REXNORD

BARCLAYS INDUSTRIAL SELECT CONFERENCE

21 February 2019

SAFE HARBOR STATEMENTS

This presentation contains “forward-looking” statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, we caution you not to place undue reliance on these statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information; any statements about historical results that may suggest trends for our business; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding future events, technology developments or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the foregoing.

These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from our current expectations as a result of many factors, including but not limited to: the impact of our indebtedness; our competitive environment; general economic and business conditions, market factors and our exposure to customers in cyclical industries; performance, and potential failure, of our information and data security systems, including potential cyber security threats and breaches; the costs related to strategic acquisitions or divestitures or the integration of recent and future acquisitions into our business; the costs and uncertainties related to our anticipated divestiture of the VAG business within our Water Management platform; the effect of local, national and international economic, credit and capital market conditions on the economy in general, and on our customers and the industries in which we operate in particular; risks associated with our international operations; the loss of any significant customer; dependence on independent distributors; increases in cost of our raw materials, including as a result of tariffs, trade wars and other trade protection matters, and our possible inability to increase product prices to offset such increases; impact of weather on the demand for our products; changes in technology and manufacturing techniques; the costs of environmental compliance and/or the imposition of liabilities under environmental, health and safety laws and regulations; legislative, regulatory and legal developments involving taxes; the costs associated with asbestos claims and other potential product liability; our access to available and reasonable financing on a timely basis; changes in governmental laws and regulations, or the interpretation or enforcement thereof, including for environmental matters; reliance on intellectual property; work stoppages by unionized employees; loss of key personnel; changes in pension funding requirements; and potential impairment of goodwill and intangible assets. These and other risks and uncertainties associated with our business are described in our Annual Report on Form 10-K for the year ended March 31, 2018, and in our periodic filings with the Securities and Exchange Commission. We assume no obligation and do not intend to update these forward-looking statements.

In addition to U.S. GAAP financials, this presentation includes certain financial measures on a non-GAAP basis as defined in the Form 8-K filed with the Securities and Exchange Commission on January 30, 2019. These historical and forward-looking non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. Our 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.

REXNORD PROFILE

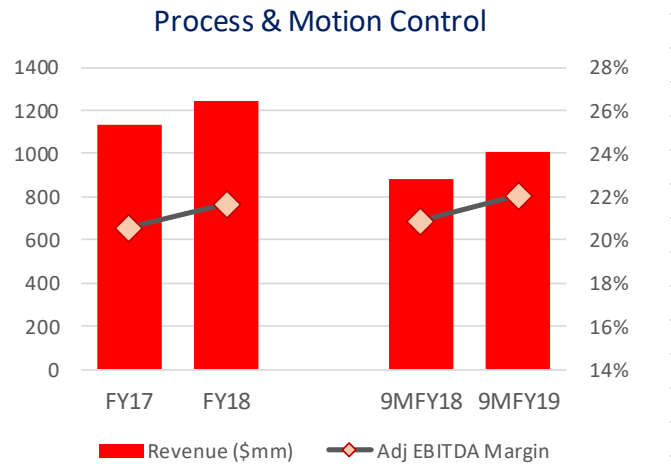
$4.5	$1.85	20.9%	104%
Enterprise Value ($B)	Revenue ($B)	Adjusted EBITDA Margin	Free Cash Flow Conversion

Concentrated Multi-Platform Industrial
Sustainable Competitive Advantages
Rexnord Business System

Solving Smarter

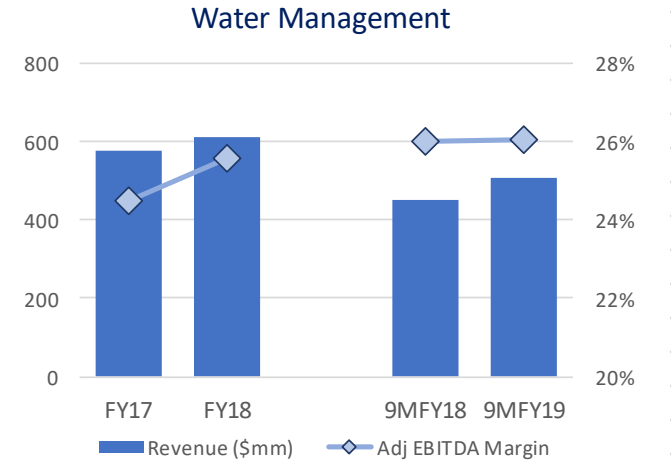
Note: Data are Fiscal Year 2018 Continuing Operations. Adjusted EBITDA, Free Cash Flow, Adjusted Net Income are non-GAAP measures and are defined in our SEC filings.
Enterprise value = recent market value of equity + total debt – cash. Free Cash Flow Conversion = FCF / Adjusted Net Income.

