

SECOND QUARTER
FISCAL YEAR 2018
FINANCIAL RESULTS

November 2, 2017

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

This presentation and discussion contains certain forward-looking statements that are subject to the Safe Harbor and Cautionary language contained in the press release we issued on November 1, 2017, as well as other factors that could cause actual results to differ materially from those discussed and that are disclosed in our filings with the Securities and Exchange Commission.

Some comparisons will refer to certain non-GAAP measures. Our earnings release and SEC filings contain additional information about these non-GAAP measures, why we use them and why we believe they are helpful to investors, and contain reconciliations to GAAP data.

STRATEGIC UPDATE

Consolidated Rexnord

- Supply Chain Optimization & Footprint Repositioning completed, savings on track
- Core sales⁽¹⁾ growth increases to +4% year over year

Process & Motion Control

- Positive core sales growth continues at +3%
- DiRXN (*“Direction”*) introduction generating strong customer interest, activity

Water Management

- Core sales growth accelerates to +5%, margins expand year over year by 200 bps
- World Dryer acquisition adds strategic adjacent product line

Cash Flow & Balance Sheet

- Solid 1HFY18 for Free Cash Flow⁽¹⁾ supports unchanged FY18 outlook
- Net debt leverage ratio⁽¹⁾ declines to 2.9x

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

WORLD DRYER ACQUISITION

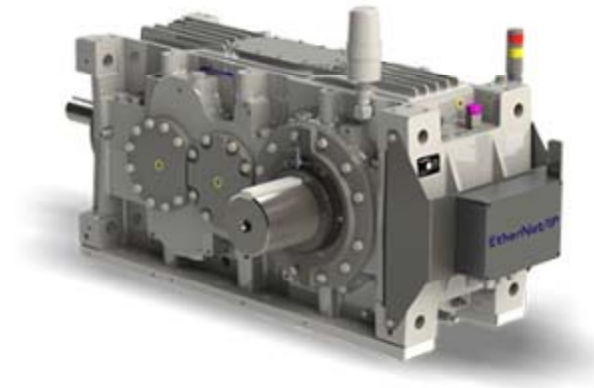
- Entry into key product adjacency advances Zurn's ability to be a single-source supplier for nonresidential washrooms
- Well-established brand with largest installed base of electric hand dryers in North America
- Hand dryers are taking share from traditional paper towels through reduced waste and reduced operating costs
- Annual revenue of approximately \$20 million
- Purchase multiple <10x trailing 12-months EBITDA



PMC DiRXN ("DIRECTION") UPDATE



- Favorable market reception / broad interest
- 85% of products now configurable online
- >25,000 order quotations through e-Commerce site
- Initial deliveries of connected products demonstrating ability to improve user productivity
- KPIs tracking toward FY18 objectives



FINANCIAL UPDATE

Second Quarter Fiscal Year 2018

- Adjusted EBITDA⁽¹⁾ of \$98 million increased 9% year over year
- Net sales increased 4% year over year
 - RHF product line exit reduced sales by 1%
 - Foreign currency translation increased sales by 1%
- Core sales⁽¹⁾ increased 4% year over year
- Earnings Per Share of \$0.23
- Adjusted EPS⁽¹⁾ of \$0.32

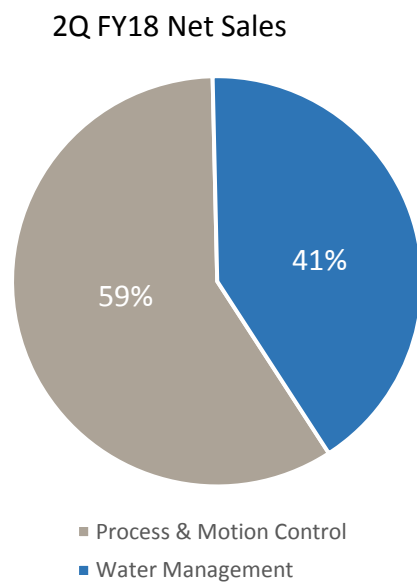
Fiscal Year 2018 Outlook

- Core sales growth in low-to-mid-single-digit percentage range⁽²⁾
- Adjusted EBITDA in \$375 - \$385 million range⁽²⁾
- Free cash flow⁽¹⁾ to exceed net income

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

(2) Forward-looking information and a non-GAAP measure. Although Rexnord can quantify certain elements, it is not able to quantify all variances from GAAP without unreasonable efforts because certain factors are unknown at this time and out of Rexnord's control.

