



**CRANE**

CRANE CO.

Q1 2017 EARNINGS RELEASE CALL



The information in this presentation includes “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,” “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. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, 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 those detailed on Page 1 of our Annual Report on Form 10-K for 2016 and in our subsequent disclosures filed with the Securities and Exchange Commission.

# Q1 2017 Earnings Summary

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(\$ Millions except per-share amounts)

	Q1 2017	Q1 2016	Change
Sales	\$673	\$660	+2%
Operating Profit	\$97	\$85	+13%
Operating Margin	14.3%	13.0%	+130 bps
Earnings per Share	\$1.05	\$0.93	+13%
Free Cash Flow*	(\$6)	(\$29)	nm

## Additional Details

	Q1 2017		Q1 2017
Core Growth	+4.2%	Diluted EPS	\$1.05
Divestiture Impact	(0.3%)	Special Items	-
FX Translation	(1.9%)		
Total Sales Change	+2.0%		

\* Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.

(\$ Millions)

	Q1 2017	Q1 2016	Change
Sales	\$240	\$248	(3%)
Operating Profit	\$27	\$25	+7%
Operating Margin	11.3%	10.3%	+100 bps
Backlog	\$250	\$263	(5%)

## Additional Details

- Order rates stabilizing, but revenue still declining given lower backlog and FX
- Some signs of renewed activity, but timing of recovery still uncertain
- Compared to Q4 2016 (sequentially), Q1 2017 FX neutral backlog +9% and FX neutral orders +11%
- Compared to Q1 2016 (Year-over-Year), Q1 2017 FX neutral backlog down (1%) and FX neutral orders +10%

	Q1 2017
Core Growth	(1.0%)
FX Translation	(2.4%)
Total Sales Change	(3.4%)

(\$ Millions)

	Q1 2017	Q1 2016	Change
Sales	\$196	\$172	+14%
Operating Profit	\$39	\$28	+40%
Operating Margin	20.0%	16.3%	+370 bps

## Additional Details

- Margin growth driven by volume and productivity
- Very strong demand for productivity solutions in developed markets

	Q1 2017
Core Growth	+18.3%
Divestiture	(1.2%)
FX Translation	(3.4%)
<b>Total Sales Change</b>	<b>+13.7%</b>

(\$ Millions)

	Q1 2017	Q1 2016	Change
Sales	\$163	\$172	(5%)
Operating Profit	\$32	\$33	(3%)
Operating Margin	19.6%	19.3%	+30 bps
Backlog	\$352	\$419	(16%)

## Additional Details

	Q1 2017		Q1 2017
OE Sales	(8%)	Core Growth	(4.8%)
Aftermarket Sales	+5%	FX Translation	-
OE / Aftermarket Mix	74%/26%	Total Sales Change	(4.8%)

- OE sales decline on challenging Space Fence comparisons and weaker business jet activity

- Aftermarket strength from Modernization & Upgrade programs and replenishment spares

(\$ Millions)

	Q1 2017	Q1 2016	Change
Sales	\$75	\$68	+10%
Operating Profit	\$14	\$14	+2%
Operating Margin	18.7%	20.1%	(140 bps)

## Additional Details

	Q1 2017		Q1 2017
Recreational Vehicle	+18%	Core Growth	+9.6%
Building Products	+9%	FX Translation	-
Transportation	(17%)	Total Sales Change	+9.6%
<ul style="list-style-type: none"> <li>RV and Building Products markets remain solid</li> </ul>		<ul style="list-style-type: none"> <li>Resin prices higher than expected in Q1</li> </ul>	

# Cash Flow, Balance Sheet, and Tax

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		(\$ Millions)	
	Q1 2017	Q1 2016	Better / (Worse)
Cash Provided from Operating Activities	\$4	(\$18)	\$22
Capital Expenditures	(\$10)	(\$11)	\$1
Free Cash Flow*	(\$6)	(\$29)	\$23
Effective Tax Rate	28.1%	28.0%	(10 bps)
Total Debt	\$746	\$823	\$77
Cash	\$505	\$354	\$151

\* Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.



# 2017 Guidance Revision Details

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	Revised 2017 Guidance	Prior 2017 Guidance
Core Sales Growth	No Change	0% to +2%
Foreign Exchange Sales Impact	No Change	(3%)
Divestiture Sales Impact	No Change	(0.5%)
Diluted EPS	\$4.35-\$4.55	\$4.30-\$4.55
Free Cash Flow (\$ millions)*	No Change	\$220-\$250
Effective Tax Rate	No Change	~31.3%
Corporate Expense (\$ millions)	No Change	\$58
Diluted Share Count	No Change	~60 million

\* Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.

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## Non-GAAP Information

\* Excludes Special Items. Please see non-GAAP Financial Measures tables for details.

**Certain non-GAAP measures have been provided to facilitate comparison with the prior year.**

**The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance.**

**In addition, Free Cash Flow provides supplemental information to assist management and investors in analyzing the Company's ability to generate liquidity from its operating activities. The measure of Free Cash Flow does not take into consideration certain other non-discretionary cash requirements such as, for example, mandatory principal payments on the Company's long-term debt. Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.**

**CRANE CO.**  
**Guidance**  
(in millions)

**CASH FLOW ITEMS**

	<b>Three Months Ended</b>		<b>2017 Full Year Guidance</b>	
	<b>March 31,</b>		<b>Low</b>	<b>High</b>
	<b>2017</b>	<b>2016</b>		
Cash Provided by (Used for) Operating Activities				
before Asbestos - Related Payments	\$ 18.2	\$ (7.2)	\$ 325.0	\$ 355.0
Asbestos Related Payments, Net of Insurance Recoveries	(14.7)	(10.8)	(55.0)	(55.0)
Cash Provided by (User for) Operating Activities	3.5	(18.0)	270.0	300.0
Less: Capital Expenditures	(9.6)	(11.0)	(50.0)	(50.0)
Free Cash Flow	\$ (6.1)	\$ (29.0)	\$ 220.0	\$ 250.0

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