

Wedbush PacGrow Healthcare Conference

Steve Strobel, Chief Financial Officer

August 17, 2016


Forward Looking Statements & Non-GAAP Financial Measures

Certain statements in this presentation contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the Company's future plans, objectives, beliefs, expectations, representations and projections. It is important to note that forward-looking statements are not guarantees of future performance, and the Company's actual results could differ materially from those set forth in any forward-looking statements. For a more in depth 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 the Company's previously filed most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. The Company assumes no obligation to update or revise any forward-looking statements.

Certain financial figures presented herein have been presented on an adjusted basis (non-GAAP). Reconciliations between these non-GAAP financial measures and reported US GAAP measures are included in the appendices to this slide deck.

Enhancing Outcomes for Patients and their Caregivers

A Trusted Medical Technology Innovator...

-  Trusted partner for healthcare providers
-  Strong brand and #1 market positions
-  Helping to advance care and protect patients across multiple care settings
-  Global scale & diversity
-  Successfully transforming to drive sustainable profitable growth

...with Market Leading Brands

Patient Support Systems

Hill-Rom



Front Line Care

WelchAllyn

Hill-Rom

Surgical Solutions

allen

Aspen
Surgical

Trumpf
Medical

Hill-Rom

Executing on Strategic Priorities to Drive Profitable Growth

Customers

Serve as a trusted partner for healthcare providers

Deliver innovative solutions for patient care

Capabilities

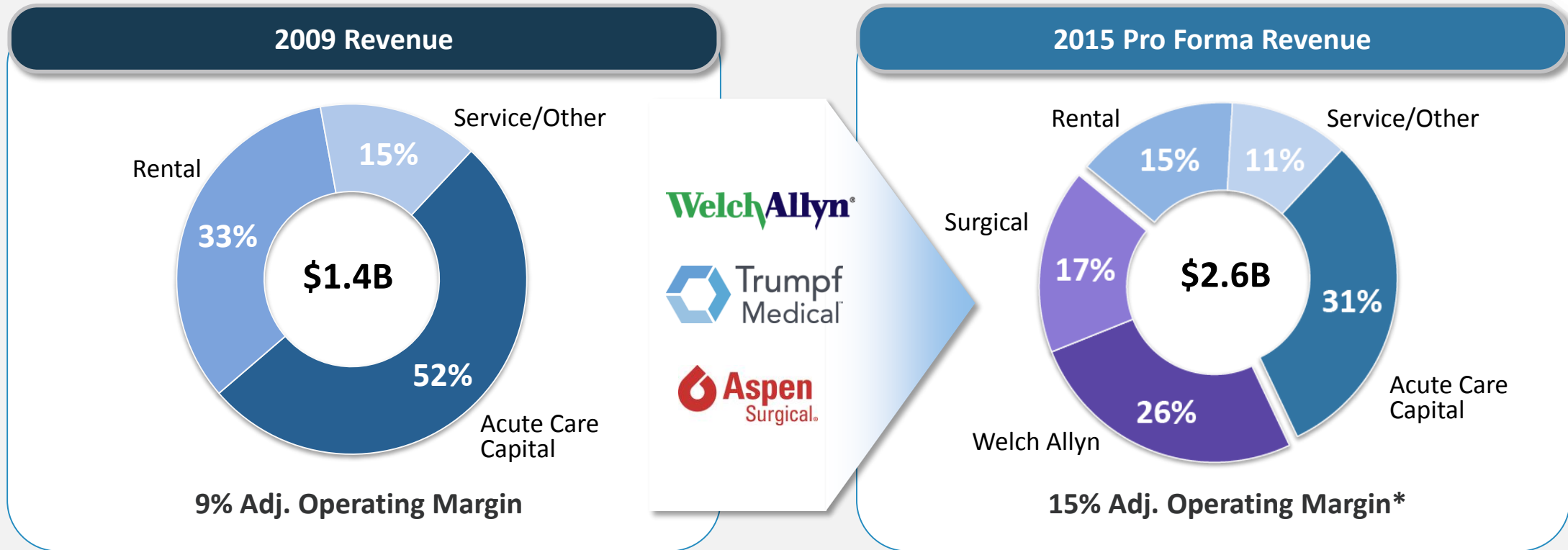
Leverage world-class sales and marketing capabilities

