

Hill-Rom[®]

UBS Healthcare Conference

John J. Greisch, President and CEO

May 22, 2017

Enhancing outcomes for
patients and their caregivers:

Hill-Rom

Forward Looking Statements

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 ability to achieve the anticipated benefits of the Mortara acquisition, the achievement of long-range financial objectives, the ability to drive continued margin expansion, the continuation of stable customer demand trends and the subsidence of international headwinds, a stable U.S. capital 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.

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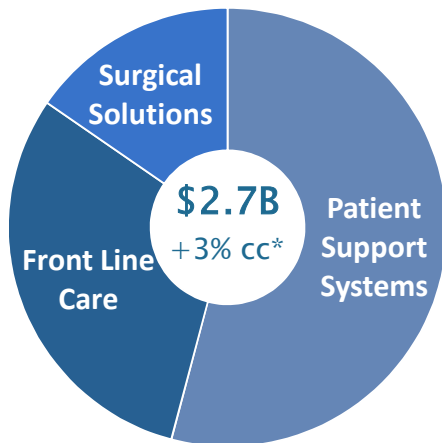


Hill-Rom: Trusted Medical Technology Innovator

Leadership

\$2.7B global medical technology leader with market-leading positions

2016 Revenue By Business US\$ Billions

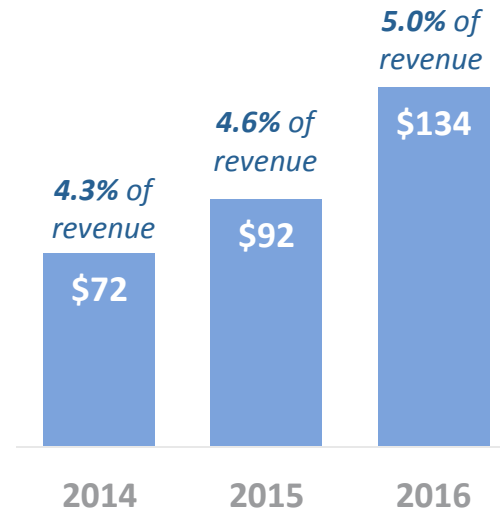


*Pro-forma growth including Welch Allyn in both 2015 and 2016

Innovation

Leveraging global scale and brand equity while enhancing outcomes

Increased Investment in R&D US\$ Millions



Note: Hill-Rom fiscal year end is September 30

Value

Transforming to drive sustainable profitable growth and shareholder value

Key Valuation Metrics As of 4/30/2017

\$5.0B Market Capitalization

\$7.2B Enterprise Value

+58% LTM 4/30/2017 Total Shareholder Return

\$53M YTD 3/31/2017 Returned to Shareholders**

**Includes dividends and share repurchases

Q2 2017 Highlights



Leveraging strong brands and geographic footprint across diversified portfolio

- Demonstrating commercial and operational execution with core revenue growth of 7%*
- Driving double-digit growth outside the U.S. through integrated One Hill-Rom approach



Innovating to enhance outcomes for patients and their caregivers

- Launching TruSystem™ 3000 Mobile Operating Table, Monarch™ Airway Clearance System, and Hill-Rom® 900 Accella bed system
- Capitalizing on recent introductions with Integrated Table Motion, RetinaVue™, Connex® Spot Monitor, Spot™ Vision Screener, Welch Allyn® Home Hypertension Program and others



Transforming the portfolio with disciplined M&A and business development

- Expanding existing capabilities in diagnostic cardiology with acquisition of Mortara Instrument
- Enhancing product portfolio by divesting non-core assets



Enhancing shareholder value with disciplined financial management

- Accelerating revenue growth, expanding margins and exceeding guidance with Q2 2017 adjusted EPS growth of 24% to \$0.88 per diluted share
- Raising full-year revenue and adjusted EPS guidance to \$3.82 to \$3.88 per diluted share

Creating shareholder value by executing our strategy

*Core revenue growth is constant currency, and excludes Mortara and the revenue impact from completed and potential divestitures (with FY2016 annual revenue of ~\$75 million).

