

Investor Presentation

First-Quarter 2024 Results

April 25, 2024

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, decreases in the volume of regulated wastes or personal and confidential information collected from customers, disruptions resulting from deployment of systems, disruptions in our supply chain, disruptions in or attacks on data information technology systems, labor shortages, a recession or economic disruption in the U.S. and other countries, changing market conditions in the healthcare industry, competition and demand for services in the regulated waste and secure information destruction industries, SOP pricing volatility or pricing volatility in other commodities, changes in the volume of paper processed by our secure information destruction business and the revenue generated from the sale of SOP, inflationary cost pressure in labor, supply chain, energy, and other expenses, foreign exchange rate volatility in the jurisdictions in which we operate, 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, the outcome of pending, future or settled litigation or investigations, self-insurance claims and settlements, charges related to portfolio optimization or the failure of acquisitions or divestitures to achieve the desired results, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in our credit agreements and Senior Notes, rising interest rates or a downgrade in our credit rating resulting in an increase in interest expense, political, economic, war, and other risks related to our foreign operations, pandemics and the resulting impact on the results of operations, long-term remote work arrangements which may adversely affect our business, restrictions on the ability of our team members to travel, closures of our facilities or the facilities of our customers and suppliers, weather and environmental changes related to climate change, requirements of customers and investors for net carbon zero emissions strategies, and the introduction of regulations for greenhouse gases, which could negatively affect our costs to operate, failure to maintain an effective system of internal control over financial reporting, as well as other factors described in our filings with the SEC, including our 2023 Form 10-K and subsequent Quarterly Reports on Form 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.

Stericycle's Next- Generation Key Business Priorities

- Commercial and Service Excellence
- Operational Excellence
- Digital Implementation
- Strategic Capital Allocation

Next Generation of Key Business Priorities

In 2024, we are pivoting to our next generation of key business priorities to drive margin expansion and deliver value

Commercial and Service Excellence

Drive profitable revenue growth, delivering a differentiated value proposition and a seamless customer experience

Operational Excellence

Drive margin improvement by leveraging a skilled and dedicated workforce; modern technologies; new and updated equipment and infrastructure; and a refreshed fleet

Digital Implementation

Leverage digital, data, and AI capabilities to further deliver commercial, service, and operational excellence and efficiencies across our network and shared services, using the foundation of the modern ERP

Strategic Capital Allocation

Target a debt leverage between 2.5X to 3.0X

Continue to invest in the business to maintain and modernize our infrastructure and drive growth and efficiencies

Continue portfolio optimization, including accretive tuck-in acquisitions, using a disciplined acquisition and integration playbook

Evaluate potential for share repurchases

Q1 2024 Key Business Highlights

- Achieved adjusted diluted EPS⁽¹⁾ of \$0.57, an improvement of \$0.08 compared to Q1 2023.
- Expanded adjusted EBITDA⁽²⁾ to \$116.2 million, an improvement of \$4.9 million compared to Q1 2023.
- Grew Regulated Waste and Compliance Services (“RWCS”) organic revenues⁽³⁾ 2.1% compared to Q1 2023.
- Completed our previously disclosed workforce reduction in the first quarter of 2024 and are on track to realize an estimated \$40-\$45 million of in-year cost savings.

(\$ millions) except for EPS ⁽¹⁾	Three Months Ended March 31, 2024
Revenues	\$664.9
Income from Operations	\$38.9
Diluted EPS ⁽¹⁾	\$0.14
Adjusted Income from Operations ⁽⁴⁾	\$90.5
Adjusted EBITDA ⁽²⁾⁽⁴⁾	\$116.2
Adjusted Diluted EPS ⁽¹⁾⁽⁴⁾	\$0.57

(\$ millions)	Three Months Ended March 31, 2024
Net Cash from Operating Activities	\$(54.5)
Free Cash Flow ⁽⁵⁾	\$(97.6)

(1) Earnings per Share (EPS).

(2) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA or AEBITDA).

