

Hill-Rom Holdings, Inc.

(NYSE: HRC)

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What is Hill-Rom Holdings?

- Hill-Rom Holdings, Inc. operates as a medical equipment company worldwide.
- It operates in three segments: Patient Support Systems, Front Line Care, and Surgical Solutions.
- Founded in 1929, and based in Chicago, Ill. The company went public in 1969 on the NYSE.

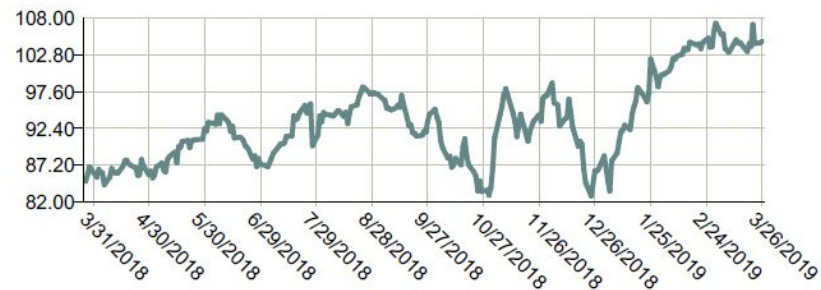
Earnings & Estimates

Next Announcement Date	04/26/19
P/E USD	28.34
Est P/E 09/19	20.42
T12M EPS	3.64
Est EPS	5.05

Corporate Info

1069 State Road 46 East	www.hill-rom.com
Batesville, IN 47006	T: 1-812-934-7777
US	Employees 10,000 (12/31/18)
Chairman	William G Dempsey "Bill"
President/CEO	John P Groetelaars
Chief Information Officer	Anjana Harve

Market Data



Px/Chg 1D (USD)	103.18/-1.52%
52 Wk H (03/22/19)	108.68
52 Wk L (10/31/18)	81.82
YTD Change/%	14.63/16.52%
Mkt Cap USD	6,878.4M
Shrs Out/Float	66.7M/66.5M
SI/% of Float	1.3M/2.01%
Days to Cover	3.0

Ratios

Fiscal Year End		* Last Quarter End	~ Current/T12M
09/2018		12/19 Q1	USD

Issue Data	
~ Last Px	USD/103.18
~ P/E	28.3
~ Dvd Ind Yld	0.8%
* P/B	4.43
~ P/S	2.4
~ Curr EV/T12M EBITDA	17.5
~ Mkt Cap	6,878.4M
~ Curr EV	8,699.1M

Per Share Data	
~ EPS T12M	3.64
~ DPS	0.78
* Bk Val Per Sh	23.28
Rev/Bas Sh	43.00
CPS	5.97
* Curr Shares Out	66.7M
FCF/Basic Sh	4.62

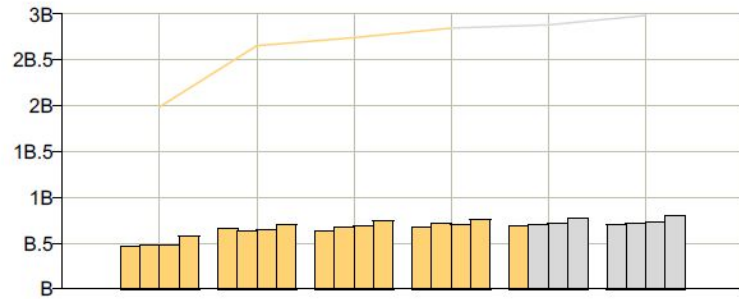
Cash Flow Analysis	
P/CF	16.4
Curr P/FCF	21.2
CF/NI	1.6
Dvd P/O	20.5%
Cash Gen/Cash Reqd	2.8
Csh Dvd Cov	4.9
CFO/Sales	13.9%
Eff IR	4.4%

Growth Potential	
Dil EPS Frm Cont Op 1Y Gr	29.2%
Cap 1Y Gr	-2.3%
BPS 1Y Gr	16.4%
R&D To SI	4.8%
Retntn Rt	79.5%
Rev - 1 Yr Gr	3.8%
Empl 1Y Gr	0.0%
Ast 1Y Gr	-3.7%

