

STERICYCLE INVESTOR PRESENTATION

Fourth Quarter and Full-Year 2017 Earnings Results

February 21, 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 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.

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
- Stericycle's businesses provide strong, consistent free cash flow

Business Trends and Opportunities Remain Favorable for Stericycle

Estimated 10% Global Market Share*

- ✓ Increasing regulatory oversight worldwide
- ✓ Growing markets for compliance, sustainable waste services, and brand protection solutions
- ✓ 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



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

Agenda

-  Our Strategy and Business Transformation

-  Q4 and Full-Year 2017 Results

-  2018 Outlook

Our Strategy and Business Transformation

STRATEGY & BUSINESS TRANSFORMATION

| Q4 AND FULL-YEAR 2017 RESULTS

| 2018 OUTLOOK

Stericycle Today: Taking Action to Strengthen Business

Stericycle has significantly evolved over the past 28 years; today we are executing on a company-wide, comprehensive strategy for continued success

The Need for Change

- 450+ business applications and 65+ financial systems
 - Inconsistent business processes built around service lines
 - Redundant resources
 - Competitive pressure, including pricing
 - Inconsistent performance of non-core assets
 - Control and compliance weaknesses
 - Recent strategic decisions and investments
-

We determined our operating model needs to be reconfigured to more effectively manage the business and enhance shareholder value over the long-term

Business Transformation to Drive Growth

Our Vision

Best-in-class performance management model that enables:

- An enhanced experience for our customers
- Stable revenue growth of 3-5% CAGR over 5 years
- Adjusted EPS growth of 6-10% CAGR over 5 years
- Free cash flow growth of 10-14% CAGR over 5 years
- Enhanced value and returns for shareholders

Our Process

- Comprehensive diagnostic assessment of the business
- Identification of strategic opportunities for performance improvement
- Validation of opportunities by leading advisors and dedicated work teams
- Development of detailed work plans and contingencies for each opportunity
- Execute against implementation plans
- Track and confirm results



Key Initiatives to 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	<ul style="list-style-type: none"> • Focus on core services • Evaluate strategic fit of geographies 	<ul style="list-style-type: none"> • Divest/exit non-strategic service lines and markets
OPERATIONAL OPTIMIZATION	<ul style="list-style-type: none"> • Standardize route planning logistics • Modernize field operations 	<ul style="list-style-type: none"> • Network efficiency across service line facilities • Consolidate call center activities
ORGANIZATIONAL EXCELLENCE AND EFFICIENCY	<ul style="list-style-type: none"> • Optimize organizational structure • Staff monitoring & controls 	<ul style="list-style-type: none"> • Global shared business services
COMMERCIAL EXCELLENCE	<ul style="list-style-type: none"> • Sales & service aligned around the customer • Customer self-service options 	<ul style="list-style-type: none"> • Standardize customer relationship management
STRATEGIC SOURCING	<ul style="list-style-type: none"> • Global procure-to-pay processes • Fewer suppliers 	<ul style="list-style-type: none"> • Demand management • Purchasing governance

