

STERICYCLE INVESTOR PRESENTATION

Second Quarter 2018 Earnings Results

August 2, 2018

Nasdaq: **SRCL**



Safe Harbor Statement

This document 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 here. 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, the level of government enforcement of regulations governing regulated waste collection and treatment or the proper handling and protection of personal and confidential information, decreases in the volume of regulated wastes or personal and confidential information we collect from customers, our ability to execute on our Business Transformation initiatives and achieve the anticipated benefits and cost savings, our failure to consummate a strategic alternative transaction with respect to Communication and Related Services, potential charges related to a strategic alternatives transaction with respect to Communication and Related Services, or the failure of any such transaction to achieve our desired results, our obligations to service our substantial indebtedness and comply with the covenants and restrictions contained in our private placement notes and our credit agreement, political, economic, inflationary, currency and other risks related to our foreign operations, the outcome of pending or future litigation including litigation with respect to the U.S. Foreign Corrupt Practices Act, changing market conditions in the healthcare industry, competition and demand for services in the regulated waste and secure information destruction industries, our failure to maintain an effective system of internal control over financial reporting, disruptions in or attacks on our information technology systems, changes in the demand and price for recycled paper, charges related to our portfolio optimization strategy or the failure of our portfolio optimization strategy to achieve the desired results, 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 and subsequent Forms 10-Q. 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. To the extent permitted under applicable law, 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.

Leadership Position Provides Significant Long-Term Opportunities

- Multiple service lines addressing regulatory compliance needs
- Market-leading positions in multiple large, fragmented markets
- Long-term customer relationships on multi-year agreements
- Strong, consistent free cash flow

Business Trends and Opportunities Remain Favorable for Stericycle

- ✓ Increasing regulatory oversight worldwide
- ✓ Growing markets for compliance and sustainable waste services
- ✓ Continued trend by customers to outsource services to focus on their core businesses
- ✓ Numerous cross-selling opportunities as less than 20% of customers use more than one service
- ✓ Acquisition opportunities allow for growth and synergies

Estimated 10% Global Market Share*



* Note: 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 (including ancillary services & products). Source: Various industry studies and management estimates.

Q2 2018 Business Highlights

Highlights from the Quarter

- Core Regulated Waste and Compliance Services and Secure Information Destruction businesses performed as expected
- Business Transformation and ERP initiatives are on track and within budget
- Continued progress on Portfolio Rationalization
- SQ class action settlement became effective on June 7
- Appointed Ronee Hagen and Kay Priestly to the Board of Directors as part of continued Board evolution

Business Transformation to Drive Shareholder Value

KEY INITIATIVES TO DRIVE BUSINESS TRANSFORMATION

Enterprise Performance Management (EPM) model supported by Enterprise Resource Planning (ERP) platform to drive efficiency and enable Stericycle to better capitalize on growth opportunities

Portfolio Rationalization	Operational Optimization	Organizational Excellence & Efficiency	Commercial Excellence	Strategic Sourcing
<ul style="list-style-type: none">• Focus on core services• Evaluate strategic fit of geographies• Divest non-strategic service lines and markets	<ul style="list-style-type: none">• Standardize logistics• Modernize operations• Drive network efficiency	<ul style="list-style-type: none">• Optimize organizational structure• Optimize resources• Align around global shared service model	<ul style="list-style-type: none">• Sales & service aligned around the customer• Standardizing CRM process and expanding self-service options	<ul style="list-style-type: none">• Global procure-to-pay processes• Leveraging organizational scale

COMPELLING FINANCIAL BENEFITS

\$850M-1.0B
CUMULATIVE ADJUSTED EBITDA
BENEFITS FROM 2018-2022

85-95%
TARGET IRR

~5-9%
EXPECTED ADJUSTED EBITDA
CAGR BETWEEN 2018-2022

~6-10%
EXPECTED ADJUSTED EPS
CAGR BETWEEN 2018-2022

~10-14%
EXPECTED CASH FLOW
CAGR BETWEEN 2018-2022

Q2 2018 Progress toward the Business Transformation

\$7.9M

Additional Adjusted EBITDA benefit from Q2 Transformation initiatives.

