



NEWS RELEASE

Crane Co. Reports Third Quarter Results

2016-10-24

Third Quarter 2016 Highlights:

- GAAP earnings per diluted share (EPS) of \$1.07 increased 10% compared to 2015. Excluding Special Items in 2015, EPS increased 4% compared to last year.
- Sales of \$694 million increased 4% compared to 2015, with core growth of 5.5%.
- Raising 2016 GAAP EPS guidance to \$4.07-\$4.15, from \$3.95-\$4.15. Revised 2016 EPS guidance, excluding Special Items, of \$4.12-\$4.20 versus prior range of \$4.00-\$4.20.

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported third quarter 2016 GAAP earnings of \$1.07 per diluted share, compared to \$0.97 per share in the third quarter of 2015. Excluding Special Items, third quarter 2015 earnings per diluted share were \$1.03. (Please see the attached Non-GAAP Financial Measures tables.)

Third quarter 2016 sales were \$694 million, an increase of 4% compared to \$670 million in the third quarter of 2015. Core sales increased \$37 million, or 5.5%, partially offset by a \$12 million, or 2%, impact from unfavorable foreign exchange.

Operating profit in the third quarter was \$104 million, up 11% compared to \$93 million in the third quarter of 2015. Excluding Special Items, operating profit was \$97 million in the third quarter of 2015. (Please see the attached Non-GAAP Financial Measures tables.)

The effective tax rate in the third quarter was 33.0% compared to 32.3% last year. Excluding Special Items, the

effective tax rate in the third quarter of 2015 was 31.6%. (Please see the attached Non-GAAP Financial Measures tables.)

Max Mitchell, Crane Co. President and Chief Executive Officer, stated: "We delivered another strong quarter, with solid execution across all segments. We were particularly pleased with our growth and margin performance at Payment & Merchandising Technologies, with solid end market demand and progress on productivity supporting continued momentum into 2017. In addition, our teams across Fluid Handling continued to execute well, with another solid margin performance despite continuing end market challenges. Order activity remains generally stable in Fluid Handling, and although we continue to believe that demand is at a trough, we will exit the year with a lower backlog compared to when we entered 2016. Our Aerospace & Electronics team had an exceptionally strong performance executing on shipments for the Space Fence program in the quarter, though dilutive to margins; we will have lower shipments in the fourth quarter as we close out the program. Overall, we are pleased with our performance year to date and our prospects looking ahead, and we are raising the midpoints of our full-year adjusted EPS guidance by \$0.06 and our free cash flow guidance by \$5 million."

Segment Results

All comparisons detailed in this section refer to operating results for the third quarter 2016 versus the third quarter 2015, excluding Special Items.

Fluid Handling

(dollars in millions)	Third Quarter 2016	2015	Change	
Sales	\$ 245	\$ 265	\$ (20) (7)%
Operating Profit	\$ 31	\$ 29	\$ 1	4 %
Operating Profit, before Special Items*	\$ 31	\$ 31	\$ -	(1)%
Profit Margin	12.5	% 11.1	%	
Profit Margin, before Special Items*	12.5	% 11.8	%	

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased \$20 million, driven by a \$12 million, or -5%, core sales decline, and \$8 million, or -3%, of unfavorable foreign exchange. Operating margin improved to 12.5%, compared to 11.8% last year, primarily reflecting the impact of productivity, repositioning benefits and favorable mix, partially offset by lower volumes, and to a lesser extent, competitive pricing. Fluid Handling order backlog was \$242 million at September 30, 2016, compared to \$267 million at December 31, 2015 and \$279 million at September 30, 2015.

Payment & Merchandising Technologies

(dollars in millions)	Third Quarter 2016	2015	Change		
Sales	\$ 187	\$ 171	\$ 16	9	%
Operating Profit	\$ 35	\$ 25	\$ 10	38	%
Operating Profit, before Special Items*	\$ 35	\$ 27	\$ 7	27	%
Profit Margin	18.6	% 14.8	%		
Profit Margin, before Special Items*	18.6	% 16.1	%		

*Please see the attached Non-GAAP Financial Measures tables

Sales increased \$16 million, or 9%, driven by \$21 million, or 12%, of core growth, partially offset by a \$5 million, or -3%, impact from unfavorable foreign exchange. Operating margin expanded 250 basis points to 18.6%, driven primarily by integration synergies, the higher core sales and strong productivity.