Profitability	
EBITDA	486.0M
EBIT	289.5M
OPM	10.2%
Prx Mrgn	6.9%
ROA	4.7%
ROE	13.7%
ROC	8.1%
Ast TO	0.6

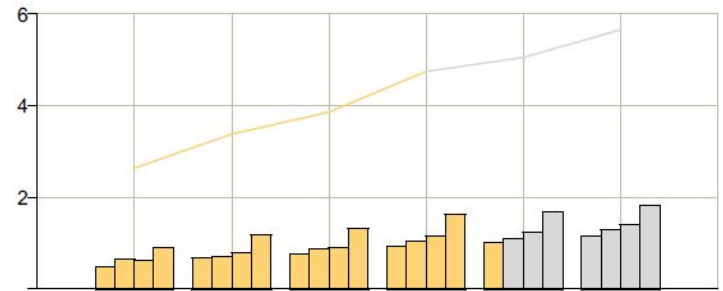
Structure	
Curr Ratio	1.7
Quick Ratio	1.2
Debt/Assets	45.3%
Debt/Com Eq	122.1%
A/R Tmvr	5.5
Inv Turnover	4.9
GM	49.0%
EBIT/Tot Int Exp	3.0

Revenue



	2015	2016	2017	2018	2019	2020
FY	1.99B	2.66B	2.74B	2.85B	2.88B	2.99B
Q1	465.00M	661.20M	637.40M	669.70M	683.50M	708.50M
Q2	474.80M	632.60M	678.90M	710.50M	706.75M	725.50M
Q3	474.50M	655.40M	689.10M	708.60M	716.50M	736.50M
Q4	573.90M	706.00M	738.30M	759.20M	777.38M	800.50M

Earnings Per Share



	2015	2016	2017	2018	2019	2020
FY	2.64	3.38	3.86	4.75	5.05	5.66
Q1	0.49	0.68	0.75	0.92	1.02	1.15
Q2	0.64	0.71	0.88	1.05	1.11	1.29
Q3	0.62	0.81	0.91	1.15	1.24	1.41
Q4	0.89	1.18	1.32	1.63	1.68	1.83

Why buy now?

- Hill-Rom has a long established presence in medical equipment, with 14 consecutive quarters of double digit earnings growth.
- New opportunities in connected care promise revenue growth and margin expansion
- The company has untapped potential for international expansion in Asia and Latin America.
- Healthcare sector projected to outperform the market in 2019.

Noteworthy Acquisitions and Partnerships

Voalte

- \$180 million cash Acquisition
- Mobile healthcare communications provider
- When combined with Hill-Rom's existing business in nurse call solutions the company sees a \$2 billion current opportunity growing 6% to 7% annually.

Microsoft (NASDAQ: MSFT)

- Partnership aimed at integrating bed side data directly into hospital electronic medical record systems and doing real time AI analysis in the cloud, identifying risks and predicting likely adverse events before they happen.
- This will become part of Hill-Rom Digital Solutions, a subscription software service expected to launch later this year.

International Opportunities

- Approximately 30% of revenue came from outside the U.S. last year.
- Strong business in Eastern Europe, the Middle East and Africa.
- New CEO John Groetelaars believes the company is under represented in Latin America and particularly the Asia Pacific Region and has built a new team to expand presence in the regions.
- Sales growth in China over the coming year is expected to drive growth above the corporate average.

Risks

- Traditional Focus on hospital beds is a challenge in a healthcare system that has increasingly pushed patients away from inpatient care
- New focus on connected healthcare and the need to integrate into legacy hospital data systems will open up Hill-Rom to new competition
- Previous acquisition of Welch Allyn for \$2.05 billion deal that still accounts for most of the debt in Hill-Rom's balance sheet.

My Recommendation

Buy 38 shares of HRC at
\$104.35 for a total of \$3,965.30