

THIRD QUARTER FISCAL YEAR 2020 FINANCIAL RESULTS

January 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 January 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.

STRATEGIC UPDATE

Consolidated Rexnord

- 3Q net sales increase +1% year over year, core growth⁽¹⁾ +1%; Adjusted EBITDA⁽¹⁾ +4% yr/yr at \$107 million
- Simplification initiatives reduce sales growth by approximately 150 bps year over year

Water Management

- 3Q net sales increase +4% year over year, core growth +3%; Adjusted EBITDA increases +5% yr/yr
- Acquired Just Manufacturing Co.

Process & Motion Control

- 3Q net sales and core growth both flat year over year; Adjusted EBITDA increases +2% yr/yr
- Simplification initiatives reduce sales growth by approximately 200 bps year over year

Capital Allocation

- Announced enhanced capital allocation strategy on January 27
- Declared \$0.08 per share quarterly common stock dividend
- Allocated \$20 million to share repurchases during 3Q; increased repurchase capacity to \$300 million
- Net debt leverage ratio⁽¹⁾ decreases to 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 January 28, 2020.

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	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Total Debt	1,312	1,238	1,265	1,251	1,149
Goodwill	(850)	(850)	(850)	(850)	(850)
Intangibles	(187)	(187)	(187)	(187)	(187)
Debt ex-LBO	275	201	228	214	112

2

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

Adjust equity by cumulative amortization (net of tax)

\$ millions	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Stockholders' Equity	1,180	1,231	1,278	1,321	1,368
LBO Amort (net of tax)	192	192	192	192	192
Equity ex-LBO	1,372	1,423	1,470	1,513	1,560

3

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

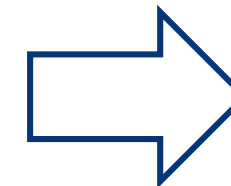
Calculate total invested capital with adjusted inputs

\$ millions	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Equity ex-LBO	1,372	1,423	1,470	1,513	1,560
Debt ex-LBO	275	201	228	214	112
Cash	(297)	(293)	(272)	(320)	(277)
Total Invested Cap ex-LBO	1,350	1,331	1,426	1,407	1,394

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	328
NOPAT	236
Tax Rate	28%
Average Invested Capital	1,381
Underlying ROIC	17.1%



