
HILLENBRAND

Our Transformation Continues

Jefferies Industrial Conference – New York City

August 7, 2017

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, forward-looking statements are statements about the future, as contrasted with historical information. Our forward-looking statements are based on assumptions and current expectations of future events that we believe are reasonable, but by their very nature they are subject to a wide range of risks. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand's expectations and projections.

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:

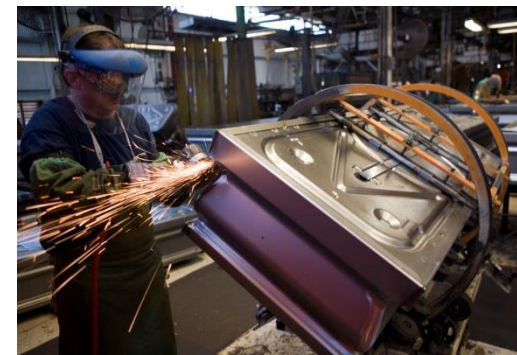
intend	believe	plan	expect	may	goal	would
become	pursue	estimate	will	forecast	continue	could
targeted	encourage	promise	improve	progress	potential	should

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, 2016, and in Part II, Item 1A of Hillenbrand's Form 10-Q for the quarter ended June 30, 2017, located on our website and filed with the SEC. We assume no obligation to update or revise any forward-looking statements.

Company & Strategy Overview



Hillenbrand Began As A Death Care Company And Has Diversified Through Acquisitions

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Hillenbrand Industries approves separation of Hill-Rom and Batesville Casket into two independent public companies
May 2007

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K-Tron Acquisition (includes TerraSource)
April 2010



Coperion acquisition
December 2012



ABEL Pumps acquisition
October 2015



2007

2008

2010

2011

2012

2013

2015

2016

Hillenbrand, Inc. (parent of Batesville Casket Company) begins operation
April 2008



Rotex acquisition
September 2011



K-Tron merges with Coperion
October 2013



Red Valve acquisition
February 2016



Batesville

- Founded in 1906 and dedicated for more than 100 years to *helping families honor the lives of those they love®*
- North American leader in death care with a history of manufacturing excellence, product innovation, superior customer service, and reliable delivery

Process Equipment Group (PEG)

- PEG businesses design, develop, manufacture and service highly engineered industrial equipment around the world
- PEG is a leading global provider of compounding and extrusion equipment, flow control, bulk solids material handling equipment and systems for a wide variety of manufacturing and other industrial processes

Headquarters Batesville, IN

Market Cap (7/31/17) ~\$2.3B

Mfg Facilities (owned and leased) 22 Facilities¹

Employees ~6,100¹

FY 2016 (Ended 9/30/16)

Sales ~\$1.5B

Free Cash Flow \$217M²

Dividend Yield 2.3%³

5-Year Revenue CAGR 12%

1. At 9/30/2016

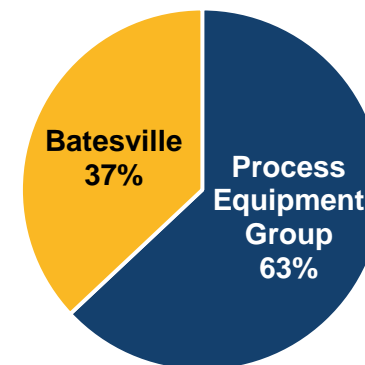
2. See Appendix for reconciliation – FCF is Cash Flow from Operations less CapEx

3. Dividend Yield as of market close 7/31/2017

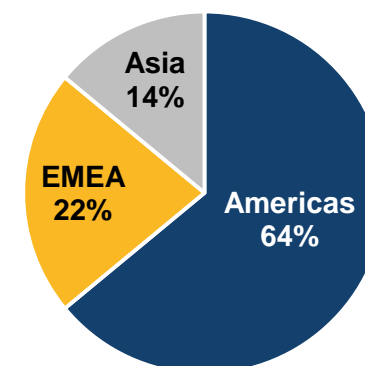
4. Company Data

FY 2016 Revenue Mix

By Segment



By Geography⁴



Building a World-class Global Diversified Industrial Company

1

Develop into a **world-class** global diversified industrial company

- Become a recognized leader in the diversified industrial space
- Accelerate transformation through M&A

2

Leverage strong financial foundation and the Hillenbrand Operating Model

- Deliver sustainable profit growth, revenue expansion, and FCF¹
- Drive operational efficiencies

3

Reinvest cash in new growth initiatives, both organic and inorganic, that create shareholder value

- Leverage existing businesses to expand in core markets and near adjacencies
- Acquire leading brands with strong recurring revenue

