



# HILLENBRAND

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## **Investor Day**

December 12, 2017

# Safe Harbor

## 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 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:

intend	believe	plan	expect	may	goal	would
become	pursue	estimate	will	forecast	continue	could
targets	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 what is described 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 year ended September 30, 2017, located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

# Agenda

**Welcome & Opening Remarks**

Chris Gordon – Director of IR

9:00 AM

**Company Overview, Vision & Strategy**

Joe Raver – President & CEO

**Hillenbrand Operating Model (HOM)**

Jim Hooven – VP, Hillenbrand Operating Model

**Batesville Overview**

Chris Trainor – President, Batesville

**Q&A**

10:20 AM

**Break**

10:35 AM

**Process Equipment Group**

10:45 AM

**Overview**

Joe Raver – President & CEO

**Coperion**

Kim Ryan – President, Coperion

**Financial Update**

Kristina Cerniglia – SVP & CFO

**Closing Remarks**

Joe Raver – President & CEO

**Q&A**

11:55 AM

**Leadership Luncheon**

12:15 PM



# Company Overview, Vision & Strategy

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Joe Raver | President & CEO

# Key Messages

1

*Significant strides made transforming Hillenbrand into a global diversified industrial company*

2

*Now focused on building platforms to develop scale and enhance leadership positions to drive profitable growth*

3

*Market leadership driven by highly-engineered products with core technologies differentiated by applications expertise*

4

*The Hillenbrand Operating Model (HOM) is a competitive differentiator; historically focused on margin expansion and now adding tools to drive profitable growth*

5

*Flexible balance sheet supported by strong cash flow and appropriate debt level; expect to make additional strategic acquisitions to accelerate profitable growth*

6

*Passionate leadership team driving transformation with runway for significant shareholder value creation*



# Hillenbrand at a Glance

**Global Diversified Industrial Company that Engineers, Manufactures, and Sells Products and Services into a Variety of End Markets**

REVENUE

**\$1.6B**

ADJUSTED  
EBITDA MARGIN<sup>1</sup>

**17.7%**

MARKET CAP

**\$2.4B**

DIVIDEND YIELD

**2.1%**

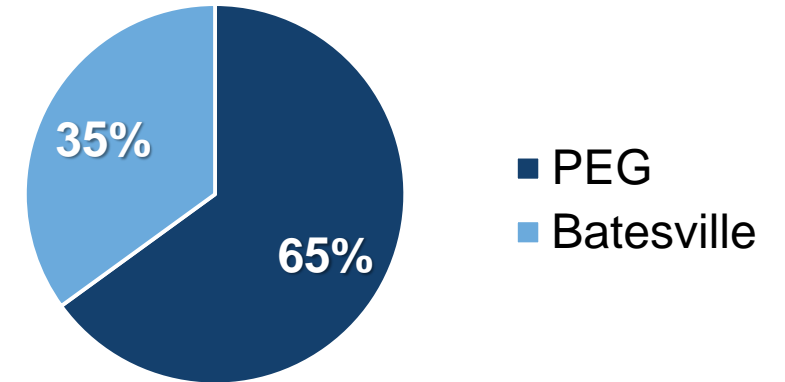
LOCATIONS<sup>3</sup>

**40**

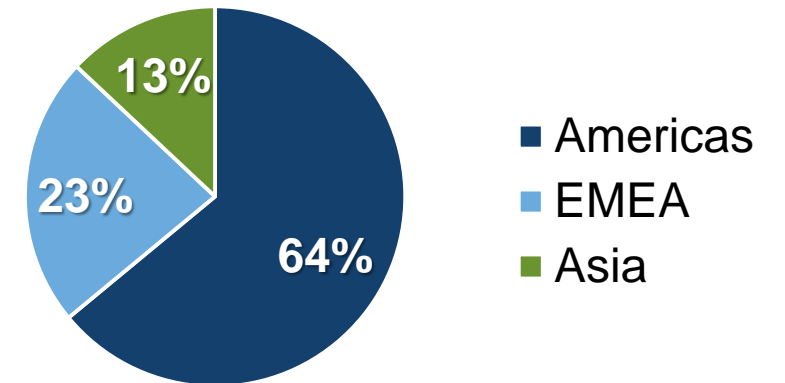
EMPLOYEES

**~6,000**

## REVENUE BY SEGMENT



## REVENUE BY GEOGRAPHY<sup>2</sup>



All data as of 9/30/17

# Leadership Team: Energized and Focused on Value Creation

## Directors in Attendance



**JOE RAVER**  
President & CEO  
Joined: 2008



**KRISTINA CERNIGLIA**  
SVP & CFO  
2014



**DIANE BOHMAN**  
SVP, Strategy & Corp. Dev.  
2008



**NICHOLAS FARRELL**  
VP, General Counsel  
2011



**JOSEPH LOUGHREY**  
Board Chairman  
Former President & COO, Cummins



**KIM RYAN**  
SVP, President of Coperion  
2011



**CHRIS TRAINOR**  
SVP, President of Batesville  
2010



**JIM HOOVEN**  
VP, Hillenbrand Operating Model  
2017



**GLENNIS WILLIAMS**  
SVP, Chief HR Officer  
2017



**HELEN CORNELL**  
Former EVP & CFO, Gardner Denver

# Hillenbrand Mission and Vision

**A World-Class,  
Global Diversified  
Industrial Company  
with a Proven  
Record of Success  
Driven by the  
Hillenbrand  
Operating Model**

**Exceptional Value to Customers**

**Great Professional Opportunities  
for Employees**

**Superior Return for Shareholders**

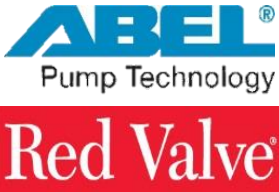


# We Have Made Significant Strides Over the Past Five Years

	Where We Were: 2012 <sup>1</sup>	Where We Are: 2017 <sup>2</sup>	IMPACT
<b>Portfolio</b>	2 Segments – Batesville & Process Equipment Group	2 Segments – Batesville & Process Equipment Group	More diverse platform
<b>Businesses</b>	3	6	
<b>Countries</b>	10+	40+	
<b>Total Revenue</b>	\$1.0B	\$1.6B	+62%
<b>Adjusted EBITDA<sup>3</sup></b>	\$207M	\$281M	+36%
<b>Employees</b>	3,900	6,000	> 1.5x
<b>Market Cap</b>	\$1.1B	\$2.4B	> 2x
<b>Free Cash Flow<sup>3</sup></b>	\$117M	\$224M	+91%

**Transformed Portfolio; Now Focused on Leveraging Industrial Platform for Profitable Growth**

# Hillenbrand Today



**PRODUCTS**

- Burial caskets
- Cremation products
- Technology solutions for funeral homes

- Compounders and extruders
- Material handling equipment
- Feeders, components and system solutions
- Parts & service

- Screening equipment
- Sizing equipment
- Parts & service

- Pumping solutions
- Highly-engineered valves
- Parts & service

- Crushers
- Material handling equipment
- Parts & service

**END MARKETS**

- Death Care

- Polyolefins
- Engineered Plastics
- Chemicals
- Processed Food & Pharma

- Minerals & Fertilizers
- Food & Agriculture
- Proppants

- Municipal Water and Wastewater
- Industrial Water and Wastewater

- Coal Power & Mining
- Forest Products
- Steel

← **PROCESS EQUIPMENT GROUP BRANDS** →

# We Have a Differentiated Value Proposition and Will Continue to Strengthen Our Position

## CORE STRENGTHS

**Operational Excellence Demonstrated by  
Consistent Margin Expansion**

**Financial Flexibility Bolstered by  
Recurring Revenue and Strong FCF**

**Global Footprint**

**Seasoned Global Leadership Team**

## SUSTAINABLE ADVANTAGES

**Applications Engineering Expertise  
Creates Innovative Solutions**

**Industry-Leading Brands Recognized by  
Customers in High Value Applications**

**Deep Long-Term Relationships  
with Blue-Chip Customers**

**Hillenbrand Operating Model (HOM)**

# Strong Secular Trends Support Global Growth

## Growing Global Population and Rapidly Expanding Middle Class...



## ...Driving Secular Growth Trends



Products that require more and highly technical plastics and petrochemicals



Safe, convenient processed food



Minerals and fertilizers for agriculture



Water infrastructure, safety, and efficiency



Construction and transportation



Energy consumption

# Hillenbrand Strategy to Drive Shareholder Value

**Grow  
Organically  
through Four  
Key  
Imperatives**

**Accelerate  
Profitable  
Growth with  
Disciplined  
M&A**

**Leverage HOM  
to Drive Margin  
Expansion and  
Profitable  
Growth**

**Effectively  
Deploy Strong  
Free Cash  
Flow**

**Focused on Sustained Profitable Growth**

## Targeting High Growth Areas Fueled by Strong Secular Trends



- Further penetrate current markets through product innovation and targeted acquisitions
- Enter attractive new markets and near adjacencies with large addressable opportunities
- Grow platforms to critical mass to achieve benefits of market leadership and scale
- Provide innovative product and service solutions to solve customers' challenges
- Apply Hillenbrand Operating Model tools, including voice of customer and segmentation, for profitable growth

**...To Build Leadership Positions in Core Markets and Near Adjacencies**

## Select Key Customers

## Batesville

- Innovative new products help funeral homes better serve families
- Merchandising support improves customer profitability
- Online commerce helps drive greater revenue for funeral homes
- Education and training for funeral home staff

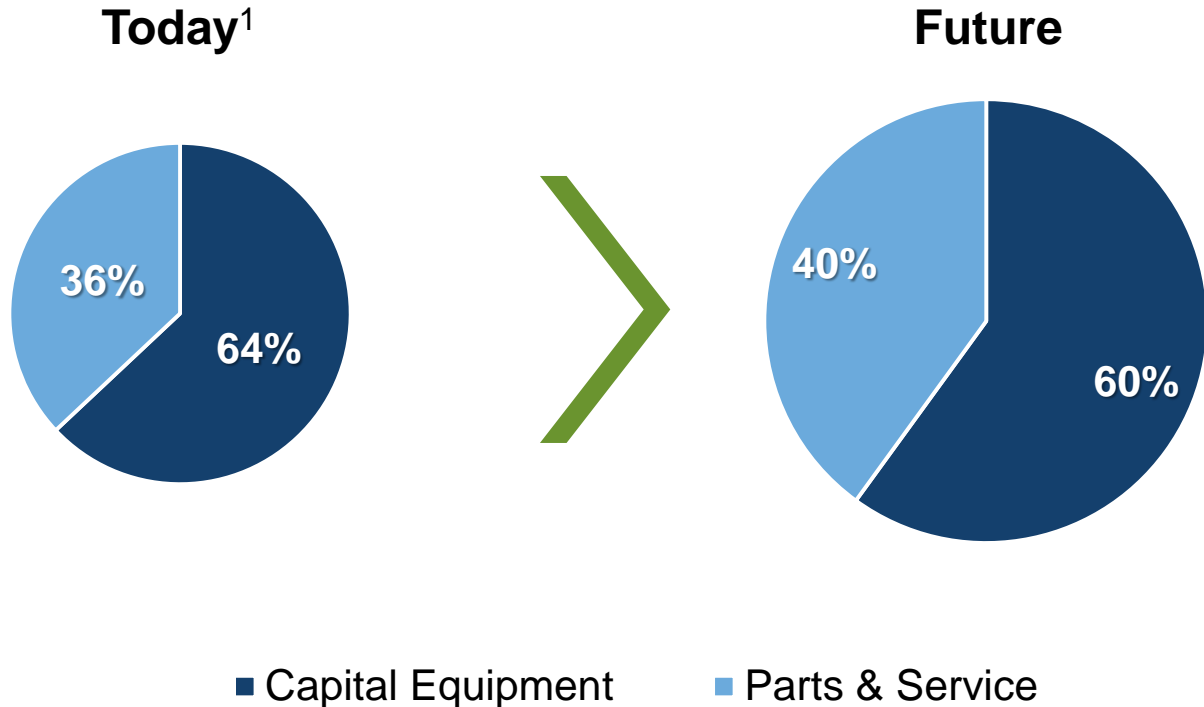


## PEG

- Designing systems and value-added subsystems creates simplified customer solutions
- Applications development helps customers with new, innovative processes and products
- Product design enables lower customer operating costs
- Global footprint and service capability support customer expansion, minimize downtime

Long-Term Relationships; Recognized by Customers in High Value Applications

## Revenue by Product Mix



- Dedicated leadership for aftermarket business driving increased focus on recurring revenue opportunities
- Uniquely positioned to follow capital equipment sales with a suite of related products and services
- Leveraging global footprint to provide high service level to customers around the world
- Using segmentation process to deliver unsurpassed service to best serve customers/partners
- Maximizing equipment and system modernization opportunities

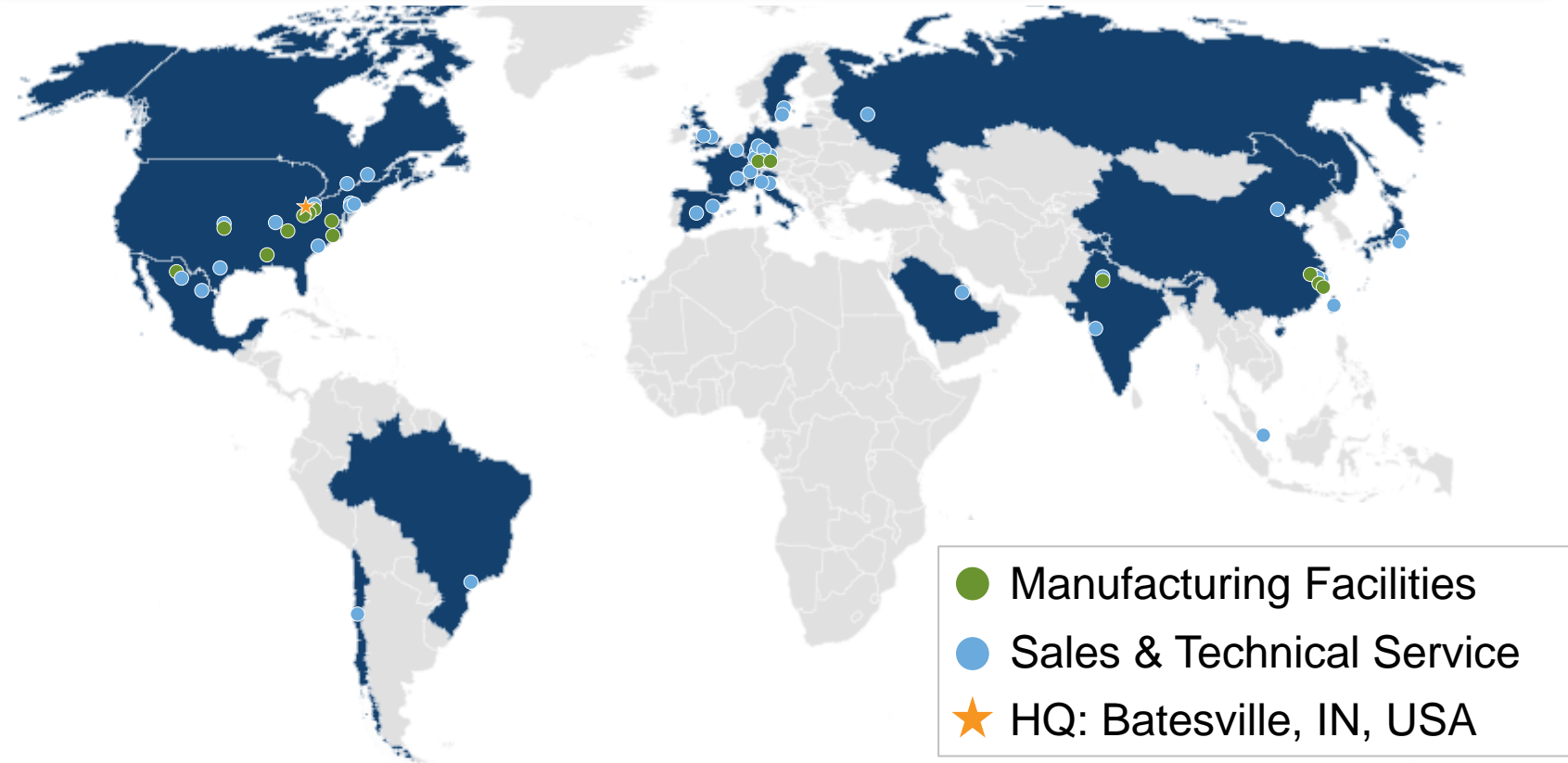
**Leveraging Installed Base and Pursuing New Opportunities to Grow Recurring Revenue**





