Hillenbrand

Q4 ’18 Earnings Presentation

November 14, 2018

Hillenbrand Participants

- **Joe Raver**
  - President & Chief Executive Officer
- **Kristina Cerniglia**
  - Senior Vice President & Chief Financial Officer
- **Rich Dudley**
  - Director, Investor Relations

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
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.

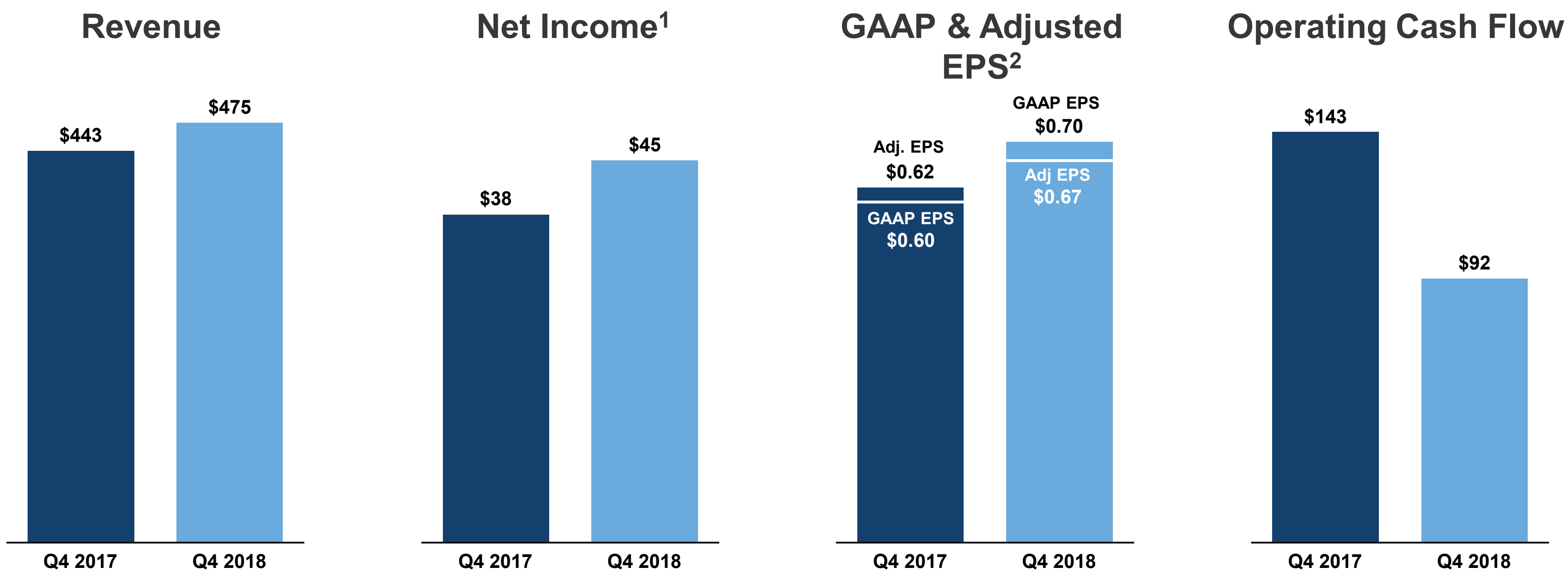
Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements. This includes the impact of the Tax Cuts and Jobs Act (the "Tax Act") on the Company's financial position, results of operations, 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, 2018, which is located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

Q4 FY 2018 Highlights

- **Consolidated Q4 2018 Highlights**
  - Revenue of $475 million increased 7%
  - GAAP EPS of $0.70 increased 17%; adjusted EPS[1] of $0.67 was up 8% compared to prior year
- **PEG Q4 2018 Highlights**
  - Revenue of $339 million increased 12%
  - Adjusted EBITDA margin[1] was 18.3%, down 60 bps compared to prior year
- **Batesville Q4 2018 Highlights**
  - Revenue of $136 million decreased 2%
  - Adjusted EBITDA margin[1] was 21.1%, down 380 bps compared to prior year

