

# HILLENBRAND

## Q3 FY 2022
## EARNINGS CALL PRESENTATION

August 4, 2022



# Hillenbrand Participants

Kim Ryan
President & CEO

Bob VanHimbergen
SVP & CFO

Sam Mynsberge
Sr. Director, Investor Relations

# Disclosure Regarding Forward-Looking Statements

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Throughout this presentation, we make a number of “forward-looking statements” that are within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and that are intended to be covered by the safe harbor provided under these sections. As the words imply, these are statements about future sales, earnings, cash flow, results of operations, uses of cash, financings, share repurchases, ability to meet deleveraging goals, and other measures of financial performance or potential future plans or events, strategies, objectives, beliefs, prospects, assumptions, expectations, and projected costs or savings or transactions of the Company 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. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand’s (the “Company”) expectations and projections. Words that could indicate that we are making forward-looking statements include the following:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| intend | believe | plan | expect | may | goal | would | project | position |
| become | pursue | estimate | will | forecast | continue | could | anticipate | remain |
| target | encourage | promise | improve | progress | potential | should | impact | |

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.

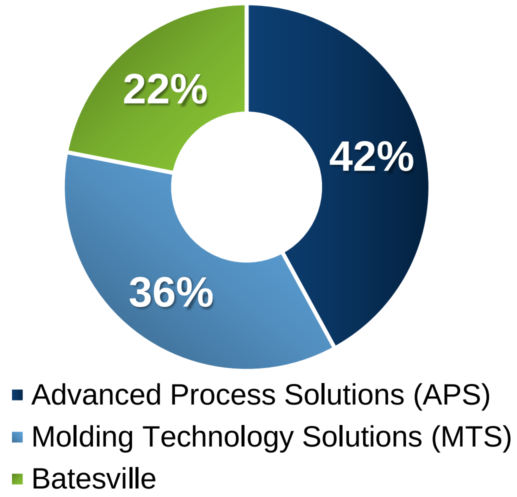
**Here is the key point:** *Forward-looking statements are not guarantees of future performance or events, and actual results or events could differ materially from those set forth in any forward-looking statements.* Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements. These factors include, but are not limited to: risks related to the Russian Federation’s invasion of Ukraine (referred to herein as the “Ukraine War”) and resulting geopolitical instability and uncertainty, which could have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions, in addition to the potential effect of supply chain disruptions that could adversely affect profitability; the impact of contagious diseases such as the COVID-19 pandemic and the escalation thereof due to variant strains of the virus and the societal, governmental, and individual responses thereto, including supply chain disruption, loss of contracts and/or customers, erosion of some customers' credit quality, downgrades of the Company's credit quality, closure or temporary interruption of the Company's or suppliers' manufacturing facilities, travel, shipping and logistical disruptions, domestic and international general economic conditions, such as inflation, exchange rates and interest rates; loss of human capital or personnel, and general economic calamities; increased costs, poor quality, or unavailability of raw materials or certain outsourced services and supply chain disruptions; increasing competition for highly skilled and talented workers as well as labor shortages; the risk of business disruptions associated with information technology, cyber-attacks, or catastrophic losses affecting infrastructure; risks that the integration of Milacron disrupts current operations or poses potential difficulties in employee retention or otherwise affects financial or operating results; the ability to recognize the benefits of the acquisition of Milacron or any other acquisition or disposition, including the pending acquisitions of Herbold Meckesheim and LINXIS Group, including potential synergies and cost savings or the failure of the Company or any acquired company to achieve its plans and objectives generally; impairment charges to goodwill and other identifiable intangible assets; competition in the industries in which we operate, including on price or from nontraditional sources in the death care industry; impacts of decreases in demand or changes in technological advances, laws, or regulation on the revenues that we derive from the plastics industry; our reliance upon employees, agents, and business partners to comply with laws in many countries and jurisdictions; the impact of incurring significant amounts of indebtedness and any inability of the Company to respond to changes in its business or make future desirable acquisitions; the ability of the Company to comply with financial or other covenants in its debt agreements; global market and economic conditions, including those related to the financial markets; our level of international sales and operations; cyclical demand for industrial capital goods; continued fluctuations in mortality rates and increased cremations; the dependence of our business units on relationships with several large customers and providers; competition faced by our Batesville business from non-traditional sources; the impact to the Company's effective tax rate of changes in the mix of earnings or tax laws and certain other tax-related matters; involvement in claims, lawsuits and governmental proceedings related to operations; uncertainty in the United States political and regulatory environment or global trade policy; adverse foreign currency fluctuations; labor disruptions; and the effect of certain provisions of the Company's governing documents and Indiana law that could decrease the trading price of the Company's common stock. Shareholders, potential investors, and other readers are urged to consider these risks and uncertainties in evaluating forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. For a more in-depth discussion of these and other factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading “Risk Factors” in Part I, Item 1A of Hillenbrand’s Form 10-K for the year ended September 30, 2021, filed with the Securities and Exchange Commission ("SEC") on November 17, 2021, and in Part II, Item 1A of Hillenbrand’s Form 10-Q for the quarter ended June 30, 2022, filed with the SEC on August 3, 2022. The forward-looking information in this release speaks only as of the date hereof, and we assume no obligation to update or revise any forward-looking information.

# Hillenbrand Snapshot (NYSE: HI)

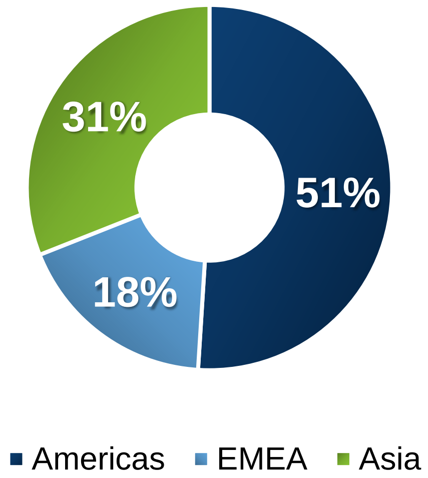
*Global Industrial Company that Engineers, Manufactures, and Sells Products and Services into a Variety of End Markets*

| | |
|---|---|
| **Founding Year** | **1906** |
| **Headquarters** | **Batesville, IN** |
| **Employees[1,2]** | **~10,500** |
| **Locations[1,2]** | **40+** |
| **PF Revenue[1]** | **$2.8B** |
| **PF Adj. EBITDA Margin[1]** | **19.1%** |

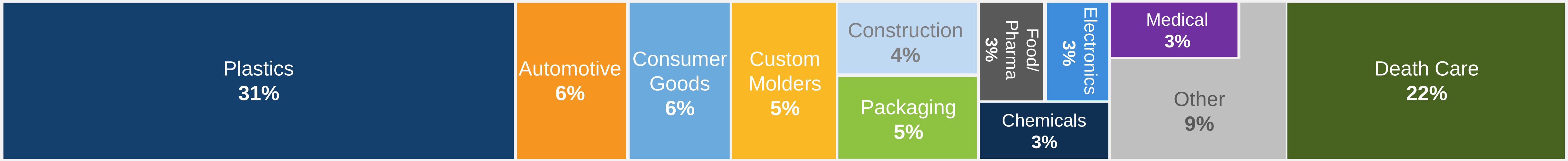
## Pro Forma Revenue by Segment[1]




