



NEWS RELEASE

## Crane Co. Reports Third Quarter Results

2015-10-26

Third Quarter 2015 Highlights:

- Excluding Special Items, earnings per diluted share (EPS) of \$1.03 decreased 8% compared to 2014 (GAAP EPS of \$0.97 compared to \$0.47 in 2014)
- Sales of \$670 million declined 8% compared to 2014, driven by unfavorable foreign exchange of 5%, and a core sales decline of 3%
- Narrowing 2015 EPS guidance range to \$4.10-\$4.20, from \$4.10-\$4.30, excluding Special Items (revised GAAP EPS guidance of \$3.87-\$3.97)

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported third quarter 2015 earnings of \$0.97 per diluted share, compared to \$0.47 per share in the third quarter of 2014. Excluding Special Items in both years, third quarter 2015 earnings per diluted share were \$1.03, compared to \$1.12 in the third quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

Third quarter 2015 sales were \$670 million, a decrease of 8% compared to \$727 million in the third quarter of 2014. The sales decline was comprised of a \$36 million, or 5%, impact from unfavorable foreign exchange; a core sales decline of \$19 million, or 3%; and a divestiture impact of \$2 million.

Operating profit in the third quarter was \$93 million, up 95% compared to the third quarter of 2014. Excluding Special Items, third quarter operating profit was \$97 million, down 10% compared to the third quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

"Consistent with our commentary last quarter, Fluid Handling sales and orders remain depressed. Customers

continue to defer capital spending, and there is continued uncertainty and lack of predictability in our end markets," said Max Mitchell, Crane Co. President and Chief Executive Officer. "Given the ongoing market softness, we are reducing the high end of our EPS guidance range for the year."

Mr. Mitchell continued, "While Fluid Handling market conditions remain challenging, we were pleased with the continued solid performance at our Payment & Merchandising Technologies and Engineered Materials businesses, as well as sequential improvement at Aerospace & Electronics."

## Segment Results

All comparisons detailed in this section refer to operating results for the third quarter 2015 versus the third quarter 2014, excluding Special Items.

### Fluid Handling

(dollars in millions)	Third Quarter		Change	
	2015	2014		
Sales	\$ 265	\$ 314	\$ (50 )	(16 )%
Operating Profit	\$ 29	\$ 48	\$ (19 )	(39 )%
Operating Profit, before Special Items*	\$ 31	\$ 49	\$ (18 )	(37 )%
Profit Margin	11.1 %	15.3 %		
Profit Margin, before Special Items*	11.8 %	15.7 %		

\*Please see the attached Non-GAAP Financial Measures tables

Sales decreased \$50 million, driven by \$24 million, or 8%, of unfavorable foreign exchange, and a \$26 million, or 8%, core sales decline. Adjusted operating margin declined to 11.8%, primarily reflecting the impact of lower volumes, and to a lesser extent, competitive pricing and unfavorable product mix. Fluid Handling order backlog was \$279 million at September 30, 2015, compared to \$311 million at December 31, 2014 and \$350 million at September 30, 2014.

### Payment & Merchandising Technologies

(dollars in millions)	Third Quarter		Change	
	2015	2014		
Sales	\$ 171	\$ 181	\$ (10 )	(6 )%
Operating Profit	\$ 25	\$ 25	\$ —	— %

Operating Profit, before Special Items*	\$ 27		\$ 27		\$ —	1	%
Profit Margin	14.8	%	13.9	%			
Profit Margin, before Special Items*	16.1	%	15.0	%			

\*Please see the attached Non-GAAP Financial Measures tables

Sales decreased \$10 million driven by unfavorable foreign exchange of \$11 million, or 6%, and a divestiture impact of \$2 million, or 1%, partially offset by core sales growth of \$3 million, or 2%. Adjusted operating margin expanded 110 basis points to 16.1%, driven primarily by acquisition synergies, higher volumes, and strong productivity.

