

July 25, 2016

## Crane Co. Reports Second Quarter Results

### Second Quarter 2016 Highlights:

- ┆ GAAP earnings per diluted share (EPS) of \$1.15 increased 22% compared to 2015, and excluding Special Items, EPS of \$1.21 increased 14% compared to 2015.
- ┆ Sales of \$712 million were approximately flat compared to 2015, with core growth of 1%.
- ┆ Raising 2016 EPS guidance to \$4.00-\$4.20, from \$3.85-\$4.15, excluding Special Items. Revised GAAP EPS guidance of \$3.95-\$4.15, versus prior range of \$3.85-\$4.15.

STAMFORD, Conn.--(BUSINESS WIRE)-- Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported second quarter 2016 GAAP earnings of \$1.15 per diluted share, compared to \$0.95 per share in the second quarter of 2015. Excluding Special Items, second quarter 2016 earnings per diluted share were \$1.21, compared to \$1.06 per share in the second quarter of 2015. (Please see the attached Non-GAAP Financial Measures tables.)

Second quarter 2016 sales were \$712 million, approximately flat compared to \$711 million in the second quarter of 2015. Core sales increased \$7 million, or 1%, offset by a \$6 million, or 1%, impact from unfavorable foreign exchange.

Operating profit in the second quarter was \$103 million, up 14% compared to \$90 million in the second quarter of 2015. Excluding Special Items, operating profit was \$108 million in the second quarter of 2016, up 9% compared to \$99 million in the second quarter of 2015. (Please see the attached Non-GAAP Financial Measures tables.)

The effective tax rate in the second quarter was 27.0%, down from 31.5% last year. The lower rate primarily reflects the resolution of a tax audit during the quarter. Excluding Special Items, the effective tax rate was 27.4%, down from 31.0% last year. (Please see the attached Non-GAAP Financial Measures tables.)

"We are pleased with our second quarter results. We drove strong execution across all segments, order trends were consistent with our expectations, and EPS benefited from a lower tax rate. We are cautiously optimistic about the remainder of 2016 tempered only by continued economic uncertainty, including volatility in foreign exchange and commodity markets. Balancing these factors, we are raising the midpoint of our full-year adjusted EPS guidance range by \$0.10," said Max Mitchell, Crane Co. President and Chief Executive Officer.

### Segment Results

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

#### Fluid Handling

<i>(dollars in millions)</i>	Second Quarter		Change	
	2016	2015		
Sales	\$266	\$292	\$(26)	(9)%
Operating Profit	\$ 35	\$ 33	\$ 3	9 %
Operating Profit, before Special Items*	\$ 35	\$ 38	\$ (2)	(6)%
Profit Margin	13.3%	11.1%		
Profit Margin, before Special Items*	13.3%	12.9%		

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

Sales decreased \$26 million, driven by a \$21 million, or -7%, core sales decline, and \$5 million, or -2%, of unfavorable foreign exchange. Operating margin improved to 13.3%, compared to 12.9% 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 \$246 million at June 30, 2016, compared to \$267 million at December 31, 2015 and \$287 million at June 30, 2015.

### Payment & Merchandising Technologies

<i>(dollars in millions)</i>	<u>Second Quarter</u>		<u>Change</u>	
	<u>2016</u>	<u>2015</u>		
Sales	\$ 193	\$ 187	\$ 6	3%
Operating Profit	\$ 34	\$ 26	\$ 8	32%
Operating Profit, before Special Items*	\$ 34	\$ 28	\$ 7	23%
Profit Margin	17.9%	14.0%		
Profit Margin, before Special Items*	17.9%	15.0%		

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

Sales increased \$6 million, or 3%, driven by \$8 million, or 4%, of core growth, partially offset by a \$2 million, or -1%, impact from unfavorable foreign exchange. Operating margin expanded 290 basis points to 17.9%, driven primarily by integration synergies, higher volumes and strong productivity.

