

# United States Securities and Exchange Commission

Washington, D. C. 20549

## FORM 10-K

x Annual Report Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

For the fiscal year ended March 31, 2019

OR

o Transition Report Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-38848

## STERIS plc

(Exact name of registrant as specified in its charter)

Ireland

(State or other jurisdiction of  
incorporation or organization)

98-1455064

(IRS Employer Identification No.)

70 Sir John Rogerson's Quay, Dublin 2, Ireland

(Address of principal executive offices)

D02 R296

(Zip Code)

353 1 232 2000

(Registrant's telephone number  
including area code)

### SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	Trading symbol(s)	Name of Exchange on Which Registered
Ordinary Shares, \$0.001 par value	STE	New York Stock Exchange

### SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller Reporting Company ☐

(Do not check if a smaller reporting company)

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ As of September 30, 2018, the aggregate market value of shares held by non-affiliates of STERIS plc, a public limited company organized under the laws of England and Wales (the predecessor issuer pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934), based upon the closing sale price of its shares on September 30, 2018, was approximately \$9,552.1 million.

The number of Ordinary Shares outstanding as of May 24, 2019: 84,541,998

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2019 Annual Meeting – Part III

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

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## PART I

Throughout this Annual Report, references to STERIS plc, "STERIS," "us," or "our," mean STERIS Ireland and its subsidiaries for periods from and after the Redomiciliation and STERIS UK and its subsidiaries for periods prior to the Redomiciliation (as such terms are hereinafter defined), unless otherwise noted. References in this Annual Report to a particular "year," "fiscal," "fiscal year," or "year-end" mean our fiscal year, which ends on March 31. For example, fiscal year 2019 ended on March 31, 2019.

## ITEM 1. BUSINESS

### INTRODUCTION

STERIS plc is a leading provider of infection prevention and other procedural products and services. Our 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. We offer our Customers a unique mix of innovative capital equipment products, such as sterilizers and washers, surgical tables, lights and equipment management systems and connectivity solutions such as operating room integration; consumable products including detergents and gastrointestinal endoscopy accessories and other products; services, including equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair solutions, laboratory services and outsourced instrument reprocessing.

On March 28, 2019, STERIS plc, a public limited company organized under the laws of England and Wales ("STERIS UK"), completed a redomiciliation from the United Kingdom to Ireland (the "Redomiciliation"). The Redomiciliation was achieved through the insertion of a new Irish public limited holding company ("STERIS Ireland") on top of STERIS UK pursuant to a court-approved scheme of arrangement under English law (the "Scheme"). Following the Scheme effectiveness, STERIS UK was re-registered as a private limited company with the name STERIS Limited, and STERIS Emerald IE Limited, a company established in Ireland and a wholly-owned direct subsidiary of STERIS Ireland, was interposed as the direct parent company of STERIS UK.

STERIS plc's registered office is located in Dublin, Ireland. STERIS plc has approximately 12,000 employees worldwide. Through our field sales and service and a network of dealers and distributors, we serve Customers in more than 100 countries around the world.

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. In fiscal 2019, we ceased the allocation of certain corporate costs to our segments to align with internal management measures. The prior period operating income measures have been recast for comparability.

The bulk of our revenues are derived from healthcare provider, pharmaceutical and medical device Customers. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and are dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. The pharmaceutical industry has been impacted by increased regulatory scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. Within healthcare, there is concern regarding the level of hospital acquired infections around the world; increased demand for medical procedures, including preventive screenings such as endoscopies and colonoscopies; and a desire by our Customers to operate more efficiently, all of which are driving increased demand for many of our products and services.

### INFORMATION RELATED TO BUSINESS SEGMENTS

Our chief operating decision maker is our President and Chief Executive Officer ("CEO"). The CEO is responsible for performance assessment and resource allocation. The CEO regularly receives discrete financial information about each reportable segment and uses this information to assess performance and allocate resources. The accounting policies of the reportable segments are the same as those described in Note 1 to the Consolidated Financial Statements titled, "Nature of Operations and Summary of Significant Accounting Policies," of this Annual Report. Segment performance information for fiscal years 2019, 2018, and 2017 is presented in Note 11 to our Consolidated Financial Statements titled, "Business Segment Information" and in Item 7 titled, "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), of this Annual Report.

## HEALTHCARE PRODUCTS SEGMENT

**Description of Business.** Our Healthcare Products segment provides a broad portfolio of infection prevention, procedural and GI solutions including; consumable products, equipment maintenance and installation services, and capital equipment to acute care hospitals, ambulatory surgery centers and GI clinics. These solutions aid our Customers in improving the safety, quality, productivity, and utility consumption of their surgical, sterile processing, gastrointestinal, and emergency environments.

**Products Offered.** Our solutions include cleaning chemistries and sterility assurance products, accessories for GI procedures, washers, sterilizers and other pieces of capital equipment essential to the operations of a sterile processing department ("SPD") and equipment used directly in the operating room, including surgical tables, lights, equipment management services, and connectivity solutions.

**Services Offered.** Our Healthcare Products segment service associates install, maintain, upgrade, repair, and troubleshoot capital equipment throughout the world. We offer various preventive maintenance programs and repair services to support the effective operation of capital equipment over its lifetime.

**Customer Concentration.** Our Healthcare Products segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2019, no Customer represented more than 10% of the Healthcare Product segment's total revenues.

**Competition.** We compete with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited product offerings and operations in one or a limited number of countries. On a product basis, competitors include 3M, Belimed, Cantel Medical, Ecolab, Getinge, Hill-Rom, Fortive, Stryker and Skytron.

## HEALTHCARE SPECIALTY SERVICES SEGMENT

**Description of Business.** Our Healthcare Specialty Services segment provides a range of solutions and managed services including; hospital sterilization services and instrument and scope repairs to acute care hospitals and other healthcare settings that aid our Customers in improving the safety, quality and productivity of their operations.

**Services Offered.** Our Healthcare Specialty Services segment provides comprehensive instrument and endoscope repair and maintenance solutions (on-site or at one of our dedicated facilities), custom process improvement consulting and outsourced instrument sterile processing (on-site at the hospital and in off-site reprocessing centers). Linen Management Services were divested during fiscal 2017.

**Customer Concentration.** Our Healthcare Specialty Services segment offers an array of services to Customers in many countries throughout the world. For the year ended March 31, 2019, no Customer represented more than 10% of the Healthcare Specialty Services segment's total revenues.

**Competition.** We compete with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited service offerings and operations in one or a limited number of countries. On a service line basis, competitors include BBraun, Berendsen plc, CleanLease (Clean Lease Fortex), Karl Storz, Mobile, Northfield, Olympus, Owens & Minor, Pentax, Rentex Awé and Rentex Floren and Sterilog Limited.

## LIFE SCIENCES SEGMENT

**Description of Business.** Our Life Sciences segment designs, manufactures and sells consumable products, equipment maintenance, specialty services and capital equipment primarily to pharmaceutical manufacturers around the world.

**Products Offered.** These solutions include formulated cleaning chemistries, barrier products, sterility assurance products, steam and vaporized hydrogen peroxide sterilizers and washer disinfectors.

**Services Offered.** Our Life Sciences segment service associates install, maintain, upgrade, repair, and troubleshoot equipment throughout the world. We offer various preventive maintenance programs and repair services to support the effective operation of capital equipment over its lifetime.

**Customer Concentration.** Our Life Sciences segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2019, no Customer represented more than 10% of the Life Sciences segment's total revenues.

**Competition.** Our Life Sciences segment operates in highly regulated environments where the most intense competition results from technological innovations, product performance, convenience and ease of use, and overall cost-effectiveness. We compete for pharmaceutical Customers with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited product offerings and operations in one or a limited number of countries. Competitors include Belimed, Ecolab, Fedegari, Getinge, MECO, Stilmas, and Techniplast.

## APPLIED STERILIZATION TECHNOLOGIES SEGMENT

**Description of Business.** Our Applied Sterilization Technologies ("AST") segment provides contract sterilization services through a network of over 50 contract sterilization and laboratory facilities worldwide. As a technology neutral service provider, we offer unbiased technology assessments dependent on the individual requirements of each product. Our Customers are primarily medical device and pharmaceutical manufacturers.

**Services Offered.** We offer a wide range of sterilization modalities as well as an array of laboratory testing services that complements the manufacturing of sterile products. Our locations are in major population centers and core distribution corridors throughout the Americas, Europe and Asia. Our technical services group supports Customers in all phases of product development, materials testing, and process validation.

**Customer Concentration.** Our Applied Sterilization Technologies segment's services are offered to Customers throughout the world. For the year ended March 31, 2019, no Customer represented more than 10% of the segment's revenues.

**Competition.** Applied Sterilization Technologies operates in a highly regulated industry and competes with Sterigenics International, Inc., other smaller contract sterilization companies and manufacturers that sterilize products in-house.

## INFORMATION WITH RESPECT TO OUR BUSINESS IN GENERAL

**Sources and Availability of Raw Materials.** We purchase raw materials, sub-assemblies, components, and other supplies needed in our operations from numerous suppliers in the United States and internationally. The principal raw materials and supplies used in our operations include stainless and carbon steel, organic and inorganic chemicals, fuel, and plastic components. These raw materials and supplies are generally available from several suppliers and in sufficient quantities that we do not currently expect any significant sourcing problems in fiscal 2020. We have long-term supply contracts for certain materials for which there are few suppliers, or those that are single-sourced in certain regions of the world, such as EO and cobalt-60, which are necessary to our AST operations. In addition, we have developed a plan to expand our irradiation processing capacity with accelerator-based technologies, which may reduce the potential supply risk.

**Intellectual Property.** We protect our technology and products by, among other means, obtaining United States and foreign patents. There can be no assurance, however, that any patent will provide adequate protection for the technology, system, product, service, or process it covers. In addition, the process of obtaining and protecting patents can be long and expensive. We also rely upon trade secrets, technical know-how, and continuing technological innovation to develop and maintain our competitive position.

As of March 31, 2019, we held approximately 400 United States patents and approximately 1,500 in other jurisdictions and had approximately 135 United States patent applications and 375 patent applications pending in other jurisdictions. Patents for individual products extend for varying periods according to the date of filing or grant and legal term of patents in various countries where a patent is obtained. The actual protection a patent provides varies from country to country and depends in part upon the type of patent, the scope of its coverage, and the availability of legal remedies in each country.

Our products are sold around the world under various brand names and trademarks. We consider our brand names and trademarks to be valuable in the marketing of our products. As of March 31, 2019, we had a total of approximately 1,550 trademark registrations worldwide.

**Quality Assurance.** We manufacture, assemble, and package products in several countries. Each of our production facilities are dedicated to particular processes and products. Our success depends upon Customer confidence in the quality of our production process and the integrity of the data that supports our product safety and effectiveness. We have implemented quality assurance procedures to support the quality and integrity of scientific information and production processes.

**Government Regulation.** Our business is subject to various degrees of governmental regulation in the countries in which we operate. In the United States, the United States Food and Drug Administration ("FDA"), the United States Environmental Protection Agency ("EPA"), the United States Nuclear Regulatory Commission ("NRC"), and other governmental authorities regulate the development, manufacture, sale, and distribution of our products and services. Our international operations also are subject to a significant amount of government regulation, including country-specific rules and regulations and U.S. regulations applicable to our international operations. Government regulations include detailed inspection of, and controls over, research and development, clinical investigations, product approvals and manufacturing, marketing and promotion, sampling, distribution, record-keeping, storage, and disposal practices.

Compliance with applicable regulations is a significant expense for us. Past, current or future regulations, their interpretation, or their application could have a material adverse impact on our operations. Also, additional governmental regulation may be passed that could prevent, delay, revoke, or result in the rejection of regulatory clearance of our products. We cannot predict the effect on our operations resulting from current or future governmental regulation or the interpretation or application of these regulations.

If we fail to comply with any applicable regulatory requirements, sanctions could be imposed on us. For more information about the risks we face regarding regulatory requirements, see Part I, Item 1A of this Annual Report titled, "Risk Factors". We are subject to extensive regulatory requirements and must receive and maintain regulatory clearance or approval for many products and operations. Failure to receive or maintain, or delays in receiving, clearance or approvals may hurt our revenues, profitability, financial condition, or value.

In the past, we have received warning letters, paid civil penalties, conducted product recalls and field corrections, and been subject to other regulatory sanctions. We believe that we are currently compliant in all material respects with applicable regulatory requirements. However, there can be no assurance that future or current regulatory, governmental, or private action will not have a material adverse affect on us or on our performance, results, or financial condition.

**Environmental Matters.** We are subject to various laws and governmental regulations concerning environmental matters and employee safety and health in Ireland, the United States and in other countries. We have made, and continue to make, significant investments to comply with these laws and regulations. We cannot predict the future capital expenditures or operating costs required to comply with environmental laws and regulations. We believe that we are currently compliant with applicable environmental, health, and safety requirements in all material respects. However, there can be no assurance that future or current regulatory, governmental, or private action will not have a material adverse affect on our performance, results, or financial condition. Please refer to Note 10 of our consolidated financial statements titled, "Commitments and Contingencies" for further information.

In the future, if a loss contingency related to environmental matters, employee safety, health or conditional asset retirement obligations is significantly greater than the current estimated amount, we would record a liability for the obligation and it may result in a material impact on net income for the annual or interim period during which the liability is recorded. The investigation and remediation of environmental obligations generally occur over an extended period of time, and therefore we do not know if these events would have a material adverse affect on our financial condition, liquidity, or cash flow, nor can there be any assurance that such liabilities would not have a material adverse affect on our performance, results, or financial condition.

**Competition.** The markets in which we operate are highly competitive and generally highly regulated. Competition is intense in all of our business segments and includes many large and small competitors. Brand, design, quality, safety, ease of use, serviceability, price, product features, warranty, delivery, service, and technical support are important competitive factors to us. We expect to face continued competition in the future as new infection prevention, sterile processing, contamination control, gastrointestinal and surgical support products and services enter the market. We believe many organizations are working with a variety of technologies and sterilizing agents. Also, a number of companies have developed disposable medical instruments and other devices designed to address the risk of contamination.

We believe that our long-term competitive position depends on our success in discovering, developing, and marketing innovative, cost-effective products and services. We devote significant resources to research and development efforts and we believe STERIS is positioned as a global competitor in the search for technological innovations. In addition to research and development, we invest in quality control, Customer programs, distribution systems, technical services, and other information services.

There can be no assurance that we will develop significant new products or services, or that the new products or services we provide or develop in the future will be more commercially successful than those provided or developed by our competitors. In addition, some of our existing or potential competitors may have greater resources than us. Therefore, a competitor may succeed in developing and commercializing products more rapidly than we do. Competition, as it relates to our business segments and product categories, is discussed in more detail in the section above titled, "Information Related to Business Segments."

**Employees.** As of March 31, 2019, we had approximately 12,000 employees throughout the world including certain locations subject to collective bargaining agreements and works council representation. We believe we generally have good relations with our employees.

**Methods of Distribution.** Sales and service activities are supported by a staff of regionally based clinical specialists, system planners, corporate account managers, and in-house Customer service and field support departments. We also contract with distributors and dealers in select markets.

Customer training is important to our business. We provide a variety of courses at Customer locations, at our training and education centers, and over the internet. Our training programs help Customers understand the science, technology, and operation of our products and services. Many of our operator training programs are approved by professional certifying organizations and offer continuing education credits to eligible course participants.

**Seasonality.** Our financial results have been, from time to time, subject to seasonal patterns. We cannot assure you that these patterns will continue.

**Backlog.** We define backlog as the amount of unfilled capital equipment purchase orders at a point in time. At March 31, 2019, we had a backlog of \$215.2 million. Of this amount, \$154.5 million and \$60.7 million related to our Healthcare Products and Life Sciences segments, respectively. At March 31, 2018, we had backlog orders of \$193.9 million. Of this amount, \$133.0 million and \$60.8 million related to our Healthcare Products and Life Sciences segments, respectively. A significant portion of the backlog orders at March 31, 2019 is expected to ship in fiscal 2020.

**Availability of Securities and Exchange Commission Filings.** We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission ("SEC"). You may access these documents, as well as other SEC filings related to the Company, on the Investor Relations page of our website at <http://www.steris-ir.com>. You may also obtain copies of these documents by accessing the SEC's website at <http://www.sec.gov>. The content on or accessible through any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Form 10-K unless expressly noted.

We also make available free of charge on our website our Corporate Governance Guidelines, our Director Code of Ethics, and our Code of Business Conduct, as well as the Charters of the Audit Committee, the Compensation and Organization Development Committee, the Nominating and Governance Committee, and the Compliance Committee of the Company's Board of Directors.

**Executive Officers of the Registrant.** The following table presents certain information regarding our executive officers at March 31, 2019. All executive officers serve at the pleasure of the Board of Directors.

Name	Age	Position
Kathleen L. Bardwell	63	Senior Vice President and Chief Compliance Officer
Karen L. Burton	51	Vice President, Controller and Chief Accounting Officer
Daniel A. Carestio	46	Senior Vice President and Chief Operating Officer
Dr. Adrian Coward	49	Senior Vice President, Healthcare Specialty Services
Michiel de Zwaan	47	Vice President and Chief Human Resources Officer
Gulam A. Khan	52	Senior Vice President, Procedural Solutions
Cary L. Majors	44	Vice President, North America Commercial Operations
Walter M Rosebrough, Jr.	65	President and Chief Executive Officer
Renato G. Tamaro	50	Vice President and Corporate Treasurer
Michael J. Tokich	50	Senior Vice President and Chief Financial Officer
J. Adam Zangerle	52	Senior Vice President, General Counsel, and Secretary

The following discussion provides a summary of each executive officer's recent business experience through March 31, 2019:

**Kathleen L. Bardwell** serves as Senior Vice President and Chief Compliance Officer. She assumed this role in February 2014. From March 2008 to February 2014, she served as Vice President, Chief Compliance Officer. Mrs. Bardwell is a Director of First Financial Bancorp.

**Karen L. Burton** serves as Vice President, Controller and Chief Accounting Officer. She assumed this role in January 2017. She served as Vice President, Corporate Controller from May 2008 to January 2017.

**Daniel A. Carestio** serves as Senior Vice President and Chief Operating Officer. He assumed this role in August 2018. From February 2018 to August 2018 he served as Senior Vice President, Sterilization and Disinfection. From August 2015 to February 2018, he served as Senior Vice President, STERIS Applied Sterilization Technologies and Life Sciences. From 2011 to August 2015, he served as Vice President, Sales and Marketing for Isomedix Services and General Manager of Life Sciences.

**Dr. Adrian Coward** serves as Senior Vice President, Healthcare Specialty Services. He assumed this role in November 2015. From April 2014 to November 2015, he served as Chief Operating Officer of Synergy Health plc. From April 2010 to March 2014, Dr. Coward served as CEO of UK & Ireland of Synergy Health plc.

**Michiel de Zwaan** serves as Vice President and Chief Human Resources Officer. He assumed this role in September 2017. He served as Senior Vice President and Chief Human Resources Officer at Hill-Rom Inc. from August 2014 through December 2015, and as Vice President of Human Resources, International, at Hill-Rom Europe B.V. from September 2011 through July 2014.

**Gulam A. Khan** serves as Senior Vice President, Procedural Solutions. He assumed this role in August 2015. He served as Chief Executive Officer of United States Endoscopy Group, Inc. from January 2003, prior to its acquisition by STERIS in



August 2012, remaining with STERIS until June 2013. From April 2014 until August 2015, he provided independent consulting services to corporations, including business integration consulting services to STERIS.

**Cary L. Majors** serves as Vice President, North American Commercial Operations. He assumed this role in April 2014. From June 2012 through April 2014 he served as Vice President, Sales & Marketing Strategy.

**Walter M Rosebrough, Jr.** serves as President and Chief Executive Officer. He assumed this role when he joined STERIS in October 2007. Mr. Rosebrough is a Director of Varex Imaging Corporation.

**Renato G. Tamaro** serves as Vice President and Corporate Treasurer. He assumed this role in August 2017. From March 2006 to July 2017, he served as Assistant Treasurer.

**Michael J. Tokich** serves as Senior Vice President and Chief Financial Officer. He assumed this role in August 2017. From February 2014 to July 2017, he served as the Senior Vice President, Chief Financial Officer and Treasurer. From March 2008 to February 2014, he served as Senior Vice President and Chief Financial Officer.

**J. Adam Zangerle** serves as Senior Vice President, General Counsel, and Secretary. He assumed this role in July 2018. From July 2013 to July 2018 he served as Vice President, General Counsel, and Secretary. From May 2007 to July 2013 he served as Associate General Counsel and Group General Counsel, Healthcare.



## ITEM 1A. RISK FACTORS

This section describes certain risk factors that could affect our business, financial condition and results of operations. You should consider these risk factors when evaluating the forward-looking statements contained in this Annual Report on Form 10-K, because our actual results and financial condition might differ materially from those projected in the forward-looking statements should these risks occur. We face other risks besides those highlighted below. These other risks include additional uncertainties not presently known to us or that we currently believe are immaterial, but may ultimately have a significant impact. Should any of these risks, described below or otherwise, actually occur, our business, financial condition, performance, prospects, value, or results of operations could be negatively affected.

### MARKET RISKS

Risk or uncertainty	Discussion
<b>Doing business internationally</b>	
We conduct manufacturing, sales and distribution operations on a worldwide basis and are subject to a variety of risks associated with doing business internationally. Implementation and achievement of international growth objectives also may be impeded by political, social, and economic uncertainties or unrest in countries in which we conduct operations or market or distribute our products.	We maintain significant international operations, including operations in the U.S., Canada, Mexico, Europe, Asia Pacific and Latin America. As a result, we are subject to a number of risks and complications associated with international manufacturing, sales, services, and other operations. These include: risks associated with currency exchange rate fluctuations; difficulties in enforcing agreements and collecting receivables through some foreign legal systems; enhanced credit risks in certain European countries as well as emerging market regions; Customers with longer payment cycles than Customers in the United States; significant variations in tax rates among the countries in which we do business, and tax withholding obligations in respect of our earnings; tax laws that restrict our ability to use tax credits, offset gains, or repatriate funds; tariffs, exchange controls or other trade restrictions including transfer pricing restrictions when products produced in one country are sold to an affiliated entity in another country; general economic and political conditions in countries where we operate or where end users of our products are situated, including the potential implications of the U.K. “Brexit”, for the U.K. and/or regional or global economies, or the withdrawal from the EU of other member countries; difficulties associated with managing a large organization spread throughout various countries; difficulties in enforcing intellectual property rights or weaker intellectual property right protections in some countries and difficulties associated with compliance with a variety of laws and regulations governing international trade, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act and laws and regulations dealing with trade with persons in sanctioned countries.
Compliance with multiple, and potentially conflicting, international laws and regulations, import and export limitations, anti-corruption laws, and exchange controls may be difficult, burdensome or expensive.	We are subject to compliance with various laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. We are also subject to limitations on trade with persons in sanctioned countries. While our employees and agents are required to comply with these laws, we cannot assure you that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics.

Risk or uncertainty	Discussion
<b>Economic conditions and financial market access</b>	
<p>Changes in economic climate may adversely affect us.</p>	<p>Adverse economic cycles or conditions, and Customer, regulatory or government response to those cycles or conditions, could affect our results of operations. The onset of these cycles or conditions may not be foreseeable and there can be no assurance when they will begin to improve after they occur. There also can be no assurance as to the strength or length of any recovery from a business downturn or recession. Credit and liquidity problems may make it difficult for some businesses to access credit markets and obtain financing and may cause some businesses to curtail spending to conserve cash in anticipation of persistent business slowdowns and liquidity needs. If our Customers have difficulty financing their purchases due to tight credit markets or related factors or because of other operational or utilization problems they may be experiencing or otherwise decide to curtail their purchases, our business could be adversely affected. Our exposure to bad debt losses could also increase if Customers are unable to pay for products previously ordered and delivered.</p> <p>Many of our Customers are governmental entities or other entities that rely on government healthcare systems or government funding. If government funding for healthcare becomes limited or restricted in countries in which we operate, our Customers may be unable to pay their obligations on a timely basis or to make payment in full and it may become necessary to increase reserves. In addition, there can be no assurance that there will not be an increase in collection difficulties. Prospectively, additional adverse effects resulting from these conditions may include decreased healthcare utilization, further pricing pressure on our products and services, and/or weaker overall demand for our products and services, particularly capital products.</p>
<p>Our acquisition activity and ability to grow organically may be adversely affected if we are unable to continue to access the financial markets.</p>	<p>Our recent acquisitions have been financed largely through cash on hand and borrowings under our bank credit facilities. Future acquisitions or other capital requirements will necessitate additional cash. To the extent our existing sources of cash are insufficient to fund these or other future activities, we may need to raise additional funds through new or expanded borrowing arrangements or equity. There can be no assurance that we will be able to obtain additional funds beyond those available under existing bank credit facilities on terms favorable to us, or at all, or that such facilities can be replaced when they terminate.</p>

## LEGAL, REGULATORY AND TAX RISKS

Risk or uncertainty	Discussion
<b>Healthcare laws and reimbursement</b>	
<p>Changes in healthcare laws or government and other third-party payor reimbursement levels to healthcare providers, or failure to meet healthcare reimbursement or other requirements, might negatively impact our business.</p>	<p>We sell many of our products and services to hospitals and other healthcare providers and pharmaceutical manufacturers. Many of these Customers are subject to or supported by government programs or receive reimbursement for services from third-party payors, such as government programs, including Medicare and Medicaid in the U.S., private insurance plans, and managed care programs. Reimbursement systems vary significantly by country. Government-managed healthcare systems control reimbursement for healthcare services in many countries. Public budgetary constraints may significantly impact the ability of hospitals, pharmaceutical manufacturers, and other Customers supported by such systems to purchase our products. Government or other third-party payors may deny or change coverage, reduce their current levels of reimbursement for healthcare services, or otherwise implement measures to regulate pricing or contain costs. In addition, our costs may increase more rapidly than reimbursement levels or permissible pricing increases or we may not satisfy the standards or requirements for reimbursement.</p> <p>Among other provisions, the U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, imposed an excise tax on medical devices manufactured or offered for sale in the United States. Early in 2018, U.S. Congress enacted legislation that extended the suspension of the excise tax, which suspension had been in place in since the beginning of calendar year 2016, for 2018 and 2019. Should the U.S. Congress take no further action with regard to this tax we will begin to incur excise tax in the fourth quarter of fiscal 2020. We incurred \$5.8 million in medical device excise taxes for fiscal 2016. In addition, we have been required to commit significant resources to “Sunshine Act” compliance. Various additional health care reform proposals have emerged at the federal and state level, and we are unable to predict which, if any, of those proposals will be enacted.</p>

Risk or uncertainty	Discussion
<b>Product and service related regulations and claims</b>	
<p>We are subject to extensive regulatory requirements and must receive and maintain regulatory clearance or approval for many products and operations. Failure to receive or maintain, or delays in receiving, clearance or approvals may hurt our revenues, profitability, financial condition, or value.</p>	<p>Our operations are subject to extensive regulation in the countries where we do business. In the United States, our products and services are regulated by the FDA and other regulatory authorities. In many foreign countries, sales of our products and services are subject to extensive regulations that may or may not be comparable to those of the FDA. In Europe, our products are regulated primarily by country and community regulations of those countries within the European Economic Area and must conform to the requirements of those authorities.</p> <p>Government regulation applies to nearly all aspects of testing, manufacturing, safety, labeling, storing, recordkeeping, reporting, promoting, distributing, and importing or exporting of medical devices, products, and services. In general, unless an exemption applies, a sterilization, decontamination or medical device or product or service must receive regulatory approval or clearance before it can be marketed or sold. Modifications to existing products or the marketing of new uses for existing products also may require regulatory approvals, approval supplements or clearances. If we are unable to obtain any required approvals, approval supplements or clearances for any modification to a previously cleared or approved device, we may be required to cease manufacturing and sale, or recall or restrict the use of such modified device, pay fines, or take other action until such time as appropriate clearance or approval is obtained.</p> <p>Regulatory agencies may refuse to grant approval or clearance, or review and disagree with our interpretation of approvals or clearances, or with our decision that regulatory approval is not required or has been maintained. Regulatory submissions may require the provision of additional data and may be time consuming and costly, and their outcome is uncertain. Regulatory agencies may also change policies, adopt additional regulations, or revise existing regulations, each of which could prevent or delay approval or clearance of devices, or could impact our ability to market a previously cleared, approved, or unregulated device. Our failure to comply with the regulatory requirements of the FDA or other applicable regulatory requirements in the United States or elsewhere might subject us to administratively or judicially imposed sanctions. These sanctions include, among others, warning letters, fines, civil penalties, criminal penalties, injunctions, debarment, product seizure or detention, product recalls and total or partial suspension of production, sale and/or promotion.</p>
<p>Our products are subject to recalls and restrictions, even after receiving United States or foreign regulatory clearance or approval.</p>	<p>Ongoing medical device reporting regulations require that we report to appropriate governmental authorities in the United States and/or other countries when our products cause or contribute to a death or serious injury or malfunction in a way that would be reasonably likely to contribute to a death or serious injury if the malfunction were to recur. Governmental authorities can require product recalls or impose restrictions for product design, manufacturing, labeling, clearance, or other issues. For the same reasons, we may voluntarily elect to recall or restrict the use of a product. Any recall or restriction could divert managerial and financial resources and might harm our reputation among our Customers and other healthcare professionals who use or recommend our products and services.</p>

<p>We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters.</p>	<p>We face an inherent business risk of exposure to product liability claims and other legal and regulatory actions. A significant increase in the number, severity, amount, or scope of these claims and actions may, as described above with respect to recalls and restrictions, result in substantial costs and harm our reputation or otherwise adversely affect product sales and our business. Product liability claims and other legal and regulatory actions may also distract management from other business responsibilities.</p> <p>We are also subject to a variety of other types of claims, proceedings, investigations, and litigation initiated by government agencies or third parties and other potential risks and liabilities. These include compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, or other similar or different matters. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business.</p> <p>Administratively or judicially imposed or agreed sanctions might include warning letters, fines, civil penalties, criminal penalties, loss of tax benefits, injunctions, product seizure, recalls, suspensions or restrictions, re-labeling, detention, and/or debarment. We also might be required to take actions such as payment of substantial amounts, or revision of financial statements, or to take, or be subject to, the following types of actions with respect to our products, services, or business: redesign, re-label, restrict, or recall products; cease manufacturing and selling products; seizure of product inventory; comply with a court injunction restricting or prohibiting further marketing and sale of products or services; comply with a consent decree, which could result in further regulatory constraints; dedication of significant internal and external resources and costs to respond to and comply with legal and regulatory issues and constraints; respond to claims, litigation, and other proceedings brought by Customers, users, governmental agencies, and others; disruption of product improvements and product launches; discontinuation of certain product lines or services; or other restrictions or limitations on product sales, use or operation, or other activities or business practices.</p> <p>Some product replacements or substitutions may not be possible or may be prohibitively costly or time consuming. The impact of any legal, regulatory, or compliance claims, proceeding, investigation, or litigation, is difficult to predict.</p> <p>We maintain product liability and other insurance with coverages believed to be adequate. However, product liability or other claims may exceed insurance coverage limits, fines, penalties and regulatory sanctions may not be covered by insurance, or insurance may not continue to be available or available on commercially reasonable terms. Additionally, our insurers might deny claim coverage for valid or other reasons or may become insolvent.</p>
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<p>Our business and financial condition could be adversely affected by difficulties in acquiring or maintaining a proprietary intellectual ownership position.</p>	<p>To maintain our competitive position for our products, we need to obtain patent or other proprietary rights for new and improved products and to maintain and enforce our existing patents and other proprietary rights. We typically apply for patents in the United States and in strategic other countries. We may also acquire patents through acquisitions. We may encounter difficulties in obtaining or protecting patents.</p> <p>We rely on a combination of patents, trademarks, trade secrets, know-how, and confidentiality agreements to protect the proprietary aspects of our technology. These measures afford only limited protection, and competitors may gain access to our intellectual property and proprietary information. Litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of our proprietary rights. Litigation may also be brought against us claiming that we have violated the intellectual property rights of others. Litigation may be costly and may divert management's attention from other matters. Additionally, in some foreign countries with weaker intellectual property rights, it may be difficult to maintain and enforce patents and other proprietary rights or defend against claims of infringement.</p>
<b>Tax and trade risks</b>	
<p>Current economic and political conditions make tax rules in any jurisdiction subject to significant change.</p>	<p>The U.S. Tax Cuts and Jobs Act ("TCJA") was signed into law on December 22, 2017. Guidance continues to be issued clarifying the application of this new legislation. We cannot predict the overall impact that the additional guidance may have on our business. It is reasonable to expect that global taxing authorities will be reviewing current legislation for potential modifications in reaction to the implementation of the TCJA. In addition, further changes in the tax laws of other jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organization for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely impact our provision for income taxes.</p>
<p>Our tax rate is uncertain and may vary from expectations, which could have a material impact on our results of operations and earnings per share.</p>	<p>There can be no assurance that we will be able to maintain any particular worldwide effective corporate tax rate. We cannot give any assurance as to what our effective tax rate will be in the future because of, among other things, uncertainty regarding the tax policies of the jurisdictions in which we and our affiliates operate. Our actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have a material adverse impact on us and our affiliates.</p>
<p>Changes in tax treaties and trade agreements could negatively impact our costs, results of operations and earnings per share.</p>	<p>Legislative and regulatory action may be taken in the U.S. which, if ultimately adopted, could override or otherwise adversely impact tax treaties upon which we rely or broaden the circumstances under which STERIS plc would be considered a U.S. resident, each of which could materially and adversely affect our tax obligations. We cannot predict the outcome of any specific legislative or regulatory proposals. However, if proposals were adopted that had the effect of disregarding our organization in Ireland or limiting our ability as an Irish company to take advantage of tax treaties with the U.S., we could be subject to increased taxation and/or potentially significant expense.</p> <p>Existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws and regulations or policies governing the terms of foreign trade, and in particular, increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products could have a material adverse impact on our business and financial results.</p>

Proposed legislation relating to the denial of U.S. federal or state governmental contracts to U.S. companies that redomicile abroad could adversely affect our business.	Various U.S. federal and state legislative proposals that would deny governmental contracts to redomiciled companies may adversely affect us if adopted into law. We are unable to predict the likelihood that any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, or the effect such enactments or increased regulatory scrutiny could have on our business.
The U.S. Internal Revenue Service (the “IRS”) may not agree that we are a foreign corporation for U.S. federal tax purposes.	<p>Although we are organized under the laws of Ireland and are a tax resident in Ireland for Irish tax purposes, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the “Code” and such Section, “Section 7874”). For U.S. federal tax purposes, a company generally is considered to be a tax resident in the jurisdiction of its organization. Because we are organized under the laws of Ireland, we would generally be classified as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874, however, provides an exception to this general rule under which a non-U.S. organized entity may be treated as a U.S. corporation for U.S. federal tax purposes.</p> <p>If we were to be treated as a U.S. corporation for U.S. federal tax purposes, we could be subject to substantial additional U.S. tax liability. Additionally, if we were treated as a U.S. corporation for U.S. federal tax purposes, non-U.S. holders of our ordinary shares would be subject to U.S. withholding tax on the gross amount of any dividends we paid to such shareholders. For Irish tax purposes, we are expected, regardless of any application of Section 7874, to be treated as an Ireland tax resident. Consequently, if we are treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, we could be liable for both U.S. and Ireland taxes, which could have a material adverse effect on our financial condition and results of operations.</p>

## BUSINESS AND OPERATIONAL RISKS

Risk or uncertainty	Discussion
<b>Competition</b>	
Our businesses are highly competitive, and if we fail to compete successfully, our revenues and results of operations may be hurt.	We operate in a highly competitive global environment. Our businesses compete with other broad-line manufacturers, as well as many smaller businesses specializing in particular products or services, primarily on the basis of brand, design, quality, safety, ease of use, serviceability, price, product features, warranty, delivery, service, and technical support. We face increased competition from new infection prevention, sterile processing, contamination control, surgical support, cleaning consumables, gastrointestinal endoscopy accessories, contract sterilization, and other products and services entering the market. Competitors and potential competitors also are attempting to develop alternate technologies and sterilizing agents, as well as disposable medical instruments and other devices designed to address the risk of contamination.
Consolidations among our healthcare and pharmaceutical Customers may result in a loss of Customers or more significant pricing pressures.	A number of our Customers have consolidated. These consolidations are due in part to healthcare cost reduction measures initiated by competitive pressures as well as legislators, regulators and third-party payors. This may result in greater pricing pressures on us and in some cases loss of Customers. Additional consolidations could result in a loss of Customers or more significant pricing pressures.



<p>Decreased availability or increased costs of raw materials or energy supplies or other supplies might increase our production costs or limit our production capabilities or curtail our operations.</p>	<p>We purchase raw materials, fabricated and other components, and energy supplies from a variety of suppliers. Key materials include stainless steel, organic and inorganic chemicals, fuel, cobalt-60, EO, and plastic components. The availability and prices of raw materials and energy supplies are subject to volatility and are influenced by worldwide economic conditions, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, and other factors. Also, certain of our key materials and components have a limited number of suppliers. Some are single-sourced in certain regions of the world, such as cobalt-60 and EO, which are necessary to our AST operations. Changes in regulatory requirements regarding the use of, the unavailability or short supply of these products might disrupt or cause shutdowns of portions of our AST operations or have other adverse consequences. We have developed a plan to expand our irradiation processing capacity with accelerator-based technologies which may reduce the potential supply risk. Shortages in supply, increased regulatory or security requirements, or increases in the price of raw materials, components and energy supplies may adversely affect us.</p>
<p>Our operations, and those of our suppliers, are subject to a variety of business continuity hazards and risks, any of which could interrupt production or operations or otherwise adversely affect our performance, results, or value.</p>	<p>Business continuity hazards and other risks include: explosions, fires, earthquakes, inclement weather, and other disasters; utility or other mechanical failures; unscheduled downtime; labor difficulties; inability to obtain or maintain any required licenses or permits; disruption of communications; data security, preservation and redundancy disruptions; inability to hire or retain key management or employees; disruption of supply or distribution; and regulation of the safety, security or other aspects of our operations.</p> <p>The occurrence of any of these or other events might disrupt or shut down operations, or otherwise adversely impact the production or profitability of a particular facility, or our operations as a whole. Certain casualties also might cause personal injury and loss of life, or severe damage to or destruction of property and equipment, and for casualties occurring at our facilities, result in liability claims against us. Although we maintain property and casualty insurance and liability and similar insurance of the types and in the amounts that we believe are customary for our industries, our insurance coverages have limits and we are not fully insured against all potential hazards and risks incident to our business.</p>

<p>We engage in acquisitions and affiliations, divestitures, and other business arrangements. Our growth may be adversely affected if we are unable to successfully identify, price, and integrate strategic business candidates or otherwise optimize our business portfolio.</p>	<p>Our success depends, in part, on strategic acquisitions and joint ventures, which are intended to complement or expand our businesses, divestiture of non-strategic businesses, and other actions intended to optimize our portfolio of businesses. This strategy depends upon our ability to identify, appropriately price, and complete these types of business development transactions or arrangements and to obtain any necessary financing. In the last several fiscal years we have made a number of acquisitions. We also completed several divestitures of non-strategic businesses or product lines during the last several years.</p> <p>Our success with respect to these recent and future acquisitions will depend on our ability to integrate the businesses acquired, retain key personnel, realize identified cost synergies and otherwise execute our strategies. Our success will also depend on our ability to develop satisfactory working arrangements with our strategic partners in joint ventures or other affiliations, or to divest or realign businesses. Competition for strategic business candidates may result in increases in costs and price for acquisition candidates and market valuation issues may reduce the value available for divestiture of non-strategic businesses. These types of transactions are also subject to a number of other risks and uncertainties, including: delays in realizing or failure to realize anticipated benefits of the transactions; diversion of management's time and attention from other business concerns; difficulties in retaining key employees, Customers, or suppliers of the acquired or divested businesses; difficulties in maintaining uniform standards, controls, procedures and policies, or other integration or divestiture difficulties; adverse effects on existing business relationships with suppliers or Customers; other events contributing to difficulties in generating future cash flows; risks associated with the assumption of contingent or other liabilities of acquisition targets or retention of liabilities for divested businesses and difficulties in obtaining financing.</p>
<p>If our continuing efforts to create a lean business and in-source production to reduce costs are not successful, our profitability may be hurt or our business otherwise might be adversely affected.</p>	<p>We have undertaken various activities to create a lean business, including in-sourcing. We continue to look for opportunities to in-source production that is currently provided by third parties. These activities may not produce the full efficiencies and cost reduction benefits that we expect or efficiencies and benefits might be delayed. Implementation costs also might exceed expectations.</p>
<p>Our business and results of operations may be adversely affected if we are unable to recruit and retain qualified management and other personnel or other compliance matters adversely impact our personnel.</p>	<p>Our continued success depends, in large part, on our ability to hire and retain highly qualified people and if we are unable to do so, our business and operations may be impaired or disrupted. Competition for highly qualified people is intense and there is no assurance that we will be successful in attracting or retaining replacements to fill vacant positions, successors to fill retirements or employees moving to new positions, or other highly qualified personnel. In addition, legal, regulatory or compliance matters create significant distraction or diversion of significant or unanticipated resources or attention that could have a material adverse effect on the responsibilities and retention of qualified employees.</p>

We could experience a failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, processes, associated sites or service providers.	We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats pose potential risks to the security of our IT systems, networks and services, as well as the confidentiality, availability and integrity of our data. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. Enforcement of the General Data Protection Regulation (“GDPR”) was effective as of May 2018. The GDPR is focused on the protection of personal data not merely the privacy of personal data. The GDPR creates a range of new compliance obligations and will significantly increase financial penalties for noncompliance (including possible fines of up to 4% of global annual revenues for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).
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## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

The following table sets forth the principal plants and other materially important properties of the Company and its subsidiaries as of March 31, 2019. The Company believes that its facilities are adequate for operations and are maintained in good condition. The Company is confident that, if needed, it will be able to acquire additional facilities at commercially reasonable rates.

In the table below, “Contract Sterilization” refers to locations of the Applied Sterilization Technologies segment. “Manufacturing,” “Warehousing,” “Operations,” or “Sales Offices” refer to locations serving one or more of the Healthcare Products, Healthcare Specialty Services and Life Sciences segments.

### **Ireland (IE), United States (U.S.) Locations (including Puerto Rico) and International Locations (INTL)**

<i>Location</i>	<i>IE /U.S./INTL *</i>	<i>Use</i>	<i>Owned/Leased</i>
Montgomery, AL	U.S.	Manufacturing	Owned
Ontario, CA	U.S.	Contract Sterilization	Owned
San Diego, CA	U.S.	Contract Sterilization	Owned
Temecula, CA	U.S.	Contract Sterilization	Owned
Libertyville, IL (2)	U.S.	Contract Sterilization	Owned
Northborough, MA	U.S.	Contract Sterilization	Owned
Brooklyn Park, MN	U.S.	Contract Sterilization	Owned
St. Louis, MO (4)	U.S.	Manufacturing	Owned
South Plainfield, NJ	U.S.	Contract Sterilization	Owned
Whippany, NJ	U.S.	Contract Sterilization	Owned
Chester, NY (2)	U.S.	Contract Sterilization	Owned

**Ireland (IE), United States (U.S.) Locations (including Puerto Rico) and International Locations (INTL)**

<i>Location</i>	<i>IE /U.S./INTL*</i>	<i>Use</i>	<i>Owned/Leased</i>
Groveport, OH	U.S.	Contract Sterilization	Owned
Mentor, OH (13)	U.S.	Operations	Owned
	U.S.	Sales Offices	Owned
	U.S.	Manufacturing/Warehousing	Owned
	U.S.	Manufacturing/Operations	Owned
Philadelphia, PA	U.S.	Manufacturing/Warehousing	Owned
Spartanburg, SC	U.S.	Contract Sterilization	Owned
El Paso, TX (2)	U.S.	Contract Sterilization	Owned
Grand Prairie, TX	U.S.	Contract Sterilization	Owned
Sandy, UT	U.S.	Contract Sterilization	Owned
Minneapolis, MN (2)	U.S.	Contract Sterilization	Owned
Birmingham, AL (5)	U.S.	Operations/Warehousing	Owned
Vega Alta, PR	U.S.	Contract Sterilization	Owned
Sharon Hill, PA	U.S.	Manufacturing/Warehousing	Owned
Feasterville, PA	U.S.	Warehousing	Owned
Tullamore, Ireland	IE	Contract Sterilization	Owned
Westport, Ireland	IE	Contract Sterilization	Owned
Berkshire, England	INTL	Contract Sterilization	Owned
Derby, England (2)	INTL	Operations	Owned
Lancing, England	INTL	Manufacturing/Operations	Owned
Swindon, England (2)	INTL	Contract Sterilization	Owned
Yorkshire, England (3)	INTL	Contract Sterilization	Owned
Northamptonshire, England	INTL	Contract Sterilization	Owned
Mogi das Cruzes, Brazil	INTL	Manufacturing/Sales Office	Owned
Quebec City, Canada	INTL	Manufacturing	Owned
Whitby, Canada	INTL	Contract Sterilization	Owned
Suzhou, China	INTL	Contract Sterilization/ Operations	Owned
Alajuela, Costa Rica (2)	INTL	Contract Sterilization	Owned
Velka Bites, Czech Republic	INTL	Contract Sterilization	Owned
Tuusula, Finland	INTL	Manufacturing/Sales Office	Owned
Bordeaux, France	INTL	Manufacturing/Sales Office	Owned
Calcinat, Italy	INTL	Contract Sterilization	Owned
Bastia di Rovolon, Italy	INTL	Contract Sterilization	Owned
Rawang, Malaysia (2)	INTL	Contract Sterilization	Owned
Etten-Leur, Netherlands (3)	INTL	Contract Sterilization	Owned
Venlo, Netherlands	INTL	Contract Sterilization	Owned
Michalovce, Slovakia	INTL	Contract Sterilization	Owned
Johannesburg, South Africa	INTL	Contract Sterilization	Owned
Daniken, Switzerland (2)	INTL	Contract Sterilization	Owned
Chonburi, Thailand	INTL	Contract Sterilization	Owned
Radeberg, Germany	INTL	Contract Sterilization	Owned
Komenda, Slovenia	INTL	Contract Sterilization	Owned
Bitterfeld-Wolfen, Germany	INTL	Contract Sterilization	Owned

**Ireland (IE), United States (U.S.) Locations (including Puerto Rico) and International Locations (INTL)**

<i>Location</i>	<i>IE /U.S./INTL*</i>	<i>Use</i>	<i>Owned/Leased</i>
Ede, Netherlands	INTL	Contract Sterilization	Owned
Chusclan, France	INTL	Contract Sterilization	Owned
Marseille, France	INTL	Manufacturing/Warehousing	Owned
Kuala Ketil, Malaysia	INTL	Contract Sterilization	Owned
Kulim, Malaysia	INTL	Contract Sterilization	Owned
Leicester, England (2)	INTL	Warehousing/Operations	Owned
St. Louis, MO (2)	U.S.	Warehousing/Operations	Leased
Reno, NV	U.S.	Warehousing	Leased
Cleveland, Ohio	U.S.	Operations	Leased
Stow, OH	U.S.	Sales Office/Operations	Leased
Hillsborough, NJ	U.S.	Sales Office/Operations	Leased
Keller, TX (2)	U.S.	Sales Office/Operations	Leased
Tustin, CA	U.S.	Sales Office/Operations	Leased
Melville, NY	U.S.	Sales Office/Operations	Leased
Santa Clara, CA	U.S.	Sales Office	Leased
Chesterfield, MO	U.S.	Sales Office/Operations	Leased
Cooper City, FL	U.S.	Operations	Leased
Rockville, MD	U.S.	Operations	Leased
Springdale, OH	U.S.	Operations/Warehousing	Leased
Franklin Park, IL	U.S.	Manufacturing/ Operations	Leased
Bensenville, IL	U.S.	Operations/Warehousing	Leased
Montgomery, AL	U.S.	Operations/Warehousing	Leased
Ooltewah, TN	U.S.	Operations/Warehousing	Leased
Bethlehem, PA	U.S.	Sales Office/Operations	Leased
Point Richmond, CA (3)	U.S.	Manufacturing/ Operations /Sales Offices/ Warehousing	Leased
San Diego, CA	U.S.	Contract Sterilization	Leased
Denver, CO	U.S.	Contract Sterilization	Leased
Lima, OH	U.S.	Contract Sterilization	Leased
Saxonburg, PA (2)	U.S.	Contract Sterilization	Leased
Petaluma, CA	U.S.	Contract Sterilization	Leased
Tampa, FL (2)	U.S.	Operations	Leased
Temple Terrace, FL	U.S.	Operations	Leased
Hamilton, OH	U.S.	Operations/Warehouse	Leased
Henrico, VA	U.S.	Operations	Leased
Rochester, NY	U.S.	Operations	Leased
Birmingham, AL	U.S.	Warehouse	Leased
Long Island City, NY	U.S.	Operations	Leased
Chattanooga, TN (2)	U.S.	Operations	Leased
Durham, NC	U.S.	Operations	Leased
Cheektowaga, KY	U.S.	Sales Office	Leased
Louisville, KY	U.S.	Warehousing	Leased
Philadelphia, PA	U.S.	Sales Office	Leased

**Ireland (IE), United States (U.S.) Locations (including Puerto Rico) and International Locations (INTL)**

<i>Location</i>	<i>IE /U.S./INTL*</i>	<i>Use</i>	<i>Owned/Leased</i>
Mentor, OH	U.S.	Warehousing	Leased
Sturbridge, MA	U.S.	Operations	Leased
Galway, Ireland	IE	Lab	Leased
Tullamore, Ireland (3)	IE	Sales Office	Leased
Calciate, Italy	INTL	Contract Sterilization	Leased
Riyadh, Saudi Arabia	INTL	Operations	Leased
Toronto, Canada	INTL	Operations	Leased
Antwerpen, Belgium	INTL	Sales Office/Operations	Leased
Sao Paulo, Brazil (2)	INTL	Sales Office	Leased
Mississauga, Canada	INTL	Sales Office/Warehousing	Leased
Beijing, China	INTL	Sales Office	Leased
Nanjing, China	INTL	Operations	Leased
Shanghai, China (4)	INTL	Sales Office/ Manufacturing	Leased
Suzhou, China	INTL	Operations	Leased
La Chapelle St. Mesmin, France	INTL	Sales Office	Leased
Marseille, France	INTL	Contract Sterilization	Leased
Paris, France	INTL	Sales Office	Leased
Toussieu, France	INTL	Warehousing	Leased
Allershausen, Germany (2)	INTL	Contract Sterilization	Leased
Cologne, Germany (2)	INTL	Sales Office	Leased
Gokul Nagar, India	INTL	Sales Office	Leased
Poggio Rusco, Italy	INTL	Contract Sterilization	Leased
Segrate, Italy	INTL	Sales Office	Leased
		Contract Sterilization/Operations	
Seriate, Italy	INTL		Leased
Trescore Balneario, Italy	INTL	Operations	Leased
Tokyo, Japan	INTL	Sales Office	Leased
MINT Bangi, Malaysia	INTL	Contract Sterilization	Leased
Petaling Jaya, Malaysia	INTL	Sales Office	Leased
Guadalupe, Mexico	INTL	Manufacturing	Leased
Utrecht, Netherlands	INTL	Operations	Leased
Moscow, Russia	INTL	Sales Office	Leased
Singapore	INTL	Sales Office/Warehousing	Leased
Madrid, Spain	INTL	Sales Office	Leased
Dubai, United Arab Emirates	INTL	Sales Office	Leased
Tuusula, Finland	INTL	Sales Office	Leased
Bihwandi, India	INTL	Warehousing	Leased
Bitterfeld-Wolfen, Germany (2)	INTL	Warehousing	Leased
New Cross, England	INTL	Operations	Leased
Basingstoke, England	INTL	Sales Office	Leased
Hoddesdon, England (2)	INTL	Operations	Leased
Leicester, England	INTL	Warehousing/Operations	Leased
Lincoln, England	INTL	Operations	Leased
Grimsby England	INTL	Operations	Leased

**Ireland (IE), United States (U.S.) Locations (including Puerto Rico) and International Locations (INTL)**

<i>Location</i>	<i>IE /U.S./INTL*</i>	<i>Use</i>	<i>Owned/Leased</i>
Knowsley, England	INTL	Operations	Leased
Oxfordshire, England	INTL	Contract Sterilization	Leased
Sheffield, England	INTL	Operations	Leased
Strathclyde, Scotland	INTL	Operations	Leased
Swindon, England	INTL	Operations	Leased
Wythenshawe, England	INTL	Operations	Leased
Bishop Stortford, England (4)	INTL	Manufacturing/Warehousing/Operations	Leased
Pitsford, England	INTL	Operations	Leased
Harrow, England	INTL	Operations	Leased
Didcot, England (2)	INTL	Operations	Leased
Sao Jose Dos Campos, Brazil	INTL	Warehousing	Leased

\* International includes all countries other than Ireland and the U.S.

### ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings is included in Item 7 of Part II, Management's Discussion and Analysis ("MD&A"), and Note 10 of our consolidated financial statements titled, "Commitments and Contingencies," and is incorporated herein by reference thereto.

### ITEM 4. MINE SAFETY DISCLOSURES

None.



## PART II

### ITEM 5. MARKET FOR REGISTRANT’S ORDINARY EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Market Information.** Our ordinary shares are traded on the New York Stock Exchange under the symbol “STE.”

**Holders.** As of March 31, 2019, there were approximately 936 holders of record of our ordinary shares.

**Dividend Policy.** The Company’s Board of Directors decides the timing and amount of any dividends we may pay. The Board expects to be able to continue to pay cash dividends for the foreseeable future.

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers.** On August 9, 2016, STERIS UK announced that its Board of Directors had authorized the purchase of up to \$300.0 million (net of taxes, fees and commissions) of our ordinary shares. As a result of the Redomiciliation, this authorization terminated.

On May 7, 2019, our Board of Directors authorized the continuation of the foregoing share repurchase program by STERIS Ireland. There is approximately \$80.0 million (net of taxes, fees and commissions) of remaining availability under the authorization. Under the authorization, the Company may repurchase its shares from time to time through open market purchases, including 10b5-1 plans. The repurchase program may be suspended or discontinued at any time.

We purchased 651,093 of our ordinary shares during fiscal 2019 for the aggregate amount of \$72.1 million.

The following table presents information with respect to purchases STERIS made of its ordinary shares during the fourth quarter of fiscal year 2019:

	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans at Period End (dollars in thousands)
January 1-31	—	\$ —	—	\$ 103,979
February 1-28	96,500	121.88	96,500	92,217
March 1-31	108,893	121.57	108,893	78,979
Total	205,393 <sup>(1)</sup>	\$ 121.72 <sup>(1)</sup>	205,393	\$ 78,979

<sup>(1)</sup> Does not include 11 shares purchased during the quarter at an average price of \$116.62 per share by the STERIS Corporation 401(k) Plan on behalf of an executive officer of the Company who may be deemed to be an affiliated purchaser.

## ITEM 6. SELECTED FINANCIAL DATA

(in thousands, except per share data)	Years Ended March 31,				
	2019 <sup>(1) (2)</sup>	2018 <sup>(1) (2)</sup>	2017 <sup>(1) (2)</sup>	2016 <sup>(1) (2)</sup>	2015 <sup>(1) (2)</sup>
<b>Statements of Income Data:</b>					
Revenues	\$ 2,782,170	\$ 2,619,996	\$ 2,612,756	\$ 2,238,764	\$ 1,850,263
Gross profit	1,175,427	1,092,746	1,026,213	895,348	774,301
Restructuring expenses	30,987	103	215	(820)	(391)
Income from continuing operations	411,465	399,883	226,206	237,576	225,214
Income taxes	64,394	63,360	74,015	60,299	73,756
Net income attributable to shareholders	304,051	290,915	109,965	110,763	135,064
Basic income per ordinary share:					
Net income	\$ 3.59	\$ 3.42	\$ 1.29	\$ 1.57	\$ 2.27
Shares used in computing net income per ordinary share – basic	84,577	85,028	85,473	70,698	59,413
Diluted income per ordinary share:					
Net income	\$ 3.56	\$ 3.39	\$ 1.28	\$ 1.56	\$ 2.25
Shares used in computing net income per ordinary share – diluted	85,468	85,713	86,094	71,184	60,045
Dividends per ordinary share	\$ 1.33	\$ 1.21	\$ 1.09	\$ 0.98	\$ 0.90
<b>Balance Sheets Data:</b>					
Working capital	\$ 588,539	\$ 591,195	\$ 636,219	\$ 571,919	\$ 437,101
Total assets	5,073,071	5,200,334	4,924,555	5,346,416	2,097,291
Long-term indebtedness	1,183,227	1,316,001	1,478,361	1,567,796	621,075
Total liabilities	1,887,273	1,983,034	2,114,422	2,307,524	1,023,645
Total shareholders' equity	\$ 3,177,810	\$ 3,205,960	\$ 2,798,602	\$ 3,023,034	\$ 1,071,632

<sup>(1)</sup> See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

<sup>(2)</sup> As a result of our adoption of ASU 2017-07, prior year amounts on our Consolidated Statements of Income have been reclassified to retroactively apply the components of the net periodic benefit cost of our defined benefit pension plans and our other post-retirements benefit plan.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### INTRODUCTION

In Management's Discussion and Analysis ("MD&A"), we explain the general financial condition and the results of operations for STERIS and its subsidiaries including:

- what factors affect our business;
- what our earnings and costs were;
- why those earnings and costs were different from the year before;
- where our earnings came from;
- how this affects our overall financial condition;
- what our expenditures for capital projects were; and
- where cash will come from to fund future debt principal repayments, growth outside of core operations, repurchase ordinary shares, pay cash dividends and fund future working capital needs.

The MD&A also analyzes and explains the annual changes in the specific line items in the Consolidated Statements of Income. As you read the MD&A, it may be helpful to refer to information in Item 1, "Business," Item 6, "Selected Financial Data," and our consolidated financial statements, which present the results of our operations for fiscal 2019, 2018 and 2017, as well as Part I, Item 1A, "Risk Factors" and Note 10 of our consolidated financial statements titled, "Commitments and Contingencies" for a discussion of some of the matters that can adversely affect our business and results of operations. This information, discussion, and disclosure may be important to you in making decisions about your investments in STERIS.

### FINANCIAL MEASURES

In the following sections of the MD&A, we may, at times, refer to financial measures that are not required to be presented in the consolidated financial statements under U.S. GAAP. We sometimes use the following financial measures in the context of this report: backlog; debt-to-total capital; and days sales outstanding. We define these financial measures as follows:

- Backlog – We define backlog as the amount of unfilled capital equipment purchase orders at a point in time. We use this figure as a measure to assist in the projection of short-term financial results and inventory requirements.
- Debt-to-total capital – We define debt-to-total capital as total debt divided by the sum of total debt and shareholders' equity. We use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- Days sales outstanding ("DSO") – We define DSO as the average collection period for accounts receivable. It is calculated as net accounts receivable divided by the trailing four quarters' revenues, multiplied by 365 days. We use this figure to help gauge the quality of accounts receivable and expected time to collect.

We, at times, may also refer to financial measures which are considered to be "non-GAAP financial measures" under SEC rules. We have presented these financial measures because we believe that meaningful analysis of our financial performance is enhanced by an understanding of certain additional factors underlying that performance. These financial measures should not be considered an alternative to measures required by accounting principles generally accepted in the United States. Our calculations of these measures may differ from calculations of similar measures used by other companies and you should be careful when comparing these financial measures to those of other companies. Additional information regarding these financial measures, including reconciliations of each non- GAAP financial measure, is available in the subsection of MD&A titled, "Non-GAAP Financial Measures."

**REVENUES—DEFINED**

As required by Regulation S-X, we separately present revenues generated as either product revenues or service revenues on our Consolidated Statements of Income for each period presented. When we discuss revenues, we may, at times, refer to revenues summarized differently than the Regulation S-X requirements. The terminology, definitions, and applications of terms that we use to describe revenues may be different from terms used by other companies. We use the following terms to describe revenues:

- **Revenues** – Our revenues are presented net of sales returns and allowances.
- **Product Revenues** – We define product revenues as revenues generated from sales of consumable and capital equipment products.
- **Service Revenues** – We define service revenues as revenues generated from parts and labor associated with the maintenance, repair, and installation of our capital equipment. Service revenues also include hospital sterilization services, instrument and scope repairs, and linen management as well as revenues generated from contract sterilization and laboratory services offered through our Applied Sterilization Technologies segment. Linen management services were divested in fiscal 2017.
- **Capital Equipment Revenues** – We define capital equipment revenues as revenues generated from sales of capital equipment, which includes steam sterilizers, low temperature liquid chemical sterilant processing systems, including SYSTEM 1 and 1E, washing systems, VHP® technology, water stills, and pure steam generators; surgical lights and tables; and integrated OR.
- **Consumable Revenues** – We define consumable revenues as revenues generated from sales of the consumable family of products, which includes SYSTEM 1 and 1E consumables, V-PRO consumables, gastrointestinal endoscopy accessories, sterility assurance products, skin care products, cleaning consumables, barrier product solutions and surgical instruments.
- **Recurring Revenues** – We define recurring revenues as revenues generated from sales of consumable products and service revenues.

**GENERAL OVERVIEW AND EXECUTIVE SUMMARY**

STERIS plc is a leading provider of infection prevention and other procedural products and services. Our 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. We offer our Customers a unique mix of innovative consumable products, such as detergents, gastrointestinal ("GI") endoscopy accessories, barrier product solutions, and other products and services, including: equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair solutions, laboratory testing services, on-site and off-site reprocessing, and capital equipment products, such as sterilizers and surgical tables, and connectivity solutions such as operating room ("OR") integration.

On March 28, 2019, STERIS plc, a public limited company organized under the laws of England and Wales ("STERIS UK"), completed a redomiciliation from the United Kingdom to Ireland (the "Redomiciliation"). The Redomiciliation was achieved through the insertion of a new Irish public limited holding company ("STERIS Ireland") on top of STERIS UK pursuant to a court-approved scheme of arrangement under English law (the "Scheme"). Following the Scheme effectiveness, STERIS UK was re-registered as a private limited company with the name STERIS Limited, and STERIS Emerald IE Limited, a company established in Ireland and a wholly-owned direct subsidiary of STERIS Ireland, was interposed as the direct parent company of STERIS UK.

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We describe our business segments in Note 11 to our consolidated financial statements, titled "Business Segment Information."

The bulk of our revenues are derived from the healthcare and pharmaceutical industries. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and is dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. The pharmaceutical industry has been impacted by increased regulatory scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. Within healthcare, there is increased concern regarding the level of hospital acquired infections around the world; increased demand for medical procedures, including preventive screenings such as endoscopies and colonoscopies; and a desire by our Customers to operate more efficiently, all which are driving increased demand for many of our products and services.

We completed several acquisitions and asset purchases in fiscal 2019, 2018 and 2017 that expanded our product and service offerings to our Customers.

During fiscal 2018, we divested our Synergy Health Healthcare Consumable Solutions ("HCS") business with annual revenues of approximately \$40 million. During fiscal 2017, we divested our Applied Infection Control ("AIC") product line and four businesses acquired in the acquisition of Synergy Health including: all of the linen management services businesses and Synergy Health Laboratory Services.

We continue to invest in manufacturing in-sourcing projects and lean process improvements for the purpose of improving quality, cost and delivery of our products to our Customers.

**U.S. Tax Reform.** On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA made broad and complex changes to the U.S. tax code including, but not limited to, (1) reduction of the U.S. federal corporate income tax rate; (2) elimination of the corporate alternative minimum tax ("AMT"); (3) the creation of the base erosion anti-abuse tax ("BEAT"), a new minimum tax; (4) a general elimination of U.S. federal income taxes on dividends from non-U.S. subsidiaries; (5) a new provision designed to tax global intangible low-taxed income ("GILTI"), which allows for the possibility of using foreign tax credits ("FTCs") and a deduction of up to 50 percent to offset the income tax liability (subject to some limitations); (6) a new limitation on deductible interest expense; (7) the repeal of the domestic production activity deduction; (8) limitations on the deductibility of certain executive compensation; (9) limitations on the use of FTCs to reduce the U.S. income tax liability; and (10) limitations on net operating losses ("NOLs") generated after December 31, 2017, to 80.0 percent of taxable income.

**Fiscal 2019 Restructuring Plan.** During the third quarter of fiscal year 2019, we adopted and announced a targeted restructuring plan (the "Fiscal 2019 Restructuring Plan"), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including, the rationalization of certain products. Fewer than 200 positions are being eliminated. The Company will relocate the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions are designed to enhance profitability and improve efficiency. For additional information on restructuring see the subsection titled "Restructuring Expenses", located in the Results of Operations section of this MD&A, or Note 2 of our Consolidated Financial Statements, titled "Restructuring".

**Highlights.** Revenues increased \$162.2 million, or 6.2%, to \$2,782.2 million for the year ended March 31, 2019, as compared to \$2,620.0 million for the year ended March 31, 2018. This increase reflects organic growth in all business segments, which was partially offset by the impact of our fiscal 2018 divestiture of HCS and unfavorable fluctuations in currencies.

Fiscal 2019 operating income increased 2.9% to \$411.5 million over fiscal 2018 operating income of \$399.9 million. The increase is attributable to increased volume and fluctuations in currencies and the positive impact from our fiscal 2018 divestiture of HCS, which were partially offset by costs associated with our Fiscal 2019 Restructuring Plan.

Net cash flows from operations were \$539.5 million and free cash flow was \$355.4 million in fiscal 2019 compared to net cash flows from operations of \$457.6 million and free cash flow of \$294.3 million in fiscal 2018 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). The improvement in free cash flow was primarily due to the improved cash from operations, which was partially offset by higher capital expenditures.

Our debt-to-total capital ratio was 27.1% at March 31, 2019. During the year, we increased our quarterly dividend for the thirteenth consecutive year to \$0.34 per share per quarter.

**Outlook.** Fluctuations in currency rates can impact revenues and costs outside of the United States, creating variability in our results for fiscal 2020 and beyond.

In fiscal 2020 and beyond, we expect to continue to manage our costs, grow our business with internal product and service development, invest in greater capacity, and augment these value creating methods with potential acquisitions of additional products and services.

## NON-GAAP FINANCIAL MEASURES

We, at times, refer to financial measures which are considered to be “non-GAAP financial measures” under SEC rules. We, at times, also refer to our results of operations excluding certain transactions or amounts that are non-recurring or are not indicative of future results, in order to provide meaningful comparisons between the periods presented.

These non-GAAP financial measures are not intended to be, and should not be, considered separately from or as an alternative to the most directly comparable GAAP financial measures.

These non-GAAP financial measures are presented 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.

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

We define free cash flow as net cash provided by operating activities as presented in the Consolidated Statements of Cash Flows less purchases of property, plant, equipment, and intangibles plus proceeds from the sale of property, plant, equipment, and intangibles, which are also presented within investing activities in the Consolidated Statements of Cash Flows. We use this as a measure to gauge our ability to pay cash dividends, fund growth outside of core operations, fund future debt principal repayments, and repurchase shares. The following table summarizes the calculation of our free cash flow for the years ended March 31, 2019, 2018 and 2017:

(dollars in thousands)	Years Ended March 31,		
	2019	2018	2017
Net cash flows provided by operating activities	\$ 539,505	\$ 457,632	\$ 424,086
Purchases of property, plant, equipment and intangibles, net	(189,715)	(165,457)	(172,901)
Proceeds from the sale of property, plant, equipment and intangibles	5,567	2,094	4,846
<b>Free cash flow</b>	<b>\$ 355,357</b>	<b>\$ 294,269</b>	<b>\$ 256,031</b>

## RESULTS OF OPERATIONS

In the following subsections, we discuss our earnings and the factors affecting them. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

## FISCAL 2019 AS COMPARED TO FISCAL 2018

**Revenues.** The following table compares our revenues, in total and by type and geography, for the year ended March 31, 2019 to the year ended March 31, 2018:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2019	2018		
<b>Total revenues</b>	<b>\$ 2,782,170</b>	<b>\$ 2,619,996</b>	<b>\$ 162,174</b>	<b>6.2%</b>
<b>Revenues by type:</b>				
Service revenues	<b>1,486,145</b>	1,399,363	86,782	6.2%
Consumable revenues	<b>605,631</b>	581,563	24,068	4.1%
Capital equipment revenues	<b>690,394</b>	639,070	51,324	8.0%
<b>Revenues by geography:</b>				
Ireland revenues	<b>56,784</b>	48,246	8,538	17.7%
United States revenues	<b>1,976,814</b>	1,836,414	140,400	7.6%
Other foreign revenues	<b>748,572</b>	735,336	13,236	1.8%

Revenues increased \$162.2 million, or 6.2%, to \$2,782.2 million for the year ended March 31, 2019, as compared to \$2,620.0 million for the year ended March 31, 2018. This increase reflects organic growth in all business segments, which was partially offset by the impact of our fiscal 2018 divestiture of HCS and unfavorable fluctuations in currencies.

Service revenues for fiscal 2019 increased \$86.8 million, or 6.2% over fiscal 2018, reflecting growth in all business segments. Consumable revenues for fiscal 2019 increased \$24.1 million, or 4.1%, over fiscal 2018, reflecting growth in all business segments which was partially offset by the impact of our fiscal 2018 divestiture of HCS. Capital equipment revenues for fiscal 2019 increased by \$51.3 million, or 8.0%, as compared to fiscal 2018, reflecting strong shipment volumes in the Healthcare Products and Life Science business units.

Ireland revenues for fiscal 2019 were \$56.8 million, an increase of \$8.5 million, or 17.7%, over fiscal 2018 revenues of \$48.2 million, reflecting growth in service, consumable and capital equipment revenues.

United States revenues for fiscal 2019 were \$1,976.8 million, an increase of \$140.4 million, or 7.6%, over fiscal 2018 revenues of \$1,836.4 million, reflecting growth in service, consumable and capital equipment revenues.

Revenues from other foreign locations for fiscal 2019 were \$748.6 million, an increase of 1.8% over the fiscal 2018 revenues of \$735.3 million, reflecting growth in Canada and in the Asia Pacific and Latin America regions, which was partially offset by a decline in the Europe, Middle East and Africa ("EMEA") region.

**Gross Profit.** The following table compares our gross profit for the year ended March 31, 2019 to the year ended March 31, 2018:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2019	2018		
<b>Gross profit:</b>				
Product	<b>\$ 593,730</b>	\$ 574,456	\$ 19,274	3.4%
Service	<b>581,697</b>	518,290	63,407	12.2%
<b>Total gross profit</b>	<b>\$ 1,175,427</b>	\$ 1,092,746	\$ 82,681	7.6%
<b>Gross profit percentage:</b>				
Product	<b>45.8%</b>	47.1%		
Service	<b>39.1%</b>	37.0%		
<b>Total gross profit percentage</b>	<b>42.2%</b>	41.7%		

Our gross profit is affected by the volume, pricing and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Our gross profit increased \$82.7 million and gross profit percentage increased 50 basis points to 42.2% for fiscal 2019 as compared to 41.7% for fiscal 2018. This increase was attributable to the positive impacts of pricing (40 basis points), our recent divestitures (20 basis points), fluctuations in currencies (10 basis points) and other factors, which were offset by costs associated with our Fiscal 2019 Restructuring Plan (40 basis points).



**Operating Expenses.** The following table compares our operating expenses for the year ended March 31, 2019 to the year ended March 31, 2018:

	Years Ended March 31,			
(dollars in thousands)	2019	2018	Change	Percent Change
<b>Operating expenses:</b>				
Selling, general, and administrative	\$ 669,937	\$ 631,978	\$ 37,959	6.0%
Research and development	63,038	60,782	2,256	3.7%
Restructuring expenses	30,987	103	30,884	NM
<b>Total operating expenses</b>	<b>\$ 763,962</b>	<b>\$ 692,863</b>	<b>\$ 71,099</b>	<b>10.3%</b>

NM - Not meaningful

**Selling, General, and Administrative Expenses.** Significant components of total selling, general, and administrative expenses (“SG&A”) are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, gains or losses from divestitures, and other general and administrative expenses. SG&A increased 6.0% in fiscal 2019 over fiscal 2018, largely due to additional expenses associated with our Fiscal 2019 Restructuring Plan. Additionally, during the third quarter of fiscal 2019, we adopted a branding strategy that included phasing out the usage of a tradename associated with certain products in the Healthcare Products business segment, which resulted in an impairment charge of \$16.2 million.

**Research and Development.** Research and development expenses increased \$2.3 million during fiscal 2019, as compared to fiscal 2018, due primarily to increased spending within the Healthcare Products segment. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During fiscal 2019, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, procedural products and accessories, and devices and support accessories used in gastrointestinal endoscopy procedures.

**Restructuring Expenses.** During the third quarter of fiscal 2019, we adopted and announced a targeted restructuring plan (the “Fiscal 2019 Restructuring Plan”), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including, the rationalization of certain products. Fewer than 200 positions are being eliminated. The Company will relocate the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions are designed to enhance profitability and improve efficiency.

We have incurred pre-tax expenses totaling \$40.7 million related to these restructuring actions, of which \$31.0 million was recorded as restructuring expenses and \$9.7 million was recorded in cost of revenues, with a total of \$28.4 million, \$2.5 million, \$0.7 million, and \$7.8 million related to the Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies segments, respectively. Corporate related restructuring charges were \$1.3 million. We expect to incur additional restructuring expenses related to this plan of approximately \$3.0 million in fiscal 2020 and beyond.

The following table summarizes our total pre-tax restructuring expenses for fiscal 2019:

(dollars in thousands)	Fiscal 2019 Restructuring Plan
Severance and other compensation related costs	\$ 5,651
Accelerated depreciation and amortization	16,194
Asset impairment	4,312
Lease termination costs and other	4,830
Product rationalization <sup>(1)</sup>	9,721
<b>Total restructuring expenses</b>	<b>\$ 40,708</b>

(1) Recorded in cost of revenues on the Consolidated Statements of Income.

**Non-Operating Expenses, Net.** Non-operating expense (income), net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table

compares our non-operating expense (income), net for the year ended March 31, 2019 to the year ended March 31, 2018:

(dollars in thousands)	Years Ended March 31,		Change
	2019	2018	
<b>Non-operating expenses, net:</b>			
Interest expense	\$ 45,015	\$ 50,629	\$ (5,614)
Interest income and miscellaneous expense	(3,020)	(5,728)	2,708
<b>Non-operating expenses, net</b>	<b>\$ 41,995</b>	<b>\$ 44,901</b>	<b>\$ (2,906)</b>

Interest expense decreased \$5.6 million during fiscal 2019, as compared to 2018. This decrease was primarily due to: (i) reduced interest rates on our 2008 and 2012 Private Placement Notes, (ii) replacement of higher cost fixed rate debt with lower cost floating rate debt as a result of \$85.0 million of 2008 Private Placement Notes maturing during the second quarter of fiscal 2019 and (iii) overall lower debt levels (refer to our Note 6 to our consolidated financial statements, titled "Debt", for more information).

Interest income and miscellaneous expense decreased by \$2.7 million during fiscal 2019 as compared to fiscal 2018, primarily due to unrealized losses on our equity investments (refer to our Note 17 to our consolidated financial statements, titled "Fair Value Measurements" for more information).

Additional information regarding our outstanding debt is included in Note 6 to our consolidated financial statements titled, "Debt," and in the subsection of this MD&A titled, "Liquidity and Capital Resources."

**Income Tax Expense.** The following table compares our income tax expense and effective income tax rates for the years ended March 31, 2019 and March 31, 2018:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2019	2018		
Income tax expense	\$ 64,394	\$ 63,360	\$ 1,034	1.6%
Effective income tax rate	17.4%	17.8%		

The effective income tax rate for fiscal 2019 was 17.4% as compared to 17.8% for fiscal 2018. The fiscal 2019 effective tax rate decreased when compared to fiscal 2018 primarily due the reduction in the US statutory tax rate from a blended rate of 31.5% to 21%. This was offset unfavorably by non-recurring TCJA impacts benefiting fiscal 2018. Additional information regarding our income tax expense is included in Note 8 to our consolidated financial statements titled, "Income Taxes."

**Business Segment Results of Operations.** We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Non-allocated operating costs that support the entire Company and items not indicative of operating trends are excluded from segment operating income.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

Our Life Sciences segment offers consumable products, equipment maintenance, specialty services and capital equipment primarily for pharmaceutical manufacturers.

Our Applied Sterilization Technologies segment offers contract sterilization and laboratory services primarily for medical device and pharmaceutical Customers.

We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. In fiscal 2019, we ceased the allocation of certain corporate costs to our segments to align with internal management measures. The prior period operating income measures have been recast for comparability.

For more information regarding our segments please refer to Note 11 to our consolidated financial statements titled "Business Segment Information," and Item 1, "Business".

The following table compares business segment and Corporate and other revenues and operating income for the year ended March 31, 2019 to the year ended March 31, 2018:

	Years ended March 31,			Percent
(dollars in thousands)	2019	2018	Change	Change
<b>Revenues:</b>				
Healthcare Products	\$ 1,338,428	\$ 1,276,054	\$ 62,374	4.9%
Healthcare Specialty Services	510,057	469,065	40,992	8.7%
Life Sciences	378,558	361,590	16,968	4.7%
Applied Sterilization Technologies	555,127	513,287	41,840	8.2%
<b>Total revenues</b>	<b>\$ 2,782,170</b>	<b>\$ 2,619,996</b>	<b>\$ 162,174</b>	<b>6.2%</b>
<b>Operating income (loss):</b>				
Healthcare Products	323,684	294,162	29,522	10.0%
Healthcare Specialty Services	64,222	58,458	5,764	9.9%
Life Sciences	132,129	123,889	8,240	6.7%
Applied Sterilization Technologies	221,828	196,297	25,531	13.0%
Corporate	(184,900)	(162,999)	(21,901)	13.4%
<b>Total operating income before adjustments</b>	<b>\$ 556,963</b>	<b>\$ 509,807</b>	<b>\$ 47,156</b>	<b>9.2%</b>
<b>Less: Adjustments</b>				
Amortization of inventory and property "step up" to fair value <sup>(1)</sup>	2,440	1,599		
Amortization of acquired intangible assets <sup>(1)</sup>	86,878	67,793		
Acquisition and integration related transaction charges <sup>(2)</sup>	8,901	16,211		
(Gain) on fair value adjustment of acquisition related contingent consideration	(842)	(593)		
Net (gain) loss on divestiture of businesses <sup>(1)</sup>	(1,370)	14,547		
Impact of the U.S. Tax Cuts and Jobs Act <sup>(3)</sup>	—	10,264		
Redomiciliation costs <sup>(4)</sup>	8,783	—		
Restructuring charges <sup>(5)</sup>	40,708	103		
<b>Total operating income</b>	<b>\$ 411,465</b>	<b>\$ 399,883</b>		

<sup>(1)</sup> For more information regarding our recent acquisitions and divestitures see Note 18 titled, "Business Acquisitions and Divestitures". Amortization of purchased intangible assets fiscal 2019 total includes an impairment charge of \$16.2 million, see Note 3 titled, "Goodwill and Intangible Assets", for more information.

<sup>(2)</sup> Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.

<sup>(3)</sup> Represents a one-time special employee bonus paid to most U.S. employees and associated professional fees.

<sup>(4)</sup> Costs incurred in connection with the decision to redomicile.

<sup>(5)</sup> See Note 2 titled, "Restructuring", for more information.

Healthcare Products revenues increased 4.9% in fiscal 2019, as compared to fiscal 2018, reflecting growth in consumable, service revenues and capital equipment revenues of 0.6%, 5.5% and 7.9%, respectively. The increase was attributable to organic growth which was partially offset by the negative impact of fluctuations in currencies and the fiscal 2018 divestiture of HCS, which directly impacted the consumables revenue growth. At March 31, 2019, the Healthcare Products segment's backlog amounted to \$154.5 million, increasing \$21.5 million, or 16.1%, compared to the backlog of \$133.0 million at March 31, 2018.

Healthcare Specialty Services revenues increased 8.7% in fiscal 2019, as compared to fiscal 2018. The increase was attributable to organic growth which was partially offset by the negative impact of fluctuations in currencies.

Life Sciences revenues increased 4.7% in fiscal 2019, as compared to fiscal 2018, reflecting growth in consumable, service revenues and capital equipment revenues of 7.4%, 3.3% and 2.1%, respectively. The increase was attributable to organic growth which was partially offset by the negative impact of fluctuations in currencies. Life Sciences backlog at March 31, 2019 amounted to \$60.7 million, essentially flat as compared to backlog of \$60.8 million at March 31, 2018.

Applied Sterilization Technologies revenues increased 8.2% in fiscal 2019, as compared to fiscal 2018. Revenues in fiscal 2019 were favorably impacted by increased volume from our core medical device Customers which was partially offset by the negative impact of fluctuations in currencies.

The Healthcare Products segment's operating income increased \$29.5 million to \$323.7 million for fiscal year 2019 as compared to \$294.2 million in fiscal year 2018. The segment's operating margin was 24.2% for fiscal year 2019 compared to 23.1% for fiscal year 2018. The increase in operating income in fiscal 2019 was primarily due to increased volumes and operating efficiencies, which were partially offset by continued investment in research and development spending.

The Healthcare Specialty Services segment's operating income increased \$5.8 million to \$64.2 million for fiscal year 2019 as compared to \$58.5 million in fiscal year 2018. The segment's operating margin was 12.6% for fiscal year 2019 compared to 12.5% for fiscal year 2018. The increase in operating income in fiscal 2019 resulted from leveraging the investments made over the past several quarters in the United States and higher volumes.

The Life Sciences business segment's operating income increased \$8.2 million to \$132.1 million for fiscal year 2019 as compared to \$123.9 million in fiscal year 2018. The segment's operating margin was 34.9% for fiscal year 2019 compared to 34.3% for fiscal year 2018. The segment's operating income increase in fiscal 2019 was primarily driven by increased volumes.

The Applied Sterilization Technologies segment's operating income increased \$25.5 million to \$221.8 million for fiscal year 2019 as compared to \$196.3 million for fiscal year 2018. The Applied Sterilization Technologies segment's operating margin was 40.0% for fiscal year 2019 compared to 38.2% for fiscal year 2018. The segment's operating income increase in fiscal 2019 was primarily driven by revenue growth.

## FISCAL 2018 AS COMPARED TO FISCAL 2017

**Revenues.** The following table compares our revenues, in total and by type and geography, for the year ended March 31, 2018 to the year ended March 31, 2017:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2018	2017		
<b>Total revenues</b>	<b>\$ 2,619,996</b>	<b>\$ 2,612,756</b>	<b>\$ 7,240</b>	<b>0.3 %</b>
<b>Revenues by type:</b>				
Service revenues	1,399,363	1,414,437	(15,074)	(1.1)%
Consumable revenues	581,563	558,834	22,729	4.1 %
Capital equipment revenues	639,070	639,485	(415)	(0.1)%
<b>Revenues by geography:</b>				
Ireland revenues	48,246	42,733	5,513	12.9 %
United States revenues	1,836,414	1,803,457	32,957	1.8 %
Other foreign revenues	735,336	766,566	(31,230)	(4.1)%

Revenues increased \$7.2 million, or 0.3%, to \$2,620.0 million for the year ended March 31, 2018, as compared to \$2,612.8 million for the year ended March 31, 2017. This increase is primarily attributable to organic growth within all business segments, favorable pricing, the benefit of acquisitions and the positive impact of fluctuations in currencies. These increases were largely offset by the impact of our recent divestitures.

Service revenues for fiscal 2018 decreased \$15.1 million, or 1.1%, over fiscal 2017, as the impact of recent divestitures more than offset increases in other service offerings. Consumable revenues increased \$22.7 million, or 4.1%, during fiscal 2018 over fiscal 2017, reflecting growth within the Healthcare Products and Life Sciences business segments, which more than offset the impact of the divestitures of the AIC product line and HCS business within the Healthcare Products segment. Capital equipment revenues decreased by \$0.4 million, or 0.1%, during fiscal 2018 as compared to fiscal 2017, reflecting a decline in revenues from the Healthcare Products segment, which was offset by growth in revenues from the Life Sciences segment.

Ireland revenues for fiscal 2018 were \$48.2 million, an increase of \$5.5 million, or 12.9%, over fiscal 2017 revenues of \$42.7 million, reflecting increases in consumable and service revenues, which were partially offset by decline in capital equipment revenues.

United States revenues for fiscal 2018 were \$1,836.4 million, an increase of \$33.0 million, or 1.8%, over fiscal 2017 revenues of \$1,803.5 million. Strength in Life Sciences capital equipment and strength in service offerings within the Healthcare Products, Life Sciences and Applied Sterilization Technologies segments more than offset the negative impact of the decline in capital equipment revenues within the Healthcare Products segment and the recent divestitures.

Revenues from other foreign locations for fiscal 2018 were \$735.3 million, a decrease of 4.1% over the fiscal 2017 revenues of \$766.6 million, primarily due to the fiscal 2017 divestiture of the Netherlands Linen Management Services, which more than offset growth in Canada and in the Asia Pacific and Latin America regions.

**Gross Profit.** The following table compares our gross profit for the year ended March 31, 2018 to the year ended March 31, 2017:

	Years Ended March 31,			Percent
(dollars in thousands)	2018	2017	Change	Change
<b>Gross profit:</b>				
Product	\$ 574,456	\$ 574,299	\$ 157	—%
Service	518,290	451,914	66,376	14.7%
<b>Total gross profit</b>	<b>\$ 1,092,746</b>	<b>\$ 1,026,213</b>	<b>\$ 66,533</b>	<b>6.5%</b>
<b>Gross profit percentage:</b>				
Product	47.1%	47.9%		
Service	37.0%	32.0%		
<b>Total gross profit percentage</b>	<b>41.7%</b>	<b>39.3%</b>		

Our gross profit is affected by the volume, pricing and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Our gross profit increased \$66.5 million and gross profit percentage increased 240 basis points to 41.7% for fiscal 2018 as compared to 39.3% for fiscal 2017. The increase in our gross profit percentage was due to the favorable impact of the divestiture of lower margin operations (190 basis points), favorable mix (50 basis points), and favorable pricing (30 basis points) which were partially offset by the negative impact of currencies (30 basis points).

**Operating Expenses.** The following table compares our operating expenses for the year ended March 31, 2018 to the year ended March 31, 2017:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2018	2017		
<b>Operating expenses:</b>				
Selling, general, and administrative	\$ 631,978	\$ 682,039	\$ (50,061)	(7.3)%
Goodwill impairment loss	—	58,356	(58,356)	NM
Research and development	60,782	59,397	1,385	2.3 %
Restructuring expenses	103	215	(112)	NM
<b>Total operating expenses</b>	<b>\$ 692,863</b>	<b>\$ 800,007</b>	<b>\$ (107,144)</b>	<b>(13.4)%</b>

NM - Not meaningful

**Selling, General, and Administrative Expenses.** Significant components of total selling, general, and administrative expenses (“SG&A”) are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, gains or losses from divestitures, and other general and administrative expenses. SG&A decreased 7.3% in fiscal 2018 over fiscal 2017. The decline was primarily attributable to a lower net loss on divestitures and lower acquisition and integration costs incurred in fiscal 2018, as compared to fiscal 2017.

**Goodwill impairment loss.** Goodwill impairment loss of \$58.4 million was recorded during fiscal 2017 as a result of our annual goodwill impairment review in the third quarter relative to the Synergy Health Netherlands linen management reporting unit.

**Research and Development.** Research and development expenses increased \$1.4 million during fiscal 2018, as compared to fiscal 2017. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During fiscal 2018, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, procedural products and accessories, and devices and support accessories used in gastrointestinal endoscopy procedures.

**Non-Operating Expenses, Net.** Non-operating expense (income), net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table

compares our non-operating expense (income), net for the year ended March 31, 2018 to the year ended March 31, 2017:

(dollars in thousands)	Years Ended March 31,		Change
	2018	2017	
<b>Non-operating expenses, net:</b>			
Interest expense	\$ 50,629	\$ 44,520	\$ 6,109
Interest income and miscellaneous expense	(5,728)	(2,960)	(2,768)
<b>Non-operating expenses, net</b>	<b>\$ 44,901</b>	<b>\$ 41,560</b>	<b>\$ 3,341</b>

Interest expense increased \$6.1 million during fiscal 2018 as compared to 2017. This increase was primarily due to an increase in the proportion of higher-cost, fixed rate debt following the issuance and sale of senior notes in a private placement to certain investors on February 27, 2017.

The increase in Interest income and miscellaneous expense was primarily due to our retrospective adoption of ASU 2017-07, "Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension and Net Periodic Postretirement Benefit Cost". Additional information regarding the standard can be found in Note 1 to our consolidated financial statements titled, "Nature of Operations and Summary of Significant Accounting Policies."

Additional information regarding our outstanding debt is included in Note 6 to our consolidated financial statements titled, "Debt," and in the subsection of this MD&A titled, "Liquidity and Capital Resources."

**Income Tax Expense.** The following table compares our income tax expense and effective income tax rates for the years ended March 31, 2018 and March 31, 2017:

(dollars in thousands)	Years Ended March 31,		Change	Percent Change
	2018	2017		
Income tax expense	\$ 63,360	\$ 74,015	\$ (10,655)	(14.4)%
Effective income tax rate	17.8%	40.1%		

The effective income tax rate for fiscal 2018 was 17.8% as compared to 40.1% for fiscal 2017. The fiscal 2018 effective tax rate decreased when compared to fiscal 2017 primarily due to the TCJA impact and non-recurring nondeductible costs related to divestitures. Additional information regarding our income tax expense is included in Note 8 to our consolidated financial statements titled, "Income Taxes."

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The SEC staff issued Staff Accounting Bulletin No.118 ("SAB 118"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118, provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under Accounting Standards Codification ("ASC") Topic 740, Income Taxes. Our accounting for the various elements of the TCJA was incomplete at March 31, 2018. However, in accordance with SAB 118 guidance, we were able to make what we believed to be reasonable estimates of certain effects and therefore recorded a provisional net tax benefit of approximately \$18.9 million related to the reduction of the U.S. federal corporate income tax rate and the deemed repatriation transition tax. During fiscal 2019, the Company completed its accounting for the tax effects of the TCJA. During fiscal 2019, the Company recorded an immaterial favorable adjustment to the provisional amounts recorded as of March 31, 2018 for remeasurement of the Company's deferred tax balances and the one-time transition tax.

**Business Segment Results of Operations.** We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Non-allocated operating costs that support the entire Company and items not indicative of operating trends are excluded from segment operating income.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

Our Life Sciences segment offers consumable products, equipment maintenance, specialty services and capital equipment primarily for pharmaceutical manufacturers.

Our Applied Sterilization Technologies segment offers contract sterilization and laboratory services primarily for medical device and pharmaceutical Customers.

We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. In fiscal 2019, we ceased the allocation of certain corporate costs to our segments to align with internal management measures. The prior period operating income measures have been recast for comparability.

For more information regarding our segments please refer to Note 11 to our consolidated financial statements titled “Business Segment Information,” and Item 1, “Business.”

The following table compares business segment and Corporate and other revenues and operating income for the year ended March 31, 2018 to the year ended March 31, 2017:

	Years ended March 31,			Percent
(dollars in thousands)	2018	2017	Change	Change
<b>Revenues:</b>				
Healthcare Products	\$ 1,276,054	\$ 1,266,517	\$ 9,537	0.8 %
Healthcare Specialty Services	469,065	539,536	(70,471)	(13.1)%
Life Sciences	361,590	328,866	32,724	10.0 %
Applied Sterilization Technologies	513,287	477,837	35,450	7.4 %
<b>Total revenues</b>	<b>\$ 2,619,996</b>	<b>\$ 2,612,756</b>	<b>\$ 7,240</b>	<b>0.3 %</b>
<b>Operating income (loss):</b>				
Healthcare Products	294,162	285,177	8,985	3.2 %
Healthcare Specialty Services	58,458	41,019	17,439	42.5 %
Life Sciences	123,889	109,953	13,936	12.7 %
Applied Sterilization Technologies	196,297	176,397	19,900	11.3 %
Corporate	(162,999)	(137,403)	(25,596)	18.6 %
<b>Total operating income before adjustments</b>	<b>\$ 509,807</b>	<b>\$ 475,143</b>	<b>\$ 36,846</b>	<b>7.7 %</b>
<b>Less: Adjustments</b>				
Goodwill impairment loss <sup>(1)</sup>	—	58,356		
Amortization of inventory and property "step up" to fair value <sup>(2)</sup>	1,599	4,743		
Amortization of acquired intangible assets <sup>(2)</sup>	67,793	66,398		
Acquisition related transaction and integration charges <sup>(3)</sup>	16,211	30,082		
(Gain) loss on fair value adjustment of acquisition related contingent consideration	(593)	2,569		
Net loss on divestiture of businesses <sup>(2)</sup>	14,547	86,574		
Impact of the U.S. Tax Cuts and Jobs Act <sup>(4)</sup>	10,264	—		
Restructuring charges	103	215		
<b>Total operating income</b>	<b>\$ 399,883</b>	<b>\$ 226,206</b>		

<sup>(1)</sup> For more information regarding our goodwill impairment loss see Note 3 to our consolidated financial statements titled, "Goodwill and Intangible Assets".

<sup>(2)</sup> For more information regarding our recent acquisitions and divestitures see Note 18 to our consolidated financial statements titled, "Business Acquisitions and Divestitures".

<sup>(3)</sup> Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.

<sup>(4)</sup> Represents a one-time special employee bonus paid to most U.S. employees and associated professional fees.

Healthcare Products revenues increased 0.8% in fiscal 2018, as compared to fiscal 2017, reflecting growth in consumable and service revenues of 2.2% and 7.2%, respectively, which were partially offset by a 4.0% decline in capital equipment revenues. The increase was attributable to organic growth, acquisitions and the positive impact of fluctuations in currencies, and was partially offset by divestitures. At March 31, 2018, the Healthcare Products segment's backlog amounted to \$133.0 million, increasing \$23.3 million, or 21.3%, compared to the backlog of \$109.7 million at March 31, 2017.

Healthcare Specialty Services revenues decreased 13.1% in fiscal 2018, as compared to fiscal 2017. The negative impact of the divestitures was partially offset by organic growth and the positive impact of fluctuations in currencies.

Life Sciences revenues increased 10.0% in fiscal 2018, as compared to fiscal 2017, reflecting growth of 19.6%, 5.2% and 8.6% in capital equipment, consumable and service revenues, respectively. The increase was primarily attributable to organic growth and the positive impact of fluctuations in currencies. Life Sciences backlog at March 31, 2018 amounted to \$60.8 million, increasing \$7.7 million compared to the backlog of \$53.2 million at March 31, 2017.



Applied Sterilization Technologies revenues increased 7.4% in fiscal 2018, as compared to fiscal 2017. Revenues in fiscal 2018 were favorably impacted by increased volume from our core medical device Customers and the positive impact of fluctuations in currencies, which was partially offset by the impact of the divestitures.

The Healthcare Products segment's operating income increased \$9.0 million to \$294.2 million in fiscal year 2018, as compared to \$285.2 million in fiscal year 2017. The segment's operating margin was 23.1% for fiscal year 2018 compared to 22.5% for fiscal year 2017. The increase in operating income in fiscal 2018 was primarily due to organic growth which was partially offset by increased spending on research and development and negative fluctuations in currencies.

The Healthcare Specialty Services segment's operating income increased \$17.4 million to \$58.5 million for fiscal year 2018 as compared to \$41.0 million in fiscal year 2017. The segment's operating margin was 12.5% for fiscal year 2018 compared to 7.6% for fiscal year 2017. The increase in operating income in fiscal 2018 was primarily due to the divestiture of the low margin Linen Management Services operations and growth in retained businesses.

The Life Sciences business segment's operating income increased \$13.9 million to \$123.9 million for fiscal year 2018 as compared to \$110.0 million in fiscal year 2017. The segment's operating margin was 34.3% for fiscal year 2018 compared to 33.4% for fiscal year 2017. The increase in operating income in fiscal 2018 was primarily attributable to higher volume which was partially offset by unfavorable product mix.

The Applied Sterilization Technologies segment's operating income increased \$19.9 million to \$196.3 million for fiscal year 2018 as compared to \$176.4 million for fiscal year 2017. The Applied Sterilization Technologies segment's operating margin was 38.2% for fiscal year 2018 compared to 36.9% for fiscal year 2017. The segment's operating income increase in fiscal 2018 over fiscal 2017 was primarily due to increased volume from the segment's core medical device Customers.

## LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes significant components of our cash flows for the years ended March 31, 2019, 2018 and 2017:

(dollars in thousands)	Years Ended March 31,		
	2019	2018	2017
Net cash provided by operating activities	\$ 539,505	\$ 457,632	\$ 424,086
Net cash used in investing activities	(213,224)	(203,829)	(104,255)
Net cash used in financing activities	(294,792)	(356,184)	(267,099)
Debt-to-total capital ratio	27.1%	29.1%	34.6%
Free cash flow	\$ 355,357	\$ 294,269	\$ 256,031

**Net Cash Provided By Operating Activities** – The net cash provided by our operating activities was \$539.5 million for the year ended March 31, 2019 compared to \$457.6 million for the year ended March 31, 2018 and \$424.1 million for the year ended March 31, 2017. The following discussion summarizes the significant changes in our operating cash flows for the years ended March 31, 2019, 2018 and 2017:

- Net cash provided by operating activities increased in fiscal 2019 by 17.9%, as compared to fiscal 2018. Net cash provided by operating activities increased 7.9% in fiscal 2018 compared to fiscal 2017. The improvement in both years was primarily due to higher earnings and lower requirements to fund operating assets and liabilities.