\$50.0M

Expected 2018 Adjusted EBITDA benefit toward \$60-\$65M goal.

\$21.8M

Operational expenses during Q2. YTD expenses of \$43.9M against the 2018 budget of \$95-\$105M.

\$3.3M

Capital expenditures during Q2. YTD \$3.7M.

Key Q2 Accomplishments

- Adjusted EBITDA benefits driven by operational improvements, strategic sourcing initiatives, and source-to-pay processes
- Significant progress toward the detailed design phase of the ERP which includes mapping our end-to-end future state work flows within our mega processes
- On track to achieve milestones for 2018

Portfolio Rationalization Progress

- Pursuing strategic alternatives, including divestiture, for the non-core Communication and Related Services
- Divested U.S.-based non-core clean room service within RWCS on August 1, 2018
- Divested remaining hazardous waste service line in the UK in June 2018
- Divested Secure Information Destruction business in South Africa in November 2017
- Divested Patient Transport business in the UK in June 2017
- Divested hazardous waste business in the UK in November 2016

Q2 2018 Financial Results

Q2 2018 Global Revenues by Service

<i>(\$ in millions)</i>	Q2 2018	Change from Q2 2017
Regulated Waste and Compliance Services	\$483.8	(5.5%)
Secure Information Destruction Services	\$230.0	8.3%
Communication and Related Services	\$81.3	(21.0%)
Manufacturing and Industrial Services (M&I)	\$88.2	(2.2%)
Total Revenues	\$883.3	(3.7%)
Adjusted Revenues, excluding M&I	\$795.1	(3.9%)
Acquisitions Effect*		\$8.1
Divestitures Effect*		(\$13.4)
Foreign Exchange Favorability		\$0.4

*Includes quarterly revenue effect from acquisitions and divestitures with less than a full year impact in the comparative period.

Q2 2018 Revenue Highlights

REGULATED WASTE AND COMPLIANCE SERVICES

- SQ revenue as expected
- Continued growth in Hospital Sharps Management and Rx Waste Services
- Drug take back programs continuing strong growth

COMMUNICATION AND RELATED SERVICES

- Lower recall revenues driven by smaller-sized events as compared to multiple large recall events managed in Q2 2017
- Lower than expected call volumes in Communication Solutions

SECURE INFORMATION DESTRUCTION

- Organic revenue growth of 4.8% or 3.2% when adjusted for higher recycled paper pricing
- SOP index continues to trend above 10-year average
- Worldwide off-site shredding expanded to 63% / 37% on-site

