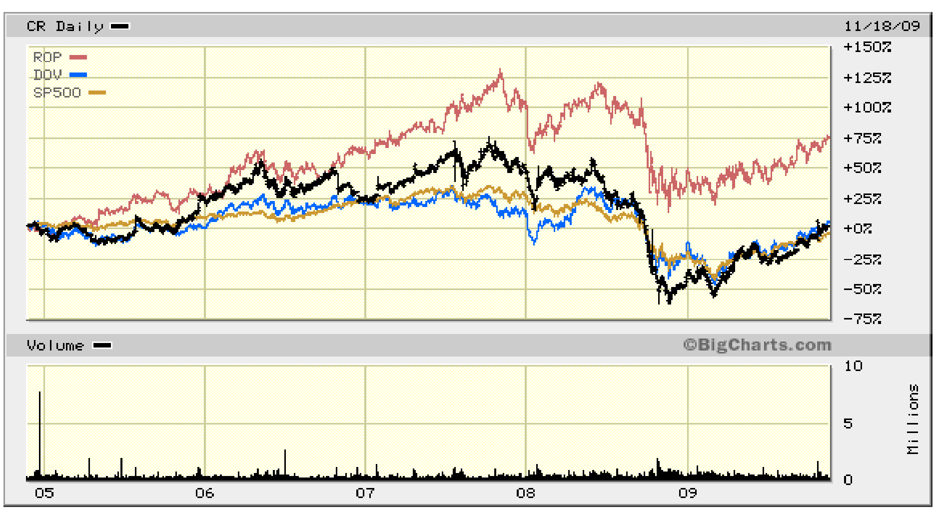
Crane Co. (CR) 11/18/09

CR produces industrial products in a variety of different industries, with products including; fluid valves, vending machines, fiberglass, airplane components, and sensors. The company operates in five segments with the following 2007 revenue percentages; Fluid Handling 43%, Aerospace and Electronics 23%, Merchandising Systems 15%, Engineered Materials 13%, and Controls 5%. The company was founded in 1855 and headquartered in Stamford, Connecticut.

Current Price	$29.51
52 Week High	$31.35
52 Week Low	$10.87
One Yr Target	$32.00
Market Cap (in billions)	$1.73
P/E (Trailing)	22.29
P/E(1 Yr Forward)	13.35
P/E/G	1.25
ROA	2.79%
ROE	8.76%
EPS	$1.32
Beta	1.06
Annualized Dividend	$0.80
Dividend Yield	2.71%
Analyst Consensus	2.50
Debt to Equity	1.82



Annual EPS

2005	$2.25	
2006	$2.75	22.01%
2007	-$1.03	-137.64%
2008	$2.31	323.57%
2009E	$1.32	-42.73%

Annual Revenue (in millions)

2005	$2,061.20	
2006	$2,256.90	9.49%
2007	$2,619.20	16.05%
2008	$2,604.30	-0.57%

Annual Net Income (in millions)

2005	$136.00	
2006	$166.10	22.13%
2007	-$62.20	-137.45%
2008	$135.20	317.36%

Free Cash Flows (in millions)

2005	$154.30	
2006	$154.70	0.26%
2007	$185.80	20.10%
2008	$146.40	-21.21%

Required Rate of Return

10.72%

Dividend Growth Model

Present Value of 2014 Price	$7.61
Holding Period Return (5 years)	-8.65%

Expected Annualized Return Model

Present Value of 2014 Price	$26.36
Holding Period Return (5 years)	-2.18%

Residual Income Model

Intrinsic Stock Price	$1.75

Analysis

Positives

Company has solid financial ratios, a lower PEG ratio coupled with good ROE and Yield

Negatives

Bad valuation ratios with all three having the stock price as overrated

Company had a down year in 2007, a poor performance in rather good conditions

Financial Statements

Income Statement is average, has good ratios but volatile Net Incomes in several years

Balance Sheet is ok, company has a decent amount of Debt and some negative years of ROE

Cash Flows are good as company does a good job of repurchasing stock

Industry Analysis

Company operates in the diverse yet competative conglomerates industry

Company's financial ratios are average compared with the industry

Summary

CR is a solid enough company with decent financial ratios. Its financial statements are ok but there are some concerns over some sizeable Debt and such a bad 2007 fiscal year. The company offers a good mix of products in different industries which means some instant diversification, yet some of its industries face problems. Fluid Handling, Controls, and Merchandising Systems should continue to see decent revenues but Engineered Materials is much tied to oil prices and Aerospace is dependant on government and cyclical orders. CR also has some ongoing concerns over litigation from Asbestos products, which is a concern. Overall CR just has too many questions with not enough positive outlooks which earns a hold rating with a slight inclination to sell.