## Aerospace & Electronics

(dollars in millions)	Third Quarter		Change	
	2015	2014		
Sales	\$ 172	\$ 167	\$ 5	3 %
Operating Profit	\$ 37	\$ 30	\$ 7	22 %
Operating Profit, before Special Items*	\$ 37	\$ 32	\$ 5	14 %
Profit Margin	21.3	%	17.9	%
Profit Margin, before Special Items*	21.4	%	19.2	%

\*Please see the attached Non-GAAP Financial Measures tables

Sales increased \$5 million, driven by a 3% increase in core sales. The core sales increase reflects improvement in sales to both the commercial and defense markets. Adjusted operating margin improved 220 basis points to 21.4%, primarily reflecting higher volumes, a more favorable product mix, and lower costs. Aerospace & Electronics order backlog was \$460 million at September 30, 2015, compared to \$422 million at December 31, 2014 and \$405 million at September 30, 2014.

## Engineered Materials

(dollars in millions)	Third Quarter		Change	
	2015	2014		
Sales	\$ 63	\$ 65	\$ (2)	(3)%
Operating Profit	\$ 13	\$ 9	\$ 4	39 %
Profit Margin	19.9	%	14.0	%

Sales decreased \$2 million, driven by lower sales to the recreational vehicle market, partially offset by higher sales

to the transportation market. Operating margin increased 590 basis points to 19.9%, primarily reflecting strong productivity and lower material costs, partially offset by the lower volumes.

## Updated 2015 Guidance

The Company revised its 2015 earnings per share guidance, excluding Special Items, to a range of \$4.10-\$4.20, from its prior range of \$4.10-\$4.30. Full year core sales are now expected to be down approximately 1%. On a GAAP basis, EPS is now expected to be \$3.87-\$3.97. Full year 2015 free cash flow (cash provided by operating activities less capital spending) guidance is expected to be \$190 to \$210 million, compared to a prior range of \$190 to \$220 million. (Please see the attached Non-GAAP Financial Measures tables.)

## Non-GAAP Items

Special Items in the third quarter of 2015 included \$2 million in after-tax charges, or \$0.03 per share, related to repositioning activities, and \$2 million, or \$0.03 per share, of after-tax restructuring and integration-related charges associated with the MEI acquisition. Special Items in the third quarter of 2014 consisted of the following after-tax charges: \$36 million, of \$0.61 per share, reflecting an update to projected remediation costs for certain legacy environmental liabilities; \$2 million, or \$0.04 per share, related to repositioning activities; and \$1 million, or \$0.01 per share, related to the MEI acquisition. Special Items in the third quarter of 2014 also included a \$1 million, or \$0.01, gain on a real estate divestiture. For additional information, please see the attached Non-GAAP Financial Measures tables.

## Additional Information

Please see the Non-GAAP Financial Measures tables attached to this press release for supporting details. Additional information with respect to the Company's asbestos liability and related accounting provisions and cash requirements is set forth in the Current Report on Form 8-K filed with a copy of this press release.

## Conference Call

Crane Co. has scheduled a conference call to discuss the third quarter financial results on Tuesday, October 27, 2015 at 10:00 A.M. (Eastern). All interested parties may listen to a live webcast of the call at <http://www.craneco.com>. An archived webcast will also be available to replay this conference call directly from the Company's website. Slides that accompany the conference call will be available on the Company's website.

Crane Co. is a diversified manufacturer of highly engineered industrial products. Founded in 1855, Crane provides products and solutions to customers in the hydrocarbon processing, petrochemical, chemical, power generation,

unattended payment, automated merchandising, aerospace, electronics, transportation and other markets. The Company has four business segments: Fluid Handling, Payment & Merchandising Technologies, Aerospace & Electronics and Engineered Materials. Crane has approximately 11,500 employees in the Americas, Europe, the Middle East, Asia and Australia. Crane Co. is traded on the New York Stock Exchange (NYSE:CR). For more information, visit [www.craneco.com](http://www.craneco.com).

This press release may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements present management's expectations, beliefs, plans and objectives regarding future financial performance, and assumptions or judgments concerning such performance. Any discussions contained in this press release, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. There are a number of factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. Such factors are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and subsequent reports filed with the Securities and Exchange Commission.

