



# HILLENBRAND

*A GLOBAL DIVERSIFIED INDUSTRIAL COMPANY*

**PURSuing GROWTH • BUILDING VALUE**



# Hillenbrand Participants

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## **Joe Raver**

- President and Chief Executive Officer

## **Kristina Cerniglia**

- Senior Vice President and Chief Financial Officer

# Disclosure Regarding Forward-Looking Statements

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## 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:

<b>intend</b>	<b>believe</b>	<b>plan</b>	<b>expect</b>	<b>may</b>	<b>goal</b>	<b>would</b>
<b>become</b>	<b>pursue</b>	<b>estimate</b>	<b>will</b>	<b>forecast</b>	<b>continue</b>	<b>could</b>
<b>targeted</b>	<b>encourage</b>	<b>promise</b>	<b>improve</b>	<b>progress</b>	<b>potential</b>	<b>should</b>

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-K for the year ended September 30, 2016, and in Part II, Item 1A of our 10-Q for the quarter ended December 31, 2016, 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

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- Develop Hillenbrand into a world-class global diversified industrial company
- Leverage our strong financial foundation and the Hillenbrand Operating Model 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 FY 2017 Highlights

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## **Q1 2017 Consolidated Highlights**

- Revenue of \$356 million increased 1%, including negative currency impact of 1%
- GAAP EPS of \$0.34 increased 9%, while adjusted EPS<sup>1</sup> of \$0.42 was up 2% compared to prior year

## **PEG Q1 2017 Highlights**

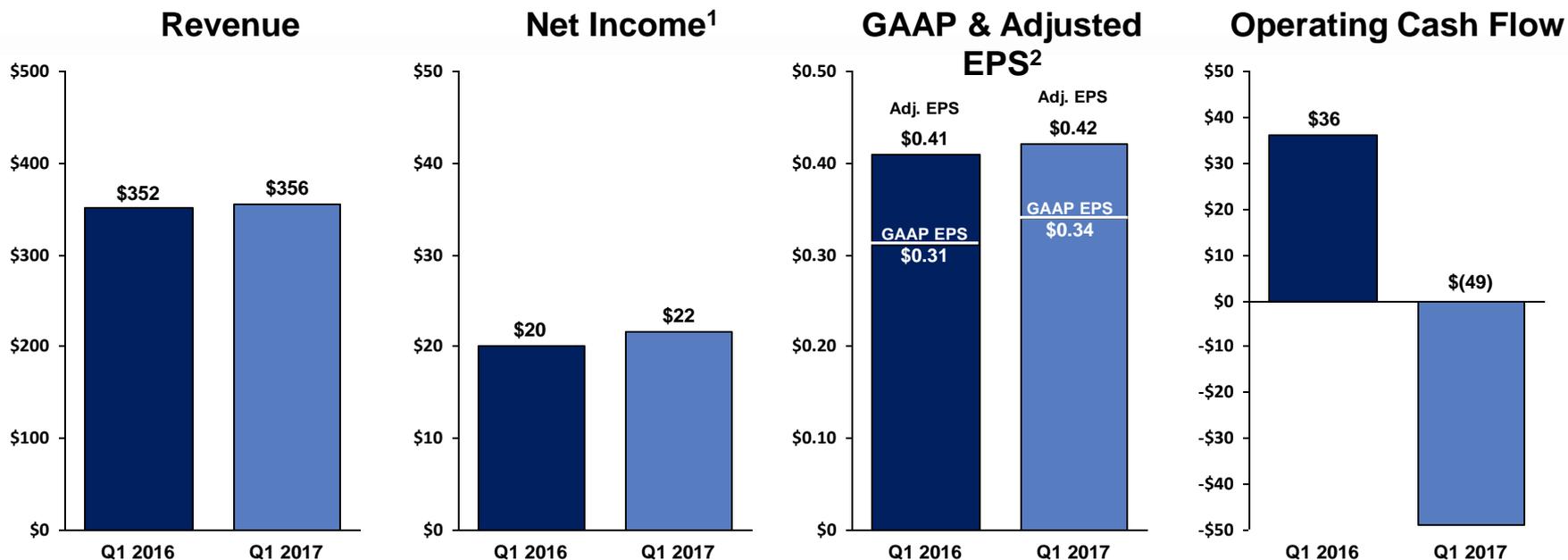
- Revenue of \$222 million increased 4%
- Adjusted EBITDA margin<sup>1</sup> was 14.8%, down 60 bps compared to prior year

