

# HILLENBRAND

*a global diversified industrial company*

Pursuing **Growth** • Building **Value**

**Jefferies Industrial Conference –  
August 2015**



# Disclosure regarding forward-looking statements

## Forward-Looking Statements and Factors That May Affect Future Results:

Throughout this presentation, we make a number of “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. As the words imply, these are statements about future plans, objectives, beliefs, and expectations that might or might not happen in the future, as contrasted with historical information. Forward-looking statements are based on assumptions that we believe are reasonable, but by their very nature are subject to a wide range of risks.

Accordingly, in this presentation, we may say something like,

“We expect that future revenue associated with the Process Equipment Group will be influenced by order backlog.”

That is a forward-looking statement, as indicated by the word “expect” and by the clear meaning of the sentence.

Other words that could indicate we are making forward-looking statements include:

<b>intend</b>	<b>believe</b>	<b>plan</b>	<b>expect</b>	<b>may</b>	<b>goal</b>	<b>would</b>
<b>become</b>	<b>pursue</b>	<b>estimate</b>	<b>will</b>	<b>forecast</b>	<b>continue</b>	<b>could</b>
<b>targeted</b>	<b>encourage</b>	<b>promise</b>	<b>improve</b>	<b>progress</b>	<b>potential</b>	<b>should</b>

This is not an exhaustive list, but is intended to give you an idea of how we try to identify forward-looking statements. The absence of any of these words, however, does not mean that the statement is not forward-looking.

Here is the key point: Forward-looking statements are not guarantees of future performance, and our actual results could differ materially from those set forth in any forward-looking statements. Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements.

For a discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading “Risk Factors” in Item 1A of Part I of our Form 10-Q for the period ended June 30, 2015, located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

# Agenda

## **Hillenbrand**

a global diversified industrial company

## **Process Equipment Group (PEG)**

our growth business platform

## **Batesville**

our time-tested and highly profitable market leader

## **Select Financial Results**

# Hillenbrand is an attractive investment opportunity

## Growth Opportunity

- Process Equipment Group represents ~2/3 of Hillenbrand revenue with attractive organic mid-single-digit revenue growth expected
- Bottom-line growth enhanced by leveraging the Hillenbrand Operating Model

## Strong Financial Profile

- Market leading platforms with robust cash generation
- Strong balance sheet and cash flow

## Proven Track Record

- Demonstrated acquisition success
- Proven, results-oriented management teams
- Strong core competencies in lean business, strategy management, talent development and segmentation

## Compelling Dividend

- Meaningful return of cash to shareholders, including an attractive dividend yield
- Annual dividend increases since HI inception (2008)

HILLENBRAND 

# Hillenbrand Profile

# Hillenbrand began as a death care company and has diversified through acquisitions

## HILLENBRAND, INC.



### Batesville

- Founded in 1906 and dedicated for more than 100 years to *helping families honor the lives of those they love®*
- North American leader in death care with a history of manufacturing excellence, product innovation, superior customer service, and reliable delivery

### Process Equipment Group

- Leading global providers of compounding and extrusion equipment, bulk solids material handling equipment and systems for a wide variety of manufacturing and other industrial processes
- Serves customers through its operating companies:
  - ✓ Coperion – Compounders and extruders, materials handling equipment, feeders and pneumatic conveying equipment, system solutions, parts and services (K-Tron merged with Coperion effective 10/1/2013)
  - ✓ Rotex – Dry material separation machines and replacement parts and accessories
  - ✓ TerraSource Global– Size reduction equipment, conveying systems and screening equipment, parts and services

# The Hillenbrand Operating Model drives our continued transformation into a world-class global diversified industrial company

## Mission

*Hillenbrand is a global diversified industrial company that engineers, manufactures, and sells business-to-business products and services into a variety of end markets. We strive to provide a superior return for our shareholders, exceptional value for our customers and great professional opportunities for our people through deployment of the Hillenbrand Operating Model.*

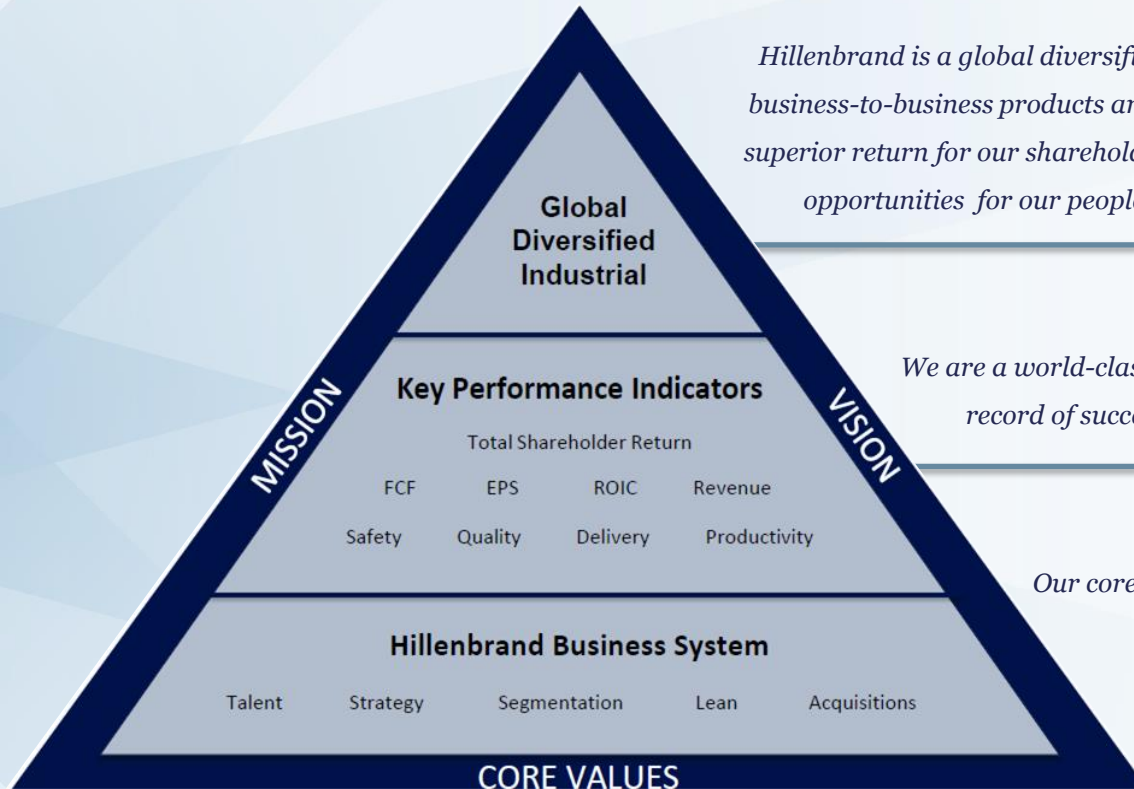
## Vision

*We are a world-class, global diversified industrial company with a proven record of success – driven by the Hillenbrand Operating Model.*

## Core Values

*Our core values apply to each of us in all we do:*





- Individual worth and integrity
- Excellence in execution
- Spirit of continuous learning and improvement
- Courage

