CRANE CO /DE/
Form 424B5
February 01, 2018
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are neither offers to sell nor solicitations of offers to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-222781

Subject to Completion
Preliminary Prospectus Supplement Dated February 1, 2018

PROSPECTUS SUPPLEMENT
(To Prospectus Dated January 30, 2018)

$
Crane Co.

% Senior Notes due 20

We are offering $ million aggregate principal amount of % Senior Notes due 20 (the notes). The notes will bear interest at a rate of % per annum. The notes will mature on , 20 . Interest will accrue on the notes from , 2018. Interest on the notes is payable semi-annually in arrears on and of each year, commencing on , 2018.

The notes will be our unsecured senior obligations, will rank equally in right of payment with all of our existing and future senior debt and will rank senior in right of payment to all of our future subordinated debt. The notes will be effectively junior in right of payment to all of our existing and future secured debt to the extent of the assets securing such debt, and to any existing and future liabilities of our subsidiaries. The notes will not be guaranteed by any of our subsidiaries or any third party.

The notes are a new issue of securities with no established trading market. We do not intend to apply to list the notes on any securities exchange or to seek approval for quotations through any automated quotation system.

Investing in the notes involves risks. See Risk Factors beginning on page S-10 of this prospectus supplement and page 2 of the accompanying prospectus and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2016.

	Per Note	Total
Public offering price[(1)]	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest, if any, from , 2018 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about , 2018.

Joint Book-Running Managers

Wells Fargo Securities J.P. Morgan

, 2018

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Neither we nor the underwriters have authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus or any other documents incorporated by reference in both is accurate only as of the stated date of each document in which the information is contained. After the stated date, our business, financial condition, results of operations and prospects may have changed.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the Securities and Exchange Commission (the SEC). Under this process, we may sell from time to time the debt securities described in the accompanying prospectus at our discretion in one or more offerings. You should read (i) this prospectus supplement, (ii) the accompanying prospectus, (iii) any free writing prospectus prepared by or on behalf of us or to which we have referred you, and (iv) the documents incorporated by reference herein and therein that are described under the heading Where You Can Find More Information.

This prospectus supplement and the accompanying prospectus summarize certain documents and other information to which we refer you for a more complete understanding of what we discuss in this prospectus supplement and the accompanying prospectus. In making an investment decision, you should rely on your own examination of our company and the terms of this offering and the notes, including the merits and risks involved.

Neither we nor the underwriters are making any representation to any purchaser of the notes regarding the legality of the purchaser s investment in the notes. You should not consider any information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus, as well as in other written reports and oral statements, contain discussions of our expectations regarding our future performance. Statements and financial discussion and analysis contained herein and in the documents incorporated by reference herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical information or statements about our current condition. You can identify forward-looking statements by the use of terms such as believes , contemplates , expects , may , wi could , should , would , or anticipates , other similar phrases, or the negatives of these terms.

We have based the forward-looking statements relating to our operations on our current expectations, estimates and projections about us and the markets we serve. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties. We have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate or beyond our control. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- The effect of changes in economic conditions in the markets in which we operate, including financial market conditions, end markets for our products, fluctuations in raw material prices and the financial condition of our customers and suppliers;
- Economic, social and political instability, currency fluctuation and other risks of doing business outside of the United States;
- Competitive pressures, including the need for technology improvement, successful new product development and introduction and any inability to pass increased costs of raw materials to customers;
- Our ability to successfully integrate acquisitions and to realize synergies, including with respect to our acquisition of Crane & Co., Inc. as described in Summary—Recent Developments, and opportunities for growth and innovation;
- Our ability to successfully value acquisition candidates;
- Our ongoing need to attract and retain highly qualified personnel and key management;
- A reduction in congressional appropriations that affect defense spending;
- The ability of the U.S. government to terminate our government contracts;
- The outcomes of legal proceedings, claims and contract disputes;
- Adverse effects on our business and results of operations, as a whole, as a result of increases in asbestos claims or the cost of defending and settling such claims;
- Adverse effects as a result of environmental remediation activities, costs, liabilities and related claims;
- Investment performance of our pension plan assets and fluctuations in interest rates, which may affect the amount and timing of future pension plan contributions; and
- Adverse effects of changes in tax, environmental and other laws and regulations in the United States and other countries in which we operate.

