

FOURTH QUARTER FISCAL YEAR 2020 FINANCIAL RESULTS

May 13, 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 May 12, 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.

The effects of the COVID-19 pandemic on our employees, customers and supply chain, including those related to governmental actions, may, among other impacts, heighten the effects on our business, results of operations and financial condition of the risk factors identified in our Annual Report on Form 10-K.

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.

FISCAL YEAR 2020 REVIEW

Consolidated Rexnord

- FY20 net sales increased +1% year over year, core growth⁽¹⁾ +1%
 - 8020 product line simplification reduced FY20 sales growth by 150 bps
- FY20 EPS of \$1.46, including \$0.23 per share non-cash actuarial loss on pension and OPEB
 - Adjusted EPS⁽¹⁾ increased +9% year over year to \$2.01
- FY20 Adjusted EBITDA⁽¹⁾ increased +4% yr/yr to record \$460 million, including \$124 million in 4Q
 - Adjusted EBITDA margin expanded year over year by 70 bps to 22.3%
 - SCOFR 2.0 delivered \$15 million structural cost reduction
- FY20 free cash flow⁽¹⁾ increased 21% year over year to record \$257 million
- FY20 underlying return on invested capital⁽¹⁾ was 17.4%

Capital allocation

- Capital expenditures of \$41 million (2.0% of FY20 revenue)
- Completed acquisitions of Stainlessdrains.com, Just Manufacturing in Water Management platform
- Prepaid \$100 million of long-term debt under credit agreement
- Allocated \$101 million to share repurchases, including \$81 million during March quarter
- Initiated \$0.08 per share common stock dividend in March quarter

(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 May 12, 2020.

OPEB = Other Post-Employment Benefits; SCOFR = Supply Chain Optimization & Footprint Repositioning

OPERATING ENVIRONMENT

- Required all associates who can work from home to do so
- Established social distancing protocols within offices and manufacturing sites
- Utilizing IT Collaboration and Productivity Tools in lieu of travel and face-to-face meetings
- Created daily cleaning and disinfecting protocols for all our facilities
- Implemented temperature testing at manufacturing sites, where local regulations allow
- Required associates to wear face covers – providing face coverings for associates
- Installed physical barriers between workstations to augment physical distancing
- Established an emergency COVID-19 paid leave policy for Rexnord associates
- Activated programs and resources to support the physical and emotional health of associates
- **Essentially all global facilities are operating with only intermittent interruptions**



OUR PLAN

1. **Transition** fiscal year end to December 31 – will report 9-month interim period in 2020
 - Will also provide pro forma calendar-year-to-date results during 2020
 - Better align operating/valuation comparisons with broader peer sets and direct competitors
2. **Flex** cost structure in line with anticipated June-quarter demand levels
 - Monitor macro/customer developments, seek to provide second-half CY20 outlook in July
 - Recognize that wider ranges of potential outcomes must be accepted in near-term
3. **Execute** third wave of Supply Chain Optimization & Footprint Repositioning (SCOFR 3.0) initiatives
 - SCOFR 3.0 to deliver \$15-17 million structural cost savings in CY21, another \$3-5 million in CY22
4. **Leverage** 8020 initiatives to provide additional momentum to recovery curve
5. **Balance** capital allocation priorities
 - Share repurchase activity temporarily suspended
 - Current common stock dividend to be sustained
6. **Continue** to augment our expanded ESG profile of May 11

DECISIVE, HIGH-IMPACT RESPONSE

- **Flexing cost structure**
 - Tiered unpaid furloughs for exempt employees
 - Salary freeze for exempt employees
 - Limited workforce reductions – salaried and hourly
 - Limited plant furloughs
 - Restrictions on all non-essential spending, including travel
- **Total cost savings of \$51 million over the final 9 months of 2020**
 - Annualized \$68 million savings rate equal to:
 - ✓ 3% of FY20 revenue
 - ✓ 15% of FY20 Adjusted EBITDA
- **Manage cash flow and liquidity on daily basis**
- **Focus on physical, mental, financial health of associates**



AMPLIFYING OUR ESG PROFILE

Find at: <https://rexnordcorporation.com/en-US/Social-Responsibility>

2019 Corporate Social Responsibility Report

REXNORD
SOLVING SMARTER.

REXNORD
SOLVING SMARTER.

English - Contact Us

ABOUT US | REXNORD BUSINESS SYSTEM | OUR BUSINESSES | SOCIAL RESPONSIBILITY | INVESTORS | NEWS | CAREERS

SOCIAL RESPONSIBILITY MATTERS.

We aren't just solving smarter for our customers.
We're working to make life better for people and the planet.

Environment | Health & Safety | People | Community

The safety of every Rexnord associate is our top priority. To be our best and maintain integrity in everything we do, we provide associates with the right tools and resources.

We do this in four strategic ways: promoting environmental stewardship for our customers and the planet; managing the health and safety of our associates; investing in our people and creating an inclusive work environment; and supporting the communities where we live and work.

TOP STORIES

Environment Stories

Saving Nearly 18,000 Trees a Year By Going Paperless with VERDEdri®

I am now VERDEdri® driver from Zurn®

Community Stories

For Inspiration and Recognition of Science and Technology

Our FIRST program helps students learn the skills they need for the workplace.

