 13	\$ 12	12 %	\$ 26	\$ 24	7 %
Europe	2	1	86 %	3	2	55 %
Asia Pacific	3	1	122 %	6	3	108 %
<b>Total</b>	<b>\$ 18</b>	<b>\$ 14</b>	<b>28 %</b>	<b>\$ 35</b>	<b>\$ 29</b>	<b>20 %</b>
<b>Operating Earnings</b>	<b>\$ 2</b>	<b>\$ (2)</b>		<b>\$ 4</b>	<b>\$ (3)</b>	
% of sales	10%	(12)%		10%	(11)%	

<u>Change in % of sales</u>	<u>Second Quarter</u>	<u>Year-to-Date</u>
2009 Operating Earnings (percentage of sales)	(12)%	(11)%
Translation effect	1 %	2 %
Product cost / mix / price	9 %	6 %
Unabsorbed manufacturing costs	2 %	2 %
Workforce reduction costs (2009)	1 %	3 %
Product development decrease	3 %	2 %
Provision and sale of discontinued products	1 %	1 %
Volume effect on operating leverage	5 %	5 %
2010 Operating Earnings (percentage of sales)	<u>10 %</u>	<u>10 %</u>



*Move*

*Measure*

*Control*

*Dispense*

*Spray*



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