PLATFORM APPROACH



The best provider of industrial digi-mechanical productivity and reliability solutions

- Amplifying competitive advantages in scale & scope
- Expanding in product adjacencies, consumer-driven markets
- Accelerating innovation, digitally-connected products



Note: continuing operations only

The leader in engineered water solutions for the building construction industry

- Amplifying competitive advantages in scale & scope
- Expanding in adjacent site works, fire protection end markets
- Accelerating innovation, digitally-connected products

SOLVING SMARTER

We Advance the Efficient Use of Resources through Smarter Solutions

- Highly-engineered components
- Specification for the application by end user
- Small contribution to system cost
- Large contribution to system reliability
- Distribution channel complexity
- Unmatched product scope

Scalable platforms with shared characteristics

REXNORD BUSINESS SYSTEM



Integrated strategic planning & operational management system

Structured approach to 17 Core Business Processes

Four guiding principles:

1. Voice of the Customer
2. Associate Engagement
3. Process-Based = Scalable Execution
4. Culture of Continuous Improvement

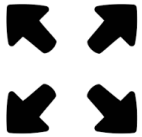


RBS FOCUS: AMPLIFY, EXPAND, ACCELERATE



AMPLIFY

- Competitive Advantages
- Customer Satisfaction



EXPAND

- Adjacent Products & Targeted Verticals
- Strategic Acquisitions



ACCELERATE

- Innovation
- Structural Cost Reduction

Leveraging trusted brands, customer value delivery, scale & scope

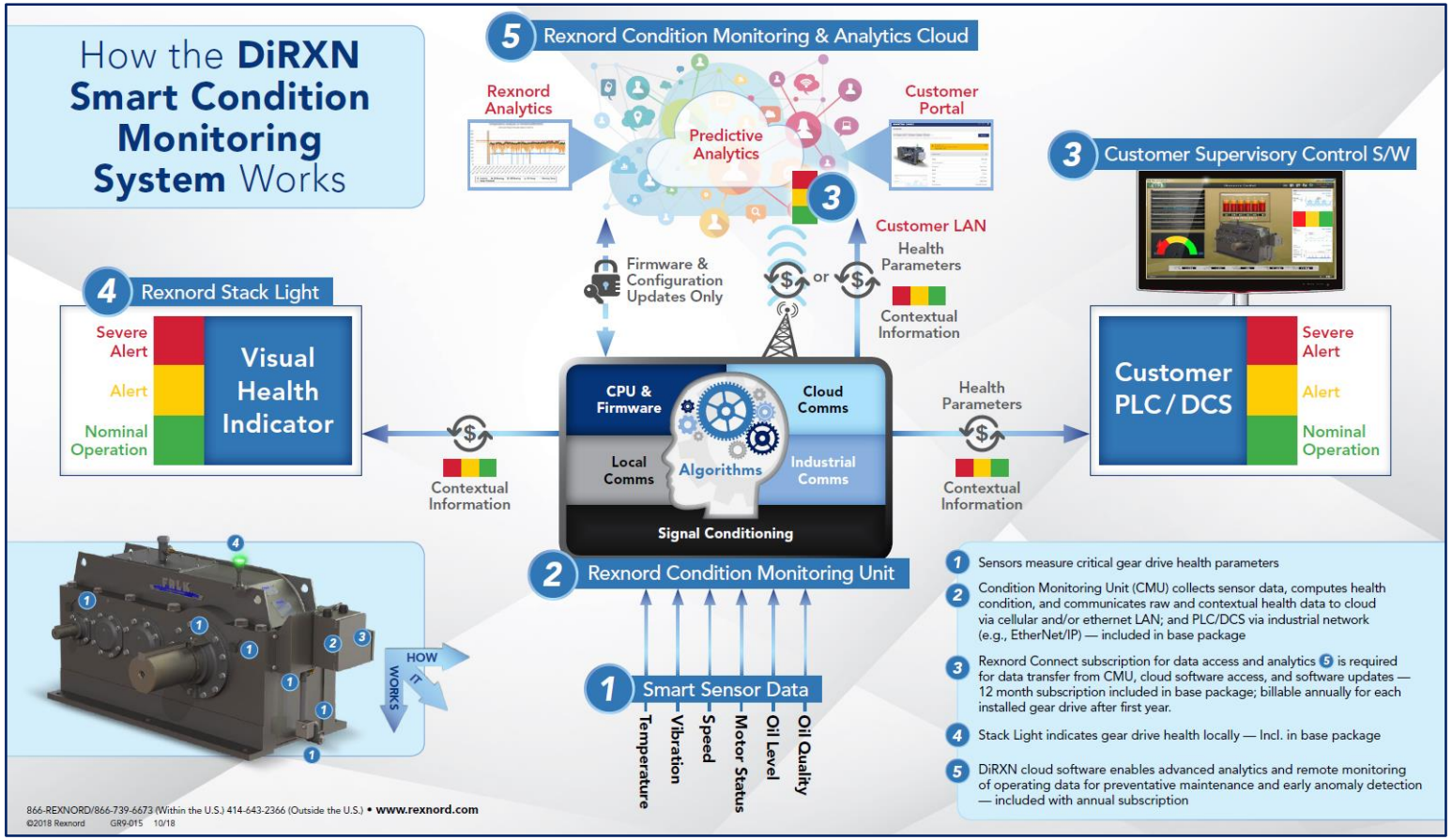
FISCAL 2019 STRATEGIC PRIORITIES

COMMERCIAL EXCELLENCE	OPERATIONAL EXCELLENCE	INNOVATION
• Strategic Account Structure	• SCOFR 2.0	• PMC Connected Product Line Extension
• inSpec Powered by Zurn	• Product Line Simplification	• Zurn Connected Valves
• Strategic Pricing	• Centa Process Improvement	• IIoT Retrofit Solutions

