



REXNORD
Fourth Quarter 2013
Earnings Release

May 21, 2013

REXNORD

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Cautionary Statement Under the Private Securities Litigation Reform Act

This presentation and discussion may contain certain forward-looking statements that are subject to the Safe Harbor language contained in the press release we issued Tuesday, May 21, 2013, as well as in our filings with the Securities and Exchange Commission.

- Q4 sales, profit and cash flow in line with our expectations
- +11% core growth in Water Management ... both Zurn and VAG strong in Q4
- Process and Motion Control end-market demand stabilizing ... prudently cautious heading into fiscal 2014
- Solid operating performance in Q4 ... adjusted EBITDA margin of 21.3% ... adjusted net income expands +19% from prior year
- Fiscal 2013 sales +3% ... 31% incremental margin drives adjusted EBITDA as a % of sales +40 basis points to 20.2% ... adjusted net income +39%



Fiscal 2014 Outlook



\$ in Millions

Rexnord Corporation	Full Year Range
Core Sales Growth	+1% to +3%
Adjusted EPS ⁽¹⁾	\$1.10 - \$1.18
Adjusted EBITDA ⁽¹⁾ Incremental Margin	~30%
Free Cash Flow ⁽¹⁾ ⁽²⁾	> Adjusted Net Income ⁽¹⁾

Rexnord Corporation	Q1 Range
Sales	\$489 - \$499M
Core Sales Growth	-1% to +1%
Adjusted EPS ⁽¹⁾	\$0.17 - \$0.19

Note: see additional details on page 13

- (1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2013
- (2) Excludes the non-cash impact of excess tax benefits recorded in cash flow from operations in connection with stock option exercises

Q4 Income Adjustments



<i>\$ in millions (except per share amounts)</i>	Operating Income	Net Income	EPS		Operating Income	Net Income	EPS
	Q4 FY 2013				Q4 FY 2012		
As Reported	\$74.8	\$23.9	\$0.24		\$70.5	\$8.6	\$0.12
Actuarial Loss on Pension/OPEB	5.5	5.5	0.06		9.1	9.1	0.13
Restructuring	2.3	2.3	0.02		4.1	4.1	0.06
Stock Option Expense	1.7	1.7	0.02		1.0	1.0	0.01
LIFO Expense	2.2	2.2	0.02		(2.1)	(2.1)	(0.03)
Loss on Debt Extinguishment	-	-	-		-	10.0	0.14
Loss from Discontinued Operations	-	-	-		-	6.3	0.09
Gain on Divestiture	-	-	-		-	(0.5)	(0.01)
All Other Non-Operating	-	1.4	0.01		-	(3.7)	(0.05)
Tax Impact on Adjustments	-	(4.9)	(0.05)		-	(5.7)	(0.08)
As Adjusted	\$86.5	\$32.1	\$0.32		\$82.6	\$27.1	\$0.38

Full Fiscal Year Income Adjustments

REXNORD

<i>\$ in millions (except per share amounts)</i>	Operating Income	Net Income	EPS		Operating Income	Net Income	EPS
	FY 2013				FY 2012		
As Reported	\$255.4	\$50.1	\$0.50		\$245.3	\$29.9	\$0.42
Brass Fitting Loss Contingency	10.1	10.1	0.10		-	-	-
Actuarial Loss on Pension/OPEB	5.7	5.7	0.06		9.1	9.1	0.12
Restructuring	8.6	8.6	0.08		6.8	6.8	0.09
Stock Option Expense	7.1	7.1	0.07		3.7	3.7	0.05
LIFO Expense	5.7	5.7	0.06		2.8	2.8	0.04
Inventory Fair Value Adjustment	-	-	-		4.2	4.2	0.06
Loss on Debt Extinguishment	-	24.0	0.24		-	10.7	0.15
Loss from Discontinued Operations	-	4.8	0.05		-	5.6	0.08
Loss on Divestiture	-	-	-		-	6.4	0.09
All Other Non-Operating	-	2.9	0.03		-	7.1	0.09
Tax Impact on Adjustments	-	(21.4)	(0.21)		-	(16.1)	(0.22)
As Adjusted	\$292.6	\$97.6	\$0.98		\$271.9	\$70.2	\$0.97

Q4 '13 Performance Summary



<i>\$ in millions</i>	Q4 '13	Q4 '12	\$ change	% change
Net sales	\$ 540	\$ 540	\$ -	0%
- Core				+1%
- Currency				-1%
Adjusted Operating income	\$87	\$83	\$ 4	+5%
% of sales	16.0%	15.3%	N/A	+70 bps
Adjusted EBITDA ⁽¹⁾	\$115	\$ 113	\$ 2	+2%
% of sales	21.3%	20.9%	N/A	+40 bps
Adjusted Net Income ⁽¹⁾	\$32	\$27	\$5	+19%
Diluted Earnings Per Share	\$0.24	\$0.12	\$0.12	+100%
Adj. Earnings Per Share ⁽¹⁾	\$0.32	\$0.38	\$(0.06)	-16%
Free cash flow ^{(1) (2)}	\$ 77	\$ 59	\$ 18	+30%