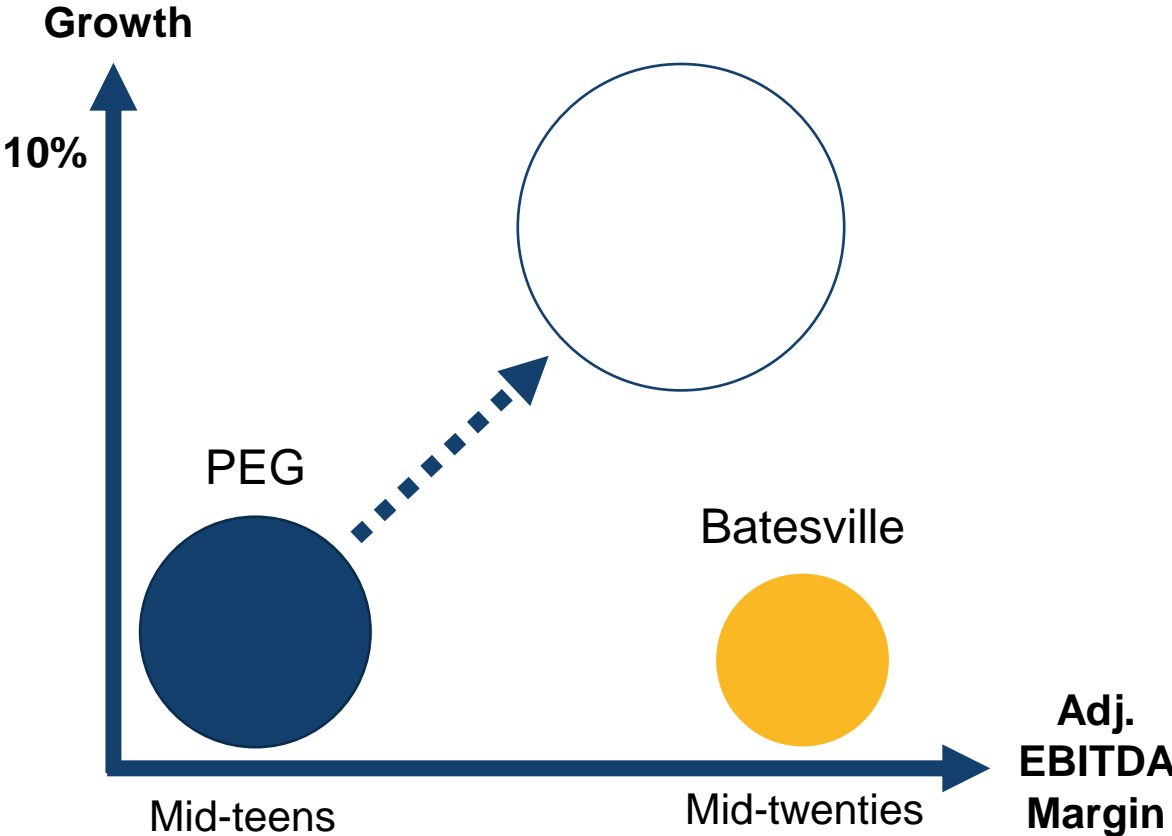
1. FCF is Cash Flow from Operations less CapEx

Clear Trajectory and Path to Achieve Vision

Transformation Strategy Is Founded On Commitment To Profitable Growth

Process Equipment Group: Grow via implementation of HOM and disciplined M&A

Batesville: Maintain leadership position and use strong FCF¹ to grow PEG



1. FCF is Cash Flow from Operations less CapEx

Hillenbrand Operating Model

Consistent and repeatable framework designed to produce sustainable and predictable results

Defines how Hillenbrand runs the business and focuses on three key steps:

1. Understand the business
2. Focus on the critical few
3. Grow to get bigger and better



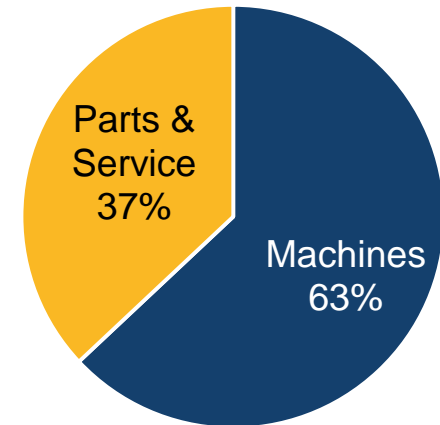
Driving Profitable Growth and Superior Value

Process Equipment Group (PEG)

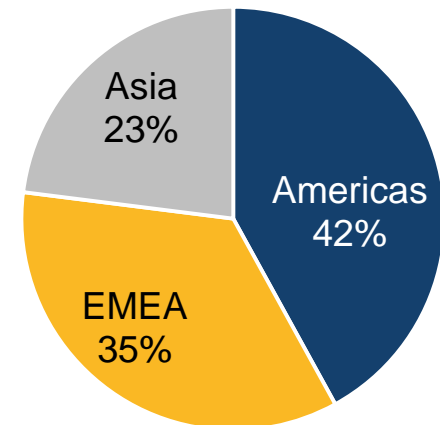


- Highly-engineered, mission critical, niche products that are differentiated through applications expertise and drive value for customers
- Stable recurring revenue and attractive margins from parts & service
- Balanced geographic diversification
- Highly diversified customer base with a strong history of long-term relationships with blue-chip customers
- Favorable long-term mega trends
 - Rapidly expanding middle class
 - Growing global population
 - Rising demand for plastics, food, and energy

Revenue by Product Mix¹



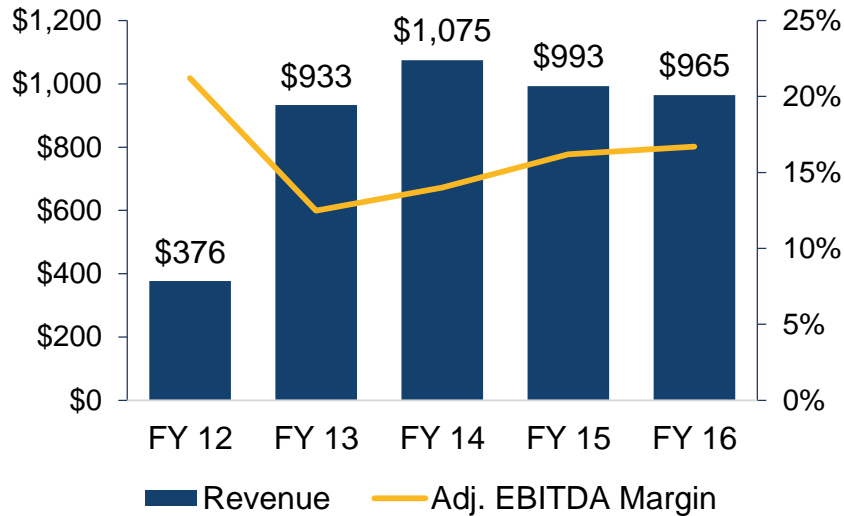
Revenue by Geography¹



1. FY 2016 Company Data

Solid Financial Track Record Expected To Continue

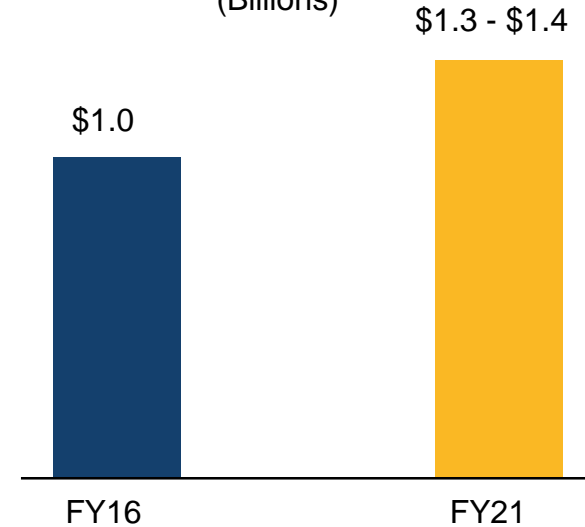
Revenue & Adj. EBITDA¹ Margin
(Millions)



