



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

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 year 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

Q3 FY 2016 Highlights

Q3 2016 Consolidated Highlights

- Revenue of \$371 million decreased 7%
- GAAP EPS of \$0.48 decreased \$0.02, while adjusted EPS* of \$0.53 was up \$0.01 compared to prior year

Batesville Q3 2016 Highlights

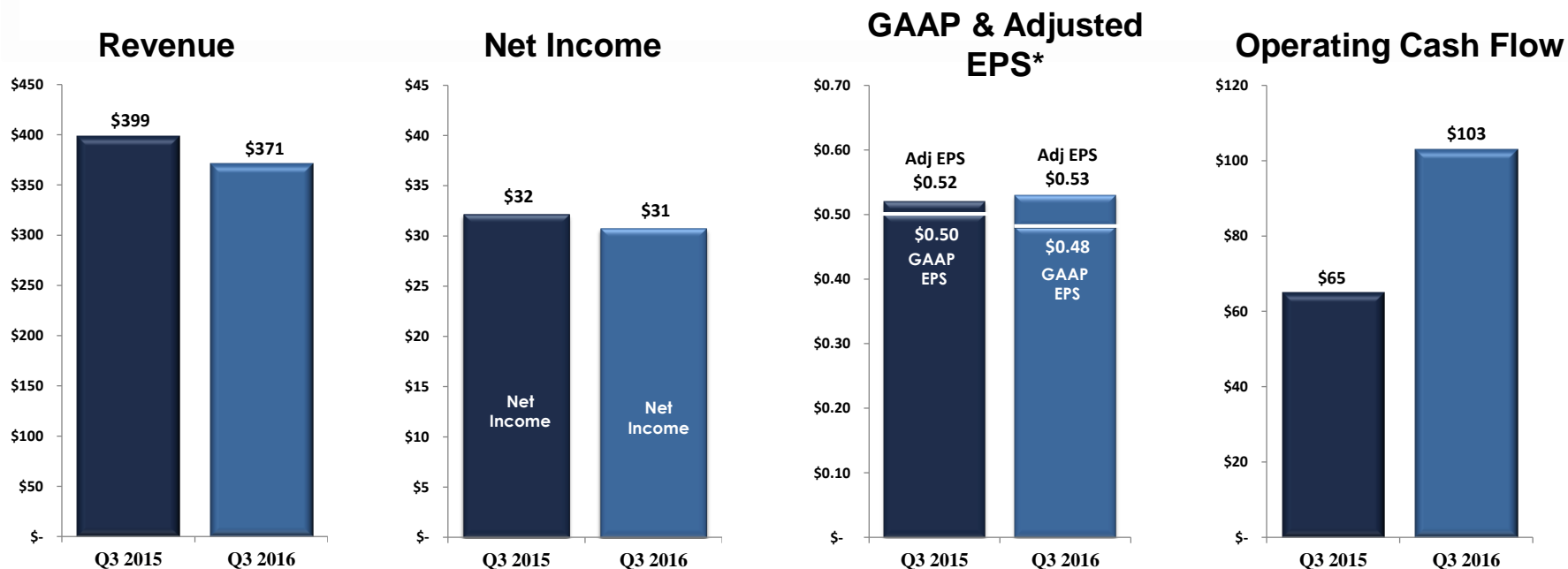
- Revenue of \$140 million was down 3%
- Adjusted EBITDA margin* was 24.7%, up 250 bps compared to prior year

PEG Q3 2016 Highlights

- Revenue of \$231 million decreased 9%
- Adjusted EBITDA margin* was 18.1%, up 90 bps compared to prior year

*See appendix for reconciliation

Consolidated Financial Performance – Q3 2016



Hillenbrand Consolidated

Q3 2016 Consolidated Composition:

	Rev	Adj. EBITDA*
Process Equipment Group	62%	55%
Batesville	38%	45%
Total	100%	100%

