



## **STERIS plc Guidance Call**

December 22, 2015

# Forward Looking Statements

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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 herein and in STERIS’s, STERIS Corporation’s and Synergy’s other securities filings, including Item 1A of STERIS Corporation’s Annual Report on Form 10-K for the year ended March 31, 2015 and in Synergy’s annual report and accounts for the year ended March 29, 2015 (section headed “principal risks and uncertainties”). 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 this presentation 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 treatments of the combination with Synergy (the “Combination”), (b) the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in connection with the Combination within the expected time-frames or at all and to successfully integrate Synergy’s operations with those of STERIS Corporation, (c) the integration of Synergy’s operations with those of STERIS Corporation being more difficult, time-consuming or costly than expected, (d) 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 transaction, (e) the retention of certain key employees of Synergy being difficult, (f) 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, (g) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (h) 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, (i) 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, (j) the potential of international unrest, economic downturn or effects of currencies, tax assessments, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs, (k) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS’s products and services, (l) 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 Corporation’s Form 10-K for the year ended March 31, 2015 and Synergy’s annual report and accounts for the year ended March 29, 2015 and other securities filings, may adversely impact STERIS’s performance, results, prospects or value, (m) the possibility that anticipated financial results or benefits of recent acquisitions, including the Combination, or of STERIS’s restructuring efforts will not be realized or will be other than anticipated and (n) the effects of contractions in credit availability, as well as the ability of STERIS’s Customers and suppliers to adequately access the credit markets when needed.

## Non-GAAP Financial Measures

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Adjusted earnings per diluted share and free cash flow 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 presentation 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 earnings per diluted share excludes the amortization of intangible assets acquired in business combinations, acquisition-related transaction costs, integration costs related to acquisitions, and certain other unusual or non-recurring items. STERIS believes adjusted earnings per diluted share 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, net capital expenditures, 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.

Due to the forward-looking nature of the forecasted combined adjusted earnings and free cash flow guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, the impact of fair value adjustments, and their related tax treatment for future periods. It is important to note that the non-GAAP financial measures used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

# Agenda

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Intro and Welcome	Julie Winter, <i>Director Investor Relations</i>
STERIS plc Overview	Walt Rosebrough, <i>President and CEO</i>
Synergy Health Overview	Adrian Coward, <i>SVP Healthcare Specialty Services</i>  <i>(Former COO Synergy Health)</i>
New Segment Review	Michael Tokich, <i>SVP, CFO and Treasurer</i>
Fiscal 2016 Outlook	Walt Rosebrough, <i>President and CEO</i>

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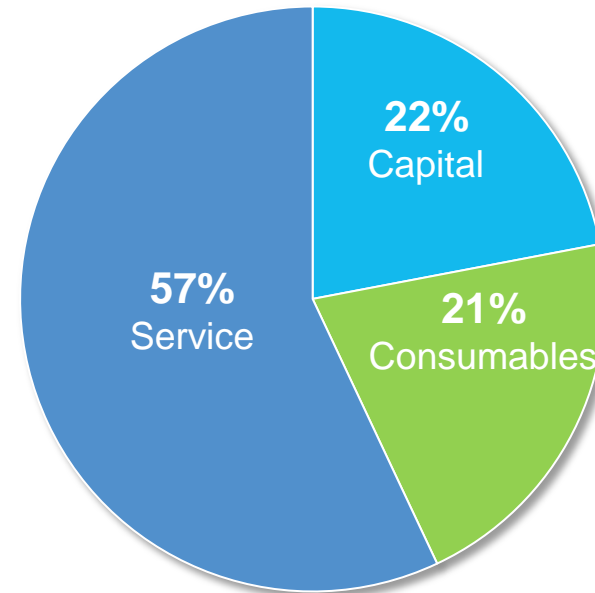
## **STERIS plc Overview**

