
Stericycle Investor Presentation

Q3-2017

NASDAQ: SRCL



Forward - Looking Statements

Safe Harbor Statement: This press release 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, the ability to obtain final court approval of the Settlement, the ultimate terms and conditions of the Settlement, the number of members of the Settlement class that may elect to opt out of the Settlement, the impact of the Settlement in future periods on the Company's consolidated financial statements, 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 negotiate additional financing arrangements on acceptable terms, our ability to execute on our Business Transformation initiatives and achieve the anticipated benefits and cost savings, 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, the outcome of pending or future litigation, 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

700+
Locations
22
Countries

1M+
Customers

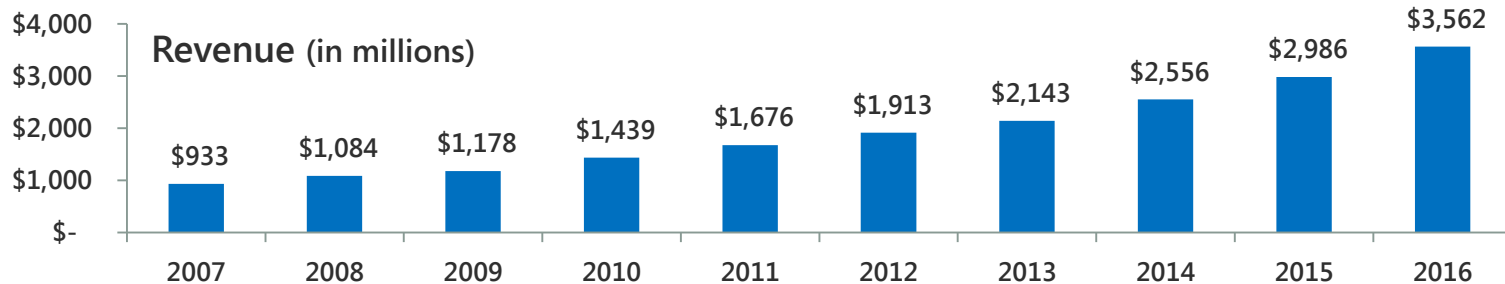
\$3.56 BN
Revenue
2016

\$728 MM
Adj. EBIT-A
2016

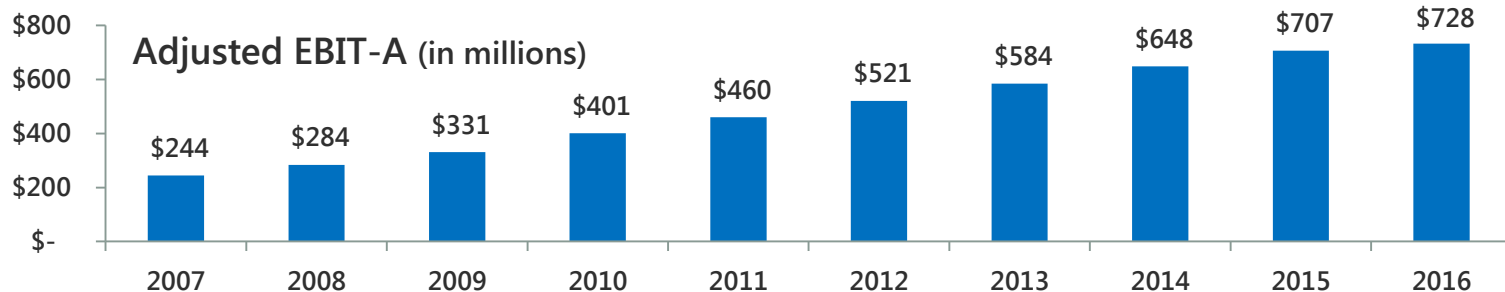
25,500
Team Members

Proven Long-Term Financial Performance

**Strong
Topline
Growth**



**Consistent
Adj. EBIT-A
Growth**



**Consistent
EPS
Growth**



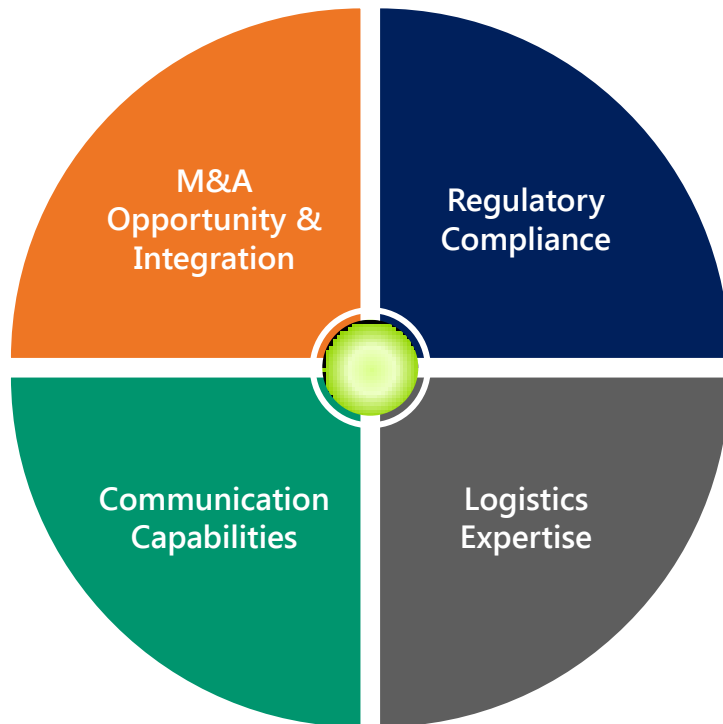
Our Services & Customer Relationships

- 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

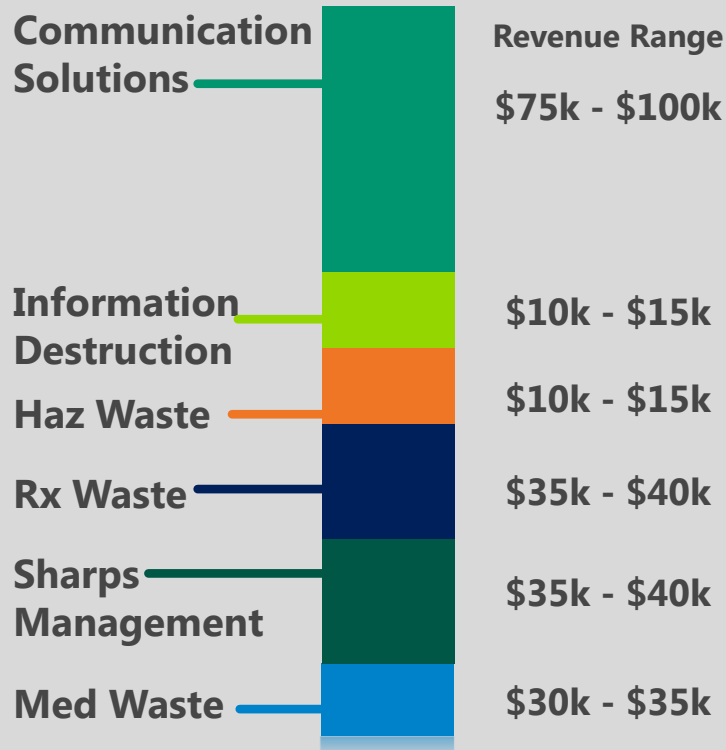


Key Business Objectives



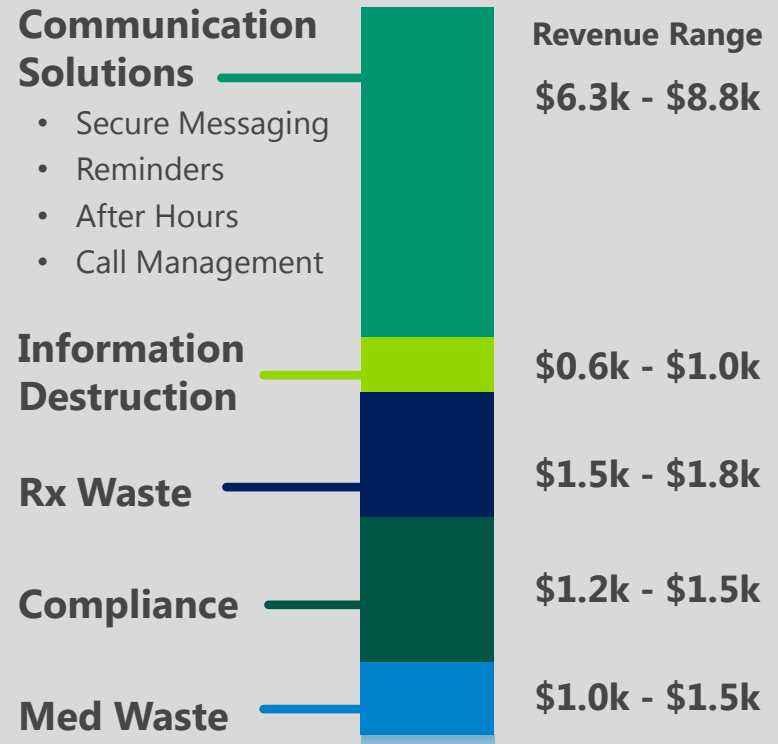
Leveraging Healthcare Customer Relationships

