



CRANE

CRANE CO.

Q1 2015 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 2014 and in our subsequent disclosures filed with the Securities and Exchange Commission.

Q1 2015 Earnings Summary

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(\$ Millions except per-share amounts)

	Q1 2015	Q1 2014	Change
Sales	\$679	\$717	(5%)
Operating Profit*	\$90	\$101	(10%)
Operating Margin*	13.3%	14.1%	(80 bps)
Earnings per Share*	\$0.92	\$1.05	(12%)
Free Cash Flow**	(\$22)	(\$28)	+23%

Additional Details

	Q1 2015		Q1 2015
Core Growth	0.2%	Diluted EPS: GAAP	\$0.87
Divestitures	(0.7%)	M&A related items	\$0.02
FX Translation	(4.8%)	Repositioning	\$0.03
Total Sales Change	(5.3%)	Diluted EPS: non-GAAP	\$0.92

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

** 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 2015	Q1 2014	Change
Sales	\$276	\$311	(11%)
Operating Profit*	\$36	\$48	(24%)
Operating Margin*	13.1%	15.4%	(230 bps)
Backlog**	\$304	\$345	(12%)

Q1 2015 Highlights

- Overall results inline with expectations
- 2% Sequential decline in backlog (+3% FX neutral)
- Some positive signs in North American Power and Chemical markets
- Europe fairly stable; China remains weak
- Continue to expect modest improvement as 2015 progresses

	Q1 2015
Core Growth	(3.2%)
Divestiture	(1.1%)
FX Translation	(7.0%)
Total Sales Change	(11.4%)

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

** Backlog for Q1 2014 adjusted to reflect a small divestiture in June 2014.

(\$ Millions)

	Q1 2015	Q1 2014	Change
Sales	\$172	\$169	+2%
Operating Profit*	\$23	\$20	+16%
Operating Margin*	13.3%	11.7%	+160 bps

Q1 2015 Highlights

- On-track for \$9 million of full-year synergy realization.
- Substantial improvement in core growth at both Crane Payment Innovations and Crane Merchandising Systems
- Strong margin expansion driven by volume, synergies, and productivity

	Q1 2015
Core Growth	+9.5%
Divestiture	(1.0%)
FX Translation	(6.7%)
Total Sales Change	+1.7%

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

(\$ Millions)

	Q1 2015	Q1 2014	Change
Sales	\$162	\$169	(4%)
Operating Profit*	\$31	\$35	(13%)
Operating Margin*	19.1%	20.9%	(180 bps)
Backlog	\$446	\$398	12%

Q1 2015 Highlights

	Q1 2015		Q1 2015
OE Sales	(4%)	Core Growth	(3.9%)
Aftermarket Sales	(6%)	FX Translation	(0.4%)
OE / Aftermarket Mix	73% / 27%	Total Sales Change	(4.3%)

- Backlog +6% sequentially reflects strong March orders, particularly for commercial spares
- Commercial OE +4%

- Sales declined given slow start to aftermarket shipments and weak defense sales

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

(\$ Millions)

	Q1 2015	Q1 2014	Change
Sales	\$70	\$68	+3%
Operating Profit	\$14	\$11	+32%
Operating Margin	20.5%	15.9%	+460 bps

Q1 2015 Highlights

	Q1 2015		Q1 2015
Recreational Vehicle	+8%	Core Growth	2.7%
Building Products	+3%	FX Translation	(0.1%)
Transportation	(16%)	Total Sales Change	2.6%
<ul style="list-style-type: none"> Margin improvement primarily reflects higher volumes, productivity, and lower raw material costs 		<ul style="list-style-type: none"> Expect margins to moderate over the course of 2015 	

Cash Flow, Balance Sheet, and Tax

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	(\$ Millions)		
	Q1 2015	Q1 2014	Better / (Worse)
Cash Provided from Operating Activities	(\$12)	(\$19)	+39%
Capital Expenditures	(\$10)	(\$9)	(9%)
Free Cash Flow*	(\$22)	(\$28)	+23%
Effective (GAAP) Tax Rate	32.7%	32.0%	(70bps)
Non-GAAP (adjusted) Tax Rate**	32.7%	31.7%	(100bps)
Total Debt	\$877	\$893	+\$16
Cash	\$297	\$250	+\$47

