CRANE

NEWS RELEASE

Crane Co. Reports Second Quarter Results; Updates 2015 EPS Guidance

2015-07-27

Second Quarter 2015 Highlights:

- Excluding Special Items, earnings per diluted share (EPS) of $1.06 decreased 8% compared to 2014 (GAAP EPS of $0.95 decreased 5% compared to 2014)
- Sales of $711 million declined 5% compared to 2014, driven by unfavorable foreign exchange
- Reducing 2015 EPS guidance to $4.10-$4.30, from $4.30-$4.50, excluding Special Items (revised GAAP EPS guidance of $3.90-$4.10)

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported second quarter 2015 earnings of $0.95 per diluted share, compared to $1.00 per share in the second quarter of 2014. Excluding Special Items in both years, second quarter 2015 earnings per diluted share were $1.06, compared to $1.15 in the second quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

Second quarter 2015 sales were $711 million, a decrease of 5% compared to $750 million in the second quarter of 2014. The sales decline was comprised of a $39 million, or 5%, impact from unfavorable foreign exchange; and a divestiture impact of $4 million, or 1%; partially offset by positive core sales growth of $5 million, or 1%.

Operating profit in the second quarter was $90 million, down 8% compared to the second quarter of 2014. Excluding Special Items, second quarter operating profit was $99 million, down 10% compared to the second quarter of 2014. (Please see the attached Non-GAAP Financial Measures tables.)

“While overall second quarter sales and margins were largely as expected, orders in Fluid Handling were weaker than we anticipated,” said Max Mitchell, Crane Co. President and Chief Executive Officer. “Order rates improved sequentially during the first quarter, but that trend did not continue into the second quarter. We now expect Fluid Handling sales to remain depressed for the balance of the year given an environment of continued project delays and soft end market conditions. Consequently, we are reducing the midpoint of our EPS guidance range by $0.20. We are taking appropriate cost actions in response to the current market weakness.”

Mr. Mitchell continued, “We were pleased with another quarter of improved organic growth and margin expansion at Payment & Merchandising Technologies. Aerospace & Electronics performed as expected during the quarter, and both sales and margins are on track to improve in the second half.”

Segment Results

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

Fluid Handling

(dollars in millions)	Second Quarter		Change	
	2015	2014		
Sales	$292	$325	($33)	(10%)
Operating Profit	$33	$52	($20)	(38%)
Operating Profit, before Special Items*	$38	$53	($15)	(29%)
Profit Margin	11.1%	16.1%		
Profit Margin, before Special Items*	12.9%	16.2%		

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased $33 million, driven by $25 million, or 8%, of unfavorable foreign exchange, a $5 million, or 2%, core sales decline, and a $2 million, or 1%, divestiture impact. Adjusted operating margins declined to 12.9%, primarily reflecting the impact of lower volumes, unfavorable product mix, unfavorable foreign exchange, and to a lesser extent, competitive pricing. Fluid Handling order backlog was $287 million at June 30, 2015, compared to $311 million at December 31, 2014 and $370 million at June 30, 2014.

Payment & Merchandising Technologies

(dollars in millions)	Second Quarter 2015	2014	Change	
Sales	$187	$185	$2	1%
Operating Profit	$26	$19	$8	40%
Operating Profit, before Special Items*	$28	$21	$7	31%
Profit Margin	14.0%	10.1%		
Profit Margin, before Special Items*	15.0%	11.6%		

*Please see the attached Non-GAAP Financial Measures tables

Sales increased $2 million driven by core sales growth of $17 million, or 9%, partially offset by $13 million, or 7%, of unfavorable foreign exchange and a $2 million, or 1%, divestiture impact. Adjusted operating margins expanded 340 basis points to 15.0%, driven primarily by higher volume, acquisition synergies and productivity initiatives.

