CRANE

CRANE CO. Q1 2022

Earnings Release Call



FORWARD-LOOKING STATEMENTS – DISCLAIMER

This presentation 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 and the ultimate spin-off company's ("SpinCo") portfolio composition and their relationship following the business separation; the anticipated timing, structure, benefits, and tax treatment of the spin-off; benefits and synergies of the spin-off; strategic and competitive advantages of each of Crane and SpinCo; future financing plans and opportunities; and business strategies, prospects and projected operating and financial results. In addition, there is also no assurance that the spin-off will be completed, that Crane's Board of Directors will continue to pursue the spin-off (even if there are no impediments to completion), that Crane will be able to separate its businesses or that the spin-off will be the most beneficial alternative considered. We caution investors not to place undue reliance on any such forward-looking statements.

Words such as "anticipate(s)," "expect(s)," "intend(s)," "plan(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 effects of the ongoing coronavirus pandemic on our business and the global and U.S. economies generally; information systems and technology networks failures and breaches in data security, personally identifiable and other information, non-compliance with our contractual or other legal obligations regarding such information; potential exposure from numerous lawsuits for asbestos-related personal injury; 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, including the disposition of our Engineered Materials segment; 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; risks related to our holding company proposal to be voted on by Crane's stockholders at Crane's 2022 annual stockholder meeting, which are further described in the section entitled "Risk Factors Related to the Holding Company Proposal" in the Form S-4 registration statement filed on March 1, 2022 by our wholly-owned subsidiary, Crane Holdings, Co. (the "Crane Holdings Registration Statement"); specific risks relating to our reportable segments, including Aerospace & Electronics, Process Flow Technologies, Payment & Merchandising Technologies and Engineered Materials; the ability and willingness of Crane and SpinCo to meet and/or perform their obligations under any contractual arrangements that are entered into among the parties in connection with the spin-off 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 spin-off.

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FORWARD-LOOKING STATEMENTS – DISCLAIMER

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, 2021 and the section entitled "Risk Factors Related to the Holding Company Proposal" in the Crane Holdings Registration Statement and the other documents Crane and its subsidiaries (including Crane Holdings, Co.) file from time to time with the SEC. Readers should also carefully review the "Risk Factors" section of the registration statement relating to the business separation, which is expected to be filed by SpinCo 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.

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 presentation 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.

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Q1 2022 EARNINGS SUMMARY AND HIGHLIGHTS

$ Millions except per-share amounts	Q1 2022	Q1 2021	Change
Sales	$801	$780	**+3%**
Operating Profit*	$141	$128	**+10%**
Operating Margin*	17.6%	16.5%	**+110 bps**
Earnings per Share from Continuing Operations*	$1.81	$1.57	**+15%**
Free Cash Flow from Continuing Operations**	($62)	$43	**NM**

Additional Details

	Q1 2022
Core Growth	+4.6%
FX Translation	(1.8%)
Total Sales Change	**+2.8%**

	Q1 2022
Diluted EPS: GAAP	**$1.64**
Special Items, net	$0.17
Diluted EPS: Non-GAAP	**$1.81**

* 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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AEROSPACE & ELECTRONICS

$ Millions except per-share amounts	Q1 2022	Q1 2021	Change
Sales	$157	$154	**+2%**
Operating Profit	$28	$26	**+8%**
Operating Margin	17.9%	16.9%	**+100 bps**
Backlog	$508	$482	**+6%**

Additional Details

	Q1 2022
OE Sales	(1%)
Aftermarket Sales	12%
OE/Aftermarket Mix	**74% / 26%**

	Q1 2022
Core Growth	+2.2%
FX Translation	(0.2%)
Total Sales Change	**+2.0%**

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PROCESS FLOW TECHNOLOGIES

$ Millions except per-share amounts	Q1 2022	Q1 2021	Change
Sales	$311	$288	**+8%**
Operating Profit*	$51	$39	**+31%**
Operating Margin*	16.3%	13.4%	**+290 bps**
Backlog	$372	$325	**+14%**