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

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

Challenging Currency Environment

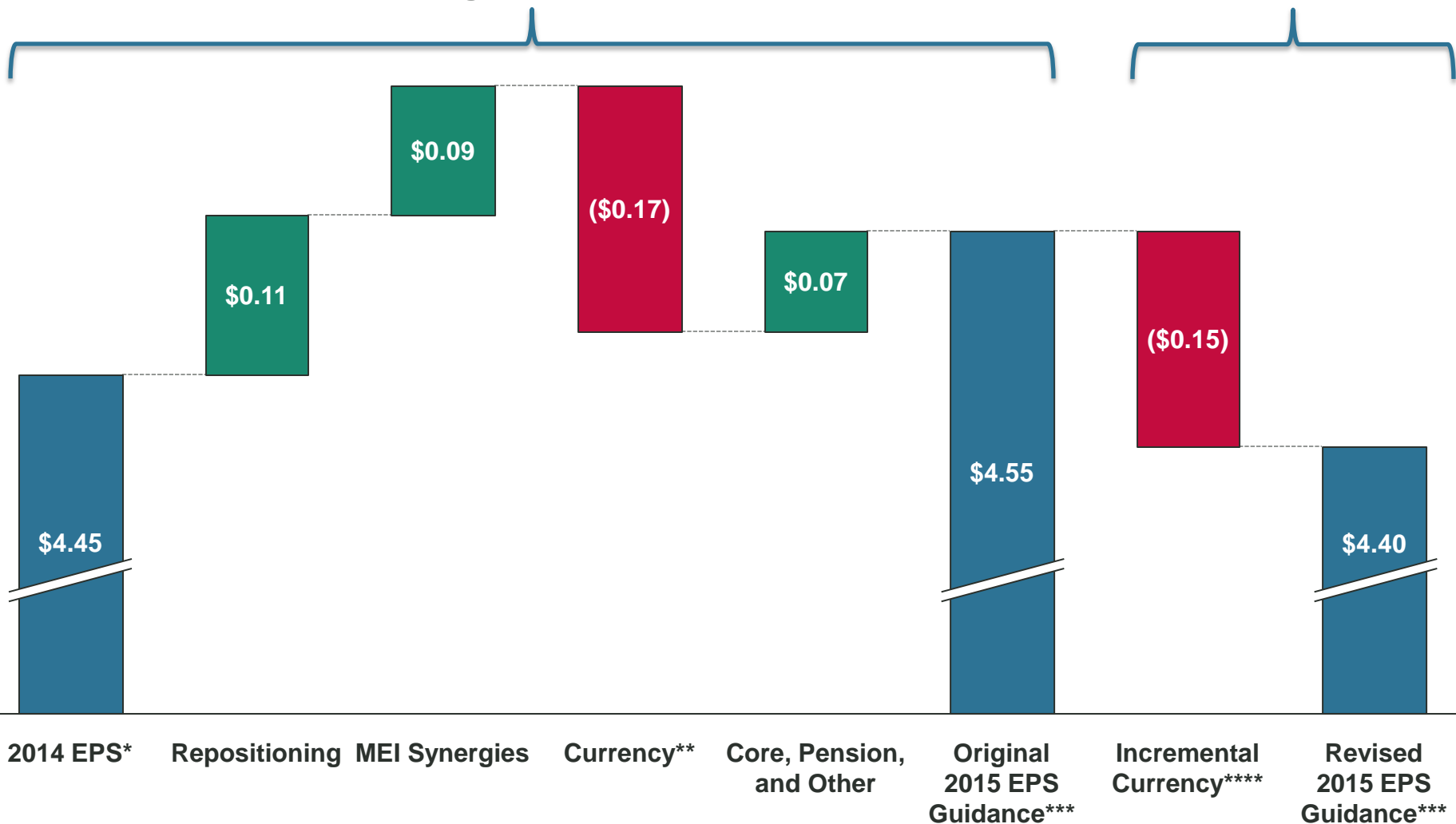
Currency vs. USD	12/31/2014 Rates for Initial 2015 Guidance	1/26/2015 Q4 2014 Earnings Release	2/26/2015 Investor Day	3/31/2015 1Q 2015 Quarter End Rates	Q1 2015 Change %
Euro €	1.21	1.12	1.12	1.07	(11%)
GBP £	1.56	1.51	1.54	1.48	(5%)
Canadian Dollar \$	0.86	0.80	0.80	0.79	(8%)
Japanese Yen ¥	0.0084	0.0084	0.0084	0.0083	0%

- ❑ Continued strengthening of the US dollar vs. most major currencies
- ❑ Primarily translation headwinds in 2015

2015 EPS Guidance Revision

Original Guidance

Revision



* 2014 EPS excludes Special Items. Please see non-GAAP Financial Measures tables for details.

** Currency impact based on foreign exchange rates as of December 31, 2014

*** Reflects the midpoint of 2015 EPS guidance, excluding Special Items. Please see non-GAAP Financial Measures tables for details

**** Incremental currency impact based on foreign exchange rates as of March 31, 2015

2015 Guidance Revision Details

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	Revised 2015 Guidance	Original 2015 Guidance
Core Growth	0% to +2%	0% to +2%
Foreign Exchange*	(4%) to (6%)	(2%) to (4%)
Divestitures	(0.5%)	(0.5%)
EPS (Adjusted)**	\$4.30-\$4.50	\$4.45-\$4.65
EPS (GAAP)	\$4.17-\$4.37	\$4.32-\$4.52
Free Cash Flow (\$ millions)***	\$200-\$230	\$210-\$240

* Original guidance currency impact is based on foreign exchange rates as of December 31, 2014; revised guidance based on March 31, 2015 exchange rates.

