

# HILLENBRAND

*a global diversified industrial company*

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

**Fourth Quarter and Full-Year Financial Results**  
**November 20, 2014**



# Hillenbrand Participants



***Joe Raver***

– CEO



***Kristina Cerniglia***

– CFO



***Kim Ryan***

– President – Batesville



***Thomas Kehl***

– President – Coperion

# 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:

<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 period ended September 30, 2014, 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*

# Q4 and FY 2014 Highlights

## ***Q4 2014 and Full-Year Consolidated Highlights***

- Q4 Revenue increased 6% to \$469 million, driven by the Process Equipment Group
- Q4 Adjusted EPS grew 22% to \$0.61 per diluted share
- Full-year Revenue was \$1.67 billion, up 7% from the prior year primarily due to two additional months of Coperion operations
- Full-year Adjusted EPS finished at \$2.06 per diluted share, up 10%

## ***PEG Q4 2014 Highlights***

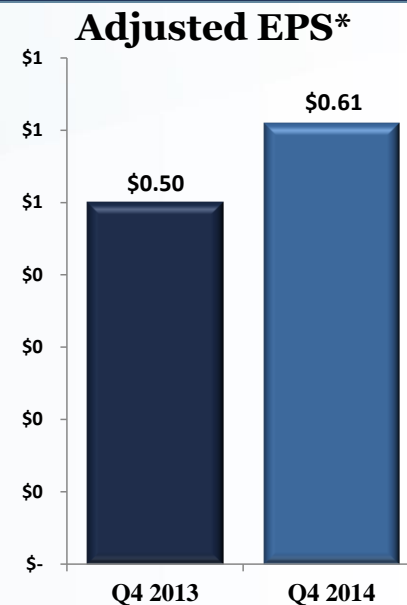
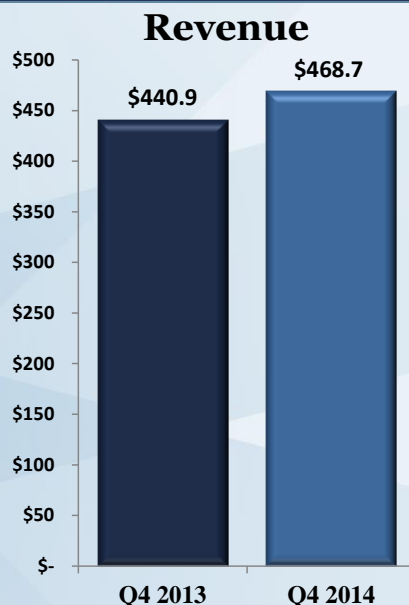
- Revenue increased \$29 million to \$319 million, +10% compared to prior year
- Adjusted EBITDA margin grew 380 bps in Q4 compared to 2013

## ***Batesville Q4 2014 Highlights***

- Revenue declined 0.5% in Q4 to \$149 million driven by a lower average selling price
- Adjusted Gross Margin was consistent with the prior year at 39%

# Consolidated Financial Performance

## Q4 2014



### Hillenbrand Consolidated

#### Q4 2014 Consolidated Composition:

	Rev	Adj. EBITDA*
Process Equipment Group	68%	59%
Batesville	32%	41%
Total	100%	100%

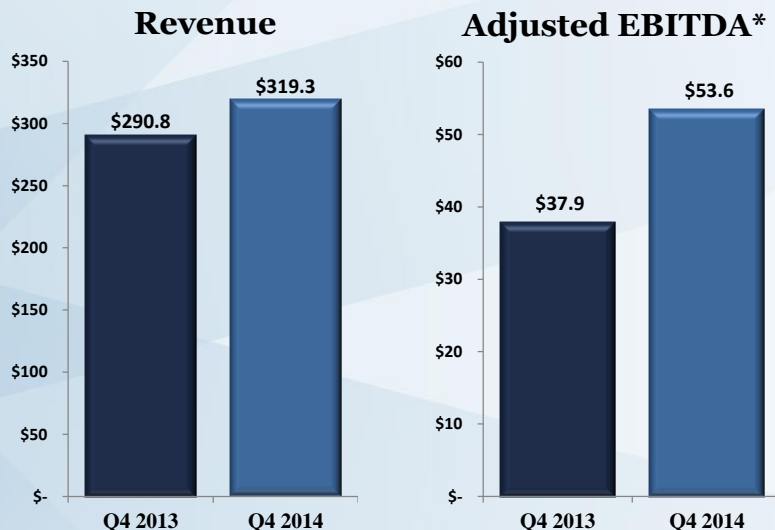
#### Q4 2014 Summary:

