HILLENBRAND

Q1 '18 Earnings Presentation

February 1, 2018

Hillenbrand Participants

- **Joe Raver**
  - President & Chief Executive Officer

- **Kristina Cerniglia**
  - Senior Vice President & 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 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
target	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 what is described 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. This includes the impact of the Tax Act on the Company's financial position, results of operations, and cash flows. 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, 2017, and in Item 1A of Part II of the Form 10-Q for the period ended December 31, 2017, which are located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

Q1 FY 2018 Highlights

- **Consolidated Q1 2018 Highlights**
  - Revenue of $397 million increased 12% organically
  - GAAP EPS of $0.28 decreased 18% primarily due to a higher effective tax rate as a result of U.S. tax reform; adjusted EPS[1] of $0.54 was up 29% year-over-year
- **PEG Q1 2018 Highlights**
  - Revenue of $264 million increased 19%
  - Adjusted EBITDA margin[1] was 17.3%, up 250 bps compared to prior year
- **Batesville Q1 2018 Highlights**
  - Revenue of $133 million decreased 1%
  - Adjusted EBITDA margin[1] was 21.0%, down 200 bps compared to prior year

[1]See appendix for reconciliation

Impact Of U.S. Tax Reform

GAAP

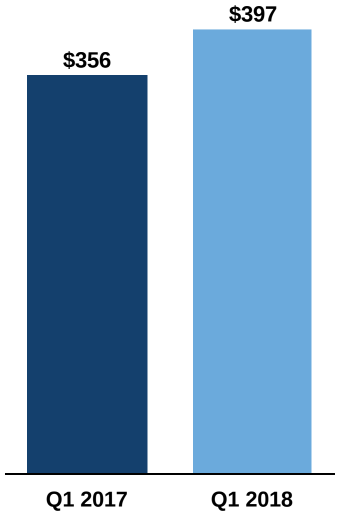
- GAAP effective tax rate for Q1 fiscal 2018 was 55.4%, compared to 23.4% in Q1 fiscal 2017
- Tax reform reduces Q1 fiscal 2018 GAAP EPS by $0.20
  - Provisional tax expense on unremitted foreign earnings of $29 million
  - Revaluation of domestic net deferred tax liabilities at lower U.S. statutory rate results in $15 million reduction in provisional tax expense
  - Lower U.S. tax rate on current quarter income
- Full year GAAP effective tax rate for fiscal 2018 estimated to be 34% - 36%

Adjusted

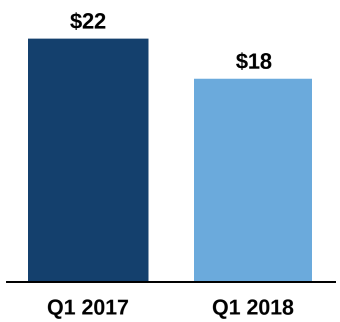
- Adjusted effective tax rate for Q1 fiscal 2018 was 22.1%, compared to 26.5% in Q1 fiscal 2017
- Q1 fiscal 2018 adjusted EPS includes a benefit of $0.03 from tax reform
- Adjusted effective tax rate for fiscal 2018 estimated to be 26% - 28%

Consolidated Financial Performance

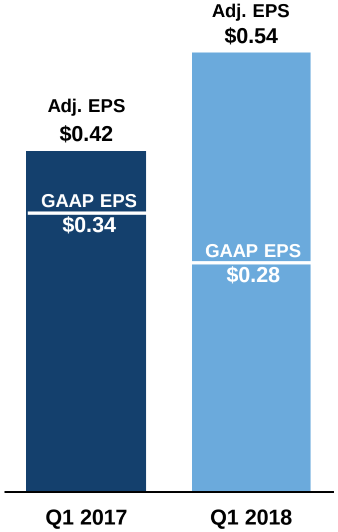
Revenue



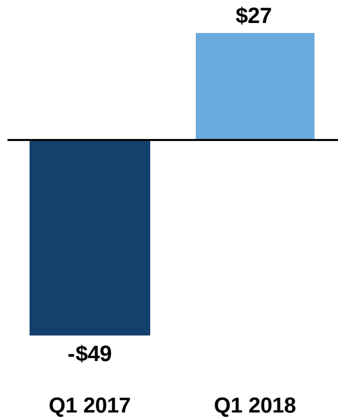
Net Income[1]



GAAP & Adjusted EPS[2]



Operating Cash Flow



Hillenbrand Consolidated

Q1 2018 Consolidated Composition:

	Revenue	Adj. EBITDA[2]
Process Equipment Group	67%	62%
Batesville	33%	38%
Total	**100%**	**100%**

Q1 2018 Consolidated Summary:

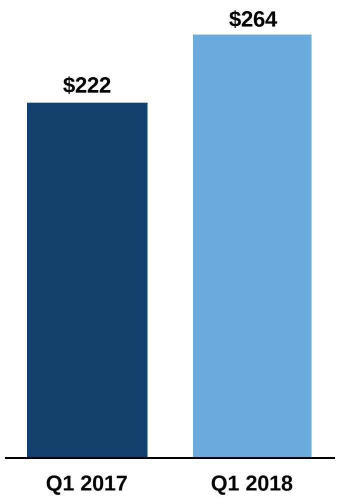
- Revenue increased 12% to $397 million driven by PEG growth of 19%, partially offset by a decline in Batesville of 1%
- GAAP net income decreased 17% to $18 million, adjusted EBITDA[2] of $65 million increased 16%; adjusted EBITDA margin[2] of 16.4% was up 60 bps driven strong operating leverage in PEG
- Operating cash flow increased $76 million primarily as a result of the pension contribution made in Q1 fiscal 2017

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

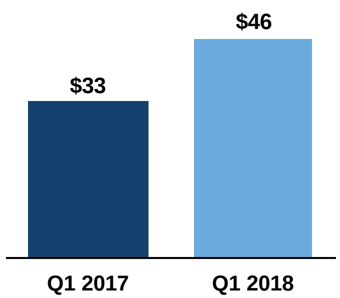
Segment Performance

Process Equipment Group

Revenue



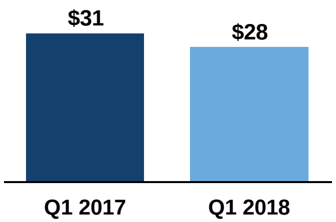
Adjusted EBITDA[1]



Batesville

Revenue

Adjusted EBITDA[1]



Process Equipment Group

Q1 2018 Summary:

- Revenue of $264 million was up 19% over the prior year driven by favorable foreign currency impact (5%) and continued demand for screening and separating equipment, including machines used to process proppants for hydraulic fracturing, and equipment and systems used for plastics projects and food and pharmaceutical applications
- Adjusted EBITDA margin[1] of 17.3% increased 250 bps due to strong operating leverage

Batesville

Q1 2018 Summary:

- Revenue of $133 million was 1% lower than the prior year as a result of lower demand for burial caskets primarily due to what is estimated to be an increased rate at which families opted for cremation, partially offset by an increase in average selling price
- Adjusted EBITDA margin[1] of 21.0% was 200 bps lower than prior year as the impact of lower burial volume and cost inflation were partially offset by supply chain initiatives

[1]See appendix for reconciliation

Hillenbrand Outlook: FY 2018 Guidance

Revenue Range			
Batesville	-3%	–	-1%
PEG	5%	–	7%
Total	**2%**	**–**	**4%**

EPS Range	GAAP			Adjusted*		
Original Guidance	2.11	–	2.23	2.16	–	2.28
Impact of Tax Reform		(0.13)			0.12	
Revised Guidance	**1.98**	**–**	**2.10**	**2.28**	**–**	**2.40**

*Includes $0.05 impact of Restructuring & Related Charges

Q&A

Replay Information

- **Dial-in for US and Canada: 1 (800) 585-8367**
- **Dial-in for International: +1 (416) 621-4642**
- **Conference ID: 5275987**
- **Encore Replay Dates: 2/1/2018 – 2/15/2018**
- **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. These non-GAAP measures also exclude the non-recurring tax benefits and expenses related to the Tax Act. 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.

Q1 FY18 & Q1 FY17 Reconciliation Of Adjusted EBITDA To Consolidated Net Income

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Adjusted EBITDA:		
Process Equipment Group	$ 45.6	$ 32.7
Batesville	27.9	31.0
Corporate	(8.3)	(7.3)
Less:		
Interest income	(0.5)	(0.2)
Interest expense	6.3	6.1
Income tax expense	23.7	6.7
Depreciation and amortization	13.8	15.0
Business acquisition, development, and integration	2.3	0.3
Restructuring and restructuring related	0.5	6.6
Consolidated net income	$ 19.1	$ 21.9

$ in millions

Q1 FY18 & Q1 FY17 Reconciliation Of Non-GAAP Measures

	Three Months Ended December 31, 2017	2016
Net Income (1)	$ 18.1	$ 21.7
Restructuring and restructuring related	0.5	8.1
Business acquisition, development, and integration	2.3	0.3
Tax Act (2)	14.3	-
Tax effect of adjustments	(0.7)	(3.1)
Adjusted Net Income (1)	$ 34.5	$ 27.0

	Three Months Ended December 31, 2017	2016
Diluted EPS	$ 0.28	$ 0.34
Restructuring and restructuring related	0.01	0.13
Business acquisition, development, and integration	0.04	-
Tax Act (2)	0.22	-
Tax effect of adjustments	(0.01)	(0.05)
Adjusted Diluted EPS	$ 0.54	$ 0.42

$ in millions, except per share data

(1) Net income attributable to Hillenbrand
(2) The revaluation of the deferred tax balances and the tax on unremitted foreign earnings

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

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Net cash provided by operating activities	$ 26.9	$ (48.7)
Less:		
Capital expenditures	5.6	4.6
Free cash flow	$ 21.3	$ (53.3)
Consolidated net income	$ 19.1	$ 21.9
Free cash flow to net income conversion rate	112%	-243%

$ in millions