

**CRANE**

**CRANE Q4 2023**

**Earnings Release Call**



# FORWARD-LOOKING STATEMENTS – DISCLAIMER

*This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief, or expectations, including, but not limited to: statements regarding Crane’s portfolio composition and its relationship with Crane NXT, Co. following the business separation; benefits and synergies of the separation transaction; strategic and competitive advantages of Crane; future financing plans and opportunities; and business strategies, prospects and projected operating and financial results. We caution investors not to place undue reliance on any such forward-looking statements.*

*Words such as “anticipate(s),” “expect(s),” “intend(s),” “believe(s),” “plan(s),” “may,” “will,” “would,” “could,” “should,” “seek(s),” and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained.*

*Risks and uncertainties that could cause actual results to differ materially from our expectations include, but are not limited to: changes in global economic conditions (including inflationary pressures) and geopolitical risks, including macroeconomic fluctuations that may harm our business, results of operation and stock price; the continuing effects from the COVID-19 pandemic on our business and the global and U.S. economies generally; information systems and technology networks failures and breaches in data security, theft of personally identifiable and other information, non-compliance with our contractual or other legal obligations regarding such information; our ability to source components and raw materials from suppliers, including disruptions and delays in our supply chain; demand for our products, which is variable and subject to factors beyond our control; governmental regulations and failure to comply with those regulations; fluctuations in the prices of our components and raw materials; loss of personnel or being able to hire and retain additional personnel needed to sustain and grow our business as planned; risks from environmental liabilities, costs, litigation and violations that could adversely affect our financial condition, results of operations, cash flows and reputation; risks associated with conducting a substantial portion of our business outside the U.S.; being unable to identify or complete acquisitions, or to successfully integrate the businesses we acquire, or complete dispositions; adverse impacts from intangible asset impairment charges; potential product liability or warranty claims; being unable to successfully develop and introduce new products, which would limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of operations and cash flow; significant competition in our markets; additional tax expenses or exposures that could affect our financial condition, results of operations and cash flows; inadequate or ineffective internal controls; specific risks relating to our reportable segments, including Aerospace & Electronics, Process Flow Technologies and Engineered Materials; the ability and willingness of Crane and Crane NXT, Co. to meet and/or perform their obligations under any contractual arrangements that are entered into among the parties in connection with the separation transaction and any of their obligations to indemnify, defend and hold the other party harmless from and against various claims, litigation and liabilities; and the ability to achieve some or all the benefits that we expect to achieve from the separation transaction.*

*Readers should carefully review Crane’s financial statements and the notes thereto, as well as the section entitled “Risk Factors” in Item 1A of Crane’s Annual Report on Form 10-K for the year ended December 31, 2022 and the other documents Crane and its subsidiaries file from time to time with the SEC. Readers should also carefully review the “Risk Factors” section of the information statement filed as an exhibit to Crane’s registration statement on Form 10. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements.*

*These forward-looking statements reflect management’s judgment as of this date, and Crane assumes no (and disclaims any) obligation to revise or update them to reflect future events or circumstances.*

*We make no representations or warranties as to the accuracy of any projections, statements or information contained in this document. It is understood and agreed that any such projections, targets, statements and information are not to be viewed as facts and are subject to significant business, financial, economic, operating, competitive and other risks, uncertainties and contingencies many of which are beyond our control, that no assurance can be given that any particular financial projections ranges, or targets will be realized, that actual results may differ from projected results and that such differences may be material. While all financial projections, estimates and targets are necessarily speculative, we believe that the preparation of prospective financial information involves increasingly higher levels of uncertainty the further out the projection, estimate or target extends from the date of preparation. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial projections, estimates and targets. The inclusion of financial projections, estimates and targets in this press release should not be regarded as an indication that we or our representatives, considered or consider the financial projections, estimates and targets to be a reliable prediction of future events.*

# CRANE

## Q4 2023 OVERVIEW



# TWO EXTREMELY WELL POSITIONED GROWTH PLATFORMS

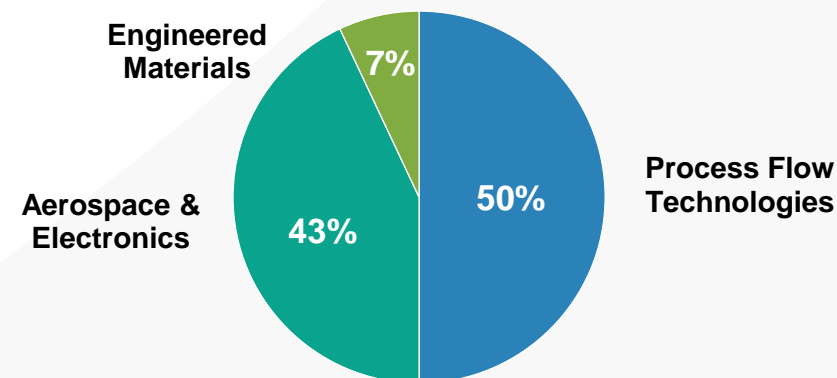
## Crane At-a-Glance

| (\$ millions)               | 2024G   |
|-----------------------------|---------|
| Sales                       | \$2,250 |
| Adjusted EBITDA*            | \$423   |
| <i>% of Sales</i>           | 18.8%   |
| Adjusted Operating Profit*  | \$376   |
| <i>% of Sales</i>           | 16.7%   |
| Depreciation & Amortization | \$47    |

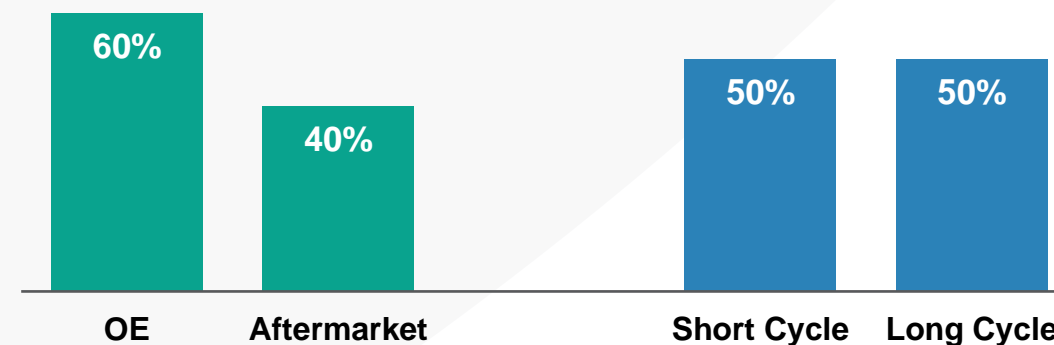
### Additional Financial Details

- 2024 corporate expense ~\$75 million or ~3.3% of sales
- Expected annual capex 2.0%-2.5% of sales (~\$50m)

