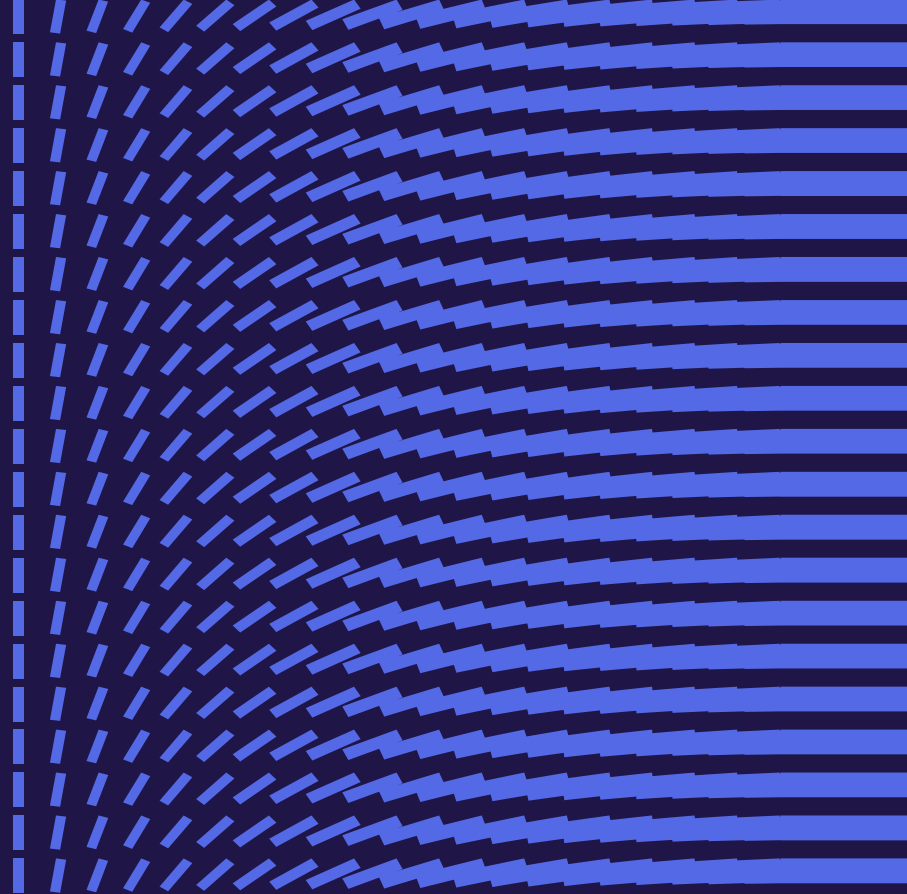




**Hillrom™**

**ADVANCING  
CONNECTED CARE™**

**January 24, 2020  
First Quarter 2020 Financial Results**



# Forward Looking Statements And 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, the achievement of long-range financial objectives, the continuation of stable customer demand trends, a stable U.S. capital environment, the timing and success of M&A and business optimization initiatives, our ability to reduce debt, implementation of our IT transformation, the impact of tariffs, any change to the one-time impact from U.S. tax reform legislation, 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. Except as required by applicable law or regulations 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 GAAP financial measures are included in the appendices to this slide deck.

Hill-Rom's results contained herein reflect the new revenue recognition accounting standard, ASC 606, which Hill-Rom adopted on a modified retrospective basis beginning in the fiscal first quarter 2019. All comparisons contained herein will include the new standard for the current and prior year periods.

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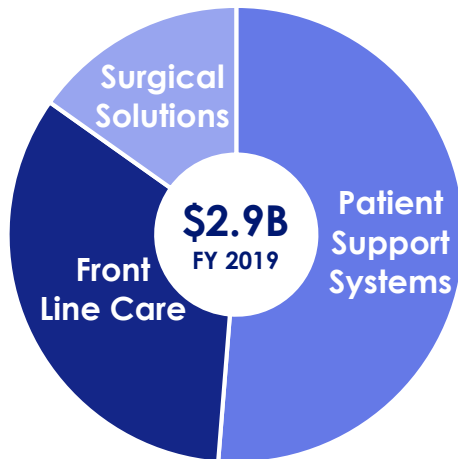
# Q1 2020 Highlights

# Hillrom: Trusted Medical Technology Innovator

## Leadership

Global medical technology leader with a diversified portfolio

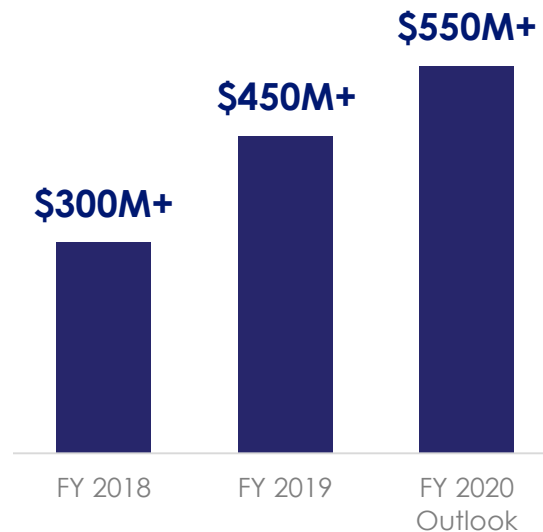
**2019 Revenue by Business**  
US\$ Billions



