



NEWS RELEASE

Crane Company Reports Third Quarter 2023 Results and Raises Full Year EPS Guidance

2023-10-23

Third Quarter 2023 Highlights

- Earnings from continuing operations per diluted share (EPS) of \$0.96 and adjusted EPS of \$1.03.
- Core year-over-year sales growth of 9% and core year-over-year backlog growth of 7%.
- Year-over-year growth in operating profit from continuing operations of 165%, and year-over-year growth in adjusted operating profit from continuing operations of 42%.
- Raising and narrowing adjusted EPS guidance to a range of \$4.05-\$4.20, from prior range of \$3.80-\$4.10.
- Announces acquisition of Baum lined piping GmbH for approximately \$91 million on a cash-free and debt-free basis as a strategic bolt-on for our Chemical business within the Process Flow Technologies segment.
- Declaring fourth quarter 2023 dividend of \$0.18 per share.

STAMFORD, Conn.--(BUSINESS WIRE)-- Crane Company ("Crane," NYSE: CR) today announced its financial results for the third quarter of 2023 and updated its full-year outlook.

Max Mitchell, Crane's President and Chief Executive Officer, stated: "Crane delivered yet another strong quarter, consistently demonstrating our differentiated execution and accelerating results from growth initiatives. Core year-over-year sales growth of 9% drove a 42% increase in adjusted operating profit from continuing operations, with strong operational performance across all businesses."

Mr. Mitchell added: "In addition to our focus on organic growth and continued margin improvement, we have also made significant progress on our capital deployment plans. Shortly after the end of the quarter, we completed the

acquisition of Baum lined piping GmbH for approximately \$91 million on a cash-free and debt-free basis. Baum is a perfect addition to Process Flow Technologies' chemical business, significantly expanding the geographic and product breadth of our specialized lined pipe business that serves severe service applications in highly corrosive environments. We also continue our pursuit of a number of other potential acquisitions across both Aerospace & Electronics and Process Flow Technologies, and earlier this month, we increased the size of our Revolving Credit Facility to give us additional flexibility for acquisitions. Baum, as well as the other acquisitions currently under consideration, meet our strict financial and strategic criteria, and all have substantial synergy opportunities."

Mr. Mitchell concluded: "We remain extremely excited about our opportunities and prospects in the quarters and years ahead. As we have noted in our last few quarterly earnings reports, our optimism is tempered somewhat by some signs of expected slowing order activity in a handful of our industrial and process flow markets and geographies. Balancing these factors, and supported by our extremely strong financial performance in the first three quarters of the year, we are raising and narrowing our adjusted EPS guidance range to \$4.05 to \$4.20 from our prior range of \$3.80-\$4.10."

Third Quarter 2023 Results From Continuing Operations

Third quarter 2023 GAAP earnings from continuing operations per diluted share (EPS) was \$0.96, and adjusted EPS was \$1.03.

Third quarter sales increased 10%, with 9% core sales growth and a 1% benefit from favorable foreign exchange. Operating profit from continuing operations of \$76 million compared to an operating loss of \$117 million last year, with the prior year loss related to the sale of the Company's asbestos liability. Adjusted operating profit from continuing operations of \$81 million increased 42% from the prior year.

Summary of Third Quarter 2023 Results from Continuing Operations

(unaudited, dollars in millions)	Third Quarter		Change	
	2023	2022	\$	%
Net sales	\$ 530	\$ 480	\$ 50	10%
Core sales			45	9%
Foreign exchange			5	1%
Operating profit (loss)	\$ 76	\$ (117)	\$ 193	NM
Adjusted operating profit*	\$ 81	\$ 57	\$ 24	42%
Operating profit (loss) margin	14.4%	(24.4%)		NM
Adjusted operating profit margin*	15.2%	11.8%		340bps

*Please see the attached Non-GAAP Financial Measures tables

Cash Flow, Financing Activities and Other Financial Metrics

During the third quarter of 2023, cash provided by operating activities from continuing operations was \$87 million, capital expenditures were \$9 million, and free cash flow (cash provided by operating activities less capital spending) was \$78 million. Adjusted free cash flow (free cash flow excluding cash outflows related to the separation transaction) was \$82 million. (Please see the attached non-GAAP Financial Measures tables.)