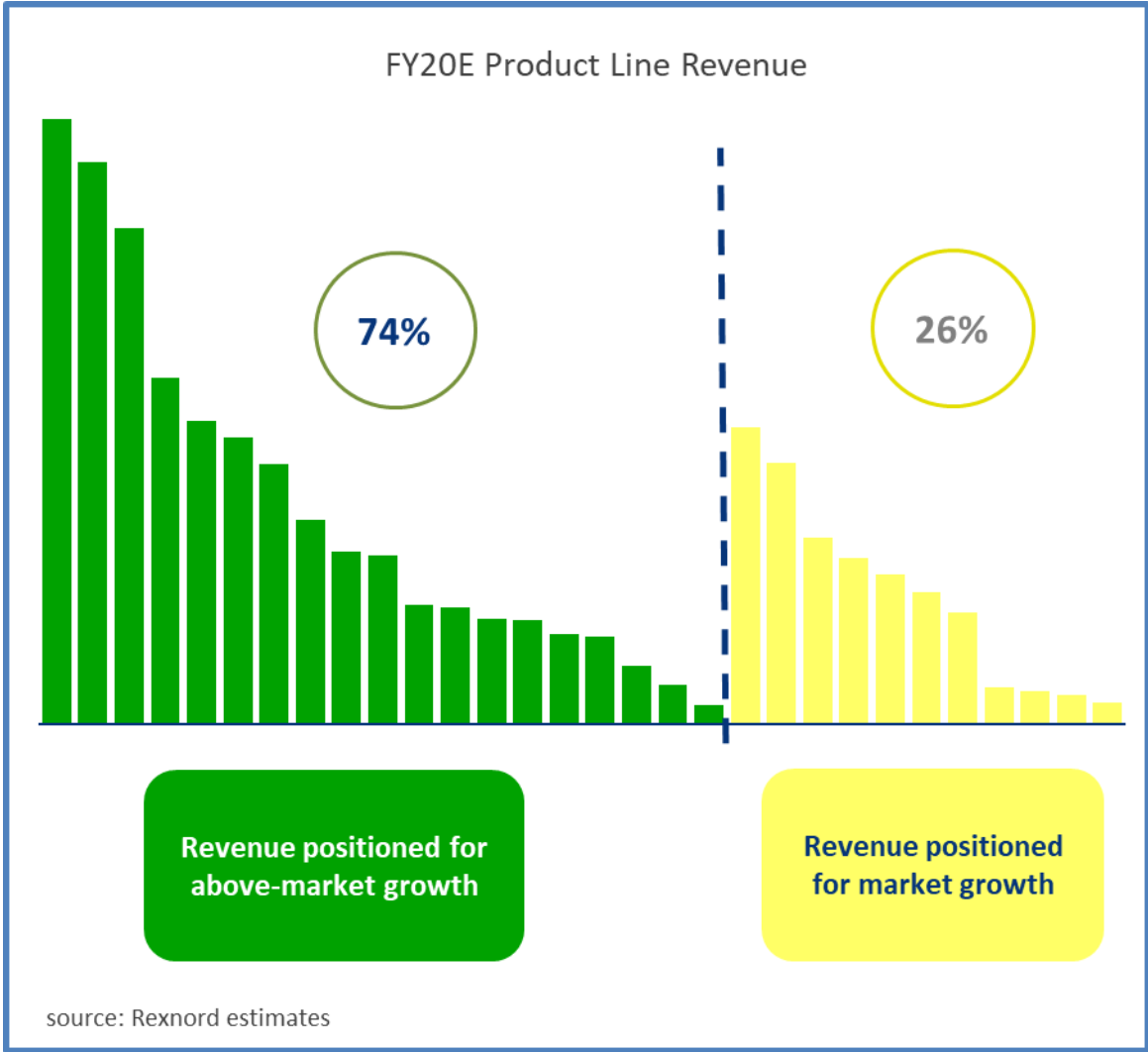
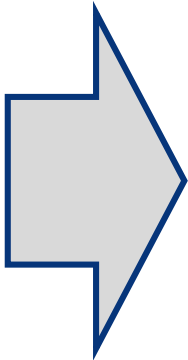
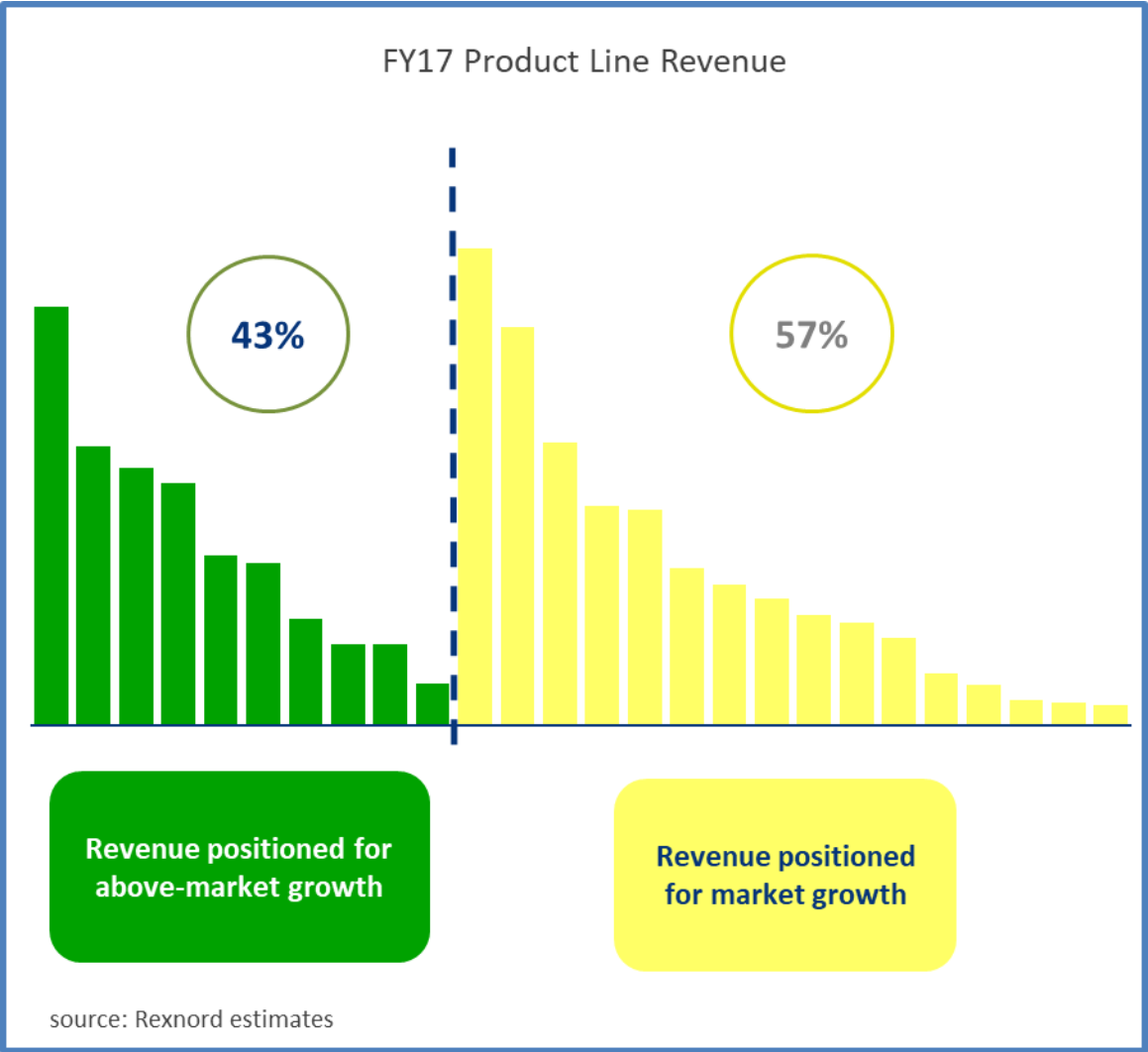
ROIC = 17.1%

