

STERICYCLE INVESTOR PRESENTATION

Fourth Quarter 2018 Earnings Results

February 28, 2019

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). In particular, statements pertaining to our acquisition activity, business transformation, future dividend policy, capital expenditures, cost savings initiatives and remediation efforts with respect to identified material weaknesses contain forward-looking statements. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements. 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 collected from customers, the ability to implement our ERP or execute on Business Transformation initiatives and achieve the anticipated benefits and cost savings, charges related to the portfolio rationalization strategy or the failure of this strategy to achieve the desired results, failure to consummate a strategic alternative transaction with respect to Communication and Related Services or other non-core businesses, potential charges related to a strategic alternative transaction with respect to Communication and Related Services, or the failure of any such transaction to achieve desired results, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in private placement notes and credit agreements, 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, changes in the demand and price for recycled paper, failure to maintain an effective system of internal control over financial reporting, delays in implementing remediation efforts with respect to existing material weakness, identification of additional material weaknesses, failure of current remediation efforts to address existing material weaknesses, disruptions in or attacks on information technology systems, as well as other factors described in filings with the U.S. Securities and Exchange Commission, including this 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. To the extent permitted under applicable law, we make no commitment to disclose any subsequent revisions to forward-looking statements.

Stericycle: A Purpose-Driven Company



We provide our customers with innovative and sustainable, business-to-business compliance solutions that protect people and brands, promote health and safeguard the environment.

Recent Updates and Business Highlights

Key Business Highlights

- Core Regulated Waste and Compliance Services and Secure Information Destruction businesses exceeded internal revenue expectations
- Business Transformation and ERP initiatives on track for 2020 implementation in the US and Canada
- Signed agreement to divest a UK-based texting business; portfolio rationalization efforts continue
- Announced CEO transition and strengthening of executive team with three new leaders
- Announced retirement of Mark Miller and Thomas Brown from the Board of Directors

Leadership Changes



**President and COO Cindy Miller
to become
President and CEO**

effective May 2, 2019



**CFO Dan Ginnetti
to become
Executive Vice President of International**

*following the appointment of a new CFO;
search currently underway*

New Executives to Stericycle



Joseph A. Reuter
Executive Vice President
& Chief People Officer



William J. Seward
Executive Vice President
& Chief Commercial Officer



Richard M. Moore
Executive Vice President,
North America

Driving Enhanced Shareholder Value: Stericycle's Business Transformation

Business Transformation to reposition Stericycle for long-term growth with standardized business processes, more efficient operations, and a stronger platform for long-term growth

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

Key Initiatives

- Implement a global ERP platform
- Rationalize the portfolio to focus on core assets
- Pursue operational optimization across the fleet and facilities
- Drive organizational efficiency
- Pursue commercial excellence
- Leverage scale for strategic sourcing

Progress toward the Business Transformation

Key Q4 Accomplishments

- \$6.9 million Adjusted EBITDA benefit in-quarter
 - Strategic sourcing initiatives relating to technology
 - Cost initiatives within CRS
- Significant progress made on building and testing of our ERP, which will continue through 2019
- Annual cash spend of \$91.5 million was below the \$95-\$105 million estimate for 2018

2018 Financial Impact

\$64.0M

Adjusted EBITDA benefit in line with \$60-\$65M goal

\$82.6M

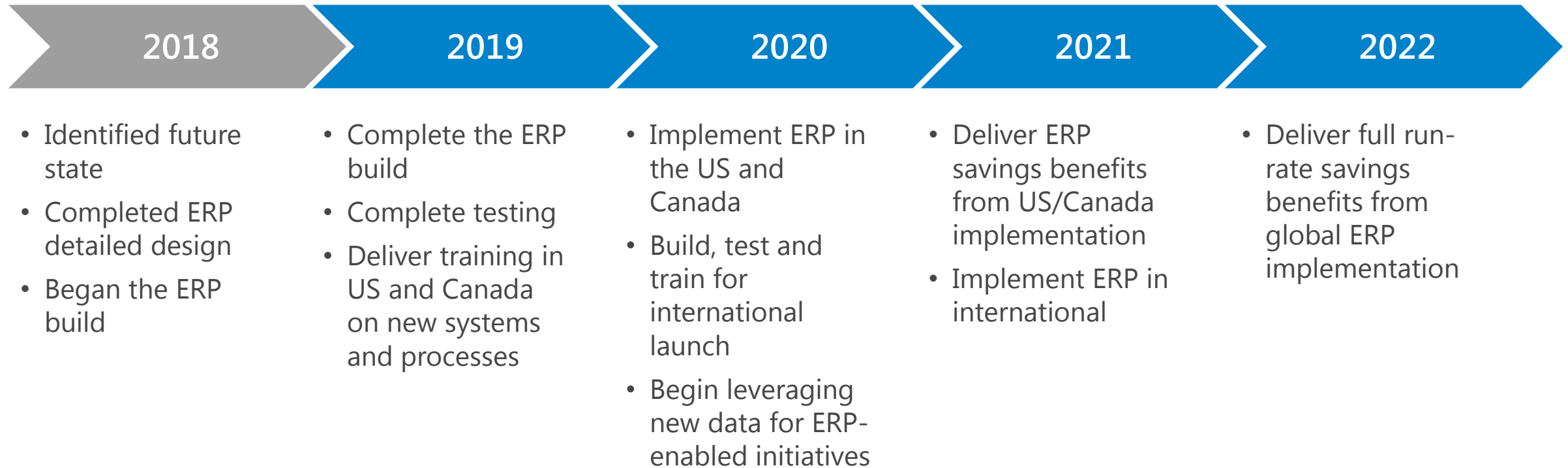
Transformation expenses inclusive of a \$9.1M non-cash impairment charge

