

**THIRD QUARTER
FISCAL YEAR 2019
FINANCIAL RESULTS**

January 31, 2019

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

This presentation and discussion contains certain forward-looking statements that are subject to the Safe Harbor and Cautionary language contained in the press release we issued on January 30, 2019, as well as other factors that could cause actual results to differ materially from those discussed and that are disclosed in our filings with the Securities and Exchange Commission.

Some comparisons will refer to certain non-GAAP measures. Our earnings release and SEC filings contain additional information about these non-GAAP measures, why we use them and why we believe they are helpful to investors, and contain reconciliations to GAAP data.

STRATEGIC UPDATE

Consolidated Rexnord

- 3Q net sales increase +11% year over year, core sales⁽¹⁾ growth +6%
- Adjusted EBITDA⁽¹⁾ increases 11% year over year to \$103 million
- SCOFR II on track to deliver \$15 million annualized structural cost savings

Process & Motion Control

- 3Q net sales increase +12% year over year, core growth +4%
- Solid execution delivers targeted incremental margins on core growth

Water Management

- 3Q net sales increase +10% year over year, core growth +10%
- Connected products expected to deliver incremental growth in fiscal 2020

Cash Flow & Balance Sheet

- Expanding free cash flow⁽¹⁾, Adjusted EBITDA enables net debt leverage ratio⁽¹⁾ decrease to 2.3x

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

STRATEGIC POSITIONING

Free Cash Flow
Expansion &
Leverage Reduction

Supply Chain
Optimization
& Footprint
Repositioning

Through-Cycle
Financial
Performance

Tariff Mitigation
&
Margin Expansion

FINANCIAL UPDATE

Third Quarter Fiscal Year 2019

- Adjusted EBITDA⁽¹⁾ of \$103 million increased 11% year over year
- Net sales increased 11% year over year
 - Centa acquisition increased sales by 7%
 - Foreign currency translation decreased sales by (2%)
- Core sales⁽¹⁾ increased 6% year over year
- Earnings Per Share from Continuing Operations of \$0.43
- Adjusted EPS⁽¹⁾ of \$0.47

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

FISCAL YEAR 2019 OUTLOOK

Fiscal Year 2019 Outlook

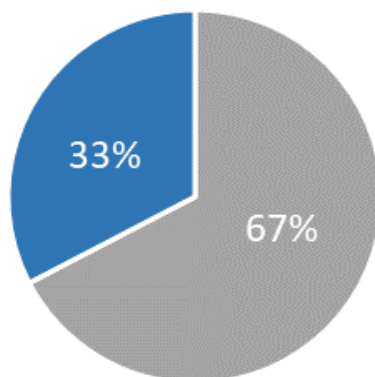
- Core sales growth⁽¹⁾ in mid-single-digit percentage range⁽²⁾
- Adjusted EBITDA⁽¹⁾ in \$437 - \$443 million range⁽²⁾
- Free cash flow⁽¹⁾ to exceed net income⁽²⁾
- Outlook continues to reflect Continuing Operations only

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

(2) Forward-looking information and a non-GAAP measure. Although Rexnord can quantify certain elements, it is not able to quantify all variances from GAAP without unreasonable efforts because certain factors are unknown at this time and out of Rexnord's control.

3Q FY19 SUMMARY

3Q FY19 Net Sales



■ Process & Motion Control
■ Water Management

	3Q FY19	3Q FY18	Change
Net Sales ⁽¹⁾	\$485	\$437	11%
<i>Growth from:</i>			
Core			6%
Acquisitions			7%
Translation			(2%)
Adjusted EBITDA ^(1, 2)	\$103	\$93	11%
% of Sales	21.3%	21.3%	-

(1) 3Q FY19 and 3Q FY18 results reflect reclassification of VAG as Discontinued Operations as a result of the sale during 3Q FY19.

(2) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

PROCESS & MOTION CONTROL

	3Q FY19	3Q FY18	Change
Net Sales	\$327	\$293	12%
<i>Growth from:</i>			
Core			4%
Acquisitions			10%
Translation			(2%)
Adjusted EBITDA ⁽¹⁾	\$73	\$65	12%
% of Sales	22.3%	22.3%	-