Financial Benefits of Business Transformation

\$275-300_M

One-time program investment over five years

85-95%

Expected IRR

\$60-65_M*

Adjusted EBITDA benefits in 2018

\$850_M-1.0_B*

Cumulative Adjusted EBITDA benefits from 2018-2022

~5-9%*

Expected Adjusted EBITDA CAGR
between 2018-2022

~6-10%*

Expected Adjusted EPS CAGR
between 2018-2022

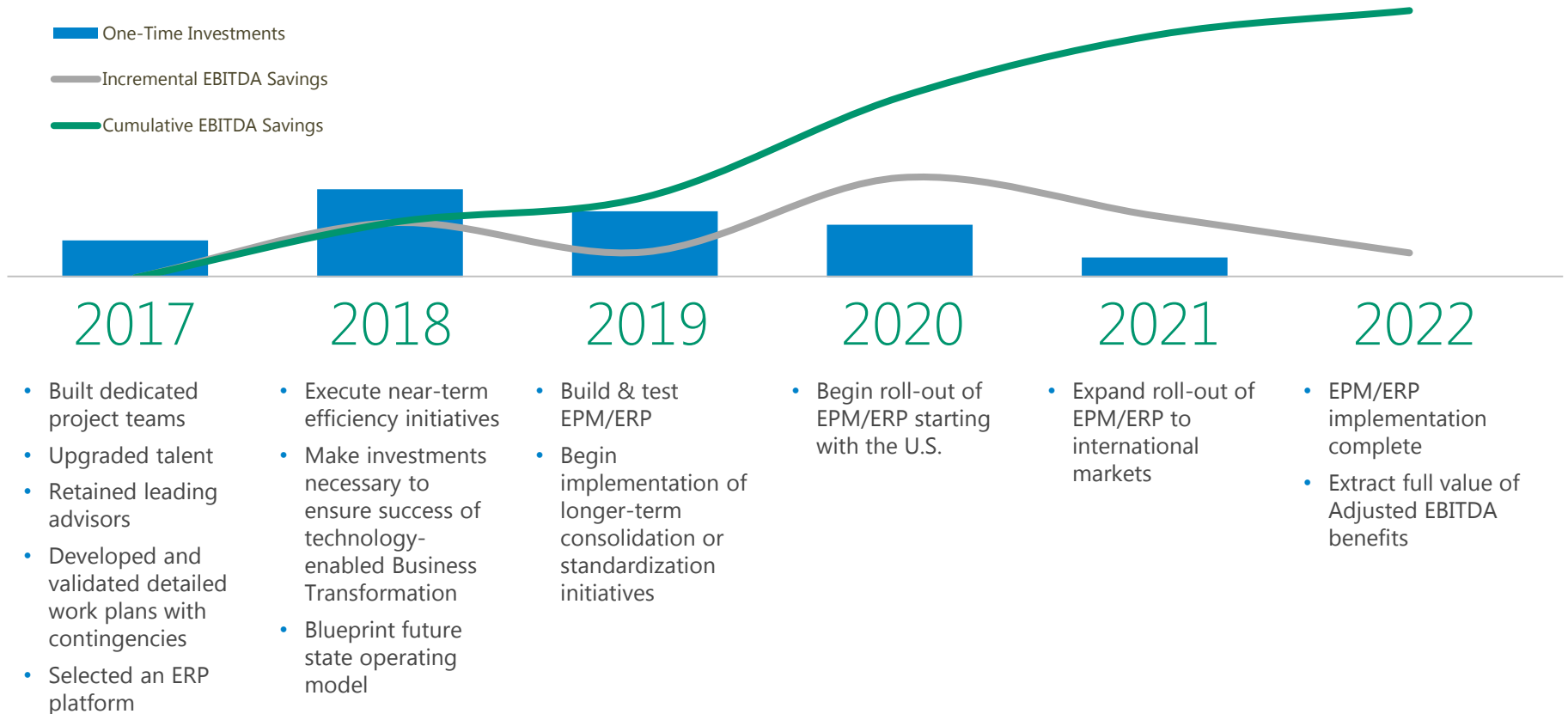
~10-14%*

Expected cash flow CAGR
between 2018-2022

** The Company is unable to forecast the comparable long-range U.S. GAAP financial measures without unreasonable effort due to the uncertainty and related unpredictability of non-recurring adjusted items exclusive of the Business Transformation investments referenced above.*

Key Milestones on the Transformation Journey

Investment and benefit timing



Portfolio Rationalization

DECISION CRITERIA FOR RATIONALIZATION

- Outlook for long-term market conditions
- Potential impact to complementary services or customer relationships
- Ability to leverage infrastructure and customer base for growth
- Potential for margin improvement
- Divestiture value today versus in the future
- Return on invested capital
- Implications for ERP

PROGRESS TO DATE

- Preliminary assessment (prior to Business Transformation) has resulted in the following exits:
 - ✓ M&I asset in the UK (Q4 2016)
 - ✓ UK patient transport business (Q2 2017)
 - ✓ Secure information destruction business in South Africa (Q4 2017)
- We continue to evaluate all services and geographies for long-term strategic fit

