
Stericycle Investor Presentation

Q1-2017

NASDAQ: SRCL



Forward - Looking Statements

This presentation may contain forward-looking statements that involve risks and uncertainties, some of which are beyond our control (for example, general economic and market conditions). Our actual results could differ significantly from the results described in the forward-looking statements. Factors that could cause such differences include changes in governmental regulation of the collection, transportation, treatment and disposal of regulated waste or the proper handling and protection of personal and confidential information, increases in transportation and other operating costs, the level of governmental enforcement of regulations governing regulated waste collection and treatment or the proper handling and protection of personal and confidential information, our obligations to service our substantial indebtedness and to comply with the covenants and restrictions contained in our private placement notes, term loan credit facility and revolving credit facility, our ability to execute our acquisition strategy and to integrate acquired businesses, competition and demand for services in the regulated waste and secure information destruction industries, political, economic and currency risks related to our foreign operations, impairments of goodwill or other indefinite-lived intangibles, variability in the demand for services we provide on a project or non-recurring basis, exposure to environmental liabilities, fluctuations in the price we receive for the sale of paper, disruptions in or attacks on our information technology systems, compliance with existing and future legal and regulatory requirements, as well as other factors described in our filings with the U.S. Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K. As a result, past financial performance should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate future results or trends. We make no commitment to disclose any subsequent revisions to forward-looking statements.

Stericycle: A Purpose-Driven Company



We provide our customers with innovative and sustainable, business-to-business compliance solutions that protect people and brands, promote health and safeguard the environment.

Stericycle Today (SRCL - NASDAQ)

Market-Leading Positions...

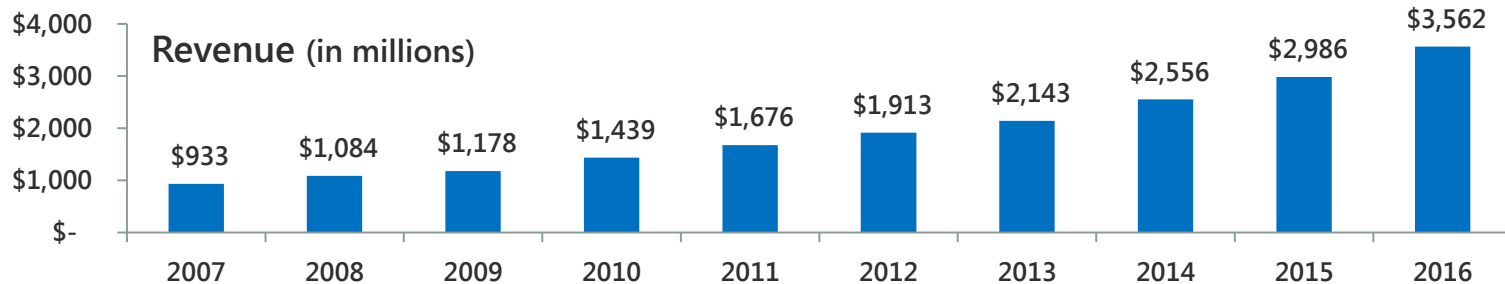
- ✓ A portfolio of complementary services that solve complex, highly regulated business challenges
- ✓ Steady consolidator of global, fragmented markets through strategic acquisitions and organic growth
- ✓ Consistent and diversified growth company with a history of delivering sustained profitability, strong cash flow, and market-leading shareholder returns

