UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the year ended September 30, 2018
Commission File No. 001-33794

HILLENBRAND, INC.
(Exact name of registrant as specified in its charter)

Indiana	**26-1342272**
(State of incorporation)	(I.R.S. Employer Identification No.)
One Batesville Boulevard	
Batesville, Indiana	**47006**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(812) 934-7500**
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock (consisting solely of shares of common stock) held by non-affiliates of the registrant as of March 30, 2018 was $2,868,342,913. As of November 8, 2018 , 62,347,253 shares of common stock were outstanding.

Documents Incorporated by Reference

Portions of our definitive proxy statement for the 2019 Annual Meeting of Shareholders are incorporated by reference into Part III of this report. The proxy statement will be filed no later than January 5, 2019 .

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(monetary amounts in millions, except per share data)

PART I

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Throughout this Form 10-K, 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 Form 10-K, 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
target	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. This includes the impact of the Tax Cuts and Jobs Act (the "Tax Act"), enacted by the U.S government on December 22, 2017, on the Company's financial position, results of operations, and cash flows. 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 this Form 10-K. We assume no obligation to update or revise any forward-looking statements.

Item 1. BUSINESS

In this section of the Form 10-K, we provide you a general overview of the Company, including a high-level review of our reportable segments and how we operate. We then present our reportable segments in greater detail, including the products we manufacture and sell, how those products are distributed and to whom, with whom we compete, the key inputs to production, and an explanation of our business strategies. We also provide you information on any key patents, trademarks, and regulatory matters important to our business. Finally, we provide you a brief background on our executive officers so that you can understand their experience and qualifications.

GENERAL

Hillenbrand (www.Hillenbrand.com) is a global diversified industrial company with multiple leading brands that serve a wide variety of industries around the world. Hillenbrand's portfolio is composed of two business segments: the Process Equipment Group and Batesville ®. The Process Equipment Group businesses design, develop, manufacture, and service highly engineered industrial equipment around the world. Batesville is a recognized leader in the death care industry in North America. Hillenbrand was incorporated on November 1, 2007, in the state of Indiana and began trading on the New York Stock Exchange under the symbol "HI" on April 1, 2008. "Hillenbrand," "the Company," "we," "us," "our," and similar words refer to Hillenbrand, Inc. and its subsidiaries unless context otherwise requires.

Although Hillenbrand has been a public company for a little more than ten years, the businesses owned by Hillenbrand have been in operation for many decades.

Between 2010 and 2014, Hillenbrand completed three major acquisitions of companies that formed the foundation of our Process Equipment Group: K-Tron International, Inc. ("K-Tron") in April 2010, Rotex Global, LLC ("Rotex") in August 2011, and Coperion Capital GmbH ("Coperion") in December 2012.

TerraSource Global, also part of our Process Equipment Group, was organized in July 2012 from three brands, Gundlach Equipment Corporation, Jeffrey Rader Corporation, and Pennsylvania Crusher Corporation, each acquired as part of the K-Tron acquisition. The remaining K-Tron brands merged with Coperion during 2013.

On October 2, 2015, Hillenbrand acquired Abel Pumps LP, Abel GmbH & Co. KG, and certain of their affiliates (collectively "Abel"). Additionally, on February 1, 2016, Hillenbrand acquired Red Valve Company, Inc. ("Red Valve"). Both Abel and Red Valve are now included in our Process Equipment Group segment.

See Note 3 to our financial statements included in Part II, Item 8 of this Form 10-K for more information on the Abel and Red Valve acquisitions.

Business Segments

Process Equipment Group

The Process Equipment Group is a leading global provider of compounding, extrusion, and material handling; size reduction; screening and separating; and flow control products and services for a wide variety of manufacturing and other industrial processes.

We believe the Process Equipment Group has attractive fundamentals including:
- Geographic diversification;
- A parts and service business with historically stable revenue and attractive margins;
- A customer base that is highly diversified and has a strong history of long-term relationships with blue-chip end user customers; and
- Proven products with substantial brand value and recognition, combined with industry-leading applications and engineering expertise.

Batesville

Batesville is a leader in the North American death care industry through the manufacture and sale of funeral service products, including burial caskets, cremation caskets, containers and urns, other personalization and memorialization products, and web-based technology applications.

We believe Batesville has attractive fundamentals including:
- Historically predictable strong cash flow and attractive margins;
- Historically high return on invested capital; and
- Substantial brand value and recognition, combined with quality service, a nationwide distribution network, and a strong customer base.

How We Operate

We strive to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the Hillenbrand Operating Model (HOM). The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes our mission, vision, values and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make our businesses both bigger and better. Our goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM.

Our strategy is to leverage our historically strong financial foundation and the implementation of the HOM to deliver sustainable profit growth, revenue expansion and substantial free cash flow and then reinvest available cash in new growth initiatives focused on building platforms with leadership positions in our core markets and near adjacencies, both organically and inorganically, in order to create shareholder value.

REPORTABLE SEGMENTS

Process Equipment Group

The Process Equipment Group designs, engineers, manufactures, markets, and services differentiated process and material handling equipment and systems for a wide variety of industries, including plastics, food and pharmaceuticals, chemicals, fertilizers, minerals and mining, energy, wastewater treatment, forest products, and other general industrials. The Process Equipment Group uses its strong applications and process engineering expertise to solve problems for customers. Its highly engineered capital equipment and systems offerings require after-market service and/or parts replacement, providing an opportunity for ongoing revenue at attractive margins.

Process Equipment Group: Products and Services

The Process Equipment Group product portfolio has grown through a series of acquisitions over the past eight years and now includes products and services for compounding, extrusion, and material handling; size reduction; screening and separating; and flow control. The Process Equipment Group businesses are supported by replacement parts and services that represent approximately 33% of the group's total revenue. Products are offered under brand names that are recognized among the leaders in their respective categories.

- ***Compounding, Extrusion, and Material Handling Equipment, and Equipment System Design***

  - Twin screw compounding and extrusion machines range from small laboratory compounding machines to high performance, high throughput extrusion systems. Small and mid-sized compounders are used by customers in engineering plastics, masterbatch, PVC, and other applications for the plastics, chemical, and food and pharmaceutical industries. Extrusion systems are sold to customers in the polyolefin industry for base resin production. All of these extrusion products are sold under the Coperion ® brand.
  - Material handling equipment includes pneumatic and hydraulic conveying equipment for difficult-to-move materials; high-precision feeders that can operate at both very high and very low fill rates; blenders for pellets and powders; and rotary valves, diverter valves, and slide-gate valves used for feeding, dosing, discharge, and distribution during pneumatic conveying. The proprietary equipment is highly engineered and designed to solve the needs of customers for customized solutions. Material handling equipment is sold to a variety of industries, including plastics, food and pharmaceuticals, chemicals, and minerals and mining. These products are sold under the Coperion ® and Coperion K-Tron ® brands.
  - Compounding, extrusion, and material handling equipment can be sold as a complete system, where strong application and process engineering expertise is used to design and create a broad system solution for customers. Systems can range from a single manufacturing line to large scale manufacturing lines and turnkey systems. Larger system sales are generally fulfilled over 12 to 18 months. Some portion of revenue for large system sales typically comes from third-party-sourced products that carry only a small up-charge. As a result, margin percentages tend to be lower on these large system sales when compared to the rest of the business.

- ***Size Reduction Equipment***

  - Size reduction equipment is used to reduce the size of friable materials. Pennsylvania Crusher ® and Gundlach ® products are used to crush materials in the power generation, mining, quarrying, glass making, salt processing, and fertilizer manufacturing industries. Jeffrey Rader ® products are used in industries including forest products, pulp and paper, biomass power and energy generation, and plastics/base resin manufacturing. Jeffrey Rader also designs and provides complete material handling and pneumatic or mechanical conveying systems to meet product specifications, including boiler feed, resource recovery, rail and truck loading/unloading, and recycling systems.

- ***Screening and Separating Equipment***

    - Screening and separating equipment sorts dry, granular products based on the size of the particles being processed. This equipment is sold under the Rotex ® brand to customers in a variety of industries including proppants, fertilizers, chemicals, agricultural goods, plastics, and food processing. The equipment uses a unique technology based on a specific gyratory-reciprocating motion that provides an optimal material distribution on the screens, gentle handling of particles, and accurate separations.

- ***Flow Control Solutions***

    - Pump solutions mainly consist of piston and piston diaphragm pump technologies that transfer abrasive or corrosive fluids and fluids with a high sludge or solids content for mission critical applications. This equipment is sold under the ABEL ® Pump Technology brand into the power generation, wastewater treatment, mining, general industry, and marine markets. This equipment lends itself to a superior total cost of ownership over time compared to other pumping technologies.
    - Valve solutions mainly consist of pinch valves and duckbill check valves that manage fluids for mission-critical, severe service applications. These valves, among others, are sold under Red Valve ®, Tideflex Technologies, and RKL Controls brands into the water and wastewater, drainage and storm water, mining, chemicals, and power markets. These engineered valves are designed for long life in the toughest municipal and industrial applications, lending themselves to superior total costs of ownership over time.

- ***Replacement Parts and Service***

    - Replacement parts and service are a major component of most of the Process Equipment Group business lines. Service engineers and technicians are located around the globe to better respond to customers' machines and systems service needs. The parts and service division offers customers service consulting, training, maintenance and repairs, spare parts, and modernization solutions.

Process Equipment Group: Sales, Distribution, and Operations

The Process Equipment Group sells equipment and systems throughout the world using a combination of direct sales and a global network of independent sales representatives and distributors. A part of the Process Equipment Group's sales, especially in North America, is made through independent sales representatives who are compensated by commission.

Equipment and systems orders are often for unique, engineered-to-order items. Therefore, the Process Equipment Group does not typically maintain significant amounts of raw material and component stock inventory on hand at any one time, except to cover replacement part orders. Products are either assembled and tested at Process Equipment Group facilities and then shipped to a customer or are assembled at the customer's desired location.

We expect that future revenue associated with the Process Equipment Group will be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Backlog represents the amount of consolidated revenue that we expect to realize on contracts awarded to the Process Equipment Group. Though backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size of order, extent of customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog may also be affected by foreign exchange fluctuations for orders denominated in currencies other than United States ("U.S.") dollars.

Process Equipment Group: Customers

The Process Equipment Group has customers in a wide range of industries, including plastics, food and pharmaceuticals, chemicals, fertilizers, minerals and mining, energy, wastewater treatment, and forest products. These customers range from large, Fortune 500 global companies to regional and local businesses. No one Process Equipment Group customer accounted for more than 10% of Hillenbrand's consolidated revenue during 2018 . For large or customized orders, customers generally pay a deposit and make progress payments in accordance with the project progress. Often, long-term relationships are established with these customers.

The Process Equipment Group's sales are diversified by end markets, and further penetration of these end markets is an important element of its strategy. Currently, projects in the plastics industry represent greater than half of the Process

Equipment Group's sales. Geographically, approximately two-thirds of the revenue in the Process Equipment Group comes from the Americas and EMEA (Europe, the Middle East, and Africa), with the remaining third coming from Asia.

We believe that long-term growth for this segment is driven by megatrends such as a rapidly growing middle class in China and India and a growing global population, resulting in rising demand for products sold in many of the end markets the Process Equipment Group serves. While overall demand for these products is expected to increase over the long run, we expect short-term periodic fluctuations in demand from time-to-time.

Process Equipment Group: Competition

We believe the Process Equipment Group holds leading positions in key industries because of design and quality of products, extensive application and process engineering expertise, product support services, brand name recognition, and commitment to serving the needs of customers.

The Process Equipment Group brands face strong competition in the markets where they compete. Competitors range in size from small, privately-held companies serving narrow market segments or geographical areas to larger, well-known global companies serving national and international markets with multiple product lines. We believe the Process Equipment Group's diversification into multiple industries and markets, its base of replacement parts business, and its strong worldwide network of suppliers and dealers will allow it to maintain leadership positions even during economic downturns.

Process Equipment Group: Raw and Component Materials

The manufacturing of the Process Equipment Group's products involves the machining and welding of raw materials (primarily sheet metals and steel) and castings that are assembled with other component parts that generally require particular specifications or qualifications purchased from third-party suppliers. Although most of these raw materials and components are generally available from several sources, some of these items are currently purchased from single sources. Volatility in the prices the Process Equipment Group pays for raw materials used in its products, including sheet metals and steel, has a direct effect on profitability. The Process Equipment Group regularly takes steps designed to mitigate the impact of volatility in raw and component material prices, including executing Lean initiatives and various pricing and sourcing actions. In instances where third-party suppliers are depended upon for outsourced products or components, there is risk of customer dissatisfaction with the quality or performance of the products sold due to supplier failure. In addition, difficulties experienced by third-party suppliers can interrupt the ability to obtain the outsourced product and ultimately to supply products to customers. Regardless, we believe the Process Equipment Group will generally be able to continue to obtain adequate supplies of key products or appropriate substitutes at reasonable costs.

Process Equipment Group: Strategy

The Process Equipment Group seeks profitable growth through the following strategic initiatives:

- ***Build and grow leadership positions in our current platforms***
  - Build leadership positions in core and near adjacent markets through the introduction of new products and services leveraging our process expertise.
  - Leverage our geographic presence to improve access to underpenetrated channels and local regions in developed and emerging markets.
  - Pursue acquisitions that strengthen or establish our leadership position in key markets.
- ***Utilize the Hillenbrand Operating Model principles and tools to strengthen our competitive position and maintain an optimal cost structure to support profitability***
  - Continually improve processes to be more consistent and cost efficient and to yield industry leading quality products and services that our customers value.

Batesville

Batesville ® is a recognized leader in the death care industry in North America, where it has been designing, manufacturing, distributing, and selling funeral service products and solutions to licensed funeral directors operating licensed funeral homes for more than 100 years.

Batesville: Products and Services

As the needs of funeral professionals and consumers have evolved, Batesville has expanded its offerings with innovative products, value-added services, and digital tools to help funeral directors assist families in creating meaningful services. Today, the company provides solutions under three primary platforms: (1) Burial Solutions, which accounts for the majority of Batesville's revenue, (2) Cremation Options ®, and (3) Technology Solutions.

- ***Burial Solutions***
    - As a recognized leader in the death care industry in North America, Batesville has been on the forefront of product innovation for more than 60 years. The company has introduced new interior and exterior design elements, materials, finishes, and proprietary features that align with consumer trends and preferences, while adding value for funeral professionals and consumers. Batesville's product portfolio covers the full spectrum in variety and value, with metal and wood caskets to appeal to different consumers.
- ***Cremation Options ®***
    - The Cremation Options ® platform is focused on helping funeral professionals profitably serve the growing number of consumers choosing cremation. In addition to a broad line of cremation caskets, containers, urns, remembrance jewelry, and keepsakes, Batesville offers training, merchandising, packaging support, and marketing support materials to educate funeral directors and consumers on product and service options.
- ***Technology Solutions***
    - Batesville's technology solutions enhance the consumer experience and create business efficiencies for over 6,000 funeral homes and cemeteries across North America. The company offers a suite of integrated, easy-to-use technology products and services, including funeral home websites, e-commerce solutions, digital selection and arrangement software, and business management systems for funeral homes and cemeteries.

Batesville also offers an expansive assortment of personalization and memorialization elements that can be incorporated into products and services to capture the individuality of the loved one and create a unique and meaningful experience for the family. Personalization is available on both burial and cremation products using Batesville's proprietary LifeSymbols® designs, LifeStories® medallions and keepsakes, LifeView® panels, embroidered tribute panels, and MemorySafe® Drawer. Funeral directors can also create themed obituaries, personalize video tributes and provide other tailored offerings for families using Batesville's web technology.

Batesville: Sales, Distribution, and Operations

Batesville-branded caskets are marketed by a direct sales force only to licensed funeral professionals operating licensed funeral establishments throughout the U.S., Puerto Rico, Canada, Mexico, and Australia. Batesville also markets its products to select independent distribution facilities as well as full-service funeral establishments offering funeral products in conformance with state law in states that do not have specific licensing requirements.

Batesville has sales contracts in place with certain national death care service providers and also serves more than 11,500 independent, privately owned funeral homes across North America. None of Batesville's customers accounted for more than 10% of Hillenbrand's consolidated revenue during 2018.

Batesville: Customer Preferences and Demographics

The death of a family member causes most people to seek the services of a state-licensed funeral director. Although caskets and urns can be purchased from a variety of sources, including internet sellers and casket stores, the overwhelming majority of consumers who arrange a funeral purchase these products directly from a funeral home. Consumer spending on caskets and urns has not kept pace with inflation, negatively impacting product mix. We anticipate this trend in consumer spending will continue, which would result in mix decline in the foreseeable future.

Demand for Batesville products and services is partially impacted by a few key external factors: U.S. and Canadian population demographics, the number of deaths annually, and the rate at which consumers select cremation. The combination of these primary factors has negatively impacted the burial volume trend in recent years, although periodic fluctuations can impact demand and revenue in a given quarter and year. We anticipate the negative trend in burial demand will continue in the foreseeable future as the higher number of deaths among the aging post-World War II baby boomer generation is more than offset by the continued shift toward cremation. As a percentage of total deaths, the estimated cremation rate in 2018 was approximately 52% in the U.S. and 71% in Canada (Source: Cremation Association of North America).

Batesville: Competition

Batesville is a recognized leader in the death care products industry, competing with several national and regional casket manufacturers, as well as more than 100 independent casket distributors, most of whom serve fairly narrow geographic segments. Some non-traditional death care providers, such as large discount retail stores, casket stores, and internet casket retailers also sell caskets directly to consumers. The industry has seen foreign manufacturers, mostly from China, import caskets into the U.S. and Canada. Sales from these non-traditional and foreign providers collectively currently represent less than 10% of total casket sales in North America. We expect declining casket demand and existing domestic over-capacity to continue to put added economic pressures on casket manufacturers and distributors.

Batesville: Raw Materials

Batesville uses carbon and stainless steel, copper and bronze sheets, wood, fabrics, finishing materials, rubber gaskets, plastic and zinc in the manufacture of its caskets. Although most of these raw materials are generally available from several sources, some are currently procured from a single source.

Volatility in raw material prices, including steel, fuel, and petroleum-based products, has a direct effect on Batesville's profitability. The company generally does not engage in hedging transactions for these purchases but does enter into fixed-price supply contracts at times. Batesville regularly takes steps designed to mitigate the impact of volatility in raw material and fuel prices, including executing Lean initiatives and various sourcing actions.

Most of Batesville's sales are made pursuant to supply agreements with its customers, and historically it has instituted annual price adjustments to help offset some, but not necessarily all, raw material cost increases.

Batesville: Strategy

While we believe there are opportunities to generate additional revenue within a wider range of death care products and services, sustaining volume in the burial casket space continues to be a top priority. Batesville's leadership team is focused on two strategic initiatives to sustain burial volume:

- ***Grow leadership position in the death care industry***
    - Focus on building and delivering value propositions that align with the needs of each customer segment to continue Batesville's mission of *helping families honor the lives of those they love®*.
- ***Utilize the Hillenbrand Operating Model principles and tools to strengthen our leadership position and maintain an optimal cost structure to support profitability***
    - Continually improve processes to be more consistent and efficient and to yield industry leading quality products and services that our customers value.

HILLENBRAND INTELLECTUAL PROPERTY

We own a number of patents on our products and manufacturing processes and maintain trade secrets related to manufacturing processes. These patents and trade secrets are of importance, but we do not believe any single patent or trade secret or related group of patents or trade secrets is of material significance to our business as a whole. We also own a number of trademarks and service marks relating to products and services which are of importance. We believe the marks Coperion®, Coperion K-Tron®, TerraSource Global®, Pennsylvania Crusher®, Gundlach®, Jeffrey Rader®, K-Tron®, Rotex®, ABEL® Pump Technology, and Red Valve® are of material significance to the Process Equipment Group. We believe the trademark Batesville® is of material significance to our Batesville segment.

Our ability to compete effectively depends, to an extent, on our ability to maintain the proprietary nature of our intellectual property. In the past, certain of our products have been copied and sold by others and could continue to be. Hillenbrand vigorously seeks to enforce its intellectual property rights. However, we may not be sufficiently protected by our various patents, trademarks, and service marks, and they may be challenged, invalidated, cancelled, narrowed, or circumvented. Beyond that, we may not receive the pending or contemplated patents, trademarks, or service marks for which we have applied or filed.

HILLENBRAND REGULATORY MATTERS

Both the Process Equipment Group and Batesville are subject to a variety of federal, state, local, and foreign laws and regulations relating to environmental, health, and safety concerns, including the handling, storage, discharge, and disposal of hazardous materials used in or derived from our manufacturing processes. We are committed to operating all our businesses in a manner that protects the environment and makes us good corporate citizens in the communities in which we operate. While we believe that continued compliance with federal, state, local and foreign laws relating to the protection of the environment will not have a material effect on our capital expenditures, earnings or competitive position, future events or changes in existing laws and regulations or their interpretation may require us to make additional expenditures in the future. The cost or need for any such additional expenditure is not known.

HILLENBRAND EMPLOYEES

At September 30, 2018 , we had approximately 6,500 employees worldwide. Approximately 3,100 employees were located within the U.S. and 3,400 employees were located outside of the U.S., primarily throughout Europe and China. Approximately 2,700 employees in North America and Europe work under collective bargaining agreements. Hillenbrand strives to maintain satisfactory relationships with all its employees, including the unions and workers' councils representing those employees. As a result, we have not experienced a significant work stoppage due to labor relations in more than 20 years.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our Board of Directors is responsible for electing the Company's executive officers annually and from time to time as necessary. Executive officers serve in the ensuing year and until their respective successors are elected and qualified. There are no family relationships between any of our executive officers or between any of them and any members of the Board of Directors. The following is a list of our executive officers as of November 13, 2018 .

Joe A. Raver , **52** , has served as a director and as President and Chief Executive Officer of the Company since September 2013. He has served as President of the Company's Process Equipment Group since March 2011. Mr. Raver was elected as a director of Applied Industrial Technologies, Inc. ("AIT,") a leading industrial distributor serving MRO and OEM customers in virtually every industry in August 2017. In October 2017, Mr. Raver was appointed to both the Audit and the Corporate Governance committees of AIT. He previously served as President of Batesville Casket Company from 2008 to 2011. He also previously served as Vice President and General Manager of the respiratory care division of Hill-Rom Holdings ("Hill-Rom," f/k/a Hillenbrand Industries, Inc.), a leading global provider of medical equipment and services and the Company's former parent, as well as Hill-Rom's Vice President of Strategy and Shared Services. Prior to that, Mr. Raver spent 10 years in a variety of leadership positions at Batesville Casket Company and Hill-Rom.

Kristina A. Cerniglia, 52, was elected Senior Vice President, Chief Financial Officer effective August 2014. Ms. Cerniglia has more than 30 years of industrial experience. Before assuming the role as Hillenbrand's Chief Financial Officer, she spent 17 years serving in a variety of leadership roles, most recently as Vice President and Corporate Controller (2010-2014), at Stanley Black & Decker, a global provider of power and hand tools, mechanical access solutions, and electronic monitoring systems. Prior to that, she spent nine years of her career at United Technologies Corporation in various financial roles.

Kimberly K. Ryan, 51, was elected President of Coperion GmbH effective September 2015. Since August 2018, she also oversees the Company's Rotex business. Ms. Ryan has also been a Senior Vice President of Hillenbrand since April 2011. Prior to being appointed President of Coperion, Ms. Ryan served as President of Batesville effective April 2011. Ms. Ryan has also served as a member of the Board of Directors of Kimball International, Inc. since 2014, including as a member of the Audit Committee during that time and as Chair of the Board since November 2018. Prior to joining Hillenbrand from 2006 until 2011, Ms. Ryan served as Senior Vice President, North America, Post-Acute Care of Hill-Rom Holdings. Prior to that, she held various senior and leadership roles at Hillenbrand Industries, Inc., our former parent, and its subsidiaries, including leading its Turnaround Program, Shared Services, and Information Technology from 2005 to 2007, and from 2000 to 2005 serving in roles including Vice President, Shared Services; Vice President, Batesville Business Information Systems; and Director, Enterprise Systems. Ms. Ryan began her career with Batesville in 1989, holding positions of increasing responsibility within Batesville and the Company's former parent in finance, strategy, operations, logistics, and information technology.

Christopher H. Trainor, 48, was elected President of Batesville Casket Company effective September 2015, after having served as Senior Vice President, CFO and Chief Administrative Officer. Mr. Trainor has also been a Senior Vice President of Hillenbrand since December 2015. Mr. Trainor joined Batesville in 2010 as Vice President and Chief Financial Officer and was later assigned additional responsibilities for oversight of Human Resources and Information Technology. Prior to joining Batesville, Mr. Trainor spent 17 years with Kraft Foods where he held a variety of finance roles in both the United States and United Kingdom.

J. Michael Whitted, 46 , was elected Senior Vice President Strategy and Corporate Development effective June 2018. Prior to joining the Company, Mr. Whitted served as Vice President, Corporate Development for SPX Corporation and SPX Flow, Inc. from 2001 to 2015. Prior to that, he served as a Vice President for Bear Stearns from 1998 to 2001, where he led corporate finance and M&A advisory transactions. Mr. Whitted's experience prior to Bear Stearns included corporate finance and M&A advisory roles at CIBC World Markets, Bankers Trust, and First Chicago NBD.

Glennis A. Williams , **42,** was elected Senior Vice President & Chief Human Resources Officer effective July 2017. Ms. Williams brings with her nearly 20 years of experience in human resources, serving most recently as Vice President, Global Human Resources for Welbilt Inc. in New Port Richey, Florida, from 2016 to 2017. Prior to that, she served as Vice President of Human Resources at Joy Global from 2013 to 2016 and as a Human Resources Leader at Westinghouse Electric.

Nicholas R. Farrell, 39, was elected Vice President, General Counsel and Secretary effective October 2015, and in December 2016 was also named as the Company's Chief Compliance Officer. Mr. Farrell began his career with the Company in 2011 as Corporate and Securities Counsel, and prior to his current role served as Vice President, Associate General Counsel and Assistant Secretary, beginning in 2014. Prior to joining Hillenbrand, Mr. Farrell was in private practice for six years with global law firm Troutman Sanders.

James A. Hooven, 47, was elected Vice President, Hillenbrand Operating Model effective June 2017. Mr. Hooven has over 20 years of experience with diversified industrial manufacturing companies. He most recently served as General Manager with SL Industries (purchased by Handy & Harman in 2016). Prior to that, he served as Vice President of Operational Excellence at SL Industries and served in various operational roles at Danaher and Trane.

Timothy C. Ryan, 46, was elected Vice President, Chief Accounting Officer and Controller effective September 2018. Mr. Ryan joined the Company from Martin Marietta Materials, where he served as Assistant Corporate Controller from 2015 to 2018. Prior to that, he served as Global Controller for Robert Bosch GmbH (formerly the Service Solutions division of SPX Corporation) from 2011 to 2015 and as Business Unit Controller, SPX Service Solutions America, from 2008 to 2011. Prior to SPX Service Solutions, Mr. Ryan spent seven years in various accounting and reporting roles at public and private manufacturing companies. Mr. Ryan spent the first six years of his career, beginning in 1995, in public accounting at Deloitte & Touche LLP. Mr. Ryan is a Certified Public Accountant.

AVAILABILITY OF REPORTS AND OTHER INFORMATION

Our website is www.hillenbrand.com. We make available on this website, free of charge, access to press releases, conference calls, our annual and quarterly reports, and other documents filed with or furnished to the Securities and Exchange Commission (SEC) as soon as reasonably practicable after these reports are filed or furnished. We also make available through the "Investors" section of this website information related to the corporate governance of the Company, including position specifications for the Chairperson and each of the members of the Board of Directors, as well as for committee chairpersons; the Corporate Governance Standards of our Board of Directors; the charters of each of the standing committees of the Board of Directors; our Code of Ethical Business Conduct; our Global Anti-Corruption Policy; and our Supply Chain Transparency Policy. All of these documents are also available to shareholders in print upon request.

All reports and documents filed with the SEC are also available via the SEC website, www.sec.gov.

Item 1A. RISK FACTORS

In this section of the Form 10-K, we describe the risks we believe are most important for you to think about when you consider investing in, selling, or owning securities. This information should be assessed along with the other information we provide you in this Form 10-K and that we file from time to time with the SEC. Like most companies, our business involves risks. The risks described below are not the only risks we face, but these are the ones we currently think have the potential to significantly affect stakeholders in our Company if they were to develop adversely (due to size, volatility, or both). We exclude risks that we believe are inherent in all businesses broadly as a function of simply being "in business." Additional risks not currently known or considered immaterial by us at this time and thus not listed below could also result in adverse effects on our business. We have assigned the risks into categories to help you understand from where they emanate (e.g. the overall Company or a specific segment).

Risks Related to Hillenbrand

1. A key component of our growth strategy is making significant acquisitions, some of which may be outside the industries in which we currently operate. We may not be able to achieve some or all of the benefits that we expect to achieve from these acquisitions. If an acquisition were to perform unfavorably, it could have an adverse impact on our business and results of operations.

All acquisitions involve inherent uncertainties, which may include, among other things, our ability to:

- successfully identify the most suitable targets for acquisition;
- negotiate reasonable terms;
- properly perform due diligence and determine all the significant risks associated with a particular acquisition;
- successfully transition the acquired company into our business and achieve the desired performance;
- avoid diversion of Company management's attention from other important business activities; and
- where applicable, implement restructuring activities without an adverse impact to business operations.

We may acquire businesses with unknown liabilities, contingent liabilities, internal control deficiencies, or other risks. We have plans and procedures to review potential acquisition candidates for a variety of due diligence matters, including compliance with applicable regulations and laws prior to acquisition. Despite these efforts, realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position, or cause us to fail to meet our public financial reporting obligations.

We generally seek indemnification from sellers covering these matters; however, the liability of the sellers is often limited, and certain former owners may be unable to meet their indemnification responsibilities. We cannot be assured that these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

We may not achieve the intended benefits of our acquisitions. Under such circumstances, management could be required to spend significant amounts of time and resources in the transition of the acquired business, and we may not fully realize benefits anticipated from application of the HOM. We may also decide to sell previously acquired businesses, or portions thereof, that no longer meet our strategic objectives, potentially resulting in a loss, accounting charge, or other negative impact. As a result of these factors, our business, cash flows, and results of operations could be materially impacted.

If we acquire a company that operates in an industry that is different from the ones in which we currently operate, our lack of experience with that company's industry could have a material adverse impact on our ability to manage that business and realize the benefits of that acquisition.

2. Global market and economic conditions, including those related to the financial markets, could have a material adverse effect on our operating results, financial condition, and liquidity.

Our business is sensitive to changes in general economic conditions, both inside and outside the U.S. Continuing uncertainties in the eurozone, including future implications from the voluntary exit of the United Kingdom from the European Union and uncertainties in China and emerging markets may depress demand in these areas and create additional risk to our financial results.

Instability in the global economy and financial markets can adversely affect our business in several ways, including limiting our customers' ability to obtain sufficient credit or pay for our products within the terms of sale. Competition could further intensify among the manufacturers and distributors with whom we compete for volume and market share, resulting in lower net revenue due to steeper discounts and product mix-down. In particular, if certain key or sole suppliers were to become capacity constrained or insolvent, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies.

Substantial losses in the equity markets could have an adverse effect on the assets of the Company's pension plans. Volatility of interest rates and negative equity returns could require greater contributions to the defined benefit plans in the future.

3. International economic, political, legal, and business factors could negatively affect our operating results, cash flows, financial condition, and growth.

We derived approximately 48% , 44% , and 44% of our revenue from our operations outside the U.S. for the years ended September 30, 2018 , 2017 , and 2016 . This revenue is primarily generated in Europe, the Middle East, Asia, South America, and Canada. In addition, we have manufacturing operations, suppliers, and employees located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S., we expect to continue to increase our sales and presence outside the U.S., including in emerging markets.

Our international business is subject to risks that are often encountered in non-U.S. operations, including:

- interruption in the transportation of materials to us and finished goods to our customers, including conditions where recovery from natural disasters may be delayed due to country-specific infrastructure and resources;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;
- changes in a country's or region's political or economic condition, including with respect to safety and health issues;
- trade protection measures and import or export licensing requirements;
- unexpected changes in laws or regulatory requirements, including unfavorable changes with respect to tax, trade, or sanctions compliance matters;
- limitations on ownership and on repatriation of earnings and cash;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in enforcing contract and property rights under local law;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

Such risks may be more likely or pronounced in emerging markets, where our operations may be subject to greater uncertainty due to increased volatility associated with the developing nature of their economic, legal, and governmental systems.

If we are unable to successfully manage the risks associated with expanding our global business or to adequately manage operational fluctuations, it could adversely affect our business, financial condition, or results of operations.

4. Uncertainty in the United States political environment and in trade policy could negatively impact our business .

The political environment in the United States has created significant uncertainty with respect to, and has resulted in and could result in additional changes in, legislation, regulation, international relations, and government policy. While it is not possible to predict whether and when any such additional changes will occur, changes at the local, state or federal level could significantly impact our business and the industries in which we compete. Specific legislative and regulatory developments and proposals that could have a material impact on us involve matters including (but not limited to) changes to existing trade agreements or entry into new trade agreements, sanctions policies, import and export regulations, tariffs, taxes and customs duties, public company reporting requirements, environmental regulation, and antitrust enforcement. In addition, certain countries that are central to our businesses have imposed and/or been subject to imposition or have threatened imposition of retaliatory tariffs in response to tariffs imposed by the U.S. upon various raw materials and finished goods, including steel and others that are important to our businesses. To the extent changes in the political or regulatory environment have a negative impact on the Company or the markets in which we operate, it may materially and adversely impact our business, results of operations and financial condition in the periods to come.

The U.S. government has at times indicated a willingness to significantly change, and has in some cases significantly changed, trade policies and/or agreements. This exposes us to risks of disruption and cost increases in our established patterns for sourcing our raw materials, and creates increased uncertainties in planning our sourcing strategies and forecasting our margins. Changes in U.S. tariffs, quotas, trade relationships or agreements, or tax law could reduce the supply of goods available to us or increase our cost of goods. Although such changes would in many cases have implications across the entire industry, we may fail to effectively adapt to and manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall risk from potential changes in U.S. laws and policies, as we make business decisions in the face of uncertainty, we may incorrectly anticipate the outcomes, miss out on business opportunities or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could materially and adversely impact our business, results of operations and financial condition in the periods to come.

