

HILLENBRAND, INC.

FORM 8-K (Current report filing)

Filed 02/27/13 for the Period Ending 02/27/13

Address	ONE BATESVILLE BOULEVARD BATESVILLE, IN 47006
Telephone	(812)931-2304
CIK	0001417398
Symbol	HI
SIC Code	3990 - Miscellaneous Manufacturing Industries
Industry	Furniture & Fixtures
Sector	Consumer Cyclical
Fiscal Year	09/30

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 27, 2013**

HILLENBRAND, INC.

(Exact Name of Registrant as Specified in Charter)

Indiana

(State or Other Jurisdiction of
Incorporation)

1-33794

(Commission File Number)

26-1342272

(IRS Employer Identification No.)

**One Batesville Boulevard
Batesville, Indiana**

(Address of Principal Executive Office)

47006

(Zip Code)

Registrant's telephone number, including area code: **(812) 934-7500**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

A copy of presentation slides to be used by Hillenbrand, Inc. (the “Company” or “we”) in a shareholder meeting presentation on February 27, 2013 is attached as Exhibit 99.1 to this Current Report on Form 8-K. These presentation slides are also available on the Company’s website under “Investor Relations” at www.hillenbrandinc.com.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (“Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Non-GAAP Financial Measures

While the Company reports financial results in accordance with accounting principles generally accepted in the United States (GAAP), we also provide certain non-GAAP operating performance measures. These non-GAAP measures exclude the tax benefit of the international integration described in Item 1 of our 2012 Form 10-K filed with the Securities and Exchange Commission (SEC) November 26, 2012, expenses associated with long-term incentive compensation related to the international integration, backlog amortization, antitrust litigation, business acquisitions, restructuring, and sales tax adjustments, as well as the related income tax. This non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

We use this information internally to make operating decisions and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results. The information can also be used to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by these types of items. Finally, the Company believes such information provides a higher degree of transparency for certain items. Investors should consider non-GAAP measures in addition to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Presentation Slides

Disclosure Regarding Forward-Looking Statements

Throughout this release, we make a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. As the words imply, forward-looking statements are statements about the future, as contrasted with historical information. Our forward-looking statements are based on assumptions and current expectations of future events that we believe are reasonable, but by their very nature they are subject to a wide range of risks. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand’s expectations and projections.

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

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

This is not an exhaustive list. Our intent is to provide examples of how readers might 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.

These factors include, but are not limited to: the outcome of any legal proceedings that may be instituted against Hillenbrand, or any companies we may acquire; risks that an acquisition disrupts current operations or poses potential difficulties in employee retention or otherwise affects financial or operating results; the ability to recognize the benefits of an acquisition, including potential synergies and cost savings or the failure of an acquired company to achieve its plans and objectives generally; global market and economic conditions, including those related to the credit markets; volatility of our investment portfolio; adverse foreign currency fluctuations; ongoing involvement in claims, lawsuits and governmental proceedings related to operations; labor disruptions; the dependence of our business units on relationships with several large providers; increased costs or unavailability of raw materials; continued fluctuations in mortality rates and increased cremations; competition from nontraditional sources in the funeral services business; cyclical demand for industrial capital goods; and certain tax-related matters.

For a more in-depth discussion of these and other factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading “Risk Factors” in item 1A of Hillenbrand’s Form 10-Q for the quarter ended December 31, 2012, filed with the Securities and Exchange Commission on February 4, 2013. The Company assumes no obligation to update or revise any forward-looking information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HILLENBRAND, INC.

DATE: February 27, 2013

BY: /S/ Cynthia L. Lucchese
Cynthia L. Lucchese
Senior Vice President and
Chief Financial Officer

DATE: February 27, 2013

BY: /S/ John R. Zerkle
John R. Zerkle
Senior Vice President,
General Counsel and Secretary

HILLENBRAND 
Annual Shareholder Meeting

February 27, 2013

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Growth strategy focuses on creating shareholder value

Leverage our strengths and core competencies to diversify and grow profitably



Criteria for future acquisition candidates include:

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

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

2008 Hillenbrand, Inc.

HI
NYSE

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

2010 K-Tron, TerraSource

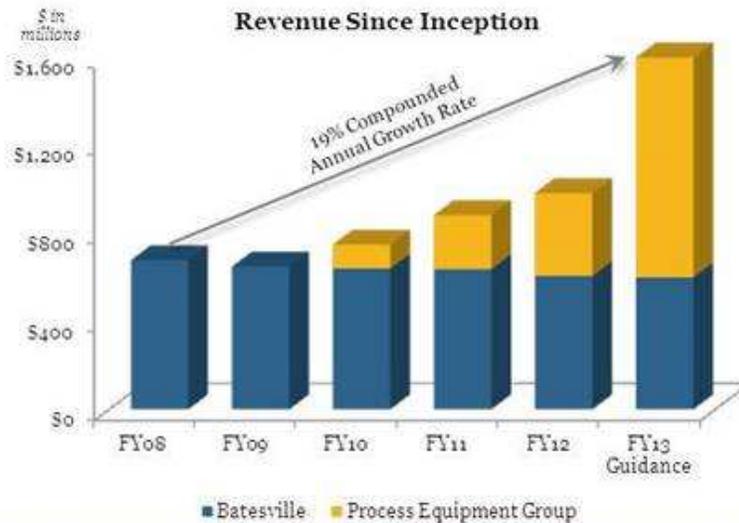
Hillenbrand acquires K-Tron International, Inc. (now part of the Process Equipment Group) - April 1, 2010

2011 Rotex

Hillenbrand acquires Rotex (also part of the Process Equipment Group) - August 31, 2011

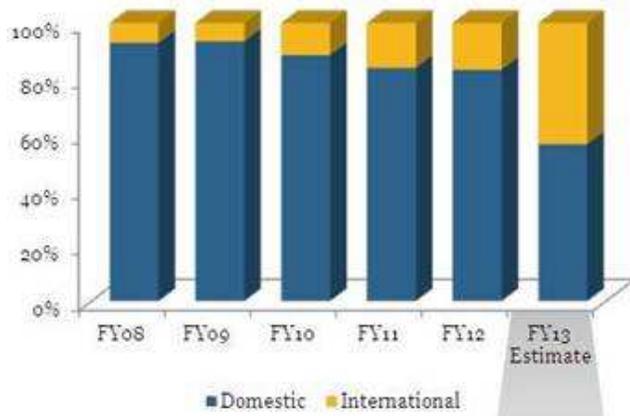
2013 Coperion

Hillenbrand acquires Coperion (also part of the Process Equipment Group) - December 1, 2013

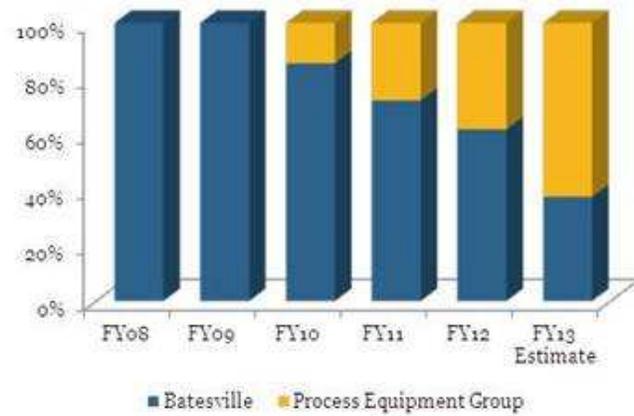


We have increased our geographic and platform diversification...