... with Global Coverage

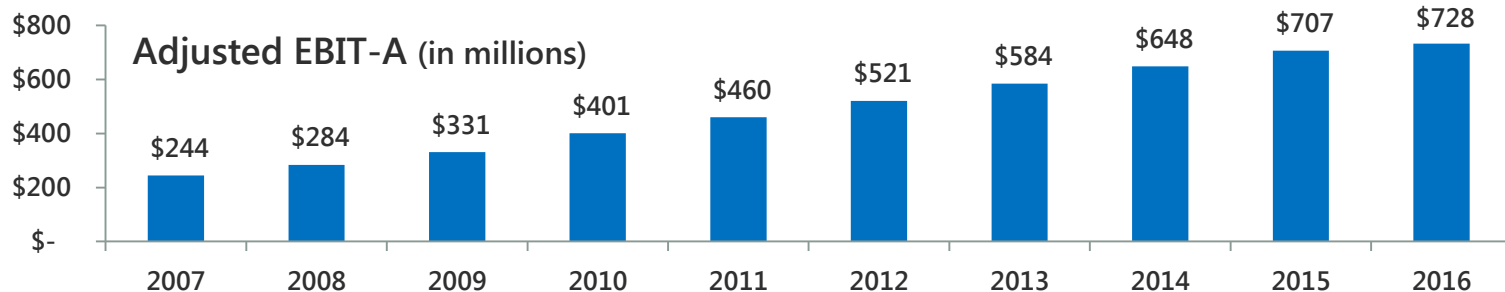


Proven Long-Term Financial Performance

**Strong
Topline
Growth**



**Consistent
Adj. EBIT-A
Growth**



**Consistent
EPS
Growth**



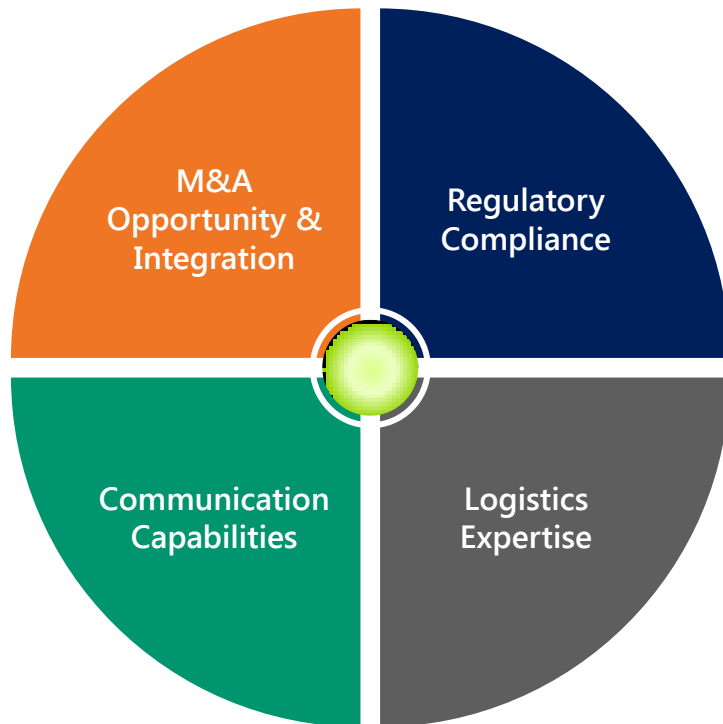
Our Services & Customer Relationships

- We are a trusted provider of high value, high margin outsourced services
- These services address complex, highly regulated business needs
 - Critical functions with significant potential liability associated with non-compliance
 - Stringent standards from EPA, DEA, FDA, OSHA, DOT, HIPAA, FACTA plus other state, local and international agencies
 - Focus on healthcare, pharmacy, retail, biotech, manufacturing, professional services industries, and governments
- Our customers are loyal, commit to long-term contracts, renew at high rates, and show interest in expanding the relationship



