

HILLENBRAND

a global diversified industrial company

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

Third Quarter Financial Results
August 6, 2015



Hillenbrand Participants



Joe Raver

– President and Chief Executive Officer



Kristina Cerniglia

– Senior Vice President and Chief Financial Officer

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 June 30, 2015, 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

Q3 2015 Highlights

Q3 2015 Consolidated Highlights

- Revenue of \$399 million increased 3% on a constant currency basis; offset by a 7% currency impact
- Adjusted EPS* of \$0.52 per diluted share decreased 10%

PEG Q3 2015 Highlights

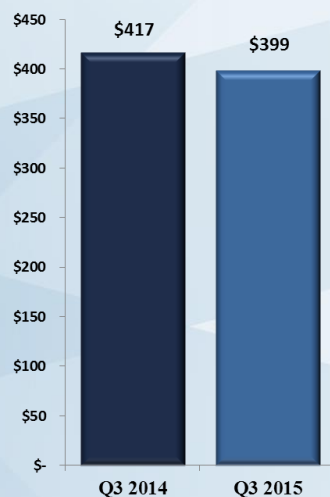
- Revenue of \$254 million increased 4% on a constant currency basis; offset by an 11% currency impact
- Adjusted EBITDA* margin expanded 110 bps compared to prior year

Batesville Q3 2015 Highlights

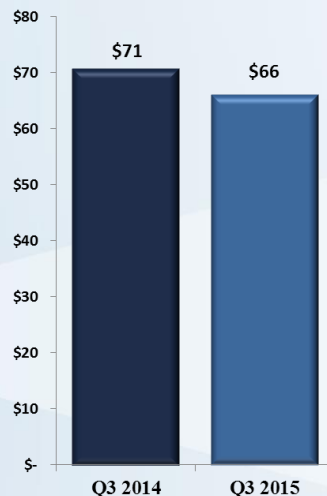
- Revenue increased 2% to \$145 million
- Adjusted Gross Margin* was 37.2%, down 120 bps

Consolidated Financial Performance Q3 2015

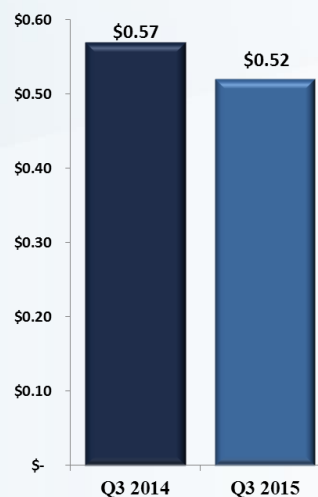
Revenue



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:

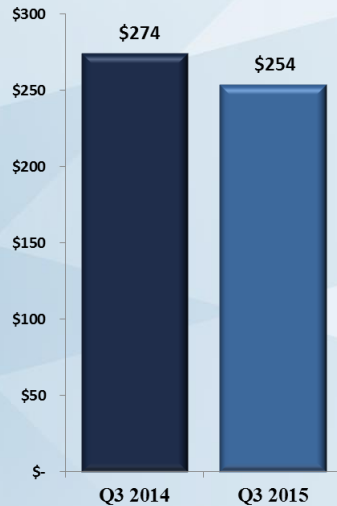
- Revenue declined 4% to \$399 million, up 3% on a constant currency basis, primarily driven by volume in both segments
- Adjusted EBITDA was \$66 million, down 6%
- Operating cash flow was \$76 million through Q3

