
HILLENBRAND

Our Transformation Continues

**Annual Shareholders Meeting
February 22, 2017**

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, forward-looking statements are statements about the future, as contrasted with historical information. Our forward-looking statements are based on assumptions and current expectations of future events that we believe are reasonable, but by their very nature they are subject to a wide range of risks. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand's expectations and projections.

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:

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

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-K for the period ended September 30, 2016, and in Part II, Item 1A of Hillenbrand's Form 10-Q for the quarter ended December 31, 2016, located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

1

Develop into a *world-class* global diversified industrial company

- Become a recognized leader in the diversified industrial space
- Accelerate transformation through M&A

2

Leverage strong financial foundation and the Hillenbrand Operating Model

- Deliver sustainable profit growth, revenue expansion, and FCF¹
- Drive operational efficiencies

3

Reinvest cash in new growth initiatives, both organic and inorganic, that create shareholder value

- Leverage existing businesses to expand in core markets and near adjacencies
- Acquire leading brands with strong recurring revenue

1. FCF is Cash Flow from Operations less CapEx

Clear Trajectory and Path to Achieve Vision

Hillenbrand Operating Model

Consistent and repeatable framework designed to produce sustainable and predictable results

Defines how Hillenbrand runs the business and focuses on three key steps:

1. Understand the business
2. Focus on the critical few
3. Grow to get bigger and better



Driving Profitable Growth and Superior Value

Hillenbrand Began As A Death Care Company And Has Diversified Through Acquisitions

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Hillenbrand Industries approves separation of Hill-Rom and Batesville Casket into two independent public companies
May 2007

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K-Tron Acquisition (includes TerraSource)
April 2010



Coperion acquisition
December 2012



ABEL Pumps acquisition
October 2015



Hillenbrand, Inc. (parent of Batesville Casket Company) begins operation
April 2008



Rotex acquisition
September 2011



K-Tron merges with Coperion
October 2013



Red Valve acquisition
February 2016



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 (PEG)

- PEG businesses design, develop, manufacture and service highly engineered industrial equipment around the world
- PEG is a leading global provider of compounding and extrusion equipment, flow control, bulk solids material handling equipment and systems for a wide variety of manufacturing and other industrial processes

Consolidated Financial Performance

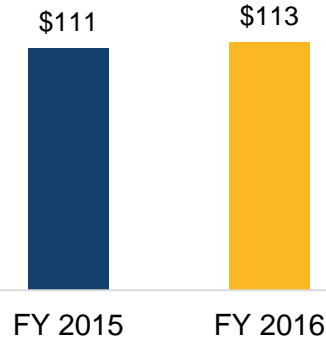
FY 2016 Ended 9/30/16

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Revenue (Millions)

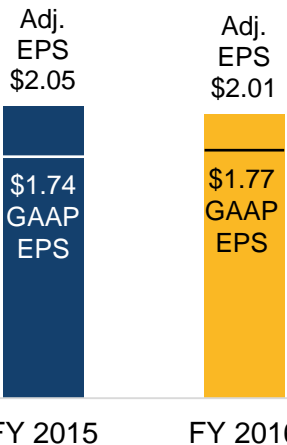


Net Income¹ (Millions)

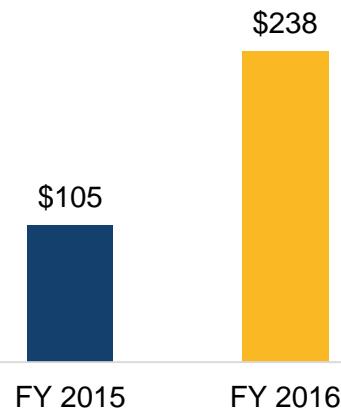


FY 2016	Revenue	Adj. EBITDA ²
PEG	63%	53%
Batesville	37%	47%

GAAP & Adj. EPS²



Operating Cash Flow (Millions)