## Pro Forma Revenue by Geography[1,3]

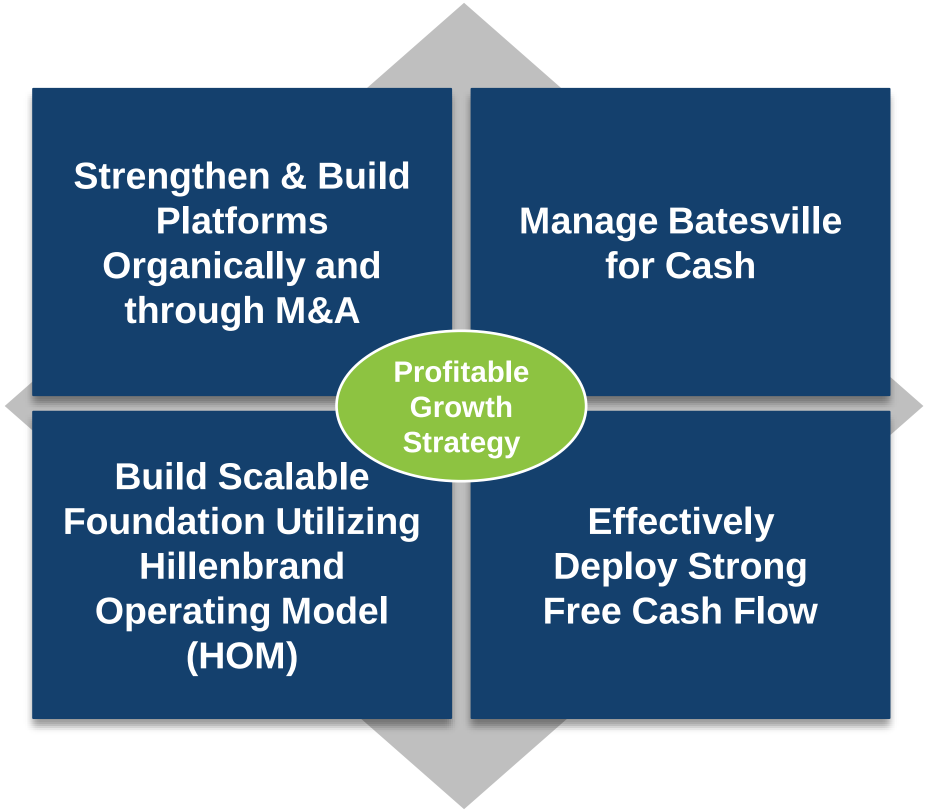



## Diversified End Markets[1]




[1] All metrics are as of 9/30/2021 and are adjusted for the divested Red Valve, ABEL, and TerraSource Global businesses. Pro forma revenue and adjusted EBITDA margin are non-GAAP measures. See appendix for GAAP reconciliation.
[2] Includes headquarters, significant manufacturing and sales & technical locations. [3] Based on customer location.

# Hillenbrand Team Focused on Continued Execution to Drive Long-Term Shareholder Value




## Third Quarter Highlights

- **Solid revenue and EPS growth** in the face of sustained macroeconomic headwinds
- **Strong backlog** and **healthy order pipelines** in both APS and MTS segments
- **Achieved $75 million annual run-rate synergy target** for Milacron integration **ahead of schedule**
- Recent M&A announcements position Hillenbrand for **long-term profitable growth in attractive end markets of recycling and food**
- Exploring strategic alternatives for Batesville to **determine best path forward for all stakeholders**
- Published 3rd annual sustainability report and **introduced Hillenbrand's Purpose, Shape What Matters for Tomorrow™**

**Hillenbrand Remains Well Positioned for Long-Term Profitable Growth**

# Achieved Milacron Integration Synergy Target Ahead of Schedule

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*3-Year Cost Synergy Run Rate*

**$75M** ✓

**Key Drivers of Value**

- **Direct and Indirect Procurement Savings**
- **Global Shared Service Functions**
- **Operating Efficiencies**
- **Reduction in Public Company Costs**

***Strong Foundation to Accelerate Integration and Synergy Realization for Future Acquisitions***

## Key Achievements

- **Scalable foundation established across Finance, IT & HR** to support future growth
- **Global Supply Management** organization to leverage enterprise scale and drive best practices across global pricing, contracting, and purchasing processes
- **Global Engineering Center** to provide scalability and standardization across our portfolio of highly engineered processing solutions
- **Operations Center of Excellence** to drive optimization of manufacturing capabilities and continued implementation of Hillenbrand Operating Model across the enterprise
- **Robust integration playbook** provides framework for future M&A

# Recently Announced Acquisitions Position Hillenbrand for Long-Term Profitable Growth in Attractive End Markets

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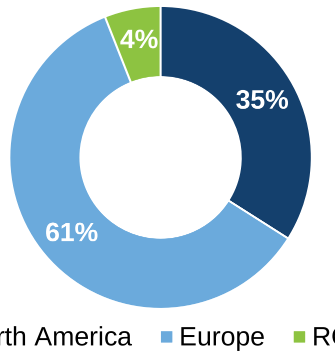
## Herbold Meckesheim

### *Expands customer offering for complete recycling solutions*

- Entered into agreement on June 30, 2022, to acquire Herbold for ~**€79M**; transaction expected to close during Q4[1]
- **Highly complementary** to Coperion branded equipment and solutions; **accelerating growth opportunities in attractive ~$2B[5] plastics recycling end market**
- Annual revenue of >€50M; expected to be **accretive to Adj. EPS**[2] in first full year and deliver **double-digit ROIC**[2,3] **by year 3**

## Revenue Profile[4]



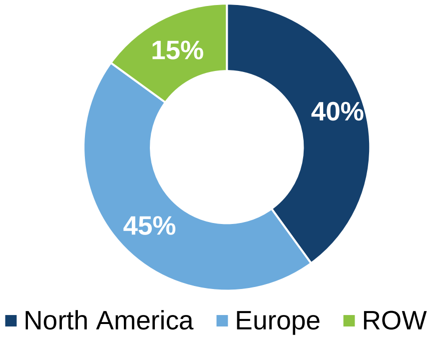


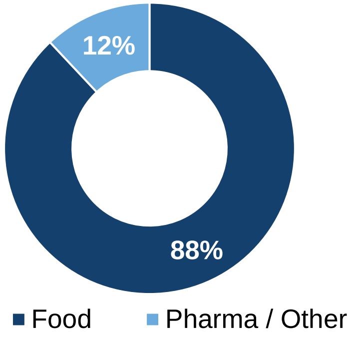
## LINXIS Group

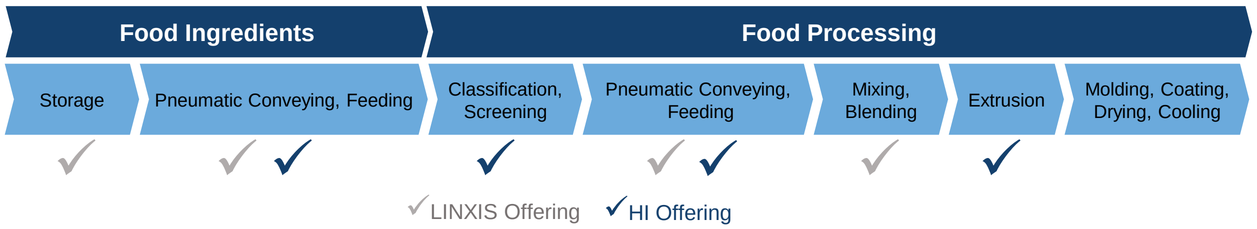
### *Expands customer offering for food processing solutions*

- Signed binding offer on July 19, 2022, to acquire LINXIS for ~**€572M**; transaction expected to close prior to end of the calendar year[1]
- **Highly complementary** to Coperion branded equipment and solutions; **accelerating growth opportunities in attractive ~$10B[5] food market with strong leadership positions**
- '22E revenue[4] of ~€300M with mid-teen EBITDA margins[4]; expected to be **accretive to Adj. EPS**[2,4] in first full year and reflect high single-digit purchase multiple after synergies

## Revenue Profile[4]




[1] Herbold transaction subject to customary closing conditions. LINXIS transaction subject to works council consultations and regulatory approvals. [2] Adjusted EPS and ROIC are non-GAAP measures. See appendix for GAAP reconciliation. [3] ROIC (return on invested capital) is calculated as adjusted net operating profit after tax divided by non-cash working capital, fixed assets, and intangibles. [4] Based on Company estimates. See appendix for further information. [5] Based on Company estimates

# Key Highlights From Third Annual Sustainability Report (Published June 2022)



## *Committed to Demonstrating Progress With Increased Disclosures*

1. Aligned report to renewed Company Purpose**, Shape What Matters For Tomorrow™**, and unified Core Values
2. Disclosed energy and Scope 1 and 2 emissions at largest manufacturing locations; created and embedded energy reduction strategy within the Hillenbrand Operating Model
3. Launched Business Resource Groups (BRGs) to strengthen Hillenbrand's commitment to Diversity, Equity, and Inclusion; continued disclosure of gender and diversity metrics
4. Embedded ESG as part of Hillenbrand's Enterprise Risk Management process
5. Enhanced reporting to include alignment to the UN Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI), and Sustainability Accounting Standards Board (SASB)
6. Developed global community engagement strategy to further align with our renewed Purpose and drive initiatives, education and strategic partnerships.

*See report at [www.Hillenbrand.com/Sustainability](www.Hillenbrand.com/Sustainability)*

# Our Purpose and Core Values

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SHAPE WHAT MATTERS FOR TOMORROW™

## Our Core Values

- Win as One
- Partner with Possibility
- Make it Matter
- Drive to Deliver

Our Purpose, **Shape What Matters for Tomorrow™**, was carefully crafted to highlight three key areas of Hillenbrand's unique position as an industry leader:

**SHAPE**—We are the engineers, designers, manufacturers and molders, who take pride in their expertise and technical ability—and allow the company to put the right pieces together to bring forward new solutions for our customers.