End-Market Outlook Assumed in Guidance

Industrial Distribution

US & Canada

Europe

Rest of World

Food & Beverage: Global

Commercial Aerospace: Global

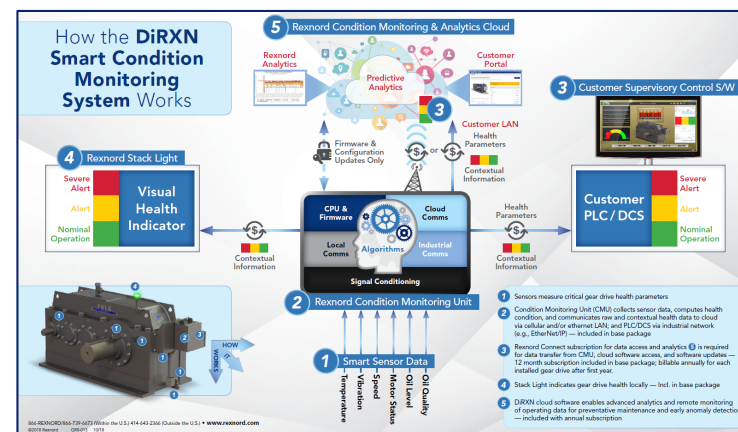
Process Industries: Global



- Net sales growth was 12% year over year
- Core growth was 4% year over year
- Achieved target incremental margins on core growth

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

Launched SCMS as retrofit solution



WATER MANAGEMENT

	3Q FY19	3Q FY18	Change
Net Sales ⁽¹⁾	\$158	\$144	10%
<i>Growth from:</i>			
Core			10%
Acquisitions			0%
Translation			0%
Adjusted EBITDA ^(1,2)	\$41	\$37	10%
% of Sales	25.6%	25.5%	10 bps

End-Market Outlook Assumed in Guidance

Nonresidential Construction: US & Canada

Commercial & Industrial

Institutional

Residential Construction: US & Canada



- Net sales growth was 10% year over year
- Core sales growth was also 10%

(1) 3Q FY19 and 3Q FY18 results reflect reclassification of VAG as Discontinued Operations as a result of the sale during 3Q FY19.

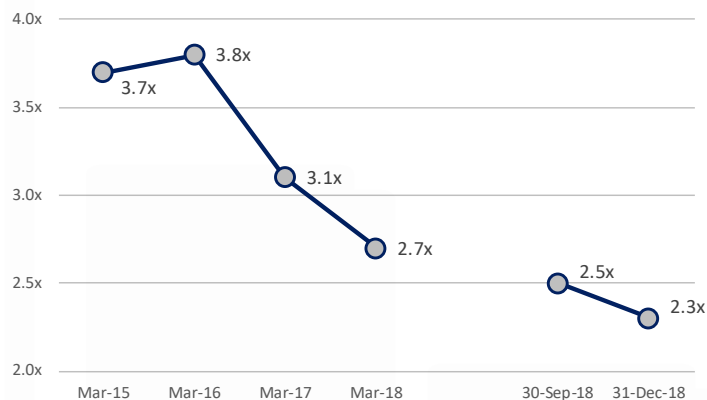
(2) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.



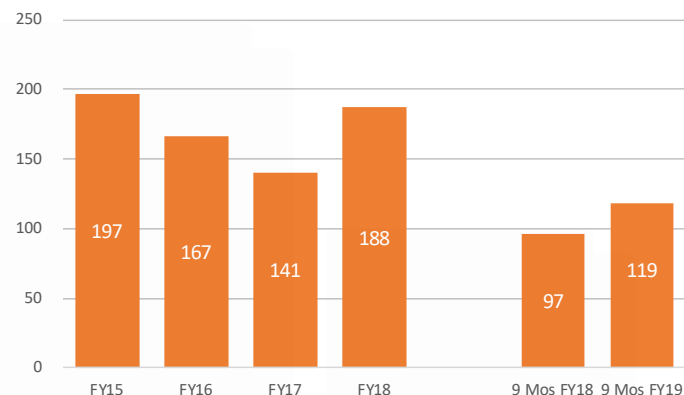
**Digitally-Connected
Smart Backflow
Prevention Valve**

