

REXNORD
Fourth Quarter 2016
Earnings Release

May 19, 2016

REXNORD

Replay Information

The logo for REXNORD, featuring the word "REXNORD" in a bold, blue, sans-serif font. The logo is positioned on the right side of a grey banner that also contains the "Replay Information" header. The banner has a blue and white chevron graphic pointing to the right.

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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 and Cautionary language contained in the press releases we issued on May 18 and 19 of 2016, as well as in our filings with the Securities and Exchange Commission.

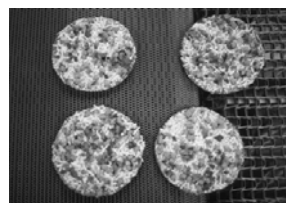
- **4Q results**
 - Core sales growth -3% – Adjusted EPS of \$0.37
 - FY16 free cash flow of \$171 million, or 113% of adjusted net income
 - Significant progress in portfolio management, cost reduction, management alignment
- **Water Management performing well in favorable market environment**
 - Core operations deliver 20.3% adjusted EBITDA margin in fiscal 2016
 - Solid momentum in US nonresidential construction end markets
- **Process & Motion Control outlook positive for aerospace, food & beverage**
 - Stabilizing sell-through in industrial distribution implies improving year-over-year comparisons
 - Cambridge acquisition builds on leadership in food & beverage, expands consumer exposure
- **Initiating guidance range for fiscal 2017 Adjusted EPS of \$1.47-1.57**
 - Slow-growth end-market environment continues, but industrial MRO stabilizing
 - Supply chain optimization & footprint repositioning on track to deliver \$30 million annual savings



Cambridge International Summary

REXNORD

- Leading supplier of metal conveying solutions for food processing applications
 - Strong brand – reputation for innovation, quality, reliability, and superior customer service
 - Leading market share in North America, established brand in Europe & Latin America
 - Strong management team with developed growth strategies
 - Favorable cost position with most manufacturing in Mexico