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.

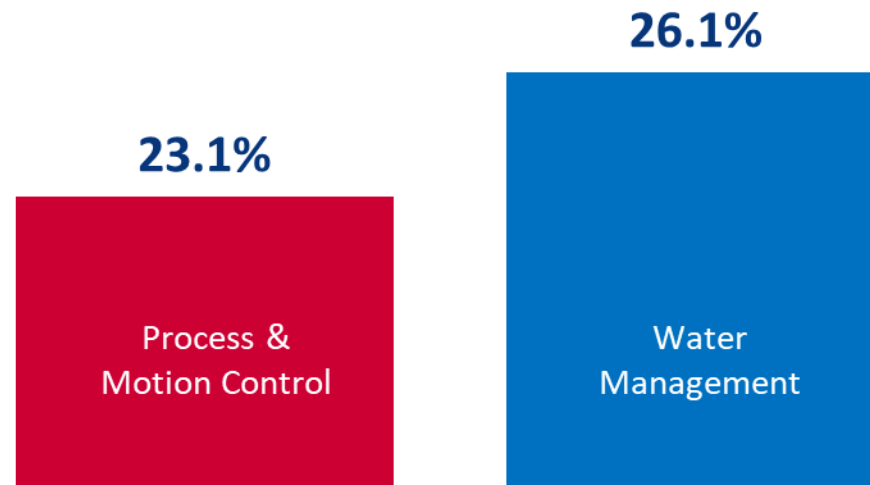
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SIGNIFICANT PORTFOLIO TRANSITION TOWARD GROWTH

