

STERICYCLE INVESTOR PRESENTATION

First Quarter 2019 Earnings Results

May 2, 2019

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). Statements pertaining to our portfolio rationalization, business transformation, capital expenditures, cost savings initiatives and remediation efforts with respect to identified material weaknesses contain forward-looking statements. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements. 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 collected from customers, the ability to implement our ERP or execute on Business Transformation initiatives and achieve the anticipated benefits and cost savings, charges related to the portfolio rationalization strategy or the failure of this strategy to achieve the desired results, failure to consummate strategic alternative transactions with respect to Communication and Related Services or other non-core businesses, potential charges related to a strategic alternative transactions with respect to Communication and Related Services, or the failure of any such transactions to achieve desired results, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in private placement notes and credit agreements, a downgrade in our credit rating resulting in an increase in interest expense, political, economic, inflationary, currency and other risks related to our foreign operations, the outcome of pending or future litigation or investigations including 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, changes in the demand and price for recycled paper, failure to maintain an effective system of internal control over financial reporting, delays in implementing remediation efforts with respect to existing material weaknesses, identification of additional material weaknesses, failure of current remediation efforts to address existing material weaknesses, disruptions in or attacks on information technology systems, as well as other factors described in filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent Quarterly Reports on 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.

Recent Updates and Business Highlights

Key Business Highlights

- Business performed well compared to internal targets which took into consideration our historical performance by quarter.
 - Revenues, and resulting profits, were impacted by one less operating day in the quarter and extreme weather conditions
- Reaffirming 2019 guidance
- Completed build of new senior leadership team to enable successful business transformation with appointment of new Chief Financial Officer, Chief Engineer and leader for Communication & Related Services
- Significant progress on build phase of ERP, which will be complete in May; on track for 2020 implementation in the U.S. and Canada
- Divested U.K.-based texting business; portfolio rationalization efforts continue

Senior Leadership Changes



Janet Zelenka
Executive Vice President,
and Chief Financial Officer



Dominic Culotta
Executive Vice President,
and Chief Engineer



S. Cory White
Executive Vice President,
Communication & Related
Services

2019 Priorities

1. Complete build, test and train of ERP
2. Execute on portfolio rationalization
3. Improve quality of revenue across all service lines
4. Drive operational cost efficiencies