### 2024G Adjusted Operating Profit\*



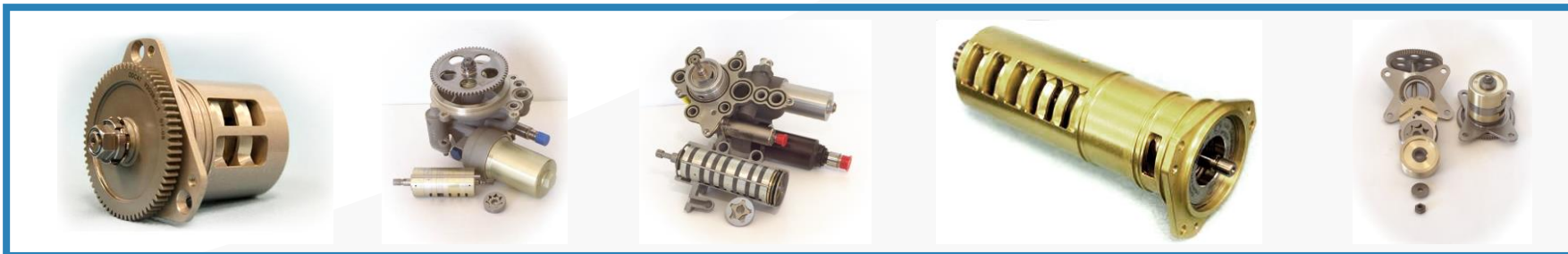
### Strategic Growth Platform Business Mix



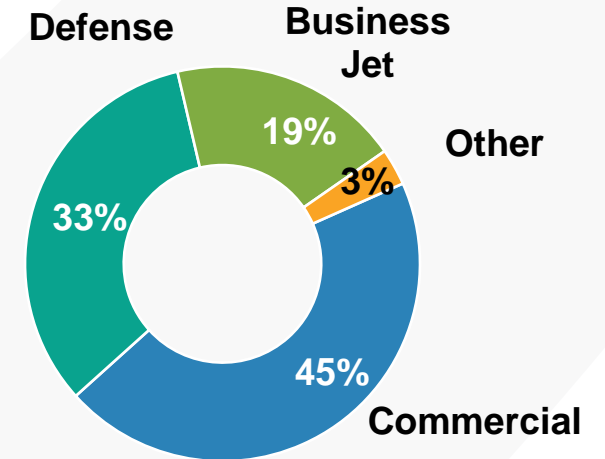
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# ACQUISITION OF VIAN ENTERPRISES, INC.

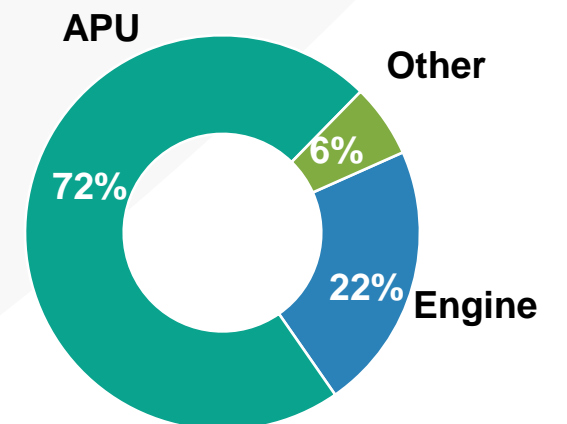
- **Purchase price:** \$103M on a cash-free and debt-free basis
- **August 2023 trailing-12 month (estimate):** Sales ~\$34M / Adj. EBITDA ~\$8M
- **Year 5 (2028) forecast:** ROIC >10% / ~\$0.20 Cash EPS accretion\*
- **Principle Location:** Auburn, CA
- **Strong strategic rationale:**
  - Complementary to our Aerospace & Electronics' Fluid Management solution
  - Significantly expands portfolio of lubrication pump and lubrication system components technology for aircraft engines and APUs
  - Strong presence on high-volume platforms including 737 MAX, A320neo and F-35



By End Market (2022E)



By Application (2022E)



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# HIGHLIGHTS FROM FOURTH QUARTER 2023 RESULTS

| \$ Millions<br>except per-share amounts       | GAAP    |         |          | Adjusted* |         |         |
|---|---------|---------|----------|-----------|---------|---------|
|   | Q4 2023 | Q4 2022 | Change   | Q4 2023   | Q4 2022 | Change  |
| Sales   | \$533   | \$486   | +10%     | \$533     | \$486   | +10%    |
| Operating Profit                              | \$67    | \$49    | +38%     | \$75      | \$65    | +14%    |
| Operating Margin                              | 12.6%   | 10.0%   | +260 bps | 14.0%     | 13.5%   | +50 bps |
| Earnings per Share<br>(Continuing Operations) | \$0.86  | \$0.70  | +23%     | \$0.90    | NM      | NM      |
| Adjusted EBITDA                               | NA      | NA      | NA       | \$82      | NM      | NM      |

## Additional Details

|                           | Q4 2023      |
|---------------------------|--------------|
| Core Growth               | +5.4%        |
| Baum Acquisition          | +3.2%        |
| FX Translation            | +1.1%        |
| <b>Total Sales Change</b> | <b>+9.7%</b> |

|   | Q4 2023       |
|---|---------------|
| <b>Diluted EPS: GAAP (cont. ops.)</b>     | <b>\$0.86</b> |
| Special Items, net                        | \$0.04        |
| <b>Diluted EPS: Adjusted (cont. ops.)</b> | <b>\$0.90</b> |

# HIGHLIGHTS FROM FULL-YEAR 2023 RESULTS

| \$ Millions<br>except per-share amounts       | GAAP    |         |        | Adjusted* |         |          |
|---|---------|---------|--------|-----------|---------|----------|
|   | FY 2023 | FY 2022 | Change | FY 2023   | FY 2022 | Change   |
| Sales   | \$2,086 | \$2,035 | +3%    | \$2,086   | \$2,035 | +3%      |
| Operating Profit                              | \$284   | \$38    | FAV    | \$330     | \$257   | +28%     |
| Operating Margin                              | 13.6%   | 1.9%    | FAV    | 15.8%     | 12.6%   | +320 bps |
| Earnings per Share<br>(Continuing Operations) | \$3.54  | \$3.00  | +18%   | \$4.29    | NM      | NM       |
| Adjusted EBITDA                               | NA      | NA      | NA     | \$366     | NM      | NM       |

## Additional Details

|                           | FY 2023      |
|---------------------------|--------------|
| Core Growth               | +6.9%        |
| Baum Acquisition          | +0.8%        |
| Crane Supply Divestiture  | (5.2%)       |
| FX Translation            | -            |
| <b>Total Sales Change</b> | <b>+2.5%</b> |

|   | FY 2023       |
|---|---------------|
| <b>Diluted EPS: GAAP (cont. ops.)</b>     | <b>\$3.54</b> |
| Special Items, net                        | \$0.75        |
| <b>Diluted EPS: Adjusted (cont. ops.)</b> | <b>\$4.29</b> |

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# STRONG CORE SALES GROWTH OUTLOOK