Business Transformation Contributes to Strengthening Overall Compliance Standards

Executing against a comprehensive plan to strengthen company-wide controls

Engage experts to support plan development and execution of improvement strategies

Expand compliance, legal, financial, and audit teams

Institute incremental policies, procedures and training

Increase internal controls and monitoring programs

Standardize information technology platforms

Q4 and Full-Year 2017 Results

STRATEGY & BUSINESS TRANSFORMATION

Q4 AND FULL-YEAR 2017 RESULTS

2018 OUTLOOK

Q4 2017 Global Revenues by Service

<i>(\$ in millions)</i>	Q4-2017	<i>% Change*</i>
Regulated Waste and Compliance Services	\$497.7	(2.9%)
Secure Information Destruction Services	\$202.2	9.2%
Communication and Related Services	\$97.2	(13.5%)
Manufacturing and Industrial Services	\$90.7	(5.5%)
Total Revenues	\$887.8	(2.1%)
Adjusted Revenues, excluding M&I	\$797.1	(1.6%)
Acquisitions	\$6.8	
Divestitures	(\$10.2)	
Foreign Exchange	\$8.4	

*Percent change from same period prior year.

Commentary on Q4 2017 Sales Performance

REGULATED WASTE & COMPLIANCE SERVICES

- Revenue as expected due to the patient transportation exits and divestiture
- Continued strong performance selling additional services to hospitals and the retail hazardous waste service line

COMMUNICATION & RELATED SERVICES

- Delivered strong quarter with continued execution of recall events, up \$8.2 million from Q3
- Results were down on a year-over-year basis due to comparison to record quarter in the same period last year

SECURE INFORMATION DESTRUCTION

- Organic revenue growth in the quarter was 5.5% and 6.1% net of paper
- Record number of new national and regional business installations
- Performance was strong across each of our sales teams

MANUFACTURING & INDUSTRIAL SERVICES

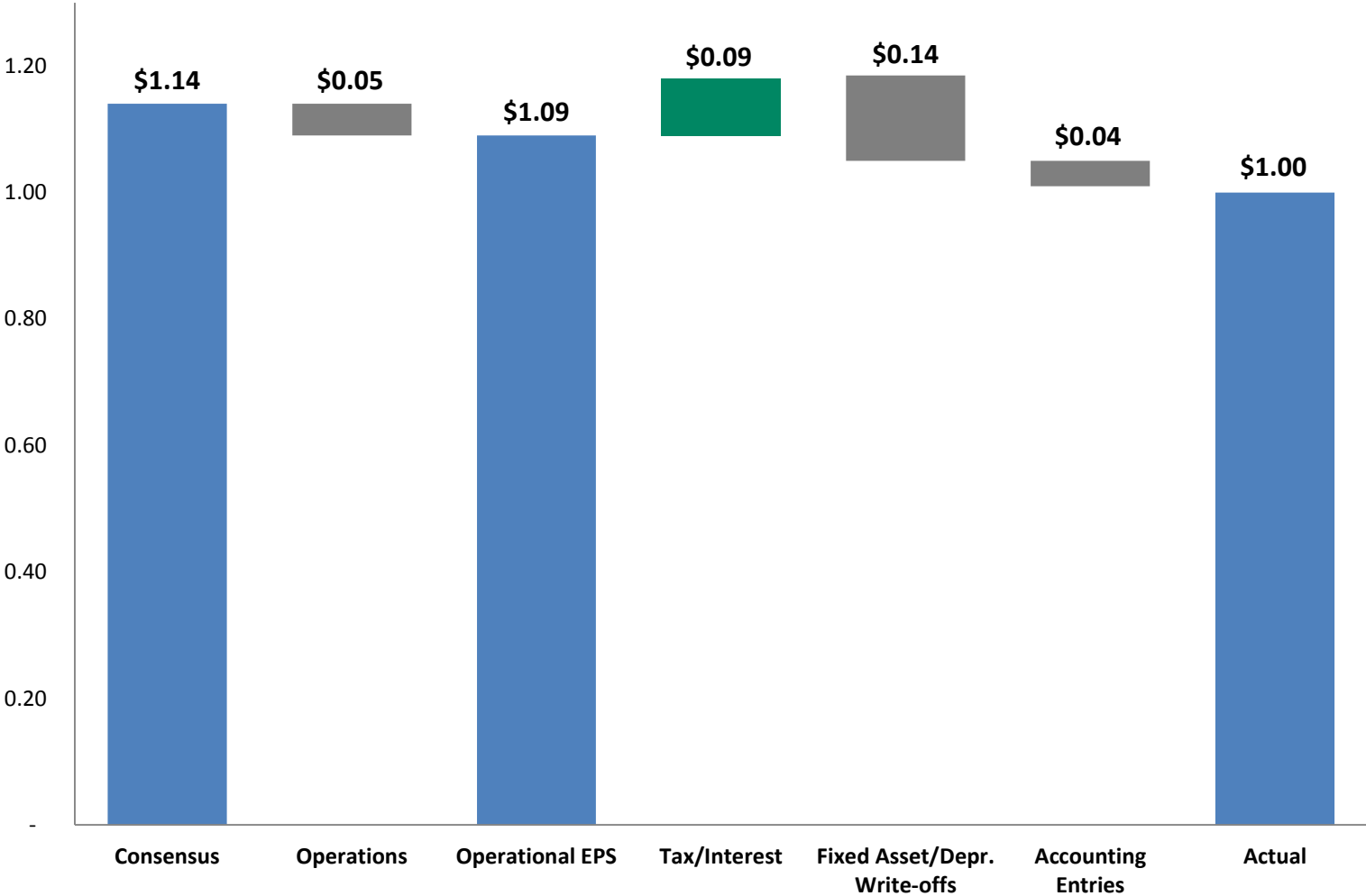
- Organic revenue growth in the quarter was (4.7%) which came in as expected
- Quarterly revenues were up \$4.1million sequentially from Q3