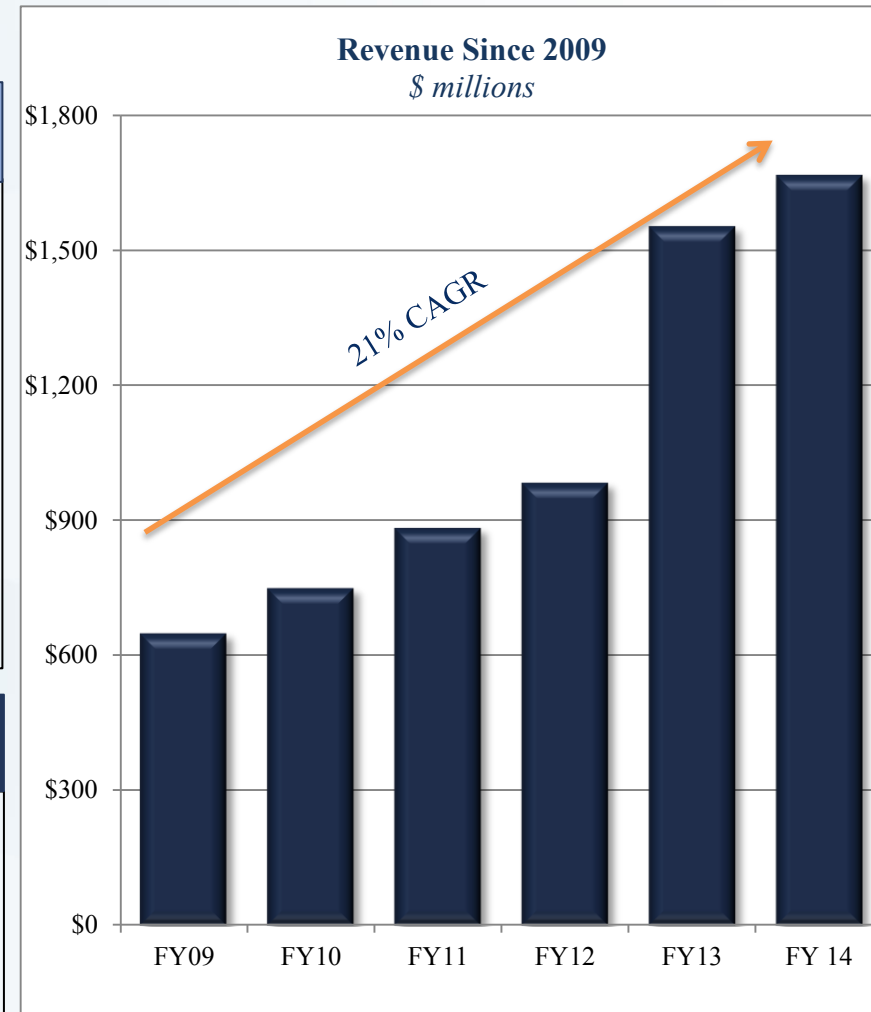


## Hillenbrand Operating Model

*We drive profitable growth through the Hillenbrand Operating Model*

# Our two attractive platforms provide robust revenue growth

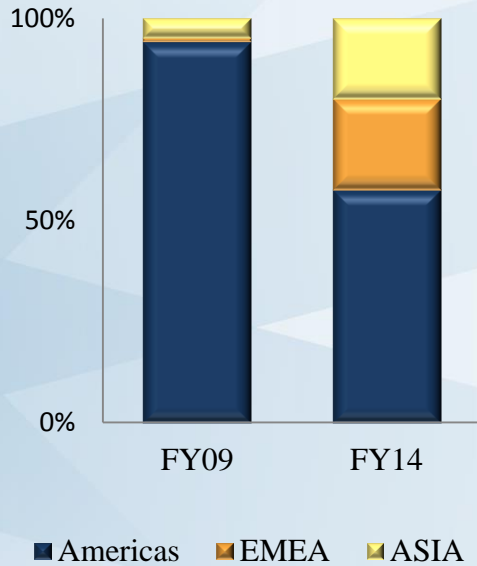
 <p>(K-Tron merged with Coperion effective 10/1/2013)</p>	<h2>Process Equipment Group</h2>
	<ul style="list-style-type: none"> <li>• Multiple pathways/end markets for growth</li> <li>• Diversified revenue sources</li> <li>• Parts and service revenue ~ 1/3 of total and growing</li> </ul>
	
	
<ul style="list-style-type: none"> <li>• Historical Adj EBITDA* margin &gt; 25%</li> <li>• Strong, predictable cash flow</li> </ul>	



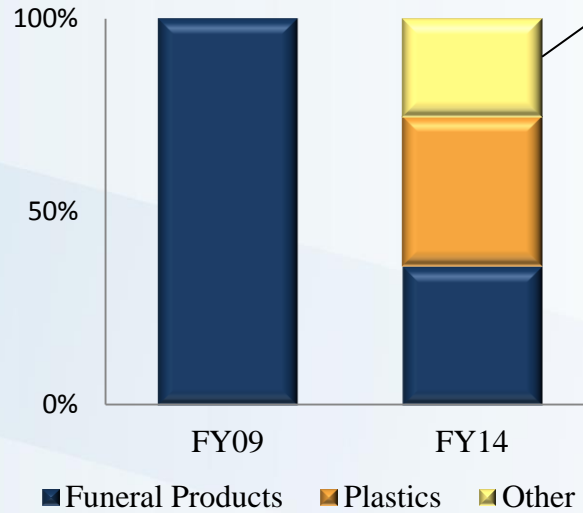


# We have increased our revenue diversification...

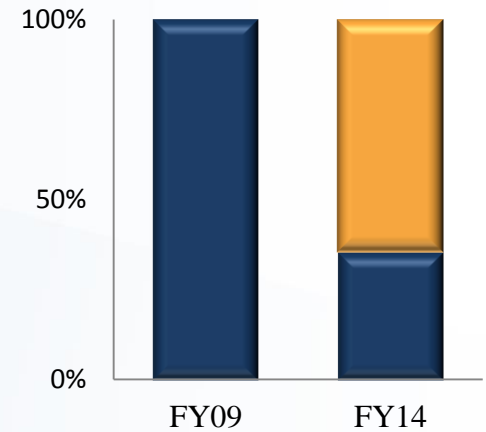
## Geography



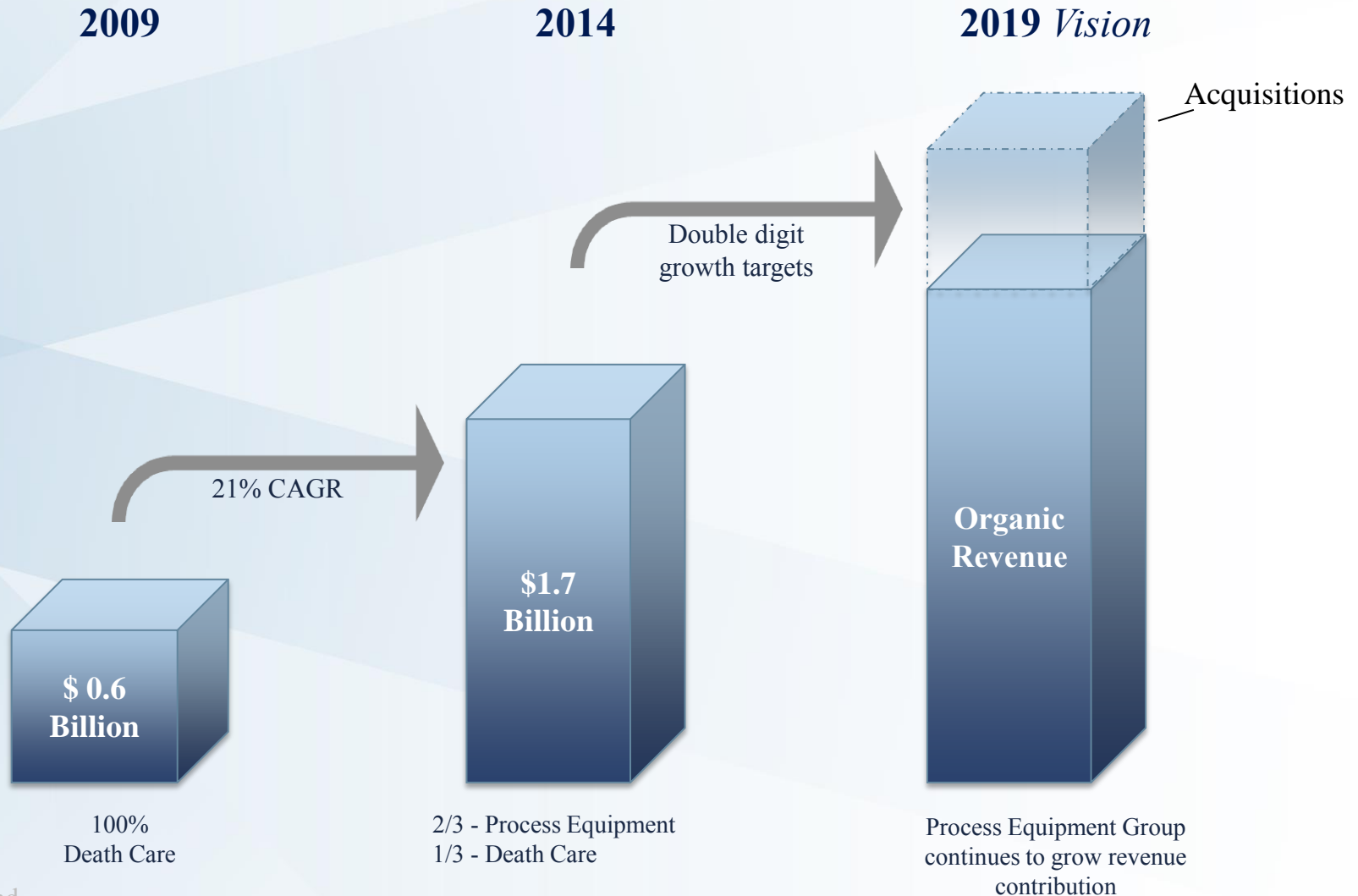
## End Market



## Platform



# ...and expect continued growth both organically and through acquisition



# HILLENBRAND

## Process Equipment Group Overview



# Our Process Equipment Group companies manufacture mission critical world-class industrial equipment...

## Coperion

(K-Tron merged with Coperion effective 10/1/2013)