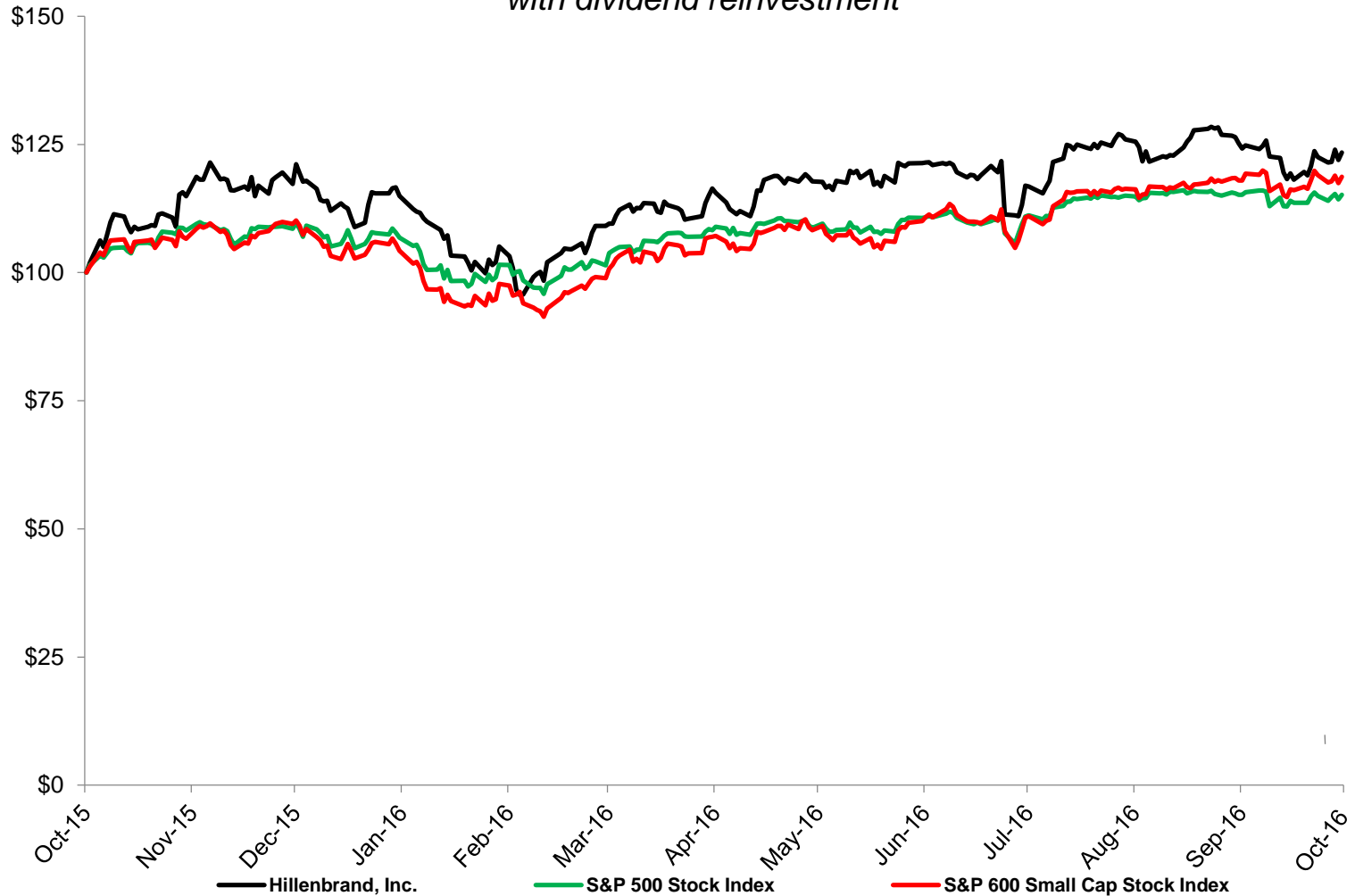


Key Points

- Revenue of \$1.54B down 4% driven by lower organic volume and FX, partially offset by acquisitions
- GAAP net income¹ up 1% to \$113M, adj. EBITDA² of \$267M down 1%; adj. EBITDA² margin improved 60 bps primarily due to acquisitions and initiatives related to productivity and restructuring
- Operating cash flow increased \$133M YoY primarily due to timing of working capital requirements