Health & Safety Stories

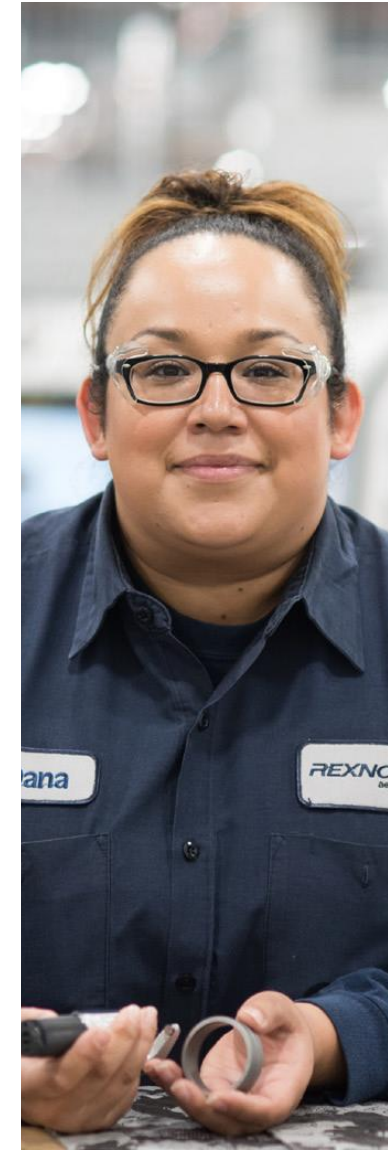
Committed to the well-being of associates and supporting customers during COVID-19 outbreak



SOLVING SMARTER: 2019 Impact at a Glance



CULTURE MATTERS



TOUCHLESS HYGIENIC HANDWASHING



Hygienic Solutions for Handwashing Compliance



Learn how we
partnered with
Baylor Scott & White

According to observational studies, medical professionals wash their hands up to 42 times during a single shift. Without a doubt, you want to achieve compliance for the safety of every patient.

Still, compliance continues to change as quickly as the world around us. Your operation can benefit from our latest technologies and hygienic solutions. Not only will it allow you to meet the most stringent regulations, but it will alleviate any concerns with surfaces or touch activation.

That way, your staff can stay focused on patient care, first and foremost.

Touchless Technology

From faucets to soap dispensers, your staff can wash their hands by prompting sensors, not handles and pumps. Our precision technology detects the user without delay, wasted water or concern.



Z6950-XL
Sensor Faucet



ZERK-CCP
Retrofit Kit



Z6920-XL
Gooseneck
Sensor Faucet



ZTR Series
Sensor Flush Valve

Hygienic Solutions: Healthcare

Hygienic Hand Dryers

CDC tells us to scrub our hands with soap and water for at least 20 seconds and dry completely. World Dryer speeds up the final step, using fast-drying sensor operation, HEPA filtration and antimicrobial materials.



Learn more about our
Hygienic Solutions



Handwashing Scorecard

Achieve top-tier hand hygiene compliance rates without monitoring your staff's every move at the washing station. Zurn's IoT-enabled technology captures each handwashing ratio, frequency and duration in real time to promote hygiene and help keep harmful pathogens out of the patient zone.



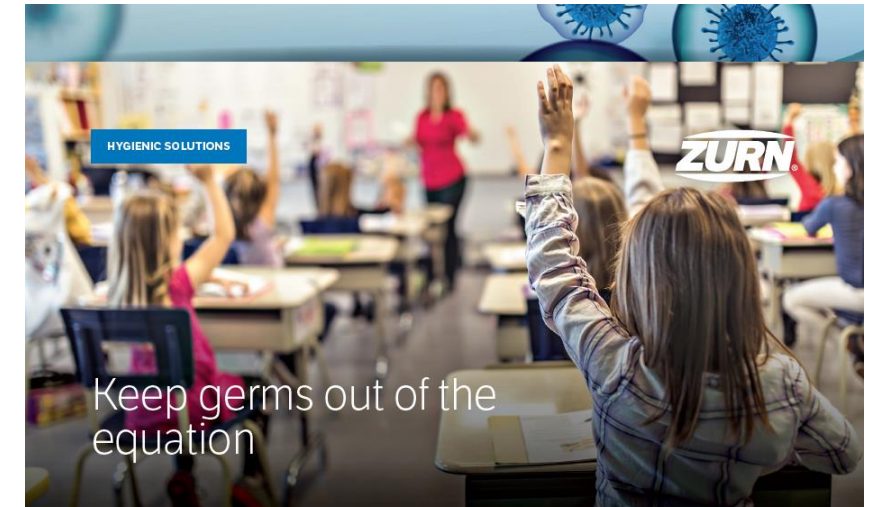
Antimicrobial Surfaces

What if you could wipe out pathogens within 2 hours? CuVerro® antimicrobial copper-nickel alloy surfaces do just that, killing more than 99.9% of bacteria, and delivering continuous antibacterial action.