- Compounders and extruders
- Materials handling equipment
- Feeders and components
- System solutions
- Service and parts



## Rotex

- Separating equipment
- Sizing equipment
- Service and parts



## TerraSource Global

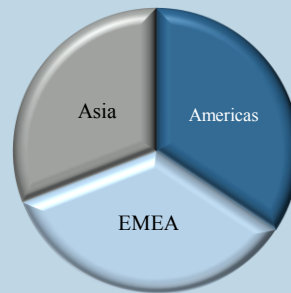
- Crushers
- Materials handling equipment
- Service and parts



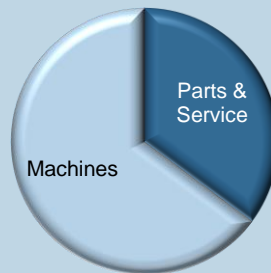
# ... and have attractive fundamentals

- Balanced geographic diversification
- Stable revenue and attractive margins from parts and service business
- Highly diversified customer base with a strong history of long-term relationships with blue-chip customers
- Proven products with substantial brand value and recognition, combined with industry-leading applications and engineering expertise

Revenue Mix by Geography\*



Revenue Mix by Type\*



Sampling of Blue Chip Customer Mix



PEG Brands



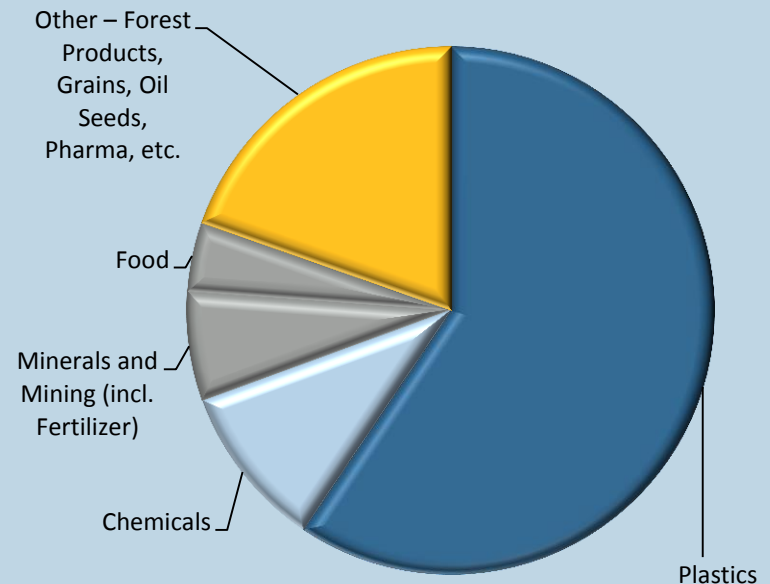
# Process Equipment Group is diversified across a broad range of attractive end markets that benefit from megatrends...

## Megatrends driving growth

- Growing global population
- Rapidly expanding middle class
- Rising demand for food and energy



## Attractive end markets growing at GDP+



\* FY 2014 Company Estimate

# ... and the strategy focuses on capitalizing on these megatrends to drive growth

## Develop new products, systems, and applications expertise to penetrate growing markets

- Engineered Plastics
- Fertilizer
- Energy
- Processed Food

## Establish scope and scale to accelerate global growth

- Improve access to underpenetrated geographies
  - China
  - Russia
  - India
  - Latin America
- Leverage Coperion's global footprint

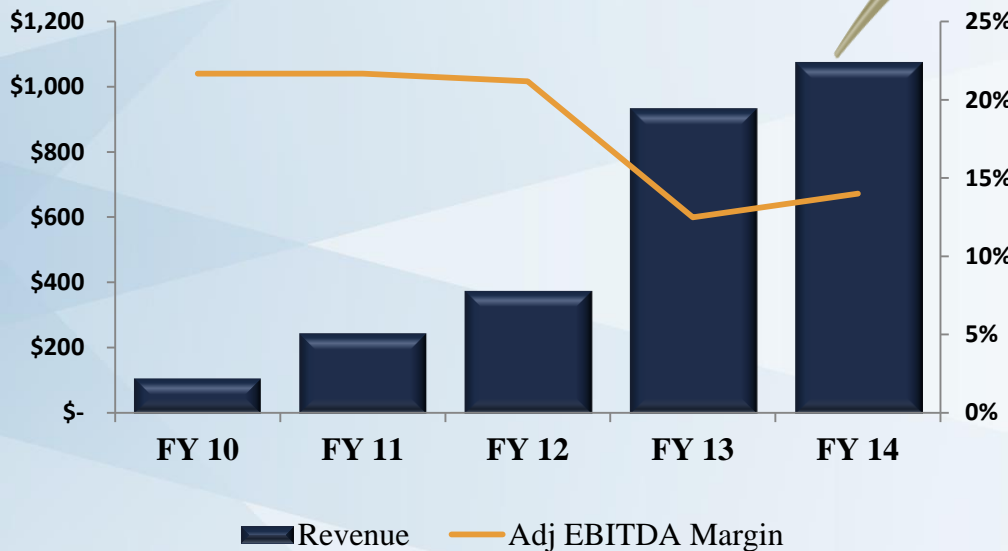
## Leverage Coperion business to accelerate revenue growth

- K-Tron equipment in Coperion Systems
- Leverage end market expertise to access new customers and markets
- Coperion expansion in attractive US market through K-Tron rep network
- Enhanced system capabilities

## Margin expansion through the implementation of the Hillenbrand Operating Model

# Process Equipment Group has a strong, sustainable financial track record that is expected to continue

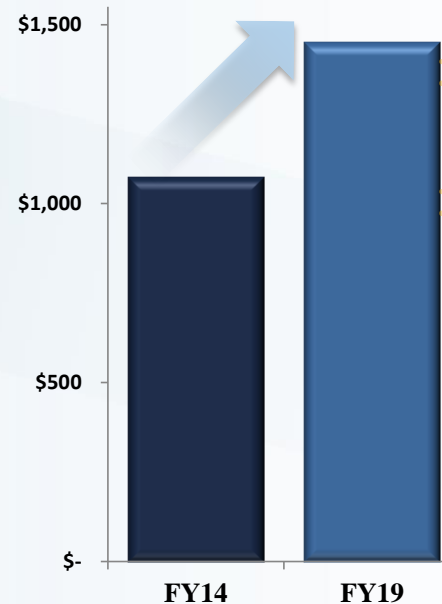
**PEG Revenue & Adj EBITDA\* Margin**  
\$ in millions



PEG adjusted EBITDA\* margins ~14%

- Margin gains can be attributed to various initiatives, such as: lead time reduction, operational integration, and continued lean implementation.

**PEG Revenue**  
\$ In Millions



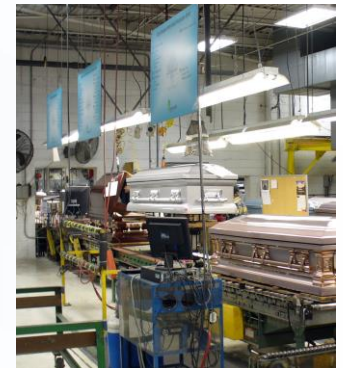
Expect mid-single digit organic revenue growth

Adjusted EBITDA\* expected to grow at a faster rate



# HILLENBRAND

## Batesville Overview



# Batesville is the industry leader in the largest and most profitable segment of the North American death care industry

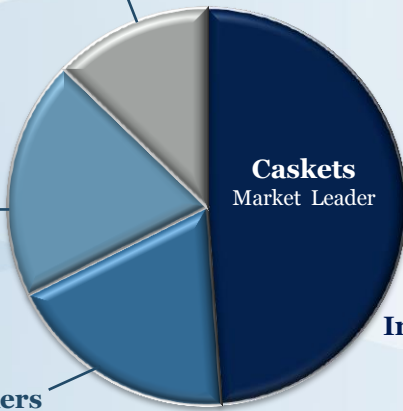
## North American Death Care

(\$2.6 Billion Industry)

Cremation  
Market Leader

Vaults

Grave Markers



## North American Caskets

(Total Revenue \$1.3 Billion)

