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# FINANCIAL OVERVIEW

**Rich Maue**

Senior Vice President and
Chief Financial Officer



# RECORD FULL YEAR 2021 FINANCIAL RESULTS

| $ Millions except per-share amounts | FY 2021 | FY 2020 | Change |
|---|---|---|---|
| Sales* | $3,180 | $2,772 | **+15%** |
| Operating Profit** | $501 | $300 | **+67%** |
| Operating Margin** | 15.8% | 10.8% | **+500 bps** |
| Earnings per Share from Continuing Operations** | $6.55 | $3.53 | **+87%** |
| Free Cash Flow from Continuing Operations*** | $415 | $251 | **+65%** |

**Record Results**

## Additional Details

| | FY 2021 |
|---|---|
| Core Growth | +12.0% |
| Acquisitions* | +0.2% |
| FX Translation | +2.5% |
| **Total Sales Change** | **+14.7%** |

| | FY 2021 |
|---|---|
| **Diluted EPS: GAAP** | **$6.66** |
| Special Items, net | ($0.11) |
| **Diluted EPS: Non-GAAP** | **$6.55** |

* Includes $10.2 million of acquisition-related deferred revenue in FY 2020. Please see non-GAAP Financial Measures tables for details.
** Excludes Special Items. Please see non-GAAP Financial Measures tables for details.
*** Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.



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# CBS DRIVES CONSISTENT, DIFFERENTIATED EXECUTION




## Achieved record results despite:

- COVID
- Supply chain disruptions
- Severe inflation
- Labor market challenges

Management cadence and disciplined execution drives differentiated execution



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# SOLIDLY ON-TRACK TO ACHIEVE 2022 GUIDANCE

| $ Millions except per share amounts | 2022G | 2021 | Change*** |
|---|---|---|---|
| Net Sales | $3,300 | $3,180 | +4% |
| Earnings per Share from Continuing Operations* | $7.00-$7.40 | $6.55 | +10% |
| Free Cash Flow from Continuing Operations** | $350-$390 | $415 | (11%) |

| | 2022G |
|---|---|
| **Core Growth** | +4% to +6% |
| **Acquisitions** | -- |
| **FX Translation** | (1.5%) |
| **Total Sales Change** | +3.5% |

## Other 2022 Guidance Details

- Adjusted tax rate of ~21%
- Corporate expense of ~$75 million
- Non-operating expense, net of ~$26 million
- Diluted share count of ~57 million
- Capital expenditures of $60 million

* Excludes Special Items. Please see non-GAAP Financial Measures tables for details.
** Free Cash Flow is defined as Cash Provided by Operating Activities, less Capital Spending. Please see non-GAAP Financial Measures tables for details.
*** Reflects midpoint of guidance range.

