



Investor Presentation

Third Quarter 2021 Results

November 2, 2021

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, inflation, labor shortages, disruptions in our relationships with our team members as a result of certain cost-saving measures, an economic disruption 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, and disruptions resulting from deployment of our ERP system, disruptions in our supply chain, 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.

Stericycle's Key Business Priorities

- Quality of Revenue
- Operational Efficiency, Modernization and Innovation
- ERP Implementation
- Debt Reduction and Debt Leverage Improvement
- Portfolio Optimization

Q3 2021 Key Business Highlights

- We completed deployment of our ERP system for North America finance and procurement processes and SID business
- RWCS organic revenues increased 6.8%
- We renewed our Credit Agreement, maintaining our Revolving Credit Facility of \$1.2 billion and establishing a Term Loan Facility of \$200.0 million

(\$ millions except for EPS)	Three Months Ended September 30, 2021
Revenues	\$648.9
Loss from Operations	\$(50.6)
Adjusted Income from Operations ⁽¹⁾	\$72.5
Diluted Loss per Share	\$(0.72)
Adjusted Diluted Earnings per Share ⁽¹⁾	\$0.44
(\$ millions)	Nine Months Ended September 30, 2021
Net Cash from Operating Activities	\$202.2
Free Cash Flow ⁽²⁾	\$116.4

⁽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.

Q3 2021 Revenue Bridge

In \$ millions
\$700



Q3 2021 Revenues Changes by Service and Segment Compared to Q3 2020

	Three Months Ended September 30,						
	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⁾	\$ 461.7	\$ 449.1	\$ 12.6	2.8%	6.8%	(4.8)%	0.8%
Secure Information Destruction Services	187.2	187.3	(0.1)	(0.1)%	(1.1)%	–	1.0%
Total Revenues	\$ 648.9	\$ 636.4	\$ 12.5	2.0%	4.4%	(3.4)%	1.0%
North America							
Regulated Waste and Compliance Services ⁽³⁾	\$ 365.4	\$ 353.7	\$ 11.7	3.3%	6.9%	(4.0)%	0.4%
Secure Information Destruction Services	158.5	163.4	(4.9)	(3.0)%	(3.4)%	–	0.4%
Total North America Segment	\$ 523.9	\$ 517.1	\$ 6.8	1.3%	3.6%	(2.7)%	0.4%
International							
Regulated Waste and Compliance Services ⁽³⁾	\$ 96.3	\$ 95.4	\$ 0.9	0.9%	6.2%	(8.0)%	2.7%
Secure Information Destruction Services	28.7	23.9	4.8	20.1%	14.7%	–	5.4%
Total International Segment	\$ 125.0	\$ 119.3	\$ 5.7	4.8%	7.9%	(6.4)%	3.3%

⁽¹⁾ Organic growth is the change in revenues which includes SOP (sorted office paper) pricing and volume and excludes 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.

