

STERICYCLE INVESTOR PRESENTATION

First Quarter 2020 Results

May 7, 2020

Nasdaq: **SRCL**



Safe Harbor Statement

This document may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. When we use words such as “believes,” “expects,” “anticipates,” “estimates” “may,” “plan,” “will,” “goal” or similar expressions, we are making forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of our management about future events and are therefore subject to risks and uncertainties, which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Factors that could cause such differences include, among others, developments in the COVID-19 pandemic and the resulting impact on the results of operations, precautions we have taken to safeguard the health and safety of our employees which may make certain of our business processes less efficient, measures taken by governmental authorities to prevent the spread of COVID-19 which could disrupt our supply chain, result in disruptions in transportation services and restrictions on the ability of our employees to travel, result in temporary closure of our facilities or the facilities of our customers and suppliers, affect the volume of paper processed by our secure information destruction business and the revenue generated from the sale of SOP, disruptions in our relationships with our employees as a result of certain cost-saving measures, an economic slowdown in the U.S. and other countries resulting from the outbreak of COVID-19, SOP pricing volatility, foreign exchange rate volatility in the jurisdictions in which we operate, the volume and size of any recall events, 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 system, charges related to portfolio rationalization or the failure of divestitures to achieve the desired results, failure to consummate transactions with respect to non-core businesses, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in our credit agreements and notes, a downgrade in our credit rating resulting in an increase in interest expense, political, economic, inflationary 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, failure to maintain an effective system of internal control over financial reporting, delays or failures in implementing remediation efforts with respect to existing or future material weaknesses, disruptions in or attacks on information technology systems, as well as other factors described in our 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. We disclaim any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with legal and regulatory obligations.

Key Business Highlights

- Delivered overall organic growth in the quarter, the first time since 2017, driven by results from our quality of revenue initiatives.
 - Organic growth in Regulated Waste and Compliance Services (“RWCS”) and Secure Information Destruction (“SID”), excluding the impact of SOP pricing, was 3.3% and 1.4%, respectively.
- Cash flow from operations for the first quarter was \$82.1 million, compared to \$36.2 million for the first quarter of 2019. Free Cash Flow for the quarter was \$42.5 million, compared to an outflow of \$29.9 million in the first quarter of last year, an increase of \$72.4 million.
- Completed the previously reported divestiture of the Domestic Environmental Solutions business, excluding the healthcare customer and unused consumer pharmaceutical take-back services, to Harsco Corporation for \$462.5 million in cash.
- Stericycle’s regulated medical waste transportation and treatment facilities are federally designated as essential facilities and remain open to provide safe, compliant disposal of medical waste to healthcare customers.

Continued Focus on Key Initiatives in 2020

- Portfolio rationalization
- Debt reduction and leverage improvement
- Quality of revenue
- Operational cost efficiencies
- ERP system

COVID-19 – Customer and Team Members

Customer Support

- Global medical waste business is fully operational
- Secure Information Destruction operations are supporting healthcare and essential services
- Engaged with large quarantine sites, temporary hospitals, and testing centers located around the world
- Established a [Coronavirus Knowledge Center](#) for the U.S. healthcare community and hosted webinars on managing COVID-19 medical waste

Team Member Health & Safety

- Updated and implemented numerous protocols to protect staff
- Staggered shift times and dedicated trucks to specific drivers to reduce exposure
- Implemented more rigorous cleaning protocol for all facilities
- Established PPE task force to manage requirements and inventory
- Shifted more than 7,000 team members to work from home
- Continued to work closely with the CDC, OSHA, and DOT

COVID-19 Responses

- Held daily control calls to manage, control and execute directives to protect our people and drive efficiencies
- Coordinated sourcing and distribution for critical PPE for our front-line workers
- Restricted travel and significantly reduced purchasing and consulting costs
- Optimized operations to reduce drivers, plant workers, over-time, and fleet assets
- Managed staff expenses with a hiring freeze, deferral of merit increases, and the furlough of approximately 2,300 team members
- Limited capital expenditures to business-critical needs
- Shifted the timing of the ERP implementation deployment