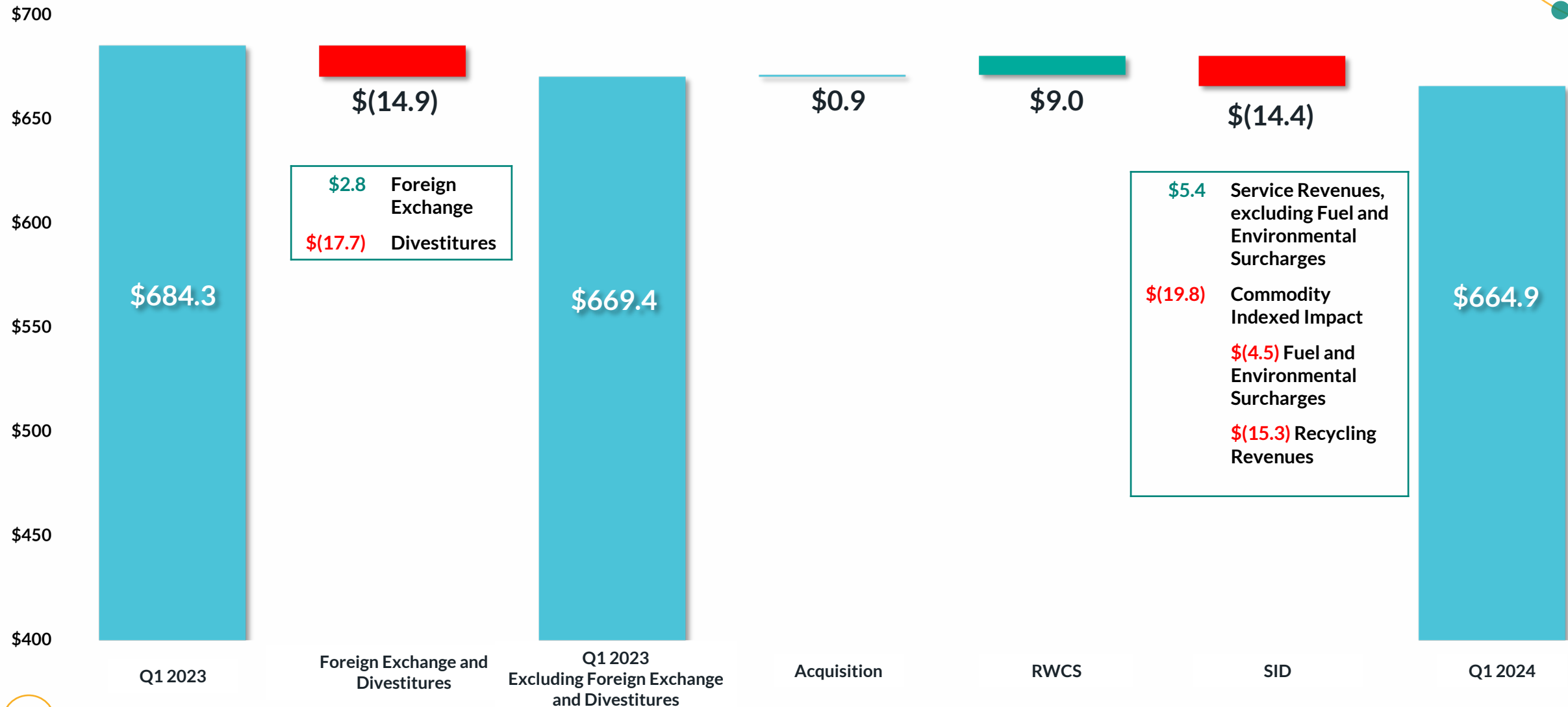
(3) Organic growth is the change in revenues, which includes SOP (sorted office paper) pricing and volume and excludes the impact of divestitures, an acquisition, and foreign exchange rates.

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

(5) Free Cash Flow is calculated as Net cash from operating activities less Capital expenditures.

