



CRANE

CRANE CO.

Q1 2016 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 2015 and in our subsequent disclosures filed with the Securities and Exchange Commission.

Q1 2016 Earnings Summary

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(\$ Millions except per-share amounts)

	Q1 2016	Q1 2015	Change
Sales	\$660	\$679	(3%)
Operating Profit*	\$85	\$90	(5%)
Operating Margin*	13.0%	13.3%	(30 bps)
Earnings per Share*	\$0.93	\$0.92	+2%
Free Cash Flow**	(\$31)	(\$22)	(42%)

Additional Details

	Q1 2016		Q1 2016
Core Growth	(0.8%)	Diluted EPS: GAAP	\$0.93
FX Translation	(2.0%)	Special Items	-
Total Sales Change	(2.8%)	Diluted EPS: non-GAAP	\$0.93

* 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 2016	Q1 2015	Change
Sales	\$248	\$276	(10%)
Operating Profit*	\$25	\$36	(29%)
Operating Margin*	10.3%	13.1%	(280 bps)
Backlog	\$263	\$304	(13%)

Q1 2016 Highlights

- Sales and orders remain depressed, but consistent with guidance
- Backlog flat sequentially on a constant currency basis
- Project delays and modest pricing pressure continue

	Q1 2016
Core Growth	(6.5%)
FX Translation	(3.5%)
Total Sales Change	(10.0%)

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

(\$ Millions)

	Q1 2016	Q1 2015	Change
Sales	\$172	\$172	+0%
Operating Profit*	\$28	\$23	+22%
Operating Margin*	16.3%	13.3%	+300 bps

Q1 2016 Highlights

- Continued strong margin expansion driven by productivity and synergies
- Remain on track for \$33 million total synergy realization by end of 2016
- Core growth consistent with expectations on tough year-over-year comparisons

	Q1 2016
Core Growth	+2.0%
FX Translation	(2.0%)
Total Sales Change	+0%

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

(\$ Millions)

	Q1 2016	Q1 2015	Change
Sales	\$172	\$162	6%
Operating Profit*	\$33	\$31	7%
Operating Margin*	19.3%	19.1%	20 bps
Backlog	\$419	\$446	(6%)

Q1 2016 Highlights

	Q1 2016		Q1 2016
OE Sales	9%	Core Growth	6.3%
Aftermarket Sales	(2%)	FX Translation	(0.1%)
OE / Aftermarket Mix	76% / 24%	Total Sales Change	6.2%

- Modest margin expansion despite higher engineering expense and unfavorable product mix
- Mid single-digit commercial OE growth

- Modest decline in commercial aftermarket sales driven by tough retrofit comparisons

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

(\$ Millions)

	Q1 2016	Q1 2015	Change
Sales	\$68	\$70	(2%)
Operating Profit	\$14	\$14	(4%)
Operating Margin	20.1%	20.5%	(40 bps)

Q1 2016 Highlights

	Q1 2016		Q1 2016
Recreational Vehicle	(10%)	Core Growth	(1.9%)
Building Products	+6%	FX Translation	-
Transportation	+11%	Total Sales Change	(1.9%)
<ul style="list-style-type: none"> ■ Margins remain elevated due to strong end market demand, continued productivity efforts, and lower material costs 		<ul style="list-style-type: none"> ■ Expect margins to moderate further over the course of 2016 	

Cash Flow, Balance Sheet, and Tax

	(\$ Millions)		
	Q1 2016	Q1 2015	Better / (Worse)
Cash Provided from Operating Activities	(\$20)	(\$12)	(72%)
Capital Expenditures	(\$11)	(\$10)	(8%)
Free Cash Flow*	(\$31)	(\$22)	(42%)
Effective (GAAP) Tax Rate	27.9%	32.7%	480 bps
Non-GAAP (adjusted) Tax Rate**	27.9%	32.7%	480 bps
Total Debt	\$823	\$873	\$50
Cash	\$354	\$297	\$57

* 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.

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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)

INCOME ITEMS

	Three Months Ended March 31,		Percent Change March 31, 2016 Three Months
	2016	2015	
Net Sales	\$ 660.0	\$ 678.8	(2.8%)
Operating Profit	85.5	86.0	(0.6%)
<i>Percentage of Sales</i>	<i>13.0%</i>	<i>12.7%</i>	
<u>Special Items impacting Operating Profit:</u>			
MEI acquisition related integration costs		1.6	
MEI acquisition related restructuring costs		0.2	
Repositioning charges		2.6	
Operating Profit before Special Items	<u>\$ 85.5</u>	<u>\$ 90.4</u>	(5.4%)
<i>Percentage of Sales</i>	<i>13.0%</i>	<i>13.3%</i>	
Net Income Attributable to Common Shareholders	\$ 55.0	\$ 51.1	
<i>Per Share</i>	<i>\$ 0.93</i>	<i>\$ 0.87</i>	7.8%
<u>Special Items Impacting Net Income Attributable to Common Shareholders:</u>			
MEI acquisition related integration charges - Net of Tax	-	1.1	
<i>Per Share</i>		<i>\$ 0.02</i>	
MEI acquisition related restructuring charges - Net of Tax	-	0.1	
<i>Per Share</i>		<i>\$ 0.00</i>	
Repositioning charges - Net of Tax	-	1.8	
<i>Per Share</i>		<i>\$ 0.03</i>	
Net Income Attributable To Common Shareholders Before Special Items	<u>\$ 55.0</u>	<u>\$ 54.1</u>	1.8%
<i>Per Share</i>	<i>\$ 0.93</i>	<i>\$ 0.92</i>	1.8%

CRANE CO.
Guidance
(in millions)

CASH FLOW ITEMS

	Three Months Ended		2016 Full Year Guidance	
	March 31,		Low	High
	2016	2015		
Cash Provided by (Used for) Operating Activities before Asbestos - Related Payments	\$ (9.2)	\$ (0.9)	\$ 290.0	\$ 320.0
Asbestos Related Payments, Net of Insurance Recoveries	(10.8)	(10.7)	(50.0)	(50.0)
Cash Provided by (User for) Operating Activities	(20.0)	(11.6)	240.0	270.0
Less: Capital Expenditures	(11.0)	(10.2)	(50.0)	(50.0)
Free Cash Flow	\$ (31.0)	\$ (21.8)	\$ 190.0	\$ 220.0

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		0.2				0.2
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>	13.1%	13.3%	19.1%	20.5%		13.3%

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