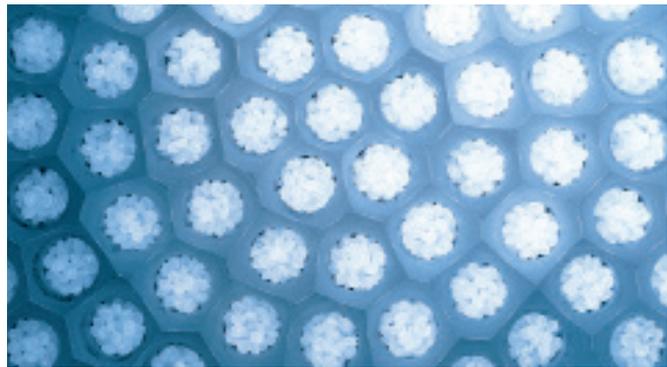


HILLENBRAND, INC.



Building a World-Class
Global Diversified Industrial Company

2014 ANNUAL REPORT



WE REMAIN FOCUSED ON OUR STRATEGY FOR **FUTURE SUCCESS**

Hillenbrand, Inc. is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands and robust cash generation capabilities. We have begun to implement a set of management practices to be applied consistently across the enterprise. These practices, which together are known as the Hillenbrand Business System (HBS), include Lean, Talent Development, and Strategy Management. In the future, we will introduce additional management practices as a part of HBS. Our management team is leveraging HBS to deliver performance improvement in our portfolio.

+41%

2014 INCREASE IN
OPERATING CASH FLOW



\$1.7B

TOTAL REVENUE



2.56%

DIVIDEND YIELD



DEAR FELLOW SHAREHOLDERS,



This past year, we continued our transformation from a North American death care products business into a world-class global diversified industrial company. Our strategy for increasing shareholder value remains unchanged—leverage our strong financial foundation to grow both organically and through acquisitions. We strive to deliver sustainable profit growth, revenue expansion and robust free cash flow.

IN FISCAL YEAR 2014, WE MET ALL THREE OBJECTIVES:

- Increased adjusted EBITDA 11% to \$276 million.
- Grew total revenue 7% to \$1.7 billion.
- Generated \$156 million in free cash flow, 60% more than last year.

We use a portion of our cash flow to provide a meaningful return to you. Since becoming a standalone public company six years ago, we have increased our annual dividend by \$0.01 per share per year. This past year's dividend of \$0.79 per share resulted in a very attractive yield of 2.56%. Cash was returned to you as well through a \$16.5 million share repurchase completed during the second quarter.

Our strong cash flow also enabled us to reduce outstanding debt by \$106 million. Managing borrowing capacity is important to us because growing through acquisitions is a key component to our overall strategy. We follow a disciplined approach in evaluating companies and continue to pursue opportunities in the industrial sector that match our strategic direction and can generate strong returns for shareholders.

In addition to the solid financial results produced this year, another significant achievement for us was the introduction of the Hillenbrand Business System (HBS). HBS is the compilation of our best management practices that deliver superior value for our customers, employees, and shareholders. These practices include Lean, Talent Development, and Strategy Management and will be expanded as we evolve. HBS is already being deployed in our existing businesses to drive performance improvement and it will also be used with newly acquired companies. By leveraging our most impactful management practices, we believe that we can build tight operational alignment, create a competitive advantage, and produce attractive returns.

Financial Highlights—*Hillenbrand Continues to Deliver Results*

Hillenbrand is built on a strong financial foundation and a strategy of diversification and growth. Our team works every day to deliver the best results for our shareholders. Achievements in 2014 that highlight this commitment include:

- Growing adjusted EBITDA by 11%, revenue by 7%, and free cash flow by more than 60%.
- Improving adjusted EBITDA margin by 150 basis points in the Process Equipment Group.
- Continuing to deliver a strong adjusted gross margin of 39.3% at Batesville despite challenging market conditions.
- Generating adjusted EPS of \$2.06, up 10% from prior year.
- Increasing our borrowing capacity with a \$106 million reduction in outstanding debt.