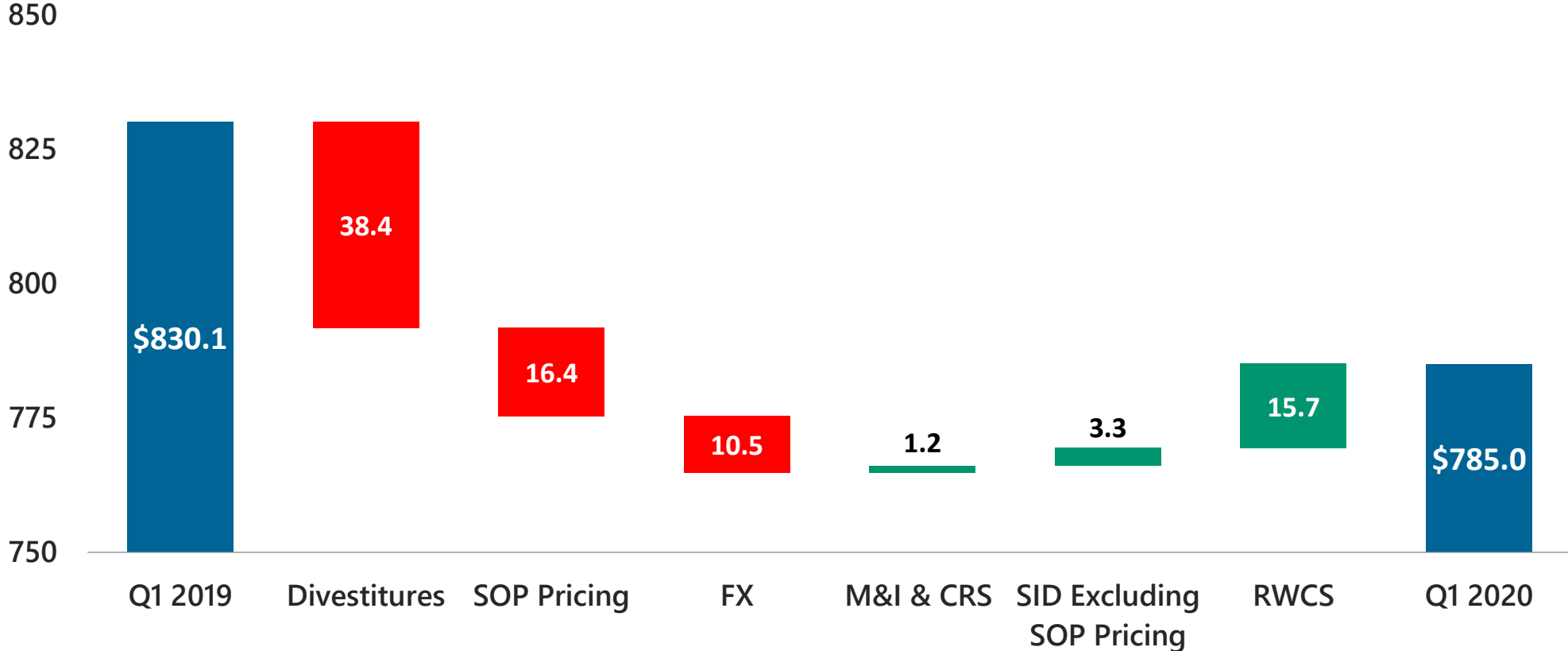
Q1 2020 Global Revenues by Service Compared to Same Quarter Prior Year

	Three Months Ended March 31,							
	<i>In millions</i>				<i>Components of Change (%)</i>			
					<u>Organic</u>			
	2020	2019	Change (\$)	Change (%)	SOP Related	Other	Divestitures	Foreign Exchange
Revenues by Service								
Regulated Waste and Compliance Services	\$ 467.3	\$ 469.2	\$ (1.9)	(0.4%)	–	3.3%	(2.1%)	(1.6%)
Secure Information Destruction Services	218.1	232.0	(13.9)	(6.0%)	(7.1%)	1.4%	–	(0.3%)
Communication and Related Services	33.6	61.2	(27.6)	(45.1%)	–	(0.5%)	(44.4%)	(0.2%)
Manufacturing and Industrial Services	66.0	67.7	(1.7)	(2.5%)	–	2.2%	(1.9%)	(2.8%)
Total Revenues	\$ 785.0	\$ 830.1	\$ (45.1)	(5.4%)	(2.0%)	2.4%	(4.6%)	(1.3%)
Revenues by Segment								
North America	\$ 627.5	\$ 631.5	\$ (4.0)	(0.6%)	(2.2%)	1.6%	–	(0.0%)
International	130.4	148.6	(18.2)	(12.2%)	(1.8%)	5.9%	(9.4%)	(6.9%)
All Other	27.1	50.0	(22.9)	(45.8%)	–	3.0%	(48.8%)	–
Total Revenues	\$ 785.0	\$ 830.1	\$ (45.1)	(5.4%)	(2.0%)	2.4%	(4.6%)	(1.3%)

For more details and explanation, please see Stericycle's earnings press release for Q1 2020 issued on May 7, 2020.

