



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

Bill Canady

➤ Senior Vice President, Industrial Products and Corporate Strategy

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 period ended September 30, 2015, 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

Red Valve provides high quality valve products and engineering services for demanding flow control applications

Transaction Descriptions	<ul style="list-style-type: none">▪ Purchase Price: \$131.9 million in cash, including \$3.3 million for related real estate▪ TTM (ended 11/30/15) revenue of \$38.6 million; adj. EBITDA of \$12.1 million, excluding \$1.9 million in non-recurring expenses
Transaction Consideration	<ul style="list-style-type: none">▪ Transaction funded under Hillenbrand's \$700 million credit revolver
Strategic Fit	<ul style="list-style-type: none">▪ Red Valve is part of the Process Equipment Group▪ Provides highly engineered equipment for niche markets▪ Robust parts and service and aftermarket recurring revenue▪ Expands presence in the flow control space
Financial Impact	<ul style="list-style-type: none">▪ Red Valve is a highly profitable business with a low asset base that generates significant cash▪ Acquisition is expected to be accretive to earnings in 2016, net of transition costs
Closing	<ul style="list-style-type: none">▪ Red Valve closed February 1, 2016



Q1 FY 2016 Highlights

Q1 2016 Consolidated Highlights

- Revenue of \$352 million decreased 12% or 8% constant currency
- Adjusted EPS* declined 16% to \$0.41 per diluted share

PEG Q1 2016 Highlights

- Revenue of \$214 million decreased 17% or 11% constant currency
- Adjusted EBITDA margin* expanded 50 bps compared to prior year

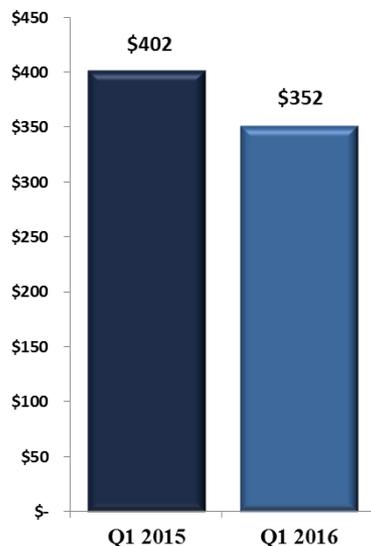
Batesville Q1 2016 Highlights

- Revenue of \$138 million was down 5% or 4% constant currency from the prior year
- Adjusted EBITDA margin* was 23.1%, up 60 bps compared to prior year

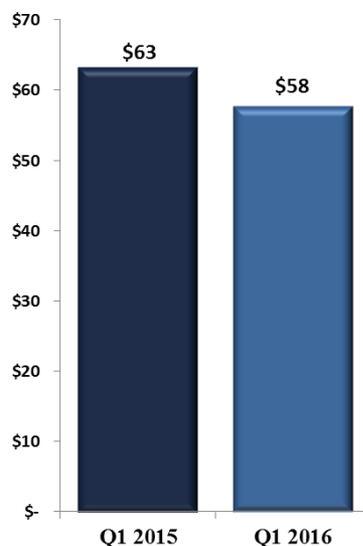
* See appendix for reconciliation

Consolidated Financial Performance – Q1 2016

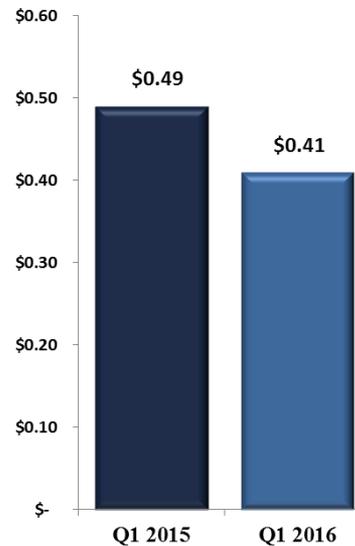
Revenue



Adjusted EBITDA*



Adjusted EPS*



Operating Cash Flow



Hillenbrand Consolidated

Q1 2016 Consolidated Composition:

	Rev	Adj. EBITDA*
Process Equipment Group	61%	51%
Batesville	39%	49%
Total	100%	100%

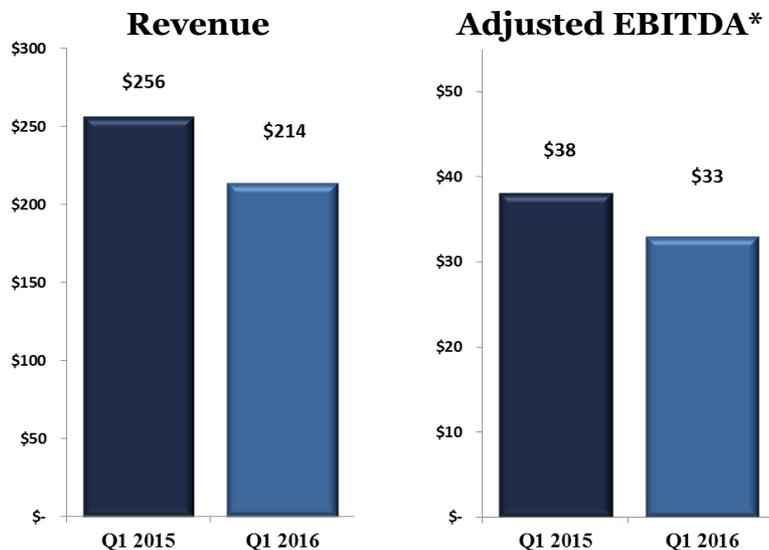
Q1 2016 Consolidated Summary:

- Revenue declined 12% to \$352 million, down 8% constant currency, primarily driven by volume in the Process Equipment Group segment
- Adjusted EBITDA* was \$58 million, down 9%
- Adjusted EPS* decreased 16%; \$0.41 per diluted share

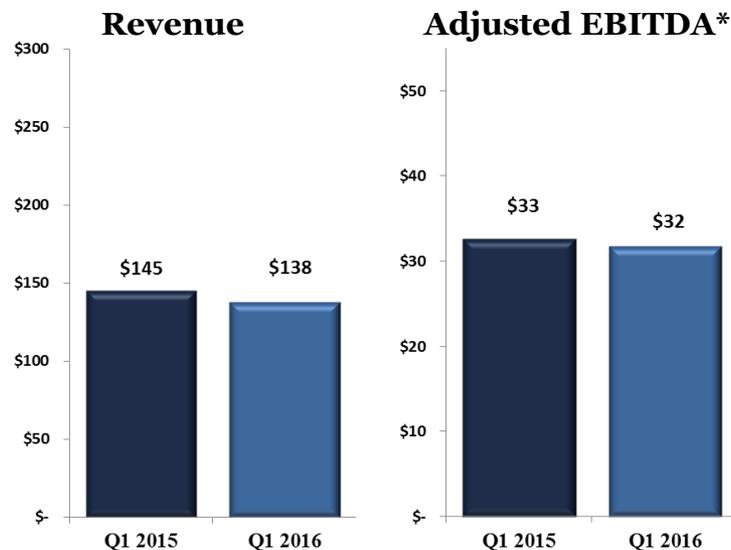
*See appendix for reconciliation

Segment Performance – Q1 2016

Process Equipment Group



Batesville



Process Equipment Group

Q1 2016 Summary:

- Revenue down 17%, 11% constant currency, due primarily to decreased demand for equipment, partially offset by the addition of Abel
- Adjusted EBITDA margin* improved 50 basis points mainly driven by the addition of ABEL

Batesville

Q1 2016 Summary:

- Revenue of \$138 million was down 5%, or 4% constant currency due to a decrease in volume
- Adjusted EBITDA margin* expanded 60 basis points

*See appendix for reconciliation

Hillenbrand Outlook: FY 2016 Revised Guidance

**Organic
Revenue**

(2%) - 0% Constant Currency Growth

**Total
Revenue**

2% - 4% Constant Currency Growth

**EPS
(adjusted)**

\$2.05 - \$2.15 per Diluted Share

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Q & A

Replay Information

▶▶▶▶ *Dial In: (855) 859-2056*

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

▶▶▶▶ *Conference ID: 24739960*

▶▶▶▶ *Encore Replay Dates: 02/03/2016 - 02/11/2016*

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

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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 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.

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 FY16 & Q1 FY15 - Adjusted EBITDA to Consolidated Net Income Reconciliation

(\$ in millions)	Three months ended December 31,			
	2015		2014	
Adjusted EBITDA:				
Process Equipment Group	\$	33.0	\$	38.1
Batesville		31.8		32.6
Corporate		(7.0)		(7.3)
Less:				
Interest income		(0.3)		(0.3)
Interest expense		5.9		5.7
Income tax expense		8.7		11.8
Depreciation and amortization		16.0		15.0
Business acquisition and integration		1.7		0.3
Inventory step-up		1.4		-
Restructuring		3.4		0.7
Litigation		-		0.5
Consolidated net income	\$	21.0	\$	29.7

Q1 FY16 & Q1 FY15 Reconciliation of Non-GAAP Measures

(\$ in millions, except per share data)

	Three months ended December 31,			
		2015		2014
Net Income(1)	\$	20.0	\$	29.5
Restructuring		3.4		1.9
Business acquisition and integration		1.7		0.3
Litigation		-		0.5
Inventory step-up		1.4		-
Backlog amortization		3.2		-
Tax effect of adjustments		(3.3)		(0.8)
Adjusted Net Income(1)	\$	26.4	\$	31.4

	Three months ended December 31,			
		2015		2014
Diluted EPS	\$	0.31	\$	0.46
Restructuring		0.05		0.03
Business acquisition and integration		0.03		-
Litigation		-		0.01
Inventory step-up		0.02		-
Backlog amortization		0.05		-
Tax effect of adjustments		(0.05)		(0.01)
Adjusted Diluted EPS	\$	0.41	\$	0.49

(1) Net income attributable to Hillenbrand