Forward Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included herein that are not historical facts are forward-looking statements, including without limitation statements regarding Hill-Rom’s ability to drive sustainable profitable growth and shareholder value, the timing and success of new product launches and portfolio expansion, operational execution, the achievement of long-range financial objectives, portfolio optimization and diversification through mergers and acquisitions, the continuation of stable customer demand trends, a stable U.S. capital environment and stable global macro-environment, the timing and success of the divestiture of non-core assets, our ability to reduce debt, and all other statements concerning future strategy, plans, objectives, projections, expectations and intentions. Such forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, Hill-Rom’s results could be materially adversely affected. For a more in depth discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading “Risk Factors” in the company's previously filed most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Hill-Rom assumes no obligation to update or revise any forward-looking statements. Certain financial figures presented herein have been presented on an adjusted basis (non-GAAP). Reconciliation between non-GAAP financial measures and reported US GAAP measures are included in the appendices to this slide deck.
Today’s Objectives

✓ Highlight the successful progress of our transformational journey

✓ Present Hill-Rom’s 2020 Long-Range Plan (LRP) financial objectives

✓ Showcase innovation, new product pipeline and potential

✓ Solidify investor confidence in our ability to execute and achieve commitments

Executing Our Strategy To Enhance Growth And Shareholder Value
Our Transformational Journey

2010
- $1.5B Revenue
- 12% Op Margin

2017
- $2.7B Revenue
- 16% Op Margin

2020
- $3.0B+ Revenue
- 19% - 20% Op Margin

Established Solid Foundation
- Assembled seasoned leadership team
- Created competitive advantage across continuum with “One Hill-Rom” vision
- Executed on key strategic priorities
- Achieved financial objectives ahead of expectations

Positioned For Success
- Accelerating growth across care settings
- Innovating to enhance outcomes
- Transforming the portfolio with select M&A and optimization initiatives
- Driving operational execution and strong financial performance

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation.
<table>
<thead>
<tr>
<th>Provider Consolidation</th>
<th>Emerging Markets Healthcare Access</th>
<th>Information Connectivity</th>
<th>Economic &amp; Clinical Value</th>
<th>Lower-Cost Care Settings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancing strong brand, differentiated and innovative portfolio</td>
<td>Expanding global presence supports growth in key strategic focus areas</td>
<td>Collecting meaningful information to enhance delivery of care</td>
<td>Driving innovation to improve patient outcomes and hospital productivity</td>
<td>Migrating to lower-cost care settings with meaningful presence outside acute care</td>
</tr>
</tbody>
</table>

Helping People Get Better Care Inside And Outside The Hospital
Created Attractive Value Proposition Across Continuum

Helping people get better care inside and outside the hospital

Hill-Rom®

Enhancing outcomes for patients and their caregivers.
**EXECUTED ON STRATEGIC PRIORITIES**

**INSIDE HOSPITAL**
- Emergency Department
- Operating Room
- Intensive Care Unit
- MedSurg Unit

**OUTSIDE HOSPITAL**
- Physician's Office
- Ambulatory Settings
- Post-Acute Care
- Home

**ACCELERATE GROWTH**
- Reorganized into three global businesses
- Implemented “One Hill-Rom” international organization
- Focused resources on higher growth and margin opportunities

**INNOVATE SOLUTIONS**
- Accelerated R&D investment
- Established new recurring revenue streams
- Launched 12 new products with 2017 revenue of ~$150M

**TRANSFORM PORTFOLIO**
- Successfully integrated Welch Allyn and Mortara
- Divested non-strategic assets
- De-emphasized select low-margin third-party revenue

**DRIVE EXECUTION**
- Delivered Welch Allyn synergy targets
- Improved manufacturing costs and optimized footprint
- Met long-range financial objectives

---

Enhancing outcomes for patients and their caregivers.
Achieved 2015 LRP Objectives Ahead Of Expectations

Revenue

- ~3% Core* Growth
- $2.62B (2015)**
- $2.66B (2016)
- $2.74B (2017)

Operating Margin

- +450 BPS
- 11.8% (2015)
- 15.3% (2016)
- 16.3% (2017)