- Revenue 6% growth & Adjusted EBITDA Growth 21%
- Process Equipment Group grew revenue 10%; Batesville declined 0.5%
- Adjusted EPS increased 22%; \$0.61 per diluted share

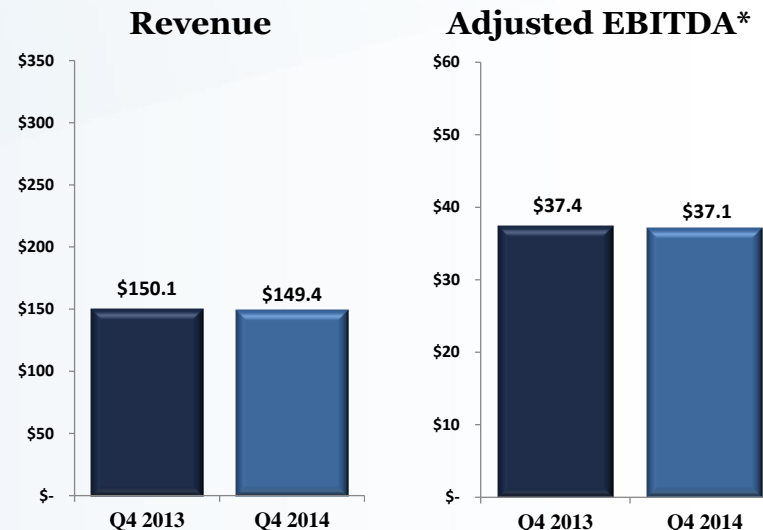
# Segment Performance

## Q4 2014

### Process Equipment Group



### Batesville



#### Process Equipment Group

##### Q4 2014 Summary:

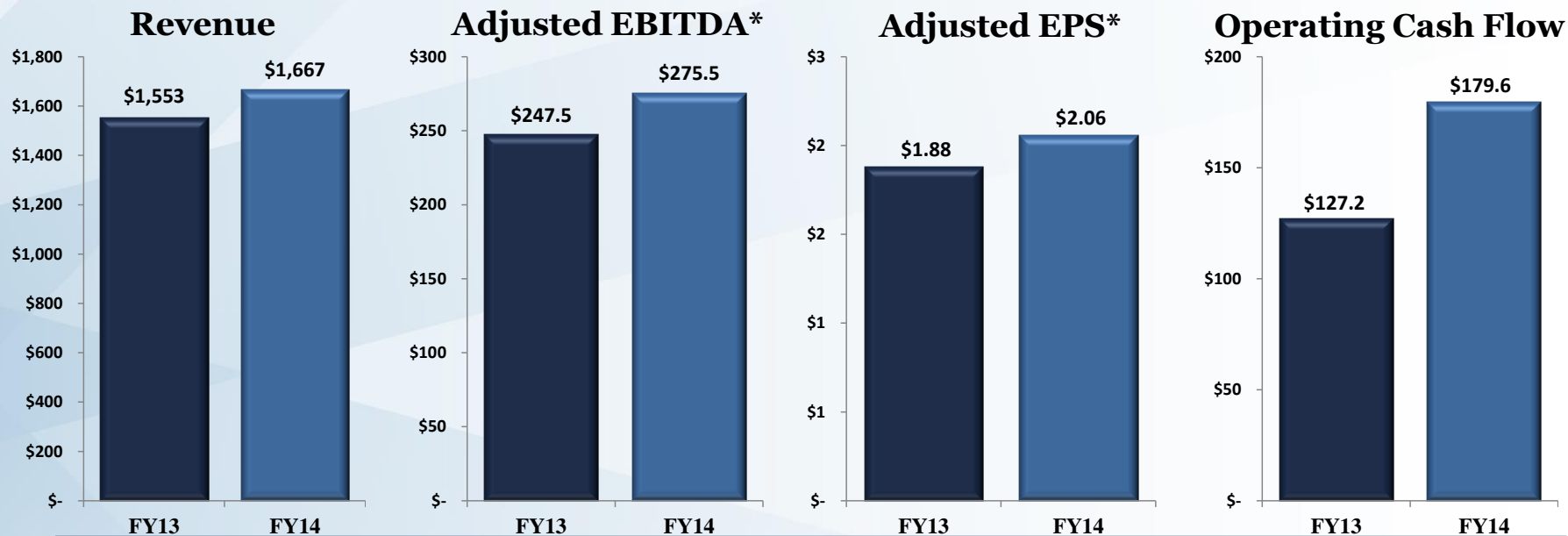
- Revenue was up 10% due to strength in U.S. proppants market and increased parts and service sales
- Adjusted EBITDA grew 41% driven by volume, favorable mix, and targeted operational improvements

