

# HILLENBRAND

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## Q4 '19 Earnings Presentation

November 14, 2019

# Hillenbrand Participants

- **Joe Raver**
  - President & Chief Executive Officer
- **Kristina Cerniglia**
  - Senior Vice President & Chief Financial Officer
- **Rich Dudley**
  - Senior Director, Investor Relations

# Cautionary Statements

This presentation contains statements, including statements regarding the proposed acquisition of Milacron Holdings Corp. (“Milacron”) by Hillenbrand, Inc. (“Hillenbrand”) that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, financings, share repurchases and other measures of financial performance or potential future plans or events, strategies, objectives, expectations, beliefs, prospects, assumptions, projected costs or savings or transactions of Hillenbrand, Milacron or the combined company following Hillenbrand's proposed acquisition of Milacron (the “Proposed Transaction”), the anticipated benefits of the Proposed Transaction, including estimated synergies, the expected timing of completion of the transaction and other statements that are not strictly historical in nature. In some cases, forward-looking statements can be identified by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing,” “outlook,” “guidance” and similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are not guarantees of future performance or events, and actual results or events could differ materially from those set forth in any forward-looking statement due to any number of factors. These factors include, but are not limited to: the impact of the 2017 Tax Cuts and Jobs Act, enacted by the U.S. government on December 22, 2017, on Hillenbrand's or Milacron's financial position, results of operations, and cash flows; the outcome of any legal proceedings that may be instituted against Hillenbrand, Milacron or any companies each may acquire; global market and economic conditions, including those related to the credit and equity markets and international trade related matters, tariffs and other trade matters; volatility of our respective investment portfolios; adverse foreign currency fluctuations; involvement in claims, lawsuits and governmental proceedings related to operations; labor disruptions; the dependence of Hillenbrand's business units on relationships with several large providers; demand for our respective products being significantly affected by general economic conditions; increased costs or unavailability of raw materials; continued fluctuations in mortality rates and increased cremations; competition from nontraditional sources in the death care industry; any decline in the use of plastic; cyclical demand for industrial capital goods; the competitiveness of the industries in which we operate and the financial resources of our competitors; certain tax-related matters; changes to legislation, regulation, treaties or government policy, including any resulting from the current political environment; the ability of Hillenbrand and Milacron to receive the required regulatory approvals for the Proposed Transaction, or that such regulatory approvals are obtained subject to conditions that are not anticipated or that could adversely affect the combined company or the expected benefits of the Proposed Transaction, the ability of Milacron to receive the approval of Milacron's stockholders and the ability of Milacron and Hillenbrand to satisfy the other conditions to the closing of the Proposed Transaction on a timely basis or at all; the occurrence of events that may give rise to a right of one or both of Hillenbrand and Milacron to terminate the merger agreement; negative effects of the announcement or the consummation of the Proposed Transaction on the market price of Hillenbrand's and/or Milacron's common stock and/or on their respective businesses, financial conditions, results of operations and financial performance (including the ability of Milacron to maintain relationships with its customers, suppliers and others with whom it does business); uncertainties as to access to available financing of the Proposed Transaction (including financing for the Proposed Transaction) on a timely basis and on reasonable terms; uncertainties as to the long-term value of the common stock of Hillenbrand following the merger, including the dilution caused by Hillenbrand's issuance of additional shares of its common stock in connection with the Proposed Transaction; the impact of the additional indebtedness Hillenbrand will incur in connection with the Proposed Transaction; risks relating to the value of the Hillenbrand shares to be issued in the Proposed Transaction; significant transaction costs and/or unknown liabilities of the Proposed Transaction; the possibility that the anticipated benefits from the Proposed Transaction cannot be realized by Hillenbrand in full or at all or may take longer to realize than expected; risks related to disruption of Milacron's management's attention from Milacron's ongoing business operations due to the Proposed Transaction; risks associated with contracts containing consent and/or other provisions that may be triggered by the Proposed Transaction; risks associated with transaction-related litigation; the possibility that costs or difficulties related to the integration of Milacron's operations with those of Hillenbrand will be greater than expected; the ability of Milacron and the combined company to retain and hire key personnel; the impact of new or changes in current laws, regulatory or other industry standards, including privacy and cybersecurity laws and regulations; and events beyond Hillenbrand's and Milacron's control, such as acts of terrorism. There can be no assurance that the Proposed Transaction or any other transaction described above will in fact be consummated in the manner described or at all. Stockholders, potential investors and other readers are urged to consider these risks and uncertainties in evaluating forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, please see Hillenbrand's and Milacron's reports on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) and other written statements made by Hillenbrand and/or Milacron from time to time. The forward-looking information herein is given as of this date only, and neither Hillenbrand nor Milacron undertakes any obligation to revise or update it.