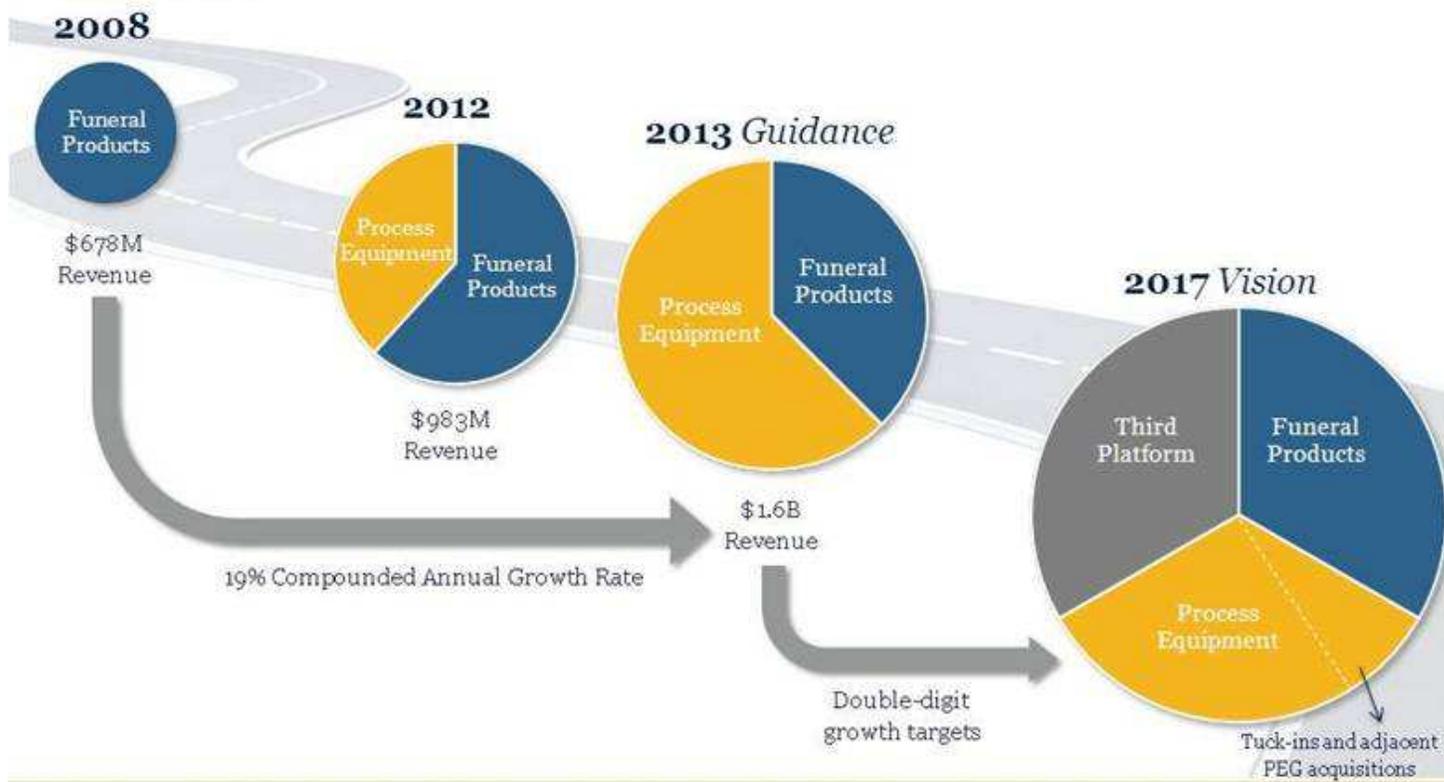
Revenue Mix by Geography



Revenue Mix by Platform



...and we expect to continue to grow and diversify





The Process Equipment Group

The Process Equipment Group manufactures world-class industrial equipment



- Compounding & extrusion equipment
- Materials handling equipment
- System solutions



- Feeders
- Pneumatic conveying equipment
- Systems solutions



- Screening equipment
- Separating equipment



- Crushers
- Biomass handling equipment



The Process Equipment Group's strategy provides compelling growth opportunities...



Develop new products, applications expertise and systems to penetrate growing markets