**Net Cash Used In Investing Activities** – The net cash used in our investing activities was \$213.2 million for the year ended March 31, 2019, compared to \$203.8 million for the year ended March 31, 2018 and \$104.3 million for the year ended March 31, 2017. The following discussion summarizes the significant changes in our investing cash flows for the years ended March 31, 2019, 2018 and 2017:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures totaled \$189.7 million during fiscal 2019, \$165.5 million during fiscal 2018 and \$172.9 million during fiscal 2017.
- Proceeds from the sale of property, plant, equipment and intangibles – During fiscal 2019, 2018 and 2017 we received \$5.6 million, \$2.1 million and \$4.8 million, respectively, for proceeds from the sale of property, plant, equipment and intangibles.
- Proceeds from the sale of business – During fiscal 2019, 2018 and 2017 we received \$2.5 million, \$8.9 million and \$135.7 million, respectively, for proceeds from the sale of certain non-core businesses. For more information, refer to our Note 18 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".

- **Purchases of investments** – During fiscal 2019, we completed an equity investment for approximately \$5.0 million. During fiscal 2017, we invested an additional \$6.4 million in the common stock of Servizi Italia, S.p.A., a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers.
- **Investments in business, net of cash acquired** – During fiscal 2019, 2018 and 2017, we used \$13.3 million, \$46.3 million and \$65.6 million respectively, for acquisitions. For more information on these acquisitions refer to Note 18 to our consolidated financial statements titled, "Business Acquisitions and Divestitures".
- **Other** – During fiscal 2019 and 2018 we provided approximately \$13.4 and \$3.1 million, respectively under borrowing agreements. For more information on these agreements. For more information, refer to our Note 18 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".

***Net Cash Used In Financing Activities*** – Net cash used in financing activities was \$294.8 million for the year ended March 31, 2019, compared to net cash used in financing activities of \$356.2 million, and \$267.1 million for the years ended March 31, 2018 and March 31, 2017, respectively. The following discussion summarizes the significant changes in our financing cash flows for the years ended March 31, 2019, 2018 and 2017:

- **Proceeds from the issuance of long-term obligations** – On February 27, 2017, we issued and sold to various institutional investors fixed-rate Series A Senior Notes, in the aggregate principal amount of \$95.0 million, €99.0 million, and £75.0 million or a total of approximately \$293.7 million. We provide additional information about our debt structure in Note 6 to our consolidated financial statements titled, "Debt," and in this section of the MD&A titled, "Liquidity and Capital Resources" in the subsection titled, "Sources of Credit."
- **Payments on long-term obligations** – During fiscal 2019 we repaid \$85.0 million in private placement notes that matured on August 15, 2018. During fiscal 2018 and fiscal 2017 we repaid \$222.5 million and \$172.5 million, respectively on our bank term loan.
- **Proceeds under credit facilities, net** – At the end of fiscal 2019, \$301.8 million of debt was outstanding under our bank credit facility, compared to \$331.2 million and \$521.6 million of debt outstanding under this facility at the end of fiscal 2018 and 2017, respectively. We provide additional information about our bank credit facility including the fiscal 2018 refinancing in Note 6 to our consolidated financial statements titled, "Debt".
- **Repurchases of shares** – During fiscal 2019, we purchased 659,393 of our ordinary shares in the aggregate amount of \$73.2 million, which included \$0.4 million of taxes and commissions. We also obtained 112,356 of our ordinary shares in connection with our stock-based compensation award programs in the amount of \$8.3 million during fiscal 2019. During fiscal 2018, we purchased 656,663 of our ordinary shares in the aggregate amount of \$58.5 million, which included \$0.3 million of taxes and commissions. We also obtained 127,903 of our ordinary shares in connection with our stock-based compensation award programs in the amount \$7.0 million. During fiscal 2017, we purchased 1,286,183 of our ordinary shares in the aggregate amount of \$90.5 million, which included \$0.5 million of taxes and commissions. We also obtained 168,906 of our ordinary shares in connection with our stock-based compensation award programs in the amount \$7.0 million. We provide additional information about our share repurchases in Note 13 to our consolidated financial statements titled, "Repurchases of Ordinary Shares."
- **Deferred financing fees and debt issuance costs** – We paid \$0.5 million, \$2.0 million and \$1.1 million in fiscal 2019, 2018 and 2017, respectively, for financing fees and debt issuance costs related to our Credit Agreement and Private Placement debt. For more information on our debt refer to Note 6 to our consolidated financial statements titled, "Debt".
- **Cash dividends paid to ordinary shareholders** – During fiscal 2019, we paid cash dividends totaling \$112.5 million or \$1.33 per outstanding share. During fiscal 2018, we paid cash dividends totaling \$102.9 million or \$1.21 per outstanding share. During fiscal 2017, we paid cash dividends totaling \$93.2 million, or \$1.09 per outstanding share.
- **Stock option and other equity transactions, net** – We generally receive cash for issuing shares upon the exercise of options under our employee stock option program. During fiscal 2019, fiscal 2018 and fiscal 2017, we received cash proceeds totaling \$13.3 million, \$11.1 million, and \$5.0 million, respectively, under these programs. During fiscal 2018 we also paid dividends in the amount of \$1.4 million to minority interest shareholders.

***Cash Flow Measures.*** Free cash flow was \$355.4 million in fiscal 2019 compared to \$294.3 million in fiscal 2018. The improvement in cash flow was primarily due to improved cash from operations, which was partially offset by higher capital expenditures.

Our debt-to-total capital ratio was 27.1% at March 31, 2019 and 29.1% at March 31, 2018.

**Cash Requirements.** We intend to use our existing cash and cash equivalent balances and cash generated from operations to fund capital expenditures and meet our other liquidity needs. Our capital requirements depend on many uncertain factors, including our rate of sales growth, our Customers' acceptance of our products and services, the costs of obtaining adequate manufacturing capacities, the timing and extent of our research and development projects, changes in our operating expenses and other factors. To the extent that existing and anticipated sources of cash are not sufficient to fund our future activities, we may need to raise additional funds through additional borrowings or the sale of equity securities. There can be no assurance that our financing arrangements will provide us with sufficient funds or that we will be able to obtain any additional funds on terms favorable to us or at all.

**Sources of Credit.** Our sources of credit as of March 31, 2019 are summarized in the following table:

(dollars in thousands)	Maximum Amounts Available	Reductions in Available Credit Facility for Other Financial Instruments	March 31, 2019 Amounts Outstanding	March 31, 2019 Amounts Available
<b>Sources of Credit</b>				
Private placement	\$ 884,967	\$ —	\$ 884,967	\$ —
Credit Agreement <sup>(1)</sup>	1,000,000	4,763	301,846	693,391
<b>Total Sources of Credit</b>	<b>\$ 1,884,967</b>	<b>\$ 4,763</b>	<b>\$ 1,186,813</b>	<b>\$ 693,391</b>

<sup>(1)</sup> At March 31, 2019, there was \$4.8 million of letters of credit outstanding under the Credit Agreement.

Our sources of funding from credit as of March 31, 2019 are summarized below:

- On March 23, 2018, STERIS UK and certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. STERIS Ireland subsequently became a borrower and guarantor under the Credit Agreement. The Credit Agreement replaced a bank credit facility dated March 31, 2015. The Credit Agreement provides up to \$1.0 billion of credit, in the form of a revolver facility, which may be utilized for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The revolver facility may be increased in specified circumstances by up to \$500.0 million. The Credit Agreement will mature on March 23, 2023, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Credit Agreement contains leverage and interest coverage covenants. Borrowings may be taken in U.S. dollars, euros, and pounds sterling and certain other specified currencies and bear interest at our option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA (as such terms are defined in the Credit Agreement). Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. Borrowings at closing were used to repay outstanding balances of debt outstanding under the former bank credit facility dated March 31, 2015 that was scheduled to mature on March 31, 2020 and for other general corporate purposes.
- The Credit Agreement was amended in March 2019, in connection with the Redomiciliation to permit the Redomiciliation. The amendments did not effect any material changes in the terms of the Credit Agreement regarding borrowings or the issuance of letters of credit.

Our outstanding Senior Notes at March 31, 2019 were as follows:

(dollars in thousands)	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2019
\$35,000 Senior notes at 6.43%	2008 Private Placement	August 2020	<b>35,000</b>
\$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	<b>91,000</b>
\$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	<b>80,000</b>
\$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	<b>25,000</b>
\$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	<b>125,000</b>
\$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	<b>125,000</b>
\$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	<b>100,000</b>
\$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	<b>50,000</b>
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	<b>67,352</b>
\$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	<b>45,000</b>
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	<b>22,450</b>
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	<b>58,702</b>
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	<b>21,328</b>
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	<b>39,135</b>
<b>Total Senior Notes</b>			<b>\$ 884,967</b>

- On February 27, 2017, STERIS UK issued and sold an aggregate principal amount of \$95.0 million, €99.0 million, and £75.0 million, of senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of between 10 and 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- On May 15, 2015, STERIS Corporation issued and sold \$350.0 million of senior notes, in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of 10 to 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- The agreements governing certain senior notes issued and sold in February 2013, December 2012, and August 2008, were amended and restated in their entirety on March 31, 2015. All of these notes were issued and sold in private placements to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The amended and restated agreements, which have been consolidated into a single agreement for the 2013 and 2012 notes, and a separate single agreement for the 2008 notes, contain leverage and interest coverage covenants.
- All of the note agreements were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights of the note holders and increased the size of certain baskets to more closely align with Credit Agreement baskets.

As of March 31, 2019, a total of \$301.8 million was outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2019. At March 31, 2019, we had \$693.4 million of unused funding available under the Credit Agreement. The Credit Agreement includes a sub-limit that reduces the maximum amount available to us by letters of credit outstanding. At March 31, 2019, there was \$4.8 million in letters of credit outstanding under the Credit Agreement.

At March 31, 2019, we were in compliance with all financial covenants associated with our indebtedness. We provide additional information regarding our debt structure and payment obligations in the section of the MD&A titled, “Liquidity and Capital Resources” in the subsection titled, “Contractual and Commercial Commitments” and in Note 6 to our consolidated financial statements titled, “Debt.”

## CAPITAL EXPENDITURES

Our capital expenditure program is a component of our long-term strategy. This program includes, among other things, investments in new and existing facilities, business expansion projects, radioisotope (cobalt-60), and information technology enhancements and research and development advances. During fiscal 2019, our capital expenditures amounted to \$189.7 million. We use cash provided by operating activities and our cash and cash equivalent balances to fund capital expenditures. We expect fiscal 2020 capital expenditures to increase to approximately \$280.0 million, reflecting continued facility expansions, particularly within the Applied Sterilization Technologies segment and general maintenance for existing facilities.

## CONTRACTUAL AND COMMERCIAL COMMITMENTS

At March 31, 2019, we had commitments under non-cancelable operating leases totaling \$162.4 million.

Our contractual obligations and commercial commitments as of March 31, 2019 are presented in the following tables. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from events that require us to fulfill commitments.

	Payments due by March 31,						
(dollars in thousands)	2020	2021	2022	2023	2024 and thereafter	Total	
Contractual Obligations:							
Debt	\$ —	\$ 35,033	\$ —	\$ 392,846	\$ 758,967	\$ 1,186,846	
Operating leases	24,008	18,567	13,917	11,929	93,939	162,360	
Purchase obligations	106,045	34,504	26,571	11,007	—	178,127	
Benefit payments under defined benefit plans	5,613	5,767	5,928	6,441	40,356	64,105	
Trust assets available for benefit payments under defined benefit plans	(5,613)	(5,767)	(5,928)	(6,441)	(40,356)	(64,105)	
Benefit payments under other post-retirement benefits plans	1,633	1,499	1,394	1,261	5,383	11,170	
Expected contributions to defined benefit plans	3,781	3,971	4,169	2,110	—	14,031	
Total Contractual Obligations	\$ 135,467	\$ 93,574	\$ 46,051	\$ 419,153	\$ 858,289	\$ 1,552,534	

The table above includes only the principal amounts of our contractual obligations. We provide information about the interest component of our long-term debt in the subsection of MD&A titled, "Liquidity and Capital Resources," and in Note 6 to our consolidated financial statements titled, "Debt."

Purchase obligations shown in the table above relate to minimum purchase commitments with suppliers for materials purchases and long term construction contracts.

The table above excludes contributions we make to our defined contribution plans. Our future contributions to the defined contribution plans depend on uncertain factors, such as the amount and timing of employee contributions and discretionary employer contributions. We provide additional information about our defined benefit pension plans, defined contribution plan, and other post-retirement benefits plan in Note 9 to our consolidated financial statements titled, "Benefit Plans."

	Amount of Commitment Expiring March 31,						
(dollars in thousands)	2020	2021	2022	2023	2024 and thereafter	Totals	
Commercial Commitments:							
Letters of credit and surety bonds	\$ 50,382	\$ 6,465	\$ 6,829	\$ 1,088	\$ 1,207	\$ 65,971	
Letters of credit as security for self-insured risk retention policies	7,794	—	—	—	—	7,794	
Total Commercial Commitments	\$ 58,176	\$ 6,465	\$ 6,829	\$ 1,088	\$ 1,207	\$ 73,765	

## CRITICAL ACCOUNTING POLICIES, ESTIMATES, AND ASSUMPTIONS

The following subsections describe our most critical accounting policies, estimates, and assumptions. Our accounting policies are more fully described in Note 1 to our consolidated financial statements titled, “Nature of Operations and Summary of Significant Accounting Policies.”

**Estimates and Assumptions.** Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements that were prepared in accordance with United States generally accepted accounting principles. We make certain estimates and assumptions that we believe to be reasonable when preparing these financial statements. These estimates and assumptions involve judgments with respect to numerous factors that are difficult to predict and are beyond management’s control. As a result, actual amounts could be materially different from these estimates. We periodically review these critical accounting policies, estimates, assumptions, and the related disclosures with the Audit Committee of the Company’s Board of Directors.

**Revenue Recognition.** Revenue is recognized when obligations under the terms of the contract are satisfied and control of the promised products or services has transferred to the Customer. Revenues are measured at the amount of consideration that we expect to be paid in exchange for the products or services. Product revenue is recognized when control passes to the Customer, which is generally based on contract or shipping terms. Service revenue is recognized when the Customer benefits from the service, which occurs either upon completion of the service or as it is provided to the Customer. Our Customers include end users as well as dealers and distributors who market and sell our products. Our revenue is not contingent upon resale by the dealer or distributor, and we have no further obligations related to bringing about resale. Our standard return and restocking fee policies are applied to sales of products. Shipping and handling costs charged to Customers are included in Product revenues. The associated expenses are treated as fulfillment costs and are included in Cost of revenues. Revenues are reported net of sales and value-added taxes collected from Customers.

We have individual Customer contracts that offer discounted pricing. Dealers and distributors may be offered sales incentives in the form of rebates. We reduce revenue for discounts and estimated returns, rebates, and other similar allowances in the same period the related revenues are recorded. The reduction in revenue for these items is estimated based on historical experience and trend analysis to the extent that it is probable that a significant reversal of revenue will not occur. Estimated returns are recorded gross on the Consolidated Balance Sheets.

In transactions that contain multiple performance obligations, such as when products, maintenance services, and other services are combined, we recognize revenue as each product is delivered or service is provided to the Customer. We allocate the total arrangement consideration to each performance obligation based on its relative standalone selling price, which is the price for the product or service when it is sold separately.

Payment terms vary by the type and location of the Customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. We do not evaluate whether the selling price contains a financing component for contracts that have a duration of less than one year.

We do not capitalize sales commissions as substantially all of our sales commission programs have an amortization period of one year or less.

Certain costs to fulfill a contract are capitalized and amortized over the term of the contract if they are recoverable, directly related to a contract and generate resources that we will use to fulfill the contract in the future. At March 31, 2019 assets related to costs to fulfill a contract were not material to our Consolidated Financial Statements.

**Allowance for Doubtful Accounts Receivable.** We maintain an allowance for uncollectible accounts receivable for estimated losses in the collection of amounts owed by Customers. We estimate the allowance based on analyzing a number of factors, including amounts written off historically, Customer payment practices, and general economic conditions. We also analyze significant Customer accounts on a regular basis and record a specific allowance when we become aware of a specific Customer’s inability to pay. As a result, the related accounts receivable are reduced to an amount that we reasonably believe is collectible. These analyses require a considerable amount of judgment. If the financial condition of our Customers worsens, or economic conditions change, we may be required to make changes to our allowance for doubtful accounts receivable.

**Allowance for Sales Returns.** We maintain an allowance for sales returns based upon known returns and estimated returns for both capital equipment and consumables. We estimate returns of capital equipment and consumables based upon historical experience.

**Inventories and Reserves.** Inventories are stated at the lower of their cost or market value. We determine cost based upon a combination of the last-in, first-out (“LIFO”) and first-in, first-out (“FIFO”) cost methods. We determine the LIFO inventory value at the end of the year based on inventory levels and costs at that time. For inventories valued using the LIFO method, we believe that the use of the LIFO method results in a matching of current costs and revenues. Inventories valued using the LIFO method represented approximately 25.2% and 26.0% of total inventories at March 31, 2019 and 2018, respectively.

Inventory



costs include material, labor, and overhead. If we had used only the FIFO method of inventory costing, inventories would have been \$16.8 million and \$17.3 million higher than those reported at March 31, 2019 and 2018, respectively.

We review inventory on an ongoing basis, considering factors such as deterioration and obsolescence. We record an allowance for estimated losses when the facts and circumstances indicate that particular inventories will not be usable. If future market conditions vary from those projected, and our estimates prove to be inaccurate, we may be required to write-down inventory values and record an adjustment to cost of revenues.

**Asset Impairment Losses.** Property, plant, equipment, and identifiable intangible assets are reviewed for impairment when events and circumstances indicate that the carrying value of such assets may not be recoverable. Impaired assets are recorded at the lower of carrying value or estimated fair value. We conduct this review on an ongoing basis and, if impairment exists, we record the loss in the Consolidated Statements of Income during that period.

When we evaluate assets for impairment, we make certain judgments and estimates, including interpreting current economic indicators and market valuations, evaluating our strategic plans with regards to operations, historical and anticipated performance of operations, and other factors. If we incorrectly anticipate these factors, or unexpected events occur, our operating results could be materially affected.

**Asset Retirement Obligations.** We incur retirement obligations for certain assets. We record an initial liability for the asset retirement obligations (ARO) at fair value. Accounting for the ARO at inception and in subsequent periods includes the determination of the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and a periodic review of the ARO liability estimates and discount rates used in the analysis. We provide additional information about our asset retirement obligations in Note 5 to our consolidated financial statements titled, "Property, Plant and Equipment."

**Restructuring.** We record specific accruals in connection with plans for restructuring elements of our business. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities, and contractual obligations. Actual amounts could differ from the original estimates. We review our restructuring-related accruals on a quarterly basis and changes to plans are appropriately recognized in the Consolidated Statements of Income in the period the change is identified.

**Purchase Accounting and Goodwill.** Assets and liabilities of the business acquired are accounted for at their estimated fair values as of the acquisition date. Any excess of the cost of the acquisition over the fair value of the net tangible and intangible assets acquired is recorded as goodwill. We supplement management expertise with valuation specialists in performing appraisals to assist us in determining the fair values of assets acquired and liabilities assumed. These valuations require us to make estimates and assumptions, especially with respect to intangible assets. We generally amortize our intangible assets over their useful lives with the exception of indefinite lived intangible assets. We do not amortize goodwill, but we evaluate it annually for impairment. Therefore, the allocation of the purchase price to intangible assets and goodwill has a significant impact on future operating results.

We evaluate the recoverability of recorded goodwill amounts annually, or when evidence of potential impairment exists. We may consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. We may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. In those circumstances, we test goodwill for impairment by reviewing the book value compared to the fair value at the reporting unit level. We calculate the fair value of our reporting units based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

As a result of our annual impairment review for goodwill and other indefinite lived intangible assets for fiscal year 2019 and fiscal year 2018, no indicators of impairment were identified. As a result of our annual goodwill impairment review for fiscal year 2017, we concluded that the carrying value of one of our reporting units exceeded its fair value. Prior to its divestiture in fiscal 2017, the Synergy Health Netherlands linen management unit was reported within our Healthcare Specialty Services segment. Financial forecasts prepared for the annual assessment reflected pricing pressures, volume declines driven by overcapacity in the market, and a decline in the overall market size. These factors resulted in further degradation of the already low operating margin and cash flows of this unit. We incurred a goodwill impairment charge of \$58.4 million as a result, which was recorded within Goodwill impairment loss in the Consolidated Statements of Income. The fair market value of the reporting unit was determined under an income approach using discounted cash flows and estimated fair market values. Fair value calculated using a discounted cash flow analysis is classified within level 3 of the fair value hierarchy and requires several assumptions including risk adjusted discount rates and financial forecasts.

We evaluate indefinite lived intangible assets annually, or when evidence of potential impairment exists. We evaluate several qualitative indicators and assumptions, and trends that influence the valuation of the assets to determine if any evidence of potential impairment exists. During the third quarter of fiscal 2019, management adopted a branding strategy that included phasing out the usage of a tradename associated with certain products in the Healthcare Products business segment. As a result, management recorded an impairment charge of \$16.2 million, which is included within the Selling, general, and administrative line of the Consolidated Statements of Income. The remaining fair value of the asset was calculated using an income approach (the relief from royalty method). The remaining fair value was not material and will be amortized over the asset's remaining useful life. Fair value calculated using this approach is classified within Level 3 of the fair value hierarchy and requires several assumption. During the third quarter of fiscal 2017, we adopted a new branding strategy change as part of the integration of certain Synergy Health operations into the Healthcare Specialty Services Segment. Under this new branding strategy, hospital sterilization services and instrument repair services will utilize the STERIS Instrument Management Services brand name. The Synergy Health trade name was phased out during the fourth quarter of fiscal 2017. As a result, we shortened the estimated useful life of the Synergy Health trade name and accelerated the corresponding amortization expense over the remainder of fiscal 2017, which totaled \$14.4 million and was recorded within the Selling, general and administrative expense line on the Consolidated Statements of Income.

**Income Taxes.** Our provision for income taxes is based on our current period income, changes in deferred income tax assets and liabilities, income tax rates, changes in uncertain tax benefits, and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and the respective governmental taxing authorities. We use significant judgment in determining our annual effective income tax rate and evaluating our tax positions. We prepare and file tax returns based on our interpretation of tax laws and regulations, and we record estimates based on these judgments and interpretations. We cannot be sure that the tax authorities will agree with all of the tax positions taken by us. The actual income tax liability for each jurisdiction in any year can, in some instances, ultimately be determined be several years after the tax return is filed and the financial statements are published.

We evaluate our tax positions using the recognition threshold and measurement attribute in accordance with current accounting guidance. We determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority and that the taxing authority will have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The appropriate unit of account for determining what constitutes an individual tax position, and whether the more-likely-than-not recognition threshold is met for a tax position, is a matter of judgment based on the individual facts and circumstances of that position evaluated in light of all available evidence. We review and adjust our tax estimates periodically because of ongoing examinations by and settlements with the various taxing authorities, as well as changes in tax laws, regulations and precedent.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences, and the implementation of tax planning strategies. If we are unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the effective income tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance, which would increase our effective income tax rate and could result in an adverse impact on our consolidated financial position, results of operations, or cash flows.

We believe that adequate accruals have been made for income taxes. Differences between the estimated and actual amounts determined upon ultimate resolution, individually or in the aggregate, are not expected to have a material adverse effect on our consolidated financial position, but could possibly be material to our consolidated results of operations or cash flows for any one period.

Additional information regarding income taxes is included in Note 8 to our consolidated financial statements titled, "Income Taxes."



**Self-Insurance Liabilities.** We record a liability for self-insured risks that we retain for general and product liabilities, workers' compensation, and automobile liabilities based on actuarial calculations. We use our historical loss experience and actuarial methods to calculate the estimated liability. This liability includes estimated amounts for both losses and incurred but not reported claims. We review the assumptions used to calculate the estimated liability at least annually to evaluate the adequacy of the amount recorded. We maintain insurance policies to cover losses greater than our estimated liability, which are subject to the terms and conditions of those policies. The obligation covered by insurance contracts will remain on the balance sheet as we remain liable to the extent insurance carriers do not meet their obligation. Estimated amounts receivable under the contracts are included in the "Prepaid expenses and other current assets" line, and the "Other assets" line of our consolidated balance sheets. Our accrual for self-insured risk retention as of March 31, 2019 and 2018 was \$19.7 million and \$20.9 million, respectively.

We are also self-insured for employee medical claims. We estimate a liability for incurred but not reported claims based upon recent claims experience. Our self-insured liabilities contain uncertainties because management must make assumptions and apply judgments to estimate the ultimate cost to settle reported claims and claims incurred but not reported as of the balance sheet date. If actual results are not consistent with these assumptions and judgments, we could be exposed to additional costs in subsequent periods.

**Contingencies.** We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We record a liability for such contingencies to the extent we conclude that their occurrence is both probable and estimable. We consider many factors in making these assessments, including the professional judgment of experienced members of management and our legal counsel. We have made estimates as to the likelihood of unfavorable outcomes and the amounts of such potential losses. In our opinion, the ultimate outcome of these proceedings and claims is not anticipated to have a material adverse affect on our consolidated financial position, results of operations, or cash flows. However, the ultimate outcome of proceedings, government investigations, and claims is unpredictable and actual results could be materially different from our estimates. We record expected recoveries under applicable insurance contracts when we are assured of recovery. Refer to Note 10 of our consolidated financial statements titled, "Commitments and Contingencies" for additional information.

We are subject to taxation from federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. The IRS of the United States routinely conducts audits of our federal income tax returns.

Additional information regarding our commitments and contingencies is included in Note 10 to our consolidated financial statements titled, "Commitments and Contingencies."

**Benefit Plans.** We provide defined benefit pension plans for certain employees and retirees. In addition, we sponsor an unfunded post-retirement benefits plan for two groups of United States retirees. Benefits under this plan include retiree life insurance and retiree medical insurance, including prescription drug coverage.

Employee pension and post-retirement benefits plans are a cost of conducting business and represent obligations that will be settled in the future and therefore, require us to use estimates and make certain assumptions to calculate the expense and liabilities related to the plans. Changes to these estimates and assumptions can result in different expense and liability amounts. Future actual experience may be significantly different from our current expectations. We believe that the most critical assumptions used to determine net periodic benefit costs and projected benefit obligations are the expected long-term rate of return on plan assets and the discount rate. A summary of significant assumptions used to determine the March 31, 2019 projected benefit obligations and the fiscal 2019 net periodic benefit costs is as follows:

	Synergy Health plc	Isotron BV	Synergy Health Daniken AG	Synergy Health Radeberg	Synergy Health Allershausen	Harwell Dosimeters Ltd	U.S. Post- Retirement Benefits Plan
Funding Status	Funded	Funded	Funded	Unfunded	Unfunded	Funded	Unfunded
Assumptions used to determine March 31, 2019							
Benefit obligations:							
Discount rate	2.50%	1.20%	0.85%	1.60%	1.60%	2.35%	3.50%
Assumptions used to determine fiscal 2019							
Net periodic benefit costs:							
Discount rate	2.50%	1.60%	0.95%	1.60%	1.60%	2.55%	3.50%
Expected return on plan assets	5.02%	1.60%	1.20%	n/a	n/a	n/a	n/a

NA – Not applicable.

We develop our expected long-term rate of return on plan assets assumptions by evaluating input from third-party professional advisors, taking into consideration the asset allocation of the portfolios, and the long-term asset class return expectations. Generally, net periodic benefit costs increase as the expected long-term rate of return on plan assets assumption decreases. Holding all other assumptions constant, lowering the expected long-term rate of return on plan assets assumption for our funded defined benefit pension plans by 50 basis points would have increased the fiscal 2019 benefit costs by less than \$0.1 million.

We develop our discount rate assumptions by evaluating input from third-party professional advisers, taking into consideration the current yield on country specific investment grade long-term bonds which provide for similar cash flow streams as our projected benefit obligations. Generally, the projected benefit obligations and the net periodic benefit costs both increase as the discount rate assumption decreases. Holding all other assumptions constant, lowering the discount rate assumption for our defined benefit pension plans and for the other post-retirement benefits plan by 50 basis points would have decreased the fiscal 2019 net periodic benefit costs by less than \$0.1 million and would have increased the projected benefit obligations by approximately \$11.8 million at March 31, 2019.

We have made assumptions regarding healthcare costs in computing our other post-retirement benefit obligation. The assumed rates of increase generally decline ratably over a five year-period from the assumed current year healthcare cost trend rate of 6.8% to the assumed long-term healthcare cost trend rate. A 100 basis point change in the assumed healthcare cost trend rate (including medical, prescription drug, and long-term rates) would have had the following effect at March 31, 2019:

(dollars in thousands)	100 Basis Point	
	Increase	Decrease
Effect on total service and interest cost components	\$ —	\$ —
Effect on postretirement benefit obligation	11	(11)

We recognize an asset for the overfunded status or a liability for the underfunded status of defined benefit pension and post-retirement benefit plans in our balance sheets. This amount is measured as the difference between the fair value of plan assets and the benefit obligation (the projected benefit obligation for pension plans and the accumulated post-retirement benefit obligation for other post-retirement benefit plans). Changes in the funded status of the plans are recorded in other comprehensive income in the year they occur. We measure plan assets and obligations as of the balance sheet date. Note 9 to our consolidated financial statements titled, “Benefit Plans,” contains additional information about our pension and other post-retirement welfare benefits plans.

**Share-Based Compensation.** We measure the estimated fair value for share-based compensation awards, including grants of employee stock options, at the grant date and recognize the related compensation expense over the period in which the share-based compensation vests. We selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of our share-based stock option compensation awards. This model involves assumptions that are judgmental and affect share-based compensation expense.

Share-based compensation expense was \$24.0 million in fiscal 2019, \$22.2 million in fiscal 2018 and \$18.8 million in fiscal 2017. Note 14 to our consolidated financial statements titled, “Share-Based Compensation,” contains additional information about our share-based compensation plans.

## RECENTLY ISSUED ACCOUNTING STANDARDS IMPACTING THE COMPANY

Recently issued accounting standards that are relevant to us are presented in Note 1 to our consolidated financial statements titled, “Nature of Operations and Summary of Significant Accounting Policies.”

## INFLATION

Our business has not been significantly impacted by the overall effects of inflation. We monitor the prices we charge for our products and services on an ongoing basis and plan to adjust those prices to take into account future changes in the rate of inflation. However, we may not be able to completely offset the impact of inflation.

## FORWARD-LOOKING STATEMENTS

This Form 10-K 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 herein and in STERIS’s other securities filings, including Item 1A of this Annual Report on Form 10-K. 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 achieve the expected benefits regarding the accounting and tax treatments of the Redomiciliation transaction, (b) 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, (c) 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, (d) 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, (e) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (f) 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, (g) 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, (h) 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, (i) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS’s products and services, (j) 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, (k) 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 this Form 10-K and other securities filings, may adversely impact STERIS's performance, results, prospects or value, (l) the impact on STERIS and its operations, or tax liabilities, of Brexit or the exit of other member countries from the EU, and the Company's ability to respond to such impacts, (m) 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, (n) the possibility that anticipated financial results or benefits of recent acquisitions, or of STERIS's restructuring efforts, or of recent divestitures, or of the targeted restructuring plan will not be realized or will be other than anticipated, and (o) 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.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, we are exposed to various risks, including, but not limited to, interest rate, foreign currency, and commodity risks. These risks are described in the sections that follow.

### INTEREST RATE RISK

As of March 31, 2019, we had \$885.0 million in fixed rate senior notes outstanding. As of March 31, 2019, we had \$301.8 million in outstanding borrowings under our Credit Agreement which are exposed to changes in interest rates. We monitor our interest rate risk, but do not engage in any hedging activities using derivative financial instruments. For additional information regarding our debt structure, refer to Note 6 to our Consolidated Financial Statements titled, “Debt.”

### FOREIGN CURRENCY RISK

We are exposed to the impact of foreign currency exchange fluctuations. This foreign currency exchange risk arises when we conduct business in a currency other than the U.S. dollar. For most operations, local currencies have been determined to be the functional currencies. The financial statements of subsidiaries are translated to their U.S. dollar equivalents at end-of-period exchange rates for assets and liabilities and at average currency exchange rates for revenues and expenses. Translation adjustments for subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) within equity. Note 19 to our consolidated financial statements titled, “Reclassifications out of Accumulated Other Comprehensive Income (Loss),” contains additional information about the impact of translation on accumulated other comprehensive income (loss) and equity. Transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in the Consolidated Statements of Income. Since we operate internationally and approximately 30% of our revenues and 40% of our cost of revenues are generated outside the United States, foreign currency exchange rate fluctuations can significantly impact our financial position, results of operations, and competitive position.

We enter into foreign currency forward contracts to hedge monetary assets and liabilities denominated in foreign currencies, including inter-company transactions. We do not use derivative financial instruments for speculative purposes. At March 31, 2019, we held foreign currency forward contracts to buy 9.0 million Canadian dollars and 150.0 million Mexican pesos.

### COMMODITY RISK

We are dependent on basic raw materials, sub-assemblies, components, and other supplies used in our operations. Our financial results could be affected by the availability and changes in prices of these materials. Some of these materials are sourced from a limited number of suppliers or only a single supplier. These materials are also key source materials for our competitors. Therefore, if demand for these materials rises, we may experience increased costs and/or limited or unavailable supplies. As a result, we may not be able to acquire key production materials on a timely basis, which could impact our ability to produce products and satisfy incoming sales orders on a timely basis. In addition, the costs of these materials can rise suddenly and result in significantly higher costs of production. We believe that we have adequate sources of supply for many of our key materials and energy sources. Where appropriate, we enter into long-term supply contracts as a basis to guarantee a reliable supply. We may also enter into commodity swap contracts to hedge price changes in a certain commodity that impacts raw materials included in our cost of revenues. At March 31, 2019, we held commodity swap contracts to buy 652,900 pounds of nickel.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of  
STERIS plc

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of STERIS plc and subsidiaries (the Company) as of March 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 30, 2019 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 1989.

/s/ Ernst & Young LLP

Cleveland, Ohio

May 30, 2019

**STERIS PLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

March 31,	2019	2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 220,633	\$ 201,534
Accounts receivable (net of allowances of \$9,645 and \$12,472, respectively)	564,830	528,066
Inventories, net	208,243	205,731
Prepaid expenses and other current assets	60,029	54,326
<b>Total current assets</b>	<b>1,053,735</b>	<b>989,657</b>
Property, plant, and equipment, net	1,031,582	1,010,524
Goodwill	2,322,928	2,433,784
Intangibles, net	604,614	726,980
Other assets	60,212	39,389
<b>Total assets</b>	<b>\$ 5,073,071</b>	<b>\$ 5,200,334</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 152,913	\$ 135,866
Accrued income taxes	15,460	379
Accrued payroll and other related liabilities	109,058	94,000
Accrued expenses and other	187,765	168,217
<b>Total current liabilities</b>	<b>465,196</b>	<b>398,462</b>
Long-term indebtedness	1,183,227	1,316,001
Deferred income taxes, net	151,038	159,971
Other liabilities	87,812	108,600
<b>Total liabilities</b>	<b>\$ 1,887,273</b>	<b>\$ 1,983,034</b>
<b>Commitments and contingencies (see Note 10)</b>		
Preferred shares, with \$0.001 and £0.10 par value, respectively; 50,000 and 100 shares authorized, respectively; 0 and 100 issued and outstanding, respectively	—	15
Ordinary shares, with \$75.00 and £0.10 par value, respectively; 500,000 shares and £17,006 shares aggregate par value authorized, respectively; 84,517 and 84,747 ordinary shares issued and outstanding, respectively	1,998,564	2,048,037
Retained earnings	1,339,024	1,146,223
Accumulated other comprehensive income (loss)	(159,778)	11,685
<b>Total shareholders' equity</b>	<b>3,177,810</b>	<b>3,205,960</b>
Noncontrolling interests	7,988	11,340
<b>Total equity</b>	<b>3,185,798</b>	<b>3,217,300</b>
<b>Total liabilities and equity</b>	<b>\$ 5,073,071</b>	<b>\$ 5,200,334</b>

See notes to consolidated financial statements.



**STERIS PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)

Years Ended March 31,	2019	2018	2017
<b>Revenues:</b>			
Product	\$ 1,296,025	\$ 1,220,633	\$ 1,198,319
Service	1,486,145	1,399,363	1,414,437
<b>Total revenues</b>	<b>2,782,170</b>	<b>2,619,996</b>	<b>2,612,756</b>
<b>Cost of revenues:</b>			
Product	702,295	646,177	624,020
Service	904,448	881,073	962,523
<b>Total cost of revenues</b>	<b>1,606,743</b>	<b>1,527,250</b>	<b>1,586,543</b>
<b>Gross profit</b>	<b>1,175,427</b>	<b>1,092,746</b>	<b>1,026,213</b>
<b>Operating expenses:</b>			
Selling, general, and administrative	669,937	631,978	682,039
Goodwill impairment loss	—	—	58,356
Research and development	63,038	60,782	59,397
Restructuring expenses	30,987	103	215
<b>Total operating expenses</b>	<b>763,962</b>	<b>692,863</b>	<b>800,007</b>
<b>Income from operations</b>	<b>411,465</b>	<b>399,883</b>	<b>226,206</b>
<b>Non-operating expenses, net:</b>			
Interest expense	45,015	50,629	44,520
Interest income and miscellaneous expense	(3,020)	(5,728)	(2,960)
<b>Total non-operating expenses, net</b>	<b>41,995</b>	<b>44,901</b>	<b>41,560</b>
<b>Income before income tax expense</b>	<b>369,470</b>	<b>354,982</b>	<b>184,646</b>
Income tax expense	64,394	63,360	74,015
<b>Net income</b>	<b>305,076</b>	<b>291,622</b>	<b>110,631</b>
<b>Less: Net income attributable to noncontrolling interests</b>	<b>1,025</b>	<b>707</b>	<b>666</b>
<b>Net income attributable to shareholders</b>	<b>\$ 304,051</b>	<b>\$ 290,915</b>	<b>\$ 109,965</b>
<b>Net income per share attributable to shareholders:</b>			
Basic	\$ 3.59	\$ 3.42	\$ 1.29
Diluted	\$ 3.56	\$ 3.39	\$ 1.28
<b>Cash dividends declared per ordinary share outstanding</b>	<b>\$ 1.33</b>	<b>\$ 1.21</b>	<b>\$ 1.09</b>

See notes to consolidated financial statements.

**STERIS PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)

Years Ended March 31,	2019	2018	2017
<b>Net income</b>	<b>\$ 305,076</b>	<b>\$ 291,622</b>	<b>\$ 110,631</b>
Less: Net income attributable to noncontrolling interests	1,025	707	666
<b>Net income attributable to shareholders</b>	<b>\$ 304,051</b>	<b>\$ 290,915</b>	<b>\$ 109,965</b>
<b>Other comprehensive (loss) income</b>			
Unrealized gain on available for sale securities, (net of taxes of \$0, \$516 and \$402, respectively)	—	1,792	851
Pension and postretirement benefit plan changes (net of taxes of (\$423), \$1,860, and \$963, respectively)	2,538	(4,387)	(7,463)
Change in cumulative foreign currency translation adjustment	(172,031)	254,982	(165,931)
<b>Total other comprehensive (loss) income attributable to shareholders</b>	<b>(169,493)</b>	<b>252,387</b>	<b>(172,543)</b>
<b>Comprehensive income (loss) attributable to shareholders</b>	<b>\$ 134,558</b>	<b>\$ 543,302</b>	<b>\$ (62,578)</b>

See notes to consolidated financial statements.

**STERIS PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

Years Ended March 31,	2019	2018	2017
<b>Operating activities:</b>			
Net income	\$ 305,076	\$ 291,622	\$ 110,631
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion, and amortization	225,921	178,332	188,142
Deferred income taxes	(6,511)	(24,722)	31,274
Share-based compensation expense	23,965	22,187	18,794
Loss on the disposal of property, plant, equipment, and intangibles, net	924	2,582	760
(Gain) loss on sale of businesses	(1,370)	14,547	86,574
Goodwill impairment loss	—	—	58,356
Other items	(18,397)	32,229	(13,242)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(48,486)	(37,731)	(48,140)
Inventories, net	(14,617)	(5,178)	(12,829)
Other current assets	(7,371)	(1,244)	2,324
Accounts payable	21,244	563	6,884
Accruals and other, net	59,127	(15,555)	(5,442)
<b>Net cash provided by operating activities</b>	<b>539,505</b>	<b>457,632</b>	<b>424,086</b>
<b>Investing activities:</b>			
Purchases of property, plant, equipment, and intangibles, net	(189,715)	(165,457)	(172,901)
Proceeds from the sale of property, plant, equipment, and intangibles	5,567	2,094	4,846
Proceeds from the sale of businesses	2,478	8,888	135,713
Purchases of investments	(4,955)	—	(6,356)
Acquisition of business, net of cash acquired	(13,313)	(46,271)	(65,557)
Other	(13,286)	(3,083)	—
<b>Net cash used in investing activities</b>	<b>(213,224)</b>	<b>(203,829)</b>	<b>(104,255)</b>
<b>Financing activities:</b>			
Proceeds from the issuance of long-term obligations	—	—	293,730
Payments on long-term obligations	(85,000)	(222,500)	(172,500)
(Payments) proceeds under credit facilities, net	(27,087)	29,065	(196,613)
Deferred financing fees and debt issuance costs	(488)	(2,029)	(1,073)
Acquisition related deferred or contingent consideration	(1,327)	(2,064)	(9,918)
Repurchases of shares	(81,494)	(65,485)	(97,509)
Cash dividends paid to common shareholders	(112,503)	(102,929)	(93,193)
Proceeds from issuance of equity to minority shareholders	—	—	5,022
Stock option and other equity transactions, net	13,107	9,758	4,955
<b>Net cash used in financing activities</b>	<b>(294,792)</b>	<b>(356,184)</b>	<b>(267,099)</b>
Effect of exchange rate changes on cash and cash equivalents	(12,390)	20,997	(18,655)
Increase (decrease) in cash and cash equivalents	19,099	(81,384)	34,077
Cash and cash equivalents at beginning of period	201,534	282,918	248,841
Cash and cash equivalents at end of period	\$ 220,633	\$ 201,534	\$ 282,918

See notes to consolidated financial statements.

**STERIS PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(in thousands, except per share amounts)**

	Ordinary Shares		Preferred Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Equity
	Number	Amount	Number	Amount				
<b>Balance at March 31, 2016</b>	85,920	\$ 2,151,719	100	\$ 15	\$ 939,459	\$ (68,159)	\$ 15,858	\$ 3,038,892
Comprehensive income:								
Net income	—	—	—	—	109,965	—	666	110,631
Other comprehensive loss	—	—	—	—	—	(172,543)	—	(172,543)
Repurchases of ordinary shares	(1,455)	(95,433)	—	—	(2,076)	—	—	(97,509)
Equity compensation programs	416	23,826	—	—	—	—	—	23,826
Purchase of subsidiary shares from noncontrolling interest	67	5,022	—	—	—	—	(5,374)	(352)
Issuance of subsidiary shares to noncontrolling interest	—	—	—	—	—	—	530	530
Cash dividends – \$1.09 per ordinary share	—	—	—	—	(93,193)	—	—	(93,193)
Change in noncontrolling interest	—	—	—	—	—	—	(249)	(249)
<b>Balance at March 31, 2017</b>	84,948	\$ 2,085,134	100	\$ 15	\$ 954,155	\$ (240,702)	\$ 11,431	\$ 2,810,033
Comprehensive income:								
Net income	—	—	—	—	290,915	—	707	291,622
Other comprehensive loss	—	—	—	—	—	252,387	—	252,387
Repurchases of ordinary shares	(793)	(69,567)	—	—	4,082	—	—	(65,485)
Equity compensation programs and other	592	32,470	—	—	—	—	—	32,470
Cash dividends – \$1.21 per ordinary share	—	—	—	—	(102,929)	—	—	(102,929)
Other changes in noncontrolling interest	—	—	—	—	—	—	(798)	(798)
<b>Balance at March 31, 2018</b>	84,747	\$ 2,048,037	100	\$ 15	\$ 1,146,223	\$ 11,685	\$ 11,340	\$ 3,217,300
Comprehensive income:								
Net income	—	—	—	—	304,051	—	1,025	305,076
Other comprehensive income	—	—	—	—	—	(169,493)	—	(169,493)
Repurchases of ordinary shares	(763)	(86,414)	—	—	4,920	—	—	(81,494)
Equity compensation programs and other	533	36,941	—	—	—	—	—	36,941
Retirement of shares resulting from Redomiciliation	(84,514)	(10,592,117)	(100)	(15)	—	—	—	(10,592,132)
Issuance of shares resulting from Redomiciliation	84,514	10,592,117	—	—	—	—	—	10,592,117
Adoption of Accounting Standards (note 1)	—	—	—	—	(3,667)	(1,970)	—	(5,637)
Cash dividends – \$1.33 per ordinary share	—	—	—	—	(112,503)	—	—	(112,503)
Other changes in noncontrolling interest	—	—	—	—	—	—	(4,377)	(4,377)
<b>Balance at March 31, 2019</b>	84,517	\$ 1,998,564	—	\$ —	\$ 1,339,024	\$ (159,778)	\$ 7,988	\$ 3,185,798

See notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations.** On March 28, 2019, STERIS plc, a public limited company organized under the laws of England and Wales ("STERIS UK"), completed a redomiciliation from the United Kingdom to Ireland (the "Redomiciliation"). The Redomiciliation was achieved through the insertion of a new Irish public limited holding company ("STERIS Ireland") on top of STERIS UK pursuant to a court-approved scheme of arrangement under English law (the "Scheme"). Following the Scheme effectiveness, STERIS UK was re-registered as a private limited company with the name STERIS Limited, and STERIS Emerald IE Limited, a company established in Ireland and a wholly-owned direct subsidiary of STERIS Ireland, was interposed as the direct parent company of STERIS UK.

STERIS plc is a leading provider of infection prevention and other procedural products and services. We offer our Customers a unique mix of innovative consumable products, such as detergents, gastrointestinal ("GI") endoscopy accessories, barrier product solutions, and other products and services, including: equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair solutions, laboratory testing services, on-site and off-site reprocessing, and capital equipment products, such as sterilizers and surgical tables, and connectivity solutions such as operating room ("OR") integration.

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We describe our business segments in Note 11 to our consolidated financial statements titled, "Business Segment Information."

Our fiscal year ends on March 31. References in this Annual Report to a particular "year," "fiscal," "fiscal year," or "year-end" mean our fiscal year. The significant accounting policies applied in preparing the accompanying consolidated financial statements of the Company are summarized below.

**Principles of Consolidation.** We use the consolidation method to report our investment in our subsidiaries. Therefore, the accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. We eliminate inter-company accounts and transactions when we consolidate these accounts. Investments in equity of unconsolidated affiliates, over which the Company has significant influence, but not control, over the financial and operating policies, are accounted for primarily using the equity method. These investments are immaterial to the Company's Consolidated Financial Statements. In prior periods, we presented income attributable to noncontrolling interests in the "Interest income and miscellaneous expense" line of our Consolidated Statements of Income and the amounts were not material.

**Use of Estimates.** We make certain estimates and assumptions when preparing financial statements according to U.S. GAAP that affect the reported amounts of assets and liabilities at the financial statement dates and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions involve judgments with respect to many factors that are difficult to predict and are beyond our control. Actual results could be materially different from these estimates. We revise the estimates and assumptions as new information becomes available.

**Cash Equivalents and Supplemental Cash Flow Information.** Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. We invest our excess cash in short-term instruments including money market funds and time deposits with major banks and financial institutions. We select investments in accordance with the criteria established in our investment policy. Our investment policy specifies, among other things, maturity, credit quality and concentration restrictions with the objective of preserving capital and maintaining adequate liquidity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Information supplementing our Consolidated Statements of Cash Flows is as follows:

Years Ended March 31,	2019	2018	2017
Cash paid during the year for:			
Interest	\$ 44,118	\$ 48,663	\$ 42,797
Income taxes	64,668	85,629	78,009
Cash received during the year for income tax refunds	2,189	7,747	2,002

**Revenue Recognition and Associated Liabilities.** We adopted Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers" and the subsequently issued amendments on April 1, 2018 using the modified retrospective approach to contracts that were not completed as of April 1, 2018. Under this standard, certain capital equipment contracts are comprised of a single performance obligation, resulting in the deferral of the corresponding capital equipment revenue and cost of revenues until installation is complete. Previously, these capital equipment revenues and cost of revenues were recognized based upon shipping terms. We recorded a cumulative effect adjustment in the beginning of fiscal 2019 to Retained earnings of \$5,638, based on the current terms and conditions for certain open capital equipment contracts as of March 31, 2018. The impact of the adoption of this standard on our Consolidated Balance Sheets at March 31, 2019 is reflected in the table below. The adoption of this standard did not have a material impact on our Consolidated Statements of Income for the year-to-date period ending March 31, 2019. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

	As Reported March 31, 2019	Total Adjustments	ASC 605 March 31, 2019
<b>Balance Sheet</b>			
<b>Total assets</b>	\$ 5,073,071	\$ (8,429)	\$ 5,064,642
<b>Total liabilities</b>	1,887,273	(14,448)	1,872,825
<b>Total equity</b>	3,185,798	6,019	3,191,817

Revenue is recognized when obligations under the terms of the contract are satisfied and control of the promised products or services have transferred to the Customer. Revenues are measured at the amount of consideration that we expect to be paid in exchange for the products or services. Product revenue is recognized when control passes to the Customer, which is generally based on contract or shipping terms. Service revenue is recognized when the Customer benefits from the service, which occurs either upon completion of the service or as it is provided to the Customer. Our Customers include end users as well as dealers and distributors who market and sell our products. Our revenue is not contingent upon resale by the dealer or distributor, and we have no further obligations related to bringing about resale. Our standard return and restocking fee policies are applied to sales of products. Shipping and handling costs charged to Customers are included in Product revenues. The associated expenses are treated as fulfillment costs and are included in Cost of revenues. Revenues are reported net of sales and value-added taxes collected from Customers.

