CRANE

NEWS RELEASE

Crane Co. Reports First Quarter Results

2016-04-25

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported first quarter 2016 earnings of $0.93 per diluted share, compared to $0.87 per share in the first quarter of 2015. Excluding Special Items, first quarter 2015 earnings per diluted share were $0.92. (Please see the attached Non-GAAP Financial Measures tables.)

First quarter 2016 sales were $660 million, a decrease of 3% compared to $679 million in the first quarter of 2015. The sales decline was comprised of a $13 million, or 2%, impact from unfavorable foreign exchange, and a core sales decline of $6 million, or 1%.

Operating profit in the first quarter was $85.5 million, down 1% compared to $86.0 million in the first quarter of 2015. Excluding Special Items, operating profit was $90.4 million in the first quarter of 2015. (Please see the attached Non-GAAP Financial Measures tables.)

The effective tax rate in the first quarter was 27.9%, down from 32.7% last year. The lower effective tax rate reflects changes in Japanese tax law, along with an expected favorable geographic mix of earnings.

"Our operating results in the first quarter were in line with our expectations. While Fluid Handling sales and orders remain depressed, market conditions and our margin performance were consistent with the outlook we provided earlier this year. We remain pleased with the continued strong performance from our other three segments, and we believe that we are on track to achieve our 2016 objectives. Consequently, we are reaffirming our previously issued full year guidance," said Max Mitchell, Crane Co. President and Chief Executive Officer.

Segment Results

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

Fluid Handling

(dollars in millions)	First Quarter 2016	2015	Change	
Sales	$ 248	$ 276	$ (27)	(10)%
Operating Profit	$ 25	$ 34	$ (9)	(26)%
Operating Profit, before Special Items*	$ 25	$ 36	$ (11)	(29)%
Profit Margin	10.3 %	12.5 %		
Profit Margin, before Special Items*	10.3 %	13.1 %		

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased $27 million, driven by an $18 million, or -7%, core sales decline, and $9 million, or -3%, of unfavorable foreign exchange. Operating margin declined to 10.3%, compared to 13.1% last year, primarily reflecting the impact of lower volumes, and to a lesser extent, competitive pricing, partially offset by productivity and repositioning benefits. Fluid Handling order backlog was $263 million at March 31, 2016, compared to $267 million at December 31, 2015 and $304 million at March 31, 2015. On a constant-currency basis, backlog was approximately flat compared to the end of the prior quarter, and down -12% compared to the end of the first quarter of 2015.

Payment & Merchandising Technologies

(dollars in millions)	First Quarter 2016	2015	Change	
Sales	$ 172	$ 172	$ —	— %
Operating Profit	$ 28	$ 21	$ 7	32 %
Operating Profit, before Special Items*	$ 28	$ 23	$ 5	22 %
Profit Margin	16.3 %	12.3 %		
Profit Margin, before Special Items*	16.3 %	13.3 %		

*Please see the attached Non-GAAP Financial Measures tables

Sales were flat, with a $4 million, or 2%, increase in core sales offset by unfavorable foreign exchange of $4 million, or -2%. Operating margin expanded 300 basis points to 16.3%, driven primarily by integration synergies, higher volumes and strong productivity.

Aerospace & Electronics

(dollars in millions)	First Quarter 2016	2015	Change	
Sales	$ 172	$ 162	$ 10	6 %
Operating Profit	$ 33	$ 30	$ 3	10 %
Operating Profit, before Special Items*	$ 33	$ 31	$ 2	7 %
Profit Margin	19.3 %	18.6 %		
Profit Margin, before Special Items*	19.3 %	19.1 %		

*Please see the attached Non-GAAP Financial Measures tables

Sales increased $10 million, driven by a 6% increase in core sales. The core sales increase primarily reflects improvement in sales to the defense markets. Operating margin improved 20 basis points to 19.3%, primarily reflecting higher volumes and productivity, partially offset by higher planned engineering spending and unfavorable product mix. Aerospace & Electronics order backlog was $419 million at March 31, 2016, compared to $436 million at December 31, 2015 and $446 million at March 31, 2015.