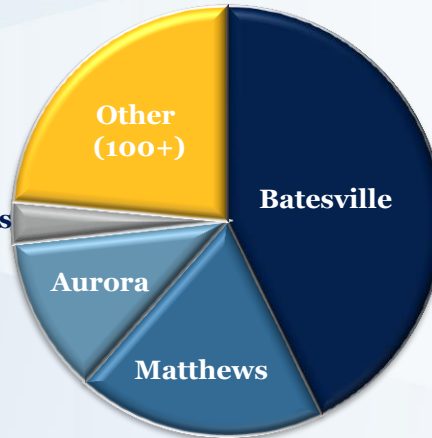
Importers

Other  
(100+)

Aurora

Matthews

Batesville

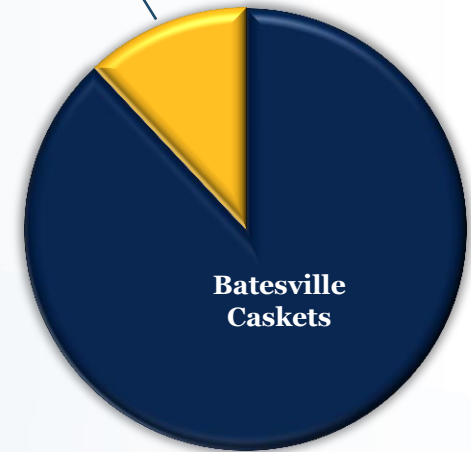


## Batesville

(Total 2014 Revenue: \$592 Million)

Other, including Cremation  
Options®, Technology Solutions  
and Northstar

Batesville  
Caskets

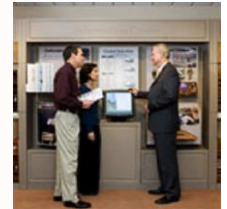


- Iconic brand with 100+ years of history
- Superior mix of products
- Industry leader in volume, revenue and margin share

# Batesville's strategy is to optimize the casket business, capitalize on growth opportunities, and sustain margins

## Optimize the Profitable Casket Business

- New product development
- Merchandising and consultative selling



## Capitalize on Growth Opportunities

- Cremation Options® products – caskets, containers and urns
- Technology Solutions – websites & business management software



## Maintain Attractive Margins

- Operational excellence
- Lean manufacturing and distribution
- Continuous improvement in all business processes



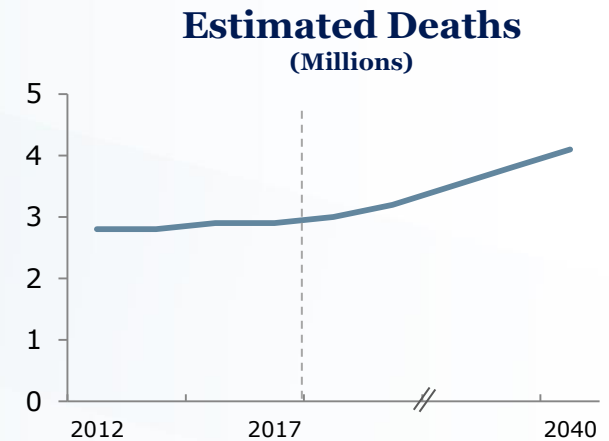
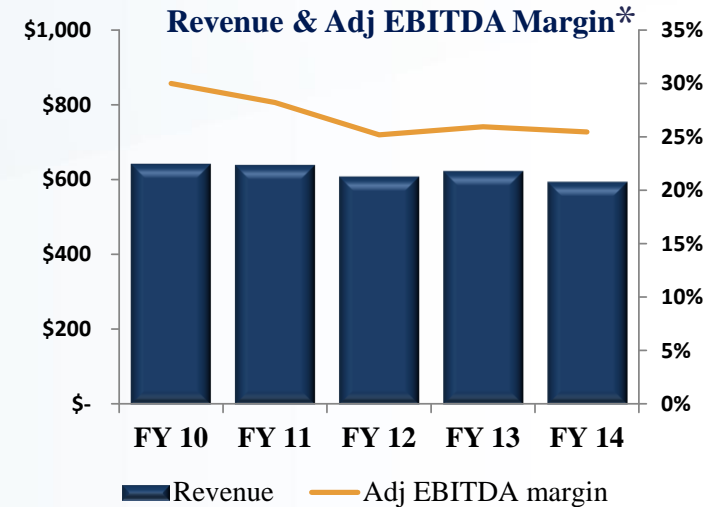
# Batesville has predictable strong cash flow and attractive margins

## Attractive Financials

- Historically high return on invested capital
- Stable adjusted EBITDA margins\* in FY14
- Relentless focus on lean to maintain attractive margins

## Industry Dynamics

- Deaths expected to increase in the future as baby boomers age
- North American cremation rate is currently estimated to be ~ 47% and increasing approximately 120-140 basis points per year
- Increase in future deaths expected to be offset by cremation, resulting in relatively flat burial market

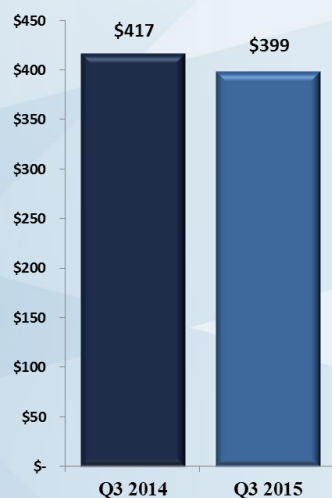




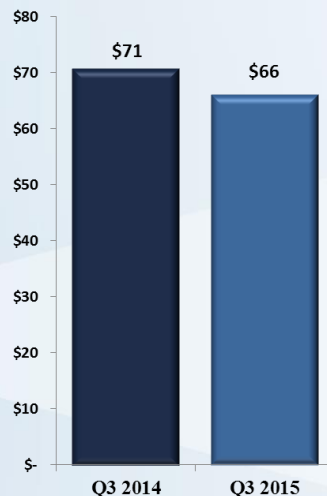
# Financial Results

# Consolidated financial performance for Q3 2015 beat consensus

## Revenue



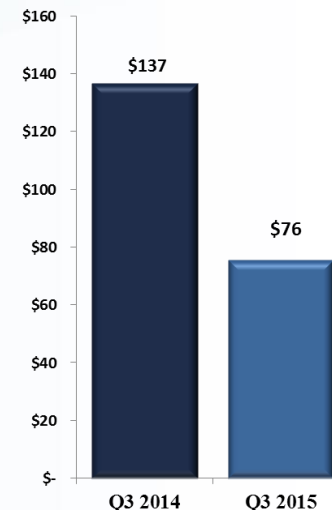
## Adjusted EBITDA\*



## Adjusted EPS\*



## Operating Cash Flow



## Hillenbrand Consolidated

### Q3 2015 Consolidated Composition:

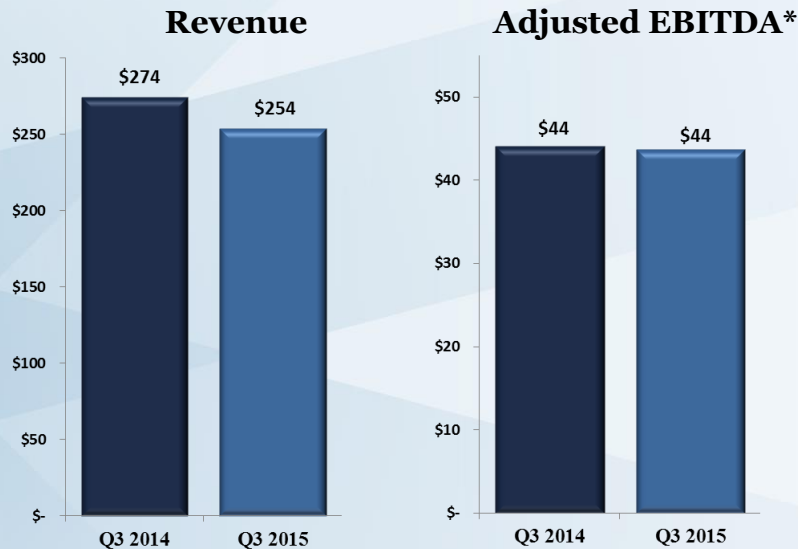
	Rev	Adj EBITDA*
Process Equipment Group	64%	58%
Batesville	<u>36%</u>	<u>42%</u>
Total	100%	100%