# Cautionary Statements

## Additional Information and Where to Find It

In connection with the proposed acquisition by Hillenbrand of Milacron (the "Proposed Transaction"), Hillenbrand has filed with the SEC a registration statement on Form S-4 to register the shares of Hillenbrand's common stock to be issued in connection with the Proposed Transaction. The registration statement includes a document that serves as a prospectus of Hillenbrand and a proxy statement of Milacron (the "proxy statement/prospectus"), and each party will file other documents regarding the Proposed Transaction with the SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS, INCLUDING ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION WHEN THEY BECOME AVAILABLE, BECAUSE THEY DO AND THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. A definitive proxy statement/prospectus will be sent to Milacron's stockholders when it becomes available. Investors and security holders may obtain the registration statement and the proxy statement/prospectus free of charge from the SEC's website or from Hillenbrand or Milacron when it becomes available. The documents filed by Hillenbrand with the SEC may be obtained free of charge at Hillenbrand's website at [www.hillenbrand.com](http://www.hillenbrand.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov). These documents may also be obtained free of charge from Hillenbrand by requesting them by mail at Hillenbrand, Inc., One Batesville Boulevard, Batesville, IN 47006, or by telephone at (812) 931-6000. The documents filed by Milacron with the SEC may be obtained free of charge at Milacron's website at [www.Milacron.com](http://www.Milacron.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov). These documents may also be obtained free of charge from Milacron by requesting them by mail at Milacron Holdings Corp., 10200 Alliance Road, Suite 200, Cincinnati, OH, 45242, or by telephone at (513) 487-5000.

## Participants in the Solicitation

Hillenbrand, Milacron and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from Milacron's stockholders with respect to the Proposed Transaction. Information about Hillenbrand's directors and executive officers is available in Hillenbrand's Annual Report on Form 10-K for the fiscal year ended September 30, 2019 filed with the SEC on November 13, 2019 and its definitive proxy statement for the 2019 annual meeting of shareholders filed with the SEC on January 2, 2019. Information concerning the ownership of Milacron's securities by Milacron's directors and executive officers is included in their SEC filings on Forms 3, 4 and 5, and additional information regarding the names, affiliations and interests of such individuals is available in Milacron's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the SEC on February 28, 2019 and its definitive proxy statement for the 2019 annual meeting of shareholders filed with the SEC on March 15, 2019. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, are or will be contained in the registration statement, the proxy statement/prospectus and other relevant materials filed or to be filed with the SEC regarding the Proposed Transaction. Stockholders, potential investors and other readers should read the proxy statement/prospectus carefully before making any voting or investment decisions. You may obtain free copies of these documents from Hillenbrand or Milacron as indicated above.

## No Offer or Solicitation

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended, or pursuant to another available exemption.