Drive operational excellence

Continue transforming through acquisitions

- ✓ Unparalleled care setting expertise enables enhanced market leadership
- ✓ Investing in innovation to enhance outcomes for patients and caregivers
- ✓ Leveraging brand equity, customer relationships and channels to accelerate innovative solutions
- ✓ Proven track record of operational execution with top-tier management team
- ✓ Strengthening portfolio through M&A and business development initiatives
- ✓ Committed to achieving long-term financial objectives with disciplined financial management

Transforming and Diversifying the Portfolio



Significant revenue diversification and margin expansion

* Including \$40M run-rate synergies

2016 Highlights

Executing on our strategic priorities

- Building sustainable and profitable businesses with attractive growth prospects
- Successfully integrating Welch Allyn and driving expected synergies ahead of schedule
- Enhancing innovative product portfolio with multiple new product launches (Integrated Table Motion, RetinaVue, VisiVest, etc.)
- Optimizing global manufacturing footprint with the announcement of five facility closures

Enhancing shareholder value with disciplined financial management

- **+3%** pro-forma YTD constant currency revenue growth
- **+340 bps** YTD adjusted operating margin expansion
- **+26%** YTD adjusted EPS growth; raised adjusted FY EPS guidance to \$3.32 - \$3.34 per diluted share
- **Operating Cash Flow** of ~\$320 million expected in FY2016E (35%+ increase over prior year¹)

Performance reflects value of diversified portfolio and disciplined focus on execution

¹ \$235M operating cash flow in 2015 excludes one time Welch Allyn related transaction costs of \$21M.

Well-Positioned to Deliver on Long-Range Financial Objectives

Key Metric	2015 ¹ Results	2016 Guidance	2015-2018 ² Long-Range Plan
Revenue	\$2B	\$2.65B	CAGR 3% - 5%
Adjusted GM%	45%	~48%	+350-450 bps
Adj. Operating Margin %	11.8%	+~350 bps	+450-550 bps
Adjusted EPS	\$2.64	\$3.32-\$3.34	Mid-to-high teens CAGR
Operating Cash Flow	\$235M	\$320M	\$1B+ cumulative (FY 16-18)
Leverage	4.5x	~4.0x	Below 3.0x ³

Enhancing shareholder value through sustainable growth in earnings and cash flow

1 Includes Welch Allyn financial results since September 8, 2015 transaction completion, including interest associated with new borrowings, but excludes one-time costs associated with the transaction and the impact of a non-cash stock compensation charge. Operating cash flow excludes one time Welch Allyn related transaction costs of \$21M.

2 Revenue CAGR relative to full-year 2015 pro-forma revenue of ~\$2.6B. All other metrics are relative to 2015 results, which includes contribution from Welch Allyn only during the period since the transaction completion.