## MANUFACTURING AND SALES &amp; TECHNICAL CENTERS

- Win share with large, multi-national customers by standardizing lines globally, improving flexibility and total cost of ownership
- Reach new customers through established local presence
- Expand new project opportunities with local content requirements
- Grow service revenue through expanded local offerings and faster response times

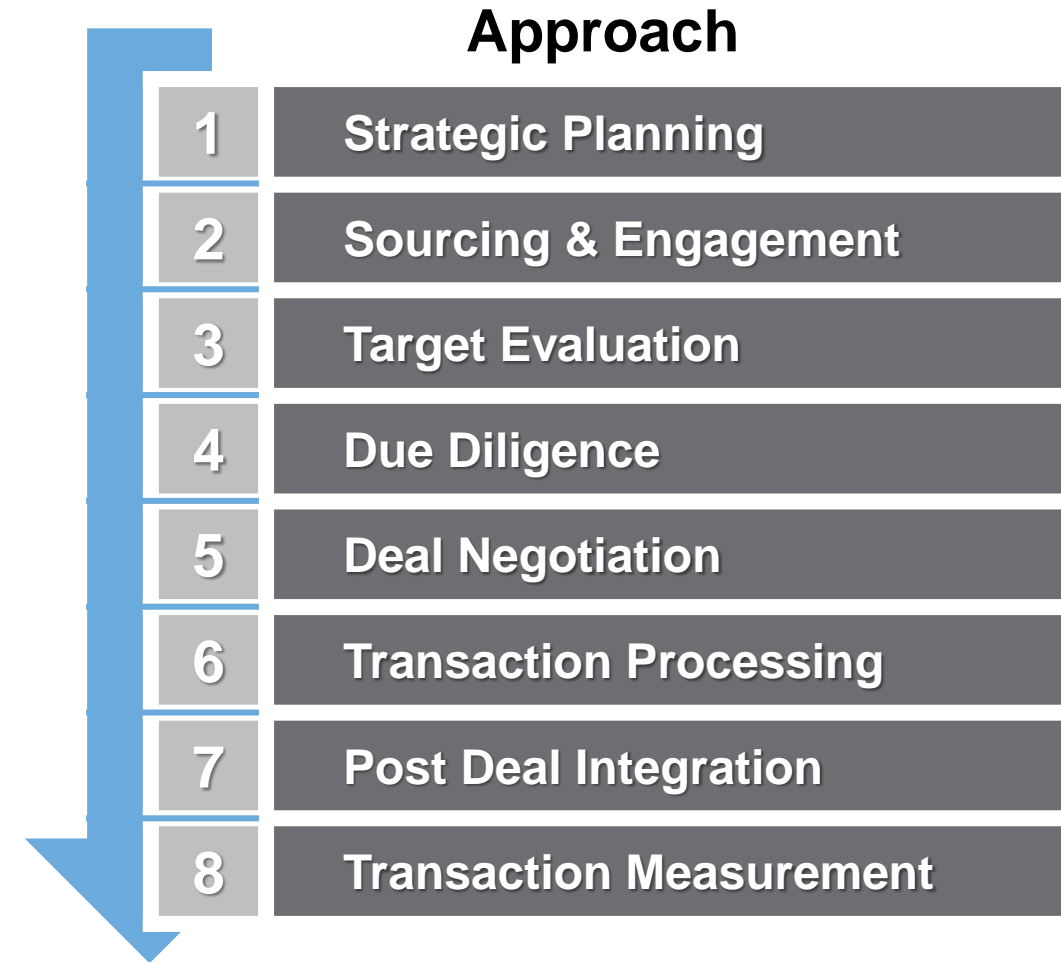


...To Expand Customer Base and Win in New Markets

# Disciplined Approach to M&A in Support of Profitable Growth Strategy



- We have moved from an acquisition strategy to a profitable growth strategy supported by acquisitions to accelerate value creation
- Building capabilities in our businesses to develop a more focused and strategic pipeline
- Systematic approach to evaluating deal pipeline from a strategic, operational, and financial perspective
- Investments prioritized in building out platforms with a focus on food & pharma, separation, and flow control
- Selective, small acquisitions to be considered in death care



**Building Acquisition Capabilities Aligned with Profitable Growth Strategy**

# Successful Track Record of Integrating Acquisitions |

## K-Tron Was First Industrial Company Acquired by Hillenbrand in 2010

- Catalyst for expansion into highly-engineered industrial equipment
- Gained new end market and applications expertise, primarily plastics and food
- Provided global perspective on diversified industrial growth opportunities

## Coperion Acquisition in 2012 Established Scalable Platform

- Expanded global engineering, sales, and service footprint
- Provided leadership position in the plastics industry
- Enhanced capability to design and execute large systems projects
- Established relationships with large multi-national customers

## Built a Stronger Coperion with the Integration of K-Tron in 2014

- Improved ability to provide complete solutions to adjacent end markets
- Expanded global sales and service capabilities, driving increased revenue opportunities
- Leveraged Hillenbrand Operating Model to drive margin improvements: segmentation, footprint consolidation, and channel optimization

**Step Change Improvements with Each Successive Portfolio Development**

# Acquisitions to Accelerate Profitable Growth Strategies

Large Addressable Markets<sup>1</sup> Provide Opportunity for Growth

Plastics & Chemicals

\$12B



Food & Pharma

\$16B



Separation

\$10B



Flow Control

\$38B



Building Leadership Positions in Core Markets and Near Adjacencies

# Platform Build-Out Illustration: Separation

~\$10B Separation Related Market<sup>1</sup>



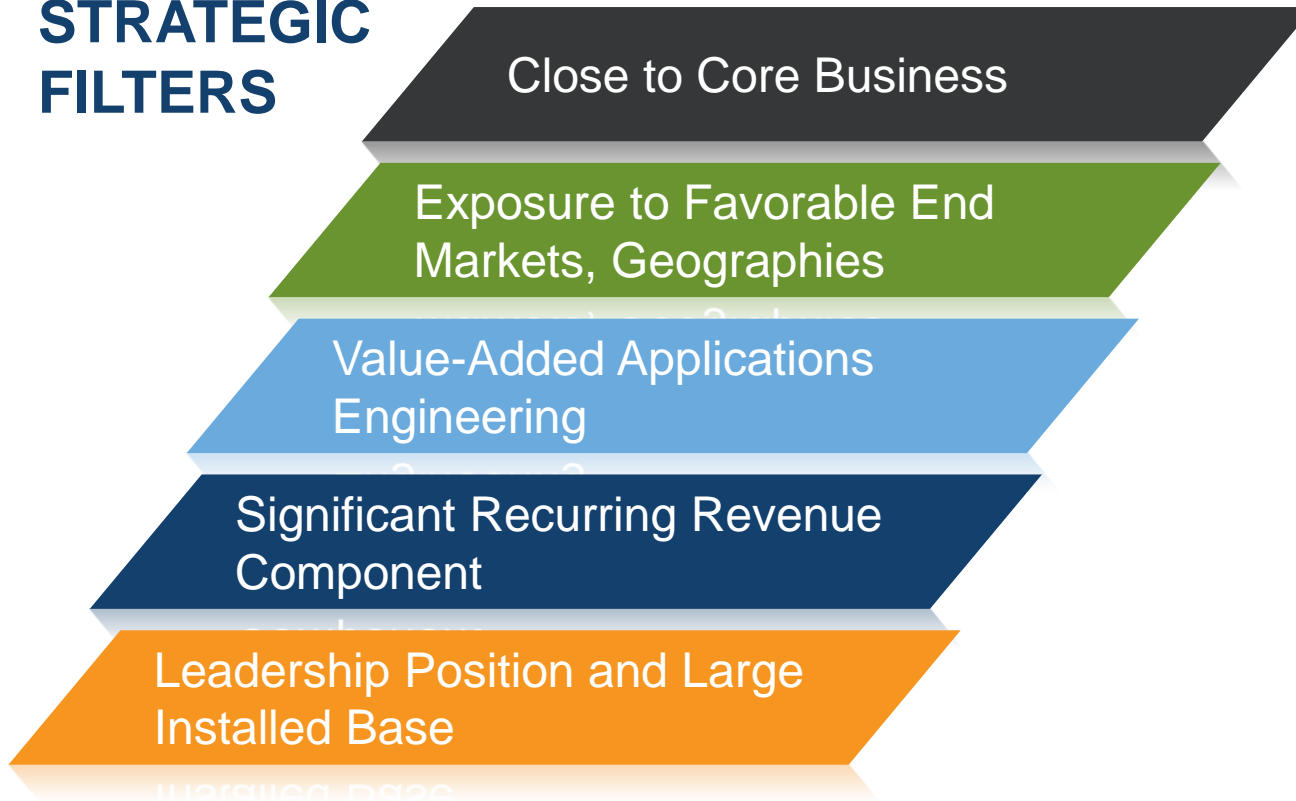
		Technology						
Example Target Companies								
		Gyratory Recip. (Rectangular)	Gyratory (Rectangular)	Vibratory (Rectangular)	Gyratory (Round)	Vibratory (Round)	Centrifugal	Magnetic
<b>ROTEX<sup>®</sup></b>		✓						
Company A			✓	✓		✓	✓	
Company B				✓	✓	✓	✓	
Company C						✓	✓	
Company D			✓		✓			
Company E				✓		✓		✓
Company F								✓

**Multiple Separation Technologies Provide Opportunities to Build Market Leading, Scalable Platform**

<sup>1</sup> Company estimates. <sup>2</sup> Includes: Optical and Gravity Separation, Industrial Dryer for Food Fertilizer, and Paper/Pulp.

# Focused Acquisition Framework with Clear Financial Goals

## STRATEGIC FILTERS



**ADDITIONAL ATTRIBUTES:** Mission Critical Applications | Intellectual Property | Reduce Cyclicity

**Building Platforms with Leadership Positions that Benefit from Scale**

## FINANCIAL CRITERIA

- ✓ Accretive to EPS in First Full Year
- ✓ IRR > Hurdle Rate
- ✓ ROIC > Cost of Capital in 5 Years



# Hillenbrand Operating Model: A Competitive Advantage

Consistent and Repeatable Framework Designed to Produce Efficient Processes and Drive Profitable Growth and Superior Value

- UNDERSTAND THE BUSINESS
- FOCUS ON THE CRITICAL FEW
- GROW: GET BIGGER AND BETTER



Have Realized Benefits but Significant Opportunity Ahead

# Introducing 2020 Financial Framework

## 2020 Targets



<b>ORGANIC REVENUE GROWTH</b>	2% to 4% CAGR
<b>PROCESS EQUIPMENT GROUP</b>	4% to 6% CAGR
<b>BATESVILLE</b>	-3% to -1% CAGR
<b>PEG ADJ. EBITDA MARGIN</b>	+ 250 bps
<b>ADJUSTED EPS</b>	Double Digit CAGR <sup>1</sup>

**Confident in Ability to Execute Our Strategy and Achieve Meaningful Returns for Shareholders**



# An Exciting Time for Hillenbrand; More Opportunity Ahead



**Significant Progress Transforming Business to a Global Diversified Industrial Company**



**Moving from M&A Driven Diversification Strategy to Profitable Growth Strategy Fueled by M&A**



**HOM Provides Framework to Achieve Sustainable Margin Expansion and Consistent Profitable Growth**



**Leadership Team Has the Talent, Experience, and Commitment to Drive Positive Change**



**Confident in Ability to Profitably Grow Company and Achieve 2020 Targets**



# Hillenbrand Operating Model

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Jim Hooven | VP, Hillenbrand Operating Model

# Key Messages

1

*The Hillenbrand Operating Model is a competitive advantage firmly rooted in our culture; historically focused on margin performance*



2

*Now leveraging foundation to drive sustainable profitable growth; building repeatable processes for future success*



3

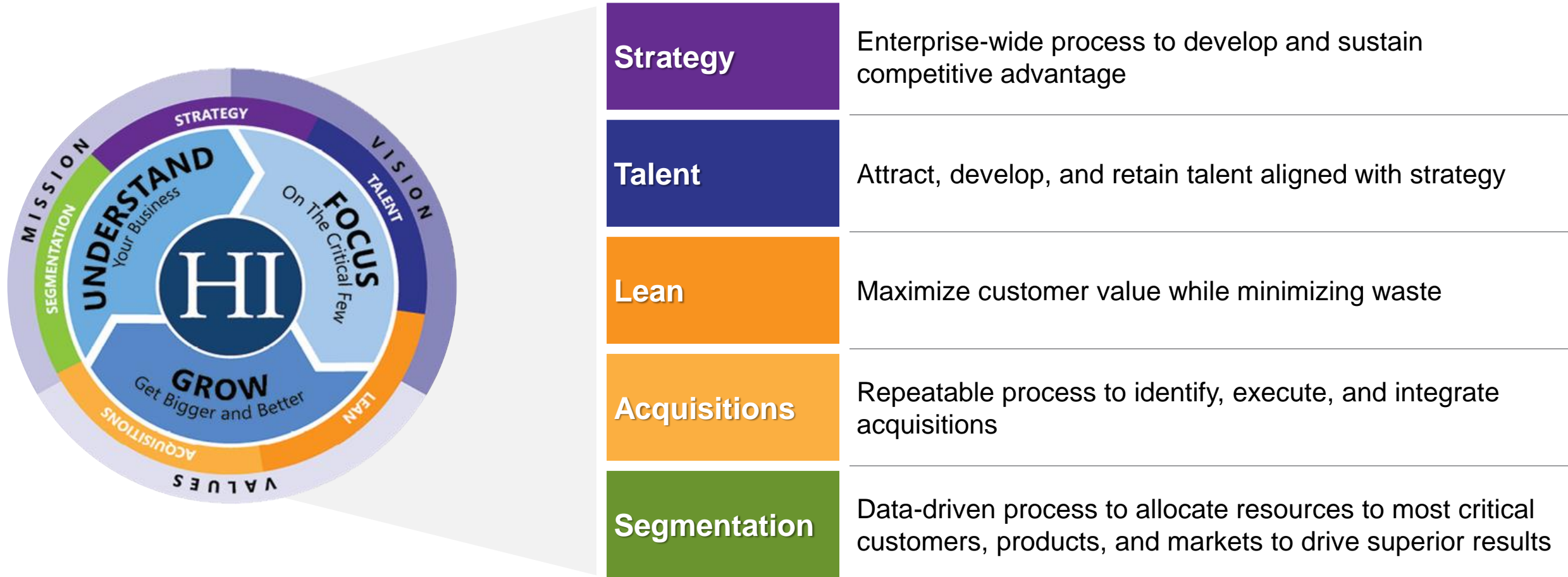
*Key areas of focus: innovation, lean, procurement, and business simplification*

4

*Early in our journey of achieving world-class operational excellence*



# Hillenbrand Operating Model – Building on a Strong Foundation



**Flexible System Provides Framework and Tools to Drive Continuous Improvement across Businesses**

# Hillenbrand Operating Model is Driving Results

## BATESVILLE

## PEG

<b>LEAN</b>	Improved supply chain value stream and footprint drove productivity and helped protect margins	Greater efficiency in manufacturing and lead time reductions improved profitability
<b>SEGMENTATION</b>	Optimized sales structure and product offering to provide service to customers based on their specific needs	Product line simplification, strategic pricing, and site rationalizations contributed to significant EBITDA margin expansion
<b>STRATEGY MANAGEMENT</b>	Renewed focus on the core business identified opportunities to restructure SG&A and supply chain	Restructuring businesses into product line and service units drove growth and productivity
<b>TALENT</b>	Talent management provides pipeline for key role succession and leadership to strengthen acquisitions and promote best practices across the organization	

**Maintained Margins Over Last Three Years Despite Market Decline**

**480 bps Adjusted EBITDA Margin Expansion in PEG Over Last Four Years<sup>1</sup>**

<sup>1</sup> Based on FY 2013 – FY 2017.

