

REXNORD
Second Quarter 2013
Earnings Release

November 8, 2012

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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 filed Wednesday, November 7th, 2012, as well as in our filings with the Securities and Exchange Commission.

- Q2 results ahead of expectations
 - Reported sales growth +11% ... Core sales growth +2%
 - Adjusted EBITDA margin of 20.1%
 - Adjusted EPS of \$0.24
- Cost reduction/containment actions implemented
- Reaffirming full year sales and earnings guidance
- Well positioned to deliver a solid Fiscal Year 2013 and beyond
 - Leverage, liquidity and maturity profile in excellent shape



Results Summary

Sales Growth	RXN	PMC	WM
Reported Growth	+11%	-	+38%
Currency	-2%	-2%	-
Acquisition	+12%	-	+38%
Divestiture/exit	-1%	-1%	-
Core Growth	+2%	+3%	-

Adjusted EBITDA Margins	20.1%	25.1%	16.0%
Adjusted EPS	\$0.24	-	-

PMC Q2 Highlights

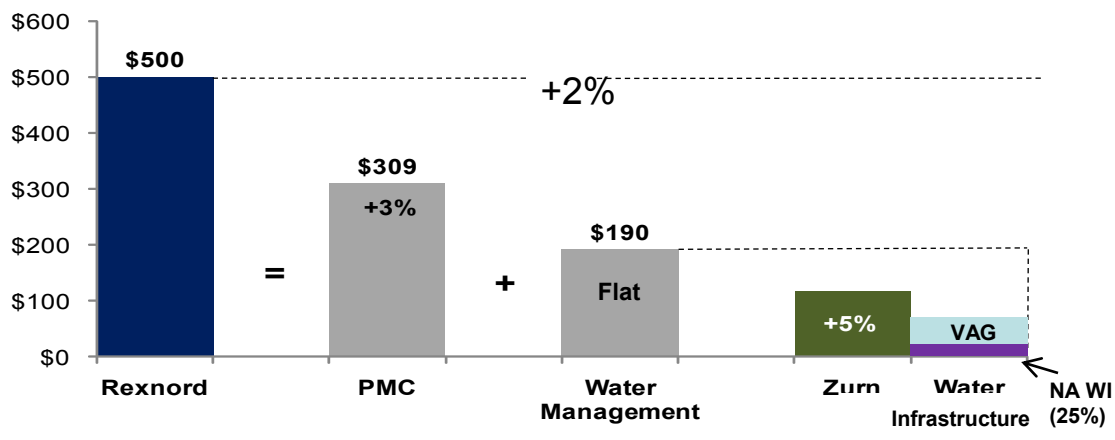
- 3% core growth ... book:bill of 0.99
- Strong incremental margins ... EBITDA margin +140 bps to 25.1%
- Low-single digit sell-through growth in distribution
- End-markets broadly performing as expected
- OEM's remain cautious heading into calendar year-end

WM Q2 Highlights

- 16.0% EBITDA margin in-line with expectation ... core margin expands YoY
- Flat core growth reported ... mid-single digits pro forma for VAG in prior year
 - Zurn mid-single digits growth
- Anticipate book:bill > 1.0 in global water infrastructure business in H2
- Margin expansion and positive core growth in H2

(\$ in millions)

Q2 Sales by Platform & Core Growth %



Q2 FY '13 Income Adjustments



<i>\$ in millions (except per share amounts)</i>	Operating Income	Net Income	EPS
As Reported	\$66.1	\$19.2	\$0.19
Loss on Discontinued Operations		1.1	0.01
Restructuring	2.4	2.4	0.02
Stock Option Expense		1.9	0.02
LIFO Expense		1.2	0.01
All Other Non-Operating		(0.2)	0.00
Tax Impact on Adjustments		(1.5)	(0.01)
As Adjusted	\$68.5	\$24.1	\$0.24

Q2 FY '13 Performance Summary



<i>\$ in millions (except per share amounts)</i>	Q2 '13	Q2 '12	\$ change	% change
Net sales	\$ 499.5	\$ 448.5	\$ 51.0	11% ⁽³⁾
Adjusted Op Inc ⁽¹⁾	\$ 68.5	\$ 61.2	\$ 7.3	12%
<i>% of sales</i>	13.7%	13.6%	14.3%	10 bps
Adjusted EBITDA ⁽²⁾	\$ 100.5	\$ 90.3	\$ 10.2	11%
<i>% of sales</i>	20.1%	20.1%	20.0%	0 bps
Adjusted Net Income ⁽²⁾	\$ 24.1	\$ 16.1	\$ 8.0	50%
Free cash flow ⁽²⁾	\$ 28.3	\$ 59.9	\$ (31.6)	
Diluted EPS	\$ 0.19	\$ 0.06	\$ 0.13	217%
Adjusted EPS ⁽²⁾	\$ 0.24	\$ 0.22	\$ 0.02	9%