- Initiatives to expand margins resulted in adj. EBITDA¹ margin growth of 420 bps from FY13 to FY16
 - Product mix improvement
 - Parts & service business growth
 - Strategic pricing initiatives
 - Continued implementation of Lean
 - Addition of ABEL and Red Valve

1. See Appendix for reconciliation

PEG Revenue
(Billions)



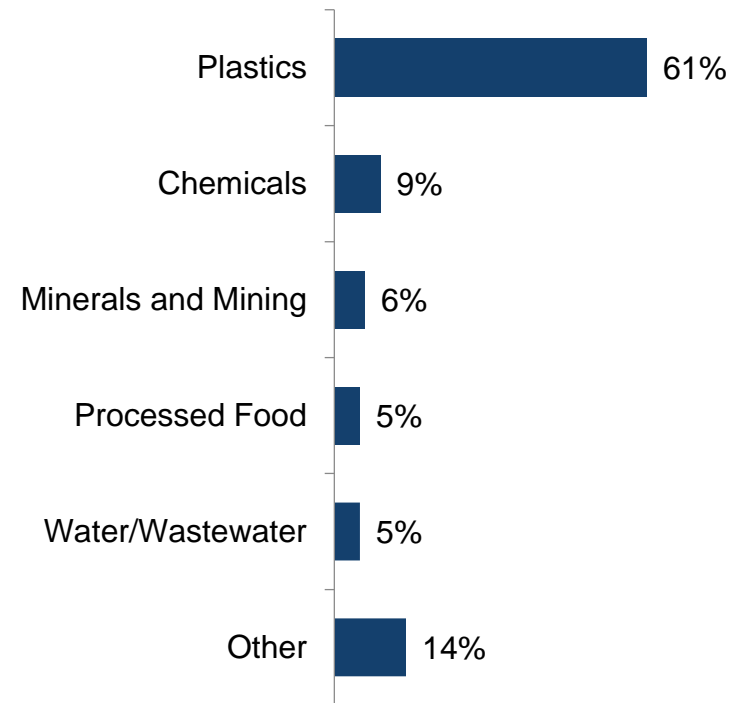
- Expect mid-single digit organic revenue growth
- Adj. EBITDA¹ margin expected to grow 50 bps in 2017

Focused On Growth

Organic and Inorganic Growth

- Focus on niche, high-growth core end markets and near adjacencies
- Leverage scope and scale to accelerate profitable growth
- Expand recurring revenue in operating companies
- Achieve margin expansion through the implementation of the Hillenbrand Operating Model

End Market Diversification¹



Other: Forest Products, Grains, Oil Seed, Pharma

1. FY 2016 Company Data



- Compounders and extruders
- Materials handling equipment
- Feeders and components
- System solutions
- Service and parts



- Separating equipment
- Sizing equipment
- Service and parts



- Crushers
- Materials handling equipment
- Service and parts



- Pumping solutions
- Service and parts



- Highly engineered valves
- Recurring revenue



Batesville



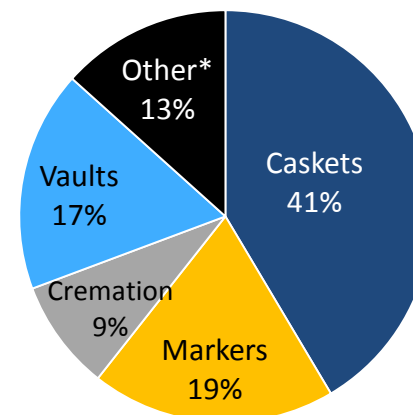
Batesville Is A Leader In The North American Death Care Industry

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- Iconic brand with 100+ years of history
- Superior mix of products
- Industry leader in volume, revenue and profitability¹
- FY 2016 Revenue: \$574M

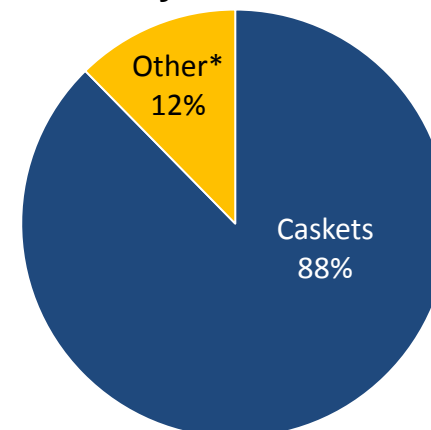


\$3.0 B North American Death Care Industry¹



* Chemicals, Factoring, Paper products, Retorts, Technology, etc.

Batesville Revenue Mix by Product¹



* Cremation Options®, Technology Solutions and Northstar

1. Source: Internal estimates, industry reports and public filings for FY 2016

Leverage Our Leadership Position

Grow Leadership Position in Death Care Industry

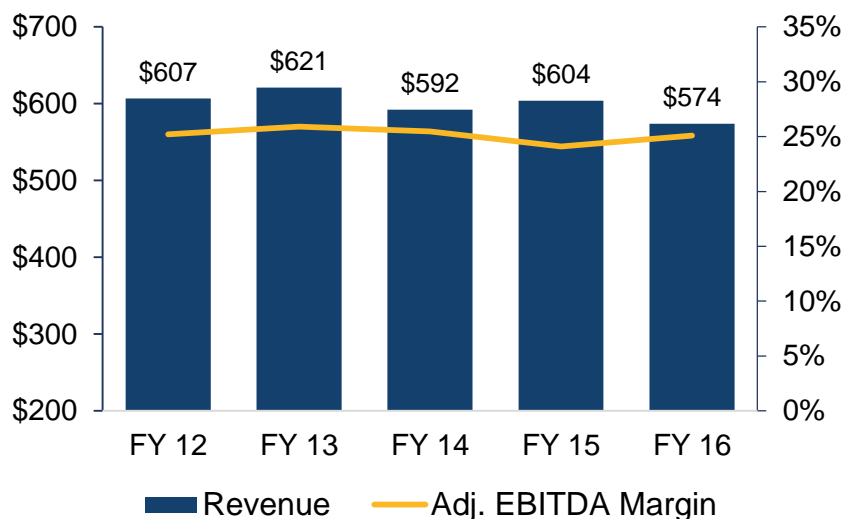
- Build and deliver value propositions aligned to customer needs
- Provide merchandising and consultative selling
- Develop innovative new products

