



# Investor Presentation

## First Quarter 2022 Results

April 28, 2022



# 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, inflationary cost pressure in labor, supply chain and other expenses, decreases in the volume of regulated wastes or personal and confidential information collected from customers, the ability to implement the remaining phases of our ERP system, and disruptions resulting from deployment of our ERP system, disruptions in our supply chain, disruptions in or attacks on information technology systems, 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, 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, labor shortages, an economic disruption in the U.S. and other countries resulting from 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, charges related to portfolio optimization or the failure of acquisitions or 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, future or settled litigation or investigations including with respect to the U.S. Foreign Corrupt Practices Act and foreign anti-corruption laws, 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 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 Leverage Improvement
- Portfolio Optimization

# Q1 2022 Key Business Highlights

- Organic revenues grew 2.1% with SID growing 9.5%, partially offset by RWCS decline of 1.0% due to year-over-year reduction in COVID-19 related revenue
- Pricing actions began to partially offset accelerated inflationary cost pressures
- Labor shortages improved in the latter portion of Q1 as COVID-19 related absences and operational openings declined
- Final agreements reached with SEC, DOJ and Brazilian authorities on the FCPA matter

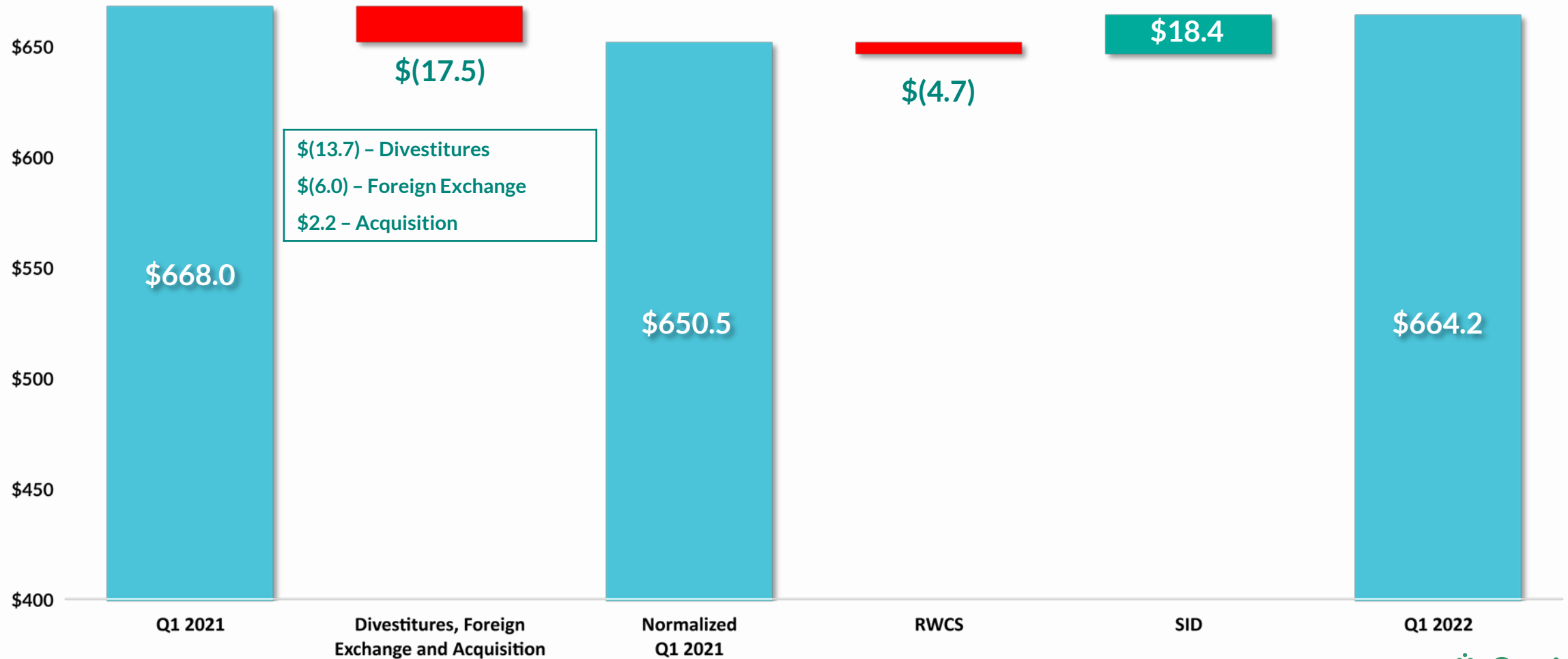
(\$ millions except for EPS)	Three Months Ended March 31, 2022
Revenues	\$664.2
Income from Operations	\$5.9
Adjusted Income from Operations <sup>(1)</sup>	\$59.0
Diluted Loss per Share	\$(0.15)
Adjusted Diluted Earnings per Share <sup>(1)</sup>	\$0.32
Net Cash from Operating Activities	\$(38.8)
Free Cash Flow <sup>(2)</sup>	\$(76.3)

<sup>(1)</sup> 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.