We have individual Customer contracts that offer discounted pricing. Dealers and distributors may be offered sales incentives in the form of rebates. We reduce revenue for discounts and estimated returns, rebates, and other similar allowances in the same period the related revenues are recorded. The reduction in revenue for these items is estimated based on historical experience and trend analysis to the extent that it is probable that a significant reversal of revenue will not occur. Estimated returns are recorded gross on the Consolidated Balance Sheets.

In transactions that contain multiple performance obligations, such as when products, maintenance services, and other services are combined, we recognize revenue as each product is delivered or service is provided to the Customer. We allocate the total arrangement consideration to each performance obligation based on its relative standalone selling price, which is the price for the product or service when it is sold separately.

Payment terms vary by the type and location of the Customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. We do not evaluate whether the selling price contains a financing component for contracts that have a duration of less than one year.

We do not capitalize sales commissions as substantially all of our sales commission programs have an amortization period of one year or less.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

Certain costs to fulfill a contract are capitalized and amortized over the term of the contract if they are recoverable, directly related to a contract and generate resources that we will use to fulfill the contract in the future. At March 31, 2019 assets related to costs to fulfill a contract were not material to our Consolidated Financial Statements.

Refer to Note 11, titled "Business Segment Information" for disaggregation of revenue.

***Product Revenue***

Product revenues consist of revenues generated from sales of consumables and capital equipment. These contracts are primarily based on a Customer's purchase order and may include a Distributor, Dealer or Group Purchasing Organization ("GPO") agreement. We recognize revenue for sales of product when control passes to the Customer, which generally occurs either when the products are shipped or when they are received by the Customer. Revenue related to certain capital equipment products is deferred until installation is complete as the capital equipment and installation are highly integrated and form a single performance obligation.

***Service Revenue***

Within our Healthcare Products and Life Sciences segments, service revenues consist of revenue generated from parts and labor associated with the maintenance, repair and installation of capital equipment. These contracts are primarily based on a Customer's purchase order and may include a Distributor, Dealer, or GPO agreement. For maintenance, repair and installation of capital equipment, revenue is recognized upon completion of the service.

We also offer preventive maintenance and separately priced extended warranty agreements to our Customers, which require us to maintain and repair our products over the duration of the contract. Generally, these contract terms are cancelable without penalty and range from one to five years. Amounts received under these Customer contracts are initially recorded as a service liability and are recognized as service revenue ratably over the contract term using a time-based input measure.

Within our Healthcare Specialty Services segment, revenues relate primarily to outsourced instrument reprocessing services and instrument repairs. Contracts for outsourced instrument reprocessing services are primarily based on an agreement with a Customer, ranging in length from several months to 15 years. Outsourced instrument reprocessing services revenue is recognized ratably over the contract term using a time-based input measure, adjusted for volume and other performance metrics, to the extent that it is probable that a significant reversal of revenue will not occur. Contracts for instrument repairs are primarily based on a Customer's purchase order, and the associated revenue is recognized upon completion of the repair.

Within our Applied Sterilization Technologies segment, service revenues include contract sterilization and laboratory services. Sales contracts for contract sterilization and laboratory services are primarily based on a Customer's purchase order and associated Customer agreement and revenues are generally recognized upon completion of the service.

***Contract Liabilities***

Payments received from Customers are based on invoices or billing schedules as established in contracts with Customers. Deferred revenue is recorded when payment is received in advance of performance under the contract. Deferred revenue is recognized as revenue upon completion of the performance obligation, which generally occurs within one year. During fiscal 2019, we recognized revenue of \$30,169 that was included in our contract liability balance at the beginning of the period.

Refer to Note 7, titled "Additional Consolidated Balance Sheet Information" for Deferred revenue balances.

***Service Liabilities***

Payments received in advance of performance for cancelable preventative maintenance and separately priced extended warranty contracts are recorded as service liabilities. Service liabilities are recognized as revenue as performance is rendered under the contract. Prior to the adoption of Accounting Standards Codification ("ASC") 606, these amounts were included in Deferred revenues.

Refer to Note 7, titled "Additional Consolidated Balance Sheet Information" for Service liability balances.

***Remaining Performance Obligations***

Remaining performance obligations reflect only the performance obligations related to agreements for which we have a firm commitment from a Customer to purchase and exclude variable consideration related to unsatisfied performance obligations. With regard to products, these remaining performance obligations include capital equipment and consumable orders which have not shipped. With regard to service, these remaining performance obligations primarily include installation, certification, and outsourced instrument reprocessing services. As of March 31, 2019, the transaction price allocated to

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

remaining performance obligations was approximately \$900,000. We expect to recognize approximately 47% of the transaction price within one year and approximately 49% beyond one year. The remainder has yet to be scheduled for delivery.

**Accounts Receivable.** Accounts receivable are presented at their face amount, less allowances for sales returns and uncollectible accounts. Accounts receivable consist of amounts billed and currently due from Customers and amounts earned but unbilled. We generally obtain and perfect security interest in products sold in the United States when we have a concern with the Customer's risk profile.

We maintain an allowance for uncollectible accounts receivable for estimated losses in the collection of amounts owed by Customers. We estimate the allowance based on analyzing a number of factors, including amounts written off historically, Customer payment practices, and general economic conditions. We also analyze significant Customer accounts on a regular basis and record a specific allowance when we become aware of a specific Customer's inability to pay. As a result, the related accounts receivable are reduced to an amount that we reasonably believe is collectible.

We maintain an allowance for sales returns based upon known returns and estimated returns for both capital equipment and consumables. We estimate returns of capital equipment and consumables based upon recent historical experience.

**Inventories, net.** Inventories are stated at the lower of their cost or market value. We determine cost based upon a combination of the last-in, first-out ("LIFO") and first-in, first-out ("FIFO") cost methods. For inventories valued using the LIFO method, we believe that the use of the LIFO method results in a matching of current costs and revenues. Inventories valued using the LIFO method represented approximately 25.2% and 26.0% of total inventories at March 31, 2019 and 2018, respectively. Inventory costs include material, labor, and overhead. If we had used only the FIFO method of inventory costing, inventories would have been \$16,757 and \$17,280 higher than those reported at March 31, 2019 and 2018, respectively.

We review inventory on an ongoing basis, considering factors such as deterioration, obsolescence, and other items. We record an allowance for estimated losses when the facts and circumstances indicate that particular inventories will not be usable. If future market conditions vary from those projected, and our estimates prove to be inaccurate, we may be required to write-down inventory values and record an adjustment to cost of revenues.

**Property, Plant, and Equipment.** Our property, plant, and equipment consists of land and land improvements, buildings and leasehold improvements, machinery and equipment, information systems, radioisotope (cobalt-60), and construction in progress. Property, plant, and equipment are presented at cost less accumulated depreciation and depletion. We capitalize additions and improvements. Repairs and maintenance are charged to expense as they are incurred.

Land is not depreciated and construction in progress is not depreciated until placed in service. Depreciation of most assets is computed on the cost less the estimated salvage value by using the straight-line method over the estimated remaining useful lives. Depletion of radioisotope is computed using the annual decay factor of the material, which is similar to the sum-of-the-years-digits method.

We generally depreciate or deplete property, plant, and equipment over the useful lives presented in the following table:

Asset Type	Useful Life (years)
Land improvements	3-40
Buildings and leasehold improvements	2-50
Machinery and equipment	2-20
Information Systems	2-20
Radioisotope (cobalt-60)	20

When we sell, retire, or dispose of property, plant, and equipment, we remove the asset's cost and accumulated depreciation from our Consolidated Balance Sheet. We recognize the net gain or loss on the sale or disposition in the Consolidated Statements of Income in the period when the transaction occurs.

**Interest.** We capitalize interest costs incurred during the construction of long-lived assets. We capitalized interest costs of \$495 and \$528 for the years ended March 31, 2019 and 2018, respectively. Total interest expense for the years ended March 31, 2019, 2018, and 2017 was \$45,015, \$50,629, and \$44,520, respectively.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Identifiable Intangible Assets.** Our identifiable intangible assets include product technology rights, trademarks, licenses, and Customer and vendor relationships. We record these assets at cost, or when acquired as part of a business acquisition, at estimated fair value. We generally amortize identifiable intangible assets over periods ranging from 5 to 20 years using the straight-line method. Our intangible assets also include indefinite lived assets including certain trademarks and tradenames that were acquired in connection with business combinations. These assets are tested at least annually for impairment.

**Investments.** Investments in marketable securities are stated at fair value and are included in "Other assets" on the Consolidated Balance Sheets. Following the fiscal 2019 adoption of ASU 2016-01, "Financial Instruments - Overall - Recognition and Measurement of Financial Assets and Liabilities, changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Statement of Income.

**Asset Impairment Losses.** Property, plant, equipment, and identifiable intangible assets are reviewed for impairment when indicators of impairment exist and circumstances indicate that the carrying value of such assets may not be recoverable. Impaired assets are recorded at the lower of carrying value or estimated fair value. We monitor for such indicators on an ongoing basis and if an impairment exists, we record the loss in the Consolidated Statements of Income during that period.

**Asset Retirement Obligations.** We incur retirement obligations for certain assets. We record initial liabilities for the asset retirement obligations ("ARO") at fair value. Recognition of ARO includes: estimating the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and a periodic review of the ARO liability estimates and discount rates used in the analysis. We provide additional information about our asset retirement obligations in Note 5 to our consolidated financial statements titled, "Property, Plant and Equipment."

**Acquisitions of Business.** Assets acquired and liabilities assumed in a business combination are accounted for at fair value on the date of acquisition. Costs related to the acquisition are expensed as incurred.

**Goodwill.** We perform our annual impairment test for goodwill in the third quarter of each year. We may consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. We may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. We review the book value compared to the fair value at the reporting unit level. We calculate the fair value of our reporting units based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections, strategic plans, and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other market place participants.

**Self-Insurance Liabilities.** We record a liability for self-insured risks that we retain for general and product liabilities, workers' compensation, and automobile liabilities based on actuarial calculations. We use our historical loss experience and actuarial methods to calculate the liability. This liability includes estimates for both losses and incurred but not reported claims. We review the assumptions used to calculate the estimated liability at least annually to evaluate the adequacy of the amount recorded. We maintain insurance policies to cover losses greater than our estimated liability, which are subject to the terms and conditions of those policies. We are also self-insured for certain employee medical claims. We estimate a liability for incurred but not reported claims based upon recent claims experience.

**Benefit Plans.** We sponsor defined benefit pension plans. We also sponsor a post-retirement benefits plan for certain former employees. We determine our costs and obligations related to these plans by evaluating input from third-party professional advisers. These costs and obligations are affected by assumptions including the discount rate, expected long-term rate of return on plan assets, the annual rate of change in compensation for eligible employees, estimated changes in costs of healthcare benefits, and other factors. We review the assumptions used on an annual basis.

We recognize an asset for the overfunded status or a liability for the underfunded status of defined benefit pension and post-retirement benefits plans in our consolidated balance sheets. This amount is measured as the difference between the fair value of plan assets and the benefit obligation (the projected benefit obligation for pension plans and the accumulated post-retirement benefit obligation for other post-retirement benefit plans). Changes in the funded status of the plans are recorded in other comprehensive income in the year they occur. We measure plan assets and obligations as of the balance sheet date. We provide additional information about our pension and other post-retirement benefits plans in Note 9 to our consolidated financial statements titled, "Benefit Plans."

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Fair Value of Financial Instruments.** Except for long-term debt, our financial instruments are highly liquid or have short-term maturities. We provide additional information about the fair value of our financial instruments in Note 17 titled, "Fair Value Measurements."

**Foreign Currency Translation.** Most of our operations use their local currency as their functional currency. Financial statements of subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. Translation adjustments for subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) within equity. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in the accompanying Consolidated Statement of Income, except for certain inter-company balances designated as long-term in nature.

**Forward and Swap Contracts.** We enter into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies, including inter-company transactions. We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are marked to market, with gains and losses recognized within "Selling, general, and administrative expenses" or "Cost of revenues" in the accompanying Consolidated Statements of Income.

**Warranty.** Warranties are provided on the sale of certain of our products and services and an accrual for estimated future claims is recorded at the time revenue is recognized. We estimate warranty expense based primarily on historical warranty claim experience.

**Shipping and Handling.** We record shipping and handling costs in costs of revenues. Shipping and handling costs charged to Customers are recorded as revenues in the period the product revenues are recognized.

**Advertising Expenses.** Costs incurred for communicating, advertising and promoting our products are generally expensed when incurred as a component of Selling, General and Administrative Expense. We incurred \$10,691, \$10,886, and \$12,622 of advertising costs during the years ended March 31, 2019, 2018, and 2017, respectively.

**Research and Development.** We incur research and development costs associated with commercial products and expense these costs as incurred. If a Customer reimburses us for research and development costs, the costs are charged to the related contracts as costs of revenues.

**Income Taxes.** We defer income taxes for all temporary differences between pre-tax financial and taxable income and between the book and tax basis of assets and liabilities. We record valuation allowances to reduce net deferred tax assets to an amount that we expect will more-likely-than-not be realized. In making such a determination, we consider all available information, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and if applicable, any carryback claims that can be filed. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes and the effective tax rate.

We evaluate uncertain tax positions in accordance with a two-step process. The first step is recognition: The determination of whether or not it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate tax authority and that the tax authority will have full knowledge of all relevant information. The second step is measurement: A tax position that meets the more-likely-than-not threshold is measured to determine the amount of benefit to recognize in the financial statements. The measurement process requires the determination of the range of possible settlement amounts and the probability of achieving each of the possible settlements. The tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. No tax benefits are recognized for positions that do not meet the more-likely-than-not threshold. Tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which the threshold is no longer met. We describe income taxes further in Note 8 to our consolidated financial statements titled, "Income Taxes."

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(dollars in thousands, except per share amounts and as noted)**

**Medical Device Excise Tax.** The Medical Device Excise Tax became effective January 1, 2013. The excise tax was mandated by the 2010 health care reform legislation and assesses a 2.3% tax on the sale or use of certain medical devices that are sold or manufactured in the United States. Many of our products are subject to the excise tax. Late in 2015, Congress enacted legislation that suspended the excise tax for 2016 and 2017. Early in 2018, U.S. Congress enacted legislation that extended the suspension of the excise tax for 2018 and 2019. Therefore, we did not incur Medical Device Excise taxes during fiscal 2019, 2018 or 2017. Should the U.S. Congress take no further action with regard to this tax we may begin to incur excise tax in the fourth quarter of fiscal 2020.

**Share-Based Compensation.** We describe share-based compensation in Note 14 to our consolidated financial statements titled, “Share-Based Compensation.” We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. We record liability awards at fair value each reporting period and the change in fair value is reflected as share-based compensation expense in our Consolidated Statements of Income. The expense is classified as cost of goods sold, selling, general and administrative expenses or research and development expenses in a manner consistent with the employee’s compensation and benefits. These costs are recognized in the Consolidated Statement of Income over the period during which an employee is required to provide service in exchange for the award.

**Restructuring.** We recognize restructuring expenses as incurred. Asset impairment and accelerated depreciation expenses primarily relate to inventory write-downs for rationalized products and adjustments in the carrying value of the related facilities and machinery and equipment to their estimated fair value. In addition, the remaining useful lives of other property, plant, and equipment associated with the related operations are reevaluated based on the respective restructuring plan, which may result in the acceleration of depreciation and amortization of certain assets.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

***Recently Issued Accounting Standards Impacting the Company***

Recently Issued Accounting Standards Impacting the Company are presented in the following table:

<b>Standard</b>	<b>Date of Issuance</b>	<b>Description</b>	<b>Date of Adoption</b>	<b>Effect on the financial statements or other significant matters</b>
Standards that have recently been adopted				
ASU 2014-09, "Revenue from Contracts with Customers" and subsequently issued amendments	May 2014	The standard replaced existing revenue recognition standards and significantly expands the disclosure requirements for revenue arrangements.	First Quarter Fiscal 2019	Additional information is disclosed in Note 1 under the heading, "Revenue Recognition and Associated Liabilities".
ASU 2016-01, "Financial Instruments - Overall - Recognition and Measurement of Financial Assets and Liabilities" (Subtopic 825-10)	January 2016	The standard changed how equity investments are measured and presented changes in the fair value of financial liabilities measured under the fair value option. Presentation and disclosure requirements for financial instruments were also affected. Entities are required to measure equity investments that do not result in consolidation and are not recorded under the equity method at fair value with changes in fair value recognized in net income. The standard clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale securities. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged.	First Quarter Fiscal 2019	We adopted the standard on a modified retrospective basis at the beginning of fiscal 2019 and we recorded a cumulative effect adjustment to our opening retained earnings balance of \$1,970 that increased retained earnings and decreased accumulated other comprehensive income.
ASU 2016-15, "Statement of Cash Flows" (Topic 230)	August 2016	This standard provides guidance on the following specific cash flow issues: Debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle.	First Quarter Fiscal 2019	We adopted this standard effective April 1, 2018. The impact will depend on the future occurrence of the relevant transactions or conditions addressed by the standard.

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ASU 2016-16, "Income Taxes, Intra-Entity Transfers of Assets Other Than Inventory" (Topic 740)	October 2016	The standard improves the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The new standard requires the recognition of income tax consequences resulting from an intra-entity transfer of an asset other than inventory when the transfer occurs.	First Quarter Fiscal 2019	We adopted this standard effective April 1, 2018 with no material impact to our Consolidated Balance Sheets. The impact to our Consolidated Statements of Income will depend on the value of future intra-entity transfers.
ASU 2017-01 "Clarifying the Definition of a Business"	January 2017	The standard update narrows the definition of a business by providing a screen to determine when an integrated set of assets and activities is not a business. The screen specifies that an integrated set of assets and activities is not a business if substantially all of the fair value of the gross assets acquired or disposed of is concentrated in a single or a group of similar identifiable assets.	First Quarter Fiscal 2019	We adopted this standard effective April 1, 2018. The impact will depend on the future occurrence of the relevant transactions or conditions addressed by the standard.
ASU 2017-07 "Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension and Net Periodic Postretirement Benefit Cost" (Topic 715)	March 2017	This standard requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside the subtotal of income from operations, if one is presented.	First Quarter Fiscal 2019	We retrospectively adopted the standard in the first quarter of fiscal 2019. Prior periods have been recast for the adoption of this standard. Changes have been reflected in the Cost of Revenues, Selling, general and administrative expense, and Interest income and miscellaneous expense lines of our Consolidated Statements of Income. Amounts are not considered material for additional disclosure.
ASU 2017-09 "Compensation - Stock Compensation" (Topic 718)	May 2017	The standard provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718.	First Quarter Fiscal 2019	We adopted this standard effective April 1, 2018. The impact will depend on the future occurrence of the relevant terms or conditions addressed by the standard.



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Standards that have not yet been adopted				
ASU 2016-02, "Leases" (Topic 842)	February 2016	The standard will require lessees to record all leases, whether finance or operating, on the balance sheet. An asset will be recorded to represent the right to use the leased asset, and a liability will be recorded to represent the lease obligation. The standard is effective for annual periods beginning after December 15, 2018 and interim periods within that period. Early adoption is permitted.	N/A	We are currently evaluating the impact that the standard will have on our consolidated financial statements. We are also evaluating our lease portfolio, software packages, process and policy change requirements. We expect to adopt this standard using the additional, optional transition method, the package of transitional practical expedients relating to the identification, classification and initial direct costs of leases, and the transitional practical expedient for the treatment of existing land easements. We anticipate that most of our operating leases will result in the recognition of additional assets and corresponding liabilities in our Consolidated Balance Sheet, however we do not expect the standard to have a material impact on our financial position. We currently estimate the impact of the adoption will result in the recognition of the right of use assets and lease liabilities within the range of approximately \$110,000 to \$130,000 as of April 1, 2019. For more information regarding our total operating lease commitments refer to Note 5, "Property, Plant and Equipment".
ASU 2016-13, "Measurement of Credit Losses on Financial Instruments"	June 2016	The standard requires a financial asset (or group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted.	N/A	We are in the process of evaluating the impact that the standard will have on our consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities" (Topic 815)	August 2017	The standard provides targeted improvements to accounting for hedging activities by expanding an entity's ability to hedge non-financial and financial risk components and reduce complexity in fair value hedges of interest rate risk. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance also eases certain documentation and assessment requirements and modifies the accounting for components excluded from the assessment of hedge effectiveness. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted in any interim period after issuance of the standard. The standard should be applied using a modified retrospective approach for cash flow and net investment hedge relationships that exist on the date of adoption, and prospectively for presentation and disclosure requirements.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements.
ASU 2018-02 "Income Statement - Reporting Comprehensive Income" (Topic 220)	February 2018	The standard allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act ("TCJA") and requires certain disclosures about stranded tax effects. The underlying guidance requiring that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods within those years. Early adoption is permitted.	N/A	We are in the process of evaluating the impact that the standard will have on our consolidated financial statements.
ASU 2018-13 "Fair Value Measurement (Topic 820) Disclosure Framework- Changes to Disclosure Requirements for Fair Value Measurement"	August 2018	The standard modifies the disclosure requirements by adding, removing, and modifying certain required disclosures for fair value measurements for assets and liabilities disclosed within the fair value hierarchy. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements as it modifies disclosure requirements only.
ASU 2018-14 "Compensation- Retirement Benefits - Defined Benefit Plans- General Topic (715-20): Disclosure Framework- Changes to the Disclosure Requirements for Defined Benefit Plans"	August 2018	The standard modifies the disclosure requirements by adding, removing, and modifying certain required disclosures for employers that sponsor defined benefit pension or other post-retirement benefit plans. The standard also clarifies disclosure requirements for defined benefit pension plans relating to the projected benefit obligation and accumulated benefit obligation. The standard is effective for fiscal years ending after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements as it modifies disclosure requirements only.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

ASU 2018-15 "Intangibles- Goodwill and Other- Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract"	August 2018	The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard is effective for fiscal years ending after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements.
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## 2. RESTRUCTURING

**Fiscal 2019 Restructuring Plan.** During the third quarter of fiscal 2019, we adopted and announced a targeted restructuring plan (the "Fiscal 2019 Restructuring Plan"), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including the rationalization of certain products. Fewer than 200 positions are being eliminated. The Company will relocate the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions are designed to enhance profitability and improve efficiency.

We have incurred pre-tax expenses totaling \$40,708 related to these restructuring actions, of which \$30,987 was recorded as restructuring expenses and \$9,721 was recorded in cost of revenues, with a total of \$28,417, \$2,518, \$664, and \$7,794 related to the Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies segments, respectively. Corporate related restructuring charges were \$1,315. We expect to incur additional restructuring expenses related to this plan of approximately \$3,000 in fiscal 2020 and beyond.

The following table summarizes our total pre-tax restructuring expenses for fiscal 2019:

Year Ended March 31, 2019	Fiscal 2019 Restructuring Plan
Severance and other compensation related costs	\$ 5,651
Accelerated depreciation and amortization	16,194
Asset impairment	4,312
Lease termination costs and other	4,830
Product rationalization <sup>(1)</sup>	9,721
<b>Total restructuring expenses</b>	<b>\$ 40,708</b>

(1) Recorded in cost of revenues on the Consolidated Statements of Income.

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within "Accrued payroll and other related liabilities" and "Accrued expenses and other." The following table summarizes our restructuring liability balances:

Fiscal 2019 Restructuring Plan	March 31, 2018	Provisions	Payments /Impairments (1)	March 31, 2019
Severance and termination benefits	\$ —	\$ 5,651	\$ (1,549)	\$ 4,102
Lease termination obligations and other	—	4,830	(2,801)	2,029
<b>Total</b>	<b>\$ —</b>	<b>\$ 10,481</b>	<b>\$ (4,350)</b>	<b>\$ 6,131</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

(1) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

**3. GOODWILL AND INTANGIBLE ASSETS**

Changes to the carrying amount of goodwill for the years ended March 31, 2019, 2018 and 2017 were as follows:

	Healthcare Products Segment	Healthcare Specialty Services Segment	Life Sciences Segment	Applied Sterilization Technologies Segment	Total
<b>Balance at March 31, 2017</b>	377,765	375,879	146,514	1,331,145	2,231,303
Goodwill acquired or allocated	16,418	3,501	—	15,847	35,766
Reassignment	—	(1,855)	—	1,855	—
Foreign currency translation adjustments	10,491	10,500	2,302	143,422	166,715
<b>Balance at March 31, 2018</b>	<b>\$ 404,674</b>	<b>\$ 388,025</b>	<b>\$ 148,816</b>	<b>\$ 1,492,269</b>	<b>\$ 2,433,784</b>
Goodwill acquired or allocated	(1,202)	(907)	—	5,341	3,232
Foreign currency translation adjustments	(6,188)	(12,208)	(1,021)	(94,671)	(114,088)
<b>Balance at March 31, 2019</b>	<b>\$ 397,284</b>	<b>\$ 374,910</b>	<b>\$ 147,795</b>	<b>\$ 1,402,939</b>	<b>\$ 2,322,928</b>

The fiscal 2018 goodwill increase was due to our recent business acquisitions, which are discussed in Note 18, titled "Business Acquisitions" and the impact of foreign currency. The fiscal 2018 reassignment between the Healthcare Specialty Services and the Applied Sterilization Technologies segments resulted from certain minor organizational changes that were made to better align with our Customers.

We evaluate the recoverability of recorded goodwill amounts annually during the third fiscal quarter, or when evidence of potential impairment exists. As a result of our annual impairment review for goodwill for fiscal years 2019 and 2018, no indicators of impairment were identified. As a result of our annual goodwill impairment review for fiscal year 2017, we concluded that the carrying value of one of our reporting units exceeded its fair value. The Synergy Health Netherlands linen management unit was reported within our Healthcare Specialty Services segment. Financial forecasts prepared for the annual assessment reflected pricing pressures, volume declines driven by overcapacity in the market, and a decline in the overall market size. These factors resulted in further degradation of the already low operating margin and cash flows of this unit. We incurred a goodwill impairment charge of \$58,356 as a result, which is recorded within Goodwill impairment loss in the Consolidated Statements of Income. The fair market value of the reporting unit was determined under an income approach using discounted cash flows and estimated fair market values. Fair value calculated using a discounted cash flow analysis is classified within level 3 of the fair value hierarchy and requires several assumptions including risk adjusted discount rates and financial forecasts.

Our fiscal 2019, 2018, and 2017 acquisitions are described in Note 18 to our consolidated financial statements titled, "Business Acquisitions and Divestitures".

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Information regarding our intangible assets is as follows:

March 31,	2019		2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	\$ 623,774	\$ 189,752	\$ 663,532	\$ 150,358
Non-compete agreements	4,693	3,945	4,738	3,790
Patents and technology	226,520	126,149	226,318	107,598
Trademarks and tradenames	63,570	38,850	83,509	36,864
Supplier relationships	54,800	10,047	54,800	7,307
Other	—	—	10	10
<b>Total</b>	<b>\$ 973,357</b>	<b>\$ 368,743</b>	<b>\$ 1,032,907</b>	<b>\$ 305,927</b>

Certain trademarks and tradenames obtained as a result of business combinations are indefinite-lived assets. The approximate carrying value of these assets at March 31, 2019 and March 31, 2018 was \$13,000 and \$35,266, respectively. We evaluate our indefinite-lived intangible assets annually during the third quarter, or when evidence of potential impairment exists. During the third quarter of fiscal 2019, management adopted a branding strategy that included phasing out the usage of a tradename associated with certain products in the Healthcare Products business segment. As a result, management recorded an impairment charge of \$16,249, which is included within the Selling, general, and administrative line of the Consolidated Statements of Income. The remaining fair value of the asset was calculated using an income approach (the relief from royalty method). The remaining fair value was not material and will be amortized over the asset's remaining useful life. Fair value calculated using this approach is classified within Level 3 of the fair value hierarchy and requires several assumptions. No impairment was recognized for the fiscal years 2018 or 2017.

Total amortization expense for finite-lived intangible assets was \$98,747, \$70,195, and \$68,607 for the years ended March 31, 2019, 2018, and 2017, respectively. Based upon the current amount of intangible assets subject to amortization, the amortization expense for each of the five succeeding fiscal years is estimated to be as follows:

	2020	2021	2022	2023	2024
Estimated amortization expense	\$ 71,917	\$ 66,716	\$ 63,853	\$ 58,412	\$ 52,452

The estimated annual amortization expense presented in the preceding table has been calculated based upon March 31, 2019 currency exchange rates.

## 4. INVENTORIES, NET

Inventories, net consisted of the following:

March 31,	2019	2018
Raw materials	\$ 83,009	\$ 83,741
Work in process	30,694	34,904
Finished goods	131,051	124,005
LIFO reserve	(16,757)	(17,280)
Reserve for excess and obsolete inventory	(19,754)	(19,639)
<b>Inventories, net</b>	<b>\$ 208,243</b>	<b>\$ 205,731</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**5. PROPERTY, PLANT AND EQUIPMENT**

Information related to the major categories of our depreciable assets is as follows:

March 31,	2019	2018
Land and land improvements <sup>(1)</sup>	\$ 63,522	\$ 55,417
Buildings and leasehold improvements	480,359	467,063
Machinery and equipment	656,956	631,623
Information systems	169,711	151,360
Radioisotope	483,080	458,440
Construction in progress <sup>(1)</sup>	133,689	87,745
<b>Total property, plant, and equipment</b>	<b>1,987,317</b>	<b>1,851,648</b>
Less: accumulated depreciation and depletion	(955,735)	(841,124)
<b>Property, plant, and equipment, net</b>	<b>\$ 1,031,582</b>	<b>\$ 1,010,524</b>

<sup>(1)</sup> Land is not depreciated. Construction in progress is not depreciated until placed in service.

Depreciation and depletion expense were \$127,174, \$108,137 and \$119,536, for the years ended March 31, 2019, 2018, and 2017, respectively.

Rental expense for operating leases was \$30,319, \$30,474, and \$32,740 for the years ended March 31, 2019, 2018, and 2017, respectively. Operating leases primarily relate to manufacturing, warehouse and office space, service facilities, vehicles, equipment, and communication systems. Certain lease agreements grant us varying renewal and purchase options.

Future minimum annual rentals payable under noncancelable operating lease agreements at March 31, 2019 were as follows:

	Operating Leases
2020	\$ 24,008
2021	18,567
2022	13,917
2023	11,929
2024 and thereafter	93,939
<b>Total minimum lease payments</b>	<b>\$ 162,360</b>

In the preceding table, the future minimum annual rentals payable under noncancelable leases denominated in foreign currencies have been calculated using March 31, 2019 foreign currency exchange rates.

**Asset Retirement Obligations**

We provide contract sterilization services including Gamma irradiation which utilizes cobalt-60 in the form of cobalt pencils. We have incurred asset retirement obligations (ARO) associated with the future disposal of these assets once depleted. Recognition of ARO includes: the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and the periodic review of the ARO liability estimates and discount rates used in the analysis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

The following table summarizes the activity in the liability for asset retirement obligations.

	Asset Retirement Obligations
<b>Balance at March 31, 2017</b>	<b>\$ 9,953</b>
Liabilities incurred during the period	89
Liabilities settled during the period	(352)
Accretion expense	1,198
Foreign currency and other	751
<b>Balance at March 31, 2018</b>	<b>\$ 11,639</b>
Liabilities incurred during the period	1,033
Accretion expense	385
Foreign currency and other	(671)
<b>Balance at March 31, 2019</b>	<b>\$ 12,386</b>

## 6. DEBT

Indebtedness as of March 31, 2019 and 2018 was as follows:

	2019	2018
Credit Agreement	\$ 301,846	\$ 331,206
Private Placement	884,967	988,190
Deferred financing fees	(3,619)	(3,395)
Other	33	—
<b>Total long term debt</b>	<b>\$ 1,183,227</b>	<b>\$ 1,316,001</b>

On March 23, 2018, STERIS UK and certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. STERIS Ireland subsequently became a borrower and guarantor under the Credit Agreement. The Credit Agreement replaced a bank credit facility dated March 31, 2015. The Credit Agreement provides up to \$1,000,000 of credit, in the form of a revolver facility, which may be utilized for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The revolver facility may be increased in specified circumstances by up to \$500,000. The Credit Agreement will mature on March 23, 2023, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Credit Agreement contains leverage and interest coverage covenants. Borrowings may be taken in U.S. dollars, euros, and pounds sterling and certain other specified currencies and bear interest at our option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA (as such terms are defined in the Credit Agreement). Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. Borrowings at closing were used to repay outstanding balances of debt outstanding under the former bank credit facility dated March 31, 2015 that was scheduled to mature on March 31, 2020 and for other general corporate purposes. The Credit Agreement was amended in March 2019, in connection with the Redomiciliation to permit the Redomiciliation. The amendments did not effect any material changes in the terms of the Credit Agreement regarding borrowings or the issuance of letters of credit.

As of March 31, 2019 a total of \$301,846 of Credit Agreement and Swing Line Facility borrowings were outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2019.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

Our outstanding Senior Notes at March 31, 2019 and 2018 were as follows:

	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2019	U.S. Dollar Value at March 31, 2018
\$85,000 Senior notes at 6.33%	2008 Private Placement	August 2018	—	85,000
\$35,000 Senior notes at 6.43%	2008 Private Placement	August 2020	35,000	35,000
\$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	91,000	91,000
\$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	80,000	80,000
\$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	25,000	25,000
\$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	125,000	125,000
\$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	125,000	125,000
\$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	100,000	100,000
\$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	50,000	50,000
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	67,352	73,912
\$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	45,000	45,000
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	22,450	24,637
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	58,702	63,141
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	21,328	23,406
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	39,135	42,094
<b>Total Senior Notes</b>			<b>\$ 884,967</b>	<b>\$ 988,190</b>

On February 27, 2017, STERIS UK issued and sold an aggregate principal amount of \$95,000, €99,000, and £75,000, of senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of between 10 years and 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.

On May 15, 2015, STERIS Corporation issued and sold \$350,000 of senior notes, in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of 10 years to 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.

The agreements governing certain senior notes issued and sold in February 2013, December 2012, and August 2008, were amended and restated in their entirety on March 31, 2015. All of these notes were issued and sold in private placements to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The amended and restated agreements, which have been consolidated into a single agreement for the 2013 and 2012 notes, and a separate single agreement for the 2008 notes, contain leverage and interest coverage covenants.

All of the note agreements were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights of the note holders and increased the size of certain baskets to more closely align with Credit Agreement baskets.

At March 31, 2019, we were in compliance with all financial covenants associated with our indebtedness.

The combined annual aggregate amount of maturities of our outstanding debt by fiscal year is as follows:

2020	\$ —
2021	35,033
2022	—
2023	392,846
2024 and thereafter	758,967
<b>Total</b>	<b>\$ 1,186,846</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

## 7. ADDITIONAL CONSOLIDATED BALANCE SHEET INFORMATION

Additional information related to our Consolidated Balance Sheet is as follows:

March 31,	2019	2018
<b>Accrued payroll and other related liabilities:</b>		
Compensation and related items	\$ 37,251	\$ 30,270
Accrued vacation/paid time off	10,191	11,011
Accrued bonuses	40,194	31,716
Accrued employee commissions	17,854	17,168
Other post-retirement benefits obligations-current portion	1,633	1,906
Other employee benefit plans' obligations-current portion	1,935	1,929
<b>Total accrued payroll and other related liabilities</b>	<b>\$ 109,058</b>	<b>\$ 94,000</b>
<b>Accrued expenses and other:</b>		
Deferred revenues	\$ 55,333	\$ 31,621
Service liabilities	42,101	43,077
Self-insured and related risk reserves-current portion	6,537	7,349
Accrued dealer commissions	15,283	16,121
Accrued warranty	7,194	6,872
Asset retirement obligation-current portion	2,656	1,798
Other	58,661	61,379
<b>Total accrued expenses and other</b>	<b>\$ 187,765</b>	<b>\$ 168,217</b>
<b>Other liabilities:</b>		
Self-insured risk reserves-long-term portion	\$ 14,445	\$ 15,008
Other post-retirement benefits obligations-long-term portion	10,918	12,194
Defined benefit pension plans obligations-long-term portion	16,168	29,407
Other employee benefit plans obligations-long-term portion	4,711	3,221
Accrued long-term income taxes	13,515	18,922
Asset retirement obligation-long-term portion	9,730	9,841
Other	18,325	20,007
<b>Total other liabilities</b>	<b>\$ 87,812</b>	<b>\$ 108,600</b>

## 8. INCOME TAXES

The Tax Cuts and Jobs Act (the "TCJA") was enacted on December 22, 2017. The TCJA reduces the U.S. federal corporate income tax rate from 35.0% to 21.0%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. The Company applied the guidance in *Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cut and Jobs Act* when accounting for the enactment-date effects of the TCJA. As of March 31, 2018, the Company had recorded a provisional tax benefit of \$18.9 million related to the reduction of the U.S. federal corporate income tax rate and the deemed repatriation tax. During fiscal 2019, the Company completed its accounting for the tax effects of the TCJA. During the nine months ended December 31, 2018, the Company recorded an immaterial favorable adjustment to the provisional amounts recorded as of March 31, 2018 for remeasurement of the Company's deferred tax balances and the one-time transition tax.

The TCJA also subjects a U.S. shareholder to current tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries and allows a benefit for foreign-derived intangible income ("FDII"). The Company has confirmed its policy decision to treat GILTI as a period expense in the period the tax is incurred. The Company has included the impacts of GILTI and FDII in the estimated annual effective tax rate for the year ended March 31, 2019. The impact was not significant.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

We consider the tax expense recorded for the TCJA to be complete at this time. However, it is possible that additional legislation, regulations and/or guidance may be issued in the future that may result in additional adjustments to the tax expense recorded related to the TCJA. We will continue to monitor and assess the impact of any new developments.

Income from continuing operations before income taxes was as follows:

Years Ended March 31,	2019	2018	2017
United States operations	\$ 235,405	\$ 203,872	\$ 189,429
Ireland operations	13,693	11,837	8,597
Other locations operations	120,372	139,273	(13,380)
	<b>\$ 369,470</b>	<b>\$ 354,982</b>	<b>\$ 184,646</b>

The components of the provision for income taxes related to income from continuing operations consisted of the following:

Years Ended March 31,	2019	2018	2017
<b>Current:</b>			
United States federal	\$ 29,943	\$ 47,728	\$ 43,900
United States state and local	12,484	7,727	8,171
Ireland	2,627	2,596	1,899
Other locations	26,824	26,742	19,557
	<b>71,878</b>	<b>84,793</b>	<b>73,527</b>
<b>Deferred:</b>			
United States federal	5,775	(15,728)	10,293
United States state and local	2,836	2,656	2,131
Ireland	(546)	(280)	(645)
Other locations	(15,549)	(8,081)	(11,291)
	<b>(7,484)</b>	<b>(21,433)</b>	<b>488</b>
<b>Total Provision for Income Taxes</b>	<b>\$ 64,394</b>	<b>\$ 63,360</b>	<b>\$ 74,015</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

The total provision for income taxes can be reconciled to the tax computed at the Ireland statutory tax rate for 2019 and the United Kingdom statutory tax rate for 2018 and 2017 as follows:

Years Ended March 31,	2019	2018	2017
National statutory tax rate	12.5 %	19.0 %	20.0 %
Increase in accruals for uncertain tax positions	— %	0.1 %	0.3 %
U.S. state and local taxes, net of federal income tax benefit	3.1 %	2.3 %	3.8 %
Increase in valuation allowances	0.4 %	0.1 %	0.1 %
U.S. research and development credit	(0.6)%	(0.5)%	(1.1)%
U.S. foreign income tax credit	(0.2)%	(0.2)%	— %
Difference in non-Ireland tax rates	4.5 %	— %	— %
Difference in non-United Kingdom tax rates	— %	4.1 %	6.0 %
U.S. manufacturing deduction	— %	(0.8)%	(2.5)%
Excess tax benefit for equity compensation	(2.2)%	(1.8)%	(2.8)%
Tax rate changes on deferred tax assets and liabilities	(0.6)%	(10.3)%	(2.3)%
U.S. transition tax on foreign earnings	(0.3)%	4.9 %	— %
U.S. tax reform impact, GILTI and FDII	0.3 %	— %	— %
Acquisitions and divestitures	— %	0.5 %	9.0 %
Goodwill impairment on divestitures	— %	— %	7.9 %
Capitalized acquisition, redomiciliation costs	0.5 %	— %	0.2 %
All other, net	— %	0.4 %	1.5 %
<b>Total Provision for Income Taxes</b>	<b>17.4 %</b>	<b>17.8 %</b>	<b>40.1 %</b>

**Unrecognized Tax Benefits.** We classify uncertain tax positions and related interest and penalties as long-term liabilities within “Other liabilities” in our accompanying Consolidated Balance Sheets, unless they are expected to be paid within 12 months, in which case, the uncertain tax positions would be classified as current liabilities within “Accrued income taxes.” We recognize interest and penalties related to unrecognized tax benefits within “Income tax expense” in our accompanying Consolidated Statements of Income.

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	2019	2018
<b>Unrecognized Tax Benefits Balance at April 1</b>	<b>\$ 2,500</b>	<b>\$ 1,884</b>
Increases for tax provisions of current year	178	356
Decreases for tax provisions of prior year	(186)	—
Other, including currency translation	(178)	260
<b>Unrecognized Tax Benefits Balance at March 31</b>	<b>\$ 2,314</b>	<b>\$ 2,500</b>

We recognized interest and penalties related to uncertain tax positions in the provision for income taxes. As of March 31, 2019, and 2018 we had \$360 and \$295 accrued for interest and penalties, respectively. If all unrecognized tax benefits were recognized, the net impact on the provision for income tax expense would be \$2,674. It is reasonably possible that during the next 12 months, there will be no material reductions in unrecognized tax benefits as a result of the expiration of various statutes of limitations or matters related to transfer pricing.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various United States federal, state and local, as well as foreign jurisdictions. We are no longer subject to United States federal examinations for years before fiscal 2016 and, with limited exceptions, we are no longer subject to United States state and local, or non-United States, income tax examinations by tax authorities for years before fiscal 2013. We remain subject to tax authority audits in various jurisdictions wherever we do business.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

In May 2019, we received two notices of proposed tax adjustment from the U.S. Internal Revenue Service (the “IRS”) regarding the deductibility of interest paid on certain intercompany debt. The notices relate to fiscal years 2016 and 2017. The IRS adjustment would result in a tax liability of approximately \$25,000. We intend to contest the IRS’s assertions, including pursuing all available remedies such as appeals and litigation, if necessary. We have not established reserves related to these notices. An unfavorable outcome is not expected to have a material adverse impact on our consolidated financial position but could be material to our consolidated results of operations and cash flows for any one period.

We estimate that the tax benefit from our Costa Rican Tax Holiday is \$1,008 (or \$0.01 per fully diluted share), annually. The Tax Holiday runs fully exempt, from income tax, through 2025 and partially exempt through 2029.

**Deferred Taxes.** The significant components of the deferred tax assets and liabilities recorded in our accompanying balance sheets at March 31, 2019 and 2018 were as follows:

March 31,	2019	2018
<b>Deferred Tax Assets:</b>		
Post-retirement benefit accrual	\$ 3,142	\$ 3,505
Compensation	14,275	12,334
Net operating loss carryforwards	19,195	26,217
Accrued expenses	4,858	5,795
Insurance	3,187	3,417
Deferred income	7,509	4,632
Bad debt	1,386	1,426
Pension	3,364	5,247
Other	7,707	1,668
<b>Deferred Tax Assets</b>	<b>64,623</b>	<b>64,241</b>
Less: Valuation allowance	13,478	13,596
<b>Total Deferred Tax Assets</b>	<b>51,145</b>	<b>50,645</b>
<b>Deferred Tax Liabilities:</b>		
Depreciation and depletion	61,060	61,171
Intangibles	128,479	140,398
Other	2,197	2,774
<b>Total Deferred Tax Liabilities</b>	<b>191,736</b>	<b>204,343</b>
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>\$ (140,591)</b>	<b>\$ (153,698)</b>

At March 31, 2019, we had U.S. federal operating loss carryforwards of \$13,665, which remain subject to a 20 year carryforward period. Additionally, we had non-U.S. operating loss carry forwards of \$46,595. Although the majority of the non-U.S. carryforwards have indefinite expiration periods, those carryforwards that have definite expiration periods will expire if unused between fiscal years 2020 and 2040. In addition, we have recorded tax benefits of \$2,602 related to state operating loss carryforwards. If unused, these state operating loss carryforwards will expire between fiscal years 2020 and 2039. At March 31, 2019, we had \$1,379 of tax credit carryforwards. These credit carryforwards can be used through fiscal 2029.

We review the need for a valuation allowance against our deferred tax assets. A valuation allowance of \$13,478 has been applied to a portion of the net deferred tax assets because we do not believe it is more-likely-than-not that we will receive future benefit. The valuation allowance decreased during fiscal 2019 by \$118.

Other than the tax expense recorded for the one-time transition tax on unremitted earnings of non-US subsidiaries, no additional provision has been made for income taxes on undistributed earnings of foreign subsidiaries as the amounts continue to be indefinitely reinvested. The Company is still evaluating whether to change its indefinite reinvestment assertion in light of U.S. Tax Reform and considers this conclusion to be incomplete. If the Company subsequently changes its assertion, it will account for the change in the quarter of fiscal year 2020 when the analysis is complete. The amount of undistributed earnings of subsidiaries was approximately \$1,300,000 at March 31, 2019. It is not practicable to estimate the additional income taxes and applicable withholding taxes that would be payable on the remittance of such undistributed earnings.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(dollars in thousands, except per share amounts and as noted)**

In October 2015, the Organization for Economic Cooperation and Development (OECD), in conjunction with the G20, finalized broad-based international tax policy guidelines that involve transfer pricing and other international tax subjects. While some member jurisdictions automatically adopt the new OECD guidelines, most member countries can adopt the guidelines only by new law or regulations. We are currently adopting processes to comply with the reporting requirements specified by the guidelines and are evaluating the other parts of the guidelines.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**9. BENEFIT PLANS**

In the United States, we sponsor an unfunded post-retirement benefits plan for two groups of United States retirees. Benefits under this plan include retiree life insurance and retiree medical insurance, including prescription drug coverage.

During the second quarter of fiscal 2009, we amended our United States post-retirement welfare benefits plan, reducing the benefits to be provided to retirees under the plan and increasing their share of the costs. The amendments resulted in a decrease of \$46,001 in the accumulated post-retirement benefit obligation. The impact of this change was recognized in our Consolidated Balance Sheets in fiscal 2009 and is being amortized as a component of the annual net periodic benefit cost over a period of approximately thirteen years.

We also sponsor several defined benefit pension schemes outside the United States: two in the UK, one in the Netherlands, two in Germany, and one in Switzerland. The Synergy Health plc Retirement Benefit Scheme is a defined benefit (final salary) funded pension scheme. In previous years, Synergy sponsored a funded defined benefit arrangement in the Netherlands. This was a separate fund holding the pension scheme assets to meet long-term pension liabilities for past and present employees. Accrual of benefits ceased under the scheme effective January 1, 2013. The Synergy Radeberg and Synergy Allershausen Schemes are unfunded defined pension schemes and are closed to new entrants. The Synergy Daniken Scheme is a defined benefit funded pension scheme. As a result of our fiscal 2018 acquisition of Harwell Dosimeters Ltd, we also sponsor in the Harwell Dosimeters Ltd Retirement Benefits Scheme which is a defined benefit funded pension scheme.

We recognize the funded status of our defined benefit pension and post-retirement benefit plans in our Consolidated Balance Sheets, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The funded status is measured as of March 31 each year and is calculated as the difference between the fair value of plan assets and the benefit obligation (which is the projected benefit obligation for pension plans and the accumulated post-retirement benefit obligation for post-retirement benefit plans). Accumulated comprehensive income (loss) represents the net unrecognized actuarial losses and unrecognized prior service cost. These amounts will be recognized in net periodic benefit cost as they are amortized. We will recognize future changes to the funded status of these plans in the year the change occurs, through other comprehensive income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

**Obligations and Funded Status.** The following table reconciles the funded status of the defined benefit pension plans and the other post-retirement benefits plan to the amounts recorded on our Consolidated Balance Sheets at March 31, 2019 and 2018, respectively. Benefit obligation balances presented in the following table reflect the projected benefit obligations for our defined benefit pension plans and the accumulated other post-retirement benefit obligation for our post-retirement benefits plan. The measurement date of our defined benefit pension plans and other post-retirement benefits plan is March 31, for both periods presented.