Maintain Optimal Cost Structure to Support Growth

- Continual process improvement through Hillenbrand Operating Model
- Lean manufacturing and distribution

Batesville's Attractive Financial Fundamentals Expected To Continue

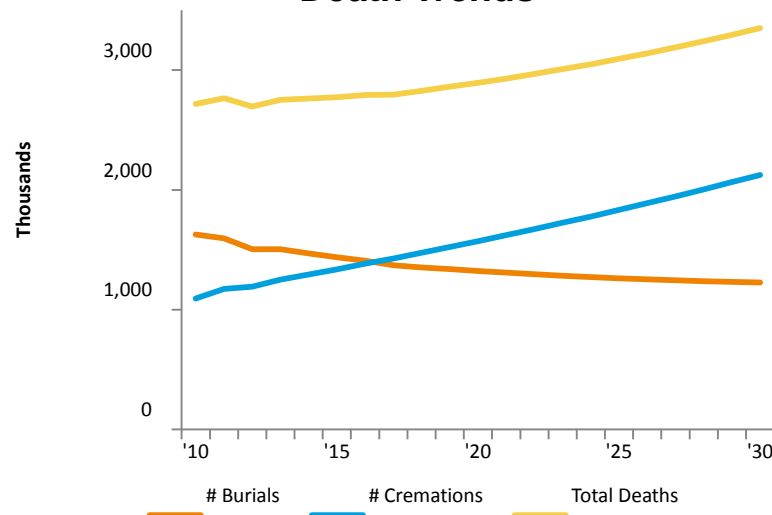
Revenue & Adj. EBITDA¹ Margin
(Millions)



- Historically high ROIC
- Historically strong Adj. EBITDA¹ margins
- Relentless focus on Lean to drive margin sustainability

1. See Appendix for reconciliation
 2. Source: CDC, Cremation Assn. North America, Company estimates
 3. Cremation Association of North America data

Death Trends³



- N.A. cremation rate is ~50% and increasing ~120-140 bps per year²
- Increase in future deaths driven by aging baby boomers expected to be offset by cremation, resulting in flat to slightly declining burial market

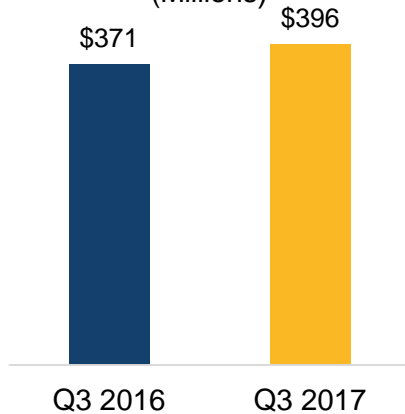
Financial Results



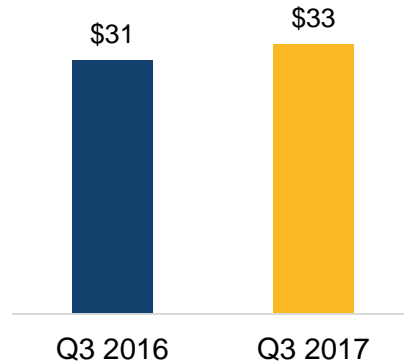
Consolidated Financial Performance Q3 2017

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Revenue (Millions)



Net Income¹ (Millions)

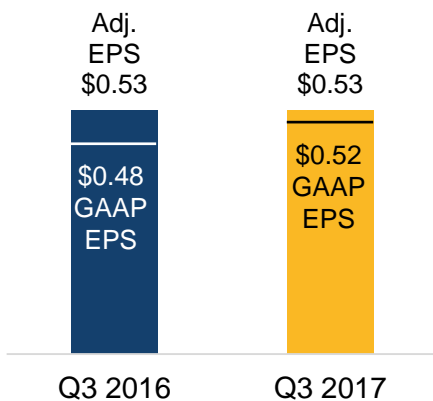


Q3 2017	Revenue	Adj. EBITDA ²
PEG	65%	60%
Batesville	35%	40%

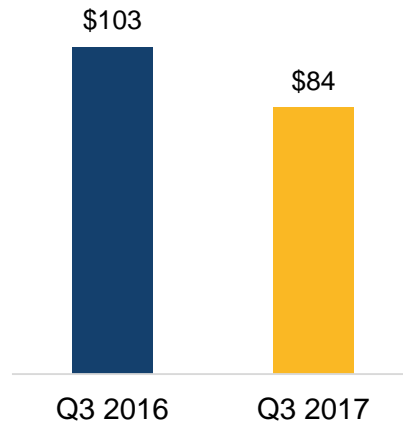
Key Points

- Revenue increased 7% to \$396 million driven by demand for plastics projects and equipment used for hydraulic fracturing
- GAAP net income increased 7% to \$33 million, adjusted EBITDA² of \$72 million increased 8%; adjusted EBITDA margin² of 18.3% was up 20 bps driven by PEG
- Operating cash flow of \$84 million was generated in the quarter driven by strong net income and improved working capital management

GAAP & Adj. EPS²



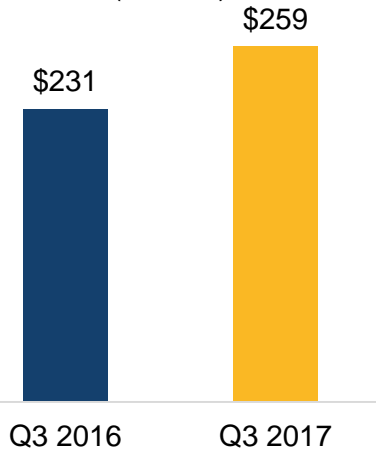
Operating Cash Flow (Millions)