### Aerospace & Electronics

<i>(dollars in millions)</i>	<u>Second Quarter</u>		<u>Change</u>	
	<u>2016</u>	<u>2015</u>		
Sales	\$ 189	\$ 167	\$ 22	13%
Operating Profit	\$ 39	\$ 32	\$ 7	22%
Operating Profit, before Special Items*	\$ 39	\$ 32	\$ 6	19%
Profit Margin	20.4%	18.9%		
Profit Margin, before Special Items*	20.4%	19.4%		

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

Sales increased \$22 million, driven by a 13% increase in core sales. Operating margin improved 100 basis points to 20.4%, primarily reflecting higher volumes and productivity, partially offset by higher planned engineering spending and unfavorable mix. Aerospace & Electronics order backlog was \$436 million at June 30, 2016, compared to \$436 million at December 31, 2015 and \$448 million at June 30, 2015.

### Engineered Materials

<i>(dollars in millions)</i>	<u>Second Quarter</u>		<u>Change</u>	
	<u>2016</u>	<u>2015</u>		
Sales	\$ 64	\$ 66	\$(1)	(2)%
Operating Profit	\$ 14	\$ 12	\$ 1	11 %
Profit Margin	21.0%	18.5%		

Sales decreased \$1 million, driven by lower sales to the Recreational Vehicle and Transportation markets, partially offset by higher sales to the Building Product market. Operating margin increased 250 basis points to 21.0%, primarily reflecting strong productivity and lower material costs, partially offset by competitive pricing.

### Raising 2016 Guidance

The Company is raising its 2016 GAAP EPS guidance to a range of \$3.95-\$4.15, versus a prior range of \$3.85-\$4.15. Excluding Special Items, EPS is now expected to be in a range of \$4.00-\$4.20, from the prior range of \$3.85-\$4.15. Management continues to expect that sales for 2016 will approximate \$2.7 billion, reflecting core sales in a range of -1.5% to +1.5% 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 \$195 to \$220 million versus prior guidance of \$190 to \$220 million. (Please see the attached Non-GAAP Financial Measures tables.)

### Non-GAAP Items

Special Items in the second quarter of 2016 totaled \$3.3 million in net after tax charges, or \$0.05 per share, related to a legal settlement of the previously disclosed Huttig matter. Special Items in the second quarter of 2015 included \$5 million in after-tax charges, or \$0.09 per share, related to repositioning activities, and \$1 million, or \$0.02 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 second quarter financial results on Tuesday, July 26, 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](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, 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		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
<b>Net Sales:</b>				
Fluid Handling	\$ 265.9	\$ 291.8	\$ 513.9	\$ 567.3
Payment & Merchandising Technologies	192.6	186.5	364.5	358.4
Aerospace & Electronics	189.2	167.1	361.0	328.7
Engineered Materials	64.5	65.8	132.8	135.5

<b>Total Net Sales</b>	\$ 712.2	\$ 711.2	\$1,372.2	\$1,390.0
<b>Operating Profit (Loss):</b>				
Fluid Handling	\$ 35.4	\$ 32.5	\$ 60.8	\$ 66.8
Payment & Merchandising Technologies	34.5	26.1	62.5	47.3
Aerospace & Electronics	38.6	31.7	71.7	61.7
Engineered Materials	13.5	12.2	27.2	26.4
Corporate	(19.4) *	(12.3)	(34.1) *	(26.1)
<b>Total Operating Profit</b>	<u>102.6</u>	<u>90.2</u>	<u>188.1</u>	<u>176.2</u>
Interest Income	0.5	0.5	1.0	1.0
Interest Expense	(9.2)	(9.5)	(18.3)	(19.4)
Miscellaneous- Net	(0.2)	0.4	(0.6)	0.0
Income Before Income Taxes	<u>93.7</u>	<u>81.5</u>	<u>170.2</u>	<u>157.8</u>
Provision for Income Taxes	<u>25.2</u>	<u>25.7</u>	<u>46.6</u>	<u>50.6</u>
Net income before allocation to noncontrolling interests	<u>68.4</u>	<u>55.9</u>	<u>123.6</u>	<u>107.2</u>
Less: Noncontrolling interest in subsidiaries' earnings	0.2	0.1	0.3	0.4
Net income attributable to common shareholders	<u>\$ 68.2</u>	<u>\$ 55.8</u>	<u>\$ 123.3</u>	<u>\$ 106.8</u>
<b>Share Data:</b>				
Earnings per Diluted Share	\$ 1.15	\$ 0.95	\$ 2.09	\$ 1.82
Average Diluted Shares Outstanding	59.2	58.8	59.0	58.8
Average Basic Shares Outstanding	58.3	58.0	58.3	58.0

