

STERICYCLE INVESTOR PRESENTATION

First Quarter 2021 Results

April 29, 2021

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, long-term remote work arrangements, which may adversely affect our business, precautions we have taken to safeguard the health and safety of our team members which may make certain of our business processes less efficient, measures taken by governmental authorities to prevent the spread of the COVID-19 virus which could disrupt our supply chain, result in disruptions in transportation services and restrictions on the ability of our team members 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 team members as a result of certain cost-saving measures, an economic slowdown in the U.S. and other countries resulting from the outbreak of the COVID-19 virus, changing market conditions in the healthcare industry, competition and demand for services in the regulated waste and secure information destruction industries, SOP pricing volatility, 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, decreases in the volume of regulated wastes or personal and confidential information collected from customers, the ability to implement our new ERP system, disruptions in or attacks on information technology systems, charges related to portfolio optimization 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, 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, delays or failures in implementing remediation efforts with respect to potential future material weaknesses, 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.

First Quarter Key Business Highlights

- Generated RWCS organic revenue growth of 6.0%
- Increased adjusted income from operations as a percent of revenues by 460 basis points
- Reduced net debt by \$38.3 million in the first quarter of 2021, decreasing total net debt to approximately \$1.70 billion
- Continued to reduce the credit agreement defined debt leverage ratio to 3.28 times, compared to 4.50 times as of March 31, 2020

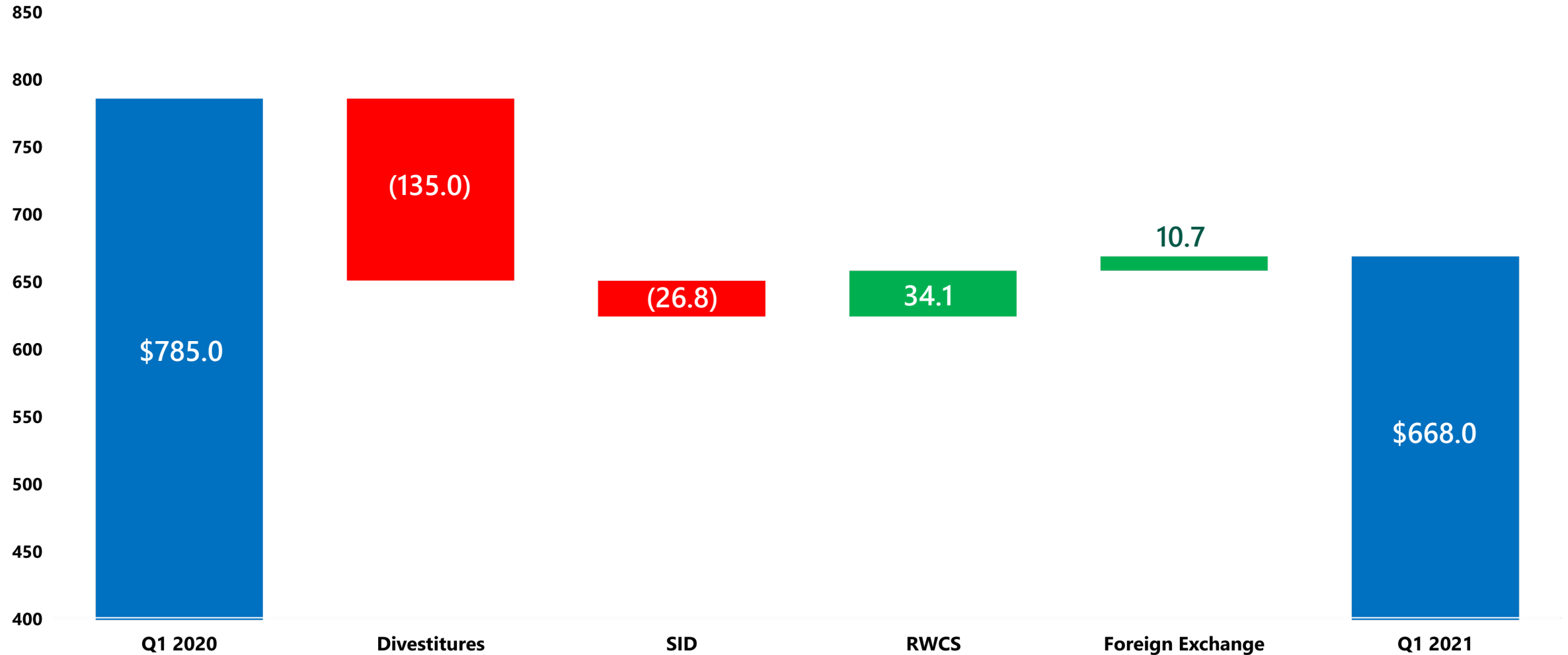
(\$ millions except for EPS)	Three Months Ended March 31, 2021
Revenues	\$668.0
Income from Operations	\$59.1
Adjusted Income from Operations ⁽¹⁾	\$110.0
Diluted Earnings per Share	\$0.28
Adjusted Diluted Earnings per Share ⁽¹⁾	\$0.71
Net Cash from Operation Activities	\$62.6
Free Cash Flow ⁽²⁾	\$37.9