5. We rely upon our employees, agents, and business partners to comply with laws in many different countries and jurisdictions. We establish policies and provide training to assist them in understanding our policies and the regulations most applicable to our business; however, our reputation, ability to do business, and financial results may be impaired by improper conduct by these parties.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including laws governing payments to government officials, bribery, fraud, anti-kickback, false claims, competition, export and import compliance, trade sanctions promulgated by the Office of Foreign Asset Control ("OFAC"), anti-money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other parties for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced corruption to some degree. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

6. We are subject to risks arising from currency exchange rate fluctuations, which may adversely affect our results of operations and financial condition.

We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. The Company's predominant exposures are in European, Canadian, Swiss, Mexican, and Asian currencies, including the Chinese Renminbi. In preparing financial statements for foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates, and income and expenses are translated using weighted-average exchange rates. With respect to the effects on translated earnings, if the U.S. dollar strengthens relative to local currencies, the Company's earnings could be negatively impacted. Although we address currency risk management through regular operating and financing activities and through the use of derivative financial instruments, those actions may not prove to be fully effective.

7. Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices fluctuate based on a number of factors beyond our control, including changes in supply and demand, general economic conditions, labor costs, fuel-related delivery costs, competition, import duties, tariffs, currency exchange rates, and, in some cases, government regulation. Significant increases in the prices of raw materials that cannot be recovered through increases in the price of our products could adversely affect our results of operations and cash flows.

We cannot guarantee that the prices we are paying for raw materials today will continue in the future or that the marketplace will continue to support current prices for our products or that such prices can be adjusted to fully or partially offset raw material price increases in the future. Any increases in prices resulting from a tightening supply of these or other commodities could adversely affect our profitability. We do not engage in hedging transactions for raw material purchases, but we do enter into some fixed-price supply contracts.

Our dependency upon regular deliveries of supplies from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. Several of the raw materials used in the manufacture of our products currently are procured from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities, or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could be adversely affected. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs. Extended unavailability of a necessary raw material could cause us to cease manufacturing one or more products for a period of time, which could also lead to loss of customers.

8. The Company could face labor disruptions that would interfere with operations.

As of September 30, 2018 , approximately 42% of Hillenbrand's employees work under collective bargaining agreements. Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot ensure that such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one or more of our facilities could have a material adverse effect on our operations.

9. Increasing competition for highly skilled and talented workers could adversely affect our business.

The successful implementation of our business strategy depends, in part, on our ability to attract and retain a skilled workforce. Because of the complex nature of many of our products and services, we are generally dependent on a thoroughly trained and highly skilled workforce, including, for example, our engineers. In many of the geographies where we operate, we face a potential shortage of qualified employees. The increasing competition for highly skilled and talented employees could result in higher compensation costs, difficulties in maintaining a capable workforce, and leadership succession planning challenges. Although we believe we will be able to attract and retain talented personnel and replace key personnel should the need arise, our inability to do so could have a material adverse effect on our business, financial condition, and results of operations.

10. We are involved from time to time in claims, lawsuits, and governmental proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty but could have a material adverse effect on our financial condition, results of operations, and cash flows.

We are also subject to other potential claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are often high-deductible policies. It is difficult to measure the actual loss that might be incurred related to litigation or other potential claims, and the ultimate outcome of claims, lawsuits, and proceedings could have a material adverse effect on our financial condition, results of operations, and cash flows. For a more detailed discussion of claims, see Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K.

11. Our capital allocation strategy could result in a significant amount of debt, which could adversely affect the Company and limit our ability to respond to changes in our business or make future desirable acquisitions.

As of September 30, 2018 , our outstanding debt was $ 344.6 . This level of debt and additional debt we may incur in the future could have important consequences to our businesses. For example:

- We may be more vulnerable to general adverse economic and industry conditions, because we have lower borrowing capacity.
- We may be required to dedicate a larger portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts and acquisitions.
- We will continue to be exposed to the risk of increased interest rates, because a portion of our borrowings is at variable rates of interest.
- We may be more limited in our flexibility in planning for, or reacting to, changes in our businesses and the industries in which they operate, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness.
- We may be more vulnerable to credit rating downgrades which could have an impact on our ability to secure future financing at attractive interest rates.

12. The performance of the Company may suffer from business disruptions associated with information technology, cyber-attacks, or catastrophic losses affecting infrastructure.

The Company relies heavily on computer systems to manage and operate its businesses and record and process transactions. Computer systems are important to production planning, customer service, and order management, as well as other critical processes.

Despite efforts to prevent such situations and the existence of established risk management practices that partially mitigate these risks, the Company's systems may be affected by damage or interruption from, among other causes, power outages, system failures, or computer viruses. Computer hardware and storage equipment that is integral to efficient operations, such as email, telephone and other functionality, is concentrated in certain physical locations in the various geographies in which the Company operates.

In addition, cybersecurity threats and sophisticated computer crime pose a potential risk to the security of the Company's information technology systems, networks, and services, as well as the confidentiality and integrity of the Company's data. Cyber-attacks, security breaches, and other cyber incidents could include, among other things, computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing and impersonation), hacking, denial-of-service attacks, and other attacks. Sensitive information is also stored by our vendors and on the platforms and networks of third-party providers. Cyber-attacks on the Company, our vendors, or our third-party providers could result in inappropriate access to intellectual property, personally identifiable information of our global workforce, suppliers, or customers, or personal credit card or other payment information of our customers. Potential consequences of a successful cyber-attack or other cybersecurity incident include remediation costs, increased cybersecurity protection costs, lost revenues resulting from the unauthorized use of proprietary information or the failure to retain or attract customers following an attack, litigation and legal risks including governmental or regulatory enforcement actions, increased insurance premiums, reputational damage that adversely affects customer or investor confidence, and damage to the Company's competitiveness, stock price, and long-term shareholder value. While we have taken steps to maintain and enhance the appropriate cybersecurity and address these risks by implementing enhanced security technologies, internal controls, and business continuity plans, these measures may not be adequate.

Regulators globally are increasingly imposing greater fines and penalties for privacy and data protection violations. For example, in 2018 the European Union enacted a new and expanded set of compliance requirements on companies, like ours, that collect or process personal data from citizens living in the European Union. Failure to comply with these or other data protection regulations could expose us to potentially significant liabilities. If the Company suffers a loss or disclosure of business or stakeholder information due to security breaches, and if business continuity plans do not effectively address these issues on a timely basis, the Company may suffer interruption in its ability to manage operations, as well as reputational, competitive, or business harm, which could have a material adverse effect on our business, financial condition, and results of operations.

13. The effective tax rate of the Company may be negatively impacted by economic downturns as well as future changes to tax laws in global jurisdictions in which we operate.

We are subject to income taxes in the United States and various other global jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings by jurisdiction and the valuation of deferred tax assets and liabilities. We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Significant judgment is required in determining our provision for income taxes. We regularly review our deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. If we are unable to generate sufficient future taxable income, if there is a material change in the actual effective tax rates, or if there is a change to the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance against our deferred tax assets, which could result in a material increase in our effective tax rate.

In addition, the recently enacted Tax Act makes significant changes to the U.S. Internal Revenue Code. Such changes include a reduction in the domestic corporate tax rate, limitations on certain corporate deductions and credits, and a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries (the "Transition Tax"). Some of the Tax Act changes could have a negative impact on our business. The estimated impact of the new law is based on management's current knowledge and assumptions; recognized 2018 impacts could be materially different from current provisional amounts based on our further analysis of our international operations and data gathering efforts. We continue to analyze the impacts of certain provisions of the Tax Act as it pertains to provisions that are effective beginning with our fiscal year ending September 30, 2019. Changes in other tax laws or tax rulings could also have a material impact on our effective tax rate. Additionally, many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws. Certain proposals could include recommendations that could increase our tax obligations in many countries where we do business. Any changes in the taxation of our activities in such jurisdictions may result in a material increase in our effective tax rate.

14. Provisions in our Articles of Incorporation and By-laws and facets of Indiana law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our Articles of Incorporation and By-laws, as well as Indiana law, contain provisions that could delay or prevent changes in control if our Board of Directors determines that such changes in control are not in the best interests of our shareholders. While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board of Directors, they could enable our Board of Directors to hinder or frustrate a transaction that the Board of Directors believes is not in the best interests of shareholders, but which some, or a majority, of our shareholders might believe to be in their best interests.

These provisions include, among others:

- the division of our Board of Directors into three classes with staggered terms;
- the inability of our shareholders to act by less than unanimous written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board of Directors to issue preferred stock without shareholder approval; and
- limitations on the right of shareholders to remove directors.

Indiana law also imposes some restrictions on mergers and other business combinations between the Company and any holder of 10% or more of our outstanding common stock.

We believe these provisions are important for a public company and protect our shareholders from coercive or otherwise potentially unfair takeover tactics by encouraging potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with appropriate time to assess any acquisition proposal. These provisions are not intended to make our Company immune from takeovers; however, they may apply if the Board of Directors determines that a takeover offer is not in the best interests of our shareholders, even if some shareholders believe the offer to be beneficial.

Risks Related to the Process Equipment Group

1. A significant portion of our investments in the Process Equipment Group includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these assets could have a material adverse impact on our financial condition and results of operations.

We acquired intangible assets with the acquisitions of Coperion, K-Tron (including TerraSource Global), Rotex, Abel, and Red Valve, portions of which were identified as either goodwill or indefinite-lived assets. We periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, divestitures, and market capitalization declines may impair these assets. Any charges relating to such impairments could adversely affect our results of operations in the periods recognized.

2. The Process Equipment Group operates in cyclical industries.

As an industrial capital goods supplier, the Process Equipment Group serves industries that are cyclical. During periods of economic expansion, when capital spending normally increases, the Process Equipment Group generally benefits from greater demand for its products. During periods of economic contraction, when capital spending normally decreases, the Process Equipment Group generally is adversely affected by declining demand for new equipment orders, and it may be subject to increases in uncollectible receivables from customers who become insolvent. There can be no assurance that economic expansion or increased demand will be sustainable, and our financial condition, results of operations, and cash flows could be materially adversely affected.

3. The Process Equipment Group derives significant revenues from the plastics industry. Any decrease in demand for plastics or equipment used in the plastics industry, changes in technological advances, and changes in laws or regulations could have a material adverse effect on our business, financial condition, and results of operations.

The Process Equipment Group sells equipment, including extruders and compounding systems, to the plastics industry. Sales volume is tied to the need for equipment used to produce plastics products, which may be significantly influenced by the demand for plastics, the capital investment needs of companies in the plastics industry, changes in technological advances, and changes in laws or regulations. As a result, any downturn in or disruption to the plastics industry or decrease in the demand for plastics could have a material adverse effect on our business, financial condition, and results of operations.

4. The Process Equipment Group derives revenues from the energy industry. Any decrease in demand for electricity, oil, natural gas, coal, and mining equipment or an increase in regulation of the energy industry could have a material adverse effect on our business, financial condition, and results of operations.

A portion of the Process Equipment Group's sales are affected by the consumption of resources including oil, natural gas, and coal. The demand for oil, natural gas, coal, and mining equipment is dependent upon, among other things, the availability and cost of alternative sources of energy, such as solar, wind, or nuclear power. Additionally, the cost of compliance with federal, state, local, and foreign laws and regulations on the energy industry may impact the demand for our products. As a result, any downturn in or disruption to the oil, natural gas, or international coal and mining industries or decrease in the demand for electricity could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Batesville

1. Continued fluctuations in mortality rates and increased cremations may adversely affect the sales volume of our burial caskets.

The life expectancy of U.S. citizens has increased since the 1950s. However, we do anticipate a modest increase in deaths for the foreseeable future driven by the aging U.S. population.

Cremations as a percentage of total U.S. deaths have increased steadily since the 1960s and are expected to continue to increase for the foreseeable future. The increase in the number of cremations in the U.S. has resulted in a contraction in the demand for burial caskets. This has been a contributing factor to lower burial casket sales volumes for Batesville in recent years. We expect these trends will continue in the foreseeable future and will likely continue to negatively impact burial casket volumes.

Finally, the number of deaths can vary over short periods of time and among different geographical areas due to a variety of factors, including the timing and severity of seasonal outbreaks of illnesses such as pneumonia and influenza. Such variations could cause the sale of burial caskets and cremation products to fluctuate from quarter to quarter and year to year, which could have a material adverse effect on our financial condition, results of operations, and cash flows.

2. Batesville's business is dependent on several major contracts with large national funeral providers. The relationships with these customers pose several risks.

Batesville has contracts with a number of national funeral home customers that constitute a sizeable portion of its overall sales volume. Also, while contracts with national funeral service providers give Batesville important access to purchasers of death care products, they may obligate Batesville to sell products at contracted prices for extended periods of time, therefore limiting Batesville's ability, in the short or medium term, to raise prices in response to significant increases in raw material prices or other factors. Any decision by national funeral home customers to discontinue or limit purchases from Batesville could have a material adverse effect on our financial condition, results of operations, and cash flows.

3. Batesville is facing competition from caskets manufactured abroad and imported into North America and from a number of non-traditional sources.

Some foreign casket manufacturers, mostly from China, import caskets into the U.S. and Canada. In addition, non-traditional death care product providers, such as large discount retail stores, casket stores, and internet casket retailers could present more of a competitive threat to Batesville and its sales channel than is currently anticipated. Sales from these foreign and non-traditional providers currently represent less than 10% of total casket sales in North America, but this percentage could grow. It is not possible to quantify the financial impact that these competitors will have on Batesville in the future. These competitors and any new entrants into the funeral products business may drive pricing and other competitive actions in an industry that already has domestic production over-capacity. Such competitive developments could have a negative impact on our results of operations and cash flows.

Item 1B. UNRESOLVED STAFF COMMENTS

We have not received any comments from the staff of the SEC regarding our periodic or current reports that remain unresolved.

Item 2. PROPERTIES

Our corporate headquarters is located in Batesville, Indiana, in a facility that we own. At September 30, 2018 , the Process Equipment Group operated 17 significant manufacturing facilities located in the U.S. (New Jersey, Kansas, Ohio, Illinois, North Carolina and Virginia), Germany, Switzerland, China, India, and the United Kingdom. Nine of these facilities are owned and eight are leased. The Process Equipment Group also leases or owns a number of sales offices in Europe, Asia, Canada, and South America.

At September 30, 2018 , Batesville operated four significant manufacturing facilities located in Indiana, Tennessee, Mississippi, and Mexico. Three of these facilities are owned and one is leased. Batesville also leases or owns a number of warehouse distribution centers, service centers, and sales offices in the U.S., Mexico, Canada, and Australia.

Facilities often serve multiple purposes, such as administration, sales, manufacturing, testing, warehousing, and distribution. We believe our current facilities will provide adequate capacity to meet expected demand for the next several years.

Item 3. LEGAL PROCEEDINGS

We are involved from time to time in claims, lawsuits, and government proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. We are also subject to other claims and potential claims, including those relating to product and general liability, workers' compensation, auto liability, and employment-related matters. The ultimate outcome of claims, lawsuits, and proceedings cannot be predicted with certainty. We carry various forms of commercial, property and casualty, product liability, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against us. It is difficult to measure the actual loss that might be incurred related to litigation, and the ultimate outcome of these claims, lawsuits, and proceedings could have a material adverse effect on our financial condition, results of operations, and cash flows.

For more information on various legal proceedings, see Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K. That information is incorporated into this Item by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Hillenbrand common stock is traded on the New York Stock Exchange under the ticker symbol "HI."

As of November 8, 2018, we had approximately 1,800 shareholders of record.

Share Repurchases

The following table summarizes repurchases of common stock during the quarter ended September 30, 2018:

(in millions, except per share data):

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Maximum Dollar Amount that May Yet be Purchased Under Plans or Programs
July	7,865	$	47.46	7,865	$	39.6
August	650	$	49.03	650	$	39.6
September	—	$	—	—	$	39.6
Total	8,515	$	47.58	8,515	$	39.6

On July 24, 2008, our Board of Directors approved a stock repurchase program for the repurchase of up to $100.0 of our common stock. On February 23, 2017, our Board of Directors approved an increase of $100.0 to the existing stock repurchase program. The authorization brings the maximum cumulative repurchase authorization up to $200.0 . The repurchase program has no expiration date, but may be terminated by the Board of Directors at any time. As of September 30, 2018 , we had repurchased approximately 4,950,000 shares for approximately $160.4 in the aggregate. Such shares were classified as treasury stock. We repurchased approximately 1,385,600 shares of our common stock during 2018 , at a total cost of approximately $61.0 . We repurchased approximately 8,500 shares of our common stock during the quarter ended September 30, 2018 at a total cost of approximately $0.4. At September 30, 2018 , we had approximately $39.6 remaining for share repurchases under the existing Board authorization.

Item 6. SELECTED FINANCIAL DATA

(in millions, except per share data):

	2018	2017	2016	2015	2014
Net revenue	$ 1,770.1	$ 1,590.2	$ 1,538.4	$ 1,596.8	$ 1,667.2
Gross profit	$ 642.9	$ 591.3	$ 570.6	$ 570.4	$ 589.2
Net income (1)	$ 76.6	$ 126.2	$ 112.8	$ 111.4	$ 109.7
Earnings per share - basic	$ 1.21	$ 1.99	$ 1.78	$ 1.76	$ 1.74
Earnings per share - diluted	$ 1.20	$ 1.97	$ 1.77	$ 1.74	$ 1.72
Cash dividends per share	$ 0.83	$ 0.82	$ 0.81	$ 0.80	$ 0.79
Total assets	$ 1,864.6	$ 1,956.5	$ 1,959.7	$ 1,808.1	$ 1,918.5
Long-term obligations	$ 588.8	$ 678.9	$ 879.8	$ 798.1	$ 833.6
Cash flows provided by operating activities	$ 248.3	$ 246.2	$ 238.2	$ 105.0	$ 179.6
Cash flows used in investing activities	$ (23.1)	$ (13.5)	$ (253.5)	$ (29.5)	$ (8.3)
Cash flows provided by (used in) financing activities	$ (232.5)	$ (215.1)	$ 21.6	$ (83.2)	$ (155.5)
Capital expenditures	$ 27.0	$ 22.0	$ 21.2	$ 31.0	$ 23.6
Depreciation and amortization	$ 56.5	$ 56.6	$ 60.4	$ 54.3	$ 58.4

(1) Net income attributable to Hillenbrand

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(dollar amounts in millions throughout Management's Discussion and Analysis)

The following discussion compares our results for the year ended September 30, 2018 , to the year ended September 30, 2017 , and also compares our results for the year ended September 30, 2017 , to the year ended September 30, 2016 . Unless otherwise stated, references to years relate to fiscal years. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Batesville, and Corporate. These financial results are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP").

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as "adjusted" measures and exclude impairment charges, inventory step-up, expenses associated with business acquisition, development, and integration, and restructuring and restructuring related charges. The related income tax for all of these items is also excluded. The measures also exclude the non-recurring tax benefits and expenses related to the Tax Act. Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

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 excluded items. We believe this information provides a higher degree of transparency.

An important non-GAAP measure that we use is adjusted earnings before interest, income tax, depreciation, and amortization ("adjusted EBITDA"). A part of Hillenbrand's 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.

Another important non-GAAP operational measure used is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in industries with extended lead times for order fulfillment (long-term contracts), like those in which our Process Equipment Group competes. Backlog represents the amount of consolidated revenue that we expect to realize on contracts awarded to the Process Equipment Group. For purposes of calculating backlog, 100% of estimated revenue attributable to consolidated subsidiaries is included. Backlog includes expected revenue from large systems and equipment, as well as replacement parts, components, and service. The length of time that projects remain in backlog can span from days for replacement parts or service to approximately 18 to 36 months for larger system sales. Backlog includes expected revenue from the remaining portion of firm orders not yet completed, as well as revenue from change orders to the extent that they are reasonably expected to be realized. We include 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, our contracts may include provisions for cancellation, termination or suspension at the discretion of the customer.

We expect that future revenue associated with the Process Equipment Group will be influenced by backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Although backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size, extent of customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog may also be affected by foreign exchange fluctuations for orders denominated in currencies other than U.S. dollars.

We calculate the foreign currency impact on net revenue, gross profit, operating expenses, consolidated net income and consolidated adjusted EBITDA, 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. The cost structures for Corporate and Batesville are generally not significantly impacted by the fluctuation in foreign exchange rates, and we do not disclose the foreign currency impact in the Operations Review below where the impact is not significant.

See page 30 for reconciliation of adjusted EBITDA to consolidated net income, the most directly comparable GAAP measure. We use non-GAAP measures in certain other instances and include information reconciling such non-GAAP measures to the respective most directly comparable GAAP measures. Given that there is no GAAP financial measure comparable to backlog, a quantitative reconciliation is not provided.

CRITICAL ACCOUNTING ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. Significant accounting policies which require management's judgment are discussed below. A detailed description of our accounting policies is included in the notes to our financial statements included in Part II, Item 8, of this Form 10-K.

2017 Tax Cuts and Jobs Act — On December 22, 2017, the Tax Act was enacted. While certain of the provisions of the Tax Act are effective for tax years beginning after December 31, 2017 (which corresponds to Hillenbrand's fiscal year ending September 30, 2019), several provisions are effective for the fiscal year ending September 30, 2018. The Tax Act reduced the federal corporate tax rate from 35% to 21% and became effective on January 1, 2018. The Internal Revenue Code provides that our fiscal year ending September 30, 2018 had a blended U.S. corporate tax rate of 24.5%, which is based on a proration of the applicable tax rates before and after effective date of the Tax Act. The statutory tax rate of 21% will apply to future years.

Furthermore, Hillenbrand is subject to the Transition Tax. This Transition Tax is imposed on the deferred accumulated earnings of foreign subsidiaries at an effective rate of 15.5% of foreign earnings attributable to cash and cash equivalents and 8% of the residual foreign earnings. It is anticipated that Hillenbrand will elect to pay the Transition Tax over eight years. We have recorded tax expense based on an estimate of the annual effective rate taking into account the reduced corporate tax rate for the year. Additionally, during 2018, we recorded a deferred tax benefit for the impact of the reduced corporate tax rate on the U.S. net deferred tax liability and a provisional tax liability for the Transition Tax. We will not be able to precisely determine the amount of the Transition Tax until December 31, 2018 because certain required information is not yet available, including cumulative foreign earnings, as well as actual foreign taxes paid, to precisely compute the amount of the Transition Tax. Therefore, tax expense associated with this provision may be adjusted during the quarter ended December 31, 2018. During the quarter ended September 30, 2018, we have recorded an adjustment to the provisional tax expense recognized during the quarter ended December 31, 2017. We expect to recognize final adjustments to the provisional tax expense once we have determined the final actual tax impact, pursuant to SAB 118.

Revenue Recognition — Net revenue includes gross revenue less sales discounts, customer rebates, sales incentives, and product returns, all of which require us to make estimates for the portion of these allowances that have yet to be credited or paid to our customers. We estimate these allowances based upon historical rates and projections of customer purchases toward contractual rebate thresholds.

A portion of Hillenbrand's revenue is derived from long-term manufacturing contracts. The majority of this revenue is recognized based on the percentage-of-completion method. Under this method, revenue is recognized based upon the costs incurred to date as compared to the total estimated project costs. Approximately 25% , 25% , and 24% of Hillenbrand's revenue was attributable to these long-term manufacturing contracts for 2018 , 2017 , and 2016 .

Accounting for these contracts involves management judgment in estimating total contract revenue and cost. Contract revenues are largely determined by negotiated contract prices and quantities, modified by our assumptions regarding contract options, change orders, and incentive and award provisions associated with technical performance clauses. Contract costs are incurred over longer periods of time and, accordingly, the estimation of these costs requires management judgment. Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends, and other economic projections. Significant factors that influence these estimates include inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization, and anticipated labor agreements. Revenue and cost estimates are regularly monitored and revised based on changes in circumstances. Anticipated losses on long-term contracts are recognized immediately when such losses become evident. We maintain financial controls over the customer qualification, contract pricing, and estimation processes to reduce the risk of contract losses.

Revenue for components, most replacement parts, and service is recognized when title and risk of loss passes to the customer.

Retirement and Postretirement Plans — We sponsor retirement and postretirement benefit plans covering some of our employees. Expense recognized for the plans is based upon actuarial valuations. Inherent in those valuations are key assumptions including discount rates, expected returns on assets, and projected future salary rates. The actuarial assumptions we use may differ significantly from actual results due to changing economic conditions, participant life span, and withdrawal rates. These differences may result in a material impact to the amount of net periodic pension expense to be recorded in our financial statements in the future. The discount rates used in the valuation of our defined benefit pension and postretirement benefit plans are evaluated annually based on current market conditions. We use a full yield curve approach in the estimation of the service and interest cost components of our defined benefit retirement plans. Under this approach, we applied discounting using individual spot rates from a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds available at the measurement date. These spot rates align to each of the projected benefit obligations and service cost cash flows. The service cost component relates to the active participants in the plan, so the relevant cash flows on which to apply the yield curve are considerably longer in duration on average than the total projected benefit obligation cash flows, which also include benefit payments to retirees. Interest cost is computed by multiplying each spot rate by the corresponding discounted projected benefit obligation cash flows. The full yield curve approach reduces any actuarial gains and losses based upon interest rate expectations (e.g., built-in gains in interest cost in an upward sloping yield curve scenario), or gains and losses merely resulting from the timing and magnitude of cash outflows associated with our benefit obligations.

Our overall expected long-term rate of return on pension assets is based on historical and expected future returns, which are inflation-adjusted and weighted for the expected return for each component of the investment portfolio. Our rate of assumed compensation increase for pension benefits is also based on our specific historical trends of past wage adjustments in recent years and expectations for the future.

Changes in retirement and postretirement benefit expense and the recognized obligations may occur in the future as a result of a number of factors, including changes to key assumptions such as the weighted-average expected rate of return on pension assets and the weighted-average discount rate. Our weighted-average expected rate of return on domestic and international pension plan assets was 5.2%, 5.2%, and 4.9% at the end of 2018 , 2017 , and 2016 . The weighted-average discount rate at the end of 2018 was 3.3% for the domestic and international pension plans and 4.0% for the postretirement healthcare plan. A 50 basis-point change in the expected rate of return on domestic and international pension plan assets would change annual pension expense by $1.4. A 50 basis-point change in the discount rate would change the annual domestic and international pension expense by $2.0 and the annual postretirement healthcare plan expense by less than $0.1. Impacts from assumption changes could be positive or negative depending on the direction of the change in rates. Based upon rates and assumptions at September 30, 2018 , we expect the aggregate expense associated with our defined benefit and postretirement plans to decrease from $3.6 in 2018 to $3.3 in 2019 . The expected decrease in expense is primarily due to increasing discount rates.

During 2017, we began implementing a plan to transition our U.S. employees not covered by a collective bargaining agreement and our employees covered by collective bargaining agreements at two of our U.S. facilities from a defined benefit-based model to a defined contribution structure over a three-year sunset period. This change caused remeasurement events for the U.S. defined benefit pension plan for the affected populations. The remeasurements did not cause a material change as the assumptions did not materially differ from the assumptions at September 30, 2016.

See Note 5 to our financial statements included in Part II, Item 8, of this Form 10-K, for key assumptions and other information regarding our retirement and postretirement benefit plans.

Uncertain Income Tax Position s — In assessing the need for reserves for uncertain tax positions, we make judgments regarding the technical merit of a tax position and, when necessary, an estimate of the settlement amount based upon the probability of the outcome. At September 30, 2018 , we had reserves of $12.1 established for uncertain tax positions based upon our estimates. Our ability to make and update these estimates is limited to the information we have at any given point in time. This information can include how taxing authorities have treated the position in the past, how similar cases have settled, or where we are in discussions or negotiations with taxing authorities on a particular issue, among others. As information available to us evolves, we update our reserves quarterly. These updates can result in volatility to our income tax rate (particularly in a given quarter) if new information or developments result in a significant change in our estimate.

Business Combinations — Estimating fair value for acquired assets and liabilities as part of a business combination typically requires us to exercise judgment, particularly for those assets and liabilities that may be unique or not easily determined by reference to market data. Often estimates for these types of acquired assets and liabilities will be developed using valuation models that require both historical and forecasted inputs, as well as market participant expectations. Thus, the valuation is directly affected by the inputs we judge as best under the given circumstances. When material, we expect to seek assistance of competent valuation professionals when the underlying valuation is more complex or unique.

We anticipate that in most cases, we will exercise significant judgment in estimating the fair value of intangible assets, contingent liabilities, and contingent consideration. This list is not exhaustive, but is designed to give you a better understanding of where we think a larger degree of judgment will be required due to the nature of the item and the way it is typically valued.

Asset Impairment Determinations — We have updated our critical accounting estimate for Asset Impairment Determinations to reflect the adoption of ASU 2017-04.

Goodwill and other intangible assets with indefinite lives, primarily trade names, are tested for impairment at least annually and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value may be impaired.

Impairment of goodwill is tested at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment. For the purpose of the goodwill impairment test, the Company can elect to perform a quantitative or qualitative analysis. If the qualitative test is elected, qualitative factors are assessed to determine whether it is more likely than not that the fair values of its reporting units are less than the respective carrying values of those reporting units. Such factors we consider in a qualitative analysis include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, Company-specific events, events affecting the reporting unit, and the overall financial performance of the reporting unit. If after performing the qualitative analysis, the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company must perform the quantitative goodwill impairment test.

If we elect to perform or are required to perform a quantitative analysis, we compare the carrying amount of the reporting unit's net assets, including goodwill, to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required and no impairment loss is recognized. If the carrying amount exceeds the fair value, an impairment charge is recognized for the difference between carrying amount and fair value, not to exceed the original amount of goodwill.

In determining the estimated fair value of the reporting units when performing a quantitative analysis, we consider both the market approach and the income approach. Weighting is equally attributed to both the market and income approaches in arriving at the fair value of the reporting units.

Under the market approach, we utilize the guideline company method, which involves calculating valuation multiples based on operating data from comparable publicly traded companies. Multiples derived from these companies provide an indication of how much a knowledgeable investor in the marketplace would be willing to pay for a company. These multiples are then applied to the operating data for our reporting units to arrive at an indication of value.

Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows utilizing a market-based weighted-average cost of capital determined separately for each reporting unit.

To determine the reasonableness of the calculated fair values of our reporting units, the Company reviews the assumptions described below to ensure that neither the market approach nor the income approach yields significantly different valuations. We selected these valuation approaches because we believe the combination of these approaches, along with our best judgment regarding underlying assumptions and estimates, provides us with the best estimate of fair value of our reporting units. We believe these valuation approaches are appropriate for the industry and widely accepted by investors.

Determining the fair value of a reporting unit requires us to make significant judgments, estimates, and assumptions. While we believe that the estimates and assumptions underlying our valuation methodology are reasonable, these estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also on the magnitude of any such charge. The results of an impairment analysis are as of a point in time. There is no assurance that actual future earnings or cash flows of our reporting units will not decline significantly from our projections. We monitor any changes to our assumptions and evaluate goodwill as required or otherwise deemed warranted during future periods.

The key assumptions for the market and income approaches we use to determine fair value of our reporting units are updated at least annually. Those assumptions and estimates include market data and market multiples (7.2-14.5 times adjusted EBITDA), discount rates (7.6-12.5%), and terminal growth rates (0.0-3.0%), as well as future levels of revenue growth, operating margins, depreciation, amortization, and working capital requirements, which are based upon the Company's strategic plan. Hillenbrand's strategic plan is updated as part of its annual planning process and is reviewed and approved by management and the Board of Directors. The strategic plan may be revised as necessary based on changes in market conditions or other changes in the reporting units. The discount rate assumption is based on the overall after-tax rate of return required by a market participant whose weighted-average cost of capital includes both equity and debt, including a risk premium.

Although there are always changes in assumptions to reflect changing business and market conditions, our overall valuation methodology and the types of assumptions we use have remained consistent. While we use the best available information to prepare the cash flow and discount rate assumptions, actual future cash flows or market conditions could differ significantly resulting in future impairment charges related to recorded goodwill balances.

Testing for impairment of goodwill and indefinite lived assets must be performed annually, or on an interim basis upon the occurrence of triggering events or substantive changes in circumstances that indicate carrying value is impaired. In connection with the preparation of the quarterly financial statements for the second quarter of 2018, an interim impairment assessment was performed at the reporting unit in the Process Equipment Group segment most directly impacted by domestic coal power and coal mining. During the quarter ended March 31, 2018, published industry reports reduced their forecasts for domestic coal production and consumption. The reporting unit also experienced a larger than expected decline in orders for equipment and parts used in the domestic coal mining and coal power industries. In conjunction with these events and as part of the long-term strategic forecasting process, the Company made the decision to redirect strategic investments for growth, significantly reducing the reporting unit's terminal growth rate. As a result of this change in expected future cash flows, along with comparable fair value information, management concluded that the reporting unit carrying value exceeded its fair value, resulting in a goodwill impairment charge of $58.8 . The pre-impairment goodwill balance for the reporting unit was $71.3 . A 10% further reduction in the fair value of this reporting unit would indicate a potential additional impairment of $7.4 .

As a result of the required annual impairment assessment performed in the third quarter of 2018, the Company tested the recoverability of its goodwill, and in all reporting units, the fair value of goodwill was determined to exceed the carrying value, resulting in no further impairment of goodwill. As of September 30, 2018, the fair value of the reporting unit in the Process Equipment Group segment that is most directly impacted by domestic coal mining and coal power exceeded its carrying value by less than 10% .

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (primarily trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion in order to determine if it is more likely than not that the fair values of the trade names are less than the respective carrying values. If we elect to perform or are required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. We estimate the fair value of indefinite-lived intangibles using the relief-from-royalty method, which we believe is an appropriate and widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

In the third quarter of 2016, the Company recorded a trade name impairment charge of $2.2 , included in operating expenses, on two trade names related to the Process Equipment Group segment. The decline in the estimated fair value of these trade names was largely driven by the decreased demand for equipment and parts used in coal mining and coal power.