2Q FY18 SUMMARY



	2Q FY18	2Q FY17	Change
Adjusted Net Sales ^(1,2)	\$511	\$486	5%
<i>Growth from:</i>			
Core			4%
Acquisitions			--
Translation			1%
Adjusted EBITDA ⁽¹⁾	\$98	\$90	9%
% of Sales	19.2%	18.6%	60 bps

- Core growth accelerated to 4% year over year
- Adjusted EBITDA margin increased 60 bps

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

(2) Net Sales in 2Q FY17 is adjusted for the RHF product line exit in FY17.

PROCESS & MOTION CONTROL

	2Q FY18	2Q FY17	Change
Net Sales	\$300	\$287	5%
<i>Growth from:</i>			
Core			3%
Acquisitions			--
Translation			2%
Adjusted EBITDA ⁽¹⁾	\$62	\$61	3%
% of Sales	20.7%	21.2%	(50 bps)

End-Market Outlook Assumed in Guidance (unchanged)

Industrial Distribution

- US & Canada ●
- Europe ●
- Rest of World ●

- Food & Beverage: Global ●
- Commercial Aerospace: Global ●
- Process Industries: Global ●

- Core growth was 3% year over year
- Adjusted EBITDA in line with expectations



(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

WATER MANAGEMENT

	2Q FY18	2Q FY17	Change
Adjusted Net Sales ^(1,2)	\$210	\$199	6%
<i>Growth from:</i>			
Core			5%
Acquisitions			--
Translation			1%
Adjusted EBITDA ⁽¹⁾	\$44	\$38	17%
% of Sales	21.1%	19.1%	200 bps

End-Market Outlook Assumed in Guidance (unchanged)

Nonresidential Construction: US & Canada	●
Residential Construction: US & Canada	●
<i>Water & Wastewater Infrastructure</i>	
Europe	●
China	●
Middle East	●
Rest of World	●

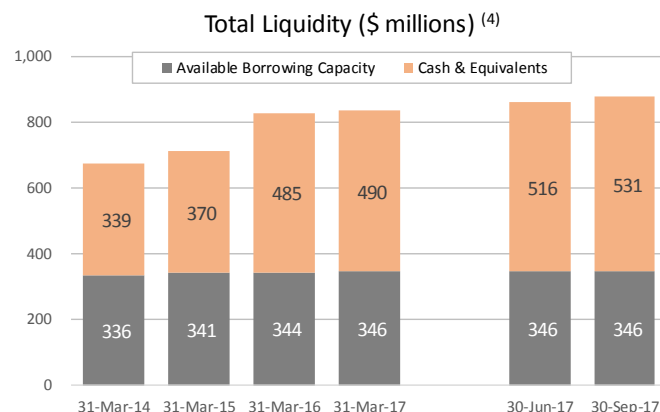
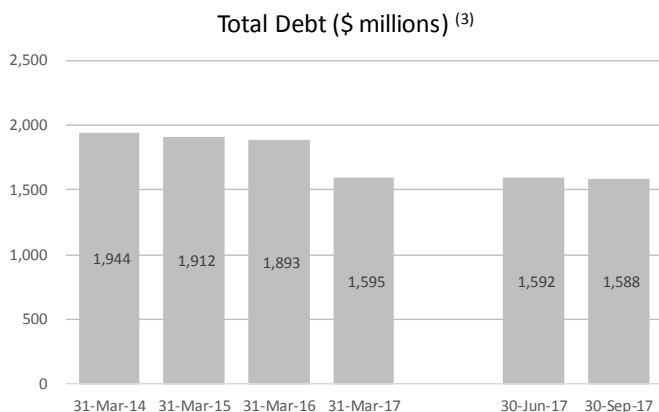
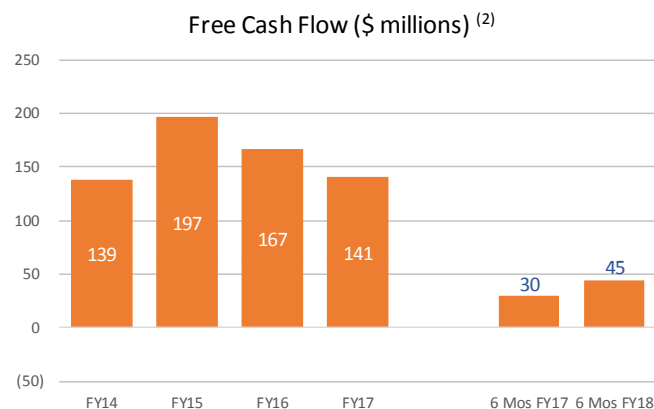
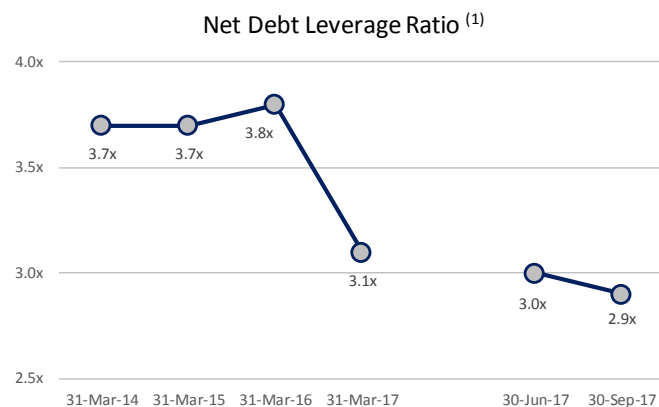
- Core growth was 5% year over year
- Adjusted EBITDA margin increased by 200 bps