(1) From continuing operations and excludes \$2.4M of restructuring charges; prior year excludes \$0.1M acquisition inventory fair value adjustments

(2) From continuing operations ... as defined in the Form 8-K filed with the Securities and Exchange Commission on November 7, 2012

(3) Core	+2%
Currency	-2%
Divestitures	-1%
Acquisitions	+12%

<i>\$ in millions</i>	Q2 '13	Q2 '12	\$ change	% change
Net sales	\$ 309.1	\$ 310.3	\$ (1.2)	0%
- core				3%
- currency				-2%
- divestiture/exit				-1%
Adjusted Op Inc ⁽¹⁾	\$ 58.7	\$ 53.3	\$ 5.4	10%
% of sales	19.0%	17.2%	N/A	180 bps
Adjusted EBITDA ⁽²⁾	\$ 77.7	\$ 73.5	\$ 4.2	6%
% of sales	25.1%	23.7%	N/A	140 bps

(1) From continuing operations and excludes \$2.2M of restructuring charges; prior year excludes \$0.1M of acquisition inventory fair value adjustments

(2) As defined in the Form 8-K filed with the Securities and Exchange Commission on November 7, 2012

***Adjusted operating income growth of +10% on flat sales ...
Adjusted EBITDA margin +140 basis points to 25.1%***

<i>\$ in millions</i>	Q2 '13	Q2 '12	\$ change	% change
Net sales	\$ 190.4	\$ 138.2	\$ 52.2	38%
- core				0%
- currency				0%
- acquisition				38%
Adjusted Op Inc ⁽¹⁾	\$ 18.6	\$ 14.6	\$ 4.0	27%
% of sales	9.8%	10.6%	7.7%	-80 bps
Adjusted EBITDA ⁽²⁾	\$ 30.5	\$ 22.9	\$ 7.6	33%
% of sales	16.0%	16.6%	14.6%	-60 bps

(1) Current year excludes \$0.2M of restructuring charges

(2) As defined in the Form 8-K filed with the Securities and Exchange Commission on November 7, 2012

Water Management Adj. Operating Income margin expands +20 bps sequentially

<i>\$ in millions</i>	9/29/12	6/30/12	3/31/12
Cash	\$440	\$393	\$298
Revolver Borrowings	\$0	\$0	\$0
A/R Facility Borrowings	\$0	\$0	\$0
Term Debt	\$939	\$943	\$945
Senior Debt	\$1,147	\$1,147	\$1,147
Subordinated Debt	\$0	\$0	\$300
Other Debt ⁽¹⁾	\$25	\$13	\$13
Total Debt	\$2,111	\$2,103	\$2,405
Total Net Debt	\$1,671	\$1,710	\$2,107
Net Debt Leverage Ratio ⁽²⁾	4.2X	4.3X	5.3X
Total Liquidity	\$759	\$713	\$533

(1) Other Debt includes an \$18M New Market Tax Credit Receivable in quarters ended 3/31/12 and 6/30/12 and \$28M for quarter ended 9/29/12. This Receivable offsets a \$23M payable also included in Other Debt in quarters ended 3/31/12 and 6/30/12 and a \$37M payable for quarter ended 9/29/12.

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



Key Assumptions

- Short-cycle daily sales rates in-line with Q2 levels
- “Normal” Seasonality in H2; Non-Residential Construction (-) and Beverage (+)
- No significant further deterioration in U.S. OEM, North American Water / Waste Water Infrastructure, North American Non-Residential Construction

Q3 vs. Q2

- On a reported basis, very similar to Q2
 - Consolidated sales in-line
 - Higher PMC sales offset by lower WM sales due to construction end-market seasonality
- Low-single digit consolidated core growth
- Consolidated margins broadly in-line with Q2, but WM lower driven by lower sales

Fiscal Year Outlook

Rexnord Corporation	Full Year Range
Sales	\$2,020M - \$2,060M
Core Sales Growth	2% – 3%
Operating Margin ⁽¹⁾	14.3% - 14.6%
Adjusted EBITDA ⁽²⁾	\$412 - \$425M
Free Cash Flow ⁽³⁾	> Adjusted Net Income ⁽²⁾

See footnotes (1), (2) and (3) on page 12

Other Assumptions	
\$ in Millions	
Interest Expense	~\$153M
Depreciation and Amortization	~\$112M
Stock Option Expense	~\$8M
Effective Tax Rate, excluding discrete items	33% - 35%
Capital Expenditures	~2.8% of sales
Fully Diluted Shares Outstanding (in millions)	~100 M

- (1) Includes stock option expense. Excludes potential non-cash actuarial gains and losses on pension and postretirement benefit obligations, restructuring costs and other non-operational, non-recurring items
- (2) As defined in the Form 8-K filed with the Securities and Exchange Commission on November 7, 2012
- (3) Excludes the impact of excess tax benefits recorded in connection with stock option exercises