Walt Rosebrough, *President and CEO*

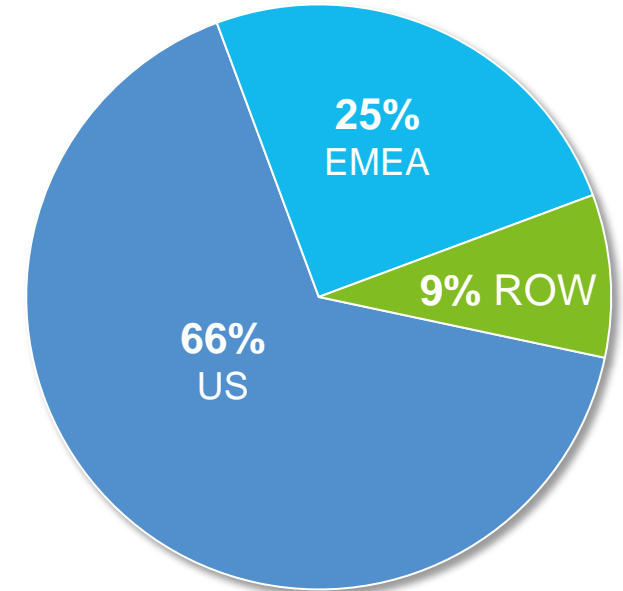
# STERIS plc – Combined Business Overview

- ~\$2.6 BILLION pro forma revenue FY16
- ~\$250 MILLION pro forma free cash flow FY16
- 14,000 employees worldwide
- **RECURRING REVENUE** business
  - 78% of revenue coming from **SERVICE** and **CONSUMABLES**
- **MORE GLOBAL** company
  - Close to 35% of revenue OUS
  - Operating in **60+** countries

## REVENUE MIX

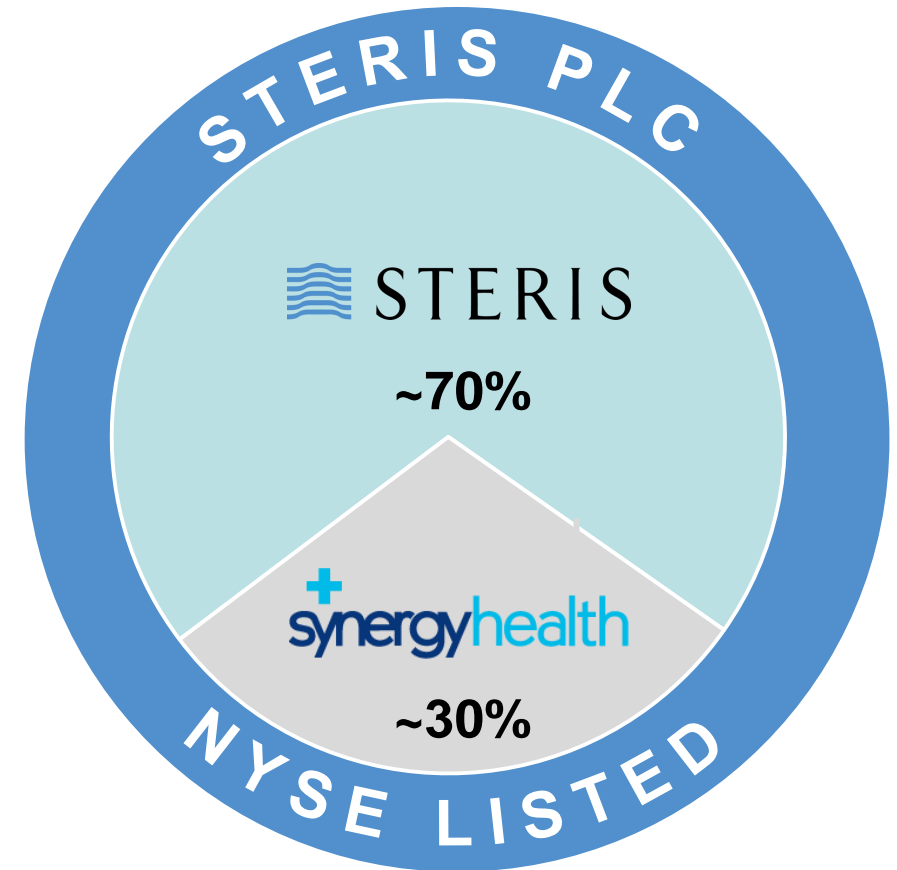


## GEOGRAPHIC REVENUE MIX



# STERIS plc Corporate Structure

- STERIS Corporation and Synergy Health combined under a new parent holding company - **STERIS plc**
- Combination completed **NOVEMBER 2, 2015**
- STERIS plc **INCORPORATED IN THE UK**
- STERIS plc has a **13 MEMBER BOARD OF DIRECTORS**
  - 10 historic STERIS Corporation Directors
  - Dr. Richard Steeves, Sir Duncan Nichol and Bruce Edwards added from the Synergy Health Board
- STERIS plc shares exclusively **LISTED ON THE NEW YORK STOCK EXCHANGE UNDER THE TICKER “STE”**