An impairment charge of $4.6 pre-tax ($3.5 after tax) was recorded during the quarter ended March 31, 2018 for trade names most directly impacted by domestic coal mining and coal power. As of September 30, 2018, we had approximately $4 of trade name book value remaining in the Process Equipment Group segment most directly impacted by domestic coal mining and coal power. In conjunction with our impairment testing, we also reassessed the useful lives of other definite-lived intangible assets specific to the intangibles impacted by domestic coal mining and coal power, resulting in no significant changes in amortization.

As a result of the required annual impairment assessment performed in the third quarter of 2018, the fair value of trade names was determined to meet or exceed the carrying value for all trade names, resulting in no further impairment to trade names.

EXECUTIVE OVERVIEW

Hillenbrand is a global diversified industrial company with multiple leading brands that serve a wide variety of industries around the world. Hillenbrand's portfolio is composed of two business segments: the Process Equipment Group and Batesville ®. The Process Equipment Group businesses design, develop, manufacture, and service highly engineered industrial equipment around the world. Batesville is a recognized leader in the death care industry in North America.

We strive to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the HOM. The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes our mission, vision, values and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make our businesses both bigger and better. Our goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM.

Our strategy is to leverage our historically strong financial foundation and the HOM to deliver sustainable profit growth, revenue expansion and substantial free cash flow and then reinvest available cash in new growth initiatives focused on building platforms with leadership positions in our core markets and near adjacencies, both organically and inorganically, in order to create shareholder value.

OPERATIONS REVIEW — CONSOLIDATED

	Year Ended September 30,		
Hillenbrand	**2018**	**2017**	**2016**
Net revenue	$ 1,770.1	$ 1,590.2	$ 1,538.4
Gross profit	642.9	591.3	570.6
Operating expenses	378.9	344.4	346.5
Amortization expense	30.2	29.2	33.0
Impairment charge	63.4	—	—
Interest expense	23.3	25.2	25.3
Other (expense) income, net	(0.6)	(4.2)	(1.7)
Income tax expense	65.3	59.9	47.3
Net income (1)	76.6	126.2	112.8

(1) Net income attributable to Hillenbrand

Year Ended September 30, 2018 Compared to Year Ended September 30, 2017

Net revenue increased $179.9 (11%), which included favorable foreign currency impact (3%).

- The Process Equipment Group's net revenue increased $191.3 (19%) primarily due to higher volume (14%). Foreign currency impact increased net revenue by 4% .
- Batesville's net revenue decreased $11.4 (2%) primarily due to a decrease in volume (2%).

Gross profit increased $51.6 (9%), which included favorable foreign currency impact (2%). Gross profit margin decreased 90 basis points to 36.3% . On an adjusted basis, which excluded restructuring and restructuring related charges, gross profit increased $45.0 (8%), and adjusted gross profit margin decreased 120 basis points to 36.4% .

- The Process Equipment Group's gross profit increased $ 65.9 (17%), primarily due to higher volume (14%). Foreign currency impact increased gross profit by 4% . Gross profit margin decreased 50 basis points to 36.6% in 2018, primarily driven by the increased proportion of lower margin, large systems projects in plastics, partially offset by productivity and pricing improvements.

  The Process Equipment Group's gross profit included restructuring and restructuring related charges of $0.3 in 2018 and $0.6 in 2017. Excluding these charges, adjusted gross profit increased $65.6 (17%), which included favorable foreign currency impact (4%). Adjusted gross profit margin decreased 40 basis points to 36.7% compared to prior year.

- Batesville's gross profit decreased $14.3 (7%) and gross profit margin decreased 180 basis points to 35.6% . The decrease in gross profit and gross profit margin was primarily due to inflation in commodities, fuel, wages and benefits, and the decline in volume, along with supply chain inefficiencies. These items were partially offset by productivity gains, including benefits resulting from the manufacturing footprint reduction in the prior year.

  Batesville's gross profit included restructuring and restructuring related charges ($0.5 in 2018 and $6.8 in 2017). Excluding these charges, adjusted gross profit decreased $20.6 (9%) and adjusted gross profit margin decreased 290 basis points to 35.7% .

Operating expenses increased $34.5 (10%) primarily due to an increase in variable compensation, cost inflation, litigation expenses, and growth investments, as well as higher business acquisition, development, and integration costs, partially offset by a decrease in restructuring and restructuring related charges. Foreign currency impact increased operating expenses by 3% . Operating expenses as a percentage of net revenue improved 30 basis points to 21.4% . Operating expenses included the following items:

	Year Ended September 30,	
	2018	**2017**
Business acquisition, development, and integration costs	$ 3.5	$ 1.1
Restructuring and restructuring related charges	1.7	4.9

On an adjusted basis, which excludes business acquisition, development, and integration costs and restructuring and restructuring related charges, operating expenses increased $35.3 (10%), which included unfavorable foreign currency impact (3%). Adjusted operating expenses as a percentage of net revenue improved 20 basis points to 21.1% compared to the prior year.

Amortization expense increased $1.0 (3%), due to unfavorable foreign currency impact of (3%).

Impairment charge increased $63.4 due to the goodwill and trade name impairments recorded in the second quarter of 2018. For more information, see Note 2 to our financial statements included in Part II, Item 8, of this Form 10-K.

Interest expense decreased $1.9 , primarily due to lower average borrowings and a reduction in the fee for our revolving credit facility (the "Facility").

Other (expense) income, net was $0.6 of other expense in fiscal 2018, compared to $4.2 of other expense in fiscal 2017. The decrease in expense was primarily driven by higher equity earnings from affiliates.

The effective tax rate was 44.6% in fiscal 2018 compared to 31.8% in fiscal 2017. The higher effective tax rate in the period primarily results from the nondeductible portion of the impairment charge recorded in the Process Equipment Group segment. Additionally, the impact of the Tax Act resulted in a higher tax rate as compared to the prior year driven by the items discussed below. The Tax Act resulted in a reduced domestic statutory rate (21% versus 35%). The Internal Revenue Code provides that our fiscal year ending September 30, 2018 had a domestic blended corporate tax rate of 24.5%, which is based on a proration of the applicable tax rates before and after effective date of the Tax Act. The domestic statutory tax rate of 21% will apply to future years. The impact of the tax rate reduction was recognized in the rate applied to earnings as well as a tax benefit of $13.7 related to the revaluation of our domestic net deferred tax liability.

The favorable adjustments related to the revaluation of our domestic net deferred tax liability were more than offset by the provisional recognition of $29.2 tax expense for the Transition Tax to be partially offset by current year foreign tax credits and foreign tax credit carryforwards of approximately $4.6. We will not be able to precisely determine the amount of the Transition Tax until the quarter ended December 31, 2018, because certain required information is not yet available, including cumulative foreign earnings, as well as actual foreign taxes paid, to precisely compute the amount of the Transition Tax. Therefore, tax expense associated with this provision may be adjusted during the quarter ended December 31, 2018.

Our adjusted effective income tax rate, which excludes the impact of the impairment charge, Transition Tax, and the revaluation of the deferred tax balances as a result of the Tax Act, was 25.9% in fiscal 2018, compared to 32.1% in fiscal 2017. The reduction in the effective tax rate resulting from the Tax Act was partially offset by an increase in the reserve for unrecognized tax benefits.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

Net revenue increased $51.8 (3%), which included an unfavorable foreign currency impact o f less than 1%.

- The Process Equipment Group's revenue increased $63.5 (7%) primarily due to higher volume (7%) and four additional months of Red Valve revenue (1%) in 2017. Foreign currency impact decreased net revenue by 1%.

- Batesville's revenue decreased $11.7 (2%) primarily due to a decrease in volume (3%), partially offset by an increase in average selling price (1%).

Gross profit increased $20.7 (4%), which included an unfavorable foreign currency impact (0.2%). Gross profit margin improved 10 basis points to 37.2% . On an adjusted basis, which excluded restructuring and restructuring related charges and inventory step-up charges, gross profit increased $22.0 (4%), and adjusted gross profit margin improved 10 basis points to 37.6% .

- The Process Equipment Group's gross profit increased $33.5 (10%), primarily driven by higher volume. Foreign currency decreased gross profit by less than 1%. Gross profit margin improved 110 basis points to 37.1% , primarily driven by pricing and productivity improvements, the higher margin associated with Red Valve, a decrease in restructuring and restructuring related charges, inventory step-up charges related to the Abel and Red Valve acquisitions in fiscal 2016 that did not repeat in fiscal 2017, and savings related to restructuring actions taken in 2016, partially offset by unfavorable product mix.

- Gross profit included restructuring and restructuring related charges ($0.6 in 2017 and $3.2 in 2016) and inventory step-up charges related to the Abel and Red Valve acquisitions ($2.4 in 2016). Excluding these items, adjusted gross profit increased $28.5 (8%) and adjusted gross profit margin improved 50 basis points to 37.1% in 2017.

- Batesville's gross profit decreased $12.8 (6%), and gross profit margin decreased 150 basis points to 37.4% . The decrease in gross profit and gross profit margin was primarily due to an increase in restructuring and restructuring related charges, higher commodity and fuel costs, and the decline in volume, partially offset by productivity improvements across the supply chain including the impact of one-time projects, along with an increase in average selling price.
Gross profit included restructuring and restructuring related charges ($6.8 in 2017 and $0.5 in 2016). Excluding these charges, adjusted gross profit decreased $6.5 (3%) and adjusted gross profit margin decreased 40 basis points to 38.6% , primarily driven by higher commodity and fuel costs and the decline in volume, partially offset by the increase in average selling price.

Operating expenses decreased $2.1 (1%) primarily due to lower compensation and benefits resulting from fiscal 2016 restructuring actions, current year productivity initiatives, a decrease in acquisition and integration costs, a decrease in restructuring and restructuring related charges, and a trade name impairment in 2016 that did not repeat in 2017, partially offset by four additional months of Red Valve operating expenses in 2017, an increase in variable compensation, and an increase in sales and marketing investments. Foreign currency impact decreased operating expenses by 0.3% . Operating expenses as a percentage of net revenue improved by 80 basis points to 21.7% in 2017. Operating expenses included the following items:

	Year Ended September 30,	
	2017	2016
Business acquisition, development, and integration costs	$ 1.1	$ 3.7
Restructuring and restructuring related charges	4.9	6.4
Trade name impairment	—	2.2

On an adjusted basis, which excluded business acquisition, development, and integration costs, restructuring and restructuring related charges, and a trade name impairment, operating expenses increased $4.2 (1%) which included favorable foreign currency impact (0.1%). Our adjusted operating expense-to-revenue ratio improved by 40 basis points to 21.3% in 2017.

Amortization expense decreased $3.8 (12%) primarily due to backlog amortization related to Abel and Red Valve in fiscal 2016 that did not repeat in fiscal 2017, partially offset by amortization on the acquired intangibles of Red Valve.

Interest expense was flat compared to 2016, primarily due to higher interest rates on lower debt balances.

Other (expense) income, net increased $2.5 from $1.7 of expense in 2016 to $4.2 of expense in 2017, primarily driven by an increase in foreign exchange loss.

The income tax rate was 31.8% in 2017 compared to 28.8% in 2016. The increase was primarily a result of the recognition of a deferred tax liability for unremitted earnings, a one-time reduction in the domestic manufacturer's deduction, and a change in the geographic mix of income. These unfavorable items were partially offset by a decrease in the valuation allowance against deferred tax assets in 2017. For more information, see Note 7 to our financial statements included in Part II, Item 8, of this Form 10-K. Excluding the tax effect of the adjustments discussed above, our adjusted effective income tax rate was 32.1% in 2017 compared to 29.5% in 2016.

OPERATIONS REVIEW — PROCESS EQUIPMENT GROUP

	Year Ended September 30,					
	2018		2017		2016	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 1,219.5	100.0	$ 1,028.2	100.0	$ 964.7	100.0
Gross profit	446.9	36.6	381.0	37.1	347.5	36.0
Operating expenses	244.0	20.0	218.1	21.2	212.5	22.0
Amortization expense	30.2	2.5	29.0	2.8	32.7	3.4
Impairment Charge	63.4	5.2	—	—	—	—

Year Ended September 30, 2018 Compared to Year Ended September 30, 2017

Net revenue increased $191.3 (19%) primarily due to higher volume (14%) largely driven by increased demand for plastics projects, screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and parts and service. Foreign currency impact increased net revenue by 4% .

We expect future revenue for the Process Equipment Group to continue to be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Though backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size of orders, extent of order customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog is also affected by foreign exchange rate fluctuations for orders denominated in currencies other than U.S. dollars. Backlog increased $182.6 (29%) from $632.2 on September 30, 2017, to $814.8 on

September 30, 2018, primarily driven by an increase in orders for large polyolefin projects in the plastics industry. We expect the majority of backlog at September 30, 2018 to be realized as revenue in 2019. Foreign currency impact decreased order backlog by 3% .

Gross profit increased $ 65.9 (17%) primarily due to higher volume largely driven by increased demand for plastics projects, screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and parts and service. Foreign currency impact increased gross profit by 4% . Gross profit margin decreased 50 basis points to 36.6% in 2018, primarily driven by the increased proportion of lower margin, large systems projects in plastics, partially offset by productivity and pricing improvements.

The Process Equipment Group's gross profit included restructuring and restructuring related charges ($0.3 in 2018 and $0.6 in 2017). Excluding these charges, adjusted gross profit increased $65.6 (17%), which included favorable foreign currency impact (4%). Adjusted gross profit margin decreased 40 basis points to 36.7% compared to prior year.

Operating expenses increased $ 25.9 (12%), primarily driven by an increase in variable compensation, litigation expenses, and cost inflation. Foreign currency impact increased operating expenses by 4% . Operating expenses as a percentage of net revenue improved 120 basis points to 20.0% in 2018.

Operating expenses included business acquisition, development, and integration costs ($0.1 in 2018 and $0.6 in 2017) and restructuring and restructuring related charges ($0.5 in 2018 and $2.2 in 2017). Excluding these items, adjusted operating expenses increased $28.1 (13%), which included unfavorable foreign currency impact (4%). Adjusted operating expenses as a percentage of net revenue improved 90 basis points to 20% in 2018.

Amortization expense increased $1.2 (4%) primarily due to unfavorable foreign currency impact of (4%).

Impairment charge increased $63.4 due to the goodwill and trade name impairments recorded in the second quarter of 2018. For more information, see Note 2 to our financial statements included in Part II, Item 8, of this Form 10-K.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

Net revenue increased $63.5 (7%), primarily due to higher volume (7%) largely driven by increased demand for plastics projects and screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and four additional months of Red Valve revenue (1%) in 2017. Foreign currency impact decreased net revenue by 1%.

Gross profit increased $33.5 (10%), primarily driven by higher volume. Gross profit included restructuring and restructuring related charges ($0.6 in 2017 and $3.2 in 2016) and inventory step-up charges related to the Abel and Red Valve acquisitions ($2.4 in 2016). Excluding these items, adjusted gross profit increased $28.5 (8%) and adjusted gross profit margin improved 50 basis points to 37.1% in 2017.

Operating expenses increased $5.6 (3%) primarily driven by four additional months of Red Valve operating expenses in fiscal year 2017, an increase in variable compensation, and an increase in sales and marketing investments, partially offset by a decrease in restructuring and restructuring related charges, and a trade name impairment recorded in 2016 that did not repeat in 2017. Our operating expense-to-revenue ratio improved by 80 basis points to 21.2% .

Operating expenses included business acquisition, development, and integration costs ($0.6 in 2017 and $0.3 in 2016), restructuring and restructuring related costs ($2.2 in 2017 and $4.8 in 2016), and a trade name impairment in 2016 of $2.2. Excluding these items, adjusted operating expenses increased $10.1 (5%), primarily driven by four additional months of Red Valve operating expenses in fiscal year 2017, an increase in variable compensation, and an increase in sales and marketing investments. Adjusted operating expenses as a percentage of net revenue improved 40 basis points to 20.9% in 2017.

Amortization expense decreased $3.7 (11%) primarily due to backlog amortization related to Abel and Red Valve in fiscal 2016 that did not repeat in fiscal 2017, partially offset by amortization on the acquired intangibles of Red Valve.

OPERATIONS REVIEW — BATESVILLE

	Year Ended September 30,					
	2018		2017		2016	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 550.6	100.0	$ 562.0	100.0	$ 573.7	100.0
Gross profit	196.0	35.6	210.3	37.4	223.1	38.9
Operating expenses	84.1	15.3	83.9	14.9	91.4	15.9
Amortization expense	—	—	0.2	—	0.3	0.1

Year Ended September 30, 2018 Compared to Year Ended September 30, 2017

Net revenue decreased $11.4 (2%), primarily due to a decrease in volume (2%). The decrease in volume was primarily driven by the estimated increased rate at which families opted for cremation.

Gross profit decreased $14.3 (7%), and gross profit margin decreased 180 basis points to 35.6% . The decrease in gross profit and gross profit margin was primarily due to inflation in commodities, fuel, wages and benefits, and the decline in volume, along with supply chain inefficiencies. These items were partially offset by productivity gains, including benefits resulting from the manufacturing footprint reduction in the prior year.

Batesville's gross profit included restructuring and restructuring related charges ($0.5 in 2018 and $6.8 in 2017). Excluding restructuring and restructuring related charges, adjusted gross profit decreased $20.6 (9%) and adjusted gross profit margin decreased 290 basis points to 35.7% in 2018 .

Operating expenses increased $ 0.2 (0.2%) to $84.1 in 2018 , and operating expenses as a percentage of net revenue increased 40 basis points to 15.3% , primarily due to wage and benefit inflation and an increase in restructuring and restructuring related charges, partially offset by current year productivity improvements.

Operating expenses included $0.5 of restructuring and restructuring related charges in 2018. Excluding these charges, adjusted operating expenses decreased $0.3 (0.4%), and adjusted operating expenses as a percentage of net revenue increased 30 basis points to 15.2% in 2018.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

Net revenue decreased $11.7 (2%), primarily due to a decrease in volume (3%), partially offset by an increase in average selling price (1%). Lower volume was driven by a decrease in burial sales resulting from what we estimate to be a decrease in North American burials driven by the increased rate at which families opted for cremation, as well as product line simplification initiatives.

Gross profit decreased $12.8 (6%), and gross profit margin decreased 150 basis points to 37.4% . The decrease in gross profit and gross profit margin was primarily due to an increase in restructuring and restructuring related charges, higher commodity and fuel costs, and the decline in volume, partially offset by productivity improvements across the supply chain including the impact of one-time projects, along with an increase in average selling price.
Gross profit included restructuring and restructuring related charges ($6.8 in 2017 and $0.5 in 2016). Excluding these charges, adjusted gross profit decreased $6.5 (3%) and adjusted gross profit margin decreased 40 basis points to 38.6% in 2017.

Operating expenses decreased $7.5 (8%) to $83.9 in 2017, and operating expenses as a percentage of net revenue improved 100 basis points to 14.9%, primarily due to lower compensation and benefits resulting from fiscal year 2016 restructuring actions, fiscal year 2017 productivity initiatives, and a decrease in restructuring and restructuring related charges.

Operating expenses included restructuring and restructuring related charges of $1.1 in 2016. Excluding these charges, adjusted operating expenses decreased $6.4 (7%) and our adjusted operating expense-to-revenue ratio improved 80 basis points to 14.9% , primarily due to lower compensation and benefits resulting from fiscal 2016 restructuring actions and fiscal year 2017 productivity initiatives.

REVIEW OF CORPORATE EXPENSES

	Year Ended September 30,					
	2018		2017		2016	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Core operating expenses	$ 46.7	2.7	$ 39.2	2.5	$ 38.7	2.5
Business acquisition, development, and integration costs	3.4	0.2	0.5	—	3.4	0.2
Restructuring and restructuring related charges	0.7	—	2.7	0.2	0.5	0.1
Operating expenses	$ 50.8	2.9	$ 42.4	2.7	$ 42.6	2.8

Core operating expenses primarily represent operating expenses excluding restructuring and restructuring related charges and costs related to business acquisition, development, and integration, which we incur as a result of our strategy to grow through selective acquisitions.

Business acquisition, development, and integration costs include legal, tax, accounting, and other advisory fees and due diligence costs associated with investigating opportunities (including acquisition and disposition) and integrating completed acquisitions.

Year Ended September 30, 2018 Compared to Year Ended September 30, 2017

Operating expenses increased $8.4 (20%) in 2018 , primarily due to an increase in growth investments, business acquisition, development, and integration costs, and variable compensation, partially offset by a decrease in restructuring and restructuring related charges. These expenses as a percentage of net revenue were 2.9% , an increase of 20 basis points from 2017.

Core operating expenses increased $7.5 (19%) in 2018, primarily due to an increase in growth investments and variable compensation. These expenses as a percentage of net revenue were 2.7% , an increase of 20 basis points from 2017.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

Operating expenses decreased $0.2 (0.5%) in 2017, primarily due to a decrease in business acquisition, development, and integration costs, partially offset by an increase in restructuring and restructuring related charges and an increase in variable compensation.

Core operating expenses increased $0.5 (1%) in 2017 , primarily due to an increase in variable compensation. These expenses as a percentage of net revenue were flat compared to 2016.

NON-GAAP OPERATING PERFORMANCE MEASURES

The following is a reconciliation from consolidated net income, the most directly comparable GAAP operating performance measure, to our non-GAAP adjusted EBITDA.

	Year Ended September 30,		
	2018	2017	2016
Consolidated Net Income	$ 81.2	$ 128.4	$ 116.8
Interest income	(1.4)	(0.9)	(1.2)
Interest expense	23.3	25.2	25.3
Income tax expense	65.3	59.9	47.3
Depreciation and amortization	56.5	56.6	60.4
EBITDA	$ 224.9	$ 269.2	$ 248.6
Impairment charges	63.4	—	2.2
Business acquisition, development, and integration	3.5	1.1	3.7
Inventory step-up	—	—	2.4
Restructuring and restructuring related	2.5	10.7	10.2
Adjusted EBITDA	$ 294.3	$ 281.0	$ 267.1

Consolidated net income for 2018 compared to 2017 decreased $47.2 (37%). The decrease was primarily due to the impairment charges recorded in the Process Equipment Group segment in 2018 of $63.4 . In addition, net income was negatively impacted by cost inflation, an increased proportion of large plastics projects with lower margins, an increase in variable compensation, a decrease in volume at Batesville, and the unfavorable impact of the Tax Act on the effective tax rate. This decrease in consolidated net income was partially offset by higher volume in the Process Equipment Group, as well as pricing and productivity improvements, and a decrease in restructuring and restructuring related charges. Foreign currency impact increased consolidated net income by 2% .

Consolidated adjusted EBITDA for 2018 compared to 2017 increased $13.3 (5%). The increase was primarily driven by higher volume in the Process Equipment Group, as well as pricing and productivity improvements. This increase in adjusted EBITDA was partially offset by cost inflation, an increased proportion of large plastics projects with lower margins, an increase in variable compensation, and a decrease in volume at Batesville. Foreign currency impact increased adjusted EBITDA by 2% .

Consolidated net income for 2017 compared to 2016 increased $11.6 (10%), primarily driven by the increased demand for plastics projects, screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and equipment and systems used in food and pharmaceutical applications, as well as increased earnings associated with the acquisition of Red Valve, pricing and productivity improvements, backlog amortization related to Abel and Red Valve in fiscal 2016 that did not repeat in fiscal 2017, savings related to restructuring actions taken in 2016, a reduction in business acquisition, development, and integration costs, inventory step-up charges related to Abel and Red Valve in 2016 that did not repeat in 2017, and a trade name impairment in 2016 that did not repeat in 2017. This increase in consolidated net income was partially offset by unfavorable product mix, lower demand for industrial equipment and parts used in power and mining (including coal), a decrease in volume at Batesville, an increase in the effective tax rate, increased commodity and fuel costs at Batesville, and an increase in variable compensation. Foreign currency impact increased consolidated net income by less than 1%.

Adjusted EBITDA for 2017 compared to 2016 increased $13.9 (5%), primarily driven by the increased demand for plastics projects, screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and equipment and systems used in food and pharmaceutical applications, as well as increased earnings associated with the acquisition of Red Valve, pricing and productivity improvements, and savings related to restructuring actions taken in 2016. This increase in consolidated adjusted EBITDA was partially offset by unfavorable product mix, lower demand for industrial equipment and parts used in power and mining (including coal), a decrease in volume at Batesville, increased commodity and fuel costs at Batesville, and an increase in variable compensation. Foreign currency impact decreased adjusted EBITDA by less than 1%.

LIQUIDITY AND CAPITAL RESOURCES

In this section, we discuss our ability to access cash to meet business needs. We discuss how we see cash flow being affected for the next twelve months and how we intend to use it. We describe actual results in generating and utilizing cash by comparing 2018 to 2017 . Finally, we identify other significant matters, such as contractual obligations and contingent liabilities and commitments that could affect liquidity on an ongoing basis.

Ability to Access Cash

Our debt financing includes long-term notes and our Facility as part of our overall financing strategy. We believe we have ready access to capital markets and regularly review the optimal mix of fixed-rate and variable-rate debt. In addition to cash balances and our ability to access additional long-term financing, we had $797.0 of borrowing capacity available under the Facility as of September 30, 2018, of which $769.2 of borrowing capacity is immediately available based on our most restrictive covenant at September 30, 2018, with additional amounts available in the event of a qualifying acquisition. The available borrowing capacity reflects a reduction of $7.3 for outstanding letters of credit issued under the Facility. The Company may request an increase of up to $450.0 in the total borrowing capacity under the Facility, subject to approval of the lenders.

In the normal course of business, the Process Equipment Group provides to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of September 30, 2018, we had guarantee arrangements totaling $248.4 , under which $196.5 was utilized for this purpose. These arrangements include the €150.0 Syndicated Letter of Guarantee Facility Agreement entered into on March 8, 2018 (the "L/G Facility Agreement") by and among the Company and certain of its affiliates, the lenders party thereto, and Commerzbank Finance & Covered Bond S.A., acting as agent. Under the L/G Facility Agreement, unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The Company may request an increase to the total capacity under the L/G Facility Agreement by an additional €70.0, subject to approval of the lenders.

We have significant operations outside the U.S. The majority of foreign earnings is considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and intends to continue to make, substantial investments to support the ongoing development and growth of our international operations. Pursuant to the Tax Act, we have recognized a provisional accrued Transition Tax of $29.2 on the unrepatriated earnings of our foreign subsidiaries to be partially offset by current year foreign tax credits and foreign tax credit carryforwards of approximately $4.6. The cash at our international subsidiaries totaled $48.7 at September 30, 2018. With the enactment of the Tax Act, we continue to actively evaluate our future plans for deployment of this cash.

12-month Outlook

We believe the 12-month outlook for our business remains positive. Although cash flow from operations in the Process Equipment Group naturally experiences substantial fluctuations driven by changes in working capital requirements at Coperion (due to the type of product and geography of customer projects in process at any point in time), we believe we have significant flexibility to meet our financial commitments, including working capital needs, capital expenditures, and financing obligations.

We expect to continue to use a combination of some of our cash flows from operations and our Facility to fund acquisitions. In considering attractive targets, we often look for companies with a relatively low physical asset base, in order to limit the need to invest significant additional cash into targets post-acquisition.

The Tax Act will require the Company to pay tax on remitted earnings of its foreign subsidiaries in an estimated net amount of $24.6. The portion of this tax we anticipate to pay in the next twelve months is $2.0, with the remainder to be paid over the next seven years. In addition, we expect the lower corporate tax rate of 21% to benefit our cash flow in current and future periods; however, the amount and use of those benefits has not yet been determined.

Our anticipated contribution to our pension plans in 2019 is $10.0 . We will continue to monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and we may make additional discretionary funding decisions based on the net impact of the above factors.

We currently expect to pay quarterly cash dividends in the future comparable to those we paid in 2018, which will require approximately $13.0 each quarter based on our outstanding common stock at September 30, 2018. We are authorized by our Board of Directors to purchase up to $200.0 of our common stock in total under our existing share repurchase program, and may make such purchases, depending on market conditions and other needs for cash consistent with our growth strategy. At September 30, 2018, we had approximately $39.6 remaining for share repurchases under the existing authorization by the Board of Directors. See Part II, Item 5 within this Form 10-K for more information on share repurchases.

We believe existing cash, cash flows from operations, and the issuance of debt will be sufficient to fund our operating activities and cash commitments for investing and financing activities. Based on these factors, we believe our current liquidity position is strong and will continue to meet all of our financial commitments for the foreseeable future.

Cash Flows

	Year Ended September 30,		
(in millions)	**2018**	**2017**	**2016**
Cash flows provided by (used in)			
Operating activities	$ 248.3	$ 246.2	$ 238.2
Investing activities	(23.1)	(13.5)	(253.5)
Financing activities	(232.5)	(215.1)	21.6
Effect of exchange rate changes on cash and cash equivalents	(2.7)	(3.6)	(2.6)
(Decrease) increase in cash and cash equivalents	$ (10.0)	$ 14.0	$ 3.7

Operating Activities

Operating activities provided $248.3 of cash during 2018, and provided $246.2 of cash during 2017, a $2.1 (0.9%) increase . The increase in operating cash flow was primarily due to our $80.0 contribution to the Company's U.S. defined benefit pension plan in 2017 that did not repeat in 2018, partially offset by the timing of working capital requirements during 2018, and an increase of $20.7 in cash paid for taxes.

Operating activities provided $246.2 of cash during 2017, in contrast to providing $238.2 of cash during 2016, an $8.0 (3%) increase. This increase was primarily due to a decrease in working capital requirements within the Process Equipment Group, which was partially offset by the $80 contribution to our U.S. defined benefit pension plan in 2017. In addition, as a result of the pension contribution, tax payments were lower in 2017 by approximately $30. The decrease in working capital requirements was primarily driven by the timing of project orders, the associated advanced payments, and decreased payables to suppliers that were outstanding at the end of 2017.

Working capital requirements for the Process Equipment Group may continue to fluctuate in this manner due primarily to the type of product and geography of customer projects in process at any point in time. Working capital needs are lower when advance payments from customers are more heavily weighted toward the beginning of the project. Conversely, working capital needs are higher when a larger portion of the cash is to be received in later stages of manufacturing.

Investing Activities

The $9.6 increase in cash used in investing activities during 2018 was primarily due to an increase in capital expenditures, a decrease in return on investment capital from affiliates, and a decrease in proceeds from sales of property, plant, and equipment.

Cash used in investing activities in 2017 compared to 2016 decreased $240.0 primarily due to the 2016 acquisitions of Abel and Red Valve, partially offset by higher capital expenditures in 2017.

Financing Activities

Cash used in financing activities was largely impacted by net borrowing activity. Our general practice is to utilize our cash to pay down debt unless it is needed to fund an acquisition. Daily borrowing and repayment activity under the Facility may fluctuate significantly between periods as we fulfill the capital needs of our business units. Cash used in financing activities during 2018 was $232.5 , including $120.2 of debt repayments, net of proceeds. Cash used in financing activities in 2017 was $215.1 . The increase in cash used in financing activities was primarily due to an increase in payments on the Facility and an increase in repurchases of common stock in 2018. This increase was partially offset by borrowings used to fund the $80.0 contribution to the Company's U.S. defined benefit pension plan in 2017 that did not repeat in 2018 and a decrease in net proceeds on stock plans.

Cash used in financing activities in 2017 was $215.1 compared to cash provided by financing activities in 2016 of $21.6. We had net repayments of $147.2 in 2017 compared to net borrowings of $83.6 in 2016. The decrease in cash provided by financing activities was due primarily to borrowings used to fund the acquisitions of Abel and Red Valve in 2016 that did not repeat in 2017 and an increase in repurchases of common stock, partially offset by the borrowings used to fund the $80.0 contribution to the Company's U.S. defined benefit pension plan in 2017 and an increase in proceeds from stock plans.

We returned $52.1 to shareholders in 2018 in the form of quarterly dividends. We increased our quarterly dividend in 2018 to $0.2075 per common share from $0.2050 paid during 2017 and $0.2025 paid in 2016 . We repurchased approximately 1,385,600 shares of our common stock during 2018 , for a total cost of approximately $61.0 .

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements outside of those disclosed previously in the Ability to Access Cash section or the Contractual Obligations and Contingent Liabilities and Commitments section below.

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Contractual Obligations and Contingent Liabilities and Commitments

The following table summarizes our future obligations as of September 30, 2018 . This will help give you an understanding of the significance of cash outlays that are fixed beyond the normal accounts payable we have already incurred and have recorded in the financial statements.

	Payment Due by Period				
(in millions)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
10 year, 5.5% fixed rate senior unsecured notes	$ 150.0	$ —	$ 150.0	$ —	$ —
Revolving credit facility (1)	95.7	—	—	95.7	—
Series A Notes	100.0	—	—	—	100.0
Interest on financing agreements (2)	53.9	15.4	20.7	12.2	5.6
Operating lease obligations (noncancelable)	104.3	20.4	30.0	20.2	33.7
Purchase obligations (3)	290.6	258.6	31.5	0.5	—
Defined benefit plan funding (4)	127.8	10.6	20.9	20.2	76.1
Other long-term liabilities (5)	39.6	6.6	7.9	5.6	19.5
Total contractual obligations (6)	$ 961.9	$ 311.6	$ 261.0	$ 154.4	$ 234.9

(1) Our revolving credit facility expires in December 2022. Although we may make earlier principal payments, we have reflected the principal balance due at expiration.
(2) Cash obligations for interest requirements relate to our fixed-rate debt obligation at its contractual rate and borrowings under the variable-rate revolving credit facility at its current rate at September 30, 2018 .
(3) Agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.
(4) Includes both projected contributions to achieve minimum funding objectives and additional discretionary contributions, where currently planned.
(5) Includes the estimated liquidation of liabilities related to both our short-term and long-term casket pricing obligation, self-insurance reserves, and severance payments.
(6) We have excluded from the table our $12.1 liability related to uncertain tax positions as the current portion is not significant and we are not able to reasonably estimate the timing of the long-term portion.