As of September 30, 2023, the Company's cash balance was \$274 million with total debt of \$250 million.

On October 2, 2023, the Company borrowed \$100 million under its existing revolving credit facility. On October 3, 2023, the Company exercised a portion of the accordion feature under its existing revolving credit facility to increase the available borrowing capacity from \$500 million, to \$800 million, to provide additional flexibility for acquisition activity. On October 4, 2023, the Company completed the acquisition of Baum lined piping GmbH for approximately \$91 million on a cash-free and debt-free basis.

Third Quarter 2023 Segment Results

All comparisons detailed in this section refer to operating results for the third quarter 2023 versus the third quarter 2022.

Aerospace & Electronics

(unaudited, dollars in millions)	Third Quarter		Change	
	2023	2022	\$	%
Net sales	\$ 207	\$ 167	\$ 40	24%
Operating profit	\$ 40	\$ 28	\$ 12	43%
Operating profit margin	19.4%	16.9%		250bps

Sales of \$207 million increased 24% compared to the prior year. Operating profit margin of 19.4% increased 250 basis points from last year, primarily reflecting the impact of higher volumes and productivity. Aerospace & Electronics' order backlog was \$678 million as of September 30, 2023 compared to \$613 million as of December 31, 2022, and \$592 million as of September 30, 2022.

Process Flow Technologies

(unaudited, dollars in millions)	Third Quarter		Change	
	2023	2022	\$	%
Net sales	\$ 267	\$ 250	\$ 17	7%
Core sales			12	5%

Foreign exchange				5	2%		
Operating profit	\$	51	\$	41	\$	10	24%
Adjusted operating profit*	\$	51	\$	42	\$	9	22%
Operating profit margin		19.2%		16.5%			270bps
Adjusted operating profit margin*		19.2%		16.8%			240bps

*Please see the attached Non-GAAP Financial Measures tables

Sales of \$267 million increased 7%, driven by 5% core sales growth and a 2% benefit from favorable foreign exchange. Operating profit margin increased 270 basis points to 19.2% driven by strong pricing and productivity, partially offset by unfavorable mix. Adjusted operating profit margin increased 240 basis points to 19.2%. Process Flow Technologies order backlog was \$353 million as of September 30, 2023 compared to \$369 million as of December 31, 2022, and \$354 million as of September 30, 2022.

Engineered Materials

(unaudited, dollars in millions)	Third Quarter		Change				
	2023	2022	\$	%			
Net sales	\$	56	\$	63	\$	(7)	(11%)
Operating profit	\$	8	\$	7	\$	1	15%
Adjusted operating profit*	\$	8	\$	7	\$	1	13%
Operating profit margin		13.7%		10.7%			300bps
Adjusted operating profit margin*		13.7%		10.8%			290bps

*Please see the attached Non-GAAP Financial Measures tables

Sales of \$56 million decreased 11% compared to the prior year. Operating profit margin improved 300 basis points to 13.7% driven by lower inflation and productivity, partially offset by lower volumes. Adjusted operating profit margin improved 290 basis points to 13.7%.

Raising and Narrowing 2023 Guidance

We are raising and narrowing our adjusted EPS guidance to a range of \$4.05 to \$4.20, from the prior range of \$3.80 to \$4.10.

Key assumptions for our revised guidance include:

- Total sales growth of approximately 7.5% (prior 6%) driven by core sales growth of approximately 6% to 8% (prior 5% to 7%) and an acquisition benefit of approximately 0.5% (prior 0%).
- Adjusted operating margin of ~15.5% (prior 15.0%).
- Corporate cost of ~\$72 million (prior ~\$70 million).
- Net non-operating expense of ~\$16 million (prior ~\$15 million).
- Adjusted tax rate of ~23% (unchanged).
- Diluted shares of ~57.5 million (was ~57.3 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 Fourth Quarter Dividend

Crane announced its regular quarterly dividend of \$0.18 per share for the fourth quarter of 2023. The dividend is payable on December 13, 2023 to shareholders of record as of November 30, 2023.

Additional Information

Crane operated as part of Crane Holdings, Co. for the entire first quarter of 2023 prior to completion of the separation transaction on April 3. Crane Holdings, Co. (now renamed Crane NXT, Co.) results are now reflected as the historical results of Crane, with the Payment & Merchandising Technologies segment presented as discontinued operations. Certain current year year-to-date and prior year quarterly and year-to-date non-GAAP information is not presented due to this change in reporting methodology.

