

2Q CY20 JUNE QUARTER FINANCIAL RESULTS

July 29, 2020

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 July 28, 2020, 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.

2Q CY20 PERFORMANCE UPDATE

Consolidated Rexnord

- 2Q reported and core net sales decreased (12%) year over year
- Adjusted EBITDA⁽¹⁾ decreased by (7%) to \$103 million – margin expanded by 120 bps year over year to 23.0%
- 1H CY20 net sales decreased (5%) year over year, Adjusted EBITDA decreased (2%)
- Transitioning fiscal year end to December 31 – pro forma CY18/CY19 quarterly financials furnished in 8-K filing

Water Management (WM)

- 2Q net sales decreased by (2%) year over year, core growth decreased by (5%)
- Adjusted EBITDA increased +8% yr/yr to \$51 million – margin expanded by 270 bps to 29.1%

Process & Motion Control (PMC)

- 2Q net sales decreased by (17%) year over year, core growth decreased by (15%)
- Adjusted EBITDA decreased (20%) yr/yr to \$59 million – decremental margin was 26%

Capital Allocation

- Repaid revolver borrowings in June
- Continuing/resuming capital allocation priorities in 2H CY20
- Net debt leverage unchanged at 1.9x

(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 July 28, 2020.

RBS: OUR SUSTAINABLE, COMPETITIVE ADVANTAGE

Culture Matters

- Common language, everyday, everywhere
- People, Plan, Process, Performance
- Engagement drives years of daily compounding of Continuous Improvement
- Ecosystem of giving back, volunteerism, diversity and inclusion

Strengthen business portfolio & end market diversification

- Divested undifferentiated product lines, reduced cyclicity of portfolio with sector exposure
- Acquired foundation businesses serving food processing, marine, distributed power generation

Supply Chain Optimization & Footprint Repositioning (SCOFR)

- Reduce vertical integration & facility footprint by >20%, develop LCC footprint
- Drive sustainable capital expenditures below 2% of revenue
- Capture structural cost reductions of \$60 million (\$40 million achieved, \$20 million in process)

Reduce financial leverage, expand capital allocation optionality

- Reduced net debt leverage ratio to 1.9x (Mar-2020) from 3.8x (Mar-2016)

DIFFERENTIATED INVESTMENTS IN GROWTH

Invest in digital transformation of enterprise (DiRXN)

- Replace manual processes with digital to improve customers' experience and operating efficiencies
- Expand omni-channel go-to-market models

Convert voice of customer into differentiated digital product solutions

- Establish leadership position in Industry 4.0 / Industrial Internet of Things solutions
- Add simple-to-deploy digital-connectivity across product portfolios

Deploy 8020 tools to drive enterprise simplification

- Focus resources on highest-potential growth opportunities
- Simplify product offerings, eliminate redundant overhead
- Redeploy resources to strengthen and leverage competitive advantages

Accelerate longer-term sustainable growth

- Accelerate investment in proprietary product differentiation, gain customer specification share
- Expand in adjacent markets, such as fire suppression (WM), gear drive service & remanufacturing (PMC)
- Acquire complementary businesses that strengthen value propositions, expand growth vectors

CAPITAL ALLOCATION UPDATE

Maintaining net debt leverage ratio in 2x – 3x range

- Leverage ratio maintained at 1.9x during June quarter

Committed to \$0.08 / share quarterly common stock dividend = 1.0% current yield

- Annual increases in dividend rate are anticipated

Allocating \$75 million to \$150 million to annual share repurchases

- Invested \$81 million in March quarter, suspended in June quarter – targeting restart in 2H 2020

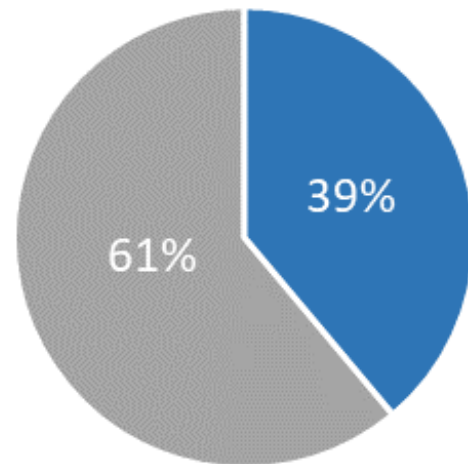
Maintaining capacity for strategic bolt-on acquisitions

- Prioritizing targets in water management and consumer-facing industrial end markets

Objective: Deliver top-quartile shareholder returns through cycles

2Q CY20 SUMMARY

2Q CY20 Net Sales



■ Process & Motion Control
 ■ Water Management

\$ millions	2Q CY20	2Q CY19	Change
Net Sales	\$449	\$508	(12%)
<i>Growth from:</i>			
Core ⁽¹⁾			(12%)
Acquisitions			1%
Translation			(1%)
Adjusted EBITDA ⁽¹⁾	\$103	\$111	(7%)
% of Sales	23.0%	21.8%	120 bps