	Other Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2019	2018	2019	2018
<b>Change in Benefit Obligations:</b>				
<b>Benefit Obligations at Beginning of Year</b>	<b>\$ 148,848</b>	<b>\$ 128,897</b>	<b>\$ 14,100</b>	<b>\$ 16,008</b>
Obligation assumed in business acquisition	—	3,843	—	—
Service cost	2,394	2,402	—	—
Prior service cost	831	—	—	—
Interest cost	3,255	3,262	457	519
Actuarial loss (gain)	(4,402)	(697)	(106)	(501)
Benefits and expenses	(6,150)	(6,075)	(1,900)	(1,926)
Employee contributions	743	765	—	—
Impact of foreign currency exchange rate changes	(11,847)	16,451	—	—
<b>Benefit Obligations at End of Year</b>	<b>133,672</b>	<b>148,848</b>	<b>12,551</b>	<b>14,100</b>
<b>Change in Plan Assets:</b>				
<b>Fair Value of Plan Assets at Beginning of Year</b>	<b>119,441</b>	<b>101,663</b>	<b>—</b>	<b>—</b>
Assets assumed in business acquisition	—	4,462	—	—
Actual return on plan assets	6,543	1,052	—	—
Employer contributions	5,005	5,150	1,900	1,926
Employee contributions	742	765	—	—
Benefits and expenses paid	(6,150)	(6,078)	(1,900)	(1,926)
Impact of foreign currency exchange rate changes	(8,077)	12,427	—	—
<b>Fair Value of Plan Assets at End of Year</b>	<b>117,504</b>	<b>119,441</b>	<b>—</b>	<b>—</b>
<b>Funded Status of the Plans</b>	<b>\$ (16,168)</b>	<b>\$ (29,407)</b>	<b>\$ (12,551)</b>	<b>\$ (14,100)</b>

Amounts recognized in the consolidated balance sheets consist of the following:

	Other Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2019	2018	2019	2018
Current liabilities	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,633)</b>	<b>\$ (1,906)</b>
Noncurrent liabilities	<b>(16,168)</b>	<b>(29,407)</b>	<b>(10,918)</b>	<b>(12,194)</b>
	<b>\$ (16,168)</b>	<b>\$ (29,407)</b>	<b>\$ (12,551)</b>	<b>\$ (14,100)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

The pre-tax amount of unrecognized actuarial net loss and unamortized prior service cost included in accumulated other comprehensive (loss) income at March 31, 2019, was approximately \$15,326 and \$10,833, respectively. During fiscal 2020, we will amortize the following pre-tax amounts from accumulated other comprehensive income:

	Defined Benefit Pension Plans	Other Post- Retirement Benefits Plan
Actuarial loss	\$ 8	\$ 552
Prior Service Cost	71	(3,263)

Defined benefit plans with an accumulated benefit obligation and projected benefit obligation exceeding the fair value of plan assets had the following plan assets and obligations at March 31, 2019 and 2018:

	Other Defined Benefit Pension Plans	
	2019	2018
Aggregate fair value of plan assets	\$ 117,504	\$ 119,441
Aggregate accumulated benefit obligations	130,669	148,848
Aggregate projected benefit obligations	133,672	148,848

**Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Income.** Components of the annual net periodic benefit cost of our defined benefit pension plans and our other post-retirement benefits plan were as follows:

	Other Defined Benefit Pension Plans			Other Post-Retirement Benefits Plan		
	2019	2018	2017	2019	2018	2017
Service cost	\$ 2,394	\$ 2,402	\$ 1,650	\$ —	\$ —	\$ —
Interest cost	3,139	3,262	3,434	457	519	554
Expected return on plan assets	(4,930)	(4,835)	(2,853)	—	—	—
Prior service cost recognition	51	—	—	(3,263)	(3,263)	(3,263)
Net amortization and deferral	474	126	—	552	648	739
Net periodic benefit cost	\$ 1,128	\$ 955	\$ 2,231	\$ (2,254)	\$ (2,096)	\$ (1,970)
<b>Recognized in other comprehensive loss (income) before tax:</b>						
Net loss (gain) occurring during year	\$ (6,545)	\$ (697)	\$ (7,553)	\$ 106	\$ 501	\$ 531
Amortization of prior service credit	781	—	—	3,263	3,263	3,263
Amortization of net loss	(468)	(126)	—	(552)	(648)	(739)
<b>Total recognized in other comprehensive loss (income)</b>	<b>(6,232)</b>	<b>(823)</b>	<b>(7,553)</b>	<b>2,817</b>	<b>3,116</b>	<b>3,055</b>
<b>Total recognized in total benefits cost and other comprehensive loss (income)</b>	<b>\$ (5,104)</b>	<b>\$ 132</b>	<b>\$ (5,322)</b>	<b>\$ 563</b>	<b>\$ 1,020</b>	<b>\$ 1,085</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Assumptions Used in Calculating Benefit Obligations and Net Periodic Benefit Cost.** The following table presents significant assumptions used to determine the projected benefit obligations at March 31:

	2019	2018
<b>Discount Rate:</b>		
Synergy Health plc Retirement Benefits Scheme	<b>2.50%</b>	2.50%
Isotron BV Pension Plan	<b>1.20%</b>	1.60%
Synergy Health Daniken AG	<b>0.85%</b>	0.95%
Synergy Health Radeberg	<b>1.60%</b>	1.60%
Synergy Health Allershausen	<b>1.60%</b>	1.60%
Harwell Dosimeters Ltd Retirement Benefits Scheme	<b>2.35%</b>	2.55%
Other post-retirement plan	<b>3.50%</b>	3.50%

The following table presents significant assumptions used to determine the net periodic benefit costs for the years ended March 31:

	2019	2018	2017
<b>Discount Rate:</b>			
Synergy Health plc Retirement Benefits Scheme	<b>2.50%</b>	2.60%	3.50%
Isotron BV Pension Plan	<b>1.60%</b>	1.60%	1.60%
Synergy Health Daniken AG	<b>0.95%</b>	0.65%	0.65%
Synergy Health Radeberg	<b>1.60%</b>	1.50%	1.50%
Synergy Health Allershausen	<b>1.60%</b>	1.50%	1.50%
Harwell Dosimeters Ltd Retirement Benefits Scheme	<b>2.55%</b>	2.55%	n/a
Other post-retirement plan	<b>3.50%</b>	3.50%	3.50%
<b>Expected Return on Plan Assets:</b>			
Synergy Health plc Retirement Benefits Scheme	<b>5.02%</b>	4.97%	4.87%
Isotron BV Pension Plan	<b>1.60%</b>	1.60%	1.60%
Synergy Health Daniken AG	<b>1.20%</b>	1.40%	1.40%

The net periodic benefit cost and the actuarial present value of projected benefit obligations are based upon assumptions that we review on an annual basis. These assumptions may be revised annually based upon an evaluation of long-term trends, as well as market conditions that may have an impact on the cost of providing benefits.

We develop our expected long-term rate of return on plan assets assumptions by evaluating input from third-party professional advisers, taking into consideration the asset allocation of the portfolios and the long-term asset class return expectations.

We develop our discount rate assumptions by evaluating input from third-party professional advisers, taking into consideration the current yield on country specific investment grade long-term bonds which provide for similar cash flow streams as our projected obligations.

We have made assumptions regarding healthcare costs in computing our other post-retirement benefit obligation. The assumed rates of increase generally decline ratably over a five-year period from the assumed current year healthcare cost trend rate to the assumed long-term healthcare cost trend rate noted below.

	2019	2018	2017
Healthcare cost trend rate – medical	<b>6.8%</b>	7.0%	7.0%
Healthcare cost trend rate – prescription drug	<b>6.8%</b>	7.0%	7.0%
Long-term healthcare cost trend rate	<b>4.5%</b>	4.5%	4.5%

To determine the healthcare cost trend rates, we evaluate a combination of information, including ongoing claims cost monitoring, annual statistical analyses of claims data, reconciliation of forecasted claims against actual claims, review of trend

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

assumptions of other plan sponsors and national health trends, and adjustments for plan design changes, workforce changes, and changes in plan participant behavior.

A one-percentage-point change in assumed healthcare cost trend rates (including medical, prescription drug, and long-term rates) would have had the following effect on our other post-retirement benefit obligation at March 31, 2019:

	One-Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components	\$ —	\$ —
Effect on other post-retirement benefit obligation	11	(11)

**Plan Assets.** The investment policies for our plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At March 31, 2019, the targeted allocation for the plans were approximately 75% equity investments and 25% fixed income investments.

Financial instruments included in pension plan assets are categorized into three tiers. These tiers include a fair value hierarchy of three levels, based on the degree of subjectivity inherent in the valuation methodology as follows:

Level 1 - Quoted prices for identical assets in active markets.

Level 2 - Quoted prices for similar assets in active markets with inputs that are observable, either directly or indirectly.

Level 3 - Unobservable prices or inputs in which little or no market data exists.

The fair value of our pension benefits plan assets at March 31, 2019 and 2018 by asset category is as follows:

(In thousands)	Fair Value Measurements at March 31, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash	\$ 450	\$ 450	\$ —	\$ —
Insured annuities	14,720	—	14,720	—
Insurance contracts	5,089	—	—	5,089
Common and collective trusts valued at net asset value:				
Equity security trusts	73,532	—	—	—
Debt security trusts	23,713	—	—	—
Total Plan Assets	\$ 117,504	\$ 450	\$ 14,720	\$ 5,089

(In thousands)	Fair Value Measurements at March 31, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash	\$ 67	\$ 67	\$ —	\$ —
Insured annuities	15,228	—	15,228	—
Insurance contracts	5,484	—	—	5,484
Common and collective trusts valued at net asset value:				
Equity security trusts	74,081	—	—	—
Debt security trusts	24,581	—	—	—
Total Plan Assets	\$ 119,441	\$ 67	\$ 15,228	\$ 5,484



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Collective investment trusts are measured at fair value using the net asset value per share practical expedient. These trusts have not been categorized in the fair value hierarchy and are being presented in the tables above to permit a reconciliation of the fair value hierarchy to the total plan assets.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) changed during fiscal year 2019 due to the following:

	Insurance contracts
<b>Balance at March 31, 2017</b>	<b>\$ 3,959</b>
Gains (losses) related to assets still held at year-end	(43)
Additions from business acquisition	2,231
Transfers out of Level 3	(852)
Foreign currency	189
<b>Balance at March 31, 2018</b>	<b>\$ 5,484</b>
Gains (losses) related to assets still held at year-end	29
Transfers out of Level 3	(132)
Foreign currency	(292)
<b>Balance at March 31, 2019</b>	<b>\$ 5,089</b>

**Cash Flows.** We contribute amounts to our defined benefit pension plans at least equal to the minimum amounts required by applicable employee benefit laws and local tax laws. We expect to make contributions of approximately \$3,781 during fiscal 2020.

Based upon the actuarial assumptions utilized to develop our benefit obligations at March 31, 2019, the following benefit payments are expected to be made to plan participants:

	Other Defined Benefit Pension Plans	Other Post- Retirement Benefits Plan
2020	\$ 5,613	\$ 1,633
2021	5,767	1,499
2022	5,928	1,394
2023	6,441	1,261
2024	6,254	1,139
2025-2030	34,102	4,244

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”) provides a prescription drug benefit for Medicare beneficiaries, a benefit we provide to Medicare eligible retirees covered by our post-retirement benefits plan. We have concluded that the prescription drug benefit provided in our post-retirement benefit plan is considered to be actuarially equivalent to the benefit provided under the Act and thus qualifies for the subsidy under the Act. Benefits are subject to a per capita per month cost cap and any costs above the cap become the responsibility of the retiree. The subsidy is applied to reduce the retiree responsibility. As a result, the expected future subsidy no longer reduces our accumulated post-retirement benefit obligation and net periodic benefit cost. We collected subsidies totaling approximately \$706 and \$383, during fiscal 2019 and fiscal 2018, respectively, which reduced the retiree responsibility for costs in excess of the caps established in the post-retirement benefit plan.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Defined Contribution Plans.** We maintain a 401(k) defined contribution plan for eligible U.S. employees, a 401(k) defined contribution plan for eligible Puerto Rico employees and similar savings plans for certain employees in Canada, United Kingdom, Ireland, and Finland. We provide a match on a specified portion of an employee's contribution. The U.S. plan assets are held in trust and invested as directed by the plan participants. The Canadian plan assets are held by insurance companies. The aggregate fair value of the U.S. plan assets was \$703,740 at March 31, 2019. At March 31, 2019, the U.S. plan held 617,900 STERIS ordinary shares with a fair value of \$79,110. We paid dividends of \$826, \$781, and \$734 to the plan and participants on STERIS shares held by the plan for the years ended March 31, 2019, 2018, and 2017, respectively. We contributed approximately \$25,935, \$24,037, and \$22,676, to the defined contribution plans for the years ended March 31, 2019, 2018, and 2017, respectively.

We also maintain a domestic non-qualified deferred compensation plan covering certain employees, which formerly allowed for the deferral of compensation for an employee-specified term or until retirement or termination. There have been no employee contributions made to this plan since fiscal 2012. The Plan was amended in fiscal 2012 to disallow deferrals of salary payable in 2012 and subsequent calendar years and of commissions and other incentive compensation payable in respect of the 2013 and subsequent fiscal years. We hold investments in mutual funds to satisfy future obligations of the plan. We account for these assets as available-for-sale securities and they are included in "Other assets" on our accompanying Consolidated Balance Sheets, with a corresponding liability for the plan's obligation recorded in "Accrued expenses and other." The aggregate value of the assets was \$1,400 and \$1,583 at March 31, 2019 and March 31, 2018, respectively. Realized gains and losses on these investments are recorded in "Interest and miscellaneous income" within "Non-operating expenses" on our accompanying Consolidated Statements of Income. Changes in the fair value of the assets are recorded in other comprehensive income on our accompanying balance sheets.

**10. COMMITMENTS AND CONTINGENCIES**

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We believe we have adequately reserved for our current litigation and claims that are probable and estimable, and further believe that the ultimate outcome of these pending lawsuits and claims will not have a material adverse effect on our consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome or effect of current or future litigation, investigations, claims or other proceedings (including without limitation the matters discussed below). For certain types of claims, we presently maintain insurance coverage for personal injury and property damage and other liability coverages in amounts and with deductibles that we believe are prudent, but there can be no assurance that these coverages will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

On May 31, 2012, our Albert Browne Limited subsidiary received a warning letter from the FDA regarding chemical indicators manufactured in the United Kingdom. These devices are intended for the monitoring of certain sterilization and other processes. The FDA warning letter states that the agency has concerns regarding operational business processes. We do not believe that the FDA's concerns are related to product performance, or that they result from Customer complaints. We have reviewed our processes with the agency and finalized our remediation measures, and are awaiting FDA reinspection. We do not currently believe that the impact of this event will have a material adverse effect on our financial results.

Civil, criminal, regulatory or other proceedings involving our products or services could possibly result in judgments, settlements or administrative or judicial decrees requiring us, among other actions, to pay damages or fines or effect recalls, or be subject to other governmental, Customer or other third party claims or remedies, which could materially effect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the risks and uncertainties described under the title "product related regulations and claims" in Item 1A. of this Annual Report on Form 10-K.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

From time to time, STERIS is also involved in legal proceedings as a plaintiff involving contract, patent protection, and other claims asserted by us. Gains, if any, from these proceedings are recognized when they are realized.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual jurisdiction or the closing of statutes of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. We describe income taxes further in Note 8 to our consolidated financial statements titled, "Income Taxes" in this Annual Report on Form 10-K.

Additional information regarding our contingencies is included in Item 7 of Part II titled, "Management's Discussion and Analysis of Financial Conditions and Results of Operations under "Contingencies".

As of March 31, 2019 and 2018, our commercial commitments totaled \$73,765 and \$66,992, respectively. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from an event that requires payment by us. Approximately \$7,794 and \$7,694 of the March 31, 2019 and 2018 totals, respectively, relate to letters of credit required as security under our self-insured risk retention policies.

As of March 31, 2019, we had minimum purchase commitments with suppliers for raw material purchases totaling \$96,087. As of March 31, 2019, we also had commitments of \$82,040 for long term construction contracts.

**11. BUSINESS SEGMENT INFORMATION**

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Corporate is presented separately and contains the costs that are associated with being a publicly traded company and certain other corporate costs.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs. Linen Management Services were divested in fiscal 2017.

Our Life Sciences segment offers consumable products, equipment maintenance and specialty services for pharmaceutical manufacturers and research facilities, and capital equipment.

Our Applied Sterilization Technologies segment offers contract sterilization and laboratory services for medical device and pharmaceutical Customers and others.

We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. In fiscal 2019, we ceased the allocation of certain corporate costs to our segments to align with internal management measures. The prior period operating income measures have been recast for comparability.

For the year ended March 31, 2019, revenues from a single Customer did not represent ten percent or more of any reportable segment's revenues.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Years Ended March 31,	2019	2018	2017
<b>Revenues:</b>			
Healthcare Products	\$ 1,338,428	\$ 1,276,054	\$ 1,266,517
Healthcare Specialty Services	510,057	469,065	539,536
Life Sciences	378,558	361,590	328,866
Applied Sterilization Technologies	555,127	513,287	477,837
<b>Total revenues</b>	<b>\$ 2,782,170</b>	<b>\$ 2,619,996</b>	<b>\$ 2,612,756</b>
<b>Operating income (loss):</b>			
Healthcare Products	323,684	294,162	285,177
Healthcare Specialty Services	64,222	58,458	41,019
Life Sciences	132,129	123,889	109,953
Applied Sterilization Technologies	221,828	196,297	176,397
Total reportable segments	741,863	672,806	612,546
Corporate	(184,900)	(162,999)	(137,403)
<b>Total operating income before adjustments</b>	<b>\$ 556,963</b>	<b>\$ 509,807</b>	<b>\$ 475,143</b>
<b>Less: Adjustments</b>			
Goodwill impairment loss <sup>(1)</sup>	—	—	58,356
Amortization of inventory and property "step up" to fair value <sup>(2)</sup>	2,440	1,599	4,743
Amortization of acquired intangible assets <sup>(2)</sup>	86,878	67,793	66,398
Acquisition and integration related transaction charges <sup>(3)</sup>	8,901	16,211	30,082
(Gain) loss on fair value adjustment of acquisition related contingent consideration	(842)	(593)	2,569
Net (gain) loss on divestiture of businesses <sup>(2)</sup>	(1,370)	14,547	86,574
Impact of the U.S. Tax Cuts and Jobs Act <sup>(4)</sup>	—	10,264	—
Redomiciliation costs <sup>(5)</sup>	8,783	—	—
Restructuring charges <sup>(6)</sup>	40,708	103	215
<b>Total operating income</b>	<b>\$ 411,465</b>	<b>\$ 399,883</b>	<b>\$ 226,206</b>

<sup>(1)</sup> For more information regarding our goodwill impairment loss see Note 3 titled, "Goodwill and Intangible Assets".

<sup>(2)</sup> For more information regarding our recent acquisitions and divestitures see Note 18 titled, "Business Acquisitions and Divestitures". Amortization of purchased intangible assets fiscal 2019 total includes an impairment charge of \$16,249, see Note 3 titled, "Goodwill and Intangible Assets", for more information.

<sup>(3)</sup> Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.

<sup>(4)</sup> Represents a one-time special employee bonus paid to most U.S. employees and associated professional fees.

<sup>(5)</sup> Costs incurred in connection with the decision to redomicile.

<sup>(6)</sup> See Note 2 titled, "Restructuring", for more information.

Assets include the current and long-lived assets directly attributable to the segment based on the management of the location or on utilization. Certain corporate assets were allocated to the reportable segments based on revenues. Assets attributed to sales and distribution locations are only allocated to the Healthcare Products and Life Sciences segments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Individual facilities, equipment, and intellectual properties are utilized for production by both the Healthcare Products and Life Sciences segments at varying levels over time. As a result, an allocation of total assets, capital expenditures, and depreciation and amortization is not meaningful to the individual performance of the Healthcare Products and Life Sciences segments. Therefore, their respective amounts are reported together.

March 31,	2019	2018
<b>Assets:</b>		
Healthcare Products and Life Sciences	\$ 1,611,852	\$ 1,621,156
Healthcare Specialty Services	805,349	813,909
Applied Sterilization Technologies	2,655,870	2,765,269
<b>Total assets</b>	<b>\$ 5,073,071</b>	<b>\$ 5,200,334</b>

Years Ended March 31,	2019	2018	2017
<b>Capital Expenditures</b>			
Healthcare Products and Life Sciences	\$ 49,688	\$ 52,767	\$ 39,253
Healthcare Specialty Services	39,950	16,497	42,408
Applied Sterilization Technologies	100,077	96,193	91,240
<b>Total Capital Expenditures</b>	<b>\$ 189,715</b>	<b>\$ 165,457</b>	<b>\$ 172,901</b>
<b>Depreciation, Depletion, and Amortization</b>			
Healthcare Products and Life Sciences <sup>(1)</sup>	\$ 81,264	\$ 52,025	\$ 46,709
Healthcare Specialty Services	33,392	29,269	56,860
Applied Sterilization Technologies <sup>(1)</sup>	111,265	97,038	84,573
<b>Total Depreciation, Depletion, and Amortization</b>	<b>\$ 225,921</b>	<b>\$ 178,332</b>	<b>\$ 188,142</b>

<sup>(1)</sup> The fiscal 2019 totals include the impact of Restructuring and an impairment charge. See Note 2 titled, "Restructuring" and Note 3 titled, "Goodwill and Intangible Assets", for additional information.

Financial information for each of our United States and international geographic areas is presented in the following table. Revenues are based on the location of these operations and their Customers. Property, plant and equipment, net are those assets that are identified within the operations in each geographic area.

March 31,	2019	2018
<b>Property, Plant, and Equipment, Net</b>		
Ireland	\$ 41,137	\$ 38,946
United States	577,113	530,591
Other locations	413,332	440,987
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 1,031,582</b>	<b>\$ 1,010,524</b>

Years Ended March 31,	2019	2018	2017
<b>Revenues:</b>			
Ireland	\$ 56,784	\$ 48,246	\$ 42,733
United States	1,976,814	1,836,414	1,803,457
Other locations	748,572	735,336	766,566
<b>Total Revenues</b>	<b>\$ 2,782,170</b>	<b>\$ 2,619,996</b>	<b>\$ 2,612,756</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

Years Ended March 31,	2019	2018	2017
<b>Healthcare Products:</b>			
Capital equipment	\$ 568,811	527,402	549,238
Consumables	414,969	412,495	403,747
Service	354,648	336,157	313,532
<b>Total Healthcare Products Revenues</b>	<b>\$ 1,338,428</b>	<b>\$ 1,276,054</b>	<b>\$ 1,266,517</b>
<b>Total Healthcare Specialty Services Revenues</b>	<b>\$ 510,057</b>	<b>\$ 469,065</b>	<b>\$ 539,536</b>
<b>Life Sciences:</b>			
Capital equipment	\$ 102,714	100,555	84,069
Consumables	161,780	150,656	143,143
Service	114,064	110,379	101,654
<b>Total Life Sciences Revenues</b>	<b>\$ 378,558</b>	<b>\$ 361,590</b>	<b>\$ 328,866</b>
<b>Applied Sterilization Technologies Service Revenues</b>	<b>\$ 555,127</b>	<b>\$ 513,287</b>	<b>\$ 477,837</b>
<b>Total Revenues</b>	<b>\$ 2,782,170</b>	<b>\$ 2,619,996</b>	<b>\$ 2,612,756</b>

## 12. SHARES AND PREFERRED SHARES

## Ordinary Shares

In connection with the Redomiciliation, STERIS UK shareholders exchanged their shares of stock in STERIS UK for STERIS Ireland shares of stock pursuant to a cancellation scheme of arrangement under UK law. Each STERIS UK ordinary shareholder received one ordinary share, par value \$75.00, of STERIS Ireland for each STERIS UK ordinary share held. The par value of these shares was subsequently reduced to \$0.001 per share, as described further in note 21 to our Consolidated Financial Statements titled, "Subsequent Events."

We calculate basic earnings per share based upon the weighted average number of shares outstanding. We calculate diluted earnings per share based upon the weighted average number of shares outstanding plus the dilutive effect of share equivalents calculated using the treasury stock method. The following is a summary of shares and share equivalents outstanding used in the calculations of basic and diluted earnings per share:

Years ended March 31,	2019	2018	2017
<b>Denominator (shares in thousands):</b>			
Weighted average shares outstanding—basic	84,577	85,028	85,473
Dilutive effect of share equivalents	891	685	621
Weighted average shares outstanding and share equivalents—diluted	85,468	85,713	86,094

Options to purchase the following number of shares were outstanding but excluded from the computation of diluted earnings per share because the combined exercise prices, unamortized fair values, and assumed tax benefits upon exercise were greater than the average market price for the shares during the periods, so including these options would be anti-dilutive:

Years ended March 31,	2019	2018	2017
<b>Number of ordinary share options (shares in thousands)</b>	<b>352</b>	<b>393</b>	<b>576</b>

## Preferred Shares

Pursuant to an engagement letter dated October 23, 2015, we issued 100,000 preferred shares, par value of £0.10 each, for an aggregate consideration of approximately \$15, in satisfaction of debt owed to a service provider. The holders of the preferred shares were entitled to a fixed cumulative preferential annual dividend of 5 percent on the amount paid periodically on the preferred shares respectively held by them. The shares were redeemed in connection with the Redomiciliation that occurred on March 28, 2019 and the holders of the preferred shares received £0.10 per preferred share plus accrued but unpaid dividends, and will not be entitled to any further participation in the assets of the Company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Additional Authorized Shares**

STERIS Ireland has an additional authorized share capital of 50,000,000 preferred shares of \$0.001 each, plus €25,000 divided into 25,000 deferred ordinary shares of €1.00 each, in order to satisfy minimum statutory capital requirements for all Irish public limited companies.

**13. REPURCHASE OF ORDINARY SHARES**

On August 9, 2016, STERIS UK announced that its Board of Directors had authorized the purchase of up to \$300 million (net of taxes, fees and commissions) of our ordinary shares. We repurchased 651,093 of our ordinary shares during fiscal 2019 for the amount of \$72,082, excluding taxes, fees and commissions. We repurchased 664,963 of our ordinary shares during fiscal 2018 for the amount of \$58,939, excluding taxes, fees and commissions. As a result of the Redomiciliation that share repurchase authorization terminated.

On May 7, 2019, our Board of Directors authorized the continuation of the share repurchase program by STERIS Ireland. There is approximately \$80,000 (net of taxes, fees and commissions) of remaining availability under the authorization. Under the authorization, the Company may repurchase its shares from time to time through open market purchases, including 10b5-1 plans. The repurchase program may be suspended or discontinued at any time.

We obtained 112,356 of our shares during fiscal 2019 in the aggregate amount of \$8,262 in connection with stock based compensation award programs. We obtained 127,903 of our shares during fiscal 2018 in the aggregate amount of \$7,014 in connection with these programs. We obtained 168,906 of our shares during fiscal 2017 in the aggregate amount of \$7,034 in connection with these programs.

**14. SHARE-BASED COMPENSATION**

We maintain a long-term incentive plan that makes available shares for grants, at the discretion of the Compensation and Organization Development Committee of the Board of Directors, or the Board of Directors, to officers, directors, and key employees in the form of stock options, restricted shares, restricted share units, stock appreciation rights and share grants. We satisfy share award incentives through the issuance of new ordinary shares.

Stock options provide the right to purchase our shares at the market price on the date of grant, or for options granted to employees in fiscal 2019 and thereafter, 110% of the market price on the date of grant, subject to the terms of the option plan and agreements. Generally, one-fourth of the stock options granted to employees become exercisable for each full year of employment following the grant date. Stock options granted generally expire 10 years after the grant date, or in some cases earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally cliff vest after a four year period or vest in tranches of one-fourth of the number granted for each year of employment after the grant date. As of March 31, 2019, 4,400,306 shares remained available for grant under the long-term incentive plan.

The fair value of share-based stock option compensation awards was estimated at their grant date using the Black-Scholes-Merton option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable, characteristics that are not present in our option grants. If the model permitted consideration of the unique characteristics of employee stock options, the resulting estimate of the fair value of the stock options could be different. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our Consolidated Statements of Income. The expense is classified as cost of goods sold or selling, general and administrative expenses in a manner consistent with the employee's compensation and benefits.

The following weighted-average assumptions were used for options granted during fiscal 2019, fiscal 2018 and fiscal 2017:

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Risk-free interest rate	<b>2.64%</b>	2.01%	1.29%
Expected life of options	<b>6.2 years</b>	5.7 years	5.7 years
Expected dividend yield of stock	<b>1.47%</b>	1.58%	1.54%
Expected volatility of stock	<b>19.91%</b>	22.08%	22.92%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

The risk-free interest rate is based upon the U.S. Treasury yield curve. The expected life of options is reflective of historical experience, vesting schedules and contractual terms. The expected dividend yield of stock represents our best estimate of the expected future dividend yield. The expected volatility of stock is derived by referring to our historical stock prices over a time frame similar to that of the expected life of the grant. An estimated forfeiture rate of 2.37%, 2.25% and 1.85% was applied in fiscal 2019, 2018 and 2017, respectively. This rate is calculated based upon historical activity and represents an estimate of the granted options not expected to vest. If actual forfeitures differ from this calculated rate, we may be required to make additional adjustments to compensation expense in future periods. The assumptions used above are reviewed at the time of each significant option grant, or at least annually.

A summary of share option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
<b>Outstanding at March 31, 2018</b>	2,021,662	\$ 58.56		
Granted	436,121	114.49		
Exercised	(335,358)	40.70		
Forfeited	(17,740)	79.91		
<b>Outstanding at March 31, 2019</b>	<b>2,104,685</b>	<b>\$ 72.82</b>	<b>6.7 years</b>	<b>\$ 116,199</b>
<b>Exercisable at March 31, 2019</b>	<b>1,164,583</b>	<b>\$ 57.81</b>	<b>5.5 years</b>	<b>\$ 81,780</b>

We estimate that 924,224 of the non-vested stock options outstanding at March 31, 2019 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the \$128.03 closing price of our ordinary shares on March 29, 2019 over the exercise prices of the stock options, multiplied by the number of options outstanding or outstanding and exercisable, as applicable. The aggregate intrinsic value is not recorded for financial accounting purposes and the value changes daily based on the daily changes in the fair market value of our ordinary shares.

The total intrinsic value of stock options exercised during the years ended March 31, 2019, 2018 and 2017 was \$25,371, \$16,096 and \$6,454, respectively. Net cash proceeds from the exercise of stock options were \$13,308, \$11,093 and \$4,955 for the years ended March 31, 2019, 2018 and 2017, respectively. The tax benefit from stock option exercises was \$8,306, \$6,581 and \$5,058 for the years ended March 31, 2019, 2018 and 2017, respectively.

The weighted average grant date fair value of stock option grants was \$18.12, \$15.51 and \$13.42 for the years ended March 31, 2019, 2018 and 2017, respectively.

Stock appreciation rights ("SARS") carry generally the same terms and vesting requirements as stock options except that they are settled in cash upon exercise and therefore, are classified as liabilities. The fair value of the outstanding SARS as of March 31, 2019, 2018 and 2017 was \$889, \$1,437, and \$1,622, respectively. The fair value of outstanding SARS is revalued at each reporting date and the related liability and expense are adjusted appropriately.

A summary of the non-vested restricted share activity is presented below:

	Number of Restricted Shares	Number of Restricted Share Units	Weighted-Average Grant Date Fair Value
<b>Non-vested at March 31, 2018</b>	763,201	35,431	\$ 68.65
Granted	178,142	22,038	104.83
Vested	(233,629)	(23,290)	62.15
Forfeited	(31,341)	(960)	76.98
<b>Non-vested at March 31, 2019</b>	<b>676,373</b>	<b>33,219</b>	<b>\$ 80.86</b>

Restricted shares granted are valued based on the closing stock price at the grant date. The value of restricted shares and units that vested during fiscal 2019 was \$15,968.

As of March 31, 2019, there was a total of \$39,023 in unrecognized compensation cost related to non-vested share-based compensation granted under our share-based compensation plans. We expect to recognize the cost over a weighted average period of 2.09 years.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**15. FINANCIAL AND OTHER GUARANTEES**

We generally offer a limited parts and labor warranty on capital equipment. The specific terms and conditions of those warranties vary depending on the product sold and the countries where we conduct business. We record a liability for the estimated cost of product warranties at the time product revenues are recognized. The amounts we expect to incur on behalf of our Customers for the future estimated cost of these warranties are recorded as a current liability on the accompanying Consolidated Balance Sheets. Factors that affect the amount of our warranty liability include the number and type of installed units, historical and anticipated rates of product failures, and material and service costs per claim. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Changes in our warranty liability during the periods presented are as follows:

Years Ended March 31,	2019	2018	2017
<b>Balance, Beginning of Year</b>	<b>\$ 6,872</b>	<b>\$ 6,861</b>	<b>\$ 5,909</b>
Warranties issued during the period	<b>11,177</b>	12,305	11,823
Settlements made during the period	<b>(10,855)</b>	(12,294)	(10,871)
<b>Balance, End of Year</b>	<b>\$ 7,194</b>	<b>\$ 6,872</b>	<b>\$ 6,861</b>

**16. DERIVATIVES AND HEDGING**

From time to time, we enter into forward contracts to hedge potential foreign currency gains and losses that arise from transactions denominated in foreign currencies, including inter-company transactions. We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are not designated as hedging instruments and do not receive hedge accounting treatment; therefore, changes in their fair value are not deferred but are recognized immediately in the Consolidated Statements of Income. At March 31, 2019, we held foreign currency forward contracts to buy 9.0 million Canadian dollars and 150.0 million Mexican pesos. At March 31, 2019, we held commodity swap contracts to buy 652.9 thousand pounds of nickel.

Balance Sheet Location	Asset Derivatives		Liability Derivatives	
	Fair Value at March 31, 2019	Fair Value at March 31, 2018	Fair Value at March 31, 2019	Fair Value at March 31, 2018
Prepaid & Other	<b>\$ 552</b>	<b>\$ 187</b>	<b>\$ —</b>	<b>\$ —</b>
Accrued expenses and other	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 278</b>	<b>\$ —</b>

The following table presents the impact of derivative instruments and their location within the Consolidated Statements of Income:

Location of (loss) gain recognized in income	Amount of (loss) gain recognized in income		
	Years Ended March 31,		
	2019	2018	2017
Foreign currency forward contracts	<b>\$ 235</b>	<b>\$ (1,357)</b>	<b>\$ (1,886)</b>
Commodity swap contracts	<b>\$ 434</b>	<b>\$ 373</b>	<b>\$ 376</b>

Additionally, we hold our debt in multiple currencies to fund our operations and investments in certain subsidiaries. We designate portions of non-functional currency denominated intercompany loans as hedges of portions of net investments in foreign operations. Net debt designated as non-derivative net investment hedging instruments totaled \$51,916 at March 31, 2019. These hedges are designed to be fully effective and any associated gain or loss is recognized in Accumulated Other Comprehensive Income and will be reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

## 17. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of financial assets and liabilities using available market information and generally accepted valuation methodologies. The inputs used to measure fair value are classified into three tiers. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring the entity to develop its own assumptions. The following table shows the fair value of our financial assets and liabilities at March 31, 2019 and March 31, 2018:

At March 31,	Fair Value Measurements									
	Carrying Value		Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs		Significant Unobservable Inputs			
			Level 1		Level 2		Level 3			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Assets:</b>										
Cash and cash equivalents	\$ 220,633	\$ 201,534	\$ 220,633	\$ 201,534	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Forward and swap contracts <sup>(1)</sup>	552	187	—	—	552	187	—	—	—	—
Equity investments <sup>(2)</sup>	13,873	12,961	13,873	12,961	—	—	—	—	—	—
Other investments	2,545	3,421	2,545	3,421	—	—	—	—	—	—
<b>Liabilities:</b>										
Forward and swap contracts <sup>(1)</sup>	\$ 278	\$ —	\$ —	\$ —	\$ 278	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred compensation plans <sup>(2)</sup>	1,564	1,694	1,564	1,694	—	—	—	—	—	—
Long term debt <sup>(3)</sup>	1,183,227	1,316,001	—	—	1,200,558	1,305,181	—	—	—	—
Contingent consideration obligations <sup>(4)</sup>	5,950	8,068	—	—	—	—	5,950	8,068	—	—

<sup>(1)</sup> The fair values of forward and swap contracts are based on period-end forward rates and reflect the value of the amount that we would pay or receive for the contracts involving the same notional amounts and maturity dates.

<sup>(2)</sup> We maintain a frozen domestic non-qualified deferred compensation plan covering certain employees, which allowed for the deferral of payment of previously earned compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options (compensation deferrals have been frozen under the plan). We hold investments to satisfy the future obligations of the plan. Employees who made deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)). We also hold an investment in the common stock of Servizi Italia, S.p.A, a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers. Beginning in fiscal 2019, changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Statement of Income. During fiscal 2019, we recorded a loss of \$2,731, related to these investments.

<sup>(3)</sup> We estimate the fair value of our long-term debt using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements.

<sup>(4)</sup> Contingent consideration obligations arise from prior business acquisitions. The fair values are based on discounted cash flow analyses reflecting the possible achievement of specified performance measures or events and captures the contractual nature of the contingencies, commercial risk, and the time value of money. Contingent consideration obligations are classified in the consolidated balance sheets as accrued expense (short-term) and other liabilities (long-term), as appropriate based on the contractual payment dates.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at March 31, 2019 are summarized as follows:

	Contingent Consideration
<b>Balance at March 31, 2017</b>	<b>\$ 4,451</b>
Additions	5,774
Payments	(1,735)
Reductions and adjustments	(593)
Foreign currency translation adjustments	171
<b>Balance at March 31, 2018</b>	<b>\$ 8,068</b>
Payments	(691)
Reductions and adjustments	(1,466)
Foreign currency translation adjustments	39
<b>Balance at March 31, 2019</b>	<b>\$ 5,950</b>

Additions and payments of contingent consideration obligations during fiscal year 2019 and 2018 were primarily related to our fiscal year 2018 and 2017 acquisitions. Refer to Note 18, "Business Acquisitions and Divestitures" for more information.

**18. BUSINESS ACQUISITIONS AND DIVESTITURES****Fiscal 2019 Acquisitions**

During fiscal 2019, we completed a minor purchase to expand our service offerings in the Applied Sterilization Technologies segment. The total purchase price was \$13,313, and was financed with both cash on hand and with credit facility borrowings. Purchase price allocations will be finalized within a measurement period not to exceed one year from closing.

**Fiscal 2018 Acquisitions**

We completed several minor purchases that continued to expand our product and service offerings in the Healthcare Products, Healthcare Specialty Services and Applied Sterilization Technologies segments. The aggregate purchase price associated with these transactions was approximately \$52,527, net of cash acquired and including contingent consideration of \$5,018. The purchase price for the acquisitions was financed with both cash on hand and with credit facility borrowings.

**Fiscal 2017 Acquisitions****Compass Medical, Inc.**

On September 16, 2016, we purchased the assets of Compass Medical, Inc. ("Compass") for approximately \$16,000. The purchase price was financed with bank credit facility borrowings. Compass specializes in the sale and repair of flexible endoscopes. Prior to the acquisition, Compass generated annual revenues of approximately \$6,000 and was integrated into our Healthcare Specialty Services segment.

**Phoenix Surgical Holdings, Ltd. and Endo-Tek LLP**

On August 31, 2016, we purchased 100% of the shares of Phoenix Surgical Holdings, Ltd. and the assets of Endo-Tek LLP ("Phoenix Surgical and Endo-Tek") for approximately \$14,300 combined, net of cash acquired. The purchase price was financed with cash on hand. Prior to the acquisition, these operations, which specialize in the repair of endoscopes, generated approximately \$8,000 in combined annual revenue and were integrated into our Healthcare Specialty Services segment.

**Medisafe**

On July 22, 2016, we purchased 100% of the shares of Medisafe Holdings, Ltd. ("Medisafe"), a U.K. manufacturer of washer/disinfector equipment and related consumables and services for approximately \$34,500, net of cash acquired. The purchase price was financed with cash on hand. Prior to the acquisition, the Medisafe product line generated \$18,000 in annual revenue. The acquisition of Medisafe provides washer manufacturing and research and development capabilities in the U.K. Medisafe's products and services are being integrated into our Healthcare Products segment.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

***Fair Value of Assets Acquired and Liabilities Assumed***

The table below summarizes the allocation of the purchase price to the net assets acquired based on fair values at the acquisition dates for our fiscal 2019, 2018 and 2017 acquisitions.

<i>(dollars in thousands)</i>	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017		
	All Acquisitions (1)	All Acquisitions	Medisafe	Compass	Phoenix Surgical and Endo-Tek
Cash	\$ —	\$ 235	\$ 3,751	\$ —	\$ 769
Accounts receivable	750	1,464	3,634	629	1,123
Inventory	51	2,289	2,454	659	950
Property, plant and equipment	2,004	3,381	639	13	1,092
Other assets	479	126	—	31	46
Intangible assets	4,070	17,404	17,151	5,992	7,824
Goodwill	6,614	32,384	19,599	8,987	5,938
<b>Total Assets</b>	<b>13,968</b>	<b>57,283</b>	<b>47,228</b>	<b>16,311</b>	<b>17,742</b>
Current liabilities	(146)	(2,077)	(5,562)	(309)	(1,373)
Non-current liabilities	(509)	(2,679)	(3,398)	—	(1,263)
<b>Total Liabilities</b>	<b>(655)</b>	<b>(4,756)</b>	<b>(8,960)</b>	<b>(309)</b>	<b>(2,636)</b>
<b>Net Assets</b>	<b>\$ 13,313</b>	<b>\$ 52,527</b>	<b>\$ 38,268</b>	<b>\$ 16,002</b>	<b>\$ 15,106</b>

(1) Purchase price allocation is still preliminary as of March 31, 2019, as valuations have not been finalized.

Acquisition related transaction and integration costs totaled \$8,901, \$16,211, and \$30,082 for the fiscal years ended March 31, 2019, 2018, and 2017, respectively. These costs are included in Selling, general, and administrative expenses in the Consolidated Statements of Income.

**Divestitures****Synergy Health Healthcare Consumable Solutions**

On November 20, 2017, we sold our Synergy Health Healthcare Consumable Solutions ("HCS") business to Vernacare. Annual revenues for the HCS business were approximately \$40,000 and were included in the Healthcare Products segment. We recorded proceeds of \$8,891, net of cash divested, including a working capital adjustment. We also recognized a pre-tax loss on the sale, subject to final working capital adjustments, of \$13,021 in Selling, general, and administrative expense in the Consolidated Statement of Income.

**Netherlands Linen Management Services**

On February 9, 2017, we sold our Synergy Health Netherlands Linen Management Services business to EMEA B.V. Annual revenues for Synergy Health Netherlands Linen Management Services were approximately \$75,000 and were included in the Healthcare Specialty Services segment. We recorded a \$43,000 pre-tax loss on the sale in Selling, general, and administrative expense in the Consolidated Statements of Income as a result of the divestiture.

**U.S. Linen Management Services**

On November 3, 2016, we sold our Synergy Health U.S. Linen Management Services business to SRI Healthcare LLC. Annual revenues for U.S. Linen Management Services were approximately \$50,000 and were included in the Healthcare Specialty Services segment. We recorded proceeds of \$4,500 and recognized a pre-tax loss on the sale, subject to final adjustments, of \$31,200 in Selling, general, and administrative expense in the Consolidated Statements of Income.

**Synergy Health Labs**

On September 2, 2016, we sold Synergy Health Laboratory Services to SYNLAB International. Annual revenues for the Synergy Health Labs were approximately \$15,000 and were included in the Applied Sterilization Technologies segment. We recorded proceeds of \$26,300, net of cash divested, and recognized a pre-tax gain on the sale of \$18,700 in Selling, general, and administrative expense in the Consolidated Statements of Income.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**Applied Infection Control**

On August 31, 2016, we completed the sale of our Applied Infection Control ("AIC") product line to DEB USA, Inc., a wholly-owned subsidiary of S.C. Johnson & Son, Inc. Annual revenues for the AIC product line were typically less than \$50,000 and were included in the Healthcare Products segment. We recorded proceeds of \$41,800 and recognized a pre-tax gain on the sale of \$36,200 in Selling, general, and administrative expense in the Consolidated Statements of Income.

**UK Linen Management Services**

On July 1, 2016, we sold our Synergy Health UK Linen Management Services business to STAR Mayan Limited. Annual revenues for UK Linen Management Services were approximately \$50,000 and were included in the Healthcare Specialty Services segment. We recorded proceeds of \$65,400, net of cash divested, and recognized a pre-tax loss on the sale of \$66,400 in Selling, general, and administrative expense in the Consolidated Statements of Income.

**Loans Receivable**

In connection with a fiscal 2019 equity investment of \$4,955, we agreed to provide a credit facility of up to approximately \$10,000 for a term of up to 7 years. Loans carry an interest rate of 4% compounded daily and interest is payable annually. Outstanding borrowings under the agreement totaled \$7,465 at March 31, 2019.

In connection with the fiscal 2017 divestiture of Synergy Health Netherlands Linen Management Services, we entered into a loan agreement to provide financing of up to €15,000 for a term of up to 15 years. The loan carries an interest rate of 4% for the first four years and 12% thereafter. Outstanding borrowings under the agreement totaled \$8,494 (or €7,550) at March 31, 2019.

Amounts for loan receivables as noted above are recorded in the "Other assets" line of our Consolidated balance sheets. Interest income is not material.

**19. RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Amounts in Accumulated Other Comprehensive Income (Loss) are presented net of the related tax. Foreign Currency Translation is not adjusted for income taxes. Accumulated other comprehensive income (loss) shown in our Consolidated Statements of Shareholders' Equity and changes in our balances, net of tax, for the years ended March 31, 2019, 2018 and 2017 were as follows:

	Gain (Loss) on Available for Sale Securities <sup>(1)</sup>			Defined Benefit Plans <sup>(2)</sup>			Foreign Currency Translation <sup>(3)</sup>			Total Accumulated Other Comprehensive Income (Loss)		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
<b>Beginning Balance</b>	<b>\$ 1,970</b>	<b>\$ 178</b>	<b>\$ (673)</b>	<b>\$ (6,742)</b>	<b>\$ (2,355)</b>	<b>\$ 5,108</b>	<b>\$ 16,457</b>	<b>\$ (238,525)</b>	<b>\$ (72,594)</b>	<b>\$ 11,685</b>	<b>\$ (240,702)</b>	<b>\$ (68,159)</b>
Other Comprehensive Income (Loss) before reclassifications	—	1,703	745	3,920	(2,291)	(5,491)	(172,031)	254,982	(165,931)	(168,111)	254,394	(170,677)
Reclassified from Accumulated Other Comprehensive Income (Loss)	—	89	106	(1,382)	(2,096)	(1,972)	—	—	—	(1,382)	(2,007)	(1,866)
Net current-period Other Comprehensive Income (Loss)	—	1,792	851	2,538	(4,387)	(7,463)	(172,031)	254,982	(165,931)	(169,493)	252,387	(172,543)
Cumulative adjustment to Retained Earnings <sup>(4)</sup>	<b>\$ (1,970)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,970)</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Ending Balance</b>	<b>\$ —</b>	<b>\$ 1,970</b>	<b>\$ 178</b>	<b>\$ (4,204)</b>	<b>\$ (6,742)</b>	<b>\$ (2,355)</b>	<b>\$ (155,574)</b>	<b>\$ 16,457</b>	<b>\$ (238,525)</b>	<b>\$ (159,778)</b>	<b>\$ 11,685</b>	<b>\$ (240,702)</b>

<sup>(1)</sup> Realized gain (loss) on available for sale securities is reported in the Interest income and miscellaneous expense line of the Consolidated

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(dollars in thousands, except per share amounts and as noted)**

Statements of Income for fiscal 2018 and 2017.

<sup>(2)</sup> Amortization (gain) of defined benefit plan items are reported in the Interest income and miscellaneous expense line of our Consolidated Statements of Income.

