

STERICYCLE INVESTOR PRESENTATION

Second Quarter 2019 Earnings Results

August 1, 2019

Nasdaq: **SRCL**



Safe Harbor Statement

This document may contain forward-looking statements. When we use words such as "believes," "expects," "anticipates," "estimates" 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, 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 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 strategic alternative 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.

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

- Revenue was in line with expectations, excluding the impact of foreign exchange, divestitures, and sorted office paper (SOP) pricing
 - Regulated Waste and Compliance Services (RWCS) grew organic revenues 1.4%, the first increase in two years
 - Secure Information Destruction organic revenues, excluding sorted office paper (SOP), increased 4.3%
- Profitability was impacted by macroeconomic factors and higher than anticipated costs primarily associated with hazardous waste
- Continued to advance the ERP and remain on track for 2020 implementation in the U.S. and Canada
- Completed debt refinancing in June to provide for a balanced capital structure and additional financial flexibility

2019 Priorities

- Portfolio rationalization
- Debt restructuring and leverage improvement
- Quality of revenue
- Operational cost efficiencies
- ERP implementation readiness

Q2 2019 Financial Results



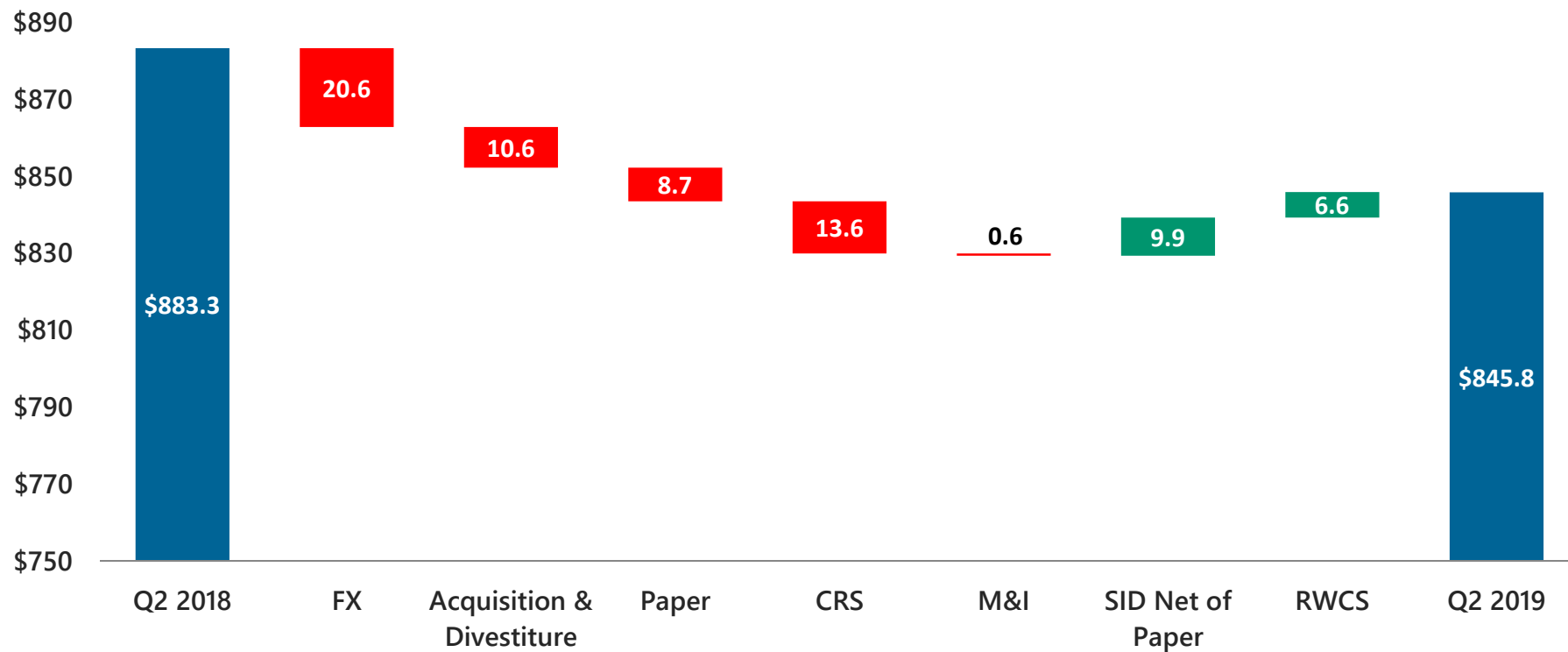
Q2 2019 Global Revenues by Service Compared to Same Quarter Prior Year