#### Batesville

##### Q4 2014 Summary:

- Revenue was \$149 million, down 0.5%
- Adjusted gross margin was 39%, consistent with the prior year
- The current U.S. cremation rate is estimated to be 45%

# Consolidated Financial Performance FY 2014



## Hillenbrand Consolidated

### FY 2014 Consolidated Composition:

	Rev	Adj EBITDA*
Process Equipment Group	64%	50%
Batesville	36%	50%
Total	100%	100%

### FY 2014 Summary:

- Revenue grew 7% to \$1.67 billion reflecting 12 full months of Coperion
- Adjusted EBITDA was \$276 million, an increase of 11%
- Operating cash flow increased \$52.4 million compared to the prior year



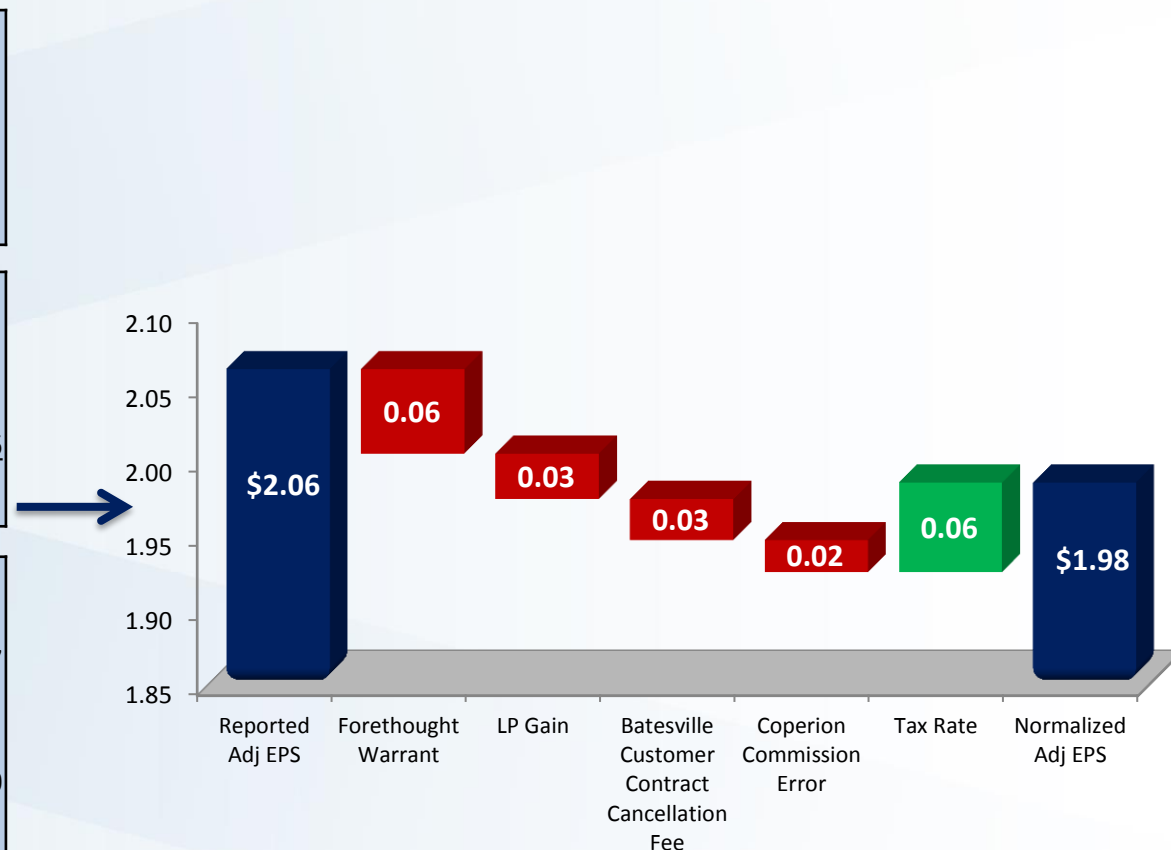
# Hillenbrand Outlook: FY 2015 Guidance

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

EPS	EPS Range	
Revenue Growth	<b>2%</b>	<b>4%</b>
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)
	<b>\$ 2.05</b>	<b>\$ 2.15</b>
Normalized EPS Growth	3%	9%