# Mission, Vision & Profitable Growth Strategy

**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**

**Responsibility to  
Communities**

**Strengthen & Build Platforms Organically  
and Through M&A**

**Leverage Batesville for Cash**

**Build Scalable Foundation Utilizing  
Hillenbrand Operating Model (HOM)**

**Effectively Deploy Strong Free Cash Flow**

**Passionate Management Team Executing Strategy for Sustained Profitable Growth**

# Acquisition of Milacron Provides Compelling Strategic and Financial Benefits



A pivotal step in Hillenbrand's vision to become a world-class global diversified industrial company



Enhances Growth Opportunities with Leading Brands and New Technologies



Adds Complementary Businesses; Increases Scale and Diversification



Creates and Drives Efficiencies with Significant Cost Synergies



Delivers Strong Financial Benefits Including Significant Recurring Revenue, EPS and Margin Accretion

**A Transformative Deal to Create Meaningful Shareholder Value**

# Milacron Strengthens Position Across Plastics Value Chain

Innovation in Biodegradable Plastics and Recycling



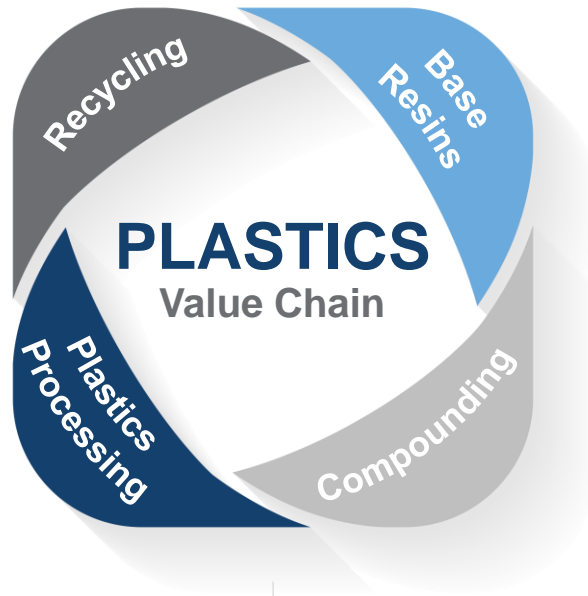
New Capabilities in Molding and Extrusion to Produce End Products



Full System Provider for World's Largest, Most Complex Polyolefin Systems



Core Product Engineering Capabilities to Innovate and Solve Customers' Challenges



Stronger Position Across the Plastics Value Chain to Capitalize on New Opportunities

# Macro Trends Support Long-Term Sustained Growth for Durable Plastics

## Secular Trends

- Demand for products driven by strong secular trends, including a growing middle class
- Automotive increased use of light-weight plastics to improve fuel efficiency
- Packaging in emerging markets to improve food shelf life, freshness, and safety
- Medical applications focus on safety, improved drug and therapy delivery, as well as durability
- Construction ongoing shift to plastics that are more durable, lightweight and require little maintenance
- Increased desire for Eco-friendly innovations in the use of plastics and base materials

## Diverse, Long-Term Drivers



### Electronics

*Superior quality, shorter product lifecycles, and design flexibility*



### Consumer Goods

*Shortened product lifecycles, innovation in multi-material products, design flexibility*



### Automotive

*Vehicle light-weighting*



### Packaging

*Increased freshness, extended shelf life, and product visibility*



### Eco-friendly

*Bio Resin and recycled materials*



### Medical

*Conversion to plastic for safety and disposability*



### Construction

*Shift to plastics for durability, light weight and low maintenance*



# Q4 FY 2019 Highlights

- **Consolidated Q4 2019 Highlights**

- Revenue of \$486 million increased 2% compared to prior year
- GAAP EPS of \$0.39 decreased \$0.31 primarily as a result of business acquisition costs and restructuring charges; adjusted EPS<sup>1</sup> of \$0.76 increased 13% compared to prior year