## Innovation

Advancing category leadership with healthcare solutions

**New Product Revenue**  
US\$ Millions



## Value

Transforming to drive sustainable profitable growth and shareholder value

**Key Valuation Metrics**  
As of 12/31/2019

**\$7.6B**

Market Capitalization

**\$9.8B**

Enterprise Value

**+29%**

LTM Total Shareholder Return\*

**\$29M**

Fiscal YTD 2020 Returned to Shareholders\*

# Hillrom: Strategic Priorities



## Advancing category leadership with differentiated solutions and innovation

- Achieving more than \$120M in new product revenue through Q1 2020
- Accelerating launch cadence with 6 new products across all three business units in 2H 2020



## Expanding internationally and penetrating emerging markets

- Timing of large capital orders in PSS contributes to Q1 international core revenue decline of 1%
- Delivering double-digit growth in Latin America and China for second consecutive quarter



## Transforming the portfolio with select M&A and optimization initiatives

- Expanding digital health capability with acquisition of Excel Medical; acquisition adds medical device interoperability solution, real-time waveforms, and suite of alarm management tools
- Partnering with the UK Sepsis Trust to raise awareness and benefit of early diagnosis and treatment



## Driving operational execution and strong financial performance

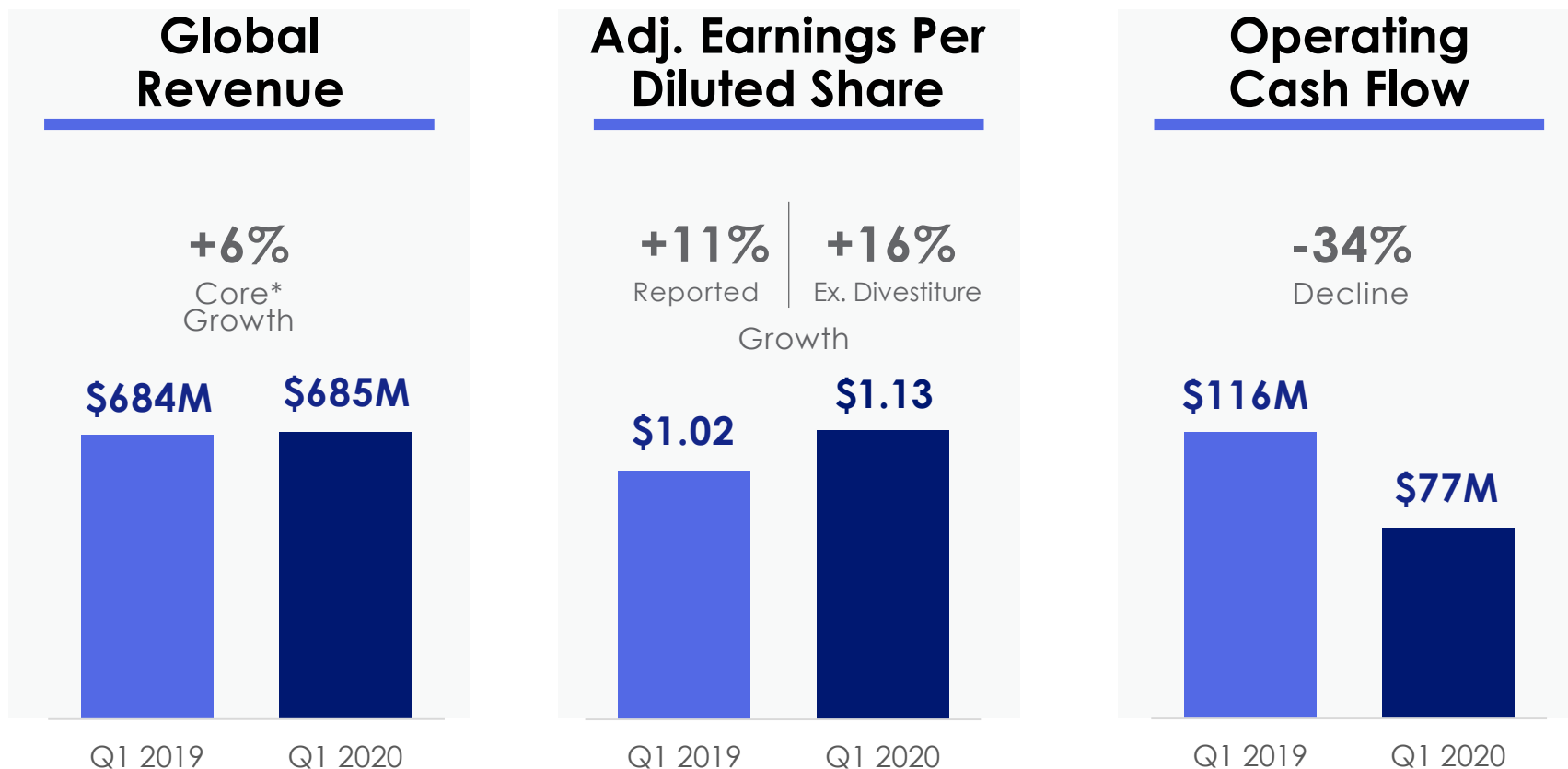
- Driving +6% core revenue\* growth and exceeding guidance with adjusted EPS of \$1.13 (+11%)
- Updating adjusted EPS guidance range to \$5.50 - \$5.56 per diluted share (versus prior guidance of \$5.46 - \$5.56 per diluted share)

