



## STERIS Announces Preliminary Financial Results for Fiscal 2021

04/27/21

### o *Company expects to close the Cantel Medical acquisition by June 2, 2021, pending shareholder vote*

DUBLIN, IRELAND, April 27, 2021 (GLOBE NEWSWIRE) -- STERIS plc (NYSE: STE) ("STERIS" or the "Company") today announced preliminary financial results for its fiscal 2021 year ending March 31, 2021. The Company expects to report that revenue as reported for fiscal 2021 increased approximately 3% to \$3.1 billion compared with \$3.0 billion in fiscal 2020. Constant currency organic revenue was slightly higher than fiscal 2020.

STERIS anticipates as reported income from operations for fiscal 2021 to be approximately \$548 million and adjusted income from operations to be approximately \$699 million. Free cash flow is anticipated to be approximately \$447 million for fiscal 2021.

"STERIS is announcing certain financial results today so that all investors have access to information regarding the Company's most recent financial performance prior to the Cantel Medical shareholder vote scheduled for April 29th," said Walt Rosebrough, STERIS President and CEO. "Given the impact of COVID-19, we are pleased with our fiscal 2021 performance and will be providing more complete results and commentary on our earnings call on May 19, 2021. We also intend to include our outlook for the combined company for fiscal 2022 at that time."

Pending the Cantel Medical shareholder vote and the satisfaction or waiver of other closing conditions, STERIS management now anticipates completing the acquisition of Cantel Medical by June 2, 2021. All applicable regulatory waiting periods have expired or been terminated, and all required pre-closing regulatory approvals or clearances have been obtained.

Income tax calculations are in process, and the Company expects the effective tax rate to be in the range of 19-20%.

These preliminary and estimated results of operations are based on management's initial review of operations for the fiscal year ended March 31, 2021 and remain subject to completion of the Company's customary closing and review procedures and final adjustments and other developments that may arise between now and the time the financial results for the fiscal year ended March 31, 2021 are finalized. It is possible that the final reported results for the fiscal year ended March 31, 2021 may differ materially from the information provided in this release.

### **About STERIS**

STERIS's MISSION IS TO HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science products and services around the globe. For more information, visit [www.steris.com](http://www.steris.com).

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### **Non-GAAP Financial Measures**

Adjusted net income, adjusted EBIT, free cash flow and constant currency organic revenue are non-GAAP measures that may be used from time to time and should not be considered replacements for GAAP results. Non-GAAP financial measures are presented in this release with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented. The Company believes that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures, provides a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure.

Adjusted net income excludes the amortization of intangible assets acquired in business combinations, acquisition related transaction costs, integration costs related to acquisitions, redomiciliation and tax restructuring costs, COVID-19 incremental costs, and certain other unusual or non-recurring items. COVID-19 incremental costs include the additional costs attributable to COVID-19 such as enhanced cleaning protocols, personal protective equipment for our employees, event cancellation fees, and payroll costs associated with our response to COVID-19, net of any government subsidies available. STERIS believes this measure is useful because it excludes items that may not be indicative of or are unrelated to our core operating results and provides a baseline for analyzing trends in our underlying businesses.

The Company defines free cash flow as cash flows from operating activities less purchases of property, plant, equipment and intangibles, plus proceeds from the sale of property, plant, equipment, and intangibles. STERIS believes that free cash flow is a useful measure of the Company's ability to fund future principal debt repayments and growth outside of core operations, pay cash dividends, and repurchase ordinary shares.

To measure the percentage organic revenue growth, the Company removes the impact of significant acquisitions and divestitures that affect the comparability and trends in revenue. To measure the percentage constant currency organic revenue growth, the impact of changes in currency exchange rates and acquisitions and divestitures that affect the comparability and trends in revenue are removed. The impact of changes in currency exchange rates is calculated by translating current year results at prior year average currency exchange rates.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies'

non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales, gross profit, operating income, net earnings and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures below, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review its financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

### **No Offer or Solicitation**

This announcement is for informational purposes only and is not an offer to purchase, nor a solicitation of an offer to sell, subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction pursuant to the proposed Cantel acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

### **Additional Information and Where to Find It**

In connection with the proposed Cantel acquisition, STERIS filed a registration statement on Form S-4 with the Securities and Exchange Commission (the "SEC"). INVESTORS AND SECURITY HOLDERS OF STERIS AND CANTEL ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT IS PART OF THE REGISTRATION STATEMENT, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED CANTEL ACQUISITION. The final proxy statement/prospectus was mailed to stockholders of Cantel beginning on April 1, 2021. Investors and security holders will be able to obtain the documents free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov), Cantel at its website, [www.cantelmedical.com](http://www.cantelmedical.com), or by contacting Cantel's Investor Relations Department at (973) 890-7220, or from STERIS at its website, [www.STERIS.com](http://www.STERIS.com), or by contacting STERIS's Investor Relations Department at (440) 392-7245.

