STERIS Announces Financial Results for Fiscal 2019 First Quarter

August 8, 2018

- ***First quarter revenue grows 5%***
- ***As reported EPS grows 21% and adjusted EPS grows 18%***
- ***Board approves increase in quarterly dividend to $0.34 per share***
- ***Fiscal 2019 full year revenue and adjusted earnings outlook confirmed***

DERBY, U.K. - (August 8, 2018) - STERIS plc (NYSE: STE) ("STERIS" or the "Company") today announced financial results for its fiscal 2019 first quarter ended June 30, 2018. Fiscal 2019 first quarter revenue as reported increased 5% to $638.8 million compared with $608.0 million in the first quarter of fiscal 2018, with growth across all segments. Constant currency organic revenue (see Non-GAAP Financial Measures) growth was also 5% for the first quarter of fiscal 2019.

"We are pleased with another strong start to a new fiscal year, with revenue growth at the high-end of our full year expectations and earnings in-line with our plan," said Walt Rosebrough, President and Chief Executive Officer of STERIS. "Based on our performance in the quarter and expectations for the rest of the year, we continue to anticipate a record year consistent with our previous guidance."

As reported, net income for the first quarter was $70.0 million, or $0.82 per diluted share, compared with net income of $58.1 million, or $0.68 per diluted share in the first quarter of fiscal 2018. Adjusted net income (see Non-GAAP Financial Measures) for the first quarter of fiscal 2019 was $85.6 million, or $1.00 per diluted share, compared with adjusted net income for the previous year's first quarter of $73.2 million or $0.85 per diluted share.

First Quarter Segment Results
Beginning in the first quarter of fiscal 2019, the Company has changed the way it reports segment operating profit. Segment operating profit no longer includes certain corporate cost allocations. Please see the attached financial tables for a recast of prior year periods.

Healthcare Products revenue as reported grew 1% in the quarter to $292.0 million compared with $289.1 million in the first quarter of fiscal 2018, driven by 5% growth in service revenue and a 2% increase in capital equipment revenue during the quarter. Consumables declined 3% in the first quarter, as a result of divestitures. Constant currency organic revenue growth for Healthcare Products was 4% during the quarter. Healthcare Products operating income was $61.7 million compared with $63.1 million in last year's first quarter. The decrease in profitability was primarily due to an increase of over $2 million in research and development spending, the impact of divestitures and a negative impact from currency fluctuations.

Healthcare Specialty Services as reported revenue grew 8% in the quarter to $122.2 million compared with $113.4 million in the first quarter of fiscal 2018. On a constant currency organic revenue basis, the segment increased 6%. Healthcare Specialty Services operating income was $13.0 million compared with $14.3 million in last year's first quarter, primarily due to investments in outsourced reprocessing in the United States.

Fiscal 2019 first quarter revenue for **Applied Sterilization Technologies** increased 12% as reported to $139.5 million compared with $124.5 million in the same period last year. Constant currency organic revenue increased 9%, primarily due to increased volume from the segment's core medical device Customers. Segment operating income increased to $56.2 million in the first quarter of fiscal 2019 compared with operating income of $48.0 million in the same period last year, due primarily to the revenue growth.

Life Sciences first quarter revenue as reported grew 5% to $85.0 million compared with $80.9 million in the first quarter of fiscal 2018. Service, consumable and capital equipment revenues all grew 5% compared with the prior year period. Constant currency organic revenue grew 3% in the quarter. Operating income was $29.9 million compared with $26.9 million in the prior year's first quarter, driven primarily by volume and favorable product mix.

Cash Flow
Net cash provided by operations for the first three months of fiscal 2019 was $100.8 million, compared with $80.7 million in fiscal 2018. Free cash flow (see Non-GAAP Financial Measures) for the first three months of fiscal 2019 was $75.8 million compared with $44.2 million in the prior year. The improvement in free cash flow is primarily due to improvements in working capital, the timing of capital spending and the increase in net income.

Dividend Announcement
STERIS's Board of Directors has authorized a $0.03 increase in its quarterly interim dividend to $0.34 per share. The dividend is payable September 27, 2018 to shareholders of record at the close of business on August 29, 2018.

Conference Call

As previously announced, STERIS management will host a conference call today at 10:00 a.m. Eastern time. The conference call can be heard live over the Internet at www.steris-ir.com or via phone by dialing 1- 877-317-6789 in the United States or 1-412-317-6789 internationally, then asking to join the conference call for STERIS plc.

For those unable to listen to the conference call live, a replay will be available beginning at 12:00 p.m. Eastern Time on August 8, 2018, either over the Internet at www.steris-ir.com or via phone. To access the replay of the call, please use the access code 10121683 and dial 1-877-344-7529 in the United States or 1-412-317-0088 internationally.

About STERIS

STERIS's mission is to help our Customers create a healthier and safer world by providing innovative healthcare and life science product and service solutions around the globe. For more information, visit www.steris.com.

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Non-GAAP Financial Measures

Adjusted net income, 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, the re-measurement of deferred taxes and taxation of prior unremitted earnings impacts of the TCJA, and certain other unusual or non-recurring items. 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 encourage investors and shareholders to review its financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Forward-Looking Statements

This release and the referenced conference call may contain statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to STERIS or its industry, products or activities that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. 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. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals or the application or interpretation thereof. Other risk factors are described in STERIS's securities filings, including Item 1A of STERIS's Annual Report on Form 10-K for the year ended March 31, 2018. Many of these important factors are outside of STERIS's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described in STERIS'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. References to products are summaries only and should not be considered the specific terms of the product clearance or literature. Unless legally required, STERIS does 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. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) 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, (b) 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, (c) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (d) 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, (e) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation those relating to FDA warning notices or letters, government investigations, the outcome of any pending FDA requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect STERIS's performance, results, prospects or

value, (f) 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, (g) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS's products and services, (h) 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, (i) 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 businesses, industry or initiatives including, without limitation, those matters described in STERIS's 10-K for the year ended March 31, 2018 and other securities filings, may adversely impact STERIS's performance, results, prospects or value, (j) the impact on STERIS and its operations, or tax liabilities, of the "Brexit" or the exit of other member countries from the EU, and the Company's ability to respond to such impacts, (k) the impact on STERIS and its 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, (l) the possibility that anticipated financial results or benefits of recent acquisitions, or of STERIS's restructuring efforts, or of recent divestitures will not be realized or will be other than anticipated, and (m) the effects of the contractions in credit availability, as well as the ability of STERIS's Customers and suppliers to adequately access the credit markets when needed.

STERIS 1Q19 Financial Tables