Service Offerings Align with Core Competencies and Key Business Objectives

Core Competencies

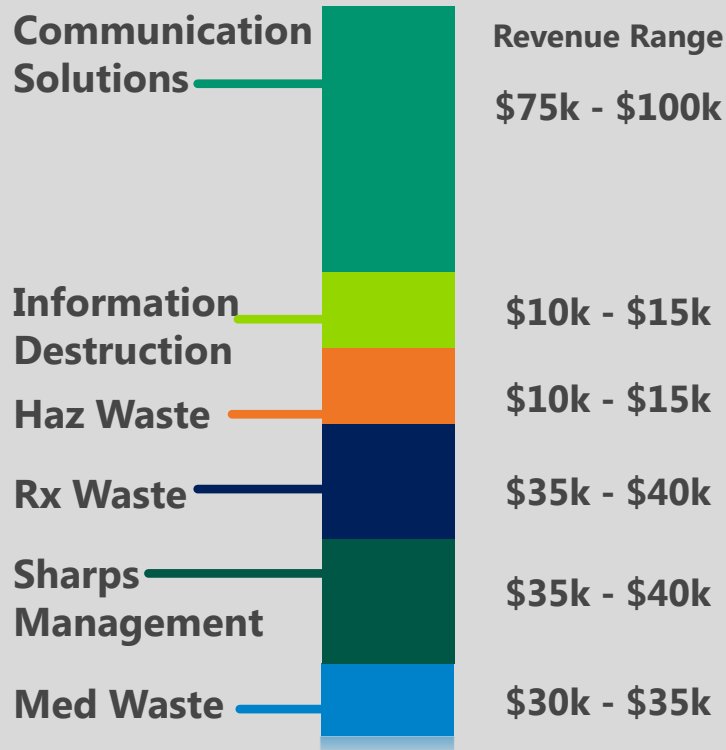


Key Business Objectives



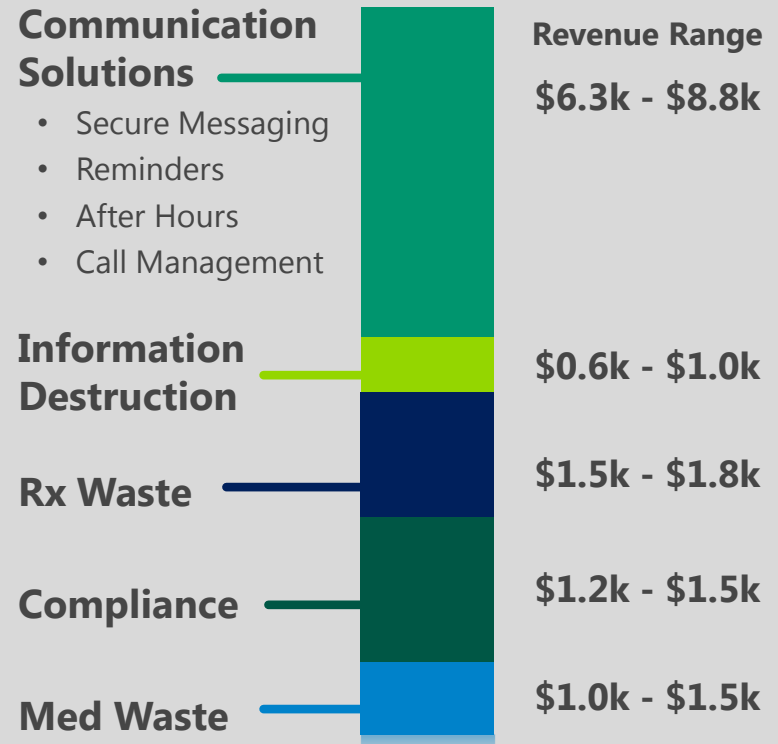
Leveraging Healthcare Customer Relationships