\$18.0M

Capital expenditure payments

Key ERP Milestones

ERP platform expected to deliver lasting efficiencies that will drive significant financial benefits and increase shareholder value



Q4 2018 & Full-Year 2018 Financial Results



Q4 2018 Global Revenues by Service Compared to Q4 2017

<i>(\$ in millions)</i>	Q4 2018	Organic Change	Change from Prior Year
Regulated Waste and Compliance Services	\$474.8	(1.7%)	(4.6%)
Secure Information Destruction Services	\$233.5	13.8%	15.4%
Communication and Related Services	\$68.3	(29.1%)	(29.7%)
Manufacturing and Industrial Services (M&I)	\$76.1	(1.5%)	(16.1%)
Total Revenues	\$852.7	(1.1%)	(4.0%)
Adjusted Revenues, excluding M&I	\$776.6	(1.1%)	(2.6%)
Acquisitions Effect*			\$6.8
Divestitures Effect*			(\$10.4)
Foreign Exchange Impact			(\$21.4)

*Includes quarterly revenue effect from acquisitions and divestitures with less than a full-year impact in the comparative period.

Q4 2018 Factors Driving Performance

REGULATED WASTE AND COMPLIANCE SERVICES

- Organic revenues declined 1.7%, in line with expectations
- Encouraged by initial results and trends from initiatives introduced in 2018 focused on strengthening the brand and SQ relationships

COMMUNICATION AND RELATED SERVICES

- Continuation of smaller recall events
- Impacted by federal government shut-down
- Closed on the divestiture of the UK-based texting business

SECURE INFORMATION DESTRUCTION

- Organic revenue growth of 13.8% or 7.1% when adjusted for higher recycled paper pricing
- Strongest quarterly revenue growth since acquiring the Shred-it business in 2015
- Growth driven by conversion of the unvended market in both the US and Europe

MANUFACTURING AND INDUSTRIAL SERVICES

- Organic growth declined 1.5%
- Foreign exchange impact and divestitures accounted for 14.5% decline

Q4 2018 Financial Performance

<i>(\$ in millions except for EPS)</i>	Q4 2018	Drivers of Financial Results
Revenues	\$852.7	Strong secure information destruction growth offset by CRS' continuation of smaller sized recall events
Loss from Operations	(\$345.9)	Due to non-cash goodwill impairment charges of \$358.7 million related to CRS and Latin America, and other adjusting items
Adjusted EBITDA*	\$180.5	Driven by growth in Secure Information Destruction and offset by expected declines in SQ and CRS and divestitures
US GAAP Diluted EPS	(\$3.51)	Due to non-cash goodwill impairment charges of \$358.7 million related to CRS and Latin America, and other adjusting items
Adjusted Diluted EPS*	\$1.03	See bridge on next slide

**Reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to their respective US GAAP measures can be found in the appendix of this presentation.*

Q4 2018 Adjusted Diluted EPS* Bridge from Guidance



**Reconciliation of Adjusted Diluted EPS to its respective US GAAP measures can be found in the appendix of this presentation.*

Full Year 2018 Key Financial Information Compared to 2017

<i>(\$ in millions except for EPS)</i>	FY2018	Organic Change	Change from Prior Year
Regulated Waste and Compliance Services	\$1,932.6	(2.8%)	(4.5%)
Secure Information Destruction Services	\$911.0	7.8%	10.6%
Communication and Related Services	\$313.1	(18.2%)	(18.2%)
Manufacturing and Industrial Services (M&I)	\$392.2	2.8%	(6.2%)
Total Revenues	\$3,485.9	(1.5%)	(2.6%)
Adjusted Revenues, excluding M&I	\$3,156.7	(1.9%)	(2.3%)
Loss from Operations	(\$161.1)		(\$153.5)
Adjusted EBITDA*	\$744.6		(\$67.4)
US GAAP Diluted EPS	(\$2.91)		(\$3.18)
Adjusted Diluted EPS*	\$4.45		\$0.11
Cash from Operations	\$165.7		(\$342.9)

* Reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to their respective US GAAP measures can be found in the appendix of this presentation.