Aerospace & Electronics

(dollars in millions)	Second Quarter 2015	2014	Change	
Sales	$167	$178	($11)	(6%)
Operating Profit	$32	$36	($4)	(12%)
Operating Profit, before Special Items*	$32	$38	($5)	(13%)
Profit Margin	18.9%	20.2%		
Profit Margin, before Special Items*	19.4%	21.1%		

*Please see the attached Non-GAAP Financial Measures tables

Sales decreased $11 million, driven primarily by a 5% 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 aftermarket shipments. Adjusted operating margin declined to 19.4%, primarily reflecting lower volumes and unfavorable product mix. Aerospace & Electronics order backlog was $448 million at June 30, 2015, compared to $422 million at December 31, 2014 and $397 million at June 30, 2014.

Engineered Materials

(dollars in millions)	Second Quarter 2015	2014	Change	
Sales	$66	$63	$2	4%
Operating Profit	$12	$10	$2	24%
Profit Margin	18.5%	15.4%		

Sales increased $2 million, driven by higher sales to recreational vehicle manufacturers, as well as the building products and transportation markets. Operating margin increased to 18.5%, primarily reflecting strong productivity, leverage on the higher sales, and to a lesser degree, lower material costs.

Updating 2015 Guidance

The Company reduced its 2015 earnings per share guidance, excluding Special Items, to a range of $4.10-$4.30, from the prior range of $4.30-$4.50. Management now expects 2015 core sales in a range of down 1% to up 1%, compared to its prior range of flat to up 2%. On a GAAP basis, EPS is now expected to be $3.90-$4.10 versus a prior range of $4.17-$4.37, which includes an incremental $7 million of restructuring charges, primarily in Fluid Handling. Full year 2015 free cash flow (cash provided by operating activities less capital spending) is now expected to be in a range of $190 to $220 million versus prior guidance of $200 to $230 million. (Please see the attached Non-GAAP Financial Measures tables.)

Non-GAAP Items

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. Special Items in the second quarter of 2014 consisted of the following after-tax charges: $3 million, or $0.04 per share, related to the acquisition of MEI; $1 million, or $0.02 per share, related to repositioning activities; $4 million, or $0.07 per share, related to the settlement of environmental lawsuits; and $1 million, or $0.02 per share, related to a divestiture. For additional information, 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 second quarter financial results on Tuesday, July 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.

(Financial Tables Follow)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Sales:				
Fluid Handling	$291.8	$ 324.5	$567.3	$635.4
Payment & Merchandising Technologies	186.5	184.6	358.4	353.7
Aerospace & Electronics	167.1	177.6	328.7	346.5
Engineered Materials	65.8	63.4	135.5	131.4
Total Net Sales	$711.2	$ 750.1	$1,390.0	$1,466.9
Operating Profit (Loss):				
Fluid Handling	$32.5	$ 52.2	$66.8	$96.7

Payment & Merchandising Technologies	26.1	18.6	47.3	26.1
Aerospace & Electronics	31.7	35.9	61.7	68.4
Engineered Materials	12.2	9.8	26.4	20.6
Corporate	(12.3)	(18.9)	(26.1)	(32.8)
Total Operating Profit	90.2	97.6	176.2	179.0
Interest Income	0.5	0.4	1.0	0.8
Interest Expense	(9.5)	(9.8)	(19.4)	(19.6)
Miscellaneous- Net	0.4	(1.5)	0.0	(1.7)
Income Before Income Taxes	81.5	86.7	157.8	158.4
Provision for Income Taxes	25.7	26.8	50.6	49.6
Net income before allocation to noncontrolling interests	55.9	59.9	107.2	108.8
Less: Noncontrolling interest in subsidiaries' earnings	0.1	0.2	0.4	0.4
Net income attributable to common shareholders	$55.8	$ 59.7	$106.8	$108.4
Share Data:				
Earnings per Diluted Share	$0.95	$ 1.00	$1.82	$1.82
Average Diluted Shares Outstanding	58.8	59.8	58.8	59.7
Average Basic Shares Outstanding	58.0	58.9	58.0	58.7
Supplemental Data:				
Cost of Sales	$470.8	$ 487.5	$910.8	$945.5
Selling, General & Administrative	141.5	159.2	289.8	317.1
Repositioning Charges (see non-GAAP measures)	7.1	2.1	9.7	8.2
Acquisition Related Charges (see non-GAAP measures)	1.8	3.7	3.6	17.2
Depreciation and Amortization *	17.4	18.2	33.9	39.9
Stock-Based Compensation Expense *	5.0	4.9	10.8	10.6

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

CRANE CO.