Addressing Industry Trends

Industry Trend

Provider Consolidation



Emerging Markets Healthcare Access



Information Connectivity



Economic & Clinical Value



Lower Cost Care Settings

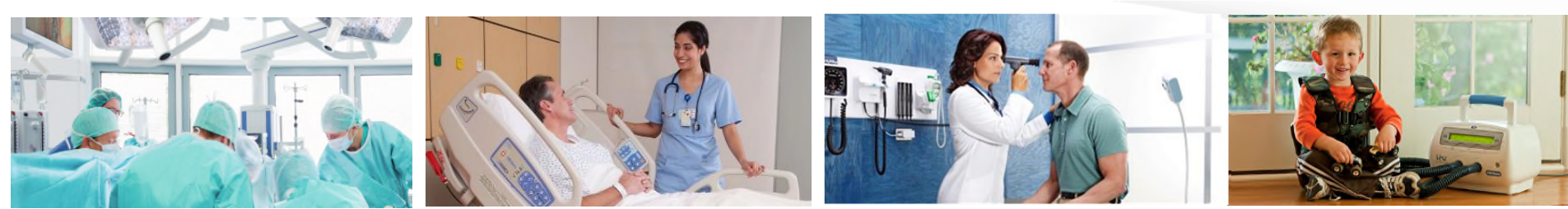


Hill-Rom Competitive Advantage

- Strong brand with differentiated portfolio enabling Hill-Rom to be a premier partner to consolidating healthcare systems
- Expanding global sales presence in EMEA, Asia, and Latin America provides infrastructure to support growth
- Collecting meaningful information to improve patient safety and caregiver efficiency
- Increasing R&D expenditure to drive innovation that improves both patient outcomes and hospital productivity
- Migrating to lower-cost care settings with Welch Allyn's meaningful presence in physician offices and home care

**Delivering on our mission of
enhancing outcomes for patients and caregivers**

Executing Strategic Priorities



INSIDE HOSPITAL

OUTSIDE HOSPITAL

Emergency
Department

Operating
Room

Intensive
Care Unit

Med-Surg
Unit

Physician's
Office

Ambulatory
Settings

Post-Acute
Care

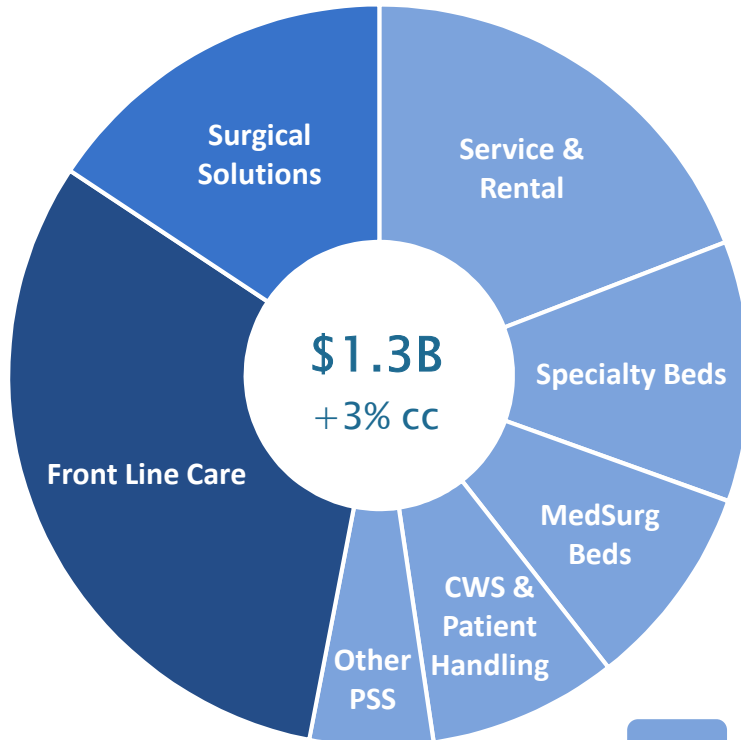
Home

- ✓ **PARTNER** with premier healthcare systems to address complex challenges
- ✓ **INNOVATE** to enhance outcomes for patients and caregivers
- ✓ **ACCELERATE** growth by leveraging brand equity and unparalleled care setting expertise
- ✓ **DRIVE** operational execution and achieve long-term financial objectives
- ✓ **TRANSFORM** portfolio through M&A and business development initiatives