Targeting core growth and structural profitability

DIRXN = ‘DIRECTION’ = DIGITAL REXNORD





Booking orders for SCMS digitally-connected component retrofit solutions

CASH FLOW & BALANCE SHEET UPDATE

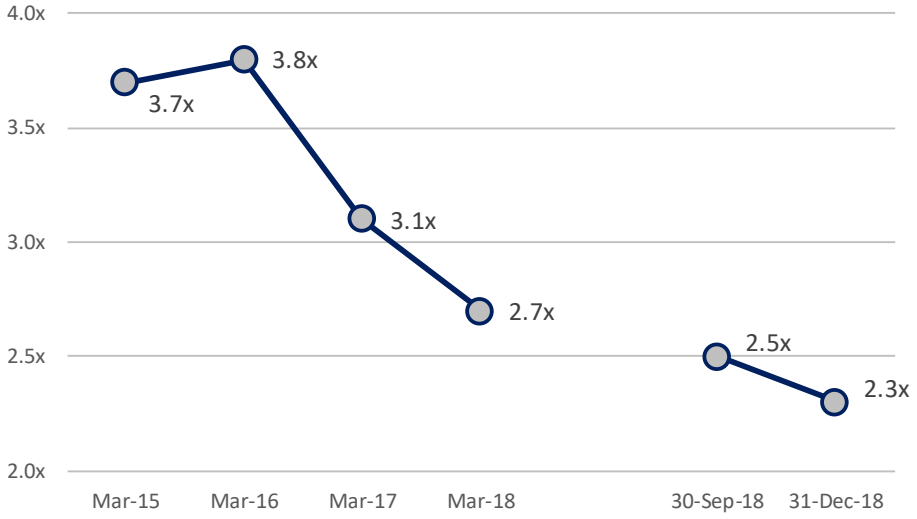
Debt Reduction

✓ Target to operate over longer-term with Net Debt / Adjusted EBITDA ratio of 2x - 3x

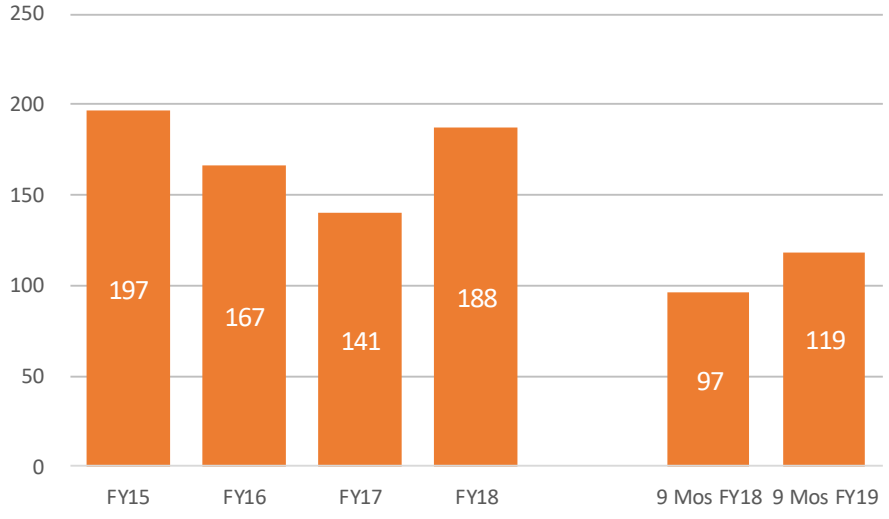
Strategic Acquisitions

✓ Strategic process focused on accelerating penetration of adjacent product categories, targeted verticals

Net Debt Leverage Ratio (1)



Free Cash Flow ($ millions) (2)



(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.

STRUCTURAL CHANGES SINCE 2010

- ✓ Established innovation pipeline
- ✓ Fundamentally lower distribution channel inventory levels
- ✓ Divested low-return and lumpy project exposure
- ✓ Reduced mining sector exposure
- ✓ Increased consumer sector exposure
- ✓ SCOFR structural cost reductions
- ✓ Reduced plant footprint, reduced maintenance capex
- ✓ Sharply reduced financial leverage

Significantly enhanced operating and financial flexibility

KEY TAKEAWAYS

- Rexnord Business System is a Differentiator
- *Amplify* Competitive Advantages, Customer Satisfaction
- *Expand* in Adjacencies via Focused Investments
- *Accelerate* Innovation, Structural Cost Reduction
- Digital Enterprise Strategy Leverages Competitive Advantages
- Platforms with Above-Market Growth Strategies
- Increasing Free Cash Flow, Decreasing Financial Leverage
- Better Positioned to Perform Through Cycles



Amplify Competitive Advantages – Expand Growth Opportunity – Accelerate Innovation

REXNORD

APPENDIX

REXNORD PLATFORM PROFILES

PROCESS & MOTION CONTROL

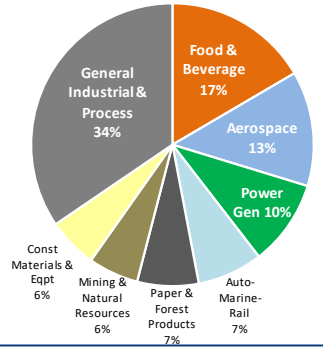
REXNORD | REXNORD aerospace

Mechanical Power Transmission Solutions

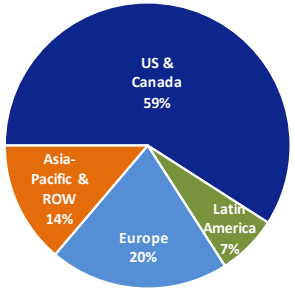
- Plastic, Metal & Hybrid Modular Conveying Chain
- Woven Metal Mesh Conveying Chain
- Gearing & Gear Drives, IIoT Connected Gear Drives
- Couplings for Motor, Engine, Turbine-Driven Applications
- Mounted Industrial Bearings, Industrial Chain
- Aerospace Bearings & Seals