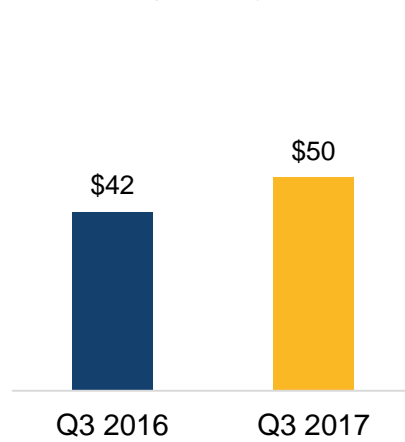
1. Net income attributable to Hillenbrand
2. See Appendix for reconciliation

Process Equipment Group

Revenue
(Millions)



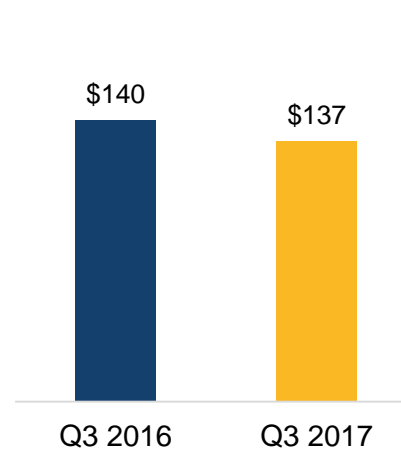
Adj. EBITDA¹
(Millions)



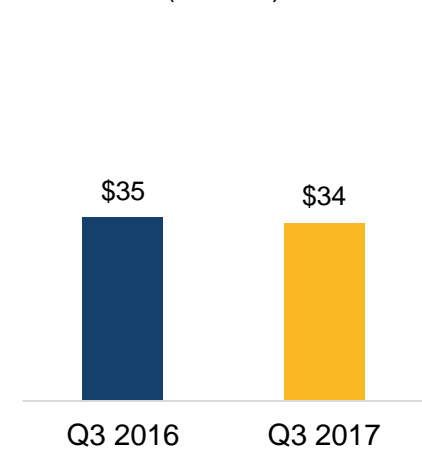
- Revenue of \$259 million was up 12% over the prior year primarily driven by continued strength in plastics projects, as well as screening and separating equipment used to process proppants for hydraulic fracturing, partially offset by unfavorable FX
- Adjusted EBITDA margin¹ increased 130 bps due to pricing and productivity improvements, partially offset by unfavorable product mix

Batesville

Revenue
(Millions)



Adj. EBITDA¹
(Millions)



- Revenue of \$137 million was 2% lower than the prior year as burial demand declined due to what is estimated to be an increased rate at which families opted for cremation
- Adjusted EBITDA margin¹ of 24.5% was lower by 20 bps compared to prior year as a result of higher commodity and fuel costs, partially offset by productivity improvements

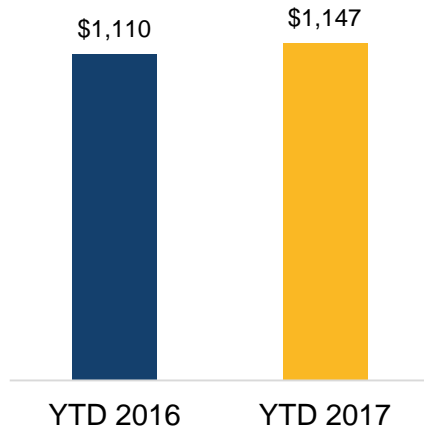
1. See Appendix for reconciliation

Consolidated Financial Performance

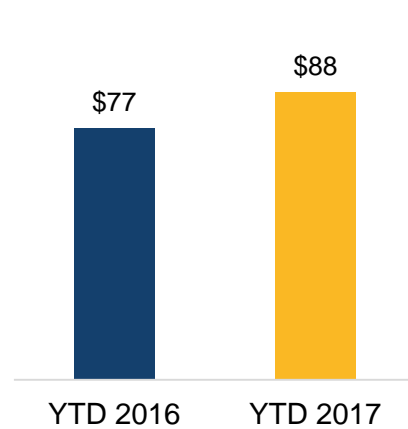
Q3 YTD 2017 – Nine Months Ended 6/30/17

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Revenue
(Millions)

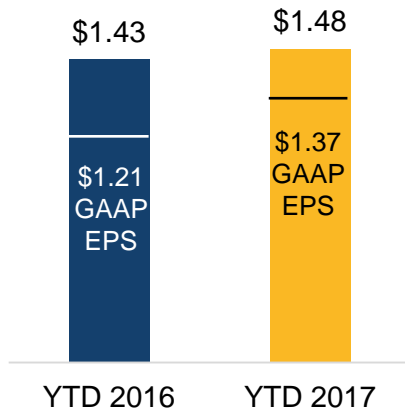


Net Income¹
(Millions)



YTD 2017	Revenue	Adj. EBITDA ²
PEG	63%	53%
Batesville	37%	47%

GAAP & Adj. EPS²



Operating Cash Flow
(Millions)



Key Points

- Revenue of \$1,147 million increased 3% driven by demand for plastics projects, the acquisition of Red Valve and increased demand for screening and separating equipment; partially offset by foreign currency exchange, a decline in burial volume at Batesville, and decreased demand for equipment and parts in power and mining
- GAAP net income increased 15% to \$88 million, adjusted EBITDA² of \$199 million increased 3%; adjusted EBITDA margin² of 17.3% was in line with the prior year
- Operating cash flow of \$104 million was \$86 million lower than prior year primarily due to an \$80 million contribution to the U.S. defined benefit pension plan

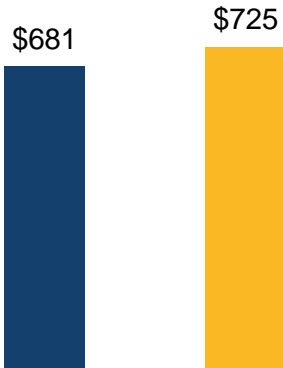
1. Net income attributable to Hillenbrand
2. See Appendix for reconciliation