Transforming Our Portfolio With Diversified Revenue Stream

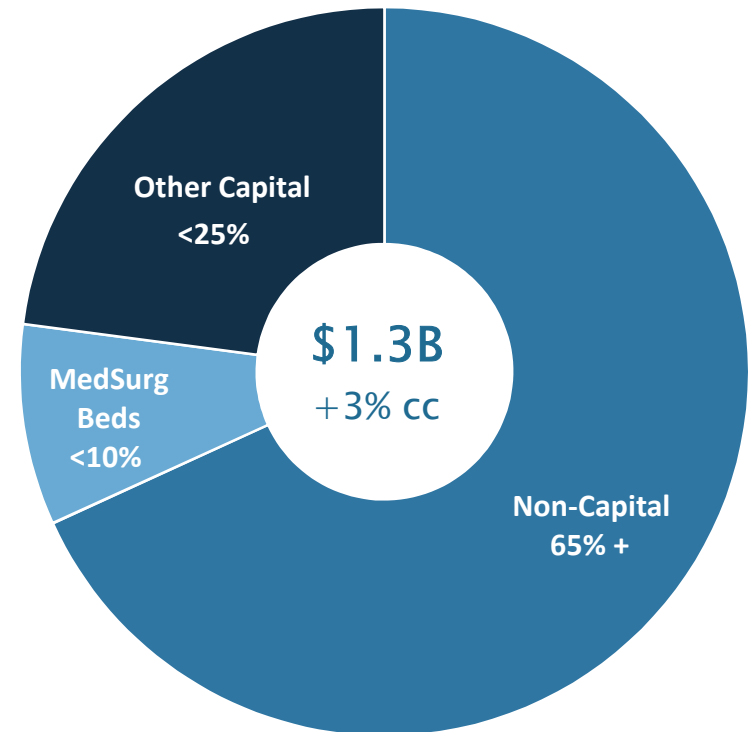
YTD Q2 2017 Revenue By Product Line

US\$ Billions



YTD Q2 2017 Revenue By Type

US\$ Billions

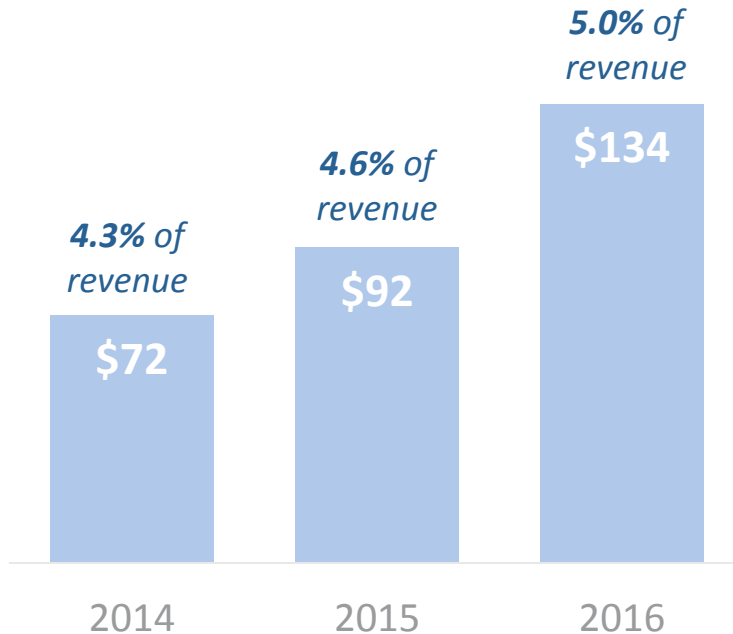


Benefiting from portfolio optimization and diversification efforts

Advancing Patient Care With Innovative Solutions

Increased R&D Investment

US\$ Millions



Capitalizing on recent introductions

- ✓ Connex[®] Spot Monitor
- ✓ Spot[™] Vision Screener
- ✓ RetinaVue[™] Network
- ✓ VisiVest[™] System
- ✓ Integrated Table Motion
- ✓ Compella[™] Bariatric Frame
- ✓ Envella[™] Air Fluidized Therapy Bed

Launching new products in 2017

- ✓ Welch Allyn[®] Home Hypertension Program
- ✓ Monarch[™] Airway Clearance System
- ✓ TruSystem[™] 3000 Mobile Operating Table
- ✓ Hill-Rom[®] 900 Accella bed system
- WatchCare[™] Incontinence Management
- Next-generation Med-Surg Bed

Clinical Focus Areas

Advancing
Mobility

Wound Care &
Prevention

Patient
Diagnostics &
Monitoring

Surgical Safety &
Efficiency

Respiratory
Health

✓ Launched

Enhancing outcomes for
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Expanding Leadership In Ambulatory Care With Diagnostic Screening Products

Spot™ Vision Screener



- ✓ Detecting diseases that impair vision
- ✓ Increasing efficiency with testing in seconds
- ✓ Objective and consistent approach to vision screening across care settings

12.5M

Children With Vision Disorder

only
1/3

Children Screened Prior To Kindergarten

\$200M+

U.S. Market Potential

RetinaVue™ Network



- ✓ Detecting preventable blindness with diabetic retinopathy screening
- ✓ Enabling diabetic retinopathy exams in primary care settings
- ✓ Increasing compliance of diabetic retinopathy exams

~30M

Americans With Diabetes

80%

Contract Diabetic Retinopathy

\$200M+

Recurring Revenue U.S. Market Potential

Advancing Sensing And Connectivity Solutions In The Home Setting

Welch Allyn® Home Hypertension Program



Trusted Device

Patient Application

Clinical Portal

- ✓ Clinically accurate connected blood pressure device for home use
- ✓ Applications for patient to track and communicate readings
- ✓ Free and cloud-based system allows clinician's review of data

6M

U.S. Blood Pressure
Devices Sold
Annually

200k

U.S. Physician
Offices

\$500M

U.S. Existing
Market

Monarch™ Airway Clearance System



- ✓ Innovative, mobile therapy solution
- ✓ Enables patients to be active and productive while receiving therapy
- ✓ Connected with VisiView™ Health Portal to increase visibility to therapy

