CRANE

NEWS RELEASE

Crane Co. Reports First Quarter Results and Updates 2015 EPS Guidance

2015-04-27

First Quarter 2015 Highlights:

- Excluding Special Items, earnings per diluted share (EPS) of $0.92 decreased 12% compared to 2014 (GAAP EPS of $0.87 increased 6% compared to 2014)
- Sales of $679 million declined 5% compared to 2014, with core sales up slightly, and a 5% impact from unfavorable foreign exchange
- Reducing 2015 EPS guidance to $4.30-$4.50, from $4.45-$4.65, excluding Special Items, solely reflecting the impact of foreign exchange (revised GAAP EPS guidance of $4.17-$4.37)
- Completed $25 million of share repurchases during the first quarter of 2015

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported first quarter 2015 earnings of $0.87 per diluted share, compared to $0.82 per share in the first quarter of 2014. First quarter 2015 results included Special Items of $3 million in after-tax charges, or $0.05 per diluted share. First quarter 2014 results included Special Items of $14 million in after-tax charges, or $0.23 per diluted share. Excluding these Special Items in both years, first quarter 2015 earnings per diluted share were $0.92, compared to $1.05 in the first quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

Special Items in the first quarter of 2015 included $2 million in after-tax charges, or $0.03 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. Special Items in the first quarter of 2014 included after-tax charges of $9 million, or $0.16 per share, related to the acquisition of MEI, and after-tax charges of $4 million, or $0.07 per share,

related to repositioning activities.

First quarter 2015 sales were $679 million, a decrease of 5% compared to $717 million in the first quarter of 2014. The sales decline was comprised of a $34 million, or 5% impact from unfavorable foreign exchange; a divestiture impact of $5 million, or 1%; partially offset by slightly positive core sales growth of $1 million.

Operating profit in the first quarter increased to $86 million, up 6% compared to the first quarter of 2014. Excluding Special Items, first quarter operating profit decreased to $90 million, down 10% compared to the first quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

“The quarter developed as we expected,” said Max Mitchell, Crane Co. President and Chief Executive Officer. “Depressed demand across Fluid Handling end markets was consistent with our year-end outlook, and we were particularly pleased with the improved organic growth at Payment & Merchandising Technologies. Our full-year expectations for organic growth and margin performance are unchanged from the view we provided at our February Investor Day. However, given the sustained strength of the U.S. Dollar, we are updating our guidance to reflect foreign exchange rates as of the end of March, reducing full-year EPS expectations by $0.15.”

Segment Results

All comparisons detailed in this section refer to operating results for the first quarter 2015 versus the first quarter 2014, excluding Special Items.

Fluid Handling

(dollars in millions)	First Quarter 2015		2014		Change	
Sales	$276		$311		($35)	(11%)
Operating Profit	$34		$45		($10)	(23%)
Operating Profit, before Special Items*	$36		$48		($12)	(24%)
Profit Margin	12.5	%	14.3	%		
Profit Margin, before Special Items*	13.1	%	15.4	%		

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased $35 million, driven by $22 million, or 7%, of unfavorable foreign exchange, a $10 million, or 3%, core sales decline, and a $3 million, or 1%, divestiture impact. Adjusted operating margins declined to 13.1%, primarily reflecting the impact of lower volumes, negative product mix and unfavorable foreign exchange. Fluid

Handling order backlog was $304 million at March 31, 2015 compared to $311 million at December 31, 2014; after adjusting for a small divestiture impact, comparable backlog was $345 million at March 31, 2014.

Payment & Merchandising Technologies

(dollars in millions)	First Quarter 2015		2014		Change		
Sales	$172		$169		$3	2	%
Operating Profit	$21		$7		$14	185	%
Operating Profit, before Special Items*	$23		$20		$3	16	%
Profit Margin	12.3	%	4.4	%			
Profit Margin, before Special Items*	13.3	%	11.7	%			

*Please see the attached Non-GAAP Financial Measures tables

Sales of $172 million increased $3 million driven by core sales growth of $16 million, or 9%, partially offset by $11 million, or 7%, of unfavorable foreign exchange and a $2 million, or 1%, divestiture impact related to the end of a previously disclosed transition services agreement. Adjusted operating margins expanded 160 basis points to 13.3%, driven primarily by higher volume, acquisition synergies and productivity initiatives.

Aerospace & Electronics

(dollars in millions)	First Quarter 2015		2014		Change		
Sales	$162		$169		($7)	(4	%)
Operating Profit	$30		$33		($3)	(8	%)
Operating Profit, before Special Items*	$31		$35		($4)	(13	%)
Profit Margin	18.6	%	19.3	%			
Profit Margin, before Special Items*	19.1	%	20.9	%			

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased $7 million, driven primarily by a 4% decline in core sales, with a slight negative impact from foreign exchange. The core sales decline reflects continued softness in defense related sales, along with timing of commercial spares shipments. Adjusted operating margin declined to 19.1%, primarily reflecting lower volumes and unfavorable product mix. Aerospace & Electronics order backlog was $446 million at March 31, 2015, compared to $422 million at December 31, 2014 and $398 million at March 31, 2014.