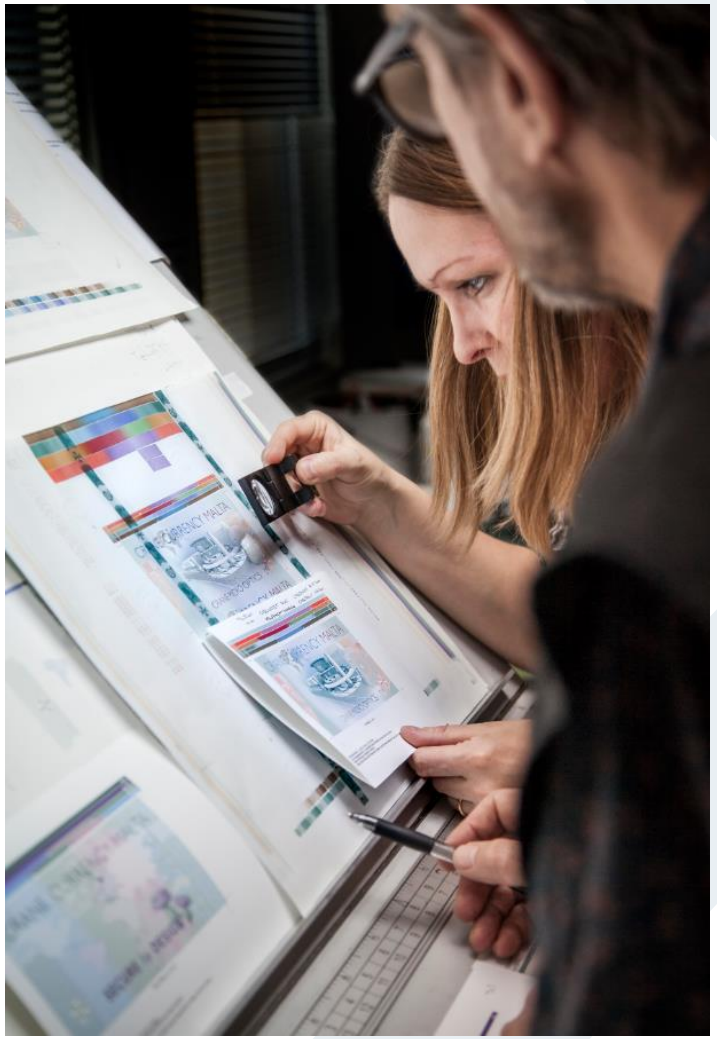


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# CYCLICAL & SECULAR RUNWAY FOR GROWTH BEYOND ‘22







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# AEROSPACE & ELECTRONICS GROWTH OPPORTUNITIES









Good visibility to 7%-9% sales CAGR through 2031



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# PROCESS FLOW TECHNOLOGIES GROWTH OPPORTUNITIES



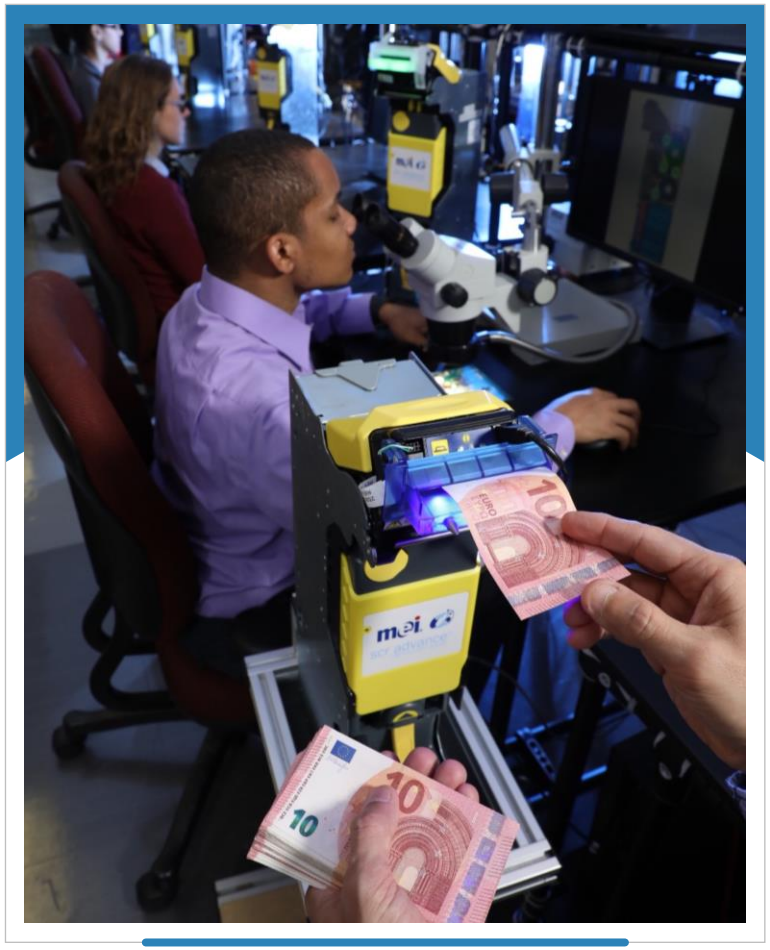
Momentum with new products introductions, and alignment with secular trends



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# CRANE NXT GROWTH OPPORTUNITIES







Secular drivers of productivity and security, and entering new markets



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# MANAGEMENT CADENCE AND DISCIPLINED EXECUTION




- Rigorous, data-driven management cadence
- Continuous improvement focused
- Highest integrity/commitment to quality
- Empowered, customer-focused BU GMs