~35k

U.S. Cystic
Fibrosis
Patients

~48k

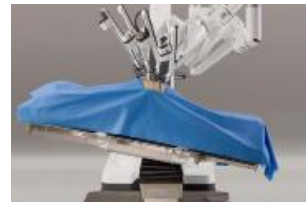
U.S.
Bronchiectasis
Patients

\$100M+

U.S. High Frequency
Chest Wall
Oscillation Market

Enhancing Operating Room Efficiency With Innovative Surgical Solutions

Key Product Introductions



**Integrated
Table Motion**



**TruSystem™
3000 Mobile
Operating Table**



**Allen® Advance
Spine Table**

Surgical Solutions Innovation Priorities

- ✓ Enhancing operating room efficiency with Integrated Table Motion
 - Increase OR capacity
 - Improve patient safety
 - Perform a variety of complex procedures
- ✓ Improving patient safety in the peri-operative environment
- ✓ Expanding portfolio for minimally invasive surgical access

Accelerating growth through new product introductions

Improving Outcomes With Innovative Patient Support Systems

Key Product Introductions



Enhanced Nurse Call Platform



Safe Patient Handling



Envella™ Wound Therapy System



Progressa® ICU Frame

Patient Support Systems Innovation Priorities

- ✓ Enhancing safety and outcomes in the MedSurg and ICU environment
 - Capturing share with innovative Progressa® frame in the ICU
 - Launching next-generation MedSurg bed in 2017
- ✓ Balancing economic and clinical value with patient satisfaction
- ✓ Incorporating technology to improve hospital efficiency and information flow

Elevating patient experience while improving outcomes

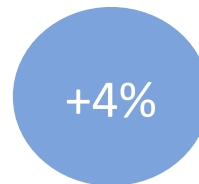
Completed Acquisition of Mortara Instrument

Strategic Rationale

- ✓ Provides high quality products to existing diagnostic cardiology portfolio
- ✓ Accelerates new growth platform in cardiology-focused patient monitoring
- ✓ Complements and enhances Hill-Rom's presence in vital signs monitoring
- ✓ Deepens connectivity relationships
- ✓ Creates significant value with enhanced scale, commercial and R&D capabilities, and operational efficiencies

Transaction Summary & Financial Benefits

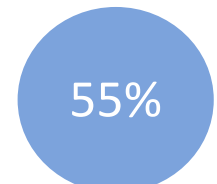
- \$330 million cash consideration
- Accelerates revenue growth; accretive to gross and operating margins
- Modestly accretive for fiscal 2017
- Generating cost synergies of at least \$10 million over two years
- Double-digit ROIC by Year 3



**Historical
Revenue Growth**



**Total
Revenue**



**Adjusted
Gross Margin %**

Accelerating growth with highly attractive and accretive acquisition

Well-Positioned To Deliver On Long-Range Financial Objectives

Key Metric	2015 ¹ Results	2016 Results	2015-2018 ³ Long-Range Plan
Revenue	\$2B	\$2.7B	CAGR 3% - 5%
Adjusted GM %*	45.3%	48.1%	+350-450 bps
Adj. Operating Margin %*	11.8%	15.3%	+450-550 bps
Adjusted EPS*	\$2.64	\$3.38	Mid-to-high teens CAGR
Operating Cash Flow	\$214M	\$281M ²	\$1B+ cumulative (FY 16-18)
Leverage	4.5x	3.9x	~3.2x ⁴

* Refer to the appendix for reconciliations of GAAP to adjusted metrics

1 Includes Welch Allyn financial results since September 8, 2015 transaction completion, including interest associated with new borrowings, but excludes one-time costs associated with the transaction and the impact of a non-cash stock compensation charge. Operating cash flow includes one time Welch Allyn related transaction costs of \$21M.

2 2016 Operating Cash Flow includes \$30M funding to U.S. pension plan and \$4M incurred to refinance credit facility. Adjusting for these outflows, Operating Cash Flow was \$315M.

3 Revenue CAGR relative to full-year 2015 pro-forma revenue of ~\$2.6B. All other metrics are relative to 2015 results, which includes contribution from Welch Allyn only during the period since the transaction completion.

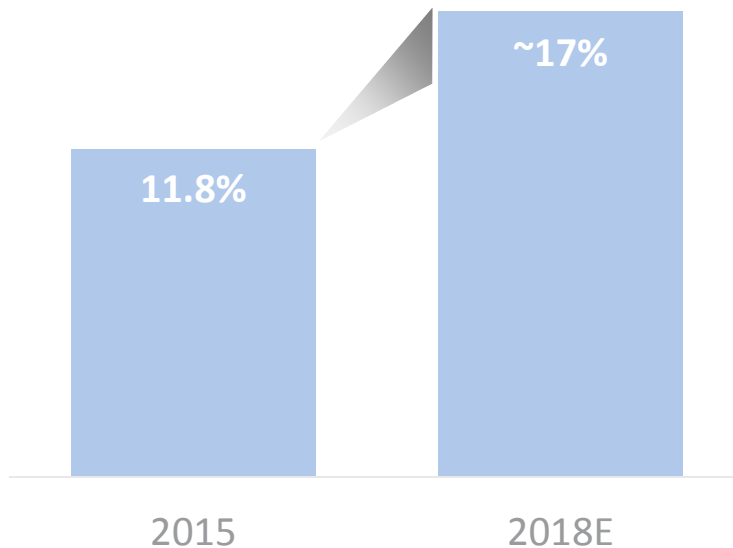
4 Includes the acquisition of Mortara Instrument and assumes no further M&A activity