**Enhancing Shareholder Value By Executing Our Strategy**



# Q1 2020 Financial Summary

# Q1 2020 Financial Results



**Delivering Strong First Quarter Core Revenue And Adjusted EPS Growth**





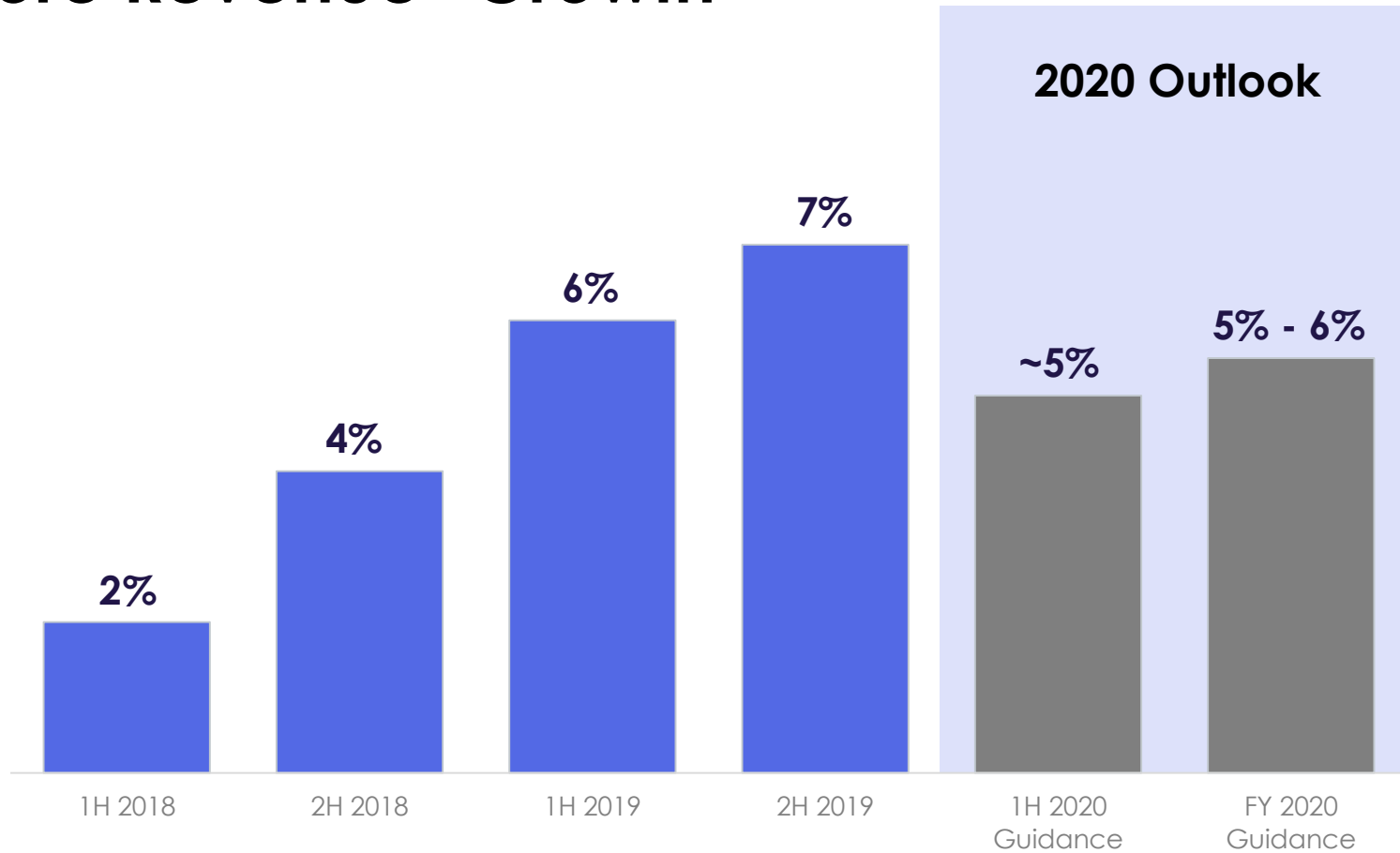
# Q1 2020 Financial Results

Adjusted P&L	Fiscal First Quarter		
	2019	2020	YOY Change
Revenue	\$684M	\$685M	+1% <i>constant currency</i>   +6% <i>core*</i> <i>growth</i>
Gross Margin	48.3%	49.9%	+160 bps
Operating Margin	15.7%	16.2%	+50 bps
Adjusted EPS	\$1.02	\$1.13	+11%

**Achieving Strong Q1 Performance And Exceeding EPS Guidance With Double-Digit Growth**



# Core Revenue\* Growth



**Driving Durable, Sustainable Mid-Single Digit Top-Line Growth**



# Q1 2020 Revenue By Business

## Patient Support Systems

**+1%**  
Constant

**+2%**  
Core\*

Q1 2020



Delivering high-single digit growth across diverse and differentiated portfolio in U.S.