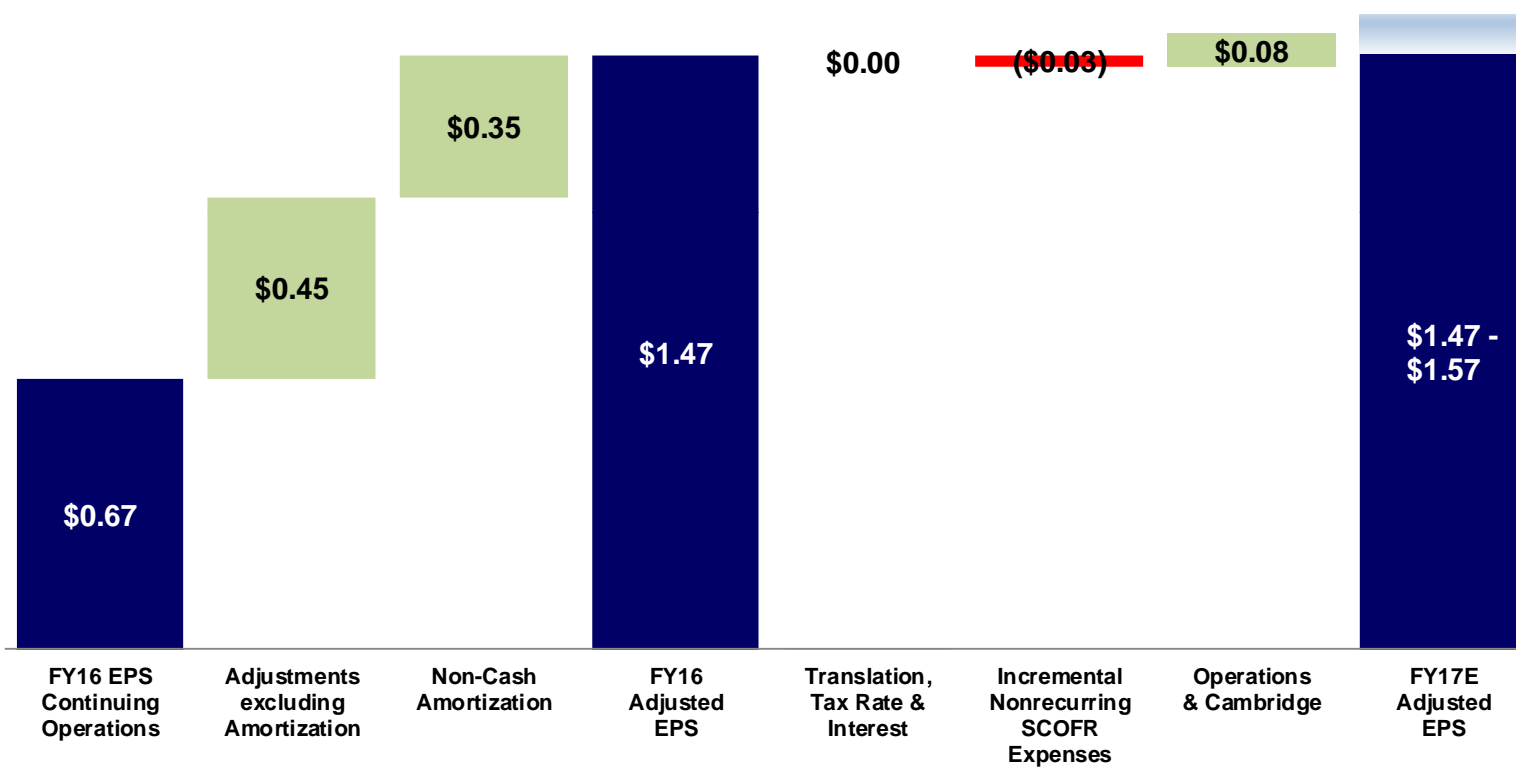


- Highly complementary fit with Rexnord
 - Focus on product performance & customer service, product innovation, application engineering
 - Expands leadership position in conveying solutions for global food & beverage end markets
 - Significant growth synergy potential along multiple vectors
 - Attractive profitability with upside through RBS-led process improvement, supply chain leverage

Cambridge expands Rexnord consumer exposure

FY16/17 Adjusted EPS Bridge

REXNORD



FY17 includes 8 cents of nonrecurring expenses

Key FY17 Macro Assumptions

End Market	Initial FY16 Market Forecast	Realized FY16 Core Growth	Initial FY17 Market Forecast	
US Commercial Construction	+ HSD	+ HSD	+ MSD	Solid momentum
US Institutional Construction	+LSD	+LSD	+ MSD	Accelerating
European Water & Wastewater Infrastructure	+LSD	FLAT	FLAT	Stable
ROW Water & Wastewater Infrastructure	+LSD	+ MSD	+ LSD	Slower growth
US & Canada Industrial Distribution	+ LSD	(MSD)	(LSD)	Stabilization
European Industrial Distribution	+ LSD	+ LSD	+ LSD	Slower growth
ROW Industrial Distribution	FLAT	(MSD)	FLAT	Mixed outlook
Global Food & Beverage	+ LSD	+ LSD	+ LSD	Steady growth
Global Commercial Aerospace	+ MSD	+ LSD	FLAT	OE production changes
Global Process Industries	(MDD)	(HDD)	(MDD)	Bottom in CY17?
Weighted Average	(2%) - 0%	(3%)	(3%) - 0%	Moderating headwind

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

Q4 FY16 Income Adjustments



\$ in millions	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS
	Q4 FY16			Q4 FY15		
As Reported, Continuing	\$17.1	\$0.8	\$0.01	\$32.4	\$35.7	\$0.34
Amortization	-	14.3	0.14	-	14.3	0.14
Stock Option Expense	1.7	-	-	1.6	-	-
Restructuring Expense (1)	24.2	24.2	0.23	5.8	5.8	0.06
LIFO Income	(2.2)	-	-	(1.9)	-	-
Inventory Fair Value Adjustment	-	-	-	1.1	1.1	0.01
Actuarial Loss on Pension/OPEB	12.9	12.9	0.13	28.0	28.0	0.27
Supply Chain Optimization & Footprint Repositioning Program (2)	1.0	1.0	0.01	-	-	-
Impact of RHF Product Line (3)	10.7	10.7	0.10	3.7	3.7	0.03
All Other (4)	-	(5.6)	(0.05)	-	(1.8)	(0.02)
Tax Impact on Adjustments	-	(20.5)	(0.20)	-	(18.3)	(0.18)
As Adjusted	\$65.4	\$37.8	\$0.37	\$70.7	\$68.5	\$0.65

(1) Includes \$13.6 million impairment charge related to the RHF product line exit in Q4 FY16.