CASH FLOW & BALANCE SHEET

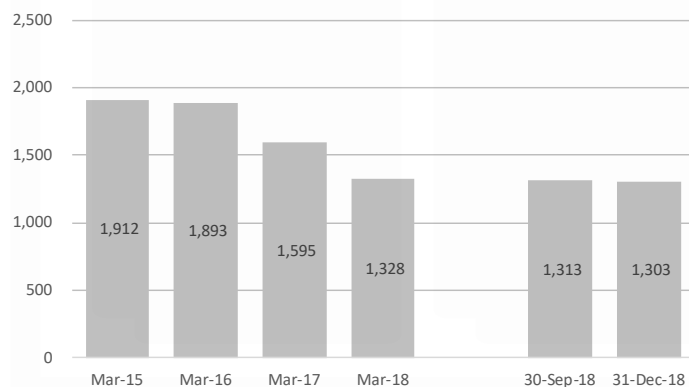
Net Debt Leverage Ratio ⁽¹⁾



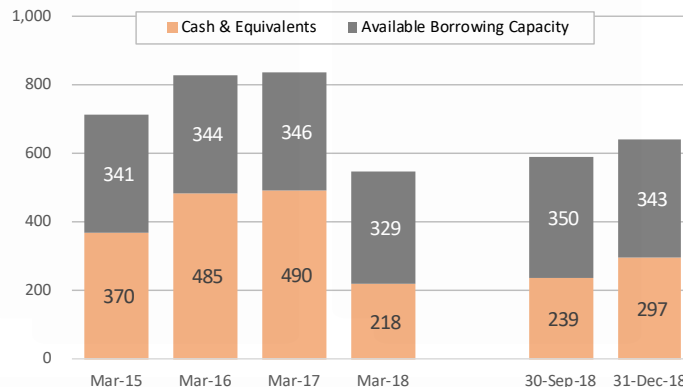
Free Cash Flow (\$ millions) ⁽²⁾



Total Debt (\$ millions) ⁽³⁾



Total Liquidity (\$ millions) ⁽⁴⁾



(1) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma LTM Adjusted EBITDA.

(2) Free Cash Flow is defined as Cash from Operations less Capital Expenditures, and is a Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

(3) Total Debt includes a New Market Tax Credit Receivable (\$10), which is more than offset by an associated payable (\$14) that is also included in Total Debt in all periods presented.

(4) Liquidity is defined as cash and cash equivalents plus available borrowing capacity.

APPENDIX

FISCAL YEAR 2019 OUTLOOK

Core sales % growth ⁽¹⁾	+ Mid Single Digit
Adjusted EBITDA ⁽¹⁾	\$437 - \$443 million
Free Cash Flow ⁽¹⁾	> Net Income
Depreciation & Amortization ⁽²⁾	~ \$ 85 million
Interest Expense	~ \$ 71 million
Effective Tax Rate ⁽³⁾	25% - 26%
Capital Expenditures	~ 2.2% of sales

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

(2) Excludes \$4 million of accelerated depreciation related to supply chain optimization and footprint repositioning actions which is excluded from Adjusted Net Income.

(3) As applied to calculation of Adjusted Net Income.

IF-CONVERTED INCREMENTAL SHARES

Use If-Converted Method to calculate diluted EPS, Only If Dilutive

- 1) Do not deduct preferred dividend from net income
- 2) Add indicated incremental shares to diluted share count

Average Common Stock Price	Incremental Shares from Conversion (millions)
< \$ 20.99	19.18
\$ 20.99	19.18
21	19.17
22	18.30
23	17.50
24	16.77
25	16.10
25.19	15.98
> \$ 25.19	15.98

Mandatory Convertible Preferred Details

Offering Size (\$millions)	\$ 402.5
Dividend Rate	5.75%
Annual Dividend (\$millions)	\$ 23.1
Mandatory Conversion Date	11/15/2019

CALCULATING 3Q FY19 DILUTED ADJUSTED EPS

	Third Quarter Ended <u>12/31/2018</u>
(\$ millions, except per-share amounts)	
<u>Base Methodology</u>	
Adjusted Net Income ⁽¹⁾	\$ 51.6
Weighted-Average Number of Shares: Diluted (thousands)	107,066
Adjusted Earnings Per Share: Diluted (Base Method) ⁽¹⁾	<u>\$ 0.48</u>
<u>If-Converted Methodology</u>	
Adjusted Net Income	\$ 51.6
Add Back Dividends	<u>5.8</u>
Adjusted Net Income Attributable to Rexnord Common Stockholders	\$ 57.4
Weighted-Average Number of Shares: Diluted (thousands)	107,066
Add Adjustment for Conversion of Preferred Stock into Common Stock (thousands)	<u>15,979</u>
Adjusted Weighted-Average Shares: Diluted (thousands)	123,045
Adjusted Earnings Per Share: Diluted (If-Converted Method) ⁽¹⁾	<u>\$ 0.47</u>