Engineered Materials

(dollars in millions)	First Quarter				Change		
	2015		2014				
Sales	$70		$68		$2	3	%
Operating Profit	$14		$11		$3	32	%
Profit Margin	20.5	%	15.9	%			

Sales of $70 million increased $2 million, driven by higher sales to recreational vehicle manufacturers and the building products market. Operating margin increased to 20.5%, primarily reflecting leverage on the higher sales, strong productivity, and lower material costs on a year-over-year basis.

Updating 2015 Guidance to Reflect March 31, 2015 Foreign Exchange Rates

Earnings guidance for 2015 was originally provided on January 26, 2015, and was based on foreign exchange rates as of December 31, 2014. Revised guidance now reflects foreign exchange rates as of March 31, 2015, resulting in a sales decline of 4% to 6% from unfavorable foreign exchange, compared to prior guidance of a 2% to 4% decline. Core sales are expected to be flat to up 2%, while divestitures are expected to reduce sales by 0.5%. Excluding Special Items, earnings are now expected to be in a range of $4.30-$4.50 per diluted share, compared to prior guidance of $4.45-$4.65 per diluted share, with the reduction solely a result of incremental foreign exchange headwinds. On a GAAP basis, earnings are now expected to be in a range of $4.17-$4.37 per diluted share, compared to prior guidance of $4.32-$4.52 per diluted share. Full year 2015 free cash flow (cash provided by operating activities less capital spending) is now expected to be $200-$230 million, compared to prior guidance of $210-$240 million. (Please see the attached Non-GAAP Financial Measures tables.)

Additional Information

Please see the Non-GAAP Financial Measures tables attached to this press release for supporting details. 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 28, 2015 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 11,500 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, 2014 and subsequent reports filed with the Securities and Exchange Commission.

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

	Three Months Ended March 31,	
	2015	2014
Net Sales:		
Fluid Handling	$ 275.5	$ 310.8
Payment & Merchandising Technologies	171.9	169.1
Aerospace & Electronics	161.6	169.0
Engineered Materials	69.7	67.9
Total Net Sales	$ 678.8	$ 716.8
Operating Profit (Loss):		
Fluid Handling	$ 34.3	$ 44.5
Payment & Merchandising Technologies	21.1	7.4
Aerospace & Electronics	30.1	32.6
Engineered Materials	14.3	10.8
Corporate	(13.7)	(13.9)
Total Operating Profit	86.0	81.4

Interest Income	0.5	0.4
Interest Expense	(9.9)	(9.8)
Miscellaneous- Net	(0.3)	(0.2)
Income Before Income Taxes	76.3	71.8
Provision for Income Taxes	24.9	22.9
Net income before allocation to noncontrolling interests	51.3	48.9
Less: Noncontrolling interest in subsidiaries' earnings	0.3	0.2
Net income attributable to common shareholders	$ 51.1	$ 48.7
Share Data:		
Earnings per Diluted Share	$ 0.87	$ 0.82
Average Diluted Shares Outstanding	58.9	59.5
Average Basic Shares Outstanding	58.1	58.5
Supplemental Data:		
Cost of Sales	$ 440.0	$ 458.0
Selling, General & Administrative	148.3	157.9
Repositioning Charges (see non-GAAP measures)	2.6	6.1
Acquisition Related Charges (see non-GAAP measures)	1.8	13.5
Depreciation and Amortization *	16.5	21.8
Stock-Based Compensation Expense *	5.8	5.6

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

CRANE CO.
Condensed Balance Sheets
(in millions)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 296.9	$ 346.3
Accounts Receivable, net	436.2	410.9
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	377.6	369.7
Other Current Assets	51.5	47.8
Total Current Assets	1,182.7	1,195.2
Property, Plant and Equipment, net	281.1	290.3
Long-Term Insurance Receivable - Asbestos	123.8	126.8
Other Assets	625.6	647.3
Goodwill	1,174.0	1,191.3
Total Assets	$ 3,387.3	$ 3,450.8
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	$ 127.5	$ 100.8
Accounts Payable	210.7	228.8
Current Asbestos Liability	79.0	79.0
Accrued Liabilities	228.5	225.8
Income Taxes	15.9	5.6
Total Current Liabilities	661.6	640.0
Long-Term Debt	749.2	749.2
Long-Term Deferred Tax Liability	43.0	46.3
Long-Term Asbestos Liability	520.9	534.5
Other Liabilities	390.4	410.1
Total Equity	1,022.3	1,070.6
Total Liabilities and Equity	$ 3,387.3	$ 3,450.8