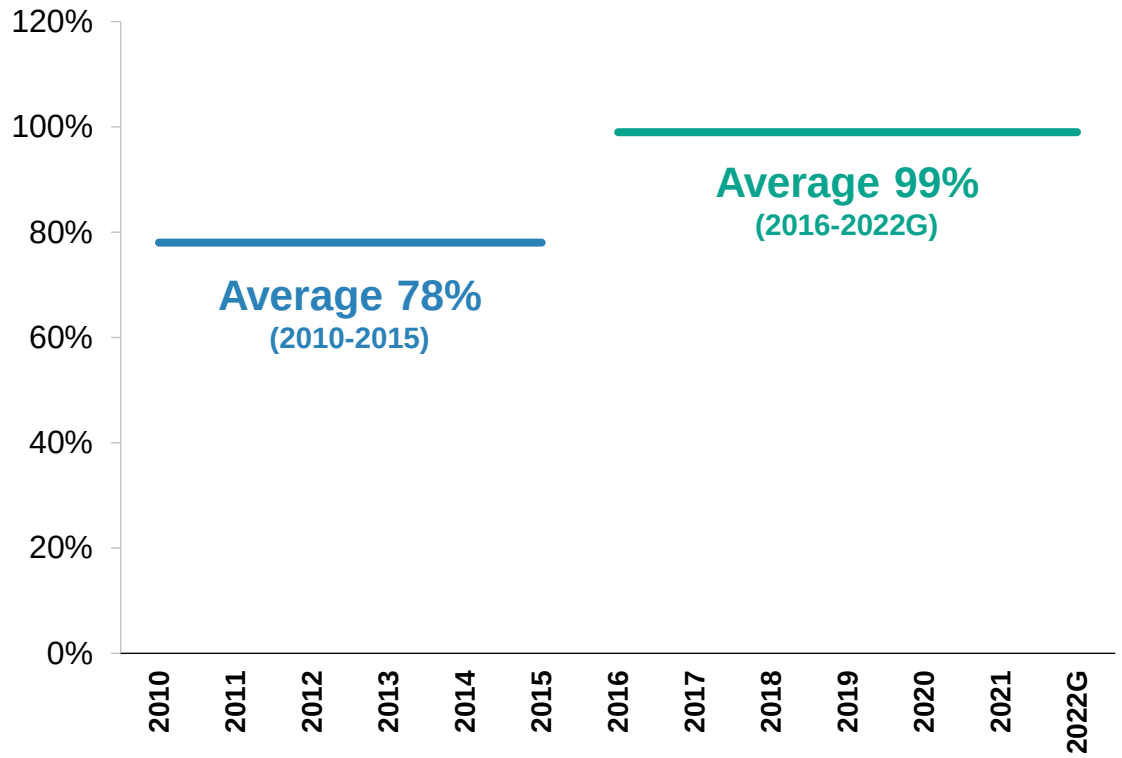
Extreme accountability in all aspects of our business



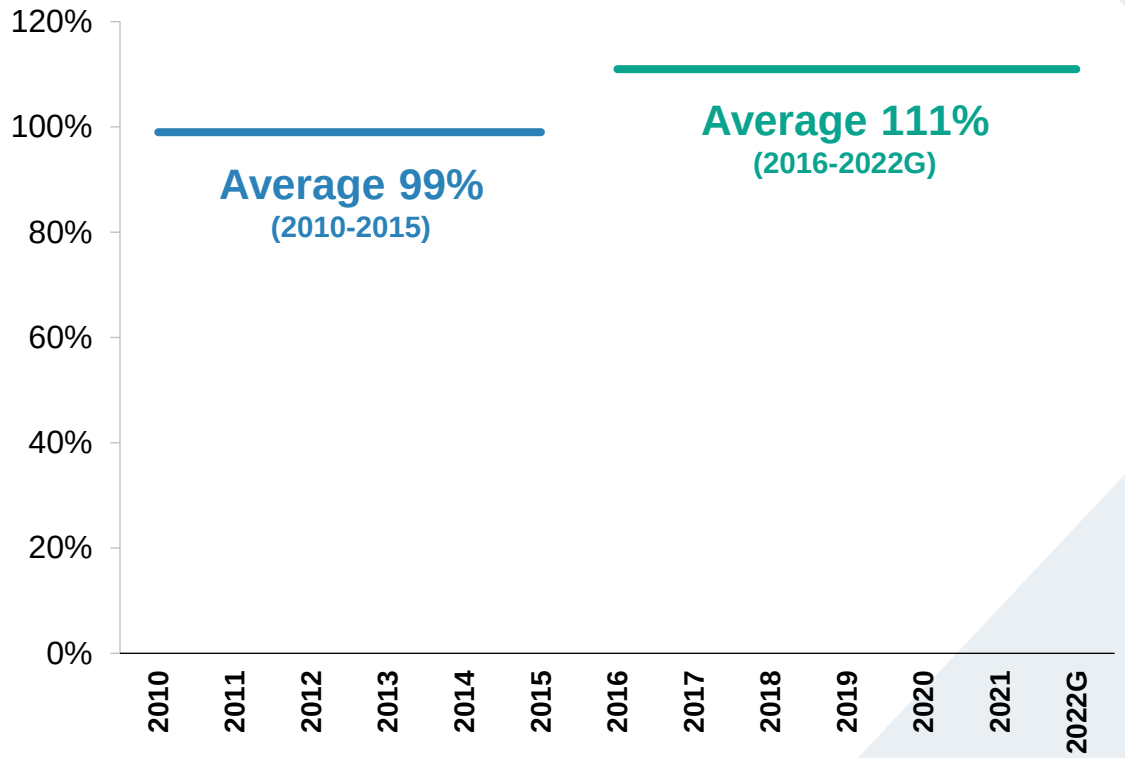
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# STEADILY IMPROVING EARNINGS QUALITY