Aerospace & Electronics

(dollars in millions)	Third Quarter 2016	2015	Change		
Sales	\$ 198	\$ 172	\$ 27	15	%
Operating Profit	\$ 39	\$ 37	\$ 2	7	%
Operating Profit, before Special Items*	\$ 39	\$ 37	\$ 2	6	%
Profit Margin	19.6	% 21.3	%		
Profit Margin, before Special Items*	19.6	% 21.4	%		

*Please see the attached Non-GAAP Financial Measures tables

Sales increased \$27 million, driven by a 15% increase in core sales. The core sales increase was driven primarily by shipments on the Space Fence program. Operating margin declined 180 basis points to 19.6%, primarily reflecting unfavorable mix. Aerospace & Electronics order backlog was \$377 million at September 30, 2016, compared to \$436 million at December 31, 2015 and \$460 million at September 30, 2015.

Engineered Materials

(dollars in millions)	Third Quarter 2016	2015	Change		
Sales	\$ 64	\$ 63	\$ 1	2	%
Operating Profit	\$ 11	\$ 13	\$ (1)	(9)	%
Profit Margin	17.7	% 19.9	%		

Sales increased \$1 million, driven by higher sales to the Recreational Vehicle and Building Product markets, partially offset by lower sales to the Transportation market. Operating margin decreased 220 basis points to 17.7%, primarily reflecting competitive pricing actions, partially offset by strong productivity.

Raising 2016 Guidance

The Company is raising its 2016 GAAP EPS guidance to a range of \$4.07-\$4.15, versus a prior range of \$3.95-\$4.15. Excluding Special Items, EPS is now expected to be in a range of \$4.12-\$4.20, from the prior range of \$4.00-\$4.20. Management continues to expect that sales for 2016 will approximate \$2.7 billion, now reflecting core sales in a range of flat to +2% compared to 2015. Full year 2016 free cash flow (cash provided by operating activities less capital spending) is now expected to be in a range of \$200 to \$225 million versus prior guidance of \$195 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. For additional information, please see the attached Non-GAAP Financial Measures tables.

Additional Information

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 25, 2016 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 11,000 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.

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, 2015 and subsequent reports filed with the Securities and Exchange Commission.

(CR-E)

(Financial Tables Follow)

CRANE CO.

Income Statement Data (in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net Sales:				
Fluid Handling	\$ 245.1	\$ 264.7	\$ 759.1	\$ 832.2
Payment & Merchandising Technologies	186.7	170.6	551.2	529.0
Aerospace & Electronics	198.2	171.7	559.2	500.4
Engineered Materials	64.2	62.9	197.0	198.4
Total Net Sales	\$ 694.2	\$ 669.9	\$ 2,066.5	\$ 2,060.0
Operating Profit (Loss):				
Fluid Handling	\$ 30.7	\$ 29.4	\$ 91.5	\$ 96.2
Payment & Merchandising Technologies	34.7	25.2	97.1	72.5
Aerospace & Electronics	38.9	36.5	110.6	98.2
Engineered Materials	11.4	12.5	38.6	39.0
Corporate	(11.9)	(10.4)	(45.9)	(36.5)
Total Operating Profit	103.8	93.2	291.9	269.4
Interest Income	0.5	0.5	1.4	1.4
Interest Expense	(9.2)	(9.1)	(27.5)	(28.5)
Miscellaneous- Net	(0.1)	(0.3)	(0.6)	(0.2)
Income Before Income Taxes	95.0	84.3	265.2	242.1
Provision for Income Taxes	31.3	27.1	77.9	77.7
Net income before allocation to noncontrolling interests	63.7	57.2	187.3	164.4

Less: Noncontrolling interest in subsidiaries' earnings	0.2	0.3	0.5	0.7
Net income attributable to common shareholders	\$ 63.5	\$ 56.9	\$ 186.8	\$ 163.7
Share Data:				
Earnings per Diluted Share	\$ 1.07	\$ 0.97	\$ 3.16	\$ 2.78
Average Diluted Shares Outstanding	59.4	58.8	59.2	58.8
Average Basic Shares Outstanding	58.5	58.1	58.3	58.0
Supplemental Data:				
Cost of Sales	\$ 449.1	\$ 431.1	\$ 1,324.5	\$ 1,341.9
Selling, General & Administrative	141.2	141.4	450.1	* 431.2
Repositioning Charges (see non-GAAP measures)	-	2.0	-	11.7
Acquisition Related Charges (see non-GAAP measures)	-	2.2	-	5.8
Depreciation and Amortization **	16.7	16.5	50.8	49.9
Stock-Based Compensation Expense **	5.4	5.0	16.8	15.8
* Includes a \$5 million legal settlement.				
** Amount included within cost of sales and selling, general & administrative costs.				