# Strategic Rationale for Combination with Synergy Health

## Strengthens leadership in infection prevention and sterilization

- Allows STERIS to better provide comprehensive solutions to medical device companies, pharmaceutical companies, hospitals and other healthcare facilities around the world

## Increases portfolio diversity

- Creates a broader portfolio from which STERIS can deliver products and services tailored to best serve the evolving needs of local and global Customers

## Increases geographic diversity

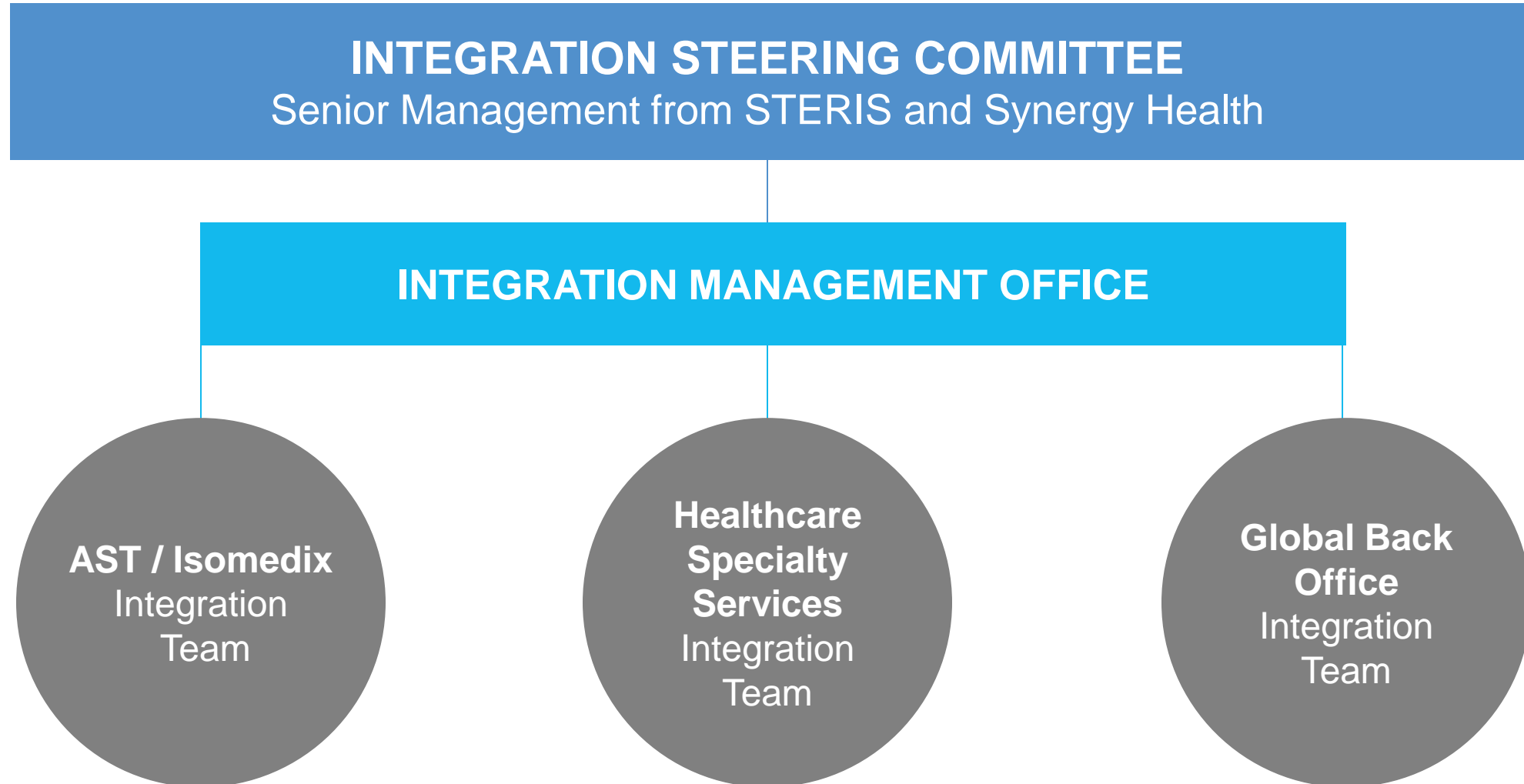
- Combines STERIS's strength in North America with Synergy's strong position in Europe
- Increases exposure to emerging markets such as Asia Pacific and Latin America
- Brings together the geographically complementary STERIS Isomedix and Synergy AST businesses to best serve global medical device and pharmaceutical Customers