FY18 Revenue: $1.2 billion
FY18 Adjusted EBITDA Margin: 22%

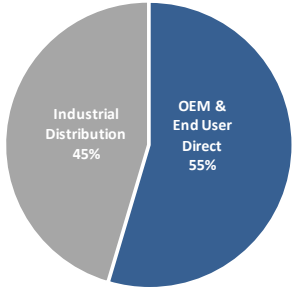
FY18 PF Sales by End Market



FY18 PF Sales by Geography



FY18 PF Sales by Channel



WATER MANAGEMENT

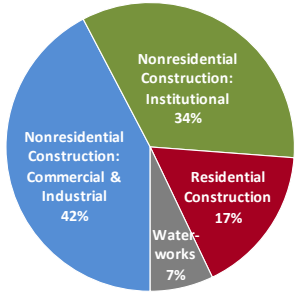
ZURN

Specification-Grade Commercial Plumbing Products

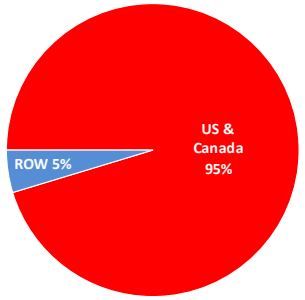
- Linear Drainage & Effluent Separation
- Backflow Prevention & Potable Water Safety
- Specification & Light Commercial Drainage
- Fire, Pressure Management & Temperature Control Valves
- PEX Piping Systems, Fixture Carrier Systems
- Finish Plumbing [Faucets, Flush Valves & Fixtures], Dryers

FY18 Revenue: $0.6 billion
FY18 Adjusted EBITDA Margin: 25%

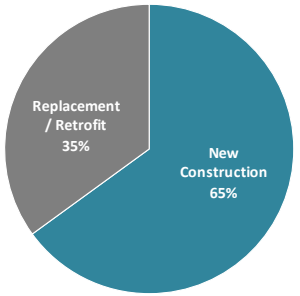
FY18 PF Sales by End Market



FY18 PF Sales by Geography

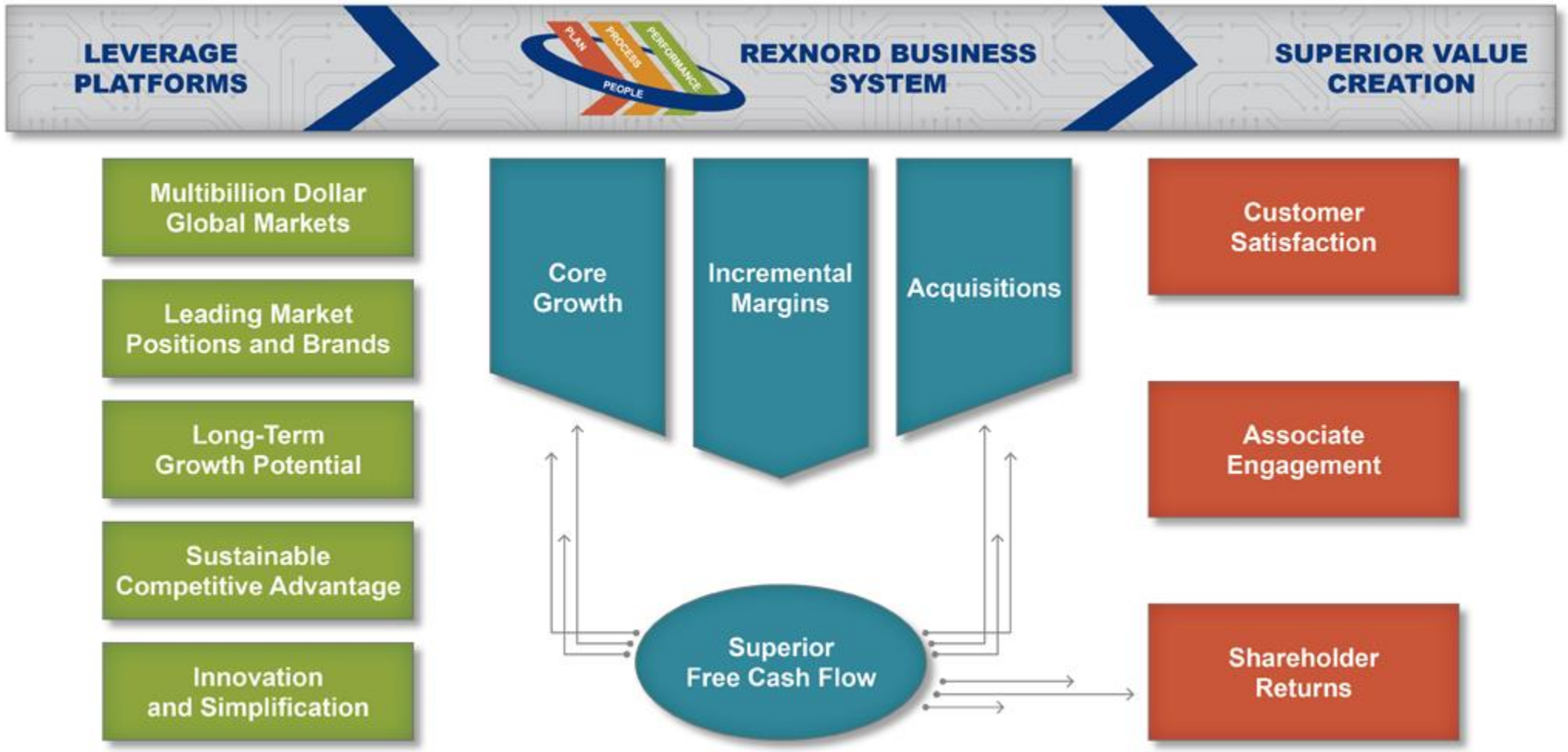


FY18 PF Sales by Application



Note: FYE March 31. Platform margins exclude corporate expenses, include Continuing Operations only. Adjusted EBITDA is a non-GAAP measure and is defined in our SEC filings.
(Pro forma PMC data assumes full-year results from Centa (acquired Feb 2018); pro forma WM data assumes full-year results from World Dryer (acquired Oct 2017).