Earnings Per Share

- +20% CAGR
- $2.64 (2015)
- $3.38 (2016)
- $3.86 (2017)

Operating Cash Flow

- +20% CAGR
- $281M (2016)
- $311M (2017)

Total Shareholder Return +45% Since 2015

**Pro-forma revenue includes Welch Allyn

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation; Axis not to scale; CAGR calculated 2015 - 2017

*Core revenue growth calculated 2017 vs. 2016 and excludes foreign currency, Mortara acquisition and completed divestitures (Völker, Architectural Products and WatchChild)
2020 LRP Highlights

Accelerating growth across care settings inside and outside the hospital
• Advancing our strong brands and geographic footprint to drive sustainable growth and profitability
• Participating in large, growing markets while meeting evolving customer needs

Innovating to enhance outcomes for patients and their caregivers
• Driving steady cadence of new product introductions
• Capitalizing on new market potential and achieving $350M+ of new product revenue by 2020

Transforming the portfolio with select M&A and optimization initiatives
• Strengthening portfolio with M&A that presents attractive financial profile and returns
• Improving revenue diversification with M&A and portfolio optimization

Driving operational execution and strong financial performance through 2020
• Achieving core revenue CAGR* of 4% - 5% and expanding adjusted operating margin by 300+ bps
• Generating adjusted EPS CAGR of 10% - 12% and $1.1B+ of cumulative operating cash flow

Enhancing Shareholder Value By Executing Our Strategy

Note: CAGR calculated 2017 - 2020 *Core revenue excludes foreign currency, completed divestitures and exit of non-strategic assets (third-party rental and third-party surfaces); collectively, 2017 divestitures and non-strategic revenue totaled ~$100M
Diversifying Portfolio Geographically And Across Care Settings
Participating In Large And Growing Markets

2% - 3% Weighted Avg. Market Growth

<table>
<thead>
<tr>
<th>Bed Systems &amp; Mobility</th>
<th>Surgical Supplies</th>
<th>Surgical Equipment</th>
<th>Physical Assessment</th>
<th>Patient Monitoring</th>
<th>Respiratory Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>$8B+</td>
<td>$8B+</td>
<td>$4B+</td>
<td>$4B+</td>
<td>$5B+</td>
</tr>
<tr>
<td>Growth</td>
<td>0% - 1%</td>
<td>3% - 4%</td>
<td>3% - 4%</td>
<td>2% - 3%</td>
<td>2% - 4%</td>
</tr>
</tbody>
</table>

Stable Markets Set Foundation For Accelerated Revenue Growth

Source: The Boston Consulting Group 2017 research and analysis
Driving Steady Cadence Of New Product Launches

- Patient Support Systems
- Front Line Care
- Surgical Solutions

<table>
<thead>
<tr>
<th>Year</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>LikoGuard® Patient Handling</td>
</tr>
<tr>
<td>2016</td>
<td>Connex® Spot Monitor</td>
</tr>
<tr>
<td>2017</td>
<td>Spot™ Vision Screener</td>
</tr>
<tr>
<td>2018 - 2020 Outlook</td>
<td>TS 3000 Surgical Table</td>
</tr>
<tr>
<td>2015</td>
<td>iLed® 7 Surgical Light</td>
</tr>
<tr>
<td>2016</td>
<td>Integrated Table Motion</td>
</tr>
<tr>
<td>2017</td>
<td>Accella™ (OUS MedSurg/ICU Bed System)</td>
</tr>
<tr>
<td>2018 - 2020 Outlook</td>
<td>Mobile NurseCall</td>
</tr>
<tr>
<td>2015</td>
<td>Centrella™ Smart+ Bed (MedSurg Bed System)</td>
</tr>
<tr>
<td>2016</td>
<td>VisiVest®</td>
</tr>
<tr>
<td>2017</td>
<td>Welch Allyn Home™ Hypertension</td>
</tr>
<tr>
<td>2018 - 2020 Outlook</td>
<td>Spot™ Vision Screener (New Indications)</td>
</tr>
<tr>
<td>2015</td>
<td>Spot™ Vision Screener</td>
</tr>
<tr>
<td>2016</td>
<td>RetinaVue™</td>
</tr>
<tr>
<td>2017</td>
<td>Monarch™ Vest</td>
</tr>
<tr>
<td>2018 - 2020 Outlook</td>
<td>WatchCare™ Incontinence</td>
</tr>
<tr>
<td>2015</td>
<td>Spot™ Vision Screener</td>
</tr>
<tr>
<td>2016</td>
<td>RetinaVue™</td>
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<td>2017</td>
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<td>2018 - 2020 Outlook</td>
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<td>2015</td>
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<td>2016</td>
<td>RetinaVue™</td>
</tr>
<tr>
<td>2017</td>
<td>Monarch™ Vest</td>
</tr>
<tr>
<td>2018 - 2020 Outlook</td>
<td>WatchCare™ Incontinence</td>
</tr>
</tbody>
</table>