⁽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.

⁽²⁾ Free Cash Flow is calculated as Net cash from operating activities less Capital expenditures.

Q1 2021 Revenues Bridge

In \$ millions



Q1 2021 Global Revenues by Service and Segment Compared to Q1 2020

	Three Months Ended March 31,						
	In millions				Components of Change (%)		
	2021	2020	Change (\$)	Change (%)	Organic Growth ⁽¹⁾	Divestitures	Foreign Exchange ⁽²⁾
Revenues by Service							
Regulated Waste and Compliance Services ⁽³⁾	\$ 473.6	\$ 566.9	\$ (93.3)	(16.5)%	6.0%	(23.8)%	1.3%
Secure Information Destruction Services	194.4	218.1	(23.7)	(10.9)%	(12.3)%	—	1.4%
Total Revenues	\$ 668.0	\$ 785.0	\$ (117.0)	(14.9)%	0.9%	(17.2)%	1.4%
North America							
Regulated Waste and Compliance Services ⁽³⁾	\$ 366.8	\$ 468.6	\$ (101.8)	(21.7)%	3.8%	(25.8)%	0.3%
Secure Information Destruction Services	166.9	186.0	(19.1)	(10.3)%	(10.8)%	—	0.5%
Total North America Segment	\$ 533.7	\$ 654.6	\$ (120.9)	(18.5)%	(0.3)%	(18.5)%	0.3%
International							
Regulated Waste and Compliance Services ⁽³⁾	\$ 106.8	\$ 98.3	\$ 8.5	8.6%	16.4%	(14.3)%	6.5%
Secure Information Destruction Services	27.5	32.1	(4.6)	(14.3)%	(21.2)%	—	6.9%
Total International Segment	\$ 134.3	\$ 130.4	\$ 3.9	3.0%	7.2%	(10.8)%	6.6%

⁽¹⁾ Growth is the change in revenues excluding the impact of divestitures and foreign exchange.

⁽²⁾ Foreign Exchange is change in revenues attributed to effects of foreign currency exchange rates.