## **Batesville Q1 2017 Highlights**

- Revenue of \$135 million decreased 2%
- Adjusted EBITDA margin<sup>1</sup> of 23.0% was flat compared to prior year

<sup>1</sup>See appendix for reconciliation

# Consolidated Financial Performance – Q1 2017



## Hillenbrand Consolidated

### Q1 2017 Consolidated Composition:

	Revenue	Adj. EBITDA <sup>2</sup>
Process Equipment Group	62%	51%
Batesville	<u>38%</u>	<u>49%</u>
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Q1 2017 Consolidated Summary:

- Revenue increased 1% to \$356 million driven by the acquisition of Red Valve
- GAAP net income increased 9% to \$22 million, adjusted EBITDA<sup>2</sup> of \$56 million decreased 2%; adjusted EBITDA margin<sup>2</sup> of 15.8% was down 60 bps driven by PEG
- Use of operating cash of \$49 million in the quarter was down \$84 million compared to prior year due to an \$80 million contribution to the U.S. pension plan

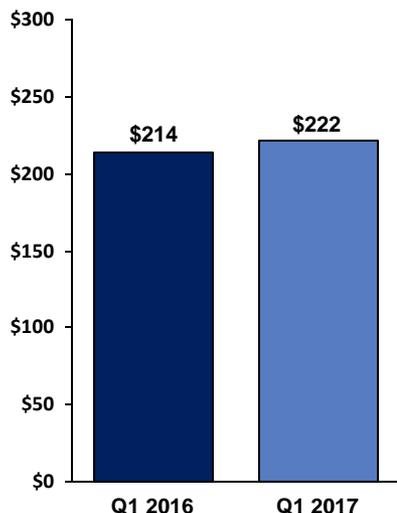
<sup>1</sup>Net Income attributable to Hillenbrand