Hospital Example



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

Physician Practice Example

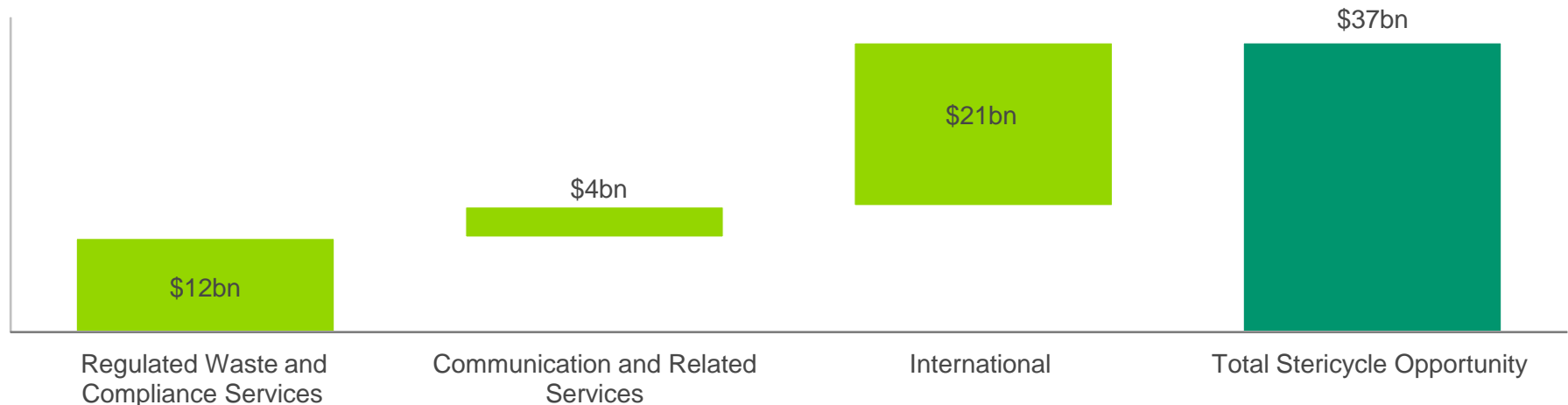


Potential Revenue Opportunity: \$10.6k - \$14.6k

Leadership in Growing \$37 Billion Global Market

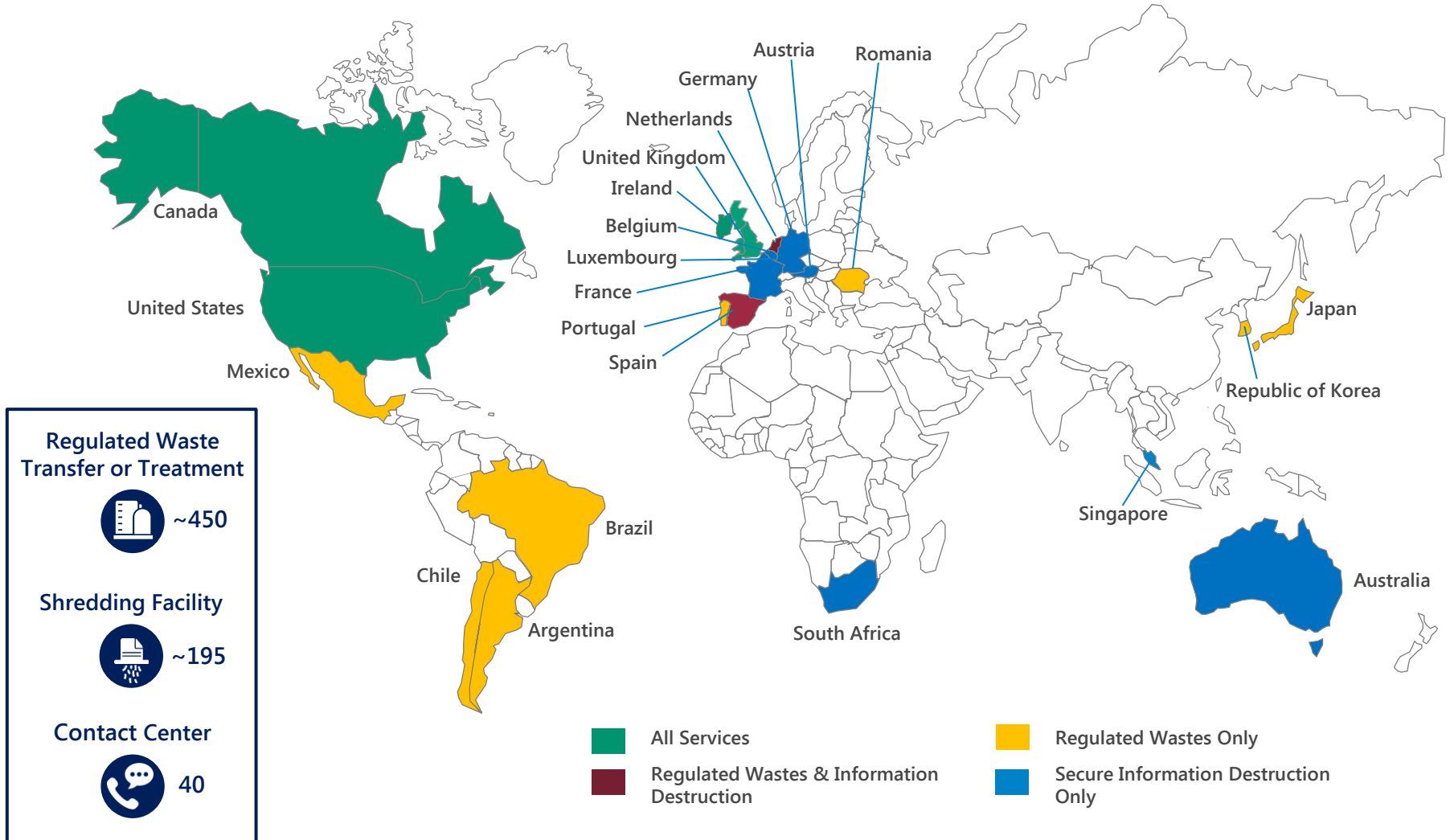
- Market-leading positions in multiple large, highly fragmented markets
- Growing markets given 1) aging population trends and growing need for healthcare, 2) increasing enforcement of compliance regulations, and 3) continued trend by customers to outsource services in order to focus on their core businesses