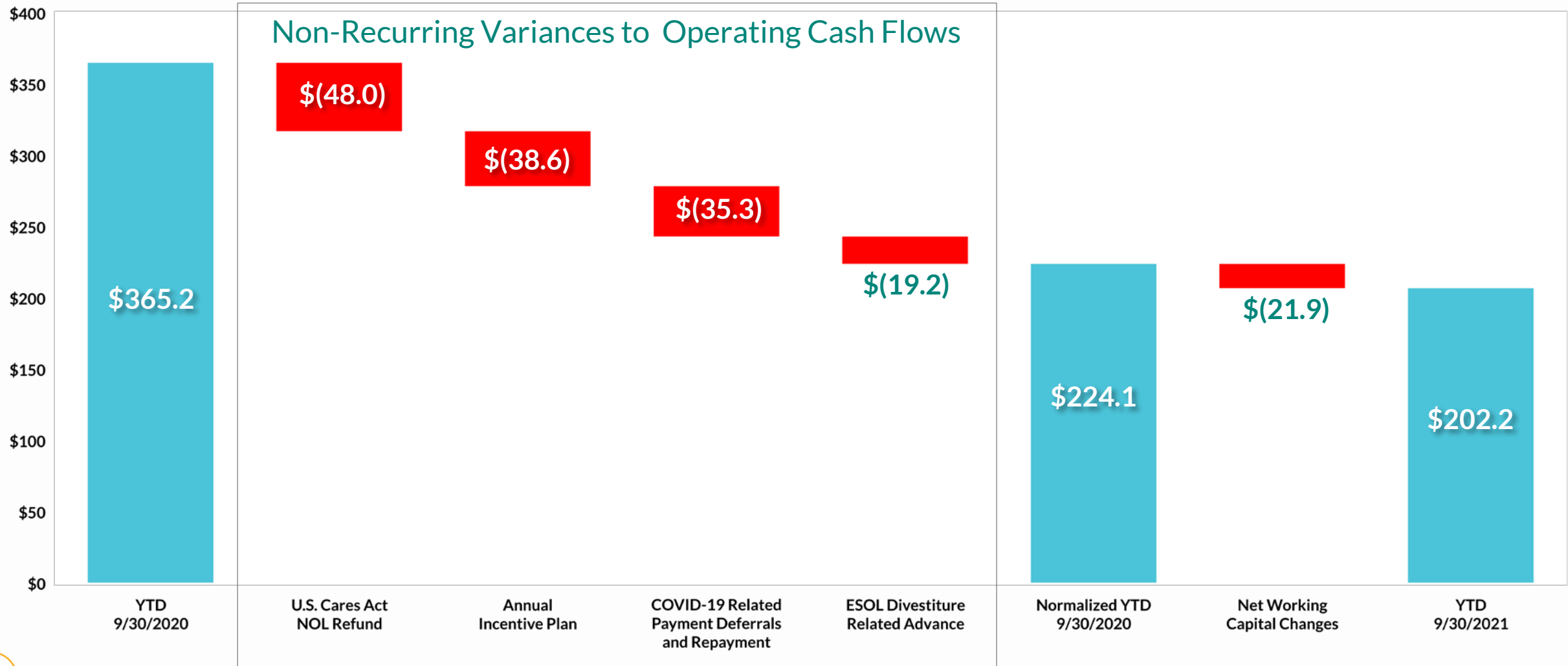
Q3 2021 Financial Performance

(\$ millions except for EPS)	Three Months Ended September 30,	
	2021	2020
Revenues	\$648.9	\$636.4
Loss from Operations	\$(50.6)	\$(55.8)
Diluted Loss per Share	\$(0.72)	\$(0.89)
Adjusted Income from Operations ⁽¹⁾	\$72.5	\$101.0
Adjusted Diluted Earnings per Share ⁽¹⁾	\$0.44	\$0.68

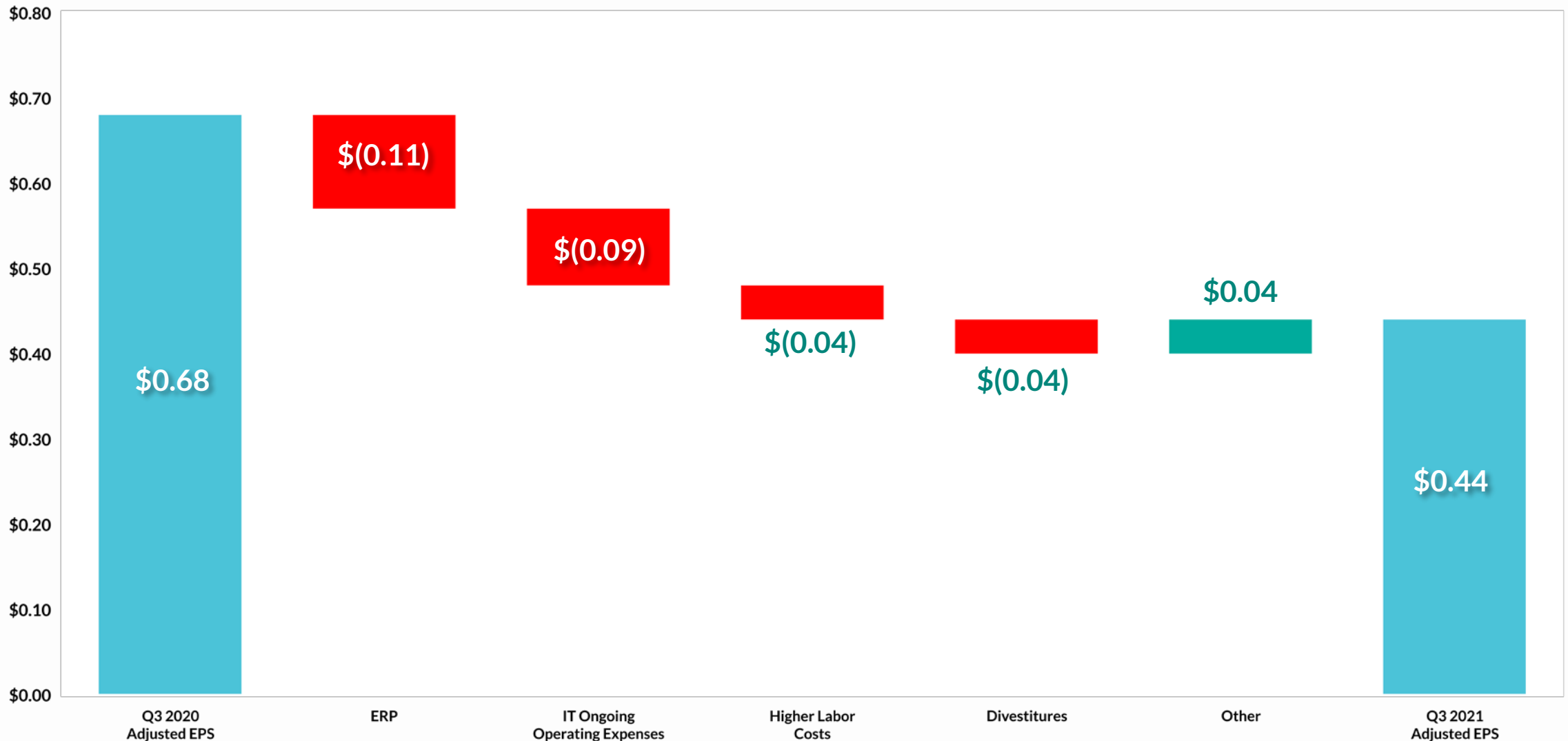
⁽¹⁾ Reconciliation of Adjusted Income from Operations and Adjusted Diluted EPS to their respective U.S. GAAP measures can be found in the appendix of this presentation.

