

# HILLENBRAND

Creating Shareholder Value

2011

# Disclosure regarding forward-looking statements

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.

Words that could indicate we're making forward-looking statements include the following:

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

This isn't an exhaustive list, but is simply 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's 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. These factors include, but are not limited to: the outcome of any legal proceedings that may be instituted against Hillenbrand, Rotex Global LLC, or others following an acquisition; risks that the acquisition 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, including potential synergies and cost savings, or the failure of the acquired company to achieve its plans and objectives generally; global market and economic conditions, including those related to the credit markets; volatility of our investment portfolio; adverse foreign currency fluctuations; ongoing involvement in claims, lawsuits and governmental proceedings related to operations; labor disruptions; the dependence of our business units on relationships with several large national providers; increased costs or unavailability of raw materials; continued fluctuations in mortality rates and increased cremations; competition from nontraditional sources in the funeral products business; our ongoing antitrust litigation; cyclical demand for industrial capital goods; and certain tax-related matters.

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 item 1A of Hillenbrand's Annual Report on Form 10-K for the year ended September 30, 2011, filed with the Securities and Exchange Commission (SEC) November 28, 2011. Hillenbrand assumes no obligation to update or revise any forward-looking information as a result of new information or future events or developments.

# Agenda

## **Hillenbrand**

a global diversified manufacturing enterprise

## **Process Equipment Group (PEG)**

an overview of our high-growth-potential business platform

## **Batesville**

an overview of our time-tested and highly profitable market leader

## **Select Financial Results**

# Hillenbrand is an attractive investment opportunity

## Cash Generation

- Both Batesville and the Process Equipment Group are market leaders and proven cash generators
- Strong balance sheet and stable cash flow support the Hillenbrand growth strategy

## Growth Opportunity

- The Process Equipment Group provides significant global growth opportunities and diversification
- Growth is enhanced by leveraging our core competencies
- Further acquisitions will provide additional profitable growth and further diversification

## Strong Dividend

- Meaningful return of cash to shareholders, including an attractive dividend yield
- Annual dividend increases since HI inception (2008)