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

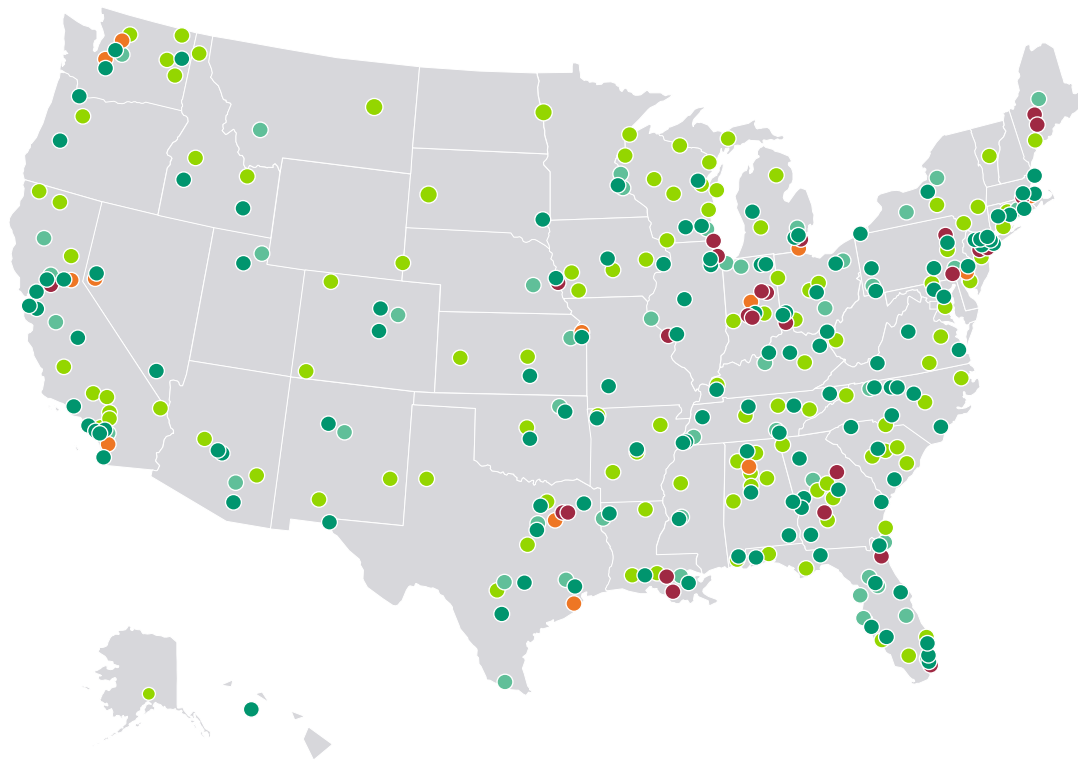


Notes: Includes global markets with established regulatory framework for medical waste plus global markets in which Stericycle operates for hazardous waste, information destruction