

HILLENBRAND

a global diversified industrial company

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

First Quarter Financial Results
February 5, 2015



Hillenbrand Participants



Joe Raver

– CEO



Kristina Cerniglia

– CFO



Thomas Kehl

– President – Coperion

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:

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-Q for the period ended December 31, 2014, located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

Hillenbrand's strategy is focused on three key areas

- *Develop Hillenbrand into a world-class global diversified industrial company*
- *Leverage our strong financial foundation and the Hillenbrand Business System to deliver sustainable profit growth, revenue expansion, and free cash flow*
- *Reinvest this cash in new growth initiatives, both organic and inorganic, that create shareholder value*

Q1 Highlights

Q1 2015 Consolidated Highlights

- Revenue increased 4% to \$401.5 million, or 8% on a constant currency basis, driven by the Process Equipment Group
- Adjusted EPS* grew 44% to \$0.49 per diluted share

PEG Q1 2015 Highlights

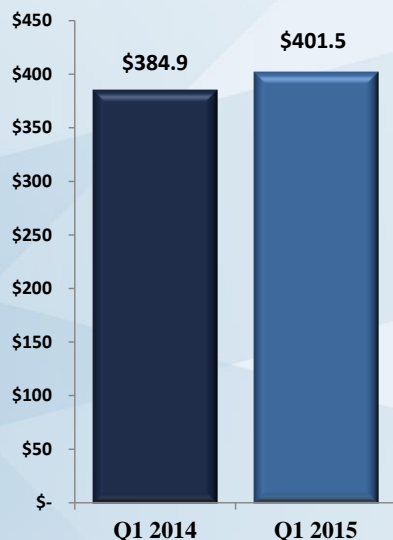
- Revenue increased \$14 million to \$256 million, +6%, or +12% on a constant currency basis, versus the prior year
- Adjusted EBITDA* margin grew 390 bps compared to prior year

Batesville Q1 2015 Highlights

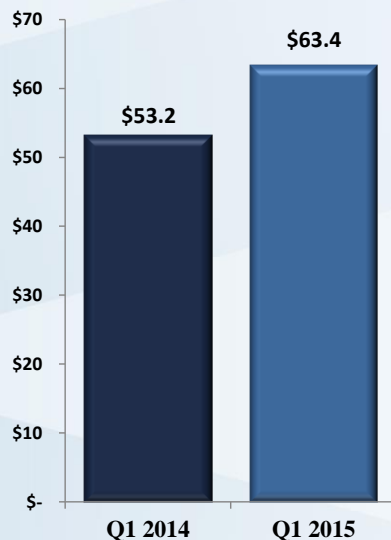
- Revenue increased 2% to \$145 million driven by an increase in volume, offset by a lower average selling price
- Adjusted Gross Margin* was 38.1%, down 110 bps, driven by lower average selling price

Consolidated Financial Performance Q1 2015

Revenue



Adjusted EBITDA*



Adjusted EPS*



Operating Cash Flow



Hillenbrand Consolidated

Q1 2015 Consolidated Composition:

	Rev	Adj EBITDA*
Process Equipment Group	64%	54%
Batesville	<u>36%</u>	<u>46%</u>
Total	100%	100%

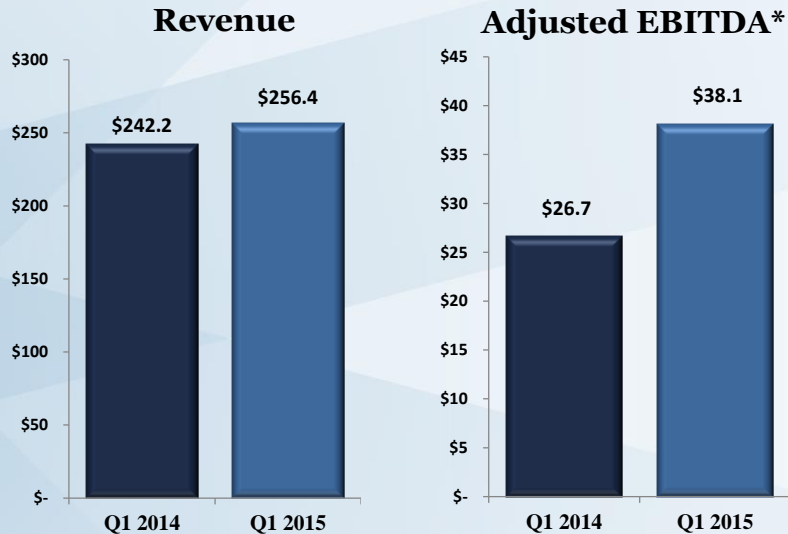
Q1 2015 Consolidated Summary:

- Revenue grew 4% to 401.5 million, or 8% on a constant currency basis, driven by the Process Equipment Group
- Adjusted EBITDA was \$63 million, an increase of 19%
- Use of operating cash of \$42M in the quarter

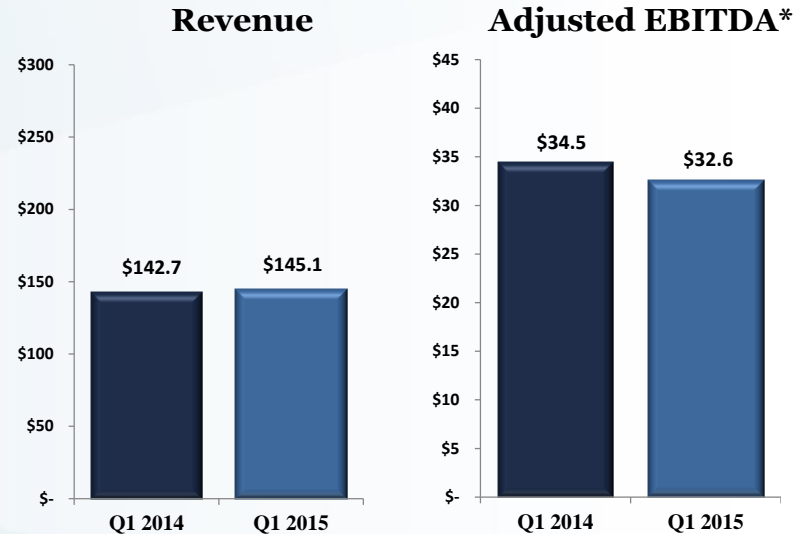
Segment Performance

Q1 2015

Process Equipment Group



Batesville



Process Equipment Group

Q1 2015 Summary:

- Revenue was up 6% due to increased volume of capital projects and continued momentum of sales of equipment and parts into the proppant market
- Adjusted EBITDA* grew 43% driven by volume and operating expense discipline

Batesville

Q1 2015 Summary:

- Revenue was \$145 million, up 2%
- Adjusted gross margin* was 38.1%, down 110 basis points, driven by lower average selling price

Hillenbrand Outlook: FY 2015 Guidance

Revenue

2% - 4% Constant Currency Growth

**EPS
(adjusted)**

\$2.05 - \$2.15 per Diluted Share



Q&A

Replay Information

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Appendix

Q1 FY15 & Q1 FY14 - Adjusted EBITDA to Consolidated Net Income Reconciliation

	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

Q1 FY15 & Q1 FY14 Non-GAAP Operating Performance Measures

	Three months ended December 31,					
	2015			2014		
	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 ¹	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
Ratios:						
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%

¹ 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)

Hillenbrand Outlook: FY 2015 Guidance

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

EPS	EPS Range	
Revenue Growth*	2%	4%
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)
Adjusted EPS	\$ 2.05	\$ 2.15
Normalized EPS Growth	3%	9%