Q1 2024 Revenues Bridge

\$ millions



Q1 2024 Revenues by Service and Segment Compared to Q1 2023

	Three Months Ended March 31,								
	In millions				Components of Change (%) ⁽¹⁾				
	2024	2023	Change (\$)	Change (%)	Organic Growth ⁽²⁾	Acquisition	Divestitures	Foreign Exchange ⁽³⁾	
Revenue by Service									
Regulated Waste and Compliance Services	\$ 447.8	\$ 451.3	\$ (3.5)	(0.8) %	2.1 %	0.2 %	(3.5)%	0.5 %	
Secure Information Destruction Services	217.1	233.0	(15.9)	(6.8) %	(6.3) %	0.1 %	(1.1)%	0.3 %	
Total Revenues	<u>\$ 664.9</u>	<u>\$ 684.3</u>	<u>\$ (19.4)</u>	<u>(2.8) %</u>	<u>(0.8) %</u>	<u>0.1 %</u>	<u>(2.7)%</u>	<u>0.4 %</u>	
North America									
Regulated Waste and Compliance Services	\$ 376.5	\$ 368.7	\$ 7.8	2.1 %	1.9 %	0.2 %	- %	- %	
Secure Information Destruction Services	192.7	204.7	(12.0)	(5.9) %	(6.0) %	0.1 %	- %	- %	
Total North America Segment	<u>\$ 569.2</u>	<u>\$ 573.4</u>	<u>\$ (4.2)</u>	<u>(0.7) %</u>	<u>(0.9) %</u>	<u>0.2 %</u>	<u>- %</u>	<u>- %</u>	
International									
Regulated Waste and Compliance Services	\$ 71.3	\$ 82.6	\$ (11.3)	(13.7)%	3.0 %	- %	(18.5) %	2.3 %	
Secure Information Destruction Services	24.4	28.3	(3.9)	(13.8)%	(8.4)%	- %	(8.7) %	2.7 %	
Total International Segment	<u>\$ 95.7</u>	<u>\$ 110.9</u>	<u>\$ (15.2)</u>	<u>(13.7)%</u>	<u>(0.2) %</u>	<u>- %</u>	<u>(16.0) %</u>	<u>2.4 %</u>	

⁽¹⁾ Components of Change (%) in summation may not cross foot to the total Change (%) due to rounding.

⁽²⁾ Organic growth is the change in revenues, which includes SOP (sorted office paper) pricing and volume and excludes the impact of divestitures, an acquisition, and foreign exchange rates.

⁽³⁾ Foreign Exchange is change in revenues attributed to effects of foreign currency exchange rates.

Q1 2024 Financial Performance

(\$ millions except for EPS)	Three Months Ended March 31,	
	2024	2023
Revenues	\$664.9	\$684.3
Income from Operations	\$38.9	\$40.0
Diluted EPS	\$0.14	\$0.12
Adjusted Income from Operations ⁽¹⁾	\$90.5	\$84.7
Adjusted EBITDA ⁽¹⁾	\$116.2	\$111.3
Adjusted Diluted EPS ⁽¹⁾	\$0.57	\$0.49