[1]See appendix for GAAP reconciliation

Consolidated Financial Performance – Q4 2018



Hillenbrand Consolidated

Q4 2018 Consolidated Composition:

	Revenue	Adj. EBITDA[2]
Process Equipment Group	71%	68%
Batesville	29%	32%
Total	**100%**	**100%**

Q4 2018 Consolidated Summary:

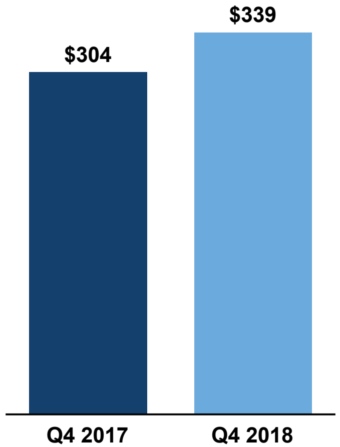
- Revenue increased 7% to $475 million driven by PEG growth of 12%; Batesville revenue decreased 2%
- GAAP net income increased $6 million to $45 million; adjusted EBITDA[2] of $81 million decreased 1%; adjusted EBITDA margin[2] of 17.1% decreased 140 bps primarily due to cost inflation and an increased proportion of lower margin, large systems projects in plastics, partially offset by pricing and productivity improvements
- Operating cash flow decreased $51 million primarily due to the timing of working capital requirements

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

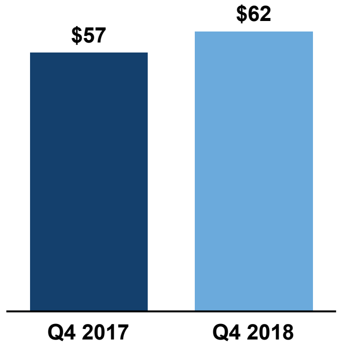
Segment Performance – Q4 2018

Process Equipment Group

Revenue

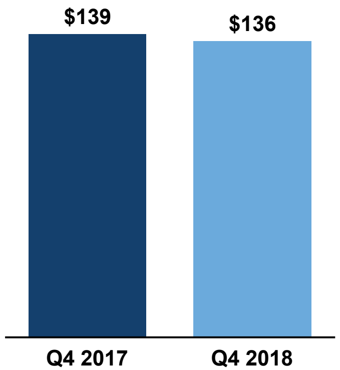


Adjusted EBITDA[1]

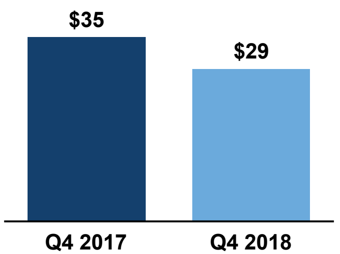


Batesville

Revenue



Adjusted EBITDA[1]



Process Equipment Group

Q4 2018 Summary:

- Revenue of $339 million was up 12% over the prior year primarily driven by continued demand for large plastics projects and parts and service; Foreign currency decreased revenue by 2%
- Adjusted EBITDA margin[1] of 18.3% decreased 60 bps due to an increased proportion of lower margin, large systems projects in plastics, partially offset by pricing and productivity improvements

Batesville

Q4 2018 Summary:

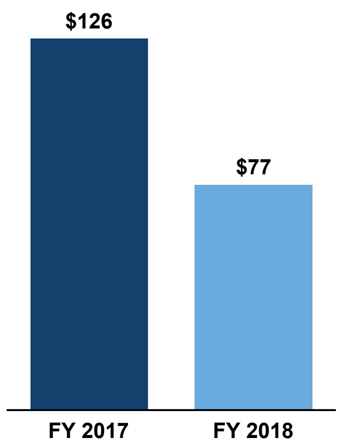
- Revenue of $136 million decreased 2% from the prior year as a result of lower demand for burial caskets, primarily due to the estimated increased rate at which families opted for cremation
- Adjusted EBITDA margin[1] of 21.1% was 380 bps lower than prior year primarily due to cost inflation, a one-time benefit from projects related to footprint reduction in the PY that did not repeat, lower volume, and a fire at one of our metal production facilities, partially offset by productivity gains