MANUFACTURING AND INDUSTRIAL SERVICES

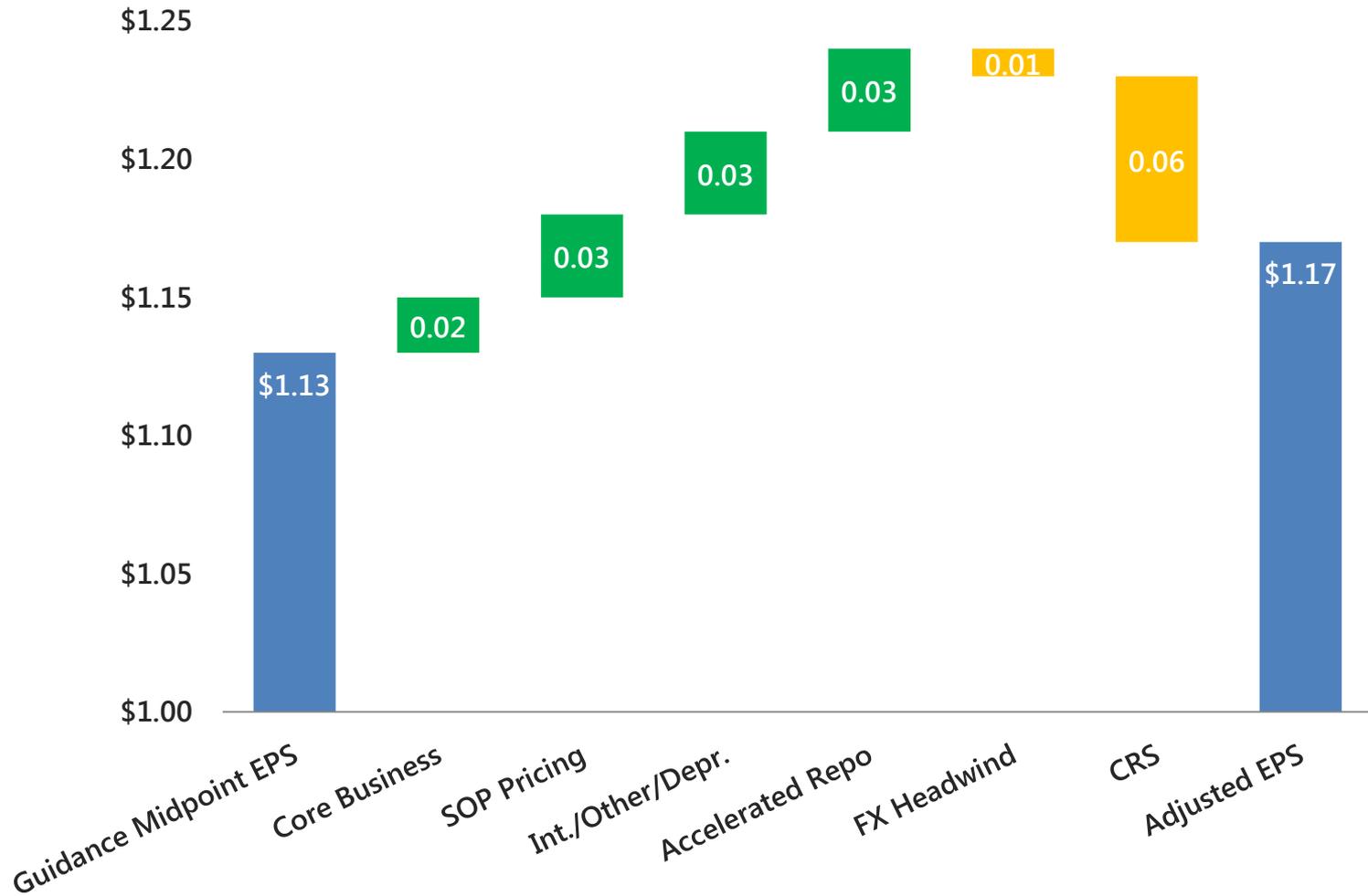
- Organic growth of 3.8% excluding divestitures and foreign exchange
- Divested of remaining UK hazardous waste business

Q2 2018 Financial Performance

<i>(\$ in millions except for EPS)</i>	Q2 2018	Drivers of Financial Results
Revenues	\$883.3	Foreign exchange headwinds, softness in CRS and divestitures, partially offset by higher paper prices compared to guidance
Adjusted EBITDA*	\$190.9	Core business performance and higher paper prices enabled Adjusted EBITDA in line with expectations on lower than anticipated revenue
U.S. GAAP Diluted EPS	\$0.31	Includes certain non-recurring adjusting items
Adjusted Diluted EPS*	\$1.17	See bridge on slide 14
Cash Flow from Operations	\$120.6	Working capital Business Transformation initiative on track

**Reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix.*

Q2 2018 Adjusted Diluted EPS Bridge from Guidance



Balance Sheet and Cash Flow

<i>Balance Sheet (\$ in millions)</i>	As of June 30, 2018	As of Dec 31, 2017
Current Portion of Long-Term Debt	\$112	\$120
Long-Term Portion of Debt	\$2,547	\$2,627
Cash Balance	\$45	\$42
Net Debt	\$2,614	\$2,705
Net Debt to EBITDA	3.27X	3.66X
<i>As defined by debt agreements in effect as of the respective period end and does not reflect the \$295 million SQ settlement payment made in Q3 2018.</i>		

<i>Cash Flow (\$ in millions)</i>	Three months ended June 30, 2018
Cash from Operations	\$120.6
Capital Expenditures	\$35.5
Days Sales Outstanding	65 days

2018 Guidance

2018 Updated Guidance

(\$ in millions except for EPS)