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

(2) Net Sales in 2Q FY17 is adjusted for the RHF product line exit in FY17.



CASH FLOW & BALANCE SHEET



- (1) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma LTM Adjusted EBITDA.
- (2) Free Cash Flow is defined as Cash from Operations less Capital Expenditures, and is a Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.
- (3) Total Debt includes a New Market Tax Credit Receivable (\$28), which is more than offset by an associated payable (\$37) that is also included in Total Debt in all periods presented.
- (4) Liquidity is defined as cash and cash equivalents plus available borrowing capacity.

APPENDIX

FISCAL YEAR 2018 OUTLOOK

Core sales % growth ⁽¹⁾	+ Low-to-Mid Single Digit
Adjusted EBITDA ⁽¹⁾	\$375 - \$385 million
Free Cash Flow ⁽¹⁾	> Net Income
Depreciation & Amortization ⁽²⁾	\$ 88 million
Interest Expense (LIBOR ≤ 1.5%)	\$ 83 million
Effective Tax Rate ⁽³⁾	~ 32%
Capital Expenditures	2% to 2.5% of sales

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

(2) Excludes an estimated \$1 million of accelerated depreciation related to supply chain optimization and footprint repositioning initiatives.

(3) As applied to calculation of Adjusted Net Income.

2Q FY18 NON-GAAP ADJUSTMENTS AFTER TAX

Adjustment Type (\$ millions)	Pretax Adjustment	Income Tax Provision ⁽²⁾	Impact on Adjusted Net Income ⁽³⁾
Restructuring & Other Similar Charges	\$ 5.1	(\$ 1.7)	\$ 3.4
Other, net ⁽¹⁾	1.5	(0.3)	1.2
Amortization of Intangible Assets	8.0	(2.9)	5.1
Totals	\$ 14.6	(\$ 4.9)	\$ 9.7

(1) Other, net includes the impact of foreign currency transactions and other miscellaneous expenses.

(2) The tax rates used to calculate adjusted net income are based on a transaction-specific basis at the applicable jurisdictional rate.

(3) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on November 1, 2017.