Enhancing shareholder value through sustainable growth

Driving Continued Margin Expansion

Adjusted Operating Margin

% of Revenues



Note: Refer to the appendix for reconciliations of GAAP to adjusted metrics

Margin Expansion Opportunities

- ✓ Introducing innovative new product introductions
- ✓ Enhancing mix with portfolio optimization
- ✓ Divesting lower growth and margin businesses
- ✓ Optimizing global manufacturing footprint
- ✓ Realizing supply chain and procurement savings

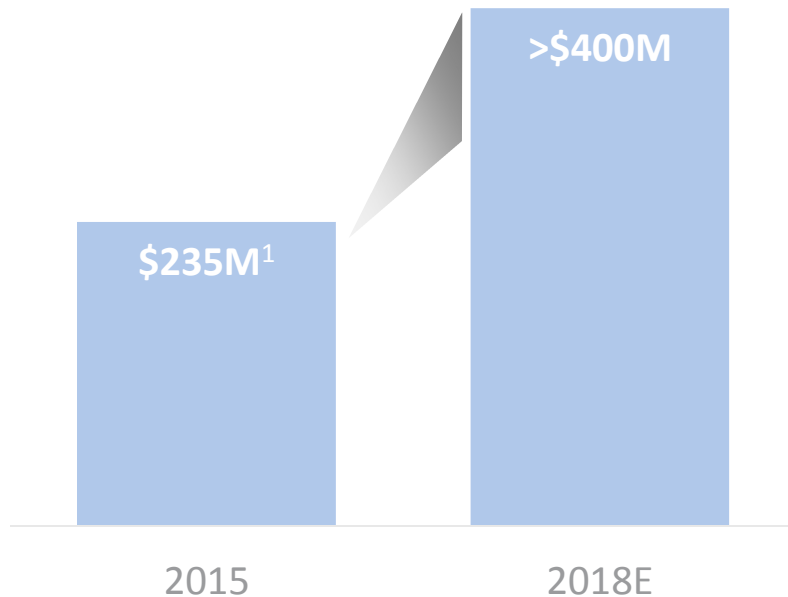
450 – 550 bps
Operating Margin Expansion
2015 to 2018

As of Q2 2017, achieved SEVEN consecutive quarters with 100+ bps of operating margin expansion

Generating Strong Cash Flow And Executing Disciplined Capital Allocation Strategy

Operating Cash Flow

US\$ millions



1 2015 Operating Cash Flow excludes \$21m one-time costs associated with the acquisition of Welch Allyn. Including these outflows, Operating Cash Flow would be \$214M.

Capital Allocation Priorities

- Reducing debt levels
- Raising dividend by 6% in FY2017
- Re-investing in business (R&D and CapEx)
- 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

~3.2x*

Leverage by 2018

*Includes the acquisition of Mortara Instrument and assumes no further M&A activity

Enhancing financial flexibility with strong cash flow generation

Hill-Rom: A Compelling Investment Opportunity

1 We are successfully transforming to drive sustainable profitable growth

2 We are expanding our leading market positions through our innovative solutions, leveraging our brand equity

3 We are driving solid operational execution and significant operating margin expansion

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Revenue Reclassification

2017 Reported Revenue

	Q1 2017			Q1 2016			% 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	\$ 248.4	\$ 86.8	\$ 335.2	\$ 241.4	\$ 100.3	\$ 341.7	2.9%	-13.5%	-1.9%	2.9%	-10.7%	-1.1%
Front Line Care	147.7	54.1	201.8	155.1	65.1	220.2	-4.8%	-16.9%	-8.4%	-4.8%	-15.7%	-8.0%
Surgical Solutions	51.5	48.9	100.4	46.8	52.5	99.3	10.0%	-6.9%	1.1%	10.0%	-2.9%	3.2%
Total Hill-Rom	\$ 447.6	\$ 189.8	\$ 637.4	\$ 443.3	\$ 217.9	\$ 661.2	1.0%	-12.9%	-3.6%	1.0%	-10.3%	-2.7%

	Q2 2017			Q2 2016			% 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	\$ 263.1	\$ 99.8	\$ 362.9	\$ 258.4	\$ 93.8	\$ 352.2	1.8%	6.4%	3.0%	1.8%	9.2%	3.8%
Front Line Care	146.9	64.1	211.0	132.2	53.1	185.3	11.1%	20.7%	13.9%	11.1%	22.8%	14.5%
Surgical Solutions	53.8	51.2	105.0	47.6	47.5	95.1	13.0%	7.8%	10.4%	13.0%	11.8%	12.4%
Total Hill-Rom	\$ 463.8	\$ 215.1	\$ 678.9	\$ 438.2	\$ 194.4	\$ 632.6	5.8%	10.6%	7.3%	5.8%	13.5%	8.2%