Hospital Example



Potential Revenue Opportunity: \$195k - \$245k

Physician Practice Example



Potential Revenue Opportunity: \$10.6k - \$14.6k

Leadership in Growing \$37 Billion Global Market

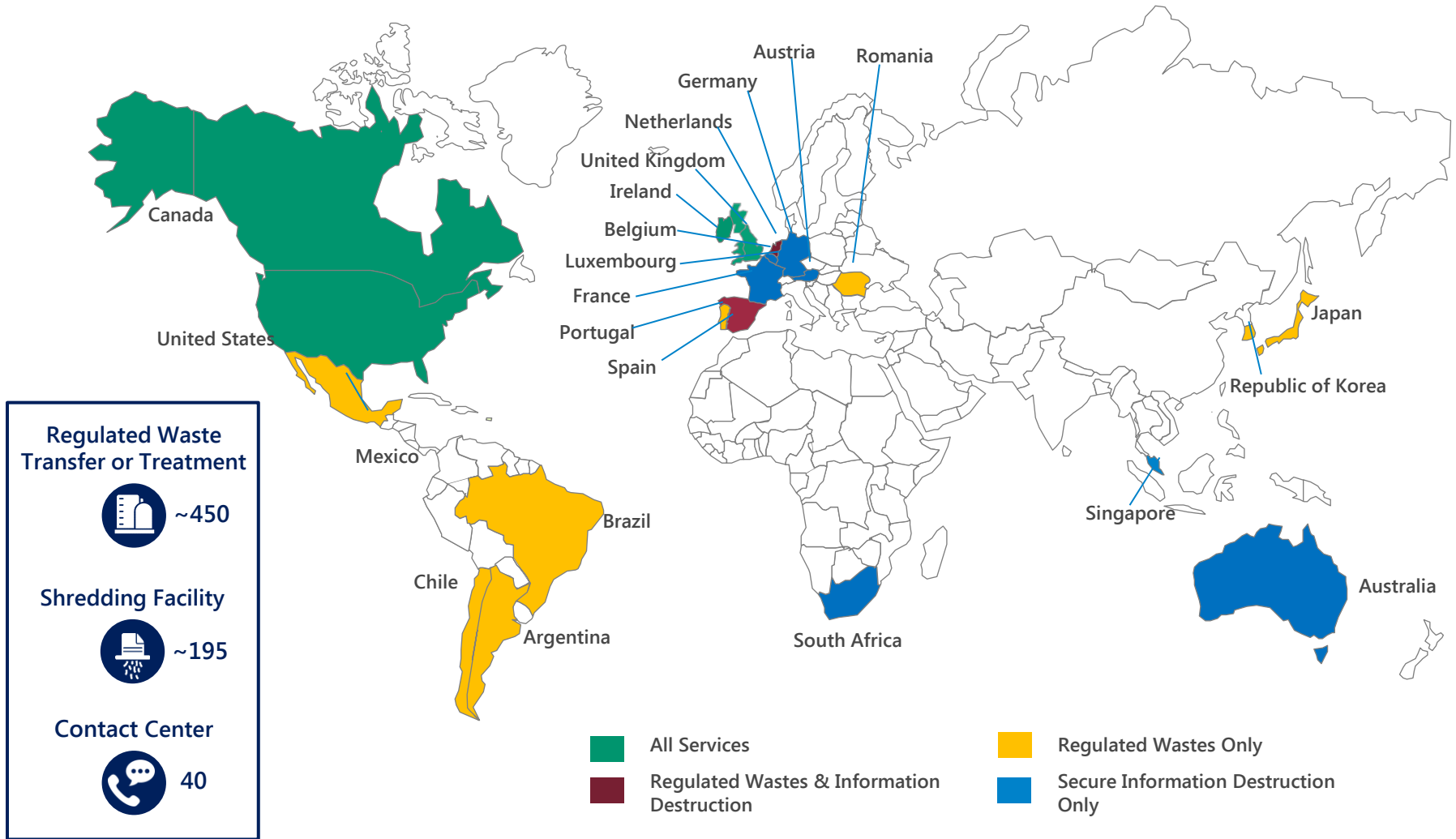
- Market-leading positions in multiple large, highly fragmented markets
- Growing markets given 1) aging population trends and growing need for healthcare, 2) increasing enforcement of compliance regulations, and 3) continued trend by customers to outsource services in order to focus on their core businesses