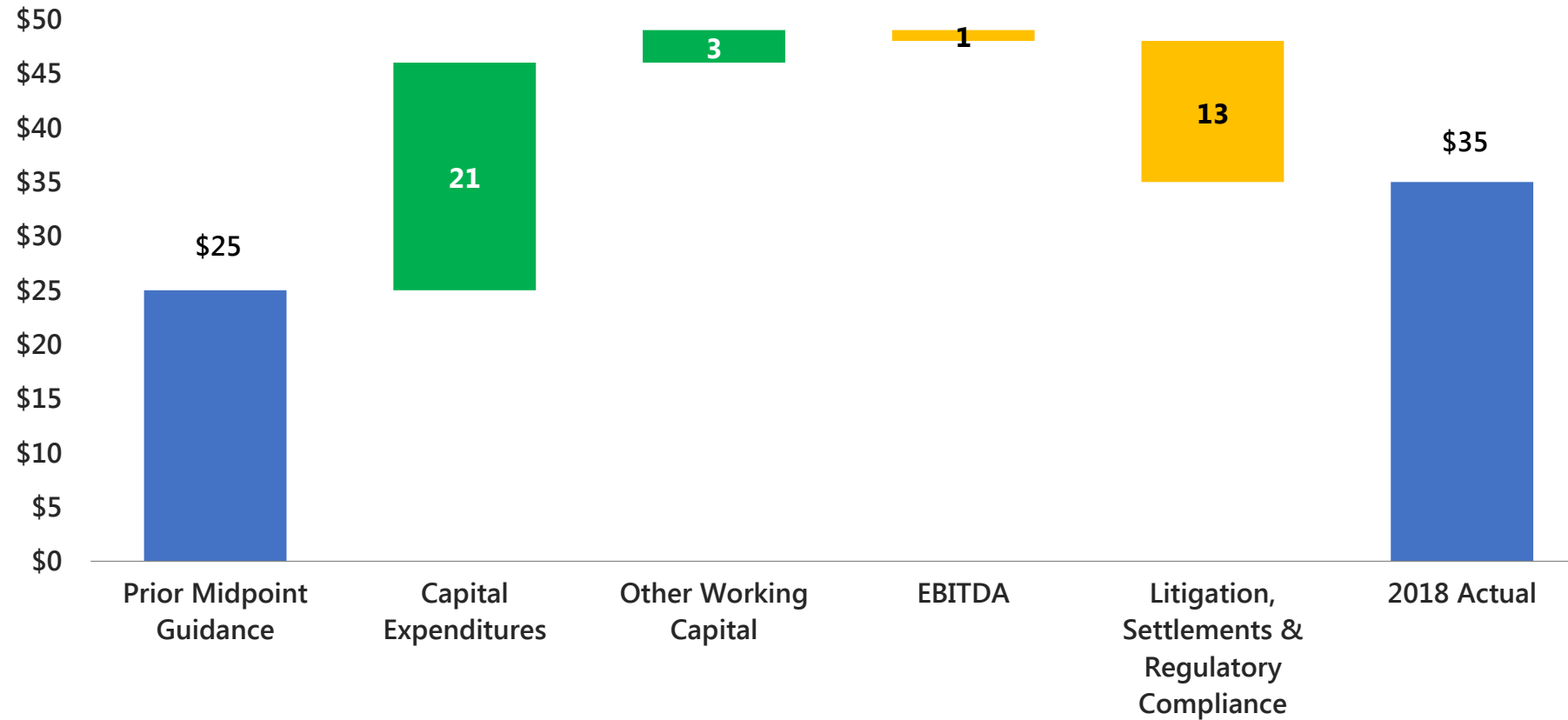
Balance Sheet and Cash Flow

<i>Balance Sheet (\$ in millions)</i>	As of Dec 31, 2018	As of Dec 31, 2017
Current Portion of Long-Term Debt	\$104	\$120
Long-Term Portion of Debt	\$2,674	\$2,627
Cash Balance	\$34	\$42
Net Debt	\$2,744	\$2,705
Net Debt to Adjusted EBITDA	3.64X	3.66X

Amounts and measures above as defined by debt agreements in effect as of the respective period end.