## Free Cash Conversion




## Free Cash Conversion
(Excluding Asbestos)




**Strong Track Record on Operational Free Cash Flow**

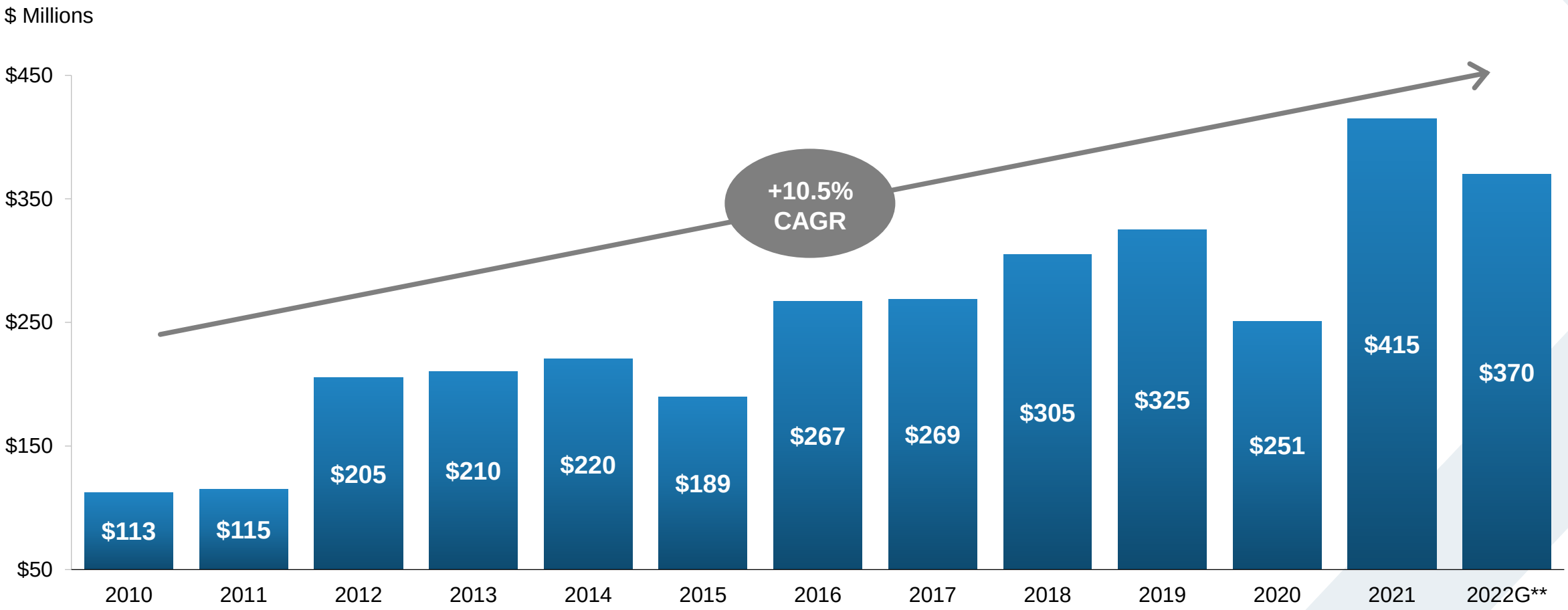
* Free Cash Flow is defined as Cash Provided by Operating Activities less Capital Spending. Free Cash Flow conversion is defined as Free Cash Flow divided by Net Income excluding Special Items. Please see non-GAAP Financial Measures tables for details.



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# STEADILY IMPROVING EARNINGS QUALITY

## Free Cash Flow*




* Free Cash Flow is defined as Cash Provided by Operating Activities less Capital Spending. Please see non-GAAP Financial Measures tables for details.