**WHAT MATTERS**—Our end products affect the world. They impact how people live, work, play, travel, eat, and heal.

**FOR TOMORROW**—We continue to look for what's next. As innovators in our respective industries, we work to shape a stronger future for our world.

Our **Core Values** are evidence of our Purpose in our **daily actions** and describe who we are at our **best and inspire** our actions for the future

# Consolidated Performance – Q3 FY 2022 ($M)

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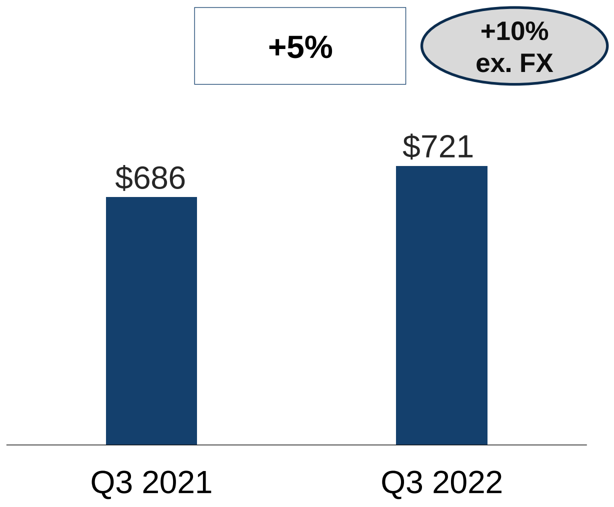
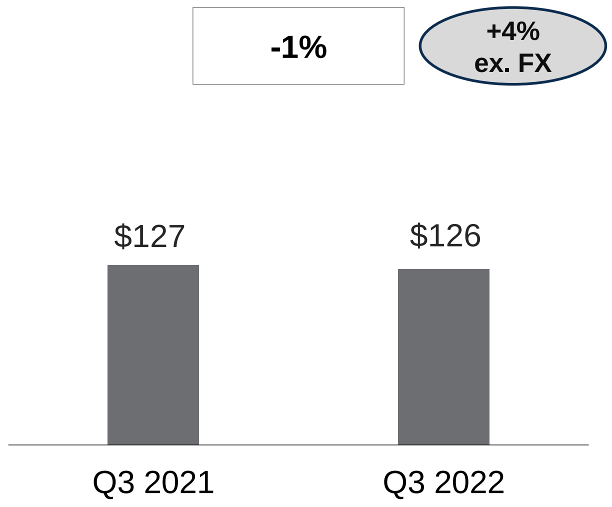
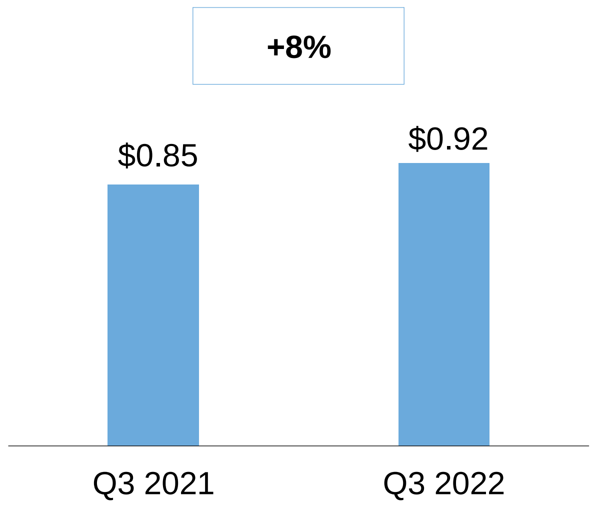
### Pro Forma Revenue[1]




### Pro Forma Adj. EBITDA[1]




### Adj. EPS[1]




### Operating Cash Flow


## Performance Highlights

- Revenue increased 5% on a pro forma basis[1] primarily driven by increased pricing and volume growth in the Molding Technology Solutions and Advanced Process Solutions segments; excluding the impact of foreign currency exchange, revenue increased 10%
- Adj. EBITDA[1] of $126 million decreased 1% on pro forma basis[1], but increased 4% excluding the impact of foreign currency exchange; adj. EBITDA margin[1] of 17.4% decreased 120 basis points on a pro forma basis[1] primarily due to the dilutive effect of price-cost coverage and lower volume in Batesville, which more than offset operating leverage from higher volume in our industrial segments
- GAAP EPS of $0.68 increased 28% over the prior year; adj. EPS[1] of $0.92 increased $0.07, or 8%, as favorable pricing, higher volume in our industrial segments, and lower shares outstanding were partially offset by inflation and the impact of foreign currency exchange
- Operating Cash Flow of $4 million was down $180 million vs. prior year primarily due to timing of working capital related to large plastics projects and an increase in inventory

## Business Update

- Industrial demand remained healthy in the quarter; total backlog of $1.65 billion provides a strong foundation during this uncertain macro environment
- As expected, Batesville demand began to normalize in the quarter due to an estimated decrease in deaths associated with COVID-19
- Foreign currency headwinds related to the weakening Euro against the US dollar accelerated in the quarter, while supply chain disruptions and inflation remained persistent challenges
- Overall HI fully offset inflation with price on a dollar-for-dollar basis
- Increase in inventory required to support higher customer demand and help offset risk related to global supply chain disruptions; additionally, supply chain delays on certain parts prevented the completion of certain projects in the quarter

[1] Pro forma comparisons are adjusted for the divested TerraSource Global business. Pro forma revenue, adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP measures. See appendix for GAAP reconciliation.

# Segment Performance: Advanced Process Solutions ($M)

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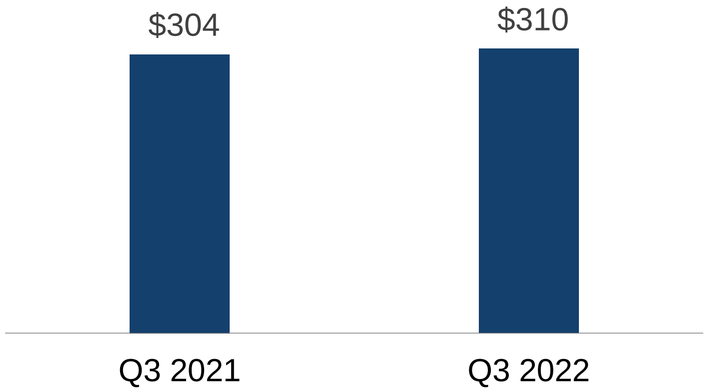
### Pro Forma Revenue[1]

+2%

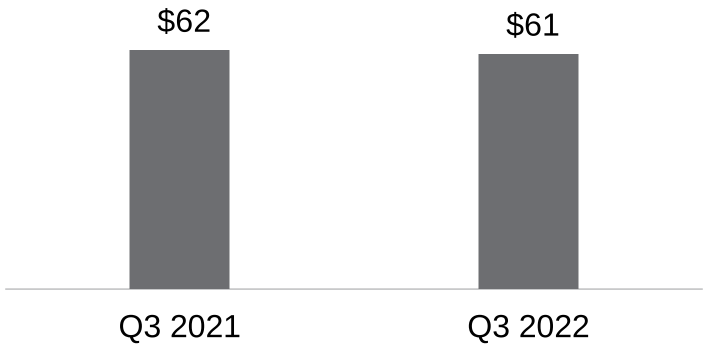
+10% ex. FX




### Pro Forma Adj. EBITDA[1]

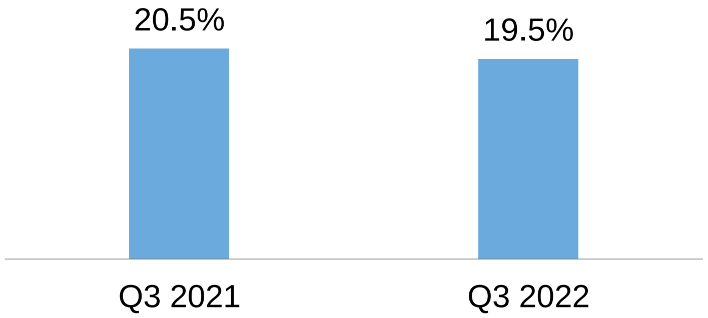
-3%

+6% ex. FX




### Pro Forma Adj. EBITDA Margin[1]

-100 bps




## Performance Highlights

- Revenue of $310 million increased 2% on a pro forma basis[1] driven by favorable pricing and higher volume of large plastics projects and aftermarket parts and service; excluding the impact of foreign currency exchange, revenue increased 10%
- Adj. EBITDA of $61 million decreased 3% on a pro forma basis[1], but increased 6% excluding the impact of foreign currency exchange; adj. EBITDA margin[1] of 19.5% decreased 100 basis points primarily due to the dilutive effect of price-cost coverage
- Backlog of $1.2 billion decreased 9% on a pro forma basis[1] compared to the prior year, but was flat excluding the impact of foreign currency exchange