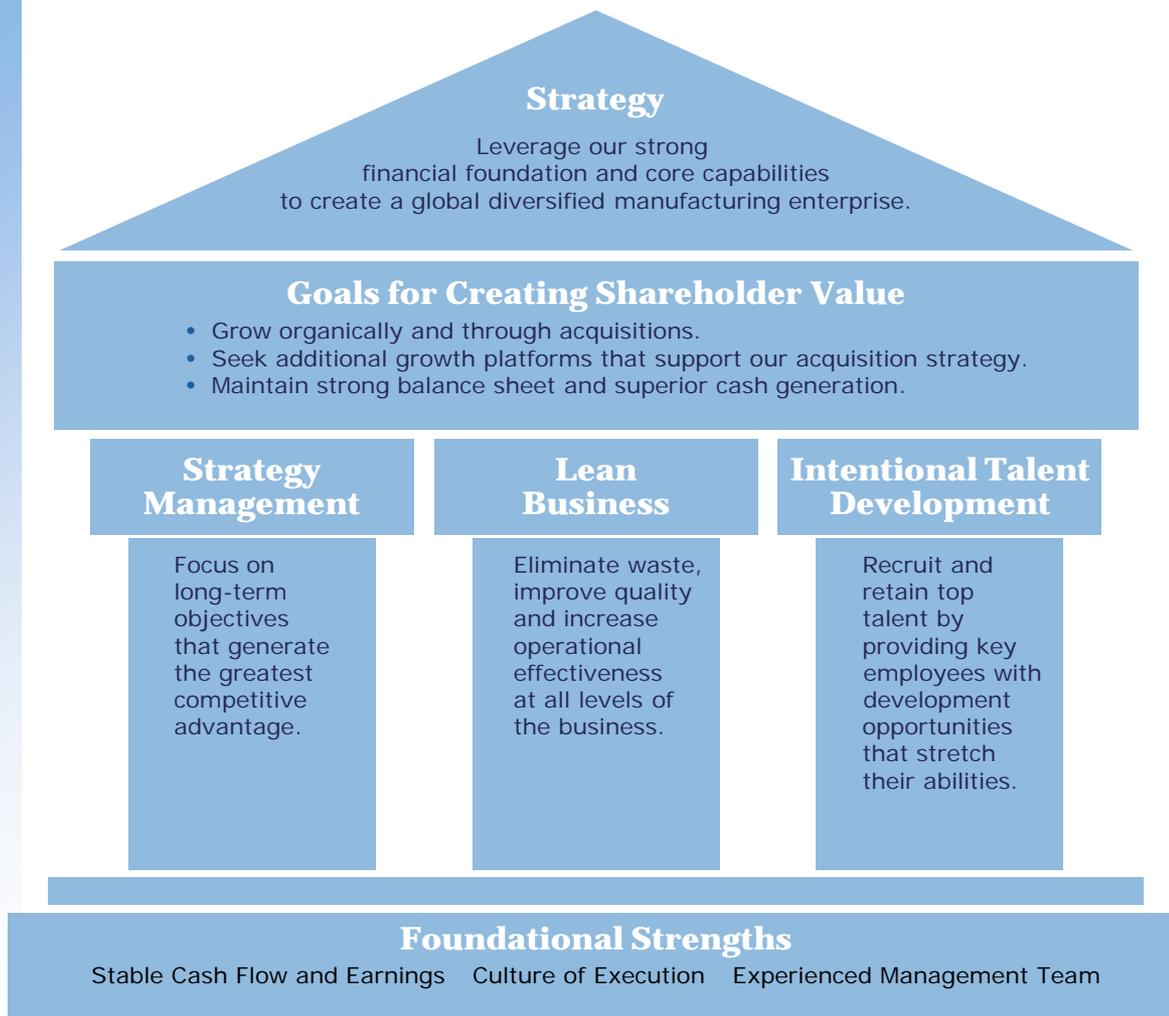
## History and Culture of Execution

- Proven, results oriented management teams with operational, public company, and acquisition expertise
- Strong core competencies in lean business
- Long track record of increasing revenues and carefully managing expenses

# Hillenbrand Profile

# Growth strategy focuses on creating shareholder value

Leverage our strengths and core competencies to diversify and grow profitably



## Criteria for future acquisition candidates include:

- Attractive margins, strong cash generation and multiple pathways for growth
- Strong brand in its defined space
- Talented, proven management with close customer relationships
- Robust sales and marketing capabilities
- Strong cultural fit with Hillenbrand
- Ability to benefit from our core competencies and share its own competitive strengths

# Hillenbrand has grown significantly since 2008, and now operates on two separate platforms

## 2008 Hillenbrand, Inc.

**HI**  
**LISTED**  
**NYSE**

Hillenbrand begins operation as a public company on the Batesville foundational platform – April 1, 2008

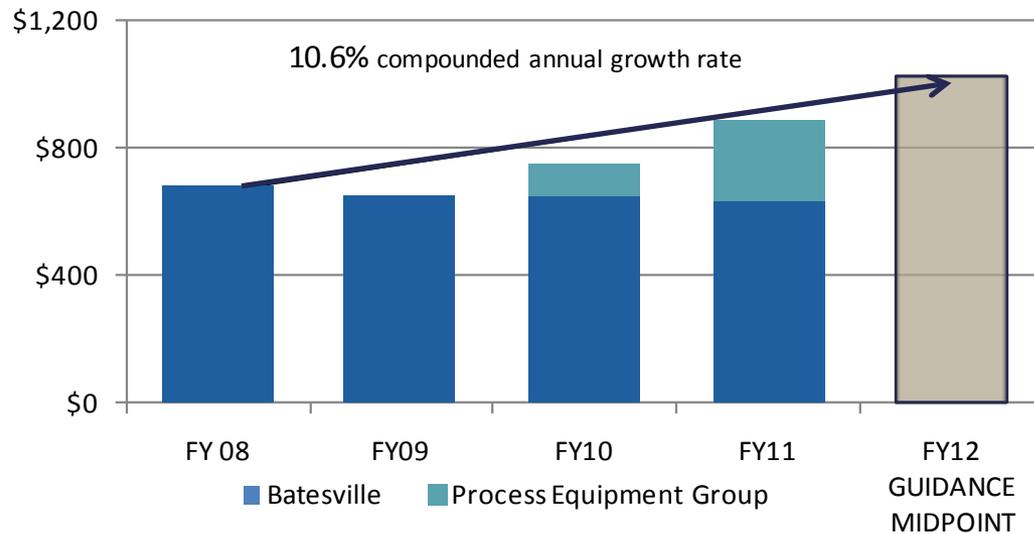
## 2010 K-Tron

Hillenbrand acquires K-Tron International, Inc. (now part of the Process Equipment Group) – April 1, 2010

## 2011 Rotex

Hillenbrand acquires Rotex – August 31, 2011

### Revenue Since Inception



# HI platforms manufacture an array of premium products with substantial brand value and recognition

HILLENBRAND



## Batesville

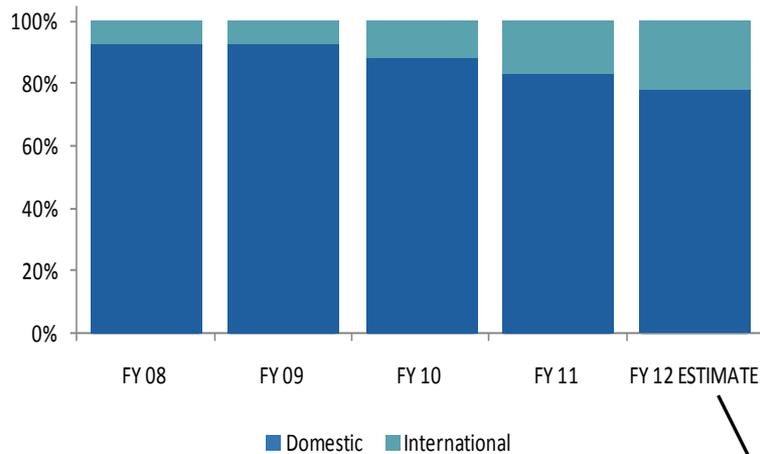
- Founded in 1906 and dedicated for more than 100 years to *helping families honor the lives of those they love®*
- Provides the highest quality burial and cremation products to funeral directors and their client families
- North American leader in funeral products due to a history of manufacturing excellence, product innovation, superior customer service, and reliable delivery