Recently Issued and Adopted Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Note 2 to our financial statements included in Part II, Item 8, of this Form 10-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In this section, we tell you about market risks we think could have a significant impact on our bottom line or the financial strength of our Company. The term “market risk” generally means how results of operations and the value of assets and liabilities could be affected by market factors such as interest rates, currency exchange rates, the value of commodities, and debt and equity price risks. If those factors change significantly, it could help or hurt our bottom line, depending on how we react to them.

We are exposed to various market risks. We have established policies, procedures, and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks. Our primary exposures are to: fluctuations in market prices for purchases of certain commodities; volatility in interest rates associated with our revolving credit facility; volatility in the fair value of the assets held by our pension plans; and variability in exchange rates in foreign locations.

We are subject to market risk from fluctuating market prices of certain purchased commodity raw materials including steel, wood, red metals, and fuel. While these materials are typically available from multiple suppliers, commodity raw materials are subject to market price fluctuations. We generally buy these commodities based upon market prices that are established with the supplier as part of the purchasing process. We generally attempt to obtain firm pricing from our larger suppliers for volumes consistent with planned production. To the extent that commodity prices increase and we do not have firm pricing from our suppliers, or if our suppliers are not able to honor such prices, we may experience a decline in our gross margins to the extent we are not able to increase selling prices of our products or obtain supply chain efficiencies to offset increases in commodity costs.

At September 30, 2018 , we had $ 95.7 outstanding under our $900.0 revolving credit facility. We are subject to interest rate risk associated with our revolving credit facility, which bears a variable rate of interest that is based upon the lender's base rate or the LIBOR rate. The interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. Assuming these borrowings remain at $95.7 for 12 months, a one percentage point change in the related interest rates would increase or decrease our annual interest expense by approximately $1.0 . Based upon debt balances as of September 30, 2017 , a one percentage point change in the related interest rates would have increased or decreased our annual interest expense by approximately $1.7 (net of related interest rate swap impact).

Our pension plans' assets are also subject to volatility that can be caused by fluctuation s in general economic conditions. Plan assets are invested by the plans' fiduciaries, which direct investments according to specific policies. Those policies subject investments to the following restrictions in our domestic plan: short-term securities must be rated A2/P2 or higher, liability-hedging fixed income securities must have an average quality credit rating of investment grade, and investments in equities in any one company may not exceed 10% of the equity portfolio. Favorable or unfavorable investment performance over the long term will impact our pension expense if it deviates from our assumption related to future rate of return.

We are subject to variability in foreign currency exchange rates in our international operations. Exposure to this variability is periodically managed through the use of natural hedges and also by entering into currency exchange agreements. As of September 30, 2018 and 2017 , a 10% change in the foreign exchange rates affecting unhedged balance sheet exposures would have impacted pre-tax earnings by less than 1% .

The translation of the financial statements of our non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign exchange rates. These translation gains or losses are recorded as cumulative translation adjustments ("CTA") within accumulated other comprehensive loss on our balance sheet. The hypothetical change in CTA is calculated by multiplying the net assets of our non-U.S. operations by a 10% change in the applicable foreign exchange rates. The result of the appreciation or depreciation of all applicable currencies against the U.S. dollar would be a change in shareholders' equity of approximately $53 and $55 as of September 30, 2018 and 2017 .

Item 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control — Integrated Framework (2013 Framework)* . The Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our assessment under the criteria established in *Internal Control — Integrated Framework (2013 Framework),* issued by the COSO, management has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2018 .

The effectiveness of the Company's internal control over financial reporting as of September 30, 2018 , has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

By: /s/ Timothy C. Ryan

Timothy C. Ryan

Vice President, Controller and Chief Accounting Officer

By: /s/ Kristina A. Cerniglia

Kristina A. Cerniglia

Senior Vice President and Chief Financial Officer

By: /s/ Joe A. Raver

Joe A. Raver

President and Chief Executive Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Hillenbrand, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Hillenbrand, Inc. and its subsidiaries (the "Company") as of September 30, 2018 and 2017, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2018, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2018 and 2017 **,** and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for goodwill impairment in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

Indianapolis, Indiana

November 13, 2018

We have served as the Company's auditor since 2007.

HILLENBRAND, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)

	Year Ended September 30,		
	2018	2017	2016
Net revenue	$ 1,770.1	$ 1,590.2	$ 1,538.4
Cost of goods sold	1,127.2	998.9	967.8
Gross profit	642.9	591.3	570.6
Operating expenses	378.9	344.4	346.5
Amortization expense	30.2	29.2	33.0
Impairment charge	63.4	—	—
Interest expense	23.3	25.2	25.3
Other (expense) income, net	(0.6)	(4.2)	(1.7)
Income before income taxes	146.5	188.3	164.1
Income tax expense	65.3	59.9	47.3
Consolidated net income	81.2	128.4	116.8
Less: Net income attributable to noncontrolling interests	4.6	2.2	4.0
Net income (1)	$ 76.6	$ 126.2	$ 112.8
Net income (1) — per share of common stock			
Basic earnings per share	$ 1.21	$ 1.99	$ 1.78
Diluted earnings per share	$ 1.20	$ 1.97	$ 1.77
Weighted-average shares outstanding — basic	63.1	63.6	63.3
Weighted-average shares outstanding — diluted	63.8	64.0	63.8
Cash dividends per share	$ 0.8300	$ 0.8200	$ 0.8100

(1) Net income attributable to Hillenbrand

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Year Ended September 30,		
	2018	2017	2016
Consolidated net income	$ 81.2	$ 128.4	$ 116.8
Other comprehensive (loss) income, net of tax			
Currency translation	(7.9)	24.9	(9.8)
Pension and postretirement (net of tax of $1.3, $10.9, and $4.8)	4.3	22.2	(13.1)
Net unrealized (loss) gain on derivative instruments (net of tax of $0.0, $1.0, and $0.2)	(0.1)	1.7	0.7
Total other comprehensive income (loss), net of tax	(3.7)	48.8	(22.2)
Consolidated comprehensive income	77.5	177.2	94.6
Less: Comprehensive income attributable to noncontrolling interests	3.9	2.4	3.7
Comprehensive income [2]	$ 73.6	$ 174.8	$ 90.9

(2) Comprehensive income attributable to Hillenbrand

See Notes to Consolidated Financial Statements

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HILLENBRAND, INC.
CONSOLIDATED BALANCE SHEETS
(in millions)

	September 30, 2018	September 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 56.0	$ 66.0
Trade receivables, net	218.5	206.1
Receivables from long-term manufacturing contracts	120.3	125.2
Inventories	172.5	151.6
Prepaid expenses	25.2	28.2
Other current assets	18.1	16.5
Total current assets	610.6	593.6
Property, plant, and equipment, net	142.0	150.4
Intangible assets, net	487.3	523.9
Goodwill	581.9	647.5
Other assets	42.8	41.1
Total Assets	$ 1,864.6	$ 1,956.5
LIABILITIES		
Current Liabilities		
Trade accounts payable	$ 196.8	$ 158.0
Liabilities from long-term manufacturing contracts and advances	125.9	132.3
Current portion of long-term debt	—	18.8
Accrued compensation	71.9	66.9
Other current liabilities	137.1	135.7
Total current liabilities	531.7	511.7
Long-term debt	344.6	446.9
Accrued pension and postretirement healthcare	120.5	129.6
Deferred income taxes	76.4	75.7
Other long-term liabilities	47.3	26.7
Total Liabilities	1,120.5	1,190.6
Commitments and contingencies (Note 11)		
SHAREHOLDERS' EQUITY		
Common stock, no par value (63.9 and 63.8 shares issued, 62.3 and 63.1 shares outstanding)	—	—
Additional paid-in capital	351.4	349.9
Retained earnings	531.0	507.1
Treasury stock (1.6 and 0.7 shares)	(67.1)	(24.4)
Accumulated other comprehensive loss	(84.2)	(81.2)
Hillenbrand Shareholders' Equity	731.1	751.4
Noncontrolling interests	13.0	14.5
Total Shareholders' Equity	744.1	765.9
Total Liabilities and Equity	$ 1,864.6	$ 1,956.5

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended September 30,		
	2018	2017	2016
Operating Activities			
Consolidated net income	$ 81.2	$ 128.4	$ 116.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	56.5	56.6	60.4
Impairment charges	63.4	—	2.2
Deferred income taxes	3.7	37.1	(4.7)
Net loss (gain) on disposal or impairment of property	0.7	(4.6)	0.3
Equity in net loss (income) from affiliates	—	0.4	(0.3)
Share-based compensation	12.1	10.5	8.5
Trade accounts receivable and receivables on long-term manufacturing contracts	(13.0)	10.7	9.7
Inventories	(24.0)	5.4	11.3
Prepaid expenses and other current assets	(0.1)	(6.2)	5.5
Trade accounts payable	41.6	17.2	30.2
Accrued expenses and other current liabilities	5.8	64.6	(10.7)
Income taxes payable	23.0	4.8	3.8
Defined benefit plan funding	(10.9)	(90.6)	(15.5)
Defined benefit plan expense	3.6	6.4	11.9
Other, net	4.7	5.5	8.8
Net cash provided by operating activities	248.3	246.2	238.2
Investing Activities			
Capital expenditures	(27.0)	(22.0)	(21.2)
Proceeds from sales of property, plant, and equipment	3.7	5.7	2.0
Acquisitions of businesses, net of cash acquired	—	—	(235.4)
Return of investment capital from affiliates	—	3.2	1.1
Other, net	0.2	(0.4)	—
Net cash used in investing activities	(23.1)	(13.5)	(253.5)
Financing Activities			
Repayments on term loan	(148.5)	(13.5)	(9.0)
Proceeds from revolving credit facility, net of financing costs	1,094.0	819.3	719.8
Repayments on revolving credit facility	(1,065.7)	(953.0)	(627.2)
Payment of dividends on common stock	(52.1)	(51.9)	(51.1)
Repurchases of common stock	(61.0)	(28.0)	(21.2)
Net proceeds on stock plans	7.1	13.7	11.1
Other, net	(6.3)	(1.7)	(0.8)
Net cash (used in) provided by financing activities	(232.5)	(215.1)	21.6
Effect of exchange rate changes on cash and cash equivalents	(2.7)	(3.6)	(2.6)
Net cash flows	(10.0)	14.0	3.7
Cash and cash equivalents:			
At beginning of period	66.0	52.0	48.3
At end of period	$ 56.0	$ 66.0	$ 52.0
Cash paid for interest	$ 20.7	$ 20.3	$ 22.7
Cash paid for income taxes	$ 38.9	$ 18.2	$ 48.0

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Shareholders of Hillenbrand, Inc.							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares			Shares	Amount			
Balance at September 30, 2015	**63.6**	**$ 350.9**	**$ 372.1**	**0.7**	**$ (21.0)**	**$ (107.9)**	**$ 11.7**	**$ 605.8**
Total other comprehensive loss, net of tax	—	—	—	—	—	(21.9)	(0.3)	(22.2)
Net income	—	—	112.8	—	—	—	4.0	116.8
Issuance/retirement of stock for stock awards/options	0.1	(11.2)	—	(0.7)	22.3	—	—	11.1
Share-based compensation	—	8.5	—	—	—	—	—	8.5
Purchases of common stock	—	—	—	0.7	(21.2)	—	—	(21.2)
Dividends	—	0.5	(51.6)	—	—	—	(1.5)	(52.6)
Balance at September 30, 2016	**63.7**	**348.7**	**433.3**	**0.7**	**(19.9)**	**(129.8)**	**13.9**	**646.2**
Total other comprehensive loss, net of tax	—	—	—	—	—	48.6	0.2	48.8
Net income	—	—	126.2	—	—	—	2.2	128.4
Issuance/retirement of stock for stock awards/options	0.1	(9.8)	—	(0.7)	23.5	—	—	13.7
Share-based compensation	—	10.5	—	—	—	—	—	10.5
Purchases of common stock	—	—	—	0.7	(28.0)	—	—	(28.0)
Dividends	—	0.5	(52.4)	—	—	—	(1.8)	(53.7)
Balance at September 30, 2017	**63.8**	**349.9**	**507.1**	**0.7**	**(24.4)**	**(81.2)**	**14.5**	**765.9**
Total other comprehensive income, net of tax	—	—	—	—	—	(3.0)	(0.7)	(3.7)
Net income	—	—	76.6	—	—	—	4.6	81.2
Issuance/retirement of stock for stock awards/options	0.1	(11.2)	—	(0.5)	18.3	—	—	7.1
Share-based compensation	—	12.1	—	—	—	—	—	12.1
Purchases of common stock	—	—	—	1.4	(61.0)	—	—	(61.0)
Dividends	—	0.6	(52.7)	—	—	—	(5.4)	(57.5)
Balance at September 30, 2018	**63.9**	**$ 351.4**	**$ 531.0**	**1.6**	**$ (67.1)**	**$ (84.2)**	**$ 13.0**	**$ 744.1**

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)

1. Background

Hillenbrand, Inc. ("Hillenbrand") is a global diversified industrial company with multiple leading brands that serve a wide variety of industries around the world. We strive to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the Hillenbrand Operating Model ("HOM"). The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes our mission, vision, values and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make our businesses both bigger and better. Our goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM. Hillenbrand's portfolio is composed of two business segments: the Process Equipment Group and Batesville ®. The Process Equipment Group businesses design, develop, manufacture, and service highly engineered industrial equipment around the world. Batesville is a recognized leader in the death care industry in North America. "Hillenbrand," "the Company," "we," "us," "our," and similar words refer to Hillenbrand and its subsidiaries unless context otherwise requires.

2. Summary of Significant Accounting Policies

Basis of presentation — The accompanying consolidated financial statements include the accounts of Hillenbrand and its subsidiaries. They also include two subsidiaries where the Company's ownership percentage is less than 100% . The portion of the business that is not owned by the Company is presented as noncontrolling interests within equity in the balance sheets. Income attributable to the noncontrolling interests is separately reported within the statements of income. All significant intercompany accounts and transactions have been eliminated.

Use of estimates — We prepared the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. ("GAAP"). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency translation — The financial statements of our foreign subsidiaries are translated into U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive loss in shareholders' equity. When a transaction is denominated in a currency other than the subsidiary's functional currency, we recognize a transaction gain or loss in "other (expense) income, net" when the transaction is settled.

Cash and cash equivalents include short-term investments with original maturities of three months or less. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Restricted cash - Restricted cash of $0.5 and $0.8 are included in Other current assets in the Consolidated Balance Sheets at September 30, 2018 and 2017.

Trade receivables are recorded at the invoiced amount and generally do not bear interest, unless they become past due. The allowance for doubtful accounts is a best estimate of the amount of probable credit losses and collection risk in the existing accounts receivable portfolio. The allowance for cash discounts and sales returns reserve are based upon historical experience and trends. Account balances are charged against the allowance when we believe it is probable the receivable will not be recovered. We generally hold trade accounts receivable until they are collected. At September 30, 2018 and 2017 , we had reserves against trade receivables of $22.2 and $21.6 .

Inventories are valued at the lower of cost or market. Inventory costs are determined by the last-in, first-out ("LIFO") method for approximately 30% and 32% of inventories at September 30, 2018 and 2017 . Costs of remaining inventories have been determined principally by the first-in, first-out ("FIFO") and average cost methods. If the FIFO method of inventory accounting, which approximates current cost, had been used for inventory accounted for using the LIFO method, that inventory would have been approximately $15.7 and $15.0 higher than reported at September 30, 2018 and 2017 .

	September 30,	
	2018	2017
Raw materials and components	$ 68.3	$ 52.6
Work in process	44.7	55.4
Finished goods	59.5	43.6
Total inventories	$ 172.5	$ 151.6

Property, plant, and equipment are carried at cost less accumulated depreciation. Depreciation is computed using principally the straight-line method based on estimated useful lives of three to 50 years for buildings and improvements and three to 25 years for machinery and equipment. Maintenance and repairs are expensed as incurred. Upon disposal or retirement, the cost and accumulated depreciation of assets are eliminated. Any gain or loss is reflected in the Company's income from operations. We review these assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. The impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value. Total depreciation expense for 2018 , 2017 , and 2016 was $23.4 , $25.4 , and $25.6 .

	September 30, 2018		September 30, 2017	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and land improvements	$ 15.0	$ (3.3)	$ 15.9	$ (3.5)
Buildings and building equipment	102.3	(60.7)	110.5	(68.0)
Machinery and equipment	328.5	(239.8)	335.8	(240.3)
Total	$ 445.8	$ (303.8)	$ 462.2	$ (311.8)

Intangible assets are stated at the lower of cost or fair value. With the exception of certain trade names, intangible assets are amortized on a straight-line basis over periods ranging from three to 21 years, representing the period over which we expect to receive future economic benefits from these assets. We assess the carrying value of trade names annually, or more often if events or changes in circumstances indicate there may be impairment. Estimated amortization expense related to intangible assets for the next five years is: $32.1 in 2019 , $31.5 in 2020 , $30.4 in 2021 , $29.2 in 2022 , and $28.8 in 2023 .

	September 30, 2018		September 30, 2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Finite-lived assets:				
Trade names	$ 0.2	$ (0.2)	$ 0.2	$ (0.1)
Customer relationships	464.5	(148.4)	468.7	(125.9)
Technology, including patents	79.6	(45.1)	80.7	(39.9)
Software	58.0	(48.9)	48.3	(41.5)
Other	0.2	(0.2)	0.2	(0.2)
	602.5	(242.8)	598.1	(207.6)
Indefinite-lived assets:				
Trade names	127.6	—	133.4	—
Total	$ 730.1	$ (242.8)	$ 731.5	$ (207.6)

The net change in intangible assets during the year ended September 30, 2018 was driven by normal amortization, foreign currency translation, and an impairment charge on certain trade names. An impairment charge of $4.6 pre-tax ($3.5 after tax) was recorded during the quarter ended March 31, 2018 for trade names most directly impacted by domestic coal mining and coal power. As of September 30, 2018, we had approximately $4 of trade name book value remaining in the Process Equipment Group segment most directly impacted by domestic coal mining and coal power. In conjunction with our impairment testing, we also reassessed the useful lives of other definite-lived intangible assets specific to the intangibles impacted by domestic coal mining and coal power, resulting in no significant changes in amortization.

In the third quarter of 2016, the Company recorded a trade name impairment charge of $2.2 , included in operating expenses, on two trade names related to the Process Equipment Group segment. The decline in the estimated fair value of these trade names was largely driven by the decreased demand for equipment and parts used in coal mining and coal power.

As a result of the required annual impairment assessment performed in the third quarter of 2018, the fair value of trade names was determined to meet or exceed the carrying value for all trade names, resulting in no further impairment to trade names.

Goodwill is not amortized, but is subject to annual impairment tests. Goodwill has been assigned to reporting units. We assess the carrying value of goodwill annually, or more often if events or changes in circumstances indicate there may be impairment. Impairment testing is performed at a reporting unit level.

	Process Equipment Group	Batesville	Total
Balance September 30, 2016	$ 626.0	$ 8.3	$ 634.3
Adjustments	(0.9)	—	(0.9)
Foreign currency adjustments	14.1	—	14.1
Balance September 30, 2017	639.2	8.3	647.5
Impairment charge	(58.8)	—	(58.8)
Foreign currency adjustments	(6.8)	—	(6.8)
Balance September 30, 2018	$ 573.6	$ 8.3	$ 581.9

In connection with the preparation of the quarterly financial statements for the second quarter of 2018, an interim impairment assessment was performed at the reporting unit most directly impacted by domestic coal mining and coal power. During the quarter ended March 31, 2018, published industry reports reduced their forecasts for domestic coal production and consumption. The reporting unit also experienced a larger than expected decline in orders for equipment and parts used in the domestic coal mining and coal power industries. In conjunction with these events and as part of the long-term strategic forecasting process, the Company made the decision to redirect strategic investments for growth, significantly reducing the reporting unit's terminal growth rate. As a result of this change in expected future cash flows, along with comparable fair value information, management concluded that the reporting unit carrying value exceeded its fair value, resulting in a goodwill impairment charge of $58.8 . The pre-impairment goodwill balance for the reporting unit was $71.3 . A 10% further reduction in the fair value of this reporting unit would indicate a potential additional impairment of $7.4 .

Environmental liabilities — Expenditures that relate to an existing condition caused by past operations which do not contribute to current or future revenue generation are expensed. A reserve is established when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These reserves are determined without consideration of possible loss recoveries. Based on consultations with an environmental engineer, the range of liability is estimated based on current interpretations of environmental laws and regulations. A determination is made of the specific measures that are believed to be required to remediate the site, the estimated total cost to carry out the remediation plan, and the periods in which we will make payments toward the remediation plan. We do not make an estimate of inflation for environmental matters because the number of sites is relatively small, we believe the magnitude of costs to execute remediation plans is not significant, and the estimated time frames to remediate sites are not believed to be lengthy.

Specific costs included in environmental expense and reserves include site assessment, remediation plan development, clean-up costs, post-remediation expenditures, monitoring, fines, penalties, and legal fees. The amount reserved represents the expected undiscounted future cash outflows associated with such plans and actions and we believe is not significant to Hillenbrand.

Self-insurance — We are self-funded up to certain limits for product and general liability, workers compensation, and auto liability insurance programs, as well as certain employee health benefits including medical, drug, and dental. Claims covered by insurance have in most instances deductibles and self-funded retentions up to $0.5 per occurrence, depending upon the type of coverage and policy period. Our policy is to estimate reserves for product and general liability, workers compensation, and auto liability based upon a number of factors, including known claims, estimated incurred but not reported claims, and outside actuarial analysis. The outside actuarial analysis is based on historical information along with certain assumptions about future events. These reserves are classified as other current and other long-term liabilities within the balance sheets.

Treasury stock consists of our common shares that have been issued but subsequently reacquired. We account for treasury stock purchases under the cost method. When these shares are reissued, we use an average-cost method to determine cost. Proceeds in excess of cost are credited to additional paid-in capital.

On July 24, 2008, our Board of Directors approved a stock repurchase program for the repurchase of up to $100.0 of our common stock. On February 23, 2017, our Board of Directors approved an increase of $100.0 to the existing stock repurchase program. The authorization brings the maximum cumulative repurchase authorization up to $200.0 . The repurchase program has no expiration date, but may be terminated by the Board of Directors at any time. As of September 30, 2018 , we had repurchased approximately 4,950,000 shares for approximately $160.4 in the aggregate. Such shares were classified as treasury stock. We repurchased approximately 1,385,600 shares of our common stock during 2018 , at a total cost of approximately $61.0 . In 2018 and 2017 , approximately 500,000 shares and 700,000 shares were issued from treasury stock under our stock compensation programs. At September 30, 2018 , we had approximately $39.6 remaining for share repurchases under the existing Board authorization.

Preferred stock — The Company has authorized 1,000,000 shares of preferred stock (no par value), of which no shares were issued at September 30, 2018 and 2017 .

Accumulated other comprehensive loss includes all changes in Hillenbrand shareholders' equity during the period except those that resulted from investments by or distributions to our shareholders.

	September 30,	
	2018	2017
Currency translation	$ (44.1)	$ (36.9)
Pension and postretirement (net of taxes of $22.3 and $23.4)	(41.0)	(45.3)
Unrealized gain (loss) on derivative instruments (net of taxes of $0.3 and $0.8)	0.9	1.0
Accumulated other comprehensive loss	$ (84.2)	$ (81.2)

Revenue recognition — Net revenue includes gross revenue less sales discounts, customer rebates, sales incentives, and product returns, all of which require us to make estimates for the portion of these allowances that have yet to be credited or paid to our customers. We estimate these allowances based upon historical rates and projections of customer purchases toward contractual rebate thresholds.

A portion of Hillenbrand's revenue is derived from long-term manufacturing contracts. The majority of this revenue is recognized based on the percentage-of-completion method. Under this method, revenue is recognized based upon the costs incurred to date as compared to the total estimated project costs. Approximately 25% , 25% , and 24% of Hillenbrand's revenue was attributable to these long-term manufacturing contracts for 2018 , 2017 , and 2016 .

Accounting for these contracts involves management judgment in estimating total contract revenue and cost. Contract revenues are largely determined by negotiated contract prices and quantities, modified by our assumptions regarding contract options, change orders, and incentive and award provisions associated with technical performance clauses. Contract costs are incurred over longer periods of time and, accordingly, the estimation of these costs requires management judgment. Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends, and other economic projections. Significant factors that influence these estimates include inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization, and anticipated labor agreements. Revenue and cost estimates are regularly monitored and revised based on changes in circumstances. Anticipated losses on long-term contracts are recognized immediately when such losses become evident. We maintain financial controls over the customer qualification, contract pricing, and estimation processes to reduce the risk of contract losses.

Revenue for components, most replacement parts, and service is recognized when title and risk of loss passes to the customer.

Cost of goods sold consists primarily of purchased material costs, fixed manufacturing expense, variable direct labor, and overhead costs. It also includes costs associated with the distribution and delivery of products.

Research and development costs are expensed as incurred as a component of operating expenses and were $11.7 , $11.9 , and $12.6 for 2018 , 2017 , and 2016 .

Warranty costs — We provide for the estimated warranty cost of a product at the time revenue is recognized. Warranty expense is accrued based upon historical information and may also include specific provisions for known conditions. Warranty obligations are affected by actual product performance and by material usage and service costs incurred in making product corrections. Our warranty provision takes into account the best estimate of amounts necessary to settle future and existing claims on products sold. The Process Equipment Group generally offers a one to two -year warranty on a majority of its products. It engages in extensive product quality programs and processes in an effort to minimize warranty obligations, including active monitoring and evaluation of the quality of component suppliers. Warranty reserves were $16.9 and $15.8 for 2018 and 2017 . Warranty costs were $3.3 , $4.1 , and $4.3 for 2018 , 2017 , and 2016 .

Income taxes — On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code that will impact our fiscal year ended September 30, 2018 including, but not limited to (a) reducing the U.S. federal corporate tax rate, (b) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries ("Transition Tax"), and (c) accelerating expensing of certain capital expenditures. The Tax Act reduced the federal corporate tax rate from 35% to 21% . The Internal Revenue Code stipulates that our fiscal year ending September 30, 2018 had a blended corporate tax rate of 24.5% , which is based on a proration of the applicable tax rates before and after the effective date of the Tax Act. The statutory tax rate of 21% will apply to future years. Furthermore, certain provisions of the Tax Act, such as the repeal of the Domestic Production Activities Deduction, Global Intangible Low-Taxed Income, Foreign Derived Intangible Income Deduction, and the Base Erosion Anti-Avoidance Tax, are not effective until our fiscal year ending September 30, 2019.

Shortly after the Tax Act was enacted, the SEC staff issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118") which provides guidance on accounting for the Tax Act's impact. SAB 118 provides a measurement period, which in no case should extend beyond one year from the Tax Act enactment date, during which a company acting in good faith may complete the accounting for the impacts of the Tax Act under Accounting Standards Codification Topic 740 ("ASC 740"). Per SAB 118, the Company must reflect the income tax effects of the Tax Act in the reporting period in which the accounting under ASC 740 is complete.

In accordance with SAB 118, to the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, the company can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements in the first reporting period in which a reasonable estimate can be determined. If a company cannot determine a provisional estimate to be included in the financial statements, the company should continue to apply ASC 740 based on the provisions of the tax laws that were in effect immediately prior to the Tax Act being enacted. If a company is unable to provide a reasonable estimate of the impacts of the Tax Act in a reporting period, a provisional amount must be recorded in the first reporting period in which a reasonable estimate can be determined.

The impact of the federal tax rate reduction from 35.0% to 24.5% was recognized in the rate applied to earnings. We have reflected the tax effect of temporary differences originating in the current period at the 24.5% federal tax rate and have recognized the deferred tax effect of such differences that will reverse in future periods at the 21% federal tax rate. We recorded a provisional net expense for the transition tax during the quarter ended December 31, 2017 and have revised the estimate during the period ended September 30, 2018. While we have recorded a reasonable estimate of the transition tax certain other information is still being gathered in order to verify the foreign taxes paid and other information. We will record a final revision to the provisional transition tax liability during the quarter ending December 31, 2018.

We establish deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined in part based on the differences between the accounting treatment of tax assets and liabilities under GAAP and the tax basis of assets and liabilities using statutory tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in statutory tax rates on deferred tax assets and liabilities is recognized in net income in the period that includes the enactment date. We continue to assert that most of the cash at our foreign subsidiaries represents earnings considered to be permanently reinvested for which deferred taxes have not been provided for in our financial statements, as we do not intend, nor do we foresee a need, to repatriate these funds. However, with the enactment of the Tax Act, we are evaluating our future cash deployment and may change our permanent reinvestment assertion in future periods.

We have a variety of deferred income tax assets in numerous tax jurisdictions. The recoverability of these deferred income tax assets is assessed periodically and valuation allowances are recognized if it is determined that it is more likely than not that the benefits will not be realized. When performing this assessment, we consider future taxable income, the reversal of existing temporary differences, and tax planning strategies. We account for accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Derivative financial instruments — The Company has hedging programs in place to manage its currency exposures. The objectives of our hedging programs are to mitigate exposures in gross margin and non-functional-currency-denominated assets and liabilities. Under these programs, we use derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. These include foreign currency exchange forward contracts, which generally have terms up to 24 months .

We require that hedging derivative instruments be highly effective in reducing the risk exposure that they are designated to hedge. As a result, there was no significant ineffectiveness from any of our derivative activities during the period. We formally designate any instrument that meets these hedging criteria as a hedge.

The aggregate notional amount of all derivative instruments was $152.6 and $262.4 at September 30, 2018 and 2017 .

We measure all derivative instruments at fair value and report them on our balance sheets as assets or liabilities. Contracts designated as hedges for customer orders or intercompany purchases have an offsetting tax-adjusted amount in accumulated other comprehensive gain (loss). Foreign exchange contracts designated to hedge foreign currency exposures within our balance sheet have an offsetting amount recorded in “Other (expense) income, net”. The cash flows from such hedges are presented in the same category in the Company’s Consolidated Statement of Cash Flows as the items being hedged.

The carrying value of all of derivative instruments at fair value resulted in assets of $1.9 and $3.8 (included in other current assets and other assets) and liabilities of $2.2 and $2.3 (included in other current liabilities) at September 30, 2018 and 2017 . See Note 13 for additional information on the fair value of our derivative instruments.

Changes in the fair value of derivatives are accounted for depending on the intended use of the derivative, designation of the hedging relationship, and whether or not the criteria to apply hedge accounting has been satisfied. Gains and losses on derivative instruments reported in accumulated other comprehensive gain (loss) are subsequently included in earnings in the periods in which earnings are affected by the hedged item. The amounts recognized in accumulated other comprehensive income (loss) and subsequently through earnings were not significant from 2016 through 2018 . Net gains and losses on foreign exchange contracts offset foreign exchange effects on the hedged items. The Company does not enter into derivative contracts for purposes of speculation.

Business acquisitions and related business acquisition and integration costs — Assets and liabilities associated with business acquisitions are recorded at fair value, using the acquisition method of accounting. We allocate the purchase price of acquisitions based upon the fair value of each component, which may be derived from observable or unobservable inputs and assumptions. We may utilize third-party valuation specialists to assist us in this allocation. Initial purchase price allocations are preliminary and subject to revision within the measurement period, generally not to exceed one year from the date of acquisition.

Business acquisition, development, and integration costs are expensed as incurred and are reported as a component of cost of goods sold, operating expenses, interest expense, and “other (expense) income, net,” depending on the nature of the cost. We define these costs to include finder’s fees, advisory, legal, accounting, valuation, and other professional or consulting fees, as well as travel associated with the evaluation and effort to acquire specific businesses. Business acquisition and integration costs also include costs associated with acquisition tax planning, retention bonuses, and related integration costs. These costs exclude the ongoing expenses of our business development department.

Restructuring costs may occur when we take action to exit or significantly curtail a part of our operations or change the deployment of assets or personnel. A restructuring charge can consist of an impairment or accelerated depreciation of affected assets, severance costs associated with reductions to the workforce, costs to terminate an operating lease or contract, and charges for legal obligations for which no future benefit will be derived.

Recently adopted accounting standards — In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2017-04, *Simplifying the Test for Goodwill Impairment.* ASU 2017-04 eliminates Step 2 from the goodwill impairment test and modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. We early adopted this standard for fiscal year 2018. See Critical Accounting Estimates within this Form 10-K for further information on the impact this adoption had on our consolidated results of operations, financial position, and cash flows.

Recently issued accounting standards — In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* . ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires significant disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU 2014-09 will be effective for our fiscal year beginning on October 1, 2018, including interim periods within that reporting period, and allows for either full retrospective adoption or modified retrospective adoption.

Based on our assessment, which included a comparison of our existing accounting policies and practices against the new standard and a review of contracts, we believe the key areas of consideration for our financial statements include percentage-of-completion accounting, separate performance obligations, and related revenue recognized over time. We have executed our implementation plan and have developed new accounting policies and created draft disclosures under the new standard. We are also evaluating changes in our internal controls over revenue recognition and continue to implement system changes and enhancements to facilitate the collection of data required for disclosures under the new standard. As previously disclosed, we expect to adopt this new standard using the modified retrospective method, which would result in a cumulative effect adjustment as of the date of adoption. We currently believe the most significant impact of the adoption of this standard relates to the increased financial statement disclosures. We currently do not expect the adoption of ASU 2014-09 to have a material impact on our consolidated results of operations, financial position, and cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases* . ASU 2016-02 requires lessees to recognize a right of use asset and related lease liability for leases that have terms of more than twelve months. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance, with the classifications based on criteria that are similar to those applied under the current lease guidance, without the explicit bright lines. The FASB has also issued several updates to ASU 2016-02. ASU 2016-02 will be effective for our fiscal year beginning on October 1, 2019, with early adoption permitted. We are currently evaluating the impact that ASU 2016-02 will have on our consolidated financial statements, and expect that there will be increases in assets and liabilities in our Consolidated Balance Sheets upon adoption, due to the recognition of right-of-use assets and corresponding lease liabilities.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Statements.* ASU 2016-13 replaces the current incurred loss impairment model with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. ASU 2016-13 will be effective for our fiscal year beginning on October 1, 2020, with early adoption permitted for our fiscal year beginning October 1, 2019. We are currently evaluating the impact that ASU 2016-13 will have on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash.* ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-17 will be effective for our fiscal year beginning on October 1, 2018. We expect the adoption of ASU 2016-18 to have a financial statement presentation and disclosure impact only.