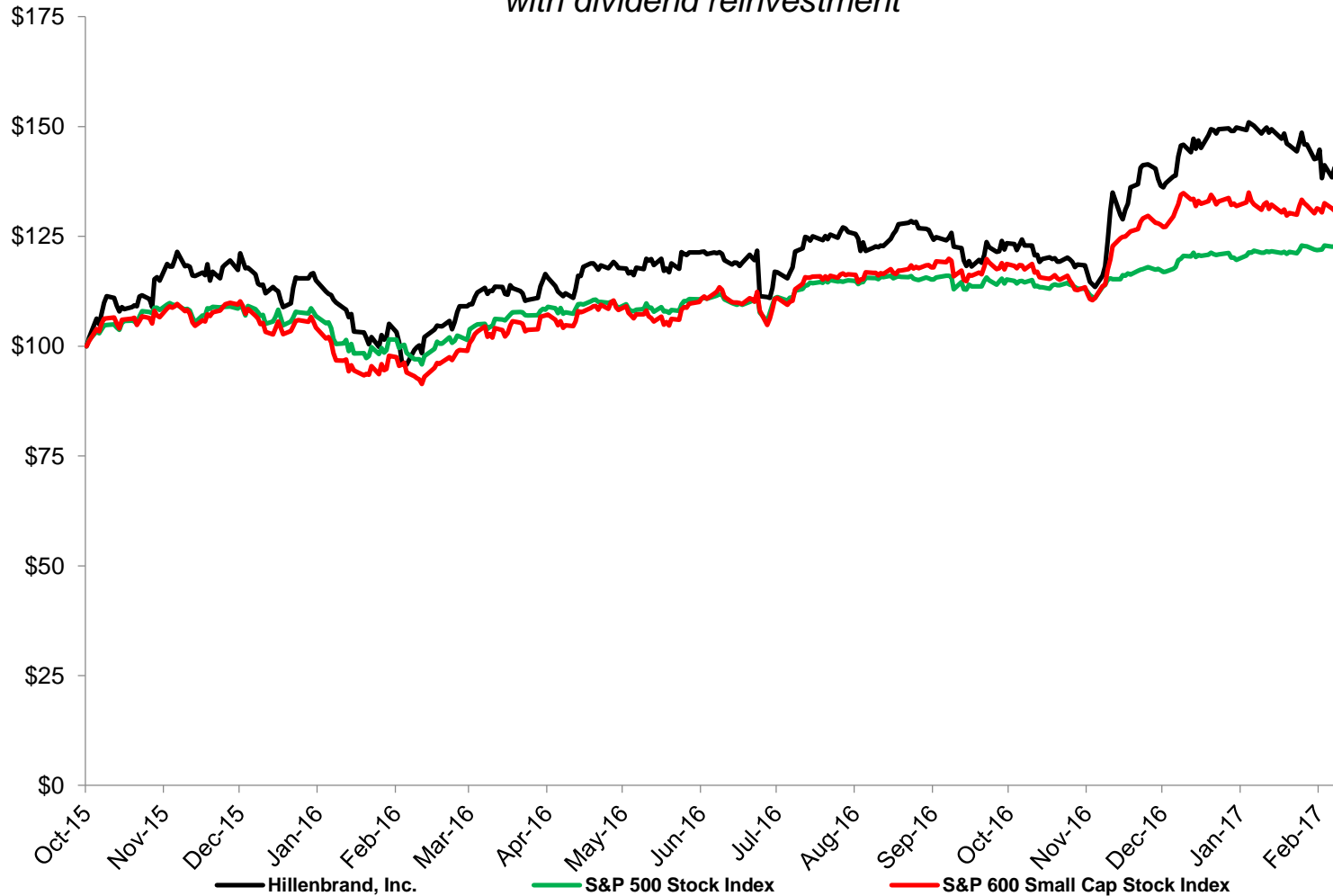
1. Net income attributable to Hillenbrand
2. See Appendix for reconciliation