3 Assumes no capital deployment for M&A transactions.

Hill-Rom: A Compelling Investment Opportunity

1 We are successfully transforming to drive sustainable profitable growth

2 We are expanding our leading market positions through our innovative solutions, leveraging our brand equity

3 We are driving solid operational execution and significant operating margin expansion

Wedbush PacGrow Healthcare Conference

Steve Strobel, Chief Financial Officer

August 17, 2016

APPENDIX

Reconciliation of Non-GAAP Disclosures

Reconciliation: 2016 Adjusted Operating Margin & Earnings

	Quarter Ended June 30, 2016				Quarter Ended June 30, 2015			
	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS
GAAP Basis	8.9%	\$ 35.3	\$ (9.7)	\$ 0.68	6.6%	\$ 28.0	\$ 9.3	\$ 0.33
Adjustments:								
Acquisition and integration costs	0.5%	3.5	0.7	0.04	1.4%	6.8	2.3	0.08
Acquisition-related intangible asset amortization	3.7%	24.1	8.2	0.24	1.6%	7.7	2.1	0.10
FDA remediation expenses	-	-	-	-	0.3%	1.3	0.4	0.02
Field corrective actions	-	-	-	-	0.5%	2.6	0.8	0.03
Litigation settlements and expenses	-	-	-	-	0.1%	0.3	0.1	-
Special charges	2.1%	13.7	4.7	0.13	0.9%	4.4	0.9	0.06
Foreign valuation allowance and acquisition dividends	-	-	18.8	(0.28)	-	-	-	-
Adjusted Basis	15.2%	\$ 76.6	\$ 22.7	\$ 0.81	11.5%	\$ 51.1	\$ 15.9	\$ 0.62

	Year to Date Ended June 30, 2016				Year To Date Ended June 30, 2015			
	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS ¹
GAAP Basis	7.0%	\$ 69.2	\$ (2.2)	\$ 1.09	6.3%	\$ 81.6	\$ 24.7	\$ 0.99
Adjustments:								
Acquisition and integration costs	1.7%	33.7	9.7	0.36	1.4%	19.5	6.3	0.23
Acquisition-related intangible asset amortization	3.7%	72.1	24.7	0.71	1.7%	23.4	6.5	0.29
FDA remediation expenses	-	-	-	-	0.2%	3.0	1.0	0.03
Field corrective actions	-	0.1	(0.1)	-	0.3%	4.9	1.5	0.06
Litigation settlements and expenses	-	-	-	-	-	(0.6)	(0.2)	(0.01)
Special charges	1.6%	31.5	10.5	0.32	0.8%	11.9	1.2	0.18
Foreign valuation allowance and acquisition dividends	-	-	18.8	(0.28)	-	-	1.9	(0.03)
Adjusted Basis	14.1%	\$ 206.6	\$ 61.4	\$ 2.20	10.7%	\$ 143.7	\$ 42.9	\$ 1.75

¹ Total does not add due to rounding.

Reconciliation: 2015 Adjusted Gross Margin

Total Gross Profit	Quarter Ended September 30		Year Ended September 30	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Gross Profit (As Reported)	\$256.7	\$213.3	\$880.3	\$779.9
Employee benefits change	-	-	-	(5.6)
Field corrective actions	(0.4)	-	4.5	(1.7)
Acquisition and integration costs	<u>11.4</u>	<u>5.6</u>	<u>16.2</u>	<u>6.0</u>
Gross Profit (Adjusted)	<u>\$267.7</u>	<u>\$218.9</u>	<u>\$901.0</u>	<u>\$778.6</u>
Adjusted Total Gross Margin	46.6%	45.6%	45.3%	46.2%
Year Over Year Gross Profit Change	<u>22.3%</u>		<u>15.7%</u>	
Year Over Year Gross Margin Change	<u>100 bps</u>		<u>(90) bps</u>	