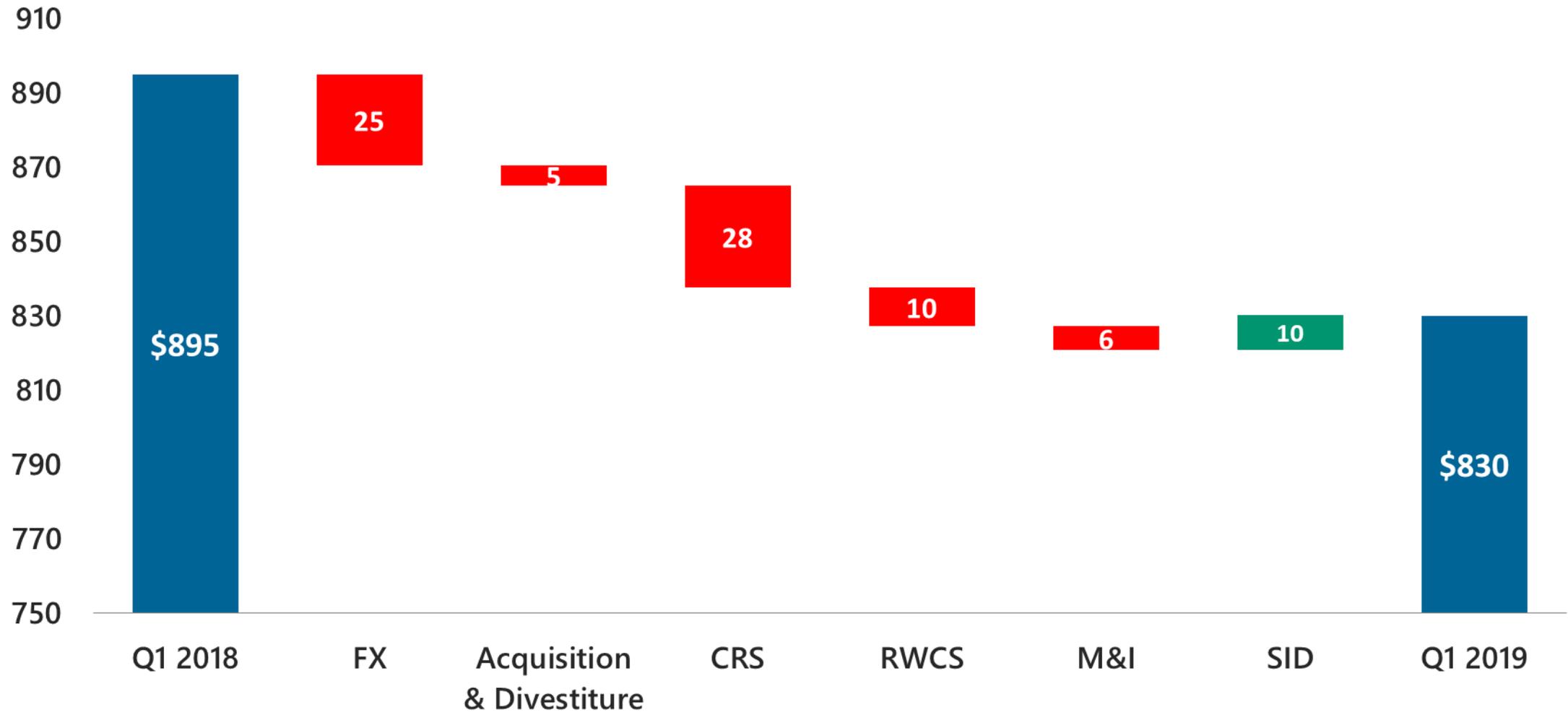
Q1 2019 Financial Results

Q1 2019 Global Revenues by Service Compared to Q1 2018

<i>(\$ in millions)</i>	Q1 2019	Organic Change	Change from Prior Year
Regulated Waste and Compliance Services	\$469.2	(2.0%)	(5.7%)
Secure Information Destruction Services	\$232.0	4.3%	5.5%
Communication and Related Services	\$61.2	(30.5%)	(33.4%)
Manufacturing and Industrial Services	\$67.7	(7.3%)	(21.1%)
Total Revenues	\$830.1	(3.9%)	(7.3%)
Acquisitions Effect*			\$6.8
Divestitures Effect*			(\$11.9)
Foreign Exchange Impact			(\$24.9)

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

Q1 2019 Revenue Bridge Compared to Same Quarter Prior Year



Q1 2019 Factors Driving Performance

REGULATED WASTE AND COMPLIANCE SERVICES

- Organic revenues declined 2.0%, in line with expectations
- Strength in international markets was driven by organic growth in volumes and implementation of new revenue strategies across EMEAA
- Continue to see encouraging trends in U.S. medical waste business including lower discounting and increasing new sales

COMMUNICATION AND RELATED SERVICES

- Results reflect significantly smaller recall events compared to a strong Q1 2018 and fewer mandated recalls as a result of the federal government shutdown
- Divested U.K.-based texting business

SECURE INFORMATION DESTRUCTION

- Organic revenue growth of 4.3% or 2.0% when adjusted for higher recycled paper pricing
- Continued strong growth in European markets offset by weather impact in U.S.
- Although paper prices have declined since October, there was favorability compared to the same quarter last year

MANUFACTURING AND INDUSTRIAL SERVICES

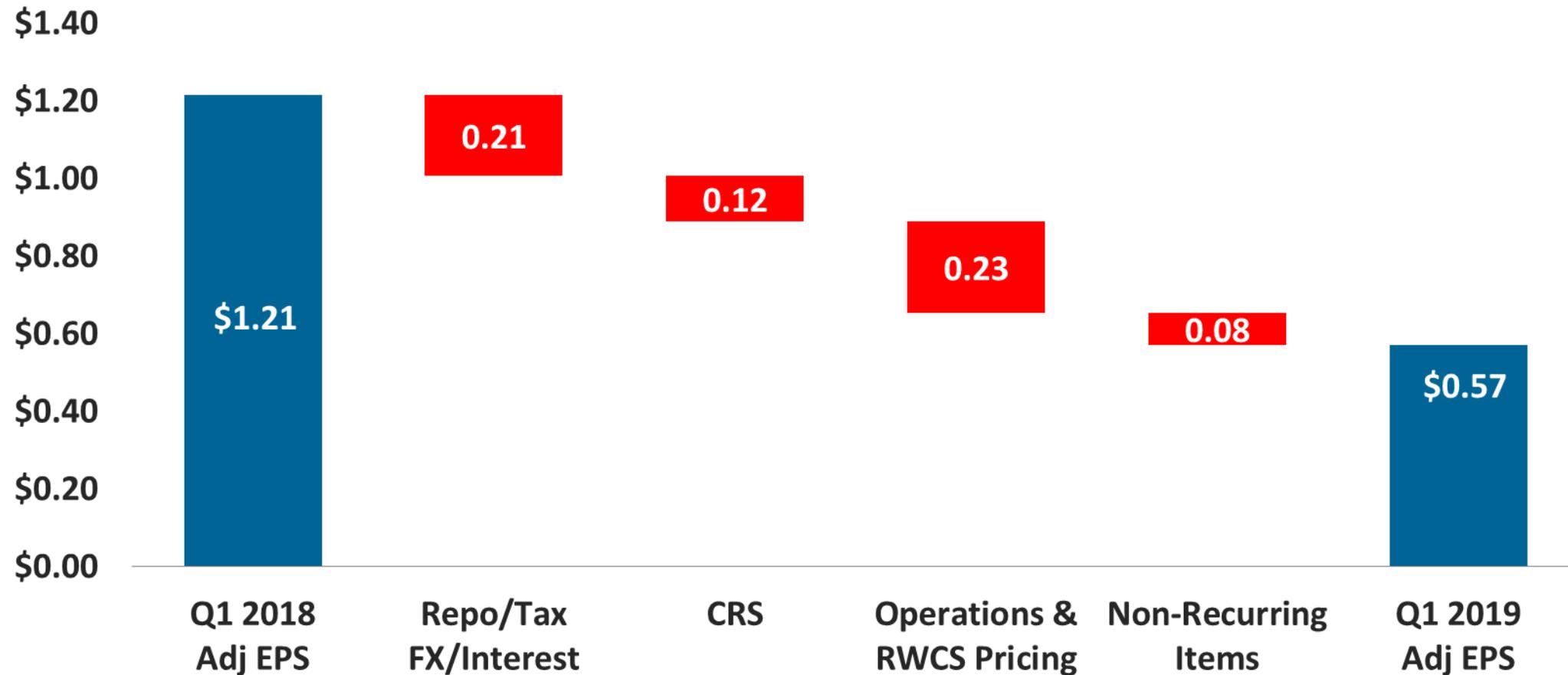
- Foreign exchange impact and divestitures accounted for 13.8% decline
- Organic revenues compared comparison impacted by the benefit of project work from California fires in Q1 of 2018