Additional Details

- Compared to Q4 2021, sequential FX neutral backlog up +5% and FX neutral orders up +7%
- Compared to Q1 2021, year-over-year FX neutral backlog up +16% and FX neutral orders up +10%

	Q1 2022
Core Growth	+9.8%
FX Translation	(1.7%)
Total Sales Change	**+8.1%**

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

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PAYMENT & MERCHANDISING TECHNOLOGIES

$ Millions except per-share amounts	Q1 2022	Q1 2021	Change
Sales	$333	$338	**(1%)**
Operating Profit*	$84	$85	**(1%)**
Operating Margin*	25.3%	25.3%	**--**

	Q1 2022
Core Growth	+1.2%
FX Translation	(2.6%)
Total Sales Change	**(1.5%)**

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

CASH FLOW, BALANCE SHEET AND TAX

$ Millions except per-share amounts	Q1 2022	Q1 2021	Better / (Worse)
Cash Provided from Operating Activities	($49)	$48	**($97)**
Capital Expenditures	($13)	($5)	**($8)**
Free Cash Flow from Continuing Operations*	($62)	$43	**($105)**
Effective (GAAP) Tax Rate	25.0%	20.9%	**(410 bps)**
Non-GAAP (adjusted) Tax Rate**	21.7%	22.2%	**50 bps**
Total Debt	$947	$1,190	**$243**
Cash and Short-Term Investments	$307	$588	**($281)**

* Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.
** Excludes Special Items. Please see non-GAAP Financial Measures tables for details.

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2022 GUIDANCE SUMMARY (CONTINUING OPERATIONS)

$ Millions except per share amounts	2022G	2021	Change***
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 (Divestitures)	TBD based on timing of Crane Supply closing
FX Translation	(1.5%)

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
- $300 million share repurchase program completed using cash on hand and limited commercial paper

* 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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PROPOSED SEPARATION: NEXT STEPS AND TIMING

- 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

CRANE 2

The Power of Two

Expect to complete separation in approximately 12 months

NON-GAAP INFORMATION

APRIL 26, 2022

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NON-GAAP EXPLANATION (1/2)

Crane Co. reports its financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). This presentation includes certain non-GAAP financial measures, including adjusted operating profit, adjusted operating margin, adjusted EPS, and 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 Co. prior to the proposed separation, and about Crane Co. and Crane NXT after the proposed separation transaction. 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.

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NON-GAAP EXPLANATION (2/2)

We believe that each of the following non-GAAP measures provides useful information to investors regarding the Company's financial conditions and operations:

- Operating Profit before Special Items ("Adjusted Operating Profit") and Operating Margin before Special Items ("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: Acquisition-related deferred revenue, Acquisition-related and integration charges, Transaction related expenses, Repositioning related (gains) charges, and Asbestos and environmental provisions. 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 is complementary to GAAP metrics.
- Net income attributable to common shareholders before special items ("Adjusted Net Income") and Adjusted Earnings per Diluted Share ("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: Acquisition-related deferred revenue, Acquisition-related and integration charges, Transaction related expenses, Repositioning related (gains) charges, and Asbestos and environmental provisions. Additionally, these non-GAAP financial measures exclude income and expense items that impacted Net Income and Earnings per Diluted Share such as: Pension Curtailments and Settlements, gain on the sale of property, realized gain on marketable securities, impact of non-cash pension cost adjustment, and deconsolidation of joint venture. 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 is complementary to GAAP metrics.
- "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.

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities for sale.