Value of \$100 Investment: 10/1/2015 - 9/30/2016
with dividend reinvestment



Shareholder Returns for FY 2016 and Through February 2017

Value of \$100 Investment: 10/1/2015 - 2/10/2017
with dividend reinvestment



Questions?



Appendix



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.

Free cash flow (FCF) is defined as cash flow from operations less capital expenditures. Management considers FCF an important indicator of its liquidity, as well as its ability to fund future growth and to provide a return to shareholders. FCF does not include deductions for debt service (repayments of principal), other borrowing activity, dividends on the company’s common stock, repurchases of the company’s common stock, business acquisitions, and other items.

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.

Adj. EBITDA to Consolidated Net Income Reconciliation

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(\$ in millions)	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
EBITDA - adjusted				
Process Equipment Group	\$ 51.1	\$ 44.1	\$ 160.9	\$ 160.5
Batesville	34.1	36.8	143.5	145.5
Corporate	(10.8)	(7.3)	(37.3)	(37.3)
Less:				
Interest income	(0.4)	(0.3)	(1.2)	(1.0)
Interest expense	6.4	6.0	25.3	23.8
Income tax expense	15.4	9.2	47.3	49.1
Depreciation and amortization	14.2	13.2	60.4	54.3
Litigation	-	-	-	0.5
Restructuring and restructuring related	1.3	5.1	10.2	7.5
Inventory step-up	-	-	2.4	-
Trade name impairment	-	-	2.2	-
Business acquisition and intergration	0.2	2.9	3.7	3.6
Pension settlement	-	17.7	-	17.7
Consolidated Net Income	<u>\$ 37.3</u>	<u>\$ 19.8</u>	<u>\$ 116.8</u>	<u>\$ 113.2</u>

Q4 FY16, Q4 FY15 & FY16, FY 15

Reconciliation of Non-GAAP Measures

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(\$ in millions, except for per share data)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2016	2015	2016	2015
Net Income¹	\$ 36.0	\$ 19.1	\$ 112.8	\$ 111.4
Restructuring and restructuring related	1.3	5.1	10.4	8.9
Business acquisition and integration	0.2	2.9	3.7	3.6
Litigation	-	-	-	0.5
Inventory step-up	-	-	2.4	-
Backlog amortization	-	-	4.5	-
Trade name impairment	-	-	2.2	-
Pension settlement charge	-	17.7	-	17.7
Tax effect of adjustments	(0.5)	(9.4)	(8.0)	(11.2)
Adjusted Net Income¹	\$ 37.0	\$ 35.4	\$ 128.0	\$ 130.9

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2016	2015	2016	2015
Diluted EPS	\$ 0.56	\$ 0.30	\$ 1.77	\$ 1.74
Restructuring and restructuring related	0.02	0.08	0.16	0.14
Business acquisition and integration	0.01	0.04	0.06	0.06
Litigation	-	-	-	0.01
Inventory step-up	-	-	0.04	-
Backlog amortization	-	-	0.07	-
Trade name impairment	-	-	0.04	-
Pension settlement charge	-	0.28	-	0.28
Tax effect of adjustments	(0.01)	(0.15)	(0.13)	(0.18)
Adjusted Diluted EPS	\$ 0.58	\$ 0.55	\$ 2.01	\$ 2.05

¹ Net income attributable to Hillenbrand