Segment Performance

Q3 2015

Process Equipment Group

Revenue

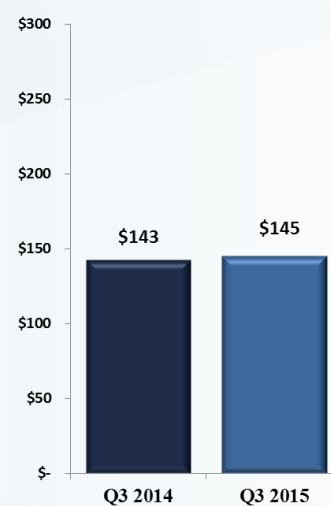


Adjusted EBITDA*

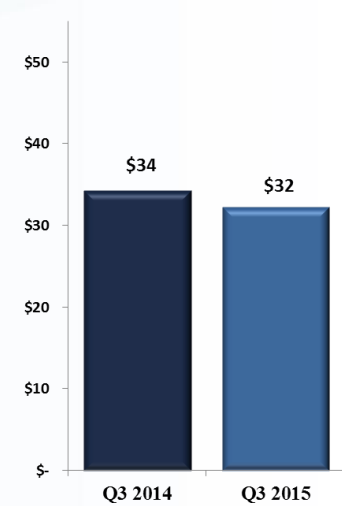


Batesville

Revenue



Adjusted EBITDA*



Process Equipment Group

Q3 2015 Summary:

- Revenue declined 7%, up 4% on a constant currency basis, driven by higher volume of equipment and service sales
- Adjusted EBITDA margin* improved 110 basis points driven by lower operating expenses

Batesville

Q3 2015 Summary:

- Revenue was \$145 million, up 2% due to an increase in volume and a higher average selling price
- Adjusted EBITDA* was down 6% from the prior year, due in part to operational inefficiencies experienced in the quarter

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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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

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 ¹	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
Ratios:						
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%

¹ 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 ¹	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
Ratios:						
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%

¹ 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)

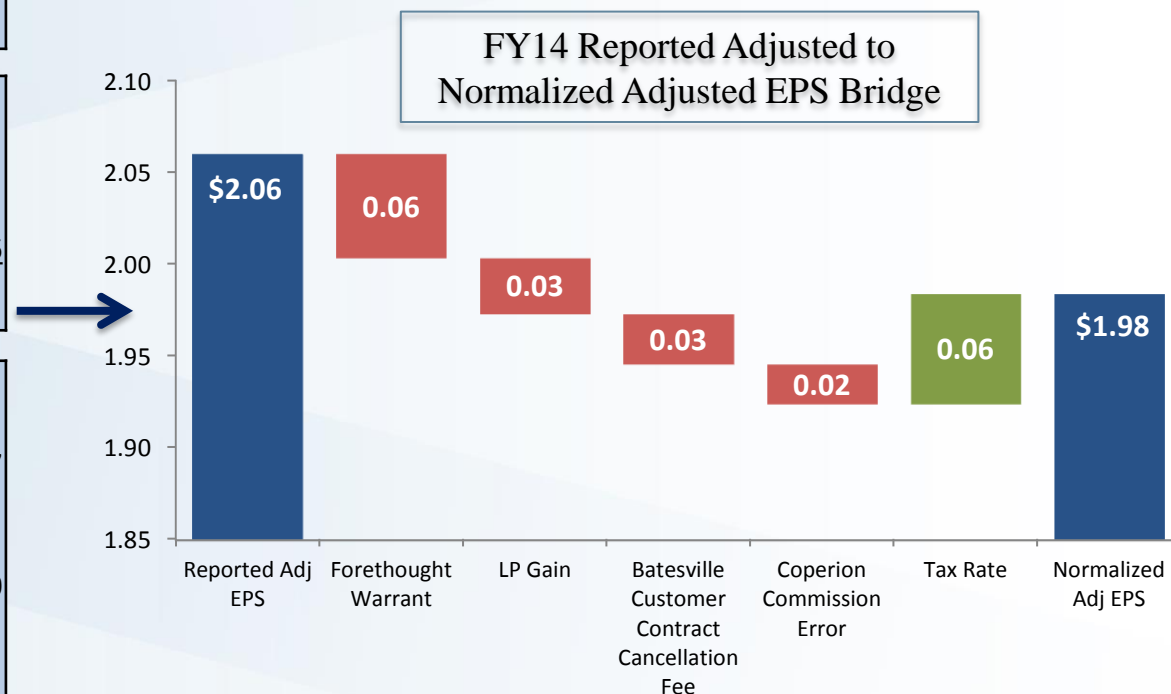
Hillenbrand Outlook: FY 2015 Guidance

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

	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%



* Constant currency