## Process Equipment Group

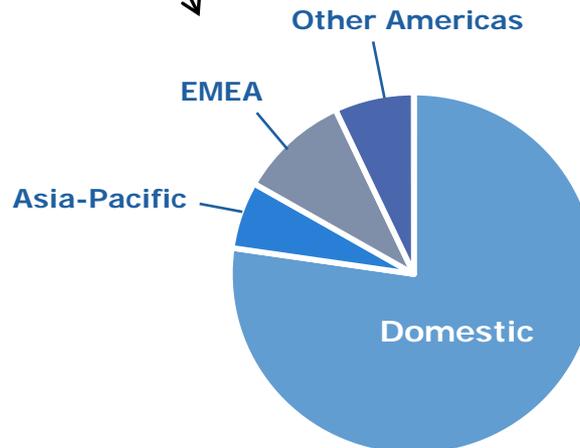
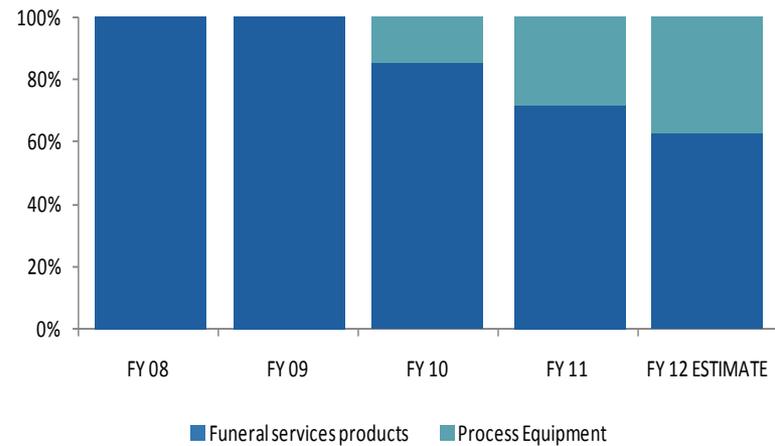
- Leading global providers of bulk solids material handling equipment and systems for a wide variety of manufacturing and other industrial processes
- Serves customers through three operating companies:
  - K-Tron** – Material handling systems, feeders and pneumatic conveying equipment, parts and services
  - Size Reduction Group** – Size reduction equipment, conveying systems and screening equipment, parts and services
  - Rotex** – Dry material separation machines and replacement parts and accessories