Conference Call

Crane has scheduled a conference call to discuss the third quarter financial results on Tuesday, October 24, 2023 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 is comprised of two strategic growth platforms, Aerospace & Electronics and Process Flow Technologies, as well as the Engineered Materials segment. Crane has approximately 7,000 employees in the Americas, Europe, the Middle East, Asia and Australia. 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: 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 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, 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.

(Financial Tables Follow)

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

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
<u>Net sales:</u>				
Aerospace & Electronics	\$ 207.2	\$ 167.2	\$ 576.5	\$ 485.8
Process Flow Technologies	266.7	250.0	801.3	857.4
Engineered Materials	56.2	62.8	175.7	205.9

Total net sales	\$ 530.1	\$ 480.0	\$ 1,553.5	\$ 1,549.1
Operating profit (loss):				
Aerospace & Electronics	\$ 40.2	\$ 28.2	\$ 116.1	\$ 84.4
Process Flow Technologies	51.2	41.3	165.1	130.9
Engineered Materials	7.7	6.7	28.9	26.9
Corporate	(22.8)	(31.0)	(93.2)	(90.5)
Loss on divestiture of asbestos-related assets and liabilities	—	(162.4)	—	(162.4)
Total operating profit (loss)	\$ 76.3	\$ (117.2)	\$ 216.9	\$ (10.7)
Interest income	\$ 1.5	\$ 1.4	\$ 3.2	\$ 2.3
Interest expense	(4.8)	(3.0)	(16.7)	(4.4)
Gain on sale of business	—	3.8	—	232.5
Miscellaneous income (expense), net	1.3	4.5	(0.5)	20.6
Income (loss) from continuing operations before income taxes	74.3	(110.5)	202.9	240.3
Provision for income taxes	19.1	10.4	48.5	108.5
Net income (loss) from continuing operations attributable to common shareholders	55.2	(120.9)	154.4	131.8
Income from discontinued operations, net of tax	—	61.6	52.1	172.1
Net income (loss) attributable to common shareholders	\$ 55.2	\$ (59.3)	\$ 206.5	\$ 303.9
Earnings (loss) per diluted share from continuing operations	\$ 0.96	\$ (2.16)	\$ 2.69	\$ 2.30
Earnings per diluted share from discontinued operations	—	1.10	0.91	3.00
Earnings (loss) per diluted share	\$ 0.96	\$ (1.06)	\$ 3.60	\$ 5.30
Average diluted shares outstanding	57.5	56.1	57.4	57.3
Average basic shares outstanding	56.8	56.1	56.7	56.5
Supplemental data:				
Cost of sales	\$ 326.9	\$ 310.7	\$ 942.3	\$ 1,010.6
Selling, general & administrative	126.9	124.1	394.3	386.8
Transaction related expenses ^(a)	4.3	10.8	36.5	36.4
Repositioning related charges, net ^(a)	0.1	0.8	2.0	3.9
Depreciation and amortization ^(a)	9.3	9.3	27.9	30.2
Stock-based compensation expense ^(a)	7.9	5.2	21.9	15.6

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

CRANE COMPANY
Condensed Balance Sheets
(unaudited, in millions)

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 273.8	\$ 427.0
Accounts receivable, net	323.5	269.7
Inventories, net	350.9	294.2
Other current assets	110.5	135.1
Current assets of discontinued operations	—	625.9
Total current assets	1,058.7	1,751.9
Property, plant and equipment, net	253.4	248.3
Other assets	190.4	195.6
Goodwill	689.4	690.9
Long-term assets of discontinued operations	—	1,504.9
Total assets	\$ 2,191.9	\$ 4,391.6
Liabilities and Equity		
Current liabilities		
Short-term borrowings	\$ —	\$ 399.6
Accounts payable	150.5	179.2
Accrued liabilities	238.4	260.5
Income taxes	26.7	34.2
Current liabilities of discontinued operations	—	614.7
Total current liabilities	415.6	1,488.2
Long-term debt	250.3	—
Long-term deferred tax liability	29.8	55.3
Other liabilities	209.7	217.2
Long-term liabilities of discontinued operations	—	726.9
Total liabilities	905.4	2,487.6
Total equity	1,286.5	1,904.0