Expand in underpenetrated geographies

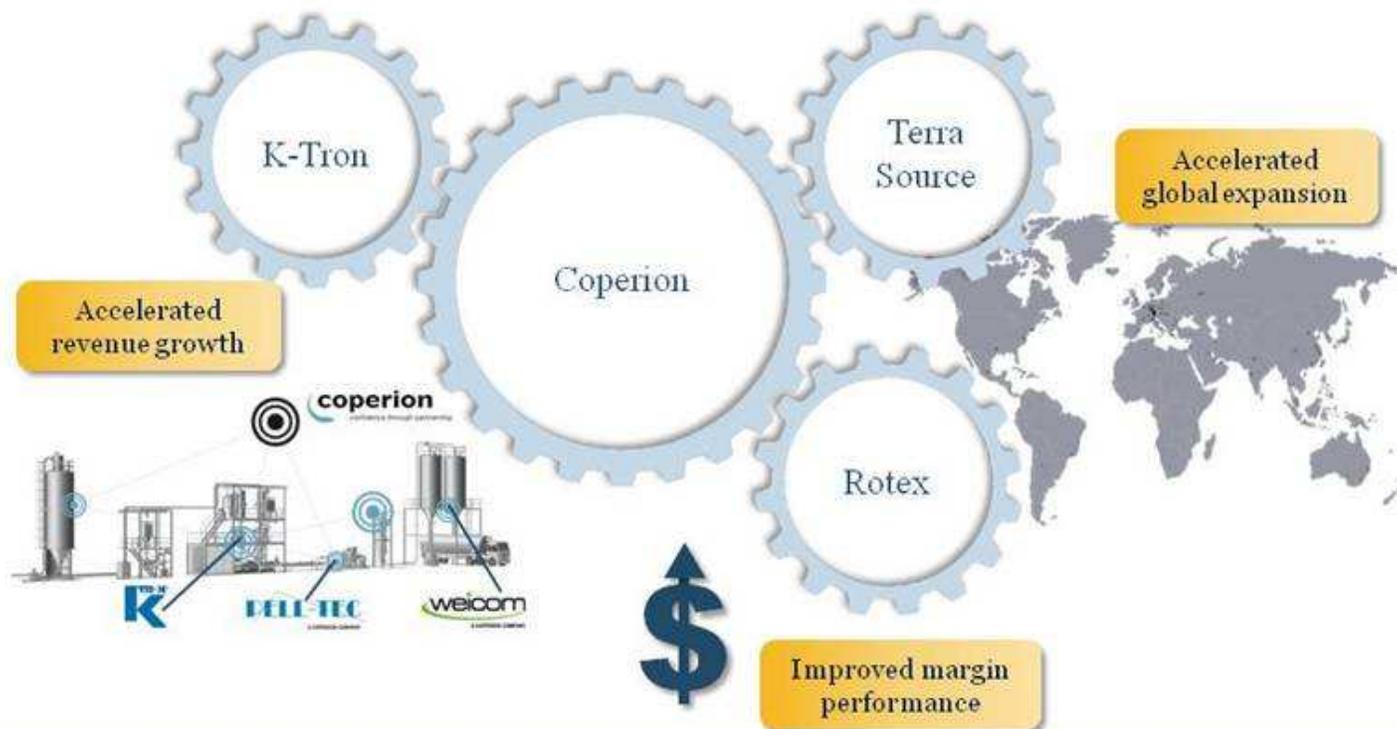


Establish scale and scope needed to accelerate global growth

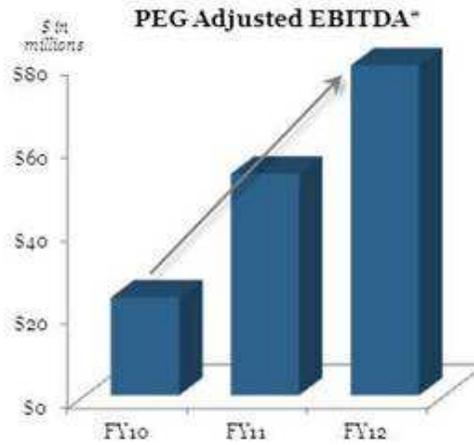
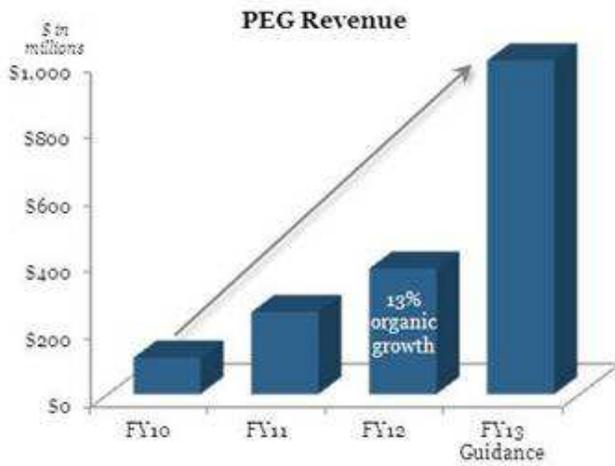


Expand margins through Lean

...and Coperion accelerates every dimension



The strong historical performance of the Process Equipment Group is expected to continue in the future



Mid to high single digit organic revenue growth expected in the future...