Growing above market with care communications platforms



Benefiting from the adoption of differentiated Centrella® bed systems



Experiencing slower OUS growth due to prior year comparison and order timing

## Front Line Care

**+9%**  
Constant

Q1 2020



Achieving highest organic growth rate in recent years



Accelerating growth globally across broad-base product portfolio



Driving growth of vision products including the RetinaVue® 700 Imager



Integrating recent Breathe Technologies acquisition

## Surgical Solutions

**-20%**  
Constant

**+9%**  
Core\*

Q1 2020



Accelerating core growth following the divestiture of surgical consumables



Delivering core U.S. growth in mid-teens



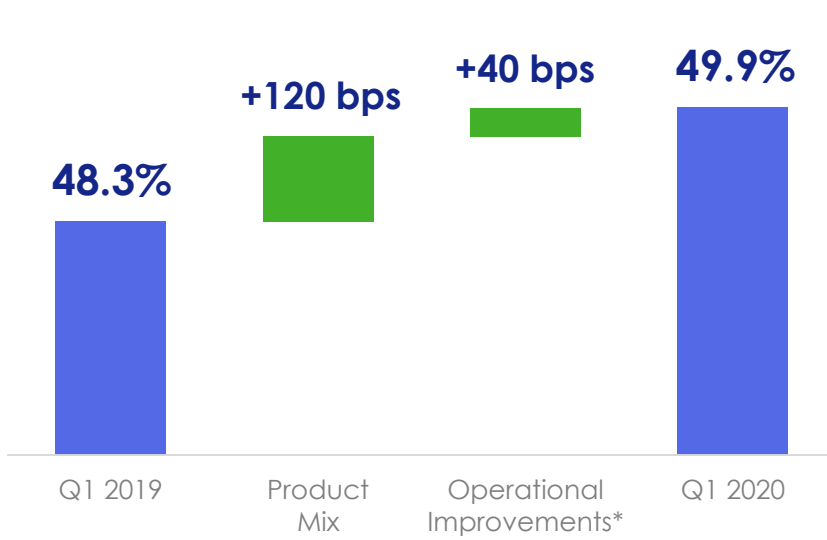
Achieving record Integrated Table Motion placements globally



Exiting lower margin non-core revenue

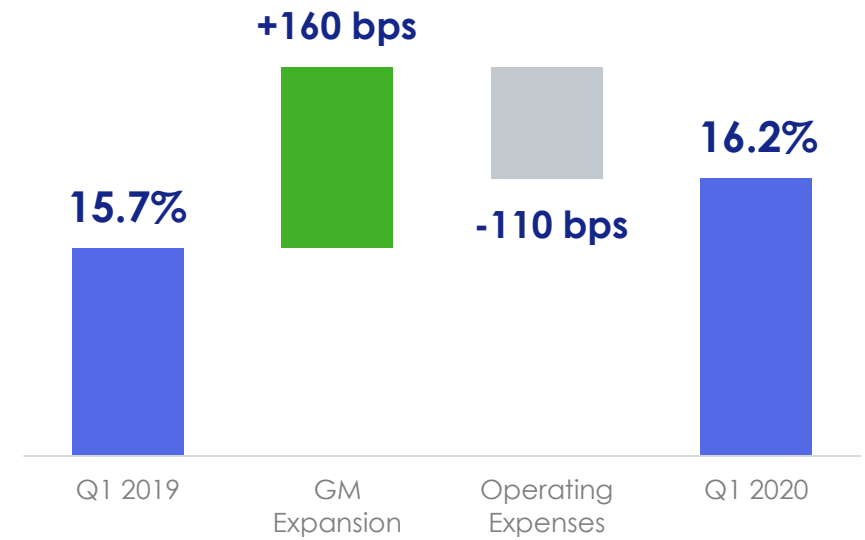
# Q1 2020 Margin Expansion

## Adjusted Gross Margin



**+160 bps**  
Gross Margin Expansion

## Adjusted Operating Margin



**+50 bps**  
Operating Margin Expansion

\*Includes tariffs and related impact

**Driving Continued Gross Margin Expansion With Positive Product Mix And Operational Improvements**



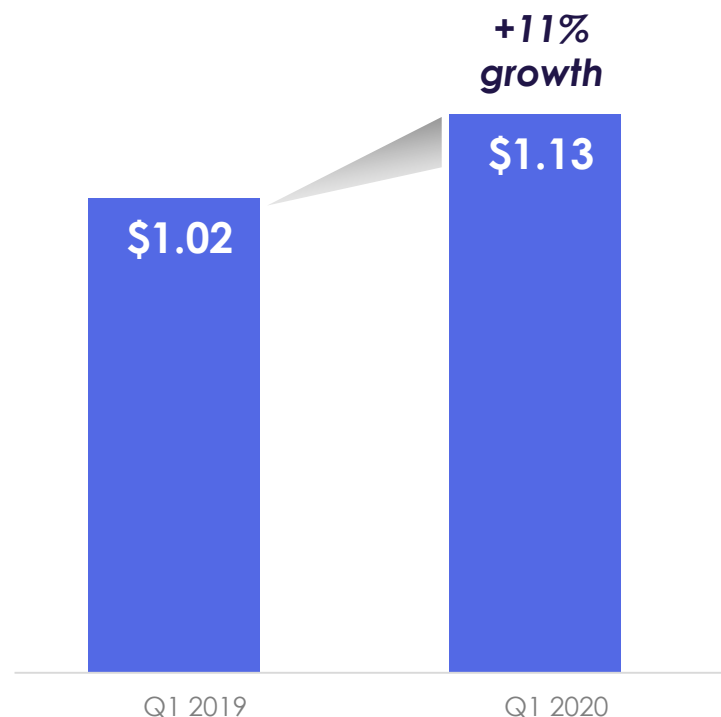
# Q1 2020 Adjusted Earnings Per Diluted Share