<sup>2</sup>See appendix for reconciliation

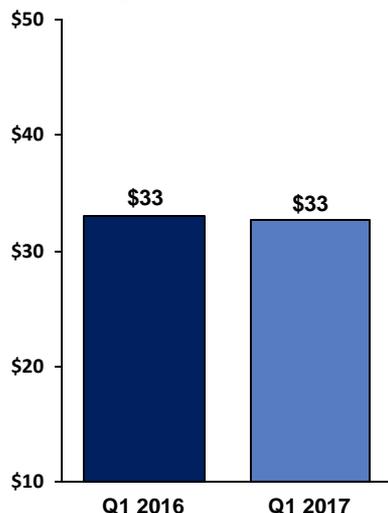
# Segment Performance – Q1 2017

## Process Equipment Group

### Revenue

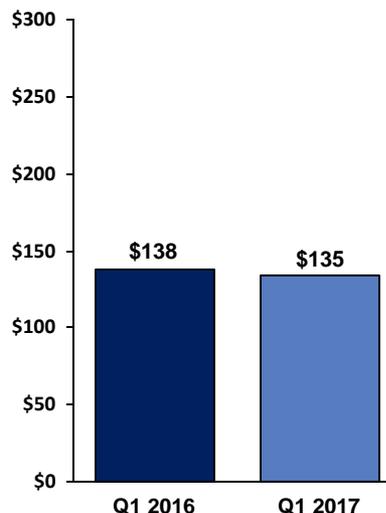


### Adjusted EBITDA<sup>1</sup>

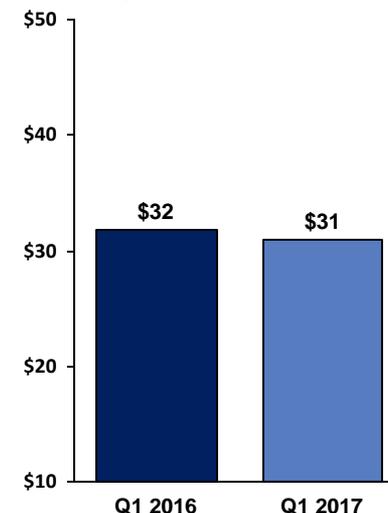


## Batesville

### Revenue



### Adjusted EBITDA<sup>1</sup>



## Process Equipment Group

### Q1 2017 Summary:

- Revenue of \$222 million was up 4% over prior year driven by the addition of Red Valve and higher demand for large plastics projects, partially offset by unfavorable FX impact and lower demand in other industrial markets
- Adjusted EBITDA margin<sup>1</sup> decreased 60 bps as a shift in the mix of business to large plastics projects and lower volume in other industrial markets more than offset the positive impact from Red Valve

## Batesville

### Q1 2017 Summary:

- Revenue of \$135 million was down 2% due to a decline in burial sales
- Adjusted EBITDA margin<sup>1</sup> was flat compared to prior year as the decline in volume was offset by an improvement in operating expenses from restructuring actions taken in 2016 and current year productivity initiatives

<sup>1</sup>See appendix for reconciliation

# Hillenbrand Outlook: Reaffirming FY 2017 Guidance

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Revenue Range		
<b>Batesville</b>	-3%	-1%
<b>PEG</b>	3%	5%
<b>Total</b>	<b>1%</b>	<b>3%</b>

EPS Range		
<b>FY17 GAAP EPS</b>	<b>1.80</b>	<b>1.95</b>
Restructuring Charges	0.15	0.15
<b>FY17 Adjusted EPS</b>	<b>1.95</b>	<b>2.10</b>

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Q & A

## Replay Information

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▶▶▶▶ **Encore Replay Dates: 02/02/2017 - 02/16/2017**

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## Appendix

# Disclosure Regarding Non-GAAP Measures

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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, trade name impairment 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. There is no GAAP financial measure comparable to backlog; therefore 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. Finally, the Company believes such information provides a higher degree of transparency.

## Q1 FY17 & Q1 FY16 Reconciliation of EBITDA To Consolidated Net Income

	Three Months Ended December 31,	
	2016	2015
<b>EBITDA - adjusted</b>		
Process Equipment Group	\$ 32.7	\$ 33.0
Batesville	31.0	31.8
Corporate	(7.3)	(7.0)
Less:		
Interest income	(0.2)	(0.3)
Interest expense	6.1	5.9
Income tax expense	6.7	8.7
Depreciation and amortization	15.0	16.0
Business acquisition and intergration	0.3	1.7
Inventory step-up	-	1.4
Restructuring and restructuring related	6.6	3.4
<b>Consolidated Net Income</b>	<u>\$ 21.9</u>	<u>\$ 21.0</u>

# Q1 FY17 & Q1 FY16 Reconciliation Of Non-GAAP Measures

	Three Months Ended December 31,	
	2016	2015
<b>Net Income <sup>(1)</sup></b>	\$ 21.7	\$ 20.0
Restructuring and restructuring related	8.1	3.4
Business acquisition and integration	0.3	1.7
Inventory step-up	-	1.4
Backlog amortization	-	3.2
Tax effect of adjustments	(3.1)	(3.3)
<b>Adjusted Net Income <sup>(1)</sup></b>	<u>\$ 27.0</u>	<u>\$ 26.4</u>

	Three Months Ended December 31,	
	2016	2015
<b>Diluted EPS</b>	\$ 0.34	\$ 0.31
Restructuring and restructuring related	0.13	0.05
Business acquisition and integration	-	0.03
Inventory step-up	-	0.02
Backlog amortization	-	0.05
Tax effect of adjustments	(0.05)	(0.05)
<b>Adjusted Diluted EPS</b>	<u>\$ 0.42</u>	<u>\$ 0.41</u>

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