### Q3 2015 Consolidated Summary:

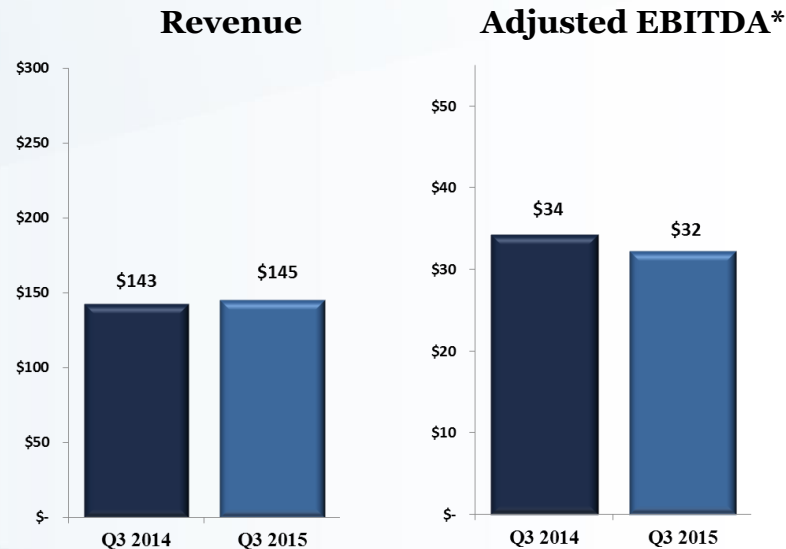
- Volume increases in both segments drove revenue up 3% on a constant currency basis. Revenue declined 4% including FX.
- Adjusted EBITDA was \$66 million, down 6%
- Operating cash flow was \$76 million through Q3

# Third quarter 2015 segment performance met internal expectations

## Process Equipment Group



## Batesville



### Process Equipment Group

#### Q3 2015 Summary:

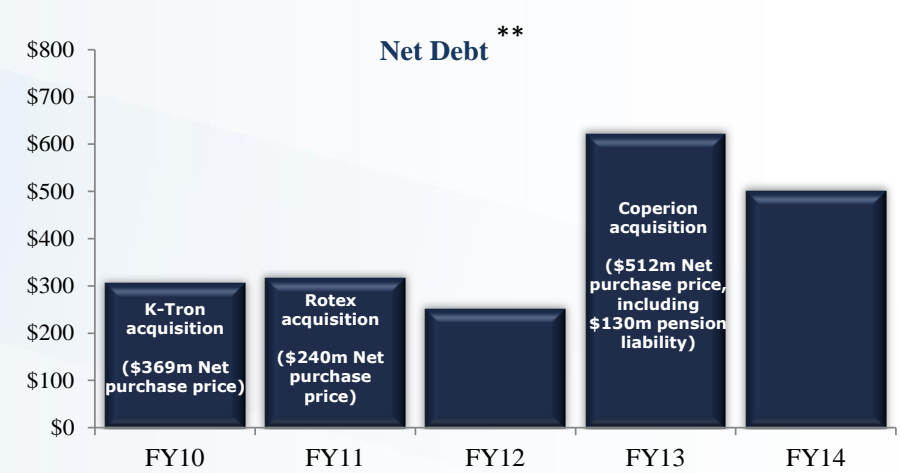
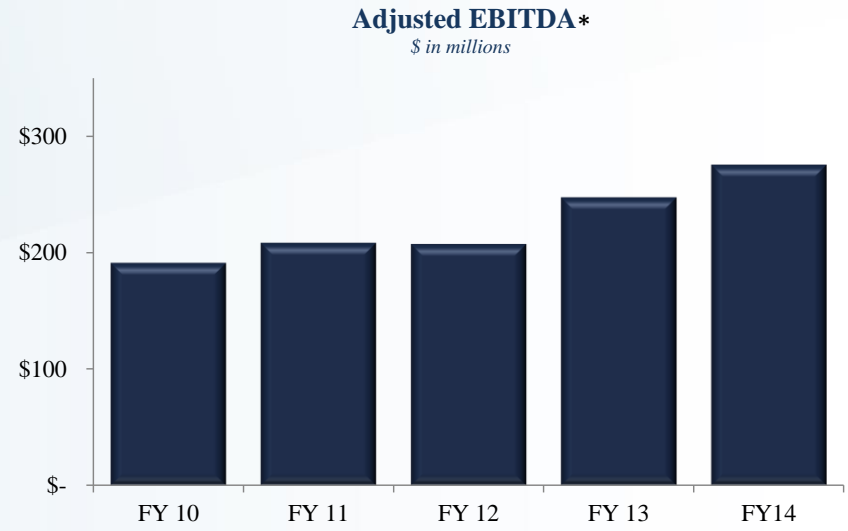
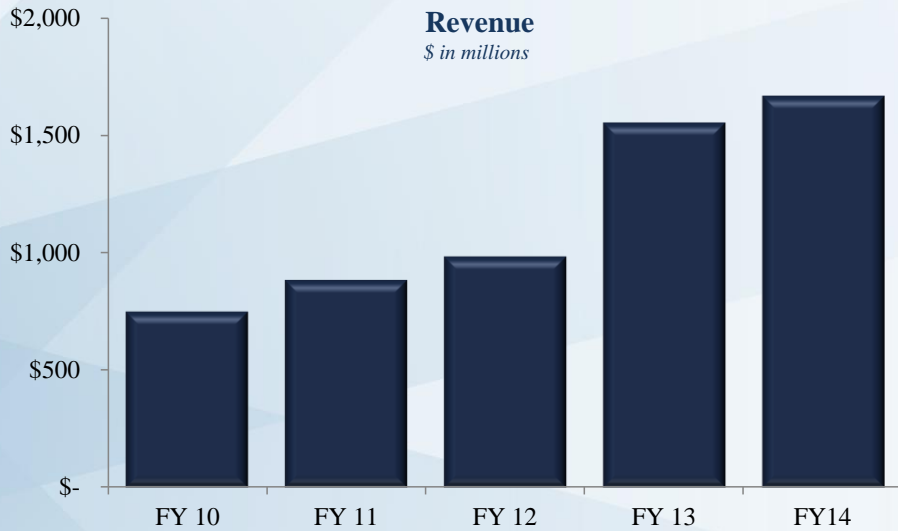
- Revenue grew 4% constant currency (declined 7% after FX) driven by higher volume of equipment and service sales
- Adjusted EBITDA margin\* was up 110 basis points on lower operating expenses

### Batesville

#### Q3 2015 Summary:

- Increased volume and higher average selling price resulted in revenue growth of 2%
- Adjusted EBITDA\* was down 6% from the prior year, due in part to operational inefficiencies experienced in the quarter

# Hillenbrand has a history of strong financial performance...





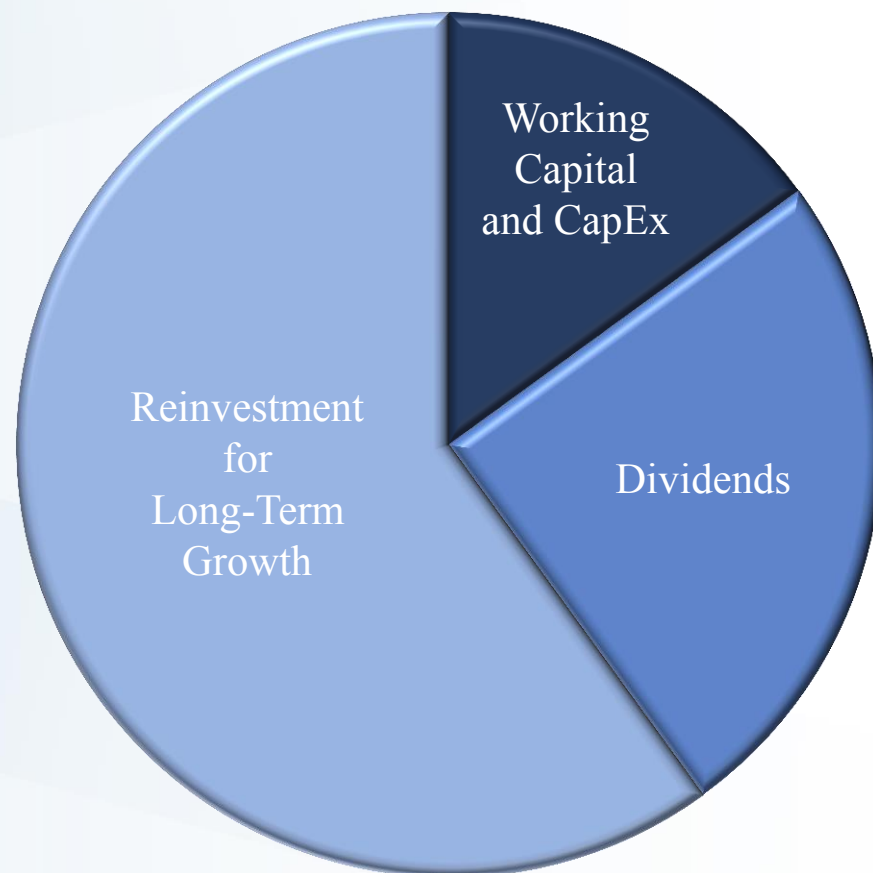
# ...which fuels a capital deployment strategy that focuses on creating shareholder value