In January 2017, the FASB issued ASU 2017-01, *Clarifying the Definition of a Business* . ASU 2017-01 assists entities in determining whether a transaction involves an asset or a business. Specifically, it states that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. If this initial test is not met, a set cannot be considered a business unless it includes an input and a substantive process that together significantly contribute to the ability to create output. ASU 2017-01 will be effective for our fiscal year beginning on October 1, 2018. We are currently evaluating ASU 2017-01, but do not expect its adoption will have a significant impact on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* . ASU 2017-07 states that an employer must report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period and present the other components of net benefit cost (as defined in paragraphs 715-30-35-4 and 715-60-35-9) in the income statement separately from the service cost component and outside a subtotal of income from operations (if one is presented). In addition, ASU 2017-07 limits the capitalization of compensation costs to the service cost component only (if capitalization is appropriate). ASU 2017-07 will be effective for our fiscal year beginning on October 1, 2018. We do not expect the adoption of ASU 2017-07 to have a material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting.* ASU 2017-09 clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications (in accordance with Topic 718). The new guidance will provide relief to entities that make non-substantive changes to share-based payment awards. ASU 2017-09 will be effective for our fiscal year beginning on October 1,

2018. The amendment would be applied prospectively to an award modified on or after the adoption date. We do not expect ASU 2017-09 to have a significant impact on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.* ASU 2017-12 intends to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments expand and refine hedge accounting for both nonfinancial and financial risk components, and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. In addition, this ASU makes certain targeted improvements to simplify the application of hedge accounting guidance. ASU 2017-12 will be effective for our fiscal year beginning on October 1, 2019, with early adoption permitted. The amendment would be applied to hedging relationships existing on the date of adoption and the effect of adoption would be reflected as of the beginning of the fiscal year of adoption (that is, the initial application date). We are currently evaluating the impact that ASU 2017-12 will have on our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* . ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. The amendments in this ASU also require certain disclosures about stranded tax effects. The amendments eliminate the stranded tax effects resulting from the Tax Act and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. ASU 2018-02 will be effective for our fiscal year beginning on October 1, 2019, with early adoption permitted. We are currently evaluating the impact that ASU 2018-02 will have on our consolidated financial statements.

3. Business Acquisitions

Abel

We completed the acquisition of Abel Pumps LP and Abel GmbH & Co. KG and certain of their affiliates (collectively “Abel”) on October 2, 2015, for €95 in cash. We utilized borrowings under our former $700.0 revolving credit facility and former $180.0 term loan to fund this acquisition. Based in Büchen, Germany, Abel is a globally-recognized leader in positive displacement pumps. Abel specializes in designing, developing, and manufacturing piston and piston diaphragm pumps as well as pumping solutions and in providing related parts and service. This equipment is sold under the ABEL ® Pump Technology brand in the power generation, wastewater treatment, mining, general industry, and marine markets. The results of Abel are reported in our Process Equipment Group segment for the relevant periods.

Based on the final purchase allocation, we recorded goodwill of $36 and acquired identifiable intangible assets of $58 , which consisted of $5 of trade names not subject to amortization, $9 of developed technology, $3 of backlog, and $41 of customer relationships. In addition, we recorded $14 of net tangible assets, primarily working capital. Goodwill is deductible for tax purposes in Germany. Supplemental proforma information has not been provided as the acquisition did not have a material impact on consolidated results of operations.

Red Valve

On February 1, 2016, we completed the acquisition of Red Valve Company, Inc. (“Red Valve”) for $130.4 in cash, net of certain adjustments. We utilized borrowings under our former $700.0 revolving credit facility and former $180.0 term loan to fund this acquisition. Based in Carnegie, Pennsylvania, Red Valve is a global leader in highly-engineered valves designed to operate in the harshest municipal and industrial wastewater environments. Its products support mission critical applications in water/wastewater, power and mining, and other general industrial markets. The results of Red Valve are reported in our Process Equipment Group segment for the relevant periods.

Based on the final purchase allocation, we recorded goodwill of $59 and acquired identifiable intangible assets of $61 , which consisted of $4 of trade names not subject to amortization, $8 of developed technology, $1 of backlog, and $48 of customer relationships. In addition, we recorded $10 of net tangible assets, primarily working capital. Goodwill is deductible for tax purposes. Supplemental proforma information has not been provided, as the acquisition did not have a material impact on consolidated results of operations.

Both of these acquisitions continue Hillenbrand’s strategy to transform into a world-class global diversified industrial company by increasing our ability to expand into new markets and geographies within the highly attractive flow control space. The fair value of these acquisitions did not ascribe a significant amount to tangible assets, as we often seek to acquire companies with a relatively low physical asset base in order to limit the need to invest significant additional cash post-acquisition.

4. Financing Agreements

	September 30,			
	2018		2017	
$900 revolving credit facility (excluding outstanding letters of credit)	$	95.7	$	68.0
$180 term loan		—		148.5
$150 senior unsecured notes, net of discount (1)		149.3		148.9
$100 Series A Notes (2)		99.6		99.7
Other		—		0.6
Total debt		344.6		465.7
Less: current portion		—		18.8
Total long-term debt	$	344.6	$	446.9

(1) Includes debt issuance costs of $0.4 and $0.6 at September 30, 2018 and September 30, 2017.

(2) Includes debt issuance costs of $0.4 and $0.3 at September 30, 2018 and September 30, 2017.

The following table summarizes the scheduled maturities of long-term debt for 2019 through 2023 :

	Amount	
2019	$	—
2020		150.0
2021		—
2022		—
2023		95.7

On December 8, 2017, the Company entered into a Second Amended and Restated Credit Agreement (the “Credit Agreement”), which governs our revolving credit facility (the “Facility”), by and among the Company and certain of its affiliates, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement amended and extended the Company’s former credit agreement which provided for a revolving credit facility of up to $700.0 in aggregate principal amount and a term loan in an original principal amount of $180.0 .

The Credit Agreement increased the maximum principal amount available for borrowing under the Facility from $700.0 to $900.0 . In connection with the Credit Agreement, the Company repaid the existing term loan in full with borrowings under the Facility. The aggregate principal amount available for borrowing under the Credit Agreement may be expanded, subject to the approval of the lenders, by an additional $450.0 . The Credit Agreement extended the maturity date of the Facility to December 8, 2022. New deferred financing costs related to the Credit Agreement were $2.1 , which along with existing costs of $1.0 , are being amortized to interest expense over the term of the Facility.

Borrowings under the Facility bear interest at variable rates plus a margin amount based upon our leverage. There is also a facility fee based upon our leverage. All revolving amounts due under the Facility mature upon expiration. These borrowings are classified as long-term. The Facility is an unsubordinated obligation of Hillenbrand and ranks equally in right of payment with all our other existing and future unsubordinated obligations.

With respect to the Facility, as of September 30, 2018 , we had $7.3 in outstanding letters of credit issued and $797.0 of maximum borrowing capacity. Of the maximum borrowing capacity, $769.2 was immediately available based on our leverage covenant at September 30, 2018 , with additional amounts available in the event of a qualifying acquisition. The weighted-average interest rates on borrowings under the Facility were 1.83% and 1.40% for 2018 and 2017 . The weighted average facility fee was 0.15% and 0.23% for 2018 and 2017 . The weighted-average interest rate on the Facility’s term loan was 2.60% for 2018 (until the date of repayment) and 2.27% for 2017 .

We had interest rate swaps on $50.0 of outstanding borrowings under the Facility in order to manage exposure to our variable interest payments. We terminated these swaps in the fourth quarter of 2018, and the related amounts were released from accumulated other comprehensive loss to other (expense) income, net.

In July 2010, we issued $150 of senior unsecured notes ("Notes") due July 2020. The Notes bear interest at a fixed rate of 5.5% per year, payable semi-annually in arrears beginning January 2011. The Notes were issued at a discount of $1.6 , resulting in an initial carrying value of $148.4 . We are amortizing the discount to interest expense over the term of the Notes using the effective interest rate method, resulting in an annual interest rate of 5.65% . Deferred financing costs associated with the Notes of $2.1 are being amortized to interest expense on a straight-line basis over the term of the Notes. The Notes are unsubordinated obligations of Hillenbrand and rank equally in right of payment with all of our other existing and future unsubordinated obligations.

The indenture governing the Notes does not limit our ability to incur additional indebtedness. It does, however, contain certain covenants that restrict our ability to incur secured debt and to engage in certain sale and leaseback transactions. The indenture provides holders of debt securities with remedies if we fail to perform specific obligations. In the event of a "Change of Control Triggering Event" (as defined in the indenture), each holder of the Notes has the right to require the Company to purchase all or a portion of its Notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. The Notes are redeemable with prior notice at a price equal to par plus accrued interest and a make-whole amount.

On December 15, 2014, we issued $100.0 in 4.60% Series A unsecured notes ("Series A Notes") pursuant to the Private Shelf Agreement, dated as of December 6, 2012 (as amended, the "Shelf Agreement"), among the Company, Prudential Investment Management, Inc. ("Prudential") and each Prudential Affiliate (as defined therein) that became a purchaser thereunder. The Series A Notes are unsecured, mature on December 15, 2024, and bear interest at 4.60% payable semi-annually in arrears. The Company may at any time upon providing notice, prepay all or part of the Series A Notes at 100% of the principal amount prepaid plus a Make-Whole Amount (as defined therein). Deferred financing costs of $0.4 related to the Series A Notes are being amortized to interest expense over the term of the Series A Notes.

On December 15, 2014, December 19, 2014, March 24, 2016, and December 8, 2017, the Company and certain of the Company's domestic subsidiaries entered into amendments (collectively, the "Prudential Amendments") to the Shelf Agreement. The latest amendment conformed certain terms of the Shelf Agreement with those contained in the Credit Agreement. The Shelf Agreement is a $200 uncommitted facility, of which $100.0 has been drawn. The issuance of notes under the Shelf Agreement is subject to successful placement by Prudential.

On March 8, 2018, the Company entered into the L/G Facility Agreement. The L/G Facility Agreement replaces the Company's former Syndicated L/G Facility Agreement dated as of June 3, 2013 and permits the Company and certain of its subsidiaries to request that one or more of the lenders issue up to an aggregate of €150.0 in unsecured letters of credit, bank guarantees or other surety bonds (collectively, the "Guarantees").

The Guarantees carry an annual fee that varies based on the Company's leverage ratio. The L/G Facility Agreement also provides for a leverage-based commitment fee assessed on the undrawn portion of the facility. The L/G Facility Agreement matures in December 2022 but can be extended or terminated earlier under certain conditions. New deferred financing costs related to the L/G Facility Agreement were $1.0 , which along with existing costs of $0.6 , are being amortized to interest expense over the term of the agreement.

In the normal course of business, the Process Equipment Group provides to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of September 30, 2018 , we had credit arrangements totaling $248.4 , under which $196.5 was utilized for this purpose. These arrangements included the facilities under the L/G Facility Agreement and other ancillary credit facilities.

The Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement contain the following financial covenants: the maximum ratio of Indebtedness to EBITDA (as defined in the agreements, "Leverage Ratio") of 3.5 to 1.0 including the application of cash as a reduction of Indebtedness (subject to certain limitations); the maximum Leverage Ratio resulting from an acquisition in excess of $75.0 of 4.0 to 1.0 for a period of three consecutive quarters following such acquisition; and the minimum ratio of EBITDA (as defined in the agreements) to interest expense of 3.0 to 1.0 . Additionally, the Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement provide the Company with the ability to sell assets and to incur debt at our international subsidiaries under certain conditions.

All obligations of the Company arising under the Credit Agreement, our senior unsecured notes, the Shelf Agreement, the Series A Notes, and the L/G Facility Agreement are fully and unconditionally, jointly and severally, guaranteed by certain of the Company's domestic subsidiaries.

The availability of borrowings under the Facility, the Shelf Agreement, and the L/G Facility Agreement is subject to our ability to meet certain conditions including compliance with covenants, absence of default, and continued accuracy of certain representations and warranties. As of September 30, 2018 , we were in compliance with all covenants.

5. Retirement Benefits

Defined Benefit Retirement Plans — Approximately 38% of our employees participate in one of four defined benefit retirement programs, including the master defined benefit retirement plan in the U.S., the defined benefit plans of our German and Swiss subsidiaries, and the supplemental executive defined benefit retirement plan. We fund the pension trusts in compliance with ERISA or local funding requirements and as necessary to provide for current service and for any unfunded projected future benefit obligations over a reasonable period. The benefits for these plans are based primarily on years of service and the employee's level of compensation during specific periods of employment. All pension plans have a September 30 measurement date.

Effect on Operations — The components of net pension costs under defined benefit retirement plans were:

	U.S. Pension Benefits Year Ended September 30,			Non-U.S. Pension Benefits Year Ended September 30,		
	2018	2017	2016	2018	2017	2016
Service cost	$ 2.7	$ 3.6	$ 3.9	$ 1.4	$ 1.3	$ 1.8
Interest cost	8.7	8.8	9.5	1.1	0.7	1.8
Expected return on plan assets	(14.0)	(13.7)	(9.7)	(0.6)	(0.5)	(1.0)
Amortization of unrecognized prior service cost, net	0.2	0.4	0.6	0.1	0.1	0.1
Amortization of actuarial loss	3.2	3.6	3.8	0.7	1.1	0.3
Settlement expense	—	0.1	—	—	0.6	0.5
Net pension costs	$ 0.8	$ 2.8	$ 8.1	$ 2.7	$ 3.3	$ 3.5

We use a full yield curve approach in the estimation of the service and interest cost components of our defined benefit retirement plans. Under this approach, we applied discounting using individual spot rates from a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds available at the measurement date. These spot rates align to each of the projected benefit obligations and service cost cash flows. The service cost component relates to the active participants in the plan, so the relevant cash flows on which to apply the yield curve are considerably longer in duration on average than the total projected benefit obligation cash flows, which also include benefit payments to retirees. Interest cost is computed by multiplying each spot rate by the corresponding discounted projected benefit obligation cash flows. The full yield curve approach reduces any actuarial gains and losses based upon interest rate expectations (e.g. built-in gains in interest cost in an upward sloping yield curve scenario), or gains and losses merely resulting from the timing and magnitude of cash outflows associated with our benefit obligations. We use the full yield curve approach to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest rate costs.

During 2017, we began implementing a plan to transition our U.S. employees not covered by a collective bargaining agreement and our employees covered by collective bargaining agreements at two of our U.S. facilities from a defined benefit-based model to a defined contribution structure over a three-year sunset period. This change caused remeasurements for the U.S. defined benefit pension plan for the affected populations. The remeasurements did not cause a material change, as the assumptions did not materially differ from the assumptions at September 30, 2016.

Obligations and Funded Status — The change in benefit obligation and funded status of the Company's defined benefit retirement plans were:

	U.S. Pension Benefits September 30,		Non-U.S. Pension Benefits September 30,	
	2018	2017	2018	2017
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$ 281.8	$ 294.2	$ 133.4	$ 140.9
Service cost	2.7	3.6	1.4	1.3
Interest cost	8.7	8.8	1.1	0.7
Actuarial (gain) loss	(14.7)	(6.9)	0.4	(9.5)
Benefits paid	(11.5)	(11.0)	(5.2)	(5.7)
Gain due to settlement	—	(6.9)	(3.4)	(1.2)
Employee contributions	—	—	0.9	0.8
Effect of exchange rates on projected benefit obligation	—	—	(2.3)	6.1
Projected benefit obligation at end of year	267.0	281.8	126.3	133.4
Change in plan assets:				
Fair value of plan assets at beginning of year	262.4	173.7	31.4	29.7
Actual return on plan assets	0.6	17.9	(0.1)	0.3
Employee and employer contributions	1.8	81.8	9.0	8.5
Benefits paid	(11.5)	(11.0)	(5.2)	(5.7)
Gain due to settlement	—	—	(3.0)	(1.6)
Effect of exchange rates on plan assets	—	—	(0.2)	0.2
Fair value of plan assets at end of year	253.3	262.4	31.9	31.4
Funded status:				
Plan assets less than benefit obligations	$ (13.7)	$ (19.4)	$ (94.4)	$ (102.0)
Amounts recorded in the consolidated balance sheets:				
Prepaid pension costs, non-current	$ 12.0	$ 8.2	$ 2.2	$ 0.4
Accrued pension costs, current portion	(2.0)	(1.8)	(6.6)	(6.8)
Accrued pension costs, long-term portion	(23.7)	(25.8)	(90.0)	(95.6)
Plan assets greater (less) than benefit obligations	$ (13.7)	$ (19.4)	$ (94.4)	$ (102.0)

Net actuarial losses ($67.2) and prior service costs ($0.8), less an aggregate tax effect ($24.0) , are included as components of accumulated other comprehensive loss at September 30, 2018 . Net actuarial losses ($71.9) and prior service costs ($1.0), less an aggregate tax effect ($25.0) , are included as components of accumulated other comprehensive loss at September 30, 2017 . The amount that will be amortized from accumulated other comprehensive loss into net pension costs in 2019 is expected to be $2.0 .

Accumulated Benefit Obligation — The accumulated benefit obligation for all defined benefit retirement plans was $387.0 and $407.7 at September 30, 2018 and 2017 . Selected information for plans with accumulated benefit obligations in excess of plan assets was:

	U.S. Pension Benefits September 30,		Non-U.S. Pension Benefits September 30,	
	2018	2017	2018	2017
Projected benefit obligation	$ 25.7	$ 27.7	$ 96.6	$ 102.0
Accumulated benefit obligation	25.7	27.6	96.6	102.0
Fair value of plan assets	—	—	—	—

The weighted-average assumptions used in accounting for defined benefit retirement plans were:

	U.S. Pension Benefits Year Ended September 30,			Non-U.S. Pension Benefits Year Ended September 30,		
	2018	2017	2016	2018	2017	2016
Discount rate for obligation, end of year	4.2%	3.7%	3.6%	1.2%	1.1%	1.0%
Discount rate for expense, during the year	3.4%	3.5%	4.4%	1.5%	0.5%	1.7%
Expected rate of return on plan assets	5.6%	5.6%	5.5%	2.0%	2.0%	2.0%
Rate of compensation increase	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%

The discount rates are evaluated annually based on current market conditions. In setting these rates, we utilize long-term bond indices and yield curves as a preliminary indication of interest rate movements, then make adjustments to the indices to reflect differences in the terms of the bonds covered under the indices in comparison to the projected outflow of pension obligations. The overall expected long-term rate of return is based on historical and expected future returns, which are inflation-adjusted and weighted for the expected return for each component of the investment portfolio. The rate of assumed compensation increase is also based on our specific historical trends of past wage adjustments in recent years.

U.S. Pension Plan Assets — Long-term strategic investment objectives utilize a diversified mix of equity and fixed income securities to preserve the funded status of the trusts and balance risk and return. The primary investment strategy is a dynamic target allocation method that periodically rebalances among various investment categories depending on the current funded position. This program is designed to actively move from return-seeking investments (such as equities) toward liability-hedging investments (such as long-duration fixed income) as funding levels improve. The target investment in return-seeking assets may vary from 60% to 20% of total plan assets based on the plan's funding level. Plan assets are invested by the plans' fiduciaries, which direct investments according to specific policies. Those policies subject investments to the following restrictions in our domestic plan: short-term securities must be rated A2/P2 or higher, liability-hedging fixed income securities must have an average quality credit rating of investment grade and investments in equities in any one company may not exceed 10% of the equity portfolio.

Non-U.S. Pension Plan Assets — Long-term strategic investment objectives utilize a diversified mix of suitable assets of appropriate liquidity to generate income and capital growth that, together with contributions from participants and Hillenbrand, we believe will meet the cost of the current and future benefits that the plan provides. Long-term strategic investment objectives also seek to limit the risk of the assets failing to meet the liabilities over the long term.

None of Hillenbrand's common stock was directly owned by the pension plan trusts at September 30, 2018 .

The tables below provide the fair value of our pension plan assets by asset category at September 30, 2018 and 2017 . The accounting guidance on fair value measurements specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques (Level 1, 2, and 3). See Note 13 for definitions.

Fair values are determined as follows:

- Cash equivalents are stated at the carrying amount, which approximates fair value, or at the fund's net asset value.
- Equity securities are stated at the last reported sales price on the day of valuation.
- Government index funds are stated at the closing price reported in the active market in which the fund is traded.
- Corporate bond funds and equity mutual funds are stated at the closing price in the active markets in which the underlying securities of the funds are traded.
- Real estate is stated based on a discounted cash flow approach, which includes future rental receipts, expenses, and residual values as the highest and best use of the real estate from a market participant view as rental property.

U.S. Pension Plans

The plan assets of our U.S. pension plans consist of certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient. Accordingly, these assets are not required to be classified and reported under the fair value hierarchy. At September 30, 2018 and 2017 , the fair values of these investments were $ 253.3 and $ 262.4 .

Non-U.S. Pension Plans

	Fair Value at September 30, 2018 Using Inputs Considered as:			
	Total	Level 1	Level 2	Level 3
Non-U.S. Pension Plans				
Cash equivalents	$ 2.4	$ 2.4	$ —	$ —
Equity securities	7.3	7.3	—	—
Other types of investments:				
Government index funds	5.6	5.6	—	—
Corporate bond funds	12.1	12.1	—	—
Real estate and real estate funds	2.4	—	—	2.4
Other	2.1	—	2.1	—
Total Non-U.S. pension plan assets	$ 31.9	$ 27.4	$ 2.1	$ 2.4

	Fair Value at September 30, 2017 Using Inputs Considered as:			
	Total	Level 1	Level 2	Level 3
Non-U.S. Pension Plans				
Cash equivalents	$ 5.2	$ 5.2	$ —	$ —
Equity securities	6.8	6.8	—	—
Other types of investments:				
Government index funds	5.7	5.7	—	—
Corporate bond funds	9.8	9.8	—	—
Real estate and real estate funds	2.0	—	—	2.0
Other	1.9	—	1.9	—
Total Non-U.S. pension plan assets	$ 31.4	$ 27.5	$ 1.9	$ 2.0

Cash Flows — During 2018 , 2017 , and 2016 we contributed cash of $10.0 , $89.6 , and $14.6 , to our defined benefit pension plans. We expect to make estimated contributions of $10.0 in 2019 to our pension plans. Due to the funded status of our U.S. defined benefit pension plan, we do not expect to make contributions to this plan in 2019. We will evaluate business conditions and capital and equity market volatility to determine whether we will make any additional discretionary contributions.

Estimated Future Benefit Payments — The following represents estimated future benefit payments, including expected future service, which are expected to be paid from plan assets or Company contributions as necessary:

	U.S. Pension Plans Projected Pension Benefits Payout	Non-U.S. Pension Plans Projected Pension Benefits Payout
2019	$ 14.0	$ 7.7
2020	14.3	7.9
2021	15.0	7.2
2022	15.5	7.3
2023	16.0	7.3
2023 - 2027	83.8	33.6

Defined Contribution Plans — We sponsor a number of defined contribution plans. Depending on the plan, we may make contributions up to 4% of an employee's compensation and matching contributions up to 6% of compensation. Company contributions generally vest over a period of zero to five years. Expenses related to our defined contribution plans were $11.3 ,

$11.4 , and $9.9 for 2018 , 2017 , and 2016 . See comments above regarding our retirement strategy change for certain U.S. employees in 2017.

Postretirement Healthcare Plan — The Company offers a domestic postretirement healthcare plan that provides healthcare benefits to eligible qualified retirees and their spouses. The plan includes retiree cost-sharing provisions and generally extends retiree coverage for medical, prescription, and dental benefits beyond the COBRA continuation period to the date of Medicare eligibility. We use a measurement date of September 30. The net postretirement healthcare benefit cost for 2018 was $0.1 , and for 2017 and 2016 cost was $0.3 for both years.

	September 30,	
	2018	2017
Benefit obligation at beginning of year	$ 9.0	$ 10.3
Interest cost	0.2	0.2
Service cost	0.3	0.4
Actuarial (gain) loss	(0.9)	(0.9)
Net benefits paid	(1.0)	(1.0)
Benefit obligation at end of year	$ 7.6	$ 9.0
Amounts recorded in the balance sheets:		
Accrued postretirement benefits, current portion	$ 0.8	$ 0.8
Accrued postretirement benefits, long-term portion	6.8	8.2
Net amount recognized	$ 7.6	$ 9.0

The weighted-average assumptions used in revaluing our obligation under the postretirement healthcare plan were:

	Year Ended September 30,		
	2018	2017	2016
Discount rate for obligation	4.0%	3.3%	3.1%
Healthcare cost rate assumed for next year	7.1%	7.6%	7.3%
Ultimate trend rate	4.5%	4.5%	4.5%

Net actuarial gains of $4.0 and $3.4 and prior service costs of $0.7 and $0.8 , less tax of $1.7 and $1.6 , were included as a component of accumulated other comprehensive loss at September 30, 2018 and 2017 . The estimated amount that will be amortized from accumulated other comprehensive loss as a reduction to postretirement healthcare costs in 2019 is $0.5 . A one percentage-point increase or decrease in the assumed healthcare cost trend rates as of September 30, 2018 , would cause an increase or decrease in service and interest costs of $0.1 , along with an increase or decrease in the benefit obligation of $0.5 .

We fund the postretirement healthcare plan as benefits are paid. Current plan benefits are expected to require net Company contributions for retirees of $0.8 per year for the foreseeable future.

6. Other Long-Term Liabilities

	September 30, 2018	September 30, 2017
Transition Tax liability	$ 24.6	$ —
Rabbi trust liability	4.3	4.3
Self-insurance loss reserves	11.2	14.3
Other	13.1	14.9
	53.2	33.5
Less current portion	(5.9)	(6.8)
Total long-term portion	$ 47.3	$ 26.7

7. Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code that impact our fiscal year ended September 30, 2018 including, but not limited to (a) reducing the U.S. federal corporate tax rate, (b) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries ("Transition Tax"), and (c) accelerating expensing of certain capital expenditures. The Tax Act reduced the federal corporate tax rate from 35% to 21% . The Internal Revenue Code stipulates that our fiscal year ending September 30, 2018 had a blended corporate tax rate of 24.5% , which is based on a proration of the applicable tax rates before and after the effective date of the Tax Act. The statutory tax rate of 21% will apply to future years.

	Year Ended September 30, 2018	2017	2016
Domestic	$ 33.7	$ 108.2	$ 99.3
Foreign	112.8	80.1	64.8
Total earnings before income taxes	$ 146.5	$ 188.3	$ 164.1
Income tax expense:			
Current provision:			
Federal	$ 38.2	$ 0.5	$ 28.9
State	6.7	(0.4)	5.1
Foreign	16.7	22.7	18.0
Total current provision	61.6	22.8	52.0
Deferred provision (benefit):			
Federal	(7.5)	32.0	3.2
State	0.5	5.0	(0.7)
Foreign	10.7	0.1	(7.2)
Total deferred provision (benefit)	3.7	37.1	(4.7)
Income tax expense	$ 65.3	$ 59.9	$ 47.3

	Year Ended September 30,		
	2018	2017	2016
Federal statutory rates	24.5 %	35.0 %	35.0 %
Adjustments resulting from the tax effect of:			
State income taxes, net of federal benefit	2.4	1.6	2.0
Foreign income tax rate differential	(0.6)	(5.8)	(6.7)
Domestic manufacturer's deduction	(1.2)	(0.3)	(1.9)
Share-based compensation	(1.6)	(1.1)	(1.5)
Foreign distribution taxes	(1.7)	2.7	—
Valuation allowance	(0.7)	(1.3)	1.7
Goodwill impairment charge	11.2	—	—
Transition tax	17.8	—	—
Deferred tax impact of rate change	(9.4)	—	—
Unrecognized tax benefits	2.1	—	—
Other, net	1.8	1.0	0.2
Effective income tax rate	44.6 %	31.8 %	28.8 %

	September 30,	
	2018	2017
Deferred tax assets:		
Employee benefit accruals	$ 29.0	$ 46.0
Loss and tax credit carryforwards	37.3	43.7
Rebates and other discounts	4.4	5.8
Self-insurance reserves	2.5	4.6
Inventory, net	2.0	3.1
Other, net	8.5	12.6
Total deferred tax assets before valuation allowance	83.7	115.8
Less valuation allowance	(1.8)	(3.1)
Total deferred tax assets, net	81.9	112.7
Deferred tax liabilities:		
Depreciation	(8.3)	(11.6)
Amortization	(105.3)	(134.9)
Long-term contracts and customer prepayments	(38.9)	(28.9)
Unremitted earnings of foreign operations	(0.5)	(4.2)
Other, net	(1.8)	(5.1)
Total deferred tax liabilities	(154.8)	(184.7)
Deferred tax liabilities, net	$ (72.9)	$ (72.0)
Amounts recorded in the balance sheets:		
Deferred tax assets, non-current	3.5	3.7
Deferred tax liabilities, non-current	(76.4)	(75.7)
Total	$ (72.9)	$ (72.0)

We recorded a tax benefit of $13.7 at September 30, 2018 , for the remeasurement of the deferred tax items to reflect the impact of the U.S. corporate tax rate reduction to 21% . At September 30, 2018 , we had $2.3 of deferred tax assets related to U.S. federal and state net operating losses and tax credit carryforwards, which will begin to expire in 2019 , and $35.0 of deferred tax assets related to foreign net operating loss carryforwards, which will begin to expire in 2019 . Deferred tax assets as of September 30, 2018 and 2017 , were reduced by a valuation allowance of $1.8 and $3.1 relating to foreign net operating loss carryforwards and foreign tax credit carryforwards. At September 30, 2018 and 2017 , we had $19.5 and $18.3 of current income tax payable classified as other current liabilities on our balance sheets. The September 30, 2018 current liability included $2.0 of the first annual installment of the Transition Tax. As of September 30, 2018 , we also had $22.6 of Transition Tax that we expect to be payable over the next 7 years classified as other noncurrent liabilities on our balance sheets.

We establish a valuation allowance for deferred tax assets when it is determined that the amount of expected future taxable income is not likely to support the use of the deduction or credit.

As of September 30, 2018 and 2017 , we had approximately $321.7 and $241.2 of undistributed earnings from our foreign subsidiaries. Historically, U.S. federal and state income taxes have not been provided on accumulated undistributed earnings of substantially all our foreign subsidiaries, as these earnings were considered permanently reinvested. However, upon enactment of the Tax Act, the undistributed earnings of our foreign subsidiaries are subject to U.S. tax due to the Transition Tax. As a result we have provisionally recognized a one-time tax expense of $29.2 to be partially offset by current year foreign tax credits and foreign tax credit carryforwards of approximately $4.6 .

As of September 30, 2018 and 2017 , $0.5 and $4.2 of deferred tax liability on unremitted earnings of foreign subsidiaries was recognized, representing the assumed tax on the distribution and tax withholdings on the distribution of such earnings among certain of our foreign subsidiaries.

Deferred tax liabilities were not provided for any additional outside basis differences inherent in our foreign subsidiaries (i.e. basis differences in excess of those subject to the transition tax) as these amounts continue to be provisionally permanently reinvested outside of the US. If these amounts were not considered permanently reinvested, deferred tax liabilities would be recorded for any additional income taxes, distribution taxes, and withholding taxes payable in various countries. A determination of the unrecognized deferred tax liabilities on the permanently reinvested earnings at September 30, 2018 is not practicable.

A reconciliation of the unrecognized tax benefits is as follows:

	September 30,		
	2018	2017	2016
Balance at September 30	$ 9.9	$ 7.7	$ 7.8
Additions for tax positions related to the current year	0.3	0.7	0.2
Additions for tax positions of prior years	2.8	3.4	1.7
Reductions for tax positions of prior years	(0.6)	(1.5)	(2.0)
Settlements	(0.3)	(0.4)	—
Balance at September 30	$ 12.1	$ 9.9	$ 7.7

The gross unrecognized tax benefit included $12.1 and $9.9 at September 30, 2018 and 2017 , which, if recognized, would impact the effective tax rate in future periods.

We recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. During 2018 and 2017 , we recognized $0.9 and $0.7 in additional interest and penalties. Excluded from the reconciliation were $2.0 and $1.3 of accrued interest and penalties at September 30, 2018 and 2017 .

We operate in multiple income tax jurisdictions both inside and outside the U.S. and are currently under examination in various federal, state, and foreign jurisdictions. Specifically, we are currently under examination in the U.S. for 2016 and under examination in Germany for 2009 through 2013. In addition, there are other ongoing audits in various stages of completion in several state and foreign jurisdictions.

It is possible that the liability associated with the unrecognized tax benefits will increase or decrease within the next 12 months. These changes may be the result of ongoing audits or the expiration of statutes of limitations and could range up to $3.0 based on current estimates. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although we believe that adequate provision has been made for such issues, it is possible that their ultimate resolution could affect our earnings. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced and yield a positive impact on earnings. We do not expect that the outcome of these audits will significantly impact the financial statements.

8. Earnings per Share

The dilutive effects of performance-based stock awards described in Note 9 are included in the computation of diluted earnings per share at the level the related performance criteria are met through the respective balance sheet date. At September 30, 2018 , 2017 , and 2016 , potential dilutive effects, representing 400,000 , 600,000 , and 800,000 shares were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although we expect to meet various levels of criteria in the future.

	Year Ended September 30,		
	2018	2017	2016
Net income [1]	$ 76.6	$ 126.2	$ 112.8
Weighted average shares outstanding — basic (in millions)	63.1	63.6	63.3
Effect of dilutive stock options and unvested time-based restricted stock (in millions)	0.7	0.4	0.5
Weighted average shares outstanding — diluted (in millions)	63.8	64.0	63.8
Earnings per share — basic	$ 1.21	$ 1.99	$ 1.78
Earnings per share — diluted	$ 1.20	$ 1.97	$ 1.77
Shares with anti-dilutive effect excluded from the computation of diluted earnings per share (millions)	0.3	0.4	0.8

(1) Net income attributable to Hillenbrand

9. Share-Based Compensation

We have share-based compensation plans under which 12,685,436 shares are registered. As of September 30, 2018 , 2,844,887 shares were outstanding under these plans and 6,334,429 shares had been issued, leaving 3,506,120 shares available for future issuance. Our primary plan, the Hillenbrand, Inc. Stock Incentive Plan, provides for long-term performance compensation for management and members of the Board of Directors. Under the Stock Incentive Plan, a variety of discretionary awards for employees and non-employee directors are authorized, including incentive or non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and bonus stock. These programs are administered by the Board of Directors and its Compensation and Management Development Committee.