REXNORD VALUE CREATION MODEL



DIRXN = “DIRECTION” = DIGITAL REXNORD



- Enterprise-wide initiative to enable improved customer productivity via digitally-connected tools, products and services
- Differentiate by digitally connecting traditional mechanical solutions to user control systems, engineering & asset management software and Industrial Internet of Things
- Creating first-mover advantage in *Digi-Mechanical* products while extending competitive differentiation

“Solving Smarter by digitizing connections across your life cycle for optimum productivity”

CONTEXT IS THE IIoT DIFFERENTIATOR

Deep institutional product knowledge & applications expertise

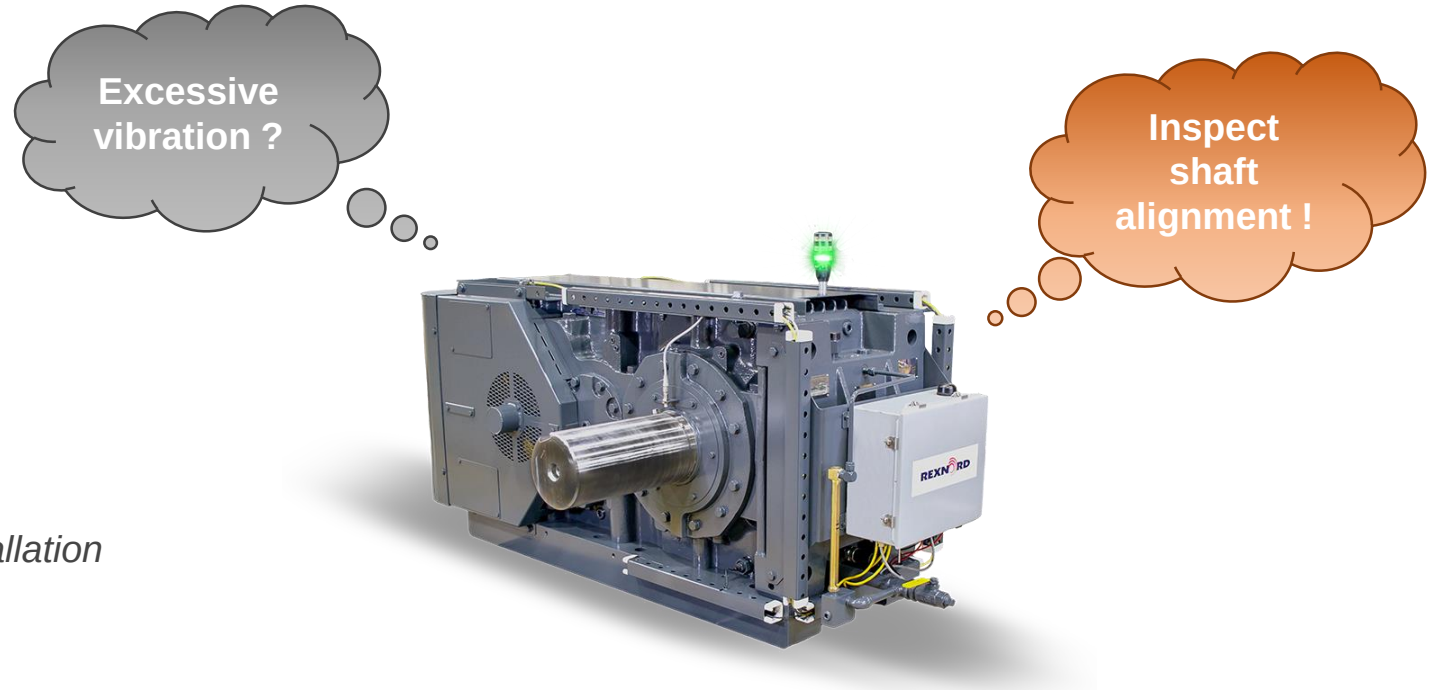
Component *on-board* data analysis & computation

Precise data:
* Component status
* Pending issues
* Root causes
* Corrective actions

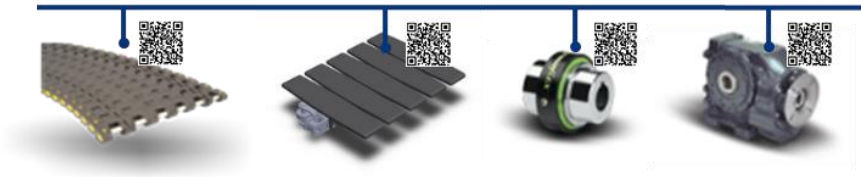
Improved asset utilization & system productivity