# Foundational Strengths with Clear Opportunity

- ✓ Recognition of the Value of HOM
- ✓ Clear Connection to Mission, Vision, and Values
- ✓ Good Use of Existing Tool Set Focused on Margin Expansion
- ✓ Commitment to Enhance and Expand the Model

## *Opportunities*

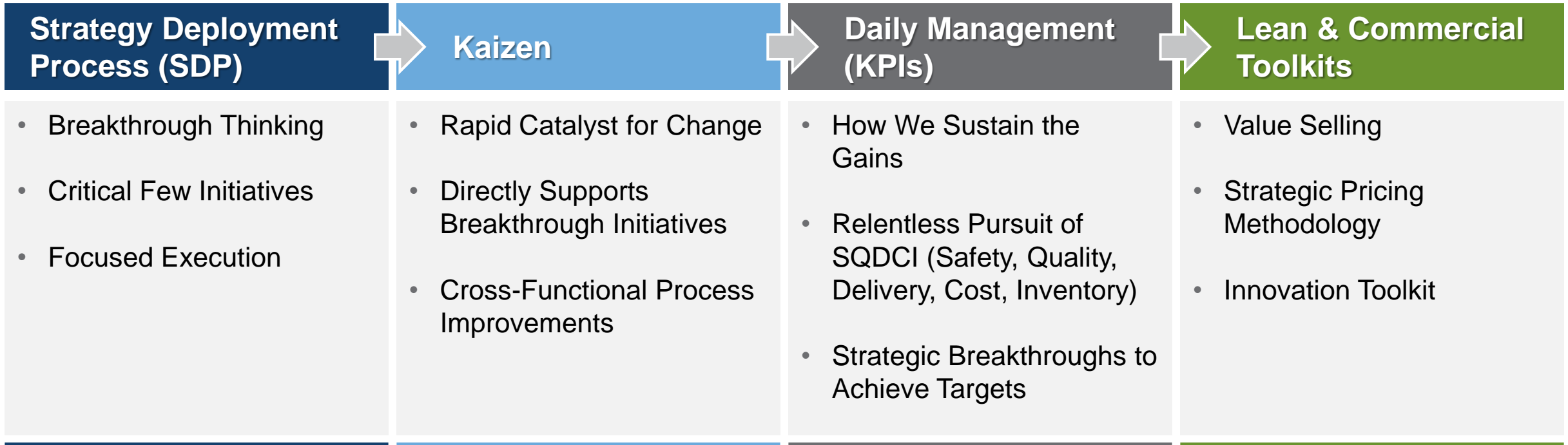
**Clear Process to Deploy and Measure Strategy**

**Expand Use of Kaizen to Drive Accelerated Change**

**Enhance Lean and Commercial Toolkits**

**Use of Daily Management to Ensure Baseline Sustainment**

# Strengthening the Model through Core Operating Tools



**Infusing Talent to Drive Culture throughout Organization**

# Focus Areas for Creating Value through HOM

## Procurement

- Enterprise-wide process optimization and standardization
- Supply-base rationalization
- Strategic supplier relationships for improved cost, quality, and working capital efficiency
- Value engineering to reduce cost and improve manufacturability

**Expected Annual Savings of \$40 - \$50M**

Lean

Strategy/SDP

## Business Simplification

- Active footprint management
- Global Business Services operating with standard processes supporting the enterprise
- Unified approach to identify customer needs and provide complete solutions
- Information Technology systems rationalization

**Improved Operating Leverage**

Lean

Segmentation

## Rapid Response

- Lead time as a competitive advantage
- Manage global manufacturing and engineering capacities to improve efficiency
- Strategic supplier relationships to manage demand fluctuations and changing customer needs

**Above-Market Growth**

Lean

Strategy/SDP

## Growth

- Expand applications and systems expertise to adjacent end markets
- Expand service business geographically
- Enhance innovation and new product development
- Develop framework to win in China

**Above-Market Growth**

Innovation Toolkit

Acquisition



# Key Takeaways



**Significant Opportunity to Implement Sustainable Business Processes to Drive Profitable Organic Growth**



**Employing Kaizen to Drive Accelerated Change and Deeper Penetration of Lean and Commercial Toolkit**



**Opportunity to Deploy Formal Daily Management Processes to Sustain Gains and Execute More Consistently**



**Clear Path to Improved EBITDA through Business Simplification**



**Opportunity to Drive Significant Cost Improvements within Procurement**



# Batesville

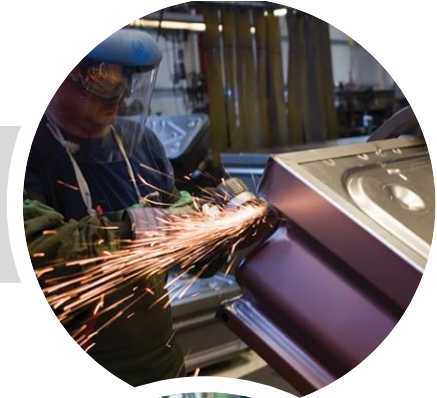
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Chris Trainor | President

# Key Messages

1

*Industry-leading brand based on product quality, service, and innovation with 125-year history*



2

*Utilized HOM to restructure and focus on core casket business; rationalizing manufacturing capacity and driving efficiencies across the supply chain*



3

*Investing in new products and technology to generate profitable growth*



4

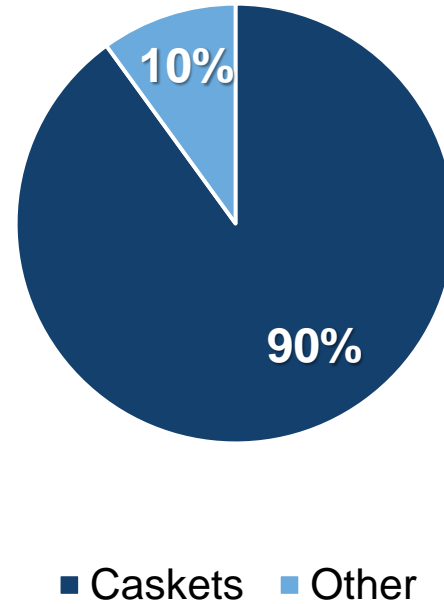
*Leadership position drives strong, predictable FCF and high returns*

# Batesville at a Glance

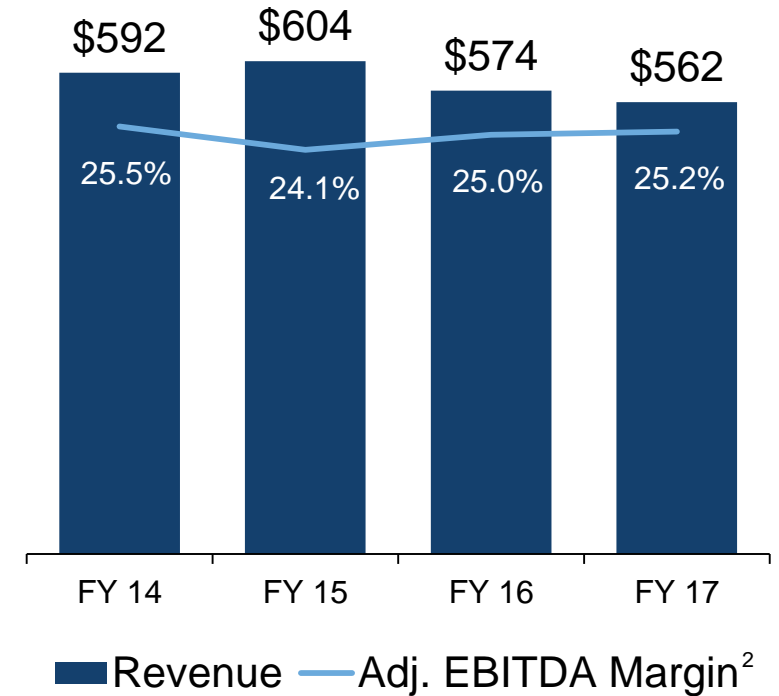


<b>Customers</b>	Licensed funeral directors
<b>Geography</b>	U.S. & Canada
<b>Employees</b>	3,000+
<b>Sales Channel</b>	~200 sales professionals selling direct to funeral homes
<b>Manufacturing Operations</b>	4 world-class, award-winning operations
<b>Distribution Network</b>	Rapid, reliable delivery through ~90 service centers

## REVENUE BY PRODUCT<sup>1</sup>



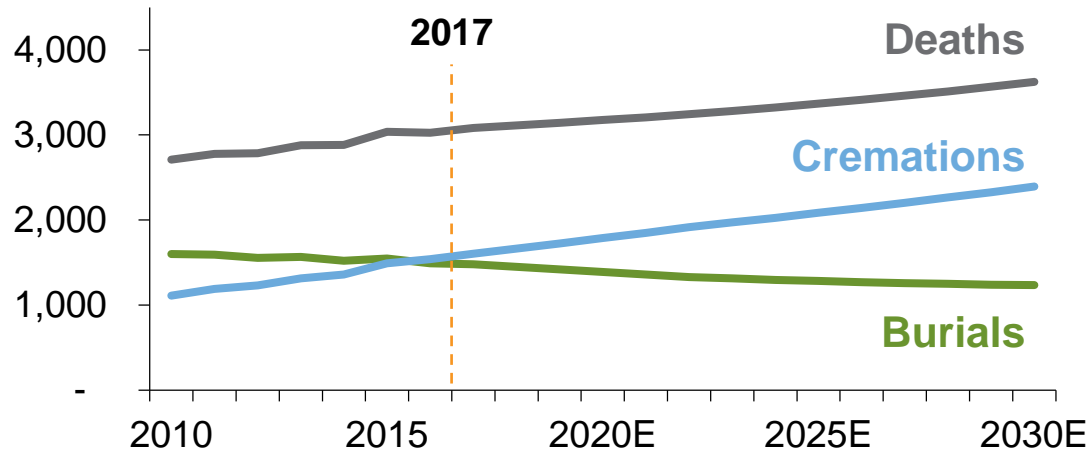
## PERFORMANCE (\$M)



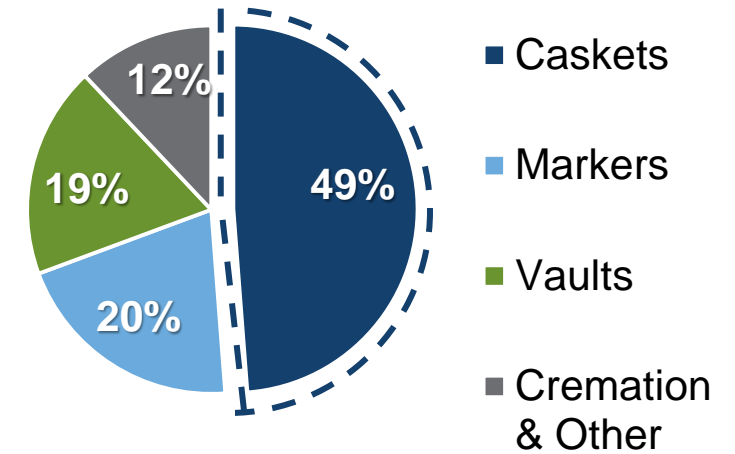
**Industry Leadership Drives Strong Profit Margins and Free Cash Flow**

# Sizable Opportunity Impacted by Changing Consumer Preferences

**Burials vs. Cremations** (000s)<sup>1</sup>



**~\$3B<sup>1</sup>**  
**U.S. & Canada**  
**Death Care**  
**Products**



- Demand for caskets driven by long-term, predictable demographics and consumer trends
- Consumer spending on caskets has not kept pace with inflation, resulting in annual mix decline
- Addressing industry challenges using HOM to guide our investments in new products and solutions

# Addressed Industry Challenges with HOM to Protect and Strengthen Leadership



## TOOL/ PRINCIPLE

## RESULTS

### STRATEGY MANAGEMENT

- Renewed focus on the core supported by market analysis
- Used voice of customer to gain deeper understanding of the business and customers

### SEGMENTATION

- Exited low-return businesses, streamlined footprint, reduced SKUs
- Optimized sales structure and product offering

### VOICE OF CUSTOMER

- Focused on serving customers differently based on their needs
- Prioritized new products and technology to drive profitable growth

### LEAN

- Consolidated manufacturing locations
- Restructured SG&A; streamlined processes and eliminated waste

# Leveraging Our Advantages to Drive the Business Forward

## CORE STRENGTHS

**Well-Respected and Valued Brand  
Leader with 125-Year History**

**Experienced Sales Team with  
Long-Standing Customer Relationships**

**World-Class Manufacturing Capabilities**

**Recurring Robust Free Cash Flow with  
Low Ongoing Capex Requirements**

## SUSTAINABLE ADVANTAGES

**Leadership Position with  
High Barriers to Entry**

**HOM Driving Superior Product Quality,  
Service, and Innovation Based on  
Deep Understanding of Customer Needs**

**Rapid Direct Delivery to Funeral Homes  
through Nationwide Distribution System**

**Strong Integration of Technology that Improves  
Consumer Experience and Customer Efficiency**

# Batesville Strategy

**Profitably  
Strengthen  
Leadership  
Position in Death  
Care Industry**

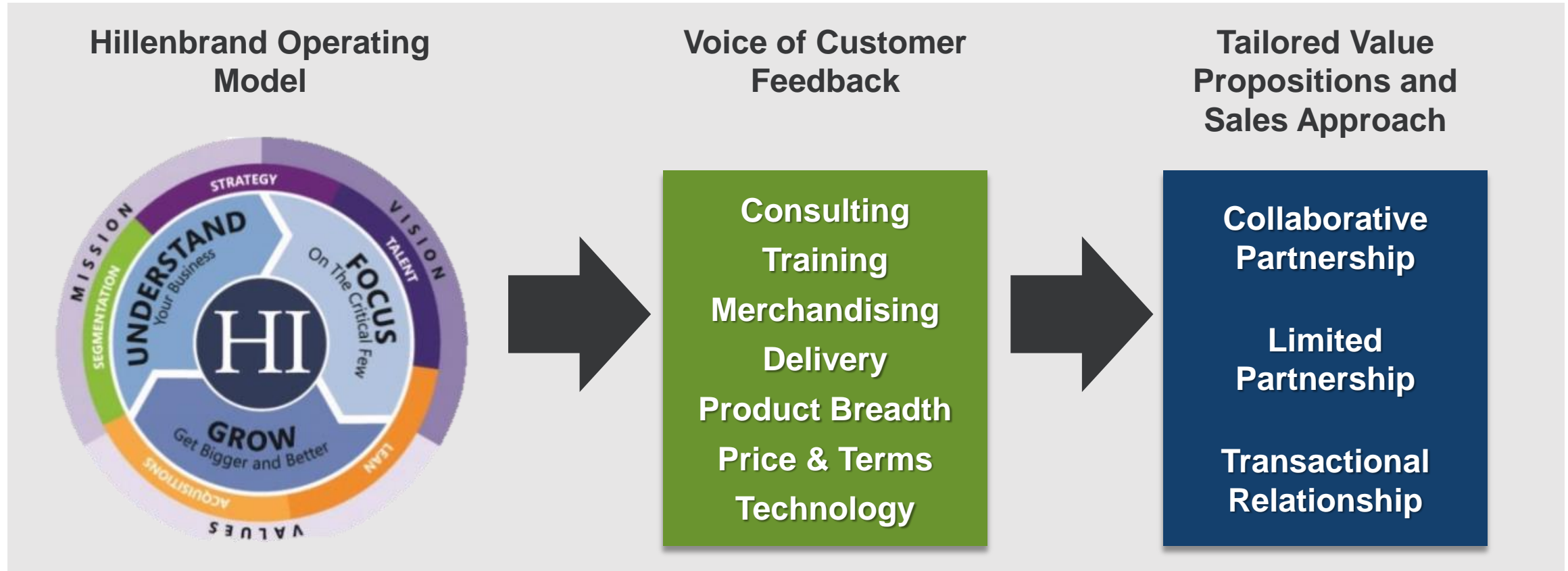
**Maintain Optimal  
Cost and Asset  
Structure to  
Support  
Profitability and  
Cash Flow**

