



REXNORD
Fourth Quarter 2014
Earnings Release

May 21, 2014

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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 Wednesday, May 21, 2014, as well as in our filings with the Securities and Exchange Commission.

- **Solid finish to fiscal 2014**
 - Core sales growth +4%
 - Adjusted net income +62%
 - Adjusted EBITDA margin of 21.0%
 - Adjusted EPS +56% year over year to \$0.50
- **Water Management growth accelerating as expected**
 - +6% core growth ... strong momentum in both Zurn and VAG
 - Acquired Green Turtle in April ... proprietary products expand Zurn portfolio
- **Process & Motion Control end markets stable/improving**
 - +3% core growth with strong performance in U.S. OEM/Distribution
 - Adjusted EBITDA increases to 29.2% ... 300 basis point improvement year over year
- **Fiscal 2015 guidance of +3% to +5% core sales growth ... adjusted EPS growth of +20% to +28%**



Fiscal 2015 Outlook



\$ in Millions

Rexnord Corporation	Full Year Range
Core Sales Growth	+3 to +5%
Adjusted EPS ⁽¹⁾ ⁽²⁾	\$1.60 - \$1.70
Adjusted EBITDA ⁽¹⁾ Incremental Margin	~30%
Free Cash Flow ⁽¹⁾	> Adjusted Net Income

Rexnord Corporation	Core Sales Growth
First half fiscal 2015	+2% to +4%
Second half fiscal 2015	+4% to +6%

Rexnord Corporation	Q1 Range
Sales	\$500 - \$510M
Adjusted EPS ⁽¹⁾ ⁽²⁾	\$0.24 - \$0.26

Key Fiscal 2015 Assumptions	
Interest Expense w/LIBOR ≤ 1%	~\$88M
Depreciation and Amortization	~\$115M
Stock Option /LIFO Expense	~\$15M
Effective Tax Rate ⁽²⁾	~30%
Capital Expenditures	~3% of sales
Fully Diluted Shares Outstanding	~105M

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2014

(2) Excludes a non-recurring, non-cash tax expense in Q1 FY '15 related to an initiative to reduce future taxes incurred at certain foreign entities.

Q4 '14 Income Adjustments



<i>\$ in millions (except per share amounts)</i>	Operating Income			Net Income			EPS		
	Operating Income	Net Income	EPS	Operating Income	Net Income	EPS	Operating Income	Net Income	EPS
	Q4 FY 2014			Q4 FY 2013					
As Reported	\$78.5	\$39.9	\$0.39	\$74.8	\$23.9	\$0.24	\$74.8	\$23.9	\$0.24
Actuarial Loss on Pension/OPEB	2.7	2.7	0.03	5.5	5.5	0.06	5.5	5.5	0.06
Stock Option Expense	1.7	1.7	0.01	1.7	1.7	0.02	1.7	1.7	0.02
Restructuring Expense	3.9	3.9	0.04	2.3	2.3	0.02	2.3	2.3	0.02
LIFO Expense	3.5	3.5	0.03	2.2	2.2	0.02	2.2	2.2	0.02
Inventory Fair Value Adjustment	1.3	1.3	0.01	-	-	-	-	-	-
All Other Non-Operating	-	4.8	0.05	-	1.4	0.01	-	1.4	0.01
Tax Impact on Adjustments	-	(5.9)	(0.06)	-	(4.9)	(0.05)	-	(4.9)	(0.05)
As Adjusted	\$91.6	\$51.9	\$0.50	\$86.5	\$32.1	\$0.32	\$86.5	\$32.1	\$0.32

FY '14 Income Adjustments



<i>\$ in millions (except per share amounts)</i>	Operating Income			Net Income			EPS		
	Operating Income	Net Income	EPS	Operating Income	Net Income	EPS			
	FY 2014			FY 2013					
As Reported	\$279.6	\$29.6	\$0.29	\$255.4	\$50.1	\$0.50			
Actuarial Loss on Pension/OPEB	2.7	2.7	0.03	5.7	5.7	0.06			
Loss on Debt Extinguishment	-	133.2	1.31	-	24.0	0.24			
Loss from Discontinued Operations	-	-	-	-	4.8	0.05			
Stock Option Expense	7.0	7.0	0.07	7.1	7.1	0.07			
Restructuring Expense	8.7	8.7	0.09	8.6	8.6	0.09			
LIFO Expense	4.8	4.8	0.05	5.7	5.7	0.06			
Inventory Fair Value Adjustment	1.7	1.7	0.02	-	-	-			
Brass Fitting Loss Contingency	-	-	-	10.1	10.1	0.10			
All Other Non-Operating	-	15.1	0.15	-	2.9	0.02			
Tax Impact on Adjustments	-	(62.2)	(0.62)	-	(21.4)	(0.21)			
As Adjusted	\$304.5	\$140.6	\$1.39	\$292.6	\$97.6	\$0.98			