Q4 2017 Financial Performance

	Q4 2017	DRIVERS OF FINANCIAL RESULTS
Revenues <i>(\$ in millions)</i>	\$887.8	Revenue came in as expected with continued pricing pressures among small quantity medical waste customers and M&I
Adjusted EBITA ¹ <i>(\$ in millions)</i>	\$151.5	Certain unfavorable accounting adjustments not expected to repeat, non-cash depreciation and higher operational costs
U.S. GAAP Diluted EPS	\$0.97	U.S. tax reform benefit (not included in Adjusted EPS results) partially offset by a non-cash Latin America goodwill impairment
Adjusted Diluted EPS ¹	\$1.00	Favorability in international tax partially offsetting lower Adjusted EBITA
Adjusted Cash from Operations <i>(\$ in millions)</i>	\$165.0	Stronger collections and favorability due to timing of accruals

¹Reconciliation of Adjusted EBITA and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

Q4 Adjusted Diluted EPS Bridge to Consensus



Full Year 2017 Key Financial Information

<i>(\$ in millions)</i>	FY2017	<i>% Change*</i>
Regulated Waste and Compliance Services	\$2,023.6	(1.9%)
Secure Information Destruction Services	\$823.4	10.2%
Communication and Related Services	\$382.6	3.3%
Manufacturing and Industrial Services	\$351.1	(7.9%)
Total Revenues	\$3,580.7	0.5%
Adjusted Revenues excluding M&I	\$3,229.6	1.5%
Adjusted EBITA ¹	\$680.9	(6.4%)
U.S. GAAP Diluted EPS	\$0.27	(87.0%)
Adjusted Diluted EPS ¹	\$4.34	(4.2%)
Cash from Operations	\$508.6	(9.3%)

*Percent change from prior year.

¹ Reconciliation of Adjusted EBITA and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

Balance Sheet

<i>(\$ in millions)</i>	Dec 31, 2017	Dec 31, 2016
Current Portion of Long-Term Debt	\$120	\$73
Long-Term Portion of Debt	\$2,627	\$2,886
Cash Balance	\$42	\$44
Net Debt	\$2,705	\$2,915
Net Debt to Adjusted EBITDA*	3.66X	3.42X
<hr/>		
Cash from Operations	\$508.6	\$560.8
Capital Expenditures	\$143	\$136
Days Sales Outstanding	63 days	64 days

*As defined by debt agreement (leverage covenant ratio).