**Continue to  
Develop and  
Strengthen Talent  
at Batesville**

**Building on Our Strengths to Expand Industry Leadership**



# Leveraging HOM Tools to Understand Needs, Segment Our Customers, and Provide Customized Solutions



**Unique Customer Value Propositions Based on Comprehensive Offering and Customization**

# New Product Introductions in Response to Consumer Trends

## POPULARITY OF RUSTIC DECOR



**Distressed Wood Products**

## INCREASING OBESITY RATES



**Oversized Product Line Expansion**

## RISING CREMATION RATE



**Dual Disposition Wood Units**

## Results

One of the strongest and most profitable new product introductions in Batesville's history

Share growth in underpenetrated market segment

Alignment of product architecture with consumer trends while reducing SKU complexity

# Personalization Options that Align with Consumer Preferences

## CONSUMER PREFERENCES

>50% of families are interested in product personalization<sup>1</sup>

Families value personalization and are willing to pay for it

3 out of 4 families prefer personalization using medallions and designs



## PERSONALIZED PRODUCTS

LifeSymbols<sup>®</sup> Designs

LifeStories<sup>®</sup> Medallions

LifeView<sup>®</sup> Panel

Embroidered Tribute Panels

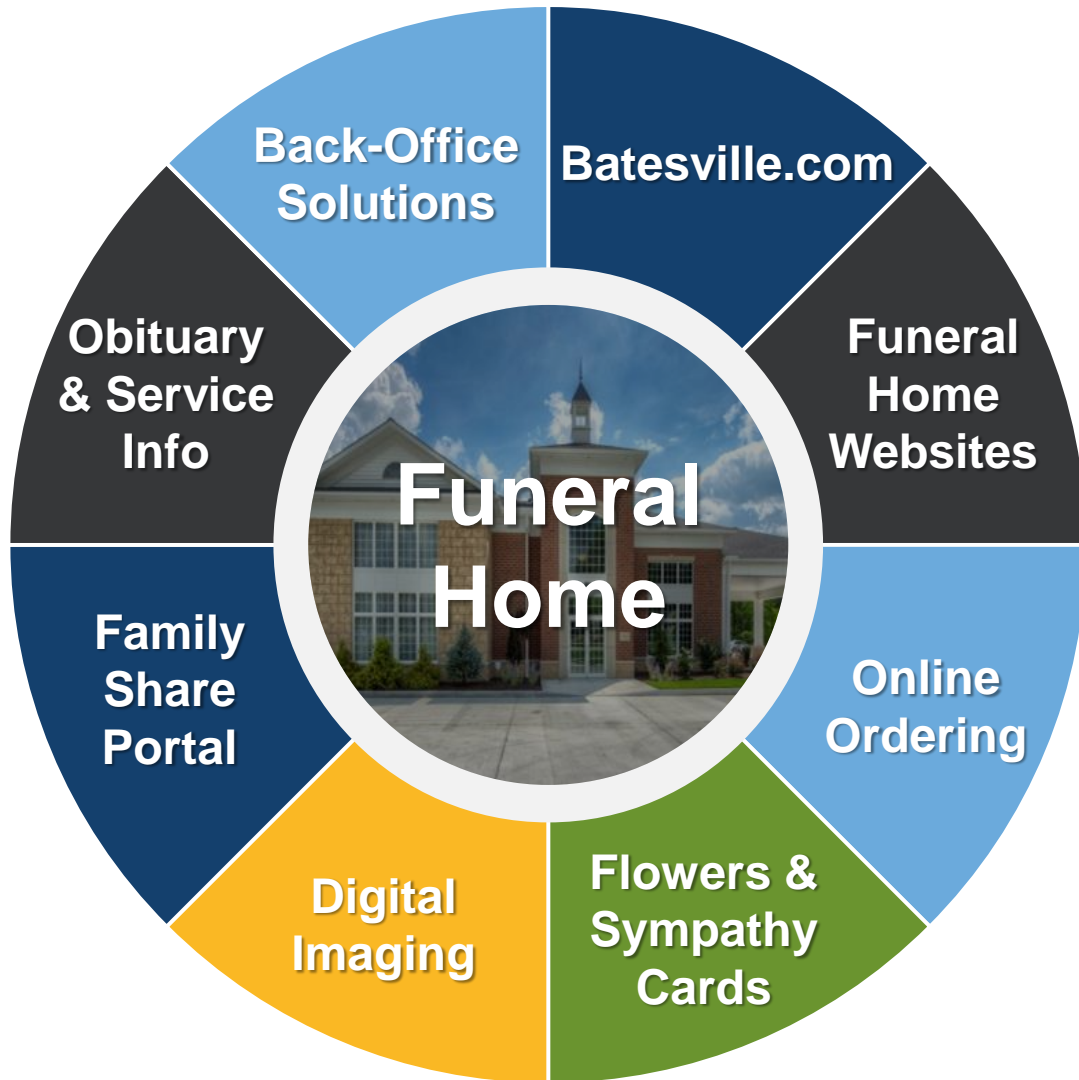
MemorySafe<sup>®</sup> Drawer

Memorial Record System<sup>™</sup>

Living Memorial<sup>®</sup>

Helping Funeral Homes Better Serve Families by Providing Valued Features

# Leverage Technology Connectivity to Enhance Consumer Experience and Create Business Efficiencies



- ✓ Provide funeral planning information to families earlier – when they are seeking it
- ✓ Enhance connection between funeral homes and families
- ✓ Increase business efficiencies for funeral homes through connected technology solutions
- ✓ Consolidate e-commerce revenue opportunities
- ✓ Educate families to facilitate more informed product selections

# Optimize Cost and Asset Structure to Support Profitability

## Drive Supply Chain and SG&A Productivity

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- Continue to apply HOM principles and tools
- Optimize newly-consolidated supply chain
- Further incorporate mobile technologies throughout delivery network
- Align resources to support the core casket business

## Reduce Working Capital and Asset Investments

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- Implement supply chain financing to improve working capital
- Continue to leverage lean to drive inventory efficiencies
- Leverage leasing in targeted areas to deploy capital efficiently

**Using HOM Breakthrough Thinking to Drive Strong Cash Flow and Return on Assets**

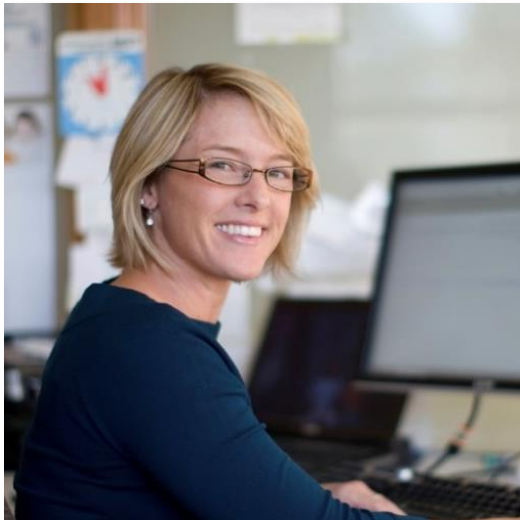


# Continue to Strengthen and Develop Talent

**Recruit and Develop Leaders Skilled in HOM Tools to Drive Breakthrough Thinking**



**Expand Digital Marketing Expertise and Further Develop External Strategic Partnerships**



**Develop Next Generation Sales Leaders to Drive Performance and Strengthen Relationships**



# Key Takeaways



**Leading  
Provider of High  
Quality Funeral  
Products and  
Services to  
Funeral Homes**



**Company is  
Aligned and  
Focused on  
Profitably  
Growing the  
Core Casket  
Business**



**Strategic  
Investments in  
New Products  
and Technology  
Are Key to  
Driving  
Profitable  
Growth**



**HOM Provides a  
Roadmap to  
Drive Profitable  
Growth and  
Optimize  
Productivity**



**Industry  
Leadership  
Driving Strong,  
Predictable FCF  
and High  
Returns**



# Q&A

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# Process Equipment Group: Overview

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Joe Raver | President & CEO

# Key Messages

1

*Portfolio of highly-engineered, mission-critical products differentiated by core technologies and applications expertise*



2

*Driving value for global blue-chip customers across diversified end markets*

3

*Hillenbrand Operating Model has driven margin improvement with significant opportunity for improved performance*



4

*Expect above-market growth in high margin parts & service business*

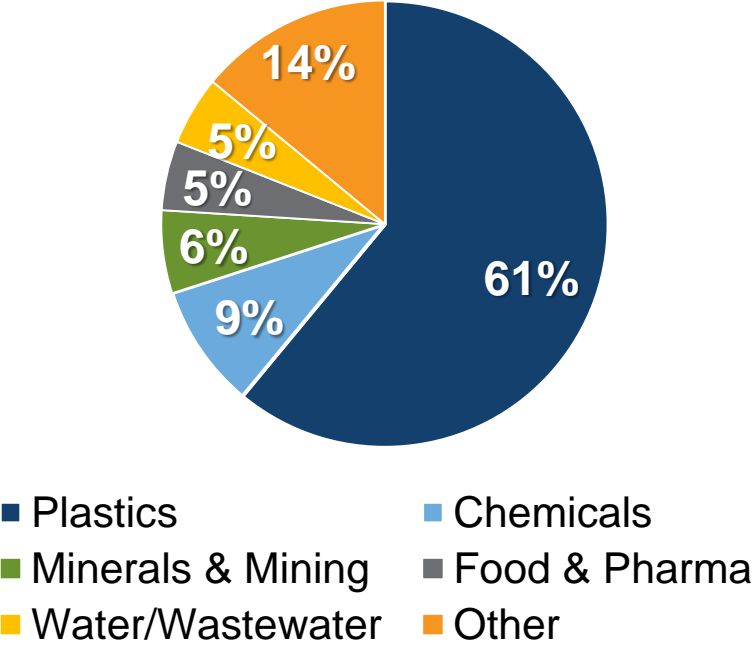
5

*Building platforms to achieve benefits of market leadership and scale focused on food & pharma, separation, and flow control*

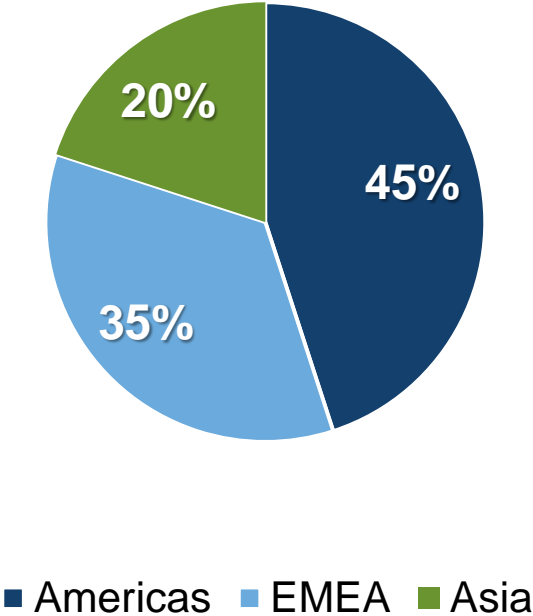


# Process Equipment Group at a Glance

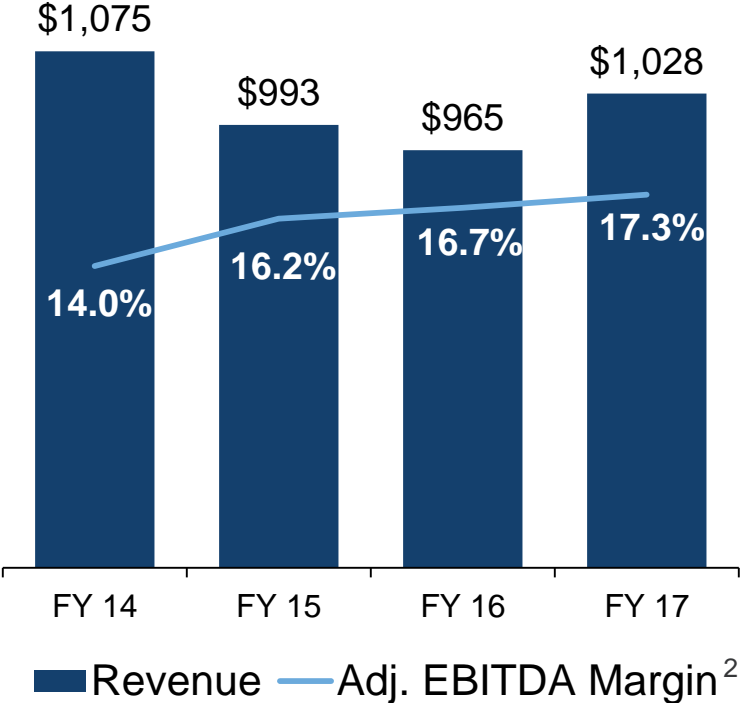
REVENUE BY END MARKET<sup>1</sup>



REVENUE BY GEOGRAPHY<sup>1</sup>



PERFORMANCE (\$M)



**HOM Drives Strong Profit Margin and Free Cash Flow**

<sup>1</sup> Based on FY 2017 sales; company estimate. <sup>2</sup> Adjusted EBITDA Margin is a Non-GAAP measure. See appendix for reconciliation.

# Leveraging Our Advantages to Drive the Business Forward

## CORE STRENGTHS

**Highly-Engineered Products and Systems**

**Large Installed Base of Capital Equipment  
Drives Recurring Parts & Service Revenue**

**Operational Excellence Demonstrated by  
Consistent Margin Expansion**

**Global Engineering, Sales, and  
Service Footprint**

## SUSTAINABLE ADVANTAGES

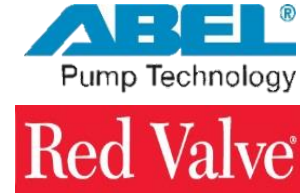
**Applications Expertise Creates  
Innovative Solutions**

**Industry-Leading Brands Recognized by  
Customers in High Value Applications**

**Deep Long-Term Relationships  
with Global Blue-Chip Customers**

**Hillenbrand Operating Model Drives  
Profitable Growth**

# Diverse Brands with Significant Scale in Plastics



## PRODUCT PORTFOLIO

### Products:

- Compounders and extruders
- Material handling equipment
- Feeders, components, and system solutions
- Parts & service

### Separation Products:

- Screening equipment
- Sizing equipment
- Parts & service

### Flow Control Products:

- Pumping solutions
- Highly-engineered valves
- Parts & service

### Size Reduction Products:

- Crushers
- Material handling equipment
- Parts & service

## END MARKETS

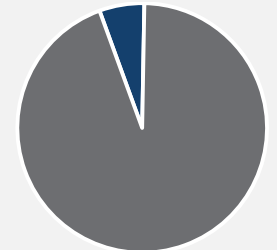
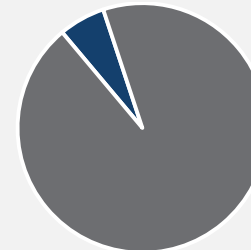
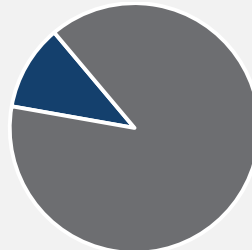
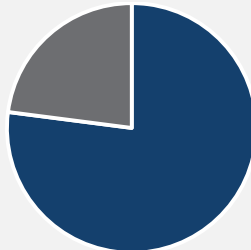
- Polyolefins
- Engineered Plastics
- Chemicals
- Processed Food & Pharma

- Minerals & Fertilizers
- Food & Agriculture
- Proppants

- Municipal Water and Wastewater
- Industrial Water and Wastewater

- Coal Power & Mining
- Forest Products
- Steel

## PORTION OF PEG REVENUE<sup>1</sup>



# Rotex at a Glance

## Profile

### Established

1844

### Products

Reciprocating gyratory and vibratory screeners, particle size analyzer, vibratory feeders and conveyors, and aftermarket parts & service