**Supplemental Data:**

Cost of Sales	\$ 449.1	\$ 470.8	\$ 875.2	\$ 910.8
Selling, General & Administrative	160.5 *	141.5	308.9 *	289.8
Repositioning Charges (see non-GAAP measures)	-	7.1	-	9.7
Acquisition Related Charges (see non-GAAP measures)	-	1.8	-	3.6
Depreciation and Amortization **	17.6	17.4	34.1	33.9
Stock-Based Compensation Expense **	5.3	5.0	11.4	10.8

\* Includes a \$5 million legal settlement charge.

\*\* Amount included within cost of sales and selling, general & administrative costs.

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

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 408.9	\$ 363.5
Accounts Receivable, net	435.2	397.6
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	389.4	376.9
Other Current Assets	54.5	45.0
Total Current Assets	<u>1,308.5</u>	<u>1,203.5</u>
Property, Plant and Equipment, net	281.7	276.0
Long-Term Insurance Receivable - Asbestos	100.6	108.7

Other Assets	564.7	580.8
Goodwill	<u>1,176.9</u>	<u>1,167.9</u>
<b>Total Assets</b>	<b>\$ <u>3,432.4</u></b>	<b>\$ <u>3,336.9</u></b>

#### LIABILITIES AND EQUITY

Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 100.9	\$ 49.6
Accounts Payable	205.9	223.3
Current Asbestos Liability	75.0	75.0
Accrued Liabilities	215.3	218.6
Income Taxes	<u>4.5</u>	<u>6.3</u>
Total Current Liabilities	601.6	572.8
Long-Term Debt	745.0	744.6
Long-Term Deferred Tax Liability	52.5	50.0
Long-Term Asbestos Liability	436.7	470.5
Other Liabilities	326.8	348.1
Total Equity	<u>1,269.8</u>	<u>1,150.8</u>
<b>Total Liabilities and Equity</b>	<b>\$ <u>3,432.4</u></b>	<b>\$ <u>3,336.9</u></b>

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

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
<b>Operating Activities:</b>				
Net income attributable to common shareholders	\$ 68.2	\$ 55.8	\$123.3	\$ 106.8
Noncontrolling interest in subsidiaries' earnings	0.2	0.1	0.3	0.4
Net income before allocations to noncontrolling interests	<u>68.4</u>	<u>55.9</u>	<u>123.6</u>	<u>107.2</u>
Restructuring - Non Cash	-	1.2	-	1.4
Depreciation and amortization	17.6	17.4	34.1	33.9
Stock-based compensation expense	5.3	5.0	11.4	10.8
Defined benefit plans and postretirement credit	(2.4)	(2.0)	(4.8)	(3.6)
Deferred income taxes	2.3	3.7	7.6	8.0
Cash provided by (used for) operating working capital	0.9	2.4	(81.1)	(54.7)
Defined benefit plans and postretirement contributions	(2.2)	(5.2)	(4.4)	(8.2)
Environmental payments, net of reimbursements	(4.6)	(3.5)	(6.6)	(7.6)
Other	<u>(0.6)</u>	<u>(3.0)</u>	<u>(2.3)</u>	<u>(16.4)</u>
Subtotal	84.7	71.9	77.5	70.8
Asbestos related payments, net of insurance recoveries	<u>(14.9)</u>	<u>(14.1)</u>	<u>(25.7)</u>	<u>(24.8)</u>
<b>Total provided by operating activities</b>	<b>69.8</b>	<b>57.8</b>	<b>51.8</b>	<b>46.0</b>
<b>Investing Activities:</b>				
Capital expenditures	(15.6)	(9.9)	(26.6)	(20.1)
Proceeds from disposition of capital assets	<u>0.2</u>	<u>0.5</u>	<u>0.7</u>	<u>1.9</u>
<b>Total used for investing activities</b>	<b>(15.4)</b>	<b>(9.4)</b>	<b>(25.9)</b>	<b>(18.2)</b>
<b>Financing Activities:</b>				
Dividends paid	(19.3)	(19.2)	(38.5)	(38.3)

