CRANE

NEWS RELEASE

Crane Company Reports First Quarter 2025 Results and Reaffirms Full Year EPS Guidance

2025-04-28

First Quarter 2025 Highlights

- Earnings per diluted share (EPS) from continuing operations of $1.34, up 31%, and adjusted EPS from continuing operations $1.39, up 24%.
- Sales of $557.6 million, up 9.3% driven by 7.5% core sales growth.
- Core order growth up 15.6% and core backlog growth up 12.1%, driven primarily by ongoing strength at Aerospace & Electronics.
- Declaring second quarter 2025 regular dividend of $0.23 per share.

Full Year Outlook

- Reaffirming our full year adjusted EPS outlook range of $5.30-$5.60.

STAMFORD, Conn.--(BUSINESS WIRE)-- Crane Company ("Crane," NYSE: CR) today announced its financial results for the first quarter of 2025 and reaffirmed its full-year adjusted EPS outlook.

Max Mitchell, Crane's Chairman, President and Chief Executive Officer, stated: "We delivered a very strong start to 2025, with exceptional results in the first quarter of 24.1% adjusted EPS growth driven by 7.5% core sales growth and strong operating leverage. Furthermore, demand trends across our strategic growth platforms were solid in the quarter, with 15.6% year-over-year core order growth and 12.1% year-over-year core backlog growth.

"Our teams continue to execute extremely well. Our key initiatives remain aligned with driving above-market

returns by focusing on commercial and operational excellence, as well as delivering breakthrough innovation for our customers. Over the last few months, just a few notable successes at Aerospace & Electronics include winning additional incremental content on hybrid-electric military ground vehicles and completing initial development work for an anti-skid brake control system for a very promising unmanned fighter aircraft; and at Process Flow Technologies, we received critical approvals for a new pharmaceutical valve with a key customer, and we completed the first installations of our new SyFlo wastewater pump product.

"As we exited 2024, we had a very positive outlook for 2025 given the expectation of executing successfully on our strategy and growth initiatives, along with a favorable macroeconomic outlook. As the quarter progressed, we gained confidence in a path to earnings above the guidance range we provided in January. However, given recent economic developments and policy decisions outside of our control, the balance of the year is likely to unfold differently than we had anticipated. Despite this uncertainty, based on the current inflationary pressures, and the demand and supply chain environment that we see today, along with our best analysis of the risks and opportunities ahead of us this year, we are comfortable reaffirming our full-year 2025 adjusted EPS outlook in the range of $5.30-$5.60. Our outlook reflects our views based on current economic conditions, and we will, of course, adjust that outlook if needed based on any updates or changes to trade policy or any incremental changes in the demand environment.

"While factors outside our control remain dynamic, Crane remains extremely well positioned to outgrow our end markets and deliver above-market shareholder returns. Our focus today is executing on everything within our control, reacting swiftly to what is outside our control, serving our customers, and continuing to invest in all of our growth initiatives and technology roadmaps. I fully expect to emerge from this dislocation in an even stronger competitive position than when we entered the year and our teams are excited to capitalize on the opportunities, and to face the challenges, that lie ahead."

First Quarter 2025 Results

First quarter 2025 GAAP EPS from continuing operations of $1.34 compared to $1.02 in the first quarter of 2024. First quarter 2025 adjusted EPS from continuing operations of $1.39 compared to $1.12 in the first quarter of 2024.

First quarter sales increased 9.3%, with 7.5% core sales growth, a 2.5% contribution from acquisitions, and a slight headwind from unfavorable foreign exchange. Operating profit of $101.1 million increased 24.4% compared to last year, and adjusted operating profit of $104.1 million increased 17.6% compared to last year, in both cases primarily reflecting the impact of productivity and higher volumes.

Summary of First Quarter 2025 Results

(unaudited, dollars in millions)	First Quarter 2025	First Quarter 2024	Change $	Change %
Net sales	$557.6	$510.2	$ 47.4	9.3%
Core sales			38.5	7.5%
Acquisitions			12.7	2.5%
Foreign exchange			(3.8)	(0.7%)
Operating profit	$101.1	$81.3	$ 19.8	24.4%
Adjusted operating profit*	$104.1	$88.5	$ 15.6	17.6%
Operating profit margin	18.1%	15.9%		220bps
Adjusted operating profit margin*	18.7%	17.3%		140bps

*Please see the attached Non-GAAP Financial Measures tables

Cash Flow, Financing Activities and Other Financial Metrics

During the first quarter of 2025, cash used for operating activities from continuing operations was $46.2 million, capital expenditures were $14.2 million, and free cash flow (cash provided by operating activities less capital spending) was negative $60.4 million consistent with typical seasonality. Adjusted free cash flow from continuing operations (free cash flow excluding transaction related cash outflows) was negative $58.2 million. (Please see the attached non-GAAP Financial Measures tables.)