<sup>(3)</sup> The effective portion of gain or loss on net debt designated as non-derivative net investment hedging instruments is recognized in Accumulated other comprehensive income and is reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

<sup>(4)</sup> As a result of the adoption of ASC 2016-01 we recorded a cumulative effect adjustment to our opening fiscal 2019 retained earnings balance that increased retained earnings and decreased accumulated other comprehensive income. See Note 1 titled, "Nature of Operations and Summary of Significant Accounting Policies" for further details.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

## 20. QUARTERLY RESULTS (UNAUDITED)

Quarters Ended	March 31,	December 31,	September 30,	June 30,
<b>Fiscal 2019</b>				
<b>Revenues:</b>				
Product	\$ 374,937	\$ 327,639	\$ 314,659	\$ 278,790
Service	393,276	368,599	364,302	359,968
Total Revenues	768,213	696,238	678,961	638,758
<b>Cost of Revenues:</b>				
Product	201,357	182,229	172,107	146,602
Service	232,140	227,012	222,190	223,106
Total Cost of Revenues	433,497	409,241	394,297	369,708
<b>Gross Profit</b>	<b>334,716</b>	<b>286,997</b>	<b>284,664</b>	<b>269,050</b>
Percentage of Revenues	43.6%	41.2%	41.9%	42.1%
<b>Restructuring Expenses</b>	<b>4,840</b>	<b>26,147</b>	<b>—</b>	<b>—</b>
<b>Net Income Attributable to Shareholders</b>	<b>\$ 108,745</b>	<b>\$ 47,858</b>	<b>\$ 77,457</b>	<b>\$ 69,991</b>
<b>Basic Income Per Ordinary Share Attributable to Shareholders:</b>				
Net income	\$ 1.29	\$ 0.57	\$ 0.92	\$ 0.83
<b>Diluted Income Per Ordinary Share Attributable to Shareholders:</b>				
Net income	\$ 1.27	\$ 0.56	\$ 0.91	\$ 0.82
<b>Fiscal 2018</b>				
<b>Revenues:</b>				
Product	\$ 351,010	\$ 309,461	\$ 286,557	\$ 273,605
Service	364,963	352,439	347,602	334,359
Total Revenues	715,973	661,900	634,159	607,964
<b>Cost of Revenues:</b>				
Product	187,710	162,611	152,611	143,245
Service	235,898	221,071	215,151	208,953
Total Cost of Revenues	423,608	383,682	367,762	352,198
<b>Gross Profit</b>	<b>292,365</b>	<b>278,218</b>	<b>266,397</b>	<b>255,766</b>
Percentage of Revenues	40.8%	42.0%	42.0%	42.1%
<b>Restructuring Expenses</b>	<b>(53)</b>	<b>78</b>	<b>27</b>	<b>51</b>
<b>Net Income Attributable to Shareholders</b>	<b>\$ 73,598</b>	<b>\$ 94,781</b>	<b>\$ 64,459</b>	<b>\$ 58,077</b>
<b>Basic Income Per Ordinary Share Attributable to Shareholders:</b>				
Net income	\$ 0.87	\$ 1.12	\$ 0.76	\$ 0.68
<b>Diluted Income Per Ordinary Share Attributable to Shareholders:</b>				
Net income	\$ 0.86	\$ 1.11	\$ 0.75	\$ 0.68

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(dollars in thousands, except per share amounts and as noted)

**21. SUBSEQUENT EVENTS**

Under Irish law, STERIS Ireland may only declare dividends and make distributions out of distributable profits. As a new holding company, with no operational history, STERIS Ireland had no distributable profits as of March 31, 2019.

In connection with the Redomiciliation, on February 28, 2019, the shareholders of STERIS UK approved a special resolution authorizing a capital reduction of, and the creation of distributable profits for, STERIS Ireland through a reduction in the nominal value of its ordinary shares. To implement the approved proposal, STERIS Ireland authorized, subject to the confirmation of the High Court of Ireland, the creation of approximately \$6,338,536 of distributable profits within STERIS Ireland by reducing the nominal value from \$75.00 to \$0.001 per share and cancelling the associated company capital paid-up on each of the ordinary shares of STERIS Ireland issued (1) pursuant to the Scheme, and (2) following the effective time of the Scheme and up to 11:59 a.m. on the day immediately prior to the High Court confirmation hearing (the “Par Value Reduction”).

On May 2, 2019, the High Court of Ireland confirmed the creation of distributable profits of STERIS Ireland via the Par Value Reduction, such that the reserve resulting from the cancellation of paid-up company capital will be treated as distributable profits of STERIS Ireland, and made a related order (the “Order”). The Par Value Reduction took effect on May 3, 2019, upon the registration with the Irish Registrar of Companies of the Order and of an associated minute approved by the High Court with respect to the company capital of STERIS Ireland. In connection with the Par Value Reduction, the authorized share capital of STERIS Ireland was also amended to (a) 500,000,000 ordinary shares, \$0.001 par value per share, (b) 50,000,000 preferred shares, \$0.001 par value per share and (c) 25,000 deferred ordinary shares, €1.00 par value per share. The rights and obligations of the ordinary shares of STERIS Ireland otherwise remain unchanged.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts and as noted)

## SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charges to Costs and Expenses	Charges to Other Accounts	Deductions	Balance at End of Period
(in thousands)					
<b>Year ended March 31, 2019</b>					
Deducted from asset accounts:					
Allowance for trade accounts receivable <sup>(1)</sup>	\$ 12,472	\$ 356	\$ (327) <sup>(3)</sup>	\$ (2,856) <sup>(4)</sup>	\$ 9,645
Inventory valuation reserve	19,639	(673) <sup>(2)</sup>	788 <sup>(3)</sup>	—	19,754
Deferred tax asset valuation allowance	13,596	4,055	(1,653) <sup>(3)</sup>	(2,520)	13,478
Recorded within liabilities:					
Casualty loss reserves	\$ 20,949	\$ 4,456	\$ (1,158)	\$ (4,505)	\$ 19,742
<b>Year ended March 31, 2018</b>					
Deducted from asset accounts:					
Allowance for trade accounts receivable <sup>(1)</sup>	\$ 10,357	\$ 2,183	\$ 1,925 <sup>(3)</sup>	\$ (1,993) <sup>(4)</sup>	\$ 12,472
Inventory valuation reserve	17,854	2,446 <sup>(2)</sup>	(661) <sup>(3)</sup>	—	19,639
Deferred tax asset valuation allowance	16,366	3,535	209 <sup>(3)</sup>	(6,514)	13,596
Recorded within liabilities:					
Casualty loss reserves	\$ 22,718	\$ 5,713	\$ (2,563)	\$ (4,919)	\$ 20,949
<b>Year ended March 31, 2017</b>					
Deducted from asset accounts:					
Allowance for trade accounts receivable <sup>(1)</sup>	\$ 11,185	\$ 1,248	\$ 11 <sup>(3)</sup>	\$ (2,087) <sup>(4)</sup>	\$ 10,357
Inventory valuation reserve	18,707	(171) <sup>(2)</sup>	(682) <sup>(3)</sup>	—	17,854
Deferred tax asset valuation allowance	16,435	4,014	(214) <sup>(3)</sup>	(3,869)	16,366
Recorded within liabilities:					
Casualty loss reserves	\$ 20,222	\$ 5,000	\$ 768	\$ (3,272)	\$ 22,718

<sup>(1)</sup> Net allowance for doubtful accounts and allowance for sales and returns.<sup>(2)</sup> Provision for excess and obsolete inventory, net of inventory written off.<sup>(3)</sup> Change in foreign currency exchange rates and acquired reserves.<sup>(4)</sup> Uncollectible accounts written off, net of recoveries.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, including the Principal Executive Officer (“PEO”) and Principal Financial Officer (“PFO”), has evaluated the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, the PEO and PFO have determined that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective.

### CHANGES IN INTERNAL CONTROLS

During the quarter ended March 31, 2019, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). Under the supervision and with the participation of management, including the PEO and PFO, we conducted an evaluation of the effectiveness of internal control over financial reporting as of March 31, 2019 based on the framework in 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our evaluation of internal control over financial reporting did not include the internal controls of the entity that was acquired during fiscal 2019. Total assets of the acquired business (inclusive of acquired intangible assets and goodwill) represented approximately 0.25 percent of our total assets as of March 31, 2019 and approximately 0.15 percent of our total revenues for the year ended March 31, 2019. Based on this evaluation under this framework, management concluded that the internal control over financial reporting was effective as of March 31, 2019.

The independent registered public accounting firm that audited the financial statements has issued an attestation report on internal control over financial reporting.

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of STERIS plc

#### Opinion on Internal Control over Financial Reporting

We have audited STERIS plc and subsidiaries’ internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, STERIS plc and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management’s Report on Internal Control Over Financial Reporting, management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the entity that was acquired during the year ended March 31, 2019, which is included in the fiscal 2019 consolidated financial statements of the Company and constituted approximately 0.25% of total assets as of March 31, 2019 and approximately 0.15% of total revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the entity that was acquired during the year ended March 31, 2019.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for each of the three years in the period ended March 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) and our report dated May 30, 2019 expressed an unqualified opinion thereon.

#### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report

on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cleveland, Ohio  
May 30, 2019

## ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This Annual Report on Form 10-K incorporates by reference the information appearing under the caption "Nominees for Election as Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," "Board Meetings and Committees" and "Shareholder Nominations of Directors and Nominee Criteria" of our definitive proxy statement to be filed with the SEC in connection with our 2019 Annual Meeting of Shareholders (the "Proxy Statement").

Our executive officers serve for a term of one year from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected and qualified, except in the case of death, resignation, or removal. Information concerning our executive officers is contained in Item 1 of Part 1 of this Annual Report and is incorporated herein by reference. We have adopted a code of ethics, our Code of Business Conduct for Employees, that applies to our CEO and CFO and Principal Accounting Officer as well as all of our other employees. We have also adopted a code of ethics, our Director Code of Ethics, which applies to the members of the Company's Board of Directors, including our CEO. Our Code of Business Conduct for Employees and the Director Code of Ethics can be found on our Investor Relations website at [www.steris-ir.com](http://www.steris-ir.com). Any amendments or waivers of either of these codes will be made available on this website.

### ITEM 11. EXECUTIVE COMPENSATION

This Annual Report on Form 10-K incorporates by reference the information appearing beginning under the captions "Executive Compensation," "Non-Employee Director Compensation" and "Miscellaneous Matters" of the Proxy Statement.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This Annual Report on Form 10-K incorporates by reference the information appearing under the captions "Ownership of Voting Securities" of the Proxy Statement.

The table below presents information concerning all equity compensation plans and individual equity compensation arrangements in effect as of our fiscal year ended March 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,104,685	\$72.82	4,400,306
Equity compensation plans not approved by security holders	—	—	—
Total	2,104,685	\$72.82	4,400,306

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### RELATED PERSON TRANSACTIONS

This Annual Report on Form 10-K incorporates by reference the information beginning under the captions "Governance Generally," "Board Meetings and Committees" and "Miscellaneous Matters" of the Proxy Statement.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This Annual Report on Form 10-K incorporates by reference the information relating to principal accountant fees and services appearing under the caption "Independent Registered Public Accounting Firm" of the Proxy Statement.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

#### LIST OF CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

(a) (1) The following consolidated financial statements of STERIS plc and subsidiaries are included in Item 8:

Consolidated Balance Sheets – March 31, 2019 and 2018.

Consolidated Statements of Income – Years ended March 31, 2019, 2018, and 2017.

Consolidated Statements of Comprehensive Income – Years ended March 31, 2019, 2018, and 2017.

Consolidated Statements of Cash Flows – Years ended March 31, 2019, 2018, and 2017.

Consolidated Statements of Shareholders' Equity – Years ended March 31, 2019, 2018, and 2017.

Notes to Consolidated Financial Statements.

(a) (2) The following consolidated financial statement schedule of STERIS plc and subsidiaries is included in Item 8:

Schedule II - Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a) (3) Exhibits

Exhibit Number	Exhibit Description
3.1	<a href="#">STERIS plc Amended Memorandum and Articles of Association.</a>
10.1	<a href="#">STERIS plc 2006 Long-Term Equity Incentive Plan, as Assumed, Amended and Restated Effective March 28, 2019 (filed as Exhibit 10.1 to STERIS plc Form 8-K filed March 28, 2019 (Commission File No. 001-38848) and incorporated herein by reference).*</a>
10.2	<a href="#">STERIS Corporation Form of Nonqualified Stock Option Agreement for Nonemployee Directors (filed as Exhibit 10.4 to Form 10-Q for the fiscal quarter ended June 30, 2008 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.3	<a href="#">STERIS Corporation Form of Non-Qualified Stock Option Agreement for Employees (filed as Exhibit 10.2 to Form 10-Q for the fiscal quarter ended June 30, 2009 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.4	<a href="#">STERIS Corporation Form of Non-Qualified Stock Option Agreement for Employees. (filed as Exhibit 10.22 to Form 10-K for the fiscal year ended March 31, 2011 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.5	<a href="#">STERIS Corporation Form of Nonqualified Stock Option Agreement for Employees (filed as Exhibit 10.2 to Form 10-Q for the fiscal quarter ended June 30, 2011 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.6	<a href="#">STERIS Corporation Form of Restricted Stock Agreement for Employees (filed as Exhibit 10.27 to Form 10-K for the fiscal year ended March 31, 2012 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.7	<a href="#">STERIS Corporation Form of Restricted Stock Agreement for Employees (filed as Exhibit 10.28 to Form 10-K for the fiscal year ended March 31, 2012 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.8	<a href="#">Amendment to STERIS Corporation Nonqualified Stock Option Agreement (filed as Exhibit 10.11 to Form 10-Q for the fiscal quarter ended December 31, 2012 (Commission File No. 1-14643), and incorporated herein by reference).*</a>
10.9	<a href="#">STERIS Corporation Form of Nonqualified Stock Option Agreement for Nonemployee Directors (filed as Exhibit 10.12 to Form 10-Q for the fiscal quarter ended December 31, 2012 (Commission File No. 1-14643), and incorporated herein by reference).*</a>

- 10.10 [STERIS Corporation Form of Nonqualified Stock Option Agreement for Employees \(filed as Exhibit 10.13 to Form 10-Q for the fiscal quarter ended December 31, 2012 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.11 [STERIS Corporation Form of Nonqualified Stock Option Agreement for Employees \(filed as Exhibit 10.14 to Form 10-Q for the fiscal quarter ended December 31, 2012 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.12 [STERIS Corporation Form of Career Restricted Stock Unit Agreement for Nonemployee Directors \(filed as Exhibit 10.33 to Form 10-K for the fiscal year ended March 31, 2013 \(Commission File No. 1-14643\), and incorporated by reference\).\\*](#)
- 10.13 [STERIS Corporation Form of Nonqualified Stock Option Agreement for Nonemployee Directors \(filed as Exhibit 10.34 to Form 10-K for the fiscal year ended March 31, 2013 \(Commission File No. 1-14643\), and incorporated by reference\).\\*](#)
- 10.14 [STERIS plc Form of Nonqualified Stock Option Agreement for Employees \(filed as Exhibit 10.2 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.15 [STERIS plc Form of Nonqualified Stock Option Agreement for Employees \(filed as Exhibit 10.16 to STERIS plc Form 10-K for the fiscal year ended March 31, 2018 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.16 [Amendment to STERIS plc Nonqualified Stock Option Agreement \(filed as Exhibit 10.4 to STERIS plc Form 10-Q for the fiscal quarter ended September 30, 2018 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.17 [Form of STERIS plc Nonqualified Stock Option Agreement for Employees \(filed as Exhibit 10.2 to STERIS plc Form 10-Q for the fiscal quarter ended September 30, 2018 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.18 [STERIS plc Form of Restricted Stock Agreement for Employees \(filed as Exhibit 10.3 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.19 [STERIS plc Form of Nonqualified Stock Option Agreement for Nonemployee Directors \(filed as Exhibit 10.20 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.20 [STERIS plc Form of Career Restricted Stock Agreement for Nonemployee Directors \(filed as Exhibit 10.21 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.21 [STERIS plc Form of Performance Restricted Stock Agreement for Employees \(filed as Exhibit 10.1 to STERIS plc Form 8-K filed June 1, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.22 [STERIS plc Form of Restricted Stock Agreement for Employees \(filed as Exhibit 10.3 to STERIS plc Form 10-Q for the fiscal quarter ended September 30, 2018 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.23 [Description of STERIS plc Non-Employee Director Compensation Program \(filed as Exhibit 10.6 to STERIS plc Form 10-Q for the fiscal quarter ended September 30, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.24 [Description of STERIS plc Non-Employee Director Compensation Program \(filed as Exhibit 10.1 to STERIS plc Form 10-Q for the fiscal quarter ended September 30, 2018 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.25 [STERIS Corporation Deferred Compensation Plan Document \(filed as Exhibit 10.1 to Form 8-K filed September 1, 2006 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.26 [STERIS Corporation Deferred Compensation Plan Document \(as Amended and Restated Effective January 1, 2009\) \(filed as Exhibit 10.1 to Form 10-Q for the fiscal quarter ended December 31, 2008 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)

- 10.27 [Amended and Restated Adoption Agreement related to STERIS Corporation Deferred Compensation Plan \(filed as Exhibit 10.2 to Form 10-Q filed for the fiscal quarter ended December 31, 2008 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.28 [Amendment No. 1 to STERIS Corporation Deferred Compensation Plan Document \(as Amended and Restated Effective January 1, 2009\) dated November 4, 2011 \(filed as Exhibit 10.1 to Form 10-Q for the fiscal quarter ended December 31, 2011 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.29 [STERIS plc Management Incentive Compensation Plan, Effective April 1, 2016 \(filed as Exhibit 10.31 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.30 [STERIS plc Senior Executive Management Incentive Compensation Plan, Effective April 1, 2016 \(filed as Appendix B to STERIS plc definitive proxy statement on Schedule 14A filed June 13, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.31 [STERIS plc Management Incentive Compensation Plan \(As Amended and Restated Effective April 1, 2018\) \(filed as Exhibit 10.2 to STERIS plc Form 8-K filed March 26, 2018 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.32 [STERIS plc Management Incentive Compensation Plan \(As Amended and Restated Effective March 28, 2019\) \(filed as Exhibit 10.2 to STERIS plc Form 8-K filed March 28, 2019 \(Commission File No. 001-38848\), and incorporated herein by reference\).\\*](#)
- 10.33 [Form of Make-Whole Payment and Repayment Conditions Agreement Between Former STERIS Corporation Non-Employee Directors and STERIS Corporation \(filed as Exhibit 10.32 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.34 [Form of Make-Whole Payment and Repayment Conditions Agreement Between STERIS Corporation Executive Officers and STERIS Corporation \(filed as Exhibit 10.33 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.35 [STERIS plc Senior Executive Severance Plan, as Amended and Restated Effective January 25, 2017 \(filed as Exhibit 10.3 to STERIS plc Form 8-K filed January 26, 2017 \(Commission File No. 1-37614\) and incorporated herein by reference\).\\*](#)
- 10.36 [STERIS plc Senior Executive Severance Plan, As Adopted effective March 28, 2019 \(filed as Exhibit 10.3 to STERIS plc 8-K filed March 28, 2019 \(Commission File No. 001-38848\), and incorporated herein by reference\).\\*](#)
- 10.37 [Service Agreement between Dr. Adrian Coward and Synergy Health Limited as amended, and STERIS plc letter \(filed as Exhibit 10.6 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.38 [Form of Indemnification Agreement between STERIS Corporation and each of its directors and certain executive officers \(filed as Exhibit 10.31 to Form 10-K for the fiscal year ended March 31, 2010 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.39 [Form of Deed of Indemnity for STERIS plc Directors and executive officers \(filed as Exhibit 10.5 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\), and incorporated herein by reference\).\\*](#)
- 10.40 [Form of Deed of Indemnity for STERIS plc directors and executive officers \(filed as Exhibit 10.4 to STERIS plc Form 8-K filed March 28, 2019 \(Commission File No. 001-38848\), and incorporated herein by reference\).\\*](#)
- 10.41 [Agreement dated as of April 23, 2008 by and among STERIS Corporation, Richard C. Breeden, Robert H. Fields, and the Breeden Investors identified therein \(filed as Exhibit 10.1 to Form 8-K filed April 24, 2008 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)
- 10.42 [Agreement dated November 4, 2011 between STERIS Corporation and Bank of America, N.A. providing Transfer and Advised Line for Letters of Credit \(filed as Exhibit 10.2 to Form 10-Q for the fiscal quarter ended December 31, 2011 \(Commission File No. 1-14643\), and incorporated herein by reference\).\\*](#)



- 10.43 [Credit Agreement, dated as of March 23, 2018, by and among STERIS Corporation and STERIS plc, as borrowers, various U.S. and U.K. subsidiaries of STERIS plc, as guarantors, various financial institutions, as lenders and JPMorgan Chase Bank, N.A., as Administrative Agent \(filed as Exhibit 10.1 to STERIS plc Form 8-K filed March 26, 2018 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.44 [First Amendment dated March 5, 2019 to the Credit Agreement, dated as of March 23, 2018, by and among STERIS Corporation and STERIS plc, as borrowers and guarantors, various U.S. and U.K. Subsidiaries of STERIS plc, as guarantors, various financial institutions, as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent \(filed as Exhibit 10.1 to form 8-K filed March 5, 2019 \(Commission File No. 001-14643\), and incorporated herein by reference\).](#)
- 10.45 [Borrower Joinder Agreement dated March 28, 2019 among STERIS plc and Synergy Health Limited and JPMorgan Chase Bank, N.A., as Administrative Agent.](#)
- 10.46 [Guarantor Joinder Agreement dated March 28, 2019 by STERIS plc and STERIS Emerald IE Limited in favor of JPMorgan Chase Bank, N.A., as Administrative Agent.](#)
- 10.47 [First Amendment, dated as of March 31, 2015, to Note Purchase Agreement dated as of August 15, 2008, among STERIS Corporation and each of the institutions party thereto \(filed as Exhibit 10.5 to Form 8-K filed April 2, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)
- 10.48 [Second Amendment dated as of March 5, 2019 to the Amended and Restated Note Purchase Agreement dated as of March 31, 2015, as amended by that certain First Amendment dated as of January 23, 2017, by and among STERIS Corporation and each of the purchasers listed in Schedule A thereto, filed as Exhibit 10.2 to Form 8-K filed March 5, 2019 \(Commission File No. 001-37614\), and incorporated herein by reference\).](#)
- 10.49 [Affiliate Guaranty, dated as of March 31, 2015, by STERIS Corporation and each of American Sterilizer Company, Integrated Medical Systems International, Inc., STERIS Europe, Inc., STERIS Inc., United States Endoscopy Group, Inc., Isomedix Inc. and Isomedix Operations Inc., of the August 15, 2008 Note Purchase Agreements, as amended and restated, and Notes issued pursuant thereto \(filed as Exhibit 10.6 to Form 8-K filed April 2, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)
- 10.50 [Guaranty Supplement dated September 9, 2015 by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.10 to STERIS plc Form 10-Q for the fiscal quarter ending December 31, 2015 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.51 [Guaranty Supplement dated November 2, 2015 by Solar New US Holding Co, LLC, Solar New US Parent Co, LLC and Solar New US Acquisition Co, LLC and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.52 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.52 [Guaranty Supplement dated January 12, 2016 by Synergy Health Holdings Limited, Synergy Health Sterilisation UK Limited, Synergy Health \(UK\) Limited, Synergy Health Investments Limited and Synergy Health US Holdings Limited of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.53 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.53 [Guaranty Supplement dated August 8, 2017 by Synergy Health AST, LLC, Synergy Health US Holdings, Inc., and Synergy Health North America, Inc. of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.2 to STERIS plc Form 10-Q for the fiscal quarter ending September 30, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.54 [Guaranty Supplement dated March 28, 2019 by STERIS plc and STERIS Emerald IE Limited and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto.](#)

- 10.55 [First Amendment, dated as of March 31, 2015, to Note Purchase Agreements dated as of December 4, 2012, among STERIS Corporation and each of the institutions party thereto \(filed as Exhibit 10.7 to Form 8-K filed April 2, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)
- 10.56 [Second Amendment dated as of March 5, 2019 to the Amended and Restated Note Purchase Agreement dated as of March 31, 2015, as amended by that certain First Amendment dated as of January 23, 2017, by and among STERIS Corporation and each of the purchasers listed in Schedule A thereto, filed as Exhibit 10.3 to Form 8-K filed March 5, 2019 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.57 [Affiliate Guaranty, dated as of March 31, 2015, by STERIS Corporation and each of American Sterilizer Company, Integrated Medical Systems International, Inc., STERIS Europe, Inc., STERIS Inc., United States Endoscopy Group, Inc., Isomedix Inc. and Isomedix Operations Inc., of the December 4, 2012 Note Purchase Agreements, as amended and restated, and Notes issued pursuant thereto \(filed as Exhibit 10.8 to Form 8-K filed April 2, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)
- 10.58 [Guaranty Supplement dated September 9, 2015 by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.11 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.59 [Guaranty Supplement dated November 2, 2015 by Solar New US Holding Co, LLC, Solar New US Parent Co, LLC and Solar New US Acquisition Co, LLC and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.57 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.60 [Guaranty Supplement dated January 12, 2016 by Synergy Health Holdings Limited, Synergy Health Sterilisation UK Limited, Synergy Health \(UK\) Limited, Synergy Health Investments Limited and Synergy Health US Holdings Limited of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated and of the Notes issued pursuant thereto \(filed as Exhibit 10.58 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.61 [Guaranty Supplement dated August 8, 2017 by Synergy Health AST, LLC, Synergy Health US Holdings, Inc., and Synergy Health North America, Inc. of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto \(filed as Exhibit 10.3 to STERIS plc Form 10-Q for the fiscal quarter ending September 30, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.62 [Guaranty Supplement dated March 28, 2019 by STERIS plc and STERIS Emerald IE Limited and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto.](#)
- 10.63 [Note Purchase Agreement dated as of May 15, 2015, among STERIS Corporation and each of the institutions party thereto \(filed as Exhibit 10.1 to Form 8-K of STERIS Corporation filed May 18, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)
- 10.64 [Second Amendment dated as of March 5, 2019 to the Note Purchase Agreement dated as of May 15, 2015, as amended by that certain First Amendment dated as of January 23, 2017, by and among STERIS Corporation and each of the purchasers listed in Schedule A thereto, filed as Exhibit 10.4 to Form 8-K filed March 5, 2019 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.65 [Affiliate Guaranty, dated as of May 15, 2015, by STERIS Corporation and each of American Sterilizer Company, Integrated Medical Systems International, Inc., STERIS Europe, Inc., STERIS Inc., United States Endoscopy Group, Inc., Isomedix Inc. and Isomedix Operations Inc., of STERIS Corporation May 15, 2015 Note Purchase Agreement and Notes issued pursuant thereto \(filed as Exhibit 10.2 to Form 8-K of STERIS Corporation filed May 18, 2015 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)

- 10.66 [Guaranty Supplement dated September 9, 2015 by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of May 15, 2015 of STERIS Corporation May 15, 2015 Note Purchase Agreement and of the Notes issued pursuant thereto \(filed as Exhibit 10.12 to STERIS plc Form 10-Q for the fiscal quarter ended December 31, 2015 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.67 [Guaranty Supplement dated November 2, 2015 by Solar New US Holding Co, LLC, Solar New US Parent Co, LLC and Solar New US Acquisition Co, LLC and STERIS Corporation of Affiliate Guaranty dated as of May 15, 2015 of STERIS Corporation May 15, 2015 Note Purchase Agreement and of the Notes issued pursuant thereto \(filed as Exhibit 10.62 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.68 [Guaranty Supplement dated January 12, 2016 by Synergy Health Holdings Limited, Synergy Health Sterilisation UK Limited, Synergy Health \(UK\) Limited, Synergy Health Investments Limited and Synergy Health US Holdings Limited of STERIS Corporation May 15, 2015 Note Purchase Agreement and of the Notes issued pursuant thereto \(filed as Exhibit 10.63 to STERIS plc Form 10-K for the year ended March 31, 2016 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.69 [Guaranty Supplement dated August 8, 2017 by Synergy Health AST, LLC, Synergy Health US Holdings, Inc., and Synergy Health North America, Inc. of STERIS Corporation May 15, 2015 Note Purchase Agreement and of the Notes issued pursuant thereto \(filed as Exhibit 10.4 to STERIS plc Form 10-Q for the fiscal quarter ending September 30, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.70 [Guaranty Supplement dated March 28, 2019 by STERIS plc and STERIS Emerald IE Limited and STERIS Corporation of Affiliate Guaranty dated as of May 15, 2015 of STERIS Corporation May 15, 2015 Note Purchase Agreement, as amended and restated, and of the Notes issued pursuant thereto.](#)
- 10.71 [Note Purchase Agreement dated as of January 23, 2017, among STERIS plc and each of the institutions party thereto \(filed as Exhibit 10.1 to Form 8-K filed January 26, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.72 [First Amendment dated as of March 5, 2019 to the Note Purchase Agreement dated as of January 23, 2017, by and among STERIS plc and each of the purchasers listed in Schedule A thereto, filed as Exhibit 10.5 to Form 8-K filed March 5, 2019 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.73 [Affiliated Guaranty, dated as of January 23, 2017, by STERIS plc and each of the American Sterilizer Company, Integrated Medical Systems International, Inc., Isomedix Inc., Isomedix Operations Inc., Solar New US Holding Co, LLC, Solar New US Parent Co, LLC, Solar US Acquisition Co, LLC, STERIS Barrier Products Solutions, Inc., STERIS Corporation, STERIS Europe, Inc., STERIS Inc., Synergy Health Holdings Limited, Synergy Health Limited, Synergy Health Sterilisation UK Limited, Synergy Health \(UK\) Limited, Synergy Health Investments Limited, Synergy Health US Holdings Limited, and United States Endoscopy Group, Inc., of STERIS plc January 23, 2017 Note Purchase Agreement and Notes issued pursuant thereto \(filed as Exhibit 10.2 to Form 8-K filed January 26, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.74 [Guaranty Supplement dated August 8, 2017 by Synergy Health AST, LLC, Synergy Health US Holdings, Inc. and Synergy Health North America, Inc., of Affiliate Guaranty dated as January 23, 2017 of STERIS plc January 23, 2017 Note Purchase Agreement, and of the Notes issued pursuant thereto \(filed as Exhibit 10.5 to STERIS plc Form 10-Q for the fiscal quarter ending September 30, 2017 \(Commission File No. 1-37614\), and incorporated herein by reference\).](#)
- 10.75 [Guaranty Supplement dated March 28, 2019 by STERIS plc and STERIS Emerald IE Limited and STERIS Limited of Affiliate Guaranty dated as of January 23, 2017 of STERIS plc January 23, 2017 Note Purchase Agreement, as amended and restated, and of the Notes issued pursuant thereto.](#)
- 10.76 [Stock Purchase Agreement dated July 16, 2012 by and among STERIS Corporation, United States Endoscopy Group, Inc. and the shareholders party thereto \(filed as Exhibit 2.1 to Form 8-K filed August 15, 2012 \(Commission File No. 1-14643\), and incorporated herein by reference\).](#)

10.77	<a href="#"><u>Stock Purchase Agreement dated March 31, 2014 by and among STERIS Corporation, Integrated Medical Systems International, Inc. and the shareholders party thereto (filed as Exhibit 2.1 to Form 8-K filed May 9, 2014 (Commission File No. 1-14643), and incorporated herein by reference).</u></a>
10.78	<a href="#"><u>Stock Purchase Agreement dated June 23, 2015 by and among STERIS Corporation, General Econopak, Inc. and each of the Stockholders of General Econopak, Inc. (filed as Exhibit 10.1 to STERIS Corporation Form 10-Q for the fiscal quarter ended June 30, 2015 (Commission File No. 1-14643), and incorporated herein by reference).</u></a>
21.1	<a href="#"><u>Subsidiaries of STERIS plc.</u></a>
23.1	<a href="#"><u>Consent of Independent Registered Public Accounting Firm.</u></a>
24.1	<a href="#"><u>Power of Attorney.</u></a>
31.1	<a href="#"><u>Certification of the Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a).</u></a>
31.2	<a href="#"><u>Certification of the Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a).</u></a>
32.1	<a href="#"><u>Certification of the Principal Executive Officer and the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
EX-101	Schema Document.
EX-101	Calculation Linkbase Document.
EX-101	Definition Linkbase Document.
EX-101	Labels Linkbase Document.
EX-101	Presentation Linkbase Document.
*	A management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

## ITEM 16. FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the date indicated.

Date: May 30, 2019	STERIS plc (Registrant)  By: <u>/S/ KAREN L. BURTON</u> Karen L. Burton Vice President, Controller, and Chief Accounting Officer
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
/S/ WALTER M ROSEBROUGH, JR. Walter M Rosebrough, Jr.	President, Chief Executive Officer and Director	May 30, 2019
/S/ MICHAEL J. TOKICH Michael J. Tokich	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	May 30, 2019
/S/ KAREN L. BURTON Karen L. Burton	Vice President, Controller and Chief Accounting Officer	May 30, 2019
* Mohsen M. Sohi	Chairman and Director	May 30, 2019
* Richard C. Breeden	Director	May 30, 2019
* Cynthia L. Feldmann	Director	May 30, 2019
* David B. Lewis	Director	May 30, 2019
* Jacqueline B. Kosecoff	Director	May 30, 2019
* Sir Duncan K. Nichol	Director	May 30, 2019
* Nirav R. Shah	Director	May 30, 2019
* Richard M. Steeves	Director	May 30, 2019
* Loyal W. Wilson	Director	May 30, 2019
* Michael B. Wood		

\* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named directors of the Registrant and filed with the Securities and Exchange Commission on behalf of such directors.

Date: May 30, 2019	By: <u>/S/ J. ADAM ZANGERLE</u> J. Adam Zangerle, Attorney-in-Fact for Directors
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**COMPANY NUMBER 595593**  
**COMPANIES ACT 2014**  
**A PUBLIC COMPANY LIMITED BY SHARES**  
**CONSTITUTION**  
**OF**  
**STERIS PUBLIC LIMITED COMPANY**

**COMPANY NUMBER 595593**

**COMPANIES ACT 2014**

**A PUBLIC COMPANY LIMITED BY SHARES**

**MEMORANDUM OF ASSOCIATION**

**OF**

**STERIS PUBLIC LIMITED COMPANY**

**(Adopted by special resolution passed on 27 March 2019 and amended on 3 May 2019)**

- 1 The name of the company is STERIS public limited company (the “**Company**”).
- 2 The Company is a public limited company, registered under Part 17 of the Companies Act 2014.
- 3 The objects for which the Company is established are as follows:
  - 3.1 To carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and, in particular, to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's board of directors and to exercise its powers as a shareholder of other companies.
  - 3.2 To carry on all or any of the businesses of producers, designers, manufacturers, researchers, project managers, buyers, sellers, servicers, distributors of and dealers in all kinds of products and services for the healthcare market. The objects of the Company in this section 3.2 include, without limitation, infection prevention, contamination control and surgical procedural products and services and medical devices, and pharmaceutical, medicinal, healthcare, proprietary and industrial products, compounds and articles of all kinds, and to manufacture, make up, prepare, buy, sell, and deal in all articles, substances, and things commonly or conveniently used in or for making up, preparing, or packing any of the products in which the Company is authorised to deal or which may be required by customers of, or persons having dealings with, the Company, and to hold patents and intellectual property rights and to do all things usually dealt in by persons carrying on the above mentioned businesses or any of them or likely to be required in connection with any of the said businesses.
  - 3.3 To acquire shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description, by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.



- 3.4 To facilitate, effect, and encourage the creation, issue or conversion of, and to offer for public or private subscription, tender, purchase or exchange, shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description of the Company, of any member of the group to which the Company belongs or of any other person and to act as trustees in connection with any such securities and to take part in the conversion of business concerns and undertakings into companies.
- 3.5 To purchase or by any other means acquire any freehold, leasehold or other property and real estate and in particular lands, tenements and hereditaments of any tenure, whether subject or not to any charges or encumbrances, for any estate or interest whatever, and any rights, privileges or easements over or in respect of any property and real estate, and any buildings, factories, mills, works, wharves, roads, rigs, machinery, engines, plant, live and dead stock, barges, vessels or things, and any real or personal property or rights whatsoever which may be necessary for, or may conveniently be used with, or may enhance the value or property of the Company, and to hold or to sell, let, alienate, mortgage, charge or otherwise deal with all or any such freehold, leasehold, or other property and real estate, lands, tenements or hereditaments, rights, privileges or easements.
- 3.6 To establish and contribute to any scheme (including any share option scheme or similar scheme) for the purchase of shares in the Company to be held for the benefit of current, or former, directors, officers, employees and consultants of, or to, the Company or any of its subsidiaries or associated undertakings, and to lend or otherwise provide money to such schemes or any such directors, officers, employees and consultants to enable them to purchase shares of the Company, in each case subject to applicable law.
- 3.7 To sell, lease, exchange, grant, convey, transfer or otherwise dispose of any or all of the property and real estate, investments or assets of the Company of whatever nature or tenure for such price, consideration, sum or other return, whether equal to or less than the market value thereof and whether by way of gift or otherwise, as the board of directors of the Company shall deem appropriate and to grant any fee farm grant or lease or to enter into any agreement for letting or hire of any such property or asset for a rent or return equal to or less than the market or rack rent therefor or at no rent and subject to or free from covenants and restrictions as the board of directors of the Company shall deem appropriate.
- 3.8 To acquire and undertake the whole or any part of the business, good-will and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which this Company is authorised to carry on, and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description that may be agreed upon, and to hold and retain or sell, mortgage or deal with any shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description so received.
- 3.9 To apply for, register, purchase, acquire, sell, lease, hold, use, administer, control, license or otherwise deal with any patents, brevets d'invention, copyrights, trademarks, licences, technical and industrial know-how, concessions and the like conferring any exclusive or non-exclusive or limited rights to use or any secret or other inventing information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which

may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.

- 3.10 To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as to, directly or indirectly, benefit the Company.
- 3.11 To incorporate or cause to be incorporated any one or more subsidiaries for the purpose of carrying on any business.
- 3.12 To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- 3.13 To lend money to and guarantee the performance of the contracts or obligations of any company, firm or person, and the repayment of the capital and principal of, and dividends, interest or premiums payable on, any stock, shares and securities of any company, whether having objects similar to those of this Company or not, and to give all kinds of indemnities.
- 3.14 To enter into, invest or engage in, acquire, hold or dispose of any financial instruments or risk management instruments, whether or not of a type currently in existence, and currency exchange, interest rate or commodity or index linked transactions (whether in connection with or incidental to any other contract, undertaking or business entered into or carried on by the Company or whether as an independent object or activity), including securities in respect of which the return or redemption amount is calculated by reference to any index, price or rate, monetary and financial instruments of all kinds, futures contracts, swaps and hedges (including credit default, interest rate and currency swaps and hedges of any kind whatsoever), options contracts, contracts for differences, commodities (including bullion and other precious metals), forward rate agreements, debentures, debenture stock, warrants, commercial paper, promissory notes, mortgage backed securities, asset backed securities, dealings in foreign currency, spot and forward rate exchange contracts, caps, floors, collars, and any other foreign exchange, interest rate or commodity or index linked arrangements, and such other instruments whether for the purpose of making a profit or avoiding a loss or managing a currency or interest rate exposure or any other purpose and to enter into any contract for and to exercise and enforce all rights and powers conferred by or incidental, directly or indirectly, to such transactions or the termination of any such transactions.
- 3.15 To guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm or company including, without prejudice to the generality of the foregoing, any company which is, for the time being, the Company's subsidiary, holding company, subsidiary of any such holding company or otherwise associated with the Company in business.
- 3.16 To borrow or raise finance or secure the payment of money in such manner as the Company shall think fit, and in particular by the provision of a guarantee or by the issue of shares, stocks, debentures, debenture stock, notes, loan notes, loan stock, bonds, obligations and other securities of all kinds, either perpetual or terminable and either redeemable or otherwise and to secure the repayment of any money borrowed, raised or owing by trust deed, mortgage, charge,

or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar trust deed, mortgage, charge or lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake.

- 3.17 To carry on the business of financing and re-financing whether asset based or not (including financing and re-financing of financial assets), including managing financial assets with or without security in whatever currency including financing or re-financing by way of loan, acceptance credits, commercial paper, euro medium term bonds, euro bonds, asset-backed securities, securitisation, synthetic securitisation, collateralised debt obligations, bank placements, leasing, hire purchase, credit sale, conditional sale, factoring, forfeiting, invoice discounting, note issue facilities, project financing, bond issuances, participation and syndications, assignment, novation, factoring, discounting, participation, sub-participation, derivative contracts, securities/stock lending contracts, repurchase agreements or other appropriate methods of finance and to discount mortgage receivables, loan receivables and lease rentals for persons wherever situated in any currency whatsoever, and to do all of the foregoing as principal, agent or broker.
- 3.18 To draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, indentures, debentures and other negotiable or transferable instruments.
- 3.19 To subscribe for, take, purchase or otherwise acquire, hold, sell and transfer shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description of, or other interests in, any other company or person.
- 3.20 To hold in trust as trustees or as nominees and to deal with, manage and turn to account, any real or personal property of any kind, and in particular shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description, policies, book debts, claims and choses in actions, lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges, annuities, patents, licences, and any interest in real or personal property, and any claims against such property or against any person or company.
- 3.21 To constitute any trusts with a view to the issue of preferred and, deferred or other special stocks or securities based on or representing any shares, stocks and other assets specifically appropriated for the purpose of any such trust and to settle and regulate and if thought fit to undertake and execute any such trusts and to issue dispose of or hold any such preferred, deferred or other special stocks or securities.
- 3.22 To give any guarantee in relation to the payment of any debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations or other securities of any description and to guarantee the payment of interest thereon or of dividends on any stocks or shares of any company.
- 3.23 To construct, erect and maintain buildings, houses, flats, shops and all other works, erections, and things of any description whatsoever either upon the lands acquired by the Company or upon other lands and to hold, retain as investments or to sell, let, alienate, mortgage, charge or deal with all or any of the same and generally to alter, develop and improve the lands and other property of the Company.
- 3.24 To provide for the welfare of persons in the employment of or holding office with, or formerly in the employment of or holding office with, the Company or any of its subsidiaries and associated undertakings, including directors and ex-directors and the spouses, widows, widowers and

families, dependents or connections of such persons by grants of money, pensions or other payments and by forming and contributing to pension, provident or benefit funds or profit sharing or co-partnership schemes for the benefit of such persons, and to form, subscribe to or otherwise aid charitable, benevolent, religious, scientific, national or other institutions, exhibitions or objects which shall have any moral or other claims to support or aid by the Company by reason of the locality of its operation or otherwise.

- 3.25 To remunerate by cash payments or allotment of shares or securities of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company or any member of the group to which the Company belongs, whether in the course of employment with the Company or any group company or the conduct or the management of the business of the Company or any group company or in placing or assisting to place or guaranteeing the placing of any of the shares or other securities of the Company's, or any group company's capital, or any debentures or other securities of the Company or any group company or in or about the formation or promotion of the Company or any group company.
- 3.26 To enter into and carry into effect any arrangement for joint working in business or for sharing of profits or for amalgamation with any other company or association or any partnership or person carrying on any business within the objects of the Company.
- 3.27 To distribute *in specie* or as otherwise may be resolved all or any portion of the assets of the Company among its shareholders and, in particular, the shares, debentures or other securities of any other company owned by the Company or which this Company may have the power to dispose of.
- 3.28 To vest any real or personal property, rights or interest acquired or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.
- 3.29 To transact or carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects or calculated directly or indirectly to enhance the value of or facilitate the realisation of or render profitable any of the Company's property or rights.
- 3.30 To accept stock or shares in or indentures, debentures, mortgages or securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company, whether such shares shall be wholly or partly paid up.
- 3.31 To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall consider to be preliminary thereto and to issue shares as fully or in part paid up, and to pay out of the funds of the Company all brokerage and charges incidental thereto.
- 3.32 To procure the Company to be registered or recognized in Ireland or in any foreign country or in any colony or dependency of any such foreign country or that the central management and control and/or place of effective management of the Company be located in any country, and to establish branches offices, places of business or subsidiaries in Ireland or any such foreign country or in any colony or dependency of any such foreign country.
- 3.33 To do all or any of the matters hereby authorised in any part of the world or in conjunction with or as trustee or agent for any other company or person or by or through any factors, trustees or agents.

- 3.34 To make gifts or grant bonuses to the directors or any other persons who are, or have been, in the employment of the Company including substitute and alternate directors.
- 3.35 To carry on any business which the Company may lawfully engage in and to do all such things incidental or conducive to the business of the Company.
- 3.36 To make or receive gifts by way of capital contribution or otherwise.
- 3.37 To reduce its share capital in any manner permitted by law.
- 3.38 To the extent permitted by law, to give whether directly or indirectly, any kind of financial assistance for the purpose of, or in connection with, the purchase of, or subscription for, shares, stocks, debentures, debenture stock, indentures, notes, loan notes, loan stock, bonds, obligations and other securities of any description of the Company or of any company which is at any given time the Company's holding company.
- 3.39 To do and take all such things, measures, acts and actions (including, but not limited to, entering into agreements, contracts, deeds and other documents or instruments and giving undertakings, covenants, representations, warranties, indemnities and other commitments and promises) as the Company considers may be necessary or required in connection with, or incidental or conducive to, attainment of the above objects, or any of them, or as are capable of being conveniently carried on in connection therewith.

The objects specified in each paragraph of this clause 3 shall, except where otherwise expressed in such paragraph, be in no way limited or restricted by reference to, or inference from, the terms of any other paragraph. None of such paragraphs, the objects therein specified nor the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects set out in the first paragraph of this clause 3, but the Company shall have full power to exercise all, or any, of the powers conferred by any part of this clause 3 in any part of the world, notwithstanding that the business, property or acts proposed to be transacted, acquired or performed do not fall within the objects set out in the first paragraph of this clause 3.

- 4 The liability of the shareholders is limited.
- 5 The authorised share capital of the Company is: \$550,000 divided into 500,000,000 ordinary shares of \$0.001 each and 50,000,000 preferred shares of \$0.001 each, and €25,000 divided into 25,000 deferred ordinary shares of €1.00 each.

The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any preferred, deferred, qualified or other special rights and privileges and with such conditions, restrictions or qualifications, whether in regard to preference, dividends, capital (including return of capital), voting or otherwise, and may be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto, such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being in force.

For the purposes of this memorandum of association: (a) a reference to the "Act" means the Companies Act 2014 (including any statutory modification or re-enactment of it for the time being in force), (b) the terms "holding company", "subsidiary", "associated undertaking" and "member" have the meanings ascribed to such terms in section 7, section 8, paragraph 20 of Schedule 4 and section 168 of the Act, respectively; (c) the term "group" means the group of companies comprising the Company and its

subsidiaries from time to time, (d) the term “shareholder”, insofar as it refers to the Company means a member of the Company; (e) the term “company” (except where used in reference to the Company) means and includes any body corporate, corporation, company, partnership, limited liability company or any body of persons, whether incorporated or not incorporated in Ireland or elsewhere in any other part of the world), (f) the words “including” and “includes” shall not be given a restrictive interpretation and shall be deemed to be followed by the words “without limitation” and (g) unless a clear contrary intention appears, the word "or" shall be deemed to be used in the inclusive sense of “and / or”.