	Year Ended September 30,		
	2018	2017	2016
Stock-based compensation cost	$ 12.1	$ 10.5	$ 8.5
Less impact of income tax	2.9	3.8	3.1
Stock-based compensation cost, net of tax	$ 9.2	$ 6.7	$ 5.4

The Company realized current tax benefits of $5.4 from the exercise of stock options and the payment of stock awards during 2018 .

Stock Options — The fair values of option grants are estimated on the date of grant using the Black-Scholes option-pricing model. For grants issued prior to 2017, fair values were estimated using the binomial option-pricing model. The grants are contingent upon continued employment and generally vest over a three -year period. Expense is recognized on a straight-line basis over the applicable vesting periods. Option terms generally do not exceed 10 years. The weighted-average fair value of options granted was $11.28 , $8.37 , and $7.80 per share for 2018 , 2017 , and 2016 . The following assumptions were used in the determination of fair value:

	Year Ended September 30,		
	2018	2017	2016
Risk-free interest rate	2.4%	1.9%	0.5 - 2.2%
Weighted-average dividend yield	1.8%	2.2%	2.6%
Weighted-average volatility factor	28.0%	28.8%	31.0%
Exercise factor [1]	n/a	n/a	33.6%
Post-vesting termination rate [1]	n/a	n/a	5.0%
Expected life (years)	5.6	5.8	4.5

(1) Assumption only applicable to the binomial option-pricing model used in 2016

The risk-free interest rate is based upon observed interest rates appropriate for the term of the employee stock options. The remaining assumptions require significant judgment utilizing historical information, peer data, and future expectations. The dividend yield is based on the history of dividend payouts and the computation of expected volatility is based on historical stock volatility. The expected life of employee stock options represents the weighted-average period the stock options are expected to remain outstanding. In 2018 and 2017, the expected life was based on historical exercise activity. Prior to 2017, the expected life was a derived output of the binomial model. Prior to 2017, the post-vesting termination rate and the exercise factor were based on the history of exercises and forfeitures for previous stock options.

A summary of outstanding stock option awards as of September 30, 2018 and changes during the year is presented below:

	Number of Shares		Weighted-Average Exercise Price
Outstanding at September 30, 2017	1,833,931	$	28.93
Granted	479,991		45.94
Exercised	(388,379)		24.88
Forfeited	(56,532)		33.56
Expired/cancelled	(754)		38.96
Outstanding at September 30, 2018	1,868,257	$	33.84
Exercisable at September 30, 2018	1,050,458	$	28.31

As of September 30, 2018 , there was $4.2 of unrecognized stock-based compensation associated with unvested stock options expected to be recognized over a weighted-average period of 2.1 years. This unrecognized compensation expense included a reduction for our estimate of potential forfeitures. As of September 30, 2018 , the average remaining life of the outstanding stock options was 6.8 years with an aggregate intrinsic value of $34.5 . As of September 30, 2018 , the average remaining life of the exercisable stock options was 5.4 years with an aggregate intrinsic value of $25.2 . The total intrinsic value of options exercised by employees and directors during 2018 , 2017 , and 2016 was $7.5 , $11.2 , and $7.5 . The grant-date fair value of options that vested during 2018 , 2017 , and 2016 was $11.1 , $11.2 , and $9.6 .

Time-Based Stock Awards and Performance-Based Stock Awards — These awards are consistent with our compensation program's guiding principles and are designed to (i) align management's interests with those of shareholders, (ii) motivate and provide incentive to achieve superior results, (iii) maintain a significant portion of at-risk incentive compensation, (iv) delineate clear accountabilities, and (v) ensure competitive compensation. We believe that our blend of compensation components provides the Company's management with the appropriate incentives to create long-term value for shareholders while taking thoughtful and prudent risks to grow the value of the Company. Our stock plan enables us to grant several types of restricted stock unit awards including time-based, performance-based contingent on the creation of shareholder value ("SV"), and performance-based based on a relative total shareholder return formula ("TSR").

Our time-based stock awards provide an unconditional delivery of shares after a specified period of service. We record expense associated with time-based awards on a straight-line basis over the vesting period, net of estimated forfeitures.

The vesting of the SV awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three -year period and a corresponding service requirement. The hurdle rate is a reflection of the weighted-average cost of capital and targeted capital structure. The number of shares awarded is based upon the fair value of our stock at the date of grant adjusted for the attainment level at the end of the period. Based on the extent to which the performance criteria are achieved, it is possible for none of the awards to vest or for a range up to the maximum to vest. We record expense associated with the awards on a straight-line basis over the vesting period based upon an estimate of projected performance. The actual performance of the Company is evaluated quarterly, and the expense is adjusted according to the new projections. As a result, depending on the degree to which performance criteria are achieved or projections change, expenses related to the SV awards may become more volatile as we approach the final performance measurement date at the end of the three-year period.

The vesting of TSR awards is determined by comparing our total shareholder return during a three-year period to the respective total shareholder returns of companies in a designated performance peer group. Based on the Company's relative ranking within the performance peer group, it is possible for none of the awards to vest or for a range up to the maximum to vest. The Monte-Carlo simulation method is used to determine fair value of TSR awards at the grant date. The Monte-Carlo simulation model estimates the fair value of this market-based award based upon the expected term, risk-free interest rate, expected dividend yield, and expected volatility measure for the Company and its peer group. Compensation expense for the TSR awards is recognized over the vesting period regardless of whether the market conditions are expected to be achieved.

A summary of the non-vested stock awards, including dividends, as of September 30, 2018 (representing the maximum number of shares that could be vested) and changes during the year is presented below:

Time-Based Stock Awards	**Number of Shares**	**Weighted-Average Grant Date Fair Value**
Non-vested time-based stock awards at September 30, 2017	93,232	$ 33.05
Granted	34,166	46.77
Vested	(28,810)	32.27
Forfeited	(6,010)	35.61
Non-vested time-based stock awards at September 30, 2018	92,578	$ 38.19

Performance-Based Stock Awards	**Number of Shares**	**Weighted-Average Grant Date Fair Value**
Non-vested performance-based stock awards at September 30, 2017	608,633	$ 35.80
Granted	237,617	53.35
Vested	(243,310)	33.50
Forfeited	(122,805)	34.74
Non-vested performance-based stock awards at September 30, 2018	480,135	$ 45.93

The total vest date fair value of shares held by Hillenbrand employees and directors which vested during 2018 , 2017 , and 2016 was $15.2 , $10.9 , and $7.4 (including dividends).

As of September 30, 2018 , $1.5 and $7.1 of unrecognized stock-based compensation was associated with our unvested time-based and performance-based (including SV and TSR) stock awards. The unrecognized amount of compensation related to the SV awards is based upon projected performance to date. The unrecognized compensation cost of the time-based and performance based awards is expected to be recognized over a weighted-average period of 2.0 and 1.7 years and includes a reduction for an estimate of potential forfeitures. As of September 30, 2018 , the outstanding time-based stock awards and performance-based stock awards had an aggregate fair value of $4.8 and $24.2 . The weighted-average grant date fair value of time-based stock awards was $35.41 and $30.59 per share for 2017 and 2016 . The weighted-average grant date fair value of performance-based stock awards was $39.72 and $33.14 per share for 2017 and 2016 .

Dividends payable in stock accrue on both time-based and SV awards during the performance period and are subject to the same terms as the original grants. Dividends do not accrue on TSR awards during the performance period. As of September 30, 2018 , a total of 9,135 shares had accumulated on unvested stock awards due to dividend reinvestments and were excluded from the tables above. The aggregate fair value of these shares at September 30, 2018 was $0.5 .

Vested Deferred Stock — Certain stock-based compensation programs allow or require deferred delivery of shares after vesting. As of September 30, 2018 , there were 403,918 fully vested deferred shares, which were excluded from the tables above. The aggregate fair value of these shares at September 30, 2018 was $21.1 .

10. Other Comprehensive Income (Loss)

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2017	$ (45.3)	$ (36.9)	$ 1.0	$ (81.2)		
Other comprehensive income before reclassifications						
Before tax amount	1.8	(7.2)	1.8	(3.6)	$ (0.7)	$ (4.3)
Tax expense	(0.5)	—	(0.6)	(1.1)	—	(1.1)
After tax amount	1.3	(7.2)	1.2	(4.7)	(0.7)	(5.4)
Amounts reclassified from accumulated other comprehensive income [(1)]	3.0	—	(1.3)	1.7	—	1.7
Net current period other comprehensive income	4.3	(7.2)	(0.1)	(3.0)	$ (0.7)	$ (3.7)
Balance at September 30, 2018	$ (41.0)	$ (44.1)	$ 0.9	$ (84.2)		

(1) Amounts are net of tax.

Reclassifications out of Accumulated Other Comprehensive Income include:

	Year Ended September 30, 2018			
	Amortization of Pension and Postretirement [(1)]			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Income:				
Net revenue	$ —	$ —	$ 0.5	$ 0.5
Cost of goods sold	2.4	0.2	(0.1)	2.5
Operating expenses	1.2	—	—	1.2
Other (expense) income, net	—	—	(2.3)	(2.3)
Total before tax	$ 3.6	$ 0.2	$ (1.9)	1.9
Tax expense				(0.2)
Total reclassifications for the period, net of tax				$ 1.7

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 5).

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2016	$ (67.5)	$ (61.6)	$ (0.7)	$ (129.8)		
Other comprehensive income before reclassifications						
Before tax amount	28.1	24.7	3.2	56.0	$ 0.2	$ 56.2
Tax expense	(9.3)	—	(1.2)	(10.5)	—	(10.5)
After tax amount	18.8	24.7	2.0	45.5	0.2	45.7
Amounts reclassified from accumulated other comprehensive income [(1)]	3.4	—	(0.3)	3.1	—	3.1
Net current period other comprehensive income (loss)	22.2	24.7	1.7	48.6	$ 0.2	$ 48.8
Balance at September 30, 2017	$ (45.3)	$ (36.9)	$ 1.0	$ (81.2)		

(1) Amounts are net of tax.

Reclassifications out of Accumulated Other Comprehensive Income include:

	Year Ended September 30, 2017			
	Amortization of Pension and Postretirement [(1)]			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Income:				
Net revenue	$ —	$ —	$ (0.1)	$ (0.1)
Cost of goods sold	3.2	0.3	(0.5)	3.0
Operating expenses	1.4	0.1	—	1.5
Other (expense) income, net	—	—	0.1	0.1
Total before tax	$ 4.6	$ 0.4	$ (0.5)	4.5
Tax expense				(1.4)
Total reclassifications for the period, net of tax				$ 3.1

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 5).

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2015	$ (54.4)	$ (52.1)	$ (1.4)	$ (107.9)		
Other comprehensive income before reclassifications						
Before tax amount	(22.7)	(9.5)	0.2	(32.0)	$ (0.3)	$ (32.3)
Tax benefit	6.5	—	0.1	6.6	—	6.6
After tax amount	(16.2)	(9.5)	0.3	(25.4)	(0.3)	(25.7)
Amounts reclassified from accumulated other comprehensive income (1)	3.1	—	0.4	3.5	—	3.5
Net current period other comprehensive loss	(13.1)	(9.5)	0.7	(21.9)	$ (0.3)	$ (22.2)
Balance at September 30, 2016	$ (67.5)	$ (61.6)	$ (0.7)	$ (129.8)		

(1) Amounts are net of tax.

Reclassifications out of Accumulated Other Comprehensive Income include:

	Year Ended September 30, 2016			
	Amortization of Pension and Postretirement (1)			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Income:				
Net revenue	$ —	$ —	$ 0.3	$ 0.3
Cost of goods sold	3.0	0.3	—	3.3
Operating expenses	1.3	0.2	—	1.5
Other (expense) income, net	—	—	0.4	0.4
Total before tax	$ 4.3	$ 0.5	$ 0.7	5.5
Tax expense				(2.0)
Total reclassifications for the period, net of tax				$ 3.5

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 5).

11. Commitments and Contingencies

Lease Commitments — We lease certain manufacturing facilities, warehouse distribution centers, service centers, and sales offices under operating leases. Rental expense for 2018 , 2017 , and 2016 was $23.2 , $23.6 and $27.8 . The aggregate future minimum lease payments for operating leases, excluding renewable periods, as of September 30, 2018 , were as follows:

	Amount
2019	$ 20.4
2020	15.8
2021	14.2
2022	11.7
2023	8.5
Thereafter	33.7
	$ 104.3

Litigation

General — Like most companies, we are involved from time to time in claims, lawsuits, and government proceedings relating to our operations, including environmental, patent infringement, business practices, commercial transactions, product and general liability, workers' compensation, auto liability, employment, and other matters. The ultimate outcome of these matters cannot be predicted with certainty. An estimated loss from these contingencies is recognized when we believe it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated; however, it is difficult to measure the actual loss that might be incurred related to these matters. If a loss is not considered probable and/or cannot be reasonably estimated, we are required to make a disclosure if there is at least a reasonable possibility that a significant loss may have been incurred. Legal fees associated with claims and lawsuits are generally expensed as incurred.

Claims covered by insurance have in most instances deductibles and self-funded retentions up to $0.5 per occurrence or per claim, depending upon the type of coverage and policy period. For auto, workers compensation, and general liability, outside insurance companies and third-party claims administrators generally assist in establishing individual claim reserves. An independent outside actuary often provides estimates of ultimate projected losses, including incurred but not reported claims, which are used to establish reserves for losses. For all other types of claims, reserves are established based upon advice from internal and external counsel and historical settlement information for claims when such amounts are considered probable of payment.

The recorded amounts represent our best estimate of the costs we will incur in relation to such exposures, but it is possible that actual costs will differ from those estimates.

Aldrees Litigation

In April 2016, Hamad M. Aldrees & Partners Holding Co. for Industry and Mining (Closed Joint Company) ("Aldrees") filed a lawsuit against Company subsidiary Rotex Europe Limited ("Rotex") in the High Court of Justice, Queen's Bench Division, Technology and Construction Court in London, England (the "Aldrees Litigation"). The Aldrees Litigation arises as a result of an agreement made in 2010 for Rotex to supply, among other things, five mineral separating machines. Aldrees has alleged breach of contract and misrepresentation by Rotex and is seeking damages of approximately £38.5 .

The Company is defending this matter vigorously. The trial concluded in the third quarter. A final result has not been announced, but we expect such result in the coming months. The Company does not believe that the outcome of this lawsuit will have a material adverse effect on the Company's financial statements. If Aldrees prevails at trial, however, the outcome could be materially adverse to the Company's financial statements for the particular period, depending, in part, upon the operating results or cash flows for such period.

12. Other (Expense) Income, Net

	Year Ended September 30,		
	2018	2017	2016
Foreign currency exchange gain (loss), net	(1.2)	(1.4)	0.3
Other, net	0.6	(2.8)	(2.0)
Other (expense) income, net	$ (0.6)	$ (4.2)	$ (1.7)

13. Fair Value Measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability.

See the section below titled “Valuation Techniques” for further discussion of how Hillenbrand determines fair value for investments.

	Carrying Value at 9/30/2018	Fair Value at September 30, 2018 Using Inputs Considered as: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 56.0	$ 56.0	$ —	$ —
Investments in rabbi trust	4.3	4.3	—	—
Derivative instruments	1.9	—	1.9	—
Liabilities:				
$150 senior unsecured notes	149.7	154.9	—	—
Revolving credit facility	95.7	—	95.7	—
$100 Series A Notes	100.0	—	102.4	—
Derivative instruments	2.2	—	2.2	—

	Carrying Value at 9/30/2017	Fair Value at September 30, 2017 Using Inputs Considered as: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 66.0	$ 66.0	$ —	$ —
Investments in rabbi trust	4.3	4.3	—	—
Derivative instruments	3.8	—	3.8	—
Liabilities:				
$150 senior unsecured notes	149.5	161.2	—	—
Revolving credit facility	68.0	—	68.0	—
Term loan	148.5	—	148.5	—
$100 Series A Notes	100.0	—	106.7	—
Derivative instruments	2.3	—	2.3	—

Valuation Techniques

- The fair value of the investments in the rabbi trust were based on quoted prices in active markets. The trust assets consist of participant-directed investments in publicly traded mutual funds.
- We estimate the fair value of our foreign currency derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of our derivatives include spot rates, forward rates, and volatility. These inputs were obtained from pricing services, broker quotes, and other sources.
- The fair value of the 10 -year, 5.5% fixed-rate senior unsecured notes was based on quoted prices in an active market.
- The fair values of the revolving credit facility, term loan, and Series A Notes were estimated based on internally-developed models, using current market interest rate data for similar issues, as there is no active market for our revolving credit facility, term loan or Series A Notes.

14. Segment and Geographical Information

We conduct our operations through two reportable business segments: the Process Equipment Group and Batesville. These reporting segments are determined on the basis of our management structure, and how we internally report financial information used to make operating decisions and evaluate results.

We record the direct costs of business operations to the reporting segments, including stock-based compensation, asset impairments, restructuring activities, and business acquisition costs. Corporate provides management and administrative services to each reporting segment. These services include treasury management, human resources, legal, business development, and other public company support functions such as internal audit, investor relations, financial reporting, and tax compliance. With limited exception for certain professional services and back-office and technology costs, we do not allocate these types of corporate expenses to the reporting segments.

	Year Ended September 30,		
	2018	2017	2016
Net revenue			
Process Equipment Group	$ 1,219.5	$ 1,028.2	$ 964.7
Batesville	550.6	562.0	573.7
Total net revenue	$ 1,770.1	$ 1,590.2	$ 1,538.4
Adjusted EBITDA			
Process Equipment Group	$ 215.8	$ 177.7	$ 160.9
Batesville	120.8	141.9	143.5
Corporate	(42.3)	(38.6)	(37.3)
Net revenue (1)			
United States	$ 926.4	$ 896.1	$ 857.0
Germany	512.5	425.6	403.0
All other foreign business units	331.2	268.5	278.4
Total revenue	$ 1,770.1	$ 1,590.2	$ 1,538.4
Depreciation and amortization			
Process Equipment Group	$ 42.8	$ 41.3	$ 45.2
Batesville	11.9	13.8	14.1
Corporate	1.8	1.5	1.1
Total depreciation and amortization	$ 56.5	$ 56.6	$ 60.4

(1) We attribute revenue to a geography based upon the location of the business unit that consummates the external sale.

	September 30,	
	2018	2017
Total assets assigned		
Process Equipment Group	$ 1,638.8	$ 1,722.2
Batesville	191.8	203.4
Corporate	34.0	30.9
Total assets	$ 1,864.6	$ 1,956.5
Tangible long-lived assets, net		
United States	$ 76.6	$ 84.4
Germany	40.7	39.0
All other foreign business units	24.7	27.0
Tangible long-lived assets, net	$ 142.0	$ 150.4

The following schedule reconciles segment adjusted EBITDA to consolidated net income.

	Year Ended September 30,		
	2018	2017	2016
Adjusted EBITDA:			
Process Equipment Group	$ 215.8	$ 177.7	$ 160.9
Batesville	120.8	141.9	143.5
Corporate	(42.3)	(38.6)	(37.3)
Less:			
Interest income	(1.4)	(0.9)	(1.2)
Interest expense	23.3	25.2	25.3
Income tax expense	65.3	59.9	47.3
Depreciation and amortization	56.5	56.6	60.4
Business acquisition, development, and integration	3.5	1.1	3.7
Inventory step-up	—	—	2.4
Restructuring and restructuring related	2.5	10.7	10.2
Impairment charges	63.4	—	2.2
Consolidated net income	$ 81.2	$ 128.4	$ 116.8

15. Unaudited Quarterly Financial Information

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018				
Net revenue	$ 397.2	$ 452.2	$ 446.0	$ 474.7
Gross profit	146.3	168.7	163.7	164.2
Net income (loss) (1)	18.1	(21.9)	35.9	44.5
Earnings per share — basic	0.28	(0.34)	0.57	0.71
Earnings per share —diluted	0.28	(0.34)	0.56	0.70
2017				
Net revenue	$ 356.1	$ 395.3	$ 395.9	$ 442.9
Gross profit	126.0	148.6	152.4	164.3
Net income (1)	21.7	33.4	32.9	38.2
Earnings per share — basic	0.34	0.52	0.52	0.60
Earnings per share —diluted	0.34	0.52	0.52	0.60

(1) Net income (loss) attributable to Hillenbrand

16. Condensed Consolidating Information

Certain 100% owned domestic subsidiaries of Hillenbrand fully and unconditionally, jointly and severally, agreed to guarantee all of the indebtedness and guarantee obligations relating to our obligations under our senior unsecured notes. The following are the condensed consolidating financial statements, including the guarantors, which present the statements of income, balance sheets, and cash flows of (i) the parent holding company, (ii) the guarantor subsidiaries, (iii) the non-guarantor subsidiaries, and (iv) eliminations necessary to present the information for Hillenbrand on a consolidated basis.

Condensed Consolidating Statements of Income

	Year Ended September 30, 2018					Year Ended September 30, 2017					Year Ended September 30, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	$ —	$ 937.0	$ 1,052.9	$ (219.8)	$ 1,770.1	$ —	$ 901.4	$ 904.7	$ (215.9)	$ 1,590.2	$ —	$ 846.8	$ 892.8	$ (201.2)	$ 1,538.4
Cost of goods sold	—	497.1	743.1	(113.0)	1,127.2	—	467.3	647.4	(115.8)	998.9	—	428.7	638.4	(99.3)	967.8
Gross profit	—	439.9	309.8	(106.8)	642.9	—	434.1	257.3	(100.1)	591.3	—	418.1	254.4	(101.9)	570.6
Operating expenses	54.8	247.4	183.5	(106.8)	378.9	42.4	237.8	164.3	(100.1)	344.4	41.8	242.0	164.6	(101.9)	346.5
Amortization expense	—	13.4	16.8	—	30.2	—	13.5	15.7	—	29.2	—	13.0	20.0	—	33.0
Impairment charge	—	63.4	—	—	63.4	—	—	—	—	—	—	—	—	—	—
Interest expense	20.3	1.1	1.9	—	23.3	21.8	—	3.4	—	25.2	22.7	0.2	2.4	—	25.3
Other income (expense), net	2.1	(2.7)	—	—	(0.6)	(0.6)	(3.4)	(0.2)	—	(4.2)	(0.3)	(2.2)	0.8	—	(1.7)
Equity in net income (loss) of subsidiaries	139.3	9.1	—	(148.4)	—	164.4	8.2	—	(172.6)	—	144.4	10.2	—	(154.6)	—
Income (loss) before income taxes	66.3	121.0	107.6	(148.4)	146.5	99.6	187.6	73.7	(172.6)	188.3	79.6	170.9	68.2	(154.6)	164.1
Income tax expense (benefit)	(10.3)	48.3	27.3	—	65.3	(26.6)	65.9	20.6	—	59.9	(33.2)	62.4	18.1	—	47.3
Consolidated net income	76.6	72.7	80.3	(148.4)	81.2	126.2	121.7	53.1	(172.6)	128.4	112.8	108.5	50.1	(154.6)	116.8
Less: Net income attributable to noncontrolling interests	—	—	4.6	—	4.6	—	—	2.2	—	2.2	—	—	4.0	—	4.0
Net income (loss) (1)	$ 76.6	$ 72.7	$ 75.7	$ (148.4)	$ 76.6	$ 126.2	$ 121.7	$ 50.9	$ (172.6)	$ 126.2	$ 112.8	$ 108.5	$ 46.1	$ (154.6)	$ 112.8
Consolidated comprehensive income (loss)	$ 73.6	$ 77.1	$ 72.1	$ (145.3)	$ 77.5	$ 174.8	$ 131.8	$ 86.4	$ (215.8)	$ 177.2	$ 90.9	$ 116.4	$ 33.1	$ (145.8)	$ 94.6
Less: Comprehensive income attributable to noncontrolling interests	—	—	3.9	—	3.9	—	—	2.4	—	2.4	—	—	3.7	—	3.7
Comprehensive income (loss) (2)	$ 73.6	$ 77.1	$ 68.2	$ (145.3)	$ 73.6	$ 174.8	$ 131.8	$ 84.0	$ (215.8)	$ 174.8	$ 90.9	$ 116.4	$ 29.4	$ (145.8)	$ 90.9

(1) Net income attributable to Hillenbrand
(2) Comprehensive income attributable to Hillenbrand

Condensed Consolidating Balance Sheets

	September 30, 2018					September 30, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash and cash equivalents	$ 1.1	$ 5.8	$ 49.1	$ —	$ 56.0	$ 0.1	$ 4.9	$ 61.0	$ —	$ 66.0
Trade receivables, net	—	124.5	94.0	—	218.5	—	114.5	91.6	—	206.1
Receivables from long-term manufacturing contracts	—	5.3	115.0	—	120.3	—	8.5	116.7	—	125.2
Inventories	—	76.7	98.6	(2.8)	172.5	—	68.2	85.9	(2.5)	151.6
Prepaid expense	2.7	7.0	15.5	—	25.2	2.1	7.6	18.5	—	28.2
Intercompany receivables	—	1,131.1	79.1	(1,210.2)	—	—	1,050.4	93.9	(1,144.3)	—
Other current assets	—	3.2	14.6	0.3	18.1	0.2	1.6	14.4	0.3	16.5
Total current assets	3.8	1,353.6	465.9	(1,212.7)	610.6	2.4	1,255.7	482.0	(1,146.5)	593.6
Property, plant, and equipment, net	3.8	60.2	78.0	—	142.0	4.7	64.5	81.2	—	150.4
Intangible assets, net	3.2	196.0	288.1	—	487.3	3.6	211.3	309.0	—	523.9
Goodwill	—	225.0	356.9	—	581.9	—	283.9	363.6	—	647.5
Investment in consolidated subsidiaries	2,263.1	653.9	—	(2,917.0)	—	2,298.0	664.1	—	(2,962.1)	—
Other assets	15.7	28.2	5.9	(7.0)	42.8	20.2	29.0	4.4	(12.5)	41.1
Total Assets	$2,289.6	$ 2,516.9	$ 1,194.8	$ (4,136.7)	$ 1,864.6	$2,328.9	$ 2,508.5	$ 1,240.2	$ (4,121.1)	$ 1,956.5
Trade accounts payable	$ —	$ 62.4	$ 134.4	$ —	$ 196.8	$ 1.0	$ 36.7	$ 120.0	$ 0.3	$ 158.0
Liabilities from long-term manufacturing contracts and advances	—	26.6	99.3	—	125.9	—	26.2	106.1	—	132.3
Current portion of long-term debt	—	—	—	—	—	18.0	—	0.8	—	18.8
Accrued compensation	7.2	20.1	44.6	—	71.9	7.6	17.9	41.4	—	66.9
Intercompany payables	1,206.2	6.1	—	(1,212.3)	—	1,142.8	4.0	—	(1,146.8)	—
Other current liabilities	19.4	38.9	78.1	0.7	137.1	14.0	42.2	79.3	0.2	135.7
Total current liabilities	1,232.8	154.1	356.4	(1,211.6)	531.7	1,183.4	127.0	347.6	(1,146.3)	511.7
Long-term debt	300.2	—	44.4	—	344.6	392.0	—	54.9	—	446.9
Accrued pension and postretirement healthcare	0.7	29.8	90.0	—	120.5	0.8	33.3	95.5	—	129.6
Deferred income taxes	0.7	22.9	60.9	(8.1)	76.4	—	27.5	60.9	(12.7)	75.7
Other long-term liabilities	24.1	14.3	8.9	—	47.3	1.3	15.3	10.1	—	26.7
Total Liabilities	1,558.5	221.1	560.6	(1,219.7)	1,120.5	1,577.5	203.1	569.0	(1,159.0)	1,190.6
Total Hillenbrand Shareholders' Equity	731.1	2,295.8	621.2	(2,917.0)	731.1	751.4	2,305.4	656.7	(2,962.1)	751.4
Noncontrolling interests	—	—	13.0	—	13.0	—	—	14.5	—	14.5
Total Equity	731.1	2,295.8	634.2	(2,917.0)	744.1	751.4	2,305.4	671.2	(2,962.1)	765.9
Total Liabilities and Equity	$2,289.6	$ 2,516.9	$ 1,194.8	$ (4,136.7)	$ 1,864.6	$2,328.9	$ 2,508.5	$ 1,240.2	$ (4,121.1)	$ 1,956.5

Condensed Consolidating Statements of Cash Flows

	Year Ended September 30, 2018					Year Ended September 30, 2017					Year Ended September 30, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 221.6	$ 127.8	$ 23.2	$ (124.3)	$ 248.3	$ 79.9	$ 126.7	$ 168.3	$ (128.7)	$ 246.2	$ 157.8	$ 239.9	$ (49.5)	$ (110.0)	$ 238.2
Investing activities:															
Capital expenditures	(1.7)	(12.1)	(13.2)	—	(27.0)	(0.7)	(9.7)	(11.6)	—	(22.0)	(2.6)	(8.0)	(10.6)	—	(21.2)
Proceeds from sales of property, plant, and equipment	—	3.4	0.3	—	3.7	—	5.3	0.4	—	5.7	—	1.6	0.4	—	2.0
Acquisition of business, net of cash acquired	—	—	—	—	—	—	—	—	—	—	—	(130.4)	(105.0)	—	(235.4)
Return of investment capital from affiliates	—	—	—	—	—	3.2	—	—	—	3.2	1.1	—	—	—	1.1
Other, net	—	0.1	0.1	—	0.2	—	(0.4)	—	—	(0.4)	—	—	—	—	—
Net cash provided by (used in) investing activities	(1.7)	(8.6)	(12.8)	—	(23.1)	2.5	(4.8)	(11.2)	—	(13.5)	(1.5)	(136.8)	(115.2)	—	(253.5)
Financing activities:															
Repayments on term loan	(148.5)	—	—	—	(148.5)	(13.5)	—	—	—	(13.5)	(9.0)	—	—	—	(9.0)
Proceeds from revolving credit facility	583.9	—	510.1	—	1,094.0	289.5	—	529.8	—	819.3	375.5	—	344.3	—	719.8
Repayments on revolving credit facility	(548.3)	—	(517.4)	—	(1,065.7)	(296.5)	—	(656.5)	—	(953.0)	(457.5)	—	(169.7)	—	(627.2)
Payment of dividends - intercompany	—	(118.3)	(6.0)	124.3	—	—	(122.6)	(6.1)	128.7	—	—	(104.6)	(5.4)	110.0	—
Payment of dividends on common stock	(52.1)	—	—	—	(52.1)	(51.9)	—	—	—	(51.9)	(51.1)	—	—	—	(51.1)
Repurchases of common stock	(61.0)	—	—	—	(61.0)	(28.0)	—	—	—	(28.0)	(21.2)	—	—	—	(21.2)
Net proceeds on stock plans	7.1	—	—	—	7.1	13.7	—	—	—	13.7	11.1	—	—	—	11.1
Other, net	—	—	(6.3)	—	(6.3)	—	—	(1.7)	—	(1.7)	—	—	(0.8)	—	(0.8)
Net cash (used in) provided by financing activities	(218.9)	(118.3)	(19.6)	124.3	(232.5)	(86.7)	(122.6)	(134.5)	128.7	(215.1)	(152.2)	(104.6)	168.4	110.0	21.6
Effect of exchange rates on cash and cash equivalents	—	—	(2.7)	—	(2.7)	—	—	(3.6)	—	(3.6)	—	—	(2.6)	—	(2.6)
Net cash flows	1.0	0.9	(11.9)	—	(10.0)	(4.3)	(0.7)	19.0	—	14.0	4.1	(1.5)	1.1	—	3.7
Cash and equivalents at beginning of period	0.1	4.9	61.0	—	66.0	4.4	5.6	42.0	—	52.0	0.3	7.1	40.9	—	48.3
Cash and equivalents at end of period	$ 1.1	$ 5.8	$ 49.1	$ —	$ 56.0	$ 0.1	$ 4.9	$ 61.0	$ —	$ 66.0	$ 4.4	$ 5.6	$ 42.0	$ —	$ 52.0

17. Restructuring

The following schedule details the restructuring charges by segment and the classification of those charges on the income statement.

	Year Ended September 30,					
	2018			2017		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Process Equipment Group	$ 0.3	$ 0.4	$ 0.7	$ 0.5	$ 1.4	$ 1.9
Batesville	0.5	0.5	1.0	5.5	—	5.5
Corporate	—	0.4	0.4	—	2.1	2.1
Total	$ 0.8	$ 1.3	$ 2.1	$ 6.0	$ 3.5	$ 9.5

The charges related primarily to the closure of a Batesville plant, corporate functional restructuring, and severance costs at the Process Equipment Group. At September 30, 2018 , $ 1.3 of restructuring costs were accrued and are expected to be paid over the next twelve months.

SCHEDULE II
HILLENBRAND, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018, 2017, AND 2016

		Additions			
(in millions)	Balance at Beginning of Period	Charged to Revenue, Costs, and Expense	Charged to Other Accounts	Deductions Net of Recoveries (a)	Balance at End of Period
Allowance for doubtful accounts, early pay discounts, and sales returns:					
Year ended September 30, 2018	$ 21.6	$ 3.5	$ (0.1)	$ (2.8)	$ 22.2
Year ended September 30, 2017	$ 21.0	$ 2.5	$ 0.1	$ (2.0)	$ 21.6
Year ended September 30, 2016	$ 20.0	$ 3.7	$ 0.4	$ (3.1)	$ 21.0
Allowance for inventory valuation:					
Year ended September 30, 2018	$ 19.0	$ 2.2	$ (0.4)	$ (2.6)	$ 18.2
Year ended September 30, 2017	$ 18.0	$ 2.4	$ 0.8	$ (2.2)	$ 19.0
Year ended September 30, 2016	$ 14.8	$ 4.3	$ 0.6	$ (1.7)	$ 18.0

(a) Reflects the write-off of specific receivables against recorded reserves and other adjustments.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control — Integrated Framework (2013 Framework)* . The Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our assessment under the criteria established in *Internal Control — Integrated Framework (2013 Framework),* issued by the COSO, management has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2018 .