Reacquisition of shares on open market	-	-	-	(25.0)
Stock options exercised - net of shares reacquired	3.6	0.3	2.2	7.0
Excess tax shortfall from stock-based compensation	-	(1.1)	-	(0.2)
Repayment of credit facility	-	-	-	(100.0)
Proceeds from issuance (repayment) of commercial paper	22.8	(4.8)	51.3	121.9
<b>Total provided by (used for) financing activities</b>	<u>7.1</u>	<u>(24.8)</u>	<u>15.0</u>	<u>(34.6)</u>
Effect of exchange rate on cash and cash equivalents	(6.6)	5.7	4.5	(13.3)
Increase (decrease) in cash and cash equivalents	54.9	29.4	45.4	(20.0)
Cash and cash equivalents at beginning of period	354.0	296.9	363.5	346.3
Cash and cash equivalents at end of period	<u>\$ 408.9</u>	<u>\$ 326.3</u>	<u>\$408.9</u>	<u>\$ 326.3</u>

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

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Fluid Handling	\$ 246.3	\$ 263.4	\$ 267.2	\$ 278.6	\$ 287.3
Payment & Merchandising Technologies	65.8	60.4	62.6	55.5	61.1
Aerospace & Electronics	435.9	418.7	436.4	459.9	448.1
Engineered Materials	15.4	16.0	15.2	13.7	15.4
<b>Total Backlog</b>	<u>\$ 763.5</u>	<u>\$ 758.6</u>	<u>\$ 781.5</u>	<u>\$ 807.8</u>	<u>\$ 811.9</u>

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

**INCOME ITEMS**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>		<b>Percent Change June 30, 2016 Three Months</b>	<b>Percent Change June 30, 2016 Six Months</b>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>		
Net Sales	\$ 712.2	\$ 711.2	\$1,372.2	\$1,390.0	0.1%	(1.3%)
Operating Profit	102.6	90.2	188.1	176.2	13.8%	6.8%
<i>Percentage of Sales</i>	14.4%	12.7%	13.7%	12.7%		

**Special Items impacting Operating Profit:**

MEI Acquisition related integration charges	-	1.8	-	3.4		
MEI Acquisition related restructuring charges	-	-	-	0.2		
Repositioning charges	-	7.1	-	9.7		
Legal settlement charge	5.0	-	5.0	-		
Operating Profit before Special						