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2Q CY20 PLATFORM RESULTS

PMC

\$ millions	2Q CY20	2Q CY19	Change
Net Sales	\$274	\$330	(17%)
<i>Growth from:</i>			
Core ⁽¹⁾			(15%)
Acquisitions			0%
Translation			(2%)
Adjusted EBITDA ⁽¹⁾	\$59	\$74	(20%)
% of Sales	21.6%	22.4%	(80 bps)

- 8020 product line simplification reduced sales growth by 190 bps
- Adjusted EBITDA decremental margin was 26%

WM

\$ millions	2Q CY20	2Q CY19	Change
Net Sales	\$175	\$178	(2%)
<i>Growth from:</i>			
Core ⁽¹⁾			(5%)
Acquisitions			3%
Translation			0%
Adjusted EBITDA ⁽¹⁾	\$51	\$47	8%
% of Sales	29.1%	26.4%	270 bps

- Adjusted EBITDA margin expanded by 270 bps year over year
- Strong demand growth for hygienic products
- Launched expanded digitally-connected solutions in backflow prevention and sensor products

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SEPTEMBER QUARTER PLANNING GUIDEPOSTS

Remainder of 2020 likely to remain challenged by macro declines

- “Controlling the controllable” – while retaining capacity to fully participate in recovery

Key 3Q CY20 (September-quarter) guideposts

- Sales decline of 12%-17% year over year
- Segment Adjusted EBITDA⁽¹⁾ margin* in 22%-24% range⁽²⁾
- Corporate expense of \$8 million
- Interest expense of \$12 million
- Depreciation & amortization of \$23 million

* Total segment margin before corporate expenses

(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 July 28, 2020.

(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.

CASH FLOW OUTLOOK

Current 9-month interim period 2020 free cash flow expectations

- Capital expenditures of approximately \$25 million includes SCOFR 3.0
- Cash restructuring of \$15-17 million includes SCOFR 3.0
- Cash interest payments of approximately \$42 million
- Cash tax payments of \$40-45 million
- Cash release from trade working capital of \$20-30 million
- Free cash flow⁽¹⁾ to exceed net income

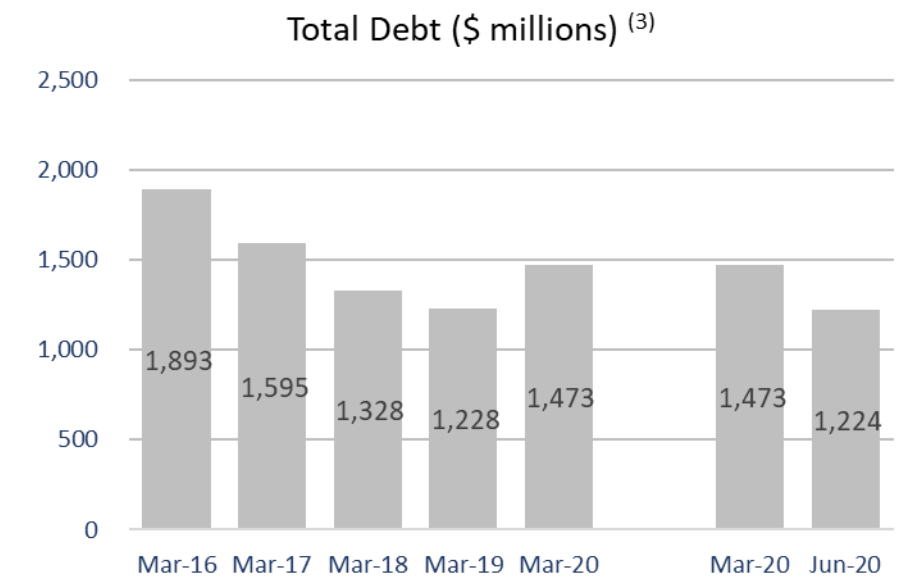
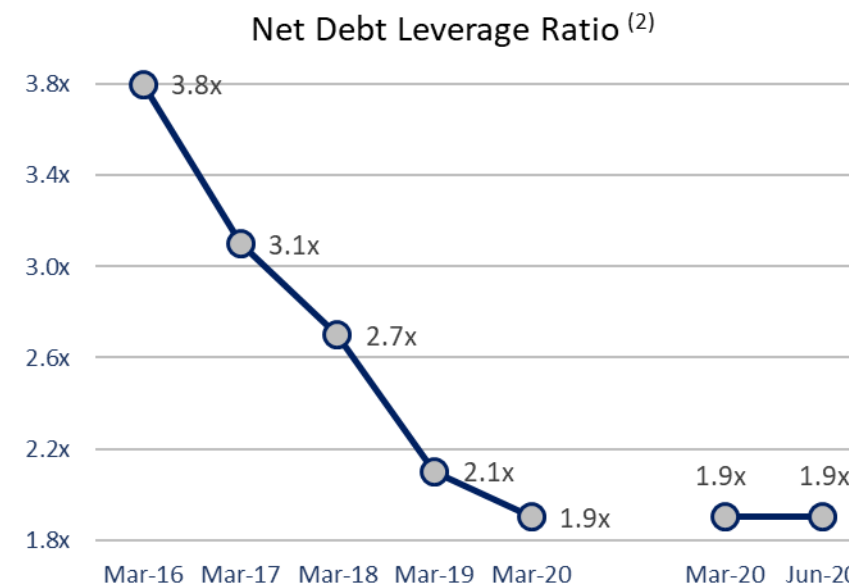
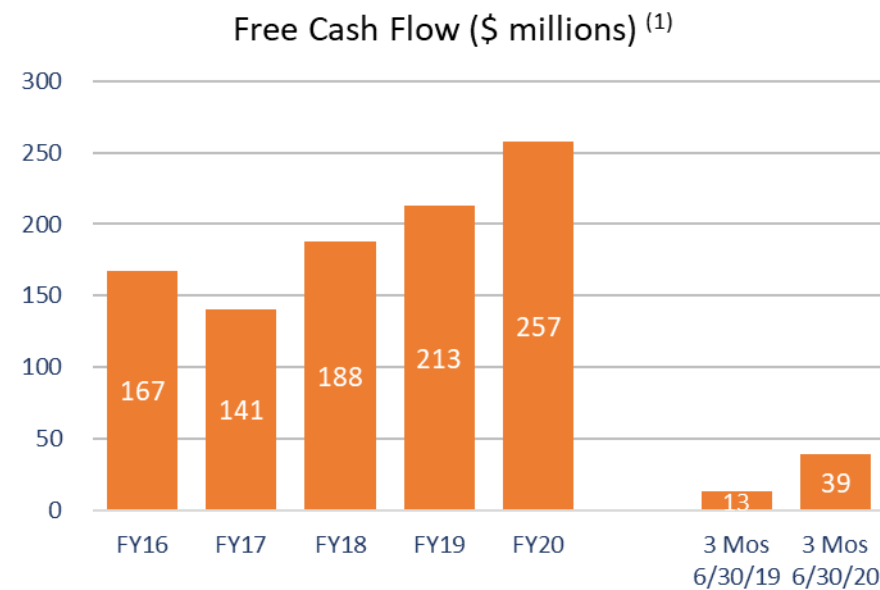
Indicated calendar-year 2020 free cash flow expectations*