<i>(\$ in millions)</i>	Q2 2019	Organic Change	Change from Prior Year
Regulated Waste and Compliance Services	\$475.0	1.4%	(1.8%)
Secure Information Destruction Services	\$229.4	0.5% ⁽¹⁾	(0.3%)
Communication and Related Services	\$63.2	(16.7%)	(22.2%)
Manufacturing and Industrial Services	\$78.2	(0.7%)	(11.3%)
Total Revenues	\$845.8	(0.8%)	(4.2%)
Acquisitions Effect ⁽²⁾			\$1.1
Divestitures Effect			(\$11.7)
Foreign Exchange Impact			(\$20.6)

⁽¹⁾ Organic Percentage Change for Secure Information Destruction Services includes the impact of SOP price movements. Excluding SOP price impact Organic Percentage Change is 4.3% for the three months ended June 30, 2019.

⁽²⁾ Includes quarterly revenue effect from acquisitions and divestitures with less than a full-year impact in the comparative period.

Q2 2019 Revenue Bridge Compared to Same Quarter Prior Year (in millions)



Q2 2019 Factors Driving Performance

REGULATED WASTE AND COMPLIANCE SERVICES

- Organic revenues increased \$6.6 million or 1.4% compared to Q2 2018
- Reflects strength in healthcare hazardous waste and hospital medical waste markets
- Encouraging trends in U.S. for the small customer medical waste business continue including lower discounting
- Foreign exchange and divestitures lowered revenues by \$15.9 million

COMMUNICATION AND RELATED SERVICES

- Revenue decrease of \$18.1 million over Q2 2018
- Results reflect continued fewer and smaller recall events compared to Q2 2018
- U.K.-based texting divestiture and foreign exchange reduced revenues by \$4.5 million

SECURE INFORMATION DESTRUCTION

- Organic revenue growth of 0.5% or 4.3% when adjusted for lower recycled paper pricing compared to Q2 2018
- Implementing paper surcharge to partially offset the impact of paper pricing
- Foreign exchange reduced revenues by \$2.6 million

MANUFACTURING AND INDUSTRIAL SERVICES

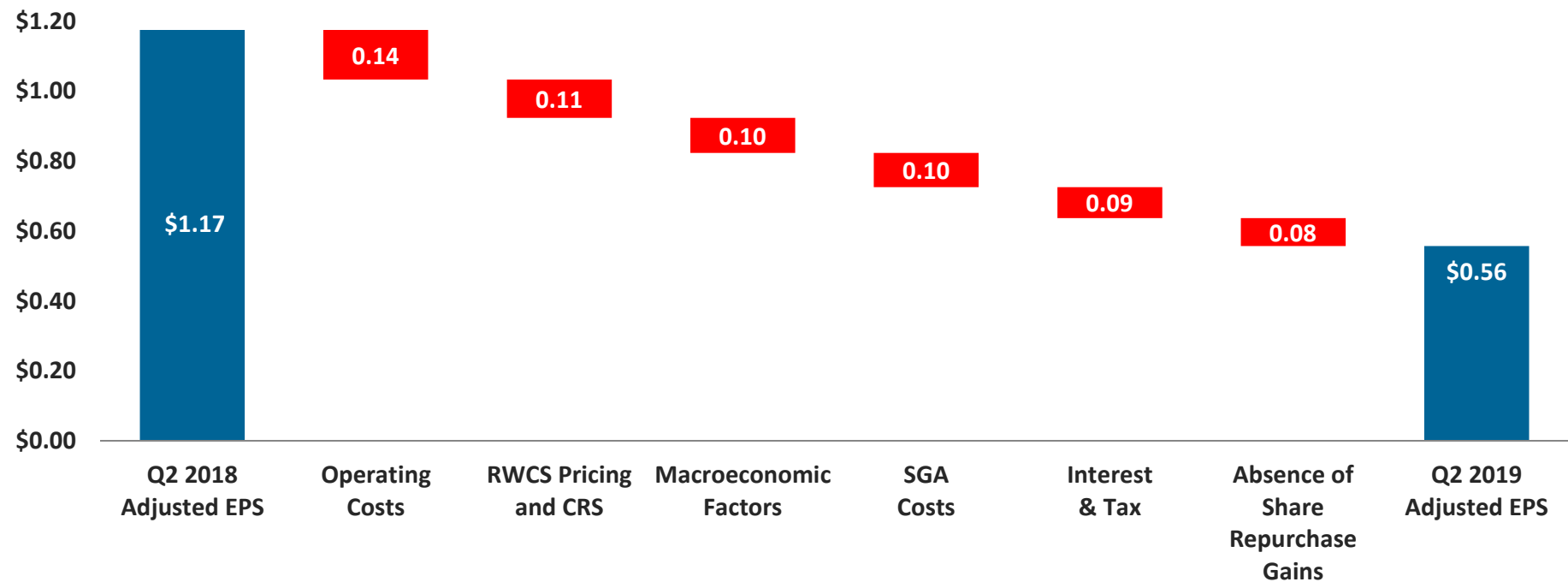
- Foreign exchange impact and divestitures accounted for \$9.3 million revenue
- Organic revenues declined slightly (0.7%) reflecting softness in U.S. offset by growth in Latin America