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2013

(2) Q4 '13 includes \$1 million of non-cash use related to the excess tax benefits recorded in connection with stock option exercises

Core sales growth of +1% ... Adjusted net income +19%

FY '13 Performance Summary



<i>\$ in millions</i>	FY '13	FY '12	\$ change	% change
Net sales	\$ 2,005	\$ 1,944	\$ 61	+3%
- Core				0%
- Acquisition/Divestiture				+4%
- Currency				-1%
Adjusted Operating income	\$ 293	\$ 272	\$ 21	+8%
% of sales	14.6%	14.0%	34.0%	+60 bps
Adjusted EBITDA ⁽¹⁾	\$ 405	\$ 386	\$ 19	+5%
% of sales	20.2%	19.8%	31.4%	+40 bps
Adjusted Net Income ⁽¹⁾	\$98	\$70	\$27	+39%
Diluted Earnings Per Share	\$0.50	\$0.42	\$0.08	+19%
Adj. Earnings Per Share ⁽¹⁾	\$ 0.98	\$ 0.97	\$ 0.01	+1%
Free cash flow ^{(1) (2)}	\$ 84	\$ 81	\$ 3	+4%

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2013

(2) Q4 '13 includes \$18 million of non-cash use related to the excess tax benefits recorded in connection with stock option exercises

Adjusted Operating Income margin expands +60 basis points ... Adjusted net income +39%

Process & Motion Control



<i>\$ in millions</i>	Q4 '13	Q4 '12	\$ change	% change
Net sales	\$ 340	\$ 359	\$ (19)	-5%
- Core				-4%
- Currency				-1%
Adjusted Operating Income	\$ 70	\$ 76	\$ (6)	-8%
% of sales	20.6%	21.2%	31.6%	-60 bps
Adjusted EBITDA ⁽¹⁾	\$ 89	\$ 96	\$ (7)	-7%
% of sales	26.2%	26.6%	34.7%	-40 bps

<i>\$ in millions</i>	FY '13	FY '12	\$ change	% change
Net sales	\$ 1,266	\$ 1,311	\$ (45)	-3%
- Core				-1%
- Acquisition/Divestiture				-1%
- Currency				-1%
Adjusted Operating Income	\$ 245	\$ 237	\$ 8	+3%
% of sales	19.3%	18.1%	N/A	+120 bps
Adjusted EBITDA ⁽¹⁾	\$ 316	\$ 317	\$ (1)	0%
% of sales	24.9%	24.2%	2.5%	+70 bps

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2013

Water Management



<i>\$ in millions</i>	Q4 '13	Q4 '12	\$ change	% change
Net sales	\$ 200	\$ 181	\$ 19	+11%
- Core				+11%
Adjusted Operating Income	\$ 21	\$ 14	\$ 7	+46%
% of sales	10.6%	8.0%	34.9%	+260 bps
Adjusted EBITDA ⁽¹⁾	\$ 31	\$ 25	\$ 6	+21%
% of sales	15.3%	14.0%	27.6%	+130 bps

<i>\$ in millions</i>	FY '13	FY '12	\$ change	% change
Net sales	\$ 739	\$ 634	\$ 105	+17%
- Core				+1%
- Acquisition/Divestiture				+16%
Adjusted Operating Income	\$ 73	\$ 63	\$ 10	+17%
% of sales	9.9%	9.9%	10.0%	0 bps
Adjusted EBITDA ⁽¹⁾	\$ 114	\$ 96	\$ 18	+19%
% of sales	15.5%	15.2%	17.0%	+30 bps

Capital Structure



<i>\$ in millions</i>	3/31/13	3/31/12
Cash	\$524	\$298
Revolver Borrowings	\$0	\$0
A/R Facility Borrowings	\$0	\$0
Term Debt	\$935	\$945
Senior Debt	\$1,147	\$1,147
Subordinated Debt	\$0	\$300
Other Debt ⁽¹⁾	\$22	\$13
Total Debt	\$2,104	\$2,405
Total Net Debt	\$1,580	\$2,107
Net Debt Leverage Ratio ⁽²⁾	3.9X	5.3X
Total Liquidity	\$849	\$533

(1) Other Debt includes an \$18M and \$28M New Market Tax Credit Receivable in fiscal year ended 3/31/12 and 3/31/13, respectively. This Receivable offsets a \$23M and \$37M payable also included in Other Debt in fiscal year ended 3/31/12 and 3/31/13, respectively.

(2) Defined as the ratio of total debt less cash to pro-forma LTM Adjusted EBITDA

Fiscal 2014 Outlook Details



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Key Assumptions	
Interest Expense w/LIBOR \leq 1%	~\$139M
Depreciation and Amortization	~\$111M
Stock Option Expense	~\$10M
Effective Tax Rate, excluding discrete items	~31% - 33%
Capital Expenditures	~3.0% of sales
USD per Euro	\$1.30
USD per CAN\$	\$1.00
Fully Diluted Shares Outstanding (in millions)	~101 M

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