(CR-E)

**CRANE CO.**  
**Income Statement Data**  
(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>Net Sales:</b>				
Fluid Handling	\$ 264.7	\$ 314.5	\$ 832.2	\$ 949.8
Payment & Merchandising Technologies	170.6	181.1	529.0	534.8
Aerospace & Electronics	171.7	167.2	500.4	513.7
Engineered Materials	62.9	64.7	198.4	196.1
<b>Total Net Sales</b>	<b>\$ 669.9</b>	<b>\$ 727.4</b>	<b>\$ 2,060.0</b>	<b>\$ 2,194.3</b>
<b>Operating Profit (Loss):</b>				
Fluid Handling	\$ 29.4	\$ 48.1	\$ 96.2	\$ 144.8
Payment & Merchandising Technologies	25.2	25.1	72.5	51.2
Aerospace & Electronics	36.5	29.9	98.2	98.3
Engineered Materials	12.5	9.0	39.0	29.6
Corporate	(10.4)	(8.6)	(36.5)	(41.5)
Environmental Provision	-	(55.8)	-	(55.8)
<b>Total Operating Profit</b>	<b>93.2</b>	<b>47.7</b>	<b>269.4</b>	<b>226.7</b>
Interest Income	0.5	0.4	1.4	1.1
Interest Expense	(9.1)	(9.6)	(28.5)	(29.1)
Miscellaneous - Net	(0.3)	0.3	(0.2)	(1.4)
Income Before Income Taxes	84.3	38.9	242.1	197.3
Provision for Income Taxes	27.1	10.7	77.7	60.3
Net income before allocation to noncontrolling interests	57.2	28.2	164.4	137.0
Less: Noncontrolling interest in subsidiaries' earnings	0.3	0.1	0.7	0.5
<b>Net income attributable to common shareholders</b>	<b>\$ 56.9</b>	<b>\$ 28.1</b>	<b>\$ 163.7</b>	<b>\$ 136.5</b>
<b>Share Data:</b>				
Earnings per Diluted Share	\$ 0.97	\$ 0.47	\$ 2.78	\$ 2.28
Weighted Average Diluted Shares Outstanding	58.0	59.6	58.9	59.7

Average Diluted Shares Outstanding	58.8	59.9	58.8	59.7
Average Basic Shares Outstanding	58.1	59.0	58.0	58.8

### Supplemental Data:

Cost of Sales	\$ 431.1	\$ 475.8	\$ 1,341.9	\$ 1,421.3
Selling, General & Administrative	141.4	143.6	431.2	460.7
Environmental Provision	-	55.8	-	55.8
Repositioning Charges (see non-GAAP measures)	2.0	3.4	11.7	11.6
Acquisition Related Charges (see non-GAAP measures)	2.2	1.1	5.8	18.3
Depreciation and Amortization *	16.5	18.0	49.9	58.0
Stock-Based Compensation Expense *	5.0	5.4	15.8	15.9

\* Amount included within Cost of Sales and Selling, General & Administrative costs.

### CRANE CO. Condensed Balance Sheets (in millions)

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 335.2	\$ 346.3
Accounts Receivable, net	430.1	410.9
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	401.6	369.7
Other Current Assets	52.9	47.8
Total Current Assets	1,240.3	1,195.2
Property, Plant and Equipment, net	280.1	290.3
Long-Term Insurance Receivable - Asbestos	113.1	126.8
Other Assets	593.6	647.3
Goodwill	1,175.6	1,191.3
<b>Total Assets</b>	<b>\$ 3,402.7</b>	<b>\$ 3,450.8</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 97.7	\$ 100.8
Accounts Payable	221.0	228.8
Current Asbestos Liability	79.0	79.0
Accrued Liabilities	242.5	225.8
Income Taxes	12.1	5.6
Total Current Liabilities	652.3	640.0
Long-Term Debt	749.2	749.2
Long-Term Deferred Tax Liability	41.6	46.3
Long-Term Asbestos Liability	484.7	534.5
Other Liabilities	364.5	410.1
Total Equity	1,110.4	1,070.6
<b>Total Liabilities and Equity</b>	<b>\$ 3,402.7</b>	<b>\$ 3,450.8</b>

