Hillenbrand

Q1 ’19 Earnings Presentation

January 30, 2019

Hillenbrand Participants

- **Joe Raver**
  - President & Chief Executive Officer
- **Kristina Cerniglia**
  - Senior Vice President & Chief Financial Officer
- **Rich Dudley**
  - Senior 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, and in Item 1A of Part II of the Form 10-Q for the period ended December 31, 2018, 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 2019 Highlights

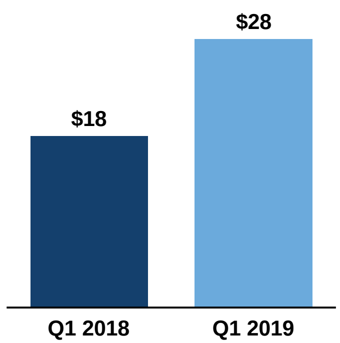
- **Consolidated Q1 2019 Highlights**
  - Revenue of $410 million increased 3% compared to prior year
  - GAAP EPS of $0.45 increased 59%; adjusted EPS[1] of $0.49 was down 9% compared to prior year
- **PEG Q1 2019 Highlights**
  - Revenue of $282 million increased 7% compared to prior year
  - Adjusted EBITDA margin[1] was 16.4%, down 90 bps compared to prior year
- **Batesville Q1 2019 Highlights**
  - Revenue of $128 million decreased 4% compared to prior year
  - Adjusted EBITDA margin[1] was 20.9%, down 10 bps compared to prior year

[1]Adjusted EPS and adjusted EBITDA margin are non-GAAP measures. See appendix for reconciliation.

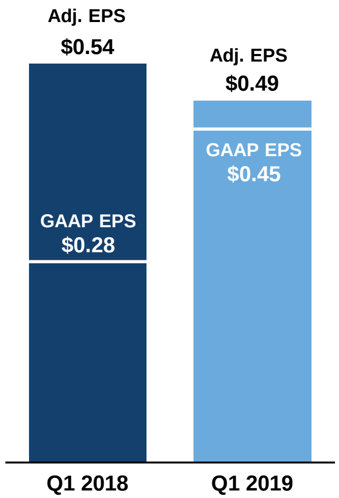
Consolidated Financial Performance – Q1 2019

Revenue

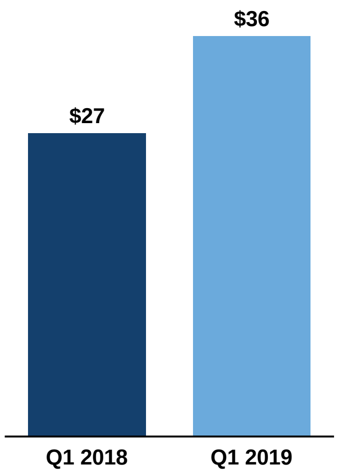
Net Income[1]



GAAP & Adjusted EPS[2]



Operating Cash Flow



Hillenbrand Consolidated

Q1 2019 Consolidated Composition:

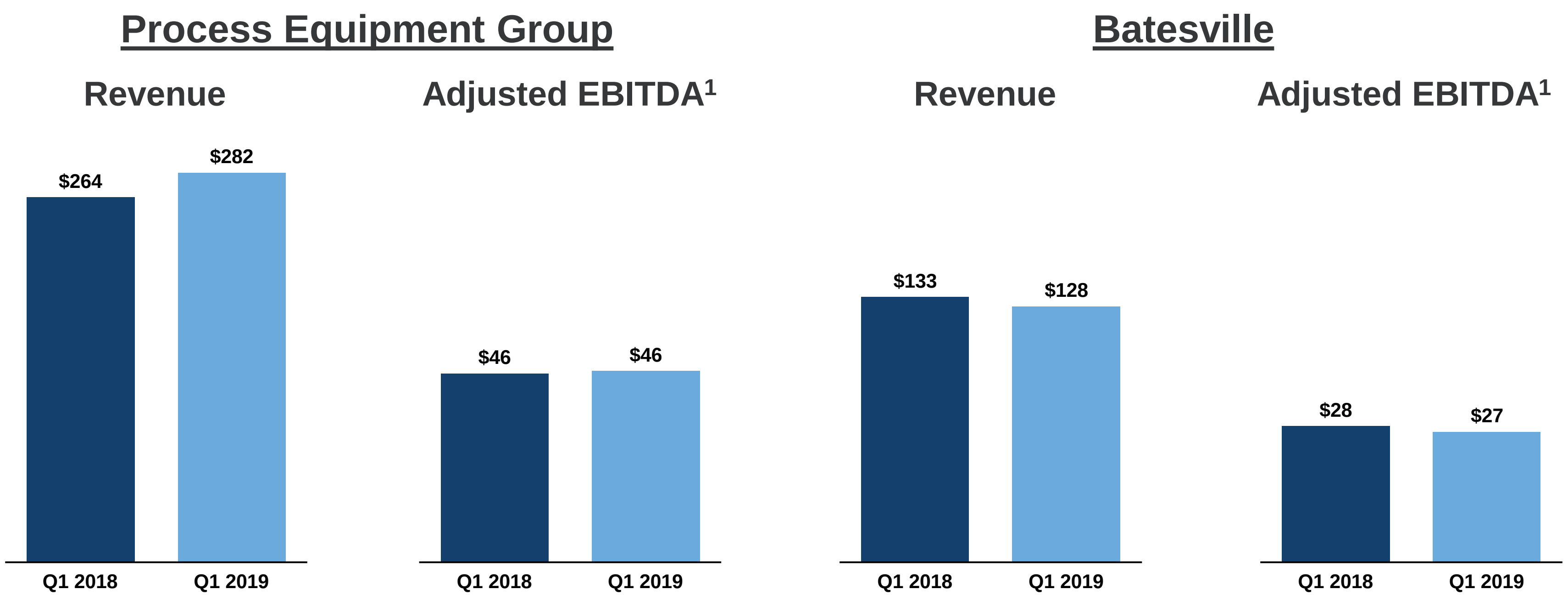
	Revenue	Adj. EBITDA[2]
Process Equipment Group	69%	63%
Batesville	31%	37%
Total	**100%**	**100%**