(2) Represents accelerated depreciation associated with our strategic supply chain optimization and footprint repositioning initiatives.

(3) Operating loss of RHF product line, excluding restructuring and other nonrecurring items.

(4) Other income, net includes the impact of foreign currency transactions, sale of property, plant and equipment, and other miscellaneous income and expense, including a fiscal 2016 recovery of \$8.4 million under the Continued Dumping and Subsidy Offset Act.

Q4 FY16 Results Summary



<i>\$ in millions (except per share amounts)</i>	Q4 FY16	Q4 FY15	\$ change	% change
Net sales	\$485	\$509	(\$24)	-5%
- Core				-3%
- Acquisitions				0%
- Currency				-2%
Adjusted Operating Income	\$65	\$71	(\$6)	-8%
% of sales	13.5%	13.9%		-40 bps
Adjusted EBITDA ⁽¹⁾	\$93	\$99	(\$6)	-6%
% of sales	19.2%	19.5%		-30 bps
Adjusted Net Income ⁽¹⁾	\$38	\$68	(\$30)	-44%
Diluted Earnings Per Share	\$0.01	\$0.34	(\$0.33)	-97%
Adjusted Earnings Per Share ⁽¹⁾	\$0.37	\$0.65	(\$0.28)	-43%

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 18, 2016

Consistent with previewed metrics

<i>\$ in millions</i>	Q4 FY16	Q4 FY15	\$ change	% change
Net sales	\$294	\$328	(\$34)	-10%
- Core				-9%
- Currency				-1%
Adjusted Operating Income	\$46	\$68	(\$22)	-32%
% of sales	15.6%	20.6%		-500 bps
Adjusted EBITDA ⁽¹⁾	\$65	\$87	(\$22)	-25%
% of sales	22.1%	26.5%		-440 bps

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SCOFR benefits ramping in FY17

Water Management



<i>\$ in millions</i>	Q4 FY16	Q4 FY15	\$ change	% change
Net sales	\$191	\$180	\$11	6%
- Core				8%
- Currency				-2%
Adjusted Operating Income	\$25	\$13	\$12	92%
% of sales	13.0%	7.2%		+580 bps
Adjusted EBITDA ⁽¹⁾	\$34	\$22	\$12	55%
% of sales	17.6%	12.4%		+520 bps

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Strong core growth and margin expansion

Capital Structure



<i>\$ in millions</i>	3/31/16	12/31/15	3/31/15
Cash	\$485	\$436	\$370
Revolver Borrowings	\$0	\$0	\$0
A/R Facility Borrowings	\$0	\$0	\$0
Term Debt	\$1,881	\$1,885	\$1,896
Senior Debt	\$0	\$1	\$1
Other Debt (1)	\$12	\$12	\$15
Total Debt	\$1,893	\$1,898	\$1,912
Total Net Debt	\$1,408	\$1,461	\$1,542
Net Debt Leverage Ratio (2)	3.8x	4.1x	3.8x
Total Liquidity	\$829	\$770	\$711

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

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

Net debt leverage ratio declines to 3.8x

Fiscal 2017 Outlook

\$ in Millions, except per-share amounts



Rexnord Corporation		Full Year Range
Core Sales Growth		- 2% to +1%
Adjusted EPS ⁽¹⁾		\$1.47 - \$1.57
Free Cash Flow ⁽¹⁾		> Net Income

Rexnord Corporation		Q1 Range
Sales		\$457 - \$467
Effective Tax Rate		~18%
Adjusted EPS ⁽¹⁾		\$0.28 - \$0.30

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Key Fiscal 2017 Assumptions	
Interest Expense w/LIBOR ≤ 1%	~\$94
Depreciation and Amortization ⁽²⁾	~\$98
Effective Tax Rate	~27%
Capital Expenditures	~3% of sales
Fully Diluted Shares Outstanding	~103 million

(2) Excludes an estimated \$11 million of accelerated depreciation related to supply chain optimization and footprint repositioning initiatives.

Core sales growth expected to improve