- Delivering core revenue\* growth of +6% including positive contribution from new products and acquisitions
- Expanding margins while offsetting net impact of tariffs and inflation
- Investing in strategic initiatives including IT transformation and emerging markets to drive future growth
- Benefitting from stock-based compensation (+\$0.03 per diluted share)
- Absorbing approximately \$0.05 dilution related to surgical consumables divestiture

**\$1.13**

Adjusted Earnings Per Diluted Share

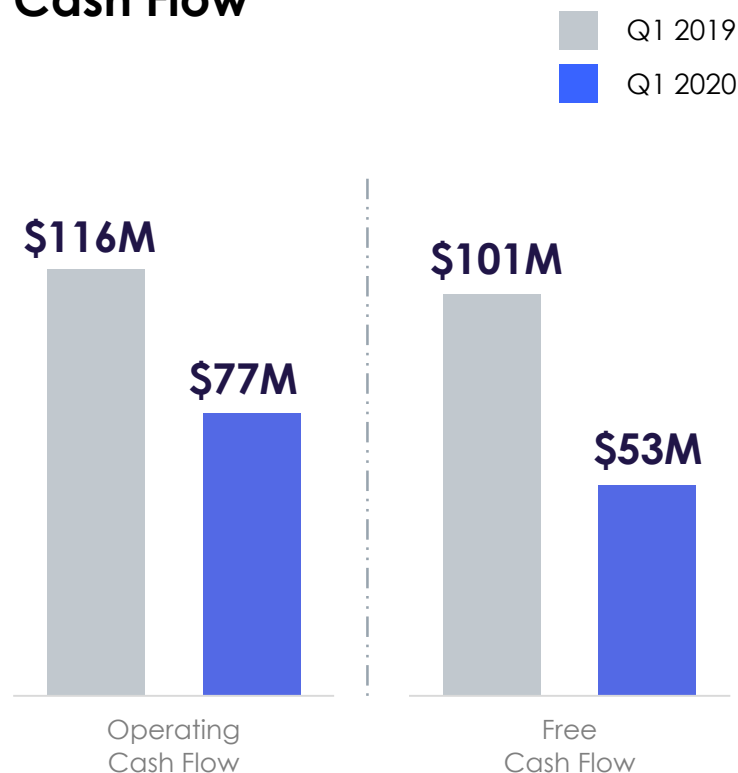
## Adjusted EPS Growth US\$



**Exceeding Guidance With +11% Adjusted EPS Growth**

# Q1 2020 Cash Flow

## Cash Flow



## Q1 2020 Performance Reflects:

- Additional payroll period
- Reimbursable transition costs related to the divestiture of the surgical consumables business
- Timing of receivable collections
- Increase in Capital Expenditures from recent acquisitions, IT transformation costs and capitalized software costs related to R&D investments

**~4.5x** → **~3.2x**  
Historical Peak Leverage\*      Q1 2020 Leverage



# 2020 Financial Outlook

# 2020 Financial Outlook

	2020 Prior Outlook	2020 Current Outlook*
Adjusted P&L		
Revenue Growth (reported)	1% - 2%	1% - 2%
Gross Margin	+100 - 150 bps	+100 - 150 bps
Operating Margin	~18.5%	~18.5%
Adjusted EPS	\$5.46 - \$5.56	\$5.50 - \$5.56
Operating Cash Flow	~\$430M	~\$430M
Capital Expenditures	~\$100M	~\$100M

<b>5% - 6%</b> Core Revenue* Growth	<b>4% - 5%</b> Core Revenue Growth Ex. Acquisitions
--	--

<b>8% - 9%</b> Adjusted EPS Growth	<b>12% - 13%</b> Adjusted EPS Growth Ex. Divestiture
---------------------------------------	---