<i>Cash Flow (\$ in millions)</i>	Year ended Dec 31, 2018
Cash from Operations	\$165.7
Free Cash Flow	\$34.9
Capital Expenditures	\$130.8
Days Sales Outstanding	63 days

2018 Free Cash Flow Bridge from Guidance



2019 Guidance

2019 Guidance

\$3.41 – \$3.53 Billion

Global Revenue

19.4% – 20.1%

Adjusted EBITDA Percent of Revenue*

\$3.32 – \$3.72

Adjusted Diluted EPS*

Key Assumptions and Considerations

- Annual capital expenditures of \$180 - \$200 million
- Adjusted tax rate of 25.5% - 26.5%
- Outstanding share count of 90.7 million
- No share repurchases
- Excludes future acquisitions and divestitures
- Current foreign exchange rates

**Guidance is on an adjusted (non-GAAP) basis because 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, business transformation, intangible amortization, operational optimization, certain other items, or the impact of highly inflationary accounting on operations in Argentina or other unanticipated events, which would be included in reported (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 US GAAP in the schedules attached to this document. 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 US GAAP measures and should not be considered in isolation from, or a replacement for, financial measures prepared in accordance with US 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, Depreciation and Amortization (Adjusted EBITDA) is Income from operations excluding certain specified items, Depreciation and Intangible Amortization.

Reconciliation of US GAAP to Adjusted Q4 2018 Results

(In millions, except per share data)

	Three Months Ended December 31, 2018				
	Gross Profit	Selling, General and Administrative Expenses	(Loss) Income from Operations	Net (Loss) Income Attributable to Common Shareholders	(Loss) Earnings Per Share
U.S. GAAP Financial Measures	\$ 328.7	\$ 315.9	\$ (345.9)	\$ (318.4)	\$ (3.51)
Adjustments:					
Business Transformation	0.3	(17.4)	17.7	13.2	0.15
Intangible Amortization	-	(33.7)	33.7	25.8	0.28
Acquisition and Integration	-	(2.3)	2.3	1.8	0.02
Operational Optimization	-	(9.9)	9.9	8.5	0.09
Divestitures	-	(1.4)	1.4	1.1	0.01
Litigation, Settlements and Regulatory Compliance	-	(32.0)	32.0	29.0	0.33
Impairment	17.6	(8.9)	385.2	314.5	3.47
Other	-	(14.2)	14.2	9.3	0.10
Capital Allocation	-	-	-	-	-
U.S. Tax Reform	-	-	-	8.4	0.09
Adjusted Financial Measures	\$ 346.6	\$ 196.1	\$ 150.5	\$ 93.2	\$ 1.03

(In millions)	Three Months Ended December 31, 2018
Adjusted income from operations	\$ 150.5
Depreciation	30.0
Adjusted EBITDA	\$ 180.5

(In millions)	Three Months Ended December 31, 2018
Loss from operations	\$ (345.9)
Depreciation	30.0
Intangible amortization	33.7
EBITDA	\$ (282.2)

For more details on adjusted items, please see Stericycle's earnings press release for Q4 2018 issued on February 28, 2019.

Reconciliation of US GAAP to Adjusted 2018 Full-Year Results

(In millions, except per share data)

	Year Ended December 31, 2018				
	Gross Profit	Selling, General and Administrative Expenses	(Loss) Income from Operations	Net (Loss) Income Attributable to Common Shareholders	(Loss) Earnings Per Share
U.S. GAAP Financial Measures	\$ 1,376.0	\$ 1,178.4	\$ (161.1)	\$ (253.3)	\$ (2.91)
Adjustments:					
Business Transformation	8.1	(74.5)	82.6	61.2	0.71
Intangible Amortization	-	(130.3)	130.3	97.7	1.12
Acquisition and Integration	-	(9.8)	9.8	7.8	0.09
Operational Optimization	-	(29.4)	29.4	22.9	0.26
Divestitures	-	(20.5)	20.5	16.0	0.18
Litigation, Settlements and Regulatory Compliance	-	(93.2)	93.2	74.2	0.85
Impairment	17.6	(8.9)	385.2	314.5	3.62
Other	-	(29.1)	29.1	25.6	0.29
Capital Allocation	-	-	-	27.5	0.14
U.S. Tax Reform	-	-	-	8.8	0.10
Adjusted Financial Measures	\$ 1,401.7	\$ 782.7	\$ 619.0	\$ 402.9	\$ 4.45

(In millions)

	Years Ended December 31,
	2018
Adjusted income from operations	\$ 619.0
Depreciation	125.6
Adjusted EBITDA	\$ 744.6

(In millions)

	Years Ended December 31,
	2018
Loss from operations	\$ (161.1)
Depreciation	125.6
Intangible amortization	130.3
EBITDA	\$ 94.8

For more details on adjusted items, please see Stericycle's earnings press release for Q4 2018 issued on February 28, 2019.