

SECOND QUARTER FISCAL YEAR 2020 FINANCIAL RESULTS

October 30, 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 October 29, 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

- 2Q net sales decrease (1%) year over year, core growth⁽¹⁾ flat
- Adjusted EBITDA⁽¹⁾ increases 3% year over year to \$118 million
- Simplification initiative reduces sales growth by approximately 150 bps year over year

Water Management

- 2Q net sales increase +5% year over year, core growth +4%
- Adjusted EBITDA margin expands to record 27.4%

Process & Motion Control

- 2Q net sales decrease (3%) year over year, core growth (2%), currency translation (2%)
- Simplification actions reduce sales growth by approximately 200 bps
- Margins expand with solid operating execution, SCOF 2.0 structural cost reductions

Cash Flow & Balance Sheet

- Net debt leverage ratio⁽¹⁾ down to 2.0x

(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 October 29, 2019.

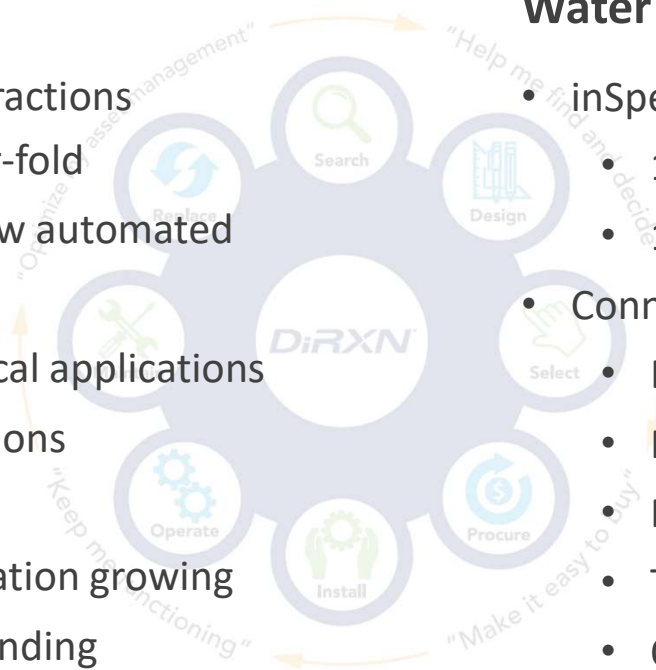
DiRXN MOMENTUM BUILDING

Process & Motion Control

- Rapid transition to digital interactions
 - 1H FY20 web visits up four-fold
 - 2 of 3 quotes & orders now automated
- Connected products
 - Strong acceptance in critical applications
 - Developing scalable solutions
 - Declining cost to connect
 - Premium Services penetration growing
 - Opportunity funnels expanding

Water Management

- inSpec adoption continues to expand
 - 1H FY20 usage up ~50%
 - 1H FY20 project value 75% > entire FY19
- Connected products
 - Deeper customer relationships
 - Product breadth matters
 - Massive retrofit opportunity
 - Trial installations proliferating
 - Opportunity funnels expanding



FINANCIAL UPDATE

Second Quarter Fiscal Year 2020

- Adjusted EBITDA⁽¹⁾ of \$118 million increased +3% year over year
- Net sales decreased (1%) year over year
 - Acquisitions increased sales by +1%
 - Foreign currency translation decreased sales by (2%)
- Core sales⁽¹⁾ were flat year over year
- Diluted Earnings Per Share from Continuing Operations of \$0.46
- Adjusted EPS⁽¹⁾ of \$0.51

(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 October 29, 2019.

FISCAL YEAR 2020 OUTLOOK

- Core sales growth⁽¹⁾ in low single-digit percentage range⁽²⁾, net of 8020 PLS impact
 - 8020 PLS (product line simplification) to be 150-200 bps headwind
- Adjusted EBITDA⁽¹⁾ in \$460 - \$467 million range⁽²⁾

FY 2020 Adjusted EBITDA Outlook		
\$millions	<u>Low</u>	<u>High</u>
Previous Range (7/30/19)	460	475
Updates		
Currency Translation	(4)	(4)
Core Operating	4	(4)
Updated Range (10/29/19)	<u>460</u>	<u>467</u>

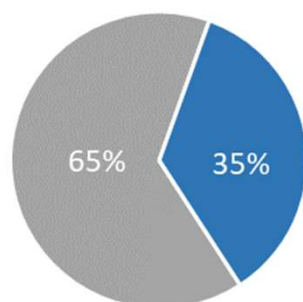
- Free cash flow⁽¹⁾ to exceed net income

(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 October 29, 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.

2Q FY20 SUMMARY

2Q FY20 Net Sales



■ Process & Motion Control
 ■ Water Management

	2Q FY20	2Q FY19	Change
Net Sales	\$521	\$525	(1%)
<i>Growth from:</i>			
Core ⁽¹⁾			0%
Acquisitions			1%
Translation			(2%)
Adjusted EBITDA ⁽¹⁾	\$118	\$115	3%
% of Sales	22.7%	21.9%	80 bps

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PROCESS & MOTION CONTROL

	2Q FY20	2Q FY19	Change
Net Sales	\$337	\$349	(3%)
Growth from:			
Core ⁽¹⁾			(2%)
Acquisitions			1%
Translation			(2%)
Adjusted EBITDA ⁽¹⁾	\$78	\$78	0%
% of Sales	23.0%	22.3%	70 bps