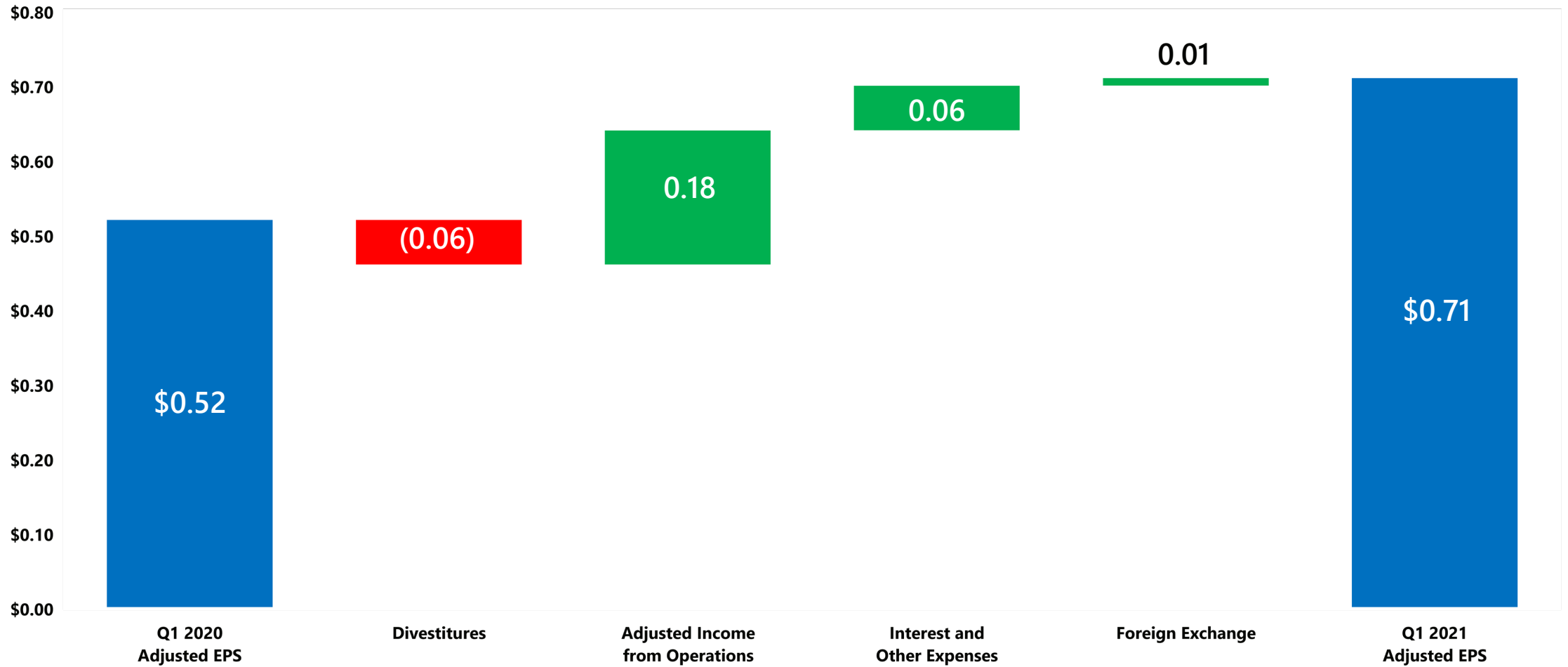
⁽³⁾ In the first quarter of 2021, we updated our service lines to include Communication Solutions (formerly part of CRS) in RWCS.

Q1 2021 Financial Performance

(\$ millions except for EPS)	Three Months Ended March 31,	
	2021	2020
Revenues	\$668.0	\$785.0
Income (Loss) from Operations	\$59.1	\$(30.4)
Diluted Earnings (Loss) per Share	\$0.28	\$(0.22)
Adjusted Income from Operations ⁽¹⁾	\$110.0	\$93.8
Adjusted Diluted Earnings per Share ⁽¹⁾	\$0.71	\$0.52

⁽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 2021 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.

Liquidity, Debt Leverage, and Cash Flow

(\$ in millions)	As of March 31, 2021	As of December 31, 2020
Net Debt ⁽¹⁾	\$1,703.6	\$1,741.9
Net Debt to Adjusted EBITDA ⁽¹⁾	3.28X	3.54X
Unused Portion of the Revolving Credit Facility ⁽²⁾	\$970.8	\$947.2

⁽¹⁾ Amounts and measures above are defined by credit agreements in effect as of the respective period end.

⁽²⁾ \$1.2 billion credit facility matures in November 2022.

(\$ in millions)	Three Months Ended March 31,	
	2021	2020
Cash Flow from Operations	\$62.6	\$82.1
Free Cash Flow	\$37.9	\$42.5
Capital Expenditures	\$24.7	\$39.6
Days Sales Outstanding ⁽³⁾	55 days	47 days

⁽³⁾ When excluding divestures as of March 31, 2021, from the trailing twelve-months DSO calculations, DSO was 57 days for the first quarter of 2021, compared to 55 days for the first quarter of 2020.