# Hillenbrand's growth strategy has provided diversification in both location and products

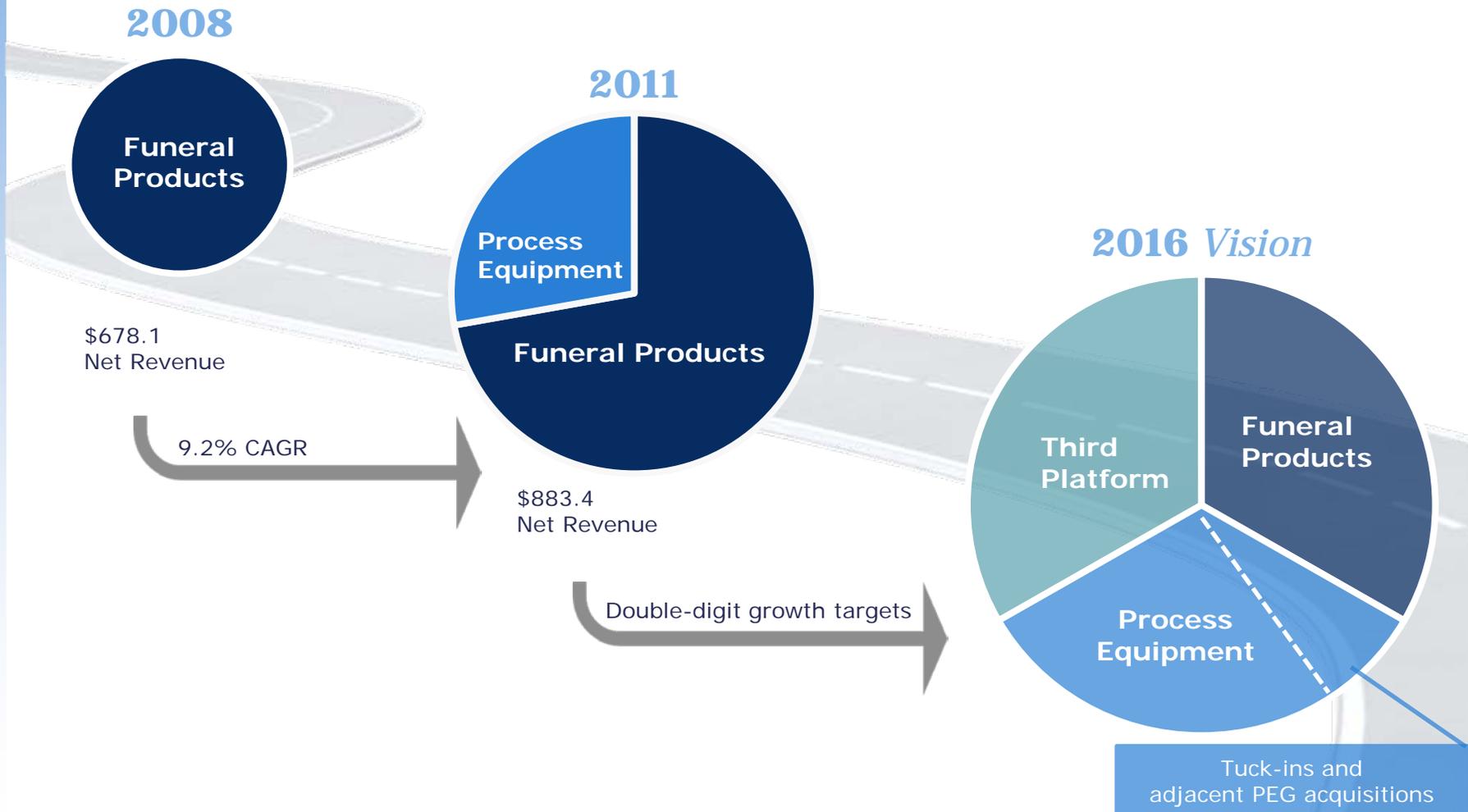
Hillenbrand Revenue Mix by Geography



Hillenbrand Revenue Mix by Platform



# Our strategy is designed to continue growth both organically and through acquisitions



# Hillenbrand has compelling investment characteristics

## **Strong Cash Generation**

- Free cash flow as a percent of Revenue averages 17% over the prior 3 year period; 19% in FY11
- Low cap-ex needs

## **Growth Upside AND Economic Downside Protection**

- Demonstrated Process Equipment Group growth (25% organic growth in FY11; 18% excluding fx)
- Process Equipment Group's demonstrated ability to dampen economic downturn impact
- Batesville stability (FY10 to FY11 revenue variance of 0.4%)

## **Relentless Focus on Lean Business**

- EBITDA % of Revenue averages 23% over the prior 3 year period; 22% in FY11
- Multiple IndustryWeek Top 10 Best Plant awards
- Lean success in non-manufacturing areas

## **Differentiated Product Offerings**

- Mission critical, premium brands yield premium returns
- Gross margins exceeding 40% in both product platforms

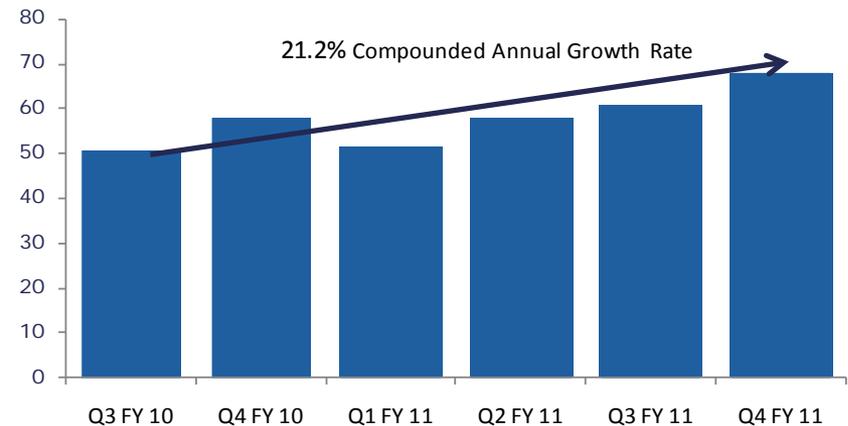
# Process Equipment Group Overview

# The Process Equipment Group

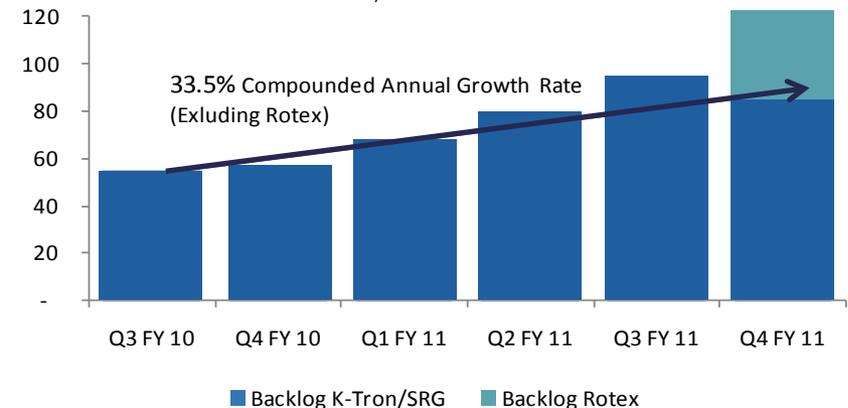
Strong growth potential in both industries and geographies

- History of 10% organic revenue growth
- Significant opportunities to expand into global growth markets
- Robust backlog levels
- Developing lean business skills to reduce costs, improve customer satisfaction and shorten lead times
- History of long term customer relationships in key industries: plastics, minerals, food, etc.