IF-CONVERTED INCREMENTAL SHARES

Use If-Converted Method to calculate diluted EPS, **Only If Dilutive**

- 1) Do not deduct preferred dividend from net income
- 2) Add indicated incremental shares to diluted share count

Average Common Stock Price	Incremental Shares from Conversion (millions)
< \$ 20.99	19.18
\$ 20.99	19.18
21	19.17
22	18.30
23	17.50
24	16.77
25	16.10
25.19	15.98
> \$ 25.19	15.98

Mandatory Convertible Preferred Details

Offering Size (\$millions)	\$ 402.5
Dividend Rate	5.75%
Annual Dividend (\$millions)	\$ 23.1
Mandatory Conversion Date	11/15/2019

CALCULATING 2Q FY18 DILUTED ADJUSTED EPS

(\$ millions, except per-share amounts)	Second Quarter Ended <u>September 30, 2017</u>
<i>Base Methodology</i>	
Adjusted Net Income	\$ 33.7
Weighted-Average Number of Shares: Diluted (thousands)	105,540
Earnings Per Share: Diluted (Base Method)	<u>\$ 0.32</u>
<i>If-Converted Methodology</i>	
Adjusted Net Income	\$ 33.7
Add Back Dividends	<u>5.8</u>
Adjusted Net Income Attributable to Rexnord Common Shareholders	\$ 39.5
Weighted-Average Number of Shares: Diluted (thousands)	105,540
Add Adjustment for Conversion of Preferred Stock into Common Stock (thousands)	<u>16,736</u>
Adjusted Weighted-Average Shares: Diluted (thousands)	122,276
Earnings Per Share: Diluted (If-Converted Method)	<u>\$ 0.32</u>

RECONCILIATION OF ADJUSTED EBITDA

(\$ millions)

	Second Quarter Ended	
	September 30, 2017	September 30, 2016
Adjusted EBITDA		
Net income attributable to Rexnord common shareholders	\$ 24.0	\$ 24.6
Dividends on preferred stock	5.8	-
Income tax provision (benefit)	14.8	4.4
Other expense, net ⁽¹⁾	1.0	0.7
Interest expense, net	20.2	22.8
Income from operations	<u>\$ 65.8</u>	<u>\$ 52.5</u>
Adjustments		
Depreciation and amortization	\$ 21.1	\$ 24.3
Restructuring and other similar charges	5.1	4.4
Acquisition-related fair value adjustment	-	3.3
Stock-based compensation expense	5.4	3.7
Impact of RHF product line exit ⁽²⁾	-	2.1
Last-in first-out inventory adjustments	0.2	-
Other, net ⁽¹⁾	(0.5)	-
Subtotal of adjustments	<u>32.3</u>	<u>37.8</u>
Adjusted EBITDA	<u>\$ 98.1</u>	<u>\$ 90.3</u>

(1) Includes the impact of foreign currency transactions, sale of long-lived assets, and other miscellaneous expenses. See "Management Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended September 30, 2017 for further information.

(2) During fiscal 2016, the Company announced its decision to exit the RHF flow control gate product line within its Water Management platform. The operating loss (excluding restructuring and other similar charges) is not included in Adjusted EBITDA in accordance with our credit agreement.

RECONCILIATION OF ADJUSTED NET INCOME

(\$ millions)

	Second Quarter Ended	
	September 30, 2017	September 30, 2016
Adjusted Net Income and Earnings Per Share		
Net income attributable to Rexnord common shareholders	\$ 24.0	\$ 24.6
Supply chain optimization and footprint repositioning initiatives ⁽¹⁾	-	0.8
Impact of RHF product line exit ⁽²⁾	-	2.3
Restructuring and other similar charges	5.1	4.4
Acquisition-related fair value adjustment	-	3.3
Amortization of intangible assets	8.0	10.5
Other, net ⁽³⁾	1.5	0.7
Tax effect on above items	(4.9)	(7.0)
Adjusted net income	\$ 33.7	\$ 39.6
GAAP diluted net income (loss) per share attributable to Rexnord common shareholders	\$ 0.23	\$ 0.24
Adjusted earnings per share - diluted	\$ 0.32	\$ 0.38
GAAP diluted weighted-average shares	105,540	104,608

(1) Represents accelerated depreciation and other non-cash expenses associated with our strategic supply chain optimization and footprint repositioning initiatives.

(2) During fiscal 2016, the Company announced its decision to exit the RHF flow control gate product line within its Water Management platform. To enhance comparability between historical periods, the pre-tax loss of the RHF product line exit has been excluded from our fiscal 2017 Adjusted earnings per share.

(3) Other, net includes the impact of foreign currency transactions, sale of long-lived assets, and other miscellaneous expenses. See "Management Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended September 30, 2017 for further information.