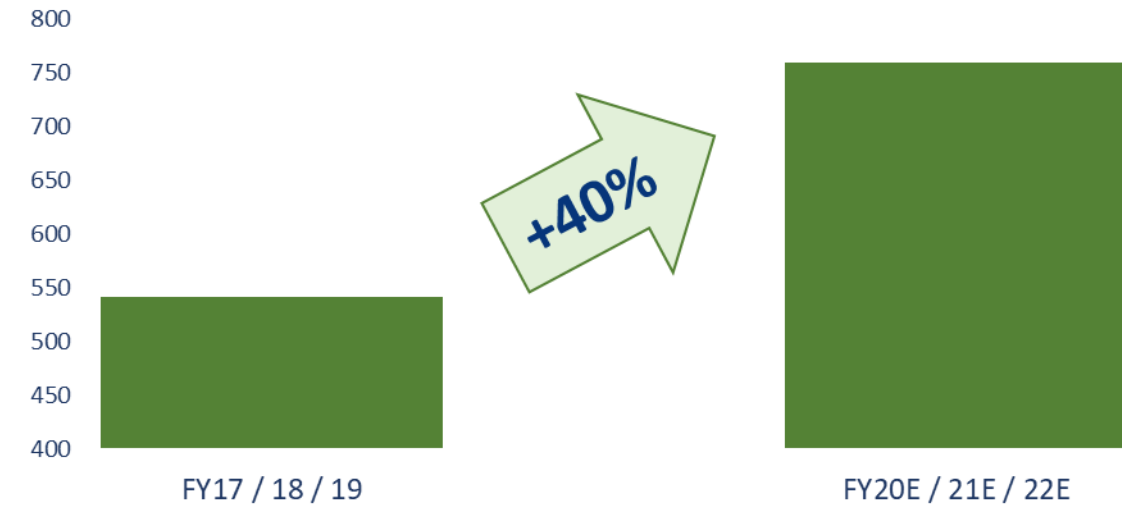


VALUE CREATION LEVERS

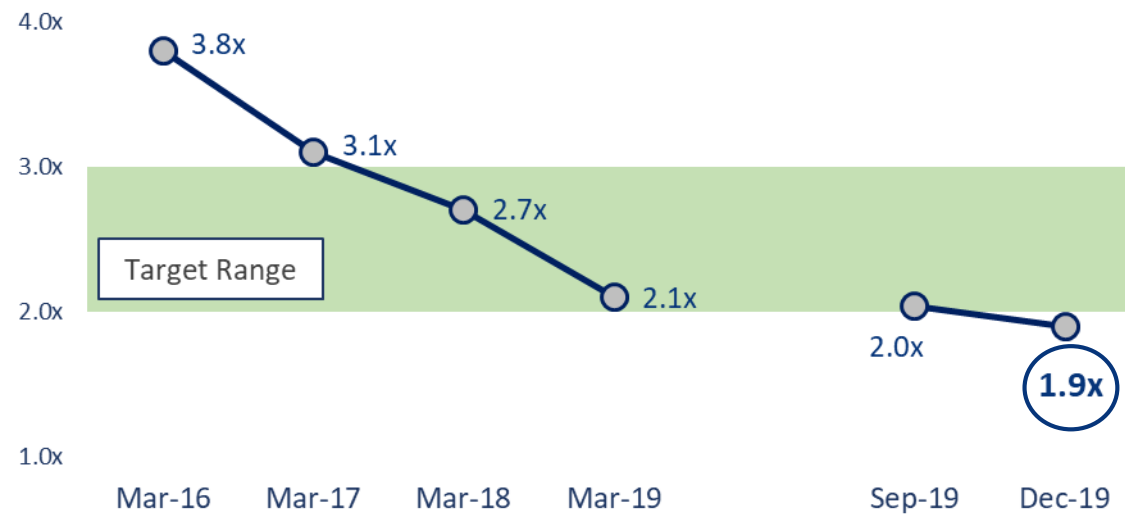
Segment Adjusted EBITDA Margin (L12M) ⁽¹⁾



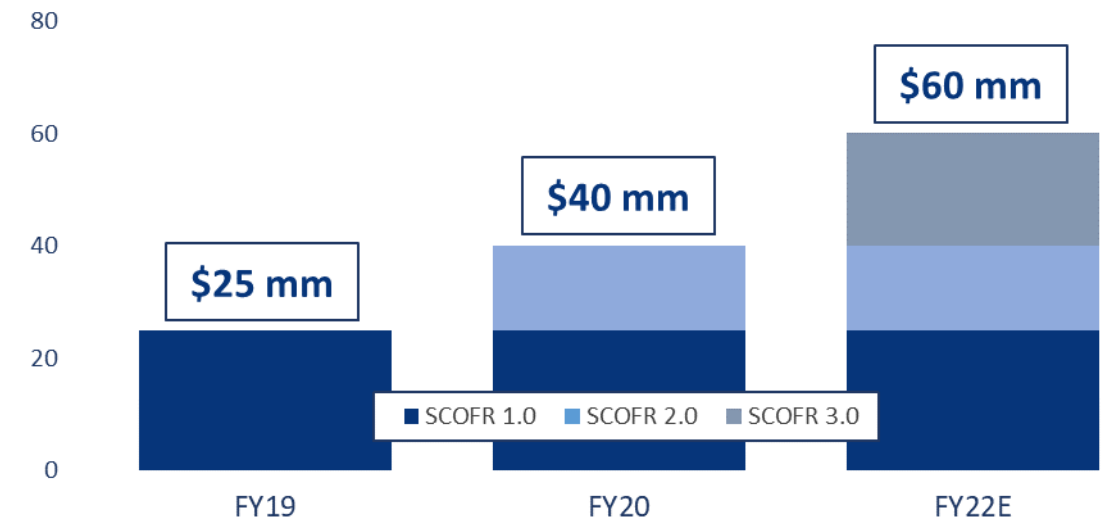
3-Year Cumulative Free Cash Flow (\$ millions) ⁽¹⁾



Net Debt Leverage Ratio ⁽¹⁾



Cumulative SCOFR Structural Cost Savings ⁽²⁾



(1) Adjusted EBITDA, Free Cash Flow, Net Debt Leverage Ratio are non-GAAP measures and are defined in our SEC filings. Data in future periods are estimated and subject to change.