## Aerospace & Electronics

- Cyclical recovery of commercial A&E markets
- Content already won on large defense programs ramping over next few years
- Sole-sourced content on all major aerospace platforms
- Strong alignment with secular trends, most notably electrification

**7%-9% Core Sales Growth**

## Process Flow Technologies

- Accelerating NPD with new product vitality at record levels
- Secular trends supporting continued growth in Chemical, Pharma, Wastewater and Industrial Automation markets
- Shifting portfolio with ~60% in high-growth end markets

**3%-5% Core Sales Growth**

Poised for accelerating growth given consistent, substantial investment in new products, technology and breakthrough innovation

# SUBSTANTIAL GROWTH OPPORTUNITIES

- Fragmented end markets with robust M&A pipeline
- Strong balance sheet to support organic and inorganic strategic growth objectives, while providing a dividend in-line with peers
- ~\$1+ Billion of M&A Capacity available today, growing to ~\$4 Billion through 2028



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**ADDITIONAL FINANCIAL  
DETAILS**



# AEROSPACE & ELECTRONICS

| \$ Millions      | GAAP    |         |         | Adjusted* |         |          |
|------------------|---------|---------|---------|-----------|---------|----------|
|                  | Q4 2023 | Q4 2022 | Change  | Q4 2023   | Q4 2022 | Change   |
| Sales            | \$213   | \$181   | +17%    | \$213     | \$181   | +17%     |
| Operating Profit | \$43    | \$36    | +20%    | \$43      | \$37    | +15%     |
| Operating Margin | 20.2%   | 19.8%   | +40 bps | 20.2%     | 20.6%   | (40 bps) |
| Backlog          | \$701   | \$613   | +14%    | \$701     | \$613   | +14%     |

## Additional Details

|                           | Q4 2023          |
|---------------------------|------------------|
| OE Sales                  | +10%             |
| Aftermarket Sales         | +34%             |
| <b>OE/Aftermarket Mix</b> | <b>66% / 34%</b> |

|                           | Q4 2023       |
|---------------------------|---------------|
| Core Growth               | +17.1%        |
| FX Translation            | +0.2%         |
| <b>Total Sales Change</b> | <b>+17.3%</b> |

# AEROSPACE & ELECTRONICS

| \$ Millions      | GAAP    |         |          | Adjusted* |         |          |
|------------------|---------|---------|----------|-----------|---------|----------|
|                  | FY 2023 | FY 2022 | Change   | FY 2023   | FY 2022 | Change   |
| Sales            | \$789   | \$667   | +18%     | \$789     | \$667   | +18%     |
| Operating Profit | \$159   | \$120   | +32%     | \$159     | \$122   | +31%     |
| Operating Margin | 20.1%   | 18.0%   | +210 bps | 20.1%     | 18.3%   | +180 bps |
| Backlog          | \$701   | \$613   | +14%     | \$701     | \$613   | +14%     |

## Additional Details

|                           | FY 2023          |
|---------------------------|------------------|
| OE Sales                  | +13%             |
| Aftermarket Sales         | +32%             |
| <b>OE/Aftermarket Mix</b> | <b>69% / 31%</b> |

|                           | FY 2023       |
|---------------------------|---------------|
| Core Growth               | +18.2%        |
| FX Translation            | +0.1%         |
| <b>Total Sales Change</b> | <b>+18.3%</b> |

# PROCESS FLOW TECHNOLOGIES

| \$ Millions      | GAAP    |         |          | Adjusted* |         |         |
|------------------|---------|---------|----------|-----------|---------|---------|
|                  | Q4 2023 | Q4 2022 | Change   | Q4 2023   | Q4 2022 | Change  |
| Sales            | \$272   | \$252   | +8%      | \$272     | \$252   | +8%     |
| Operating Profit | \$43    | \$37    | +16%     | \$46      | \$41    | +13%    |
| Operating Margin | 16.0%   | 14.8%   | +120 bps | 17.0%     | 16.1%   | +90 bps |
| Backlog          | \$379   | \$369   | +3%      | \$379     | \$369   | +3%     |

## Additional Details

- On a year-over-year basis, core FX-neutral backlog decreased (1%) and core FX-neutral orders increased +1%.
- On a sequential quarter-over-quarter basis, core FX-neutral backlog increased +2% and core FX-neutral orders decreased (2%).

|                           | Q4 2023      |
|---------------------------|--------------|
| Core Growth               | (0.4%)       |
| Baum Acquisition          | +6.1%        |
| FX Translation            | +1.9%        |
| <b>Total Sales Change</b> | <b>+7.6%</b> |

# PROCESS FLOW TECHNOLOGIES

| \$ Millions      | GAAP    |         |          | Adjusted* |         |          |
|------------------|---------|---------|----------|-----------|---------|----------|
|                  | FY 2023 | FY 2022 | Change   | FY 2023   | FY 2022 | Change   |
| Sales            | \$1,073 | \$1,109 | (3%)     | \$1,073   | \$1,110 | (3%)     |
| Operating Profit | \$209   | \$168   | +24%     | \$214     | \$179   | +19%     |
| Operating Margin | 19.4%   | 15.2%   | +420 bps | 19.9%     | 16.2%   | +370 bps |
| Backlog          | \$379   | \$369   | +3%      | \$379     | \$369   | +3%      |

## Additional Details

- On a year-over-year basis, core FX-neutral backlog decreased (1%) and core FX-neutral orders were approximately flat.
- On a sequential quarter-over-quarter basis, core FX-neutral backlog decreased (1%) and core FX-neutral orders were approximately flat.

|                           | FY 2023       |
|---------------------------|---------------|
| Core Growth               | +4.9%         |
| Baum Acquisition          | +1.4%         |
| Crane Supply Divestiture  | (9.5%)        |
| FX Translation            | -             |
| <b>Total Sales Change</b> | <b>(3.3%)</b> |

# ENGINEERED MATERIALS

| \$ Millions      | GAAP    |         |           | Adjusted* |         |           |
|------------------|---------|---------|-----------|-----------|---------|-----------|
|                  | Q4 2023 | Q4 2022 | Change    | Q4 2023   | Q4 2022 | Change    |
| Sales            | \$49    | \$52    | (7%)      | \$49      | \$52    | (7%)      |
| Operating Profit | \$5     | \$6     | (22%)     | \$5       | \$6     | (27%)     |
| Operating Margin | 9.3%    | 11.0%   | (170 bps) | 9.3%      | 11.8%   | (250 bps) |

## Additional Details

|                            | Q4 2023 |
|----------------------------|---------|
| Recreational Vehicle Sales | (16%)   |
| Building Products Sales    | +7%     |
| Transportation Sales       | (25%)   |

|                           | Q4 2023       |
|---------------------------|---------------|
| Core Growth               | (7.2%)        |
| FX Translation            | -             |
| <b>Total Sales Change</b> | <b>(7.2%)</b> |