## Accelerates profit growth profile

- Estimated annual pre-tax cost synergies of \$40 million by fiscal 2018
- Estimated revenue synergies of \$25 million by fiscal 2019
- Estimated reduction in effective tax rate from 35% to 25% by fiscal 2017



# Integration Leadership





## Synergy Health Overview

Adrian Coward, *Former COO of Synergy Health; SVP Healthcare Specialty Services*

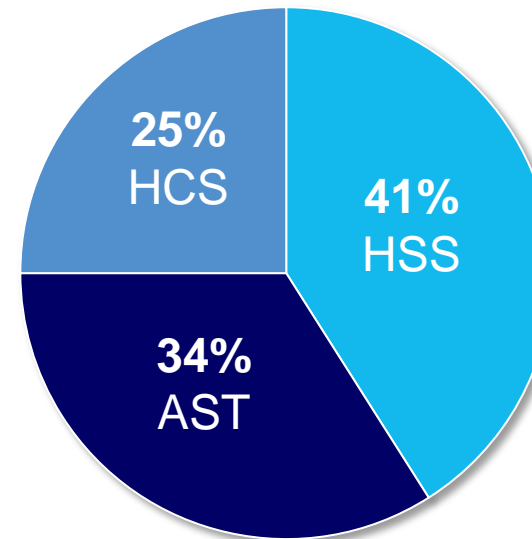


# Synergy Health Overview

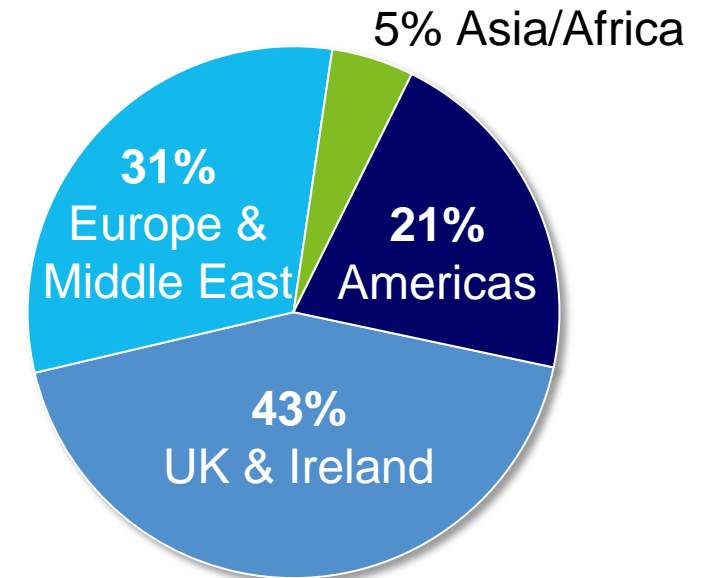
*Global leader in outsourced sterilization services for medical device manufacturers, hospitals and other industries*

- **HOSPITAL STERILIZATION SERVICES (HSS)** provider of outsourced decontamination services for reusable medical and surgical equipment
- **APPLIED STERILIZATION TECHNOLOGIES (AST)** provider of outsourced sterilization to medical device manufacturers
- **HEALTHCARE SOLUTIONS (HCS)** provider of a range of products and services in managing the environment in a healthcare setting