## Business Update

- Demand outlook remains solid for large plastics projects, particularly in Asia and the Middle East; continued focus on accelerating growth in strategic end markets of food, recycling, biopolymer, and battery
- Another strong quarter of aftermarket orders; aftermarket revenue conversion continued to be impacted by supply chain challenges
- Fully offset inflation with price on dollar-for-dollar basis, but the impact to margin is dilutive
- Delayed decisions from customers on a few large plastics projects drove variability in working capital

[1] Pro forma comparisons are adjusted for the divested TerraSource Global business. Pro forma revenue, adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP measures. See appendix for GAAP reconciliation.

# Segment Performance: Molding Technology Solutions ($M)

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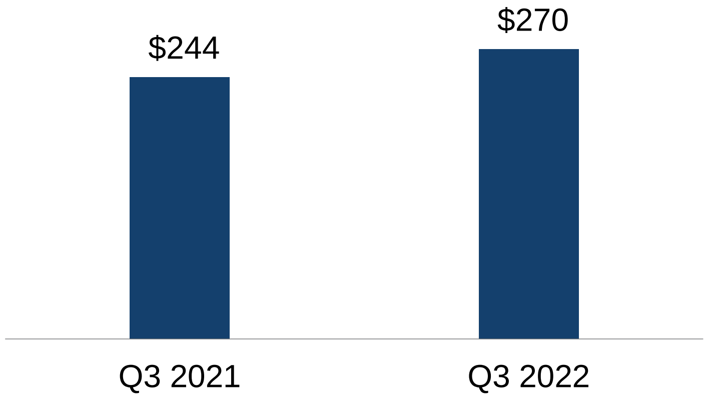
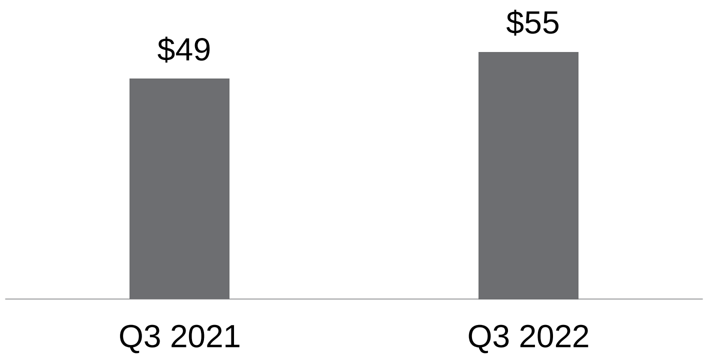
## Revenue

**+11%** | **+14% ex. FX**



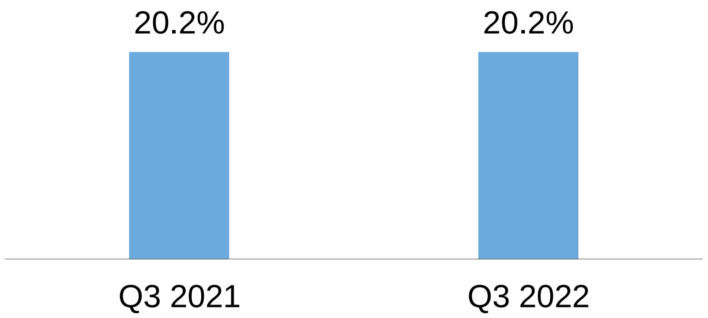

## Adj. EBITDA[1]

**+11%** | **+15% ex. FX**




## Adj. EBITDA Margin[1]

**Flat**




### Performance Highlights

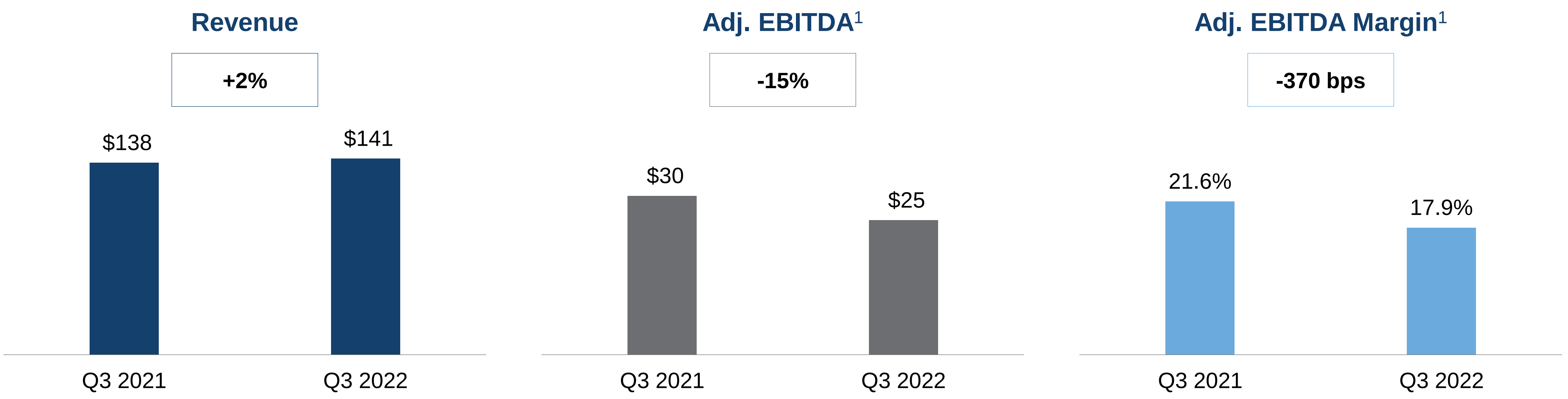
- Revenue of $270 million increased 11% year over year, or 14% excluding the impact of foreign currency exchange, as favorable pricing and higher volume from the injection molding product line more than offset a decline in volume in hot runner equipment, which was lower due to the COVID-19 related shutdowns in China
- Adj. EBITDA[1] of $55 million increased 11% compared to the prior year, or 15% excluding the impact of foreign currency exchange; adj. EBITDA margin[1] of 20.2% was flat as favorable pricing, operating leverage from higher volume, and productivity improvements were offset by inflation and unfavorable mix
- Record backlog of $420 million increased 8% year over year, or 10% excluding the impact of foreign currency exchange, primarily driven by injection molding and extrusion equipment

### Business Update

- Demand outlook remains positive, particularly for applications such as custom molders, automotive and packaging
- We expect the fiscal Q3 shortfall from COVID-related shutdowns in China to be recovered during fiscal Q4; at this time, our Q4 outlook does not assume additional impact from further potential shutdowns in Q4 outlook
- Price-cost coverage was positive in the quarter, which we expect to continue as we exit the fiscal year

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

# Segment Performance: Batesville ($M)




## Performance Highlights

- Revenue of $141 million increased 2% year over year primarily resulting from the price surcharges implemented to offset the significant increase in commodity costs; burial casket volume was lower compared to the prior year primarily due to an estimated decrease in deaths associated with COVID-19 and an estimated increase in the rate at which families opted for cremation
- Adj. EBITDA[1] of $25 million decreased 15% compared to the prior year, while adj. EBITDA margin[1] of 17.9% decreased 370 basis points primarily due to the dilutive effect of price-cost coverage and the impact of lower volume