While we believe that the assumptions underlying such forward-looking statements are reasonable, there can be no assurance that future events or developments will not cause such statements to be inaccurate. All forward-looking statements contained in this prospectus supplement and the accompanying prospectus and the documents we incorporate by reference into this prospectus supplement and the accompanying prospectus are qualified in their entirety by this cautionary statement. Information regarding some of the important factors that could cause actual results to differ, perhaps materially, from those in our forward-looking statements is contained in the section titled Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on February 28, 2017 and incorporated by reference in this prospectus supplement and the accompanying prospectus, and in the section entitled Risk Factors in this prospectus supplement. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statements to reflect any changes in events or circumstances or in our expectations or results.

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SUMMARY

This summary highlights the information contained elsewhere in or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus and the information incorporated by reference herein and therein, including the financial statements and related notes.

In this prospectus supplement, except as otherwise indicated or the context otherwise requires, the terms Crane, the Company, we, our and us refer to Crane Co. and its consolidated subsidiaries.

Our Company

We are a diversified manufacturer of highly engineered industrial products comprised of four segments: Fluid Handling, Payment & Merchandising Technologies, Aerospace & Electronics and Engineered Materials. Crane provides products and solutions to customers in the hydrocarbon processing, petrochemical, chemical, power generation, unattended payment, currency design and production, automated merchandising, aerospace, electronics, transportation and other markets.

Our strategy is to grow earnings and cash flow by focusing on the manufacturing of highly engineered industrial products for specific markets where our scale is a relative advantage, and where we can compete based on our proprietary and differentiated technology, our deep vertical expertise, and our responsiveness to unique and diverse customer needs. We continuously evaluate our portfolio, pursue acquisitions that complement our existing businesses and are accretive to our growth profile, selectively divest businesses where appropriate, and pursue internal mergers to improve efficiency. We strive to foster a performance-based culture focused on productivity and continuous improvement, to attract and retain a committed management team whose interests are directly aligned with those of our shareholders, and to maintain a focused, efficient corporate structure.

We deploy a comprehensive set of business processes, philosophies and operational excellence tools to drive continuous improvement throughout our businesses. Beginning with a core value of integrity, we incorporate Voice of the Customer teachings (specific processes designed to capture our customers requirements) and a broad range of tools into a disciplined strategy deployment process that drives profitable growth by focusing on continuously improving safety, quality, delivery and cost. An imbedded intellectual capital development process ensures that we attract, develop, promote and retain talent to drive continuity and repeatable results.

Recent Developments

Preliminary Financial Information for the Quarter and Full Year Ended December 31, 2017

On January 29, 2018, we announced our preliminary financial results for the fourth quarter and fiscal year ended December 31, 2017, which included the information set forth below. The preliminary financial information presented below has not been audited, reviewed, or compiled by our independent registered public accounting firm, Deloitte & Touche LLP. Accordingly, Deloitte & Touche LLP does not express an opinion or any other form of assurance with respect thereto and assumes no responsibility for, this information. Such information does not constitute a comprehensive statement of our financial results for the fourth quarter and fiscal year ended December 31, 2017. When our actual financial results for such periods are finalized and filed with our Form 10-K for the fiscal year ended December 31, 2017, they may include any adjustments necessary, in the opinion of management, for a fair presentation of such information, which adjustments may be material, and will also include other financial metrics and narrative disclosure necessary for a comprehensive review of our financial results for such period. Therefore, you should not place undue reliance upon this preliminary financial information.