Q1 2019 Consolidated Summary:

- Revenue increased 3% to $410 million driven by PEG growth of 7%, partially offset by Batesville decline of 4%; FX decreased revenue by 2%
- GAAP net income increased $10 million to $28 million; adjusted EBITDA[2] of $64 million decreased 2%; adjusted EBITDA margin[2] of 15.6% decreased 80 bps primarily due to cost inflation, the volume decline at Batesville, and an increased proportion of lower margin, large systems sales in plastics
- Operating cash flow increased $9 million primarily due to the timing of working capital requirements

[1]Net Income attributable to Hillenbrand
[2]Adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP measures. See appendix for reconciliation.

Segment Performance – Q1 2019



Process Equipment Group

Q1 2019 Summary:

- Revenue of $282 million was up 7% over the prior year primarily driven by continued demand for large plastics projects and parts and service; foreign currency decreased revenue by 3%
- Adjusted EBITDA margin[1] of 16.4% decreased 90 bps due to cost inflation and an increased proportion of lower margin, large systems sales in plastics, partially offset by pricing and productivity improvements

Batesville

Q1 2019 Summary:

- Revenue of $128 million decreased 4% 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, partially offset by an increase in average selling price
- Adjusted EBITDA margin[1] of 20.9% was 10 bps lower than prior year as cost inflation and lower volume is mostly offset by productivity improvements and an increase in average selling price

[1]Adjusted EBITDA margin is a non-GAAP measure. See appendix for GAAP reconciliation.

Hillenbrand Outlook: Reaffirming 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%

Q&A

Replay Information

- **Dial-in for US and Canada: 1 (800) 585-8367**
- **Dial-in for International: +1 (416) 621-4642**
- **Conference ID: 3896285**
- **Encore Replay Dates: 1/30/2019 – 2/13/2019**
- **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 expenses associated with business acquisition, development, and integration, restructuring and restructuring related charges, inventory step-up, and backlog amortization. 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.

Q1 FY19 & Q1 FY18 Reconciliation of Adjusted EBITDA to Consolidated Net Income

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
Adjusted EBITDA:		
Process Equipment Group	$ 46.2	$ 45.6
Batesville	26.7	27.9
Corporate	(8.8)	(8.3)
Less:		
Interest income	(0.2)	(0.5)
Interest expense	5.5	6.3
Income tax expense	14.5	23.7
Depreciation and amortization	14.1	13.8
Business acquisition and integration	0.6	2.3
Inventory step-up	0.1	-
Restructuring and restructuring related	0.5	0.5
Consolidated net income	$ 29.0	$ 19.1

$ in millions

Q1 FY19 & Q1 FY18 Reconciliation of Non-GAAP Measures

	Three Months Ended December 31, 2018		2017	
Net Income (1)	$	28.3	$	18.1
Restructuring and restructuring related		0.5		0.5
Business acquisition, development, and integration		0.6		2.3
Inventory step up		0.1		-
Backlog amortization		0.3		-
Tax Act (2)		1.8		14.3
Tax effect of adjustments		(0.4)		(0.7)
Adjusted Net Income (1)	$	31.2	$	34.5

	Three Months Ended December 31, 2018		2017	
Diluted EPS	$	0.45	$	0.28
Restructuring and restructuring related		0.01		0.01
Business acquisition, development, and integration		0.01		0.04
Inventory step up		-		-
Backlog amortization		-		-
Tax Act (2)		0.03		0.22
Tax effect of adjustments		(0.01)		(0.01)
Adjusted Diluted EPS	$	0.49	$	0.54

$ in millions, except per share data

(1) Net income attributable to Hillenbrand

(2) The revaluation of the deferred tax balances, the tax on unremitted foreign earnings, and change in deferred tax liability as a result of revising our permanent reinvestment assertion on earnings of foreign subsidiaries driven by the Tax Act

Free Cash Flow and Free Cash Flow to Net Income Conversion Rate Computations

	Three Months Ended December 31, 2018	2017
Net cash provided by operating activities	$ 35.5	$ 26.9
Less:		
Capital expenditures	3.6	5.6
Free cash flow	$ 31.9	$ 21.3
Consolidated net income	$ 29.0	$ 19.1
Free cash flow to net income conversion rate	110%	112%

$ in millions