



BATESVILLE

Focusing on Customer Needs to Drive Growth

Batesville's philosophy for success is simple: Improve the quality of funerals and increase the profitability of funeral homes. For more than a century, the Batesville team has built and maintained relationships with funeral directors, providing high-quality, innovative products and services that meet evolving consumer needs. The industry's largest sales force supplies merchandising support and training to funeral homes that serve communities throughout the nation. And Batesville's high-velocity hub and spoke distribution system ensures that its customers, who often don't have the luxury of time when a family is grieving, receive the right product at the right time more than 99 percent of the time.

A recognized expert in the lean business philosophy, Batesville improves manufacturing and distribution processes year after year. Its award-winning plant and logistics teams have been honored for their innovation, quality and safety by numerous organizations. These practices help the company remain profitable when commodity costs, primarily for fuel and steel, have been particularly volatile.

Batesville continually holds the line in an industry where an increasing consumer preference for cremation and a flat number of deaths have caused a modest decline in the demand for burial caskets — Batesville's core product line. This creates an increasingly competitive environment for funeral directors and their suppliers.

Although burials have declined, Batesville continues to invest in differentiated products that give families choices for memorializing their loved ones. For example, there is an increasing desire among families to personalize the service to reflect the loved one's life and interests. One of the company's fastest-growing product lines has been its LifeStories® and LifeView® caskets, which allow families to personalize the lid of the casket during the viewing and service with bronze medallions or an array of personal

photographs. After the service, replica medallions can serve as keepsakes for family members and friends. In 2011, the number of models including these features grew to allow personalization at a wider variety of price points.

In an industry that's traditionally slow to change, Batesville is beginning to see results from several growth businesses that offer transformational approaches to familiar products and services.

- ***Personalization in the Options cremation product line*** also has been successful, with an increasing variety of keepsake choices. Options owes much of its growth in 2011 to the team's focus on supporting funeral directors with an innovative education and merchandising system to help families make an informed decision when they choose cremation.
- ***As the leader in designing and hosting funeral home websites***, Batesville Interactive continues to develop ways for funeral directors to support families, while also providing potential new revenue streams.
- ***Batesville's new Endura® vault has the potential to transform the burial vault business.*** This strong, lightweight, durable product has a competitive advantage over concrete, and it is beginning to get a solid footing in the marketplace.

Batesville continues to be a strong, industry-leading business that is well-positioned to drive ongoing innovation and growth within funeral service. At the same time, its experienced staff and strong financial position serve as the foundation for Hillenbrand's strategy to build a more diverse enterprise that will generate even greater shareholder value.