**COMPANY NUMBER 595593**

**COMPANIES ACT 2014**

**A PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**STERIS PUBLIC LIMITED COMPANY**

**(Adopted by special resolution passed on 27 March 2019 and amended on 3 May 2019)**

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APPENDIX

**COMPANY NUMBER 595593**

**COMPANIES ACT 2014**

**A PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**STERIS PUBLIC LIMITED COMPANY**

## PRELIMINARY

### 1 DEFINITIONS

1.1 In these Articles (unless the context requires otherwise) the following words have the following meanings:

“**Act**” means the Companies Act 2014 (including any statutory modification or re-enactment of it for the time being in force);

“**acting in concert**” has the meaning given to it in the Irish Takeover Rules;

“**Articles**” means the articles of association, as amended from time to time by Special Resolution;

“**Auditors**” means the statutory auditors for the time being of the Company;

“**beneficial ownership**” of any person or group of affiliated or associated persons shall have the meaning given to such term under the United States federal securities laws, including the Exchange Act;

“**Board**” means the Directors or any of them duly acting as the board of directors of the Company;

“**certificated**” means in relation to a share in the Company, a share which is recorded in the Share Register as being held in certificated form;

“**chairperson**” means the Director who is elected by the Directors from time to time to preside as chairperson at all meetings of the Board and at general meetings of the Company;

“**clear days**” means in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“**Company**” means STERIS public limited company (or STERIS plc), a public limited company organised under the laws of Ireland with company number 595593;

“**Deferred Ordinary Shares**” means the deferred ordinary shares of €1.00 each (par value) in the capital of the Company;

“**Depository**” means any depository, clearing agency, custodian, nominee or similar entity appointed under arrangements entered into by the Company or otherwise approved by the Board that holds, or is interested directly or indirectly, including through a nominee, in, shares, or rights or interests in respect thereof, and which issues certificates, instruments, securities or other documents of title, or maintains accounts, evidencing or recording the entitlement of the holders thereof, or account holders, to or to receive such shares, rights or interests (and shall include, where so approved by the Board, the trustees (acting in their capacity as such) of any employees' share scheme established by the Company);

“**Depository Interest**” means any certificate, instrument, security or other document of title issued, or account maintained, by a Depository to evidence or record the entitlement of the holder, or account holder, to or to receive shares, or rights or interests in respect thereof;

**“Directors”** means the directors from time to time of the Company;

**“document”** includes, unless otherwise specified, any document sent or supplied in electronic form;

**“electronic communication”** has the meaning given in the Electronic Commerce Act 2000;

**“electronic means”** has the meaning given to it in section 2 of the Act, and includes it being done by means of all forms of electronic communication as the Board may, from time to time, prescribe, either generally or for a particular purpose;

**“electronic signature”** has the meaning given in the Electronic Commerce Act 2000;

**“Exchange Act”** means the Securities Exchange Act of 1934 of the United States of America, as amended from time to time;

**“execution”** means any mode of execution, including such forms of electronic signature or other means of verifying the authenticity of a communication by electronic means as the Board may, from time to time, prescribe, either generally or for a particular purpose (and **“executed”** shall be construed accordingly);

**“Group”** means the group comprising the Company and its subsidiaries within the meaning of section 7 of the Act for the time being;

**“Group Member”** means any member of the Group, including the Company;

**“holder”** or **“shareholder”**, means in relation to a share, the member whose name is entered in the Share Register as the holder of that share or, where the context permits, the members whose names are entered in the Share Register as the joint holders of shares in the Company;

**“interest in shares”** includes, where the context permits, “interests in securities” as defined in the Irish Takeover Rules and, for the avoidance of doubt, includes, without duplication, beneficial ownership and Depositary Interests, and **“interested in shares”** will be construed accordingly;

**“Irish Takeover Rules”** means the Irish Takeover Panel Act, 1997, Takeover Rules, 2013, as amended and / or supplemented from time to time;

**“member”** means a member within the meaning of section 168 of the Act;

**“Operator”** means the operator of the Uncertificated System;

**“Ordinary Resolution”** means an ordinary resolution of the Company’s shareholders within the meaning of the Act;

**“Ordinary Shares”** means ordinary shares of \$75 each (par value) and ordinary shares of \$0.001 each (par value) in the capital of the Company, which shall rank *pari passu* in all respects;

**“paid or paid up”** means paid up or credited as paid up;

**“Participating Security”** means a security, share class of shares or class of securities or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of an Uncertificated System in accordance with the Uncertificated Securities Regulations;

**“Preferred Shares”** means the preferred shares of \$0.001 each (par value) in the capital of the Company;

**“Redeemable Shares”** means redeemable shares within the meaning of section 66(4) of the Act;

**“Registered Office”** means the registered office for the time being of the Company or, as appropriate, in the case of sending or supplying documents or information by electronic means, the address specified by the Board for the purpose of receiving documents or information by electronic means;

**“Scheme”** means the scheme of arrangement proposed to be made under Part 26 of the UK Companies Act 2006, as amended between STERIS UK and its shareholders, with or subject to any modification, addition or condition approved or imposed, pursuant to which, if declared effective, the Company shall become the holding company of STERIS UK;

**“Scheme Effective Time”** means the time and date on which the Scheme becomes effective;

**“Seal”** means the common seal of the Company or any official or securities seal that the Company has or may have as permitted by the Statutes;

**“Secretary”** means the secretary of the Company or any other person appointed to perform any of the duties of the secretary of the Company including a joint, temporary, assistant or deputy secretary;

**“share”** means a share in the capital of the Company;

**“Share Register”** means the Company’s register of shareholders kept pursuant to the Statutes or, as the case may be, any overseas branch register kept pursuant to these Articles;

**“Special Resolution”** means a special resolution of the Company’s shareholders within the meaning of the Act;

**“Statutes”** the Act and every other legislation, statute, order regulation, instrument or other subordinate legislation for the time being in force concerning companies and affecting the Company, including any statutory re-enactment or modification of the Act or any other act, order, regulation, instrument, subordinate legislation or statutory instrument;

**“treasury shares”** means treasury shares within the meaning of section 109 of the Act;

**“STERIS UK”** means STERIS plc, a company organised under the laws of England and Wales with company number 09257343, which on, or around, the Scheme Effective Time, will be re-registered as a private limited company with the name STERIS Limited;

**“uncertificated”** means in relation to a share, a share to which title is recorded in the Share Register as being held in uncertificated form;



**“Uncertificated Securities Regulations”** means the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI No. 68 of 1996) which are carried over by Schedule 6 of the Act, including any modification thereof and any legislation, order, regulation, instrument or subordinate legislation relating to the holding, evidencing of title to, or the transfer of, uncertificated shares or other securities (and all legislation, rules or other arrangements made under or by virtue of such provisions) in force from time to time;

**“Uncertificated System”** means any applicable system which is a “relevant system” (for the purposes of the Uncertificated Securities Regulations), any applicable successor or similar or alternative system to such a “relevant system”;

**“working day”** means a day that is not a Saturday, Sunday or public holiday in Ireland or the United States;

**“writing”** includes printing, typewriting, lithography, photography, electronic mail and any other mode or modes of presenting or reproducing words in a visible form including communications by electronic means; and

**“\$”** means, US dollars, the lawful currency of the United States, and **“€”** means euro, the lawful currency of Ireland.

1.2 In these Articles:

- (A) words or expressions which are not defined in Article 1.1 or elsewhere in these Articles have the same meanings (where applicable) as in the Statutes as in force on the date of the adoption of these Articles,
- (B) a reference to any Statute or any provision of a Statute includes a reference to any statutory modification or re-enactment of it for the time being in force, as (where applicable) amended or modified or extended by any other Statute or any order, regulation, instrument or other subordinate legislation made under such Statute or statutory provision or under the Statute under which such statutory instrument was made,
- (C) words in the singular include the plural and vice versa, words importing any gender include all genders and a reference to a **“person”** includes any individual, firm, partnership, unincorporated association, company, corporation or other body corporate,
- (D) **“mental disorder”** means mental disorder as defined in section 3 of the Mental Health Act 2001,
- (E) a reference to an Uncertificated System is a reference to the Uncertificated System in respect of which the particular security, share, class of shares or class of securities or renounceable right of allotment of a share is a Participating Security,
- (F) where an Ordinary Resolution is expressed to be required for any purpose, a Special Resolution is also effective for such purpose,
- (G) headings do not affect the interpretation of any Article,

- (H) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding the terms,
- (I) any reference to a dividend includes any dividend or other distribution, in cash or by the distribution of assets, paid or distributed to shareholders out of the profits of the Company available for distribution, and includes final dividends, interim dividends and bonus dividends;
- (J) reference to “officer” or “officers” in these Articles means any executive that has been designated by the Company as an “officer” and, for the avoidance of doubt, shall not have the meaning given to such term in the Act, and any such officers shall not constitute officers of the Company within the meaning of section 2(1) of the Act, and
- (K) the masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural, and vice versa, and words importing persons shall include firms or companies.

1.3 These Articles shall be governed by and construed in accordance with Irish law.

## **2 OPTIONAL PROVISIONS OF THE ACT**

- 2.1 Without prejudice to section 1007(4) of the Act and save as otherwise expressly provided in these Articles, where a provision of these Articles covers substantially the same subject matter as any optional provisions (as defined in section 1007(2) of the Act) of the Act, any such optional provisions shall be deemed not to apply to the Company and, for the avoidance of doubt, these Articles shall be deemed to have effect and prevail over the terms of such optional provisions.
- 2.2 Sections 43(2), 43(3), 66(4), 77 to 81, 95(1)(a), 96(2) to (11), 124, 125, 126, 144(3), 144(4), 148(2), 158, 159, 160, 161, 162, 181(6), 182(2) and (5), 183(3) and (6), 187, 188, 338(5), 338(6), 618(1)(b), 620(8), 1090, 1092 and 1113 of the Act shall not apply to the Company.

## **CAPITAL**

### **3 SHARE CAPITAL**

- 3.1 The authorised share capital of the Company is: \$550,000 divided into 500,000,000 ordinary shares of \$0.001 each and 50,000,000 preferred shares of \$0.001 each, and €25,000 divided into 25,000 deferred ordinary shares of €1.00 each.
- 3.2 Subject to the provisions of the Statutes and of these Articles and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the capital of the Company may be issued with such preferred, deferred, qualified or other special rights and privileges and with such conditions restrictions or qualifications, whether in regard to preference, dividend, capital (including return of capital), voting or otherwise (including, but without prejudice to the generality of the foregoing, and subject to the provisions of the Statutes, shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holders) as the Company may from time to time by Ordinary Resolution determine or, if the Company does not so determine, as the Directors may determine.

3.3 If two or more persons are registered as joint holders of any share any one of such persons may give effective receipts for any dividends or other monies payable in respect of such share, but such power shall not apply to the legal personal representatives of a deceased shareholder.

3.4 The Company shall not be bound to register more than four persons as joint holders of any share.

## 4 ORDINARY SHARES

4.1 The Ordinary Shares shall entitle the holders thereof to the rights set out below:

- (A) the Directors may declare and pay dividends on the Ordinary Shares in accordance with Article 121 to Article 132;
- (B) on a return of capital of the Company on a winding-up or otherwise, any surplus assets of the Company available for distribution to the holders of Ordinary Shares shall, be distributed to each holder of an Ordinary Share *pro rata* to its shareholding;
- (C) subject to the right of the Company to set record dates for the purposes of determining the identity of members entitled to notice of and / or to vote at a general meeting and to the provisions of Article 62, each holder of an Ordinary Share shall have one vote for every Ordinary Share of which it is the holder; and
- (D) Ordinary Shares are freely transferable in accordance with Article 39.

4.2 Unless the Directors specifically elect to treat such acquisition as a purchase for the purposes of the Act, an Ordinary Share shall be automatically deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company (including any agent or broker acting on behalf of the Company) and any person pursuant to which the Company acquires, agrees to acquire or will acquire Ordinary Shares, or an interest in Ordinary Shares, from such person. In these circumstances, the acquisition of such shares or interest in shares by the Company, save where acquired otherwise than for valuable consideration in accordance with the Act, shall constitute the redemption of a Redeemable Share in accordance with the Act. No resolution, whether special or otherwise, shall be required to be passed to deem any Ordinary Share a Redeemable Share.

4.3 The rights conferred upon any holder of any pre-existing shares in the share capital of the Company shall be deemed not to be varied by the operation of Article 4.2.

## 5 PREFERRED SHARES

5.1 The Preferred Shares may, from time to time, be allotted and issued, in one or more classes or series designated by the Directors, and the Directors are authorised to fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series of Preferred Shares may be:

- (A) redeemable at the option of the Company, or the holders, or both, with the manner of the redemption to be set by the Board, and redeemable at such time or times, including upon a fixed date, and at such price or prices;
- (B) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes of shares or any other series;
- (C) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Company; or
- (D) convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of the Company at such price or prices or at such rates of exchange and with such adjustments as the Directors determine,

which rights and restrictions may be as stated in such resolution or resolutions of the Directors as determined by them in accordance with this Article 5.1. The Board may at any time before the allotment of any Preferred Share (or class or series thereof) by further resolution in any way amend the designations, preferences, rights, qualifications, limitations or restrictions, or vary or revoke the designations of such Preferred Shares (or class or series thereof).

- 5.2 The rights conferred upon any holder of any pre-existing shares in the share capital of the Company shall be deemed not to be varied by the creation, issue and allotment of Preferred Shares (or class or series thereof) in accordance with Article 5.1.

## 6 DEFERRED ORDINARY SHARES

- 6.1 The Deferred Ordinary Shares shall rank *pari passu* with, and have the same rights, and be subject to the same restrictions, as the Ordinary Shares until the Scheme Effective Time.

- 6.2 From the Scheme Effective Time:

- (A) the holders of the Deferred Ordinary Shares shall not be entitled to receive notice of, attend, speak or vote at, any general meeting.
- (B) the holders of the Deferred Ordinary Shares shall not be entitled to receive any dividend or distribution declared, made or paid or any return of capital (save as provided for in this Article) and shall not be entitled to any further or other right of participation in the assets of the Company;
- (C) on a winding up of the Company, or other return of capital by the Company (other than on a redemption of any class of shares in the capital of the Company), the holders of the Deferred Ordinary Shares shall be entitled to participate in such winding up or return of capital, provided that such entitlement shall be limited to the repayment of the amount paid up or credited as paid up on the Deferred Ordinary Shares and shall be paid only after the holders of Ordinary Shares shall have received payment in respect of such amount as is paid up or credited as paid up on the Ordinary Shares held by them at that time, plus the payment in cash of €5,000,000 on each such Ordinary Share; and

- (D) the Company as agent for the holders of Deferred Ordinary Shares shall have the irrevocable authority to authorise and instruct the Secretary (or any other person as the Directors determine) to acquire, or to accept the surrender of, the Deferred Ordinary Shares for no consideration or for valuable consideration and to execute on behalf of such holders such documents as are necessary in connection with such acquisition or surrender, and pending such acquisition or surrender to retain the certificates, to the extent issued, for such Deferred Ordinary Shares. Any request by the Company to acquire, or for the surrender of, any Deferred Ordinary Shares may be made by the Directors depositing at the Registered Office a notice addressed to such person as the Directors shall have nominated on behalf of the holders of Deferred Ordinary Shares. A person whose shares have been acquired or surrendered in accordance with this Article shall cease to be a shareholder in respect of such Deferred Ordinary Shares but shall notwithstanding remain liable to pay the Company all monies which, at the date of acquisition or surrender, were payable by him or her to the Company in respect of such shares, but his or her liability shall cease if and when the Company has received payment in full of all such monies in respect of such shares. A notice issued pursuant to this Article shall be deemed to be validly issued notwithstanding the provisions of Articles 140 to 146 inclusive. The provisions of Article 4.2 shall apply to any acquisition of Deferred Ordinary Shares for valuable consideration as if reference therein to an Ordinary Share was to a Deferred Ordinary Share.

## **7 SECTION 1021: ALLOTMENT AUTHORITY**

The Directors are, for the purposes of section 1021 of the Act, generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined by the said section 1021) up to the amount of Company's authorised share capital as of the date of adoption of these Articles (including any shares acquired or redeemed by the Company pursuant to the provisions of the Act and held as treasury shares), and, unless it is renewed or a longer period of time is allowed under applicable law, this authority shall expire five years from the date of adoption of these Articles. The Company may, before the expiry of such authority, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this Article 7 had not expired.

## **8 SECTION 1023: PRE-EMPTION DISAPPLICATION**

The Directors are hereby empowered pursuant to sections 1022 and 1023(3) of the Act to allot equity securities (within the meaning of the said section 1023) for cash pursuant to the authority conferred by Article 7 as if section 1022(1) of the Act did not apply to any such allotment, and, unless it is renewed or a longer period of time is allowed under applicable law, this power shall expire five years from the date of adoption of these Articles. The Company may, before the expiry of such power, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this Article 8 had not expired.

## **9 RESIDUAL ALLOTMENT PROVISIONS**

- 9.1 Subject to the provisions of these Articles relating to new shares, the shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Act) allot, re-classify,

grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders, but so that no share shall be issued at a discount save in accordance with the Act, and so that the amount payable on application on each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon. To the extent permitted by the Act, shares may also be allotted by a committee of the Directors or by any other person where such committee or person is so authorized by the Directors.

- 9.2 Subject to any requirement to obtain the approval of shareholders under any laws, regulations or the rules of any stock exchange to which the Company is subject, the Board is authorized, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the Board deems advisable, options to purchase or subscribe for such number of shares of any class or classes or of any series of any class as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued.
- 9.3 The Company may issue permissible letters of allotment (as defined by section 1019 of the Act).
- 9.4 Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any shares by any allottee in favour of some other person.
- 9.5 If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the holder of the share.

## 10 **SHAREHOLDER RIGHTS PLAN**

- 10.1 Subject to the provisions of the Act and the Irish Takeover Rules, the Board may exercise any power of the Company to establish a shareholders' rights plan (the "**Rights Plan**") including approving the execution of any document relating to the adoption and/or implementation of the Rights Plan. The Rights Plan may be in such form as the Board shall in its absolute discretion decide and may in particular (but without restriction or limitation) include such terms as are described in the Summary of Example Terms in the form appearing in the Appendix to these Articles.
- 10.2 Subject to the provisions of the Act and the Irish Takeover Rules, the Board may exercise any power of the Company to grant rights (including approving the execution of any documents relating to the grant of rights) (a) to subscribe for Ordinary Shares, Preferred Shares or another class of shares of the Company and/or (b) to acquire Depositary Interests issued by the Depositary (to whom the Company would issue new shares in connection therewith), in each case in accordance with the Rights Plan (the "**Rights**").
- 10.3 The purposes for which the Board shall be entitled to establish the Rights Plan and to grant Rights in accordance therewith, as provided in Articles 10.1 and 10.2 above, shall include (without limitation) the following where, in the opinion of the majority of the Board members present at a duly convened meeting of the Board, acting in good faith and on such grounds as the Board shall consider reasonable, irrespective of whether such grounds would be considered reasonable by any other party with or without the benefit of hindsight, to do so would improve the likelihood that:
- (A) any process which may result in an acquisition or change of Control of the Company is conducted in an orderly manner;

- (B) an optimum price for shares (or Depositary Interests) would be received by or on behalf of all shareholders of the Company (or holders of Depositary Interests);
- (C) the Board would have additional time to gather relevant information or pursue appropriate strategies;
- (D) the success of the Company would be promoted for the benefit of its shareholders as a whole;
- (E) the long term interests of the Company, its shareholders and its business would be safeguarded; and/or
- (F) the Company would not suffer serious economic harm.

10.4 Subject to the provisions of the Act and the Irish Takeover Rules, the Board may determine not to redeem the Rights and, accordingly, exercise any power of the Company to (a) allot shares of the Company pursuant to the exercise of the Rights or (b) exchange or cause to be exchanged all or part of the Rights (in each case other than Rights held by an Acquiring Person) for Ordinary Shares, Preferred Shares, another class of shares of the Company and/or Depositary Interests (an “**Exchange**”) in each case in accordance with the Rights Plan. The purposes for which the Board shall be entitled not to redeem the Rights and, accordingly, to exercise any power of the Company to allot shares of the Company or effect an Exchange, shall include (without limitation) the following where, in the opinion of a majority of the Board members present at a duly convened meeting of the Board, acting in good faith and on such grounds as the Board shall consider reasonable, irrespective of whether such grounds would be considered reasonable by any other party with or without the benefit of hindsight, not to redeem the Rights and, accordingly, to exercise any power of the Company to effect an Exchange or to allot shares in the Company, would improve the likelihood that:

- (A) the use of abusive tactics by any person in connection with any potential acquisition or change of Control of the Company would be prevented;
- (B) any potential acquisition or change of Control of the Company at a price which would undervalue the Company or its shares (or Depositary Interests) would be prevented;
- (C) any potential acquisition or change of Control of the Company which would be likely to harm the prospects of the success of the Company for the benefit of its shareholders as a whole will be prevented;
- (D) the long term interests of the Company and/or, its shareholders and its business would be safeguarded; and/or
- (E) the Company would not suffer serious economic harm.

10.5 For the purposes of this Article 10, a person (an “**Acquiring Person**”) shall be deemed to have control (“**Control**”) of the Company if he or she, either alone or with any group of affiliated or associated persons and/or with anyone with whom he or she is acting in concert, exercises, or is able to exercise or is entitled to acquire, the direct or indirect power to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting securities, by contract or otherwise, and in particular, but without prejudice to the generality

of the preceding words, if he, either alone or with any group of affiliated or associated persons, and/or with anyone with whom he or she is acting in concert, possesses or is entitled to acquire:

- (A) interests in shares carrying 20% or more of the voting rights attributable to the capital of the Company which are exercisable at a general meeting; or
- (B) such percentage of the issued share capital of the Company as would, if the whole of the income or assets of the Company were in fact distributed among the shareholders (without regard to any rights which he, she or any other person has as a loan creditor) entitle him or her to receive 20% or more of the income or assets so distributed; or
- (C) such rights as would, in the event of the winding-up of the Company or in any other circumstances, entitle him or her to receive 20% or more of the assets of the Company which would then be available for distribution among the shareholders.

10.6 For the purposes of this Article 10:

- (A) **“person”** shall include any individual, firm, body corporate, unincorporated association, government, state or agency of state, association, joint venture or partnership, in each case whether or not having a separate legal personality and **“group of affiliated or associated persons”** shall have the meaning given to such terms under the United States federal securities laws, including the Exchange Act;
- (B) a person shall be treated as entitled to acquire anything which he or she is entitled to acquire at a future date, or will at a future date be entitled to acquire, irrespective of whether such future acquisition is contingent upon satisfaction of any conditions precedent; and
- (C) there shall be attributed to any person (other than a Depositary) any rights or powers which another person possesses on his or her behalf or may be required to exercise at his discretion or on his or her behalf (including rights or powers of a nominee possessed or exercisable by the nominee on behalf of such person).

10.7 The duties of the Directors to the Company under applicable law, including, but not limited to, the Act and common law, are hereby deemed amended and modified such that the adoption of a Rights Plan and any actions taken thereunder by the Directors (if so approved by the Directors) shall be deemed to constitute an action in the best interests of the Company in all circumstances, and any such action shall be deemed to be immediately confirmed, approved and ratified.

## 11 COMMISSIONS AND BROKERAGE

The Company may pay commission to any person in consideration of any person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the capital of the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and subject to the provisions of the Act and such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also, on any issue of shares, pay such brokerage as may be lawful.

## 12 TRUSTS NOT RECOGNISED



Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share on any trust, and the Company shall not be bound by or required to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any right whatsoever in respect of any share or any interest in any fractional part of a share other than an absolute right to the entirety thereof in the registered holder. This shall not preclude the Company from requiring the shareholders or a transferee of shares to furnish the Company with information as to the beneficial ownership of any share when such information is reasonably required by the Company.

### **13 FINANCIAL ASSISTANCE**

Save as permitted by the Statutes, the Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise, any financial assistance for the purpose of an acquisition made or to be made by any person of any shares in the Company or, where the Company is a subsidiary, in its holding company.

### **14 REDEMPTION AND REPURCHASE OF OWN SHARES**

14.1 Subject to the provisions of the Act and the other provisions of these Articles, and without prejudice to the provisions of Articles 4.3 and 5.2, the Company may:

- (A) pursuant to section 66(4) of the Act, issue any shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholders on such terms and in such manner as may be determined by the Directors;
- (B) redeem shares of the Company on such terms as may be contained in, or be determined pursuant to the provisions of, these Articles. Subject as aforesaid, the Company may cancel any shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as shares of any class or classes or cancel them;
- (C) subject to or in accordance with the provisions of the Act and without prejudice to any relevant special rights attached to any class of shares, acquire any of its own shares (including any Redeemable Shares and without any obligation to purchase on any *pro rata* basis as between shareholders, including shareholders of the same class) and may cancel any shares so purchased or hold them as treasury shares and may reissue any such shares as shares of any class or classes or cancel them; or
- (D) convert any of its shares into Redeemable Shares.

14.2 The Company may make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Act.

14.3 Unless the Board determines otherwise, the holder of any shares being purchased or redeemed shall be bound to deliver up to the Company at its Registered Office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him or her the purchase or redemption monies or consideration in respect thereof.

### **15 VARIATION OF CLASS RIGHTS**

- 15.1 Subject to the provisions of the Act and the other provisions of these Articles and without prejudice to the provisions of Articles 4.3 and 5.2, if at any time the share capital is divided into different classes of shares, the rights attached to any class of shares may, whether or not the Company is being wound up, be varied or abrogated:
- (A) with the consent in writing from the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares held as treasury shares); or
  - (B) with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class sanctioning the variation, provided that, if the relevant class of holders has only one holder, that person present in person or by proxy shall constitute the necessary quorum for such a meeting. To every such meeting the provision of Article 46.5 shall apply.
- 15.2 Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by:
- (A) the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) therewith;
  - (B) the operation of Article 4.2;
  - (C) the issue and allotment of Preferred Shares (or class or series thereof) in accordance with Article 5.1; or
  - (D) the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of any of its own shares in accordance with the Statutes and these Articles.

## 16 **VARIATION OF COMPANY CAPITAL**

- 16.1 The Company may by Ordinary Resolution vary its company capital as permitted by section 83 of the Act.

## 17 **FRACTIONS**

- 17.1 If, as the result of a consolidation and division or a sub-division of shares, fractions of shares become attributable to shareholders, the Board may on behalf of the shareholders deal with the fractions as it thinks fit, including (without limitation) in either of the ways prescribed in this Article below.
- 17.2 The Board may sell shares representing the fractions to any person (including, subject to the Statutes, the Company) for the best price reasonably obtainable and distribute the net proceeds of sale (subject to any applicable tax, abandoned property laws and the reasonable expenses of sale) in due proportion amongst the persons to whom such fractions are attributable (except that if the amount due to a person is less than €5.00, or such other sum as the Board may decide, the Company may retain such sum for its own benefit). To give effect to such sale the Board may:
- (A) in the case of certificated shares, authorise a person to execute an instrument of transfer of shares to the purchaser or as the purchaser may direct; and

(B) in the case of uncertificated shares, exercise any power conferred on it by Article 21.9 (uncertificated shares) to effect a transfer of the shares.

17.3 The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to in Article 17.2 shall be effective as if it had been executed or exercised by the holder of the shares to which it relates.

17.4 In relation to such fractions, the Board may issue, subject to the Statutes, to a shareholder credited as fully paid by way of capitalisation the minimum number of shares required to round up his or her holding of shares to a number which, following a consolidation and division or a sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before the consolidation or the sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the Board thinks fit out of amounts standing to the credit of any reserve or fund of the Company (including any share premium account, undenominated capital account, revaluation reserve, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Board capitalising part of any such reserve or fund will have the same effect as if the capitalisation had been made with the sanction of an Ordinary Resolution of the Company pursuant to Article 132. In relation to the capitalisation the Board may exercise all the powers conferred on it by Article 132 without the sanction of an Ordinary Resolution of the Company.

## 18 **REDUCTION OF SHARE CAPITAL**

The Company may by Special Resolution reduce its company capital in any way it thinks expedient as permitted by section 84 of the Act.

## **CERTIFICATED SHARES**

### 19 **RIGHT TO CERTIFICATES**

19.1 Subject to the Statutes, the requirements of (to the extent applicable) the rules of any stock exchange to which the shares are admitted to trading, and these Articles, every person (except any person in respect of whom the Company is not required by the Statutes to complete and have ready for delivery a share certificate), upon becoming the holder of a certificated share is entitled, without charge, to receive within one month after allotment or within one month of lodgement of a transfer (unless the conditions of issue provide for a longer interval), one certificate for all the certificated shares of a class registered in his or her name or, in the case of certificated shares of more than one class being registered in his or her name, to a separate certificate for each class of shares, unless the terms of issue of the shares provide otherwise.

19.2 Where a shareholder transfers part of his or her shares comprised in a certificate, the old certificate shall be cancelled and he or she shall be entitled, without charge, to one certificate for the balance of the certificated shares retained by him or her.

19.3 If and so long as all the issued shares in the capital of the Company or all the issued shares of a particular class are fully paid up and rank *pari passu* for all purposes, then none of those shares

shall bear a distinguishing number. In all other cases each share shall bear a distinguishing number.

- 19.4 In the case of joint holders of shares held in certificated form the Company shall not be bound to issue more than one certificate to all the joint holders, and delivery of such certificate to any one of them shall be sufficient delivery to all.
- 19.5 A certificate shall specify the number and class and the distinguishing numbers (if any) of the shares in respect of which it is issued and the amount paid up on the shares. It shall be issued under the Seal, which may be affixed to or printed on it, or in such other manner as the Board may approve, having regard to the terms of issue and the requirements of (to the extent applicable) the rules of any stock exchange to which the shares are admitted to trading (including by way of signature or facsimile of the signature of any person to be applied to such share certificate by any mechanical or electronic means in place of that person's actual signature).

## 20 **REPLACEMENT CERTIFICATES**

If any certificate is worn-out, defaced, lost or destroyed, the Company may cancel it and issue a replacement certificate subject to such terms as the Board may decide as to evidence and indemnity (with or without security) and to payment of any exceptional out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity or such security but otherwise free of charge, and (if the certificate is worn-out or defaced) on delivery up of the old certificate.

## **UNCERTIFICATED SHARES**

## 21 **UNCERTIFICATED SHARES**

- 21.1 The Board may resolve that a class of shares is to become, or is to cease to be, a Participating Security.
- 21.2 Shares of a class shall not be treated as forming a separate class from other shares of the same class as a consequence of such shares being held in certificated or uncertificated form or of any provision in these Articles or the Uncertificated Securities Regulations applying only to certificated shares or to uncertificated shares.
- 21.3 Any share of a class which is a Participating Security may be changed from an uncertificated share to a certificated share and from a certificated share to an uncertificated share in accordance with the Uncertificated Securities Regulations.
- 21.4 These Articles apply to uncertificated shares of a class which is a Participating Security only to the extent that these Articles are consistent with the holding of such shares in uncertificated form, with the transfer of title to such shares by means of the Uncertificated System and with the Uncertificated Securities Regulations.
- 21.5 The Board may establish regulations not included in these Articles which (in addition to or in substitution for any provisions in these Articles):
- (A) apply to the issue, holding or transfer of uncertificated shares;

- (B) set out (where appropriate) the procedures for conversion and/or redemption of uncertificated shares; and/or
  - (C) the Board considers necessary or appropriate to ensure that these Articles are consistent with the Uncertificated Securities Regulations and/or the Operator's rules and practices.
- 21.6 Such regulations will apply instead of any relevant provisions in these Articles which relate to certificates and the transfer, conversion and redemption of shares or which are not consistent with the Uncertificated Securities Regulations, in all cases to the extent (if any) stated in such regulations. If the Board makes any such regulations, Article 21.4 will (for the avoidance of doubt) continue to apply to these Articles, when read in conjunction with those regulations.
- 21.7 Any instruction given by means of an Uncertificated System as referred to in these Articles shall be a dematerialised instruction given in accordance with the Uncertificated Securities Regulations, the facilities and requirements of the Uncertificated System and the Operator's rules and practices.
- 21.8 For any purpose under these Articles, the Company may treat a shareholder's holding of uncertificated shares and of certificated shares of the same class as if they were separate holdings, unless the Board otherwise decides.
- 21.9 Where the Company is entitled under the Statutes, the Operator's rules and practices, these Articles or otherwise to dispose of, forfeit, enforce a lien over or impose a restriction on or sell or otherwise procure the sale of any shares of a class which is a Participating Security which are held in uncertificated form, the Board may take such steps (subject to the Uncertificated Securities Regulations and to such rules and practices) as may be required or appropriate, by instruction by means of the Uncertificated System or otherwise, to effect such disposal, forfeiture, enforcement or sale including by (without limitation):
- (A) requesting or requiring the deletion of any computer-based entries in the Uncertificated System relating to the holding of such shares in uncertificated form;
  - (B) altering such computer-based entries so as to divest the holder of such shares of the power to transfer such shares other than to a person selected or approved by the Company for the purpose of such transfer;
  - (C) requiring any holder of such shares, by notice in writing to him or her, to change his or her holding of such uncertificated shares into certificated form within any specified period;
  - (D) requiring any holder of such shares to take such steps as may be necessary to sell or transfer such shares as directed by the Company;
  - (E) otherwise rectify or change the Share Register in respect of any such shares in such manner as the Board considers appropriate (including, without limitation, by entering the name of a transferee into the Share Register as the next holder of such shares); and/or
  - (F) appointing any person to take any steps in the name of any holder of such shares as may be required to change such shares from uncertificated form to certificated form and/or to effect the transfer of such shares (and such steps shall be effective as if they had been taken by such holder).

- 21.10 The Company shall enter on the Share Register how many shares are held by each shareholder in uncertificated form and in certificated form and shall maintain the register in each case as is required by the Uncertificated Securities Regulations and the relevant system concerned.
- 21.11 The provisions of Articles 19 and 20 shall not apply to uncertificated shares.

## **LIEN ON SHARES**

### **22 COMPANY'S LIEN ON SHARES NOT FULLY PAID**

- 22.1 The Company shall have a first and paramount lien on each issued share (not being a fully paid share) for all amounts payable to the Company (whether actually or contingently and whether presently payable or not) in respect of such share.
- 22.2 The lien applies to all dividends on any such share and to all amounts payable by the Company in respect of such share. It also applies notwithstanding that:
- (A) the Company may have notice of any equitable or other interest of any person in any such share; or
  - (B) any such amounts payable may be the joint debts and liabilities of both the holder of the share and one or more other persons.
- 22.3 The Board may resolve that any share be exempt wholly or in part from this Article.

### **23 ENFORCEMENT OF LIEN BY SALE**

- 23.1 For the purpose of enforcing the Company's lien on any shares, the Board may sell them in such manner as it decides if an amount in respect of which the lien exists is presently payable and is not paid within fourteen (14) clear days following the giving of a notice to the holder (or any person entitled by transmission to the share) demanding payment of the amount due within such fourteen clear day period and stating that if the notice is not complied with the shares may be sold.
- 23.2 To give effect to such sale the Board may:
- (A) in the case of certificated shares, authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct; and
  - (B) in the case of uncertificated shares, exercise any power conferred on it by Article 21.9 to effect a transfer of the shares.
- 23.3 The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer, and after the name of the purchaser has been entered in the Share Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Any instrument or exercise referred to in Article 23.2 shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the shares to which it relates.

23.4 The net proceeds of any sale of shares subject to the Company's lien under these Articles (after payment of the costs and expenses of sale) shall be applied in or towards satisfaction of the amount then due to the Company in respect of the shares. Any balance shall be paid to the original holder of, or the person entitled (but for such sale) by transmission to, the shares on (in the case of certificated shares) surrender to the Company for cancellation of the certificate for such shares *and* (in all cases) subject to the Company having a lien on such balance on the same basis as applied to such shares for any amount not presently payable as existed on such shares before the sale.

23.5 Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in the Share Register as held either jointly or solely by any shareholder or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such shareholder by the Company on or in respect of any shares registered as mentioned above or for or on account or in respect of any shareholder and whether in consequence of:

- (A) the death of such shareholder;
- (B) the non-payment of any income tax or other tax by such shareholder;
- (C) the non-payment of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such shareholder or by or out of her estate; or
- (D) any other act or thing,

in every such case (except to the extent that the rights conferred upon holders of any class of shares render the Company liable to make additional payments in respect of sums withheld on account of the foregoing):

- (1) the Company shall be fully indemnified by such shareholder or her executor or administrator from all liability;
- (2) the Company shall have a lien upon all dividends and other monies payable in respect of the shares registered in the Share Register as held either jointly or solely by such shareholder for all monies paid or payable by the Company as referred to above in respect of such shares or in respect of any dividends or other monies thereon or for or on account or in respect of such shareholder under or in consequence of any such law, together with interest at the rate of 15% per annum (or such other rate as the Board may determine) thereon from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;
- (3) the Company may recover as a debt due from such shareholder or her executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest thereon at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and

- (4) the Company may if any such money is paid or payable by it under any such law as referred to above refuse to register a transfer of any shares by any such shareholder or her executor or administrator until such money and interest is set off or deducted as referred to above or in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

- 23.6 Subject to the rights conferred upon the holders of any class of shares, nothing in Article 23.5 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such shareholder as referred to above (and, her executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

## **CALLS**

### **24 CALLS**

- 24.1 Subject to the terms on which shares are allotted, the Board may make calls on the shareholders (and any persons entitled by transmission) in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and not payable on a date fixed by or in accordance with the allotment terms. Each such shareholder or other person shall pay to the Company the amount called, subject to receiving at least fourteen (14) clear days' notice specifying when and where the payment is to be made, as required by such notice.
- 24.2 A call may be made payable by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part and payment of a call may be postponed in whole or in part as the Board may decide. A person upon whom a call is made shall remain liable for calls made upon him or her notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 24.3 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

### **25 LIABILITY OF JOINT HOLDERS**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.

### **26 INTEREST**

If the whole of the sum payable in respect of any call is not paid by the day it becomes due and payable, the person from whom it is due shall pay all costs, charges and expenses that the Company may have incurred by reason of such non-payment, together with interest on the unpaid amount from the day it became due and payable until it is paid at the rate fixed by the terms of the allotment of the share or in the notice of the call or, if no rate is fixed, at such rate, not exceeding the appropriate rate (as defined by the Act), as the Board shall determine. The Board may waive payment of such costs, charges, expenses or interest in whole or in part.

### **27 DIFFERENTIATION**



Subject to the allotment terms, the Board may make arrangements on or before the issue of shares to differentiate between the holders of shares in the amounts and times of payment of calls on their shares.

## **28 PAYMENT IN ADVANCE OF CALLS**

28.1 The Board may, if it thinks fit, receive from any shareholder (or any person entitled by transmission) willing to advance the same or all or any part of the amount uncalled and unpaid on the shares held by him or her (or to which he or she is entitled). The liability of each such shareholder or other person on the shares to which such payment relates shall be reduced by such amount. The Company may pay interest on such amount from the time of receipt until the time when such amount would, but for such advance, have become due and payable at such rate not exceeding the appropriate rate (as defined by the Act) as the Board may decide.

28.2 No sum paid up on a share in advance of a call shall entitle the holder to any portion of a dividend subsequently declared or paid in respect of any period prior to the date on which such sum would, but for such payment, become due and payable.

## **29 RESTRICTIONS IF CALLS UNPAID**

Unless the Board decides otherwise, no shareholder shall be entitled to receive any dividend or to be present or vote at any meeting or to exercise any right or privilege as a shareholder until he or she has paid all calls due and payable on every share held by him or her, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

## **30 SUMS DUE ON ALLOTMENT TREATED AS CALLS**

Any sum payable in respect of a share on allotment or at any fixed date, whether in respect of the nominal value of the share or by way of premium or as an instalment of a call, shall be deemed to be a call. If such sum is not paid, these Articles shall apply as if it had become due and payable by virtue of a call.

# **FORFEITURE**

## **31 FORFEITURE AFTER NOTICE OF UNPAID CALL**

31.1 If a call or an instalment of a call remains unpaid after it has become due and payable, the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses that the Company may have incurred by reason of such non-payment. The notice shall state the place where payment is to be made and that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture will include all dividends and other amounts payable in respect of the forfeited shares which have not been paid before the forfeiture.

31.2 The Board may accept the surrender of a share which is liable to be forfeited in accordance with these Articles. All provisions in these Articles which apply to the forfeiture of a share also apply to the surrender of a share.

- 31.3 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 31.4 On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the shareholder sued is entered in the Share Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the shareholder sued, in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

## **32 NOTICE AFTER FORFEITURE**

- 32.1 When a share has been forfeited, the Company shall give notice of the forfeiture to the person who was before forfeiture the holder of the share or the person entitled by transmission to the share. An entry that such notice has been given and of the fact and date of forfeiture shall be made in the Share Register. No forfeiture will be invalidated by any omission to give such notice or make such entry.
- 32.2 The Board may accept a surrender of any share liable to be forfeited hereunder.

## **33 CONSEQUENCES OF FORFEITURE**

- 33.1 Subject to the provisions of the Act, a share shall, on its forfeiture, become the property of the Company and all interest in and all claims and demands against the Company in respect of a share and all other rights and liabilities incidental to the share as between its holder and the Company shall, on its forfeiture, be extinguished and terminate except as otherwise stated in these Articles.
- 33.2 The holder of a share (or the person entitled to it by transmission) which is forfeited or surrendered shall:
- (A) on its forfeiture or surrender cease to be a shareholder (or a person entitled) in respect of it;
  - (B) if a certificated share, surrender to the Company for cancellation the certificate for the share;
  - (C) remain liable to pay to the Company all monies payable in respect of the share at the time of forfeiture, with interest from such time of forfeiture until the time of payment, in the same manner in all respects as if the share had not been forfeited; and
  - (D) remain liable to satisfy all (if any) claims and demands which the Company might have enforced in respect of the share at the time of forfeiture without any deduction or allowance for the value of the share at the time of forfeiture or for any consideration received on its disposal, but his or her liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

33.3 The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share as between the shareholder whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past shareholders.

33.4 Notwithstanding any such forfeiture as aforesaid, the Board may, at any time before the forfeited shares have been otherwise disposed of, annul the forfeiture, on the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share, or on the terms of compliance with the terms of any notice served under section 1062 of the Act, as appropriate, and on such further terms (if any) as it shall see fit.

#### **34 DISPOSAL OF FORFEITED SHARE**

34.1 Subject to the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board may decide either to the person who was before the forfeiture the holder or to any other person. At any time before the disposal, the forfeiture may be cancelled on such terms as the Board may decide. Where for the purpose of its disposal a forfeited share is to be transferred to any transferee, the Board may:

- (A) in the case of certificated shares, authorise a person to execute an instrument of transfer of shares in the name and on behalf of their holder to the purchaser or as the purchaser may direct; and
- (B) in the case of uncertificated shares, exercise any power conferred on it by Article 21.9 (uncertificated shares) to effect a transfer of the shares.

34.2 The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and thereupon he or she shall be registered as the holder of the share.

34.3 The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer, and after the name of the purchaser has been entered in the Share Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Any instrument or exercise referred to in Article 34.1 shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the shares to which it relates.

#### **35 PROOF OF FORFEITURE**

A statutory declaration by a Director or the Secretary that a share has been duly forfeited on a specified date shall be conclusive evidence of the facts stated in it against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of any necessary instrument of transfer) constitute good title to the share. The person to whom the share is disposed of shall not be bound to see to the application of the consideration (if any) given for it on such disposal. His or her title to the share will not be affected by any irregularity in, or invalidity of, the proceedings connected with the forfeiture or disposal.

#### **UNTRACED MEMBERS**

## 36 SALE OF SHARES

36.1 The Company may sell at the best price reasonably obtainable any share of a shareholder, or any share to which a person is entitled by transmission, if:

(A) during the period of twelve (12) years prior to the date of the publication of the advertisements referred to in this Article 36.1 (or, if published on different dates, the earlier or earliest of them):

- (1) no cheque, warrant or money order in respect of such share sent by or on behalf of the Company to the shareholder or to the person entitled by transmission to the share, at his or her address in the Share Register or other address last known to the Company has been cashed;
- (2) no cash dividend payable on the shares has been satisfied by the transfer of funds to a bank account of the shareholder (or person entitled by transmission to the share) or by transfer of funds by means of the Uncertificated System; and
- (3) the Company has received no communication (whether in writing or otherwise) in respect of such share from such shareholder or person,

provided that during such twelve (12) year period the Company has paid at least three cash dividends (whether interim or final) in respect of shares of the class in question and no such dividend has been claimed by the person entitled to such share;

(B) on or after the expiry of such twelve (12) year period the Company has given notice of its intention to sell such share by advertisements in a national newspaper published in the country in which the Registered Office is located and in a newspaper circulating in the area in which the address in the Share Register or other last known address of the shareholder or the person entitled by transmission to the share or the address for the service of notices on such shareholder or person notified to the Company in accordance with these Articles is located;

(C) such advertisements, if not published on the same day, are published within thirty (30) days of each other; and

(D) during a further period of three months following the date of publication of such advertisements (or, if published on different dates, the date on which the requirements of this Article 36.1 concerning the publication of newspaper advertisements are met) and prior to the sale the Company has not received any communication (whether in writing or otherwise) in respect of such share from the shareholder or person entitled by transmission.

36.2 To give effect to a sale pursuant to Article 36.1, the Board may:

(A) in the case of certificated shares, authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct; and

(B) in the case of uncertificated shares, exercise any power conferred on it by Article 21.9 (uncertificated shares) to effect a transfer of the shares.

36.3 The transferee will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer, and after the name of the purchaser has been entered in the Share Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Any instrument or exercise referred to in Article 36.2 shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the shares to which it relates.

### 37 **APPLICATION OF SALE PROCEEDS**

The Company shall account to the shareholder or other person entitled to such share for the net proceeds of such sale by carrying all monies in respect of the sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such shareholder or other person in respect of such monies. Monies carried to such separate account may either be employed in the business of the Company or invested as the Board may think fit. No interest shall be payable to such shareholder or other person in respect of such monies and the Company shall not be required to account for any money earned on them.

### 38 **APPLICABLE ESCHEATMENT LAWS**

38.1 To the extent necessary in order to comply with any laws or regulations to which the Company is subject in relation to escheatment, abandonment of property or other similar or analogous laws or regulations ("**Applicable Escheatment Laws**"), the Company may deal with any share of any shareholder and any unclaimed cash payments relating to such share in any manner which it sees fit, including (but not limited to) transferring or selling such share and transferring to third parties any unclaimed cash payments relating to such share.

38.2 The Company may only exercise the powers granted to it in Article 38.1 above in circumstances where it has complied with, or procured compliance with, the required procedures (as set out in the Applicable Escheatment Laws) with respect to attempting to identify and locate the relevant shareholder.

38.3 Any stock transfer form to be executed by the Company in order to sell or transfer a share pursuant to Article 36.1 may be executed in accordance with Article 39.2.

## **TRANSFER OF SHARES**

### 39 **FORM OF TRANSFER**

39.1 Subject to these Articles, a shareholder may transfer all or any of his or her shares:

(A) in the case of certificated shares, by an instrument of transfer in writing in any usual form or in another form approved by the Board, which must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee; or

(B) in the case of uncertificated shares, without a written instrument in accordance with the Uncertificated Securities Regulations.

- 39.2 The instrument of transfer of any share may be executed for and on behalf of the transferor by the Secretary or any such person that the Secretary nominates for that purpose (whether in respect of specific transfers or pursuant to a general standing authorisation), and the Secretary or the relevant nominee shall be deemed to have been irrevocably appointed agent for the transferor of such share or shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such share or shares all such transfers of shares held by the shareholders in the share capital of the Company. Any document which records the name of the transferor, the name of the transferee, the class and number of shares agreed to be transferred, the date of the agreement to transfer shares and the price per share, shall, once executed by the transferor or the Secretary or the relevant nominee as agent for the transferor, and by the transferee where required by the Act, be deemed to be a proper instrument of transfer for the purposes of the Act. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the Share Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.
- 39.3 The Company, at its absolute discretion, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of shares on behalf of the transferee of such shares of the Company. If stamp duty resulting from the transfer of shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (a) seek reimbursement of the stamp duty from the transferee, (b) set-off the stamp duty against any dividends payable to the transferee of those shares and (c) claim a first and permanent lien on the shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid. The Company's lien shall extend to all dividends paid on those shares.
- 39.4 The transferor shall remain the holder of the share transferred until the name of the transferee is entered in the Share Register in respect of it.
- 39.5 The Board may at any time after the allotment of any share but before any person has been entered in the Share Register as the holder thereof recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board may think fit to impose.

#### 40 **REGISTRATION OF A CERTIFICATED SHARE TRANSFER**

- 40.1 The Directors in their absolute discretion and without assigning any reason therefor may decline to register:

- (A) any transfer of a share which is not fully paid; or
- (B) any transfer to or by a minor or person of unsound mind;

but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed.

- 40.2 Subject to these Articles, the Board may, in its absolute discretion, refuse to register the transfer of a certificated share or the renunciation of a permissible letter of allotment unless:
- (A) it is in respect of a share on which the Company has no lien;
  - (B) it is in respect of only one class of shares;
  - (C) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
  - (D) it is duly stamped (if required);
  - (E) a fee of €10 or such lesser sum as the Directors may from time to time require, is paid to the Company; and
  - (F) it is delivered for registration to the Registered Office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer of a share, for which a certificate has not been issued, by a person in respect of whom the Company is not required by the Act to complete and have ready for delivery a share certificate, and except in the case of a renunciation) and any other evidence as the Board may reasonably require to prove the title to such share of the transferor or person renouncing and the due execution by him or her of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his or her behalf, the authority of such person to do so.
- 40.3 If the Board refuses to register a transfer or renunciation pursuant to this Article, it shall, within two months after the date on which the transfer or renunciation was delivered to the Company, send notice of the refusal to the transferee or renounce together with their reasons for the refusal. An instrument of transfer or renunciation which the Board refuses to register shall (except in the case of suspected fraud) be returned to the person delivering it. All instruments of transfer which are registered may, subject to these Articles, be retained by the Company.
- 40.4 The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor.
- 40.5 In the case of a partly paid up share the instrument of transfer must also be signed by or on behalf of the transferee.
- 40.6 All instruments of transfer which shall be registered shall (except in case of fraud) remain the property of the Company and be retained by the Company, but any instrument of transfer which the Board may refuse to register shall (except in case of fraud) be returned to the party presenting the same.
- 41 REGISTRATION OF AN UNCERTIFICATED SHARE TRANSFER**
- 41.1 The Board shall, subject to compliance with applicable Statutes, register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form in accordance with the Uncertificated Securities Regulations, except that the Board may refuse (subject to any relevant requirements of (to the extent applicable) the rules of any stock exchange to which the shares are admitted to trading) to register any such transfer or renunciation which is in favour of more

than four persons jointly or in any other circumstance permitted by the Uncertificated Securities Regulations.

- 41.2 If the Board refuses to register any such transfer or renunciation the Company shall, within two months after the date on which the instruction relating to such transfer or renunciation was received by the Company, send notice of the refusal to the transferee or renounee.

## 42 CLOSING OF REGISTER OF MEMBERS

Subject to the provisions of the Act and, in the case of any shares of a class which is a Participating Security, the Uncertificated Securities Regulations, the registration of transfers of shares or of any class of shares may be suspended at such times and for such periods, not exceeding thirty (30) days in any year, as the Board may decide.

## TRANSMISSION OF SHARES

## 43 ON DEATH

If a shareholder dies, the survivors or survivor where he or she was a joint holder, or his or her personal representatives where he or she was the sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his or her shares. Nothing in these Articles shall release the estate of a deceased holder from any liability in respect of a share which has been held by him or her solely or jointly.

## 44 ELECTION OF PERSON ENTITLED BY TRANSMISSION

- 44.1 A person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder, or of any other event giving rise to a transmission of such entitlement by operation of law, may, on such evidence as to his or her title being produced as the Board may require, elect either to become registered as the holder of such share or to have some person nominated by him or her so registered. If he or she elects to be registered himself or herself, he or she shall give notice to the Company to that effect. If he or she elects to have some other person registered, he or she shall:

- (A) in the case of a certificated share, execute an instrument of transfer of such share to such person; and
- (B) in the case of an uncertificated share, either:
  - (1) procure that all appropriate instructions are given by means of the Uncertificated System to effect the transfer of such share to such person; or
  - (2) change the uncertificated share to certificated form and then execute an instrument of transfer of such share to such person.