# ENGINEERED MATERIALS

| \$ Millions      | GAAP    |         |          | Adjusted* |         |         |
|------------------|---------|---------|----------|-----------|---------|---------|
|                  | FY 2023 | FY 2022 | Change   | FY 2023   | FY 2022 | Change  |
| Sales            | \$224   | \$258   | (13%)    | \$224     | \$258   | (13%)   |
| Operating Profit | \$33    | \$33    | +2%      | \$33      | \$37    | (10%)   |
| Operating Margin | 14.9%   | 12.6%   | +230 bps | 14.8%     | 14.2%   | +60 bps |

## Additional Details

|                            | FY 2023 |
|----------------------------|---------|
| Recreational Vehicle Sales | (35%)   |
| Building Products Sales    | +4%     |
| Transportation Sales       | +1%     |

|                           | FY 2023        |
|---------------------------|----------------|
| Core Growth               | (13.2%)        |
| FX Translation            | -              |
| <b>Total Sales Change</b> | <b>(13.2%)</b> |

# CRANE COMPANY POST-SEPARATION CAPITAL STRUCTURE

## 12/31/2023 Pro Forma for Vian Revolver Draw

**<0.1x Net Debt-to-EBITDA**

~\$1.03 Billion Liquidity

\$700 Million Undrawn Revolver

~\$349 Million Total Debt

\$100 Million Revolver

\$249 Million Term Loan (as of 12/31/2023)

~\$330 Million Cash (as of 12/31/2023)

Total Debt

Liquidity

Jan. 2, 2024

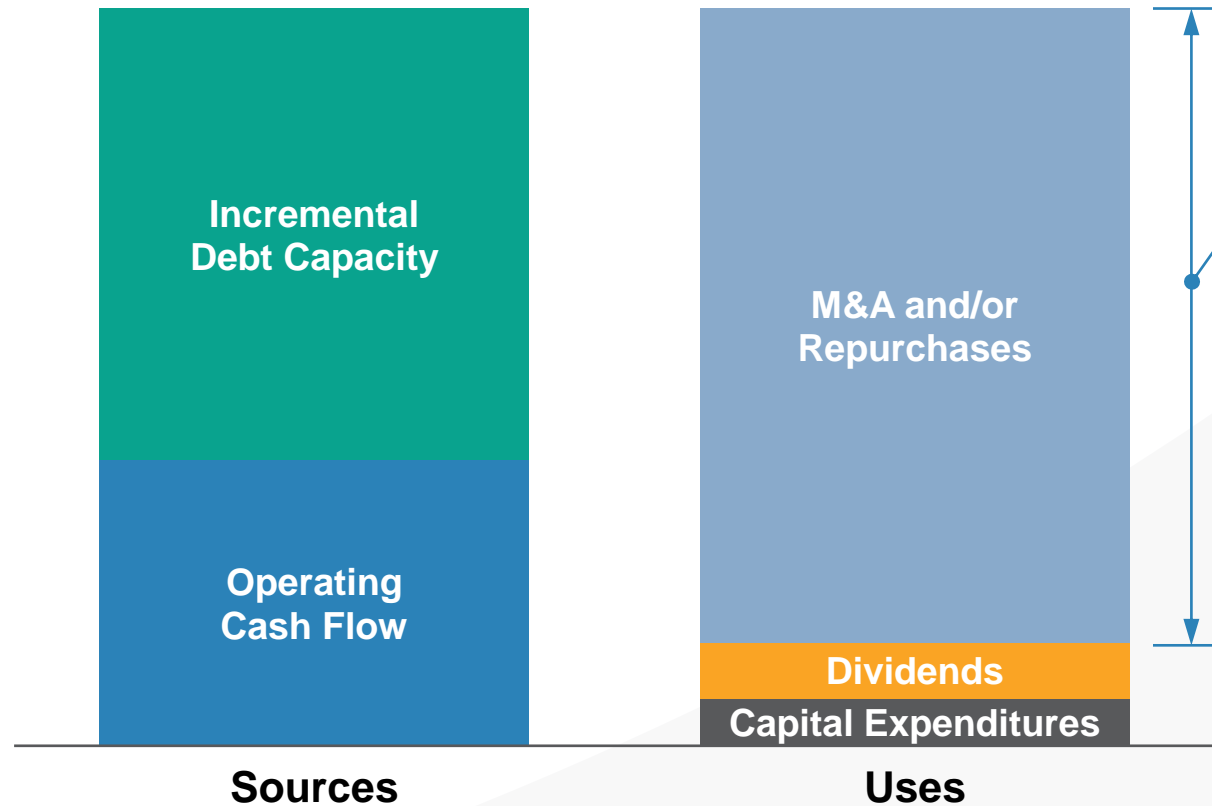
## Additional Details

- Repaid \$100 million revolver draw used for Baum acquisition in November, 2023
- Drew \$100 million on revolver to fund Vian acquisition on January 2, 2024
- 2024 Guidance adjusted EBITDA of ~\$423 million implies net Debt-to-EBITDA of <0.1x
- Interest rate on Term Loan and Revolver variable rate (~7% in current market conditions)
- Term loan and revolver provide flexibility for early repayment from strong underlying free cash flow

Expected M&A capacity: \$1+ billion today / ~\$4 billion through 2028

# CAPITAL DEPLOYMENT POTENTIAL

~\$4 Billion Available from 2023-2028



**~\$4 Billion**

Available for M&A and/or repurchases while retaining strong, target credit metrics

## Post-Separation Acquisitions To Date



**October 2023**

Process Flow Technologies  
Purchase Price ~\$90M



**January 2024**

Aerospace & Electronics  
Purchase Price ~\$103M

Substantial additional value creation potential from flexible balance sheet

# DISCIPLINED CAPITAL ALLOCATION STRATEGY

Maintain Strong Credit Metrics and Flexible Balance Sheet While Funding:



## Internal Investments to Drive Organic Growth

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- Capital expenditures
- Research & development
- Sales & marketing



## Acquisitions to Enhance Growth

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- Pursuing bolt-on transactions and adjacencies across both strategic growth platforms