Physical Assessment Revitalization

- Next-Gen Allen® Advance Table
- Vital Signs Patch
- Next-Gen Respiratory Therapy
- Connect Vital Spot Monitor With ECG
- Welch Allyn Home™ Products
Capitalizing On New Market Potential

New Product Revenue*

- 2016: $50M+
- 2017: ~$150M
- 2020 Outlook: $350M+

Market Potential Of Key Products

- RetinaVue™ Network: $200M+
- Spot™ Vision Screener: $200M+
- Monarch™ Airway Clearance System: $100M+
- Welch Allyn Home™ Hypertension: $500M+
- Mobile NurseCall: $350M+
- WatchCare™ Incontinence: $250M+

Generating $350M+ Revenue With Accretive Gross Margin Profile

Note: Market potential based on internal assessment *New product revenue includes top 25 products launched from 2015 - 2020
Enhancing Customer Value Proposition And Financial Profile

Note: Axis not to scale
Improving Revenue Diversification

Capital Revenue
% of Total Revenue

<table>
<thead>
<tr>
<th>Product Type</th>
<th>2010</th>
<th>2020 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>MedSurg Frames</td>
<td>&lt;20%</td>
<td>~10%</td>
</tr>
<tr>
<td>Acute Care Frames*</td>
<td>&lt;40%</td>
<td>~20%</td>
</tr>
<tr>
<td>Capital-Based Revenue</td>
<td>~50%</td>
<td>~30%</td>
</tr>
</tbody>
</table>

Enhancing Visibility With Reduced Reliance On Capital Products

Note: Axis not to scale *Includes all MedSurg and Specialty Frames sold into the acute care setting
2020 LRP Financial Objectives

Revenue

- Core CAGR*: +4% - 5%
- 2017: $2.7B+
- 2020 Outlook: $3.0B+

Operating Margin

- 300+ BPS
- 2017: 16.3%
- 2020 Outlook: 19% - 20%

Earnings Per Share

- +10% - 12% CAGR
- 2017: $3.86
- 2020 Outlook: $5.10 - $5.40

Operating Cash Flow

- +10% - 12% CAGR
- 2015 - 2017 Cumulative: $806M
- 2018 - 2020 Cumulative Outlook: $1.1B+

Compelling Strategy To Create Value For Shareholders

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation; Axis not to scale; CAGR calculated 2017 - 2020; *Core revenue excludes foreign currency, completed divestitures and exit of non-strategic assets (third-party rental and third-party surfaces); collectively, 2017 divestitures and non-strategic revenue totaled ~$100M.
2020 Long-Range Plan
Financial Highlights

Steve Strobel
Chief Financial Officer
2017 - 2020 Financial Projections

Outlook Assumes:

- Stable hospital capital spending trends and global macro-environment
- No disruptive market entrants in key markets
- Modest price pressures in select areas of our portfolio
- Declining non-core third-party rental and third-party surface revenue
- Permanent repeal of medical device excise tax
- Current foreign exchange rates

Outlook Excludes:

- Unusual non-recurring items or special charges
- Prospective corporate development initiatives
- Regulatory, healthcare or U.S. tax reforms