Stericycle has 10% Share of a \$37 Billion Global Market

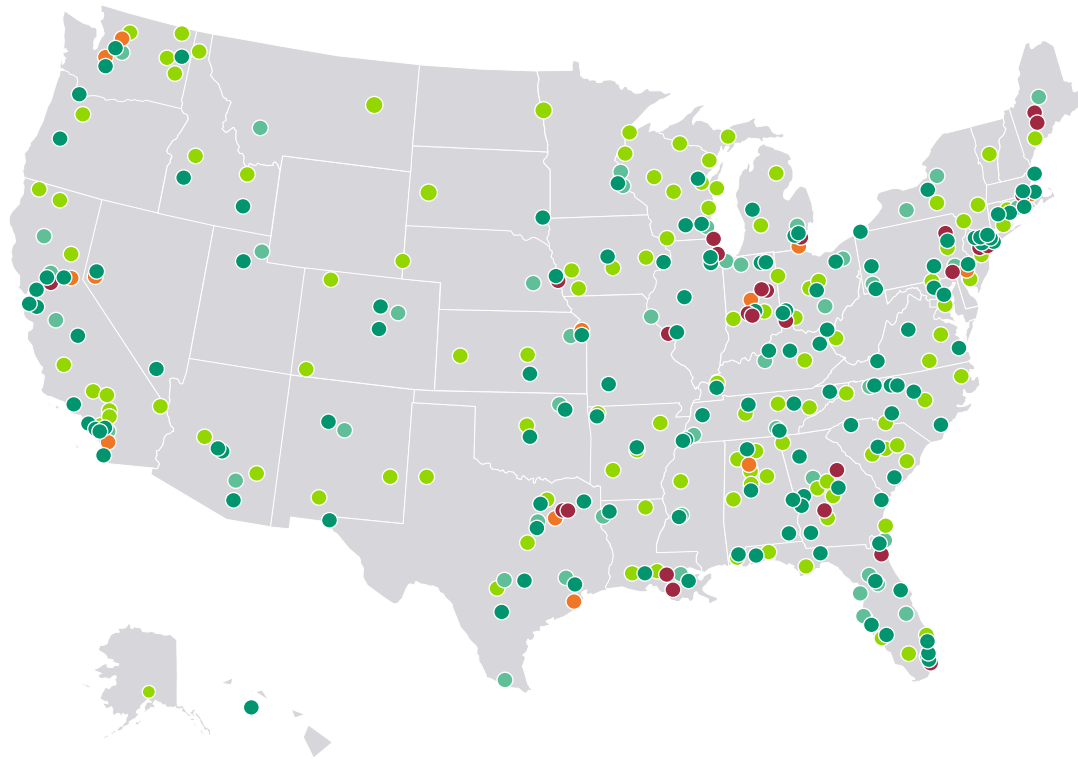


Notes: Includes global markets with established regulatory framework for medical waste plus global markets in which Stericycle operates for hazardous waste, information destruction and communication services. Source: Various industry studies and management estimates (including ancillary services & products).

Supported by Our International Presence...



...And a Broad, Comprehensive US Network



The most comprehensive network across all our business segments, which enables us to provide outstanding services across all service lines nationwide.

Strategies for Continued Growth and Value Creation

- 1 Leverage multiple opportunities to drive organic growth, including additional services
 - 2 Increase profitability through continuous improvement and synergy attainment
 - 3 Expand core service lines and build route density within existing international markets
 - 4 Detailed portfolio review to focus on core businesses, strategic fit, and profitability
 - 5 Execution of a disciplined capital allocation plan
- 