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 decline of (3%) year over year
- Core sales were off (2%) due to product line simplification
- Adjusted EBITDA margin expands by 70 bps

**Dual Detectable
Belt Material**



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WATER MANAGEMENT

	2Q FY20	2Q FY19	Change
Net Sales	\$184	\$176	5%
<i>Growth from:</i>			
Core ⁽¹⁾			4%
Acquisitions			1%
Translation			0%
Adjusted EBITDA ⁽¹⁾	\$51	\$48	6%
% of Sales	27.4%	27.1%	30 bps

End-Market Outlook Assumed in Guidance

Nonresidential Construction: US & Canada
 Commercial & Industrial
 Institutional
 Residential Construction: US & Canada



- Net sales growth of 5% year over year
- Core growth of 4% year over year
- Adjusted EBITDA margin expands by 30 bps

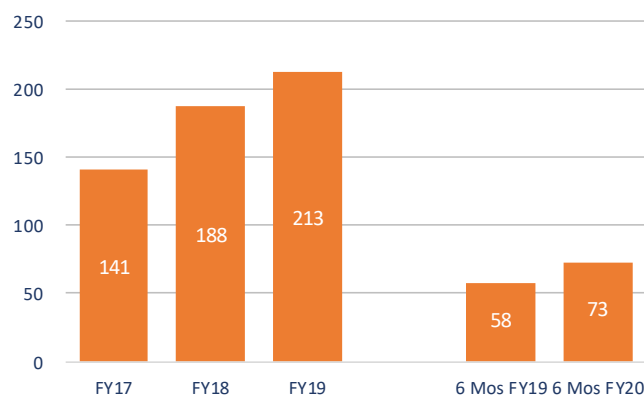
EZ Gear-Driven Sensor Faucets



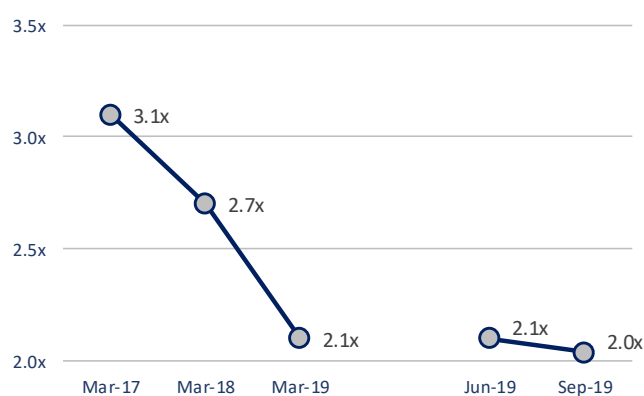
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CASH FLOW & BALANCE SHEET

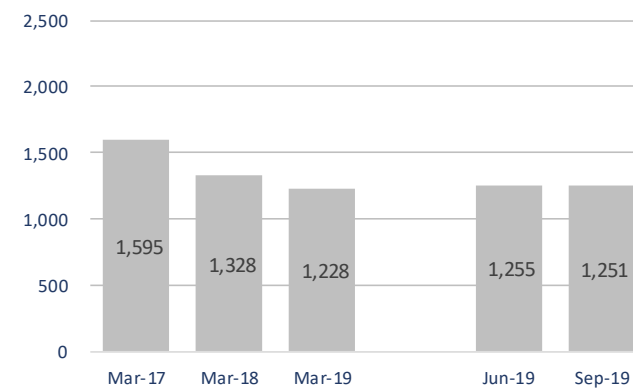
Free Cash Flow (\$ millions) ⁽¹⁾



Net Debt Leverage Ratio ⁽²⁾



Total Debt (\$ millions) ⁽³⁾



(1) 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 October 29, 2019.

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

(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.

REXNORD
SOLVING SMARTER

APPENDIX

FISCAL YEAR 2020 OUTLOOK

Core sales % growth ⁽¹⁾	+ Low Single Digit (net of 150-200 bps PLS impact)
Adjusted EBITDA ⁽¹⁾	\$460 - \$467 million
Free Cash Flow ⁽¹⁾	> Net Income
Depreciation & Amortization ⁽²⁾	~ \$ 85 million
Interest Expense (LIBOR < 3%)	~ \$ 62 million
Effective Tax Rate ⁽³⁾	~ 26%
Capital Expenditures	< 2.5% of sales (includes SCOFR 3.0)

(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 October 29, 2019.

(2) Excludes an estimated \$3 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

Mandatory Convertible Preferred Details

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

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

CALCULATING 2Q FY20 DILUTED ADJUSTED EPS

(\$ millions, except per-share amounts)

Second
Quarter
Ended

9/30/2019

Base Methodology

Adjusted Net Income ⁽¹⁾	\$	57.6
Weighted-Average Number of Shares: Diluted (thousands)		107,941
Adjusted Earnings Per Share: Diluted (Base Method) ⁽¹⁾	\$	0.53

If-Converted Methodology

Adjusted Net Income	\$	57.6
Add Back Dividends		5.8
Adjusted Net Income Attributable to Rexnord Common Stockholders	\$	63.4
Weighted-Average Number of Shares: Diluted (thousands)		107,941
Add Adjustment for Conversion of Preferred Stock into Common Stock (thousands)		15,979
Adjusted Weighted-Average Shares: Diluted (thousands)		123,920
Adjusted Earnings Per Share: Diluted (If-Converted Method) ⁽¹⁾	\$	0.51

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