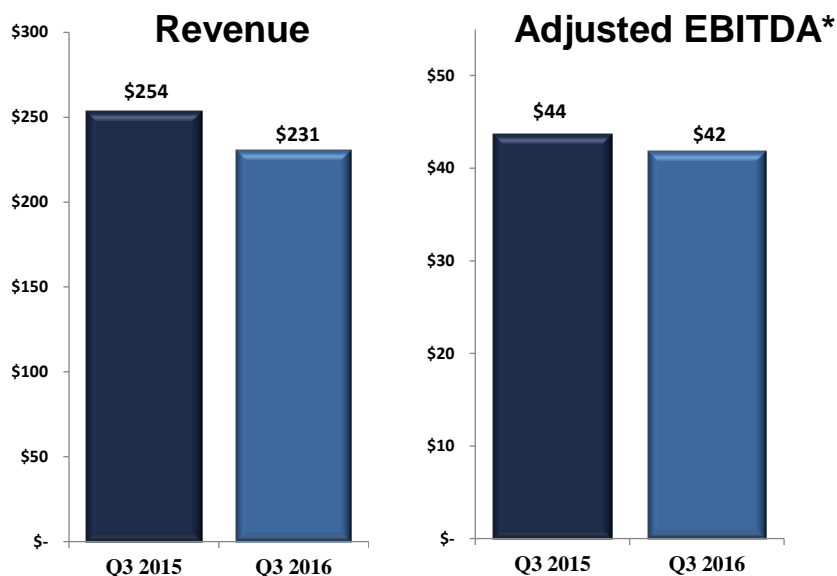
Q3 2016 Consolidated Summary:

- Revenue declined 7% to \$371 million driven primarily by lower volume in the Process Equipment Group
- GAAP net income was relatively flat, adjusted EBITDA of \$67 million increased 1% or 150 basis points on the strength of gross profit
- The balance sheet remains healthy, and we delivered another strong cash flow performance in the third quarter

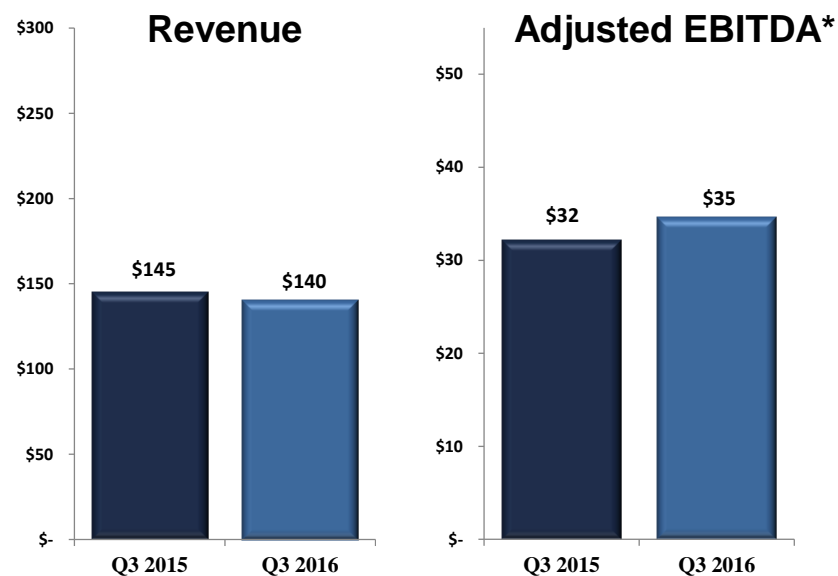
*See appendix for reconciliation

Segment Performance – Q3 2016

Process Equipment Group



Batesville



Process Equipment Group

Q3 2016 Summary:

- Revenue down 9% compared to prior year, primarily due to decreased demand for capital equipment, partially offset by revenue from the acquisitions of ABEL and Red Valve
- Adjusted EBITDA margin* improved 90 bps driven by pricing, productivity improvements, product and business mix, and impact of acquisitions

Batesville

Q3 2016 Summary:

- Revenue of \$140 million was down 3% due to a decrease in burial unit volume associated with an estimated increase in the cremation rate
- Adjusted EBITDA margin* improved 250 bps due to supply chain productivity improvements, lower commodities prices, and restructuring initiatives