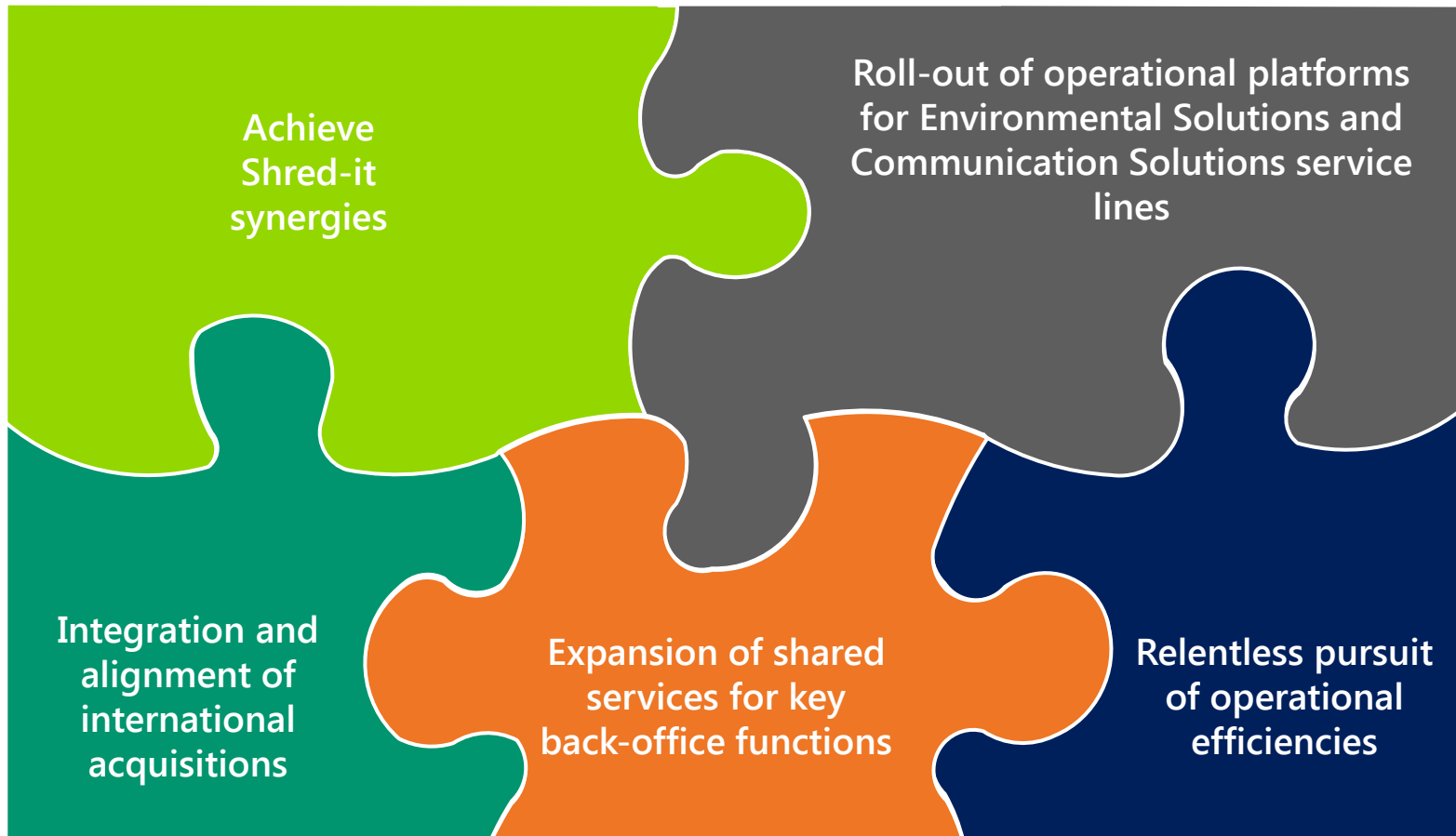
1 Leverage Multiple Organic Growth Opportunities

Drivers of Organic Growth

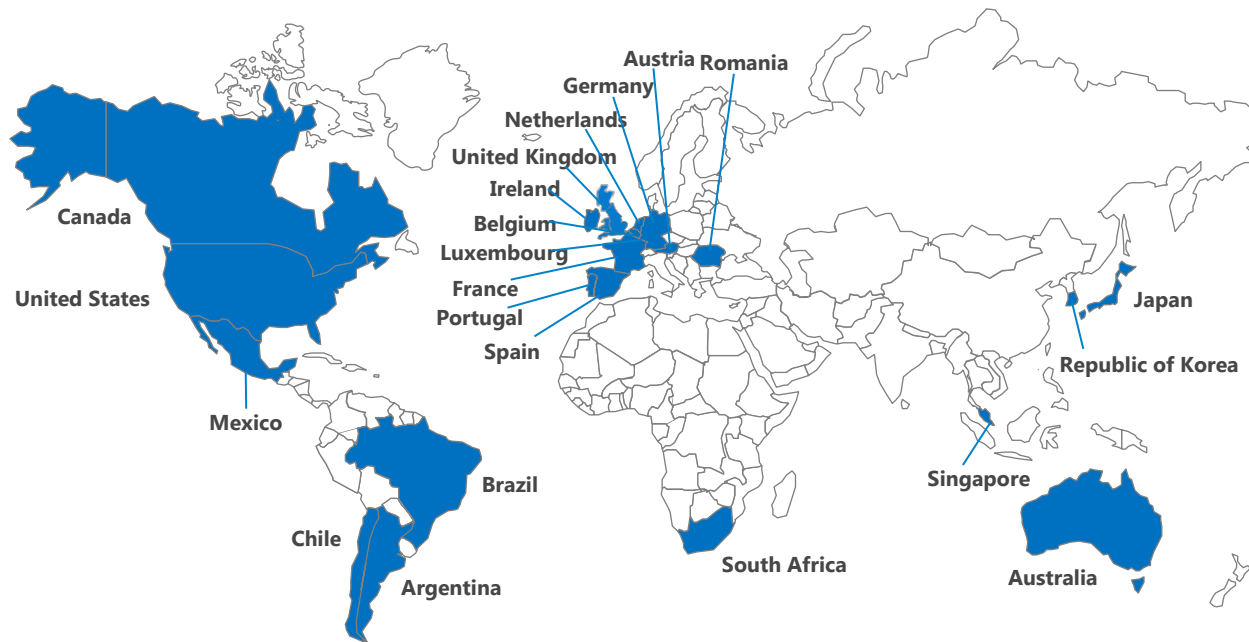
- Continue the rollout of additional services
- Convert unvended markets
- Drive market expansion opportunities
- Leverage new products and services to drive new market growth
- Win competitive business

