



# HILLENBRAND

*A global diversified Industrial company*

**PURSUING GROWTH • BUILDING VALUE**

# 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-K for the year ended September 30, 2016, and in Part II, Item 1A of our 10-Q for the quarter ended June 30, 2017, 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 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

# Q3 FY 2017 Highlights

## Q3 2017 Consolidated Highlights

- Revenue of $396 million increased 7% organically
- GAAP EPS of $0.52 increased 8%, while adjusted EPS[1] of $0.53 was flat year-over-year

## PEG Q3 2017 Highlights

- Revenue of $259 million increased 12%
- Adjusted EBITDA margin[1] was 19.4%, up 130 bps compared to prior year

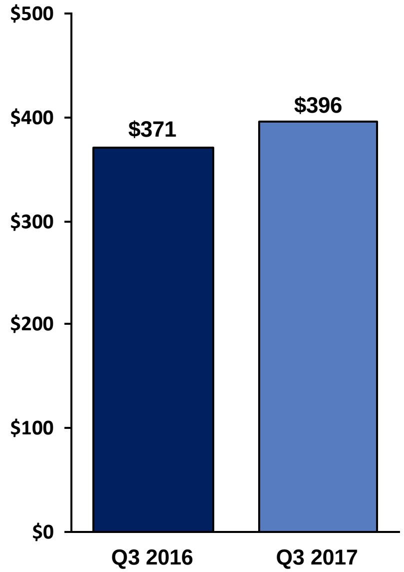
## Batesville Q3 2017 Highlights

- Revenue of $137 million decreased 2%
- Adjusted EBITDA margin[1] was 24.5%, down 20 bps compared to prior year

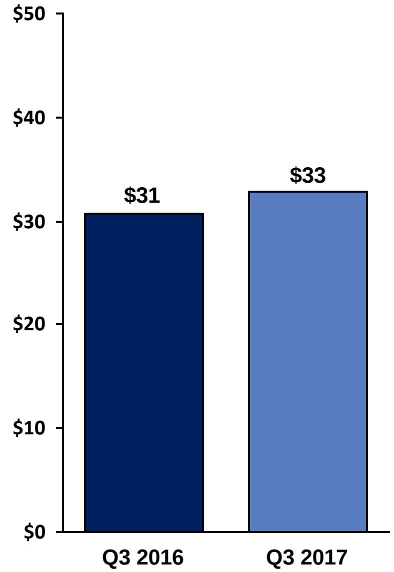
[1]See appendix for reconciliation

# Consolidated Financial Performance – Q3 2017

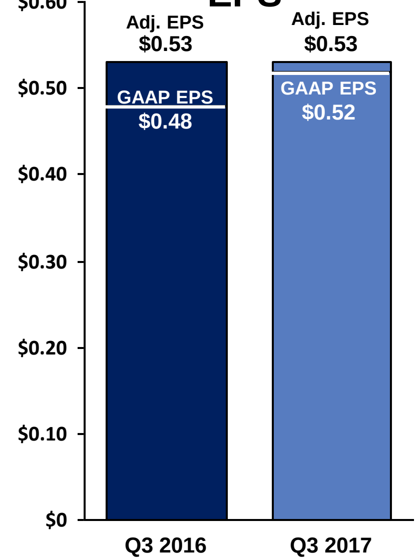
## Revenue



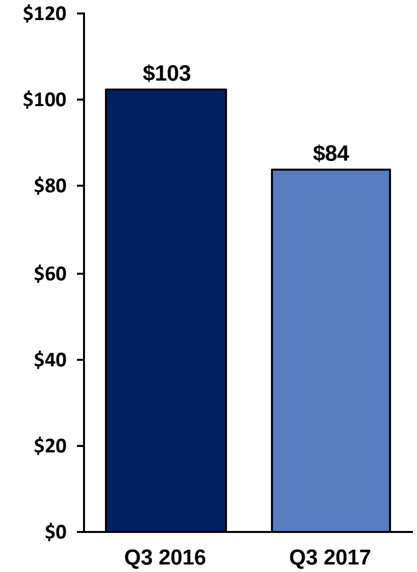

## Net Income[1]




## GAAP & Adjusted EPS[2]




## Operating Cash Flow




## Hillenbrand Consolidated

### Q3 2017 Consolidated Composition:

| | Revenue | Adj. EBITDA[2] |
|---|---|---|
| Process Equipment Group | 65% | 60% |
| Batesville | 35% | 40% |
| **Total** | **100%** | **100%** |