Segment Performance

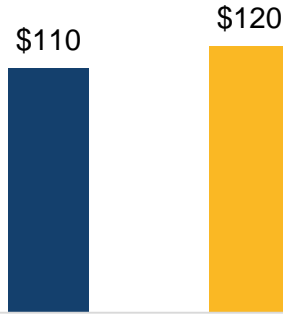
Q3 YTD 2017 – Nine Months Ended 6/30/17

Process Equipment Group

Revenue
(Millions)



Adj. EBITDA¹
(Millions)



YTD 2016 YTD 2017

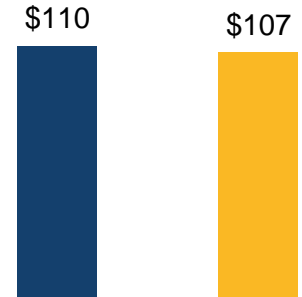
YTD 2016 YTD 2017

Batesville

Revenue
(Millions)



Adj. EBITDA¹
(Millions)



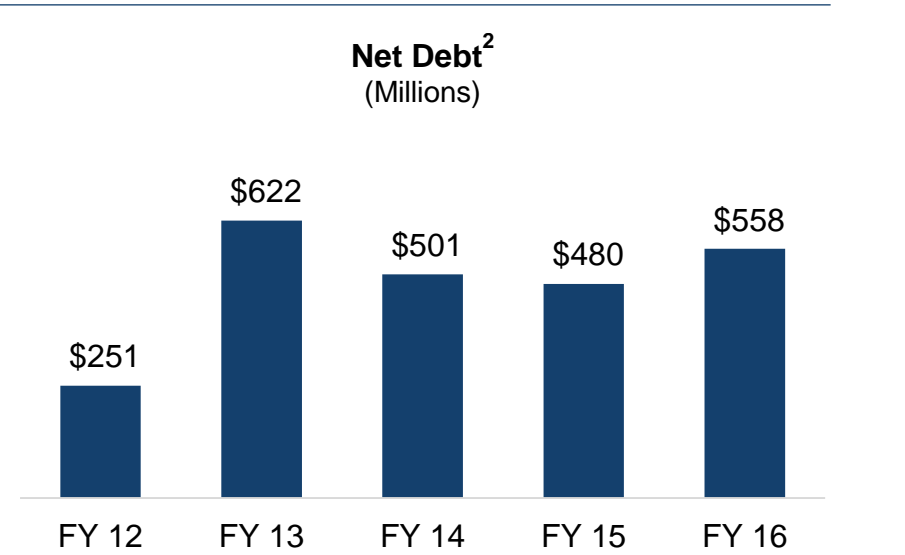
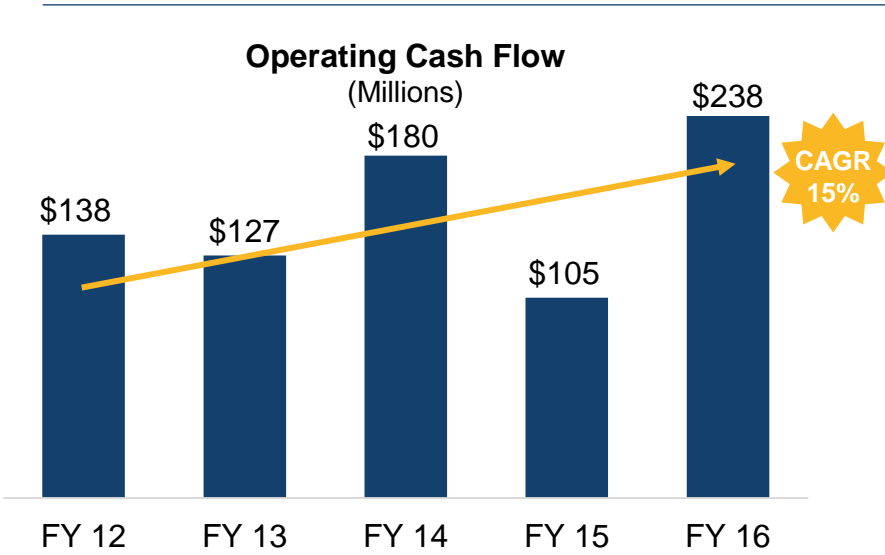
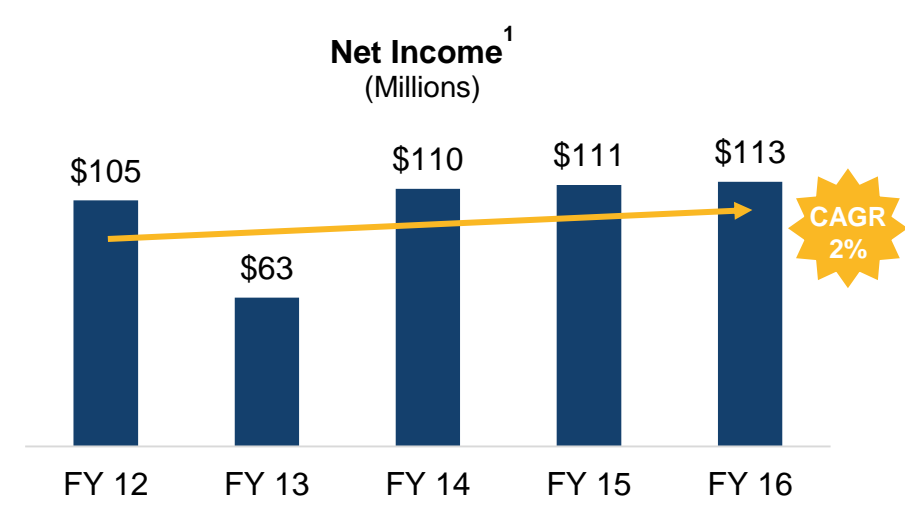
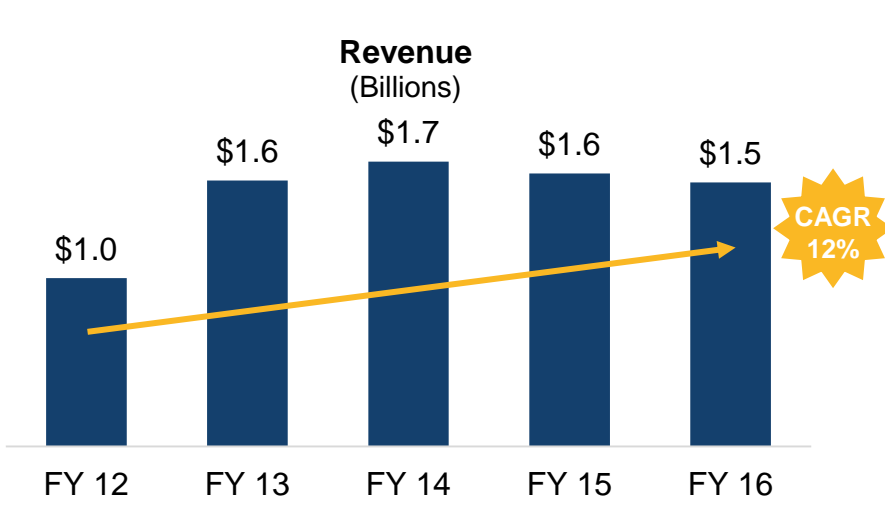
YTD 2016 YTD 2017