	YTD 2017			YTD 2016			% 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	\$ 511.5	\$ 186.6	\$ 698.1	\$ 499.8	\$ 194.1	\$ 693.9	2.3%	-3.9%	0.6%	2.3%	-1.1%	1.4%
Front Line Care	294.6	118.2	412.8	287.3	118.2	405.5	2.5%	0.0%	1.8%	2.5%	1.6%	2.3%
Surgical Solutions	105.3	100.1	205.4	94.4	100.0	194.4	11.5%	0.1%	5.7%	11.5%	4.1%	7.7%
Total Hill-Rom	\$ 911.4	\$ 404.9	\$ 1,316.3	\$ 881.5	\$ 412.3	\$ 1,293.8	3.4%	-1.8%	1.7%	3.4%	0.9%	2.6%

Note: Segment revenue by U.S. and International for Fiscal Year Ended 9/30/2016 and 9/30/2017 in US\$ million

2015 & 2016 Reported Revenue

	Q1 2016			Q1 2015			% 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	\$ 241	\$ 100	\$ 342	\$ 219	\$ 119	\$ 338	10%	-16%	1%	10%	-7%	4%
Front Line Care	155	65	220	21	1	22	N/M	N/M	N/M	N/M	N/M	N/M
Surgical Solutions	47	53	99	45	60	105	5%	-13%	-5%	5%	-3%	0%
Total Hill-Rom	\$ 443	\$ 218	\$ 661	\$ 284	\$ 181	\$ 465	56%	21%	42%	56%	34%	47%

	Q2 2016			Q2 2015			% 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	\$ 258	\$ 94	\$ 352	\$ 232	\$ 121	\$ 353	11%	-22%	0%	11%	-20%	1%
Front Line Care	132	53	185	21	2	22	N/M	N/M	N/M	N/M	N/M	N/M
Surgical Solutions	48	48	95	44	55	99	8%	-14%	-4%	8%	-12%	-3%
Total Hill-Rom	\$ 438	\$ 194	\$ 633	\$ 297	\$ 178	\$ 475	48%	9%	33%	48%	13%	35%

	Q3 2016			Q3 2015			% 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	\$ 259	\$ 102	\$ 361	\$ 240	\$ 114	\$ 354	8%	-10%	2%	8%	-10%	2%
Front Line Care	139	54	193	21	1	22	N/M	N/M	N/M	N/M	N/M	N/M
Surgical Solutions	53	49	102	47	52	99	13%	-6%	3%	13%	-6%	3%
Total Hill-Rom	\$ 451	\$ 204	\$ 655	\$ 308	\$ 167	\$ 475	47%	23%	38%	47%	24%	39%

	Q4 2016			Q4 2015			% 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	\$ 279	\$ 103	\$ 382	\$ 269	\$ 113	\$ 382	4%	-8%	0%	4%	-8%	0%
Front Line Care	158	53	212	54	18	72	N/M	N/M	N/M	N/M	N/M	N/M
Surgical Solutions	60	53	112	61	59	120	-2%	-10%	-6%	-2%	-8%	-5%
Total Hill-Rom	\$ 497	\$ 209	\$ 706	\$ 384	\$ 190	\$ 574	29%	10%	23%	29%	12%	24%

	YTD 2016			YTD 2015			% 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	\$ 1,037	\$ 400	\$ 1,437	\$ 959	\$ 468	\$ 1,427	8%	-15%	1%	8%	-11%	2%
Front Line Care	585	225	810	117	22	139	N/M	N/M	N/M	N/M	N/M	N/M
Surgical Solutions	207	201	408	197	226	423	5%	-11%	-3%	5%	-7%	-1%
Total Hill-Rom	\$ 1,829	\$ 826	\$ 2,655	\$ 1,273	\$ 715	\$ 1,988	44%	15%	34%	44%	20%	35%

Note: Segment revenue by U.S. and International for Fiscal Year Ended 9/30/2015 and 9/30/2016 in US\$ million

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2015 & 2016 Pro Forma Revenue

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Front Line Care Pro Forma	155	65	220	140	69	208	11%	-5%	6%	11%	4%	9%
Surgical Solutions	47	53	99	45	60	105	5%	-13%	-5%	5%	-3%	0%
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Front Line Care Pro Forma	132	53	185	120	55	176	10%	-4%	5%	10%	1%	7%
Surgical Solutions	48	48	95	44	55	99	8%	-14%	-4%	8%	-12%	-3%
Total Hill-Rom	\$ 438	\$ 194	\$ 633	\$ 397	\$ 232	\$ 628	10%	-16%	1%	11%	-13%	2%

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Front Line Care Pro Forma	139	54	193	141	50	190	-1%	8%	1%	-1%	10%	2%
Surgical Solutions	53	49	102	47	52	99	13%	-6%	3%	13%	-6%	3%
Total Hill-Rom	\$ 451	\$ 204	\$ 655	\$ 427	\$ 216	\$ 643	6%	-5%	2%	6%	-4%	2%