Our net loss for fourth quarter 2017 was $0.48 per share, compared to a net loss of $1.09 per share for the same period in 2016. Results for fourth quarter 2017 include: a tax charge of $87 million, or $1.44 per diluted share, related to recent U.S. tax law changes; an after-tax charge of $8 million, or $0.13 per diluted share, related to repositioning, net; and, an after-tax charge of $5 million, or $0.08 per diluted share, for M&A related items. Fourth quarter 2016 results included an after-tax net asbestos provision of $125 million, or $2.13 per diluted share. Excluding Special Items , earnings per share for fourth quarter 2017 was $1.18, compared to $1.02 for the same period in 2016.

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Fourth quarter 2017 sales were $714 million, up 5% compared to the same period in 2016. Core sales increased $13 million, or 2%, with $14 million, or 2%, of favorable foreign exchange, and a $5 million, or 1%, net acquisition benefit. Fourth quarter 2017 operating profit was $91 million compared to an operating loss of $92 million in 2016. Excluding Special Items, fourth quarter 2017 operating profit was $109 million, an increase of 8% compared to 2016.

Full year 2017 earnings per share was $2.84, compared to $2.07 in 2016. Full year 2017 results include: a tax charge of $87 million, or $1.44 per share, related to recent U.S. tax law changes; an after-tax charge of $8 million, or $0.13 per share, related to repositioning, net; and, an after-tax charge of $7 million, or $0.11 per share, for M&A related items. Full year 2016 results included an after-tax net asbestos provision of $125 million, or $2.11 per share, and a $3 million net after-tax legal settlement charge, or $0.05 per share. Excluding Special Items, earnings per share for full year 2017 was $4.53, an increase of 7% compared to $4.23 in full year 2016. On January 29, 2018, our board of directors declared a 6% increase in our quarterly dividend, to $0.35 per share from $0.33 per share.

Full year 2017 sales were $2.8 billion, up 1% compared to 2016. Core sales increased $31 million, or 1%, and net acquisitions contributed $14 million, partially offset by $7 million of unfavorable foreign exchange.

Full year 2017 operating profit was $402 million compared to $200 million in 2016. Excluding Special Items, full year 2017 operating profit was $423 million, an increase of 6% compared to $398 million in 2016. Full year 2017 adjusted operating margin was 15.2%, an increase of 70 basis points compared to 14.5% in full year 2016.

Cash provided by operating activities for full year 2017 was $318 million, which is flat compared to $318 million in full year 2016. Free cash flow (cash provided by operating activities less capital spending) was $269 million in 2017, compared to $267 million in 2016. The Company s cash position was $706 million at December 31, 2017, compared to $510 million at December 31, 2016. Total debt was $743 million at December 31, 2017, compared to $745 million at December 31, 2016.

Core sales growth represents the change in sales excluding all impacts from foreign currency translation, acquisitions, and divestitures. See —Reconciliation of Non-GAAP Financial Measures below for a reconciliation of non-GAAP financial measures, including net income attributable to common shareholders and earnings per share, before Special Items, and operating profit, before Special Items, to the most directly comparable financial measures calculated in accordance with GAAP.

Segment Results

Fluid Handling

Sales in our Fluid Handling segment increased $32 million, driven by $16 million, or 7%, core growth, a $6 million, or 2.5%, contribution from net acquisitions, and $10 million, or 4%, of favorable foreign exchange. Operating margin declined to 7.5%, compared to 11.6% last year, reflecting the impact of repositioning charges. Excluding Special Items, operating margin was 11.5%, approximately flat compared to 11.6% in 2016. Fluid Handling order backlog was $262 million at December 31, 2017, compared to $228 million at December 31, 2016.

	Fourth Quarter		**Change**	
(dollars in millions)	**2017**	**2016**		
Sales	$ 272	$ 240	$ 32	13 %
Operating Profit	$ 20	$ 28	$ (8)	(27)%

Operating Profit, before Special Items*	$ 31	$ 28	$ 3	12 %
Profit Margin	7.5 %	11.6 %		
Profit Margin, before Special Items*	11.5 %	11.6		