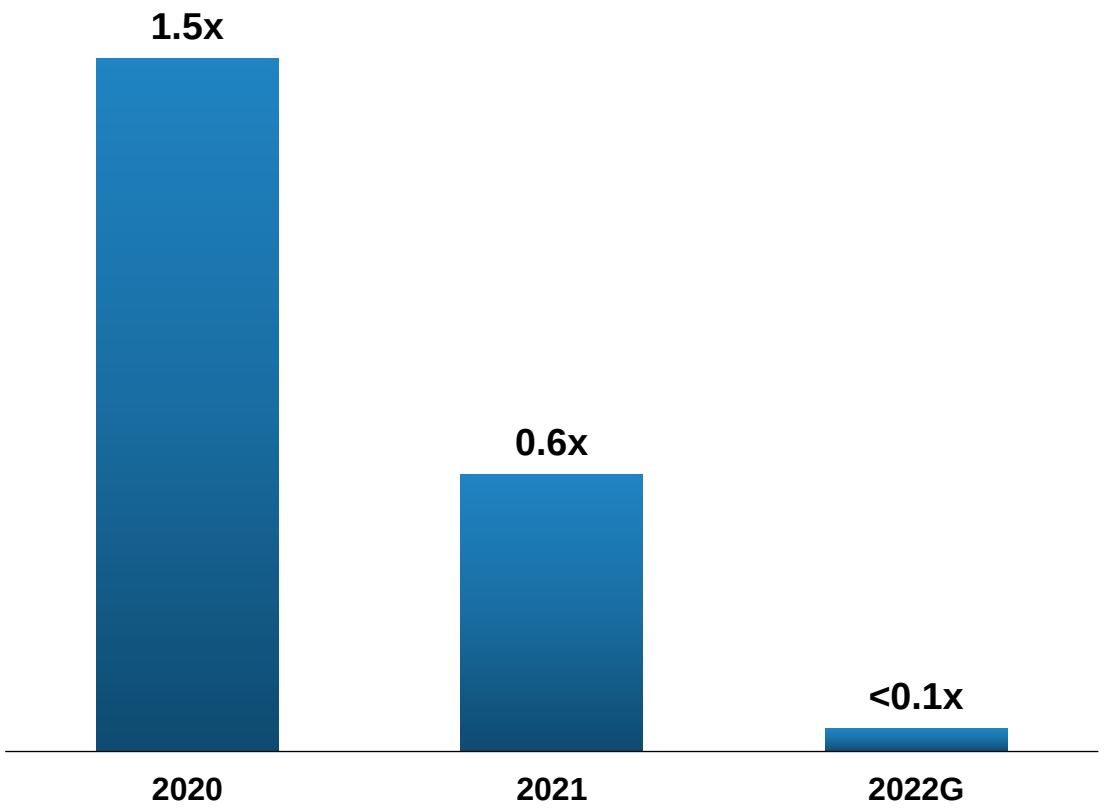
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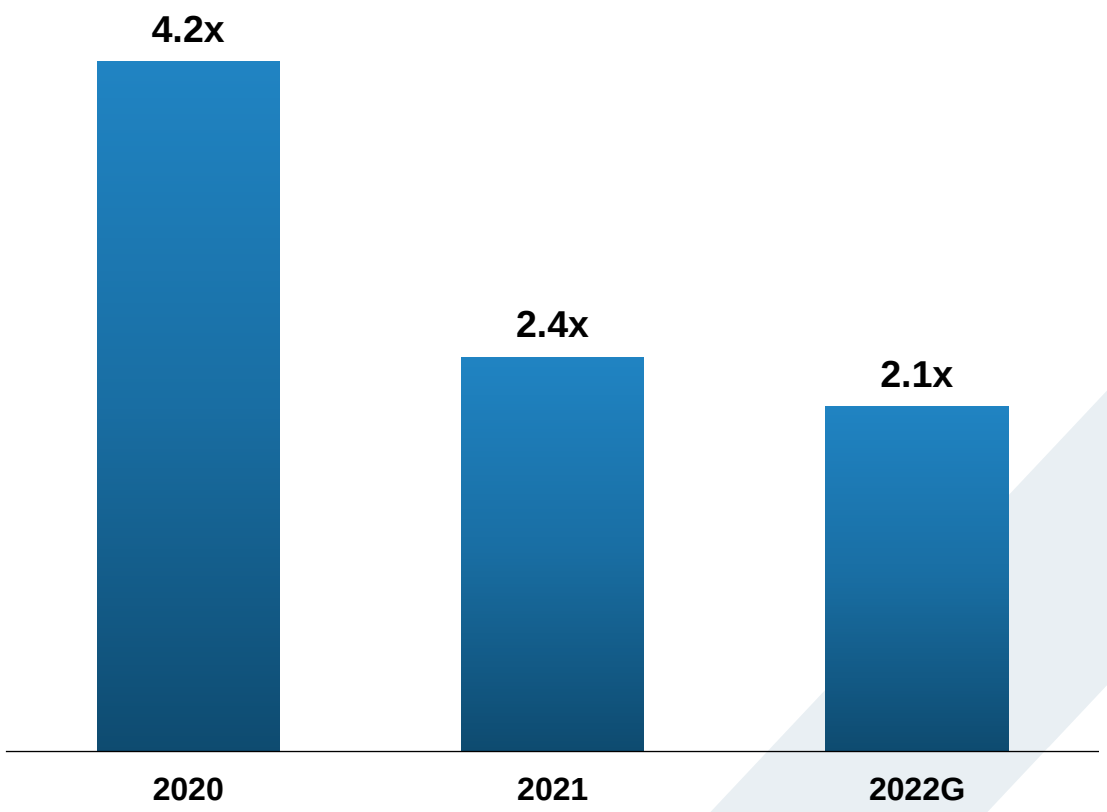
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# STRONG BALANCE SHEET PROVIDES FLEXIBILITY