## Reinvestment for long-term growth

- Organic growth investments
- Acquisitions

## Meaningful dividend

- \$0.79 per share in 2014 (38% payout ratio)
- Annual \$0.01 increase per share per year (6 consecutive years)
- Attractive dividend yield: 2.7% (8/6/15)

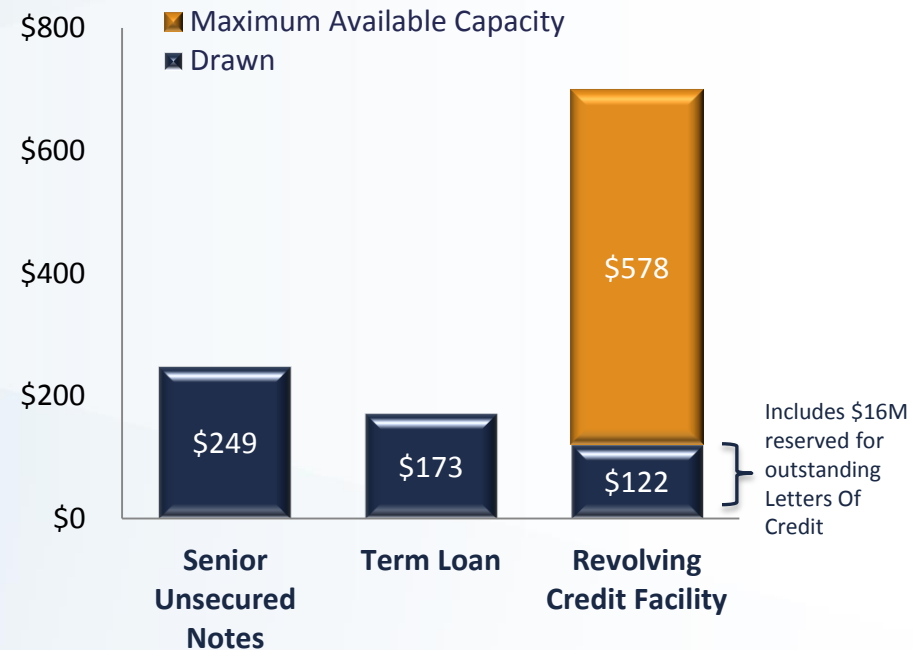


# Our proven ability to generate cash enables us to manage our debt and maintain strategic financing flexibility

- Strong cash generation allows Hillenbrand to continue our acquisition strategy and de-lever quickly.
- **Total Debt**
  - 6/30/15: \$530M;
  - 6/30/14: \$597M
- **Net Debt\***
  - 6/30/15: \$485M
  - 6/30/14: \$535M
- **Net Debt/TTM Adjusted EBITDA\*\***
  - 6/30/15: 1.7x
  - 6/30/14: 2.0x

\* Net Debt is Total Debt less Cash  
\*\* See Appendix for reconciliation

**Financing Agreements at 6/30/2015**  
(Millions)



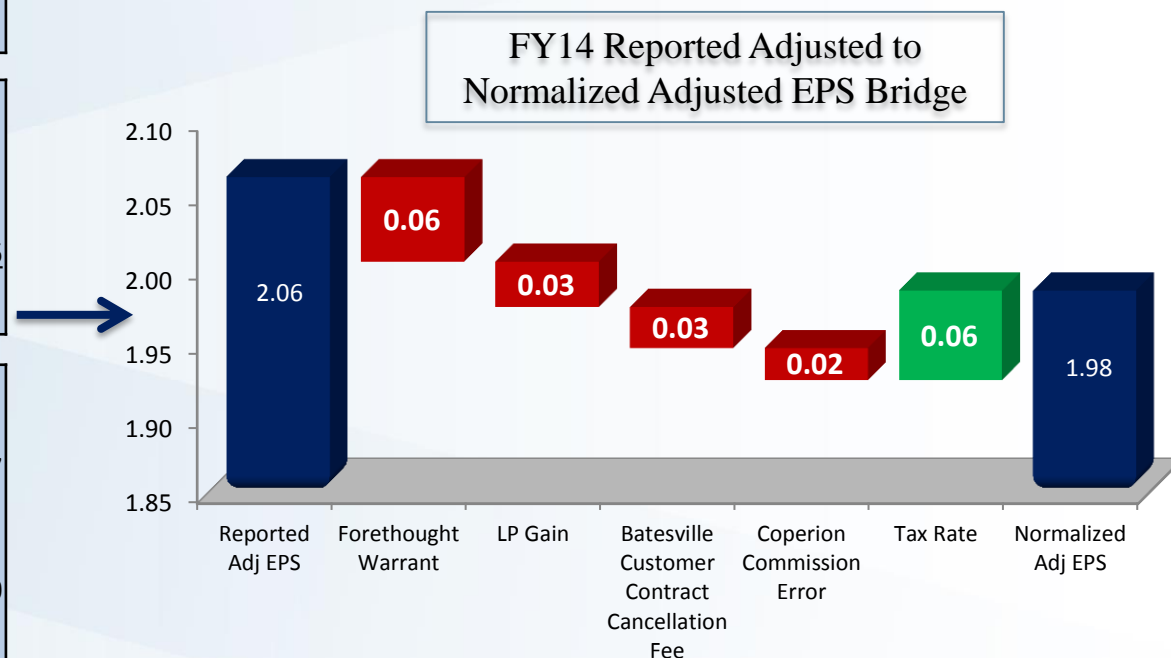
# Hillenbrand Outlook: FY 2015 Guidance

Revenue constant currency growth 2-4%; ADJ EPS \$2.05-\$2.15

	EPS Range	
Revenue Growth*	<b>2%</b>	<b>4%</b>
Revenue \$	1,700	1,734

FY 14 Adjusted EPS	\$ 2.06	\$ 2.06
One-time adjustments	(0.14)	(0.14)
Effective Tax Rate	0.06	0.06
Normalized FY14 Base	\$ 1.98	\$ 1.98

Normalized FY14 Base	\$ 1.98	\$ 1.98
Organic Revenue Growth	0.04	0.07
Interest on Fixed Debt	(0.03)	(0.03)
PEG EBITDA improvement	0.13	0.20
FX	(0.07)	(0.07)
	<b>\$ 2.05</b>	<b>\$ 2.15</b>
Normalized EPS Growth	3%	9%



# Hillenbrand Outlook: FY 2015 Guidance

**Revenue**

2% - 4% Constant Currency Growth

**EPS  
(adjusted)**

\$2.05 - \$2.15 per diluted share

# Hillenbrand is an attractive investment opportunity

## Growth Opportunity

- Process Equipment Group represents ~2/3 of Hillenbrand revenue with attractive organic mid-single-digit growth expected
- Bottom-line growth enhanced by leveraging core competencies

## Strong Financial Profile

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## Compelling Dividend

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Thanks for your time today



*Questions?*

HILLENBRAND



# Appendix

# Disclosure regarding non-GAAP measures

While we report financial results in accordance with accounting principles generally accepted in the United States (GAAP), we also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as “adjusted” and exclude expenses associated with backlog amortization, inventory step-up, business acquisition and integration, restructuring, and antitrust litigation. The related income tax for all of these items is also excluded. This non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

One important non-GAAP measure that we use is Adjusted Earnings Before Interest, Income Tax, Depreciation, and Amortization (“Adjusted EBITDA”). As previously discussed, a part of our strategy is to selectively acquire companies that we believe can benefit from our core competencies to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use Adjusted EBITDA, among other measures, to monitor our business performance.

Another important non-GAAP measure that we use is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in the Process Equipment Group industry. Our backlog represents the amount of consolidated revenue that we expect to realize on contracts awarded related to the Process Equipment Group. Backlog includes expected revenue from large systems, equipment, and to a lesser extent, replacement parts, components, and service.

We use this non-GAAP information internally to make operating decisions and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results. The information can also be used to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by these types of items. Finally, the Company believes such information provides a higher degree of transparency.