Regulated Waste and Compliance Services	\$1,910 - \$1,935
Secure Information Destruction	\$890 - \$915
Communication and Related Services	\$330 - \$345
Manufacturing and Industrial	\$320 - \$345
Total Revenues	\$3,450 - \$3,540
Adjusted EBITDA*	\$750 - \$775
Adjusted Diluted EPS*	\$4.35 - \$4.55
Cash from Operations	\$185 - \$225
Capital Expenditures	\$155 - \$170
Free Cash Flow	\$15 - \$70

*Reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

2018 Guidance Assumptions

KEY ASSUMPTIONS

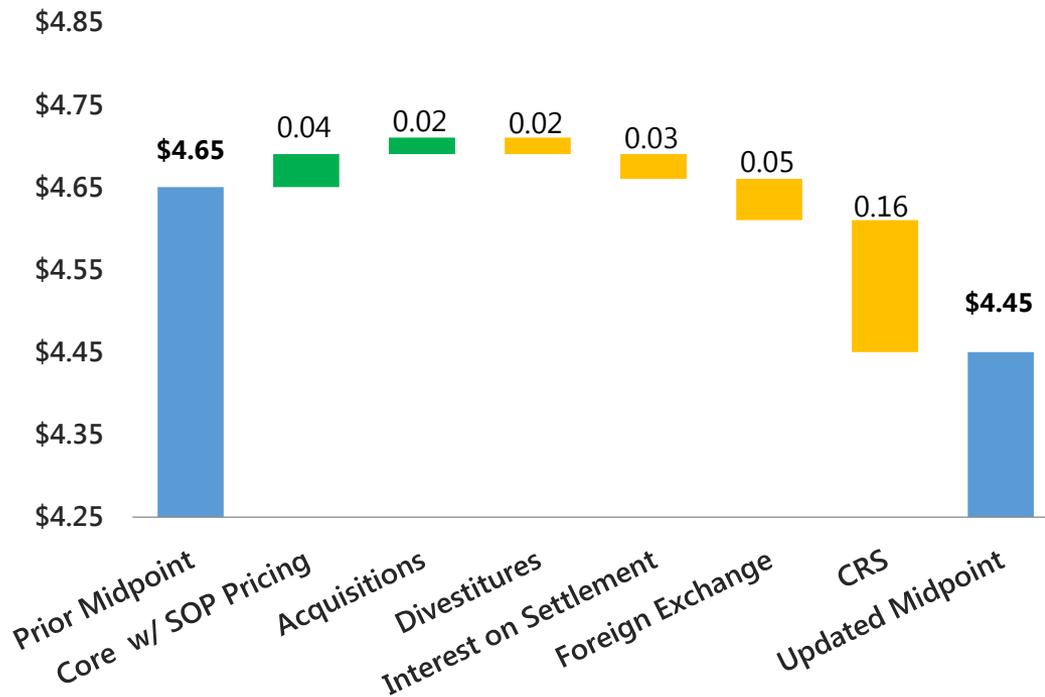
- Interest expense of \$103 - \$108 million
- Adjusted tax rate of 25.5% - 26.0%
- Depreciation expense of \$130 - \$135 million
- Amortization expense of \$125 - \$130 million
- Outstanding share count of 90.5 million assuming conversion of preferred shares
- EPS of \$0.17 from share repurchases

MODELING CONSIDERATIONS

- No future acquisitions, divestitures or non-recurring litigation matters included
- Foreign exchange rates as of June 2018
- Cash flow from operations includes payment of previously disclosed SQ settlement