2018 Outlook

STRATEGY & BUSINESS TRANSFORMATION

Q4 AND FULL-YEAR 2017 RESULTS

2018 OUTLOOK

2018 Guidance

Regulated Waste & Compliance Services	\$1.92 - \$1.97 B
Secure Information Destruction	\$870 - \$910 M
Communication & Related Services	\$355 - \$385 M
Manufacturing & Industrial	\$335 - \$365 M
Total Revenue	\$3.48 - \$3.63 B
Adjusted EBITDA ¹	\$760 - \$810 M
Adjusted Diluted EPS ¹	\$4.45 - \$4.85
Cash from Ops	\$510 - \$560 M
Capital Expenditures	\$160 - \$180 M
Free Cash Flow	\$330 - \$400 M

¹Reconciliation 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

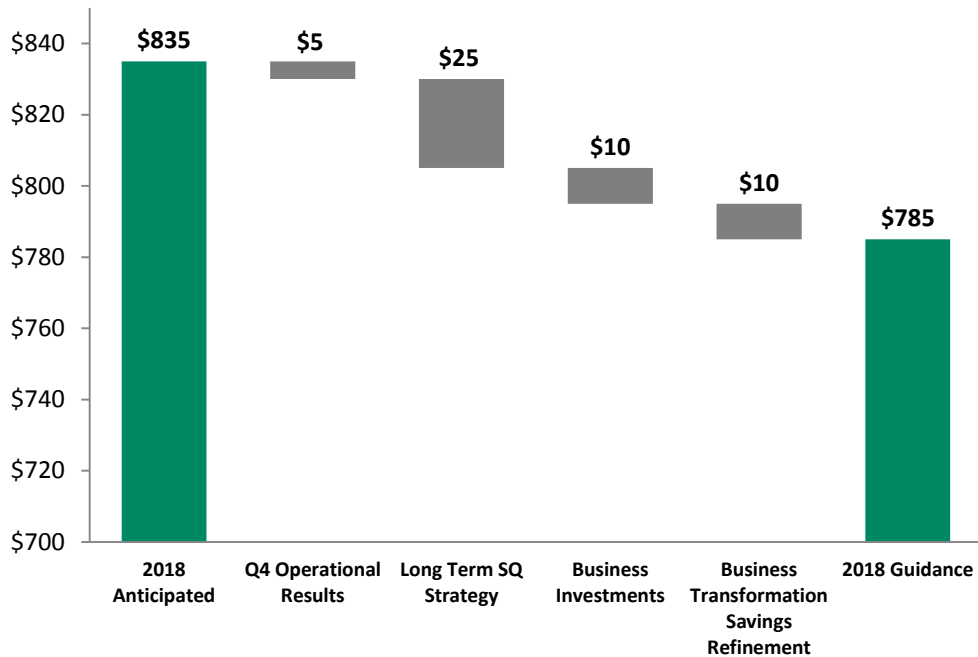
- Interest expense of \$95 - \$100 million
- Tax rate and adjusted tax rate of 26.0% – 26.5%
- Depreciation expense of \$130 - \$140 million
- Amortization expense of \$120 - \$130 million
- Outstanding share count of 90.5 million assuming conversion of Preferred shares
- ~\$0.17 from share repurchases

MODELING CONSIDERATIONS

- No future acquisitions, divestitures or nonrecurring litigation matters included
- Foreign exchange rates as of year-end December 2017
- Does not include payment for small quantity class action settlement given the uncertainty of timing

2018 Preliminary EBITDA to 2018 Initial Guidance

EBITDA BRIDGE (\$ IN MILLIONS)



- Long-term strategy to focus on strengthening SQ medical waste customer relationships
 - Data-driven pricing approach
 - Enhance marketing and branding
 - Transition to account management sales model
- IT investments to stabilize current platform and prepare for ERP
- Refinement of Business Transformation savings plan