Q2 2019 Financial Performance

<i>(\$ in millions except for EPS)</i>	Q2 2019
Revenues	\$845.8
Income from Operations	\$25.3
U.S. GAAP Diluted Loss per Share	(\$0.33)
Adjusted EBITDA*	\$137.7
Adjusted Diluted EPS*	\$0.56

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

Q2 2019 Adjusted Diluted EPS* Bridge Compared to Same Quarter Prior Year



*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 June 30, 2019	As of Dec 31, 2018
Current Portion of Long-Term Debt	\$117	\$104
Long-Term Portion of Debt*	\$2,713	\$2,674
Cash Balance	\$34	\$34
Net Debt*	\$2,796	\$2,744
Net Debt to Adjusted EBITDA*	4.36X	3.64X

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

<i>Cash Flow (\$ in millions)</i>	Year-to-Date 2019
Cash from Operations	\$71.0
Free Cash Flow	(\$37.2)
Capital Expenditures	\$108.2
Days Sales Outstanding (<i>as of June 30, 2019</i>)	66 days

2019 Guidance



2019 Guidance

\$3,345 – \$3,405 Million

Global Revenue

\$575 – \$615 Million

Adjusted EBITDA*

\$2.50 – \$2.85

Adjusted Diluted EPS*

Key Assumptions and Considerations

- Annual capital expenditures of \$170 - \$190 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 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.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA) is Income from operations excluding certain specified items, Depreciation and Intangible Amortization.

Reconciliation of U.S. GAAP to Adjusted Q2 2019 Financial Measures

(In millions, except per share data)

	Three Months Ended June 30, 2019				
	Gross Profit	Selling, General and Administrative Expenses	Income from Operations	Net (Loss) Income Attributable to Common Shareholders	Diluted (Loss) Earnings Per Share
U.S. GAAP Financial Measures	\$ 302.6	\$ 277.3	\$ 25.3	\$ (30.5)	\$ (0.33)
Adjustments:					
Business Transformation	-	(14.0)	14.0	10.5	0.12
Intangible Amortization	-	(36.9)	36.9	28.0	0.31
Acquisition and Integration	-	-	-	-	-
Operational Optimization	2.2	(1.4)	3.6	2.9	0.03
Divestitures	-	(4.9)	4.9	3.7	0.04
Litigation, Settlements and Regulatory Compliance	-	(9.1)	9.1	7.4	0.08
Impairment	-	(2.1)	2.1	2.0	0.02
Other	-	(9.7)	9.7	7.4	0.07
Capital Allocation	-	-	-	19.8	0.22
Adjusted Financial Measures	\$ 304.8	\$ 199.2	\$ 105.6	\$ 51.2	\$ 0.56

(In millions)

	Three Months Ended June 30,	
	2019	2018
Income from operations	\$ 25.3	\$ 62.4
Depreciation	32.9	32.7
Intangible amortization	36.9	32.9
EBITDA	\$ 95.1	\$ 128.0

(In millions)

	Three Months Ended June 30,	
	2019	2018
Adjusted income from operations	\$ 105.6	\$ 158.2
Depreciation	32.1	32.7
Adjusted EBITDA	\$ 137.7	\$ 190.9

For more details on adjusted items, please see Stericycle's earnings press release for Q2 2019 issued on August 1, 2019.