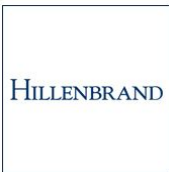


HILLENBRAND (HI) – Long PT: \$60.91



Today's Price: \$47.29
 Dividend Yield: 1.82%
 Market Cap: \$3,443M
 Industry: Industrials
 Headquarters: Batesville, IN

A stable, safe, and undervalued company that is poised to take advantage of macro tailwinds.

Business Overview

Hillenbrand is a globally diversified industrial company with businesses that serve a wide variety of industries around the world. Hillenbrand offers plastics machinery, plastic solutions, and death care services through its subsidiaries.

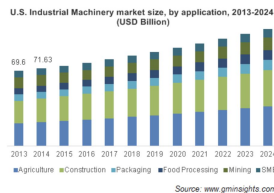
Thesis Points

- 1. Rising Death Rates:** Hillenbrand's Batesville segment is the market leader and premier casket maker. With rising death rates, especially in the Baby Boomer demographic, as suggested by the Office for National Statistics which states it will peak in 2044, Hillenbrand is poised to take advantage of their existing customer recognition and expertise.
- 2. Proven Growth Through Management Channels:** Hillenbrand has a strong management team that is focused on making proactive decisions to drive growth. One of their proven strategies that they continue to implement is their ongoing management of subsidiaries and M&A activity. By consistently monitoring their portfolio, and divesting away from unprofitable and unscalable segments and companies, Hillenbrand is focused on making expansive movements through the acquisition of companies such as Coperion and Milacron to expand in their expertise and ability to provide products in all value chains. Additionally, they have a strong backlog of orders that suggests strong revenue growth in the future, made possible by a forward-looking management strategy.
- 3. Sustainable Plastics Renew Growth Potential:** There is a global shift towards recyclable plastics and as a result there is a demand for manufacturing capacity. Through the acquisition of Coperion and Milacron, Hillenbrand is able to propel growth by offering services across the complete plastic value chain. Additionally, the rise of the EV industry coupled with the need for lightweight and durable plastics, an area of expertise for Hillenbrand, acts a driver of potential growth.



Industry Overview

As an extremely diverse company with expertise in various segments, Hillenbrand is spread across a number of industries. The first industry that Hillenbrand mainly focuses on is the industrial machinery industry. Traditionally, purchases in this industry are heavily reliant on the level of US manufacturing activity, the age of existing equipment and corporate profit. Currently, this industry is shifting towards aftermarket solutions with high profit margins and recurring growth to reduce the cyclical nature of many machinery's businesses. Additionally, there is high pressure of sustainability, as government regulations are becoming more stringent against carbon inefficient companies. Another industry is the death care services industry, an area where Hillenbrand specializes in. The global Death Care market size is projected to reach \$177B by 2028 with a 5.4% CAGR. There is currently an existing trend of popularity for cremation over burial, which is decreasing the demand for coffins and caskets.



Additional Commentary – Valuation/Risks/News

Valuation: Although it was difficult to find completely accurate comparables, based on a ratio analysis, including P/E and EV/EBITDA, it is evident that Hillenbrand is trading at a discount despite being a market leader in a variety of diverse industries. According to our Discounted Cash Flow Valuation, we predicted an implied upside of 29.89% for the Exit Multiple Method and 27.71% for the Perpetuity Growth Method.

Risks: Some risks include that cremation is rapidly surpassing burial rates, management's M&A unsuccessfully integrated, and the dependence on plastic demand. Despite these risks, Hillenbrand has a strong infrastructure in place to successfully mitigate every risk and push forward in growth.