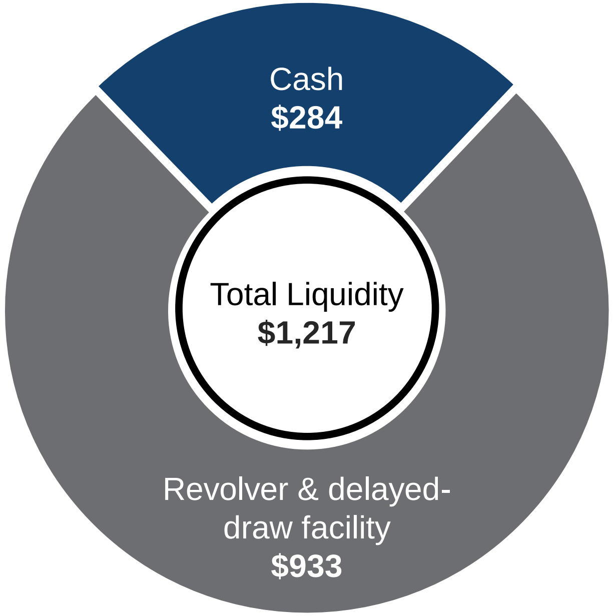
## Business Update

- Burial casket demand began to normalize in the quarter, in-line with expectations
- Additional price surcharge implemented in mid-May improved price-cost coverage in the quarter; we anticipate price-cost will fully offset on a dollar-for-dollar basis as we exit the fiscal year
- As volumes normalize, the business is redirecting resources to focus on productivity projects which we anticipate will begin to positively impact margin in fiscal Q4

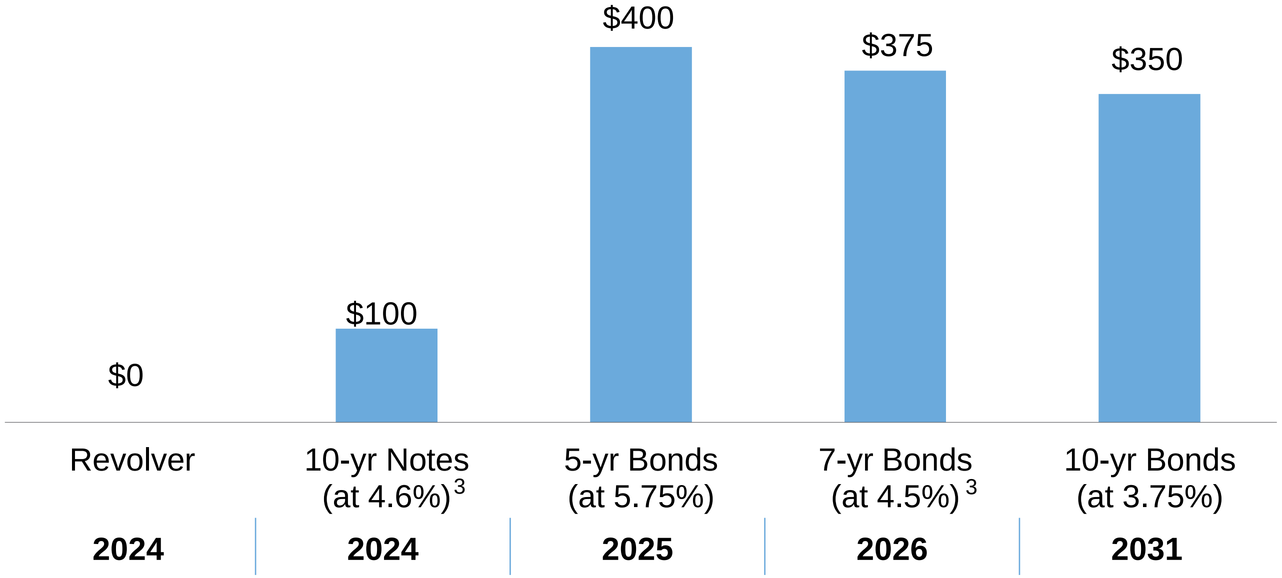
[1] Adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures. See appendix for GAAP reconciliation.

# Capital Position and Liquidity

## Liquidity[1] ($M)




## Debt Maturity Schedule[2] ($M)




- Net debt of $930 million; net leverage of 1.7x as of June 30, 2022
- Returned approximately $127 million to shareholders in the quarter through share repurchases of $112 million and quarterly dividend of $15 million; subsequent to quarter end, the Company repurchased an additional $12 million of shares

[1] Cash and credit facility amounts as of 6/30/22. [2] Debt maturity schedule is shown on a calendar year basis and reflects date of final payment due. [3] Interest rates subsequently stepped up to 5.60% (10-yr Notes) and 5.00% (7-yr Bonds).

# Capital Deployment Priorities

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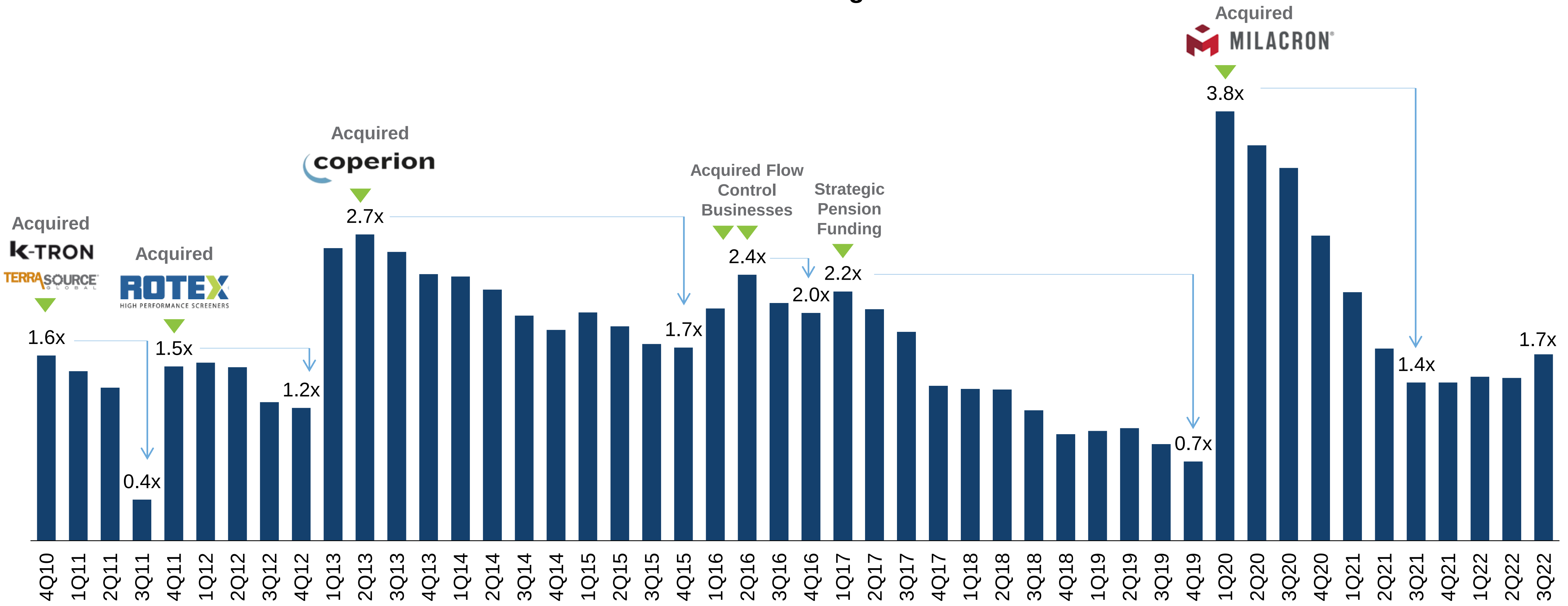
| | Highlights |
|---|---|
| **Reinvest in the Business**<br>• Drive innovation and new product development<br>• Expand into new end markets and geographies<br>• Improve operational efficiency through automation and digitization<br>• Annual capex target of ~2% of revenue | Strategic investments for profitable growth |
| **Strategic Acquisitions**<br>• Strategic focus: strengthen existing leadership positions and build targeted platforms<br>• Disciplined approach: seek acquisitions with compelling financial returns | Recently announced Herbold Meckesheim and LINXIS Group transactions; Completed small tuck-in of Gabler Engineering during fiscal Q3 |
| **Return Cash to Shareholders**<br>• Dividend yield of 2.1%[1]<br>• 14 consecutive years of $0.01 per share increases to dividend<br>• Opportunistic share repurchases | ~$300M in share repurchases over the last 5 quarters |
| **Reduce Debt**<br>• Current net debt of $930M[1] with a Net Debt to Adj. EBITDA of 1.7x[1]<br>• Strong track record of paying down debt rapidly post acquisition | Project pro forma net leverage of 2.8x upon closing of Herbold and LINXIS Group transactions; targeting to be well within guardrails of 1.7x – 2.7x by end of fiscal year 2023 |

[1] As of 6/30/22.