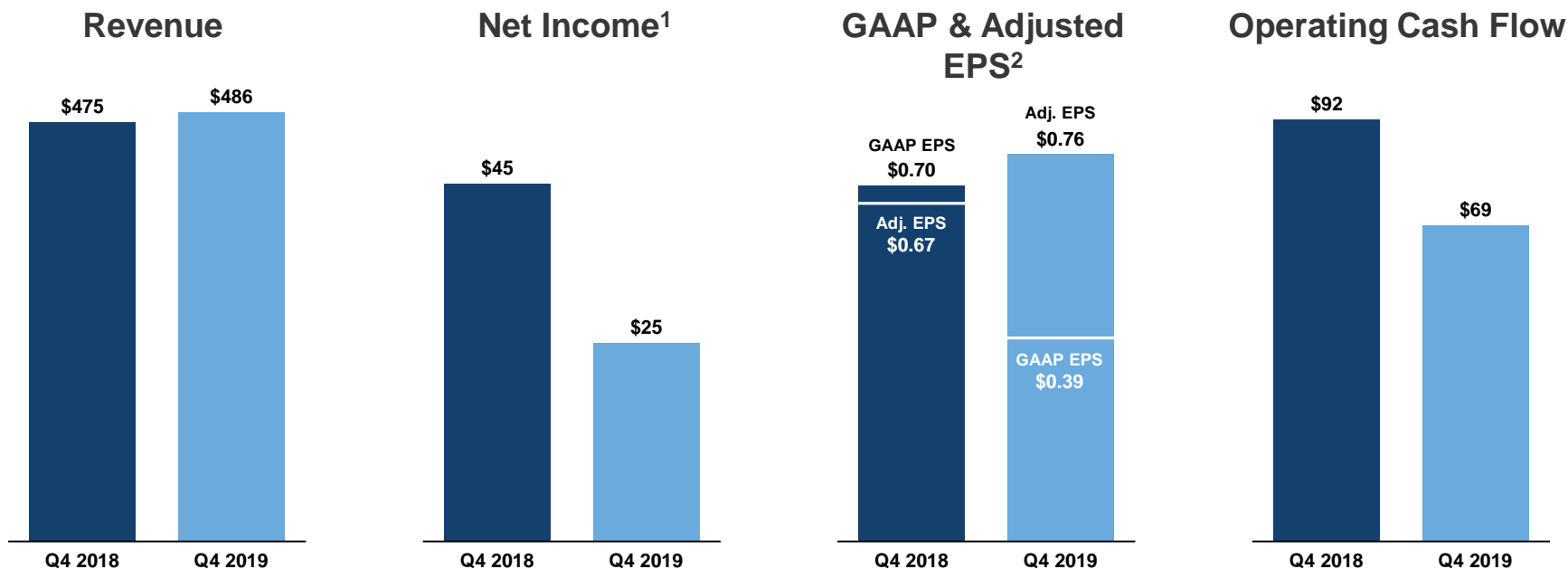
- **PEG Q4 2019 Highlights**

- Revenue of \$350 million increased 3% compared to prior year
- Adjusted EBITDA margin<sup>1</sup> was 19.0%, up 70 bps compared to prior year

- **Batesville Q4 2019 Highlights**

- Revenue of \$136 million decreased 0.3% compared to prior year
- Adjusted EBITDA margin<sup>1</sup> was 22.6%, up 150 bps compared to prior year

# Consolidated Financial Performance – Q4 2019



## Hillenbrand Consolidated

### Q4 2019 Consolidated Composition:

|                         | Revenue     | Adj. EBITDA <sup>2</sup> |
|-------------------------|-------------|--------------------------|
| Process Equipment Group | 72%         | 69%                      |
| Batesville              | <u>28%</u>  | <u>31%</u>               |
| <b>Total</b>            | <b>100%</b> | <b>100%</b>              |