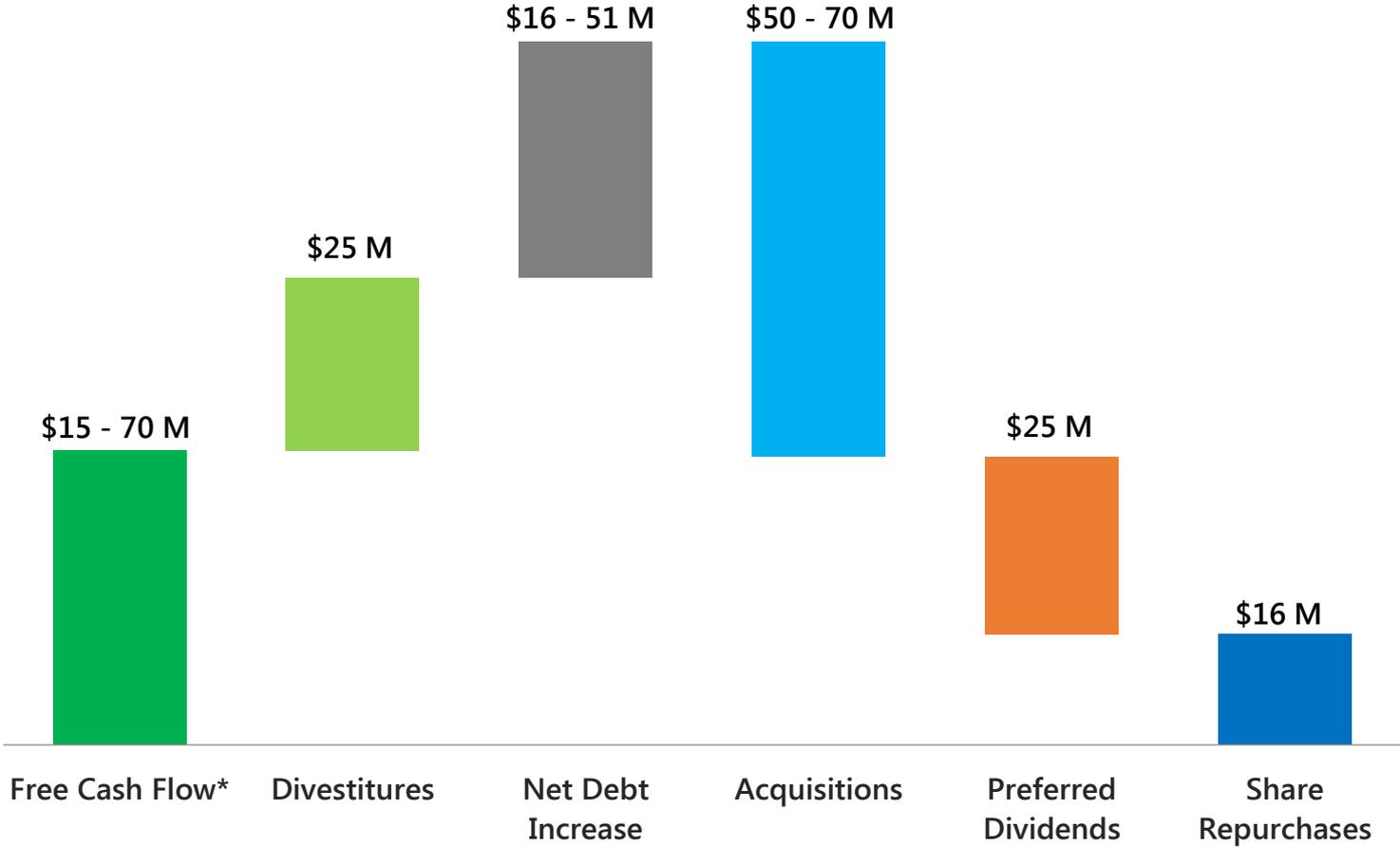
Updated 2018 Adjusted EPS to Prior Guidance

ADJUSTED EPS BRIDGE



- Core Regulated Waste and Compliance Service and Secure Information Destruction businesses remain on track with additional favorability from paper pricing
- Guidance updated to reflect headwinds in foreign exchange and higher interest due to SQ settlement payment
- Guidance reflects softness in CRS

2018 Capital Allocation Guidance



Note: Free cash flow guidance includes payment of the previously disclosed SQ settlement.