### **Participants in Solicitation**

STERIS, Cantel and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed Cantel acquisition. Information concerning STERIS's participants is set forth in the proxy statement, filed June 5, 2020, for STERIS's 2020 annual meeting of shareholders as filed with the SEC on Schedule 14A and on certain of its Current Reports on Form 8-K. Information concerning Cantel's participants is set forth in the proxy statement, filed November 18, 2020, for Cantel's 2020 annual meeting of shareholders as filed with the SEC on Schedule 14A and on certain of its Current Reports on Form 8-K. Additional information regarding the interests of such participants in the solicitation of proxies, including direct and indirect interests, in respect of the proposed Cantel acquisition is included in the registration statement and proxy statement/prospectus and will be included in other relevant materials to be filed with the SEC when they become available.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This press release contains forward-looking statements within the meaning of the federal securities laws about STERIS. Forward-looking statements speak only as to the date the statement is made and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "outlook," "impact," "potential," "confidence," "improve," "optimistic," "deliver," "orders," "backlog," "comfortable," "trend," and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. These forward-looking statements are based on current expectations, estimates or forecasts about our businesses, the industries in which we operate and current beliefs and assumptions of management and are subject to uncertainty and changes in circumstances. Investors should understand that these statements are not guarantees of performance or results. Many important factors could affect actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements. No assurances can be provided as to any result or the timing of any outcome regarding matters described in STERIS's or Cantel's securities filings or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, cost reductions, business strategies, earnings or revenue trends or future financial results. Unless legally required, we do not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. These risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation:

- the failure to obtain Cantel stockholder approval of the proposed transaction;
- the possibility that the closing conditions to the proposed transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval and any conditions imposed on the combined entity in connection with consummation of the proposed transaction;
- delay in closing the proposed transaction or the possibility of non-consummation of the proposed transaction;
- the risk that the cost savings and any other synergies from the proposed transaction may not be fully realized or may take longer to realize than expected, including that the proposed transaction may not be accretive within the expected timeframe or to the extent anticipated;
- the occurrence of any event that could give rise to termination of the merger agreement;
- the risk that shareholder/stockholder litigation in connection with the proposed transaction may affect the timing or occurrence of the proposed transactions or result in significant costs of defense, indemnification and liability;
- risks related to the disruption of the proposed transaction to STERIS, Cantel and our respective managements;
- risks relating to the value of the STERIS shares to be issued in the transaction;
- the effect of announcement of the proposed transaction on our ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties;
- the impact of the COVID-19 pandemic on STERIS's or Cantel's operations, performance, results, prospects, or value;
- STERIS's ability to achieve the expected benefits regarding the accounting and tax treatments of the redomiciliation to Ireland ("Redomiciliation");
- STERIS's ability to achieve the expected benefits regarding the accounting and tax treatments of the Acquisition;

- operating costs, Customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, Customers, clients or suppliers) being greater than expected following the Redomiciliation;
- STERIS's ability to meet expectations regarding the accounting and tax treatment of the Tax Cuts and Jobs Act ("TCJA") or the possibility that anticipated benefits resulting from the TCJA will be less than estimated;
- changes in tax laws or interpretations that could increase our consolidated tax liabilities, including changes in tax laws that would result in STERIS being treated as a domestic corporation for United States federal tax purposes;
- the potential for increased pressure on pricing or costs that leads to erosion of profit margins;
- the possibility that market demand will not develop for new technologies, products or applications or services, or business initiatives will take longer, cost more or produce lower benefits than anticipated;
- the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation any of the same relating to FDA, EPA or other regulatory authorities, government investigations, the outcome of any pending or threatened FDA, EPA or other regulatory warning notices, actions, requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product or service introductions, affect the production, supply and/or marketing of existing products or services or otherwise affect STERIS's or Cantel's performance, results, prospects or value;
- the potential of international unrest, economic downturn or effects of currencies, tax assessments, tariffs and/or other trade barriers, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs;
- the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS's or Cantel's products and services;
- the possibility of delays in receipt of orders, order cancellations, or delays in the manufacture or shipment of ordered products or in the provision of services;
- the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with STERIS's and Cantel's businesses, industry or initiatives including, without limitation, those matters described in STERIS's and Cantel's respective Annual Reports on Form 10-K for the year ended March 31, 2020 and July 31, 2020, respectively, and other securities filings, may adversely impact STERIS's and/or Cantel's performance, results, prospects or value;
- the impact on STERIS and its operations, or tax liabilities, of Brexit or the exit of other member countries from the EU, and STERIS's ability to respond to such impacts;
- the impact on STERIS, Cantel and their respective operations of any legislation, regulations or orders, including but not limited to any new trade or tax legislation, regulations or orders, that may be implemented by the U.S. administration or Congress, or of any responses thereto;
- the possibility that anticipated financial results or benefits of recent acquisitions, including the acquisition of Key Surgical, or of STERIS's restructuring efforts, or of recent divestitures, or of restructuring plans will not be realized or will be other than anticipated;
- the effects of contractions in credit availability, as well as the ability of STERIS's and Cantel's Customers and suppliers to adequately access the credit markets when needed;
- STERIS's ability to complete the acquisition of Cantel, including the fulfillment of closing conditions and obtaining financing, on terms satisfactory to STERIS or at all; and
- other risks described in STERIS's and Cantel's respective most recent Annual Reports on Form 10-K and other reports filed with the Securities and Exchange Commission.

Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law. This cautionary statement is applicable to all forward-looking statements contained herein.

#### Attachment

- [Tables 4.27.21](#)



Source: STERIS plc