Q4 '14 Performance Summary



<i>\$ in millions</i>	Q4 '14	Q4 '13	\$ change	% change
Net sales	\$ 570	\$ 540	\$ 30	5%
- Core				4%
- Acquisition				2%
- Currency				-1%
Adjusted Operating Income	\$ 92	\$ 87	\$ 5	6%
% of sales	16.1%	16.0%		10 bps
Adjusted EBITDA ⁽¹⁾	\$ 120	\$ 115	\$ 5	4%
% of sales	21.0%	21.3%		-30 bps
Adjusted Net Income ⁽¹⁾	\$ 52	\$ 32	\$ 20	62%
Diluted Earnings Per Share ⁽²⁾	\$0.39	\$0.24	\$0.15	63%
Adjusted Earnings Per Share ⁽¹⁾	\$0.50	\$0.32	\$0.18	56%
Free cash flow ⁽¹⁾	\$ 79	\$ 78	\$ 1	1%

(1) As defined in the Form 8-K filed with the Securities and Exchange Commission on May 21, 2014

(2) Earnings from continuing operations

FY '14 Performance Summary



<i>\$ in millions</i>	FY '14	FY '13	\$ change	% change
Net sales	\$ 2,082	\$ 2,005	\$ 77	4%
- Core				3%
- Acquisition				1%
Adjusted Operating Income	\$ 305	\$ 293	\$ 12	4%
% of sales	14.6%	14.6%		0 bps
Adjusted EBITDA ⁽¹⁾	\$ 413	\$ 405	\$ 8	2%
% of sales	19.8%	20.2%		-40 bps
Adjusted Net Income ⁽¹⁾	\$ 141	\$ 98	\$ 43	44%
Diluted Earnings Per Share ⁽²⁾	\$0.29	\$0.55	\$(0.26)	-47%
Adjusted Earnings Per Share ⁽¹⁾	\$1.39	\$0.98	\$0.41	42%
Free cash flow ⁽¹⁾	\$ 144	\$ 103	\$ 42	41%

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(2) Earnings from continuing operations

Process & Motion Control



<i>\$ in millions</i>	Q4 '14	Q4 '13	\$ change	% change
Net sales	\$ 359	\$ 340	\$ 19	5%
- Core				3%
- Acquisition				3%
- Currency				-1%
Adjusted Operating Income	\$ 86	\$ 70	\$ 16	23%
% of sales	24.0%	20.6%		340 bps
Adjusted EBITDA ⁽¹⁾	\$ 105	\$ 89	\$ 16	18%
% of sales	29.2%	26.2%		300 bps

<i>\$ in millions</i>	FY '14	FY '13	\$ change	% change
Net sales	\$ 1,286	\$ 1,266	\$ 20	2%
- Core				1%
- Acquisition				1%
Adjusted Operating Income	\$ 258	\$ 245	\$ 13	6%
% of sales	20.1%	19.3%		80 bps
Adjusted EBITDA ⁽¹⁾	\$ 329	\$ 316	\$ 13	4%
% of sales	25.6%	24.9%		70 bps

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Solid execution drives margin expansion

Water Management



<i>\$ in millions</i>	Q4 '14	Q4 '13	\$ change	% change
Net sales	\$ 211	\$ 200	\$ 11	5%
- Core				6%
- Currency				-1%
Adjusted Operating Income	\$ 14	\$ 21	\$ (7)	-32%
% of sales	6.8%	10.6%		-380 bps
Adjusted EBITDA ⁽¹⁾	\$ 24	\$ 31	\$ (7)	-24%
% of sales	11.1%	15.3%		-420 bps

<i>\$ in millions</i>	FY '14	FY '13	\$ change	% change
Net sales	\$ 796	\$ 739	\$ 57	8%
- Core				8%
Adjusted Operating Income	\$ 76	\$ 73	\$ 3	4%
% of sales	9.6%	9.9%		-30 bps
Adjusted EBITDA ⁽¹⁾	\$ 113	\$ 114	\$ (1)	-1%
% of sales	14.2%	15.5%		-130 bps

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Capital Structure



<i>\$ in millions</i>	3/31/14	12/28/13	3/31/13
Cash	\$339	\$193	\$524
Revolver Borrowings	\$0	\$0	\$0
A/R Facility Borrowings	\$0	\$0	\$0
Term Debt	\$1,922	\$1,931	\$935
Senior Debt	\$1	\$1	\$1,147
Other Debt ⁽¹⁾	\$21	\$18	\$22
Total Debt	\$1,944	\$1,950	\$2,104
Total Net Debt	\$1,605	\$1,757	\$1,580
Net Debt Leverage Ratio ⁽²⁾	3.8X	4.2X	3.9X
Total Liquidity	\$675	\$529	\$849

(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

Free cash flow of \$144M in FY14 ... \$153M excluding non-recurring items