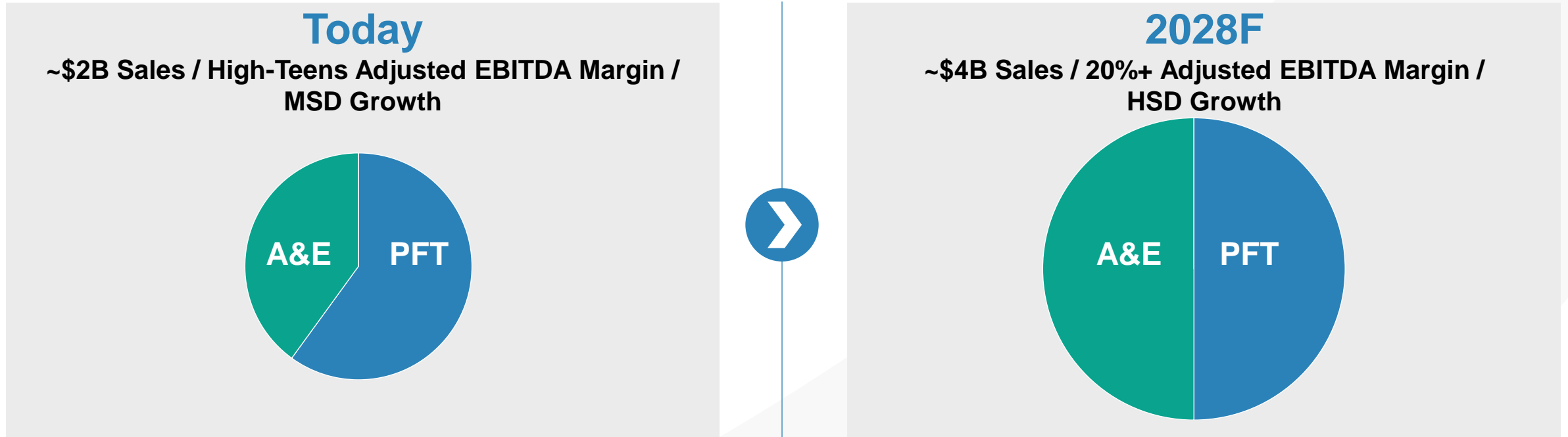
## Competitive Returns to Shareholders

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- Target dividend payout of ~20%
  - Initial post-separation dividend of \$0.72/sh. annually (\$0.18/sh. quarterly)
- Opportunistic repurchases

Target long-term net-debt-to-EBITDA of ~2x-3x

# LONG-TERM VISION FOR STRATEGIC GROWTH PLATFORMS



- Focus on high-return acquisitions that create value for shareholders and improve the strength of our strategic growth platforms
  - ~\$4 Billion of capital available through 2028
- Scale and business strength create optionality for future strategic portfolio decisions
- Disciplined approach with strict strategic and financial criteria
  - Have historically repurchased shares when M&A not actionable and/or attractive

# CRANE COMPANY REVISED OPERATIONAL GUIDANCE

| (\$ millions)             | GAAP         | Adjusted     | 2024G vs. 2023A Adjusted |               |              |             |               |     |
|---------------------------|--------------|--------------|--------------------------|---------------|--------------|-------------|---------------|-----|
|                           |              |              | 2023A                    | 2023A*        | 2024G        | Change      | FX            | M&A |
| <b>Sales</b>              |              |              |                          |               |              |             |               |     |
| Aerospace & Electronics   | 789          | 789          | 904                      | 14.5%         | -            | 4.5%        | 10%           |     |
| Process Flow Technologies | 1,073        | 1,073        | 1,122                    | 4.6%          | -            | 4.5%        | 0%            |     |
| Engineered Materials      | 224          | 224          | 224                      | 0%            | -            | -           | 0%            |     |
| <b>Total Segment</b>      | <b>2,086</b> | <b>2,086</b> | <b>2,250</b>             | <b>8%</b>     | <b>-</b>     | <b>4%</b>   | <b>+3%-5%</b> |     |
|                           |              |              | <b>Leverage**</b>        |               |              |             |               |     |
| <b>Operating Profit</b>   |              |              |                          | <b>Change</b> | <b>Total</b> | <b>Core</b> |               |     |
| Aerospace & Electronics   | 159          | 159          | 194                      | 22%           | 31%          | 35%         |               |     |
| Process Flow Technologies | 209          | 214          | 224                      | 5%            | 22%          | FAV         |               |     |
| Engineered Materials      | 33           | 33           | 33                       | 0%            | NM           | NM          |               |     |
| <b>Total Segment</b>      | <b>401</b>   | <b>406</b>   | <b>451</b>               | <b>11%</b>    | <b>28%</b>   | <b>39%</b>  |               |     |
|                           |              |              | <b>Change</b>            |               |              |             |               |     |
| <b>Operating Margin</b>   |              |              |                          |               |              |             |               |     |
| Aerospace & Electronics   | 20.1%        | 20.1%        | 21.5%                    | 140 bps       |              |             |               |     |
| Process Flow Technologies | 19.4%        | 19.9%        | 20.0%                    | 10 bps        |              |             |               |     |
| Engineered Materials      | 14.9%        | 14.8%        | 14.8%                    | Flat          |              |             |               |     |
| <b>Total Segment</b>      | <b>19.2%</b> | <b>19.4%</b> | <b>20.1%</b>             | <b>60 bps</b> |              |             |               |     |

## Additional Details

### Aerospace & Electronics

- Recovery continues and core business positioned to outgrow market
- Supply chain improvement still gradual, with substantial unmet demand

### Process Flow Technologies

- Expected decline in long-cycle orders for next few quarters, offset by strong backlog and short cycle strength
- Strong price / cost discipline and share gains continue
- Expect strong operating leverage in 2024 and beyond
- Well positioned to ramp output if macroeconomic conditions and supply chain permit

Strong operating leverage with operating profit growing ~3x core sales growth

\* Excludes Special Items. Please see non-GAAP Explanation.

\*\* "Total Leverage" defined as the change in Adjusted Operating Profit divided by the change in Sales. "Core Leverage" defined as the change in Adjusted Operating Profit divided by the change in core sales. Core sales is defined as the change in sales excluding the impact of foreign currency translation, acquisitions, and divestitures.

# CRANE COMPANY REVISED EPS GUIDANCE

| (\$ millions, except per-share amounts) | GAAP          | Adjusted      |               |
|---|---------------|---------------|---------------|
| Guidance                                | 2023A         | 2023A         | 2024G         |
| Segment Operating Profit                | 401           | 406           | 451           |
| Corporate                               | (117)         | (77)          | (75)          |
| Operating Profit                        | 284           | 329           | 376           |
| Operating Profit Margin                 | 13.6%         | 15.8%         | 16.7%         |
| Interest and Other                      | (17)          | (10)          | (20)          |
| Pretax Income                           | 267           | 319           | 356           |
| Tax Rate                                | 23.6%         | 22.8%         | 23.5%         |
| Tax                                     | (63)          | (73)          | (84)          |
| Net Income                              | 204           | 247           | 273           |
| Diluted Shares                          | 57.5          | 57.5          | 58            |
| <b>Adjusted EPS</b>                     | <b>\$3.54</b> | <b>\$4.29</b> | <b>\$4.70</b> |
|   |               |               |               |
|   |               | Adjusted      |               |
| <b>Adjusted EBITDA</b>                  |               | <b>2023A</b>  | <b>2024G</b>  |
| Net Income                              |               | 247           | 273           |
| Tax                                     |               | 74            | 84            |
| Interest and Other                      |               | 6             | 20            |
| Depreciation and Amortization           |               | 39            | 47            |
| <b>Adjusted EBITDA</b>                  |               | <b>366</b>    | <b>423</b>    |
| <b>Adjusted EBITDA Margin</b>           |               | <b>17.6%</b>  | <b>18.8%</b>  |