Items	<u>\$ 107.6</u>	<u>\$ 99.1</u>	<u>\$ 193.1</u>	<u>\$ 189.5</u>	8.6%	1.9%
<i>Percentage of Sales</i>	15.1%	13.9%	14.1%	13.6%		
Net Income Attributable to Common Shareholders	\$ 68.2	\$ 55.8	\$ 123.3	\$ 106.8		
<i>Per Share</i>	\$ 1.15	\$ 0.95	\$ 2.09	\$ 1.82	21.6%	15.0%
<u>Special Items Impacting Net Income Attributable to Common Shareholders:</u>						
MEI acquisition related integration charges - Net of Tax	-	1.2	-	2.3		
<i>Per Share</i>		\$ 0.02		\$ 0.04		
MEI acquisition related restructuring charges - Net of Tax	-	-	-	0.1		
<i>Per Share</i>				\$ 0.00		
Repositioning charges - Net of Tax	-	5.4	-	7.2		
<i>Per Share</i>		\$ 0.09		\$ 0.12		
Legal settlement charge - Net of Tax	3.3	-	3.3	-		
<i>Per Share</i>	\$ 0.05		\$ 0.05			
Net Income Attributable To Common Shareholders Before Special Items	\$ 71.5	\$ 62.3	\$ 126.5	\$ 116.4	14.8%	8.7%
<i>Per Share</i>	\$ 1.21	\$ 1.06	\$ 2.14	\$ 1.98	14.1%	8.3%
<u>Special Items Impacting Provision for Income Taxes</u>						
Provision for Income Taxes - GAAP Basis	\$ 25.2	\$ 25.7	\$ 46.6	\$ 50.6		
Tax effect of MEI acquisition related integration charges	-	0.6	-	1.1		
Tax effect of MEI acquisition related restructuring charges	-	-	-	-		
Tax effect of repositioning charges	-	1.7	-	2.5		
Tax effect of legal settlement charge	1.8	-	1.8	-		
Provision for Income Taxes - non-GAAP Basis	<u>\$ 27.0</u>	<u>\$ 28.0</u>	<u>\$ 48.4</u>	<u>\$ 54.2</u>		

**For the three months ended June 30, 2016**

Segment Information:

Fluid	Payment & Merchandising	Aerospace &	Engineered	Total
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	Handling	Technologies	Electronics	Materials	Corporate	Company
Net Sales	265.9	192.6	189.2	64.5	-	712.2
Operating Profit - GAAP	35.4	34.5	38.6	13.5	(19.4)	102.6
Legal settlement charge	-	-	-	-	5.0	5.0
Operating Profit before Special Items	35.4	34.5	38.6	13.5	(14.4)	107.6
Percentage of Sales	13.3%	17.9%	20.4%	21.0%		15.1%

**For the three months ended June 30, 2015**

	Fluid Handling	Payment & Merchandising Technologies	Aerospace & Electronics	Engineered Materials	Corporate	Total Company
Net Sales	291.8	186.5	167.1	65.8	-	711.2
Operating Profit - GAAP	32.5	26.1	31.7	12.2	(12.3)	90.2
Acquisition related integration charges	-	1.8	-	-	-	1.8
Repositioning Charges	5.1	-	0.8	-	1.1	7.1
Operating Profit before Special Items	37.7	28.0	32.5	12.2	(11.2)	99.1
Percentage of Sales	12.9%	15.0%	19.4%	18.5%		13.9%

**CRANE CO.  
Guidance**

(in millions, except per share data)

<b>2016 Earnings Per Share Guidance</b>	<b>2016 Full Year Guidance</b>	
	<b>Low</b>	<b>High</b>
Earnings Per Share - GAAP basis	\$ 3.95	\$ 4.15
Legal settlement charge - Net of Tax	0.05	0.05
Earnings Per Share - Non-GAAP basis	\$ 4.00	\$ 4.20

**CASH FLOW ITEMS**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>		<b>2016 Full Year Guidance</b>	
	<b>June 30,</b>		<b>June 30,</b>		<b>Low</b>	<b>High</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>		
Cash Provided by Operating Activities before Asbestos - Related Payments	\$ 84.7	\$ 71.9	\$ 77.5	\$ 70.8	\$ 300.0	\$ 325.0
Asbestos Related Payments, Net of Insurance Recoveries	(14.9)	(14.1)	(25.7)	(24.8)	(55.0)	(55.0)
Cash Provided by Operating Activities	69.8	57.8	51.8	46.0	245.0	270.0
Less: Capital Expenditures	(15.6)	(9.9)	(26.6)	(20.1)	(50.0)	(50.0)
Free Cash Flow	\$ 54.2	\$ 47.9	\$ 25.2	\$ 26.0	\$ 195.0	\$ 220.0



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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.

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