### Q3 2017 Consolidated Summary:

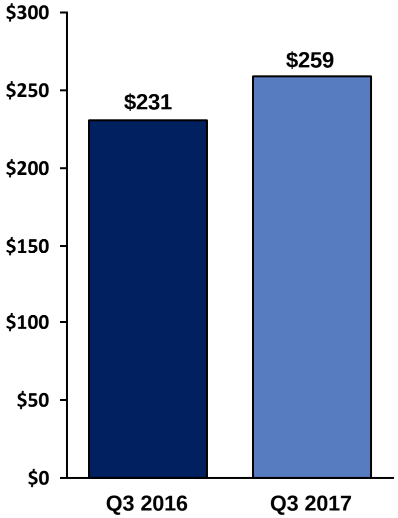
- Revenue increased 7% to $396 million driven by demand for plastics projects and equipment used for hydraulic fracturing
- GAAP net income increased 7% to $33 million, adjusted EBITDA[2] of $72 million increased 8%; adjusted EBITDA margin[2] of 18.3% was up 20 bps driven by PEG
- Operating cash flow of $84 million was generated in the quarter driven by strong net income and improved working capital management

[1]Net Income attributable to Hillenbrand
[2]See appendix for reconciliation

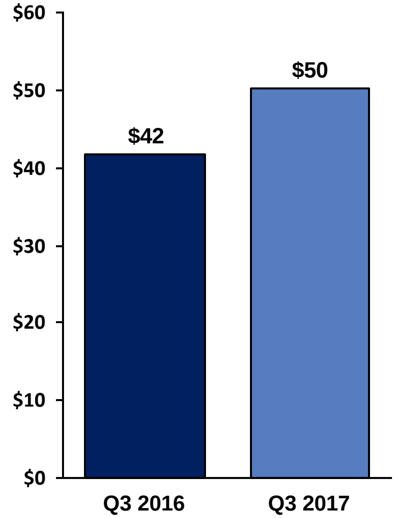
# Segment Performance – Q3 2017

## Process Equipment Group

### Revenue

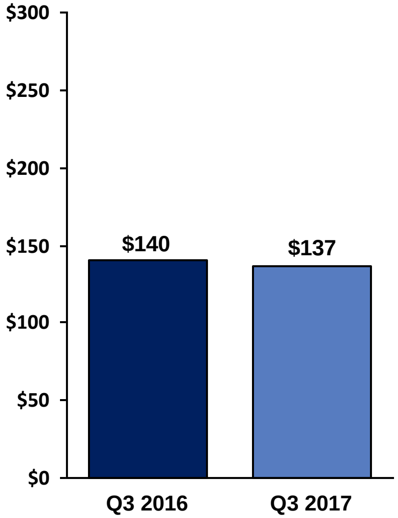



### Adjusted EBITDA[1]

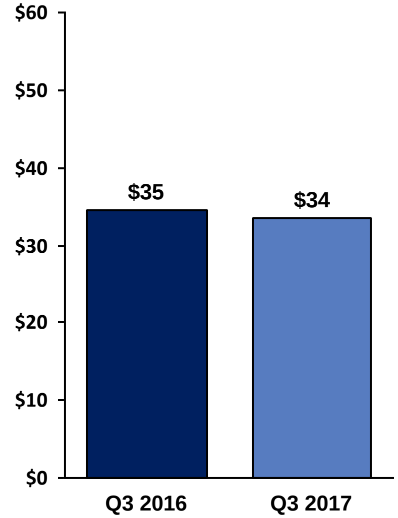



## Batesville

### Revenue




### Adjusted EBITDA[1]




| Process Equipment Group | Batesville |
|---|---|
| **Q3 2017 Summary:**<br>• Revenue of $259 million was up 12% over the prior year driven by continued strength in plastics projects, as well as screening and separating equipment used to process proppants for hydraulic fracturing, partially offset by unfavorable FX<br>• Adjusted EBITDA margin[1] increased 130 bps due to pricing and productivity improvements, partially offset by unfavorable product mix | **Q3 2017 Summary:**<br>• Revenue of $137 million was 2% lower than the prior year as burial demand declined due to what is estimated to be an increased rate at which families opted for cremation<br>• Adjusted EBITDA margin[1] of 24.5% was lower by 20 bps compared to the prior year as a result of higher commodity and fuel costs, partially offset by productivity improvements |

[1]See appendix for reconciliation

# Hillenbrand Outlook: Reaffirming FY 2017 Guidance

| Revenue Range | | |
|---|---|---|
| **Batesville** | -3% | -1% |
| **PEG** | 3% | 5% |
| **Total** | **1%** | **3%** |

| EPS Range | | | |
|---|---|---|---|
| **FY17 GAAP EPS** | **1.85** | **–** | **1.95** |
| Restructuring & Integration Charges | 0.15 | – | 0.15 |
| **FY17 Adjusted EPS** | **2.00** | **–** | **2.10** |

HILLENBRAND

# Q & A

# Replay Information

- ***Dial-in for US and Canada: (800)-585-8367***
- ***Dial-in for International: +1 (416)-621-4642***
- ***Conference ID: 48842079***
- ***Encore Replay Dates: 08/03/2017 - 08/17/2017***
- ***Log on to: http://ir.hillenbrand.com***

# 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 restructuring related charges, and trade name impairment. 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”). 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.