**REVENUE MIX**

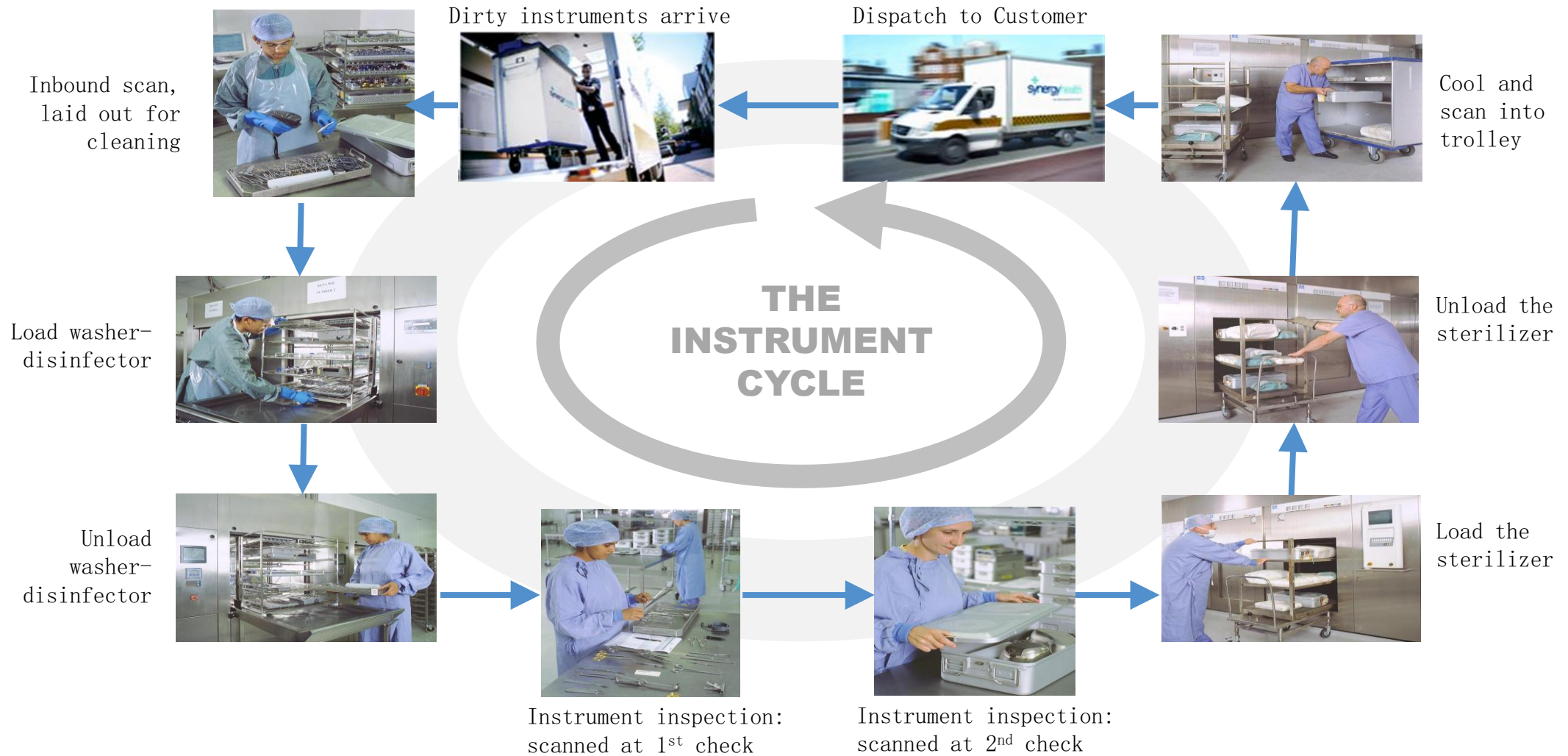


**GEOGRAPHIC REVENUE MIX**



*Note: Pie charts based on Fiscal 2015 data*

# Hospital Outsourced Sterilization Explained



# Hospital Sterilization Services Value Proposition

## Proven value proposition from outsourced hospital sterilization service, now integrated with instrument repairs

- **Patient Safety** – reduced post-operative infection rates
- **Clinical Effectiveness** – reducing the burden of non-clinical activities
- **Compliance & Reduced Risk** – implementing international and local standards and regulation (Joint Commission, FDA, AAMI, ISO, MHRA, CE/MDD, etc.)
- **Optimization** – increased efficiency and productivity for OR and SPD
- **Continuous Improvement** – applying experience, knowledge and expertise
- **Scale Benefits** – optimized asset utilization with on-site and off-site reprocessing centers