**PEG Revenue (w/o Rotex) \$ in millions**



**PEG Backlog \$ in millions**



# The Process Equipment Group

Expansion supported by multiple drivers and strategies

## Mega Trends

- Global population growth
- Rising demand for food/energy
- End markets growing at GDP+
- Expanding global middle-class

## Strategic Changes

- Improve infrastructure to leverage opportunities between companies
- Pursue acquisitions that enhance organic growth
- Improve the re-order rate to drive sales of parts for existing equipment

### Key Growth Drivers

## Geographic Expansion

- Capitalize on strong international demand by optimizing sales channels globally

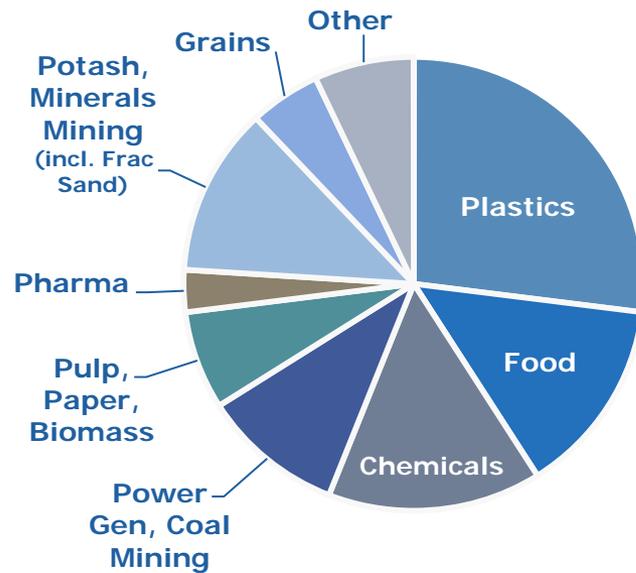
## Enhanced Capabilities

- Promote and enhance systems solutions
- Utilize lean competencies to reduce costs, improve quality, and reduce lead times

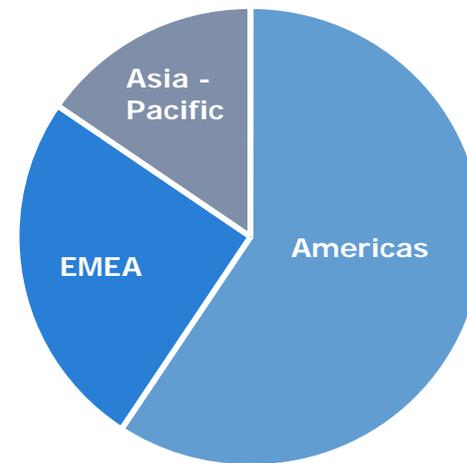
# The Process Equipment Group

Highly diversified by industry and geography

### Revenue Mix by Industry



### Revenue Mix by Geography

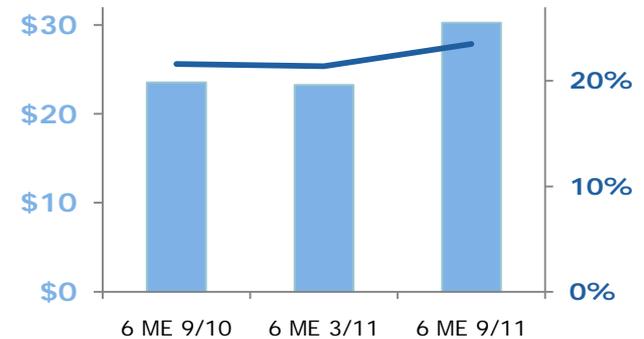


# The Process Equipment Group

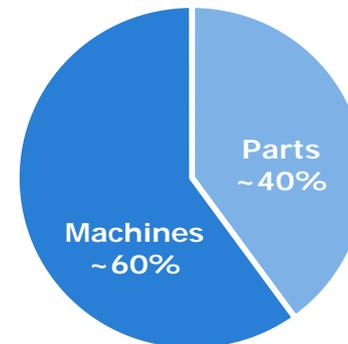
Attractive financial profile

- 20% + adjusted EBITDA margin
- High level of growth and profitability...plus, ability to manage through economic downturns:
  - “Wear” parts yield stable revenue and attractive margins
  - Backlog provides near-term predictability for revenue
  - Independent sales rep networks are variable costs
  - Outsourced non-core competencies

**PEG Adj EBITDA/Margin**



**PEG Revenue Mix**



# The Process Equipment Group

Manufacturing world-class industrial processing equipment



Leaders in feeders and pneumatic conveying and systems solutions



## Size Reduction Group

Crushers and biomass handling equipment



## ROTEX

Industrial screening and separating equipment

# Batesville Overview

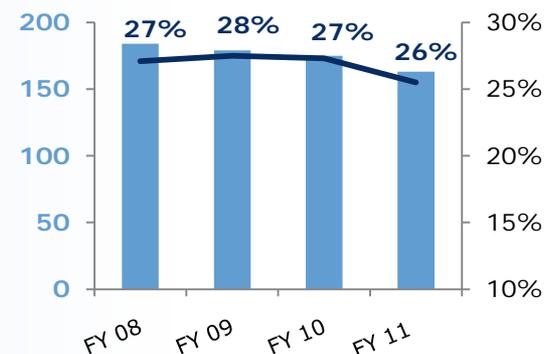
# Batesville market conditions

We continue to post steady results in an evolving industry

## Attractive Financials

- Historically high return on invested capital (approximately 60%)
- Gross margins exceeding 40%; operating margins exceeding 25%
- We accomplish this by:
  - Providing a broad portfolio of premium products
  - Leveraging our high-velocity distribution system
  - Focusing on lean business practices to improve the cost structure

