



Welcome to the Annual Shareholders Meeting  
Thursday, May 21, 2009

**RAVEN**  
INDUSTRIES

# 9 - Year Profit Performance



# FY 09 Highlights

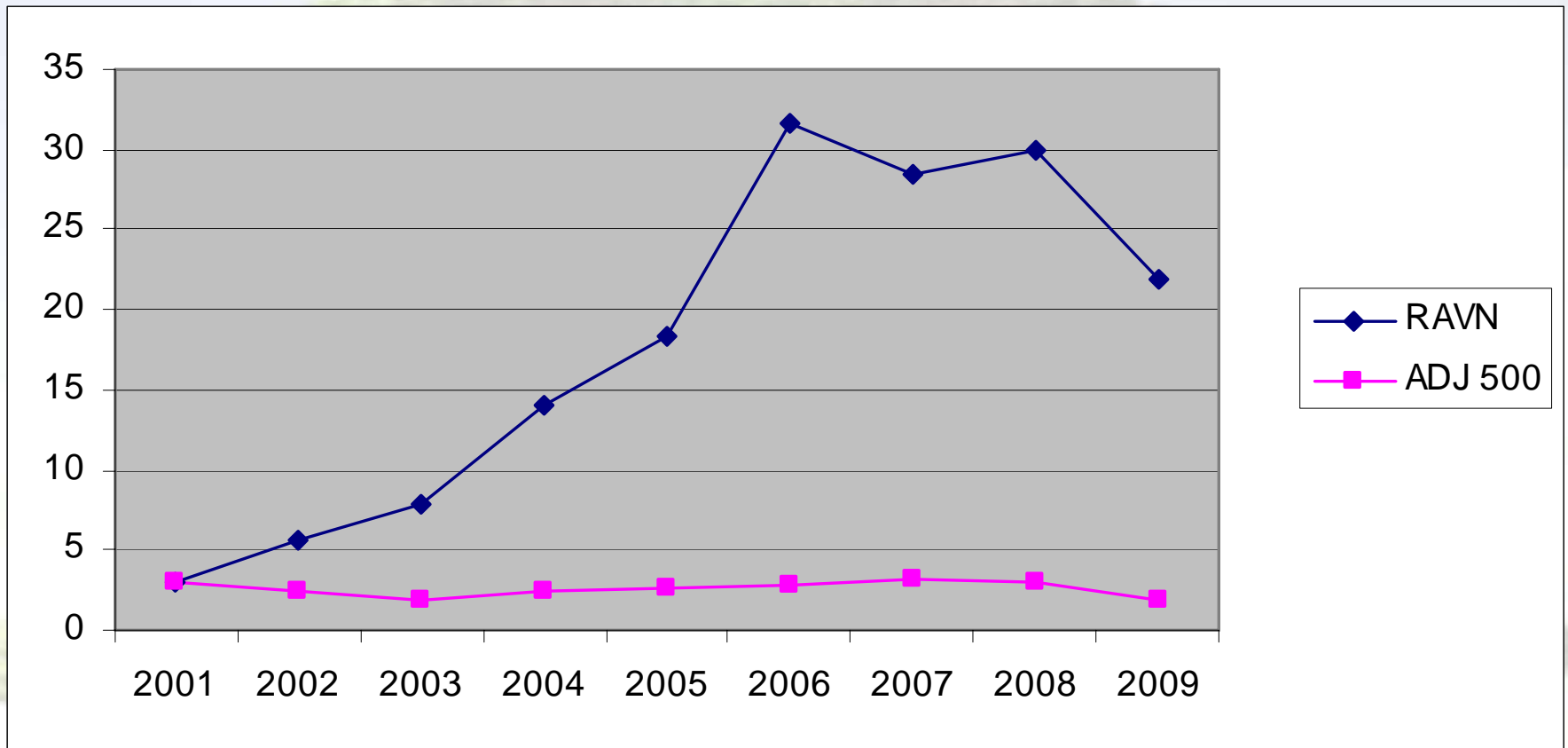
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- EPS grew 11% to a record \$1.70, up from \$1.53.
- Sales increased 20% to a record \$280 million.
- The quarterly dividend per share increased 18%, our 22<sup>nd</sup> consecutive annual increase.
- Returned a total of \$37.1 million to shareholders.
- Raven's stock price began the fiscal year at \$30.02 - reached an all-time high of \$47.82 - and ended the fiscal year at \$21.81.