# Q3 FY15 & Q3 FY14 - Adjusted EBITDA to consolidated net income reconciliation

(\$ in millions)

	Three months ended June 30,	
	2015	2014
Adjusted EBITDA:		
Process Equipment Group	\$ 43.7	\$ 44.1
Batesville	32.2	34.3
Corporate	(9.7)	(7.6)
Less:		
Interest income	-	(0.3)
Interest expense	5.7	5.6
Income tax expense	13.8	12.7
Depreciation and amortization	12.7	14.7
Business acquisition and integration	0.5	1.7
Restructuring	1.0	1.6
Litigation	-	1.4
Consolidated net income	\$ 32.5	\$ 33.4

# YTD FY15 & YTD FY14 - Adjusted EBITDA to consolidated net income reconciliation

(\$ in millions)

	Nine months ended June 30,	
	2015	2014
Adjusted EBITDA:		
Process Equipment Group	\$ 116.3	\$ 96.8
Batesville	108.9	113.7
Corporate	(30.1)	(17.3)
Less:		
Interest income	(0.7)	(0.6)
Interest expense	17.8	17.5
Income tax expense	39.9	35.4
Depreciation and amortization	41.1	43.7
Business acquisition and integration	0.7	4.7
Restructuring	2.4	2.8
Litigation	0.5	1.4
Consolidated net income	\$ 93.4	\$ 88.3

# Q2 FY15 & Q2 FY14 - Adjusted EBITDA to consolidated net income reconciliation

(\$ in millions)

	Three months ended March 31,	
	2015	2014
Adjusted EBITDA:		
Process Equipment Group	\$ 34.6	\$ 26.0
Batesville	44.0	44.9
Corporate	(13.1)	(1.7)
Less:		
Interest income	(0.4)	(0.1)
Interest expense	6.4	5.6
Income tax expense	14.3	13.7
Depreciation and amortization	13.4	14.7
Business acquisition and integration	(0.1)	1.1
Restructuring	0.7	0.9
Litigation	-	-
Consolidated net income	\$ 31.2	\$ 33.3

# Q1 FY15 & Q1 FY14 - Adjusted EBITDA to consolidated net income reconciliation

(\$ in millions)

	Three months ended December 31,	
	2014	2013
Adjusted EBITDA:		
Process Equipment Group	\$ 38.1	\$ 26.7
Batesville	32.6	34.5
Corporate	(7.3)	(8.0)
Less:		
Interest income	(0.3)	(0.2)
Interest expense	5.7	6.3
Income tax expense	11.8	9.0
Depreciation and amortization	15.0	14.3
Business acquisition and integration	0.3	1.9
Restructuring	0.7	0.3
Litigation	0.5	-
Consolidated net income	\$ 29.7	\$ 21.6

# Adjusted EBITDA to consolidated net income reconciliation

(\$ in millions)

	Years Ended September 30,				
	2014	2013	2012	2011	2010
Adjusted EBITDA:					
Process Equipment Group	\$ 150.4	\$ 116.4	\$ 79.7	\$ 53.3	\$ 23.6
Batesville	150.8	161.0	152.8	179.9	195.0
Corporate	(25.7)	(29.9)	(25.1)	(24.8)	(27.4)
Less:					
Interest income	(0.8)	(0.6)	\$ (0.5)	\$ (7.4)	\$ (13.0)
Interest expense	23.3	24.0	12.4	11.0	4.2
Income tax expense	48.7	28.3	30.1	51.7	54.1
Depreciation and amortization	58.4	89.4	40.4	36.1	28.2
Business acquisition costs	8.4	16.0	4.2	6.3	10.5
Inventory step-up	-	21.8	-	2.8	11.6
Restructuring	5.5	2.8	8.3	1.3	3.0
Litigation	20.8	0.2	5.5	1.3	5.0
Other	-	0.2	-	(0.8)	(4.7)
Long-term incentive compensation related to the international integration	-	-	2.2	-	-
Consolidated net income	\$ 111.2	\$ 65.4	\$ 104.8	\$ 106.1	\$ 92.3

# Q3 FY15 & Q3 FY14 Non-GAAP Operating Performance Measures

(\$ in millions)

	Three months ended June 30,					
	2015			2014		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 259.8	\$ (0.8) (a)	\$ 259.0	\$ 267.5	\$ 0.1 (d)	\$ 267.6
Operating expenses	85.6	(0.9) (b)	84.7	97.7	(4.7) (e)	93.0
Income tax expense	13.8	0.8 (c)	14.6	12.7	1.3 (c)	14.0
Net income <sup>1</sup>	32.1	0.9	33.0	32.8	3.3	36.1
Diluted EPS	0.50	0.02	0.52	0.51	0.06	0.57
<b>Ratios:</b>						
Gross margin	34.8%	0.2%	35.0%	35.8%	-	35.8%
Operating expenses as a % of net revenue	21.5%	(0.3%)	21.2%	23.4%	(1.1%)	22.3%

<sup>1</sup> Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring (\$0.4 P, \$0.4 B)

(b) Restructuring (\$0.2 C, \$0.1 P, \$0.1 B), business acquisition costs (\$0.5 C)

(c) Tax effect of adjustments

(d) Restructuring (\$0.1 credit B)

(e) Business acquisition and integration costs (\$0.5 P, \$1.2 C), litigation costs (\$1.4 B), restructuring (\$1.5 P, \$0.1 C)

# YTD FY15 & YTD FY14 Non-GAAP Operating Performance Measures

(\$ in millions)

	Nine months ended June 30,					
	2015			2014		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 778.9	\$ (2.1) (a)	\$ 776.8	\$ 775.4	\$ 0.2 (d)	\$ 775.6
Operating expenses	268.5	(2.9) (b)	265.6	291.6	(9.1) (e)	282.5
Income tax expense	39.9	1.8 (c)	41.7	35.4	2.6 (c)	38.0
Net income <sup>1</sup>	92.3	3.2	95.5	86.1	6.3	92.4
Diluted EPS	1.44	0.06	1.50	1.35	0.10	1.45
<b>Ratios:</b>						
Gross margin	35.4%	0.1%	35.5%	35.3%	-	35.3%
Operating expenses as a % of net revenue	22.3%	(0.3%)	22.0%	24.3%	(0.7%)	23.6%

<sup>1</sup> Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring (\$1.6 B, \$0.5 P)

(b) Restructuring (\$0.8 P, \$0.8 C, \$0.1 B), litigation (\$0.5 B), and business acquisition and integration (\$0.6 C, \$0.1 P)

(c) Tax effect of adjustments

(d) Restructuring (\$0.1 P, \$0.3 credit B)

(e) Business acquisition and integration costs (\$1.5 P, \$3.2 C), litigation costs (\$1.4 B), restructuring (\$1.7 P, \$1.3 C)

# Q2 FY15 & Q2 FY14 Non-GAAP Operating Performance Measures

(\$ in millions)

	Three months ended March 31,					
	2015			2014		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 256.0	\$ (0.1) (a)	\$ 255.9	\$ 254.0	\$ 0.2 (d)	\$ 254.2
Operating expenses	91.7	(0.5) (b)	91.2	99.9	(2.3) (e)	97.6
Income tax expense	14.3	0.2 (c)	14.5	13.7	0.7 (c)	14.4
Net income <sup>1</sup>	30.7	0.4	31.1	33.0	1.4	34.4
Diluted EPS	0.48	0.01	0.49	0.51	0.03	0.54
<b>Ratios:</b>						
Gross margin	36.7%	0.1%	36.8%	36.0%	(0.1%)	35.9%
Operating expenses as a % of net revenue	22.7%	(0.2%)	22.5%	25.2%	(0.6%)	24.6%

<sup>1</sup>Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring (\$0.1 P)

(b) Restructuring (\$0.4 P, \$0.2 C) and business acquisition (\$0.1 credit C)

(c) Tax effect of adjustments

(d) Restructuring (\$0.1 P, \$0.3 credit B)

(e) Business acquisition and integration costs (\$0.3 P, \$0.8 C) and restructuring (\$1.2 C)



# Q1 FY15 & Q1 FY14 Non-GAAP Operating Performance Measures

(\$ in millions)

	Three months ended December 31,					
	2014			2013		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 263.1	\$ (1.2) (a)	\$ 261.9	\$ 253.9	\$ (0.1) (d)	\$ 253.8
Operating expenses	91.2	(1.5) (b)	89.7	94.0	(2.1) (e)	91.9
Income tax expense	11.8	0.8 (c)	12.6	9.0	0.6 (c)	9.6
Net income <sup>1</sup>	29.5	1.9	31.4	20.3	1.6	21.9
Diluted EPS	0.46	0.03	0.49	0.32	0.02	0.34
<b>Ratios:</b>						
Gross margin	34.5%	0.3%	34.8%	34.0%	0.1%	34.1%
Operating expenses as a % of net revenue	22.7%	(0.4%)	22.3%	24.4%	(0.5%)	23.9%

<sup>1</sup> Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring (\$1.2 B)

(b) Restructuring (\$0.3 P, \$0.4 C), business acquisition and integration costs (\$0.1 P, \$0.2 C), litigation costs (\$0.5 B)

(c) Tax effect of adjustments

(d) Restructuring (\$0.1 B)

(e) Business acquisition and integration costs (\$0.7 P, \$1.2 C) and restructuring (\$0.2 P)