Digitally-Connected Components

- ✓ *Enhance user system productivity*
- ✓ *Smart sensors monitor critical parameters*
- ✓ *Reduce downtime & expedite recovery*
- ✓ *Reduce maintenance frequency & costs*
- ✓ *Optimize asset utilization & management*
- ✓ *Plug-and-play capabilities that facilitate installation*



PMC “DIGI-MECHANICAL” PORTFOLIO

	Industry	Application Solutions	Connected Components	Digital Systems
	*Food & Beverage*	▪ Beverage Filling ▪ Food Handling ▪ Food Processing ▪ Case Handling ▪ Container Making		
	*Commercial Aerospace*	▪ Flight Control Systems ▪ Aircraft Doors ▪ Airframe Structures ▪ Engine/APU/Gearbox ▪ Landing Gear		
	*Bulk Material Handling*	▪ Conveying Equipment ▪ Processing Machinery ▪ Hard Rock & Coal Mining ▪ Potash Mining ▪ Fertilizer Production		
	*Energy & Marine*	▪ Electrical Power Generation ▪ Oil & Gas Compressior ▪ Process Equipment ▪ Wind Turbines ▪ Marine Propulsion		
	*Construction Materials*	▪ Cement Production ▪ Aggregates Processing ▪ Asphalt & Paving ▪ Lumber/Wallboard Prod.		

PMC STRATEGIC UPDATE

- First Fit share growth to drive installed base, future MRO growth
  - ✓ *Achieved 50% expansion in First Fit wins in FY18*
  - ✓ *Implementing Strategic Account model in FY19*
- Consumer Goods / Food portfolio expansion
  - ✓ *Accelerated by Cambridge acquisition & European localization*
  - ✓ *Co-developed & launched new KleanTop food processing solutions*
  - ✓ *Co-developed & launched Dry-PT run-dry conveying chain*
- Accelerating penetration of digitally-connected components
  - ✓ *DiRXN launched FY18, including connected gear drives*
  - ✓ *Growing backlog of SCMS retrofit orders for installed base*
  - ✓ *Expanding connected product range in FY19 & FY20*
- Organic & inorganic expansion into strategic product adjacencies
  - ✓ *Centa acquired Feb-18, adds couplings for engine-driven applications*
  - ✓ *Targeting 1000-bp expansion of Centa margins within 2-3 years*