(2) SCOFR = Supply Chain Optimization & Footprint Repositioning initiatives.

BENCHMARKING VS PREMIER INDUSTRIALS

	3-Year CAGR		EV/EBITDA
	Revenue	Adjusted EBITDA ⁽¹⁾	Yr 1 Consensus
Rexnord	6.4%	10.6%	10.6x
Comp I	7.0%	8.5%	18.0x
Comp II	6.7%	7.8%	18.2x
Comp III	5.8%	8.9%	18.8x
Comp IV	2.1%	10.7%	15.2x
Comp V	2.1%	6.4%	14.9x

Average Comp ROIC = 17.2%

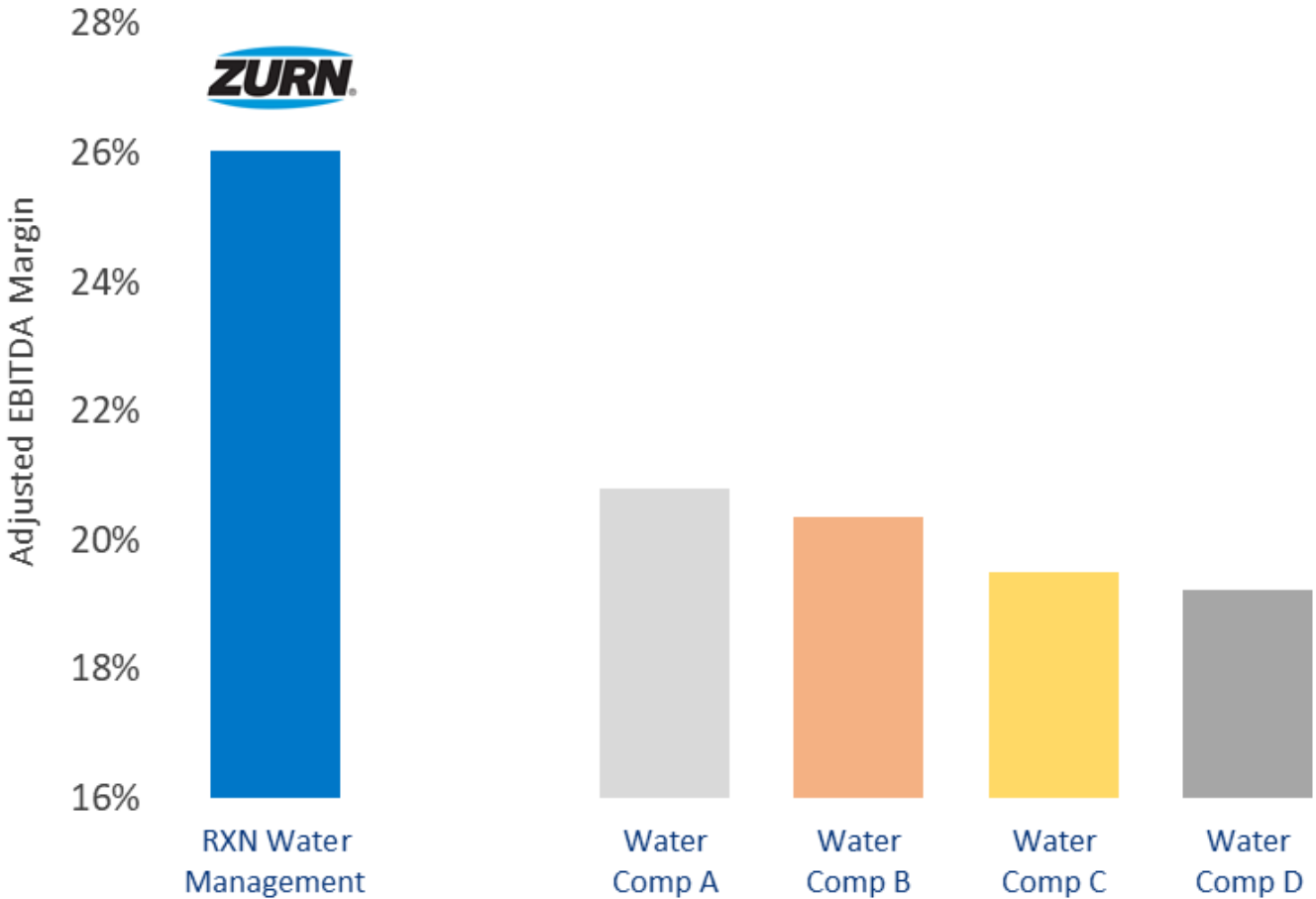
source: Company reports, Rexnord estimates.