Reconciliation: 2015 Adjusted Operating Margin & Earnings

	Quarter Ended September 30, 2015					Quarter Ended September 30, 2014			
	Operating Margin	Income (Loss) Before Income Taxes	Income Tax Expense (Benefit)	NCI	Diluted EPS	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS ¹
GAAP Basis	-1.0%	\$ (16.5)	\$ (6.4)	\$ (0.5)	\$ (0.16)	7.4%	\$ 34.2	\$ 9.6	\$ 0.42
Adjustments:									
Acquisition and integration costs	7.5%	43.3	11.7	-	0.53	2.1%	9.9	2.8	0.12
Acquisition-related intangible asset amortization	1.9%	10.7	3.3	-	0.12	1.6%	7.9	2.4	0.09
FDA remediation expenses	0.1%	0.8	0.2	-	0.01	0.4%	1.7	0.6	0.02
Field corrective actions	-0.1%	(0.4)	(0.1)	-	-	-	-	-	-
Special charges	5.1%	29.3	9.5	-	0.33	1.0%	4.7	0.4	0.07
Supplemental stock compensation charge	1.1%	6.1	2.2	-	0.06	-	-	-	-
Foreign valuation allowance and acquisition dividend tax	-	-	-	-	-	-	-	(0.7)	0.01
Adjusted Basis	<u>14.6%</u>	<u>\$ 73.3</u>	<u>\$ 20.4</u>	<u>\$ (0.5)</u>	<u>\$ 0.89</u>	<u>12.4%</u>	<u>\$ 58.4</u>	<u>\$ 15.1</u>	<u>\$ 0.74</u>
	Year to Date Ended September 30, 2015					Year to Date Ended September 30, 2014			
	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	NCI	Diluted EPS	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS ¹
GAAP Basis	4.2%	\$ 65.1	\$ 18.3	\$ (0.9)	\$ 0.82	7.3%	\$ 115.2	\$ 54.6	\$ 1.04
Adjustments:									
Acquisition and integration costs	3.2%	62.8	18.0	-	0.76	1.0%	16.3	5.0	0.19
Acquisition-related intangible asset amortization	1.7%	34.1	9.8	-	0.42	1.7%	28.8	8.7	0.34
Employee benefits change	-	-	-	-	-	-0.8%	(13.4)	(5.1)	(0.14)
FDA remediation expenses	0.2%	3.8	1.2	-	0.04	0.3%	4.5	1.7	0.05
Field corrective actions	0.2%	4.5	1.4	-	0.05	-0.1%	(1.7)	(0.6)	(0.02)
Litigation settlements and expenses	-	(0.6)	(0.2)	-	(0.01)	-	-	-	-
Special charges	2.1%	41.2	10.7	-	0.52	2.2%	37.1	10.9	0.45
Supplemental stock compensation charge	0.3%	6.1	2.2	-	0.07	-	-	-	-
Foreign valuation allowance and acquisition dividend tax	-	-	1.9	-	(0.03)	-	-	(20.3)	0.35
Adjusted Basis	<u>11.8%</u>	<u>\$ 217.0</u>	<u>\$ 63.3</u>	<u>\$ (0.9)</u>	<u>\$ 2.64</u>	<u>11.5%</u>	<u>\$ 186.8</u>	<u>\$ 54.9</u>	<u>\$ 2.25</u>

¹ Total does not add due to rounding.

NCI = Net loss attributable to noncontrolling interests

Reconciliation: Pro Forma Adjusted Operating Margin

	<u>Pro Forma¹</u>	
	<u>Twelve Months Ended June 30, 2015 (unaudited)</u>	<u>Year Ended September 30, 2009</u>
Revenue		
Total Revenue	\$ 2,578.2	\$ 1,386.9
Operating Margin		
Operating Profit (Loss) (As Reported)	124.1	(382.7)
Acquisition and integration costs	29.4	5.2
Acquisition-related intangible asset amortization	87.1	9.0
FDA remediation expenses	4.7	-
Field corrective actions	4.9	4.7
Impairment of goodwill and other intangibles	-	472.8
Litigation charges (credits)	(0.6)	-
Special charges	20.8	20.5
Welch Allyn discontinued product lines	(2.6)	-
Welch Allyn Scale-Tronix acquisition contribution	5.2	-
Welch Allyn sourcing and restructuring run rate	0.6	-
Welch Allyn stock-based compensation ²	67.5	-
Operating Profit (Adjusted)	<u>\$ 341.1</u>	<u>\$ 129.5</u>
Plus run rate synergies ³	<u>\$ 40.0</u>	<u>\$ -</u>
Operating Profit (Adjusted), including synergies	<u>\$ 381.1</u>	<u>\$ 129.5</u>
Pro Forma Adjusted Operating Margin	15%	9%
Change in Adjusted Operating Margin	600 bps	

¹ Pro forma information presented is a combination of the historical consolidated financial statements of Hill-Rom and Welch Allyn.

² Adjustment removes \$71.5 million of expense related to Welch Allyn's long term incentive plan, offset by \$4.0 million of estimated incremental Hill-Rom stock compensation expense for the Welch Allyn employees.

³ Represents estimate of annual merger synergies expected to be achieved by the end of fiscal year 2018. Actual cost savings, the costs required to realize the costs savings, and the source of the cost savings could differ materially from this estimate.