ZURN INDUSTRIES, LLC 511 West Freshwater Way, Milwaukee, WI 53204, 855.663.9876
In Canada: ZURN INDUSTRIES LIMITED 7900 Goreway Drive, Unit 10, Brampton, Ontario L6T 5W6, 877.892.5216
Form No. 111-232, 5/20



US 1.855.ONE.ZURN CANADA 1.877.282.5216 ZURN.COM

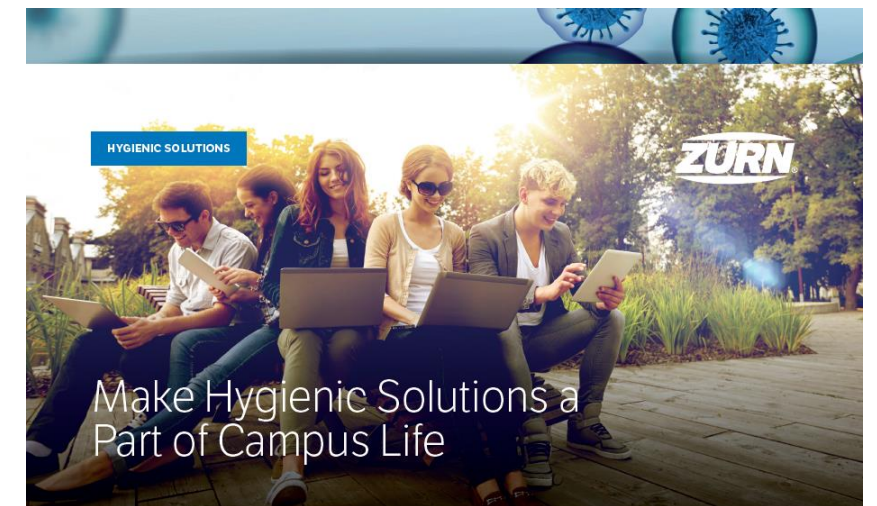


Keep germs out of the equation

School's back in session. Your team worked hard to create an environment where students' minds can grow. You don't want germs to be part of that equation.

Today, we all do our best to properly wash our hands, from the science labs to the restrooms. Still, bacteria can transfer from any surface to our hands with just a tap. You can promote a healthier environment by installing touchless and hygienic solutions.

Get hands on about hands off to protect what matters most and put education first.



Make Hygienic Solutions a Part of Campus Life

Every semester is a fresh opportunity. Eager students show up ready to learn and reconnect. But whether it's post summer or winter break, they're bringing germs back with them, along with their friendly hellos, opened laptops and personal items set down everywhere.

We all do our best to properly wash our hands, but bacteria can still accumulate on surfaces. You can promote a healthier environment by installing touchless and hygienic solutions.

Get hands on about hands off to protect what matters most and put education first.

REMOTE MONITORING: FOOD SECTOR

Improved production efficiency, reliability, throughput

- Condition-based maintenance optimizes productivity
- Reduced unplanned downtime, equipment failure
- Reduced equipment inspection downtime
- Reduced maintenance staffing requirements
- Reduced operating costs

Enhanced Food Safety & Security

- Fewer personnel on plant floor
- Reduced risk of contamination from personnel
- Reduced risk of contamination from equipment failure
- Reduced product losses during production



PROCESS & MOTION CONTROL PLATFORM

FY20 Results (\$mm):

Total Revenue	\$1,358
Core Growth ⁽¹⁾	(1%)
Adjusted EBITDA ⁽¹⁾ Margin	23.0%
Incremental Adj EBITDA/Sales	\$0 / \$(22)

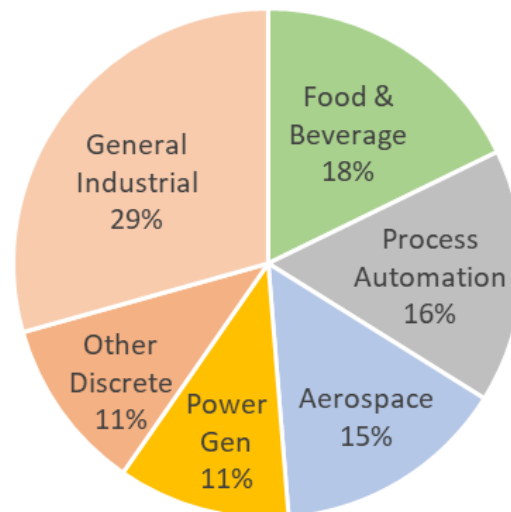
Key FY20 Figures (\$mm):

Costs: Material/Labor/OH (%)	41/40/19
Trade Working Capital % Revenue	21%
Capital Expenditures	\$35
Oper Income / Operating Assets	37%

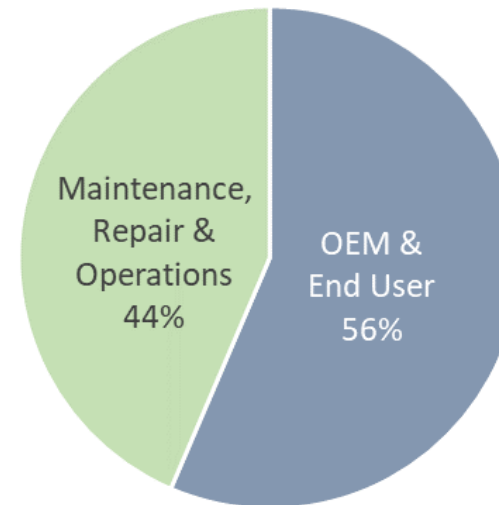
Key Facts:

8020 SKU reduction to date	10,000
FY20 eCommerce growth	42%
Primary Manufacturing Sites	16
Employees*	5,600 / 1,400

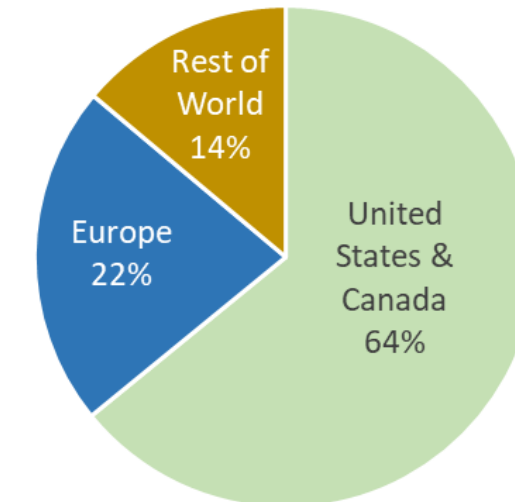
FY20 PMC Sales by End Market



FY20 PMC Sales by Customer Type



FY20 PMC Sales by Geography



(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 May 12, 2020. * Total / Lower Cost Region
 OH = Overhead; Trade Working Capital = TWC = Accounts Receivable + Inventories – Trade Payables ; Oper Income = GAAP Operating Income; Operating Assets = Net Property, Plant & Eqpt + TWC

WATER MANAGEMENT PLATFORM

FY20 Results (\$mm):

Total Revenue	\$710
Core Growth ⁽¹⁾	4%
Adjusted EBITDA ⁽¹⁾ Margin	26.4%
Incremental Adj EBITDA/Sales	\$15 / \$40

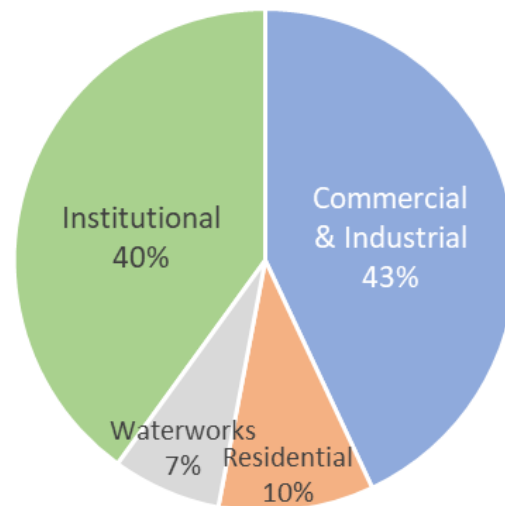
Key FY20 Figures (\$mm):

Costs: Material/Labor/OH (%)	51/17/32
Trade Working Capital % Revenue	26%
Capital Expenditures	\$7
Oper Income / Operating Assets	72%

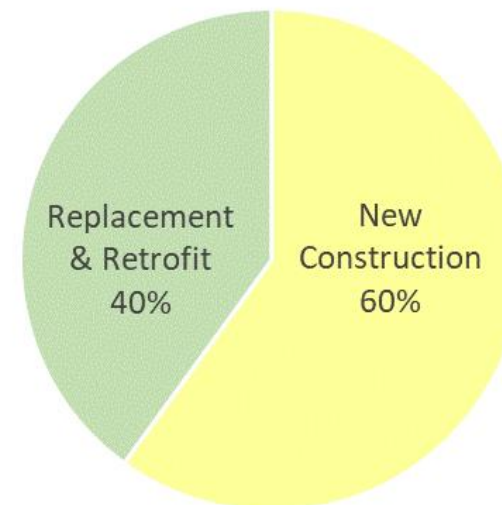
Key Facts:

8020 SKU reduction to date	11,400
FY20 eCommerce growth	21%
Primary Manufacturing Sites	5
Employees	1,100

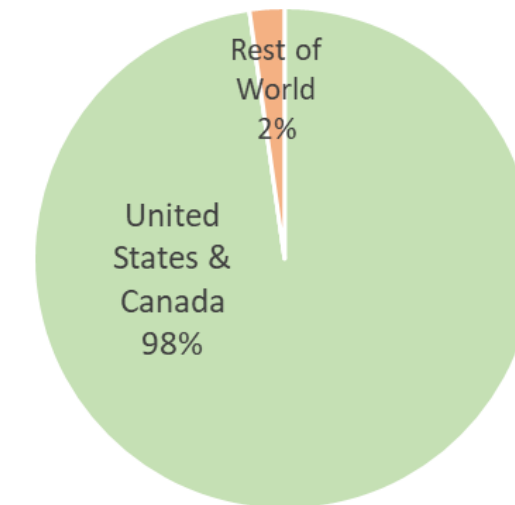
FY20 WM Sales by End Market



FY20 WM Sales by Application



FY20 WM Sales by Geography



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OH = Overhead; Trade Working Capital = TWC = Accounts Receivable + Inventories – Trade Payables ; Oper Income = GAAP Operating Income; Operating Assets = Net Property, Plant & Eqpt + TWC