As of March 31, 2025, the Company's cash balance was $435.1 million with total debt of $247.1 million.

Rich Maue, Crane's Executive Vice President and Chief Financial Officer, added: "M&A activity levels remain robust despite heightened economic and trade related uncertainty, and we are in various stages of active engagement on more transactions than we have been in years. Opportunities are spread across both Aerospace & Electronics and Process Flow Technologies, and include assets in a wide range of sizes. We look forward to putting our balance sheet to work over the course of this year, with disciplined inorganic growth an important component of our strategy to continue driving above-market returns for our shareholders."

First Quarter 2025 Segment Results

All comparisons detailed in this section refer to operating results for the first quarter 2025 versus the first quarter 2024.

Aerospace & Electronics

(unaudited, dollars in millions)	First Quarter 2025	First Quarter 2024	Change $	Change %
Net sales	$ 248.9	$ 225.9	$ 23.0	10.2%
Core sales			23.3	10.3%

Foreign Exchange							(0.3)	(0.1%)
Operating profit	$	64.6	$	48.3	$	16.3		33.7%
Adjusted operating profit*	$	64.6	$	50.7	$	13.9		27.4%
Operating profit margin		26.0%		21.4%				460bps
Adjusted operating profit margin*		26.0%		22.4%				360bps

*Please see the attached Non-GAAP Financial Measures tables

Sales of $248.9 million increased 10.2% compared to the prior year, driven by 10.3% core sales growth and partially offset by a slight headwind from unfavorable foreign exchange. The strength was driven primarily by the segment's aftermarket, up 20.4% in the quarter. Operating profit margin of 26.0% increased 460 basis points from last year, primarily reflecting the impact of productivity, higher volumes, and higher price net of inflation. Adjusted operating profit margin of 26.0% increased 360 basis points from last year. Aerospace & Electronics' order backlog was $960.1 million as of March 31, 2025 compared to $863.8 million as of December 31, 2024, and $791.8 million as of March 31, 2024.

Process Flow Technologies

	First Quarter				Change	
(unaudited, dollars in millions)		2025		2024	$	%
Net sales	$	308.7	$	284.3	$ 24.4	8.6%
Core sales					15.2	5.3%
Acquisitions					12.7	4.5%
Foreign exchange					(3.5)	(1.2)%
Operating profit	$	62.8	$	56.9	$ 5.9	10.4%
Adjusted operating profit*	$	64.4	$	59.2	$ 5.2	8.8%
Operating profit margin		20.3%		20.0%		30bps
Adjusted operating profit margin*		20.9%		20.8%		10bps

*Please see the attached Non-GAAP Financial Measures tables

Sales of $308.7 million increased 8.6% compared to the prior year, driven by 5.3% core sales growth and a 4.5% contribution from the previously announced CryoWorks and Technifab acquisitions, partially offset by a 1.2% headwind from unfavorable foreign exchange. Operating profit margin expanded 30 basis points to 20.3% primarily due to productivity. Adjusted operating profit margin was 20.9% flat compared to a year ago. Importantly, core operating leverage was 35% in the quarter, at the high end of its expected range. Process Flow Technologies order backlog was $389.9 million as of March 31, 2025 compared to $376.4 million as of December 31, 2024, and $393.3 million as of March 31, 2024.

Reaffirming 2025 Guidance

We are reaffirming our full-year adjusted EPS outlook range of $5.30 to $5.60, up 12% at the mid-point over 2024.

Key assumptions for our guidance are unchanged and include:

- Total sales growth of approximately 5%, driven by core sales growth of approximately 4% to 6%.
- Adjusted segment operating margin of 22.5%+.
- Corporate cost of $80 million.
- Net non-operating expense of $10 million.
- Adjusted tax rate of 23.5%.
- Diluted shares of ~59 million.

Additional details of our outlook and guidance are included in the presentation that accompanies this earnings release available on our website at **www.craneco.com** in the "investors" section.