Total liabilities and equity		\$	2,191.9	\$	4,391.6
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CRANE COMPANY
Condensed Statements of Cash Flows
(unaudited, in millions)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Operating activities:				
Net income (loss) from continuing operations attributable to common shareholders	\$ 55.2	\$ (120.9)	\$ 154.4	\$ 131.8
Non-cash loss on divestiture of asbestos-related assets and liabilities	—	148.9	—	148.9
Gain on sale of business	—	(3.8)	—	(232.5)
Depreciation and amortization, including deferred financing costs	9.4	9.3	29.0	30.2
Stock-based compensation expense	7.9	5.2	21.9	15.6
Defined benefit plans and postretirement cost (credit)	2.2	(3.3)	7.0	(8.8)
Deferred income taxes	6.2	(36.0)	2.5	1.5
Cash provided by (used for) operating working capital	17.9	(17.6)	(165.4)	(113.8)
Defined benefit plans and postretirement contributions	(10.4)	(10.5)	(16.1)	(16.7)
Environmental payments, net of reimbursements	(1.1)	(0.4)	(3.0)	(5.4)
Asbestos related payments, net of insurance recoveries	—	(5.9)	—	(29.3)
Divestiture of asbestos-related assets and liabilities	—	(550.0)	—	(550.0)
Other	(0.4)	7.2	3.6	20.0
Total provided by (used for) operating activities from continuing operations	86.9	(577.8)	33.9	(608.5)
Investing activities:				
Capital expenditures	(9.2)	(7.0)	(29.7)	(24.5)
Proceeds from sale of business	—	3.8	—	318.1
Other investing activities	0.9	—	0.6	—
Total (used for) provided by investing activities from continuing operations	(8.3)	(3.2)	(29.1)	293.6
Financing activities:				
Dividends paid	(10.2)	(26.4)	(47.0)	(79.5)
Reacquisition of shares on open market	—	—	—	(203.7)
Stock options exercised, net of shares reacquired	2.0	1.3	15.7	3.1
Debt issuance costs	—	—	(7.5)	—
Net repayments from issuance of commercial paper with maturities of 90 days or less	—	(119.4)	—	—
Proceeds from term facility	—	399.4	300.0	399.4
Proceeds from term facility of discontinued operations	—	—	350.0	—
Repayment of term loans	(11.9)	—	(448.8)	—
Distribution of Crane NXT, Co.	—	—	(578.1)	—
Total (used for) provided by financing activities from continuing and discontinued operations	(20.1)	254.9	(415.7)	119.3
Discontinued operations:				
Total provided by operating activities	—	150.8	34.6	230.5
Total used for investing activities	—	(4.6)	(4.1)	(12.2)
Increase in cash and cash equivalents from discontinued operations	—	146.2	30.5	218.3
Effect of exchange rate on cash and cash equivalents	(3.6)	(32.1)	(3.4)	(62.7)
Increase (decrease) in cash and cash equivalents	54.9	(212.0)	(383.8)	(40.0)
Cash and cash equivalents at beginning of period ^(a)	218.9	650.6	657.6	478.6
Cash and cash equivalents at end of period	273.8	438.6	273.8	438.6
Less: Cash and cash equivalents of discontinued operations	—	196.3	—	196.3
Cash and cash equivalents of continuing operations at end of period	\$ 273.8	\$ 242.3	\$ 273.8	\$ 242.3

^(a) Includes cash and cash equivalents of discontinued operations.

CRANE COMPANY
Order Backlog
(unaudited, in millions)

	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
Aerospace & Electronics	\$	677.9	\$	675.1	\$	644.8	\$	613.1	\$	591.6
Process Flow Technologies		352.9		352.9		363.0		368.8		353.7
Engineered Materials		14.6		14.5		16.8		16.2		18.5
Total backlog	\$	1,045.4	\$	1,042.5	\$	1,024.6	\$	998.1	\$	963.8