and communication services. Source: Various industry studies and management estimates (including ancillary services & products).

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

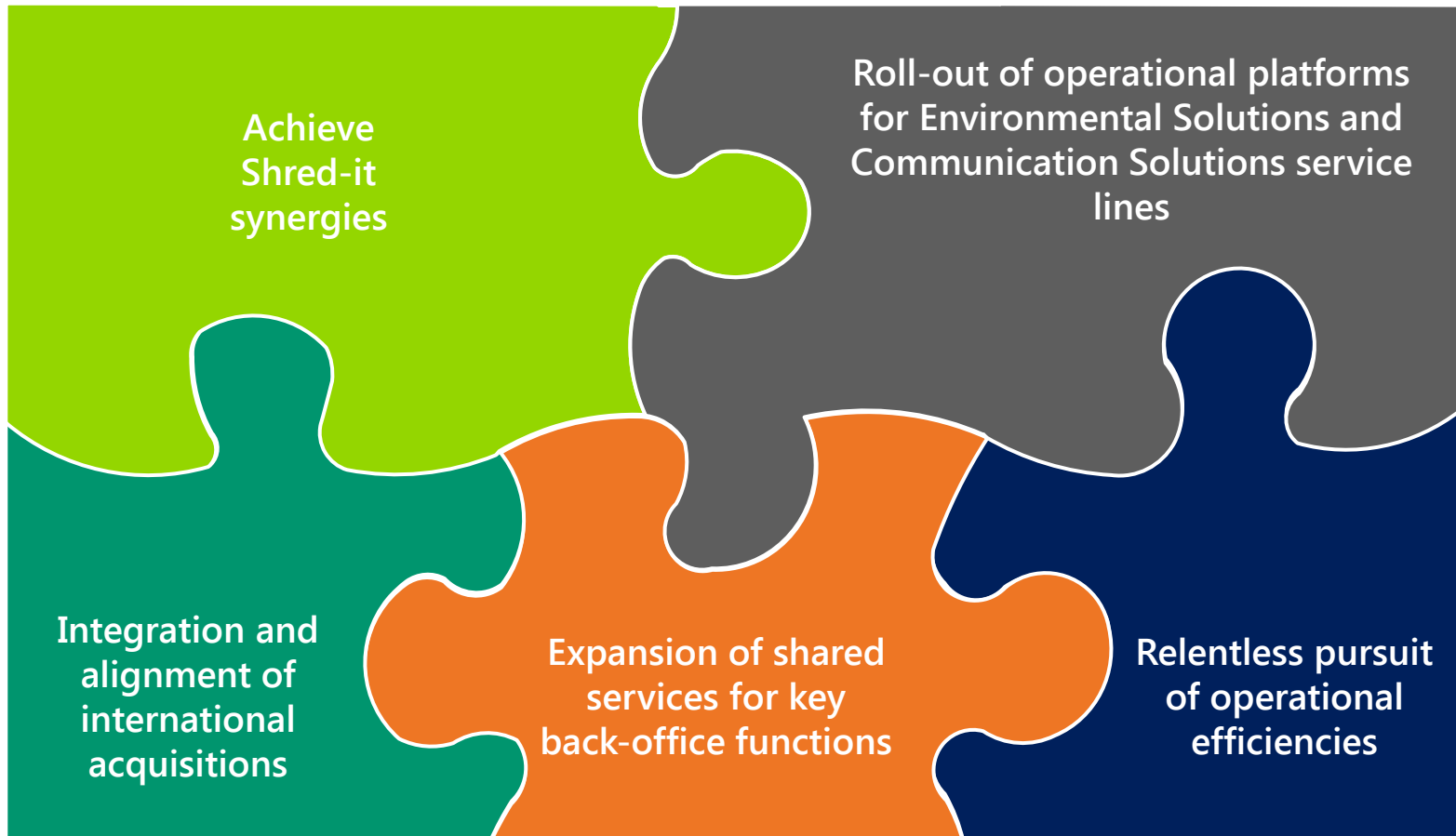
1 Leverage Multiple Organic Growth Opportunities