Targeting above-market growth

ZURN DELIVERS VALUE

BUILDING UPGRADES
Low lifecycle costs and water efficiency for building owners

Connected products portfolio

QR codes for ease of procurement

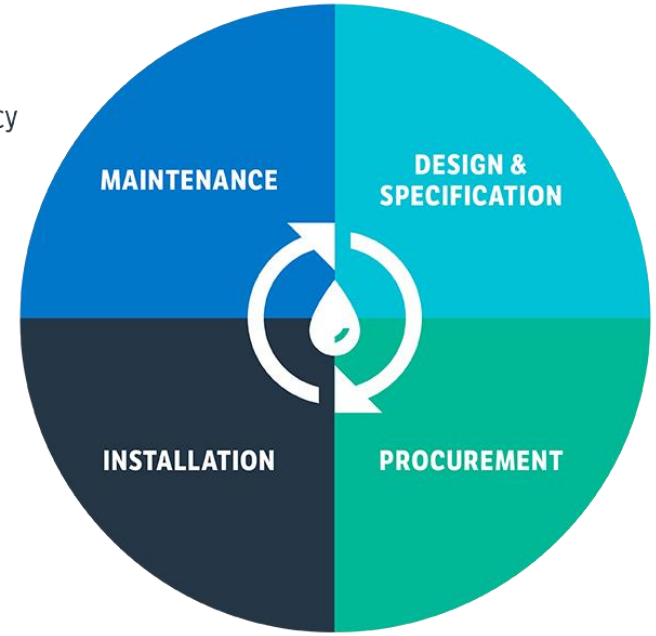
Dedicated commercial team

CONTRACTOR CONVERSION
Labor savings can exceed 25%

Dedicated contractor teams drive product bundles by application

Dedicated rep networks to serve strategic channels

Industry training



SPEC-SHARE
Digital design and specification

Differentiated portfolio

System applications

Building and site content

ONE ZURN
Highly specified portfolio

Commercial excellence

Single source provider

Strong omni channel distribution

OWNER
Meets building needs

Safe and reliable

Lowest cost of ownership

ARCHITECT
Leading innovative design aesthetics and product finishes

ENGINEER
Quality

Performance

Ease of specification

CONTRACTOR
Cost savings

On-time delivery

Accurate shipments

Zurn influence throughout the value chain

NONRESIDENTIAL PROJECT LIFECYCLE

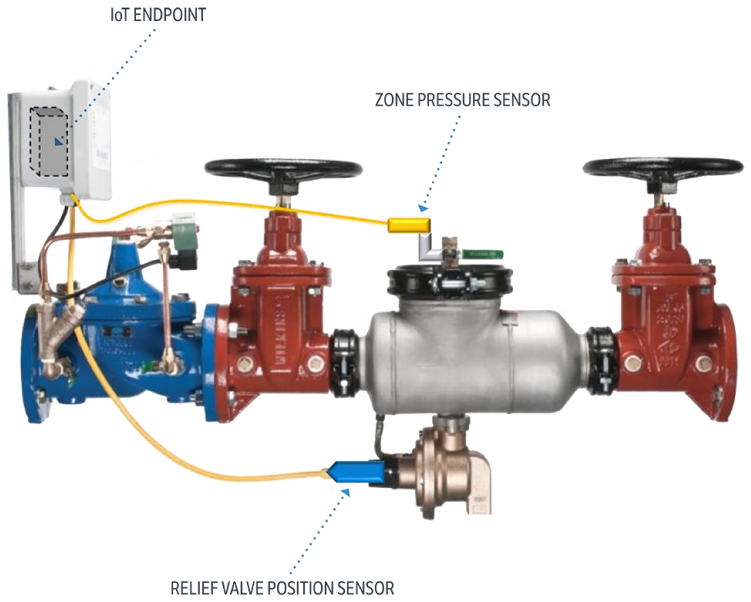
VERTICAL MARKETS

OWNER/ARCHITECT/ENGINEER			OWNER/ENGINEER/CONTRACTOR				OWNER
INITIAL DESIGN	BID AWARD	SITE WORKS	BUILDING SHELL	ROUGH PLUMBING	FIRE PROTECTION	FINISH PLUMBING	BUILDING OPERATION
inSpec							
MasterSpec® ARCAT BIMobject® LEED Identification	Control Bid Content One-Stop Benefits Lean Construction Prefab Benefits	Linear Drains Interceptors	Point Drains Pressure Reducing Valves Automatic Control Valves	Carrier Systems PEX Control Thermostatic Mixing Valves	Backflow Preventers Fire Valves - ACV, Direct Acting and Shut-Off Riser Equipment	Front-of-Wall Fixtures Integrated Systems	Water Efficiency Energy Efficiency Ease of Maintenance Lower Lifecycle Costs LEED Certification

Delivering value at each stage of construction

REXNORD

CONNECTED WATER PRODUCTS





Two Ways to Connect

Zurn IoT products can:

1. Provide cloud analytics through zurn.com
2. Connect to your BMS through the cloud

Smart products maximize water system productivity for building owners

WM STRATEGIC UPDATE

- Enabling contractor adoption of Lean Construction
  - ✓ *Dedicated Lean Construction contractor team*
  - ✓ *Single source supply & pre-fab capabilities*
  - ✓ *Labor savings can exceed 25%*
- Driving above-market core growth with spec share
  - ✓ *Strategic focus on content per square foot*
  - ✓ *inSpec digital specification tool launched in FY19*
- Launching digitally-connected plumbing components
  - ✓ *Introduced connected backflow prevention valves*
  - ✓ *Expanding connected product categories in FY19 & FY20*
  - ✓ *Opportunities in installed base retrofit, building management systems*
- Targeting adjacent fire protection, site works applications
  - ✓ *Established dedicated commercial teams*
  - ✓ *Differentiate with product bundles, pre-configured assemblies, labor savings*
  - ✓ *Expands estimated addressable market by more than $500 million*



Targeting above-market growth

REXNORD ACQUISITIONS

Strategic Planning → Proprietary Identification & Cultivation → Internal Negotiation & Transaction → RBS Integration Process

- Strategic process focuses on market leadership, leveraging competitive advantages
- Accelerates penetration of adjacent product categories, targeted vertical markets
- Proprietary process benefits both buyer and seller
- Target ROIC > WACC within 12-36 months

			Strategic Rationale				
Acquisition	Year	Platform	Strengthen Core	Add Adjacent Product	Diversify End Market	Diversify Geographic Footprint	Comment
Centa Power Transmission	FY18	PMC	✓	✓	✓	✓	Engine-driven couplings
World Dryer	FY18	WM	✓	✓			Adds washroom content
Cambridge	FY17	PMC	✓	✓	✓	✓	Food processing expansion

Source: Company reports



Rebalancing portfolio to enhance growth, reduce cyclicality

RBS CASE STUDY WORLD DRYER

Evolving capabilities to drive profitable growth through
SSD Simplify, Standardize, DiRXNize



WORLD DRYER

- Acquired October 2017
- Annual sales ~$20 million
- Globally respected iconic manufacturer of Eco-friendly hand dryers
- Augments portfolio & provides greater value to commercial building owners


VMAX


VERDEdri


Model A

Simplification

✓ Consolidated product families
✓ Focused commercial actions

27 Product Families
11 High Speed
16 Traditional

6 Product Families
5 High Speed
1 Traditional

Results

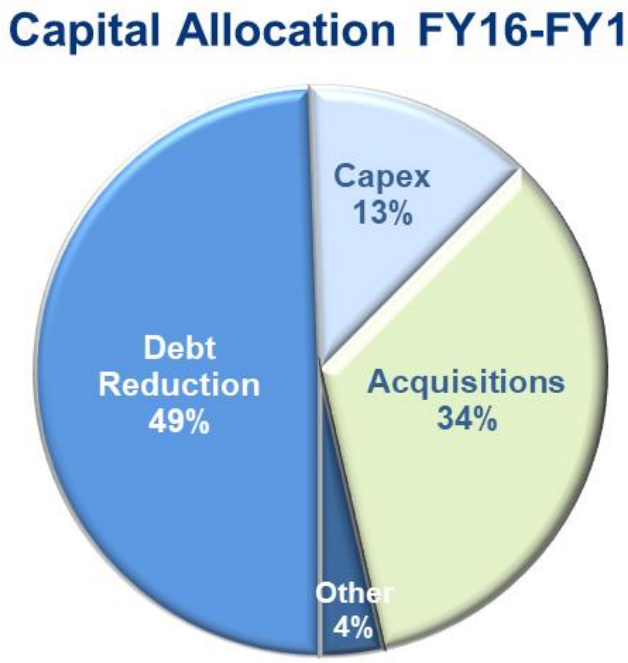
✓ Structural cost reduction
- Footprint reduction of 46%
- Structural cost savings of $1.5 million