YTD 2016 YTD 2017

- Revenue of \$725 million was up 6% over prior year driven by increased demand for plastics projects, the acquisition of Red Valve, and higher demand for screening and separating equipment, partially offset by unfavorable foreign currency
- Adjusted EBITDA margin¹ of 16.6% was 50 basis points higher than prior year primarily driven by higher margins associated with Red Valve, pricing and productivity improvements, and restructuring savings

- Revenue of \$423 million declined 2% compared to prior year, due to decreased volume driven by product line simplification and what we estimate to be an increase in the rate at which families chose cremation
- Adjusted EBITDA margin¹ of 25.4% was 10 basis points lower than the prior year as the impact of higher commodity and fuel costs, and declining burial volume were partially offset by restructuring savings and productivity improvements

1. See appendix for reconciliation



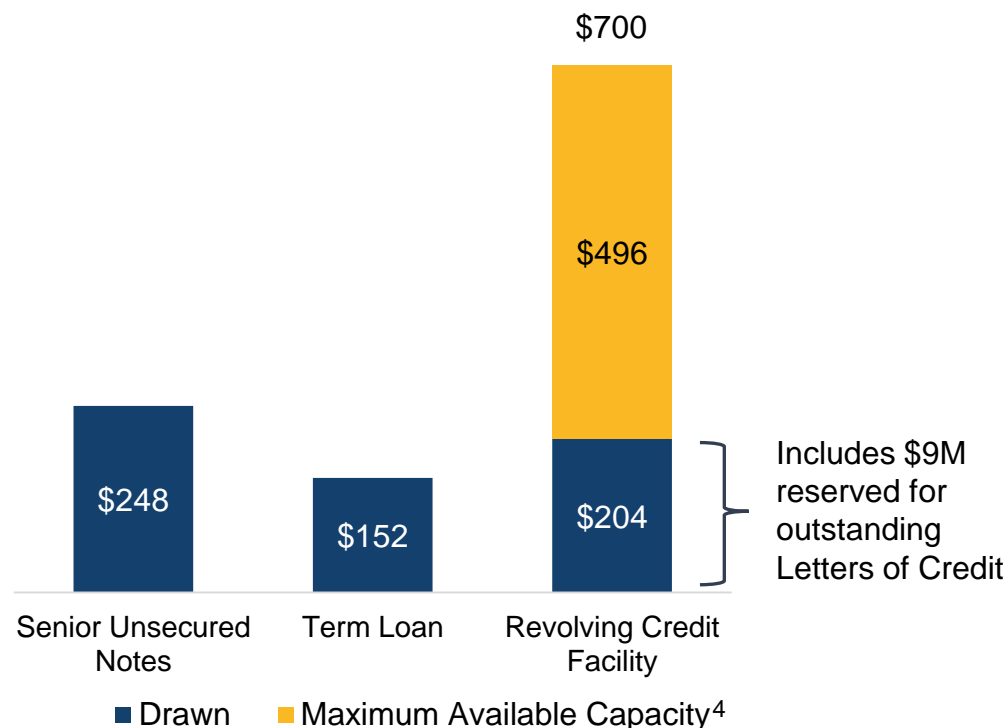
1. Net income attributable to Hillenbrand
 2. Net Debt is Total Debt less Cash

Cash Generation Strengthens Financial Flexibility

As of 6/30/2017	
Total Debt	\$595M
Net Debt ¹	\$524M
Net Debt/TTM Adj. EBITDA ²	1.9x

- Strong cash generation enables financial flexibility

Financing Agreements³ (Millions)



1. Net Debt is Total Debt less Cash
 2. See Appendix for reconciliation
 3. As of 6/30/17, net of debt issuance costs
 4. \$397M immediately available based on existing covenants

Capital Allocation Strategy Focuses On Creating Shareholder Value

Drive Long-term Growth

- Reinvest in organic businesses – CAPEX ~2% of revenue
- ~2/3 of FCF¹ projected to be deployed toward acquisitions in core markets and near adjacencies while maintaining leverage targets

Return Cash to Shareholders

- Share repurchase and dividend payments projected to be ~1/3 of FCF¹
- Dividend of \$0.81 per share in FY 2016 (40% payout ratio; eight consecutive years of \$0.01 increase per share per year)
- Attractive dividend yield: 2.3% (7/31/17)

1. FCF is Cash Flow from Operations less CapEx

	Product, Technologies, End Markets	Size of Opportunities¹	Magnitude of Synergies
Add-on	Same	Small (<\$75M)	High
Adjacency	Similar	Medium (\$50-200M)	Medium

1. Size indications are general estimates only and actual deal size in any category could differ based on circumstances

Growth Opportunity

- We expect PEG to represent more than 2/3 of Hillenbrand revenue with organic mid-single-digit growth
- Bottom-line growth enhanced by leveraging HOM

Strong Financial Profile

- Market leading platforms with robust cash generation
- Strong balance sheet

Proven Track Record

- Proven, results-oriented management team
- Sustainable and predictable results supported by the Hillenbrand Operating Model

Compelling Dividend

- Meaningful shareholder returns, including an attractive dividend yield
- Consecutive annual dividend increases since HI inception (2008)

Appendix



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. 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. Management considers FCF an important indicator of its 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. 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.