### Q4 2019 Consolidated Summary:

- Revenue of \$486 million grew 2% compared to the prior year, including 2% of negative foreign currency impact; the Process Equipment Group grew 3%, partially offset by a decrease in Batesville of 0.3%
- GAAP net income decreased 45%; adjusted EBITDA<sup>2</sup> of \$87 million increased 7% and adjusted EBITDA margin<sup>2</sup> of 17.9% expanded 80 bps primarily driven by pricing and productivity improvements, which more than offset product mix and cost inflation
- Operating cash flow of \$69 million decreased \$23 million primarily due to expenses related to the acquisition of Milacron

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

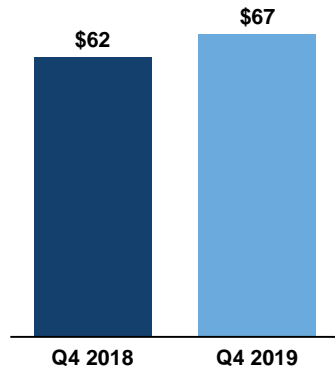
<sup>2</sup>Adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP measures. See appendix for reconciliation.

# Segment Performance – Q4 2019

## Process Equipment Group

Revenue

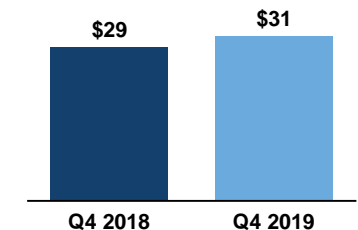
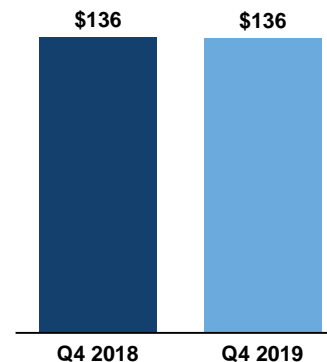
Adjusted EBITDA<sup>1</sup>



## Batesville

Revenue

Adjusted EBITDA<sup>1</sup>



### Process Equipment Group

#### Q4 2019 Summary:

- Revenue of \$350 million increased 3% over the prior year, including a 3% negative foreign currency impact; Revenue growth was primarily driven by continued demand for large plastics projects, which was partially offset by slower demand in other industrial end markets
- Adjusted EBITDA margin<sup>1</sup> of 19.0% increased 70 basis points primarily due to pricing and productivity improvements, partially offset by the increased proportion of lower margin, large systems projects in plastics and cost inflation