## **New Segment Review**

Michael Tokich, *SVP, CFO and Treasurer*

# New Reporting Segments

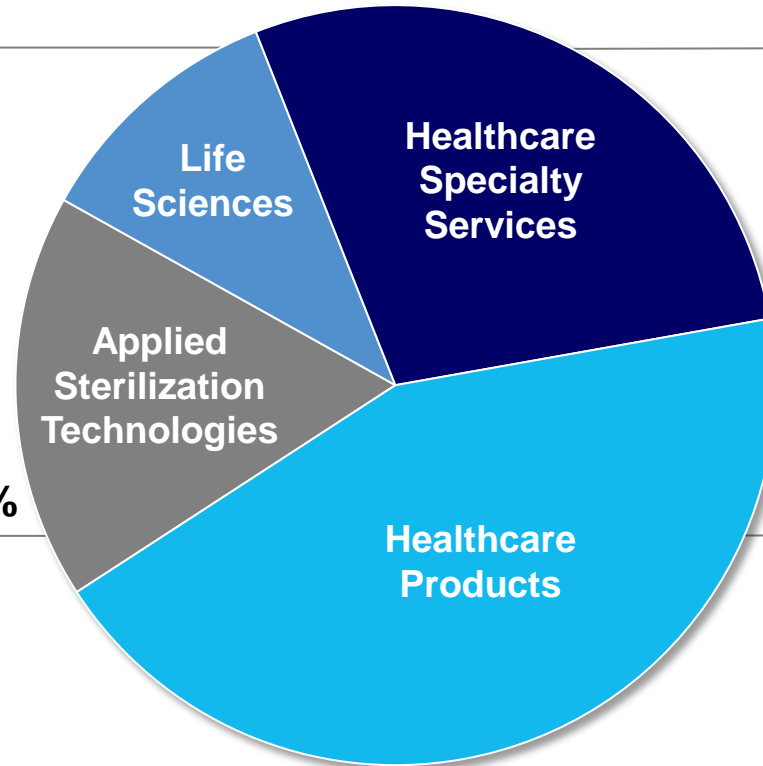
## REVENUE MIX

### Life Sciences 11%

Capital equipment and consumable products, and equipment maintenance and specialty services, for pharmaceutical manufacturers and research institutions worldwide.

### Applied Sterilization Technologies 17%

Contract sterilization and laboratory services for medical device manufacturers, pharmaceutical Customers and others.



### Healthcare Specialty Services 25%

A range of specialty services for healthcare providers including hospital sterilization services, instrument and scope repairs, and linen management.

### Healthcare Products 47%

Infection prevention and procedural solutions for healthcare providers worldwide, including capital equipment and related maintenance and installation services, as well as consumables.

# Healthcare Products Segment

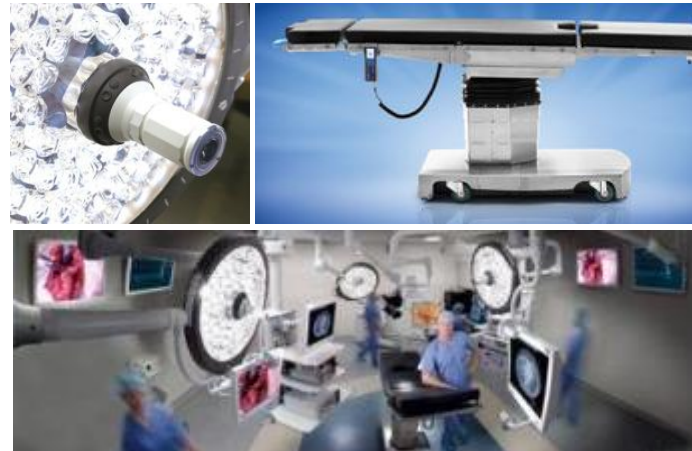
## INFECTION PREVENTION

- Washers
- Steam and gas sterilizers
- Cleaning chemistries
- Sterility assurance products
- Endoscope reprocessing
- Applied infection control



## PROCEDURAL SOLUTIONS

- Surgical lights
- Surgical tables
- Equipment management systems
- Integrated operating rooms
- Gastrointestinal / Endoscopy products



## EQUIPMENT SERVICE

- Equipment maintenance
- Installation
- OEM parts
- Training and support





# Healthcare Specialty Services Segment

## HOSPITAL STERILIZATION SERVICES

- Onsite and offsite surgical instrument reprocessing
- On-demand instrument reprocessing
- SPD technician training and consulting
- Custom process improvement solutions



## HOSPITAL REPAIR SERVICES

- Instrument repair
- Endoscope repair
- Power instrument repair
- Clinical management education



## HOSPITAL LINEN MANAGEMENT SERVICES

- Healthcare linen supplier in UK and Netherlands



# Applied Sterilization Technologies Segment

- A global provider of contract sterilization services
- Primary Customers: medical device and pharmaceutical manufacturers
- More than 75% of Customers on long-term contracts

## RADIATION SERVICES

### GAMMA

- Radioisotope-generated gamma rays used to process a variety of materials and densities



