



REXNORD
First Quarter 2016
Earnings Release

August 5, 2015

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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, August 4, 2015, as well as in our filings with the Securities and Exchange Commission.

- 1Q core growth, Adjusted EPS slightly better than forecast
 - Core sales growth -1% – Adjusted EPS of \$0.30
 - US general industrial weaker, water end markets remain strong
 - Launched initial elements of supply chain optimization & footprint repositioning program
 - Allocated \$40 million cash to 1Q share repurchases
- Process & Motion Control broadly in line with expectations
 - Food & beverage, aerospace, Europe general industrial growth on track
 - Lowering outlook for US general industrial end-market growth
- Water Management delivering strong growth & operational execution
 - Core sales increase 9% including \$12 million of previously delayed project revenue
 - Adjusted EBITDA margin expands 260 bps year over year to 17.3%
- Trimming guidance range for fiscal 2016 Adjusted EPS to \$1.50-1.58



Key Macro Assumptions

End Market	Initial FY16 Market Forecast	Updated FY16 Market Forecast	Revisions
US Commercial & Industrial Construction	+ HSD	+ HSD	
US Institutional Construction	+LSD/MSD	+LSD/MSD	
European Water & Wastewater Infrastructure	+LSD	+LSD	
ROW Water & Wastewater Infrastructure	+LSD	+LSD	
US Industrial Distribution	(LSD)	(MSD)	Lower
European General Industrial	+LSD	+LSD	
Global Food & Beverage	+LSD	+LSD	
Global Commercial Aerospace	+LSD/MSD	+LSD/MSD	
Global Mining	(LDD)	(LDD)	
Global Energy	(HDD)	(HDD)	
Weighted Average	(2%) - 0%	(3%) - (1%)	(100 bps)

Note: Table illustrates percentage growth rates. L/M/H = Low/Mid/High; SD = Single-Digit; DD = Double-Digit (Teens)

Lower growth assumption for US industrial distribution

Q1 FY16 Income Adjustments



<i>\$ in millions (except per share amounts)</i>	Operating Income	Net Income	EPS	Operating Income	Net Income	EPS
	Q1 FY16			Q1 FY15		
As Reported, Continuing	\$53.2	\$21.2	\$0.20	\$56.9	\$11.6	\$0.11
Amortization	-	14.3	0.14	-	13.5	0.14
Stock Option Expense	1.9	-	-	1.6	-	-
Restructuring Expense	1.9	1.9	0.02	3.4	3.4	0.03
LIFO Expense (Income)	-	-	-	0.2	-	-
Inventory Fair Value Adjustment	-	-	-	1.4	1.4	0.01
Non-Recurring Tax Items	-	-	-	-	10.1	0.10
All Other	-	0.4	0.00	-	1.3	0.01
Tax Impact on Adjustments	-	(6.0)	(0.06)	-	(6.9)	(0.07)
As Adjusted	\$57.0	\$31.8	\$0.30	\$63.5	\$34.4	\$0.33

Q1 FY16 Results Summary



<i>\$ in millions</i>	Q1 FY16	Q1 FY15	\$ change	% change
Net sales	\$ 485	\$ 504	(\$ 19)	-4%
- Core				-1%
- Acquisitions				2%
- Currency				-5%
Adjusted Operating Income	\$ 57	\$ 64	(\$ 7)	-11%
% of sales	11.8%	12.6%		-80 bps
Adjusted EBITDA ⁽¹⁾	\$ 85	\$ 92	(\$ 7)	-8%
% of sales	17.6%	18.2%		-60 bps
Adjusted Net Income ⁽¹⁾	\$ 32	\$ 34	(\$ 2)	-6%
Diluted Earnings Per Share	\$0.20	\$0.11	\$0.09	82%
Adjusted Earnings Per Share ⁽¹⁾	\$0.30	\$0.33	(\$0.03)	-9%
Free cash flow ⁽¹⁾	\$ 1	(\$ 1)	\$ 2	200%

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on August 4, 2015

<i>\$ in millions</i>	Q1 FY16	Q1 FY15	\$ change	% change
Net sales	\$ 272	\$ 298	(\$ 26)	-9%
- Core				-7%
- Acquisitions				3%
- Currency				-5%
Adjusted Operating Income	\$ 38	\$ 51	(\$ 13)	-25%
% of sales	13.9%	17.1%		-320 bps
Adjusted EBITDA ⁽¹⁾	\$ 57	\$ 70	(\$ 13)	-19%
% of sales	21.0%	23.4%		-240 bps

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PMC end-market challenges exacerbated by near-term de-stocking

<i>\$ in millions</i>	Q1 FY16	Q1 FY15	\$ change	% change
Net sales	\$ 214	\$ 205	\$ 9	4%
- Core				9%
- Currency				-5%
Adjusted Operating Income	\$ 28	\$ 21	\$ 7	33%
% of sales	13.1%	10.0%		310 bps
Adjusted EBITDA ⁽¹⁾	\$ 37	\$ 30	\$ 7	23%
% of sales	17.3%	14.7%		260 bps

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on August 4, 2015

Significant WM margin expansion reflects volume growth, execution

<i>\$ in millions</i>	6/30/15	3/31/15
Cash	\$330	\$370
Revolver Borrowings	\$0	\$0
A/R Facility Borrowings	\$0	\$0
Term Debt	\$1,892	\$1,896
Senior Debt	\$1	\$1
Other Debt (1)	\$15	\$15
Total Debt	\$1,908	\$1,912
Total Net Debt	\$1,578	\$1,542
Net Debt Leverage Ratio (2)	4.0x	3.8x
Total Liquidity	\$672	\$711

(1) Other Debt includes a \$28M New Market Tax Credit Receivable, this Receivable offsets a \$37M payable also included in Other Debt in both periods presented.

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

Leverage ratio reflects \$40M of cash used for Q1 share repurchases

Fiscal 2016 Outlook



\$ in Millions, except per-share amounts

Rexnord Corporation	Full Year Range
Core Sales Growth	- 3% to 0%
Adjusted EPS ⁽¹⁾	\$1.50 - \$1.58
Free Cash Flow ⁽¹⁾	> Net Income

Key Fiscal 2016 Assumptions	
Interest Expense w/LIBOR \leq 1%	~\$93
Depreciation and Amortization ⁽²⁾	~\$115
Effective Tax Rate	~30%
Capital Expenditures	~3% of sales
Fully Diluted Shares Outstanding	~104 million

Rexnord Corporation	Q2 Range
Sales	\$480 - \$490
Effective Tax Rate	~31%
Adjusted EPS ⁽¹⁾	\$0.31 - \$0.33

(2) Excludes \$5 million of accelerated depreciation related to supply chain optimization and footprint repositioning initiatives.

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Adjusted EPS guidance of \$1.50 to \$1.58