The effectiveness of the Company's internal control over financial reporting as of September 30, 2018 , has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears on page 38.

There have been no changes to our internal controls over financial reporting. Management's report on our internal control over financial reporting is included under Item 8.

We have established disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance that material information relating to us, including our consolidated subsidiaries, is made known on a timely basis to management and the Board of Directors. No control system, no matter how well designed and operated, can provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Our management, with the participation of our President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer (the "Certifying Officers"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information related to executive officers is included in this report under Part I, Item 1 within the caption "Executive Officers of the Registrant." Information relating to the directors will appear in the section entitled "Election of Directors" in our Proxy Statement to be filed with the Securities and Exchange Commission relating to our 2019 Annual Meeting of Shareholders ("the 2019 Proxy Statement"), which section is incorporated herein by reference. Required information regarding compliance with Section 16(a) of the Exchange Act is incorporated by reference to the 2019 Proxy Statement, where such information will be included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance." Information regarding our Code of Ethical Business Conduct and the corporate governance matters covered by this Item is incorporated by reference to the 2019 Proxy Statement, where such information will be included under the heading "The Board of Directors and Committees." Information related to corporate governance of the Company, including its Code of Ethics and Business Conduct, information concerning executive officers, directors and Board committees, and transactions in our securities by directors and executive officers, is also available free of charge on or through the "Investors" section of our website at www.hillenbrand.com.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the 2019 Proxy Statement, where such information will be included under the headings "The Board of Directors and Committees," "Executive Compensation," "Security Ownership of Beneficial Owners of More than 5% of the Company's Common Stock," and "Compensation of Directors."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED SHAREHOLDER MATTERS

The information required by this Item is incorporated herein by reference to the 2019 Proxy Statement, where such information will be included under the headings "Election of Directors," "Security Ownership of Directors and Management," and "Equity Compensation Plan Information."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to the 2019 Proxy Statement, where such information will be included under the heading "The Board of Directors and Committees."

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the 2019 Proxy Statement, where such information will be included under the heading "Ratification of Appointment of the Independent Registered Public Accounting Firm."

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this report or, where noted, incorporated by reference:

(1) Financial Statements

The financial statements of the Company and its consolidated subsidiaries listed on the Index to Consolidated Financial Statements on page 36.

(2) Financial Statement Schedule

The financial statement schedule on page 78 is filed in response to Item 8 and Item 15(d) of Form 10-K and is listed on the Index to Consolidated Financial Statements.

(3) Exhibits

The Exhibit Index sets forth a list of those exhibits filed herewith, and includes and identifies management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K.

In reviewing any agreements included as exhibits to this report, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by the parties to the agreements, including us. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

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- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Index

Exhibit 3.1		Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.2		Articles of Correction of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.3		Articles of Amendment of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective February 27, 2015 (Incorporated by reference to Exhibit 3.3 to Quarterly Report on Form 10-Q filed May 11, 2015)
Exhibit 3.4		Amended and Restated Code of By-laws of Hillenbrand, Inc. (Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed August 31, 2017)
Exhibit 4.1		Form of Indenture between Hillenbrand, Inc. and U.S. Bank National Association as trustee, dated July 09, 2010 (Incorporated by reference to Exhibit 4.11 to Form S-3 filed July 6, 2010)
Exhibit 4.2		Form of Hillenbrand, Inc. 5.5% fixed rate 10 year global note (Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed July 9, 2010)
Exhibit 4.3		Supplemental Indenture dated as of January 10, 2013, by and among Hillenbrand, Inc., Batesville Casket Company, Inc., Batesville Manufacturing, Inc., Batesville Services, Inc., Coperion Corporation, K-Tron Investment Co., TerraSource Global Corporation, Process Equipment Group, Inc., Rotex Global, LLC, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on January 11, 2013)
Exhibit 10.1	**	Form of Indemnity Agreement between Hillenbrand, Inc. and certain executive officers, including named executive officers (Incorporated by reference to Exhibit 10.10 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.2	**	Form of Indemnity Agreement between Hillenbrand, Inc. and its non-employee directors (Incorporated by reference to Exhibit 10.11 to Registration Statement on Form 10)
Exhibit 10.3	**	Hillenbrand, Inc. Board of Directors' Deferred Compensation Plan (Incorporated by reference to Exhibit 10.13 to Quarterly Report on Form 10-Q filed May 14, 2008)
Exhibit 10.4	**	Hillenbrand, Inc. Executive Deferred Compensation Program (Incorporated by reference to Exhibit 10.16 to Registration Statement on Form 10)
Exhibit 10.5	**	Hillenbrand, Inc. Supplemental Executive Retirement Plan (As Amended and Restated July 1, 2010) (Incorporated by reference as Exhibit 10.31 to Annual Report on Form 10-K filed November 23, 2010)
Exhibit 10.6	**	Hillenbrand, Inc. Supplemental Retirement Plan effective as of July 1, 2010 (Incorporated by reference to Exhibit 10.32 to Annual Report on Form 10-K filed November 23, 2010)
Exhibit 10.7	* **	Employment Agreement dated as of October 1, 2018, between Hillenbrand, Inc. and Kimberly K. Ryan
Exhibit 10.8		Credit Agreement dated as of July 27, 2012 among Hillenbrand, Inc., the subsidiary borrowers named therein, the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed July 30, 2012)
Exhibit 10.9		Amendment and Restatement Agreement dated as of November 19, 2012, among Hillenbrand, Inc., the subsidiary borrowers named therein, the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on November 21, 2012)
Exhibit 10.10		Guarantee Facility Agreement dated as of December 3, 2012, by and between Coperion GmbH and Commerzbank Aktiengesellschaft (Incorporated by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q filed February 4, 2013)

Exhibit 10.11		Guaranty dated as of December 3, 2012, by Hillenbrand, Inc. in favor of Commerzbank Aktiengesellschaft (Incorporated by reference to Exhibit 10.5 to Quarterly Report on Form 10-Q filed February 4, 2013)
Exhibit 10.12		Private Shelf Agreement dated as of December 6, 2012, by and between Hillenbrand, Inc. and Prudential Investment Management, Inc. (Incorporated by reference to Exhibit 10.6 to Quarterly Report on Form 10-Q filed February 4, 2013)
Exhibit 10.13	**	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement by and between Hillenbrand, Inc. and certain employees including executive officers (Incorporated by reference to Exhibit 10.7 to Quarterly Report on Form 10-Q filed February 4, 2013)
Exhibit 10.14		Annex to Guaranty dated as of January 10, 2013, by Coperion Corporation in favor of JPMorgan Chase Bank, N.A., as administrative agent, and various other agents and lenders named therein (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on November 21, 2012)
Exhibit 10.15	**	Employment Agreement dated as of April 26, 2013, by and between Hillenbrand, Inc. and Joe A. Raver (Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed August 5, 2013)
Exhibit 10.16	**	Amendment Agreement dated as of April 26, 2013, by and between Hillenbrand, Inc. and Joe A. Raver (Incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q filed August 5, 2013)
Exhibit 10.17		Syndicated L/G Facility Agreement dated as of June 3, 2013, by and among Hillenbrand, Inc., and certain of its subsidiaries, and Commerzbank Aktiengesellschaft, as arranger and lender, and various other lenders named therein (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on June 4, 2013)
Exhibit 10.18	**	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement - Relative Total Shareholder Value, by and between Hillenbrand, Inc. and certain employees including executive officers (Incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q filed February 4, 2014)
Exhibit 10.19	* **	Form of Change in Control Agreement between Hillenbrand, Inc. and certain of its executive officers, including its named executive officers.
Exhibit 10.20	**	Hillenbrand, Inc. Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed February 27, 2014)
Exhibit 10.21	**	Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives (Incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed February 27, 2014)
Exhibit 10.22	**	Employment Agreement dated as of June 18, 2014, by and between Hillenbrand, Inc. and Kristina Cerniglia (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed August 27, 2014)
Exhibit 10.23	**	Cash Award and Repayment Agreement dated as of August 7, 2014, between Hillenbrand, Inc. and Kristina Cerniglia (Incorporated by reference to Exhibit 10.46 to Annual Report on Form 10-K filed on November 19, 2014)
Exhibit 10.24	**	Restricted Stock Unit Award Agreement dated as of August 7, 2014, between Hillenbrand, Inc. and Kristina Cerniglia (Incorporated by reference to Exhibit 10.47 to Annual Report on Form 10-K filed on November 19, 2014)
Exhibit 10.25		Amendment No. 1 to Private Shelf Agreement, dated December 15, 2014, by and among Hillenbrand, Inc., Prudential Investment Management, Inc. and each Prudential Affiliate (as therein defined) that has become or becomes bound thereby (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K, filed on December 19, 2014)
Exhibit 10.26		Amendment No. 2 to Private Shelf Agreement, dated December 19, 2014, by and among Hillenbrand, Inc., Prudential Investment Management, Inc. and each Prudential Affiliate (as therein defined) that has become or becomes bound thereby (Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on December 19, 2014)
Exhibit 10.27		Amendment No. 2 to Amended and Restated Credit Agreement, dated December 19, 2014, by and among Hillenbrand, Inc., the subsidiary borrowers named therein, the subsidiary guarantors named therein, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed on December 19, 2014)
Exhibit 10.28		Amendment Agreement, dated as of February 18, 2015, among Hillenbrand, Inc. and certain of its subsidiaries named therein, Commerzbank Aktiengesellschaft and various other lenders named therein, and Commerzbank International S.A., acting as agent (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed February 20, 2015)

Exhibit 10.29		Amendment No. 3 to Private Shelf Agreement, dated March 24, 2016, by and among Hillenbrand, Inc., Prudential Investment Management, Inc. and each Prudential Affiliate (as therein defined) that has become or becomes bound thereby (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed March 30, 2016)
Exhibit 10.30		Second Amended and Restated Credit Agreement, dated as of December 8, 2017, among Hillenbrand, Inc., the subsidiary borrowers and subsidiary guarantors named therein, the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (Incorporated by reference as Exhibit 10.1 to Current Report on for 8-K filed December 12, 2017)
Exhibit 10.31		Amendment No. 4 to the Private Shelf Agreement, dated as of December 8, 2017, by and among Hillenbrand, Inc., PGIM, Inc. (f/k/a Prudential Investment Management, Inc.), the subsidiary guarantors named therein, and the additional parties thereto (Incorporated by reference as Exhibit 10.2 to Current Report on for 8-K filed December 12, 2017)
Exhibit 10.32		Syndicated L/G Facility Agreement, dated as of March 8, 2018, among Hillenbrand, Inc. and certain of its subsidiaries named therein, Commerzbank Aktiengesellschaft and various other lenders named therein, and Commerzbank Finance & Covered Bond S.A., acting as agent (Incorporated by reference as Exhibit 10.1 to Current Report on Form 8-K filed March 9, 2018)
Exhibit 10.33	* **	Employment Agreement dated as of June 18, 2018, by and between Hillenbrand, Inc. and J. Michael Whitted
Exhibit 10.34	* **	Employment Agreement dated as of September 7, 2015, by and between Batesville Services, Inc. and Christopher Trainor
Exhibit 21.1	*	Subsidiaries of Hillenbrand, Inc.
Exhibit 23.1	*	Consent of Independent Registered Public Accounting Firm
Exhibit 31.1	*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101		The following materials from the Hillenbrand, Inc. Annual Report on Form 10-K for the year ended September 30, 2018, formatted in XBRL (eXtensible Business Reporting Language); (i) Consolidated Statement of Income for the years ended September 30, 2018, 2017 and 2016, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheet for the years ended September 30, 2018 and 2017, (iv) Consolidated Statement of Cash Flows for the years ended September 30, 2018, 2017 and 2016, (v) Consolidated Statement of Shareholders' Equity and Comprehensive Income for the years ended September 30, 2018, 2017 and 2016, and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text.

* Filed herewith.

** Management contracts or compensatory plans or arrangements required to be filed as exhibits to this form pursuant to Item 15(a)(3) of this Form 10-K.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HILLENBRAND, INC.

By: /s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer
November 13, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/F. Joseph Loughrey F. Joseph Loughrey	Chairperson of the Board	November 13, 2018
/s/Joe A. Raver Joe A. Raver	President, Chief Executive Officer, and Director (Principal Executive Officer)	November 13, 2018
/s/Kristina A. Cerniglia Kristina A. Cerniglia	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	November 13, 2018
/s/Timothy C. Ryan Timothy C. Ryan	Vice President, Controller, and Chief Accounting Officer (Principal Accounting Officer)	November 13, 2018
/s/Edward B. Cloues II Edward B. Cloues II	Director	November 13, 2018
/s/Gary L. Collar Gary L. Collar	Director	November 13, 2018
/s/Helen W. Cornell Helen W. Cornell	Director	November 13, 2018
/s/Mark C. Deluzio Mark C. Deluzio	Director	November 13, 2018
/s/Joy M. Greenway Joy M. Greenway	Director	November 13, 2018
/s/Daniel C. Hillenbrand Daniel C. Hillenbrand	Director	November 13, 2018
/s/Thomas H. Johnson Thomas H. Johnson	Director	November 13, 2018
/s/Eduardo R. Menascé Eduardo R. Menascé	Director	November 13, 2018
/s/Neil S. Novich Neil S. Novich	Director	November 13, 2018
/s/Stuart A. Taylor II Stuart A. Taylor II	Director	November 13, 2018

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”) is made and effective as of the 1st day of October, 2018 (the “Effective Date”), by and between Hillenbrand, Inc., an Indiana corporation (the “Company”), and Kimberly K. Ryan (“Executive”). Each of the Company and Executive is sometimes referred to below as a “Party” and together they are the “Parties.” The Company’s direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its “affiliated companies.”

RECITALS

The Parties have agreed that as of the Effective Date the Company will continue to employ Executive in an executive capacity in accordance with the terms of this Agreement and that this Agreement will supercede and replace Executive’s existing Employment Agreement with Batesville Services, Inc., dated as of March 31, 2011 (the “Prior Agreement”). This Agreement is made to document certain of the terms and conditions of such employment relationship.

AGREEMENTS

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

1. Employment . The Company will continue to employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts employment by the Company on that basis.
2. Position and Duties . Executive’s position and title will initially be as the Company’s Senior Vice President and President of Coperion GmbH. Executive agrees to perform all duties and accept all responsibilities incidental to that position (or any other position in which Executive may be employed) or as may be assigned to Executive. Executive’s position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company’s affiliated companies, as directed by the Company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.
3. Efforts and Loyalty . During the term of Executive’s employment under this Agreement, Executive agrees to use Executive’s reasonable best efforts in the conduct of the Company’s business endeavors entrusted to Executive and agrees to devote substantially all of Executive’s working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company. Executive agrees not to engage in any other activities that interfere with Executive’s performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company’s written consent thereto.
4. Compensation . Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:
   (a) A base salary at an initial annual rate of $489,249.81, less withholdings and deductions;
   (b) Incentive compensation, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company’s financial statements in accordance with any applicable policy, law or agreement); and
   (c) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.
5. Changes to Compensation . Subject to Section 10 below, the Company reserves the right to, and Executive agrees that the Company may, make changes to Executive’s compensation from time to

time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company in its sole discretion from time to time on the same basis as other peer-level officers.

6. Restrictions; Defense and Indemnification . Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, any person or entity. Executive further represents and warrants that Executive does not have or possess any non-public, confidential information of or relating to any business or enterprise (other than the Company or its affiliated companies). Executive agrees to defend and indemnify the Company from and against any loss or expense suffered or incurred by the Company or any of its affiliated companies as a result of an inaccuracy or breach of any of Executive's representations, warranties or agreements made in this Section 6, or any breach by Executive of any post-employment obligations to any prior employer.

7. Termination Without Cause . The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits, and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

8. Termination With Cause . Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:

(a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or

(b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or

(c) Violated a material requirement of any Company policy or procedure, or policy or procedure of an affiliated company that applies to Executive; or

(d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or

(e) Engaged in any act that, in the reasonable opinion of the Company, is contrary to its best interests or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

Upon the termination of Executive's employment for Cause, Executive shall only be entitled to such compensation, benefits, and perquisites that have been paid or accrued as of the effective date of termination. To the extent any violation of this Section is capable of being promptly cured by Executive (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Executive with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Executive to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

9. Termination Without Good Reason . Executive may terminate the employment relationship between Executive and the Company at any time, without Good Reason for doing so, upon sixty (60) days' advance written notice of such termination given to the Company. In such event, Executive shall only be entitled to such compensation, benefits and perquisites that have been paid or accrued as of the effective date of termination.

10. Termination With Good Reason . Executive may terminate the employment relationship between Executive and the Company with "Good Reason" for doing so by following the process provided below in this Section. For such purpose, "Good Reason" means:

(a) A material reduction in Executive's then-current base annual salary, except to the extent that such reduction is accompanied by a corresponding increase in another form of compensation;

(b) Failure to provide Executive the same benefits and perquisites that are provided to other peer-level officers;

(c) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;

(d) A material diminution in Executive's authority, duties or responsibilities; or

(e) Any action or inaction that constitutes a material breach of this Agreement by the Company.

In order for Executive to initiate the process of terminating the employment relationship for Good Reason, Executive must first provide written notice to the Company of Executive's intent to terminate for Good Reason, and in such notice Executive must describe in reasonable detail the event or circumstance that Executive believes constitutes Good Reason for such termination of employment. That notice must be received by the Company within 90 days after the initial occurrence of such "Good Reason" event or circumstance described by Executive in the notice in order for the notice to be effective under this Section. The Company shall then have 30 days following the receipt of such notice in which to remedy or cure such event or circumstance so that Good Reason no longer exists for Executive to terminate the employment relationship. If the Company does not remedy or cure such event or circumstance within such 30-day cure period, Executive may then terminate the employment relationship by written notice of termination for Good Reason received by the Company within 60 days after the end of the above 30-day cure period, again describing in reasonable detail in such notice the event or circumstance relied on by Executive as constituting Good Reason for such termination. Notice of termination received by the Company after such 60-day period will not be effective under this Section. In the event Executive's employment is terminated by Executive for Good Reason in accordance with this Section, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

11. Termination Due to Death or Disability . In the event Executive dies or suffers a disability (as defined below) during the term of employment, this Agreement shall automatically be terminated on the date of such death or may be terminated on account of such disability by the Company by written notice to Executive specifying the date of termination. For purposes of this Agreement, Executive shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Executive, that Executive cannot perform the essential functions of Executive's position as a result of physical or mental incapacity and the occurrence of one or more of the following events:

(a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;

(b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or

(c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

In the event of the termination of Executive's employment on account of death or disability, Executive shall be entitled only to such compensation, benefits and perquisites as shall have been paid or accrued as of the date of such termination.

12. Severance Compensation and Benefits . In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 10, and (b) Executive is not entitled to any severance or similar compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

(a) Severance compensation ("Severance Pay") equal to twelve (12) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall not be paid to Executive until the ten (10) business day period immediately following the expiration of such six (6) month period.

(b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act ("COBRA"), to continue health care coverage for Executive and/or Executive's dependents under the health plan in which Executive had coverage at the time of the termination of Executive's employment, and if Executive continues paying the premiums for such COBRA coverage (subject to any COBRA premium subsidy Executive is eligible for under the American Recovery and Reinvestment Act of 2009 or similar law), then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive's dependents immediately prior to the termination of Executive's employment, such premium reimbursements to continue until the earlier of (i) the date that is twelve (12) months after Executive's employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive's termination of employment.

(c) Limited out-placement counseling with a company of the Company's choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twelve (12) months following the termination of Executive's employment.

In order to receive the foregoing severance compensation and benefits, Executive must execute and not revoke a release, in a form acceptable to the Company, of any and all claims against the Company and its affiliated companies and all related parties with respect to all matters arising out of Executive's employment by the Company or any of its affiliated companies and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company or any of its affiliated companies under which Executive has accrued and is due a benefit) (a "Release").

The Company and Executive mutually acknowledge and agree that payment of the foregoing severance compensation and benefits may be adjusted, from a timing standpoint or in the form or manner of payment, as necessary to comply with (avoid adverse tax consequences under) Section 409A or other applicable provisions of the Code.

13. Confidential Information; Company Property . Executive acknowledges that, by reason of Executive's employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("Confidential Information"). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity, except (a) as Executive's duties as an employee of the Company so require, (b) with the prior written authorization of the Company, or (c) as may be authorized by law. In this regard, and in order to comply with Executive's obligations regarding the non-use and non-disclosure of Confidential Information, Executive promises that Executive will not provide advice or services to any person or entity, in any capacity whatsoever, if the Confidential Information possessed by Executive would be useful or of benefit to such person or entity in competing against the Company or any of its affiliated entities or otherwise. The provisions in this Section and this Agreement regarding "Confidential Information" are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies.

Executive shall not remove any property or information of Company or its affiliated companies from the Company's premises, except in discharge of Executive's duties or when otherwise authorized by the Company. Executive shall return all of the Company's or its affiliated companies' property and information within seven (7) days following the cessation of Executive's employment for any reason. Upon request by the Company, Executive shall certify in writing that all copies of information subject to this Agreement located on Executive's computers or other electronic storage devices have been permanently deleted; provided, that Executive may retain copies of Executive's personnel file and documents relating to employee benefit programs or insurance plans applicable to Executive and income records to the extent necessary for Executive to prepare individual tax returns.

Nothing in this Agreement prohibits Executive from reporting possible violations of federal, state, or local laws or regulations to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or from making other disclosures (including, but not limited to, providing documents or other information) that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Company to make any such reports or disclosures, and Executive is not required to notify Company that Executive has made such reports or disclosures. Executive also is not limited in Executive's right to receive an award for information provided to any government agency or entity.

As provided by federal law (18 U.S.C. § 1833), Executive understands that Executive will not be held criminally or civilly liable under any federal or state trade secret law for Executive's disclosure of a trade secret that is made by Executive: (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to any attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed by Executive in a lawsuit or other proceeding, on the condition that such filing is made under seal.

14. Non-Competition . Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive's employment or that the Company or any of its affiliated companies are about to so do at the time of such termination of employment (the "Competing Products"), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities.

15. No Solicitation . Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the termination of Executive's employment by the Company, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six (6) months prior to Executive's termination of employment.

16. Addition to Restricted Period . In the event Executive breaches any of Executive's obligations under Sections 14 or 15, then the period of time during which such provision is to remain in effect following the termination of Executive's employment shall be increased by the same amount of time that Executive was in breach thereof.

17. Survival of Restrictive Covenants . The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's

obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.

18. Enforcement/Injunctive Relief. Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce the provisions of Sections 13, 14 or 15.

19. Reasonableness and Judicial Modification of Restrictions. Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Company Modification of Restrictions. The Company may at any time and from time to time during or after the term of Executive's employment by the Company, on its own initiative and without the necessity of obtaining any consent from or agreement of Executive with respect thereto, modify any of the provisions of Sections 13, 14 or 15 that restrict Executive's actions or rights in whatever manner the Company chooses if such modification makes the provision in question less restrictive or burdensome as to Executive's actions or rights than it was prior to modification. Any such modification will be effective immediately upon the Company's giving written notice to Executive thereof (including the precise wording changes made).

21. Publicly Traded Stock. The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

22. Waiver of Jury Trials. Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.

23. Choice of Forum; Consent to Jurisdiction. Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated

companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is incorporated or maintains its principal office at the time of the claim or action. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.

24. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

25. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.

26. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.

27. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail, return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).

28. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

29. Employee Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement.

30. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-28, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.

31. Integration. This Agreement supersedes and replaces any prior employment agreement or similar oral or written agreements or understandings between Executive and the Company or any of its affiliated companies in respect of the matters addressed hereby, including but not limited to the Prior Agreement, which shall no longer be in effect.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the day and year first above written, to be effective as of the Effective Date.

HILLENBRAND, INC.

By: /s/ Glennis A. Williams
Name: Glennis A. Williams
Title: Senior Vice President,
Chief Human Resources Officer

EXECUTIVE

/s/ Kimberly K. Ryan Kimberly K. Ryan

FORM OF CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made as of the ___ day of ___________, 20__ (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster continuous employment by the Company and its subsidiaries of their key management personnel;

WHEREAS, the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company has recommended, and the Board has approved, that the Company enter into Change in Control Agreements with key executives of the Company and its subsidiaries who are from time to time designated by the management of the Company and approved by the Committee;

WHEREAS, the Committee and the Board believe that Executive has made valuable contributions to the productivity and profitability of the Company and consider it essential to the best interests of the Company and its shareholders that Executive be encouraged to remain with the Company; and

WHEREAS, the Board believes it is in the best interests of the Company and its shareholders that Executive continue in employment with the Company and in the event of any proposed Change in Control (as defined below) be in a position to provide assessment and advice to the Board regarding any proposed Change in Control without concern that Executive might be unduly distracted by the personal uncertainties and risks created by any proposed Change in Control;

NOW, THEREFORE, the Company and Executive agree as follows:

1. **Effectiveness; Prior Agreement.** The terms and conditions of this Agreement shall become effective commencing on the Effective Date. Executive and the Company previously entered into that certain Change in Control Agreement dated as of (the "Prior Agreement"). This Agreement replaces and supersedes the Prior Agreement, and the Prior Agreement is hereby terminated.

2. **Termination following a Change in Control.** After the occurrence of a Change in Control, the Company will provide or cause to be provided to Executive the rights and benefits described in Section 3 hereof in the event that Executive's employment with the Company and its subsidiaries is terminated:

(a) by the Company or its subsidiaries (or its or their successors) for any reason other than on account of Executive's death, permanent disability, retirement or for Cause (as defined below) at any time prior to the second anniversary of a Change in Control; or

(b) by Executive for Good Reason (as defined below) at any time prior to the second anniversary of a Change in Control.

Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the Executive's employment with the Company is terminated by the Company without Cause, or by Executive for Good Reason, prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control which subsequently occurs within three months of such termination, then for purposes of this Agreement a Change in Control shall be deemed to have occurred on the day immediately prior to such termination of employment, and all references in Section 3 to payments within a specified period as allowed by law following "Termination" shall instead be references to the specified period following the Change in Control.

The rights and benefits described in Section 3 hereof shall be in lieu of any severance or similar payments otherwise payable to Executive under any employment agreement or severance plan or program of the Company or any of its subsidiaries but shall not otherwise affect Executive's rights to compensation or benefits under the Company's compensation and benefit programs except to the extent expressly provided herein.

3. **Rights and Benefits Upon Termination.**

In the event of the termination of Executive's employment under any of the circumstances set forth in Section 2 hereof ("Termination"), the Company shall provide or cause to be provided to Executive the following rights and benefits, provided that Executive executes and delivers to the Company within 45 days of the Termination a release ("Release") in a form reasonably acceptable to the Company:

(a) a lump sum payment in cash in the amount of [two/three] Three times only in the case of the CEO. times Executive's Annual Base Salary (as defined below), payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended ("Code") (Section 409A of the Code is hereunder referred to as "Section 409A"), and the Treasury Regulations promulgated thereunder (to the extent required in order to comply with Section 409A); or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(b) for the [24/36] Thirty-six months only in the case of the CEO. months following Termination, continued health and medical insurance coverage for Executive and Executive's dependents substantially comparable (with regard to both benefits and employee contributions) to the coverage provided by the Company immediately prior to the Change in Control for active employees of equivalent rank. From the end of such [24/36] Same. -month period until Executive attains Social Security Retirement Age, Executive shall have the right to purchase (at COBRA rates applicable to such coverage) continued coverage for Executive and Executive's dependents under one or more plans maintained by the Company for its active employees, to the extent Executive would have been eligible to purchase continued coverage under the plan in effect immediately prior to the Change in Control had Executive's employment terminated [24/36] Same. months following Termination. The payment of any health or medical claims for the health and medical coverage provided in this subparagraph (b) shall be made to the Executive as soon as administratively practicable after the Executive has provided the appropriate claim documentation, but in no event shall the payment for any such health or medical claim be paid later than the last day of the calendar year following the calendar year in which the expense was incurred. Notwithstanding anything herein to the contrary, to the extent required by Section 409A: (i) the amount of medical claims eligible for reimbursement or to be provided as an in-kind benefit under this Agreement during a calendar year may not affect the medical claims eligible for reimbursement or to be provided as an in-kind benefit in any other calendar year, and (ii) the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit;

(c) continuation for Executive, for a period of two years following Termination, of the Executive Life Insurance Bonus Program (if any) provided for Executive by the Company immediately prior to the Change in Control and the group term life insurance program provided for Executive immediately prior to the Change in Control. The payment of any claim for death benefits provided under this subparagraph (c) shall be paid in accordance with the appropriate program, provided, however that if the death benefit is subject to Section 409A, then the death benefit shall be paid, as determined by the Company in its complete and absolute discretion, no later than the later to occur of (i) the last day of the calendar year in which the death of the Executive occurs or (ii) the 90th day following the Executive's death;

(d) a lump sum payment in cash, payable within 30 days after Termination, equal to all reimbursable business expenses and similar miscellaneous benefits as of the Termination; provided, however, that to the extent that any such miscellaneous benefits are subject to Section 409A, such benefits shall be paid in one lump sum (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee"; provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(e) a lump sum payment in cash equal to the amounts accrued, if any, for the last 12 months times [two/three] Three times only in the case of the CEO. immediately prior to the Termination in any of the Defined Contribution, Matching Account and/or Supplemental Contribution Account, payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i), or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(f) a lump sum payment in cash equal to the amount of Short-Term Incentive Compensation which would be payable to Executive if the relevant performance targets with respect to such incentive compensation in effect for the entire year in which the Change in Control occurred were achieved at 100% of target; and

(g) accelerated vesting of all awards held by Executive under the Company's Stock Incentive Plan, including the following (capitalized terms used below and not otherwise defined shall have the meanings given to them in the Company's Stock Incentive Plan):

(i) immediate vesting of all outstanding awards of Bonus Stock;

(ii) immediate vesting of all outstanding Stock Options;

(iii) immediate vesting of all outstanding awards of Restricted Stock;

(iv) immediate vesting of all outstanding awards of Restricted Stock Units (also known as Deferred Stock) which would be payable to Executive if the relevant performance targets, where applicable, were achieved at 100% of target; and

(v) immediate vesting of all Stock Appreciation Rights;

provided, that if the Change in Control involves a merger, acquisition or other corporate restructuring in which the Company is not the surviving entity (or survives as a subsidiary of another entity) (an “Acquisition”), then, in lieu of any such shares of common stock of the Company as described above, Executive shall be entitled to receive consideration equal to that which Executive would have received had the Termination occurred (and, thus, the rights and benefits set forth above been realized) immediately prior to the Acquisition; and provided further, that the Company shall in any case have the right to substitute cash for shares of common stock of the Company or consideration in an amount equal to the fair market value of such shares or consideration as reasonably determined by the Company.

Any distribution to be made under Section 3(f) or (g) shall be made no later than two and a half months following Executive’s Termination, except to the extent otherwise required in order to comply with Section 409A.

4. **Adjustments to Payments.**

(a) If any payment or benefit Executive would receive pursuant to this Agreement or otherwise, including accelerated vesting of any equity compensation (all such payments and/or benefits hereinafter, “Payment”), would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then such Payment shall be either (x) provided to the Executive in full, or (y) provided to the Executive to such lesser extent which would result in no portion of such Payment being subject to the excise tax, further reduced by $5,000 (including such further reduction, the “Cutback Amount”), whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such excise tax and other applicable taxes, (all computed at the highest applicable marginal rates), results in the receipt by the Executive, on an after-tax basis, of the greatest amount of the Payment, notwithstanding that all or a portion of such Payment may be subject to the excise tax. If a reduction in payments or benefits constituting “parachute payments” is necessary so that the Payment equals the Cutback Amount, reduction shall occur in the following order: (A) cash payments shall be reduced first and in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; (B) accelerated vesting of performance-based equity awards shall be cancelled or reduced next and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any performance-based stock option or stock appreciation rights are reduced; (C) health and welfare benefits shall be reduced and in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced; and (D) accelerated vesting of time-based equity awards shall be cancelled or reduced last and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any time-based stock option or stock appreciation rights are reduced.

(b) The Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder and perform the foregoing calculations. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which right to a Payment is triggered (if requested at that time by the Company or Executive). Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

5. **Section 409A Acknowledgement.**

Executive acknowledges that Executive has been advised of Section 409A, which has significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Executive has been advised that Executive's severance pay and other Termination benefits may be treated by the Internal Revenue Service as "nonqualified deferred compensation," subject to Section 409A. In that event, several provisions in Section 409A may affect Executive's receipt of severance compensation, including the timing thereof. These include, but are not limited to, a provision which requires that distributions to "specified employees" (as defined in Section 409A) on account of separation from service may not be made earlier than six months after the effective date of separation. If applicable, failure to comply with Section 409A can lead to immediate taxation of such deferrals, with interest calculated at a penalty rate and a 20% excise tax. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Executive agrees that if Executive is a "specified employee" at the time of Executive's termination and if severance payments are covered as "nonqualified deferred compensation" or otherwise not exempt, such severance pay (and other benefits to the extent applicable) due Executive at time of termination shall not be paid until a date at least six months after Executive's effective termination date. Executive acknowledges that, notwithstanding anything contained herein to the contrary, both Executive and the Company shall each be independently responsible for accessing their own risks and liabilities under Section 409A that may be associated with any payment made under the terms of this Agreement which may be deemed to trigger Section 409A. To the extent applicable, Executive understands and agrees that Executive shall have the responsibility for, and Executive agrees to pay, any and all appropriate income tax or other tax obligations for which Executive is individually responsible and/or related to receipt of any benefits provided in this Agreement. Executive agrees to fully indemnify and hold the Company harmless for any taxes, penalties, interest, cost or attorneys' fee assessed against or incurred by the Company on account of such benefits having been provided to Executive or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Executive understands and acknowledges that neither the Company, nor any of its employees, attorneys or other representatives, has provided or will provide Executive with any legal or financial advice concerning taxes or any other matter, and that Executive has not relied on any such advice in deciding whether to enter into this Agreement. Notwithstanding any provision of this Agreement to the contrary, to the extent that any payment under the terms of this Agreement would constitute an impermissible acceleration of payments under Section 409A or any regulations or Treasury guidance promulgated thereunder, such payments shall be made no earlier than at such times allowed under Section 409A. If any provision of this Agreement (or of any award of compensation) would cause Executive to incur any additional tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Company or its successor may reform such provision; provided that it will (i) maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A and (ii) notify and consult with Executive regarding such amendments or modifications prior to the effective date of any such change.