Declaring Second Quarter Dividend

Crane announced its regular quarterly dividend of $0.23 per share for the second quarter of 2025. The dividend is payable on June 11, 2025 to shareholders of record as of May 30, 2025.

Additional Information

References to changes in “core sales” or "core sales growth" in this report include the change in sales excluding the impact of foreign currency translation and acquisitions and divestitures from closing up to the first anniversary of such acquisitions or divestitures.

"Core Operating Leverage" is calculated as the change in core sales compared to the prior year, excluding acquisition contribution, divided by the change in core operating profit compared to the prior year, excluding the profit contribution from acquisitions.

Conference Call

Crane has scheduled a conference call to discuss the first quarter financial results on Tuesday, April 29, 2025 at 10:00 A.M. (Eastern). All interested parties may listen to a live webcast of the call at **www.craneco.com**. An archived webcast will also be available to replay this conference call directly from the Company’s website under Investors, Events & Presentations. Slides that accompany the conference call will be available on the Company’s website.

About Crane Company

Crane Company has delivered innovation and technology-led solutions for customers since its founding in 1855. Today, Crane is a leading manufacturer of highly engineered components for challenging, mission-critical applications focused on the aerospace, defense, space and process industry end markets. The Company has two strategic growth platforms: Aerospace & Electronics and Process Flow Technologies. Crane has approximately 7,500

employees in the Americas, Europe, the Middle East, Asia and Australia. Crane Company is traded on the New York Stock Exchange (NYSE: CR). For more information, visit **www.craneco.com**.

Forward-Looking Statements Disclaimer

This press release 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: 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.

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 new tariffs) and geopolitical risks, including macroeconomic fluctuations that may harm our business, results of operation and stock price; 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, and Process Flow Technologies; the ability and willingness of Crane Company 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, 2024 and the other documents Crane files from time to time with the SEC. 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. Crane assumes no (and disclaims any) obligation to revise or update any forward-looking statements.

We make no representations or warranties as to the accuracy of any projections, statements or information contained in this press release. 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.

(Financial Tables Follow)

CRANE COMPANY
Condensed Statements of Operations Data
(unaudited, in millions, except per share data)

	Three Months Ended March 31,	
	2025	2024
Net sales:		
Aerospace & Electronics	$ 248.9	$ 225.9
Process Flow Technologies	308.7	284.3

Total net sales	$	557.6	$	510.2
Operating profit:				
Aerospace & Electronics	$	64.6	$	48.3
Process Flow Technologies		62.8		56.9
Corporate		(26.3)		(23.9)
Total operating profit	$	101.1	$	81.3
Interest income	$	3.2	$	1.2
Interest expense		(4.5)		(7.2)
Miscellaneous expense, net		(1.0)		(1.2)
Income from continuing operations before income taxes		98.8		74.1
Provision for income taxes		20.5		15.3
Net income from continuing operations attributable to common shareholders		78.3		58.8
Income from discontinued operations, net of tax		28.8		6.0
Net income attributable to common shareholders	$	107.1	$	64.8
Earnings per diluted share from continuing operations	$	1.34	$	1.02
Earnings per diluted share from discontinued operations		0.49		0.10
Earnings per diluted share	$	1.83	$	1.12
Average diluted shares outstanding		58.5		58.1
Average basic shares outstanding		57.4		57.0
Supplemental data:				
Cost of sales	$	320.0	$	303.4
Selling, general & administrative		136.5		125.5
Transaction related expenses [(a)]		2.9		6.8
Repositioning related charges, net [(a)]		0.1		0.4
Depreciation and amortization [(a)]		12.5		11.9
Stock-based compensation expense[(a)]		9.3		6.5

[(a)] Amounts included within Cost of sales and/or Selling, general & administrative costs.