# Strong Track Record of De-leveraging Post-Transaction



## Evolution of Net Leverage Over Time[1]




[1] Defined as ("Total Debt – Cash") / TTM pro forma adjusted EBITDA. Pro forma adjusted EBITDA is a non-GAAP measure. Prior periods are as previously disclosed and are available in presentations and SEC filings available on our website. See appendix for GAAP reconciliation.

# Updated Business Outlook & Assumptions[1, 2]

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| | $M, except EPS | Updated Range | YOY % / bps | Previous Range | YOY % / bps |
|---|---|---|---|---|---|
| REVENUE | APS | $1,245 – $1,255 | *6 – 7%* | $1,275 – $1,315 | *8 – 12%* |
| | MTS | $1,040 – $1,050 | *4 – 5%* | $1,015 – $1,045 | *2 – 5%* |
| | Batesville | $625 – $630 | *Flat – 1%* | $605 – $615 | *(3) – (1)%* |
| | **Total Hillenbrand** | **$2,910 – $2,935** | ***4 – 5%*** | **$2,895 – $2,975** | ***4 – 6%*** |
| ADJ. EBITDA | APS | 19.5 – 20.0% | *Flat – 50 bps* | 20.0 – 21.0% | *50 – 150 bps* |
| | MTS | 20.3 – 20.8% | *Flat – 50 bps* | 20.0 – 21.0% | *(30) – 70 bps* |
| | Batesville | 20.5 – 21.0% | *(520) – (470) bps* | 20.0 – 21.0% | *(570) – (470) bps* |
| | **Total Hillenbrand** | **$518 – $537** | ***(3) – 1%*** | **$516 – $558** | ***(3) – 4%*** |
| ADJ. EPS | **Full Year FY22** | **$3.85 – $3.95** | **2 – 4%** | **$3.80 – $4.00** | **Flat – 6%** |

**Key Assumptions**

- Strong backlog and the underlying demand of our key end markets remain healthy
- Global supply chain disruptions and labor shortages continue to impact MTS and APS throughout FY 2022
- Does not assume additional impact from COVID-related shutdowns in China
- Full year material and supply chain inflation of ~$140 million with price-cost coverage of ~100% as we exit the year
- FX headwind of ~8% within APS, ~2% in MTS, ~4% consolidated

## Other FY 2022 Assumptions

| ~60% | ~$50M | ~$15M | ~$15 - $20M | ~$55M | ~$55M | ~$70M | ~29-30% | ~72.5M |
|---|---|---|---|---|---|---|---|---|
| Free Cash Flow / Adj. NI[2] | Capital Expenditures | YOY Synergy Realization | Integration Costs | Depreciation | Intangible Amortization | Interest Expense, Net | Adj. ETR[2] | FY22 Avg. Diluted Shares |

[1] Figures presented on Pro Forma basis, except adjusted EPS. Pro forma comparisons are adjusted for the divested Red Valve, ABEL, and TerraSource Global businesses. Pro forma revenue, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted Net Income, and adjusted EPS are non-GAAP measures. See appendix for GAAP reconciliation.
[2] Hillenbrand does not attempt to provide reconciliations for forward-looking non-GAAP earnings guidance. See appendix for further information.

# Key Takeaways



**01.**

**Healthy demand** across our key industrial end markets and **strong backlog,** including **record MTS** backlog, provides visibility and confidence looking ahead to FY23

**02.**

**Achieved $75 million in annual run-rate cost synergies** related to Milacron ahead of schedule; capabilities and foundation established to **drive future integration success**

**03.**

Consistent deployment of the **Hillenbrand Operating Model enables execution** during challenging economic environment

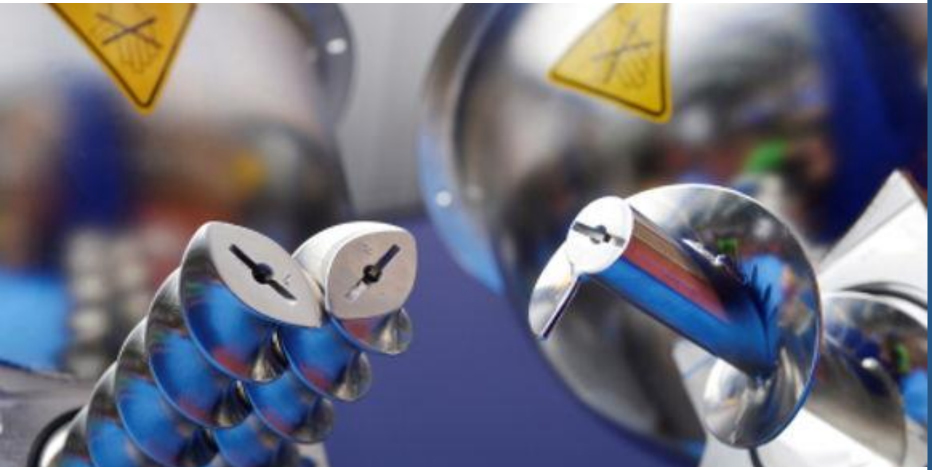
**04.**

**Strategic M&A announcements** complement existing capabilities and **accelerate growth in strategic end markets** with attractive long-term growth characteristics

**05.**

Company purpose, **Shape What Matters for Tomorrow™,** unites organization towards a stronger future for associates, customers, communities, and shareholders


**Excited to Share Vision for Hillenbrand's Next Chapter of Growth at Investor Day on December 15th**

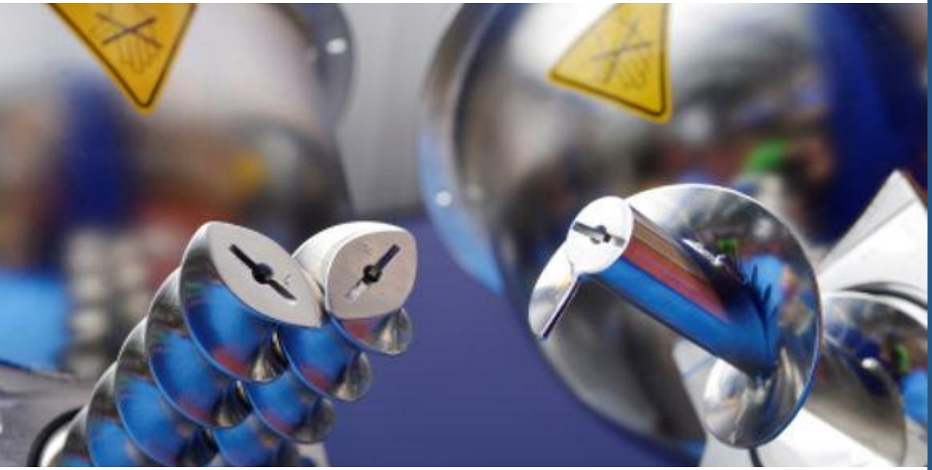




# Q&A

# Replay Information



- Dial-in for US and Canada: **1-877-660-6853**
- Dial-in for International: **+1-201-612-7415**
- Conference ID: **13731866**
- Date/Time: Available until midnight ET, Thursday, August 18, 2022
- Log-on to: **http://ir.hillenbrand.com**




# APPENDIX

# Disclosure Regarding Non-GAAP Measures and Other Financial Information

HILLENBRAND

While we report financial results in accordance with United States generally accepted accounting principles (GAAP), we also provide certain non-GAAP operating performance measures. We believe this information provides a higher degree of transparency, as further set forth in our earnings release for this quarter. These non-GAAP measures are referred to as "adjusted" measures and exclude the following items:

- business acquisition, disposition, and integration costs;
- restructuring and restructuring related charges;
- intangible asset amortization;
- certain debt financing activities;
- gains and losses on divestitures;
- other individually immaterial one-time costs;
- the related income tax impact for all of these items; and
- certain tax items related to the divestitures of Red Valve, ABEL and TerraSource Global, the revaluation of deferred tax balances in connection with enacted statutory tax rate reductions in certain foreign jurisdictions, the impact the Milacron loss carryforward attributes have on tax provisions related to the imposition of tax on Global Intangible Low-Taxed Income (GILTI) earned by certain foreign subsidiaries, the Foreign Derived Intangible Income Deduction (FDII), and the Base Erosion and Anti-Abuse Tax (BEAT).