Engineered Materials

(dollars in millions)	First Quarter 2016	2015	Change	
Sales	$ 68	$ 70	$ (1)	(2)%
Operating Profit	$ 14	$ 14	$ (1)	(4)%
Profit Margin	20.1 %	20.5 %		

Sales decreased $1 million, driven by lower sales to the Recreational Vehicle market, partially offset by higher sales to the Transportation and Building Product markets. Operating margin declined 40 basis points to 20.1%, primarily reflecting lower volumes and competitive pricing, partially offset by strong productivity and lower material costs.

Reaffirming 2016 Guidance

Sales for 2016 are expected to approximate $2.7 billion, reflecting core sales in a range of -1.5% to +1.5%, and an approximate -2% impact from unfavorable foreign exchange. Earnings are expected to be in the range of $3.85-$4.15 per diluted share. Full year 2016 free cash flow (cash provided by operating activities less capital spending) is expected to be in a range of $190-$220 million. Compared to the first quarter, the effective tax rate and corporate expense are expected to revert to more normal levels for the remainder of 2016, in line with previously issued guidance. (Please see the attached Non-GAAP Financial Measures tables.)

Non-GAAP Items

Special Items in the first quarter of 2015 totaled $0.05 per share and consisted of the following after-tax items: $2 million, or $0.03 per share, of repositioning charges; and $1 million, or $0.02 per share, of 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 first quarter financial results on Tuesday, April 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**.

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.

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(Financial Tables Follow)

CRANE CO.
Income Statement Data
(in millions, except per share data)

	Three Months Ended March 31, 2016	2015
Net Sales:		
Fluid Handling	$ 248.0	$ 275.6
Payment & Merchandising Technologies	172.0	171.9
Aerospace & Electronics	171.7	161.6
Engineered Materials	68.3	69.7
Total Net Sales	$ 660.0	$ 678.8
Operating Profit (Loss):		
Fluid Handling	$ 25.4	$ 34.3
Payment & Merchandising Technologies	28.0	21.1
Aerospace & Electronics	33.1	30.1
Engineered Materials	13.7	14.3
Corporate	(14.7)	(13.7)
Total Operating Profit	85.5	86.0
Interest Income	0.5	0.5
Interest Expense	(9.1)	(9.9)
Miscellaneous - Net	(0.3)	(0.3)
Income Before Income Taxes	76.6	76.3
Provision for Income Taxes	21.4	24.9
Net income before allocation to noncontrolling interests	55.2	51.3
Less: Noncontrolling interest in subsidiaries' earnings	0.2	0.3
Net income attributable to common shareholders	$ 55.0	$ 51.1

Share Data:		
Earnings per Diluted Share	$ 0.93	$ 0.87
Average Diluted Shares Outstanding	58.9	58.9
Average Basic Shares Outstanding	58.2	58.1
Supplemental Data:		
Cost of Sales	$ 426.1	$ 440.0
Selling, General & Administrative	148.4	148.3
Repositioning Charges (see non-GAAP measures)	-	2.6
Acquisition Related Charges (see non-GAAP measures)	-	1.8
Depreciation and Amortization *	16.5	16.5
Stock-Based Compensation Expense *	6.1	5.8

* Amount included within Cost of Sales and Selling, General & Administrative costs.

CRANE CO.
Condensed Balance Sheets
(in millions)

	March 31, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 354.0	$ 363.5
Accounts Receivable, net	430.2	397.6
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	401.9	376.9
Other Current Assets	48.1	45.0
Total Current Assets	1,254.7	1,203.5
Property, Plant and Equipment, net	279.9	276.0
Long-Term Insurance Receivable - Asbestos	105.8	108.7
Other Assets	576.3	580.8
Goodwill	1,178.3	1,167.9
Total Assets	$ 3,395.0	$ 3,336.9
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	$ 78.1	$ 49.6
Accounts Payable	199.1	223.3
Current Asbestos Liability	75.0	75.0
Accrued Liabilities	213.5	218.6
Income Taxes	9.9	6.3
Total Current Liabilities	575.6	572.8
Long-Term Debt	744.8	744.6
Long-Term Deferred Tax Liability	52.0	50.0
Long-Term Asbestos Liability	456.8	470.5
Other Liabilities	340.9	348.1
Total Equity	1,224.9	1,150.8
Total Liabilities and Equity	$ 3,395.0	$ 3,336.9

CRANE CO.