# Non-GAAP Operating Performance Measures

(\$ in millions)

	Years Ended September 30,														
	2014			2013			2012			2011			2010		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 1,078.0	(0.1) (a)	\$ 1,077.9	\$ 1,034.7	(25.2) (d)	\$ 1,009.5	\$ 594.3	(4.2) (i)	\$ 590.1	\$ 513.5	(2.8) (l)	\$ 510.7	\$ 435.9	(11.6) (o)	\$ 424.3
Operating expenses	414.7	(34.7) (b)	380.0	400.6	(52.5) (e)	348.1	240.1	(18.8) (j)	221.3	211.3	(8.9) (m)	202.4	175.4	(15.5) (p)	159.9
Interest expense	23.3	-	23.3	24.0	(1.2) (f)	22.8	12.4	-	12.4	11.0	-	11.0	4.2	-	4.2
Other income (expense), net	8.7	-	8.7	(0.4)	(1.1) (g)	(1.5)	(1.5)	-	(1.5)	10.2	-	10.2	12.7	-	12.7
Income tax expense	48.7	12.9 (c)	61.6	28.3	22.9 (h)	51.2	30.1	18.1 (k)	48.2	51.7	4.0 (n)	55.7	54.1	7.8 (q)	61.9
Net income <sup>1</sup>	109.7	21.9	131.6	63.4	54.9	118.3	104.8	4.9	109.7	106.1	7.7	113.8	92.3	19.3	111.6
Diluted EPS	1.72	0.34	2.06	1.01	0.87	1.88	1.68	0.08	1.76	1.71	0.13	1.84	1.49	0.31	1.80

<sup>1</sup>Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

- (a) Restructuring costs (\$0.3 P, \$0.2 credit B)
- (b) Business acquisition costs (\$2.1 P, \$6.3 C), litigation (\$20.8 B), restructuring costs (\$4.0 P, \$1.5 C)
- (c) Tax effect of adjustments
- (d) Inventory step-up (\$21.8 P), restructuring (\$0.3 P, \$2.9 B), business acquisition costs (\$0.2 P)
- (e) Backlog amortization (\$34.5 P), business acquisition costs (\$3.1 P, \$13.7 C), restructuring (\$0.2 P, \$0.5 B, \$0.2 C), antitrust litigation (\$0.2 B), other (\$0.1 B)
- (f) Business acquisition costs (\$1.2 C)
- (g) Acquisition related foreign currency transactions (\$0.8C), business acquisition costs (\$0.2 C), other (\$0.1 B)
- (h) Tax effect of adjustments
- (i) Restructuring (\$0.9 P, \$3.3 B)
- (j) Antitrust litigation (\$5.5 B), restructuring (\$2.8 P, \$0.6 B, \$0.9 C), business acquisition costs (\$4.2 C), backlog amortization (\$2.5 P), long-term incentive compensation related to the international integration (\$0.2 P, \$0.8 B, \$1.2 C), other (\$0.1 B)
- (k) Tax benefit of the international integration (\$10.4), tax effect of adjustments (\$7.7)
- (l) Inventory step-up (\$2.8 P)
- (m) Restructuring (\$1.3 B), antitrust litigation (\$1.3 B), business acquisition costs (\$0.3 P, \$6.0 C), backlog amortization (\$0.8 P), sales tax recoveries (\$0.8 B)
- (n) Tax effect of adjustments
- (o) Inventory step-up (\$11.6 P)
- (p) Business acquisition costs (\$0.3 P, \$10.2 C), antitrust litigation (\$5.0 B), restructuring (\$3.0 C), Backlog amortization (\$1.7 P), LESS sales tax recoveries (\$4.7).
- (q) Tax effect of adjustments

# Q3 FY15 & Q3 FY14 - Cash Flow Information

(\$ in millions)

	Three months ended June 30,	
	2015	2014
Operating Activities		
Consolidated net income	\$ 32.5	\$ 33.4
Depreciation and amortization	12.7	14.7
Change in working capital	10.4	(3.2)
Other, net	9.7	9.8
Net cash provided by operating activities (A)	\$ 65.3	\$ 54.7
Capital expenditures (B)	(7.8)	(6.5)
Acquisition of business, net of cash acquired	-	-
Debt activity	(41.4)	(28.9)
Dividends	(12.6)	(12.4)
Other	(0.9)	3.8
Net change in cash	\$ 2.6	\$ 10.7
Free Cash Flow (A-B)	\$ 57.5	\$ 48.2

# YTD FY15 & YTD FY14 - Cash Flow Information

(\$ in millions)

	Nine months ended June 30,	
	2015	2014
<b>Operating Activities</b>		
Consolidated net income	\$ 93.4	\$ 88.3
Depreciation and amortization	41.1	43.7
Change in working capital	(61.5)	20.4
Other, net	2.5	(15.5)
Net cash provided by operating activities (A)	\$ 75.5	\$ 136.9
<b>Capital expenditures (B)</b>	(19.7)	(17.9)
Acquisition of business, net of cash acquired	-	-
Debt activity	(23.9)	(68.9)
Dividends	(37.8)	(37.2)
Other	(6.5)	6.1
Net change in cash	\$ (12.4)	\$ 19.0
<b>Free Cash Flow (A-B)</b>	\$ 55.8	\$ 119.0

# Q2 FY15 & Q2 FY14 - Cash Flow Information

(\$ in millions)

	Three months ended March 31,	
	2015	2014
<b>Operating Activities</b>		
Consolidated net income	\$ 31.2	\$ 33.3
Depreciation and amortization	13.4	14.7
Change in working capital	(17.0)	1.5
Other, net	24.5	(13.2)
<b>Net cash provided by operating activities (A)</b>	<b>\$ 52.1</b>	<b>\$ 36.3</b>
Capital expenditures (B)	(6.2)	(5.8)
Acquisition of business, net of cash acquired	-	-
Debt activity	(42.0)	(25.8)
Dividends	(12.6)	(12.4)
Other	(0.3)	(3.6)
<b>Net change in cash</b>	<b>\$ (9.0)</b>	<b>\$ (11.3)</b>
<b>Free Cash Flow (A-B)</b>	<b>\$ 45.9</b>	<b>\$ 30.5</b>

# Q1 FY15 & Q1 FY14 - Cash Flow Information

(\$ in millions)

Operating Activities	Three months ended December 31,	
	2014	2013
Consolidated net income	\$ 29.7	\$ 21.6
Depreciation and amortization	15.0	14.3
Change in working capital	(54.9)	22.1
Other, net	(31.7)	(12.1)
Net cash (used in) provided by operating activities (A)	\$ (41.9)	\$ 45.9
Capital expenditures (B)	(5.7)	(5.6)
Acquisition of business, net of cash acquired	-	-
Debt activity	59.5	(14.2)
Dividends	(12.6)	(12.4)
Other	(5.3)	5.9
Net change in cash	\$ (6.0)	\$ 19.6
Free Cash Flow (A-B)	\$ (47.6)	\$ 40.3

# Cash Flow Information

(\$ in millions)

Operating Activities	Years Ended September 30,				
	2014	2013	2012	2011	2010
Consolidated net income	\$ 111.2	\$ 65.4	\$ 104.8	\$ 106.1	\$ 92.3
Depreciation and amortization	58.4	89.4	40.4	36.1	28.2
Interest income on Forethought Note	-	-	-	(6.4)	(12.0)
Forethought Note interest payment	-	-	-	59.7	10.0
Change in working capital	22.6	(12.3)	(19.8)	(16.4)	16.9
Other, net	(12.6)	(15.3)	12.8	10.4	(17.2)
Net cash provided by operating activities (A)	\$ 179.6	\$ 127.2	\$ 138.2	\$ 189.5	\$ 118.2
Capital expenditures (B)	(23.6)	(29.9)	(20.9)	(21.9)	(16.3)
Forethought Note principal repayment	-	-	-	91.5	-
Acquisition of businesses, net of cash acquired	-	(415.7)	(4.4)	(240.9)	(371.5)
Proceeds from redemption and sales, and ARS and investments	5.8	1.7	0.8	12.4	37.2
Debt activity	(104.1)	385.6	(162.3)	28.1	334.2
Dividends	(49.7)	(48.7)	(47.6)	(46.9)	(46.2)
Purchase of common stock	(16.5)	-	-	(3.8)	-
Other	23.8	2.3	0.9	9.1	7.6
Net change in cash	\$ 15.3	\$ 22.5	\$ (95.3)	\$ 17.1	\$ 63.2
Free Cash Flow (A-B)	\$ 156.0	\$ 97.3	\$ 117.3	\$ 167.6	\$ 101.9