Note: CAGR = Compound Annual Growth Rate. Data for current fiscal year per FactSet (1/27/20). Comp ROIC calculated using most recent reported L12M data as of 1/27/20.

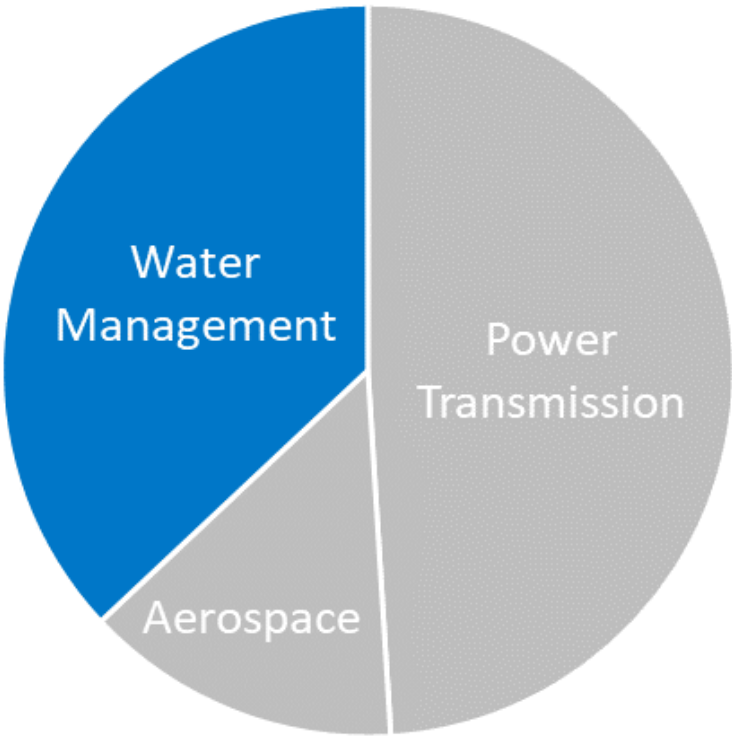
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ILLUSTRATING OUR COMPETITIVE ADVANTAGE

RXN Water Management Adjusted EBITDA⁽¹⁾ Margin
vs Public Water Comps



Share of Rexnord
FY20E Adjusted EBITDA



source: Company reports, Rexnord estimates. Enterprise Value = Market value of equity + total debt – cash & equivalents. Margins are L12M through September 2019 to aid comparability.
(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 28, 2020.

ENHANCED CAPITAL ALLOCATION STRATEGY

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

- Strong free cash flow profile supports moderate financial leverage

Initiate \$0.08 / share quarterly common stock dividend = approximately 1.0% yield

- Annual increases in dividend rate are anticipated

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

- Retains flexibility to respond to short-term equity value dislocations

Substantial capacity for strategic acquisitions

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

Objective: Deliver top-quartile shareholder returns through cycles

FINANCIAL UPDATE

Third Quarter Fiscal Year 2020

- Adjusted EBITDA⁽¹⁾ of \$107 million increased +4% year over year
- Net sales increased +1% year over year
 - Acquisitions increased sales by +1%
 - Foreign currency translation decreased sales by (1%)
- Core sales⁽¹⁾ increased +1% year over year
- Diluted Earnings Per Share from Continuing Operations of \$0.39
- Adjusted EPS⁽¹⁾ of \$0.48

(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 28, 2020.