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

	Three Months Ended March 31, 2015	2014
Operating Activities:		
Net income attributable to common shareholders	$ 51.1	$ 48.7
Noncontrolling interest in subsidiaries' earnings	0.3	0.2
Net income before allocations to noncontrolling interests	51.3	48.9
Restructuring - Non Cash	0.2	0.4
Depreciation and amortization	16.5	21.8
Stock-based compensation expense	5.8	5.6
Defined benefit plans and postretirement expense	(1.6)	(2.9)
Deferred income taxes	4.3	4.7
Cash used for operating working capital	(57.1)	(69.3)
Defined benefit plans and postretirement contributions	(3.0)	(4.8)
Environmental payments, net of reimbursements	(4.1)	(2.7)
Other	(13.4)	(7.7)
Subtotal	(0.9)	(6.0)
Asbestos related payments, net of insurance recoveries	(10.7)	(12.9)
Total used for operating activities	(11.6)	(18.9)
Investing Activities:		
Capital expenditures	(10.2)	(9.4)
Proceeds from disposition of capital assets	1.4	0.2
Total used for investing activities	(8.8)	(9.2)
Financing Activities:		
Dividends paid	(19.1)	(17.6)
Reacquisition of shares on open market	(25.0)	-
Stock options exercised - net of shares reacquired	6.7	3.8
Excess tax benefit from stock-based compensation	0.9	5.1
Proceeds from (repayment of) credit facility	(100.0)	18.0
Proceeds from issuance of commercial paper	126.7	-
Total provided by (used for) financing activities	(9.9)	9.3
Effect of exchange rate on cash and cash equivalents	(19.0)	(1.6)
Decrease in cash and cash equivalents	(49.3)	(20.4)
Cash and cash equivalents at beginning of period	346.3	270.6
Cash and cash equivalents at end of period	$ 296.9	$ 250.3

CRANE CO.
Order Backlog
(in millions)

	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Fluid Handling *	$ 304.3	$ 311.0	$ 349.6	$ 369.5	$ 350.7
Payment & Merchandising Technologies	68.1	68.3	58.8	69.9	58.8
Aerospace & Electronics	446.1	422.1	404.8	396.8	397.5
Engineered Materials	18.6	16.7	14.4	17.0	16.6
Total Backlog	$ 837.2	$ 818.1	$ 827.7	$ 853.2	$ 823.7

* Includes order backlog of $5.4 million at March 31, 2014 pertaining to a business divestiture in June 2014.

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

	Three Months Ended March 31, 2015		2014		Percent Change March 31, 2015 Three Months	
Net Sales	$ 678.8		$ 716.8		(5.3	)%
Operating Profit	86.0		81.4		5.7	%
Percentage of Sales	12.7	%	11.4	%		
Special Items impacting Operating Profit:						
MEI Acquisition related inventory and backlog amortization	-		4.8			
MEI Acquisition related integration costs	1.6		4.4			
MEI Acquisition related restructuring costs	0.1		4.3			
Repositioning charges	2.6		6.1			
Operating Profit before Special Items	$ 90.4		$ 100.9		(10.4	)%
Percentage of Sales	13.3	%	14.1	%		
Net Income Attributable to Common Shareholders	$ 51.1		$ 48.7			
Per Share	$ 0.87		$ 0.82		5.9	%
Special Items impacting Net Income Attributable to Common Shareholders:						
MEI Acquisition related inventory and backlog amortization - Net of Tax	-		3.0			
Per Share			$ 0.05			
MEI Acquisition related integration charges - Net of Tax	1.1		3.2			
Per Share	$ 0.02		$ 0.05			
MEI Acquisition related restructuring charges - Net of Tax	0.1		3.0			
Per Share	$ 0.00		$ 0.05			
Repositioning Charges - Net of Tax	1.8		4.3			
Per Share	$ 0.03		$ 0.07			
Net Income Attributable To Common Shareholders Before Special Items	$ 54.1		$ 62.2		(13.1	)%
Per Share	$ 0.92		$ 1.05		(12.2	)%

CRANE CO.
Guidance
(in millions, except per share data)

2015 Earnings Per Share Guidance	2015 Full Year Guidance Low	High
Earnings Per Share - GAAP basis	$ 4.17	$ 4.37
MEI acquisition related integration and restructuring costs - Net of Tax	0.08	0.08
Anticipated facility repositioning actions - Net of Tax	0.05	0.05
Earnings Per Share - Non-GAAP basis	$ 4.30	$ 4.50

CASH FLOW ITEMS

	Three Months Ended March 31, 2015	2014	2015 Full Year Guidance Low	High
Cash Provided by (used for) Operating Activities before Asbestos - Related Payments	$ (0.9)	$ (6.0)	$ 318.5	$ 328.5
Asbestos Related Payments, Net of Insurance Recoveries	(10.7)	(12.9)	(63.5)	(53.5)
Cash Provided by (used for) Operating Activities	(11.6)	(18.9)	255.0	275.0
Less: Capital Expenditures	(10.2)	(9.4)	(55.0)	(45.0)
Free Cash Flow	$ (21.8)	$ (28.3)	$ 200.0	$ 230.0

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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