**~\$430M**  
Operating Cash Flow

**Raising Bottom Of FY 2020 Adjusted EPS Guidance Range**

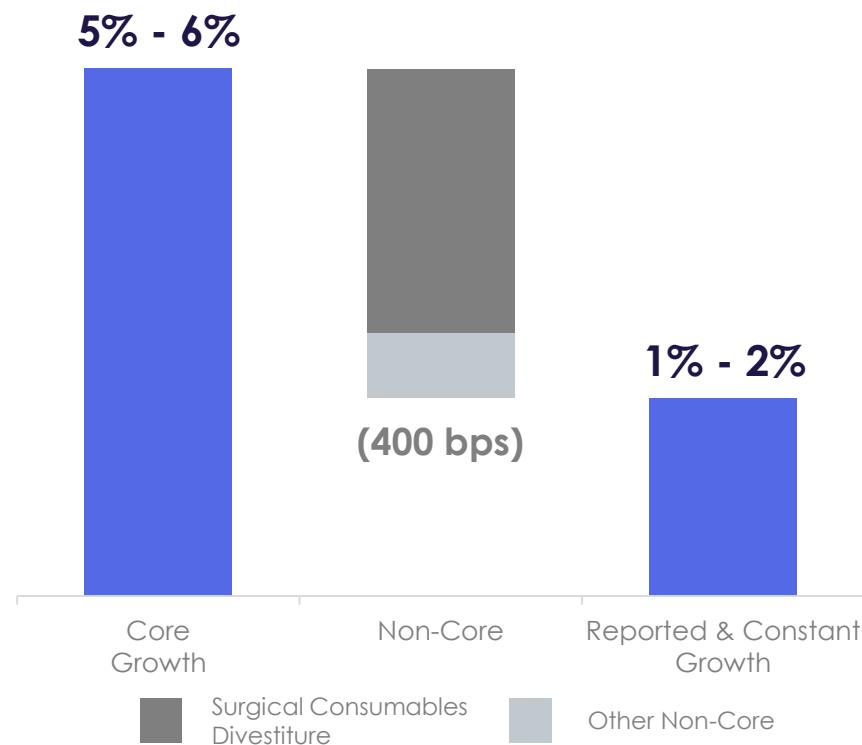




# 2020 Revenue Growth Outlook

	2020 Revenue Growth Outlook	
	Constant	Core*
Patient Support Systems	Mid-Single Digits	
Front Line Care	Mid-Single Digits	
Surgical Solutions	~ -20%**	Mid-Single Digits
Total Hillrom	1% - 2%	5% - 6%

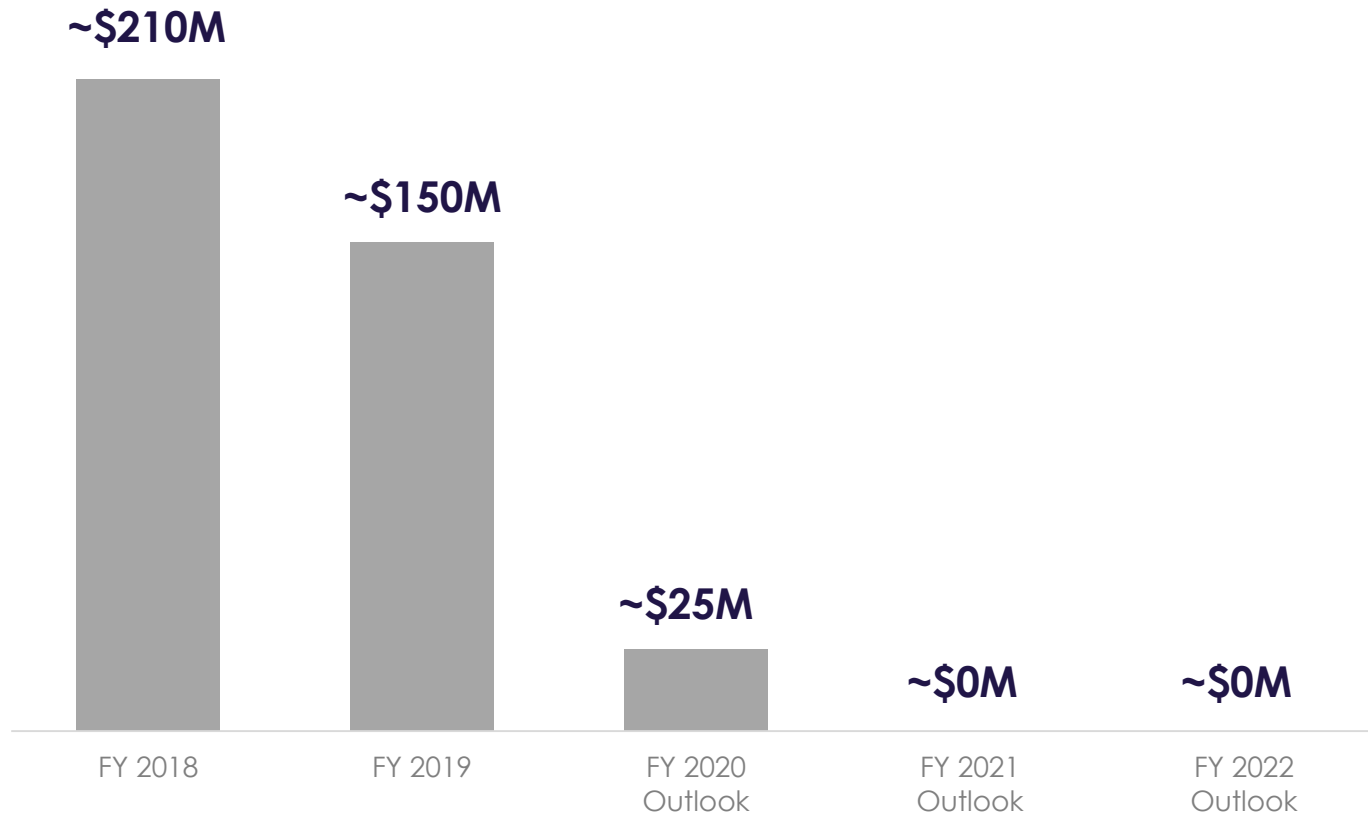
## 2020 Revenue Growth



**Generating Balanced Core Revenue Growth Across Three Businesses**



# Winding Down Non-Core Revenue\* In 2020



**Divesting \$300M+ Of Annualized Revenue Over Last 5 Years**



# Q2 2020 Financial Outlook

	Q2 2020 Outlook	
Adjusted P&L		
Revenue Growth	-1% to -2% (reported & constant)	
Core Revenue* Growth	~4% including acquisitions	~2% excluding acquisitions
Adjusted EPS	\$1.14 - \$1.16	