CRANE CO.
Condensed Balance Sheets
(in millions)

	September 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 436.3	\$ 363.5
Accounts Receivable, net	426.7	397.6
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	372.3	376.9
Other Current Assets	54.1	45.0
Total Current Assets	1,309.9	1,203.5
Property, Plant and Equipment, net	283.0	276.0
Long-Term Insurance Receivable - Asbestos	91.3	108.7
Other Assets	549.4	580.8
Goodwill	1,175.6	1,167.9
Total Assets	\$ 3,409.2	\$ 3,336.9
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 34.0	\$ 49.6
Accounts Payable	202.5	223.3
Current Asbestos Liability	75.0	75.0
Accrued Liabilities	230.7	218.6
Income Taxes	14.4	6.3
Total Current Liabilities	556.6	572.8
Long-Term Debt	745.2	744.6
Long-Term Deferred Tax Liability	52.3	50.0
Long-Term Asbestos Liability	411.6	470.5
Other Liabilities	319.5	348.1
Total Equity	1,324.0	1,150.8
Total Liabilities and Equity	\$ 3,409.2	\$ 3,336.9

CRANE CO.
Condensed Statements of Cash Flows
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating Activities:				
Net income attributable to common shareholders	\$ 63.5	\$ 56.9	\$ 186.8	\$ 163.7
Noncontrolling interest in subsidiaries' earnings	0.2	0.3	0.5	0.7
Net income before allocations to noncontrolling interests	63.7	57.2	187.3	164.4
Restructuring - Non Cash	-	0.1	-	1.5
Depreciation and amortization	16.7	16.5	50.8	49.9
Stock-based compensation expense	5.4	5.0	16.8	15.8
Defined benefit plans and postretirement credit	(2.5)	(6.1)	(7.3)	(9.7)
Deferred income taxes	8.5	15.4	16.1	23.4
Cash provided by (used for) operating working capital	46.7	8.1	(34.4)	(46.6)
Defined benefit plans and postretirement contributions	(2.0)	(7.3)	(6.4)	(15.4)
Environmental payments, net of reimbursements	(1.6)	(6.0)	(8.2)	(13.6)
Other	(2.5)	(1.9)	(4.8)	(17.8)
Subtotal	132.4	81.1	209.9	151.9
Asbestos related payments, net of insurance recoveries	(15.8)	(11.4)	(41.5)	(36.2)
Total provided by operating activities	116.6	69.7	168.4	115.7
Investing Activities:				
Capital expenditures	(11.9)	(8.1)	(38.5)	(28.2)
Proceeds from disposition of capital assets	0.1	-	0.8	1.9
Total used for investing activities	(11.8)	(8.1)	(37.7)	(26.4)
Financing Activities:				
Dividends paid	(19.3)	(19.2)	(57.8)	(57.4)
Reacquisition of shares on open market	-	-	-	(25.0)
Stock options exercised - net of shares reacquired	7.4	0.3	9.6	7.3
Excess tax shortfall from stock-based compensation	-	-	-	(0.2)
Repayment of credit facility	-	-	-	(100.0)
Proceeds from issuance (repayment) of commercial paper	(66.9)	(25.0)	(15.6)	97.0
Total used for financing activities	(78.8)	(43.8)	(63.8)	(78.3)
Effect of exchange rate on cash and cash equivalents	1.4	(8.8)	5.9	(22.1)
Increase (decrease) in cash and cash equivalents	27.4	8.9	72.8	(11.1)
Cash and cash equivalents at beginning of period	408.9	326.3	363.5	346.3
Cash and cash equivalents at end of period	\$ 436.3	\$ 335.2	\$ 436.3	\$ 335.2

CRANE CO.
Order Backlog
(in millions)

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Fluid Handling	\$ 241.6	\$ 246.3	\$ 263.4	\$ 267.2	\$ 278.6
Payment & Merchandising Technologies	65.6	65.8	60.4	62.6	55.5
Aerospace & Electronics	377.1	435.9	418.7	436.4	459.9
Engineered Materials	12.3	15.4	16.0	15.2	13.7
Total Backlog	\$ 696.5	\$ 763.5	\$ 758.6	\$ 781.5	\$ 807.8