# Raven Stock Price



# Raven Share Price vs. S & P 500 Index January 2001 to January 2009



# Fiscal Year 2009 Performance by Quarter

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	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total Year
Net Income	\$10,882	\$6,815	\$8,385	\$4,688	\$30,770
Year Over Year Growth	27%	17%	13%	-22%	11%

# Planning Assumptions:

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- No upturn in economy until at least mid-2010.
- Long and slow recovery.

# 3-Year Operating Income History

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	FY 2009	FY 2008	FY 2007
	<u>Operating Income</u>	<u>Operating Income</u>	<u>Operating Income</u>
Applied Technology	\$33,884	\$19,101	\$10,111
Engineered Films	10,919	17,739	23,440
Electronic Systems	5,926	10,365	10,850
Aerostar	<u>4,219</u>	<u>1,506</u>	<u>707</u>
<b>TOTALS</b>	<b>\$54,897</b>	<b>\$48,612</b>	<b>\$45,108</b>

# Applied Technology Performance

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	<u>Sales</u>		<u>Operating Income</u>	
FY2009	\$103,098	<u>+60%</u>	\$33,884	<u>+77%</u>
FY2008	\$ 64,291		\$19,102	

## Major Factors:

- High commodity prices.
- Growing demand for precision farming tools, driven by high input costs.
- New products.
- Expanding international markets.

# Envizio Pro



Complete system control for  
greater savings and performance.

# Applied Technology Outlook & Plan

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## Outlook:

- Farm income will be down from last year.
- ATD's operating income will also drop.

## Major Initiatives:

- Increase grower distribution network and expand internationally.
- Develop a strong partnership with John Deere giving us access to their dealer network.
- Develop new products that make farming more productive, with emphasis on software products.

# Engineered Films Performance

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	<u>Sales</u>		<u>Operating Income</u>	
FY2009	\$89,858	<u>+5%</u>	\$10,919	<u>-38%</u>
FY2008	\$85,316		\$17,655	

## Major Factors:

- Increased raw material costs could not be passed on.
- Energy market down starting in 4<sup>th</sup> quarter. (35-40% of sales.)
- Construction market down. (Also 35-40% of sales.)

# Engineered Films Outlook and Plan

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## Outlook:

- Continued depressed construction and oil field markets.
- Earnings will continue to fall.

## Major Initiatives:

- Introduce new multi-layer barrier films and emphasize product differentiation versus commodity films.
- Buy plastic resin at best prices.
- Use financial strength and best technology to take market share.

# Electronic Systems Performance

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	<u>Sales</u>		<u>Operating Income</u>	
FY2009	\$61,983	<u>-9%</u>	\$ 5,926	<u>-43%</u>
FY2008	\$67,987		\$10,365	

## Major Factors:

- Electronic bed control sales down 52%.
- Avionics and secure communications market are 80% of sales.
- Sales dependent on aircraft, aerospace and government spending levels.

# Electronic Systems Outlook and Plan

## Outlook:

- Not a major corporate growth driver.
- Commercial aircraft production a question mark.

## Major Initiatives:

- Improve quality, reduce cost and inventory.
- Emphasize margins, not growth.

# Aerostar Performance

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	<u>Sales</u>		<u>Operating Income</u>	
FY2009	\$27,186	<u>57%</u>	\$4,219	<u>180%</u>
FY2008	\$17,274		\$1,507	