WELL POSITIONED FOR CHALLENGING ENVIRONMENT

Enhanced liquidity position at March 31

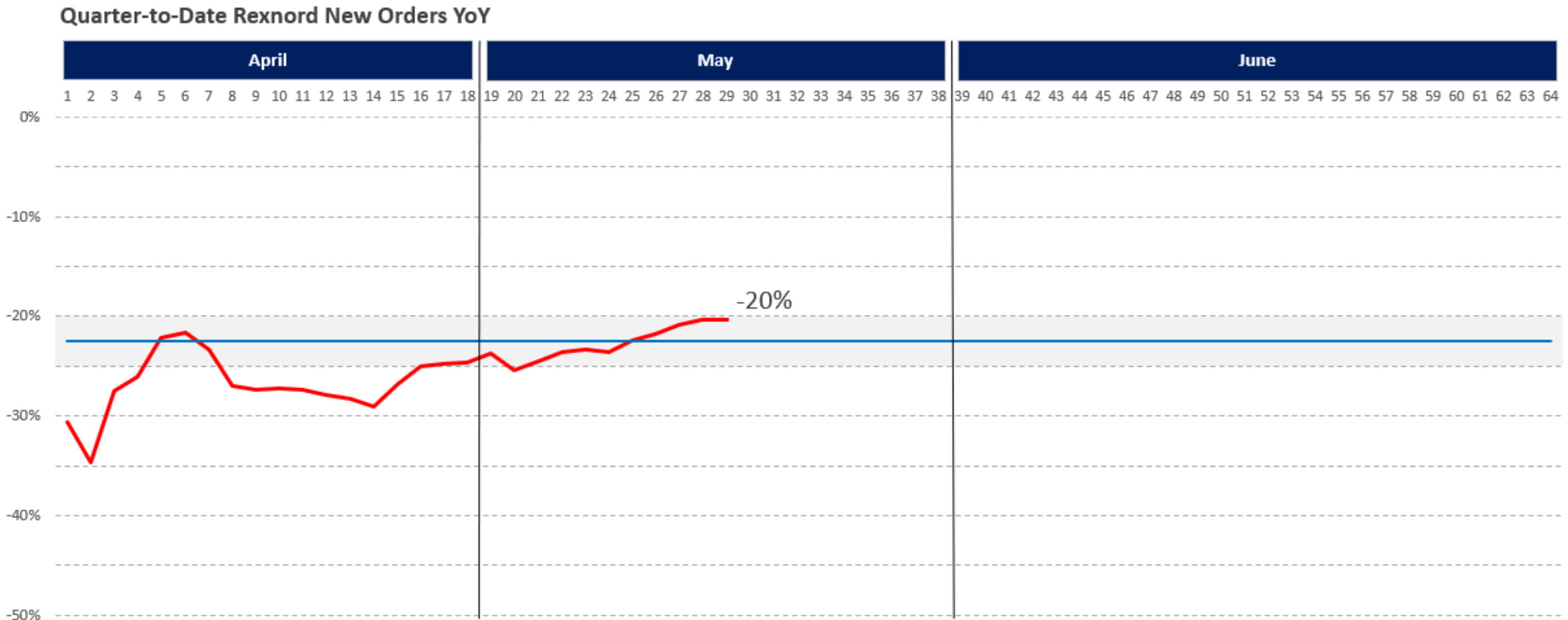
- \$573 million cash on balance sheet
 - Drew \$325 million under revolver, receivables facilities to protect short-term liquidity
- Net debt leverage ratio⁽¹⁾ unchanged at 1.9x
- No long-term debt maturities before August 2024
- Sole quantified financial covenant is max 6.75x net debt leverage ratio for revolving credit facility