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

# Q1 2022 Revenue Bridge

\$ millions  
\$700



# Q1 2022 Revenues Changes by Service and Segment Compared to Q1 2021

	Three Months Ended March 31,								
	In millions			Components of Change (%) <sup>(1)</sup>					
	2022	2021	Change (\$)	Change (%)	Organic Growth <sup>(2)</sup>	Acquisition	Divestitures	Foreign Exchange <sup>(3)</sup>	
<b>Revenue by Service</b>									
Regulated Waste and Compliance Services	\$ 452.6	\$ 473.6	\$ (21.0)	(4.4)%	(1.0)%	0.5%	(2.9)%	(1.0)%	
Secure Information Destruction Services	211.6	194.4	17.2	8.8%	9.5%	-%	-%	(0.7)%	
<b>Total Revenues</b>	<u>\$ 664.2</u>	<u>\$ 668.0</u>	<u>\$ (3.8)</u>	(0.6)%	2.1%	0.3%	(2.1)%	(0.9)%	
<b>North America</b>									
Regulated Waste and Compliance Services	\$ 362.1	\$ 366.8	\$ (4.7)	(1.3)%	0.1%	0.6%	(2.0)%	-%	
Secure Information Destruction Services	181.6	166.9	14.7	8.8%	8.8%	-%	-%	-%	
<b>Total North America Segment</b>	<u>\$ 543.7</u>	<u>\$ 533.7</u>	<u>\$ 10.0</u>	1.9%	2.8%	0.4%	(1.4)%	-%	
<b>International</b>									
Regulated Waste and Compliance Services	\$ 90.5	\$ 106.8	\$ (16.3)	(15.3)%	(4.7)%	-%	(6.1)%	(4.4)%	
Secure Information Destruction Services	30.0	27.5	2.5	9.1%	13.6%	-%	-%	(4.8)%	
<b>Total International Segment</b>	<u>\$ 120.5</u>	<u>\$ 134.3</u>	<u>\$ (13.8)</u>	(10.3)	(0.9)%	-%	(4.9)%	(4.5)%	

<sup>(1)</sup> Components of Change % in summation may not cross-foot to the total Change % due to rounding.

<sup>(2)</sup> 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.

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

# Q1 2022 Financial Performance

(\$ millions except for EPS)	Three Months Ended March 31,	
	2022	2021
Revenues	\$664.2	\$668.0
Income from Operations	\$5.9	\$59.1
Diluted (Loss) Earnings per Share	\$(0.15)	\$0.28
Adjusted Income from Operations <sup>(1)</sup>	\$59.0	\$110.0
Adjusted Diluted Earnings per Share <sup>(1)</sup>	\$0.32	\$0.71

<sup>(1)</sup> 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 2022 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.



# Free Cash Flow <sup>(1)</sup> Bridge for the Quarter Ended March 31, 2022

(\$ millions)		
Free Cash Flow as of March 31, 2021		\$37.9
Changes in		
Accounts Receivable <sup>(2)</sup>	\$(26.9)	
Accounts Payable <sup>(3)</sup>	(13.3)	
Self-Insurance Claims <sup>(4)</sup>	(9.2)	
Interest <sup>(5)</sup>	(8.0)	
Other Net Working Capital	(9.6)	
<b>Less: Changes in Net Working Capital</b>		<b>(67.0)</b>
<b>Less: Cash Outflow Associated with Income from Operations</b>		<b>(34.4)</b>
<b>Less: Changes in Capital Expenditures</b>		<b>(12.8)</b>
<b>Year-over-year change in Free Cash Flow</b>		<b>(114.2)</b>
<b>Free Cash Flow as of March 31, 2022</b>		<b>\$(76.3)</b>

<sup>(1)</sup> Free Cash Flow is calculated as Net cash from operating activities less Capital expenditures

<sup>(2)</sup> Changes in Accounts Receivable is primarily driven by the timing of North America SID customer invoicing and collections

<sup>(3)</sup> Changes in Accounts Payable is primarily timing

<sup>(4)</sup> Primarily represents payment of self-insurance claims that were expensed in 2021

<sup>(5)</sup> In connection with the \$500 million Senior Notes that we issued in November 2020, our first interest payment on that debt was remitted in Q3 2021 with subsequent payments remitted every six months. As such, the \$8.0 million increase in interest payments is due to a higher interest payment in Q1 2022 compared to Q1 2021.