Segment Results

Process Equipment Group—Our High-Growth Business Platform

The Process Equipment Group had a record-setting year. Revenue grew 15% to \$1.1 billion, now accounting for more than 60% of Hillenbrand's total revenue. Adjusted EBITDA margin improved by 150 basis points to 14%, contributing significantly to the platform's profitability. The financial success of the Process Equipment Group is attributable to several areas of focus including growing end markets, geographic expansion, cross-selling, and profitability initiatives.

We serve a broad range of growing end markets including plastics, fertilizers, processed food, and energy. One specific area experiencing positive momentum is the plastics industry in North America. With the availability of inexpensive natural gas feedstock, several companies are making new investments or expanding existing projects in polyolefin plants in the US. We are also seeing solid growth in engineered plastics



EXECUTIVE MANAGEMENT TEAM *(Left to Right)*
John Zerkle, Jan Santerre, Kim Ryan, Bill Canady, Diane Bohman, Joe Raver, Thomas Kehl, Scott George, and Kristina Cerniglia

where we provide small to mid-sized compounding machines to the plastics processing industry. This increase is fueled by favorable end-market developments in automotive and construction as well as by a number of companies bringing manufacturing back to the United States.

Geographic expansion continues to be a growth objective within the Process Equipment Group. Coperion's global footprint in places like India, China, and Russia provides scope and scale to accelerate our efforts. We have extended Rotex and TerraSource Global equipment sales in these emerging markets, which helped them to deliver record revenue. Moving forward, we expect to continue focusing here as we further penetrate geographies with a growing population and a rapidly expanding middle class.

Another benefit of the Coperion acquisition is the opportunity to cross-sell products between the businesses. As an example, a leading international energy company recently engaged Coperion to plan, build, and provide equipment for a polypropylene compounding plant. The system solution included Coperion extruders and pelletizers, Coperion K-Tron feeding equipment, and a Rotex screener. By bringing our core products and leading brands together like this, we have been able to increase our sales volume. In a similar manner, we recently completed the integration of Coperion and Coperion

K-Tron. This part of the Process Equipment Group now operates as one unit under the Coperion name. With similar customer bases and end markets, these businesses are a natural fit and the combination provides additional opportunities to drive improved profitability.

Increasing profitability remains a primary focus for the Process Equipment Group. Through the use of HBS, and more specifically Lean, the businesses reduced costs by decreasing lead times, creating more effective material sourcing processes, and driving out waste. In addition, our efforts to analyze and segment the businesses were also impactful. We have more effectively deployed resources and are executing differentiated strategies for certain parts of the business based on our learning. As a result, the Process Equipment Group businesses are running more efficiently and providing better service to customers. These targeted actions helped us to deliver profitability improvements of 150 basis points in adjusted EBITDA margin, well above our targeted improvement levels for the year.

As we build for the future, the Process Equipment Group has a strong, sustainable financial track record that is expected to continue. The attractive end market and geographic opportunities combined with the focus on improved profitability will generate significant value and continued success.



Batesville—Our Time Tested and Highly Profitable Market Leader

After benefiting from a record number of North American deaths in 2013, Batesville's revenue in 2014 was down 5% to \$592 million as the market returned to more normalized levels. Despite the headwinds from the decline in deaths and the increasing number of families who opt for cremation, Batesville continued to provide a solid financial foundation by generating an adjusted gross margin of nearly 40%. Using HBS and a relentless focus on Lean, the business was again able to improve efficiencies and sustain these attractive margin levels.

With its iconic brand, Batesville is the recognized leader in the death care products industry. As the market and the needs of both consumers and funeral service professionals evolve, they remain at the forefront, using insights and innovation to refine product and service offerings.