One important non-GAAP measure Hillenbrand uses is adjusted earnings before interest, income tax, depreciation, and amortization ("adjusted EBITDA"). A part of our strategy is to pursue acquisitions that strengthen or establish leadership positions in key markets. 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. We also use "adjusted net income" and "adjusted diluted earnings per share (EPS)," which are defined as net income and earnings per share, respectively, each excluding items described in connection with adjusted EBITDA. Adjusted EBITDA, adjusted net income, and adjusted diluted EPS are not recognized terms under GAAP and therefore do not purport to be alternatives to net (loss) income or to diluted EPS, as applicable. Further, Hillenbrand's measures of adjusted EBITDA, adjusted net income, or adjusted diluted EPS may not be comparable to similarly titled measures of other companies.

Pro forma revenue and pro forma adjusted EBITDA are defined respectively as net revenue and adjusted EBITDA excluding net revenue and adjusted EBITDA directly attributable to Red Valve which was divested on December 31, 2020, ABEL which was divested on March 10, 2021, and TerraSource Global which was divested on October 22, 2021. Hillenbrand uses pro forma measures to assess performance of its reportable segments and the Company in total without the impact of recent acquisitions and divestitures.

Free cash flow ("FCF") is defined as cash flow from operations less capital expenditures. Hillenbrand considers FCF an important indicator 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.

Hillenbrand calculates the foreign currency impact on net revenue in order to better measure the comparability of results between periods. We calculate the foreign currency impact by translating current year results at prior year foreign exchange rates. This information is provided because exchange rates can distort the underlying change in sales, either positively or negatively.

In addition, forward-looking adjusted earnings per share for fiscal 2022 excludes potential charges or gains that may be recorded during the fiscal year, including among other things, items described above in connection with other "adjusted" measures. Similarly, forward-looking return on invested capital (ROIC) includes certain adjustments that could be material in any period. Hillenbrand thus also does not attempt to provide reconciliations of forward-looking non-GAAP earnings guidance or ROIC to the comparable GAAP measure, as permitted by Item 10(e)(1)(i)(B) of Regulation S-K, because the impact and timing of these potential charges or gains or other adjustments is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of Hillenbrand's financial performance.

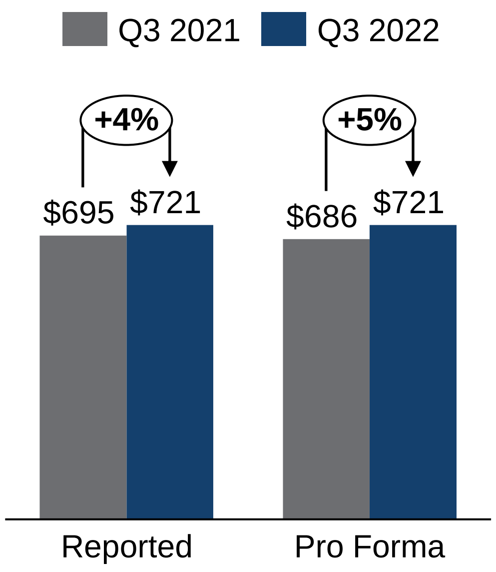
LINXIS Group '22E figures are projections for LINXIS Group's fiscal year ending 12/31/2022, based on unaudited prospective financial information prepared and provided to the Company by LINXIS Group. LINXIS Group's actual results could differ materially from these projections. In addition, LINXIS Group's financial statements are prepared in accordance with French GAAP, which differ in certain material respects from US GAAP. For instance, when compared to US GAAP, French GAAP (i) differs in its requirements for over time revenue recognition and (ii) consolidates only proportionally for less than 100% owned entities, which impact revenue and EBITDA as presented thereunder. French GAAP may also (1) include amortization of capitalized research and development costs rather than immediate expense recognition; (2) requires recognition of actuarial gains or losses from pension plans immediately in the period incurred; (3) have potentially different timing of EBITDA recognition of foreign currency balances for non-monetary assets and liabilities; and (4) set different requirements for sale-leaseback transactions, resulting in differences in timing of expense recognition, each of which may impact EBITDA as presented thereunder. LINXIS Group defines EBITDA as net income before interest, income tax, depreciation and amortization (in each case, determined in accordance with French GAAP). No quantitative reconciliation of these forward-looking measures is provided, as underlying factors are inherently uncertain and difficult to predict, and such a reconciliation would not be available without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors.

**OTHER OPERATING MEASURES**

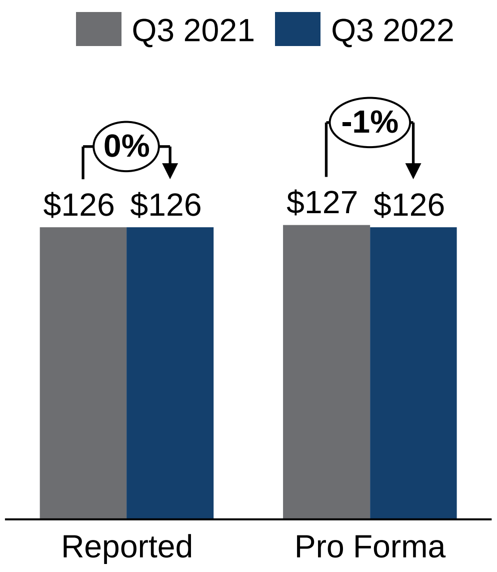
Another important operational measure used is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in industries with extended lead times for order fulfillment (long-term contracts), like those in which the Advanced Process Solutions and Molding Technology Solutions reportable operating segments compete. Backlog represents the amount of net revenue that we expect to realize on contracts awarded to Advanced Process Solutions and Molding Technology Solutions reportable operating segments. For purposes of calculating backlog, 100% of estimated net revenue attributable to consolidated subsidiaries is included. Backlog includes expected net revenue from large systems and equipment, as well as aftermarket parts, components, and service. The length of time that projects remain in backlog can span from days for aftermarket parts or service to approximately 18 to 24 months for larger system sales within the Advanced Process Solutions reportable operating segment. The majority of the backlog within the Molding Technology Solutions reportable operating segment is expected to be fulfilled within the next twelve months. Backlog includes expected revenue from the remaining portion of firm orders not yet completed, as well as net revenue from change orders to the extent that they are reasonably expected to be realized. Hillenbrand includes in backlog the full contract award, including awards subject to further customer approvals, which we expect to result in revenue in future periods. In accordance with industry practice, Hillenbrand's contracts may include provisions for cancellation, termination, or suspension at the discretion of the customer. Given that backlog is an operational measure and that the Company's methodology for calculating backlog does not meet the definition of a non-GAAP measure, as that term is defined by the SEC, a quantitative reconciliation is not required or provided.

# Comparison of Reported / Pro Forma Results – Q3 ($M)

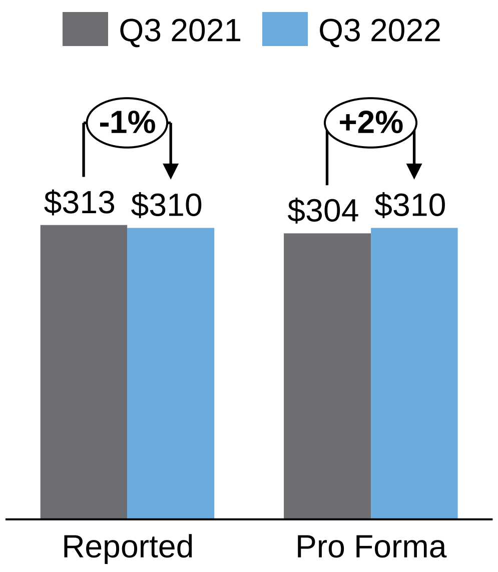
### Consolidated Revenue[1]



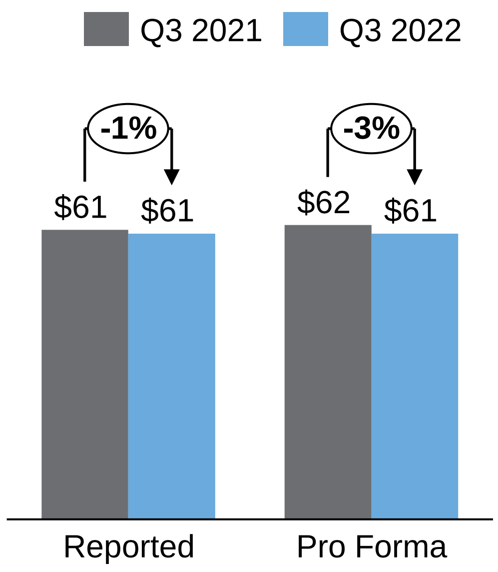

### Consolidated Adj. EBITDA[1]




### APS Revenue[1]




### APS Adj. EBITDA[1]




[1] Pro forma results are adjusted for the divested TerraSource Global business. Pro forma revenue and adjusted EBITDA are non-GAAP measures. See appendix for GAAP reconciliation

