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Crane Co. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator Instructions) And our first question comes from Shannon O'Callaghan with Barclays. Please go ahead.

Shannon O'Callaghan - Barclays

Good morning. Can I ask you to start by just filling out the comment around the first half, second half a little bit and can you frame the substantially lower comment a little bit?

Eric Fast

Shannon, this is Eric. We're going to wait till our February conference to lay that out and lay out the whole picture on 2009, and I would like just to leave it at the way we did which was, it's substantially less in the first half than the second half. Again, a big piece of that is our engineering spends, because the 787 will go into the second quarter so that spend doesn't start to reduce till the second half. And secondly, a number of the restructuring initiatives, which we need to keep confidential, some of those activities don't occur again until well into the year.

Shannon O'Callaghan - Barclays

Okay. So, it's fair to say, we're going to be tracking well below the low end of your range in terms of declines in the first half of the year, in terms of percentage declines, and then maybe above it at the end of the year?

Eric Fast

Again, I prefer to leave it the way we did, Shannon.

Shannon O'Callaghan - Barclays

Okay. How about on Fluid, you mentioned some of the weakness there, I mean you called out the backlog, but it had the Krombach acquisition in there. What are the core underlying order and backlog trends?

Eric Fast

I think we're seeing what everybody else in industry is seeing. We're seeing pressure on all of our short-cycle businesses for orders. And we're seeing the big projects globally pushed out or readjusted or downsized. That being said, there continues to be a fair amount of project activity out there. And I

think partially it's reflected in the fact that we build out that global sales force. And I think, we've got better presence and a better client [effort], but no different than anybody else is seeing.

Shannon O'Callaghan - Barclays

How about on pricing? Pricing's been a big positive. Are you're starting to see pushback on that or any pricing pressure coming at you?

Eric Fast

Our pricing in Fluid Handling continued to be positive versus material costs, somewhat less positive as it was in the second and third quarter. Our goals as we think about 2009, I think for planning purposes, we're not assuming much benefit from pricing. But we are assuming, and we do have aggressive plans to attack material costs. So, we're going to look to hold pricing in 2009.

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