Batesville's commitment to meeting the needs of the industry does not go unnoticed. In industry surveys by funeral professionals, they are often recognized as the industry leader in quality, service, and innovation, reinforcing our position as a value-added partner.

Batesville remains an integral part of the Hillenbrand strategy. Their stable and predictable earnings and operating cash flow give us the financial flexibility to effectively allocate capital, which includes supporting organic growth initiatives, funding new acquisitions, reducing our debt, and paying a meaningful dividend.

“ We have a great company with a clear strategic direction—transform our business into a world-class global diversified industrial company. ”



2015 Initiatives—*Continue to Execute Our Growth Strategy*

Our strategy focuses on building a world-class global diversified industrial company. As we look to the future, we have defined several key initiatives that will guide us in 2015:

- Drive revenue growth and improved profitability within our existing businesses.
- Further implement the Hillenbrand Business System throughout the enterprise.
- Grow the portfolio through the acquisition of global industrial companies that meet our criteria.
- Continue our balanced approach to capital allocation.

Closing

The future for Hillenbrand is extremely bright. We have a great company with a clear strategic direction—transform our business into a world-class global diversified industrial company. The composition of our portfolio—a solid foundation in the Batesville business and strong positions in multiple growth-oriented industries in the Process Equipment Group—creates a unique opportunity to drive shareholder value. Our disciplined approach to acquisitions and commitment to HBS will serve us well as we pursue and evaluate opportunities around the world.

We believe that the successful execution of our strategy supports our mission to provide a superior return for our shareholders, exceptional value for our customers, and great professional opportunities for our associates. In closing, I want to thank our 6,000 associates around the world for their hard work and commitment to creating innovative, dependable, and best-in-class products and services for our customers.

I also want to thank you for your confidence in our company. Please know that we are mindful of our responsibility to be effective stewards of your money, and we will continue to dedicate ourselves to increasing the value of your investment.

Joe A. Raver

President, Chief Executive Officer, and Director

FINANCIAL HIGHLIGHTS

(in millions, except per share data)	2012	2013	2014
Revenue	\$983.2	\$ 1,553.4	\$1,667.2
Gross Profit	388.9	518.7	589.2
Gross Profit Margin	39.6%	33.4%	35.3%
Net Income	104.8	63.4	109.7
Diluted EPS	1.68	1.01	1.72
Operating Cash Flow	138.2	127.2	179.6
Cash Dividend Per Share	\$ 0.77	\$ 0.78	\$ 0.79

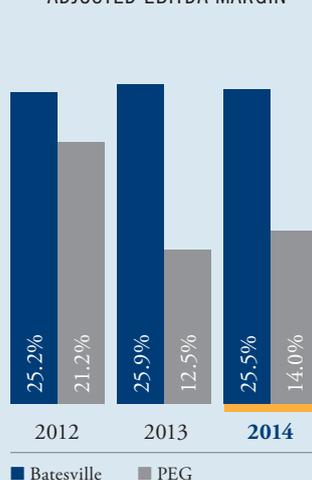
Non-GAAP Measures (See page 28 of our included 2014 Form 10-K for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.)

Adjusted Gross Profit	\$393.1	\$ 543.9	\$ 589.3
Adjusted Gross Profit Margin	40.0%	35.0%	35.3%
Adjusted Net Income	109.7	118.3	131.6
Adjusted EBITDA	207.4	247.5	275.5
Adjusted EBITDA Margin	21.1%	15.9%	16.5%
Free Cash Flow	117.3	97.3	156.0
Backlog	\$120.5	\$ 604.3	\$ 580.4

VALUE OF \$100 INVESTMENT ON SEPTEMBER 30, 2009 (with dividend reinvestment)



ADJUSTED EBITDA MARGIN



REVENUE BY SEGMENT
(\$ in millions)



REVENUE BY GEOGRAPHY
(\$ in millions)



BOARD OF DIRECTORS

F. Joseph Loughrey ^(2,3)
Chairperson, Hillenbrand, Inc.
Chairperson of Nominating/
Corporate Governance Committee
Retired President and Chief Operating
Officer, Cummins Inc.