- Capital expenditures of approximately \$41 million includes SCOFR 3.0
- Cash restructuring of \$18-20 million includes SCOFR 3.0
- Cash interest payments of approximately \$49 million
- Cash tax payments of \$50-55 million
- Cash release from trade working capital of \$20-30 million
- Free cash flow⁽¹⁾ to exceed net income

* Combines actual March 2020 quarter results with expectations for 9-month interim period.

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CASH FLOW & BALANCE SHEET



(1) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma L12M 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 July 28, 2020.

(3) Total Debt prior to Sep-19 includes a New Market Tax Credit Receivable, which is more than offset by an associated payable that is also included in Total Debt prior to Sep-19.

APPENDIX

REXNORD'S UNDERLYING RETURN ON INVESTED CAPITAL⁽¹⁾

1

2006 LBO change-of-control premium resulted in \$1.723 billion of goodwill & intangibles

Adjust debt by unamortized portion of intangible assets

\$ millions	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Total Debt	1,265	1,251	1,149	1,473	1,224
Goodwill	(850)	(850)	(850)	(850)	(850)
Intangibles	(187)	(187)	(187)	(187)	(187)
Debt ex-LBO	228	214	112	436	187

2

Annual non-cash amortization moderated income-driven growth in shareholders' equity

Adjust equity by cumulative amortization (net of tax)

\$ millions	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Stockholders' Equity	1,278	1,321	1,368	1,314	1,354
LBO Amort (net of tax)	192	192	192	192	192
Equity ex-LBO	1,470	1,513	1,560	1,505	1,545

3

Focus on capital actually invested in assets to drive growth and profitability

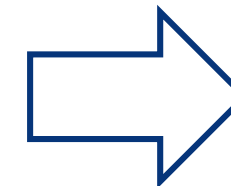
Calculate total invested capital with adjusted inputs

\$ millions	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Equity ex-LBO	1,470	1,513	1,560	1,505	1,545
Debt ex-LBO	228	214	112	436	187
Cash	(272)	(320)	(277)	(573)	(353)
Total Invested Cap ex-LBO	1,426	1,407	1,394	1,368	1,379

4

Calculate L12M net operating profit after tax (NOPAT) and divide by 5-quarter average of adjusted invested capital to determine ROIC unburdened by 2006 LBO accounting

\$ millions	L12M
Operating Income	320
NOPAT	230
Tax Rate	28%
Average Invested Capital	1,399
Underlying ROIC	16.5%



ROIC = 16.5%

source: Company reports, internal data (annual amortization of specific intangible assets).

ROIC = Return on Invested Capital = After-tax Operating Income / (Stockholders' Equity + Total Debt – Cash & equivalents). L12M = Latest 12 months.

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