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NON-GAAP FINANCIAL MEASURES (INCOME ITEMS)

	Three Months Ended March 31,				
	2022		2021		% Change
	$	Per Share	$	Per Share	(on $)
Net sales (GAAP)	$ 801.1		$ 779.6		2.8 %
Operating profit (GAAP)	$ 133.6		$ 140.0		(4.6)%
Operating profit margin (GAAP)	*16.7 %*		*18.0 %*		
Special items impacting operating profit:					
Transaction related expenses	6.1		-		
Repositioning related charges (gains), net	1.7		(11.7)		
Operating profit before special items (adjusted)	$ 141.4		$ 128.3		10.2 %
Operating profit margin before special items (adjusted)	*0.0 %*		*0.0 %*		
Net income from continuing operations attributable to common shareholders (GAAP)	$ 94.7	$ 1.64	$ 103.4	$ 1.75	(8.4)%
Special items, net of tax, impacting net income from continuing operations attributable to common shareholders:					
Transaction related expenses	9.0	0.15	-		
Repositioning related charges (gains), net	1.3	0.02	(10.8)	(0.18)	
Net income from continuing operations, net of tax, attributable to common shareholders before special items (adjusted)	$ 105.0	$ 1.81	$ 92.6	$ 1.57	13.4%
Special items impacting provision for income taxes from continuing operations:					
Provision for income taxes (GAAP)	$ 31.6		$ 27.3		
Tax effect of transaction related expenses (income), net	(2.9)		-		
Tax effect of repositioning related charges (gains), net	0.5		(0.9)		
Provision for income taxes before special items (adjusted)	$ 29.2		$ 26.4		

Totals may not sum due to rounding

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NON-GAAP FINANCIAL MEASURES (SEGMENT DATA)

Three Months Ended March 31, 2022	Aerospace & Electronics	Process Flow Technologies	Payment & Merchandising Technologies	Corporate	Total Company
Net sales (GAAP)	$ 157.2	$ 311.3	$ 332.6	$ -	$ 801.1
Operating profit (GAAP)	$ 28.1	$ 49.0	$ 84.2	$ (27.7)	$ 133.6
Operating profit margin (GAAP)	17.9 %	15.7 %	25.3 %		16.7 %
Special items impacting operating profit:					
Transaction related expenses	$ -	$ -	$ -	$ 6.1	$ 6.1
Repositioning related charges	-	1.7	-	-	1.7
Operating profit before special items (adjusted)	$ 28.1	$ 50.7	$ 84.2	$ (21.6)	$ 141.4
Operating profit margin before special items (adjusted)	17.9 %	16.3 %	0.0 %		17.6 %
Three Months Ended March 31, 2021					
Net sales (GAAP)	$ 154.1	$ 288.0	$ 337.5	$ -	$ 779.6
Operating profit (GAAP)	$ 26.0	$ 49.9	$ 85.9	$ (21.8)	$ 140.0
Operating profit margin (GAAP)	0.0 %	17.4 %	25.4 %		18.0 %
Special items impacting operating profit:					
Repositioning related gain, net	-	(11.2)	(0.5)	-	(11.7)
Operating profit before special items (adjusted)	$ 26.0	$ 38.7	$ 85.4	$ (21.8)	$ 128.3
Operating profit margin before special items (adjusted)	*16.9 %*	*13.4 %*	*25.3 %*		*16.5 %*

Totals may not sum due to rounding

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NON-GAAP FINANCIAL MEASURES (GUIDANCE/CASH FLOW)

2022 Earnings from Continuing Operations per Share Guidance	Low	High
Earnings from continuing operations per diluted share (GAAP)	$ 6.35	$ 6.75
Special items impacting earnings per share	0.65	0.65
Earnings from continuing operations per diluted share before special items (adjusted)	$ 7.00	$ 7.40

	Three Months Ended March 31,		2022 Guidance	
Cash Flow Items	**2022**	**2021**	**Low**	**High**
Cash (used for) provided by operating activities before asbestos-related payments	$ (41.8)	$ 58.4	$ 455.0	$ 495.0
Asbestos-related payments, net of insurance recoveries	(7.5)	(10.8)	(45.0)	(45.0)
Cash (used for) provided by operating activities	(49.3)	47.6	410.0	450.0
Less: Capital expenditures	(12.5)	(4.7)	(60.0)	(60.0)
Free cash flow	$ (61.8)	$ 42.9	$ 350.0	$ 390.0

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