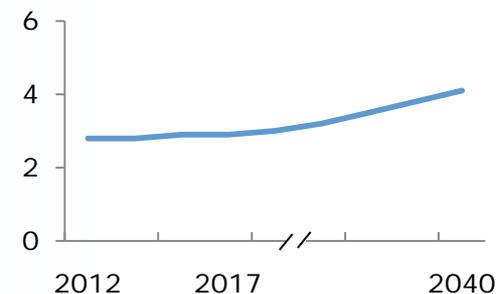
## Operating Profit and Margins



## Industry Dynamics

- We expect the number of deaths to remain relatively flat for the next 5-7 years, then begin to escalate
- We anticipate the cremation rate to increase at an upward trend of approximately 120-140 basis points per year through about 2017, at which point the rate of increase should slow
- As a result, burial demand declines slowly in the near term, *but should stabilize within 5-7 years as an increase in deaths offset the impact of cremation*

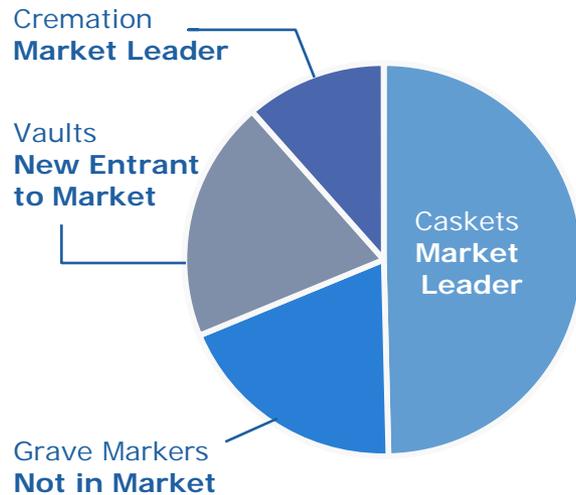
## Estimated Deaths (Millions)



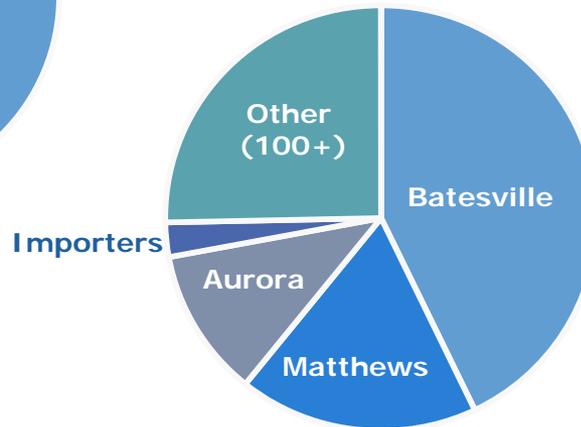
# Batesville

Leading the largest segment of the funeral products industry

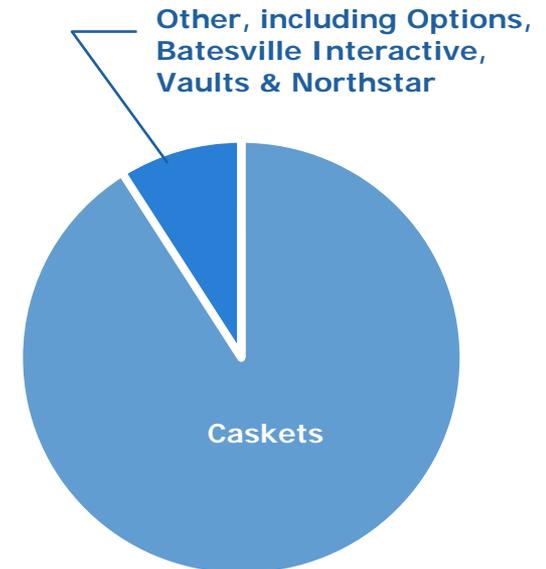
## Funeral Products (\$2.6 Billion Industry)



## Caskets (Total Revenue \$1.3 Billion)

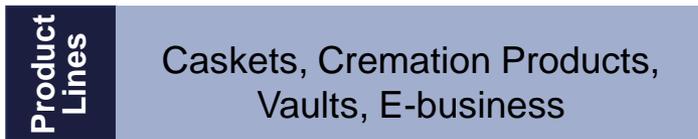


## Batesville (Total 2011 Revenue: \$638 Million)



# Batesville

Commanding a premium as the industry's most respected brand



## World's Largest Casket Manufacturer

- Iconic brand with 100+ years of history
- Industry leader: volume, revenue, and margin share
- Superior mix of products
- Brand of choice for funeral directors' families

## Unparalleled Commitment

- Top-quality product manufacturer
- Best-in-class service
- Innovation leader
- Highly valued business partner

# Batesville

Optimize casket business, capitalize on growth opportunities, improve margin

## Optimize the Profitable Casket Business

- New Product Development
- Merchandising/Sales



## Capitalize on Growth Opportunities

- Options cremation products
- Batesville Interactive
- ENDURA Burial Vaults



## Improve Margin

- Operational excellence
- Lean manufacturing and distribution
- Continuous improvement in all business processes