6. **Non-Competition; Non-Solicitation.** In the event that upon a Termination, Executive receives any of the rights and benefits described in Section 3 hereof, then during the period beginning on such Termination and ending [two/three] Three years only in the case of the CEO. years thereafter:

(a) Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (i) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the Termination or that the Company or any of its affiliated companies are about to so do at the time of such Termination (the "Competing Products"), and (ii) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities; and

(b) Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the Termination, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to such Termination.

The provisions of Section 6(a) shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

7. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

(a) " Annual Base Salary " means the annualized amount of Executive's rate of base salary in effect immediately before the Change in Control or immediately before the date of Termination, whichever is greater.

(b) " Cause " shall have the same meaning set forth in any current employment agreement that the Executive has with the Company or any of its subsidiaries.

(c) A " Change in Control " shall be deemed to occur on:

(i) the date that any person, corporation, partnership, syndicate, trust, estate or other group acting with a view to the acquisition, holding or disposition of securities of the Company, becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of securities of the Company representing 35% or more of the voting power of all securities of the Company having the right under ordinary circumstances to vote at an election of the Board ("Voting Securities"), other than by reason of (x) the acquisition of securities of the Company by the Company or any of its Subsidiaries or any employee benefit plan of the Company or any of its Subsidiaries, or (y) the acquisition of securities of the Company directly from the Company;

(ii) the consummation of a merger or consolidation of the Company with another corporation unless

(A) the shareholders of the Company, immediately prior to the merger or consolidation, beneficially own, immediately after the merger or consolidation, shares entitling such shareholders to 50% or more of the voting power of all securities of the corporation surviving the merger or consolidation having the right under ordinary circumstances to vote at an election of directors in substantially the same proportions as their ownership, immediately prior to such merger or consolidation, of Voting Securities of the Company;

(B) no person, corporation, partnership, syndicate, trust, estate or other group beneficially owns, directly or indirectly, 35% or more of the voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation except to the extent that such ownership existed prior to such merger or consolidation; and

(C) the members of the Company's Board, immediately prior to the merger or consolidation, constitute, immediately after the merger or consolidation, a majority of the board of directors of the corporation issuing cash or securities in the merger;

(iii) the date on which individuals who at the beginning of the 24-month period ending on such date constituted the entire Board ("Current Directors") shall cease for any reason to constitute a majority of the Board, unless the nomination or election of each new director was approved by a majority vote of the Current Directors;

(iv) the consummation of a sale or other disposition of all or substantially all of the assets of the Company; or

(v) the date of approval by the shareholders of the Company of a plan of complete liquidation of the Company.

(d) " Defined Contribution Accounts," "Matching Accounts," and "Supplemental Contribution Accounts " shall have the meanings set forth in the Company's Supplemental Executive Retirement Program or Supplemental Retirement Plan, as applicable.

(e) " Executive Life Insurance Bonus Program " shall mean a program under which the Company pays the annual premium for a whole life insurance policy on the life of Executive.

(f) " Good Reason " shall have the same meaning set forth in any current employment agreement that the Executive has with the Company or any of its subsidiaries.

(g) " Short-Term Incentive Compensation " means the Incentive Compensation payable under the Short-Term Incentive Compensation Program, or any successor or other short-term incentive plan or program.

8. **Notice.**

(a) Any discharge or termination of Executive's employment pursuant to Section 2 shall be communicated in a written notice to the other party hereto setting forth the effective date of such discharge or termination (which date shall not be more than 30 days after the date such notice is delivered) and, in the case of a discharge for Cause or a termination for Good Reason the basis for such discharge or termination.

(b) For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed (i) in the case of Executive, to the last address the Company has on file; or (ii) in the case of the Company, to One Batesville Boulevard, Batesville, Indiana 47006, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Vice President and General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. **No Duty to Mitigate.** Executive is not required to seek other employment or otherwise mitigate the amount of any payments to be made by the Company pursuant to this Agreement.

10. **Assignment.**

(a) This Agreement is personal to Executive and shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company shall require any successor to all or substantially all of the business and/or assets of the Company, whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, or otherwise, to expressly assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it if no such succession had taken place.

11. **Arbitration.** Any dispute or controversy arising under, related to or in connection with this Agreement shall be settled exclusively by arbitration before a single arbitrator in Indianapolis, Indiana, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator's award shall be final and binding on all parties to this Agreement. Judgment may be entered on an arbitrator's award in any court having competent jurisdiction.

12. **Integration.** As of the Effective Date, this Agreement supersedes and replaces any prior change in control agreement (for the avoidance of doubt, including the Prior Agreement), oral or written agreements or understandings in respect of the matters addressed hereby. To the extent the terms or

conditions of any equity award grant instrument conflict with the terms of this Agreement, the terms of this Agreement shall govern.

13. **Amendment.** This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

14. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

15. **Withholding.** The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

16. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana without reference to principles of conflict of laws.

17. **Attorney's Fees.** If any legal proceeding (whether in arbitration, at trial or on appeal) is brought under or in connection with this Agreement, each party shall pay its own expenses, including attorneys' fees.

18. **Term of Agreement.** The term of this Agreement shall be one year commencing on the date hereof; provided however, that this Agreement shall be automatically renewed for successive one-year terms commencing on each anniversary of the date of this Agreement unless the Company shall have given notice of non-renewal to Executive at least 30 days prior to the scheduled termination date; and further provided that notwithstanding the foregoing, (i) this Agreement shall not terminate within [two/three] Three years only in the case of the CEO. years after a Change in Control, or during any period of time when a transaction which would result in a Change in Control is pending or under consideration by the Board, and (ii) Section 6 hereof shall survive termination. The termination of this Agreement shall not adversely affect any rights to which Executive has become entitled prior to such termination.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above set forth.

HILLENBRAND, INC.

By: ______________________________

Name:

Title:

EXECUTIVE

____

Exhibit 10.33

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of the 13th day of June, 2018, to be effective as of the 18th day of June, 2018 (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and Michael Whitted ("Executive"). Each of the Company and Executive is sometimes referred to below as a "Party" and together they are the "Parties." The Company's direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its "affiliated companies."

RECITALS

The Parties have agreed that as of the Effective Date the Company will employ Executive in an executive capacity in accordance with the terms of this Agreement. This Agreement is made to document certain of the terms and conditions of such employment relationship.

AGREEMENTS

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

1. Employment. The Company will employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts employment by the Company on that basis.
2. Position and Duties. Executive's position and title will initially be as the Senior Vice President, Strategy and Corporate Development of the Company. Executive agrees to perform all duties and accept all responsibilities incidental to that position (or any other position in which Executive may be employed) or as may be assigned to Executive. Executive's position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company's affiliated companies, as directed by the Company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.
3. Efforts and Loyalty. During the term of Executive's employment under this Agreement, Executive agrees to use Executive's reasonable best efforts in the conduct of the Company's business endeavors entrusted to Executive and agrees to devote substantially all of Executive's working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company. Executive agrees not to engage in any other activities that interfere with Executive's performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company's written consent thereto.
4. Compensation. Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:
   (a) A base salary at an initial annual rate of $425,000, less withholdings and deductions;
   (b) Incentive compensation, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company's financial statements in accordance with any applicable policy, law or agreement);
   (c) The other compensation and benefits described in the attached summary, subject, however, to the terms of this Agreement; and
   (d) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.
5. Changes to Compensation. Subject to Section 10 below, the Company reserves the right to, and Executive agrees that the Company may, make changes to Executive's compensation from time to

time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company in its sole discretion from time to time on the same basis as other peer-level officers.

6. Restrictions; Defense and Indemnification . Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, any person or entity. Executive further represents and warrants that Executive does not have or possess any non-public, confidential information of or relating to any business or enterprise (other than the Company or its affiliated companies). Executive agrees to defend and indemnify the Company from and against any loss or expense suffered or incurred by the Company or any of its affiliated companies as a result of an inaccuracy or breach of any of Executive's representations, warranties or agreements made in this Section 6, or any breach by Executive of any post-employment obligations to any prior employer.

7. Termination Without Cause . The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits, and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

8. Termination With Cause . Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:

(a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or

(b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or

(c) Violated a material requirement of any Company policy or procedure, or policy or procedure of an affiliated company that applies to Executive; or

(d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or

(e) Engaged in any act that, in the reasonable opinion of the Company, is contrary to its best interests or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

Upon the termination of Executive's employment for Cause, Executive shall only be entitled to such compensation, benefits, and perquisites that have been paid or accrued as of the effective date of termination. To the extent any violation of this Section is capable of being promptly cured by Executive (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Executive with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Executive to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

9. Termination Without Good Reason . Executive may terminate the employment relationship between Executive and the Company at any time, without Good Reason for doing so, upon sixty (60) days' advance written notice of such termination given to the Company. In such event, Executive shall only be entitled to such compensation, benefits and perquisites that have been paid or accrued as of the effective date of termination.

10. Termination With Good Reason . Executive may terminate the employment relationship between Executive and the Company with "Good Reason" for doing so by following the process provided below in this Section. For such purpose, "Good Reason" means:

(a) A material reduction in Executive's then-current base annual salary, except to the extent that such reduction is accompanied by a corresponding increase in another form of compensation;

(b) Failure to provide Executive the same benefits and perquisites that are provided to other peer-level officers;

(c) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;

(d) A material diminution in Executive's authority, duties or responsibilities; or

(e) Any action or inaction that constitutes a material breach of this Agreement by the Company.

In order for Executive to initiate the process of terminating the employment relationship for Good Reason, Executive must first provide written notice to the Company of Executive's intent to terminate for Good Reason, and in such notice Executive must describe in reasonable detail the event or circumstance that Executive believes constitutes Good Reason for such termination of employment. That notice must be received by the Company within 90 days after the initial occurrence of such "Good Reason" event or circumstance described by Executive in the notice in order for the notice to be effective under this Section. The Company shall then have 30 days following the receipt of such notice in which to remedy or cure such event or circumstance so that Good Reason no longer exists for Executive to terminate the employment relationship. If the Company does not remedy or cure such event or circumstance within such 30-day cure period, Executive may then terminate the employment relationship by written notice of termination for Good Reason received by the Company within 60 days after the end of the above 30-day cure period, again describing in reasonable detail in such notice the event or circumstance relied on by Executive as constituting Good Reason for such termination. Notice of termination received by the Company after such 60-day period will not be effective under this Section. In the event Executive's employment is terminated by Executive for Good Reason in accordance with this Section, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

11. Termination Due to Death or Disability . In the event Executive dies or suffers a disability (as defined below) during the term of employment, this Agreement shall automatically be terminated on the date of such death or may be terminated on account of such disability by the Company by written notice to Executive specifying the date of termination. For purposes of this Agreement, Executive shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Executive, that Executive cannot perform the essential functions of Executive's position as a result of physical or mental incapacity and the occurrence of one or more of the following events:

(a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;

(b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or

(c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

In the event of the termination of Executive's employment on account of death or disability, Executive shall be entitled only to such compensation, benefits and perquisites as shall have been paid or accrued as of the date of such termination.

12. Severance Compensation and Benefits . In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 10, and (b) Executive is not entitled to any severance or similar compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

(a) Severance compensation ("Severance Pay") equal to twelve (12) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall not be paid to Executive until the ten (10) business day period immediately following the expiration of such six (6) month period.

(b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act ("COBRA"), to continue health care coverage for Executive and/or Executive's dependents under the health plan in which Executive had coverage at the time of the termination of Executive's employment, and if Executive continues paying the premiums for such COBRA coverage (subject to any COBRA premium subsidy Executive is eligible for under the American Recovery and Reinvestment Act of 2009 or similar law), then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive's dependents immediately prior to the termination of Executive's employment, such premium reimbursements to continue until the earlier of (i) the date that is twelve (12) months after Executive's employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive's termination of employment.

(c) Limited out-placement counseling with a company of the Company's choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twelve (12) months following the termination of Executive's employment.

In order to receive the foregoing severance compensation and benefits, Executive must execute and not revoke a release, in a form acceptable to the Company, of any and all claims against the Company and its affiliated companies and all related parties with respect to all matters arising out of Executive's employment by the Company or any of its affiliated companies and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company or any of its affiliated companies under which Executive has accrued and is due a benefit) (a "Release").

The Company and Executive mutually acknowledge and agree that payment of the foregoing severance compensation and benefits may be adjusted, from a timing standpoint or in the form or manner of payment, as necessary to comply with (avoid adverse tax consequences under) Section 409A or other applicable provisions of the Code.

13. Confidential Information; Company Property . Executive acknowledges that, by reason of Executive's employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("Confidential Information"). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity, except (a) as Executive's duties as an employee of the Company so require, (b) with the prior written authorization of the Company, or (c) as may be authorized by law. In this regard, and in order to comply with Executive's obligations regarding the non-use and non-disclosure of Confidential Information, Executive promises that Executive will not provide advice or services to any person or entity, in any capacity whatsoever, if the Confidential Information possessed by Executive would be useful or of benefit to such person or entity in competing against the Company or any of its affiliated entities or otherwise. The provisions in this Section and this Agreement regarding "Confidential Information" are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies.
Executive shall not remove any property or information of Company or its affiliated companies from the Company's premises, except in discharge of Executive's duties or when otherwise authorized by the Company. Executive shall return all of the Company's or its affiliated companies' property and information within seven (7) days following the cessation of Executive's employment for any reason. Upon request by the Company, Executive shall certify in writing that all copies of information subject to this Agreement located on Executive's computers or other electronic storage devices have been permanently deleted; provided, that Executive may retain copies of Executive's personnel file and documents relating to employee benefit programs or insurance plans applicable to Executive and income records to the extent necessary for Executive to prepare individual tax returns.

Nothing in this Agreement prohibits Executive from reporting possible violations of federal, state, or local laws or regulations to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or from making other disclosures (including, but not limited to, providing documents or other information) that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Company to make any such reports or disclosures, and Executive is not required to notify Company that Executive has made such reports or disclosures. Executive also is not limited in Executive's right to receive an award for information provided to any government agency or entity.

As provided by federal law (18 U.S.C. § 1833), Executive understands that Executive will not be held criminally or civilly liable under any federal or state trade secret law for Executive's disclosure of a trade secret that is made by Executive: (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to any attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed by Executive in a lawsuit or other proceeding, on the condition that such filing is made under seal.

14. <u>Non-Competition</u>. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive's employment or that the Company or any of its affiliated companies are about to so do at the time of such termination of employment (the "Competing Products"), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities.

15. <u>No Solicitation</u>. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the termination of Executive's employment by the Company, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six (6) months prior to Executive's termination of employment.

16. <u>Addition to Restricted Period</u>. In the event Executive breaches any of Executive's obligations under Sections 14 or 15, then the period of time during which such provision is to remain in effect following the termination of Executive's employment shall be increased by the same amount of time that Executive was in breach thereof.

17. <u>Survival of Restrictive Covenants</u>. The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's

obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.

18. Enforcement/Injunctive Relief . Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce the provisions of Sections 13, 14 or 15.

19. Reasonableness and Judicial Modification of Restrictions . Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Company Modification of Restrictions . The Company may at any time and from time to time during or after the term of Executive's employment by the Company, on its own initiative and without the necessity of obtaining any consent from or agreement of Executive with respect thereto, modify any of the provisions of Sections 13, 14 or 15 that restrict Executive's actions or rights in whatever manner the Company chooses if such modification makes the provision in question less restrictive or burdensome as to Executive's actions or rights than it was prior to modification. Any such modification will be effective immediately upon the Company's giving written notice to Executive thereof (including the precise wording changes made).

21. Publicly Traded Stock . The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

22. Waiver of Jury Trials . Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.

23. Choice of Forum; Consent to Jurisdiction . Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated

companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is incorporated or maintains its principal office at the time of the claim or action. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.

24. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

25. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.

26. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.

27. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail, return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).

28. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

29. Employee Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement.

30. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-28, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.

31. Integration. This Agreement supersedes and replaces any prior employment agreement or similar oral or written agreements or understandings between Executive and the Company or any of its affiliated companies in respect of the matters addressed hereby.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the day and year first above written, to be effective as of the Effective Date.

HILLENBRAND, INC.

By: /s/ Glennis A. Williams
Name: Glennis A. Williams
Title: Senior Vice President,
Chief Human Resources Officer

EXECUTIVE

/s/ J. Michael Whitted
J. Michael Whitted

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”), is made to be effective as of the 7 th day of September, 2015 (the “Effective Date”), by and between Batesville Services, Inc., an Indiana corporation (the “Company”), and Christopher Trainor (“Executive”). Each of the Company and Executive is sometimes referred to below as a “Party” and together they are the “Parties.” The Company’s direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its “affiliated companies.”

RECITALS

The Parties have agreed that as of the Effective Date the Company will continue to employ Executive in an executive capacity in accordance with the terms of this Agreement. This Agreement is made to document certain of the terms and conditions of such employment relationship.

AGREEMENTS

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

1. Effectiveness; Employment . The terms and conditions of this Agreement shall become effective commencing on the Effective Date. Upon the Effective Date, that certain Employment Agreement by and between Executive and the Company, dated as of May 28, 2010 (the “Prior Employment Agreement”), shall terminate. The Company will continue to employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts continued employment by the Company on that basis.
2. Position and Duties . Executive’s position and title will initially be as the President of the Company and Senior Vice President of Hillenbrand, Inc. Executive agrees to perform all duties and accept all responsibilities incidental to that position (or any other position in which Executive may be employed) or as may be assigned to Executive. Executive’s position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company’s affiliated companies, as directed by the Company or its ultimate parent company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.
3. Efforts and Loyalty . During the term of Executive’s employment under this Agreement, Executive agrees to use Executive’s reasonable best efforts in the conduct of the Company’s business endeavors entrusted to Executive and agrees to devote substantially all of Executive’s working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company and its affiliated companies. Executive agrees not to engage in any other activities that interfere with Executive’s performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company’s written consent thereto.
4. Compensation . Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:
   - (a) A base salary at an initial annual rate of $400.000, less withholdings and deductions;
   - (b) Incentive compensation, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company’s or its affiliated companies’ financial statements in accordance with any applicable policy, law or agreement);
   - (c) The other compensation and benefits described in the summary attached as Exhibit A , subject, however, to the terms of this Agreement; and

(d) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.

5. Changes to Compensation . Subject to Section 10 below, the Company reserves the right to, and Executive agrees that the Company may, make changes to Executive's compensation from time to time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company in its sole discretion from time to time on the same basis as other peer-level officers.

6. Restrictions; Defense and Indemnification . Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, any person or entity. Executive further represents and warrants that Executive does not have or possess any non-public, confidential information of or relating to any business or enterprise (other than the Company or its affiliated companies). Executive agrees to defend and indemnify the Company from and against any loss or expense suffered or incurred by the Company or any of its affiliated companies as a result of an inaccuracy or breach of any of Executive's representations, warranties or agreements made in this Section 6, or any breach by Executive of any post-employment obligations to any prior employer.

7. Termination Without Cause . The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

8. Termination With Cause . Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:

(a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or

(b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or

(c) Violated a material requirement of any Company policy or procedure, or policy or procedure of an affiliated company that applies to Executive; or

(d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or

(e) Engaged in any act that, in the reasonable opinion of the Company, is contrary to its best interests or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

Upon the termination of Executive's employment for Cause, Executive shall only be entitled to such compensation, benefits, and perquisites that have been paid or accrued as of the effective date of termination. To the extent any violation of this Section is capable of being promptly cured by Executive (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide

Executive with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Executive to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

9. Termination Without Good Reason . Executive may terminate the employment relationship between Executive and the Company at any time, without Good Reason for doing so, upon sixty (60) days' advance written notice of such termination given to the Company. In such event, Executive shall only be entitled to such compensation, benefits and perquisites that have been paid or accrued as of the effective date of termination.

10. Termination With Good Reason . Executive may terminate the employment relationship between Executive and the Company with "Good Reason" for doing so by following the process provided below in this Section. For such purpose, "Good Reason" means:

(a) A material reduction in Executive's then-current base annual salary, except to the extent that such reduction is accompanied by a corresponding increase in another form of compensation;

(b) Failure to provide Executive the same benefits and perquisites that are provided to other peer-level officers;

(c) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;

(d) A material diminution in Executive's authority, duties or responsibilities; or

(e) Any action or inaction that constitutes a material breach of this Agreement by the Company.

In order for Executive to initiate the process of terminating the employment relationship for Good Reason, Executive must first provide written notice to the Company of Executive's intent to terminate for Good Reason, and in such notice Executive must describe in reasonable detail the event or circumstance that Executive believes constitutes Good Reason for such termination of employment. That notice must be received by the Company within 90 days after the initial occurrence of such "Good Reason" event or circumstance described by Executive in the notice in order for the notice to be effective under this Section. The Company shall then have 30 days following the receipt of such notice in which to remedy or cure such event or circumstance so that Good Reason no longer exists for Executive to terminate the employment relationship. If the Company does not remedy or cure such event or circumstance within such 30-day cure period, Executive may then terminate the employment relationship by written notice of termination for Good Reason received by the Company within 60 days after the end of the above 30-day cure period, again describing in reasonable detail in such notice the event or circumstance relied on by Executive as constituting Good Reason for such termination. Notice of termination received by the Company after such 60-day period will not be effective under this Section. In the event Executive's employment is terminated by Executive for Good Reason in accordance with this Section, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

11. Termination Due to Death or Disability . In the event Executive dies or suffers a disability (as defined below) during the term of employment, this Agreement shall automatically be terminated on the date of such death or may be terminated on account of such disability by the Company by written notice to Executive specifying the date of termination. For purposes of this Agreement, Executive shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Executive, that Executive cannot perform the essential functions of Executive's position as a result of physical or mental incapacity and the occurrence of one or more of the following events:

(a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;

(b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or

(c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

In the event of the termination of Executive's employment on account of death or disability, Executive shall be entitled only to such compensation, benefits and perquisites as shall have been paid or accrued as of the date of such termination.

12. Severance Compensation and Benefits . In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 10, and (b) Executive is not entitled to any severance or similar compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

(a) Severance compensation ("Severance Pay") equal to the greater of twelve (12) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated or the period provided in the Company's severance guidelines in effect at the time; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall not be paid to Executive until the ten (10) business day period immediately following the expiration of such six (6) month period.

(b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act ("COBRA"), to continue health care coverage for Executive and/or Executive's dependents under the health plan in which Executive had coverage at the time of the termination of Executive's employment, and if Executive continues paying the premiums for such COBRA coverage (subject to any COBRA premium subsidy Executive is eligible for under the American Recovery and Reinvestment Act of 2009 or similar law), then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive's dependents immediately prior to the termination of Executive's employment, such premium reimbursements to continue until the earlier of (i) the date that is twelve (12) months after Executive's employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive's termination of employment.

(c) Limited out-placement counseling with a company of the Company's choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twelve (12) months following the termination of Executive's employment.

In order to receive the foregoing severance compensation and benefits, Executive must execute and not revoke a release, in a form acceptable to the Company, of any and all claims against the Company and its affiliated companies and all related parties with respect to all matters arising out of Executive's employment by the Company or any of its affiliated companies and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company or any of its affiliated companies under which Executive has accrued and is due a benefit) (a "Release").

The Company and Executive mutually acknowledge and agree that payment of the foregoing severance compensation and benefits may be adjusted, from a timing standpoint or in the form or manner of payment, as necessary to comply with (avoid adverse tax consequences under) Section 409A or other applicable provisions of the Code.

13. Confidential Information; Company Property . Executive acknowledges that, by reason of Executive's employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("Confidential Information"). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity (except in either case as Executive's duties as an employee of the Company may require) without the prior written authorization of the Company. In this regard, and in order to comply with Executive's obligations regarding the non-use and non-disclosure of Confidential Information, Executive promises that Executive will not provide advice or services to any person or entity, in any capacity whatsoever, if the Confidential Information possessed by Executive would be useful or of benefit to such person or entity in competing against the Company or any of its affiliated entities or otherwise. The provisions in this Section and this Agreement regarding "Confidential Information" are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies.

Executive shall not remove any property or information of Company or its affiliated companies from the Company's premises, except in discharge of Executive's duties or when otherwise authorized by the Company. Executive shall return all of the Company's or its affiliated companies' property and information within seven (7) days following the cessation of Executive's employment for any reason. Upon request by the Company, Executive shall certify in writing that all copies of information subject to this Agreement located on Executive's computers or other electronic storage devices have been permanently deleted; provided, that Executive may retain copies of Executive's personnel file and documents relating to employee benefit programs or insurance plans applicable to Executive and income records to the extent necessary for Executive to prepare individual tax returns.

14. Non-Competition . Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive's employment or that the Company or any of its affiliated companies are about to so do at the time of such termination of employment (the "Competing Products"), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities, including but not limited to those enterprises specifically identified on Exhibit B attached hereto and incorporated herein.
15. No Solicitation . Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the termination of Executive's employment by the Company, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to Executive's termination of employment.
16. Addition to Restricted Period . In the event Executive breaches any of Executive's obligations under Sections 14 or 15, then the period of time during which such provision is to remain in effect following the termination of Executive's employment shall be increased by the same amount of time that Executive was in breach thereof.
17. Survival of Restrictive Covenants . The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.
18. Enforcement/Injunctive Relief . Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and

Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce the provisions of Sections 13, 14 or 15.

19. Reasonableness and Judicial Modification of Restrictions . Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Company Modification of Restrictions . The Company may at any time and from time to time during or after the term of Executive's employment by the Company, on its own initiative and without the necessity of obtaining any consent from or agreement of Executive with respect thereto, modify any of the provisions of Sections 13, 14 or 15 that restrict Executive's actions or rights in whatever manner the Company chooses if such modification makes the provision in question less restrictive or burdensome as to Executive's actions or rights than it was prior to modification. Any such modification will be effective immediately upon the Company's giving written notice to Executive thereof (including the precise wording changes made).

21. Publicly Traded Stock . The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

22. Waiver of Jury Trials . Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.

23. Choice of Forum; Consent to Jurisdiction . Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is incorporated or maintains its principal office at the time of the claim or action. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.

24. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

25. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.

26. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.

27. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail, return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).

28. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

29. Executive Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement.

30. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-28, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.

31. Integration. This Agreement supersedes and replaces any prior employment agreement (for the avoidance of doubt, including the Prior Employment Agreement) or similar oral or written agreements or understandings between Executive and the Company or any of its affiliated companies in respect of the matters addressed hereby.

IN WITNESS WHEREOF, the Parties have signed this Agreement to be effective as of the Effective Date.

BATESVILLE SERVICES, INC.

By: /s/ Joe A. Raver
Name: Joe A. Raver
Title: Chairman and Chief Executive Officer

EXECUTIVE

/s/ Christopher Trainor
Christopher Trainor

Exhibit 21.1

HILLENBRAND, INC.
SUBSIDIARIES OF THE REGISTRANT

All subsidiaries of the Company are Indiana companies, unless otherwise noted.

Subsidiaries of Hillenbrand, Inc.
- Batesville Services, Inc.
- Process Equipment Group, Inc., a New Jersey corporation

Subsidiary of Abel GmbH
- Abel Equipos, S.A., a Spanish company

Subsidiaries of Batesville Services, Inc.
- Batesville Casket Company, Inc.
- Batesville Interactive, Inc.
- Batesville Logistics, Inc.
- Batesville Manufacturing, Inc.
- Batesville Casket de Mexico, S.A. de C.V., a Mexican company
- Acorn Development Group, Inc.
- BCC JAWACDAH Holdings, LLC
- BV Acquisition, Inc.
- The Forethought Group, Inc.
- MCP, Inc.
- WCP, Inc.

Jointly owned by Batesville Services, Inc. and K-Tron Investment Co.
- Hillenbrand International Holding Corporation

Subsidiary of Batesville Casket Company, Inc.
- NorthStar Industries, LLC

Subsidiary of Coperion Capital GmbH
- Coperion GmbH, a German company

Subsidiary of Coperion Corporation
- Coperion de Mexico, S. de R.L. de C.V., a Mexican company

Subsidiaries of Coperion GmbH
- ABEL GmbH, a German company
- Coperion AB., a Swedish company
- Coperion International Trading (Shanghai) Co. Ltd., a Chinese company
- Coperion K.K., a Japanese company
- Coperion Ltd., a UK company
- Coperion Machinery & Systems (Shanghai) Co. Ltd., a Chinese company
- Coperion (Nanjing) Machinery Co., Ltd., a Chinese company
- Coperion Pelletizing Technology GmbH, a German company
- Coperion Pte. Ltd., a Singaporean company
- Coperion S.a.r.l., a French company
- Coperion S.L., a Spanish company
- Coperion S.r.l., an Italian company
- OOO “Coperion”, a Russian company
- Coperion Ltda., a Brazilian company

Jointly owned by Coperion GmbH and Coperion Capital GmbH
- Coperion N.V., a Belgian company

Subsidiary of Hillenbrand Germany Holding GmbH
- Coperion Capital GmbH, a German company

Subsidiary of Hillenbrand International Holding Corporation
- Hillenbrand Luxembourg S.à.r.l., a Luxembourg company
- Rasher Canada Holding Corp, a Canadian company

Subsidiaries of Hillenbrand Switzerland GmbH
- Hillenbrand Germany Finance LLC & Co. KG, a German partnership
- Hillenbrand Germany Holding GmbH, a German company
- Coperion K-Tron (Schweiz) GmbH, a Swiss company

Jointly owned by Hillenbrand Switzerland GmbH and Coperion K-Tron (Schweiz) GmbH
- Comercial TerraSource Global Limitada, a Chilean company
- TerraSource Global CIS Limited Liability Company, a Russian company

Subsidiary of BC Canada Company, ULC
- Batesville Canada Ltd., a Canadian company

Subsidiary of Batesville Holding UK Limited
- Batesville Casket UK Limited, a UK company

Subsidiary of Batesville Casket de Mexico, S.A. de C.V.
- Industrias Arga, S.A. de C.V., a Mexican company

Subsidiaries of Hillenbrand Luxembourg S.à.r.l.
- Batesville Holding UK, Limited, a UK company
- Hillenbrand Asia, LLC, a Delaware limited liability company
- Hillenbrand Switzerland GmbH, a Swiss company - d/b/a Hillenbrand Switzerland GmbH - US Finance Branch (State of Indiana)
- Green Tree Manufacturing, LLC
- Modern Wood Products, LLC

Jointly owned by Green Tree Manufacturing, LLC, and Modern Wood Products, LLC
- Global Products Co., S.A. de C.V., a Mexican company

Jointly owned by MCP, Inc. and WCP, Inc.
- NADCO, S.A. de C.V., a Mexican company

Subsidiaries of Process Equipment Group, Inc.
- Coperion Corporation, a Delaware corporation
- Hillenbrand AP, LLC, a Delaware limited liability company
- K-Tron Investment Co., a Delaware corporation
- K-Tron Technologies, Inc., a Delaware corporation
- Rotex Global, LLC, a Delaware limited liability company

Jointly owned by Process Equipment Group, Inc. and Hillenbrand AP, LLC
- Abel Pumps, L.P., a Delaware limited partnership
- Red Valve Company, Inc., a Pennsylvania corporation

Subsidiaries of K-Tron Investment Co.
- Coperion K-Tron Pitman, Inc., a Delaware corporation
- TerraSource Global Corporation, a Delaware corporation
- Coperion K-Tron Salina, a Delaware corporation

Subsidiaries of Coperion K-Tron (Schweiz) GmbH
- BC Canada Company, ULC, a Canadian company
- TerraSource Global Machinery Equipment (Beijing) Co., Ltd., a Chinese company
- Hillenbrand Europe, LLC, a Delaware limited liability company

Coperion K-Tron Asia Pte. Ltd., a Singaporean company
K-Tron China Limited, a Hong Kong company
Coperion K-Tron Deutschland GmbH, a German company
Coperion K-Tron Great Britain Limited, a UK company
Coperion K-Tron (Shanghai) Co. Ltd., a Chinese FICE
Rotex Global (Hong Kong) Limited, a Hong Kong company
Rotex Europe Ltd., a UK company
Wuxi K-Tron Colormax Machinery Co., Ltd., a Chinese company
PEG (Wuxi) Manufacturing Co., Ltd., a Chinese company

Subsidiaries of TerraSource Global Corporation
Jeffrey Rader AB, a Swedish company
Jeffrey Rader Canada Company, a Canadian company

Subsidiaries of Coperion K-Tron Pitman
K-Tron Colormax Limited, a UK company
K-Tron PCS Limited, a UK company

Subsidiary of Rotex Europe Ltd.
Rotex Japan Limited, a UK company

Subsidiary of Coperion K-Tron Asia Pte Ltd.
PEG Process Equipment India LLP, an Indian partnership

Joint Ventures of Coperion GmbH
Coperion Ideal Pvt. Ltd., an Indian company
Coperion Middle East Co. Ltd., a Saudi Arabia company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (Nos. 333-194367, 333-149893 and 333-167508) of Hillenbrand, Inc. of our report dated November 13, 2018 , relating to the financial statements and financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana

November 13, 2018

EXHIBIT 31.1

CERTIFICATIONS

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joe A. Raver, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 13, 2018

/s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kristina A. Cerniglia certify that:

1. I have reviewed this Annual Report on Form 10-K of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2018

/s/ Kristina A. Cerniglia

Kristina A. Cerniglia
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Hillenbrand, Inc. (the "Company") on Form 10-K for the period ending September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe A. Raver, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer
November 13, 2018

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Hillenbrand, Inc. (the "Company") on Form 10-K for the period ending September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kristina A. Cerniglia, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kristina A. Cerniglia

Kristina A. Cerniglia
Senior Vice President and Chief Financial Officer
November 13, 2018

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.