## Additional Details

- Adjusted EPS guidance of \$4.55-\$4.85
  - 10% EPS growth following very strong 2023 results
- Free cash flow guidance (Operating Cash Flow less Capital Expenditures) of \$240-\$265 million
  - Capital Expenditure ~\$50 million
  - Reflects >90% free cash flow conversion (Free Cash Flow / Adjusted Net Income)
- Additional guidance items for 2024:
  - Corporate cost of ~\$75 million
  - Net non-operating expense (including net interest expense) of ~\$20 million
  - Tax rate ~23.5%
  - Diluted shares of ~58 million

Expect 2024 EPS of ~\$4.55-\$4.85 with >90% Free Cash Flow Conversion

# NON-GAAP INFORMATION AND APPENDIX

JANUARY 29, 2024

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# NON-GAAP EXPLANATION (1/2)

Crane Company reports its financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). This press release includes certain non-GAAP financial measures, including adjusted operating profit, adjusted operating margin, adjusted EPS, Free Cash Flow and Adjusted Free Cash Flow, that are not prepared in accordance with GAAP. These non-GAAP measures are an addition, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to operating income, net income or any other performance measures derived in accordance with GAAP. We believe that these non-GAAP measures of financial results (including on a forward-looking or projected basis) provide useful supplemental information to investors about Crane Company. Our management uses certain forward looking non-GAAP measures to evaluate projected financial and operating results. However, there are a number of limitations related to the use of these non-GAAP measures and their nearest GAAP equivalents. For example, other companies may calculate non-GAAP measures differently or may use other measures to calculate their financial performance, and therefore our non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Reconciliations of certain forward-looking and projected non-GAAP measures for post-separation Crane Company, including Adjusted EPS, and Adjusted segment margin to the closest corresponding GAAP measure are not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the charges excluded from these non-GAAP measures, which could have a potentially significant impact on our future GAAP results. For post-separation Crane Company, these forward looking and projected non- GAAP measures are calculated as follows:

- “Adjusted Net Income” is calculated as Net Income adjusted for Special Items which include transaction related expenses such as tax charges, professional fees, and incremental costs related to the separation; interest expense on the 364-day term loan related to the 2022 asbestos transaction; pension non-service costs; and, repositioning related charges.
- “Adjusted EPS” is calculated as Adjusted Net Income divided by post-separation diluted shares.
- “Adjusted Operating Profit” is calculated as Operating Profit before Special Items which include repositioning related charges and transaction related expenses such as tax charges, professional fees, and incremental costs related to the separation.
- “Adjusted Operating Margin” is calculated as Adjusted Operating Profit divided by sales.
- “Adjusted EBITDA” is calculated as earnings before interest, miscellaneous income, net, tax, depreciation and amortization expenses, before Special Items which include transaction related expenses such as tax charges, professional fees and incremental corporate costs related to the proposed separation and other potential corporate transactions.
- “Adjusted EBITDA margin” is calculated as Adjusted EBITDA divided by sales.
- “Total Leverage” is calculated as the change in sales divided by the change in Adjusted Operating Profit.
- “Core Leverage” is calculated as the change in core sales divided by the change in Adjusted Operating Profit. The change in core sales is defined as the change in sales after excluding the impacts from foreign exchange, acquisitions, and divestitures.
- “ROIC,” or “Return on Invested Capital” is calculated as Net Operating Profit After Tax (tax-effected operating profit before intangible amortization) divided by Invested Capital (acquisition purchase price plus transaction and integration related costs).
- “Cash EPS Accretion” is calculated as tax-effected operating profit before intangible amortization divided by diluted shares.
- “Free Cash Flow” is calculated as operating cash flow less capital expenditures. “Free Cash Flow Conversion” is calculated as free cash flow divided by adjusted net income.

# NON-GAAP EXPLANATION (2/2)

We believe that each of the following non-GAAP measures provides useful information to investors regarding the Company's financial conditions and operations:

- "Adjusted Operating Profit" and "Adjusted Operating Margin" add back to Operating Profit items which are outside of our core performance, some of which may or may not be non-recurring, and which we believe may complicate the interpretation of the Company's underlying earnings and operational performance. These items include income and expense such as transaction related expenses and repositioning related (gains) charges. These items are not incurred in all periods, the size of these items is difficult to predict, and none of these items are indicative of the operations of the underlying businesses. We believe that non-GAAP financial measures that exclude these items provide investors with an alternative metric that can assist in predicting future earnings and profitability that are complementary to GAAP metrics.
- "Adjusted Net Income" and "Adjusted EPS" exclude items which are outside of our core performance, some of which may or may not be non-recurring, and which we believe may complicate the presentation of the Company's underlying earnings and operational performance. These measures include income and expense items that impacted Operating Profit such as transaction related expenses and repositioning related (gains) charges, as well as items not impacted Operating Profit such as pension non-service costs. These items are not incurred in all periods, the size of these items is difficult to predict, and none of these items are indicative of the operations of the underlying businesses. We believe that non-GAAP financial measures that exclude these items provide investors with an alternative metric that can assist in predicting future earnings and profitability that are complementary to GAAP metrics.
- "Adjusted EBITDA" adds back to net income: net interest expense, income tax expense, depreciation and amortization, miscellaneous income, net, and Special Items including transaction related expenses. "Adjusted EBITDA Margin" is calculated as adjusted EBITDA divided by net sales. We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with an alternative metric that may be a meaningful indicator of our performance and provides useful information to investors regarding our financial conditions and results of operations that is complementary to GAAP metrics.
- "Free Cash Flow" and "Adjusted Free Cash Flow" provide 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. Free Cash Flow is calculated as cash provided by operating activities less capital spending. Adjusted Free Cash Flow is calculated as Free Cash Flow adjusted for certain cash items which we believe may complicate the interpretation of the Company's underlying free cash flow performance such as certain transaction related cash flow items related to the separation transaction. These items are not incurred in all periods, the size of these items is difficult to predict, and none of these items are indicative of the operations of the underlying businesses. We believe that non-GAAP financial measures that exclude these items provide investors with an alternative metric that can assist in predicting future cash flows that are complementary to GAAP metrics.

# NON-GAAP FINANCIAL MEASURES

## Non-GAAP Financial Measures

(unaudited, in millions, except per share data)