Drivers of Organic Growth

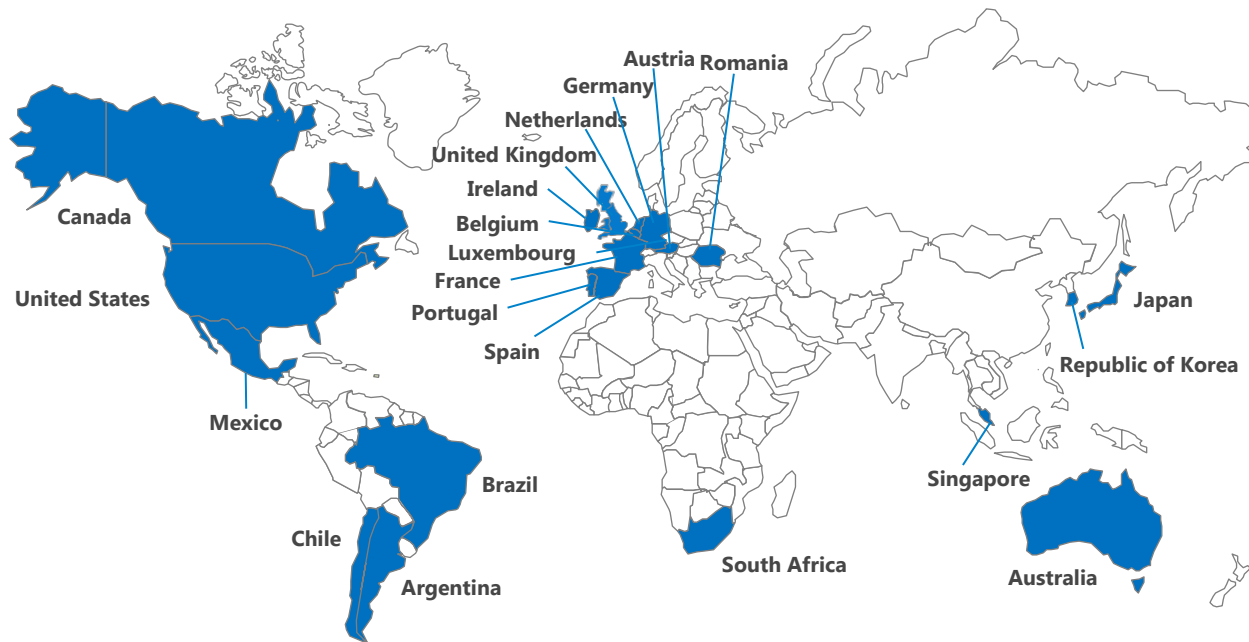
- Continue the rollout of additional services
- Convert unvended markets
- Drive market expansion opportunities
- Leverage new products and services to drive new market growth
- Win competitive business