# Hillenbrand Outlook: FY 2015 Guidance

**Revenue**

2% - 4% Growth

**EPS  
(adjusted)**

\$2.05 - \$2.15 per diluted share



# Q&A

# Replay Information

»»» *Dial In: (855) 859-2056*

»»» *International: +1 (404) 537-3406*

»»» *Conference ID: 24841251*

»»» *Encore Replay Dates: 11/20/2014 - 12/4/2014*

»»» *Log on to: <http://ir.hillenbrandinc.com/investor-relations>*



# Appendix

# Q4 FY14 & Q4 FY13 - Adjusted EBITDA to consolidated net income reconciliation

	Three months ended September 30,			
	2014		2013	
Adjusted EBITDA:				
Process Equipment Group	\$	53.6	\$	37.9
Batesville		37.1		37.4
Corporate		(8.4)		(7.1)
Less:				
Interest income		(0.2)		(0.3)
Interest expense		5.8		6.8
Income tax expense		13.3		11.3
Depreciation and amortization		14.7		19.1
Business acquisition and integration		3.7		3.6
Inventory step-up		-		3.1
Restructuring		2.7		0.6
Litigation		19.4		0.1
Other		-		-
Consolidated net income	\$	22.9	\$	23.9

# YTD FY14 & FY13 - Adjusted EBITDA to consolidated net income reconciliation

	Year ended September 30,	
	2014	2013
Adjusted EBITDA:		
Process Equipment Group	\$ 150.4	\$ 116.4
Batesville	150.8	161.0
Corporate	(25.7)	(29.9)
Less:		
Interest income	(0.8)	(0.6)
Interest expense	23.3	24.0
Income tax expense	48.7	28.3
Depreciation and amortization	58.4	89.4
Business acquisition costs	8.4	16.0
Inventory step-up	-	21.8
Restructuring	5.5	2.8
Litigation	20.8	0.2
Other	-	0.2
Consolidated net income	\$ 111.2	\$ 65.4

# Q4 FY14 & Q4 FY13 Non-GAAP Operating Performance Measures

	<i>Three months ended September 30,</i>					
	<i>2014</i>			<i>2013</i>		
	<b>GAAP</b>	<b>Adj</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adj</b>	<b>Adjusted</b>
Cost of goods sold	\$ 302.6	\$ (0.3) (a)	\$ 302.3	\$ 299.5	\$ (3.9) (d)	\$ 295.6
Operating expenses	123.1	(25.6) (b)	97.5	98.7	(8.1) (e)	90.6
Interest expense	5.8	-	5.8	6.8	(0.1) (f)	6.7
Other income (expense), net	(1.0)	-	(1.0)	(0.7)	-	(0.7)
Income tax expense	13.3	10.3 (c)	23.6	11.3	3.7 (c)	15.0
Net income <sup>1</sup>	23.6	15.6	39.2	23.1	8.4	31.5
Diluted EPS	0.37	0.24	0.61	0.37	0.13	0.50

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

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring costs (\$0.2 P, \$0.1 B)

(b) Business acquisition costs (\$0.6 P, \$3.1 C), litigation costs (\$19.4 B), restructuring costs (\$2.3 P, \$0.2 C)

(c) Tax effect of adjustments

(d) Inventory step up (\$3.1 P), restructuring costs (\$0.6 B), business acquisition costs (\$0.2 P)

(e) Backlog amortization (\$4.6 P), business acquisition costs (\$1.8 P, \$1.6 C), litigation (\$0.1 B)

(f) Business acquisition and integration costs (\$0.1 C)



# YTD FY14 & FY13 Non-GAAP Operating Performance Measures

	Year ended September 30,					
	2014			2013		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 1,078.0	\$ (0.1) (a)	\$ 1,077.9	\$ 1,034.7	\$ (25.2) (d)	\$ 1,009.5
Operating expenses	414.7	(34.7) (b)	380.0	400.6	(52.5) (e)	348.1
Interest expense	23.3	-	23.3	24.0	(1.2) (f)	22.8
Other income (expense), net	8.7	-	8.7	(0.4)	(1.1) (g)	(1.5)
Income tax expense	48.7	12.9 (c)	61.6	28.3	22.9 (c)	51.2
Net income <sup>1</sup>	109.7	21.9	131.6	63.4	54.9	118.3
Diluted EPS	1.72	0.34	2.06	1.01	0.87	1.88

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

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring costs (\$0.3 P, \$0.2 credit B)

(b) Business acquisition costs (\$2.1 P, \$6.3 C), litigation (\$20.8 B), restructuring costs (\$4.0 P, \$1.5 C)

(c) Tax effect of adjustments

(d) Inventory step up (\$21.8 P), restructuring costs (\$0.3 P, \$2.9 B), business acquisition costs (\$0.2 P)

(e) Backlog amortization (\$34.5 P), business acquisition costs (\$3.1 P, \$13.7 C), restructuring (\$0.2 P, \$0.5 B, \$0.2 C), litigation (\$0.2 B), other (\$0.1 B)

(f) Business acquisition costs (\$1.2 C)

(g) Acquisition-related foreign currency transactions (\$0.8 C), business acquisition costs (\$0.2 C), other (\$0.1 B)