Stericycle is Well Positioned for Long-Term Value Creation

Premium provider of innovative business-to-business compliance solutions that protect people and brands, promote health and safeguard the environment

- Core businesses continue to grow due to increasing regulatory oversight and focus on sustainable waste
- Diverse customer base with multi-year agreements and cross-selling opportunities
- A leadership position in our core businesses with vast infrastructure and route density
- Business Transformation & ERP implementation underway: focused on delivering consistent results, operating more efficiently and better capitalizing on growth opportunities
- Committed to improving top- and bottom-line financial results with long-term revenue CAGR (3-5%), Adjusted EBITDA CAGR (5-9%) and Adjusted EPS CAGR (6-10%)
- Strong, consistent free cash flow combined with benefits of Business Transformation (10-14% CAGR) should provide significant capital to drive additional value for shareholders

Appendix

Non-GAAP Financial Measures

The Non-GAAP financial measures contained in this document are reconciled to the most comparable measures calculated in accordance with U.S. GAAP in the schedules attached to this document. Management believes the Non-GAAP financial measures are useful measures of Stericycle's performance because they provide additional information about Stericycle's operations and exclude certain specified items, allowing better evaluation of underlying business performance and better period-to-period comparability. Additionally, the Company uses such Non-GAAP financial measures in evaluating business unit and management performance. All Non-GAAP financial measures are intended to supplement the applicable U.S. GAAP measures and should not be considered in isolation from, or a replacement for, financial measures prepared in accordance with U.S. GAAP and may not be comparable to, or calculated in the same manner as Non-GAAP financial measures published by other companies. Please see Stericycle's Current Report on Form 8-K furnished to the SEC on the date hereof for more information regarding these Non-GAAP financial measures.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA) is Income from operations excluding certain specified items, Depreciation and Intangible Amortization.

Reconciliation of U.S. GAAP to Adjusted Q2 2018 Results

(In millions, except per share data)

	Three Months Ended June 30, 2018			
	Selling, General and Administrative Expenses	Income from Operations	Net Income Attributable to Common Shareholders	Diluted Earnings Per Share
U.S. GAAP Financial Measures	\$ 290.9	\$ 62.4	\$ 26.6	\$ 0.31
Adjustments:				
Business Transformation	(21.8)	21.8	16.0	0.19
Intangible Amortization	(32.9)	32.9	24.6	0.29
Acquisition and Integration	(1.8)	1.8	1.6	0.02
Operational Optimization	(7.0)	7.0	5.0	0.06
Divestitures	(13.0)	13.0	9.6	0.11
Litigation, Settlements and Regulatory Compliance	(16.4)	16.4	12.2	0.14
Capital Allocation	-	-	8.3	0.03
Other	(2.9)	2.9	2.2	0.02
Adjusted Financial Measures	\$ 195.1	\$ 158.2	\$ 106.1	\$ 1.17

(In millions)

	Three Months Ended June 30,	
	2018	2017
Adjusted income from operations	\$ 158.2	\$ 183.1
Depreciation	32.7	29.2
Adjusted EBITDA	\$ 190.9	\$ 212.3

For more details on adjusting items, please see Stericycle's earnings press release for Q2 2018 issued on August 2, 2018.

Reconciliation of U.S. GAAP to Adjusted 2018 Guidance

(In millions, except per share data)

	2018 FINANCIAL GUIDANCE	
	Income from Operations	Diluted Earnings Per Share
U.S. GAAP Financial Measures	\$269 - \$279	\$1.27 - \$1.32
Adjustments:		
Business Transformation	\$95 - \$105	\$0.82 - \$0.90
Intangible Amortization	\$125 - \$130	\$1.08 - \$1.12
Acquisition and Integration	\$15 - \$20	\$0.13 - \$0.18
Operational Optimization	\$20 - \$25	\$0.17 - \$0.21
Divestitures	\$17	\$0.15
Litigation, Settlements and Regulatory Compliance	\$44	\$0.38
Capital Allocation	\$0	\$0.09
Other	\$25 - \$30	\$0.21 - \$0.25
Adjusted Financial Measures	\$620 - \$640	\$4.35 - \$4.55
Adjusted income from operations	\$620 - \$640	
Depreciation	\$130 - \$135	
Adjusted EBITDA	\$750 - \$775	

For more details on adjusting items, please see Stericycle's earnings press release for Q2 2018 issued on August 2, 2018.