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	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
Patient Support Systems	\$ 279	\$ 103	\$ 382	\$ 269	\$ 113	\$ 382	4%	-8%	0%	4%	-8%	0%
Front Line Care Pro Forma	158	53	212	142	57	200	11%	-7%	6%	11%	-7%	6%
Surgical Solutions	60	53	112	61	59	120	-2%	-10%	-6%	-2%	-8%	-5%
Total Hill-Rom	\$ 497	\$ 209	\$ 706	\$ 472	\$ 229	\$ 701	5%	-9%	1%	5%	-8%	1%

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Front Line Care Pro Forma	585	225	810	543	231	774	8%	-3%	5%	8%	2%	6%
Surgical Solutions	207	201	408	197	226	423	5%	-11%	-3%	5%	-7%	-1%
Total Hill-Rom	\$ 1,829	\$ 826	\$ 2,655	\$ 1,699	\$ 924	\$ 2,623	8%	-11%	1%	8%	-7%	3%

Note: Segment revenue by U.S. and International for Fiscal Year Ended 9/30/2015 and 9/30/2016 in US\$ million
 * Pro Forma includes Welch Allyn in both periods

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Appendix

Reconciliations of Non-GAAP Disclosures

Reconciliation: Constant Currency Revenue

(\$ in millions)	<u>Quarter Ended March 31</u>		As Reported	Constant Currency	<u>US</u>		<u>OUS</u>	
	<u>2017</u>	<u>2016</u>			<u>As</u>	<u>As</u>	<u>Constant</u>	<u>Constant</u>
					Reported	Reported	Currency	Currency
Product Sales and Service	\$ 579.6	\$ 529.3	9.5%	10.5%	8.2%	12.0%	14.8%	
Rental	99.3	103.3	(3.9%)	(3.4%)	(3.2%)	(9.0%)	(4.9%)	
Total	\$ 678.9	\$ 632.6	7.3%	8.2%	5.8%	10.6%	13.5%	

	<u>Year to Date Ended March 31</u>		As Reported	Constant Currency	<u>US</u>		<u>OUS</u>	
	<u>2017</u>	<u>2016</u>			<u>As</u>	<u>As</u>	<u>Constant</u>	<u>Constant</u>
					Reported	Reported	Currency	Currency
Patient Support Systems	\$ 362.9	\$ 352.2	3.0%	3.8%	1.8%	6.4%	9.2%	
Front Line Care	211.0	185.3	13.9%	14.5%	11.1%	20.7%	22.8%	
Surgical Solutions	105.0	95.1	10.4%	12.4%	13.0%	7.8%	11.8%	
Total	\$ 678.9	\$ 632.6	7.3%	8.2%	5.8%	10.6%	13.5%	

	<u>Year to Date Ended March 31</u>		As Reported	Constant Currency	<u>US</u>		<u>OUS</u>	
	<u>2017</u>	<u>2016</u>			<u>As</u>	<u>As</u>	<u>Constant</u>	<u>Constant</u>
					Reported	Reported	Currency	Currency
Product Sales and Service	\$ 1,121.5	\$ 1,094.4	2.5%	3.4%	4.6%	(1.4%)	1.2%	
Rental	194.8	199.4	(2.3%)	(1.8%)	(1.5%)	(8.5%)	(3.8%)	
Total	\$ 1,316.3	\$ 1,293.8	1.7%	2.6%	3.4%	(1.8%)	0.9%	

	<u>Year to Date Ended March 31</u>		As Reported	Constant Currency	<u>US</u>		<u>OUS</u>	
	<u>2017</u>	<u>2016</u>			<u>As</u>	<u>As</u>	<u>Constant</u>	<u>Constant</u>
					Reported	Reported	Currency	Currency
Patient Support Systems	\$ 698.1	\$ 693.9	0.6%	1.4%	2.3%	(3.9%)	(1.1%)	
Front Line Care	412.8	405.5	1.8%	2.3%	2.5%	(0.0%)	1.6%	
Surgical Solutions	205.4	194.4	5.7%	7.7%	11.5%	0.1%	4.1%	
Total	\$ 1,316.3	\$ 1,293.8	1.7%	2.6%	3.4%	(1.8%)	0.9%	

Reconciliation: Operating Expenses

(\$ in millions)	Quarter Ended March 31		Year To Date Ended March 31	
	2017	2016	2017	2016
Selling and Administrative Expenses (As Reported)	\$ 222.4	\$ 209.4	\$ 431.2	\$ 430.6
Acquisition and integration costs	(7.2)	(4.4)	(13.1)	(10.7)
Acquisition-related intangible asset amortization	(26.6)	(23.8)	(52.1)	(48.0)
Selling and Administrative Expenses (Adjusted)	<u>\$ 188.6</u>	<u>\$ 181.2</u>	<u>\$ 366.0</u>	<u>\$ 371.9</u>
Selling and Administrative Expenses (Adjusted) As Percent of Total Revenue	27.8%	28.6%	27.8%	28.7%
Year Over Year % Change	<u>4.1%</u>		<u>-1.6%</u>	
Year Over Year Change	<u>(80) bps</u>		<u>(90) bps</u>	