|  | Three Months Ended December 31, |           |          |          |
|--|---------------------------------|-----------|----------|----------|
|  | 2023                            |           | 2022     | % Change |
|  | \$                              | Per Share | \$       | (on \$)  |
| Net sales (GAAP)   | \$ 532.9                        |           | \$ 485.9 | 10 %     |
| <b>Adjusted Operating Profit and Adjusted Operating Profit Margin</b>            |                                 |           |          |          |
| Operating profit (GAAP)  | \$ 66.9                         |           | \$ 48.6  | 38 %     |
| <i>Operating profit margin (GAAP)</i>  | 12.6 %                          |           | 10.0 %   |          |
| Special items impacting operating profit:  |                                 |           |          |          |
| Transaction related expenses   | 6.3                             |           | 11.9     |          |
| Repositioning related charges, net   | 1.4                             |           | 4.9      |          |
| Adjusted operating profit (Non-GAAP)   | \$ 74.6                         |           | \$ 65.4  | 14 %     |
| <i>Adjusted operating profit margin (Non-GAAP)</i>                               | 14.0 %                          |           | 13.5 %   |          |
| <b>Adjusted Net Income and Adjusted Net Income per Share</b>                     |                                 |           |          |          |
| Net income from continuing operations attributable to common shareholders (GAAP) | \$ 49.4                         | \$ 0.86   |          |          |
| Transaction related expenses, net  | 3.1                             | 0.05      |          |          |
| Repositioning related charges, net   | 1.4                             | 0.02      |          |          |
| Impact of pension non-service costs  | 1.6                             | 0.03      |          |          |
| Tax effect of the Non-GAAP adjustments   | (3.6)                           | (0.06)    |          |          |
| Adjusted net income (Non-GAAP)   | \$ 51.9                         | \$ 0.90   |          |          |
| <b>Adjusted EBITDA and Adjusted EBITDA Margin</b>                                |                                 |           |          |          |
| Net income from continuing operations attributable to common shareholders (GAAP) | \$ 49.4                         |           |          |          |
| Net income margin (GAAP)   | 9.3 %                           |           |          |          |
| Adjustments to net income:   |                                 |           |          |          |
| Interest expense, net  | 4.1                             |           |          |          |
| Income tax expense   | 14.7                            |           |          |          |
| Depreciation   | 8.9                             |           |          |          |
| Amortization   | 2.1                             |           |          |          |
| Miscellaneous income, net  | (1.3)                           |           |          |          |
| Repositioning related charges, net   | 1.4                             |           |          |          |
| Transaction related expenses, net  | 3.1                             |           |          |          |
| Adjusted EBITDA (Non-GAAP)   | \$ 82.4                         |           |          |          |
| <i>Adjusted EBITDA Margin (Non-GAAP)</i>   | 15.5 %                          |           |          |          |

Totals may not sum due to rounding

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# NON-GAAP FINANCIAL MEASURES

## Non-GAAP Financial Measures

(unaudited, in millions, except per share data)

|  | Twelve Months Ended December 31, |           |            |  |                     |
|--|----------------------------------|-----------|------------|--|---------------------|
|  | 2023                             |           | 2022       |  | % Change<br>(on \$) |
|  | \$                               | Per Share | \$         |  |                     |
| Net sales (GAAP)   | \$ 2,086.4                       |           | \$ 2,035.0 |  | 3 %                 |
| <b>Adjusted Operating Profit and Adjusted Operating Profit Margin</b>            |                                  |           |            |  |                     |
| Operating profit (GAAP)  | \$ 283.8                         |           | \$ 37.9    |  | *                   |
| Operating profit margin (GAAP)   | 13.6 %                           |           | 1.9 %      |  |                     |
| Special items impacting operating profit:  |                                  |           |            |  |                     |
| Loss on divestiture of asbestos-related assets and liabilities                   | —                                |           | 162.4      |  |                     |
| Transaction related expenses   | 42.8                             |           | 48.3       |  |                     |
| Repositioning related charges, net   | 3.5                              |           | 8.7        |  |                     |
| Adjusted operating profit (Non-GAAP)   | \$ 330.1                         |           | \$ 257.3   |  | 28 %                |
| Adjusted operating profit margin (Non-GAAP)                                      | 15.8 %                           |           | 12.6 %     |  |                     |
| <b>Adjusted Net Income and Adjusted Net Income per Share</b>                     |                                  |           |            |  |                     |
| Net income from continuing operations attributable to common shareholders (GAAP) | \$ 203.8                         | \$ 3.54   |            |  |                     |
| Transaction related expenses, net  | 39.6                             | 0.69      |            |  |                     |
| Repositioning related charges, net   | 3.5                              | 0.06      |            |  |                     |
| Impact of pension non-service costs  | 4.4                              | 0.08      |            |  |                     |
| Interest expense on 364-Day Credit Agreement related to asbestos transaction     | 5.9                              | 0.10      |            |  |                     |
| Tax effect of the Non-GAAP adjustments   | (10.7)                           | (0.18)    |            |  |                     |
| Adjusted net income (Non-GAAP)   | \$ 246.5                         | \$ 4.29   |            |  |                     |
| <b>Adjusted EBITDA and Adjusted EBITDA Margin</b>                                |                                  |           |            |  |                     |
| Net income from continuing operations attributable to common shareholders (GAAP) | \$ 203.8                         |           |            |  |                     |
| Net income margin (GAAP)   | 9.8 %                            |           |            |  |                     |
| Adjustments to net income:   |                                  |           |            |  |                     |
| Interest expense, net  | 17.6                             |           |            |  |                     |
| Income tax expense   | 63.2                             |           |            |  |                     |
| Depreciation   | 33.0                             |           |            |  |                     |
| Amortization   | 6.3                              |           |            |  |                     |
| Miscellaneous income, net  | (0.8)                            |           |            |  |                     |
| Repositioning related charges, net   | 3.5                              |           |            |  |                     |
| Transaction related expenses, net  | 39.6                             |           |            |  |                     |
| Adjusted EBITDA (Non-GAAP)   | \$ 366.2                         |           |            |  |                     |
| Adjusted EBITDA Margin (Non-GAAP)  | 17.6 %                           |           |            |  |                     |

\*Not meaningful

Totals may not sum due to rounding

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# NON-GAAP FINANCIAL MEASURES

## Non-GAAP Financial Measures by Segment

(unaudited, in millions)

| Three Months Ended December 31, 2023               | Aerospace & Electronics | Process Flow Technologies | Engineered Materials | Corporate | Total Company |
|--|-------------------------|---------------------------|----------------------|-----------|---------------|
| Net sales  | \$ 212.8                | \$ 271.5                  | \$ 48.6              | \$ —      | \$ 532.9      |
| Operating profit (GAAP)                            | \$ 42.9                 | \$ 43.4                   | \$ 4.5               | \$ (23.9) | \$ 66.9       |
| <i>Operating profit margin (GAAP)</i>              | 20.2 %                  | 16.0 %                    | 9.3 %                |           | 12.6 %        |
| Special items impacting operating profit:          |                         |                           |                      |           |               |
| Transaction related expenses                       | —                       | 1.3                       | —                    | 5.0       | 6.3           |
| Repositioning related charges, net                 | —                       | 1.4                       | —                    | —         | 1.4           |
| Adjusted operating profit (Non-GAAP)               | \$ 42.9                 | \$ 46.1                   | \$ 4.5               | \$ (18.9) | \$ 74.6       |
| <i>Adjusted operating profit margin (Non-GAAP)</i> | 20.2 %                  | 17.0 %                    | 9.3 %                |           | 14.0 %        |
| Three Months Ended December 31, 2022               |                         |                           |                      |           |               |
| Net sales  | \$ 181.5                | \$ 252.0                  | \$ 52.4              | \$ —      | \$ 485.9      |
| Operating profit (GAAP)                            | \$ 35.9                 | \$ 37.3                   | \$ 5.8               | \$ (30.4) | \$ 48.6       |
| <i>Operating profit margin (GAAP)</i>              | 19.8 %                  | 14.8 %                    | 11.0 %               |           | 10.0 %        |
| Special items impacting operating profit:          |                         |                           |                      |           |               |
| Transaction related expenses                       | —                       | —                         | —                    | 11.9      | 11.9          |
| Repositioning related charges, net                 | 1.5                     | 3.3                       | 0.4                  | (0.3)     | 4.9           |
| Adjusted operating profit (Non-GAAP)               | \$ 37.4                 | \$ 40.6                   | \$ 6.2               | \$ (18.8) | \$ 65.4       |
| <i>Adjusted operating profit margin (Non-GAAP)</i> | 20.6 %                  | 16.1 %                    | 11.8 %               |           | 13.5 %        |