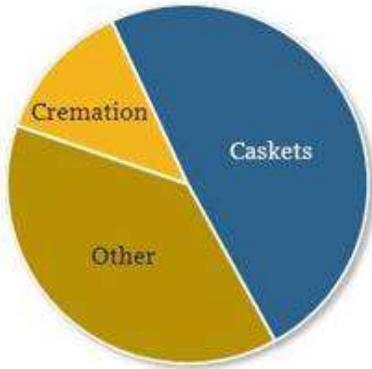
...with EBITDA growth at an even faster rate (low to mid teens)



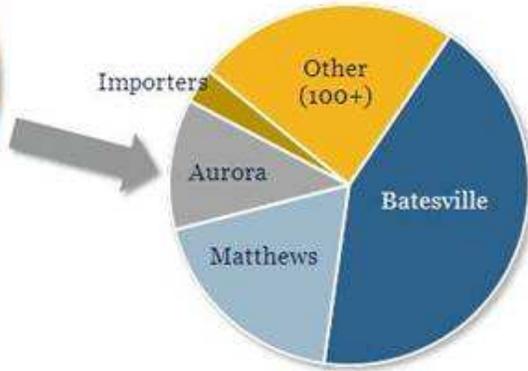
Batesville

Batesville is the world's largest provider of funeral products

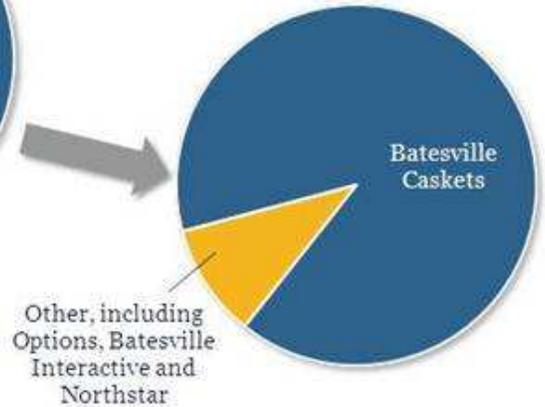
Funeral Products
(\$2.6 Billion Industry)



Caskets
(\$1.3 Billion Total Revenue)



Batesville
(\$607 Million 2012 Revenue)



- Iconic brand with 100+ years of history
- Superior mix of products
- Industry leader in volume, revenue and margin share

Source: Company estimates, industry reports and public filings for FY 2012

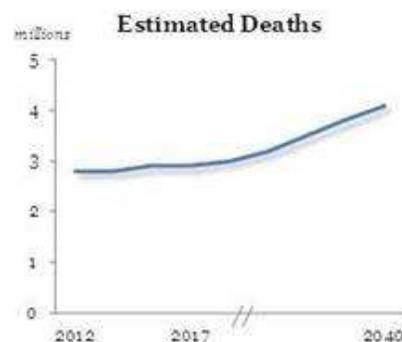
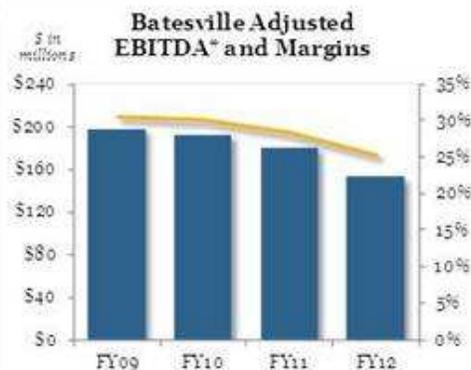
Batesville continues to generate strong cash flow and attractive margins in a slowly declining market

Attractive Financials

- Historically high return on invested capital (approximately 60%)
- Unusual decline in deaths in 2012 decreased demand for burial caskets, putting downward pressure on margins
- Relentless focus on lean to maintain attractive margins