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

Three Months Nine Months Percent Change Percent Change

	Ended September 30, 2016		Ended September 30, 2015		September 30, 2016 Three Months		September 30, 2016 Nine Months	
Net Sales	\$694.2	\$669.9	\$2,066.5	\$2,060.0	3.6	%	0.3	%
Operating Profit Percentage of Sales	103.8 15.0 %	93.2 13.9 %	291.9 14.1 %	269.4 13.1 %	11.4	%	8.4	%
Special Items impacting Operating Profit:								
MEI Acquisition related integration charges	-	2.2	-	5.6				
MEI Acquisition related restructuring charges	-	-	-	0.2				
Repositioning charges	-	2.0	-	11.7				
Legal settlement charge	-	-	5.0	-				
Operating Profit before Special Items Percentage of Sales	\$103.8 15.0 %	\$97.4 14.5 %	\$296.9 14.4 %	\$286.9 13.9 %	6.6	%	3.5	%
Net Income Attributable to Common Shareholders Per Share	\$63.5 \$1.07	\$56.9 \$0.97	\$186.8 \$3.16	\$163.7 \$2.78	10.4	%	13.5	%
Special Items Impacting Net Income Attributable to Common Shareholders:								
MEI acquisition related integration charges - Net of Tax Per Share	-	1.4 \$0.02	-	3.7 \$0.06				
MEI acquisition related restructuring charges - Net of Tax Per Share	-	0.2 \$0.00	-	0.3 \$0.00				
Repositioning charges - Net of Tax Per Share	-	1.9 \$0.03	-	9.0 \$0.15				
Legal settlement charge - Net of Tax Per Share	-	-	3.3 \$0.05	-				
Net Income Attributable To Common Shareholders Before Special Items Per Share	\$63.5 \$1.07	\$60.3 \$1.03	\$190.1 \$3.21	\$176.7 \$3.00	5.4 4.2	% %	7.6 6.9	% %
Special Items Impacting Provision for Income Taxes								
Provision for Income Taxes - GAAP Basis	\$31.3	\$27.1	\$77.9	\$77.7				
Tax effect of MEI acquisition related integration charges	-	0.7	-	1.8				
Tax effect of MEI acquisition related restructuring charges	-	-	-	-				
Tax effect of repositioning charges	-	0.1	-	2.7				
Tax effect of legal settlement charge	-	-	1.8	-				
Provision for Income Taxes - non-GAAP Basis	\$31.3	\$27.9	\$79.7	\$82.2				

Segment Information: For the three months ended September 30, 2016

Net Sales	Fluid Handling \$245.1	Payment & Merchandising Technologies \$186.7	Aerospace & Electronics \$198.2	Engineered Materials \$64.2	Corporate -	Total Company \$694.2
Operating Profit - GAAP	30.7	34.7	38.9	11.4	(11.9)	103.8
Percentage of Sales	12.5%	18.6%	19.6%	17.7%		15.0%

For the three months ended September 30, 2015

Net Sales	Fluid Handling \$264.7	Payment & Merchandising Technologies \$170.6	Aerospace & Electronics \$171.7	Engineered Materials \$62.9	Corporate -	Total Company \$669.9
Operating Profit - GAAP	29.4	25.2	36.5	12.5	(10.4)	93.2
Acquisition related integration charges	-	2.2	-	-	-	2.2
Repositioning Charges	1.7	-	0.2	-	-	2.0
Operating Profit before Special Items	31.1	27.4	36.7	12.5	(10.4)	97.4
Percentage of Sales	11.8%	16.1%	21.4%	19.9%		14.5%

CRANE CO.

Guidance

(in millions, except per share data)

2016 Earnings Per Share Guidance	2016 Full Year Guidance	
	Low	High
Earnings Per Share - GAAP basis	\$ 4.07	\$ 4.15
Legal settlement charge - Net of Tax	0.05	0.05
Earnings Per Share - Non-GAAP basis	\$ 4.12	\$ 4.20

CASH FLOW ITEMS

	Three Months Ended		Nine Months Ended		2016 Full Year Guidance	
	September 30, 2016	2015	September 30, 2016	2015	Low	High
Cash Provided by Operating Activities before Asbestos - Related Payments	\$ 132.4	\$ 81.1	\$ 209.9	\$ 151.9	\$ 305.0	\$ 330.0
Asbestos Related Payments, Net of Insurance Recoveries	(15.8)	(11.4)	(41.5)	(36.2)	(55.0)	(55.0)
Cash Provided by Operating Activities	116.6	69.7	168.4	115.7	250.0	275.0
Less: Capital Expenditures	(11.9)	(8.1)	(38.5)	(28.2)	(50.0)	(50.0)
Free Cash Flow	\$ 104.7	\$ 61.5	\$ 129.9	\$ 87.4	\$ 200.0	\$ 225.0

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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www.craneco.com