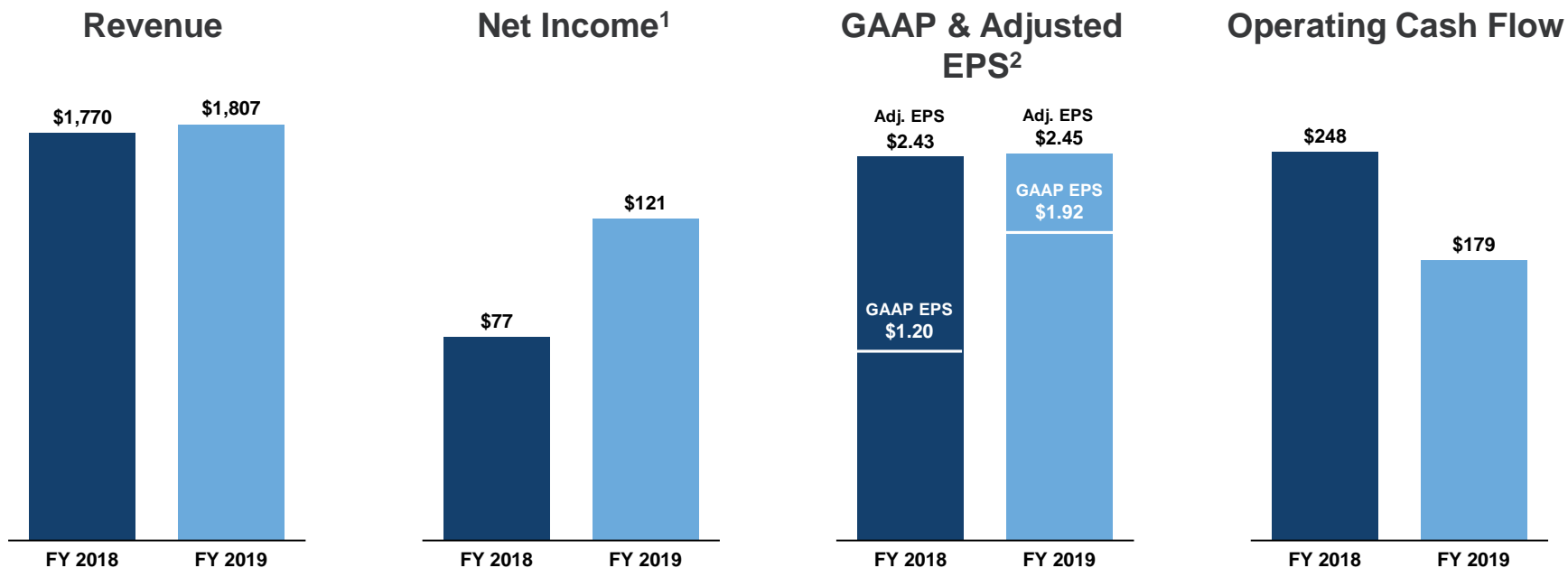
### Batesville

#### Q4 2019 Summary:

- Revenue of \$136 million decreased 0.3% compared to the prior year as a result of lower demand for burial caskets, primarily due to what is estimated to be an increased rate at which families opted for cremation, mostly offset by an increase in average selling price
- Adjusted EBITDA margin<sup>1</sup> of 22.6% was 150 basis points higher than the prior year as productivity gains and an increase in average selling price more than offset cost inflation and the impact of lower volume

<sup>1</sup>Adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures. See appendix for GAAP reconciliation.

# Consolidated Financial Performance – FY 2019



## Hillenbrand Consolidated

### FY 2019 Consolidated Composition:

|                         | Revenue     | Adj. EBITDA <sup>2</sup> |
|-------------------------|-------------|--------------------------|
| Process Equipment Group | 71%         | 66%                      |
| Batesville              | <u>29%</u>  | <u>34%</u>               |
| <b>Total</b>            | <b>100%</b> | <b>100%</b>              |

### FY 2019 Consolidated Summary:

- Revenue of \$1.81 billion grew 2% compared to the prior year, including 3% of negative foreign currency impact; the Process Equipment Group grew 5%, partially offset by a decrease in Batesville of 3%
- GAAP net income increased 59% primarily due to impairment charges recorded in the prior year that did not repeat; adjusted EBITDA<sup>2</sup> of \$295 million increased 0.3% and adjusted EBITDA margin<sup>2</sup> of 16.3% decreased 30 bps primarily due to cost inflation and product mix, partially offset by pricing and productivity improvements
- Operating cash flow of \$179 million decreased \$69 million primarily due to expenses related to the acquisition of Milacron and an increase in cash paid for taxes

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

<sup>2</sup>Adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP measures. See appendix for reconciliation.

# Hillenbrand Outlook: FY 2020 Guidance

## Revenue Range

|                   |                |
|-------------------|----------------|
| <b>Batesville</b> | -3% - -1%      |
| <b>PEG</b>        | 2% - 4%        |
| <b>Total</b>      | <b>1% - 3%</b> |

## EPS Range

|                          |                    |
|--------------------------|--------------------|
| <b>FY20 Adjusted EPS</b> | <b>2.45 - 2.60</b> |
|--------------------------|--------------------|