\$650-950 million
incremental organic
revenue in 2021

2 Drive Profitability Through Continuous Improvement and Synergies



3 Expand Service Lines and Market Position Within Existing International Markets



- Continue expanding of sharps management and pharmaceutical waste programs
- Conversion of the unvend markets for secure information destruction
- Drive growth of international compliance programs for small healthcare providers
- Pursue tuck-in acquisitions in markets with strong ROIC

4 Detailed Portfolio Review

Evaluation Opportunities & Outcomes

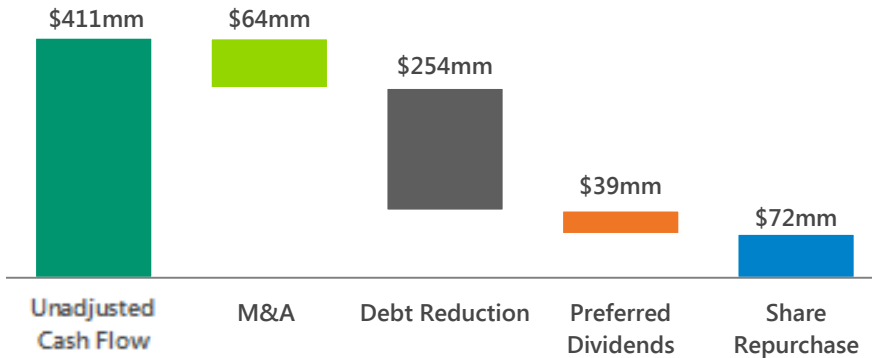
- Country-by-country evaluation is ongoing
- Manufacturing & Industrial in the US will remain in our portfolio
- Patient Transport in the UK and certain M&I assets in the UK have been identified as assets held for sale
- Regional or country-specific international service lines evaluations will also continue

Decision Criteria

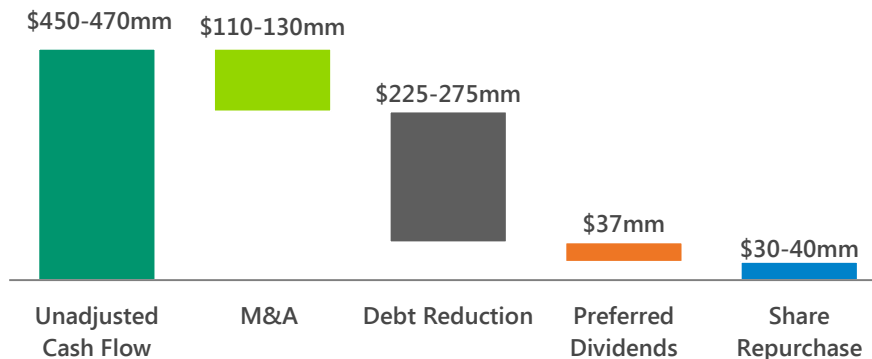
- Outlook for long-term market conditions
- Potential for margin improvement
- Potential impact to complementary services, rest of business, and to customer relationships
- Expected ROIC over time
- Divestiture value today versus in the future

5 Disciplined Capital Allocation Approach

2016 Capital Allocation



2017 Capital Allocation



Capital Allocation Priorities

- Tuck-in M&A opportunities to accelerate growth and drive efficiencies
- Debt reduction to return to +/- 2.5 debt to EBITDA
- Continue share repurchase opportunistically
- Evaluate long-term dividend / share repurchase strategy as Stericycle approaches target leverage (of ~2.5x)

2017 Guidance and Long-Term Outlook

2017 will focus on execution of multiple growth and margin expansion strategies across the business to position Stericycle for stable, long-term growth and profitability.