\$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

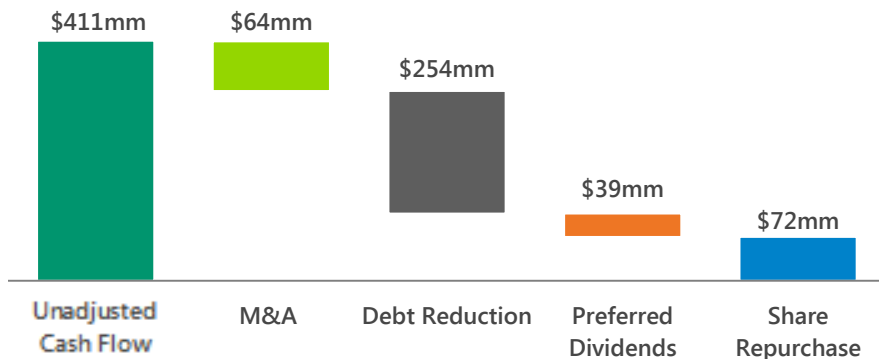
- Manufacturing & Industrial in the US will remain in our portfolio
- Stericycle will exit Patient Transport in the UK by year-end
- One M&I assets in the UK has been divested and another remains as assets held for sale
- Regional or country-specific international service lines evaluations continue

Decision Criteria

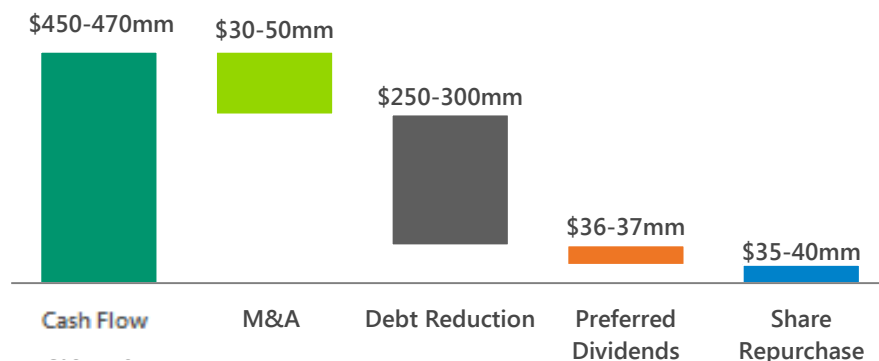
- Outlook for long-term market conditions
- Potential for margin improvement
- Potential impact to complementary services, rest of business, and to customer relationships
- Expected ROIC over time
- Divestiture value today versus in the future

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 \$3.54-\$3.60 billion

Regulated Waste & Compliance Services	\$2.01 - \$2.03 billion
Secure Information Destruction	\$820 - \$830 million
Communication & Related Services	\$370 - \$385 million
Manufacturing & Industrial	\$340 - \$360 million

- EBIT-A margin: \approx 20.0%
- EPS: \$4.46 - \$4.52

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	Sep 30, 2017
Current Portion of Long Term Debt	\$161	\$73	\$122
Revolver	\$354	\$407	\$354
Long-Term Term Loan	\$1,200	\$1,000	\$848
Private Placement	\$1,250	\$1,250	\$1,250
Other Debt	\$249	\$230	\$192
Total Long Term Debt	\$3,053	\$2,887	\$2,643
Common Equity*	\$1,960	\$2,079	\$2,127
Mandatory Preferred	\$770	\$727	\$680
Total Capitalization	\$5,944	\$5,765	\$5,573
Debt to EBITDA	3.45X	3.42X	3.48X

* 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

- We present our change in revenues separately to show the impact of foreign currency, acquisitions, and divestitures because we believe that exclusion of these items better represents the Company's underlying business trends, including organic revenue changes. We also present revenues excluding Manufacturing and Industrial Services ("M&I") which allow for visibility to 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 exclude the impact of certain acquisition-related items from our adjusted earnings. These adjustments include acquisition and integration expenses, intangible 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 items. Further, we exclude the impact of certain other items from our adjusted earnings to allow for period over period comparison of results without the impact of items that may not occur each year and, if so, are due to different factors. For the periods presented, these adjustments include litigation and professional services expenses, restructuring, plant conversion and other related expenses, and contract exit expenses, and asset impairment charges and loss on disposal of assets held for sale.
- For the purpose of calculating the ultimate EPS impact of our mandatory convertible preferred stock, we show the impact 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 share count will be affected after these preferred shares are converted to common shares.
- These Non-GAAP financial measures should not be considered in isolation or as a substitute for GAAP financial results, but should be read in conjunction with the unaudited condensed consolidated statements of income (loss) and other information presented herein. The Non-GAAP financial measures in the press release may differ from similar measures used by other companies. A reconciliation of each Non-GAAP financial measure to the most directly comparable GAAP measure is included in the accompanying tables.