*See appendix for reconciliation

Hillenbrand Outlook: FY 2016 Guidance

	From:	To:
Organic Revenue*	(2%) – Flat	(7%) – (5%)
Total Revenue*	2% – 4%	(3%) – (1%)
EPS (adjusted)	\$2.05 – \$2.15	\$1.98 – \$2.05

*Constant currency

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Q & A

Replay Information

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▶▶▶▶ **Encore Replay Dates: 08/04/2016 - 08/18/2016**

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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, trade name impairment 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. There is no GAAP financial measure comparable to backlog; therefore 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. Finally, the Company believes such information provides a higher degree of transparency.

Q3 FY16, Q3 FY15 & YTD FY16, YTD FY 15

Adjusted EBITDA To Consolidated Net Income Reconciliation

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
EBITDA - adjusted				
Process Equipment Group	\$ 41.8	\$ 43.7	\$ 109.8	\$ 116.3
Batesville	34.6	32.2	109.5	108.9
Corporate	(9.3)	(9.7)	(26.6)	(30.1)
Less:				
Interest income	(0.3)	-	(0.8)	(0.7)
Interest expense	6.6	5.7	18.9	17.8
Income tax expense	10.9	13.8	31.9	39.9
Depreciation and amortization	14.3	12.7	46.2	41.1
Litigation	-	-	-	0.5
Restructuring and restructuring related	1.5	1.0	8.9	2.4
Inventory step-up	(0.1)	-	2.4	-
Trade name impairment	2.2	-	2.2	-
Business acquisition and intergration	0.7	0.5	3.5	0.7
Consolidated Net Income	<u>\$ 31.3</u>	<u>\$ 32.5</u>	<u>\$ 79.5</u>	<u>\$ 93.4</u>

Q3 FY16, Q3 FY15 & YTD FY16, YTD FY 15

Reconciliation Of Non-GAAP Measures

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Net Income (1)	\$ 30.7	\$ 32.1	\$ 76.8	\$ 92.3
Restructuring and restructuring related	1.7	1.2	9.1	3.8
Business acquisition and integration	0.7	0.5	3.5	0.7
Litigation	-	-	-	0.5
Inventory step-up	(0.1)	-	2.4	-
Backlog amortization	(0.1)	-	4.5	-
Trade name impairment	2.2	-	2.2	-
Tax effect of adjustments	(1.5)	(0.8)	(7.5)	(1.8)
Adjusted Net Income (1)	\$ 33.6	\$ 33.0	\$ 91.0	\$ 95.5

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Diluted EPS	\$ 0.48	\$ 0.50	\$ 1.21	\$ 1.44
Restructuring and restructuring related	0.03	0.02	0.14	0.06
Business acquisition and integration	0.01	0.01	0.06	0.01
Litigation	-	-	-	0.01
Inventory step-up	-	-	0.04	-
Backlog amortization	-	-	0.07	-
Trade name impairment	0.03	-	0.03	-
Tax effect of adjustments	(0.02)	(0.01)	(0.12)	(0.02)
Adjusted Diluted EPS	\$ 0.53	\$ 0.52	\$ 1.43	\$ 1.50

¹ Net income attributable to Hillenbrand

Q3 FY16, Q3 FY15

Reconciliation Of Adjusted Gross Margin

	Consolidated				Process Equipment Group				Batesville			
	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015		Three Months Ended June 30, 2016		Three Months Ended June 30, 2015		Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Gross Margin	\$ 143.5	38.7%	\$ 138.9	34.8%	\$ 89.5	38.8%	\$ 85.3	33.6%	\$ 54.0	38.5%	\$ 53.6	36.9%
Restructuring and restructuring related	0.4		0.8		0.4		0.4		-		0.4	
Inventory step-up	(0.1)		-		(0.1)		-		-		-	
Adjusted Gross Margin	\$ 143.8	38.8%	\$ 139.7	35.0%	\$ 89.8	38.9%	\$ 85.7	33.8%	\$ 54.0	38.5%	\$ 54.0	37.2%