Industry Dynamics

- Deaths expected to increase in the future as "baby boomers" age
- Cremations are increasing at an upward trend of approximately 120-140 basis points per year
- Increase in future deaths expected to be offset by cremation, resulting in a relatively flat burial market





Financial Results

Hillenbrand 2012 Results

PEG revenue growth drives double-digit increase over FY11

- The Process Equipment Group grew revenue by 53% (13% organic) compared to FY11
- Despite an estimated 4% reduction in year-over-year North American burials, Batesville maintained an adjusted EBITDA margin greater than 25%
- Collection of the Forethought Note in FY11 resulted in a large increase in free cash flow

FISCAL YEAR ENDED SEPTEMBER 30

<i>\$ in millions (except EPS)</i>	2012	2011	2013 Guidance
Net Revenue	\$983	\$883	\$1,600
<i>% Year-Over-Year Growth</i>	11.3%	17.9%	
EBITDA (Adjusted)	\$207	\$208	
<i>% of Revenue</i>	21.1%	23.6%	
EPS (Adjusted)	\$1.76	\$1.84	\$1.82 - \$1.92
Free Cash Flow*	\$117	\$168	

See Appendix for reconciliation between GAAP and adjusted numbers.

* Calculated as net cash flow from operating activities less capital expenditures. See Appendix for reconciliation.

Hillenbrand Q1 2013 Results

Net revenue increased 32% as both platforms achieved attractive growth

- Coperion acquisition drove 79% Process Equipment Group revenue growth
- Batesville revenue grew 4%, even in the face of a declining burial market
- EBITDA margin percentage decrease was expected as a result of a higher proportion of lower margin, third-party-sourced products in Coperion's business model
- Free cash flow remained positive despite \$8 million in acquisition costs and \$5 million related to closing legacy antitrust litigation

FIRST QUARTER ENDED DECEMBER 31		
<i>\$ in millions (except EPS)</i>	Q1 FY13	Q1 FY12
Net Revenue	\$305	\$232
<i>% Year-Over-Year Growth</i>	32.8%	9.8%
EBITDA (Adjusted)	\$51	\$48
<i>% of Revenue</i>	16.7%	20.7%
EPS (Adjusted)	\$0.41	\$0.40
Free Cash Flow*	\$14	\$23

See p. 23 in our Form 10-Q for the quarter ended December 31, 2012 filed with the Securities and Exchange Commission (SEC) February 4, 2013 for reconciliation between GAAP and adjusted numbers
* Calculated as net cash flow from operating activities less capital expenditures. See Appendix for reconciliation.

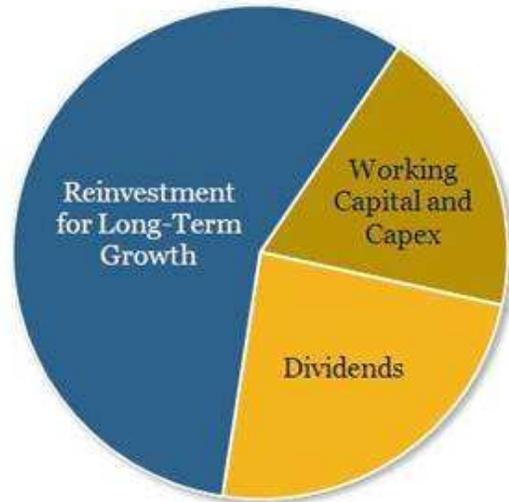
Our capital deployment strategy focuses on creating shareholder value

Reinvestment for long-term growth

- Organic growth investments
- Tuck in acquisitions (PEG)
- Future new platform acquisition/development

Meaningful dividend

- \$0.77 per share in 2012 (46% payout ratio)
- Annual \$0.01 increase per share per year (5 consecutive years)
- Attractive dividend yield: 3.1% (2/19/13)