## Q2 2020 Outlook Reflects:

- Challenging Q2 comparison in U.S. with performance last year of 10% core growth
- Timing of current capital projects in select international markets
- Absorbing dilution of \$0.06 related to surgical consumables divestiture
- Continuing to invest in organic strategic initiatives to drive future growth
- Accelerating growth in the second half of year driven by emerging markets, new products, and heightened contribution from recent acquisitions

**Driving 1H Adjusted EPS Growth Of 11% to 12% Excluding Dilution From The Surgical Consumables Divestiture**

# 2020 & 2019 Non-Core Revenue Including Surgical Consumables

(\$ in millions)	Patient Support Systems			Surgical Solutions			Total Non-Core		
	U.S.	OUS	Total	U.S.	OUS	Total	U.S.	OUS	Total
<b>Q1 2020</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$9.1	\$9.1	\$0.0	\$9.1	\$9.1
<b>Q1 2019</b>	\$2.3	\$0.4	\$2.7	\$21.6	\$16.1	\$37.6	\$23.8	\$16.5	\$40.3
<b>Q2 2019</b>	\$2.2	\$0.3	\$2.5	\$21.0	\$15.4	\$36.4	\$23.2	\$15.6	\$38.9
<b>Q3 2019</b>	\$8.0	\$0.0	\$8.0	\$23.3	\$14.2	\$37.4	\$31.3	\$14.2	\$45.5
<b>Q4 2019</b>	\$0.4	\$0.0	\$0.4	\$8.4	\$14.0	\$22.4	\$8.7	\$14.0	\$22.7
<b>Fiscal 2019</b>	<b>\$12.9</b>	<b>\$0.7</b>	<b>\$13.5</b>	<b>\$74.2</b>	<b>\$59.6</b>	<b>\$133.8</b>	<b>\$87.1</b>	<b>\$60.2</b>	<b>\$147.3</b>



# Revenue Schedules

# 2020 Revenue Tables

	Q1 2020			Q1 2019			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 266.6	\$ 77.6	\$ 344.2	\$ 248.1	\$ 92.9	\$ 341.0	7.5%	-16.5%	0.9%	7.5%	-14.6%	1.4%
Front Line Care	178.1	76.5	254.6	166.5	66.9	233.4	7.0%	14.3%	9.1%	7.0%	15.1%	9.3%
Surgical Solutions	37.1	49.1	86.2	53.9	55.2	109.1	-31.2%	-11.1%	-21.0%	-31.2%	-9.2%	-20.0%
Total Hill-Rom	\$ 481.8	\$ 203.2	\$ 685.0	\$ 468.5	\$ 215.0	\$ 683.5	2.8%	-5.5%	0.2%	2.8%	-4.0%	0.7%



# 2019 Revenue Tables

	Q1 2019			Q1 2018			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 248.1	\$ 92.9	\$ 341.0	\$ 241.8	\$ 90.2	\$ 332.0	2.6%	3.0%	2.7%	2.6%	6.4%	3.7%
Front Line Care	166.5	66.9	233.4	156.4	66.4	222.8	6.5%	0.8%	4.8%	6.5%	3.3%	5.5%
Surgical Solutions	53.9	55.2	109.1	50.9	59.8	110.7	5.9%	-7.7%	-1.4%	5.9%	-5.0%	0.0%
Total Hill-Rom	\$ 468.5	\$ 215.0	\$ 683.5	\$ 449.1	\$ 216.4	\$ 665.5	4.3%	-0.6%	2.7%	4.3%	2.3%	3.7%

	Q2 2019			Q2 2018			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 267.2	\$ 92.4	\$ 359.6	\$ 243.6	\$ 106.2	\$ 349.8	9.7%	-13.0%	2.8%	9.7%	-7.2%	4.6%
Front Line Care	170.2	72.9	243.1	163.1	75.0	238.1	4.4%	-2.8%	2.1%	4.4%	2.7%	3.8%
Surgical Solutions	55.6	55.9	111.5	54.4	63.2	117.6	2.2%	-11.6%	-5.2%	2.2%	-5.2%	-1.8%
Total Hill-Rom	\$ 493.0	\$ 221.2	\$ 714.2	\$ 461.1	\$ 244.4	\$ 705.5	6.9%	-9.5%	1.2%	6.9%	-3.6%	3.3%

	Q3 2019			Q3 2018			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 290.8	\$ 83.7	\$ 374.5	\$ 262.1	\$ 91.2	\$ 353.3	11.0%	-8.2%	6.0%	11.0%	-4.1%	7.1%
Front Line Care	178.4	66.0	244.4	170.8	69.5	240.3	4.4%	-5.0%	1.7%	4.4%	-1.4%	2.7%
Surgical Solutions	60.2	47.7	107.9	55.6	54.3	109.9	8.3%	-12.2%	-1.8%	8.3%	-8.1%	0.2%
Total Hill-Rom	\$ 529.4	\$ 197.4	\$ 726.8	\$ 488.5	\$ 215.0	\$ 703.5	8.4%	-8.2%	3.3%	8.4%	-4.2%	4.5%