[1]See appendix for GAAP reconciliation

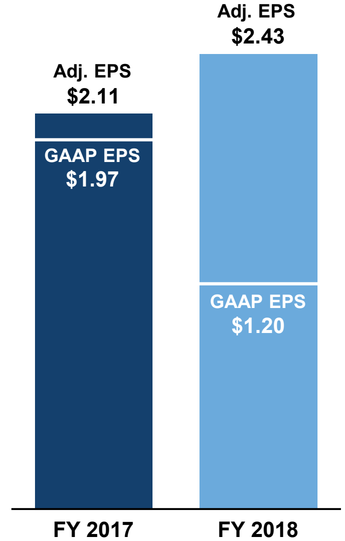
Consolidated Financial Performance – FY 2018

Revenue

Net Income[1]



GAAP & Adjusted EPS[2]



Operating Cash Flow

Hillenbrand Consolidated

FY 2018 Consolidated Composition:

	Revenue	Adj. EBITDA[2]
Process Equipment Group	69%	64%
Batesville	31%	36%
Total	**100%**	**100%**

FY 2018 Consolidated Summary:

- Revenue increased 11% to $1.77 billion driven by PEG growth of 19%; Batesville revenue decreased 2%
- GAAP net income decreased $50 million to $77 million due to the non-cash impairment charge in Q2 FY18; adjusted EBITDA[2] of $294 million increased 5%; adjusted EBITDA margin[2] of 16.6% decreased 110 bps primarily due to cost inflation, an increased proportion of lower margin, large systems projects in plastics, and lower volume and supply chain inefficiencies in Batesville, partially offset by pricing and productivity improvements
- Operating cash flow increased $2 million as the non-repeat of the prior year's $80 million US pension plan contribution was partially offset by the timing of working capital requirements and an increase in cash paid for taxes

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

Hillenbrand Outlook: FY 2019 Guidance

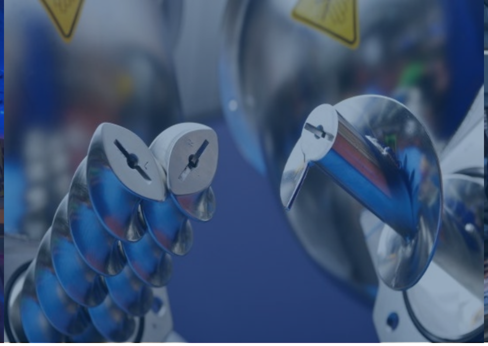
Revenue Range			
Batesville	-3%	–	-1%
PEG[1]	3%	–	5%
Total[2]	**1%**	**–**	**3%**

EPS Range			
FY19 GAAP EPS[3]	**2.40**	**–**	**2.55**
Restructuring & Related Charges	0.05	–	0.05
FY19 Adjusted EPS[3]	**2.45**	**–**	**2.60**

[1] Includes negative FX impact of ~3%
[2] Includes negative FX impact of ~2%
[3] Includes negative FX impact of ~2%