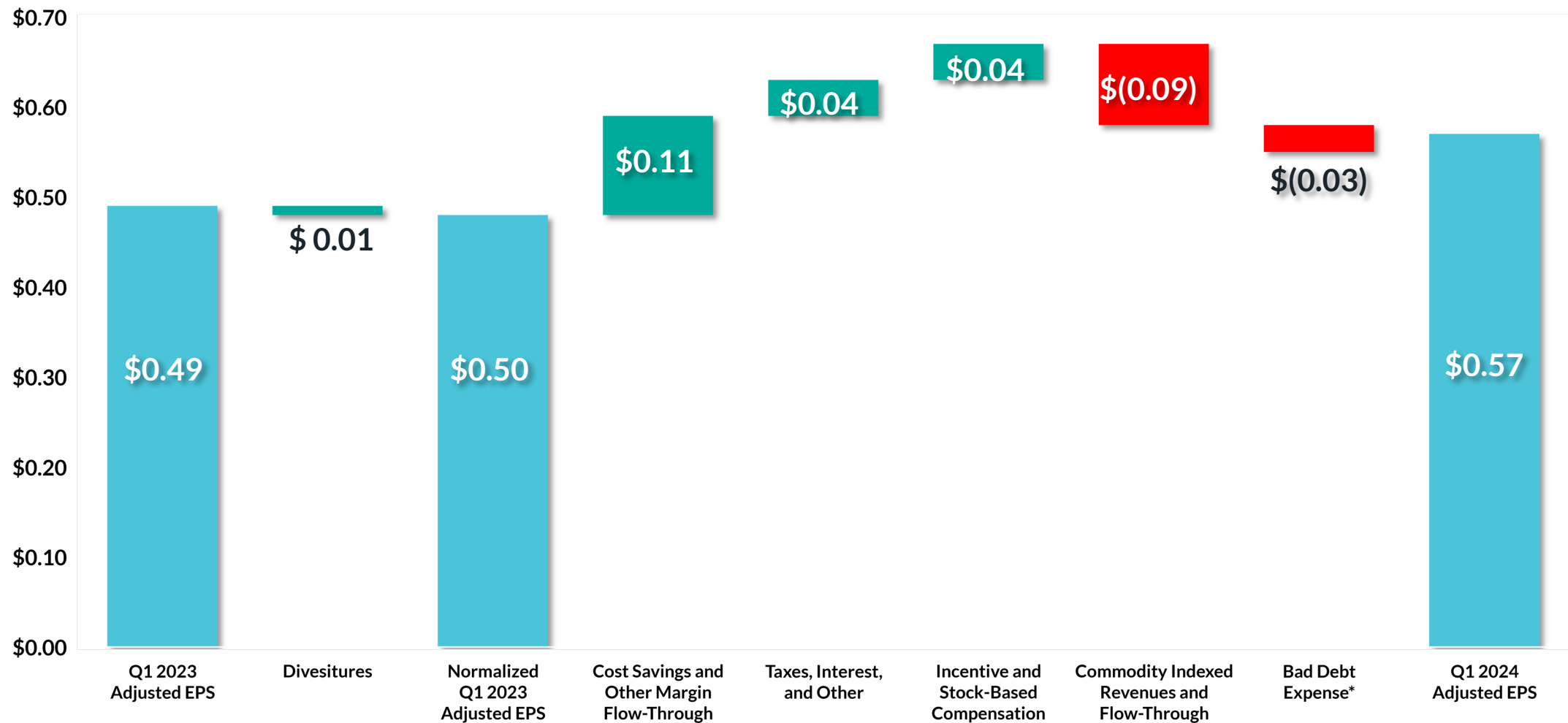
(1) Reconciliation of Adjusted Income from Operations, Adjusted EBITDA and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

2024 First Quarter Free Cash Flow was an Outflow as Expected

(\$ millions)		
Free Cash Flow for the three months ended March 31, 2023		\$13.1
Changes in Operating Cash Flow:		
Accounts Receivable, net of Deferred Revenues ⁽¹⁾	(63.1)	
Higher Annual Incentive Payments	(17.1)	
Other Net Working Capital Changes	(23.8)	
Year-over-year change in Operating Cash Flow		(104.0)
Year-over-year change in Capital Expenditures		(6.7)
Year-over-year change in Free Cash Flow		(110.7)
Free Cash Flow for the three months ended March 31, 2024		(97.6)
Adjusted Litigation Payments	5.4	
Additional In-Year Interest Cash Payments due to Redeeming Bond with Proceeds from Revolver	5.3	
Severance Payments due to Workforce Management	4.8	
Q1 2024 Free Cash Flow, excluding Adjusted Litigation, Interest on Bond redemption, and Severance Payments		\$(82.1)

(1) In connection with the deployment of the ERP to U.S. RWCS in September 2023, we advanced certain invoicing for specific Regulated Waste services resulting in the recording of Deferred Revenues within Accounts Receivables. Notwithstanding the recording of Deferred Revenues, which resulted in an increase to Accounts Receivables, Accounts Receivables increased \$63.1 million year-over-year due to the timing of U.S. Regulated Waste customer billings and collections from the ERP.