Free cash flow (FCF) is defined as cash flow from operations less capital expenditures. We use the related term, free cash flow to net income conversion rate to refer to free cash flow divided by GAAP net income. Hillenbrand considers FCF and free cash flow to net income conversion rate important indicators of the Company’s liquidity, as well as its ability to fund future growth and to provide a return to shareholders. FCF does not include deductions for debt service (repayments of principal), other borrowing activity, dividends on the Company’s common stock, repurchases of the Company’s common stock, business acquisitions, and other items.

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 industries with extended lead times for order fulfillment (long-term contracts), like those in which our Process Equipment Group competes. Order 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.

# Q3 FY17 & Q3 FY16 Reconciliation Of Adjusted EBITDA To Consolidated Net Income

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 | Nine Months Ended June 30, 2017 | Nine Months Ended June 30, 2016 |
|---|---|---|---|---|
| **Adjusted EBITDA:** | | | | |
| Process Equipment Group | $ 50.3 | $ 41.8 | $ 120.3 | $ 109.8 |
| Batesville | 33.5 | 34.6 | 107.2 | 109.5 |
| Corporate | (11.5) | (9.3) | (28.5) | (26.6) |
| Less: | | | | |
| Interest income | (0.2) | (0.3) | (0.5) | (0.8) |
| Interest expense | 6.5 | 6.6 | 18.9 | 18.9 |
| Income tax expense | 16.6 | 10.9 | 38.2 | 31.9 |
| Depreciation and amortization | 13.5 | 14.3 | 42.1 | 46.2 |
| Business acquisition and integration | 0.4 | 0.7 | 1.0 | 3.5 |
| Inventory step-up | - | (0.1) | - | 2.4 |
| Restructuring and restructuring related | 0.9 | 1.5 | 8.8 | 8.9 |
| Trade name impairment | - | 2.2 | - | 2.2 |
| **Consolidated net income** | $ 34.6 | $ 31.3 | $ 90.5 | $ 79.5 |

$ in millions

# Q3 FY17 & Q3 FY16 Reconciliation Of Non-GAAP Measures

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 | Nine Months Ended June 30, 2017 | Nine Months Ended June 30, 2016 |
|---|---|---|---|---|
| **Net Income** [1] | $ 32.9 | $ 30.7 | $ 88.0 | $ 76.8 |
| Restructuring and restructuring related | 0.8 | 1.7 | 10.2 | 9.1 |
| Business acquisition and integration | 0.4 | 0.7 | 1.0 | 3.5 |
| Inventory step-up | - | (0.1) | - | 2.4 |
| Backlog amortization | - | (0.1) | - | 4.5 |
| Trade name impairment | - | 2.2 | - | 2.2 |
| Tax effect of adjustments | (0.4) | (1.5) | (4.1) | (7.5) |
| **Adjusted Net Income** [1] | $ 33.7 | $ 33.6 | $ 95.1 | $ 91.0 |

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 | Nine Months Ended June 30, 2017 | Nine Months Ended June 30, 2016 |
|---|---|---|---|---|
| **Diluted EPS** | $ 0.52 | $ 0.48 | $ 1.37 | $ 1.21 |
| Restructuring and restructuring related | 0.01 | 0.03 | 0.16 | 0.14 |
| Business acquisition and integration | 0.01 | 0.01 | 0.01 | 0.06 |
| Inventory step-up | - | - | - | 0.04 |
| Backlog amortization | - | - | - | 0.07 |
| Trade name impairment | - | 0.03 | - | 0.03 |
| Tax effect of adjustments | (0.01) | (0.02) | (0.06) | (0.12) |
| **Adjusted Diluted EPS** | $ 0.53 | $ 0.53 | $ 1.48 | $ 1.43 |

[1] Net income attributable to Hillenbrand

$ in millions, except for per share data

# Free Cash Flow And Free Cash Flow To Net Income Conversion Rate Computations

| | Three Months Ended June 30, 2017 | Nine Months Ended June 30, 2017 |
|---|---|---|
| Net cash provided by operating activities | $ 83.9 | $ 103.7 |
| Less: | | |
| Capital expenditures | 5.1 | 14.2 |
| Free cash flow | $ 78.8 | $ 89.5 |
| | | |
| Consolidated net income | $ 34.6 | $ 90.5 |
| | | |
| Free cash flow to net income conversion rate | 228% | 99% |

$ in millions