CRANE COMPANY
Condensed Balance Sheets
(unaudited, in millions)

		March 31, 2025		December 31, 2024
Assets				
Current assets				
Cash and cash equivalents	$	435.1	$	306.7
Accounts receivable, net		384.4		339.1
Inventories, net		391.6		380.4
Other current assets		162.4		159.1
Current assets held for sale		—		217.9
Total current assets		1,373.5		1,403.2
Property, plant and equipment, net		270.1		261.3
Other assets		309.1		315.8
Goodwill		669.4		661.6
Total assets	$	2,622.1	$	2,641.9
Liabilities and Equity				
Current liabilities				
Current maturities of long-term debt	$	247.1	$	—
Accounts payable		149.6		188.2
Accrued liabilities		244.4		303.2
Income taxes		18.4		7.9
Current liabilities held for sale		—		44.1
Total current liabilities		659.5		543.4
Long-term debt		—		247.0
Long-term deferred tax liability		35.9		34.8
Other liabilities		167.5		175.7
Total liabilities		862.9		1,000.9
Total equity		1,759.2		1,641.0
Total liabilities and equity	$	2,622.1	$	2,641.9

CRANE COMPANY
Condensed Statements of Cash Flows
(unaudited, in millions)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Operating activities:		
Net income attributable to common shareholders	$ 107.1	$ 64.8
Less: Income from discontinued operations, net of tax	28.8	6.0
Net income from continuing operations attributable to common shareholders	78.3	58.8
Depreciation and amortization	12.5	11.9
Stock-based compensation expense	9.3	6.5
Defined benefit plans and postretirement cost	2.0	0.8
Deferred income taxes	—	(3.1)
Cash used for operating working capital	(146.4)	(143.0)
Defined benefit plans and postretirement contributions	(0.6)	(0.6)
Environmental payments, net of reimbursements	(1.1)	(1.4)
Other	(0.2)	(0.8)
Total used for operating activities from continuing operations	(46.2)	(70.9)
Investing activities:		
Payment for acquisitions - net of cash acquired and working capital adjustments	(0.2)	(105.6)
Capital expenditures	(14.2)	(8.0)
Other investing activities	—	0.2
Total used for investing activities from continuing operations	(14.4)	(113.4)
Financing activities:		
Dividends paid	(13.2)	(11.7)
Net payments related to employee stock plans	(10.4)	(8.5)
Proceeds from debt	—	140.0
Repayments of debt	—	(31.9)
Total (used for) provided by financing activities from continuing and discontinued operations	(23.6)	87.9
Discontinued operations:		
Total used for operating activities	—	(9.0)
Total provided by (used for) investing activities[a]	207.7	(1.1)
Increase (decrease) in cash and cash equivalents from discontinued operations	207.7	(10.1)
Effect of exchange rate on cash and cash equivalents	4.9	(3.7)
Increase (decrease) in cash and cash equivalents	128.4	(110.2)
Cash and cash equivalents at beginning of period	306.7	329.6
Cash and cash equivalents of continuing operations at end of period	$ 435.1	$ 219.4

[a] For the three months ended March 31, 2025, the cash provided by investing activities from discontinued operations was from the sale of the Engineered Materials segment.

CRANE COMPANY
Order Backlog
(unaudited, in millions)

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Aerospace & Electronics	$ 960.1	$ 863.8	$ 833.3	$ 814.9	$ 791.8
Process Flow Technologies[a][b]	389.9	376.4	392.0	399.9	393.3
Total backlog	$ 1,350.0	$ 1,240.2	$ 1,225.3	$ 1,214.8	$ 1,185.1

(a) Includes $12.5 million, $11.2 million, $12.8 million and $11.6 million of backlog as of March 31, 2025, December 31, 2024, September 30, 2024 and June 30, 2024, respectively, pertaining to the Hydroaire acquisition.
(b) Includes $9.9 million and $10.4 million of backlog as of March 31,2025 and December 31, 2024, respectively pertaining to the Technifab acquisition.

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

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024		% Change
	$	Per Share	$	Per Share	(on $)
Net sales (GAAP)	$ 557.6		$ 510.2		9.3%
Adjusted Operating Profit and Adjusted Operating Profit Margin					
Operating profit (GAAP)	$ 101.1		$ 81.3		24.4%
Operating profit margin (GAAP)	18.1%		15.9%		
Special items impacting operating profit:					
Transaction related expenses	2.9		6.8		
Repositioning related charges, net	0.1		0.4		
Adjusted operating profit (Non-GAAP)	$ 104.1		$ 88.5		17.6%
Adjusted operating profit margin (Non-GAAP)	18.7%		17.3%		
Adjusted Net Income and Adjusted Net Income per Share					
Net income from continuing operations attributable to common shareholders (GAAP)	$ 78.3	$ 1.34	$ 58.8	$ 1.02	33.2%
Transaction related expenses	3.0	0.05	6.8	0.11	
Repositioning related charges, net	0.1	—	0.4	0.01	
Impact of pension non-service costs	1.2	0.02	0.4	0.01	
Tax effect of the Non-GAAP adjustments	(0.9)	(0.02)	(1.5)	(0.03)	
Adjusted net income (Non-GAAP)	$ 81.7	$ 1.39	$ 64.9	$ 1.12	25.9%
Adjusted EBITDA and Adjusted EBITDA Margin					
Net income from continuing operations attributable to common shareholders (GAAP)	$ 78.3		$ 58.8		33.2%
Net income margin (GAAP)	14.0%		11.5%		
Adjustments to net income:					
Interest expense, net	1.3		6.0		
Income tax expense	20.5		15.3		
Depreciation	8.8		8.0		
Amortization	3.7		3.9		
Miscellaneous expense, net	1.0		1.2		
Repositioning related charges, net	0.1		0.4		
Transaction related expenses	2.2		6.8		
Adjusted EBITDA (Non-GAAP)	$ 115.9		$ 100.4		15.4%
Adjusted EBITDA Margin (Non-GAAP)	20.8%		19.7%		