Current 9-month interim period 2020 free cash flow expectations

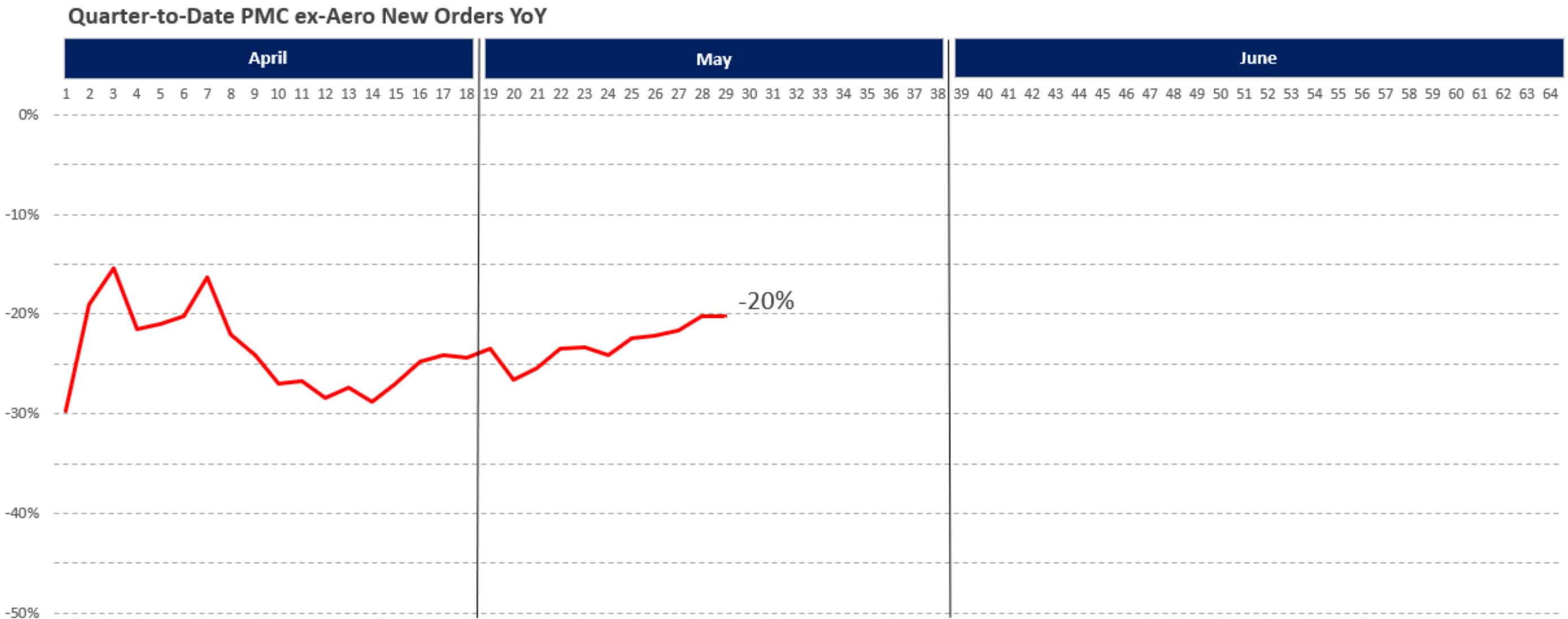
- Capital expenditures of approximately \$25 million includes SCOFR 3.0
- Cash restructuring of \$18-20 million includes SCOFR 3.0
- Cash interest payments of approximately \$45 million
- Cash tax payments of \$40-45 million
- Cash release from trade working capital of \$20-30 million
- Free cash flow⁽¹⁾ to exceed net income

(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 May 12, 2020.

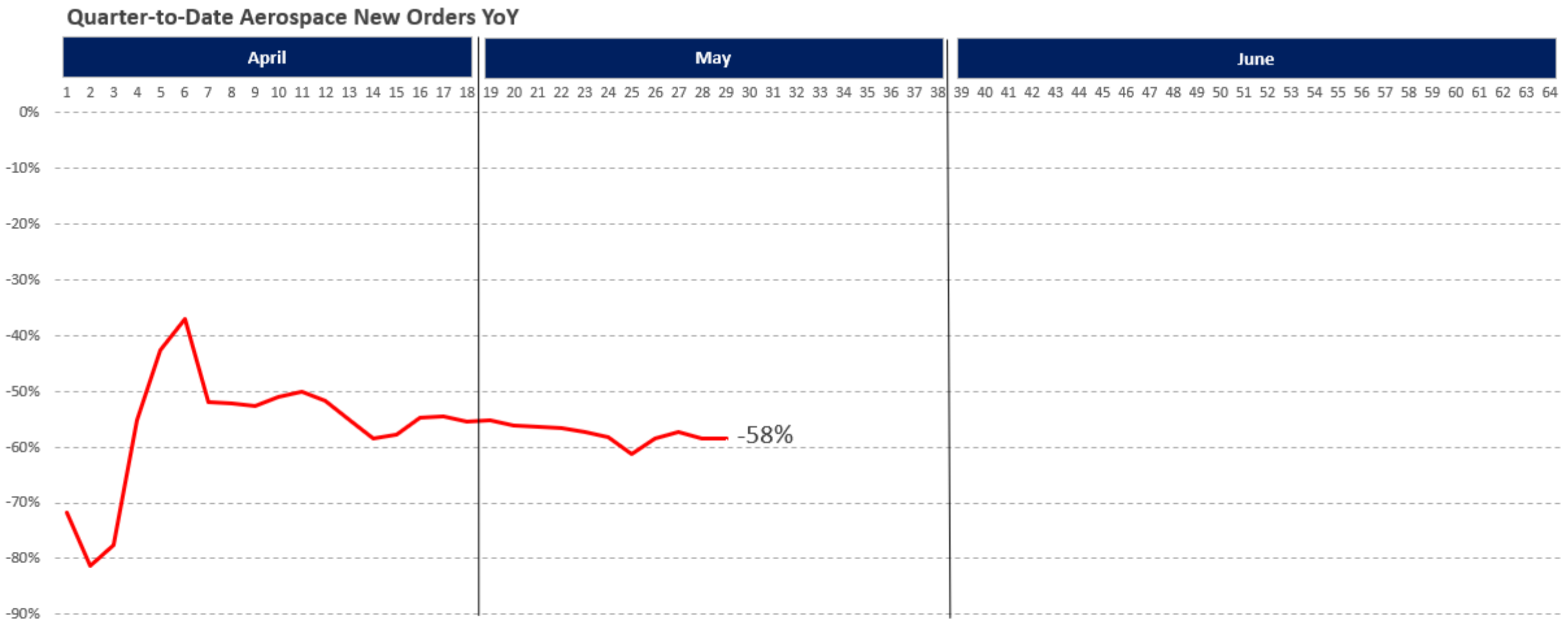
WHAT WE'RE SEEING – CONSOLIDATED



WHAT WE'RE SEEING – PMC ex-AERO



WHAT WE'RE SEEING – PMC AEROSPACE





JUNE 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 June quarter guideposts