FISCAL YEAR 2020 OUTLOOK

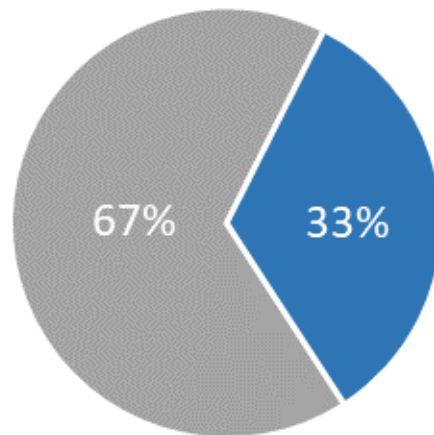
- Core sales growth⁽¹⁾ in low single-digit percentage range, net of 8020 PLS impact
 - 8020 PLS (product line simplification) to be approximately 150 bps headwind
- Adjusted EBITDA⁽¹⁾ in \$460 - \$464 million range⁽²⁾
- Free cash flow⁽¹⁾ to exceed net income

(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 January 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.

3Q FY20 SUMMARY

3Q FY20 Net Sales



■ Process & Motion Control
 ■ Water Management

\$ millions	3Q FY20	3Q FY19	Change
Net Sales	\$492	\$485	1%
<i>Growth from:</i>			
Core ⁽¹⁾			1%
Acquisitions			1%
Translation			(1%)
Adjusted EBITDA ⁽¹⁾	\$107	\$103	4%
% of Sales	21.8%	21.3%	50 bps

(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 28, 2020.

PROCESS & MOTION CONTROL

\$ millions	3Q FY20	3Q FY19	Change
Net Sales	\$328	\$327	0%
<i>Growth from:</i>			
Core ⁽¹⁾			0%
Acquisitions			1%
Translation			(1%)
Adjusted EBITDA ⁽¹⁾	\$74	\$73	2%
% of Sales	22.7%	22.3%	40 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 flat year over year due to product line simplification initiatives
- Core sales also flat
- Adjusted EBITDA margin expands by 40 bps

**Line Condition
Optimization Report**



(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 28, 2020.

WATER MANAGEMENT

\$ millions	3Q FY20	3Q FY19	Change
Net Sales	\$164	\$158	4%
<i>Growth from:</i>			
Core ⁽¹⁾			3%
Acquisitions			1%
Translation			0%
Adjusted EBITDA ⁽¹⁾	\$43	\$41	5%
% of Sales	26.0%	25.6%	40 bps

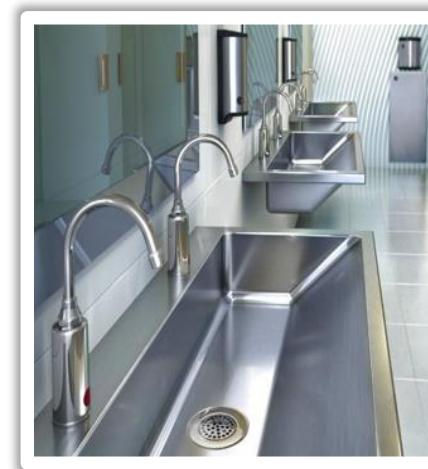
End-Market Outlook Assumed in Guidance

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



- Net sales growth of 4% year over year
- Core growth of 3% year over year
- Adjusted EBITDA margin expands by 40 bps

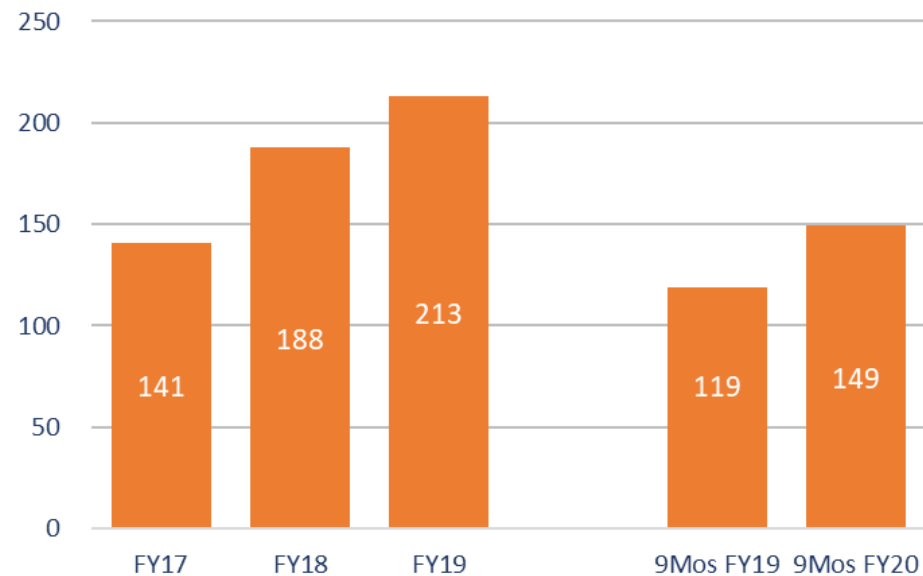
***Just Manufacturing
Stainless Sinks***