Q1 2019 Financial Performance

<i>(\$ in millions except for EPS)</i>	Q1 2019
Revenues	\$830.1
Loss from Operations	(\$4.2)
Adjusted EBITDA*	\$136.8
Adjusted EBITDA Margin	16.5%
US GAAP Diluted Loss per Share	(\$0.42)
Adjusted Diluted EPS*	\$0.57

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

Q1 2019 Adjusted Diluted EPS* Bridge Compared to Same Quarter Prior Year



**Reconciliation of Adjusted Diluted EPS to its respective U.S. GAAP measure can be found in the appendix of this presentation.*

Balance Sheet and Cash Flow

<i>Balance Sheet (\$ in millions)</i>	As of Mar 31, 2019	As of Dec 31, 2018
Current Portion of Long-Term Debt	\$102	\$104
Long-Term Portion of Debt	\$2,713	\$2,674
Cash Balance	\$48	\$34
Net Debt	\$2,767	\$2,744
Net Debt to Adjusted EBITDA	3.96X	3.64X

<i>Cash Flow (\$ in millions)</i>	As of Q1 2019
Cash from Operations	\$36.2
Free Cash Flow	(\$29.9)
Capital Expenditures	\$66.1
Days Sales Outstanding (<i>as of May 31, 2019</i>)	64 days

2019 Guidance

Reaffirming 2019 Guidance

\$3.41 – \$3.53 Billion

Global Revenue

19.4% – 20.1%

Adjusted EBITDA Percent of Revenue*

\$3.32 – \$3.72

Adjusted Diluted EPS*

Key Assumptions and Considerations

- Annual capital expenditures of \$180 - \$200 million
- Adjusted tax rate of 25.5% - 26.5%
- Outstanding share count of 90.7 million
- No share repurchases
- Excludes future acquisitions and divestitures
- Current foreign exchange rates

**Guidance is on an adjusted (non-GAAP) basis because it is not possible to predict or provide without unreasonable effort a reconciliation reflecting the impact of future acquisitions, divestitures, certain litigation, settlements and regulatory compliance matters, business transformation, intangible amortization, operational optimization, certain other items, or the impact of highly inflationary accounting on operations in Argentina or other unanticipated events, which would be included in reported (GAAP) results and could be material.*

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 US 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 US GAAP to Adjusted Q1 2019 Results

(In millions, except per share data)

	Three Months Ended March 31, 2019				
	Gross Profit	Selling, General and Administrative Expenses	(Loss) Income from Operations	Net (Loss) Income Attributable to Common Shareholders	Diluted (Loss) Earnings Per Share
U.S. GAAP Financial Measures	\$ 297.1	\$ 280.4	\$ (4.2)	\$ (37.8)	\$ (0.42)
Adjustments:					
Business Transformation	-	(20.5)	20.5	15.8	0.17
Intangible Amortization	-	(37.8)	37.8	28.9	0.32
Acquisition and Integration	-	(1.9)	1.9	1.5	0.02
Operational Optimization	2.0	(1.6)	3.6	3.0	0.03
Divestitures	-	2.8	(2.8)	(3.5)	(0.04)
Litigation, Settlements and Regulatory Compliance	-	(9.8)	9.8	8.7	0.10
Impairment	1.6	-	22.5	22.0	0.24
Other	-	(15.9)	15.9	13.0	0.15
Capital Allocation	-	-	-	-	-
Adjusted Financial Measures	\$ 300.7	\$ 195.7	\$ 105.0	\$ 51.6	\$ 0.57

(In millions)

	Three Months Ended March 31,	
	2019	2018
(Loss) income from operations	\$ (4.2)	\$ 54.1
Depreciation	31.8	30.8
Intangible amortization	37.8	31.9
EBITDA	\$ 65.4	\$ 116.8

(In millions)

	Three Months Ended March 31,	
	2019	2018
Adjusted Income from operations	\$ 105.0	\$ 158.5
Depreciation	31.8	30.8
Adjusted EBITDA	\$ 136.8	\$ 189.3

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2019 issued on May 2, 2019.