- Sales decline of 18%-23% year over year
- Segment Adjusted EBITDA⁽¹⁾ margin* in 21%-23% range⁽²⁾
- Corporate expense of \$7 million
- Interest expense of \$13 million
- Depreciation & amortization of \$23 million

Will assess our ability to provide forward outlook in July

* Total segment margin before corporate expenses

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(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.

APPENDIX

4Q FY2020 FINANCIAL RESULTS

- Net sales increased +2% year over year
 - Acquisitions increased sales by +1%
- Core sales⁽¹⁾ increased +1% year over year
 - 8020 product line simplification reduced growth by 180 bps
- Adjusted EBITDA⁽¹⁾ of \$124 million increased +3% year over year
- Diluted Earnings Per Share from Continuing Operations of \$0.23
 - Includes \$0.23 per share non-cash actuarial loss on pension and OPEB
- Adjusted EPS⁽¹⁾ of \$0.55

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OPEB = Other Post-Employment Benefits

4Q PLATFORM RESULTS

PMC

\$ millions	4Q FY20	4Q FY19	Change
Net Sales	\$364	\$373	(2%)
<i>Growth from:</i>			
Core ⁽¹⁾			(1%)
Acquisitions			0%
Translation			(1%)
Adjusted EBITDA ⁽¹⁾	\$87	\$90	(4%)
% of Sales	23.8%	24.2%	(40 bps)

- 8020 product line simplification reduced sales growth by 230 bps
- Launched expanded offering of digitally-enabled gear-drive products with scalable Smart Condition Monitoring System capabilities for both first-fit and retrofit applications