Q1 2024 Adjusted Diluted EPS Bridge



Net Debt and Leverage Ratio

- As discussed on Q4 2023 earnings call, Q1 2024 debt leverage ratio was above 3.0X, in line with management expectations.
- Target debt leverage ratio to return to 2.5X to 3.0X within 2024.

(\$ millions except leverage ratio)	As of March 31, 2024	As of December 31, 2023
Net Debt ⁽¹⁾	\$1,391.4	\$1,269.9
Credit Agreement Defined Debt Leverage Ratio ⁽²⁾	3.51X	2.85X
Unused Portion of the Revolving Credit Facility ⁽³⁾	\$391.2	\$1,110.0

(1) Net debt is calculated as total debt less cash and cash equivalents as defined by our credit agreement.

(2) The amended credit agreement allows for certain cash add backs when calculating the credit agreement defined debt leverage ratio, with \$50 million dollars of such addbacks that expired at the end of 2023. Expiration of these addbacks, which was anticipated, increased the credit agreement defined debt leverage ratio by approximately 30 points as of March 31, 2024.

(3) Unused Portion of the Revolving Credit Facility decreased as of March 31, 2024 compared to December 31, 2023, primarily driven by redemption of the \$600 million bond through use of the Revolving Credit Facility.

For additional information, see Note 5 – Debt in the Form 10-Q for the period ended March 31, 2024.

2024 Guidance* Reaffirmed

We expect the following:

Organic Revenue Growth	3 to 5 percent on a 2023 normalized base of \$2.63 billion
Adjusted EPS ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$2.20-\$2.50 (with ~14% Adjusted EBITDA growth rate at the midpoint on a 2023 normalized base of \$420 million)
Free Cash Flow excluding Certain Cash Outlays	\$210-\$265 million and 44% to 55% FCF conversion
Capital Expenditures	\$140-\$160 million

⁽¹⁾ Assumes foreign exchange rates as of December 31, 2023, with a nominal expected impact compared to prior year.

⁽²⁾ Net operating results assume SOP pricing per ton between \$125 to \$140.

⁽³⁾ Assumes adjusted effective tax rate in the range of 26% to 29%.

⁽⁴⁾ Refer to slide 13 for the Adjusted EBITDA Growth Rate Bridge for 2024.

**Forward Looking Statements. Please refer to the Safe Harbor Statement on Slide 2. This guidance is based on currently known items and certain business assumptions, including assumptions with respect to foreign exchange rates and estimates for SOP and other commodity pricing. This guidance also excludes future acquisitions, divestitures and certain litigation costs. For guidance purposes, 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, uncertain tax matters, certain other items, or other unanticipated events, such as a recession or prolonged inflationary environment, which would be included in reported (U.S. GAAP) results and could be material.*

2024 Adjusted EBITDA Growth Rate of ~14% on Track

We expect the following approximate year-over-year changes at the Adjusted EPS guidance range midpoint:

Revenue Flow-Through	~4%
Cost of Revenue (COR) Efficiencies and Cost Reductions ⁽¹⁾	~9%
Selling, General and Administrative (SG&A) Efficiencies and Cost Reductions ⁽²⁾	~4%
Commodity Impacts ⁽³⁾⁽⁴⁾	~(3)%
2024 Adjusted EBITDA Growth Rate at Adjusted EPS Guidance Range Midpoint	~14%

- (1) COR Efficiencies and Cost Reductions are driven approximately 50% by workforce management actions, including careful hiring, attrition and a reduction in force, and approximately 50% by operational strategic initiatives. Operational strategic initiatives include transportation initiatives and facility optimization.
- (2) SG&A Efficiencies and Cost Reductions are mainly attributable to workforce management actions, including careful hiring, attrition and a reduction in force.
- (3) Commodity Impacts include the impact of changes in RISI rates on SOP Recycling Revenue and the offsetting recycling recovery surcharge, as well as fuel rate impact to the Fuel and Environmental Surcharges.
- (4) Adjusted EBITDA results assume SOP pricing per ton between \$125 to \$140.