Reconciliation: Gross Margin, Operating Margin and Earnings Per Share

(\$ in millions, except EPS)

	Quarter Ended March 31, 2017					Quarter Ended March 31, 2016				
	Gross Margin	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS
GAAP Basis	47.8%	9.4%	\$ 41.3	\$ 7.3	\$ 0.51	48.1%	7.9%	\$ 28.1	\$ 6.0	\$ 0.33
Adjustments:										
Acquisition and integration costs	0.1%	1.1%	7.2	3.4	0.06	-	0.7%	4.4	1.4	0.05
Acquisition-related intangible asset amortization	-	3.9%	26.6	9.0	0.26	-	3.8%	23.8	8.2	0.24
Field corrective actions	0.1%	0.1%	0.5	(0.1)	0.01	-0.2%	-0.2%	(1.0)	(0.3)	(0.01)
Litigation settlements and expenses	-	0.1%	0.9	0.3	0.01	-	-	-	-	-
Special charges	-	0.5%	3.1	0.9	0.03	-	1.7%	10.7	3.8	0.10
Adjusted Basis	<u>48.0%</u>	<u>15.0%</u>	<u>\$ 79.6</u>	<u>\$ 20.8</u>	<u>\$ 0.88</u>	<u>47.9%</u>	<u>13.9%</u>	<u>\$ 66.0</u>	<u>\$ 19.1</u>	<u>\$ 0.71</u>
	Year to Date Ended March 31, 2017					Year to Date Ended March 31, 2016				
	Gross Margin	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS	Gross Margin	Operating Margin	Income Before Income Taxes	Income Tax Expense	Diluted EPS ¹
GAAP Basis	47.6%	9.1%	\$ 76.6	\$ 19.1	\$ 0.87	46.0%	6.1%	\$ 33.9	\$ 7.5	\$ 0.41
Adjustments:										
Acquisition and integration costs	0.1%	1.0%	13.2	5.6	0.11	1.5%	2.3%	30.2	9.0	0.32
Acquisition-related intangible asset amortization	-	4.0%	52.1	17.3	0.52	-	3.7%	48.0	16.5	0.47
Field corrective actions	-	-	0.5	(0.1)	0.01	-	-	0.1	(0.1)	-
Litigation settlements and expenses	-	0.1%	0.9	0.3	0.01	-	-	-	-	-
Special charges	-	0.7%	8.9	2.8	0.09	-	1.4%	17.8	5.8	0.18
Foreign tax law change	-	-	-	(2.2)	0.03	-	-	-	-	-
Gain on disposition	-	-	(1.0)	(0.4)	(0.01)	-	-	-	-	-
Adjusted Basis	<u>47.7%</u>	<u>14.8%</u>	<u>\$ 151.2</u>	<u>\$ 42.4</u>	<u>\$ 1.63</u>	<u>47.5%</u>	<u>13.5%</u>	<u>\$ 130.0</u>	<u>\$ 38.7</u>	<u>\$ 1.39</u>

¹ Total does not add due to rounding.

Reconciliation: Gross Margin, Operating Margin and Earnings Per Share

	Year Ended September 30, 2016					Year Ended September 30, 2015				
	Gross Margin	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS ¹	Gross Margin	Operating Margin ¹	Income Before Income Taxes	Income Tax Expense	Diluted EPS
GAAP Basis	47.3%	8.7%	\$ 138.3	\$ 15.5	\$ 1.86	44.3%	4.2%	\$ 65.1	\$ 18.3	\$ 0.82
Adjustments:										
Acquisition and integration costs	0.8%	1.5%	38.9	11.3	0.41	0.8%	3.2%	62.8	18.0	0.76
Acquisition-related intangible asset amortization	-	3.6%	95.9	31.7	0.96	-	1.7%	34.1	9.8	0.42
FDA remediation expenses	-	-	-	-	-	-	0.2%	3.8	1.2	0.04
Field corrective actions	-	-	0.2	(0.1)	-	0.2%	0.2%	4.5	1.4	0.05
Litigation settlements and expenses	-	-	-	-	-	-	-	(0.6)	(0.2)	(0.01)
Special charges	-	1.5%	39.9	13.4	0.40	-	2.1%	41.2	10.7	0.52
Supplemental stock compensation charge	-	-	-	-	-	-	0.3%	6.1	2.2	0.07
Foreign valuation allowance	-	-	-	19.5	(0.29)	-	-	-	1.9	(0.03)
Debt refinancing	-	-	12.9	4.7	0.12	-	-	-	-	-
Gain on disposition	-	-	(10.1)	(3.7)	(0.10)	-	-	-	-	-
Adjusted Basis	<u>48.1%</u>	<u>15.3%</u>	<u>\$ 316.0</u>	<u>\$ 92.3</u>	<u>\$ 3.38</u>	<u>45.3%</u>	<u>11.8%</u>	<u>\$ 217.0</u>	<u>\$ 63.3</u>	<u>\$ 2.64</u>

¹ Total does not add due to rounding.