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## Crane Co. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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Operator: Thank you. [Operator Instructions]. We'll go first to Deane Dray with Goldman Sachs.

**Deane Dray – Goldman Sachs**

Thank you, good morning.

**Eric C. Fast - President and Chief Executive Officer, and Acting Chief Financial Officer**

Good morning.

**Deane Dray – Goldman Sachs**

I would like to drill down a bit on the fluid handling business and to get a better sense of where that upside came this quarter and Eric, you talked about global demand. So, first question is, how does that demand break out for the quarter between major geographies? So, a sense of North America, Europe, Asia?

**Eric C. Fast - President and Chief Executive Officer, and Acting Chief Financial Officer**

The way I would answer, first off, we have a big European business. We have probably 15% of our sale that are in the Middle East and Asia, big European business, a big Canadian business. So, so, it's a preferred demand that has been pretty broad based. Dick can give you the specific break down later Deane.

**Deane Dray – Goldman Sachs**

Okay. And then how about on... how much of that was price? You talked about price discipline and recovery raw materials. How much did price contribute this quarter in fluid handling?

**Eric C. Fast - President and Chief Executive Officer, and Acting Chief Financial Officer**

Here is the way... here is the way we look at this, we see... we are very pleased with the Fluid Handling performance in the first quarter on a year-over-year basis and it really represents a continuation of the positive trend that you saw last year. So, I would describe the performance there is tremendous throughput efficiencies versus a year-ago on \$288 million, \$289 million in sales. We do our analysis price... our price increases did cover material, so we got a modest benefit there. Our total salaries, wages and fringes as a percent of total sales were full 2 percentage points better on \$288 million in sales than they were a year-ago, that's almost \$5 million in savings. We clearly leverage the core volume that we got, and we benefited some from the FX translations. So, this was kind of

consistent broad base across all the units and overall performance of the business versus just any one issue that I would point to.

**Deane Dray – Goldman Sachs**

So, [inaudible] My next question was when I look at that leverage that you got in Fluid Handling, 53% incremental margins would suggest that, you got to ask whether there is anything special going on, no one-time items that would have boosted that, because to get that kind of leverage is extraordinary versus anything you've done previously.

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