### Applications

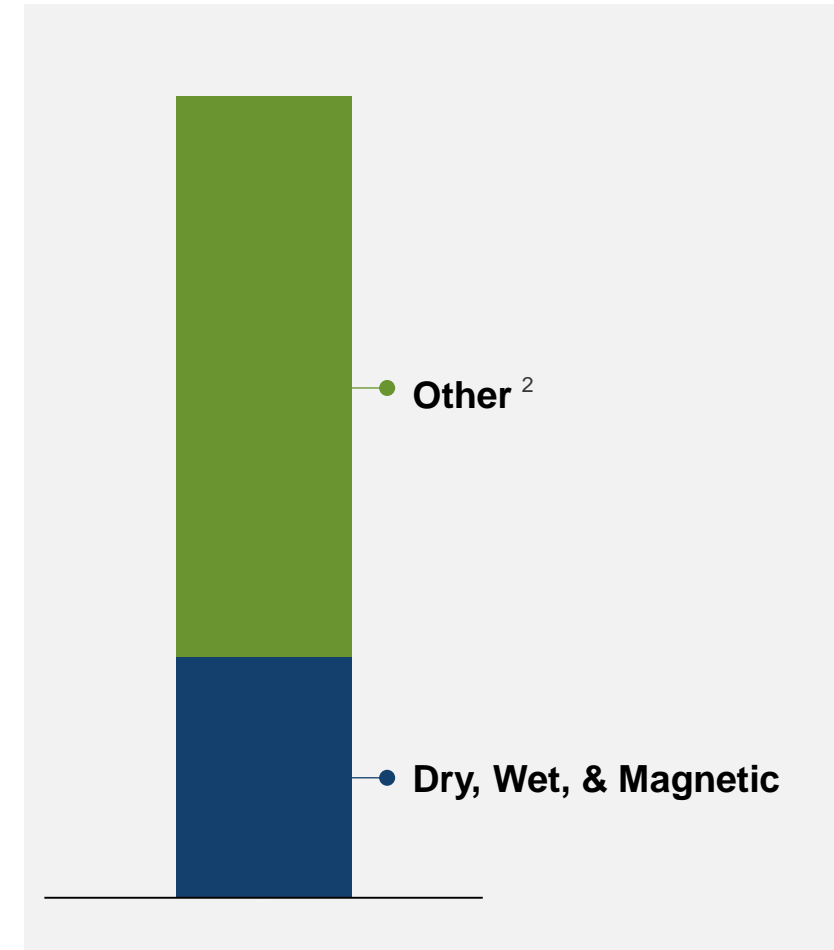
Screening and separating solutions for a wide range of processing industries – high volume, accurate separations

### End Markets

Minerals, fertilizers, food, agriculture, chemicals, plastics, and proppants



## ~\$10B Separation Related Market<sup>1</sup>



# Strategy to Build Separation Platform

## Alternative Separation Technologies

- Develop or acquire new technologies to further penetrate ~\$10B addressable market<sup>1</sup>: dry, wet, magnetic, other separation and related equipment

## Develop New Applications

- Extend and strengthen applications expertise to win in adjacent markets with high growth potential

## Standardize Global Sourcing

- Drive flexible global manufacturing model to respond to demand fluctuations and improve lead times

## Geographically Expand

- Globalize sales and service processes to win share in underpenetrated geographies



**Leverage Industry-Leading Position to Expand into Adjacent End Markets**

# Case Study – Voice of Customer Driven Product Development

## Customer Need

Current potash and salt processing customer sought higher capacity screener with a compact footprint

## Our Tailored Solution

- ✓ Rotex engineers developed two new minerals separators, which use multiple stacked decks to provide higher capacity in a compact footprint
- ✓ New reduced-size separators allowed customer to save over \$1M in plant footprint and material handling equipment costs
- ✓ Replicated solution to drive incremental revenue in other markets



Fertilizer product loadout area; two Rotex Model MM5430-2 mineral separators



Customer Processing Plant



# Flow Control at a Glance

- Established**
- Products**
- Applications**
- End Markets**

## ABEL

1947

Positive displacement pumps suitable for abrasive, shear-sensitive media; aftermarket parts & service

Transporting abrasive, paste-like material at high pressures and over a long distance

Industrial water and wastewater in mining, power, chemicals, and marine



## Red Valve

1953

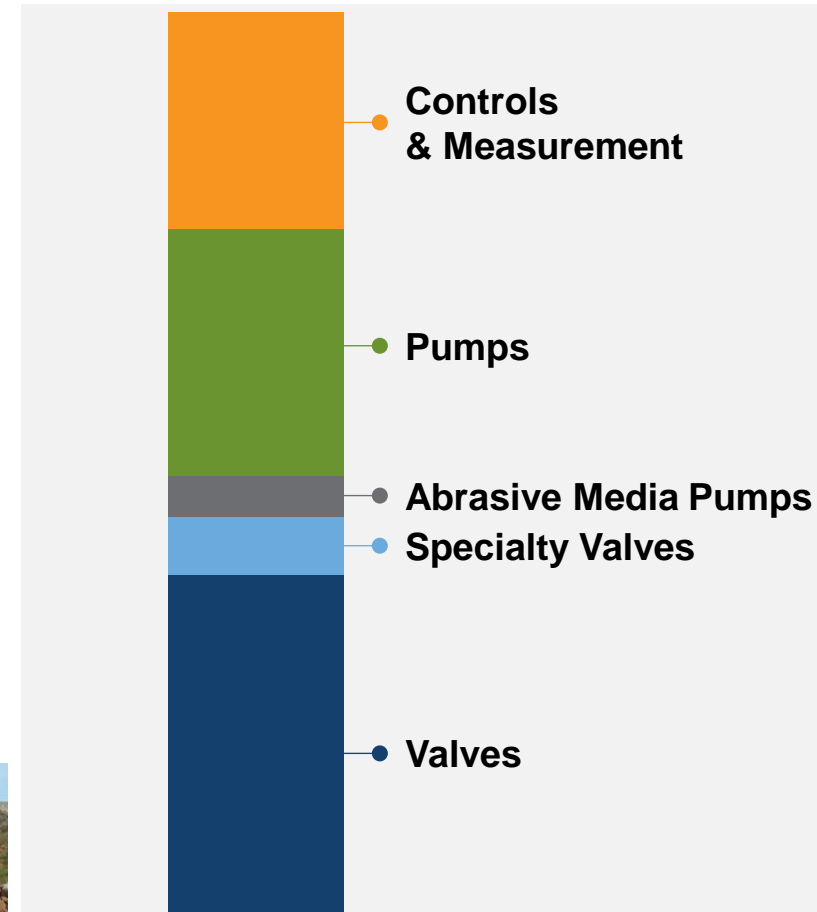
Pinch valves, knife gate valves, pressure sensors, expansion joints, and check valves

Water, sludge handling, aeration and mixing, backflow prevention, and corrosive & abrasive materials

Municipal water and wastewater; industrial wastewater in power, chemicals, and general industrial



## ~\$38B Global Water and Wastewater Market<sup>1</sup>



# Strategy to Build Flow Control Platform

## Expand Geographically

- Increase sales coverage in key geographies, particularly Latin America, and take advantage of cross-selling opportunities in core markets

## Expand in Current Markets

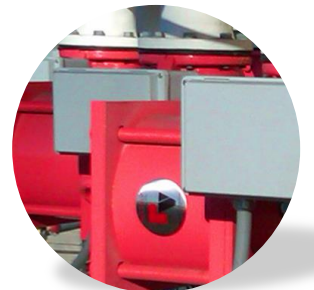
- Segment and expand North American Sales and Distribution channels to further penetrate industrial wastewater market

## New Product Innovation

- Develop innovative new products and solutions to meet customer needs and address new water and wastewater regulatory requirements and infrastructure needs

## Execute Strategic Acquisitions

- Make strategic acquisitions focused on valves, pumps, and accessories, largely in North American water and wastewater



**Driving Innovation and Strategic Acquisitions to Build Scale in Large Fragmented Market**

# Case Study – Proactively Addressing Customer Needs

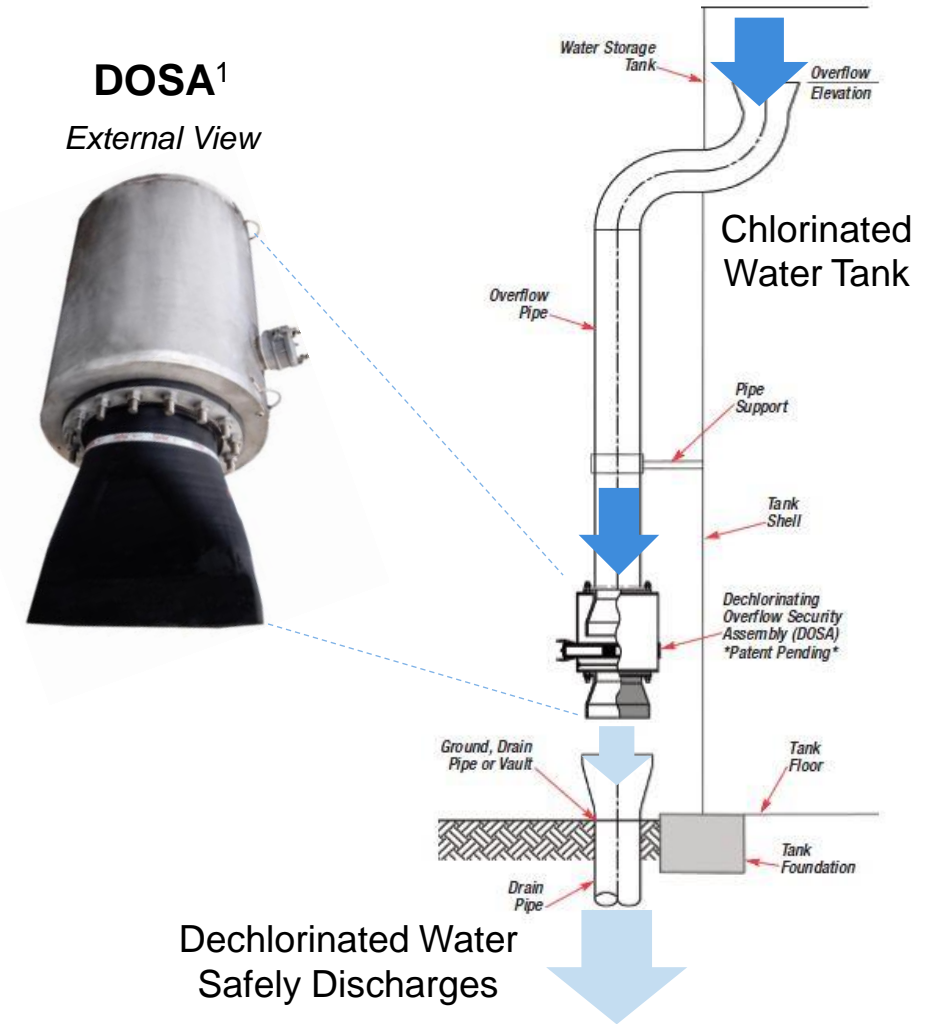
## CUSTOMER NEED

Discharging chlorinated water can be toxic and severely harmful to plant and aquatic life

Localities are increasing enforcement of discharge regulations

## OUR TAILORED SOLUTION

- ✓ In anticipation of increased enforcement of discharge regulations, Red Valve engineers created an assembly that removes chlorine and chloramine, while increasing tank security
- ✓ Dechlorinating Overflow Security Assembly (DOSA) meets regulatory requirements and avoids potential penalties by addressing environmental concerns



# TerraSource at a Glance

## Profile

### Established

1876

### Products

Crushers and materials handling equipment and aftermarket parts & service

### Applications

Size reduction, material handling, screening & processing, feeding, and storage & reclaim

### End Markets

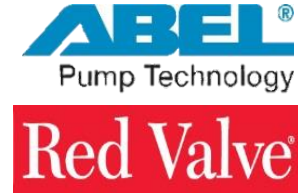
Coal power & mining, forest products, cement, steel, biofuels, and general industry

## Strategy

- Segment customer base and provide superior service to best customers
- Drive best-in-class lead times to grow share in aftermarket parts & service business
- Increase lean focus to drive operational performance
- Develop innovative products to win in new and growing market applications



# Diverse Brands with Significant Scale in Plastics



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### Size Reduction Products:

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- Material handling equipment
- Parts & service

## END MARKETS

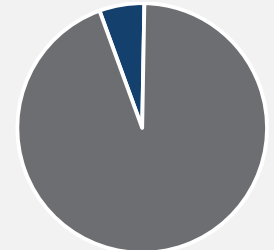
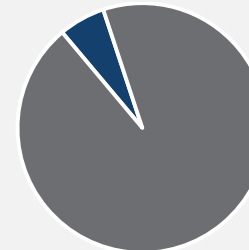
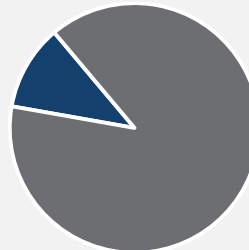
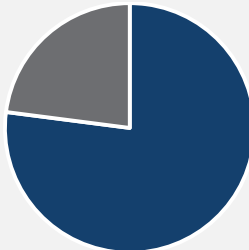
- Polyolefins
- Engineered Plastics
- Chemicals
- Processed Food & Pharma

- Minerals & Fertilizers
- Food & Agriculture
- Proppants

- Municipal Water and Wastewater
- Industrial Water and Wastewater

- Coal Power & Mining
- Forest Products
- Steel

## PORTION OF PEG REVENUE<sup>1</sup>





# Coperion

Kim Ryan | President

# Key Messages

1

*Leading manufacturer of highly-engineered equipment and systems with a combined 130+ year operating history*



2

*Leveraging core technologies and applications expertise for mission critical requirements across our global footprint*

3

*Growing our engineered plastics and food & pharmaceuticals businesses, supported by strategic acquisitions*



4

*Enhancing global, long-term customer relationships across multiple applications*

5

*Delivering improved results through the application of the Hillenbrand Operating Model; significant opportunity ahead*



# Coperion at a Glance

## PROFILE

### LOCATIONS

30 Global Locations

### EMPLOYEES

>2,500  
~750 Engineers Globally

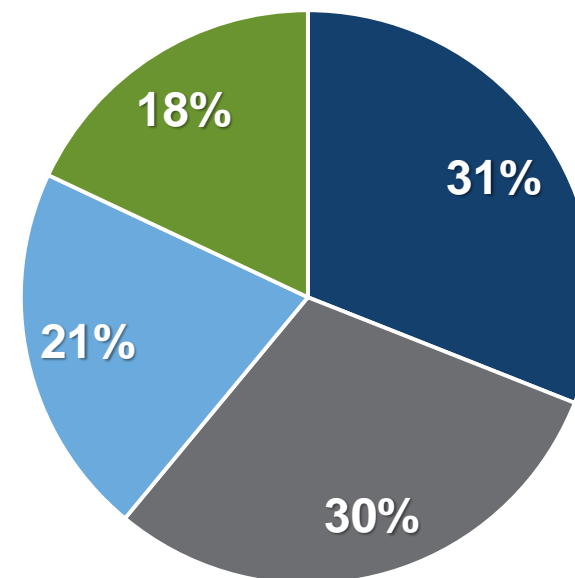
### SALES FORCE

300  
Direct Sales and Rep Network

### ADDRESSABLE MARKETS

Plastics and Chemicals  
Food and Pharma

## REVENUE BY DIVISION<sup>1</sup>

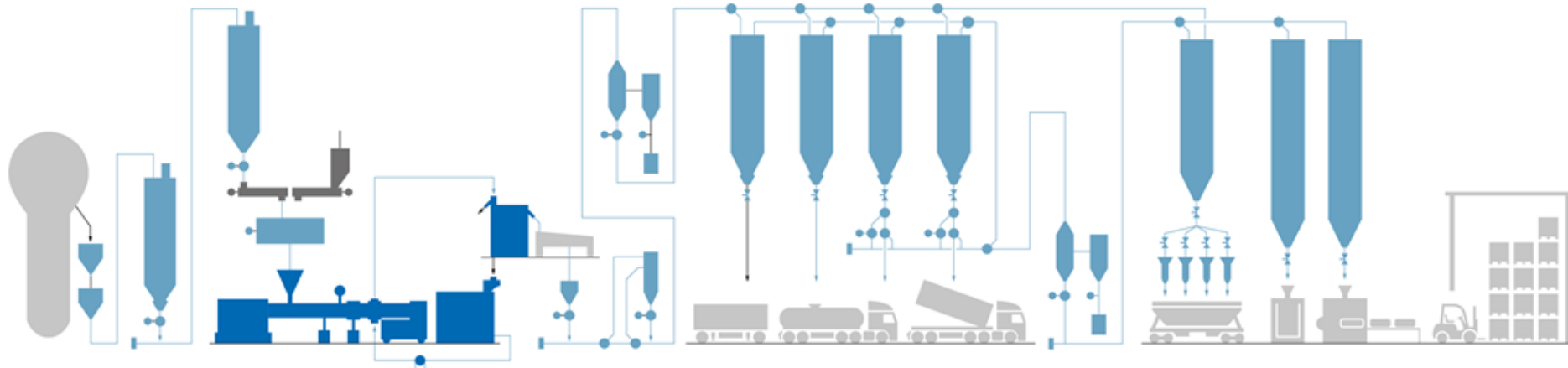


- Service
- Compounding & Extrusion
- Equipment & Systems
- Materials Handling

**A Worldwide Market and Technology Leader in Plastics and Chemicals**



# Customer Solutions – Individual Components to Integrated Systems



## EQUIPMENT & COMPONENTS

- Feeding equipment and components for large and small systems
  - Feeders
  - Highly-engineered valves
  - Pneumatic conveying subsystems