### E-BEAM

- Accelerated electrons used to process a variety of materials and densities



## GAS SERVICE

### ETHYLENE OXIDE

- Gaseous process compatible with most materials in breathable packaging



# Applied Sterilization Technologies Segment

*Enhanced  
Geographic  
Coverage to  
Serve  
Global  
Customers*

## LOCATIONS (59)

-  GAMMA (29)
-  ETHYLENE OXIDE (EO) (23)
-  ELECTRON BEAM (16)
-  LABORATORIES (13)
-  X-RAY (1)
-  ION BEAM (1)



# Life Sciences Segment

- **Pharma:** solutions for producers of active pharmaceutical ingredients or finished pharmaceuticals
- **Research:** solutions for contamination control in research to get results to the marketplace faster.
- **Biotech:** solutions for the formulation and fill of drugs, vaccines, and therapeutics in a variety of dosage forms in small or large batch production.

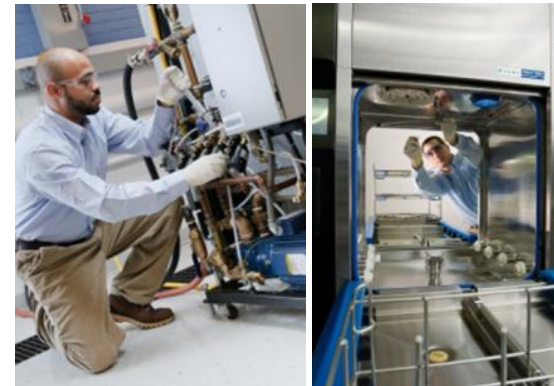
## CAPITAL EQUIPMENT

- Washers
- Sterilizers
- VHP
- Water Stills



## SERVICE

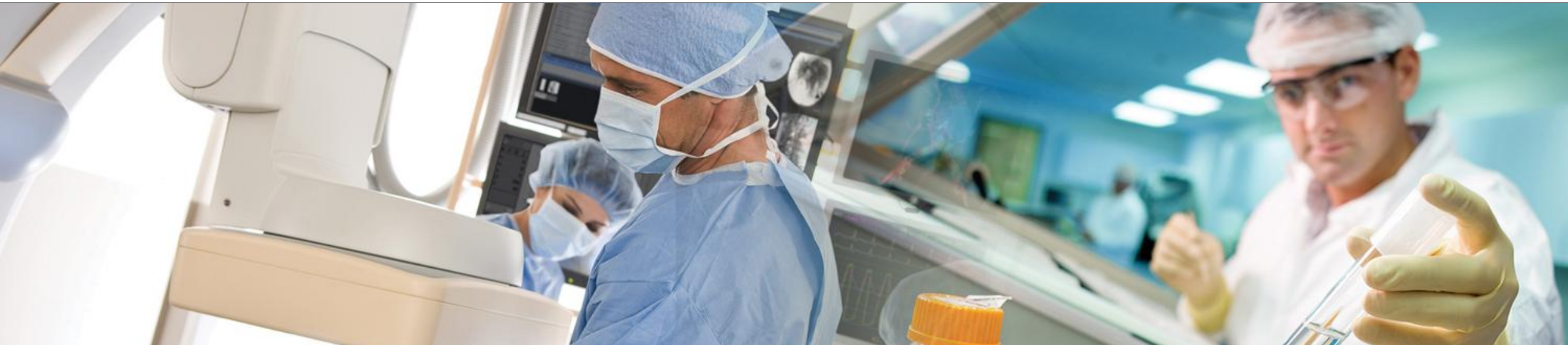
- Equipment maintenance
- Installation
- OEM parts
- Control environment certification



## CONSUMABLES

- Application-specific detergents
- Surface disinfectants, cleaners and alcohols
- Sterility maintenance and barrier protection products