## Net Debt to Adjusted EBITDA*




## Gross Debt to Adjusted EBITDA (Moody's Basis)*






* Please see non-GAAP Financial Measures tables for details.

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# MANAGEMENT CADENCE AND DISCIPLINED EXECUTION

**Maintain Investment Grade Credit Rating While Funding:**



## Internal Investments to Drive Organic Growth

- Capital expenditures
- Research & development
- Sales & marketing



## Acquisitions to Enhance Growth

- Pursuing bolt-on transactions and adjacencies across all three segments



## Competitive Returns to Shareholders

- Competitive returns to shareholders

Post-separation, capital deployment policies will align with each company's strategy and balance sheet



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# EARLY THOUGHTS ON CRANE CO. FINANCIAL PROFILE

- Flexible capital deployment policy
  - Can support substantial M&A for growth
  - Dividend in-line with peers
- Strong balance sheet to support organic and inorganic strategic growth objectives, while providing a dividend in-line with peers
- Corporate cost ~3% of sales at separation and then declining
- Expected capital expenditure run-rate of ~2.0%-2.5% of sales (~$45 million)
- Asbestos substantially offset with cash

Strong financial profile provides substantial flexibility

# EARLY THOUGHTS ON CRANE NXT FINANCIAL PROFILE

- Strong balance sheet and free cash flow provides substantial flexibility
  - Continued investment in organic growth initiatives
  - Accretive acquisitions could include bolt-ons and adjacencies
  - Expect a robust and differentiated level of capital return

Positioned for growth with flexibility to return cash

# EARLY THOUGHTS ON CRANE NXT FINANCIAL PROFILE

- Expect to repay $300 million 2023 bonds before separation
- $200 million 2036 notes and $350 million 2048 notes to remain with Crane NXT
  - Debt primarily funded Crane NXT transactions, and long-duration highly attractive stable financing
- Corporate costs ~3% of sales at separation and then declining
- Expected capital expenditure run-rate ~1.5%-2.0% of sales (~$25 million)

Positioned for growth with flexibility to return cash

# ADDITIONAL SEPARATION DETAILS

- Expect the transaction to be tax-free to Crane Co., and to Crane Co. U.S. shareholders
- Completion is subject to certain customary conditions, including registration and listing of Crane Co. shares, and final approval of the spin-off by the Board of Directors
- No shareholder approval is necessary to complete the transaction
- Expect to maintain current capital deployment and dividend policy through effective date of separation
- Expect after-tax, one-time separation costs to be in a range of $75 to $100 million



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# NEXT STEPS AND TIMING

- Expect the separation process to take approximately 12 months to complete
- Will provide additional information in Form 10 Registration Statement
- Search process for Crane NXT CEO is underway, including evaluation of internal and external candidates
- Board composition and extended leadership teams of both companies will be announced once finalized

**Expect to complete separation in approximately 12 months**



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# EXCITING VALUE CREATION STORY AHEAD

CRANE 2

*The Power of Two*

Continued focus on long-term, sustainable value creation for all stakeholders



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