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

	Three Months Ended September 30,			
	2023		2022	% Change
	\$	Per Share	\$	(on \$)
Net sales (GAAP)	\$ 530.1		\$ 480.0	10%
Adjusted Operating Profit and Adjusted Operating Profit Margin				
Operating profit (loss) (GAAP)	\$ 76.3		\$ (117.2)	*
Operating profit (loss) margin (GAAP)	14.4%		(24.4)%	
Special items impacting operating profit:				
Loss on divestiture of asbestos-related assets and liabilities	—		162.4	
Transaction related expenses	4.3		10.8	
Repositioning related charges, net	0.1		0.8	
Adjusted operating profit (Non-GAAP)	<u>\$ 80.7</u>		<u>\$ 56.8</u>	42%
Adjusted operating profit margin (Non-GAAP)	15.2%		11.8%	
Adjusted Net Income and Adjusted Net Income per Share				
Net income from continuing operations attributable to common shareholders (GAAP)	\$ 55.2	\$ 0.96		
Transaction related expenses	4.3	0.08		
Repositioning related charges, net	0.1	—		
Impact of pension non-service costs	(0.1)	—		
Tax effect of the Non-GAAP adjustments	(0.5)	(0.01)		
Adjusted net income (Non-GAAP)	<u>\$ 59.0</u>	<u>\$ 1.03</u>		
Adjusted EBITDA and Adjusted EBITDA Margin				
Net income (GAAP)	\$ 55.2			
Net income margin (GAAP)	10.4%			
Adjustments to net income:				
Interest expense, net	3.3			
Income tax expense	19.1			
Depreciation	8.1			
Amortization	1.2			
Miscellaneous income, net	(1.3)			
Repositioning related charges, net	0.1			
Transaction related expenses	4.3			
Adjusted EBITDA (Non-GAAP)	<u>\$ 90.0</u>			
Adjusted EBITDA Margin (Non-GAAP)	17.0%			
*Not meaningful				
Totals may not sum due to rounding				

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

Three Months Ended September 30, 2023	Aerospace & Electronics	Process Flow Technologies	Engineered Materials	Corporate	Total Company
Net sales	\$ 207.2	\$ 266.7	\$ 56.2	\$ —	\$ 530.1
Operating profit (GAAP)	\$ 40.2	\$ 51.2	\$ 7.7	\$ (22.8)	\$ 76.3
Operating profit margin (GAAP)	19.4%	19.2%	13.7%		14.4%
Special items impacting operating profit:					
Transaction related expenses	—	—	—	4.3	4.3
Repositioning related charges, net	—	0.1	—	—	0.1
Adjusted operating profit	<u>\$ 40.2</u>	<u>\$ 51.3</u>	<u>\$ 7.7</u>	<u>\$ (18.5)</u>	<u>\$ 80.7</u>
Adjusted operating profit margin	19.4%	19.2%	13.7%		15.2%

Three Months Ended September 30, 2022

Net sales	\$ 167.2	\$ 250.0	\$ 62.8	\$ —	\$ 480.0
Operating profit (loss) (GAAP)	\$ 28.2	\$ 41.3	\$ 6.7	\$ (193.4)	\$ (117.2)
Operating profit (loss) margin (GAAP)	16.9%	16.5%	10.7%		(24.4)%
Special items impacting operating profit:					
Loss on divestiture of asbestos-related assets and liabilities	—	—	—	162.4	162.4
Transaction related expenses	—	—	—	10.8	10.8
Repositioning related charges, net	—	0.7	0.1	—	0.8
Adjusted operating profit	\$ 28.2	\$ 42.0	\$ 6.8	\$ (20.2)	\$ 56.8
Adjusted operating profit margin	16.9%	16.8%	10.8%		11.8%
Totals may not sum due to rounding					

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

Cash Flow Items	Three Months Ended September 30, 2023
Cash provided by operating activities from continuing operations	\$ 86.9
Less: Capital expenditures	(9.2)
Free cash flow	\$ 77.7
Adjustments:	
Transaction-related expenses	\$ 4.3
Adjusted free cash flow	\$ 82.0

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 Crane Company, these forward looking and projected non-GAAP measures are calculated as follows:

- "Adjusted operating margin" is calculated as adjusted operating profit divided by sales. Adjusted operating profit is calculated as operating profit before Special Items which include transaction related expenses such as professional fees, and incremental costs related to the separation; 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 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 the separation; 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, 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.

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