# Financial Overview

# Hillenbrand 2011 results

Net revenue up 18%; Adj. net income up/EPS up 2%; Adj. EBITDA up 9%

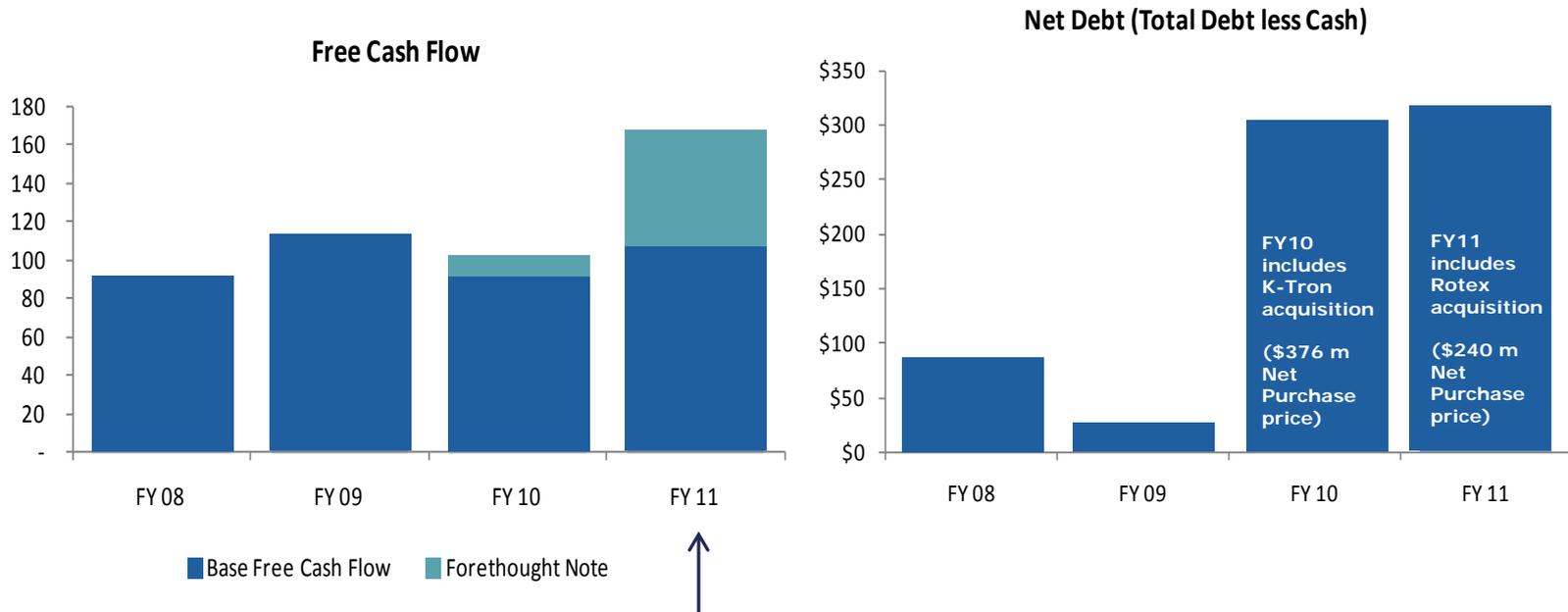
- Process Equipment Group grew year-over-year organic revenue by 25% (18% net of fx)
- Completion of Rotex acquisition added one month of sales to already strong PEG results
- Acquisition-related costs affected gross margin, operating expenses, net income, EPS and cash flow
- Collection of the Forethought Note was a primary driver in year-over-year increase in cash flow from operations
- FY11 results exceeded guidance at both revenue and bottom-line performance

FISCAL YEAR ENDED SEPTEMBER 30			
\$ IN MILLIONS (except EPS)	2011	2010	2011 Guidance
Net Revenue	\$883.4	\$749.2	\$855 - \$875
% Y/Y Growth	17.9%	15.4%	
Gross Profit (Adjusted)*	\$372.7	\$324.9	
% of Revenue	42.2%	43.4%	
Operating Expenses (Adjusted)*	\$202.4	\$159.9	
% of Revenue	22.9%	21.3%	
EBITDA (Adjusted)*	\$208.4	\$191.2	
% of Revenue	23.6%	25.5%	
Net Income (Adjusted)*	\$113.8	\$111.6	
EPS (Adjusted)*	\$1.84	\$1.80	\$1.72 - \$1.78
Cash Flows from Operations	\$189.5	\$118.2	

\* See appendix for reconciliation between GAAP and adjusted balances for the years ended September 30, 2011 and 2010

# Hillenbrand 2011 results

Net debt of only \$312 million – even after \$616 million in acquisitions



Stable free cash flow generation boosted by the collection of the Forethought Note.

We have maintained our strong balance sheet while using cash and debt to fund acquisitions.