## COMPOUNDING & EXTRUSION SYSTEMS

- Highly-engineered conversion systems used in high volume polyolefin production (polyethylene and polypropylene)
- Smaller conversion systems for engineered plastics, PVC, and chemicals

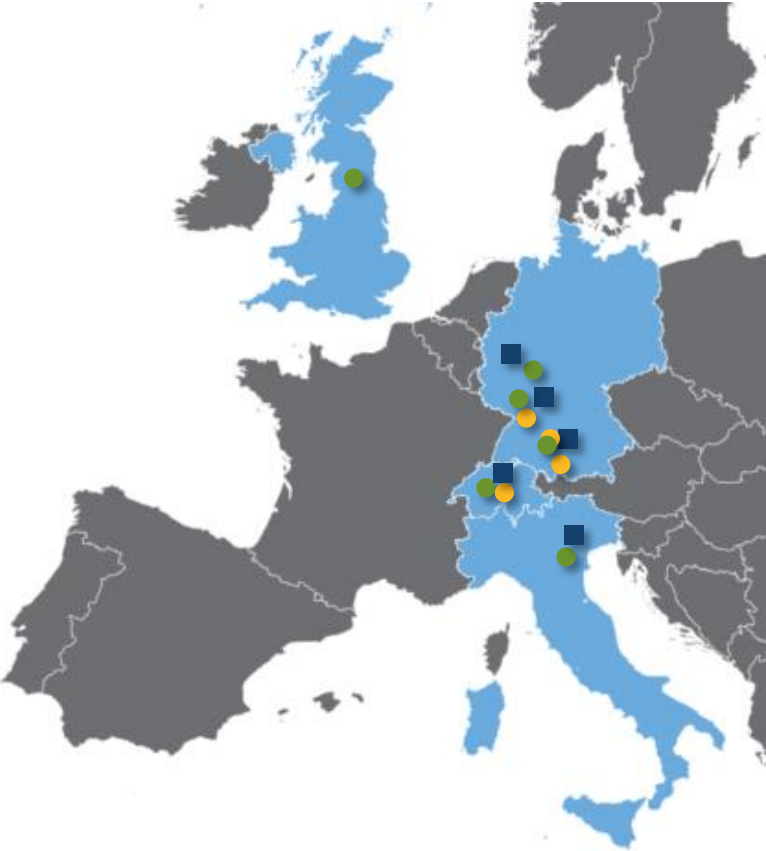
## MATERIALS HANDLING

- Large engineered pneumatic material handling systems mainly for the polyolefin industry
- Turnkey Solutions – Coperion engineers all key equipment and processes for a turnkey plant

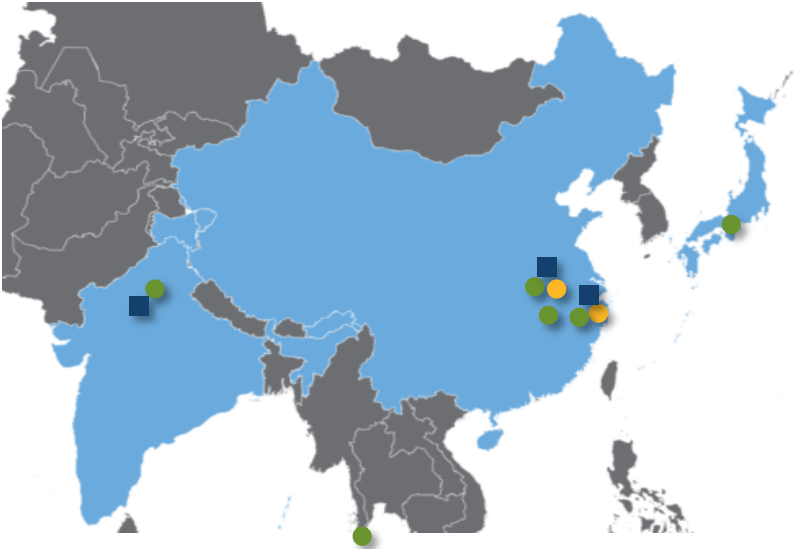
**Value-Added Services Include: Maintenance, Parts, Modernization, and Field Service**

# Global Manufacturing and Engineering Presence

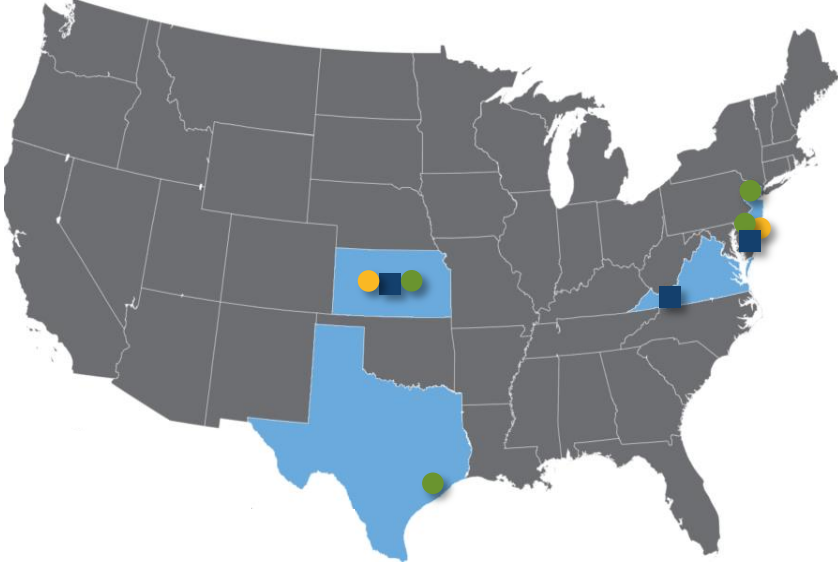
## EUROPE



## ASIA



## UNITED STATES



- Global production and R&D centers located in Germany, U.S., China, India, and Switzerland
- 50+ bulk material handling, feeding, and extrusion systems for testing product

 <b>Production Center</b>	 <b>Test Lab</b>	 <b>Engineering</b>
--	---	--

# Coperion Competitive Advantages

## Standard to Customized Solutions

- From standard components and equipment to highly-engineered systems, including large scale project management
- Proven reliability in mission-critical applications with high cost of downtime



## Deep Applications Expertise

- Decades of plastics industry process experience, including strong relationships with licensors, EPCs, and end customers
- Ability to develop applications for new product formulations from customers



ZSK Twin Screw  
60 Years of Quality



Hygienic Rotary Valve  
(USDA Certified)

## Global Team with Local Sales and Service

- Local sales and service centers close to installed base; ability to service anywhere in the world
- System lifecycle engineering support for current or modified formulations and capacity requirements



Service Center Al-Jubail (KSA)

**The Only Company Globally that Offers a Comprehensive, End-to-End Solution**

# Coperion: Markets and Growth Model

## Total Addressable Core Markets<sup>1</sup>

### CAGR

**\$16B**  
Food & Pharma

**4 - 7%**

**\$12B**  
Plastics & Chemicals

**3 - 4%**

## Coperion Growth Cycle



Identify new target applications that benefit from Coperion’s unique capabilities; develop product and application requirements to meet customer needs

Leverage Coperion’s footprint to follow multi-national customers with these applications around the globe

Penetrate the applications and the locations where customers take Coperion

Pursue scope opportunities in the new application through product portfolio expansion and acquisition

**Operating in Attractive Markets Where Growth Opportunities Exist**

<sup>1</sup> All figures are new equipment sales only excluding service; company estimates.

# Coperion Strategy

**Leverage the  
Plastics Core**

**Grow Food &  
Pharma Business**

**Increase  
Productivity**

**Profitable Growth Opportunity Exists in Highly Attractive Markets with Strong Recurring Revenue Potential**

# Leverage the Plastics Core

## Applications

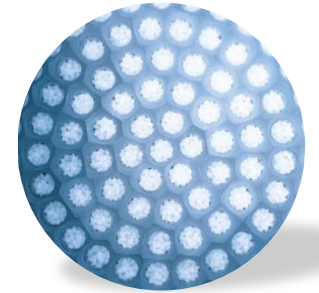
- Provide coordinated solution offering to win projects in core markets
- Continue to penetrate Polyolefin core with innovative solutions to meet customers' changing needs
- Develop expertise in fast growing, continuous processing applications with strong recurring revenue opportunities

## Products

- Modify existing products to enhance performance in new market applications
- Introduce innovative new products to win in key product and application categories

## Service

- Enhance services to maintain and extend equipment life and modernize customers' existing systems
- Expand service offering in locations close to customers to enable best-in-class response times and growth
- Develop new service concepts by leveraging sensor/digital technology



**Application, Product and Service Innovation Drive Growth in the Core Plastics and Chemicals Business**

# Customer-Driven Innovation and New Product Development



## Existing Product Evolution

### Modular Liquid Feeder



- Reduces lead time and initial cost
- Easier maintenance

### Rotorcheck



- Prevents metallic abrasion and increases safety (e.g., food industry)

### New ZSK Screw Elements



- Increases throughput of the existing extruder

## New Product Revolutions

### Mix-A-Lot Mixer



- Enhances total cost of ownership: reduces investment and maintenance costs of customer

### Hygienic Feeder Design



- Improves product quality of the handled product and easier handling for operator

### STS Extruder



- High performance machine with lower costs and faster return on investment

## Service Integration

### Industry 4.0



### Enhance production efficiencies for our customers:

- Condition monitoring/predictive maintenance
- Remote service/visualization
- Traceability and production control

# STS: A High-Performance Compounding System with a Compelling Value Proposition



## ✓ Attractive Price Point

- Low cost manufacturing; produced in Nanjing, China

## ✓ High Quality

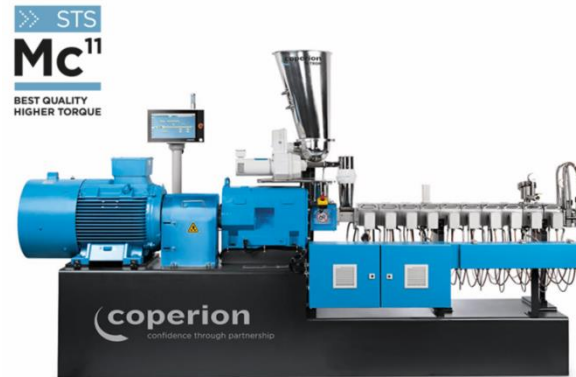
- German-engineered gear box
- Proven Coperion manufacturing standards/quality
- European safety standards

## ✓ Flexibility Across Applications

- Can be applied to majority of standard applications in plastics extrusion

## Marketing Implications

- Good market success in all geographical regions
- Broad portfolio: significant market coverage across all price segments
- High customer retention: future potential for strong end market growth





# Grow Food & Pharma

## Focus and Innovate

- Large and growing addressable market<sup>1</sup>: \$16B
- Capitalizing on shift from batch to continuous manufacturing processes
- Opportunity enhanced by customers' increasing requirement for best-in-class equipment to full system implementation capabilities

## Grow

- Leverage established market presence, global footprint, and engineering know-how
- Modify products to win in highly regulated, sanitary applications
- Develop focused food & pharma global sales channel
- Accelerate product expansion and market presence through strategic acquisitions
- Drive recurring parts & service revenue



**Coperion Food Extruder**



**Coperion K-Tron Hygienic Feeder**

**Become the Market Leader in Continuous, High-Value Food & Pharma Applications**

# Case Study – Feeding System for Pfizer

## CUSTOMER NEED

Shift from batch to continuous process

## Requirements

- Flexibility
- Automation
- Hygienic
- Environmentally friendly

## OUR TAILORED SOLUTION

- ✓ Facilitates conversion from batch to continuous operation
- ✓ Highly accurate delivery of ingredients into the continuous mixing process
- ✓ Modular design of feeders leads to reduction in equipment size and footprint
- ✓ Coperion K-Tron applications expertise for pharmaceuticals critical in meeting customer requirements



Coperion K-Tron Feed System<sup>1</sup>

Coperion K-Tron Pharma Design Feeder



# Coperion Productivity

## Global Procurement

- Evolved from site-specific to division-specific procurement; now optimizing across Coperion
- Focused on global spend transparency



## Productivity Improvements

- Modularization and standardization of Compounding and Extrusion products
- Reduce cost/lead time for small extruders
- Improve on-time delivery



## Footprint

- Creating flexibility in engineering and manufacturing locations
- Optimizing to meet market requirements



# Process Equipment Group Platforms for Growth



>**\$50B** Total Addressable Market Opportunity

<b>TAM<sup>1</sup>:</b>	<b>\$12B</b>	<b>\$16B</b>	<b>\$10B</b>	<b>\$38B</b>
<b>Growth<sup>1</sup>:</b>	3% - 4%	4% - 7%	1% - 2%	2% - 4%

**Building Platform Leadership Positions Both Organically and through Acquisitions**

# Key Takeaways



**Highly-Engineered, Mission-Critical Products Differentiated by Applications Expertise**



**Parts & Services Growth Provides Recurring Revenue and Attractive Margins**



**Deep Relationships with Customers with Global Presence Across Diversified End Markets**



**Leveraging HOM to Drive Profitable Growth and Further Improvements in the Business**



**Profitable Growth in Targeted End Markets Accelerated by Strategic Acquisitions**



# Financial Overview

---

Kristina Cerniglia | CFO

# Financial Key Messages

1

*We have implemented specific actions targeting operational excellence and working capital to drive sustained margin expansion and free cash flow*



2

*Strong balance sheet and cash flow generation provide flexibility for growth investments both organically and through acquisitions*



3

*Disciplined capital allocation focused on driving shareholder return*

4

*Long-term targets demonstrate our commitment to transparency and confidence in our ability to profitably grow Hillenbrand*



# Transforming Finance into a Strategic Business Partner

## Progress Since 2015

### Process

- Significant talent upgrade
- Business partner mindset driving operations and strategy
- Leading enterprise-wide focus on net working capital
- Reengineered key financial processes
- Developed clear capital allocation framework
- Improved transparency for investors

### Results

- Expanded Adjusted EBITDA margin by 90 bps
- Improved working capital by 3.4 turns<sup>1</sup>
- Generated free cash in excess of net income
- Returned \$179M of cash to the U.S.
- Funded \$80M of U.S. pension liability