Estimated 2021 and 2022 ERP-Related Expenditures

Anticipate ERP-related expenditures to be approximately \$105-\$120 million in 2021, in line with prior 2021 estimates. Expenditures are expected to be in the following categories:

(\$ Millions)	2021 Estimated ERP Expenditures
Adjusted ERP Operating Expenditures excluded from Non-GAAP Earnings	\$60-\$65
ERP Capital Expenditures	15-20
ERP Implementation	\$75-\$85
Ongoing IT Operating Expenditures (expected to commence in third quarter)	\$30-\$35

Anticipate the total annualized ongoing operating expenditures for running the new system to be \$50 to \$60 million in 2022, of which we anticipate approximately \$17 to \$20 million of depreciation, in line with prior estimates.

(\$ Millions)	2022 Estimated ERP Expenditures
Ongoing IT Operating Expenditures	\$50-\$60

Five-Year Outlook*

3 – 5 % CAGR	We expect organic revenues to grow at a compounded annual rate of 3 to 5 percent with 2020 as the base year.
\$400 million in Free Cash Flow	We expect to generate at least \$400 million in annual free cash flow between 2024 and 2025, primarily driven by operating margin expansion.
Debt leverage <3.0X	We expect to achieve a credit agreement defined debt leverage ratio below 3 times between 2022 and 2023.

**Forward Looking Statements. Please refer to the Safe Harbor Statement on Slide 2. This outlook is based on currently known items and certain business assumptions, including current foreign exchange rates and estimates for SOP pricing. This outlook also excludes future acquisitions and divestitures.*

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 2021 Financial Measures

(In millions, except per share data)

	Three Months Ended March 31, 2021				
	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	\$ 261.4	\$ 202.3	\$ 59.1	\$ 26.1	\$ 0.28
Adjustments:					
ERP Implementation	-	(17.9)	17.9	13.3	0.14
Intangible Amortization	-	(29.8)	29.8	23.1	0.25
Divestitures (including Divestiture Losses (Gains), net)	-	(1.2)	1.2	0.9	0.02
Litigation, Settlements and Regulatory Compliance	-	(2.0)	2.0	1.5	0.02
Asset Impairments	-	-	-	-	-
Other	-	-	-	-	-
U.S. CARES Act	-	-	-	-	-
Total Adjustments	-	(50.9)	50.9	38.8	0.43
Adjusted Financial Measures	\$ 261.4	\$ 151.4	\$ 110.0	\$ 64.9	\$ 0.71
Depreciation			25.2		
Adjusted EBITDA			\$ 135.2		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2021 issued on April 29, 2021.

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:					
ERP Implementation	-	(18.0)	18.0	13.4	0.15
Intangible Amortization	-	(31.9)	31.9	24.0	0.26
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
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
Depreciation			27.4		
Adjusted EBITDA			\$ 121.2		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2021 issued on April 29, 2021.

Reconciliation of U.S. GAAP to Adjusted Financial Measures: First Quarter 2021 Change Compared to First Quarter 2020

(In millions, except per share data)

	First Quarter 2021 Change Compared to First Quarter 2020				
	Gross Profit	Selling, General and Administrative Expenses	Income (Loss) from Operations	Net Income (Loss) Attributable to Common Shareholders	Diluted Earnings (Loss) Per Share
U.S. GAAP Financial Measures	\$ (25.2)	\$ (56.4)	\$ 89.5	\$ 46.2	\$ 0.50
Adjustments:					
ERP Implementation	-	0.1	(0.1)	(0.1)	(0.01)
Intangible Amortization	-	2.1	(2.1)	(0.9)	(0.01)
Divestitures (including Divestiture Losses (Gains), net)	-	1.8	(60.1)	(58.2)	(0.63)
Litigation, Settlements and Regulatory Compliance	-	2.4	(2.4)	(1.8)	(0.02)
Asset Impairments	-	4.0	(4.0)	(2.9)	(0.03)
Other	-	4.6	(4.6)	(3.9)	(0.04)
U.S. CARES Act	-	-	-	39.4	0.43
Total Adjustments	-	15.0	(73.3)	(28.4)	(0.31)
Adjusted Financial Measures	\$ (25.2)	\$ (41.4)	\$ 16.2	\$ 17.8	\$ (0.19)
Depreciation			(2.2)		
Adjusted EBITDA			\$ 14.0		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2021 issued on April 29, 2021.