## Key Guidance Assumptions

|   |                        |
|---|------------------------|
| <b>PEG Adj. EBITDA Margin Expansion</b> | <b>+50-70bps</b>       |
| <b>Batesville Adj. EBITDA Margin</b>    | <b>~20-21%</b>         |
| <b>Foreign Currency</b>                 | <b>Minimal Impact</b>  |
| <b>Depreciation</b>                     | <b>~\$27M</b>          |
| <b>Amortization</b>                     | <b>~\$30M</b>          |
| <b>Interest Expense</b>                 | <b>~\$21M</b>          |
| <b>Adjusted Tax Rate</b>                | <b>~27%</b>            |
| <b>CapEx</b>                            | <b>~2% of Revenue</b>  |
| <b>Free Cash Flow</b>                   | <b>&gt; Net Income</b> |

**Note:** Guidance excludes impacts of Milacron transaction and will be updated during Q1 FY20 earnings, contingent upon the closing of the transaction



# Q&A

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# Replay Information

- **Dial-in for US and Canada: 1 (800) 585-8367**
- **Dial-in for International: +1 (416) 621-4642**
- **Conference ID: 2084256**
- **Encore Replay Dates: 11/15/2019 – 11/28/2019**
- **Log on to: <http://ir.hillenbrand.com>**



# Appendix

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# Disclosure Regarding Non-GAAP Measures

See below for a reconciliation from GAAP operating performance measures to the most directly comparable non-GAAP (adjusted) performance measures. Given that there is no GAAP financial measure comparable to backlog, a quantitative reconciliation is not provided. In addition, adjusted earnings per share for fiscal 2020 excludes potential charges or gains that may be recorded during the fiscal year, among other things, expenses associated with business acquisition, development, and integration, restructuring and restructuring related charges, backlog amortization, inventory step-up, and certain tax matters. Hillenbrand does not attempt to provide reconciliations of forward-looking non-GAAP earnings guidance to the comparable GAAP measure, as permitted by Item 10(e)(1)(i)(B) of Regulation S-K, because the impact and timing of these potential charges or gains is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of Hillenbrand's financial performance.

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 generally referred to as "adjusted" and exclude expenses associated with impairment charges, business acquisition, development, and integration, restructuring and restructuring related charges, inventory step-up, and backlog amortization. The related income tax for all of these items is also excluded. These non-GAAP measures also exclude the non-recurring tax benefits and expenses related to the Tax Act and Jobs Act (the "Tax Act"). 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.

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. 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.

# Q4 FY19 & Q4 FY18 Reconciliation of Adjusted EBITDA to Consolidated Net Income

|  | Three Months Ended<br>September 30, |                | Twelve Months Ended<br>September 30, |                |
|--|-------------------------------------|----------------|--------------------------------------|----------------|
|  | 2019                                | 2018           | 2019                                 | 2018           |
| <b>Adjusted EBITDA:</b>                                  |                                     |                |                                      |                |
| Process Equipment Group                                  | \$ 66.7                             | \$ 62.1        | \$ 223.3                             | \$ 215.8       |
| Batesville   | 30.6                                | 28.7           | 114.2                                | 120.8          |
| Corporate  | (10.5)                              | (9.4)          | (42.2)                               | (42.3)         |
| Less:  |                                     |                |                                      |                |
| Interest income  | (0.4)                               | (0.3)          | (1.1)                                | (1.4)          |
| Interest expense   | 11.3                                | 5.5            | 27.4                                 | 23.3           |
| Income tax expense                                       | 10.6                                | 12.8           | 50.5                                 | 65.3           |
| Depreciation and amortization                            | 14.2                                | 14.5           | 58.5                                 | 56.5           |
| Business acquisition, development, and integration costs | 11.7                                | 0.9            | 16.6                                 | 3.5            |
| Restructuring and restructuring related charges          | 7.0                                 | 0.8            | 10.6                                 | 2.5            |
| Loss on settlement of interest rate swaps                | 6.4                                 | -              | 6.4                                  | -              |
| Inventory step-up  | -                                   | -              | 0.2                                  | -              |
| Impairment charge  | -                                   | -              | -                                    | 63.4           |
| <b>Consolidated net income</b>                           | <u>\$ 26.0</u>                      | <u>\$ 47.2</u> | <u>\$ 126.2</u>                      | <u>\$ 81.2</u> |