Totals may not sum due to rounding

CRANE COMPANY
Non-GAAP Financial Measures by Segment
(unaudited, in millions)

Three Months Ended March 31, 2025	Aerospace & Electronics	Process Flow Technologies	Corporate	Total Company
Net sales	$ 248.9	$ 308.7	$ —	$ 557.6
Operating profit (GAAP)	$ 64.6	$ 62.8	$ (26.3)	$ 101.1
Operating profit margin (GAAP)	26.0%	20.3%		18.1%
Special items impacting operating profit:				
Transaction related expenses	—	1.5	1.4	2.9
Repositioning related charges, net	—	0.1	—	0.1
Adjusted operating profit (Non-GAAP)	$ 64.6	$ 64.4	$ (24.9)	$ 104.1
Adjusted operating profit margin (Non-GAAP)	26.0%	20.9%		18.7%
Three Months Ended March 31, 2024				
Net sales	$ 225.9	$ 284.3	$ —	$ 510.2

Operating profit (GAAP)	$ 48.3	$ 56.9	$ (23.9)	$ 81.3
Operating profit margin (GAAP)	21.4%	20.0%		15.9%
Special items impacting operating profit:				
Transaction related expenses	2.4	1.9	2.5	6.8
Repositioning related charges, net	—	0.4	—	0.4
Adjusted operating profit (Non-GAAP)	$ 50.7	$ 59.2	$ (21.4)	$ 88.5
Adjusted operating profit margin (Non-GAAP)	22.4%	20.8%		17.3%

Totals may not sum due to rounding

CRANE COMPANY
Adjusted Free Cash Flow
(unaudited, in millions, except per share data)

	Three Months Ended March 31,	
Cash Flow Items	2025	2024
Cash used for operating activities from continuing operations	$ (46.2)	$ (70.9)
Less: Capital expenditures	(14.2)	(8.0)
Free cash flow	$ (60.4)	$ (78.9)
Adjustments:		
Transaction-related expenses	2.2	2.7
Adjusted free cash flow from continuing operations	$ (58.2)	$ (76.2)
Free cash flow from Engineered Materials	—	(10.1)
Adjusted free cash flow	$ (58.2)	$ (86.3)

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 profit margin, adjusted tax rate, adjusted net income, adjusted EPS, adjusted EBITDA, 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 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 Crane Company, these forward looking and projected non-GAAP measures are calculated as follows:

- "Adjusted segment operating margin" is calculated as adjusted segment operating profit divided by segment sales. Adjusted segment operating profit is calculated as operating profit excluding corporate costs and before Special Items which include transaction related expenses and repositioning related charges. 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 Tax Rate" is calculated as tax excluding the impact from 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 divided by "Adjusted Net Income".
- "Adjusted EPS" is calculated as adjusted net income divided by diluted shares. Adjusted net income is calculated as net income adjusted for Special Items which include transaction related expenses such as professional fees, and incremental costs related to acquisitions; repositioning related charges; and, the impact of pension non-service costs. We believe that non-GAAP financial measures adjusted for these items provide investors with an alternative metric that can assist in predicting future earnings and profitability that are complementary to GAAP metrics.

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. Additionally, these non-GAAP financial measures exclude income and expense items that impacted Net Income and Earnings per Diluted Share such as the impact of 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) expense, 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 from continuing operations” 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 from continuing operations 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 acquisitions. 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.

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