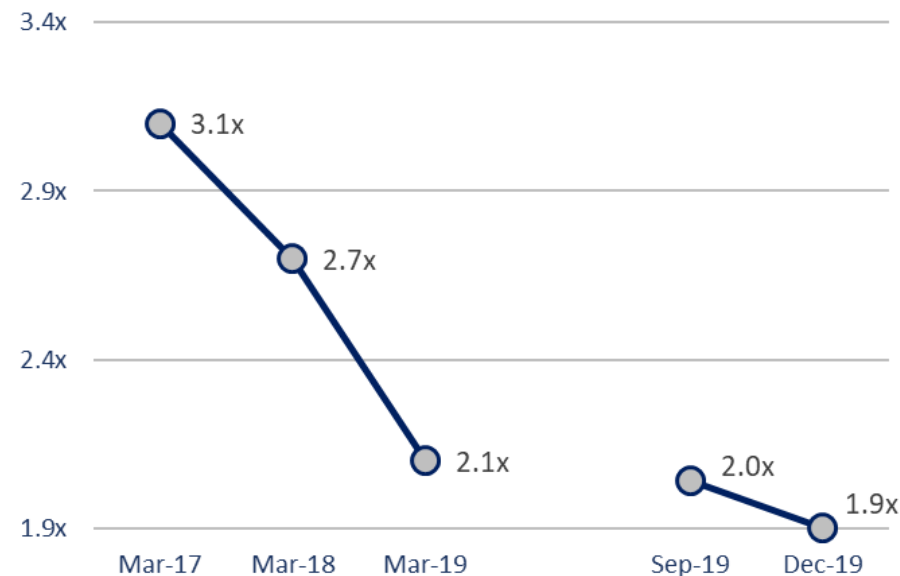
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CASH FLOW & BALANCE SHEET

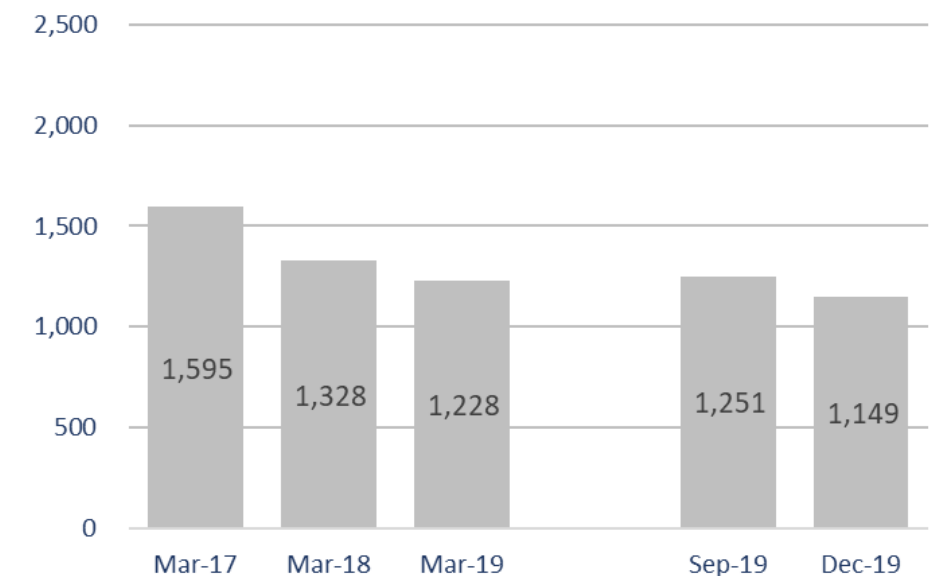
Free Cash Flow (\$ millions) ⁽¹⁾



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 January 28, 2020.

(2) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma L12M 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 approximately 150 bps PLS impact)
Adjusted EBITDA ⁽¹⁾	\$460 - \$464 million
Free Cash Flow ⁽¹⁾	> Net Income
Depreciation & Amortization ⁽²⁾	~ \$ 84 million
Interest Expense (LIBOR < 3%)	~ \$ 59 million
Effective Tax Rate ⁽³⁾	~ 25%
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 January 28, 2020.

(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.