2018 Impact of Tax Reform*

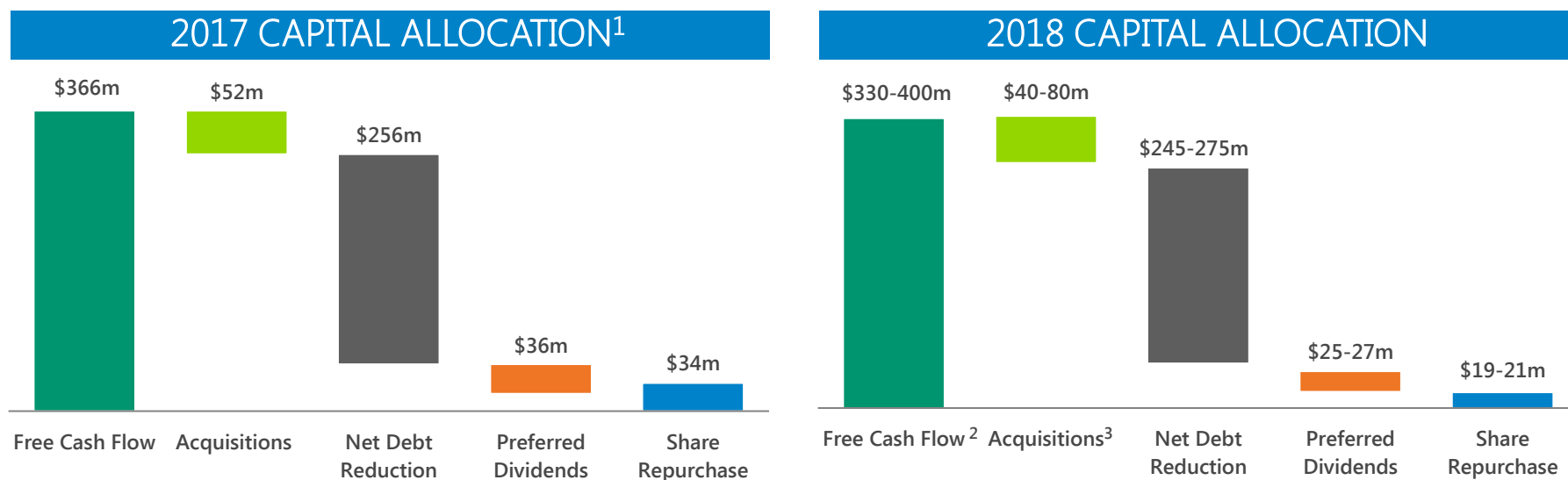
	RANGE
Tax Rate	26.0% - 26.5%
Adjusted Diluted EPS ¹	\$0.55 - \$0.65
Cash from Operations	\$20 - \$25 million

**Based on 2018 range of pre-tax book income.*

¹Reconciliation of Adjusted Diluted EPS to its respective U.S. GAAP measure can be found in the appendix of this presentation.

Disciplined Capital Allocation Approach

Focused on maintaining discipline in deploying our solid free cash flow against our capital allocation priorities



¹ Excludes proceeds from issuance of common stock, payments to noncontrolling interests, and effects of foreign exchange rates.

² Free cash flow in 2018 excludes payment for the small quantity class action settlement given the uncertainty of timing.

³ Revenue from current year acquisitions and divestitures are not included in 2018 guidance.

Well Positioned for Significant Value Creation

Committed to Business Transformation and improving long-term financial performance

- Building best-in-class EPM operating model and global ERP system
- Strategy should enable improved customer service, stable revenue, and Adjusted EBITDA growth
- Favorable business trends and Business Transformation expected to accelerate penetration in growing \$38 billion global market
- Incremental benefits of Business Transformation combined with solid cash generation should provide numerous levers for additional value creation

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 release. Management believes the Non-GAAP financial measures represent the amounts directly related to the ongoing operations of the business and uses these measures in evaluating 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 and Amortization (Adjusted EBITA) is Income from Operations excluding specified items, inclusive of intangible amortization.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA) is Income from Operations excluding specified items, inclusive of depreciation and intangible amortization.