## Target Areas 2018 – 2020

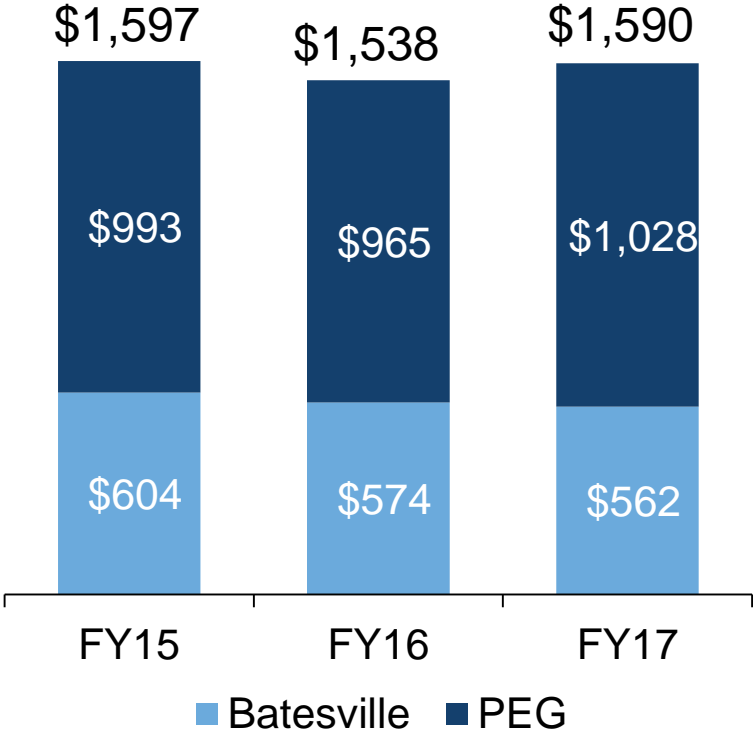
- ✓ Ongoing Talent Initiatives
- ✓ Business Simplification
- ✓ EBITDA Margin Expansion
- ✓ Drive Free Cash Flow
- ✓ Improve Systems/Technology

**Building a Scalable Foundation to Support Profitable Growth**

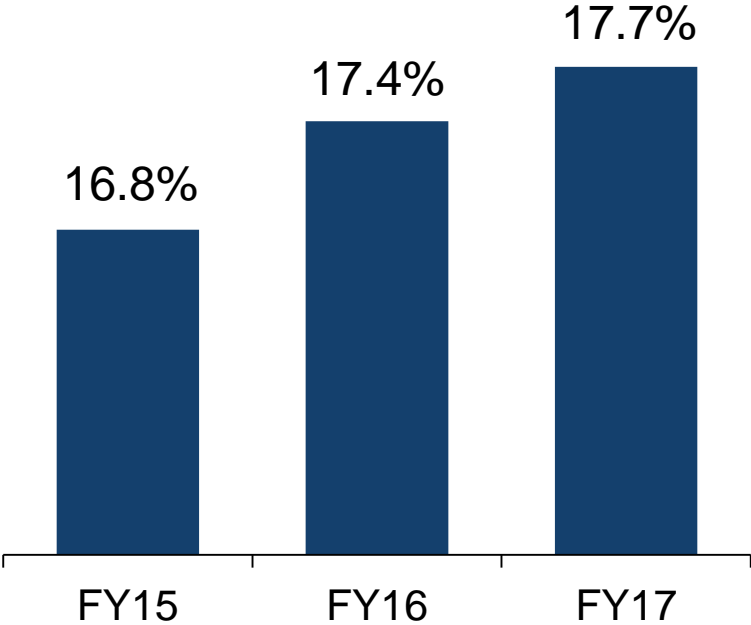


# Financial Performance: 2015 – 2017

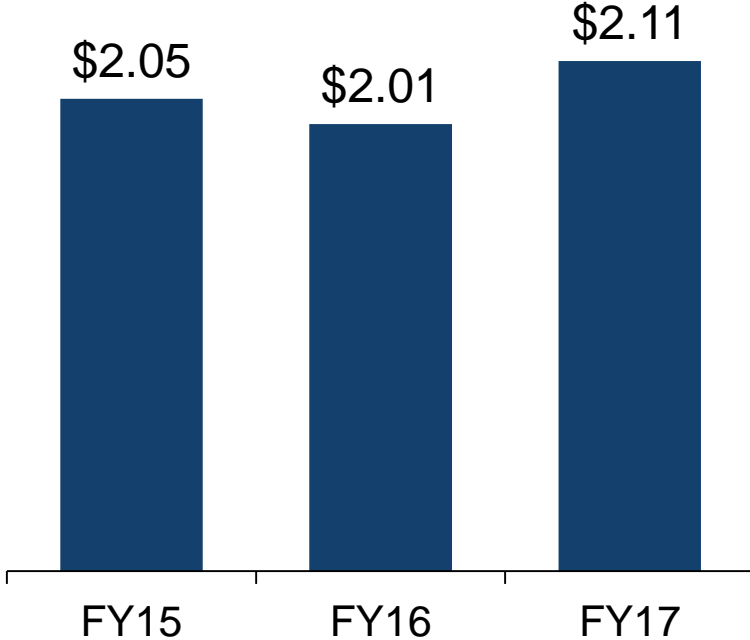
**REVENUE (\$M)**



**ADJ. EBITDA MARGIN<sup>1</sup>**



**ADJ. EPS<sup>1</sup>**

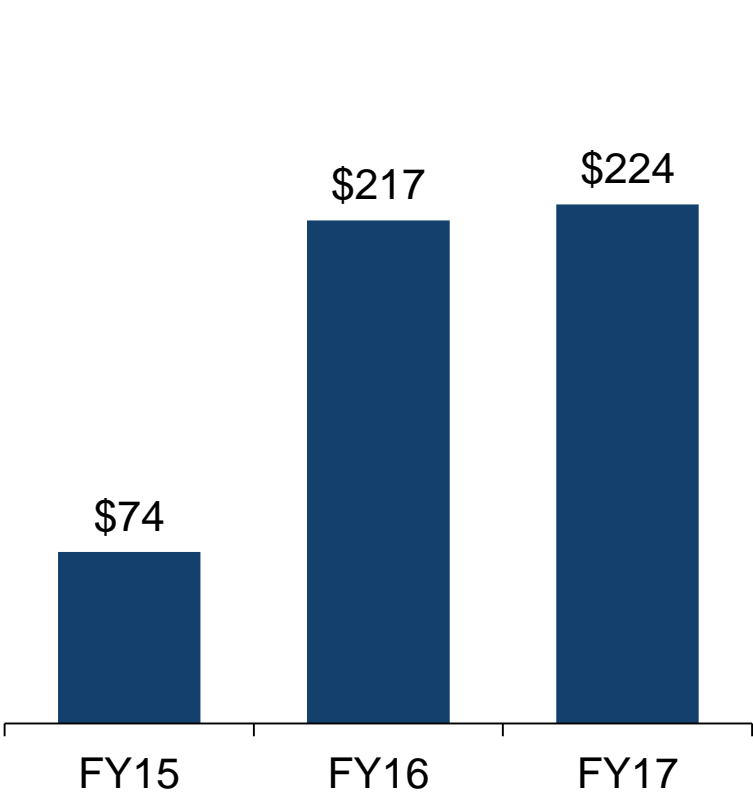


**Strategy Execution Driving Strong Results**

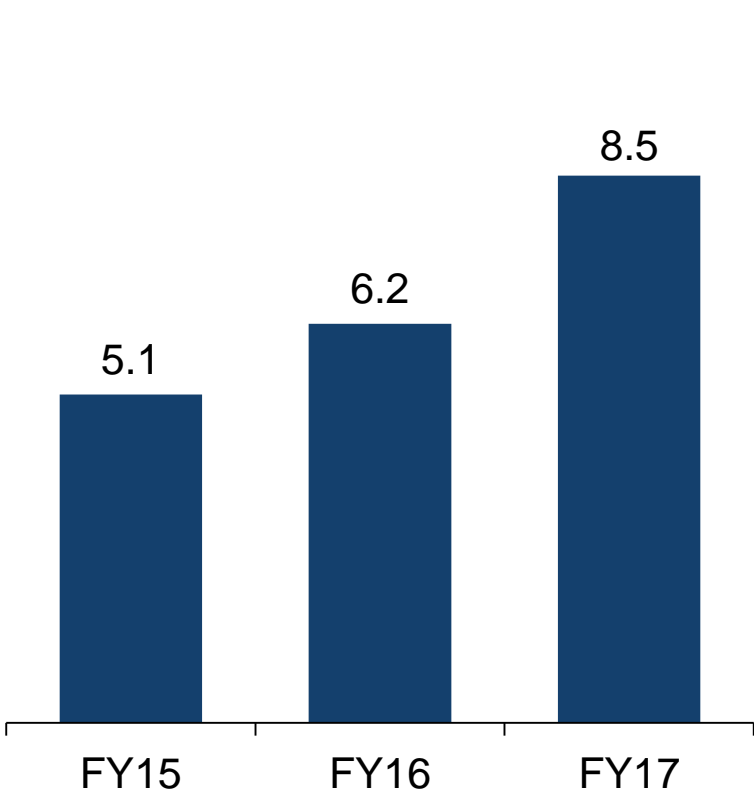
<sup>1</sup> Adjusted EBITDA Margin and Adjusted EPS are Non-GAAP measures. See appendix for reconciliation.

# Cash Performance: 2015 – 2017

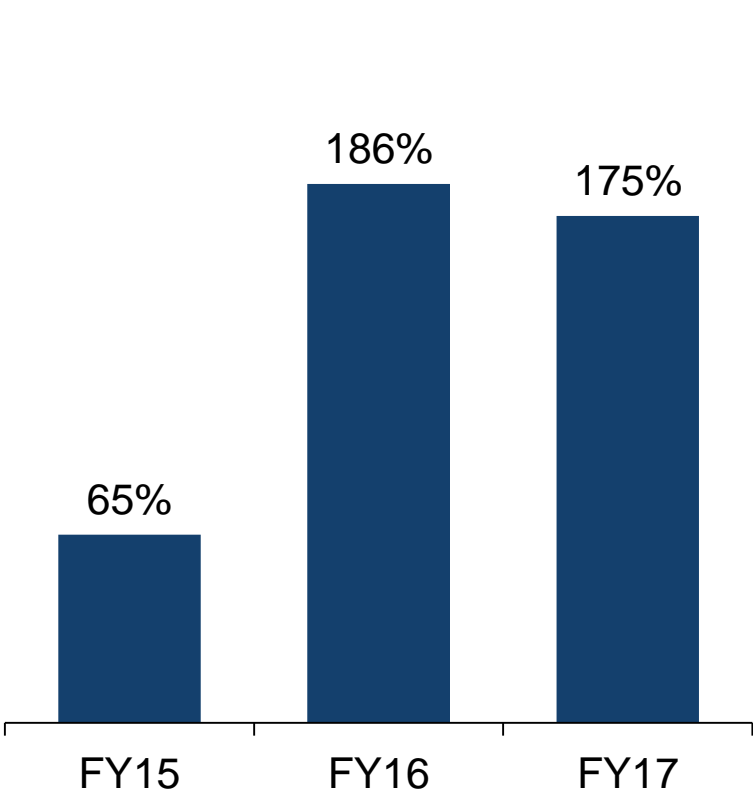
### FREE CASH FLOW (\$M)<sup>1</sup>



### WORKING CAPITAL TURNS<sup>2</sup>



### FCF CONVERSION<sup>1</sup>



**Working Capital Focus Driving Free Cash Flow, Fueling Investment for Future Growth**

<sup>1</sup> Free Cash Flow and Free Cash Flow conversion (Free Cash Flow / net income) are Non-GAAP measures. See appendix for reconciliation.

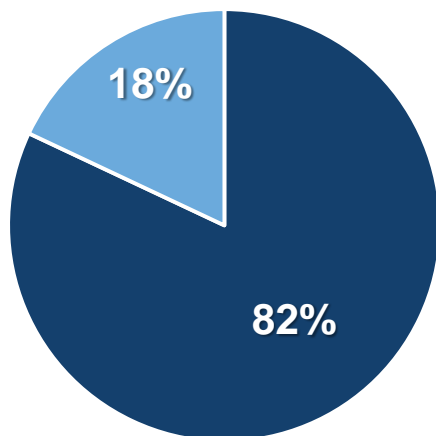
<sup>2</sup> Based on company calculation.

# Well Capitalized for Growth

## FINANCIAL FLEXIBILITY

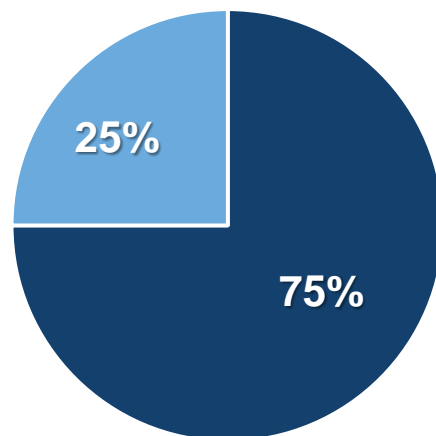
- **Available Liquidity** \$620M
- **Debt-to-EBITDA** 1.7x
- **Debt Rating<sup>1</sup>** BBB- | BBB- | Ba1

Net Debt/Total Capital



■ Equity ■ Net Debt<sup>3</sup>

Debt Structure



■ Fixed ■ Floating

## CAPITALIZATION

(\$M)	9/30/17	Maturity
Cash	\$66	-
\$900M Revolver <sup>2</sup>	\$217	2022
\$100M Notes	\$100	2024
\$150M Bonds	\$150	2020
<b>Total Debt</b>	<b>\$466</b>	
<b>Net Debt</b>	<b>\$400</b>	
<b>Total Capitalization</b>	<b>\$2,919</b>	

(\$M)	
Cash	\$66
Revolver Availability (covenant based)	\$554
<b>Total Liquidity</b>	<b>\$620</b>

# Capital Allocation Framework

## REINVEST IN THE BUSINESS

- Drive innovation and new product development
- Expand into new end markets and geographies
- Annual capex <2% of revenue

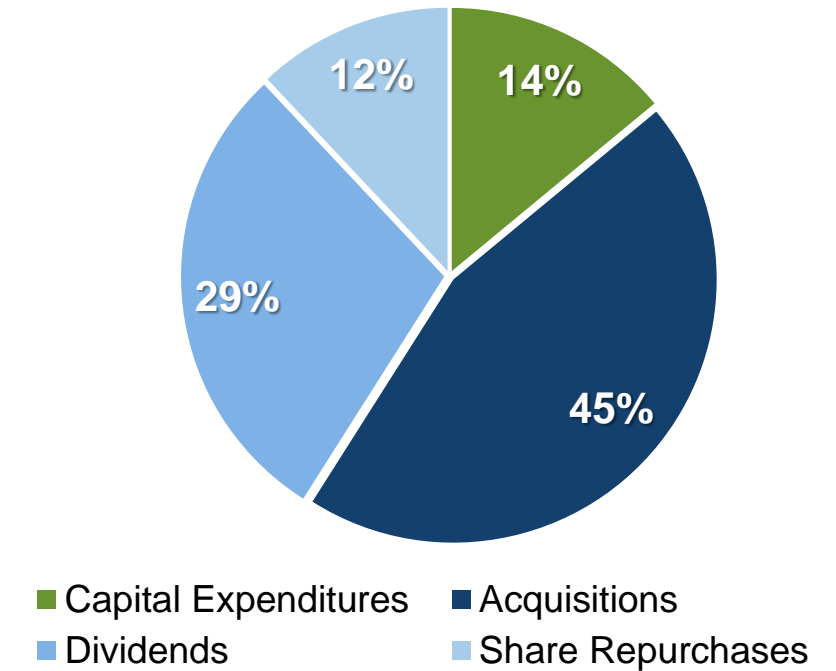
## STRATEGIC ACQUISITIONS

- Invest in targeted acquisitions with compelling financial returns
- Strengthen existing leadership positions and build targeted platforms
- Acquisitions are a strategic priority