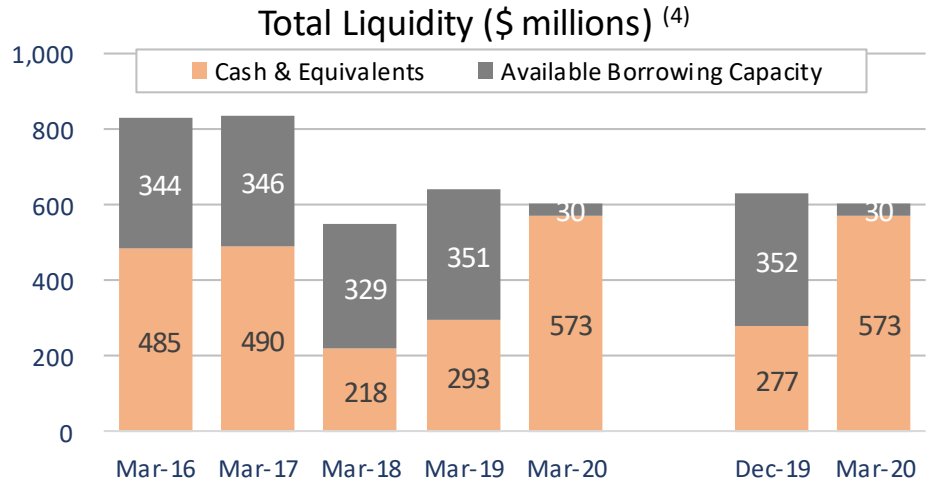
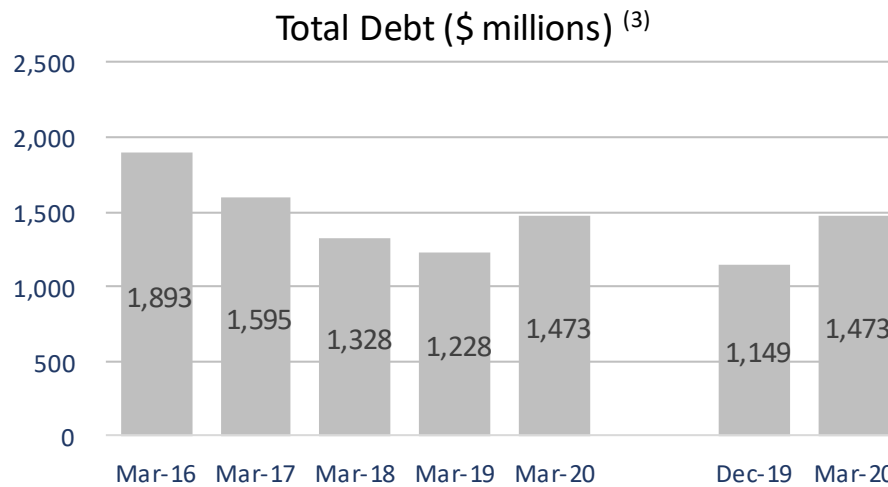
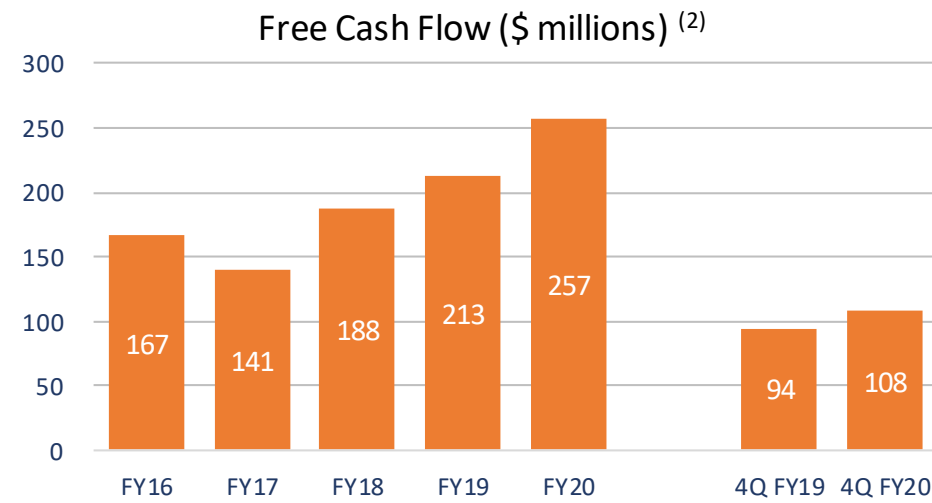
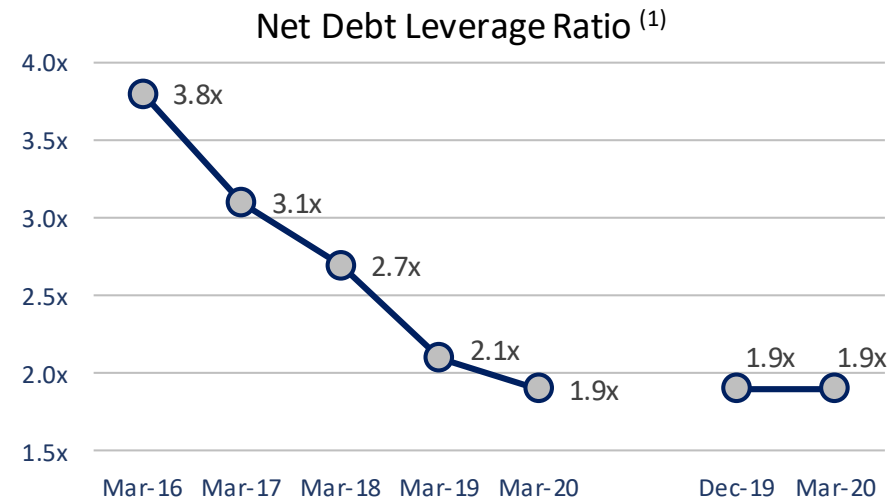
WM

\$ millions	4Q FY20	4Q FY19	Change
Net Sales	\$183	\$165	11%
<i>Growth from:</i>			
Core ⁽¹⁾			7%
Acquisitions			4%
Translation			0%
Adjusted EBITDA ⁽¹⁾	\$47	\$40	16%
% of Sales	25.6%	24.5%	110 bps

- 8020 product line simplification reduced sales growth by 60 bps
- Launched extended-life EZ Gear Sensor flush valve product offering, including digital monitoring capability
- Closed acquisition of Just Manufacturing Company, a leading producer of stainless steel and anti-microbial copper alloy sinks

(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 May 12, 2020.

CASH FLOW & BALANCE SHEET



- *Moderate Leverage*
- *Strong Free Cash Flow*
- *Ample Liquidity*

(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 May 12, 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.

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

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	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Total Debt	1,238	1,265	1,251	1,149	1,473
Goodwill	(850)	(850)	(850)	(850)	(850)
Intangibles	(187)	(187)	(187)	(187)	(187)
Debt ex-LBO	201	228	214	112	436

2

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

Adjust equity by cumulative amortization (net of tax)

\$ millions	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Stockholders' Equity	1,231	1,278	1,321	1,368	1,314
LBO Amort (net of tax)	192	192	192	192	192
Equity ex-LBO	1,423	1,470	1,513	1,560	1,505

3

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

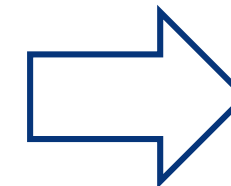
Calculate total invested capital with adjusted inputs

\$ millions	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Equity ex-LBO	1,423	1,470	1,513	1,560	1,505
Debt ex-LBO	201	228	214	112	436
Cash	(293)	(272)	(320)	(277)	(573)
Total Invested Cap ex-LBO	1,331	1,426	1,407	1,394	1,368

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	334
NOPAT	241
Tax Rate	28%
Average Invested Capital	1,385
Underlying ROIC	17.4%



ROIC = 17.4%

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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