## Major Factors:

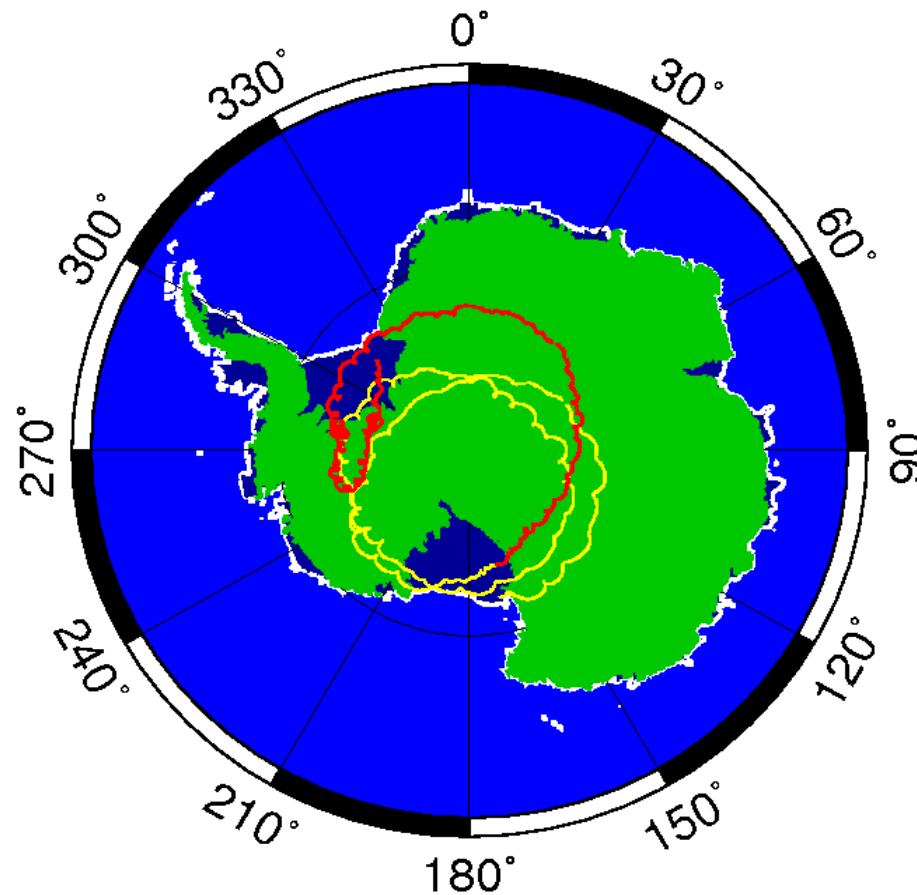
- MC-6 parachute shipments.
- Specialty government protective-wear.
- Growth in Aerostats and Airships.

# HI-SENTINEL AIRSHIP

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# Antarctica Flight Breaks Record



2009 Mar 02 20:16:05

ULDB\_Antarctica\_2008-2009

# Aerostar Outlook and Plan

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## Outlook:

- Strong backlog of business going into the year points to another record performance.

## Major Initiatives:

- Gain add-on contracts for parachutes and specialty protective outerwear.
- Grow the aerostat and research balloon market.
- Partner with a major aerospace company to promote tethered aerostats and airships.

# Financial Ratios

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	Fiscal <u>2009</u>	Fiscal <u>2008</u>	Fiscal <u>2001</u>
Return on Equity	26.0%	28.3%	11.8%
Return on Assets	21.1%	20.8%	9.2%
Return on Sales	11.0%	11.9%	4.8%

# Our New Corporate Strategy:

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- Protect the Core.
- Generate and Preserve Cash.
- Invest in Quality.
- Crush the Competition.

# Our New Corporate Strategy:

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## Protect the Core

- Get rid of everything that is non-core. This includes customers, product lines, assets and jobs.
- Defend core assets. Protect businesses that have performed well but will struggle in this recessionary environment.
- Protect core values and beliefs.

# Our New Corporate Strategy:

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Generate and Preserve Cash (reduce our risk profile and improve working capital turnover.)

- Improve inventory turns to 6.0 from 5.5.
- Extend accounts payable terms to 50 days.
- Reduce capital investments. To \$3.0 million from \$8.0 million last year.
- Cut expenses to the bone.
- Suspend stock buy-backs.
- Pay the dividend.

# Our New Corporate Strategy:

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## Invest in Quality

- Customers - must be financially sound and prospective long-term partners.
- Suppliers - must be reliable.
- Products - must be of the highest quality.
- Employees - hire, retain and train only the best.

# Our New Corporate Strategy:

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## Crush the Competition

- Innovative Products.
- Better Quality.
- Better Service.
- Better Marketing.