	Q4 2019			Q4 2018			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 328.9	\$ 86.5	\$ 415.4	\$ 290.0	\$ 86.5	\$ 376.5	13.4%	0.0%	10.3%	13.4%	3.8%	11.2%
Front Line Care	185.5	71.7	257.2	193.6	69.0	262.6	-4.2%	3.9%	-2.1%	-4.2%	6.5%	-1.4%
Surgical Solutions	51.5	58.7	110.2	60.6	59.5	120.1	-15.0%	-1.3%	-8.2%	-15.0%	2.7%	-6.2%
Total Hill-Rom	\$ 565.9	\$ 216.9	\$ 782.8	\$ 544.2	\$ 215.0	\$ 759.2	4.0%	0.9%	3.1%	4.0%	4.4%	4.1%

	FY 2019			FY 2018			% Growth @ Actual Rates			% Growth @ Constant Rates		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 1,135.0	\$ 355.5	\$ 1,490.5	\$ 1,037.6	\$ 374.1	\$ 1,411.7	9.4%	-5.0%	5.6%	9.4%	-0.6%	6.7%
Front Line Care	700.6	277.5	978.1	683.8	279.9	963.7	2.5%	-0.9%	1.5%	2.5%	2.8%	2.5%
Surgical Solutions	221.2	217.5	438.7	221.5	236.8	458.3	-0.1%	-8.2%	-4.3%	-0.1%	-3.8%	-2.0%
Total Hill-Rom	\$ 2,056.8	\$ 850.5	\$ 2,907.3	\$ 1,942.9	\$ 890.8	\$ 2,833.7	5.9%	-4.5%	2.6%	5.9%	-0.4%	3.9%

Note: Totals may not add due to rounding

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# Appendix: Reconciliation Of Non-GAAP Disclosures



# Reconciliation: Gross Margin, Operating Margin And Earnings Per Diluted Share

	Quarter Ended December 31, 2019					Quarter Ended December 31, 2018				
	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS
GAAP Basis	49.9%	11.5%	\$ 42.6	\$ 2.8	\$ 0.59	48.3%	10.4%	\$ 49.6	\$ 7.4	0.62
Adjustments:										
Acquisition and integration costs and related fair value adjustments	0.0%	-1.0%	(6.6)	0.3	(0.10)	-	0.0%	0.2	0.1	-
Acquisition-related intangible asset amortization	-	4.0%	26.7	6.4	0.30	-	3.8%	25.7	5.9	0.29
Field corrective actions	-	0.0%	-	-	-	-	-	-	-	-
Regulatory compliance costs	-	0.6%	3.9	0.6	0.05	-	0.3%	2.8	0.7	0.03
Litigation expenses	-	0.0%	-	-	-	-	0.0%	-	-	-
Special charges	-	1.1%	7.8	1.2	0.10	-	1.2%	8.0	1.9	0.09
Tax law and method changes	-	0.0%	-	-	-	-	0.0%	-	1.0	(0.01)
Debt financing costs	-	0.0%	16.1	3.7	0.18	-	-	-	-	-
(Gain) loss on disposition	-	0.0%	0.5	0.1	0.01	-	-	-	-	-
<b>Adjusted Basis</b>	<b>49.9%</b>	<b>16.2%</b>	<b>\$ 91.0</b>	<b>\$ 15.1</b>	<b>\$ 1.13</b>	<b>48.3%</b>	<b>15.7%</b>	<b>\$ 86.3</b>	<b>\$ 17.0</b>	<b>\$ 1.02</b>
	Year to Date Ended December 31, 2019					Year to Date Ended December 31, 2018				
	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS
GAAP Basis	49.9%	11.5%	\$ 42.6	\$ 2.8	\$ 0.59	48.3%	10.4%	\$ 49.6	\$ 7.4	0.62
Adjustments:										
Acquisition and integration costs and related fair value adjustments	0.0%	-1.0%	(6.6)	0.3	(0.10)	-	0.0%	0.2	0.1	-
Acquisition-related intangible asset amortization	-	4.0%	26.7	6.4	0.30	-	3.8%	25.7	5.9	0.29
Field corrective actions	-	0.0%	-	-	-	-	-	-	-	-
Regulatory compliance costs	-	0.6%	3.9	0.6	0.05	-	0.3%	2.8	0.7	0.03
Litigation expenses	-	0.0%	-	-	-	-	0.0%	-	-	-
Special charges	-	1.1%	7.8	1.2	0.10	-	1.2%	8.0	1.9	0.09
Tax law and method changes	-	0.0%	-	-	-	-	0.0%	-	1.0	(0.01)
Debt financing costs	-	0.0%	16.1	3.7	0.18	-	-	-	-	-
(Gain) loss on disposition	-	0.0%	0.5	0.1	0.01	-	-	-	-	-
<b>Adjusted Basis</b>	<b>49.9%</b>	<b>16.2%</b>	<b>\$ 91.0</b>	<b>\$ 15.1</b>	<b>\$ 1.13</b>	<b>48.3%</b>	<b>15.7%</b>	<b>\$ 86.3</b>	<b>\$ 17.0</b>	<b>1.02</b>

Note: Gross margin is calculated as the gross profit resulting from net product sales and service revenue, and rental revenue less the related cost of goods sold or rental expense taken as a percentage of total net revenue