Totals may not sum due to rounding

# NON-GAAP FINANCIAL MEASURES

## Non-GAAP Financial Measures by Segment

(unaudited, in millions)

| Twelve Months Ended December 31, 2023                          | Aerospace & Electronics | Process Flow Technologies | Engineered Materials | Corporate  | Total Company |
|--|-------------------------|---------------------------|----------------------|------------|---------------|
| Net sales  | \$ 789.3                | \$ 1,072.8                | \$ 224.3             | \$ —       | \$ 2,086.4    |
| Operating profit (GAAP)  | \$ 159.0                | \$ 208.5                  | \$ 33.4              | \$ (117.1) | \$ 283.8      |
| <i>Operating profit margin (GAAP)</i>                          | 20.1 %                  | 19.4 %                    | 14.9 %               |            | 13.6 %        |
| Special items impacting operating profit:                      |                         |                           |                      |            |               |
| Transaction related expenses                                   | —                       | 1.3                       | —                    | 41.5       | 42.8          |
| Repositioning related charges, net                             | —                       | 3.8                       | (0.3)                | —          | 3.5           |
| Adjusted operating profit (Non-GAAP)                           | \$ 159.0                | \$ 213.6                  | \$ 33.1              | \$ (75.6)  | \$ 330.1      |
| <i>Adjusted operating profit margin (Non-GAAP)</i>             | 20.1 %                  | 19.9 %                    | 14.8 %               |            | 15.8 %        |
| Twelve Months Ended December 31, 2022                          |                         |                           |                      |            |               |
| Net sales  | \$ 667.3                | \$ 1,109.4                | \$ 258.3             | \$ —       | \$ 2,035.0    |
| Operating profit (GAAP)  | \$ 120.3                | \$ 168.2                  | \$ 32.6              | \$ (283.2) | \$ 37.9       |
| <i>Operating profit margin (GAAP)</i>                          | 18.0 %                  | 15.2 %                    | 12.6 %               |            | 1.9 %         |
| Special items impacting operating profit:                      |                         |                           |                      |            |               |
| Loss on divestiture of asbestos-related assets and liabilities | —                       | —                         | —                    | 162.4      | 162.4         |
| Transaction related expenses                                   | —                       | 4.2                       | 3.6                  | 40.5       | 48.3          |
| Repositioning related charges(gains), net                      | 1.5                     | 7.0                       | 0.5                  | (0.3)      | 8.7           |
| Adjusted operating profit (Non-GAAP)                           | \$ 121.8                | \$ 179.4                  | \$ 36.7              | \$ (80.6)  | \$ 257.3      |
| <i>Adjusted operating profit margin (Non-GAAP)</i>             | 18.3 %                  | 16.2 %                    | 14.2 %               |            | 12.6 %        |

Totals may not sum due to rounding

# NON-GAAP FINANCIAL MEASURES

## Adjusted Free Cash Flow

(unaudited, in millions)

| Cash Flow Items   | Three Months Ended<br>December 31, |          | Twelve Months Ended<br>December 31, |            |
|---|------------------------------------|----------|-------------------------------------|------------|
|   | 2023                               | 2022     | 2023                                | 2022       |
| Cash provided by (used for) operating activities from continuing operations | \$ 159.7                           | \$ 147.0 | \$ 193.6                            | \$ (461.5) |
| Less: Capital expenditures  | (13.0)                             | (12.6)   | (42.7)                              | (37.1)     |
| Free cash flow  | \$ 146.7                           | \$ 134.4 | \$ 150.9                            | \$ (498.6) |
| Adjustments:  |                                    |          |                                     |            |
| Transaction-related expenses  | \$ 5.0                             | \$ 11.9  | \$ 41.5                             | \$ 48.3    |
| Asbestos entity sale transaction  | —                                  | —        | —                                   | 550.0      |
| Adjusted free cash flow   | \$ 151.7                           | \$ 146.3 | \$ 192.4                            | \$ 99.7    |

# APPENDIX: RESTATEMENT OF Q1 2023 EARNINGS

|                                      | GAAP                   |                        | Adjusted               |                        |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                      | Q1 2023<br>As-Reported | Q1 2023<br>As-Restated | Q1 2023<br>As-Reported | Q1 2023<br>As-Restated |
| Segment Profit                       | 112.4                  | 112.4                  | 112.7                  | 112.7                  |
| Corporate                            | (26.1)                 | (34.9)                 | (17.5)                 | (21.9)                 |
| Operating Profit                     | 86.3                   | 77.5                   | 95.2                   | 90.8                   |
| Operating Profit Margin              | 16.8%                  | 15.1%                  | 18.5%                  | 17.7%                  |
| Non-Operating Income (expense)       | (7.0)                  | (6.2)                  | (4.1)                  | 1.1                    |
| Pre-Tax Income                       | 79.3                   | 71.3                   | 91.1                   | 91.9                   |
| Provision for Income Taxes           | (17.5)                 | (15.4)                 | (19.4)                 | (19.6)                 |
| Net Income*                          | 61.8                   | 55.9                   | 71.7                   | 72.3                   |
| Average Diluted Shares Outstanding** | 57.3                   | 57.3                   | 57.3                   | 57.3                   |
| EPS***                               | \$1.08                 | \$0.98                 | \$1.25                 | \$1.26                 |

\* for As-Restated column, reflects Net Income from continuing operations

\*\* For As-Reported column, reflects Pro forma average diluted shares outstanding

\*\*\* For As-Reported column, reflects pro forma earnings per diluted share

For additional details, please see the Crane Company Q1 2023 earnings press release issued May 10, 2023 and the Q2 2023 earnings press release issued July 25, 2023

- On May 10, 2023, Crane Company reported Q1 2023 results on a “carve-out” basis
  - Q1 2023 GAAP EPS of \$1.08 and Adjusted EPS of \$1.25
- In subsequent quarters, and consistent with GAAP accounting requirements, Crane Company results for historical pre-separation periods (including Q1 2023) reflect the historical results of Crane Holdings, Co. (now renamed Crane NXT, Co.) with the Payment & Merchandising Technologies segment presented as discontinued operations
  - Q1 2023 GAAP EPS of \$0.98 and Adjusted EPS of \$1.26
- GAAP and adjusted segment results are identical under both methodologies

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