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

3Q FY19 NON-GAAP ADJUSTMENTS AFTER TAX

Adjustment Type (\$ millions)	Pretax Adjustment	Income Tax Provision ⁽³⁾	Impact on Adjusted Net Income ⁽⁴⁾
Dividends on preferred stock	\$ 5.8	\$ -	\$ 5.8
Non-controlling interest loss	(0.3)	-	(0.3)
Loss from discontinued operations, net of tax	27.8	-	27.8
Equity method investment income	(1.3)	-	(1.3)
Amortization of intangible assets	8.4	(2.1)	6.3
Restructuring & Other Similar Charges	2.6	(0.6)	2.0
Supply chain optimization and footprint repositioning initiatives (1)	1.2	(0.3)	0.9
Gain on debt extinguishment	(5.0)	1.2	(3.8)
Acquisition-related fair value adjustment	0.3	(0.1)	0.2
Other, net ⁽²⁾	(0.2)	0.4	0.2
Total Adjustments	<u>\$ 39.3</u>	<u>\$ (1.5)</u>	<u>\$ 37.8</u>

(1) Represents accelerated depreciation associated with our strategic supply chain optimization and footprint repositioning initiatives.

(2) Other, net includes the impact of foreign currency transactions, pension & OPEB other income, cash dividend received from equity method investment, and other miscellaneous expenses.

(3) The tax rates used to calculate adjusted net income are based on a transaction-specific basis at the applicable jurisdictional rate.

(4) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

RECONCILIATION OF ADJUSTED EBITDA

(\$ millions)

Adjusted EBITDA ⁽¹⁾

Net income attributable to Rexnord common stockholders

Dividends on preferred stock

Non-controlling interest loss

Loss from discontinued operations, net of tax

Equity method investment income

(Gain) loss on debt extinguishment

Income tax provision (benefit)

Other income, net ⁽²⁾

Interest expense, net

Income from operations

Adjustments

Depreciation and amortization

Restructuring and other similar charges

Acquisition-related fair value adjustment

Stock-based compensation expense

Last-in first-out inventory adjustments

Other, net ⁽³⁾

Subtotal of adjustments

Adjusted EBITDA

Third Quarter Ended	
December 31, 2018	December 31, 2017
\$ 19.6	\$ 75.8
5.8	5.8
(0.3)	-
27.8	4.3
(1.3)	-
(5.0)	11.9
9.1	(51.0)
(1.6)	(0.9)
16.8	18.5
<u>\$ 70.9</u>	<u>\$ 64.4</u>
\$ 21.9	\$ 19.2
2.6	3.2
0.3	0.9
5.7	5.0
0.3	0.2
1.4	-
<u>32.2</u>	<u>28.5</u>
<u>\$ 103.1</u>	<u>\$ 92.9</u>

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.

(2) Other income, net for the periods indicated, consists primarily of gains and losses from foreign currency transactions and the non-service cost components of net periodic benefit credits associated with our defined benefit plans. See "Management Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended December 31, 2018 for further information.

(3) Other, net includes the impact of gain or loss on sale of long-lived assets and cash dividends received from equity method investment. See "Management Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended December 31, 2018 for further information.

RECONCILIATION OF ADJUSTED NET INCOME

(\$ millions)

	Third Quarter Ended	
	December 31, 2018	December 31, 2017
Adjusted Net Income and Earnings Per Share		
Net income attributable to Rexnord common stockholders	\$ 19.6	\$ 75.8
Dividends on preferred stock	5.8	5.8
Non-controlling interest loss	(0.3)	-
Loss from discontinued operations, net of tax	27.8	4.3
Equity method investment income	(1.3)	-
(Gain) loss on debt extinguishment	(5.0)	11.9
Amortization of intangible assets	8.4	8.2
Restructuring & other similar charges	2.6	3.2
Supply chain optimization and footprint repositioning initiatives ⁽¹⁾	1.2	-
Acquisition-related fair value adjustment	0.3	0.9
Nonrecurring US Tax Reform adjustment	-	(54.8)
Other, net ⁽²⁾	(0.2)	(0.9)
Tax effect on above items	(1.5)	(7.3)
Adjusted net income ⁽³⁾	\$ 57.4	\$ 47.1
GAAP diluted net income per share attributable to Rexnord common stockholders	\$ 0.21	\$ 0.67
Adjusted earnings per share - diluted ⁽³⁾	\$ 0.47	\$ 0.39
GAAP diluted weighted-average shares	123,045	122,017
Diluted weighted-average shares for Adjusted EPS calculation	123,045	122,017

- (1) Represents accelerated depreciation and other non-cash expenses associated with our strategic supply chain optimization and footprint repositioning initiatives.
- (2) Other, net includes the impact of foreign currency transactions, sale of long-lived assets, the non-service cost components of net periodic benefit credits associated with our defined benefit plans, cash dividends received from equity method investment, and other miscellaneous expenses. See "Management Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended December 31, 2018 for further information.
- (3) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019.