\$ in millions

# Q4 FY19 & Q4 FY18 Reconciliation of Non-GAAP Measures

|  | Three Months Ended September 30, |                | Twelve Months Ended September 30, |                 |
|--|----------------------------------|----------------|-----------------------------------|-----------------|
|  | 2019                             | 2018           | 2019                              | 2018            |
| <b>Net Income</b> <sup>(1)</sup>                         | \$ 24.7                          | \$ 44.5        | \$ 121.4                          | \$ 76.6         |
| Business acquisition, development, and integration costs | 11.7                             | 0.9            | 16.6                              | 3.5             |
| Restructuring and restructuring related charges          | 7.0                              | 0.8            | 10.6                              | 2.5             |
| Inventory step up  | -                                | -              | 0.2                               | -               |
| Backlog amortization                                     | -                                | -              | 2.6                               | -               |
| Impairment charge  | -                                | -              | -                                 | 63.4            |
| Debt financing activities                                | 5.6                              | -              | 5.6                               | -               |
| Loss on settlement of interest rate swaps                | 6.4                              | -              | 6.4                               | -               |
| Tax Act (2)  | -                                | (2.9)          | 1.8                               | 12.2            |
| Tax effect of adjustments                                | (7.4)                            | (0.6)          | (10.2)                            | (2.9)           |
| <b>Adjusted Net Income</b> <sup>(1)</sup>                | <u>\$ 48.0</u>                   | <u>\$ 42.7</u> | <u>\$ 155.0</u>                   | <u>\$ 155.3</u> |

|  | Three Months Ended September 30, |                | Twelve Months Ended September 30, |                |
|--|----------------------------------|----------------|-----------------------------------|----------------|
|  | 2019                             | 2018           | 2019                              | 2018           |
| <b>Diluted EPS</b>                                       | \$ 0.39                          | \$ 0.70        | \$ 1.92                           | \$ 1.20        |
| Business acquisition, development, and integration costs | 0.19                             | 0.02           | 0.26                              | 0.06           |
| Restructuring and restructuring related charges          | 0.11                             | 0.01           | 0.17                              | 0.04           |
| Inventory step up  | -                                | -              | -                                 | -              |
| Backlog amortization                                     | -                                | -              | 0.04                              | -              |
| Impairment charge  | -                                | -              | -                                 | 0.99           |
| Debt financing activities                                | 0.09                             | -              | 0.09                              | -              |
| Loss on settlement of interest rate swaps                | 0.10                             | -              | 0.10                              | -              |
| Tax Act (2)  | -                                | (0.05)         | 0.03                              | 0.19           |
| Tax effect of adjustments                                | (0.12)                           | (0.01)         | (0.16)                            | (0.05)         |
| <b>Adjusted Diluted EPS</b>                              | <u>\$ 0.76</u>                   | <u>\$ 0.67</u> | <u>\$ 2.45</u>                    | <u>\$ 2.43</u> |

\$ in millions, except per share data

(1) Net income attributable to Hillenbrand

(2) The revaluation of the deferred tax balances, the tax on unremitted foreign earnings, and change in deferred tax liability as a result of revising our permanent reinvestment assertion on earnings of foreign subsidiaries driven by the Tax Act

# Free Cash Flow and Free Cash Flow to Net Income Conversion Rate Computations

|  | Twelve Months Ended<br>September 30,<br>2019 |
|--|--|
| Net cash provided by operating activities    | \$ 178.9                                     |
| Less:  |  |
| Capital expenditures                         | 25.5   |
| Free cash flow                               | <u>\$ 153.4</u>                              |
| Consolidated net income                      | <u>\$ 126.2</u>                              |
| Free cash flow to net income conversion rate | 122%   |

\$ in millions