Joe A. Raver
President and Chief Executive Officer,
Hillenbrand, Inc.

Eduardo R. Menascé ^(1,3)
Chairperson of Audit Committee
Retired President, ESG,
Verizon Communications

Neil S. Novich ^(2,3,4)
Chairperson of Compensation and
Management Development Committee
Former Chairman, President and
Chief Executive Officer, Ryerson, Inc.

Stuart A. Taylor II ^(1,3,4)
Chairperson of Mergers &
Acquisitions Committee
Chief Executive Officer,
The Taylor Group LLC

Edward B. Cloues II
Chairman, Penn Virginia Corporation
Former Chairman and
Chief Executive Officer,
K-Tron International

Helen W. Cornell ^(2,3,4)
Retired Executive Vice President and
Chief Financial Officer,
Gardner Denver, Inc.

Mark C. DeLuzio ^(2,3)
President, Lean Horizons Consulting

Joy M. Greenway ^(1,3)
Chief Financial Officer of the Global Purchasing
and Supply Chain of General Motors

W August Hillenbrand
Chief Executive Officer,
Hillenbrand Capital Partners

Thomas H. Johnson ^(1,3)
Chairman, Johnson Consulting Group

(1) Audit Committee
(2) Compensation and Management Development Committee
(3) Nominating/Corporate Governance Committee
(4) Mergers & Acquisitions Committee

HILLENBRAND OFFICERS

Joe A. Raver
President and Chief Executive Officer
President, Process Equipment Group

Kristina A. Cerniglia
Senior Vice President and
Chief Financial Officer

Diane R. Bohman, CPA
Senior Vice President and
Chief Administrative Officer

William A. Canady
Senior Vice President,
Corporate Strategy and
Industrial Products

Scott P. George
Senior Vice President,
Corporate Development

Thomas Kehl
Senior Vice President
President, Coperion

Kimberly K. Ryan
Senior Vice President
President, Batesville

Jan M. Santerre
Senior Vice President, Lean

John R. Zerkle
Senior Vice President,
General Counsel and Secretary

Richard S. Barnett
Vice President, Associate General Counsel
and Assistant Secretary

Nicholas R. Farrell
Vice President, Associate General Counsel
and Assistant Secretary

Theodore S. Haddad, Jr., CPA
Vice President, Treasurer
Interim Controller and Chief Accounting
Officer (effective January 2, 2015)

James D. Huchison
Vice President, Tax

Darryl M. Maslar
Vice President, Enterprise Information Systems

Ulf Zimmerling
Vice President and Associate General Counsel
(EMEAA)

HILLENBRAND, INC.

CORPORATE INFORMATION

Annual Meeting

The annual meeting of shareholders of Hillenbrand, Inc. will be held at 10 a.m. Eastern Standard Time on Wednesday, Feb. 25, 2015, at Hillenbrand's headquarters at One Batesville Boulevard, Batesville, Indiana.

Independent Auditors

PricewaterhouseCoopers LLP
101 W. Washington Street, Suite 1300
Indianapolis, Indiana 46204
Phone: (317) 222-2202

Investor Relations

Requests for the Hillenbrand Annual Report, Form 10-K or other information about the company should be directed in writing to:

Christopher M. Gordon
Director, Investor Relations
Phone: (812) 931-5001
Fax: (812) 931-5209
Website: www.Hillenbrand.com
E-mail: Investors@Hillenbrand.com

Transfer Agent

Our transfer agent, Computershare, can help you with a variety of shareholder-related services, including change of address, transfer of stock to another person, lost stock certificates and additional administrative services. Please include your name, address and telephone number with all correspondence, and specify the most convenient time to contact you.

Computershare Trust Company, N.A.

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