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

*** 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.

Non-GAAP Financial Measures

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Non-GAAP Financial Measures
(in millions, except per share data)

<u>INCOME ITEMS</u>	Three Months Ended		Percent Change March 31, 2015 Three Months
	March 31,		
	2015	2014	
Net Sales	\$ 678.8	\$ 716.8	(5.3%)
Operating Profit	86.0	81.4	5.7%
<i>Percentage of Sales</i>	<i>12.7%</i>	<i>11.4%</i>	
<u>Special Items impacting Operating Profit:</u>			
MEI Acquisition related inventory and backlog amortization	-	4.8	
MEI Acquisition related integration costs	1.6	4.4	
MEI Acquisition related restructuring costs	0.1	4.3	
Repositioning charges	2.6	6.1	
Operating Profit before Special Items	<u>\$ 90.4</u>	<u>\$ 100.9</u>	(10.4%)
<i>Percentage of Sales</i>	<i>13.3%</i>	<i>14.1%</i>	
Net Income Attributable to Common Shareholders	\$ 51.1	\$ 48.7	
<i>Per Share</i>	<i>\$ 0.87</i>	<i>\$ 0.82</i>	5.9%
<u>Special Items impacting Net Income Attributable to Common Shareholders:</u>			
MEI Acquisition related inventory and backlog amortization - Net of Tax	-	3.0	
<i>Per Share</i>		<i>\$ 0.05</i>	
MEI Acquisition related integration charges - Net of Tax	1.1	3.2	
<i>Per Share</i>	<i>\$ 0.02</i>	<i>\$ 0.05</i>	
MEI Acquisition related restructuring charges - Net of Tax	0.1	3.0	
<i>Per Share</i>	<i>\$ 0.00</i>	<i>\$ 0.05</i>	
Repositioning Charges - Net of Tax	1.8	4.3	
<i>Per Share</i>	<i>\$ 0.03</i>	<i>\$ 0.07</i>	
Net Income Attributable To Common Shareholders Before Special Items	<u>\$ 54.1</u>	<u>\$ 62.2</u>	(13.1%)
<i>Per Share</i>	<i>\$ 0.92</i>	<i>\$ 1.05</i>	(12.2%)

Non-GAAP Financial Measures

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Guidance

(in millions, except per share data)

2015 Full Year Guidance

2015 Earnings Per Share Guidance

	Low	High
Earnings Per Share - GAAP basis	\$ 4.17	\$ 4.37
MEI acquisition related integration and restructuring costs - Net of Tax	0.08	0.08
Anticipated facility repositioning actions - Net of Tax	0.05	0.05
Earnings Per Share - Non-GAAP basis	<u>\$ 4.30</u>	<u>\$ 4.50</u>

CASH FLOW ITEMS

Three Months Ended

March 31,

2015 Full Year Guidance

	2015	2014	Low	High
Cash Provided by (used for) Operating Activities before Asbestos - Related Payments	\$ (0.9)	\$ (6.0)	\$ 318.5	\$ 328.5
Asbestos Related Payments, Net of Insurance Recoveries	(10.7)	(12.9)	(63.5)	(53.5)
Cash Provided by (used for) Operating Activities	(11.6)	(18.9)	255.0	275.0
Less: Capital Expenditures	(10.2)	(9.4)	(55.0)	(45.0)
Free Cash Flow	<u>\$ (21.8)</u>	<u>\$ (28.3)</u>	<u>\$ 200.0</u>	<u>\$ 230.0</u>

Non-GAAP Financial Measures

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CRANE CO. Non-GAAP Financial Measures

(\$ Millions)

For the three months ended March 31, 2015

	Fluid Handling	Payment & Merchandising Technologies	Aerospace & Electronics	Engineered Materials	Corporate	Total Company
Net Sales	275.5	171.9	161.6	69.7	-	678.7
Operating Profit - GAAP	34.3	21.1	30.1	14.3	(13.7)	86.0
Acquisition related integration costs		1.6			-	1.6
Acquisition related restructuring costs		0.1				0.1
Repositioning Charges	1.8		0.9			2.6
Operating Profit before Special Items	36.0	22.9	30.9	14.3	(13.7)	90.4
<i>Percentage of Sales</i>	<i>13.1%</i>	<i>13.3%</i>	<i>19.1%</i>	<i>20.5%</i>		<i>13.3%</i>

(\$ Millions)

For the three months ended March 31, 2014

	Fluid Handling	Payment & Merchandising Technologies	Aerospace & Electronics	Engineered Materials	Corporate	Total Company
Net Sales	310.8	169.1	169.0	67.9	-	716.8
Operating Profit - GAAP	44.5	7.4	32.6	10.8	(13.9)	81.4
Acquisition related inventory and backlog amortization		4.8				4.8
Acquisition related integration costs		3.2			1.1	4.4
Acquisition related restructuring costs		4.3				4.3
Repositioning Charges	3.2		2.8			6.1
Operating Profit before Special Items	47.7	19.8	35.4	10.8	(12.8)	100.9
<i>Percentage of Sales</i>	<i>15.4%</i>	<i>11.7%</i>	<i>20.9%</i>	<i>15.9%</i>		<i>14.1%</i>

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