### CRANE CO.

### Condensed Statements of Cash Flows

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>Operating Activities:</b>				
Net income attributable to common shareholders	\$ 56.9	\$ 28.1	\$ 163.7	\$ 136.5
Noncontrolling interest in subsidiaries' earnings	0.3	0.1	0.7	0.5
Net income before allocations to noncontrolling interests	57.2	28.2	164.4	137.0
Environmental Provision	-	55.8	-	55.8
Restructuring - Non Cash	0.1	-	1.5	1.0
Depreciation and amortization	16.5	18.0	49.9	58.0
Stock-based compensation expense	5.0	5.4	15.8	15.9
Defined benefit plans and postretirement expense	(6.1)	(2.9)	(9.7)	(8.8)
Deferred income taxes	15.4	(7.0)	23.4	3.7
Cash provided by (used for) operating working capital	8.1	7.1	(46.6)	(47.3)
Defined benefit plans and postretirement contributions	(7.3)	(9.7)	(15.4)	(22.7)
Environmental payments, net of reimbursements	(6.0)	(3.9)	(13.6)	(8.6)
Other	(1.9)	(7.4)	(17.8)	(24.2)
Subtotal	81.1	83.6	151.9	159.6
Asbestos related payments, net of insurance recoveries	(11.4)	(15.4)	(36.2)	(46.2)
<b>Total provided by operating activities</b>	<b>69.7</b>	<b>68.2</b>	<b>115.7</b>	<b>113.4</b>
<b>Investing Activities:</b>				
Capital expenditures	(8.1)	(11.5)	(28.2)	(32.2)
Proceeds from disposition of capital assets	-	3.9	1.9	5.0
Proceeds from divestiture	-	-	-	2.1
Proceeds from acquisition	-	-	-	6.1
<b>Total used for investing activities</b>	<b>(8.1)</b>	<b>(7.6)</b>	<b>(26.4)</b>	<b>(19.0)</b>
<b>Financing Activities:</b>				
Dividends paid	(19.2)	(19.5)	(57.4)	(54.8)
Reacquisition of shares on open market	-	-	(25.0)	-
Stock options exercised - net of shares reacquired	0.3	0.9	7.3	8.7
Excess tax benefit (shortfall) from stock-based compensation	-	0.4	(0.2)	7.9
Repayment of credit facility	-	(39.0)	(100.0)	(11.0)
Proceeds from issuance (repayment) of commercial paper	(25.0)	-	97.0	-
<b>Total used for financing activities</b>	<b>(43.8)</b>	<b>(57.2)</b>	<b>(78.3)</b>	<b>(49.1)</b>
Effect of exchange rate on cash and cash equivalents	(8.8)	(16.0)	(22.1)	(14.3)
Increase (decrease) in cash and cash equivalents	8.9	(12.5)	(11.1)	31.0
Cash and cash equivalents at beginning of period	326.3	314.2	346.3	270.6
Cash and cash equivalents at end of period	\$ 335.2	\$ 301.7	\$ 335.2	\$ 301.7

**CRANE CO.**  
**Order Backlog**  
(in millions)

	September 30,	June 30,	March 31,	December 31,	September 30,
	2015	2015	2015	2014	2014
Fluid Handling	\$ 278.6	\$ 287.3	\$ 304.3	\$ 311.1	\$ 349.6
Payment & Merchandising Technologies	55.5	61.1	68.1	68.3	58.8
Aerospace & Electronics	459.9	448.1	446.1	422.1	404.8
Engineered Materials	13.7	15.4	18.6	16.7	14.4

Total Backlog \$ 807.8 \$ 811.9 \$ 837.2 \$ 818.1 \$ 827.7

CRANE CO.  
Non-GAAP Financial Measures  
(in millions, except per share data)  
INCOME ITEMS