Adj. EBITDA To Consolidated Net Income Reconciliation

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<i>(in \$millions)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
EBITDA - adjusted				
Process Equipment Group	\$ 50.3	\$ 41.8	\$ 120.3	\$ 109.8
Batesville	33.5	34.6	107.2	109.5
Corporate	(11.5)	(9.3)	(28.5)	(26.6)
Less:				
Interest income	(0.2)	(0.3)	(0.5)	(0.8)
Interest expense	6.5	6.6	18.9	18.9
Income tax expense	16.6	10.9	38.2	31.9
Depreciation and amortization	13.5	14.3	42.1	46.2
Business acquisition and integration	0.4	0.7	1.0	3.5
Inventory step-up	-	(0.1)	-	2.4
Restructuring and restructuring related	0.9	1.5	8.8	8.9
Trade name impairment	-	2.2	-	2.2
Consolidated net income	<u>\$ 34.6</u>	<u>\$ 31.3</u>	<u>\$ 90.5</u>	<u>\$ 79.5</u>

Q3 FY17, Q3 FY16

Reconciliation Of Non-GAAP Measures

HILLENBRAND

(\$ in millions, except for per share data)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Net Income ⁽¹⁾	\$ 32.9	\$ 30.7	\$ 88.0	\$ 76.8
Restructuring and restructuring related	0.8	1.7	10.2	9.1
Business acquisition and integration	0.4	0.7	1.0	3.5
Inventory step-up	-	(0.1)	-	2.4
Backlog amortization	-	(0.1)	-	4.5
Trade name impairment	-	2.2	-	2.2
Tax effect of adjustments	(0.4)	(1.5)	(4.1)	(7.5)
Adjusted Net Income ⁽¹⁾	<u>\$ 33.7</u>	<u>\$ 33.6</u>	<u>\$ 95.1</u>	<u>\$ 91.0</u>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Diluted EPS	\$ 0.52	\$ 0.48	\$ 1.37	\$ 1.21
Restructuring and restructuring related	0.01	0.03	0.16	0.14
Business acquisition and integration	0.01	0.01	0.01	0.06
Inventory step-up	-	-	-	0.04
Backlog amortization	-	-	-	0.07
Trade name impairment	-	0.03	-	0.03
Tax effect of adjustments	(0.01)	(0.02)	(0.06)	(0.12)
Adjusted Diluted EPS	<u>\$ 0.53</u>	<u>\$ 0.53</u>	<u>\$ 1.48</u>	<u>\$ 1.43</u>

¹ Net income attributable to Hillenbrand

Trailing 12 Months Adj. EBITDA To Consolidated Net Income Reconciliation

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<i>(\$ in millions)</i>	Three Months Ended				
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	Trailing 12 months
EBITDA - adjusted					
Process Equipment Group	\$ 51.1	\$ 32.7	\$ 37.3	\$ 50.3	\$ 171.4
Batesville	34.1	31.0	42.7	33.5	141.3
Corporate	(10.8)	(7.3)	(9.7)	(11.5)	(39.3)
Less:					
Interest income	(0.4)	(0.2)	(0.1)	(0.2)	(0.9)
Interest expense	6.4	6.1	6.3	6.5	25.3
Income tax expense	15.4	6.7	14.9	16.6	53.6
Depreciation and amortization	14.2	15.0	13.6	13.5	56.3
Business acquisition and integration	0.2	0.3	0.3	0.4	1.2
Restructuring and restructuring related	1.3	6.6	1.3	0.9	10.1
Consolidated Net Income	<u>\$ 37.3</u>	<u>\$ 21.9</u>	<u>\$ 34.0</u>	<u>\$ 34.6</u>	<u>\$ 127.8</u>

<i>(\$ in millions)</i>	Twelve months ended September 30,	
	2016	2015
Operating Activities		
Consolidated net income	\$ 116.8	\$ 113.2
Depreciation and amortization	60.4	54.3
Change in working capital	51.2	(86.8)
Pension settlement charge	-	17.7
Other, net	9.8	6.6
Net cash provided by operating activities (A)	\$ 238.2	\$ 105.0
Capital expenditures (B)	(21.2)	(31.0)
Acquisition of business, net of cash acquired	(235.4)	-
Debt activity	83.8	(26.2)
Dividends	(51.1)	(50.4)
Other	(10.6)	(7.1)
Net change in cash	\$ 3.7	\$ (9.7)
Free Cash Flow (A-B)	\$ 217.0	\$ 74.0

Adj. EBITDA to Consolidated Net Income Reconciliation

HILLENBRAND

(\$ in millions)	Years Ended September 30,				
	2016	2015	2014	2013	2012
Adjusted EBITDA:					
Process Equipment Group	\$ 160.9	\$ 160.5	\$ 150.4	\$ 116.4	\$ 79.7
Batesville	143.5	145.5	150.8	161.0	152.8
Corporate	(37.3)	(37.3)	(25.7)	(29.9)	(25.1)
Less:					
Interest income	(1.2)	(1.0)	(0.8)	(0.6)	(0.5)
Interest expense	25.3	23.8	23.3	24.0	12.4
Income tax expense	47.3	49.1	48.7	28.3	30.1
Depreciation and amortization	60.4	54.3	58.4	89.4	40.4
Business acquisition costs	3.7	3.6	8.4	16.0	4.2
Inventory step-up	2.4	-	-	21.8	-
Restructuring and restructuring related	10.2	7.5	5.5	2.8	8.3
Tradename impairment	2.2	-	-	-	-
Litigation	-	0.5	20.8	0.2	5.5
Pension settlement charge	-	17.7	-	-	-
Other	-	-	-	0.2	-
Long-term incentive compensation related to the international integration	-	-	-	-	2.2
Consolidated net income	116.8	113.2	111.2	65.4	104.8