Credit Ratings:

Moody's = Baa3

S&P = BBB

# Hillenbrand capital deployment

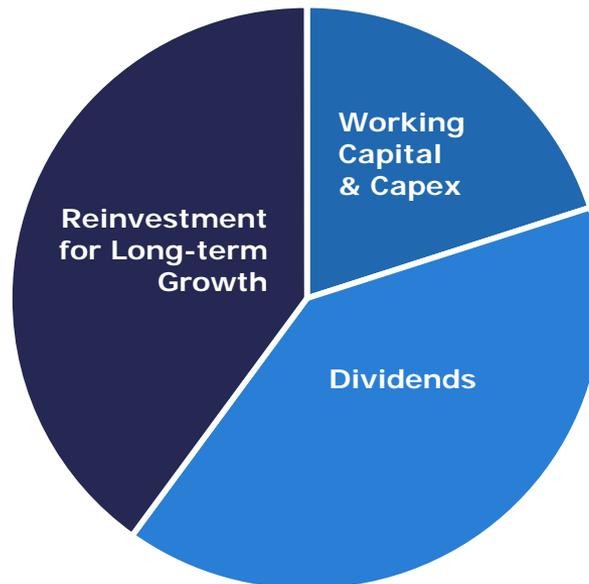
Focus is on creating shareholder value

## Meaningful dividend

- Annual dividend is \$.77 per share, which is equivalent to a 45% payout ratio of 2011 net income.
- Attractive current dividend yield: 3.7% (12/14/2011)

## Reinvestment for long-term growth

- Invest to support organic growth
- Acquire quality businesses with growth potential in the Process Equipment Group space
- Acquire new platform



# Hillenbrand FY12 guidance

We anticipate revenues to reach the \$1 billion mark, while bottom line growth is masked by year-to-year non-comparables.

(amounts in millions, except per share data)

2012 Guidance Summary	2011	FY 2012 Range	
		Low	High
Net revenues – percent growth		13%	17%
Net revenues - \$	\$883.4		
GAAP EPS	\$1.71	\$1.75	\$1.85
Adjusted EPS	\$1.84	\$1.82	\$1.92

- FY11 included \$.13 of investment income (Forethought Note and limited partnership income) that won't repeat in FY12.
- FY12 includes \$.05 of amortization expense related to the Rotex acquisition.

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## Strong Dividend

- Meaningful return of cash to shareholders, including an attractive dividend yield
- Annual dividend increases since HI inception (2008)

## History and Culture of Execution

- Proven, results oriented management teams with operational, public company, and acquisition expertise
- Strong core competencies in lean business
- Long track record of increasing revenues and carefully managing expenses

Questions?

# 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 a non-GAAP measure, Earnings Before Interest, Income Tax, Depreciation, and Amortization (EBITDA). We have previously discussed our strategy to prudently acquire selected manufacturing businesses that have a record of success and could 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 EBITDA, among other measures, to monitor our business performance. While EBITDA is not in accordance with, nor is it a substitute for, a GAAP measure, we believe it enables investors to better understand the ongoing operating performance of the Company. Investors should consider non-GAAP measures in addition to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

# Hillenbrand financials

## FY 2011 & 2010 GAAP net income to adjusted EBITDA reconciliation

(amounts in millions, except per share data)

	Years Ended September 30,	
	2011	2010
GAAP net income	\$106.1	\$92.3
Interest income	(7.4)	(13.0 )
Interest expense	11.0	4.2
Income tax expense	51.7	54.1
Depreciation and amortization	36.1	28.2
EBITDA	197.5	165.8
Antitrust litigation	1.3	5.0
Inventory step-up	2.8	11.6
Business acquisition	6.3	10.5
Sales tax adjustment	(0.8)	(4.7 )
Restructuring	1.3	3.0
EBITDA – adjusted	\$208.4	\$191.2

# Hillenbrand financials

## FY 2011 & 2010 GAAP net income to adjusted net income reconciliation

(amounts in millions, except per share data)

	Years Ended September 30,	
	2011	2010
GAAP net income	\$106.1	\$92.3
Antitrust litigation	1.3	5.0
Inventory step-up	2.8	11.6
Backlog step-up	0.8	1.7
Business acquisition costs	6.3	10.5
Sales tax adjustment	(0.8)	(4.7)
Restructuring	1.3	3.0
Income tax on adjustments	(4.0)	(7.8)
Net income – adjusted	\$113.8	\$111.6
EPS – adjusted	\$1.84	\$1.80

# Hillenbrand financials

## FY 2011 & 2010 GAAP Balance Sheet

(amounts in millions)

	Years Ended September 30,	
	2011	2010
Assets		
Current assets	\$380.1	\$324.4
Other assets	800.6	724.5
Total assets	\$1,180.7	\$1,048.9
Liabilities		
Current liabilities	\$136.2	\$118.0
Other long-term liabilities	601.4	559.0
Total Liabilities	\$737.6	\$677.0
Shareholders' Equity		
Total shareholders' equity	\$443.1	\$371.9
Total liabilities & shareholders' equity	\$1,180.7	\$1,048.9

# Hillenbrand financials

## FY 2011 & 2010 GAAP cash flow

(amounts in millions)

	Years Ended September 30,	
	2011	2010
Operating Activities		
Net income	\$106.1	\$92.3
Depreciation & amortization	36.1	28.2
Interest income on Forethought Note	(6.4)	(12.0)
Forethought Note interest payment	59.7	10.0
Change in working capital	(16.4)	16.9
Other, net	10.4	(17.2)
Net cash flow from operating activities (A)	\$189.5	\$118.2
Capital expenditures (B)	\$(21.9)	\$(16.3)
Forethought Note principal repayment	91.5	—
Acquisitions of business, net of cash acquired	(240.9)	(371.5)
Proceeds from redemption and ARS and investments	12.4	37.2
Debt activity	28.1	334.2
Dividends	(46.9)	(46.2)
Stock repurchase	(3.8)	—
Other	9.1	7.6
Net change in cash	\$17.1	\$63.2
Free cash flow (A-B)	\$167.6	\$101.9