	Three Months Ended September 30,		Nine Months Ended September 30,		Percent Change September 30, 2015 Three Months		Percent Change September 30, 2015 Nine Months	
	2015	2014	2015	2014				
Net Sales	\$669.9	\$727.4	\$2,060.0	\$2,194.3	(7.9	)	(6.1	)
Operating Profit Percentage of Sales	93.2 13.9 %	47.7 6.6 %	269.4 13.1 %	226.7 10.3 %	95.3	%	18.8	%
Special Items impacting Operating Profit:								
MEI acquisition related inventory and backlog amortization	-	-	-	4.8				
MEI acquisition related integration costs	2.2	1.0	5.6	7.7				
MEI acquisition related restructuring costs	0.0	0.1	0.2	5.7				
Repositioning charges	2.0	3.4	11.7	11.6				
Lawsuit settlement charge	-	-	-	6.5				
Environmental Provision	-	55.8	-	55.8				
Operating Profit before Special Items	\$97.4	\$108.0	\$286.9	\$318.8	(9.8	)	(10.0	)
Percentage of Sales	14.5 %	14.9 %	13.9 %	14.5 %				
Net Income Attributable to Common Shareholders Per Share	\$56.9 \$0.97	\$28.1 \$0.47	\$163.7 \$2.78	\$136.5 \$2.28	106.5	%	21.8	%
Special Items Impacting Net Income Attributable to Common Shareholders:								
MEI acquisition related inventory and backlog amortization - Net of Tax Per Share	-	-	-	3.0 \$0.05				
MEI acquisition related integration charges - Net of Tax Per Share	1.4 \$0.02	0.8 \$0.01	3.7 \$0.06	5.8 \$0.10				
MEI acquisition related restructuring charges - Net of Tax Per Share	0.2 \$0.00	0.1 \$0.00	0.3 \$0.00	3.8 \$0.06				
Repositioning charges - Net of Tax Per Share	1.9 \$0.03	2.3 \$0.04	9.0 \$0.15	8.1 \$0.13				
Lawsuit settlement charge - Net of Tax Per Share	-	- \$-	-	4.2 \$0.07				
Environmental Provision - Net of Tax Per Share	-	36.3 \$0.61	-	36.3 \$0.61				

Loss on business divestiture - Net of Tax Per Share	-	-	-	1.1				
		\$-		\$0.02				
Gain on real estate divestiture - Net of Tax Per Share	-	(0.7 )	-	(0.7 )				
		\$(0.01 )		\$(0.01 )				
Net Income Attributable To Common Shareholders Before Special Items Per Share	\$60.3	\$66.8	\$176.7	\$198.0	(9.7	%)	(10.8	%)
	\$1.03	\$1.12	\$3.00	\$3.31	(8.0	%)	(9.4	%)

CRANE CO.  
Guidance  
(in millions, except per share data)

	2015 Full Year Guidance	
2015 Earnings Per Share Guidance	Low	High
Earnings Per Share - GAAP basis	\$ 3.87	\$ 3.97
MEI acquisition related integration and restructuring costs - Net of Tax	0.08	0.08
Repositioning actions - Net of Tax	0.15	0.15
Earnings Per Share - Non-GAAP basis	\$ 4.10	\$ 4.20

CASH FLOW ITEMS

	Three Months Ended		Nine Months Ended		2015 Full Year Guidance	
	September 30,		September 30,		Low	High
	2015	2014	2015	2014		
Cash Provided by Operating Activities before Asbestos - Related Payments	\$ 81.1	\$ 83.6	\$ 151.9	\$ 159.6	\$ 298.5	\$ 298.5
Asbestos Related Payments, Net of Insurance Recoveries	(11.4 )	(15.4 )	(36.2 )	(46.2 )	(58.5 )	(48.5 )
Cash Provided by Operating Activities	69.7	68.2	115.7	113.4	240.0	250.0
Less: Capital Expenditures	(8.1 )	(11.5 )	(28.2 )	(32.2 )	(50.0 )	(40.0 )
Free Cash Flow	\$ 61.5	\$ 56.7	\$ 87.4	\$ 81.3	\$ 190.0	\$ 210.0

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.

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