Realistic Future Projections Represent Achievable Growth Objectives
## 2020 LRP Financial Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>2017 Results</th>
<th>2020 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4% - 5%</strong> Core Revenue Growth*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>300+ bps</strong> Operating Margin Expansion</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10% - 12%</strong> Growth in Adjusted EPS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>3%</td>
<td>3% - 4% CAGR</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>48.3%</td>
<td>~50%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>16.3%</td>
<td>19% - 20%</td>
</tr>
<tr>
<td>Adjusted EPS Growth</td>
<td>14%</td>
<td>10% - 12% CAGR</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$311M</td>
<td>$1.1B+ [2018 - 2020]</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$98M</td>
<td>~$350M [2018 - 2020]</td>
</tr>
</tbody>
</table>

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation; CAGR calculated 2017 - 2020; 2017 - 2020 outlook assumes an effective tax rate of ~29% and diluted shares of ~68 million *Core revenue excludes foreign currency, completed divestitures and exit of non-strategic assets (third-party rental and third-party surfaces); collectively, 2017 divestitures and non-strategic revenue totaled ~$100M
## Accelerating Revenue Growth

### Revenue Growth Outlook

<table>
<thead>
<tr>
<th>2017 - 2020 CAGR</th>
<th>Patient Support Systems</th>
<th>Front Line Care</th>
<th>Surgical Solutions</th>
<th>Total Hill-Rom</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1% Reported</td>
<td></td>
<td>6% - 7%</td>
<td>3% - 4%</td>
<td>3% - 4% Reported</td>
</tr>
<tr>
<td>3% - 4% Core*</td>
<td></td>
<td></td>
<td></td>
<td>4% - 5% Core*</td>
</tr>
</tbody>
</table>

### 2020 Revenue Growth Drivers

- **$2.7B+** (Base Business)
- **$3.0B+** (New Products)
- **~1%** (Non-Core Revenue*)
- **$3.0B+** (2020 Outlook)

### Delivering Solid Core Revenue CAGR Of 4% - 5%

Note: All revenue growth rates are constant currency; Axis not to scale *Core revenue excludes foreign currency, completed divestitures and exit of non-strategic assets (third-party rental and third-party surfaces); collectively, 2017 divestitures and non-strategic revenue totaled ~$100M
## 2020 Revenue Outlook: By Business

### Patient Support Systems

- **~1%**
  - Reported
  - 2017 - 2020 CAGR

- Growing CWS and patient-handling businesses in low to mid-single digits
- Driving innovation with Centrela™, Accella™, Envella® and WatchCare™
- Advancing patient safety and satisfaction; improving caregiver efficiency
- Accelerating exit of low-margin third-party revenue

### Front Line Care

- **6% - 7%**
  - Core*
  - 2017 - 2020 CAGR

- Enhancing presence with Hill-Rom’s global reach and commercial capabilities
- Capitalizing on new product introductions and indications
- Expanding ambulatory care portfolio leadership with screening products
- Delivering value by executing on Mortara synergies

### Surgical Solutions

- **3% - 4%**
  - 2017 - 2020 CAGR

- Improving patient safety and operating room efficiency
- Continuing momentum in surgical positioning equipment
- Driving placements of Integrated Table Motion
- Creating partnerships to enhance operating room leadership

### Balanced Growth Across Businesses And Between U.S. And International Markets

Note: All revenue growth rates are constant currency; *Core revenue excludes foreign currency, completed divestitures and exit of non-strategic assets (third-party rental and third-party surfaces); collectively, 2017 divestitures and non-strategic revenue totaled ~$100M
Driving Continued Gross Margin Expansion

Adjusted Gross Margin

Key Gross Margin Drivers

- Optimizing portfolio by
  - Integrating the accretive Mortara acquisition
  - Shifting to higher growth and margin products
  - Exiting ~$100M of low growth and margin revenue

- Enhancing product and geographic mix
  - Driving growth in key markets
  - Increasing margin-accretive new product revenue

- Executing supply chain savings initiatives

150+ bps
Gross Margin Expansion

Driving Continued Meaningful Gross Margin Improvement

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation; Axis not to scale
Expanding Operating Margin