✓ On track to exceed 3-year business case
- 9.5% compound annual core growth
- 330 bps EBITDA expansion
- 1x turn inventory improvement

✓ Improved customer experience
- DiRXN digital tools
  - Specification selection & ROI tools
  - Improved product selection process

✓ Increased Architect engagement
- Spec share +5 points in 6 months

CAPITAL ALLOCATION



- Debt reduction has been the primary use of capital
  - ✓ December 2017 debt refinancing
  - ✓ Issued $500 million 4.875% Senior Notes due 2025
  - ✓ Repaid approximately $300 million net under credit agreement
  - ✓ Amended credit agreement to reduce pricing, extend maturities
  - ✓ No significant maturities before FY24
- Target capital expenditures at <2% of annual revenue
  - ✓ Supply Chain Optimization & Footprint Repositioning (SCOFR) reduces maintenance capex requirements
- Strategic acquisitions will continue to be a significant use of capital
  - ✓ Strategic funnels in both platforms
- $160-million share repurchase authorization remaining

Disciplined capital allocation

NON-GAAP RECONCILIATIONS

($ millions)	Fiscal Year End - March 31, 2015	2016	2017	2018	Q3 2019
Net income from continuing operations	$103.7	$86.9	$91.7	$206.6	$52.9
Interest expense, net	87.0	90.8	88.3	75.1	16.8
Provision (benefit) for income taxes	23.4	27.8	15.6	(19.5)	9.1
Depreciation and amortization	98.8	103.4	96.1	79.7	21.9
EBITDA	**$312.9**	**$308.9**	**$291.7**	**$341.9**	**$100.7**
Adjustments to EBITDA:					
Actuarial loss (gain) on pension and post retirement benefit obligations	$58.2	$13.0	($2.6)	($3.3)	—
Loss (Gain) on extinguishment of debt	—	—	7.8	11.9	(5.0)
Restructuring and other similar charges[1]	9.0	14.0	26.1	14.1	2.6
Stock-based compensation expense	6.1	7.5	13.1	20.0	5.7
Acquisition-related fair value adjustment	3.2	—	4.3	1.8	0.3
LIFO expense (income)[2]	(1.7)	(0.8)	(2.3)	3.3	0.3
Earnings from equity method investment[3]	—	—	—	—	(1.3)
Other expense (income), net[4]	4.7	(8.4)	2.4	(4.4)	(0.3)
Other non-cash adjustments	—	—	0.6	0.9	0.1
Subtotal of adjustments to EBITDA	*79.5*	*25.3*	*49.4*	*44.3*	*2.4*
Adjusted EBITDA	**$392.4**	**$334.2**	**$341.1**	**$386.2**	**$103.1**

(1) Represents restructuring costs comprised of work force reduction, lease termination, and other facility rationalization costs, including impairment charges.
(2) Last-in first-out (LIFO) inventory adjustments are excluded in calculating Adjusted EBITDA as permitted by Rexnord's credit agreement.
(3) In completing the acquisition of Centa, the Company also acquired two previously established joint venture relationships in which the Company owns a non-controlling interest in each of the entities and therefore accounts for the investments in these entities utilizing the equity method.
(4) Other expense (income), net includes the impact of foreign currency transaction losses (gains), sale of property, plant and equipment, and other miscellaneous expenses.

NON-GAAP RECONCILIATIONS (CONTINUED)

($ millions, except per share amounts)	Q3 FY 2019		Q3 FY 2018	
	Net Income	EPS	Net Income	EPS
Net income attributable to common stockholders	**$19.6**	**$0.16**	**$75.8**	**$0.62**
Amortization	8.4	0.07	8.2	0.07
Restructuring Expense	2.6	0.02	3.2	0.03
Earnings from equity method investment [1]	(1.3)	(0.01)	—	—
Noncontrolling interest	(0.3)	—	—	—
Acquisition-related fair value adjustment	0.3	—	0.9	0.01
Supply Chain Optimization & Footprint Repositioning Program [2]	1.2	0.01	—	—
Dividend on Preferred Shares	5.8	0.05	5.8	0.05
(Gain) Loss on Debt Extinguishment	(5.0)	(0.04)	11.9	0.10
All Other Non-Operating [3]	(0.2)	—	(0.9)	(0.01)
Loss from discontinued operations [4]	27.8	0.22	4.3	0.03
Nonrecurring US Tax Reform adjustment	—	—	(54.8)	(0.45)
Tax Impacts on Adjustments [5]	(1.5)	(0.01)	(7.3)	(0.06)
As Adjusted	**$57.4**	**$0.47**	**$47.1**	**$0.39**

(1) In completing the acquisition of Centa, the Company also acquired two previously established joint venture relationships in which the Company's owns a non-controlling interest in each of the entities and therefore accounts for the investments in these entities utilizing the equity method.
(2) Represents accelerated depreciation associated with our strategic supply chain optimization and footprint repositioning initiatives.
(3) All Other Non-Operating includes the impact of foreign currency transactions, sale of property, plant and equipment, and other miscellaneous income and expense.
(4) In Q4 FY18, the Company announced plans to seek strategic alternatives for the VAG business. On October 5, 2018, the Company entered into a definitive sale and purchase agreement to sell VAG.
(5) The tax rates used to calculate adjusted net income and adjusted earnings per share are based on a transaction-specific basis at the applicable jurisdictional rate.