## RETURN CASH TO SHAREHOLDERS

- Dividend yield of 2.1%<sup>1</sup>
- Eight consecutive years of \$0.01 per share dividend increases
- Opportunistic share repurchases, primarily to offset dilution

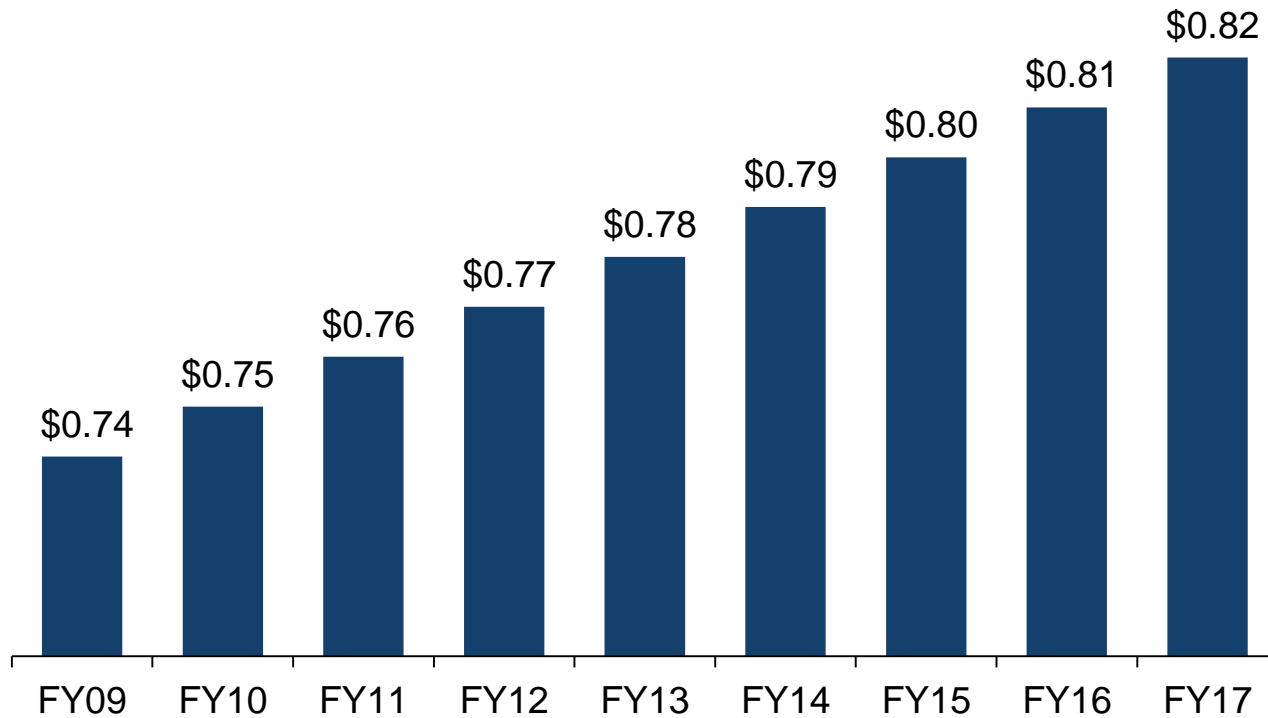
## Capital Allocation: FY15 – FY17



**Flexible Capital Allocation Strategy to Drive Shareholder Value**

# Consistent History of Dividends and Share Repurchases

## Dividend History (\$)



## Share Repurchases

- Opportunistic share repurchases, primarily to offset dilution
- Over the past three years, repurchased ~2M shares<sup>1</sup> at an average price of \$32.50
- Board authorization of \$200M; \$101M remains as of 9/30/17

**Disciplined and Predictable Framework for Returning Cash to Shareholders**

# Reaffirming Fiscal 2018 Guidance and Introducing 2020 Targets

	FY 2018 GUIDANCE	2020 TARGETS
TOTAL REVENUE GROWTH	2% to 4%	2% to 4% CAGR
PROCESS EQUIPMENT GROUP	5% to 7%	4% to 6% CAGR
BATESVILLE	-3% to -1%	-3% to -1% CAGR
PEG ADJ. EBITDA MARGIN	+30 to 80 bps	+250 bps
ADJUSTED EPS <sup>1</sup>	\$2.16 - \$2.28	Double-Digit CAGR <sup>2</sup>
FCF CONVERSION RATE	> 100%	> 100%

## Key Assumptions for 2020

- Above-market organic growth
- Procurement initiative drives PEG margin expansion
- Tax rate ~30% to 31%
- Earnings growth enhanced by strategic acquisitions

**Compelling Long-Term Investment Thesis**

# Key Takeaways



**Well-Positioned  
for Continued  
Organic Growth  
in Core  
Businesses**



**HOM Provides  
Framework for  
Sustainable  
Profitable  
Growth and  
Margin  
Improvement**



**Strong Cash  
Generation and  
Flexible Balance  
Sheet Provide  
Fuel for Growth**



**Capital  
Deployment  
Strategy  
Focused on  
Driving  
Shareholder  
Value**



**Confident in Our  
Ability to  
Achieve Long-  
Term Profitable  
Growth Targets**



## Closing Remarks

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Joe Raver | President & CEO



# Closing Remarks

1

*Significant strides made transforming Hillenbrand into a global diversified industrial company*

2

*Now focused on building platforms to develop scale and enhance leadership positions to drive profitable growth*

3

*Market leadership driven by highly-engineered products with core technologies differentiated by applications expertise*

4

*The Hillenbrand Operating Model (HOM) is a competitive differentiator; historically focused on margin expansion and now adding tools to drive profitable growth*

5

*Flexible balance sheet supported by strong cash flow and appropriate debt level; expect to make additional strategic acquisitions to accelerate profitable growth*

6

*Passionate leadership team driving transformation with runway for significant shareholder value creation*





# Q&A

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# 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 restructuring related charges, and trade name impairment. 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”). 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 operational measure used is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in industries with extended lead times for order fulfillment (long-term contracts), like those in which our Process Equipment Group competes. Order 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 and equipment, as well as replacement parts, components, and service. Given that there is no GAAP financial measure comparable to backlog, a quantitative reconciliation is not provided.

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. The Company believes this information provides a higher degree of transparency.

# Fiscal 2017 Reconciliation of Non-GAAP Measures

	Years Ended September 30,		
	2017	2016	2015
(\$M, except for per share data)			
<b>Net Income<sup>1</sup></b>	\$ 126.2	\$ 112.8	\$ 111.4
Restructuring and Restructuring Related	12.3	10.4	8.9
Business Acquisition and Integration	1.1	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
Tax Effect of Adjustments	(4.8)	(8.0)	(11.2)
<b>Adjusted Net Income<sup>1</sup></b>	<b>\$ 134.8</b>	<b>\$ 128.0</b>	<b>\$ 130.9</b>
<b>Diluted EPS</b>	\$ 1.97	\$ 1.77	\$ 1.74
Restructuring and Restructuring Related	0.19	0.16	0.14
Business Acquisition and Integration	0.02	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
Tax Effect of Adjustments	(0.07)	(0.13)	(0.18)
<b>Adjusted Diluted EPS</b>	<b>\$ 2.11</b>	<b>\$ 2.01</b>	<b>\$ 2.05</b>

# Adjusted EBITDA to Consolidated Net Income Reconciliation

(\$M)

	Years Ended September 30,					
	2017	2016	2015	2014	2013	2012
<b>Adjusted EBITDA:</b>						
Process Equipment Group	\$ 177.7	\$ 160.9	\$ 160.5	\$ 150.4	\$ 116.4	\$ 79.7
Batesville	141.9	143.5	145.5	150.8	161.0	152.8
Corporate	(38.6)	(37.3)	(37.3)	(25.7)	(29.9)	(25.1)
Less:						
Interest Income	(0.9)	(1.2)	(1.0)	(0.8)	(0.6)	(0.5)
Interest Expense	25.2	25.3	23.8	23.3	24.0	12.4
Income Tax Expense	59.9	47.3	49.1	48.7	28.3	30.1
Depreciation and Amortization	56.6	60.4	54.3	58.4	89.4	40.4
Business Acquisition Costs	1.1	3.7	3.6	8.4	16.0	4.2
Inventory Step-up	-	2.4	-	-	21.8	-
Restructuring and Restructuring Related	10.7	10.2	7.5	5.5	2.8	8.3
Tradename Impairment	-	2.2	-	-	-	-
Litigation	-	-	0.5	20.8	0.2	5.5
Pension Settlement Charge	-	-	17.7	-	-	-
Other	-	-	-	-	0.2	-
Long-term Incentive Compensation Related to the Int'l Integration	-	-	-	-	-	2.2
<b>Consolidated Net Income</b>	<b>\$ 128.4</b>	<b>\$ 116.8</b>	<b>\$ 113.2</b>	<b>\$ 111.2</b>	<b>\$ 65.4</b>	<b>\$ 104.8</b>

# Cash Flow Information

(\$M)	Years Ended September 30,					
	2017	2016	2015	2014	2013	2012
<b>Operating Activities</b>						
Consolidated Net Income (A)	\$ 128.4	\$ 116.8	\$ 113.2	\$ 111.2	\$ 65.4	\$ 104.8
Depreciation and Amortization	56.6	60.4	54.3	58.4	89.4	40.4
Change in Working Capital	33.3	51.2	(86.8)	22.6	(12.3)	(19.8)
Pension Settlement Charge	-	-	17.7	-	-	-
Other, Net	27.9	9.8	6.6	(12.6)	(15.3)	12.8
<b>Net Cash Provided by Operating Activities (B)</b>	<b>\$ 246.2</b>	<b>\$ 238.2</b>	<b>\$ 105.0</b>	<b>\$ 179.6</b>	<b>\$ 127.2</b>	<b>\$ 138.2</b>
Capital Expenditures (C)	(22.0)	(21.2)	(31.0)	(23.6)	(29.9)	(20.9)
Acquisition of Businesses, Net of Cash Acquired	-	(235.4)	-	-	(415.7)	(4.4)
Debt Activity	(147.2)	83.8	(26.2)	(104.1)	385.6	(162.3)
Dividends	(51.9)	(51.1)	(50.4)	(49.7)	(48.7)	(47.6)
Other	(11.1)	(10.6)	(7.1)	13.1	4.0	1.7
Net Change in Cash	\$ 14.0	\$ 3.7	\$ (9.7)	\$ 15.3	\$ 22.5	\$ (95.3)
<b>Free Cash Flow (B-C)</b>	<b>\$ 224.2</b>	<b>\$ 217.0</b>	<b>\$ 74.0</b>	<b>\$ 156.0</b>	<b>\$ 97.3</b>	<b>\$ 117.3</b>
<b>Free Cash Flow Conversion (FCF/A)</b>	<b>175%</b>	<b>186%</b>	<b>65%</b>	<b>140%</b>	<b>149%</b>	<b>112%</b>

# FY18 EPS Guidance

EPS Guidance Range	
<b>FY18 GAAP EPS</b>	\$2.11 – \$2.23
Restructuring & Related Charges	\$0.05 – \$0.05
<b>FY18 Adjusted EPS</b>	\$2.16 – \$2.28





## JOE RAVER

### **President and Chief Executive Officer**

Joe Raver is President and CEO, Hillenbrand, Inc. He has served as President of the Process Equipment Group since 2011, and is a member of Hillenbrand's Board of Directors. Joe has spent 18 years in various key positions with Hillenbrand including President of Batesville. Before that he held the position of VP and General Manager of the Respiratory Care Division at the former parent company, Hill-Rom. From 1994 until 2004, he held various leadership roles with Batesville. Joe sits on several national boards, including the Manufacturers Alliance for Productivity and Innovation's (MAPI) board of trustees and the National Association of Manufacturers (NAM) board of directors. He is currently a member of Applied Industrial Technologies, Inc.'s (NYSE: AIT) board of directors. Joe holds an MBA in marketing and strategy from the Kellogg School of Management at Northwestern University, and a bachelor's degree in economics from Dartmouth College.



# KRISTINA CERNIGLIA

## Senior Vice President and Chief Financial Officer

Kristina Cerniglia is SVP and CFO, leading the Company's finance organization, overseeing financial planning and analysis, reporting, tax, treasury, investor relations, and internal audit. She also oversees Hillenbrand's enterprise information systems department, ensuring increased accessibility to data while supporting business needs and objectives. Kristina plays a critical role in shaping Hillenbrand's strategy, as well as leading the company's engagement with investors and analysts. She has more than 25 years of financial experience. Before assuming the role as Hillenbrand's CFO, she served as VP and corporate controller at Stanley Black & Decker. She also spent nine years at United Technologies in various financial roles. Kristina has a bachelor's degree in finance from Bentley University in Waltham, MA.



## JIM HOOVEN

### **Vice President, Hillenbrand Operating Model**

Jim Hooven is VP of the Hillenbrand Operating Model. Jim has over 20 years of experience with diversified industrial manufacturing companies. He most recently served as general manager of the MTI Torque Systems division of Handy & Hartman. Prior to that, he served as VP of operational excellence at SL Industries (purchased by Handy & Harman in 2016) and served in various roles within Danaher and Trane from 1997 to 2010. Mr. Hooven received his MBA from Rider University, as well as a bachelor's degree in international business from Johnson & Wales University.



# CHRIS TRAINOR

## President, Batesville

Chris Trainor was named President of Batesville in September 2015, after serving as SVP, CFO and Chief Administrative Officer. Chris joined Batesville in 2010 as VP and CFO and was later assigned additional responsibilities for oversight of HR and IT. Prior to joining Batesville, he spent 17 years with Kraft Foods where he held a variety of finance roles in both the U.S. and U.K. Chris serves on several boards including the Funeral Service Foundation, ICCFA Education Foundation, and Mary Margaret Health Foundation. Chris obtained his MBA from the University of Liverpool, England.



## KIM RYAN

### President, Coperion

Kim Ryan is President Coperion and SVP, Hillenbrand, Inc. She has served as President since 2015. Kim has spent 28 years in various key positions with Hillenbrand and its former parent company Hill-Rom, including the President of Batesville from 2011-2015. Prior to that, she held the position of SVP, Post Acute Care Division at Hill-Rom from 2003-2011. From 1989 until 2003, she held leadership roles with Batesville in accounting, strategy, logistics and information technology. Kim is currently a member of the board of Kimball (NASDAQ: KBAL) and is a member of the Audit Committee of the board. She holds a BBA in accounting from Iowa State University.



## DIANE BOHMAN

### **Senior Vice President, Strategy & Corporate Development**

Diane Bohman is SVP, Strategy & Corporate Development. Prior to this role, Diane served as SVP and Chief Administrative Officer and SVP, Integration for Hillenbrand. Other prior roles include VP, Logistics; VP and CFO; and VP, Strategy, for Batesville from 2005 to 2011. Prior to this, Diane worked for seven years at Hill-Rom holding a broad array of positions in the finance organization. She began her career in the business assurance practice of Coopers & Lybrand. Diane is the former treasurer and former board member for the Hoosier Trails Council of the Boy Scouts of America. She currently sits on the Margaret Mary Health Foundation Board. Diane is a CPA and holds a bachelor's degree in business with a concentration in accounting from the Indiana University Kelley School of Business.



# NICHOLAS FARRELL

## **Vice President, General Counsel and Secretary & Chief Compliance Officer**

Nicholas Farrell is VP, General Counsel and Secretary & Chief Compliance Officer, Hillenbrand. Prior to this, he served as the Company's VP, associate general counsel and assistant secretary. Nicholas joined Hillenbrand in 2011, after six years in private practice with Troutman Sanders in Atlanta, GA. He serves on the boards for nonprofit organization Cincinnati Therapeutic Riding and Horsemanship. Nicholas attained a Bachelor of Arts degree from Wake Forest University and a JD from Vanderbilt University Law School.



# GLENNIS WILLIAMS

## Senior Vice President and Chief HR Officer

Glennis Williams is SVP and Chief HR Officer. Glennis most recently served as VP, Global HR for Welbilt in New Port Richey, FL. Prior to that, she worked for Joy Global as VP of HR and for Westinghouse Electric as an HR leader. Glennis received her Business Administration degree from Idaho State University and her MBA from the University of Phoenix.