# Reconciliation of Adjusted EBITDA to Consolidated Net Income

HILLENBRAND

| (in millions) | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|---|---|
| **Adjusted EBITDA:** | | | | |
| Advanced Process Solutions | $ 60.6 | $ 61.1 | $ 180.6 | $ 165.3 |
| Molding Technology Solutions | 54.5 | 49.2 | 156.7 | 148.4 |
| Batesville | 25.2 | 29.8 | 102.9 | 126.7 |
| Corporate | (14.6) | (13.9) | (47.5) | (41.9) |
| Less: | | | | |
| Interest income | (1.3) | (0.9) | (4.0) | (2.5) |
| Interest expense | 17.5 | 19.0 | 52.7 | 59.7 |
| Income tax expense | 22.8 | 24.4 | 75.5 | 86.1 |
| Depreciation and amortization | 26.6 | 28.7 | 81.5 | 86.3 |
| Business acquisition, disposition, and integration costs | 9.7 | 6.4 | 21.2 | 25.2 |
| Restructuring and restructuring-related charges | 0.2 | 6.5 | 3.5 | 10.2 |
| (Gain) loss on divestitures | - | (0.1) | 3.1 | (65.8) |
| Other | 0.1 | 0.7 | 3.2 | 1.1 |
| **Consolidated net income** | $ 50.1 | $ 41.5 | $ 156.0 | $ 198.2 |

# Reconciliation of Non-GAAP Measures

HILLENBRAND

| | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|---|---|
| **Net income attributable to Hillenbrand** | $ 48.8 | $ 40.4 | $ 152.1 | $ 194.9 |
| Business acquisition, disposition, and integration costs | 9.7 | 6.4 | 21.2 | 26.1 |
| Restructuring and restructuring-related charges | 0.2 | 6.5 | 3.5 | 10.2 |
| Intangible asset amortization | 13.4 | 14.1 | 40.8 | 41.8 |
| (Gain) loss on divestitures | - | (0.1) | 3.1 | (65.8) |
| Debt financing activities | - | 0.9 | - | 2.9 |
| Other | 0.1 | 0.7 | 3.2 | 1.1 |
| Tax adjustments | (0.4) | 2.4 | 2.0 | 19.2 |
| Tax effect of adjustments | (5.4) | (6.7) | (16.0) | (19.0) |
| **Adjusted net income attributable to Hillenbrand** | $ 66.4 | $ 64.6 | $ 209.9 | $ 211.4 |

| | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|---|---|
| **Diluted EPS** | $ 0.68 | $ 0.53 | $ 2.08 | $ 2.57 |
| Business acquisition, disposition, and integration costs | 0.13 | 0.08 | 0.29 | 0.34 |
| Restructuring and restructuring-related charges | 0.01 | 0.09 | 0.05 | 0.14 |
| Intangible asset amortization | 0.19 | 0.19 | 0.56 | 0.56 |
| (Gain) loss on divestitures | - | - | 0.04 | (0.87) |
| Debt financing activities | - | 0.01 | - | 0.04 |
| Other | - | 0.01 | 0.04 | 0.01 |
| Tax adjustments | (0.01) | 0.03 | 0.03 | 0.25 |
| Tax effect of adjustments | (0.08) | (0.09) | (0.21) | (0.25) |
| **Adjusted Diluted EPS** | $ 0.92 | $ 0.85 | $ 2.88 | $ 2.79 |

# Reconciliation of Pro Forma Adjusted EBITDA to Consolidated Net Income

HILLENBRAND

| (in millions) | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|---|---|
| **Consolidated net income** | $ 50.1 | $ 41.5 | $ 156.0 | $ 198.2 |
| Interest income | (1.3) | (0.9) | (4.0) | (2.5) |
| Interest expense | 17.5 | 19.0 | 52.7 | 59.7 |
| Income tax expense | 22.8 | 24.4 | 75.5 | 86.1 |
| Depreciation and amortization | 26.6 | 28.7 | 81.5 | 86.3 |
| EBITDA | 115.7 | 112.7 | 361.7 | 427.8 |
| Business acquisition, disposition, and integration costs | 9.7 | 6.4 | 21.2 | 25.2 |
| Restructuring and restructuring-related charges | 0.2 | 6.5 | 3.5 | 10.2 |
| (Gain) loss on divestitures | - | (0.1) | 3.1 | (65.8) |
| Other | 0.1 | 0.7 | 3.2 | 1.1 |
| **Adjusted EBITDA** | 125.7 | 126.2 | 392.7 | 398.5 |
| Pro forma adjustments (see below) | - | 1.2 | - | (3.9) |
| **Pro forma adjusted EBITDA** | **$ 125.7** | **$ 127.4** | **$ 392.7** | **$ 394.6** |
| | | | | |
| **Pro forma adjustments:** | | | | |
| Less: ABEL adjusted EBITDA [1] | $ - | $ - | $ - | $ (3.3) |
| Less: Red Valve adjusted EBITDA [2] | - | - | - | (1.4) |
| Less: TerraSource adjusted EBITDA [3] | - | 1.2 | - | 0.8 |
| **Pro forma adjustments to adjusted EBITDA** | $ - | $ 1.2 | $ - | $ (3.9) |
| | | | | |
| **Pro forma adjusted EBITDA by segment and corporate:** | | | | |
| Advanced Process Solutions | $ 60.6 | $ 62.3 | $ 180.6 | $ 161.4 |
| Molding Technology Solutions | 54.5 | 49.2 | 156.7 | 148.4 |
| Batesville | 25.2 | 29.8 | 102.9 | 126.7 |
| Corporate | (14.6) | (13.9) | (47.5) | (41.9) |
| | **$ 125.7** | **$ 127.4** | **$ 392.7** | **$ 394.6** |

(1) The ABEL business, which was included within the Advanced Process Solutions reportable operating segment, was divested on March 10, 2021.

(2) The Red Valve business, which was included within the Advanced Process Solutions reportable operating segment, was divested on December 31, 2020.

(3) The TerraSource Global business, which was included within the Advanced Process Solutions reportable operating segment, was divested on October 22, 2021.

# Reconciliation of Pro Forma Revenue to Reported Revenue

HILLENBRAND

| (in millions) | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|---|---|
| Advanced Process Solutions net revenue | $ 310.3 | $ 313.4 | $ 942.0 | $ 905.5 |
| Less: ABEL net revenue [1] | - | - | - | (15.5) |
| Less: Red Valve net revenue [2] | - | - | - | (8.0) |
| Less: TerraSource net revenue [3] | - | (9.3) | (2.4) | (31.3) |
| **Advanced Process Solutions pro forma net revenue** | **310.3** | **304.1** | **939.6** | **850.7** |
| **Molding Technology Solutions net revenue** | **269.5** | **243.8** | **769.4** | **735.7** |
| **Batesville net revenue** | **140.8** | **137.9** | **479.6** | **468.7** |
| **Consolidated pro forma net revenue** | **$ 720.6** | **$ 685.8** | **$ 2,188.6** | **$ 2,055.1** |

(1) The ABEL business, which was included within the Advanced Process Solutions reportable operating segment, was divested on March 10, 2021.

(2) The Red Valve business, which was included within the Advanced Process Solutions reportable operating segment, was divested on December 31, 2020.

(3) The TerraSource Global business, which was included within the Advanced Process Solutions reportable operating segment, was divested on October 22, 2021.

# Reconciliation of Pro Forma Backlog to Reported Backlog

HILLENBRAND

| (in millions) | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Advanced Process Solutions backlog | $ 1,228.6 | $ 1,378.0 |
| Less: TerraSource backlog [1] | - | (34.6) |
| **Advanced Process Solutions pro forma backlog** | **1,228.6** | **1,343.4** |
| **Molding Technology Solutions backlog** | **420.2** | **387.9** |
| **Consolidated pro forma backlog** | **$ 1,648.8** | **$ 1,731.3** |

(1) The TerraSource Global business, which was included within the Advanced Process Solutions reportable operating segment, was divested on October 22, 2021.

# Reconciliation of Operating Cash Flow to Free Cash Flow

| (in millions) | Nine Months Ended June 30, 2022 | Nine Months Ended June 30, 2021 |
|---|---|---|
| Net cash provided by operating activities | $ 94.3 | $ 442.7 |
| Less: | | |
| Capital expenditures | (32.5) | (21.8) |
| Free cash flow | $ 61.8 | $ 420.9 |