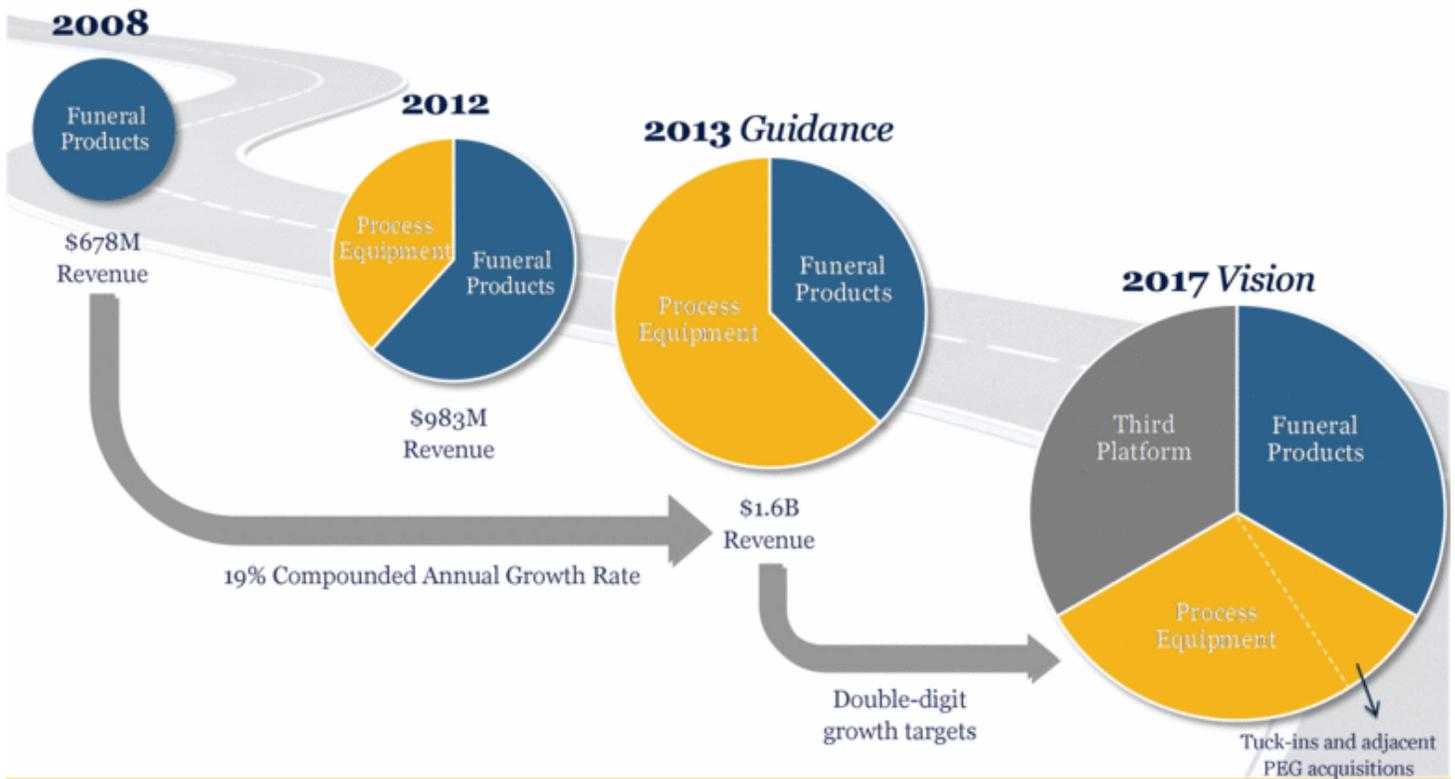


Since the Coperion announcement, our stock has significantly rebounded after considerable downward pressure from the unusual decline in deaths



Based on \$100 initial investment and includes dividend reinvestment

Continued execution of the Hillenbrand transformation strategy promises an exciting future





Questions?

HILLENBRAND 
Annual Shareholder Meeting

February 27, 2013



Appendix

Disclosure regarding non-GAAP measures

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GAAP to adjusted reconciliation

(amounts in millions)