Q1 2020 Revenue Bridge

In \$ millions



Q1 2020 Factors Driving Revenue

REGULATED WASTE AND COMPLIANCE SERVICES

- Revenues of \$467.3 million, compared to \$469.2 million in Q1 2019
- Organic growth was 3.3%, the highest growth rate in three years, excluding divestitures and foreign exchange impact
- Growth reflects continued momentum on quality of revenue initiatives

SECURE INFORMATION DESTRUCTION SERVICES

- Revenues of \$218.1 million, compared to \$232.0 million in Q1 2019
- Organic revenue growth was 1.4%, excluding the impact of SOP pricing
- Average stops/day and average daily tons of paper processed/day were down in March, reflecting reduced operations or closure of customer locations given shelter-in-place orders

COMMUNICATION AND RELATED SERVICES

- Revenues of \$33.6 million, compared to \$61.2 million in Q1 2019
- Organic revenue declined 0.5% due to lower demand for elective procedure scheduling

MANUFACTURING AND INDUSTRIAL SERVICES

- Revenues of \$66.0 million, compared to \$67.7 million in Q1 2019
- Organic revenue growth was 2.2%, excluding the impact of foreign exchange and divestitures

Q1 Financial Performance

<i>(\$ in millions except for EPS)</i>	Q1 2020	Q1 2019
Revenues	\$785.0	\$830.1
Loss from Operations	\$(30.4)	\$(4.2)
U.S. GAAP Diluted Loss per Share	\$(0.22)	\$(0.42)
Adjusted Income from Operations ⁽¹⁾	\$93.8	\$105.0
Adjusted Diluted EPS ⁽¹⁾	\$0.52	\$0.57

⁽¹⁾ Reconciliation of Adjusted Income from Operations and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

Q1 2020 Adjusted Diluted EPS Bridge



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 March 31, 2020	As of December 31, 2019
Current Portion of Long-Term Debt	\$101.4	\$103.1
Long-Term Portion of Debt	\$2,518.8	\$2,559.3
Cash Balance	\$36.0	\$34.7
Net Debt*	\$2,598.7	\$2,641.0
Net Debt to Adjusted EBITDA*	4.50X	4.45X

**Amounts and measures above are defined by debt agreements in effect as of the respective period end. Excludes proceeds from the divestiture of the Domestic Environmental Solutions business completed on April 6, 2020.*

<i>Cash Flow (\$ in millions)</i>	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash from Operations	\$82.1	\$36.2
Free Cash Flow	\$42.5	\$(29.9)
Capital Expenditures	\$(39.6)	\$(66.1)
Days Sales Outstanding	47 days ⁽¹⁾	64 days ⁽¹⁾

⁽¹⁾ When excluding the divestiture revenues from the DSO calculation, DSO was 61 days at March 31, 2020, compared to 62 days at December 31, 2019.

Liquidity and Debt Leverage Position

- Sound liquidity position with approximately \$450 million currently available in line of credit, which matures in November 2022
- Significant debt reduction:
 - Approximately \$115 million net debt reduction over Q1 2020 and Q4 2019
 - Approximately \$430 million in net proceeds from the divestiture of the Domestic Environmental Solutions business were applied to the repayment of debt during April
- Anticipate maintaining a debt leverage ratio below our debt covenant of 4.75X for 2020
 - Domestic Environmental Solutions divestiture proceeds are expected to reduce our leverage ratio by about 50 basis points off of the trailing 12 months leverage ratio

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. 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.

Reconciliation of U.S. GAAP to Adjusted Q1 2020 Financial Measures

(In millions, except per share data)

	Three Months Ended March 31, 2020				
	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	\$ 286.6	\$ 258.7	\$ (30.4)	\$ (20.1)	\$ (0.22)
Adjustments:					
Business Transformation	-	(18.0)	18.0	13.4	0.15
Intangible Amortization	-	(31.9)	31.9	24.0	0.26
Acquisition and Integration	-	-	-	-	-
Operational Optimization	-	-	-	-	-
Divestitures (including Divestiture Losses (Gains), net)	-	(3.0)	61.3	59.1	0.65
Litigation, Settlements and Regulatory Compliance	-	(4.4)	4.4	3.3	0.04
Asset Impairments	-	(4.0)	4.0	2.9	0.03
Goodwill Impairment	-	-	-	-	-
Other	-	(4.6)	4.6	3.9	0.04
U.S. CARES Act	-	-	-	(39.4)	(0.43)
Total Adjustments	-	(65.9)	124.2	67.2	0.74
Adjusted Financial Measures	\$ 286.6	\$ 192.8	\$ 93.8	\$ 47.1	\$ 0.52

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2020 issued on May 7, 2020.

Reconciliation of U.S. GAAP to Adjusted Q1 2019 Financial Measures

(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	\$ 285.8	\$ (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 (including Divestiture Losses (Gains), net)	-	(2.6)	(2.8)	(3.5)	(0.04)
Litigation, Settlements and Regulatory Compliance	-	(9.8)	9.8	8.7	0.10
Asset Impairments	1.6	-	1.6	1.1	0.01
Goodwill Impairment	-	-	20.9	20.9	0.23
Other	-	(15.9)	15.9	13.0	0.15
U.S. CARES Act	-	-	-	-	-
Total Adjustments	3.6	(90.1)	109.2	89.4	0.99
Adjusted Financial Measures	\$ 300.7	\$ 195.7	\$ 105.0	\$ 51.6	\$ 0.57

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2020 issued on May 7, 2020.