Reconciliation of U.S. GAAP to Adjusted Q4 2017 Results

(In millions, except per share data)

	Three Months Ended December 31, 2017				
	Gross Profit	Selling, General and Administrative Expenses	(Loss) Income from Operations	Net Income Attributable to Common Shareholders	Diluted Earnings Per Share
U.S. GAAP Financial Measures	\$ 344.0	\$ 367.4	\$ (23.4)	\$ 83.3	\$ 0.97
Adjustments:					
Business Transformation	0.7	(26.4)	27.1	17.4	0.20
Intangible Amortization	-	(29.9)	29.9	19.6	0.23
Acquisition and Integration	-	(7.2)	7.2	3.9	0.05
Operational Optimization	0.4	(18.3)	18.7	12.2	0.14
Divestitures	-	3.2	(3.2)	(3.1)	(0.04)
Litigation, Settlements and Regulatory Compliance	-	(22.7)	22.7	6.8	0.08
Capital Allocation	-	-	-	8.8	0.05
Impairment	-	(65.0)	65.0	67.2	0.79
Other	-	(7.5)	7.5	4.6	0.05
U.S. Tax Reform	-	-	-	(129.8)	(1.52)
Adjusted Financial Measures	<u>\$ 345.1</u>	<u>\$ 193.6</u>	<u>\$ 151.5</u>	<u>\$ 90.9</u>	<u>\$ 1.00</u>

For more details on adjusting items, please see Stericycle's earnings press release for Q4 2017 issued on February 21, 2018.

Reconciliation of U.S. GAAP to Adjusted Full-Year 2017 Results

(In millions, except per share data)

	Year Ended December 31, 2017				
	Gross Profit	Selling, General and Administrative Expenses	Income from Operations	Net Income Attributable to Common Shareholders	Diluted Earnings Per Share
U.S. GAAP Financial Measures	\$ 1,462.5	\$ 1,470.1	\$ (7.6)	\$ 23.4	\$ 0.27
Adjustments:					
Business Transformation	0.7	(30.6)	31.3	20.0	0.23
Intangible Amortization	-	(118.4)	118.4	77.4	0.90
Acquisition and Integration	-	(40.7)	40.7	26.2	0.31
Operational Optimization	0.4	(70.7)	71.1	46.8	0.55
Divestitures	-	(9.5)	9.5	7.1	0.08
Litigation, Settlements and Regulatory Compliance	-	(327.7)	327.7	203.5	2.38
Capital Allocation	-	-	-	36.3	0.17
Impairment	-	(65.0)	65.0	67.2	0.79
Other	-	(24.8)	24.8	15.3	0.18
U.S. Tax Reform	-	-	-	(129.8)	(1.52)
Adjusted Financial Measures	<u>\$ 1,463.6</u>	<u>\$ 782.7</u>	<u>\$ 680.9</u>	<u>\$ 393.4</u>	<u>\$ 4.34</u>

For more details on adjusting items, please see Stericycle's earnings press release for full-year 2017 issued on February 21, 2018.

Reconciliation of U.S. GAAP to Adjusted 2018 Outlook

(In millions, except per share data)

	2018 FINANCIAL OUTLOOK	
	Income from Operations	Diluted Earnings Per Share
U.S. GAAP Financial Measures	\$365 - \$370	\$2.09 - \$2.21
Adjustments:		
Business Transformation	\$95 - \$105	\$0.81 - \$0.89
Intangible Amortization	\$120 - \$130	\$1.02 - \$1.10
Acquisition and Integration	\$15 - \$20	\$0.13 - \$0.17
Operational Optimization	\$10 - \$15	\$0.09 - \$0.13
Capital Allocation (Preferred Dividends)		\$0.10
Other	\$25 - \$30	\$0.21 - \$0.25
Adjusted Financial Measures	\$630 - \$670	\$4.45 - \$4.85
Adjusted EBITA	\$630 - \$670	
Depreciation	\$130 - \$140	
Adjusted EBITDA	\$760 - \$810	

For more details on adjusting items, please see Stericycle's earnings press release for full-year 2017 issued on February 21, 2018.