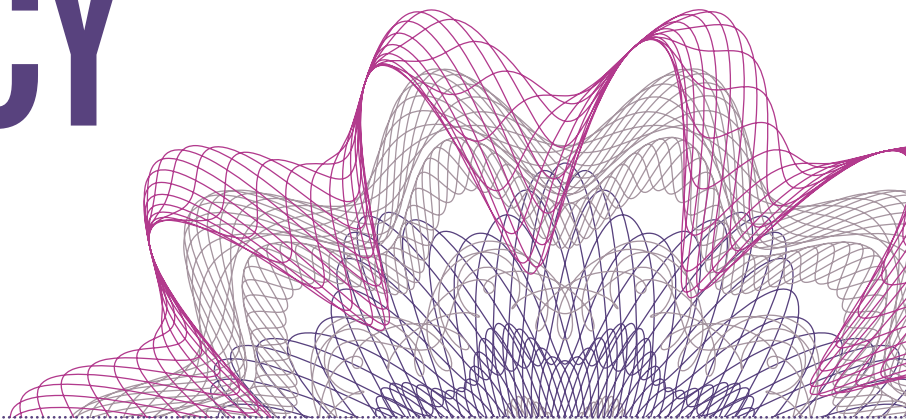


CURRENCY NEWS™

VOLUME 15 – NO 12 / DECEMBER 2017



A New Powerhouse for Cash as Crane Co Buys Crane & Co



Crane Co, a diversified manufacturer of highly engineered industrial products listed on the New York Stock Exchange, has signed an agreement to purchase Crane & Co Inc (Crane Currency) from private equity firm Lindsay Goldberg, members of the Crane family, and other shareholders, for \$800 million on a cash free and debt free basis.

The purchase is dependent on regulatory approvals and closing conditions. It will be financed through a combination of cash and additional debt. Closure is expected to take place during the first quarter of 2018.

Crane Currency is well-known in the currency industry as one of the leading banknote papermakers, printers and security feature suppliers, supplying over 50 central banks worldwide. Founded in 1801, it is headquartered in the US and is the exclusive supplier of paper for the US currency.

It has a paper mill in and a thread production facility in New England, and an advanced micro-optics facility (for the MOTION® security technology) in Georgia. In Europe, it has a printworks and mill at Tumba in Sweden and is in the process of building a new printworks in Malta, which will open early next year.

The company is expected to have sales for 2017 of approximately \$500 million, with adjusted EBITDA of \$94 million. Its compound annual growth rate in sales since 2002 has been 13%, compared with an equivalent growth rate worldwide in banknote production of 4.5%. Around one third of its sales are in the US, and two third from international markets.

Crane Co, which was founded in 1855, expects sales of \$2.8 billion in 2017 and has 11,000 employees around the world. It operates four business segments – Fluid Handling, Aerospace & Electronics, Engineered Materials and Payment & Merchandising Technologies.

It has expanded rapidly in the latter arena in recent years, through the acquisition of companies such as NRI (a German-based coin validation and dispensing equipment supplier), Cash Code (which specialises in niche applications for bill validation and dispensing devices), Telequip (which provides coin dispensing equipment) and Money Controls, which produces a range of payment solutions for coins and bills.

In 2013, Crane Co acquired MEI Conlux, its largest acquisition to date. MEI Conlux was a market leader in payment technologies for the transportation, gaming, retail, financial services, and vending markets, primarily providing bill and coin acceptors and recyclers, along with payment card acceptors, and the acquisition more than doubled the size of Crane Co's payment business. The purchase price was \$820 million.

The activities of what was then known as Crane Payment Solutions were merged with MEI Conlux to form Crane Payment Innovations, one of two divisions within the Payment & Merchandising Technologies segment.

Combined sales of the two divisions are \$770 million, accounting for 27.5% of Crane Co's turnover. Of this \$770 million, 74% comes from CPI and the other 26% from Crane Merchandising Systems.

With Crane Currency set to become the third division of this segment, the combined revenues will account for nearly 40% of Crane Co's total sales.

According to Max Mitchell, President and Chief Executive Officer of Crane Co., 'Crane Currency is the fastest growing, fully integrated global currency provider in the growing global banknote supply and security industry. Making it part of Crane Co. is a logical extension of our expanding presence in the currency and payment markets.

Our combined businesses will be able to offer end-to-end currency and security solutions, from substrate manufacturing and banknote design and printing to micro-optics and banknote validation.

He added 'I would also like to acknowledge the effort and success of the extended Crane family, as well as the current Crane Currency management team led by CEO Stephen DeFalco. Over the past 15 years, they have transformed Crane Currency from a US-focused substrate manufacturer to a global leader in micro-optics and currency security solutions, as well as banknote design and printing. We are honored to welcome Crane Currency, with its strong legacy and track record, into our company'.

The acquisition, when complete, will bring to an end over two centuries of family ownership of Crane Currency.

It is understood that, following the completion, CEO Stephen DeFalco will move on, and will be replaced by Annemarie Watson, former President of International Currency.

The acquisition will create a powerful force in the cash industry that brings together the production of currency on the one side, and its handling, validation and circulation, along with coins and other payment mechanisms, on the other.

And, of course, it will clear up once and for all the ongoing confusion in the market between the two companies.