Condensed Balance Sheets

(in millions)

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 326.3	$ 346.3
Accounts Receivable, net	432.0	410.9
Current Insurance Receivable - Asbestos	20.5	20.5
Inventories, net	387.9	369.7
Other Current Assets	57.7	47.8
Total Current Assets	1,224.4	1,195.2
Property, Plant and Equipment, net	283.1	290.3
Long-Term Insurance Receivable - Asbestos	119.8	126.8

Other Assets	617.4	647.3
Goodwill	1,183.4	1,191.3
Total Assets	$ 3,428.1	$ 3,450.8
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	$ 122.7	$ 100.8
Accounts Payable	211.9	228.8
Current Asbestos Liability	79.0	79.0
Accrued Liabilities	228.8	225.8
Income Taxes	13.4	5.6
Total Current Liabilities	655.8	640.0
Long-Term Debt	749.2	749.2
Long-Term Deferred Tax Liability	42.9	46.3
Long-Term Asbestos Liability	502.8	534.5
Other Liabilities	385.6	410.1
Total Equity	1,091.8	1,070.6
Total Liabilities and Equity	$ 3,428.1	$ 3,450.8

CRANE CO.

Condensed Statements of Cash Flows

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Activities:				
Net income attributable to common shareholders	$ 55.8	$ 59.7	$ 106.8	$ 108.4
Noncontrolling interest in subsidiaries' earnings	0.1	0.2	0.4	0.4
Net income before allocations to noncontrolling interests	55.9	59.9	107.2	108.8
Restructuring - Non Cash	1.2	0.6	1.4	1.0
Depreciation and amortization	17.4	18.2	33.9	39.9
Stock-based compensation expense	5.0	4.9	10.8	10.6
Defined benefit plans and postretirement expense	(2.0)	(2.9)	(3.6)	(5.9)
Deferred income taxes	3.7	5.9	8.0	10.6
Cash provided by (used for) operating working capital	2.4	14.9	(54.7)	(54.4)
Defined benefit plans and postretirement contributions	(5.2)	(8.3)	(8.2)	(13.0)
Environmental payments, net of reimbursements	(3.5)	(2.0)	(7.6)	(4.7)
Other	(3.0)	(9.2)	(16.4)	(16.9)
Subtotal	71.9	82.0	70.8	76.0
Asbestos related payments, net of insurance recoveries	(14.1)	(17.8)	(24.8)	(30.8)
Total provided by operating activities	57.8	64.2	46.0	45.3
Investing Activities:				

Capital expenditures	(9.9)	(11.3)	(20.1)	(20.7)
Proceeds from disposition of capital assets	0.5	0.8	1.9	1.1
Proceeds from divestiture	-	2.1	-	2.1
Proceeds from acquisition	-	6.1	-	6.1
Total used for investing activities	(9.4)	(2.3)	(18.2)	(11.4)
Financing Activities:				
Dividends paid	(19.2)	(17.7)	(38.3)	(35.3)
Reacquisition of shares on open market	-	-	(25.0)	-
Stock options exercised - net of shares reacquired	0.3	4.1	7.0	7.8
Excess tax benefit (shortfall) from stock-based compensation	(1.1)	2.3	(0.2)	7.5
Proceeds from (repayment of) credit facility	-	10.0	(100.0)	28.0
Proceeds from issuance (repayment) of commercial paper	(4.8)	-	121.9	-
Total provided by (used for) financing activities	(24.8)	(1.3)	(34.6)	8.0
Effect of exchange rate on cash and cash equivalents	5.7	3.3	(13.3)	1.7
Increase (decrease) in cash and cash equivalents	29.4	63.9	(20.0)	43.5
Cash and cash equivalents at beginning of period	296.9	250.3	346.3	270.6
Cash and cash equivalents at end of period	$ 326.3	$ 314.2	$ 326.3	$ 314.2