Hillenbrand Outlook: FY 2019 Guidance

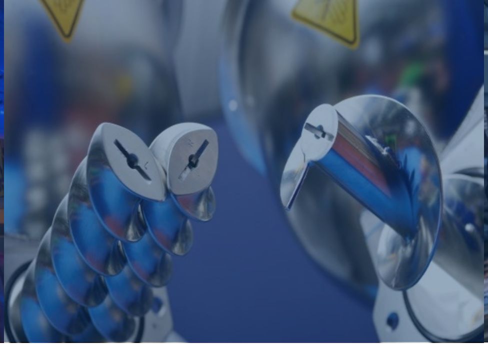
- **Consolidated revenue up 1% to 3%, including negative FX impact of ~2%**
  - PEG up 3% to 5%, including negative FX impact of ~3%
  - Batesville down 3% to down 1%
- **PEG Adj. EBITDA Margin up 30 to 60 bps**
- **Batesville Adj. EBITDA Margin of ~21%**
- **Depreciation Expense of ~$27M**
- **Amortization Expense of ~$30M**
- **Interest Expense of ~$21M**
- **Tax rate of ~25% to ~26%**



Q&A

Replay Information

- Dial-in for US and Canada: 1 (800) 585-8367
- Dial-in for International: +1 (416) 621-4642
- Conference ID: 2560919
- Encore Replay Dates: 11/14/2018 – 11/28/2018
- 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 generally referred to as “adjusted” and exclude impairment charges and expenses associated with business acquisition, development, and integration, and restructuring and restructuring related charges. 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 and Jobs Act (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 operational measure used 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. 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.

Q4 FY18 & Q4 FY17 Reconciliation of Adjusted EBITDA to Consolidated Net Income

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Twelve Months Ended September 30, 2018	Twelve Months Ended September 30, 2017
Adjusted EBITDA:				
Process Equipment Group	$ 62.1	$ 57.4	$ 215.8	$ 177.7
Batesville	28.7	34.7	120.8	141.9
Corporate	(9.4)	(10.1)	(42.3)	(38.6)
Less:				
Interest income	(0.3)	(0.4)	(1.4)	(0.9)
Interest expense	5.5	6.3	23.3	25.2
Income tax expense	12.8	21.7	65.3	59.9
Depreciation and amortization	14.5	14.5	56.5	56.6
Impairment charge	-	-	63.4	-
Business acquisition, development, and integration	0.9	0.1	3.5	1.1
Restructuring and restructuring related	0.8	1.9	2.5	10.7
Consolidated net income	$ 47.2	$ 37.9	$ 81.2	$ 128.4

$ in millions

Q4 FY18 & Q4 FY17 Reconciliation of Non-GAAP Measures

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Twelve Months Ended September 30, 2018	Twelve Months Ended September 30, 2017
Net income[1]	$ 44.5	$ 38.2	$ 76.6	$ 126.2
Impairment charge	-	-	63.4	-
Restructuring and restructuring related	0.8	2.1	2.5	12.3
Business acquisition, development, and integration	0.9	0.1	3.5	1.1
Tax Act [2]	(2.9)	-	12.2	-
Tax effect of adjustments	(0.6)	(0.7)	(2.9)	(4.8)
Adjusted Net Income [1]	$ 42.7	$ 39.7	$ 155.3	$ 134.8

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Twelve Months Ended September 30, 2018	Twelve Months Ended September 30, 2017
Diluted EPS	$ 0.70	$ 0.60	$ 1.20	$ 1.97
Impairment charge	-	-	0.99	-
Restructuring and restructuring related	0.01	0.03	0.04	0.19
Business acquisition, development, and integration	0.02	-	0.06	0.02
Tax Act [2]	(0.05)	-	0.19	-
Tax effect of adjustments	(0.01)	(0.01)	(0.05)	(0.07)
Adjusted Diluted EPS	$ 0.67	$ 0.62	$ 2.43	$ 2.11

$ 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

	Twelve Months Ended September 30, 2018
Net cash provided by operating activities	$ 248.3
Less:	
Capital expenditures	27.0
Free cash flow	$ 221.3
Consolidated net income	$ 81.2
Impairment charges (net of tax)	62.3
Consolidated net income excluding the non-cash impairment charge	$ 143.5
Free cash flow to net income conversion rate	154%

$ in millions