**Not through lowest price.**

# 1<sup>st</sup> Quarter Highlights

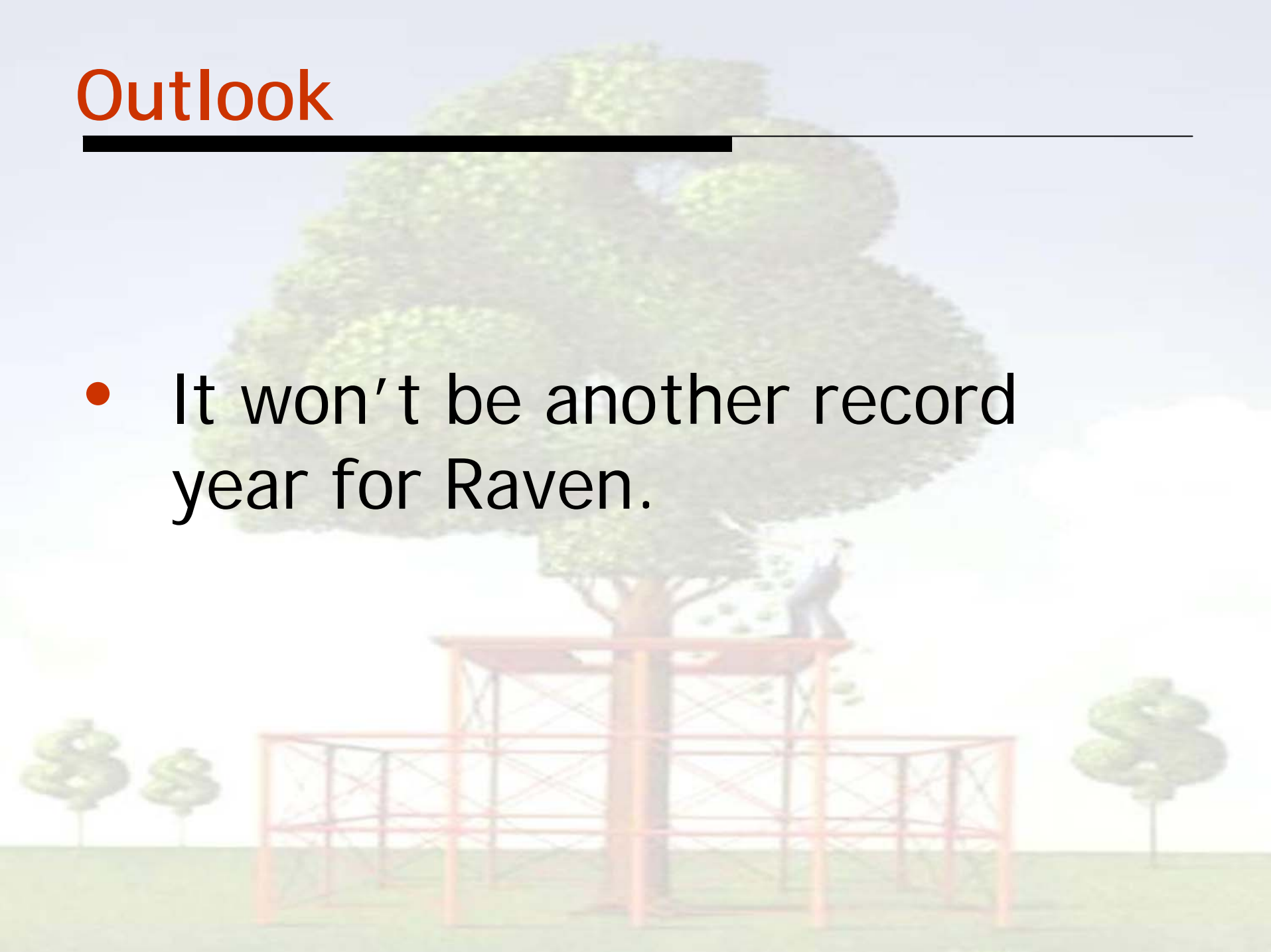
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- Sales down 13%.
- Net income down 15%.
- Applied Technology's operating income down 29%.
- Electronic System's operating income up 290%.
- \$32.3 million in cash at the end of Q1, up from \$16.3 million at the end of Q4.

# Outlook

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- It won't be another record year for Raven.



# Succession Planning

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- Matt Burkhart promoted to Division Manager, Applied Technology Division.
- Dan Rykhus takes on additional duties with three major operations reporting to him.
  - Applied Technology Division.
  - Electronic Systems Division.
  - Information Technology Department.
- I will retire at 65.

# Congratulations and Thanks

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Conrad J. Hoigaard

Raven Industries Chairman of the Board

April 1980 - April 2009

# Forward-Looking Statements

Certain statements contained in this report are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. Without limiting the foregoing, the words “anticipates,” “believes,” “expects,” “intends,” “may,” “plans” and similar expressions are intended to identify forward-looking statements. The company intends that all forward-looking statements be subject to the safe harbor provisions of the Private Securities Litigation Reform Act. Although the company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, there is no assurance that such assumptions are correct or that these expectations will be achieved. Such assumptions involve important risks and uncertainties that could significantly affect results in the future. These risks and uncertainties include, but are not limited to, those relating to weather conditions and commodity prices, which could affect certain of the company’s primary markets, such as agriculture and construction and oil and gas well drilling; or changes in competition, raw material availability, technology or relationships with the company’s largest customers any of which could adversely impact any of the company’s product lines, as well as other risks described below. The foregoing list is not exhaustive and the company disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements.



One of the Best Small Companies in America

**RAVEN**

INDUSTRIES