CRANE CO.
Order Backlog
(in millions)

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Fluid Handling	$ 287.3	$ 304.3	$ 311.1	$ 349.6	$ 369.5
Payment & Merchandising Technologies	61.1	68.1	68.3	58.8	69.9
Aerospace & Electronics	448.1	446.1	422.1	404.8	396.8
Engineered Materials	15.4	18.6	16.7	14.4	17.0
Total Backlog	$ 811.9	$ 837.2	$ 818.1	$ 827.7	$ 853.2

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

	Three Months Ended		Six Months Ended		Percent Change	Percent Change
	June 30, 2015	2014	June 30, 2015	2014	June 30, 2015 Three Months	June 30, 2015 Six Months
Net Sales	$711.2	$750.1	$1,390.0	$1,466.9	(5.2 %)	(5.2 %)
Operating Profit	90.2	97.6	176.2	179.0	(7.6 %)	(1.6 %)
Percentage of Sales	12.7 %	13.0 %	12.7 %	12.2 %		

Special Items impacting Operating Profit:								
MEI Acquisition related inventory and backlog amortization	-	-	-	4.8				
MEI Acquisition related integration costs	1.8	2.0	3.4	6.8				
MEI Acquisition related restructuring costs	-	1.6	0.2	5.6				
Repositioning charges	7.1	2.1	9.7	8.2				
Lawsuit settlement charge	-	6.5	-	6.5				
Operating Profit before Special Items	$99.1	$109.9	$189.5	$210.8	(9.8	%)	(10.1	%)
Percentage of Sales	13.9 %	14.6 %	13.6 %	14.4 %				
Net Income Attributable to Common Shareholders	$55.8	$59.7	$106.8	$108.4				
Per Share	$0.95	$1.00	$1.82	$1.82	(5.0	%)	(0.1	%)
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	1.2	1.6	2.3	4.8				
Per Share	$0.02	$0.03	$0.04	$0.08				
MEI Acquisition related restructuring charges - Net of Tax	-	0.9	0.1	3.9				
Per Share		$0.02	$0.00	$0.07				
Repositioning charges - Net of Tax	5.4	1.4	7.2	5.8				
Per Share	$0.09	$0.02	$0.12	$0.10				
Lawsuit settlement charge - Net of Tax	-	4.2	-	4.2				
Per Share		$0.07		$0.07				
Loss on business divestiture - Net of Tax	-	1.1	-	1.1				
Per Share		$0.02		$0.02				
Net Income Attributable To Common Shareholders Before Special Items	$62.3	$69.0	$116.4	$131.2	(9.7	%)	(11.3	%)
Per Share	$1.06	$1.15	$1.98	$2.20	(8.1	%)	(10.1	%)

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

	2015 Full Year Guidance	
2015 Earnings Per Share Guidance	Low	High
Earnings Per Share - GAAP basis	$ 3.90	$ 4.10
MEI acquisition related integration and restructuring costs - Net of Tax		

MEI acquisition related integration and restructuring costs - Net of Tax	0.08	0.08
Repositioning actions - Net of Tax	0.12	0.12
Earnings Per Share - Non-GAAP basis	$ 4.10	$ 4.30

CASH FLOW ITEMS

	Three Months Ended June 30,		Six Months Ended June 30,		2015 Full Year Guidance	
	2015	2014	2015	2014	Low	High
Cash Provided by Operating Activities before Asbestos - Related Payments	$ 71.9	$ 82.0	$70.8	$76.0	$ 303.5	$ 313.5
Asbestos Related Payments, Net of Insurance Recoveries	(14.1)	(17.8)	(24.8)	(30.8)	(63.5)	(53.5)
Cash Provided by Operating Activities	57.8	64.2	46.0	45.3	240.0	260.0
Less: Capital Expenditures	(9.9)	(11.3)	(20.1)	(20.7)	(50.0)	(40.0)
Free Cash Flow	$ 48.0	$ 52.9	$26.0	$24.6	$ 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.

Jason D. Feldman, 203-363-7329

Director, Investor Relations

www.craneco.com