2017 Guidance

- Revenue of \$3.53-\$3.66 billion

Regulated Waste & Compliance Services	\$2.01 - \$2.06 billion
Secure Information Destruction	\$795- \$825 million
Communication & Related Services	\$345-\$375 million
Manufacturing & Industrial	\$375-\$395 million

- EBIT-A margin: \approx 21%
- EPS: \$4.55 - \$4.75

Three to Five Year Outlook

- Revenue growth rate of 3-5%
- Upside potential of an additional 1-2%
- Acquisitions and stock repurchases will supplement organic growth initiatives and drive additional shareholder value

Future acquisitions and divestitures are not included in forward-looking guidance.

Strong Balance Sheet

(\$ in millions)	Dec 31, 2015	Dec 31, 2016	Mar 31, 2017
Current Portion of Long Term Debt	\$161	\$73	\$96.3
Revolver	\$354	\$407	\$347
Long-Term Term Loan	\$1,200	\$1,000	\$948
Private Placement	\$1,250	\$1,250	\$1,250
Other Debt	\$249	\$230	\$231
Total Long Term Debt	\$3,053	\$2,887	\$2,776
Common Equity*	\$1,983	\$2,100	\$2,191
Mandatory Preferred	\$747	\$705	\$691
Total Capitalization	\$5,944	\$5,765	\$5,754
Debt to EBITDA	3.45X	3.42X	3.38X

* Common Equity is defined as Total Shareholders' Equity less non controlling interests.

Stericycle Investment Highlights

Stable, long-term business driven by market-leading, premium service offerings with recurring revenue

Focus on regulated markets with growing demand

Well positioned to capitalize on multiple opportunities for growth

Diverse and expansive customer base, with established long term relationships

Strong financial profile with strong free cash flow and a focus on continuous improvement to drive margin expansion

Led by a strong and experienced management team





Appendix



Definition of Terms

This presentation uses certain abbreviations:

- CAGR means compound annual growth rate
- EBITA means earnings before interest expense, income taxes, and amortization
- EBITDA means earnings before interest expense, income taxes, depreciation, and amortization
- EPS means earnings per share diluted
- GAAP means United States generally accepted accounting principles
- Free Cash Flow means cash from operations less capital expenditures

Adjusting Items for Non-GAAP Measures

- For the purpose of evaluating revenues, we present non-GAAP revenues to show the impact of foreign currency, revenues from acquisitions and Manufacturing and Industrial Services (“M&I”). Management reviews and analyzes revenues excluding the effect of foreign currency translation and revenue from acquisitions because we believe this better represents the Company’s underlying business trends, including organic revenue growth. Separate presentation of M&I allows for visibility of a revenue stream that has shown greater volatility than our other service lines.
- For the purpose of evaluating operating performance, we present our financials to show the impact of income and expenses in our non-GAAP earnings related to acquisitions. These adjustments include acquisition expense, integration expense, amortization expense, and the change in fair value of contingent consideration. This allows for comparison of period over period results without the impact of acquisition-related expenses.
- For the purpose of evaluating operating performance, we additionally present our financials to show the impact of certain expenses and income in our non-GAAP earnings to allow for period over period comparison of financials without the impact of charges that may not occur each year and if so, are due to different factors. For the periods presented, these adjustments include litigation expense, restructuring and plant conversion expenses, contract exit costs, and asset impairment charges.
- For the purpose of calculating the ultimate impact of our mandatory convertible preferred stock, we show the impact to our EPS by excluding the mandatory convertible preferred stock dividend and using the “if-converted” method of share dilution. This provides the reader insight to how our diluted shares will be affected after these preferred shares are converted to common shares.