Adjusted Operating Margin

Key Operating Margin Drivers

- Expanding gross margin to ~50% by 2020
- Driving financial leverage through
  - Accelerated top-line growth
  - Investing strategically in new product launches
  - Disciplined cost management
  - Business optimization initiatives resulting in ~$50M of pre-tax savings
- Investing in R&D to accelerate growth

300+ bps
Operating Margin Expansion

Driving Operating Leverage With Focus On Operational Excellence

Note: Adjusted gross margin, operating margin and EPS are Non-GAAP measures. See reconciliation to reported GAAP numbers in the appendix to this presentation; Axis not to scale; Assumes 2018 - 2020 R&D as a percentage of revenue of ~5% and SG&A as a percentage of revenue of 25% - 26%
Disciplined Capital Allocation And Financial Flexibility

**Strong Cash Flow Generation**

US$ Millions

- $1.1B+ Cumulative Operating Cash Flow
- ~$350M Cumulative CapEx
- ~$800M Cumulative Free Cash Flow

**Capital Allocation Priorities**

- Reducing debt levels
- Re-investing in business (R&D and CapEx)
- Increasing dividends
- Executing disciplined M&A strategy emphasizing:
  - Accelerated growth with diversified revenue streams and accretive P&L profile
  - Products and services that strengthen clinical and economic value with customers

$1.1B+ Cumulative Operating Cash Flow

Leverage by 2020 <2.5x

**Enhancing Financial Flexibility With Strong Cash Flow Generation**

Note: Leverage calculated as Total Debt divided by EBITDA as defined in Hill-Rom’s compliance certificate.
Key Takeaways

Making significant progress on our transformational journey

✓ Delivering on our commitments and achieving financial objectives

✓ Generating durable and profitable core growth with enhanced margins

✓ Capitalizing on new products and advancing our pipeline

✓ Building on a solid foundation while expanding into new markets

✓ Solidifying investor confidence in growth prospects, strategic plan and returning enhanced value to shareholders

Helping People Get Better Care Inside And Outside The Hospital
Appendix

Reconciliations of Non-GAAP Disclosures
## Reconciliation: Gross Margin, Operating Margin And Earnings Per Share

The following table reconciles the GAAP basis to the adjusted basis for the year to date ended September 30, 2017 and 2016. The adjustments include acquisition and integration costs, acquisition-related intangible asset amortization, FDA remediation expenses, field corrective actions, litigation settlements and expenses, special charges, supplemental stock compensation charge, foreign tax law change, foreign valuation allowance, debt refinancing, and gain on disposition.

<table>
<thead>
<tr>
<th></th>
<th>Year to Date Ended September 30, 2017</th>
<th>Year to Date Ended September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Basis</td>
<td>48.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition and integration costs</td>
<td>0.2%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Acquisition-related intangible asset amortization</td>
<td>-</td>
<td>4.0%</td>
</tr>
<tr>
<td>FDA remediation expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Field corrective actions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Litigation settlements and expenses</td>
<td>-</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Special charges</td>
<td>-</td>
<td>1.9%</td>
</tr>
<tr>
<td>Supplemental stock compensation charge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign tax law change</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign valuation allowance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt refinancing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on disposition</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Basis</td>
<td>48.3%</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

1 Total does not add due to rounding.
# Reconciliation: Gross Margin, Operating Margin And Earnings Per Share

<table>
<thead>
<tr>
<th></th>
<th>Year Ended September 30, 2016</th>
<th>Year Ended September 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Basis</td>
<td>47.3%</td>
<td>8.7%</td>
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<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition and integration costs</td>
<td>0.8%</td>
<td>1.5%</td>
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<tr>
<td>Acquisition-related intangible asset amortization</td>
<td>-</td>
<td>3.6%</td>
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<tr>
<td>FDA remediation expenses</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Field corrective actions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Litigation settlements and expenses</td>
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<td>Supplemental stock compensation charge</td>
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<tr>
<td>Gain on disposition</td>
<td>-</td>
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</tr>
<tr>
<td>Adjusted Basis</td>
<td>48.1%</td>
<td>15.3%</td>
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</tbody>
</table>

¹ Total does not add due to rounding.