Operating Cash Flow Bridge for the Nine Months Ended September 30, 2021

In \$ millions



Q3 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

(\$ millions)	As of September 30, 2021	As of December 31, 2020
Net Debt ⁽¹⁾	\$1,616.3	\$1,741.9
Net Debt to Adjusted EBITDA ⁽¹⁾	3.40X	3.45X
Unused Portion of the Revolving Credit Facility ⁽²⁾⁽³⁾	\$825.2	\$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 September 2026.

⁽³⁾ Decrease in unused portion of revolving credit facility is driven by approximately \$222.5 million of repayments of the term loan for the nine months ended September 30, 2021 by borrowing on the revolving credit facility, primarily offset by repayments from Free Cash Flow.

(\$ millions)	Nine Months Ended September 30,	
	2021	2020
Cash Flow from Operations	\$202.2	\$365.2
Free Cash Flow	\$116.4	\$270.5
Capital Expenditures	\$85.8	\$94.7
Days Sales Outstanding ⁽⁴⁾	59 days	50 days

⁽⁴⁾ When excluding divestitures as of September 30, 2021, from the trailing twelve-months DSO calculations, DSO was 60 days for the third quarter of 2021, compared to 54 days for the third quarter of 2020. This difference is primarily due to a one-time deferral in the North America SID customer invoicing schedule and subsequent collections due to the ERP deployment and increased revenue compared to prior year.

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* (commenced in third quarter)	\$30-\$35

**Anticipate approximately \$8 to \$10 million of depreciation expense in the second half of 2021*

Anticipate total annualized ongoing operating expenditures for running the new system to be \$50 to \$60 million in 2022, in line with prior estimates.

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

***Anticipate approximately \$17 to \$20 million of depreciation expense in 2022*

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 to 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 Q3 2021 Financial Measures

(In millions, except per share data)

	Three Months Ended September 30, 2021				
	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	\$ 239.7	\$ 279.4	\$ (50.6)	\$ (66.0)	\$ (0.72)
Adjustments:					
ERP Implementation	-	(14.6)	14.6	10.9	0.12
Intangible Amortization	-	(29.2)	29.2	22.6	0.25
Operational Optimization	-	-	-	-	-
Divestitures (including Divestiture Losses (Gains), net)	-	(1.3)	12.2	7.5	0.08
Litigation, Settlements and Regulatory Compliance	-	(67.1)	67.1	65.5	0.71
Asset Impairments	-	-	-	-	-
Other	-	-	-	-	-
U.S. CARES Act and Other Tax Matter	-	-	-	-	-
Diluted Share Impact	-	-	-	-	-
Total Adjustments	-	(112.2)	123.1	106.5	1.16
Adjusted Financial Measures	<u>\$ 239.7</u>	<u>\$ 167.2</u>	<u>\$ 72.5</u>	<u>\$ 40.5</u>	<u>\$ 0.44</u>
Depreciation			27.4		
Adjusted EBITDA			<u>\$ 99.9</u>		

For more details on adjusted items, please see Stericycle's earnings press release for Q3 2021 issued on November 2, 2021.

Reconciliation of U.S. GAAP to Adjusted Q3 2020 Financial Measures

(In millions, except per share data)

	Three Months Ended September 30, 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	\$ 267.3	\$ 219.0	\$ (55.8)	\$ (81.2)	\$ (0.89)
Adjustments:					
ERP Implementation	-	(10.7)	10.7	8.0	0.09
Intangible Amortization	-	(31.4)	31.4	23.6	0.26
Operational Optimization	-	(3.1)	3.1	2.5	0.03
Divestitures (including Divestiture Losses (Gains), net)	-	(1.3)	105.4	104.1	1.13
Litigation, Settlements and Regulatory Compliance	-	(3.5)	3.5	2.8	0.03
Asset Impairments	-	(0.6)	0.6	0.4	-
Other	-	(2.1)	2.1	1.8	0.02
U.S. CARES Act and Other Tax Matter	-	-	-	-	-
Diluted Share Impact	-	-	-	-	0.01
Total Adjustments	-	(52.7)	156.8	143.2	1.57
Adjusted Financial Measures	\$ 267.3	\$ 166.3	\$ 101.0	\$ 62.0	\$ 0.68
Depreciation			25.8		
Adjusted EBITDA			\$ 126.8		

For more details on adjusted items, please see Stericycle's earnings press release for Q3 2021 issued on November 2, 2021.

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