Condensed Statements of Cash Flows
(in millions)

	Three Months Ended March 31, 2016	2015
Operating Activities:		
Net income attributable to common shareholders	$ 55.0	$ 51.1
Noncontrolling interest in subsidiaries' earnings	0.2	0.3
Net income before allocations to noncontrolling interests	55.2	51.3
Restructuring - Non Cash	-	0.2
Depreciation and amortization	16.5	16.5
Stock-based compensation expense	6.1	5.8
Defined benefit plans and postretirement expense	(2.4)	(1.6)
Deferred income taxes	5.3	4.3
Cash used for operating working capital	(82.0)	(57.1)
Defined benefit plans and postretirement contributions	(2.2)	(3.0)
Environmental payments, net of reimbursements	(2.0)	(4.1)
Other	(3.7)	(13.4)
Subtotal	(9.2)	(0.9)
Asbestos related payments, net of insurance recoveries	(10.8)	(10.7)
Total used for operating activities	(20.0)	(11.6)
Investing Activities:		
Capital expenditures	(11.0)	(10.2)
Proceeds from disposition of capital assets	0.5	1.4
Total used for investing activities	(10.5)	(8.8)
Financing Activities:		
Dividends paid	(19.2)	(19.1)
Reacquisition of shares on open market	-	(25.0)
Stock options exercised - net of shares reacquired	0.6	6.7
Excess tax benefit from stock-based compensation	-	0.9
Repayment of credit facility	-	(100.0)
Proceeds from issuance of commercial paper	28.5	126.7
Total provided by (used for) financing activities	9.9	(9.9)
Effect of exchange rate on cash and cash equivalents	11.1	(19.0)
Decrease in cash and cash equivalents	(9.5)	(49.3)
Cash and cash equivalents at beginning of period	363.5	346.3
Cash and cash equivalents at end of period	$ 354.0	$ 296.9

CRANE CO.
Order Backlog
(in millions)

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Fluid Handling	$ 263.4	$ 267.2	$ 278.6	$ 287.3	$ 304.3
Payment & Merchandising Technologies	60.4	62.6	55.5	61.1	68.1
Aerospace & Electronics	418.7	436.4	459.9	448.1	446.1
Engineered Materials	16.0	15.2	13.7	15.4	18.6
Total Backlog	$ 758.6	$ 781.5	$ 807.8	$ 811.9	$ 837.2

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

INCOME ITEMS

	Three Months Ended March 31, 2016		2015		Percent Change March 31, 2016 Three Months	
Net Sales	$ 660.0		$ 678.8		(2.8	%)
Operating Profit	85.5		86.0		(0.6	%)
Percentage of Sales	13.0	%	12.7	%		
Special Items impacting Operating Profit:						
MEI acquisition related integration costs	-		1.6			
MEI acquisition related restructuring costs	-		0.2			
Repositioning charges	-		2.6			
Operating Profit before Special Items	$ 85.5		$ 90.4		(5.4	%)
Percentage of Sales	13.0	%	13.3	%		
Net Income Attributable to Common Shareholders	$ 55.0		$ 51.1			
Per Share	$ 0.93		$ 0.87		7.8	%
Special Items Impacting Net Income Attributable to Common Shareholders:						
MEI acquisition related integration charges - Net of Tax	-		1.1			
Per Share			$ 0.02			
MEI acquisition related restructuring charges - Net of Tax	-		0.1			
Per Share			$ 0.00			
Repositioning charges - Net of Tax	-		1.8			
Per Share			$ 0.03			
Net Income Attributable To Common Shareholders Before Special Items	$ 55.0		$ 54.1		1.8	%
Per Share	$ 0.93		$ 0.92		1.8	%

CRANE CO.
Guidance
(in millions)

CASH FLOW ITEMS

	Three Months Ended March 31,		2016 Full Year Guidance	
	2016	2015	Low	High
Cash Provided by (Used for) Operating Activities before Asbestos - Related Payments	$ (9.2)	$ (0.9)	$ 290.0	$ 320.0

Asbestos Related Payments, Net of Insurance Recoveries	(10.8)	(10.7)	(50.0)	(50.0)
Cash Provided by (User for) Operating Activities	(20.0)	(11.6)	240.0	270.0
Less: Capital Expenditures	(11.0)	(10.2)	(50.0)	(50.0)
Free Cash Flow	$ (31.0)	$ (21.8)	$ 190.0	$ 220.0

Certain non-GAAP measures have been provided to facilitate comparison with the prior year.

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.

Crane Co.

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Director, Investor Relations

www.craneco.com