## Fiscal 2016 Outlook

Walt Rosebrough, *President and CEO*



# Full Year Fiscal 2016 Outlook

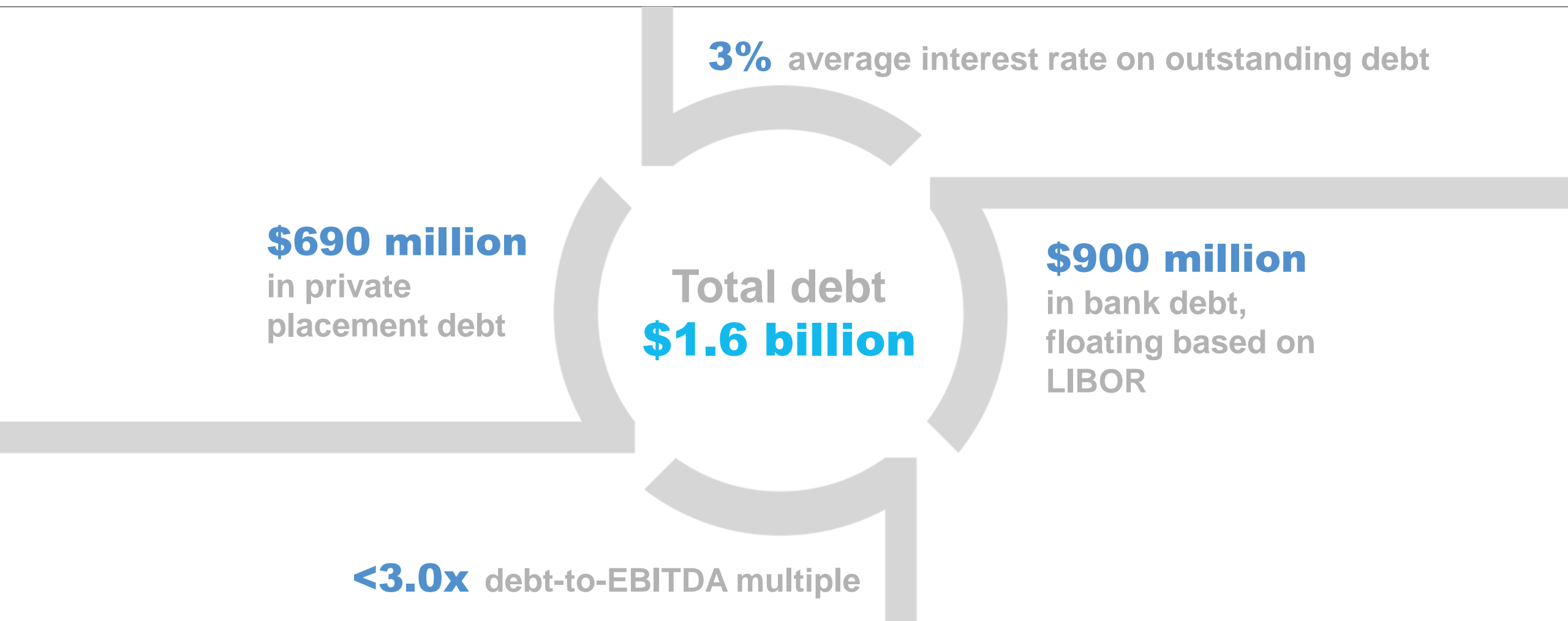
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- Revenue growth of 21%-22%
  - Compared with fiscal year 2015 STERIS Corporation stand-alone revenue of \$1.85 billion
- Adjusted earnings per diluted share in the range of \$3.48 - \$3.55
  - Assumes a weighted average of 71.2 million diluted shares
  - Reflects forward rates as of November 30, 2015
  - Reflects Investment Tax Credit and Medical Device Tax changes
- In the fourth quarter of fiscal 2016, the weighted average diluted shares outstanding are estimated to be approximately 86.5 million
- Full-year adjusted effective tax rate of approximately 27.5%
- Free cash flow is anticipated to be approximately \$155 million, reflecting about \$45 million in acquisition related expenses
- Assumes approximately \$135 million in capital expenditures

## Outlook Comparison

	FY15 STERIS Stand-alone	FY16 STERIS Stand-alone	FY16 STERIS PLC
Revenue	\$1,850,263	6% - 7% growth	21% - 22%
Adjusted Tax rate	34.1%	35%	27.5%
Shares Outstanding	60,045	60,045	71,218
EPS	\$2.99	\$3.15 - \$3.30	\$3.48 - \$3.55

## Total Debt Summary



Conservatively financed with additional **CAPACITY FOR GROWTH**



# Capital Allocation Priorities



1 Maintaining and Growing Dividend

2 Reinvest in the Business

3 Mergers and Acquisitions

4 Debt Repayment

5 Share Repurchase

## STERIS's Long-Term Goals

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- Revenue growth of mid- to high-single digits driven by:
  - Market growth
  - Success with new products and services
  - Acquisitions
- Profit expansion driving double-digit adjusted earnings per share growth due to:
  - Volume growth
  - Continued efficiencies and lean manufacturing
  - New products and services
  - Tax efficiencies
- Free cash flow of approximately \$250 million, growing in-line with earnings



**Q&A**

STERIS plc Guidance Call