**Forward Looking Statements. Please refer to the Safe Harbor Statement on Slide 2. This guidance is based on currently known items and certain business assumptions, including assumptions with respect to foreign exchange rates and estimates for SOP and other commodity pricing. This guidance also excludes future acquisitions, divestitures and certain litigation costs. For guidance purposes, 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, uncertain tax matters, certain other items, or other unanticipated events, such as a recession or prolonged inflationary environment, which would be included in reported (U.S. GAAP) results and could be material.*

Long-Term Outlook^{*}

With 2023 as the base year, we expect the following through 2027:

Organic Revenue Growth

Four-year compounded annual rate of 3 to 5 percent

Adjusted EBITDA Growth Rate

Generate 13% to 17% average annual Adjusted EBITDA growth rate

Free Cash Flow Conversion⁽¹⁾

Generate 50% to 60% Free Cash Flow Conversion based on Adjusted EBITDA

⁽¹⁾ Free Cash Flow Conversion is calculated as Free Cash Flow as a percentage of Adjusted EBITDA. Free cash flow is calculated as Net cash from operating activities less Capital expenditures.

**Forward Looking Statements. Please refer to the Safe Harbor Statement on Slide 2. This guidance is based on currently known items and certain business assumptions, including assumptions with respect to foreign exchange rates and estimates for SOP and other commodity pricing. This guidance also excludes future acquisitions, divestitures and certain litigation costs. For guidance purposes, 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, uncertain tax matters, certain other items, or other unanticipated events, such as a recession or prolonged inflationary environment, which would be included in reported (U.S. 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 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. For guidance purposes, 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 (including monitoring costs), uncertain tax matters, certain other items or other unanticipated events, which would be included in reported (U.S. GAAP) results and could be material.

Reconciliation of U.S. GAAP to Adjusted Q1 2024 Financial Measures

(In millions, except per share data)

	Three Months Ended March 31, 2024				
	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	\$ 254.9	\$ 216.0	\$ 38.9	\$ 13.1	\$ 0.14
Adjustments:					
ERP and System Modernization	-	(4.4)	4.4	3.7	0.04
Intangible Amortization	-	(27.8)	27.8	21.5	0.23
Operational Optimization	2.2	(3.4)	5.6	4.2	0.05
Portfolio Optimization	-	(1.6)	1.6	1.2	0.01
Litigation, Settlements and Regulatory Compliance	-	(12.2)	12.2	9.4	0.10
Total Adjustments	2.2	(49.4)	51.6	40.0	0.43
Adjusted Financial Measures	\$ 257.1	\$ 166.6	\$ 90.5	\$ 53.1	\$ 0.57
Depreciation			25.7		
Adjusted EBITDA			\$ 116.2		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2024 issued on April 25, 2024.

Reconciliation of U.S. GAAP to Adjusted Q1 2023 Financial Measures

(In millions, except per share data)

	Three Months Ended March 31, 2023				
	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	\$ 261.0	\$ 216.0	\$ 40.0	\$ 11.2	\$ 0.12
Adjustments:					
ERP and System Modernization	-	(2.7)	2.7	2.1	0.02
Intangible Amortization	-	(28.2)	28.2	21.9	0.24
Operational Optimization	-	-	-	-	-
Portfolio Optimization	-	(0.6)	5.6	5.4	0.06
Litigation, Settlements and Regulatory Compliance	-	(8.2)	8.2	4.9	0.05
Total Adjustments	-	(39.7)	44.7	34.3	0.37
Adjusted Financial Measures	<u>\$ 261.0</u>	<u>176.3</u>	<u>\$ 84.7</u>	<u>\$ 45.5</u>	<u>\$ 0.49</u>
Depreciation			26.6		
Adjusted EBITDA			<u>\$ 111.3</u>		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2024 issued on April 25, 2024.

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