	Years Ended September 30,											
	2012			2011			2010			2009		
	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted	GAAP	Adj	Adjusted
Cost of goods sold	\$ 594.3	\$ (4.2) (a)	\$ 590.1	\$ 513.5	\$ (2.8) (b)	\$ 510.7	\$ 435.9	\$ (11.6) (b)	\$ 424.3	\$ 374.7	\$ -	\$ 374.7
Gross profit	388.9	4.2	393.1	369.9	2.8	372.7	313.3	11.6	324.9	274.4	-	274.4
Operating expenses	240.1	(18.8) (c)	221.3	211.3	(8.9) (d)	202.4	175.4	(15.5) (e)	159.9	119.4	(2.3) (f)	117.1
Operating profit	148.8	23.0	171.8	158.6	11.7	170.3	137.9	27.1	165.0	155.0	2.3	157.3
Income tax expense	30.1	18.1 (g)	48.2	51.7	4.0 (h)	55.7	54.1	7.8 (h)	61.9	58.5	0.8 (h)	59.3
Net income	104.8	4.9	109.7	106.1	7.7	113.8	92.3	19.3	111.6	102.3	1.5	103.8
Diluted EPS	1.68	0.08	1.76	1.71	0.13	1.84	1.49	0.31	1.80	1.66	0.02	1.68

P = Process Equipment Group; B = Batesville; C = Corporate

- (a) Restructuring (\$0.9 P, \$3.3 B)
- (b) Inventory step-up (FY2011: \$2.8 P, FY2010: \$11.6 P)
- (c) Antitrust litigation (\$5.5 B), restructuring (\$2.8 P, \$0.6 B, \$0.9 C), business acquisition costs (\$4.2 C), backlog amortization (\$2.5 P), long-term incentive compensation related to the international integration (\$0.2 P, \$0.8 B, \$1.2 C), and other (\$0.1 C)
- (d) Restructuring (\$1.3 B), antitrust litigation (\$1.3 B), business acquisition costs (\$0.3 P, \$6.0 C), backlog amortization (\$0.8 P), and sales tax recoveries (\$0.8 B)
- (e) Business acquisition costs (\$0.3 P, \$10.2 C), antitrust litigation (\$5.0 B), restructuring (\$3.0 C), backlog (\$1.7 P), and sales tax recoveries (\$4.7 B)
- (f) Antitrust litigation (\$2.2 B), restructuring (\$0.1 C)
- (g) Tax benefit of the international integration (\$10.4) and tax effect of adjustments
- (h) Tax effect of adjustments

See our 2012 Form 10-K filed with the Securities and Exchange Commission (SEC) November 26, 2012, for fiscal year 2012, 2011, and 2010 consolidated EBITDA on page 24 and segment EBITDA on page 60.

See our 2011 Form 10-K filed with the SEC November 28, 2011, for fiscal year 2009 consolidated EBITDA on page 19 and segment EBITDA on page 60.

FY12 & FY11 GAAP cash flow

(amounts in millions)

	Years Ended September 30,	
	2012	2011
Operating Activities		
Net income	\$104.8	\$106.1
Depreciation & amortization	40.4	36.1
Interest income on Forethought Note	-	(6.4)
Forethought Note interest payment	-	59.7
Change in working capital	(19.8)	(16.4)
Other, net	12.8	10.4
Net cash flow from operating activities (A)	138.2	189.5
Capital expenditures (B)	(20.9)	(21.9)
Forethought Note principal repayment	-	91.5
Acquisitions of businesses, net of cash acquired	(4.4)	(240.9)
Proceeds from redemption and sales, and ARS and investments	0.8	12.4
Debt activity	(162.3)	28.1
Dividends	(47.6)	(46.9)
Purchase of common stock	-	(3.8)
Other	0.9	9.1
Net change in cash	\$(95.3)	\$17.1
Free cash flow (A-B)	\$117.3	\$167.6

Q1 FY13 & Q1 FY12 GAAP cash flow

(amounts in millions)

	Quarter Ended December 31,	
	2012	2011
Operating Activities		
Net income	\$14.6	\$31.3
Depreciation & amortization	15.0	12.2
Change in working capital	12.9	(1.6)
Other, net	(22.8)	(14.9)
Net cash flow from operating activities (A)	19.7	27.0
Capital expenditures (B)	(5.6)	(4.2)
Acquisitions of businesses, net of cash acquired	(415.6)	-
Debt activity	494.8	-
Dividends	(12.1)	(11.9)
Other	0.7	(3.9)
Net change in cash	\$81.9	\$7.0
Free cash flow (A-B)	\$14.1	\$22.8