# Liquidity and Debt Leverage

	As of March 31, 2022	As of December 31, 2021
Net Debt <sup>1</sup>	\$1,649.1	\$1,568.1
Credit Agreement Defined Debt Leverage Ratio	3.81X	3.61X
Unused Portion of the Revolving Credit Facility	\$791.5	\$881.5

<sup>(1)</sup> Net debt is calculated as total debt less cash and cash equivalents as defined by our Credit Agreement.

- The amended credit agreement allows add backs related to the FCPA settlement when calculating the credit agreement defined debt leverage ratio as of March 31, 2022.
- For additional information, see *Note 5 - Long-Term Debt* in the Form 10-Q for the quarter ended March 31, 2022.

# 2022 Guidance\*

We expect the following:

<b>Organic Revenue Growth<sup>(1)</sup></b>	3 to 5 percent on a base of \$2.60 billion
<b>Adjusted EPS<sup>(2)(3)(4)</sup></b>	\$2.00 to \$2.30
<b>Free Cash Flow<sup>(5)</sup></b>	\$125-\$155 million
<b>Capital Expenditures</b>	\$120-\$140 million

*(1) Organic revenue base of \$2.60 billion represents 2021 revenues normalized for revenues from businesses divested in 2021.*

*(2) Assumes Sorted Office Paper (SOP) Recycling revenue per ton and foreign exchange rates as of end of year 2021.*

*(3) Assumes increased interest rates with an expected impact of approximately \$0.02 Adjusted EPS.*

*(4) Assumes adjusted effective tax rate in the range of 25% to 28%.*

*(5) Assumes payment of approximately \$80 million for the FCPA settlement anticipated to be paid in the second quarter of 2022.*

*\*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 pricing. This guidance also excludes future acquisitions, divestitures, litigation and monitoring costs.*

# Long-Term Outlook\*

## We expect the following:

### 3 – 5 % CAGR

Five-year compounded annual rate of 3 to 5 percent with 2020 as the base year

### \$400 million in Free Cash Flow

Generate at least \$400 million in annual free cash flow between 2024 and 2025, primarily driven by operating margin expansion

### Debt Leverage <3.0X

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 assumptions with respect to foreign exchange rates and estimates for SOP pricing. This outlook also excludes future acquisitions, divestitures, litigation and monitoring costs.*



# 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 2022 Financial Measures

(In millions, except per share data)

	Three Months Ended March 31, 2022			
	Selling, General and Administrative Expenses	Income from Operations	Net (Loss) Income Attributable to Common Shareholders	Diluted (Loss) Earnings Per Share
<b>U.S. GAAP Financial Measures</b>	\$ 238.6	\$ 5.9	\$ (14.2)	\$ (0.15)
<b>Adjustments:</b>				
ERP Implementation	(5.6)	5.6	4.2	0.05
Intangible Amortization	(32.4)	32.4	25.2	0.27
Portfolio Optimization	(1.3)	1.3	1.0	0.01
Litigation, Settlements and Regulatory Compliance	(13.8)	13.8	12.9	0.14
Total Adjustments	(53.1)	53.1	43.3	0.47
<b>Adjusted Financial Measures</b>	<b>\$ 185.5</b>	<b>\$ 59.0</b>	<b>\$ 29.1</b>	<b>\$ 0.32</b>
Depreciation		27.3		
<b>Adjusted EBITDA</b>		<b>\$ 86.3</b>		

For more details on adjusted items, please see Stericycle's earnings press release for Q1 2022 issued on April 28, 2022.

# Reconciliation of U.S. GAAP to Adjusted Q1 2021 Financial Measures

*(In millions, except per share data)*

	Three Months Ended March 31, 2021			
	Selling, General and Administrative Expenses	Income from Operations	Net Income Attributable to Common Shareholders	Diluted Earnings Per Share
<b>U.S. GAAP Financial Measures</b>	\$ 202.3	\$ 59.1	\$ 26.1	\$ 0.28
<b>Adjustments:</b>				
ERP Implementation	(17.9)	17.9	13.3	0.14
Intangible Amortization	(29.8)	29.8	23.1	0.25
Portfolio Optimization	(1.2)	1.2	0.9	0.02
Litigation, Settlements and Regulatory Compliance	(2.0)	2.0	1.5	0.02
Total Adjustments	(50.9)	50.9	38.8	0.43
<b>Adjusted Financial Measures</b>	<b>\$ 151.4</b>	<b>\$ 110.0</b>	<b>\$ 64.9</b>	<b>\$ 0.71</b>
Depreciation		25.2		
<b>Adjusted EBITDA</b>		<b>\$ 135.2</b>		

*For more details on adjusted items, please see Stericycle's earnings press release for Q1 2021 issued on April 28, 2022.*



# Contact Us

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