- 44.2 All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer or instructions (as the case may be) referred to in Article 44.1 as if the notice were an instrument of transfer and as if the instrument of transfer was executed, or the instructions were given, by the shareholder and the event giving rise to the transmission had not occurred.



- 44.3 The Board may give notice requiring a person to make the election referred to in Article 44.1. If such notice is not complied with within sixty (60) days, the Board may withhold payment of all dividends and other amounts payable in respect of the share until notice of election has been made.

## 45 RIGHTS ON TRANSMISSION

A person becoming entitled by transmission to a share shall have the rights to which he or she would be entitled if he or she were the holder of the share, except that he or she shall not, before being registered as its holder, be entitled in respect of it to receive notice of, or to attend or vote at, any general meeting or at any separate meeting of the holders of any class of shares.

## GENERAL MEETINGS

### 46 ANNUAL AND OTHER GENERAL MEETINGS

- 46.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and that of the next. This Article shall not apply in the case of the first general meeting, in respect of which the Company shall convene the meeting within the time periods required by the Act.
- 46.2 Subject to the Act, all general meetings of the Company shall be held at such time and place as the Board shall determine.
- 46.3 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 46.4 The Board may, whenever it thinks fit, convene an extraordinary general meeting. An extraordinary general meeting shall, also be convened on such requisition, or in default may be convened by such requisitionists, as provided in the Act.
- 46.5 All provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply to every separate general meeting of the holders of any class of shares in the capital of the Company, except that:
- (A) the necessary quorum at any such meeting (or adjournment thereof) shall be shareholders of that class who together represent at least the majority of the voting rights of all the shareholders of that class entitled to vote, present in person or by proxy, at the relevant meeting; and
  - (B) each holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him or her.

### 47 NOTICE OF GENERAL MEETINGS

- 47.1 A general meeting that is an annual general meeting shall be convened by not less than twenty-one (21) clear days' and no more than sixty (60) clear days' notice.

- 47.2 Subject to the provisions of the Act and these Articles, all extraordinary general meetings shall be convened by not less than fourteen (14) clear days' and no more than sixty (60) clear days' notice.
- 47.3 Subject to the provisions of the Act and notwithstanding that it is convened by shorter notice than that specified in Articles 47.1 and 47.2, a general meeting shall be deemed to have been duly convened if it is so agreed by:
- (A) all the shareholders entitled to attend and vote at the meeting; and
  - (B) the Auditors.
- 47.4 Subject to the provisions of the Act, a notice convening a general meeting shall specify:
- (A) whether the meeting is an annual general meeting or an extraordinary general meeting;
  - (B) the place, the day and the time of the meeting;
  - (C) the general nature of that business to be transacted at the meeting;
  - (D) if the meeting is convened to consider a proposed Special Resolution, the text or substance of that proposed Special Resolution; and
  - (E) with reasonable prominence, that (i) a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him or her (ii) a proxy need not also be a shareholder; and (iii) the time by which the proxy must be received at the Registered Office (or some other place in Ireland as is specified for that purpose).
- 47.5 Subject to the provisions of the Act, notice of every general meeting shall be given in any manner permitted by these Articles to:
- (A) every shareholder;
  - (B) the personal representative of a deceased shareholder;
  - (C) the assignee in bankruptcy of a bankrupt shareholder (being a bankrupt shareholder who is entitled to vote at the meeting);
  - (D) the Directors and Secretary of the Company; and
  - (E) the Auditors.
- 47.6 The notice of every general meeting may specify a time by which a person must be entered on the Share Register in order for such person to have the right to attend or vote at the meeting (subject to the Uncertificated Securities Regulations).
- 47.7 The Board may determine that the shareholders entitled to receive notice of a meeting are those persons entered on the Share Register at the close of business on a day determined by the Board (subject to the Uncertificated Securities Regulations).

- 47.8 The accidental omission to send or give notice of a meeting to or, in cases where it is intended that it be sent out or given with the notice, an instrument of proxy or any other document to, or the non-receipt of any such item by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

#### **48 QUORUM FOR GENERAL MEETING**

- 48.1 No business shall be transacted at a general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided by these Articles, a quorum will comprise qualifying persons who together are entitled to cast at least the majority of the voting rights of all the shareholders entitled to vote at the relevant meeting, on a poll. For the purposes of this Article 48.1 a proxy, attorney or other representative of a shareholder will be considered to be entitled to cast only the voting rights to which his or her appointment relates and not any other voting rights held by the shareholder he or she represents.
- 48.2 For the purposes of this Article, a “**qualifying person**” means (i) an individual who is a shareholder (other than a shareholder who, under these Articles or any restrictions imposed on any shares, is not entitled to attend, speak or vote, whether in person or by proxy, at any general meeting of the Company) or his or her validly appointed attorney, (ii) a person authorised under section 185 of the Act to act as the representative of a corporation in relation to the meeting, or (iii) a person appointed as a proxy of a shareholder in relation to the meeting. The Board is entitled, acting in good faith and without further enquiry, to assume the validity of any votes cast in person or by proxy.
- 48.3 The absence of a quorum will not prevent the appointment of a chairperson of the meeting. Such appointment shall not be treated as being part of the business of the meeting.

#### **49 PROCEDURE IF QUORUM NOT PRESENT**

- 49.1 If within fifteen (15) minutes (or such longer time not exceeding one hour as the chairperson of the meeting may decide to wait) after the time appointed for the holding of the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting:
- (A) if convened on the requisition of shareholders, shall be dissolved; and
  - (B) in any other case, shall stand adjourned to the same day in the next week or to such other day and at such other time and place as the chairperson (or, in default, the Board) may, subject to the provisions of the Act, determine.
- 49.2 If at such adjourned meeting a quorum is not present within fifteen (15) minutes after the time appointed for holding it the adjourned meeting shall be dissolved.

#### **50 CHAIRPERSON OF GENERAL MEETING**

The chairperson (if any) of the Board or, in his or her absence, the vice or deputy chairperson (if any) shall preside as chairperson at a general meeting. If there is no chairperson or vice or deputy chairperson, or if at a meeting neither is present within five minutes after the time fixed for the start of the meeting, or neither is willing to act, the Directors present shall select one of their number to be chairperson of the meeting. If only one Director is present and willing to act,

he or she shall be chairperson of the meeting. In default, the shareholders present in person and entitled to vote shall choose one of their number to be chairperson of the meeting.

## **51 RIGHTS OF DIRECTORS AND OTHERS TO ATTEND MEETINGS**

A Director (and any other person invited by the chairperson of the meeting to do so) shall be entitled to attend and speak at a general meeting and at a separate meeting of the holders of any class of shares, whether or not he or she is a shareholder.

## **52 ACCOMMODATION OF MEMBERS AT MEETING**

If it appears to the chairperson of the meeting that the meeting place specified in the notice convening the meeting is inadequate to accommodate all shareholders entitled and wishing to attend, the meeting will be duly constituted and its proceedings valid if the chairperson is satisfied that adequate facilities are available to ensure that a shareholder who is unable to be accommodated is able (whether at the meeting place or elsewhere):

- (A) to participate in the business for which the meeting has been convened;
- (B) to hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise); and
- (C) to be heard and seen by all other persons present in the same way.

## **53 SECURITY**

In addition to any measures which the Board may be required to take due to the location or venue of the meeting, the Board may make any arrangement and impose any restriction it considers appropriate and reasonable in the circumstances to ensure the security of a meeting including, without limitation, the searching of any person attending the meeting and the imposing of restrictions on the items of personal property that may be taken into the meeting place. The Board may refuse entry to, or eject from, a meeting a person who refuses to comply with any such arrangements or restrictions.

## **54 POWER TO ADJOURN**

54.1 The chairperson of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting, from time to time (or indefinitely) and from place to place as the chairperson shall determine.

54.2 Without prejudice to any other power of adjournment which the chairperson of the meeting may have under these Articles, at common law or otherwise, the chairperson may, without the consent of the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place if he or she decides that it is necessary or appropriate to do so in order to:

- (A) secure the proper and orderly conduct of the meeting; or
- (B) give all persons entitled to do so an opportunity of attending the meeting; or
- (C) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting; or

- (D) ensure that the business of the meeting is properly concluded or disposed of, including (without limitation) for the purpose of determining the result of a poll.

54.3 Without prejudice to the generality of the foregoing, the chairperson of the meeting may in such circumstances direct that the meeting be held simultaneously in two or more venues connected for the duration of the meeting by audio or audio visual links or in two or more consecutive sessions with the votes taken being aggregated or that it be adjourned to a later time on the same day or a later date at the same or any other venue.

## **55 NOTICE OF ADJOURNED MEETING**

Whenever a meeting is adjourned for fourteen (14) days or more or indefinitely, at least seven clear days' notice, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, shall be given in the same manner as in the case of an original meeting. Except in these circumstances, no shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting.

## **56 BUSINESS OF ADJOURNED MEETING**

No business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

## **57 THE BUSINESS OF THE ANNUAL GENERAL MEETINGS**

57.1 Subject to the provisions of the Act and these Articles, the business of the annual general meeting shall include those matters provided for in section 186 of the Act.

57.2 No business may be transacted at a general meeting, other than business that:

- (A) is proposed by, or at the direction of, the Directors;
- (B) is proposed, in the case of an extraordinary general meeting, by requisition of shareholders, in accordance with the provisions of the Act;
- (C) is proposed, in the case of an annual general meeting, by shareholders in accordance with the provisions of Articles 58 and 59;
- (D) is proposed, at the direction of the High Court of Ireland; or
- (E) the chairperson of the general meeting determines, in his sole and absolute discretion, is business that may properly be regarded as within the scope of the meeting.

## **58 PROPOSED SHAREHOLDER RESOLUTIONS**

58.1 Any request by a shareholder or shareholders to propose a resolution at a general meeting of the Company must, in order for the resolution to be properly moved at a meeting of the Company (i) comply with the requirements of the Act and the requirements of Article 59 and (ii) contain:

- (A) to the extent that the request relates to the nomination of a Director, as to each person whom the shareholder(s) propose(s) to nominate for election or re-election as a Director:

- (1) all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and the regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected;
  - (2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder(s) and any Shareholder Associated Person (as defined below), on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K of the Exchange Act if the shareholder(s) making the nomination and any Shareholder Associated Person were the **"registrant"** for purposes of such rule and the nominee were a Director or executive officer of such registrant;
- (B) to the extent that that request relates to any business other than the nomination of a Director that the shareholder(s) propose(s) to bring before the meeting, a comprehensive description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, the text of the proposal (including the complete text of any resolution(s) proposed for consideration) and any material interest in such business of such shareholder(s) and any Shareholder Associated Person, individually or in the aggregate, including any anticipated benefit to the shareholder(s) or any Shareholder Associated Person therefrom;
- (C) as to the shareholder(s) giving the notice and the Shareholder Associated Person, if any, on whose behalf the nomination or proposal is made:
- (1) the name and address of such shareholder(s), as they appear on the Company's books, and of such Shareholder Associated Persons, if any;
  - (2) the class and number of shares of the Company which are, directly or indirectly, owned beneficially and of record by such shareholder(s) and such Shareholder Associated Persons, if any;
  - (3) any **"Derivative Instrument"** owned beneficially, directly or indirectly, by such shareholder or Shareholder Associated Person(s), being any option, warrant, convertible security, share appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Company, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Company, including due to the fact that the value of such

contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Company, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Company, through the delivery of cash or other property, or otherwise, and without regard to whether the shareholder(s) and such Shareholder Associated Persons, if any, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company;

- (4) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder(s) and such Shareholder Associated Persons, if any, have the right to vote any class or series of shares of the Company;
- (5) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called **"stock borrowing"** agreement or arrangement, involving such shareholder(s) and such Shareholder Associated Persons, if any, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Company by, manage the risk of share price changes for, or increase or decrease the voting power of, such shareholder(s), and such Shareholder Associated Persons, if any, with respect to any class or series of the shares of the Company, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Company (any of the foregoing, a **"Short Interest"**);
- (6) any rights to dividends on the shares of the Company owned beneficially by such shareholder(s) and such Shareholder Associated Persons, if any, that are separated or separable from the underlying shares of the Company;
- (7) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Company held by such shareholder(s), and such Shareholder Associated Persons, if any;
- (8) any other information relating to such shareholder(s) or such other beneficial owner or Shareholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors pursuant to section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and
- (9) to the extent known by the shareholder(s) giving the notice, and such Shareholder Associated Persons, if any, the name and address of any other shareholder or, as the case may be, the Shareholder Associated Person of such other shareholder, supporting the nominee for election or re-election as a Director or the proposal of other business on the date of such request, and

(D) the information required in Article 58 (C) above shall be updated by such shareholder(s) as of the record date for the meeting not later than three days after the record date for the meeting.

- 58.2 To be eligible to be a nominee of any shareholder(s) for election or re-election as a Director of the Company, save where such election or re-election is at the recommendation of the Board, a person must deliver (in accordance, in the case of a resolution proposed to be moved at an annual general meeting of the Company, with the time periods prescribed in Article 59.1 for delivery of a request pursuant to Article 58.1) to the Secretary at the Registered Office a written questionnaire with respect to the background and qualifications of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such individual (a) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a Director of the Company, will act or vote on any issue or question (a **"Voting Commitment"**) that has not been disclosed therein, including without limitation any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a Director of the Company, with such individual's fiduciary and other Director's duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed therein, (c) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a Director of the Company, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company publicly disclosed from time to time and (d) irrevocably submits his or her resignation as a Director effective upon a finding by a court of competent jurisdiction that such person has breached such written representation and agreement.
- 58.3 Except as otherwise provided by law or the Articles, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was proposed in accordance with the procedures set out in this Article 58 and, in the case of an annual general meeting, in Article 59 and, if any proposed nomination or other business is not in compliance with this Article 58 and, in the case of an annual general meeting, Article 59, to declare that such defective proposal or nomination shall be disregarded.
- 58.4 For the purposes of this Article 58, where nominations of persons for appointment to the board and/or proposals of other business to be considered by the shareholders (as the case may be) are made by or on behalf of more than one shareholder or Shareholder Associated Person, references to a shareholder or Shareholder Associated Person in relation to notice and other information requirements shall apply to each shareholder or Shareholder Associated Person, respectively, as the context requires.
- 58.5 For the purpose of this Article 58, a **"Shareholder Associated Person"** of any shareholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such shareholder, (ii) any beneficial owner of shares of the Company owned of record or beneficially by such shareholder or in which such shareholder is interested or in respect of which such shareholder has the ability to direct votes, and (iii) any person controlling, controlled by or under common



control with a person of the kind referred to in sub-paragraphs (i) or (ii), and for these purposes “control”, when used with respect to any person, means the possession, directly or indirectly, of the power to manage or direct the management, policies or activities of such person, whether through the ownership of voting securities, by contract, or otherwise and “controlling”, “controlled by” and “under common control with” shall be construed accordingly.

## 59 TIME FOR RECEIVING REQUESTS

- 59.1 In the case of a resolution proposed to be moved at an annual general meeting of the Company, a shareholder or Shareholder Associated Person who makes a request to which Article 58.1 relates, must deliver any such request in writing to the Secretary at the Registered Office not earlier than the close of business on the one hundred and twentieth (120th) calendar day nor later than the close of business on the ninetieth (90th) calendar day prior to the first anniversary of the preceding year’s annual general meeting, provided, however, that if the date of an annual meeting is more than thirty (30) calendar days before or more than sixty (60) calendar days after the first anniversary of the preceding year’s annual general meeting, notice by the shareholder must be so delivered in writing not earlier than the close of business on the one hundred and twentieth (120th) calendar day prior to such annual general meeting and not later than the close of business on the later of (i) the ninetieth (90th) calendar day prior to such annual general meeting and (ii) the fifth (5th) calendar day after the day on which public announcement of the date of such annual general meeting is first made by the Company provided that in no event shall any adjournment or postponement of an annual general meeting or the public announcement thereof commence a new time period for the giving of a shareholder’s notice as described in this Article.
- 59.2 For the purposes of the annual general meeting of the Company to be held in 2019, references in this Article 59 to the Company’s “preceding year’s annual general meeting” shall be construed as references to the 2018 annual general meeting of STERIS UK.
- 59.3 Notwithstanding anything in the foregoing provisions of this Article 59 to the contrary, if the number of Directors to be elected to the Board is increased and there is no public announcement by the Company naming all of the nominees for Director or specifying the size of the increased board of Directors made by the Company at least one hundred (100) calendar days prior to the date of the first anniversary of the preceding year’s annual general meeting, a shareholder’s notice required by this Article 59 shall also be considered as validly delivered in accordance with Article 59, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the Company’s registered not later than 5.00 p.m., local time, on the tenth (10th) calendar day after the day on which such public announcement is first made by the Company.
- 59.4 For purposes of this Article 59, “**public announcement**” shall mean disclosure in a press release reported by Reuters, the Dow Jones News Service, Associated Press or a comparable news service or in a document publicly filed by the Company with the US Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.
- 59.5 Notwithstanding the provisions of Article 58 or the foregoing provisions of this Article 59, a shareholder shall also comply with all applicable requirements of the Act and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in Article 58 and this Article 59. Nothing in Article 58 or this Article 59 shall be deemed to affect any rights of shareholders to request inclusion of proposals in, nor the right of the Company to omit proposals

from, the Company's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act or the Act.

## **VOTING**

### **60 VOTING AT A GENERAL MEETING**

A resolution put to the vote of a general meeting shall be decided on a poll. This requirement for poll voting on resolutions at a general meeting of the Company may only be removed, amended or varied by Ordinary Resolution of the shareholders passed unanimously at a general meeting of the Company.

### **61 POLL PROCEDURE**

- 61.1 Each poll shall be conducted in such a manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution in relation to the matter concerned, of the meeting at which the poll was taken.
- 61.2 In advance of any meeting, the chairperson shall appoint scrutineers or inspectors who need not be shareholders, to act at the meeting. The chairperson may appoint one or more persons as alternate scrutineers or inspectors to replace any scrutineer or inspector who fails to act. If no scrutineer or inspector or alternate scrutineer is willing or able to act at a meeting, the chairperson shall appoint one or more other persons to act as scrutineers or inspectors at the meeting. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was conducted.
- 61.3 Each scrutineer or inspector appointed in accordance with this Article 61 shall, prior to acting, be required to provide an undertaking to the Company, in a form determined by the Board, that he or she will execute the duties of a scrutineer or inspector with strict impartiality and according to the best of his or her ability.
- 61.4 Any poll conducted on the election of the chairperson or on any question of adjournment shall be taken at the meeting and without adjournment. A poll conducted on another question shall be taken at such time and place at the chairperson decides, either at once or after an interval or adjournment.
- 61.5 The date and time of the opening and the closing of a poll for each matter upon which the shareholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the scrutineers or inspectors after the closing of the poll unless a court with relevant jurisdiction upon application by a shareholder shall determine otherwise.
- 61.6 A shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all the votes he or she uses in the same way.

### **62 VOTES OF MEMBERS**

- 62.1 Every shareholder (other than a shareholder who, under these Articles or any restrictions imposed on any shares, is not entitled to vote, whether in person or by proxy, at any general meeting of the Company or any meeting of a class of shareholders of the Company) who (being an individual)

is present in person or by duly appointed proxy or (being a corporation) is present by duly authorised representative or by duly appointed proxy shall have one vote for every share of which he or she is the holder.

62.2 In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the Share Register in respect of the joint holding.

62.3 A shareholder in respect of whom an order has been made by any court or official having jurisdiction (whether in Ireland, the United States or elsewhere) in matters concerning mental disorder or incapacity may vote by his or her guardian or other person duly authorised to act on his or her behalf, who may vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming the right to vote shall be deposited at the Registered Office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.

62.4 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

### **63 CHAIRPERSON'S CASTING VOTE**

In the case of an equality of votes, the chairperson of the meeting shall be entitled to a further or casting vote in addition to any other vote he or she may have or be entitled to exercise.

### **64 VOTING RESTRICTIONS ON AN OUTSTANDING CALL**

Unless the Board decides otherwise, no shareholder shall be entitled to be present or vote at any meeting either personally or by proxy until he or she has paid all calls due and payable on every share held by him or her whether alone or jointly with any other person together with interest and expenses (if any) to the Company.

### **65 PROXY INSTRUMENT**

65.1 Every shareholder entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his or her behalf and may appoint more than one proxy to attend, speak and vote at the same meeting. The appointment of a proxy shall be in any usual form or in any other form which the Board may approve, subject to compliance with any requirements as to form under the Act and, in the case of an instrument in writing, shall be executed by or on behalf of the appointor but need not be witnessed. In the case of an instrument in writing, a corporation may execute a form of proxy either under its common seal (or in any other manner permitted by law and having the same effect as if executed under seal) or under the hand of a duly authorised officer, attorney or other person. A shareholder may appoint more than one proxy to attend on the same occasion, but only one proxy may be appointed in respect of any one share. A proxy need not be a shareholder. The appointment of a proxy shall not preclude a shareholder from attending and voting at the meeting or at any adjournment of it. A form of proxy shall, unless it provides to the contrary, be valid for any adjournment of the meeting to which it relates.

- 65.2 The appointment of a proxy and any authority under which it is executed or a copy of the authority certified notarially or in some other way approved by the Board shall:
- (A) in the case of an instrument in writing be deposited at the Registered Office or at such other place as is specified in the notice convening the meeting, or in any instrument of proxy sent out by the Company in relation to the meeting, not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
  - (B) in the case of an appointment contained in a communication by electronic means, where an address has been specified for the purpose of receiving communications by electronic means:
    - (1) in the notice convening the meeting; or
    - (2) in any instrument of proxy sent out by the Company in relation to the meeting; or
    - (3) in any invitation contained in an communication by electronic means to appoint a proxy issued by the Company in relation to the meeting,be received at such address not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;
  - (C) be deemed to include the right to speak at the meeting and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and
  - (D) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates; and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid (unless, subject to the requirements of the Act, the Board, in its absolute discretion in relation to any such appointment, waives any such requirement and decides to treat such appointment as valid).
- 65.3 When two or more valid but differing appointments of proxy are delivered or received in respect of the same share for use at the same meeting and in respect of the same matter, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.
- 65.4 The Board may at the expense of the Company send forms of appointment of proxy to the shareholders by post, by communication by electronic means or otherwise (with or without provision for their return by pre-paid post) for use at any general meeting or at any separate meeting of the holders of any class of shares, either blank or nominating as proxy in the alternative any one or more of the Directors or any other person and worded so as to enable the proxy to vote either for or against or to withhold their vote in respect of the resolutions to be proposed at the meeting at which the proxy is to be used. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the shareholders

entitled to be sent notice of the meeting and to vote at it. The accidental omission to send such a form of appointment or to give such an invitation to, or the non-receipt of such form of appointment by, any shareholder entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting.

- 65.5 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or the revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Registered Office, or at such other place as is referred to in Article 65.2, not less than forty eight (48) hours (excluding days which are not working days) before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used.

## 66 **CORPORATE REPRESENTATIVES**

In accordance with the Act, any corporation which is a shareholder entitled to attend a meeting of the Company or a meeting of the holders of any class of its shares may, by resolution of its Directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any such meeting of the Company or at any such meeting of the holders of any class of its shares. Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual shareholder. The corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. All references in these Articles to attendance and voting in person shall be construed accordingly. A Director, the Secretary or some other person authorised for the purpose by the Secretary may (but is not bound to) require the representative to produce a certified copy of the resolution so authorising him or her or such other evidence of his or her authority reasonably satisfactory to such person before permitting him or her to exercise his or her powers.

## 67 **AMENDMENT TO RESOLUTIONS**

- 67.1 If an amendment shall be proposed to any resolution but shall in good faith be ruled out of order by the chairperson of the meeting, any error in such ruling shall not invalidate the proceedings on the substantive resolution.
- 67.2 In the case of a resolution duly proposed as a Special Resolution, no amendment to it (other than an amendment to correct a patent error) may be considered or voted on and in the case of a resolution duly proposed as an Ordinary Resolution no amendment to it (other than an amendment to correct a patent error) may be considered or voted on unless either at least forty eight (48) hours prior to the time appointed for holding the meeting or adjourned meeting at which such Ordinary Resolution is to be proposed notice in writing of the terms of the amendment and intention to move it has been lodged at the Registered Office or the chairperson of the meeting in his or her absolute discretion decides that it may be considered or voted on.

## 68 **OBJECTION TO ERROR IN VOTING**

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote objected to is

given or tendered or at which the error occurs. Any such objection or error shall be referred to the chairperson of the meeting, who shall not be obliged to take it into account unless he or she considers it to be of sufficient magnitude to affect the decision of the meeting. The chairperson's decision on such matters shall be final and binding on all concerned.

## FAILURE TO DISCLOSE INTERESTS IN SHARES

### 69 FAILURE TO DISCLOSE INTERESTS IN SHARES

69.1 For the purpose of this Article:

- (A) **"Exempt Transfer"** means, in relation to shares held by a shareholder:
- (1) a transfer pursuant to acceptance of a takeover (as defined in the Irish Takeover Panel Act, 1997) for the Company or in relation to any of its shares;
  - (2) a transfer in consequence of a sale made through a market recognised for the purpose of section 1072 of the Act or any stock exchange selected by the Company outside Ireland on which the Company's shares (or rights in respect of those shares) are normally traded; or
  - (3) a transfer made in consequence of a sale in good faith of the whole of the beneficial interest in the shares to a bona fide unconnected third party, that is to say one who, in the reasonable opinion of the Board, is unconnected with the shareholder or with any other person appearing to be interested in such shares prior to such transfer (being a party which itself is not the holder of any shares in the Company in respect of which a Direction Notice is then in force or a person appearing to be interested in any such shares) and/or the Board does not have reasonable grounds to believe that the transferor or any other person appearing to be interested in such first mentioned shares will following such transfer have any interest in such shares;
- (B) a person shall be treated as appearing to be "interested" in any shares if the shareholder holding such shares has given to the Company information in response to a notice from the Company pursuant to section 1062 of the Act (a **"Section 1062 Notice"**) which names such person as being so interested or if the Company (after taking into account information provided in response to the relevant Section 1062 Notice and any other notification under the Act or any relevant information otherwise available to the Company) knows or has reasonable cause to believe that the person in question is, or may be, interested in the shares, and references in this Article to persons interested in shares and to "interests in shares" shall be construed in accordance with section 1059 of the Act;
- (C) a person, other than the shareholder holding a share, shall be treated as appearing to be interested in such share if the shareholder has informed the Company that the person is or may be so interested, or if the Company (after taking account of information obtained from the shareholder or, pursuant to a duly served Section 1062 Notice from anyone else) knows or has reasonable cause to believe that the person is or may be so interested;

- (D) reference to a person having failed to give to the Company information required by a Section 1062 Notice, or being in default of supplying such information, includes references to his or her having:
- (1) failed or refused to give all or any part of such information; and
  - (2) given information which he or she knows to be false in a material particular or recklessly given information which is false in a material particular; and
- (E) “**transfer**” means a transfer of a share or (where applicable) a renunciation of a renounceable letter of allotment or other renounceable document of title relating to a share.

69.2 Where a Section 1062 Notice is given by the Company to a shareholder, or another person appearing to be interested in shares held by such shareholder, and the shareholder or other person has failed in relation to any shares (“**Default Shares**”) (which expression applies also to any shares issued after the date of the Section 1062 Notice in respect of those shares and to any other shares registered in the name of such shareholder at any time whilst the default subsists) to give the Company the information required within the time period specified in such notice, then provided that ten (10) clear days have elapsed since service of the Section 1062 Notice, the Board may at any time thereafter at its absolute discretion by notice to such shareholder (a “**Direction Notice**”) direct that:

- (A) the shareholder which is the subject of a Direction Notice is not, in respect of the Default Shares entitled to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll.
- (B) in respect of the Default Shares that represent, at the date of the Direction Notice, 0.25% or more in nominal value of the issued shares of their class:
- (1) any dividend (or any part of a dividend) or any monies which would otherwise be payable in respect of the Default Shares (except on a winding up of the Company) may be withheld by the Company, which shall have no obligation to pay interest on such dividend;
  - (2) the shareholder shall not be entitled to elect, pursuant to Article 130 (scrip dividends) or otherwise, to receive shares instead of a dividend; and
  - (3) the Board may, in its absolute discretion, refuse to register the transfer of any Default Shares (subject, in the case of any uncertificated shares, to the Uncertificated Securities Regulations) unless:
    - (a) the transfer is an Exempt Transfer; or
    - (b) the shareholder is not himself or herself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any of the shares which are the subject of the transfer, and

(c) the shareholder which is the subject of a Direction Notice is in breach of these Articles.

- 69.3 The Company shall send a copy of the Direction Notice to each other person appearing to be interested in the relevant Default Shares the address of whom has been notified to the Company, but failure or omission by the Company to do so shall not invalidate such notice.
- 69.4 Where any person appearing to be interested in any shares has been served with a Section 1062 Notice and such shares are held by a Depositary, the provisions of this Article shall be deemed to apply only to those shares held by the Depositary in which such person appears to be interested and not (so far as that person's apparent interest is concerned) to any other shares held by the Depositary and references to Default Shares shall be construed accordingly.
- 69.5 Where a person who has an interest in Depositary Interests receives a Section 1062 Notice, that person is considered for the purposes of this Article 69.5 to have an interest in the number of shares represented by those Depositary Interests which is specified in the Section 1062 Notice and not in the remainder of the shares held by the Depositary or in which the Depositary is otherwise interested.
- 69.6 Where the shareholder on whom a Section 1062 Notice has been served is a Depositary, the obligations of the Depositary acting in its capacity as such shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by the Depositary in accordance with the arrangements entered into by the Company or approved by the Board pursuant to which it was appointed as a Depositary.
- 69.7 The sanctions under Article 69.2 shall cease to apply seven days after the earlier of:
- (A) receipt by the Company of notice of an Exempt Transfer, but only in relation to the shares transferred; and
  - (B) receipt by the Company, in a form satisfactory to the Board, of all the information required by the Section 1062 Notice.
- 69.8 The Board may, to enable the Company to deal with Default Shares in accordance with the provisions of this Article:
- (A) give notice in writing to any shareholder holding Default Shares in uncertificated form or to any other person who is interested in Default Shares which are represented by Depositary Interests, requiring the shareholder who holds such Default Shares and/or the person holding Depositary Interests;
  - (B) to change his or her holding of such shares from uncertificated form into certificated form in the name of the shareholder or his or her holding of such shares represented by Depositary Interests into certificated shares only in the name of the person who is interested in the Depositary Interests, as applicable, within a specified period; and
  - (C) then to hold such Default Shares in certificated form for so long as the default subsists; and
  - (D) appoint any person to take any steps, by instruction by means of the Uncertificated System or otherwise, in the name of any holder of Default Shares as may be required to change such Default



Shares from uncertificated form into certificated form or where a person has an interest in Default Shares which are represented by Depositary Interests to change such Default Shares represented by Depositary Interests into certificated form only in the name of the interested person (and such steps shall be effective as if they had been taken by such holder).

- 69.9 None of the provisions contained in this Article shall in any way limit or restrict the rights of the Company under sections 1062 and 1066 of the Act or any order made by the court under section 1066 or elsewhere under Part 17 Chapter 4 of the Act nor shall any sanction imposed by the Board pursuant to this Article cease to have effect, otherwise than as provided in this Article, unless it is so ordered by the court.

## **APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

### **70 NUMBER OF DIRECTORS**

The number of Directors shall be as the Board may determine from time to time and at the date of adoption of these Articles shall be not more than 15 (fifteen) and not less than 7 (seven).

### **71 COMPANY'S POWER TO APPOINT DIRECTORS**

- 71.1 Subject to these Articles, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Directors, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.

- 71.2 A resolution for the appointment of two or more persons as Directors by a single resolution at a general meeting shall be void unless an Ordinary Resolution that the resolution for appointment be proposed in such way has first been agreed to by the meeting without any vote being given against it.

### **72 BOARD'S POWER TO APPOINT DIRECTORS**

Without prejudice to the Company's power to appoint a person to be a Director pursuant to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board or as a successor to a Director who is not re-elected at an annual general meeting and whose successor is not elected at such annual general meeting, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.

### **73 APPOINTMENT OF EXECUTIVE DIRECTORS**

Subject to the Act, the Board may appoint one or more of its members to an executive office or other position of employment with the Company for such term (subject to the Act) and on any other conditions the Board thinks fit. The Board may revoke, terminate or vary the terms of any such appointment, without prejudice to a claim for damages for breach of contract between the Director and the Company.

### **74 APPOINTMENT OF OTHER OFFICERS**

The Board may appoint such other officers as the Directors may, from time to time, determine, including but not limited to, chief executive officer, chief financial officer, president, vice president, vice chairperson, Secretary, assistant secretary, treasurer, controller and assistant treasurer. The powers and duties of all other officers are at all times subject to the control of the Directors, and any other officer may be removed from that office at any time at the pleasure of the Board.

## **75 ANNUAL RE-ELECTION**

75.1 Commencing with the annual general meeting of the Company in 2019, Directors shall stand for re-election at each annual general meeting of the Company.

75.2 Notwithstanding that a Director might not be re-elected at an annual general meeting, such Director shall nevertheless hold office until his or her successor is elected or is appointed by the Board pursuant to Article 72, or until his or her earlier resignation or removal in accordance with these Articles or the Act.

75.3 A Director whose term expires at an annual general meeting may, if willing to act, be re-appointed.

## **76 ELIGIBILITY OF NEW DIRECTORS**

No person shall be eligible for nomination for election or re-election as Director at any general meeting unless:

- (A) he is recommended by the Board for appointment or, in the case of a Director retiring, re-appointment; or
- (B) in any other case, the requirements of Article 58 and 59 in respect of nominations of Directors are satisfied.

## **77 REMOVAL BY ORDINARY RESOLUTION**

In addition to any power of removal under the Act and subject to the provisions of these Articles, including, without limitation, Articles 58, 59 and 76 the Company may:

- (A) by Ordinary Resolution, of which special notice has been given in accordance with section 146 of the Act, remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which he or she may have for breach of any contract of service between him or her and the Company; and
- (B) by Ordinary Resolution appoint another person in place of a Director removed under Article 77(A)); and
- (C) without prejudice to the powers of the Directors in Article 72, appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

Any person so appointed under Article 77(B) shall be treated, for the purposes of determining the time at which he, she or any other Director is to retire, as if he or she had become a Director on the day on which the person in whose place he or she is appointed was last appointed or re-appointed a Director.

## **78 VACATION OF DIRECTOR'S OFFICE**

- 78.1 Without prejudice to the provisions in these Articles for retirement, the office of a Director shall be vacated if:
- (A) he resigns by notice in writing delivered to the Secretary at the Registered Office or tendered at a Board meeting;
  - (B) he only held office as a Director for a fixed term and such term expires;
  - (C) he ceases to be a Director by virtue of any provision of the Statutes, is removed from office pursuant to these Articles or the Statutes or becomes prohibited by law from being a Director;
  - (D) he becomes bankrupt, has an interim receiving order made against him or her, makes any arrangement or compounds with his or her creditors generally or applies to the court for an interim order in connection with a voluntary arrangement under any legislation relating to insolvency;
  - (E) an order is made by any court of competent jurisdiction on the ground (however formulated) of mental disorder for his or her detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his or her property or affairs or he or she is admitted to hospital in pursuance of an application for admission for treatment under any legislation relating to mental health and the Board resolves that his or her office be vacated;
  - (F) he is absent, without permission of the Board, from Board meetings for six consecutive months and the Board resolves that his or her office be vacated;
  - (G) he is removed from office by notice in writing addressed to him or her at his or her address as shown in the Company's register of directors and signed by not less than three-quarters of all the Directors in number (rounded down to the nearest whole number and excluding the Director in question) (without prejudice to any claim for damages which he or she may have for breach of contract against the Company); or
  - (H) in the case of a Director who holds executive office, his or her appointment to such office is terminated or expires and the Board resolves that his or her office be vacated.
- 78.2 A resolution of the Board declaring a Director to have vacated office pursuant to this Article shall be conclusive as to the fact and grounds of vacation stated in the resolution.

## **BOARD POWERS**

### **79 BOARD POWERS**

- 79.1 Subject to the Statutes, the Company's memorandum of association and these Articles and to any directions given by Special Resolution of the Company, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the memorandum of association or of these Articles nor any such direction shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The

provisions in these Articles giving specific powers to the Board shall not limit the general powers given by this Article.

- 79.2 The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

## 80 **DIRECTORS BELOW THE MINIMUM NUMBER**

If the number of Directors is less than the minimum prescribed in accordance with these Articles, the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or of convening a general meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two shareholders may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to these Articles) only until the dissolution of the annual general meeting next following such appointment unless he or she is re-elected during such meeting.

## 81 **DELEGATION TO EXECUTIVE DIRECTORS**

The Board may delegate to a Director holding executive office any of its powers, authorities and discretions for such time and on such terms and conditions as it shall think fit. The Board may grant to a Director the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the Director. The Board may at any time revoke the delegation or alter its terms and conditions.

## 82 **DELEGATION TO COMMITTEES**

- 82.1 The Board may delegate any of its powers, authorities and discretions (including, without limitation, those relating to the payment of monies or other remuneration to, and the conferring of benefits on, a Director) for such time and on such terms and conditions as it shall think fit to a committee consisting of one or more Directors and (if thought fit) one or more other persons. The Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the committee. The Board may at any time revoke the delegation or alter its terms and conditions or discharge the committee in whole or in part. Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Board and that power, authority or discretion has been delegated by the Board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

- 82.2 The Board's power under these Articles to delegate to a committee:

- (A) includes (without limitation) the power to delegate the determination of any fee, remuneration or other benefit to be paid or provided to any Director; and

(B) is not limited by the fact that in some Articles but not others express reference is made to particular powers being exercised by the Board or by a committee.

82.3 In addition to the Board's power to delegate to committees pursuant to this Article 82, the Board may delegate any of its powers to any individual Director or member of the management of the Company or any of associated companies as it sees fit; any such individual shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on them by the Board.

## **83 LOCAL MANAGEMENT**

The Board may establish local or divisional boards, agencies or branch offices for managing the affairs of the Company in a specified locality, either in the United States or elsewhere, and may appoint persons to be members of a local or divisional board, agency or branch office and may fix their remuneration. The Board may delegate to a local or divisional board, agency or branch office any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. The Board may grant to such local or divisional board, agency or branch office the power to sub-delegate, may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the local or divisional board, agency or branch office and may authorise the members of a local or divisional board, agency or branch (or any of them) to fill a vacancy or to act despite a vacancy. The Board may at any time revoke or alter the terms and conditions of the appointment or delegation. Subject to the terms and conditions imposed by the Board, the proceedings of a local or divisional board, agency or branch office with two or more members are governed by those Articles that regulate the proceedings of the Board, so far as applicable.

## **84 DELEGATION TO AGENTS**

The Board may, by power of attorney or otherwise, appoint a person to be the agent of the Company and may delegate to such person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. The Board may grant the power to sub-delegate and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the agent. The Board may at any time revoke or alter the terms and conditions of the appointment or delegation.

## **85 EXERCISE OF VOTING POWER**

The Board may exercise or cause to be exercised the voting power conferred by shares in any other body corporate held or owned by the Company, or any power of appointment to be exercised by the Company, in any manner it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any Director as a director or other officer or employee of such company or in favour of the payment of remuneration to the directors, officers or employees of such company).

## **86 PROVISION FOR EMPLOYEES**

The Board may exercise any power conferred on the Company by the Statutes to make provision for the benefit of persons employed or formerly employed by any Group Member in connection

with the cessation or the transfer to any person of the whole or part of the undertaking of such Group Member.

## **87 OVERSEAS REGISTERS**

Subject to the Statutes and the Uncertificated Securities Regulations, the Board may exercise the powers conferred on the Company with regard to the keeping of an overseas branch, local or other register in relation to shareholders and may make and vary such regulations as it thinks fit concerning the keeping of any such register.

## **88 ASSOCIATE DIRECTORS**

The Board may appoint any person (not being a Director) to any office or employment having a designation or title including the word “director” or attach to any existing office or employment with the Company such designation or title and may terminate any such appointment or the use of such designation or title. The inclusion of the word “director” in the designation or title of any such office or employment shall not imply that such person is, or is deemed to be, or is empowered in any respect to act as, a Director for any of the purposes of the Statutes or these Articles.

## **89 BORROWING POWERS**

Subject to the Statutes, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to section 1021 of the Act, to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of any third party.

## **90 CHANGE OF COMPANY NAME**

The name of the Company may be changed, subject to the approval of the Registrar of Companies, by a Special Resolution of the Company.

### **DIRECTORS' REMUNERATION, EXPENSES AND BENEFITS**

## **91 FEES**

The Company shall pay to the Directors for their services as Directors such aggregate amount of fees, salary or remuneration as the Board decides. The aggregate fees shall be divided among the Directors in such proportions as the Board decides or, if no decision is made, equally. A fee payable to a Director pursuant to this Article shall be distinct from any salary or remuneration payable to him or her under a service agreement or other amount payable to him or her pursuant to other provisions of these Articles and accrues from day to day.

## **92 EXPENSES**

A Director may also be paid all travelling, hotel and other expenses properly incurred by him or her in connection with his or her attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of his or her duties as a Director, including (without limitation) any professional fees incurred by him or her (with the approval of the Board or in accordance

with any procedures stipulated by the Board) in taking independent professional advice in connection with the discharge of such duties.

### **93 REMUNERATION OF EXECUTIVE DIRECTORS**

The salary or remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Board (including, for the avoidance of doubt, by the Board acting through a duly authorised Board committee), and may be in addition to or instead of a fee payable to him or her for his or her services as a Director pursuant to these Articles.

### **94 SPECIAL REMUNERATION**

A Director who, at the request of the Board, goes or resides abroad, makes a special journey or performs a special service on behalf of or for the Company (including, without limitation, services as a chairperson or vice-chairperson of the Board, services as a member of any Board committee and services which the Board considers to be outside the scope of the ordinary duties of a Director) may be paid such reasonable additional remuneration (whether by way of salary, bonus, commission, percentage of profits or otherwise) and expenses as the Board (including, for the avoidance of doubt, the Board acting through a duly authorised Board committee) may decide.

### **95 COMPANY PROPERTY**

Each Director is expressly permitted (for the purposes of section 228(1)(d) of the Act) to use the property of the Company pursuant to or in connection with: the exercise or performance of his or her duties, functions and powers as Director or employee; the terms of any contract of service or employment or letter of appointment; and, or in the alternative, any other usage authorised by the Directors (or a person authorised by the Directors) from time to time; and including in each case for a Director's own benefit or for the benefit of another person.

### **96 PENSIONS AND OTHER BENEFITS**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a Director, an officer or a director or an employee of a company which is or was a Group Member, a company which is or was allied to or associated with the Company or with a Group Member or a predecessor in business of the Company or of a Group Member (and for any member of his or her family, including a spouse or former spouse, or a person who is or was dependent on him or her). For this purpose the Board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The Board may arrange for this to be done by the Company alone or in conjunction with another person. A Director or former Director is entitled to receive and retain for his or her own benefit any pension or other benefit provided in accordance with this Article and is not obliged to account for it to the Company.

## **DIRECTORS' PROCEEDINGS**

### **97 BOARD MEETINGS**

Subject to these Articles, the Board may regulate its proceedings as it thinks fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board.

## **98 NOTICE OF BOARD MEETINGS**

Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him or her personally or by word of mouth or sent in writing to his or her last known address or any other address given to the Company by him or her for such purpose or given by electronic communications to an address for the time being notified to the Company by the Director. It shall not be necessary to give notice of a Board meeting to a Director who is absent with leave unless the Director has notified the Company in writing of an address or an address for electronic communications at which notice of such meetings is to be given to him or her when he or she is absent with leave. A Director may be treated as having waived his or her entitlement to notice of a meeting of the Board if he or she has not supplied the Company with the information necessary to ensure that he or she receives notice of a meeting before it takes place. A Director may waive the requirement that notice of any Board meeting be given to him or her, either prospectively or retrospectively.

In this Article “**address**”, in relation to documents in electronic form, includes any number or address used for the supply of documents in electronic form.

## **99 QUORUM**

No business shall be transacted at any meeting of the Board unless a quorum is present. The quorum may be fixed by the Board and unless so fixed at any other number shall be a majority in number of the Directors in office at the time when the meeting is convened. A duly convened Board meeting at which a quorum is present shall be competent to exercise any and all of the authorities, discretions and powers vested in or exercisable by the Board.

## **100 BOARD CHAIRPERSON**

The Board may appoint any Director to be, and may remove, a chairperson and a vice- or deputy chairperson of the Board. The chairperson or, in his or her absence, the vice- or deputy chairperson, shall preside at all Board meetings. If there is no chairperson or vice- or deputy chairperson, or if at a Board meeting neither the chairperson nor the vice- or deputy chairperson is present within ten minutes after the time appointed for the meeting, or if neither of them is willing to act as chairperson, the Directors present may choose any Director present to be chairperson of the meeting.

## **101 VOTING**

Questions arising at a meeting shall be decided by a simple majority of votes of the Directors present at the meeting. Each Director present and voting shall have one vote. For the avoidance of doubt, in the case of an equality of votes, the chairperson shall have a second or casting vote.

## **102 TELEPHONE PARTICIPATION**

A Director may participate in a meeting of the Board or a committee of the Board through the medium of conference telephone, video conferencing or any other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other



throughout the meeting. A person participating in this way shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. Subject to the Statutes, all business transacted in this way by the Board or a committee of the Board shall be deemed for the purposes of the Articles to be validly and effectively transacted at a meeting of the Board or a committee of the Board even if one Director only is physically present at any one place. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairperson of the meeting then is.

## 103 **WRITTEN RESOLUTIONS**

A resolution in writing executed by all the Directors for the time being entitled to receive notice of a Board meeting and unanimously in number, or by all the members of a committee of the Board for the time being entitled to receive notice of the meetings of such committee and unanimously in number, shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board (or committee, as the case may be).

Such a resolution:

- (A) may consist of several documents in the same form each executed by one or more of the Directors or members of the relevant committee, including executions evidenced by facsimile transmission; and
- (B) to be effective, need not be signed by a Director who is prohibited by these Articles from voting on it.

## 104 **COMMITTEE PROCEEDINGS**

Proceedings of committees of the Board shall be conducted in accordance with regulations prescribed by the Board (if any). Subject to those regulations, such proceedings shall be conducted in accordance with applicable provisions of these Articles regulating the proceedings of the Board. Where the Board resolves to delegate any of its powers, authorities and discretions to a committee and such resolution states that the committee shall consist of any one or more unnamed Directors, it shall not be necessary to give notice of a meeting of such committee to any Directors other than the Director or Directors who form the committee.

## 105 **MINUTES**

105.1 The Board shall cause minutes to be made of:

- (A) all appointments of officers and committees made by the Board and of any such officer's remuneration; and
- (B) the names of Directors present at every meeting of the Board, a committee of the Board, the Company or the holders of any class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

105.2 Any such minutes, if purporting to be signed by the chairperson of the meeting at which the proceedings were held or by the chairperson of the next succeeding meeting or the Secretary, shall be prima facie evidence of the matters stated in them.

## 106 **VALIDITY OF PROCEEDINGS**

All acts done in good faith by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director or a committee member shall, notwithstanding that it may be discovered afterwards that there was a defect in the appointment of any person so acting or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or committee member and entitled to vote.

## **INTERESTS OF DIRECTORS**

## 107 **CONTRACTING WITH THE COMPANY**

Subject to the provisions of the Statutes, no Director or intending Director shall be disqualified by his or her office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any transaction or arrangement entered into on behalf of the Company in which any Director is in any way directly or indirectly interested be liable to be avoided, nor shall any Director so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relationship thereby established, provided that the nature of this interest has been declared by him or her in accordance with Article 108.

## 108 **DECLARATION OF INTERESTS**

108.1 A Director who is in any way (whether directly or indirectly) interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall, in accordance with section 231 of the Act, declare the nature of his or her interest at the first opportunity either (a) at a meeting of the Board at which the question of entering into the contract, transaction or arrangement is first taken into consideration, if the Director or officer of the Company knows this interest then exists, or in any other case, at the first meeting of the Board after learning that he or she is or has become so interested or (b) by providing a general notice to the Directors declaring that he or she is a director or an officer of, or has an interest in, a person and is to be regarded as interested in any transaction or arrangement made with that person, and after giving such general notice it shall not be necessary to give special notice relating to any particular transaction. If a declaration of interest under this Article proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

Provided that a Director has declared the nature and extent of his or her interest to the other Directors, a Director notwithstanding his or her office:

- (A) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (B) may be counted in determining the presence of a quorum at a meeting of the Board which authorises or approves the contract, transaction or arrangement in which he or she is interested and he or she shall be at liberty to vote in respect of any contract, transaction or arrangement in which he or she is interested, provided that the nature of the interest of any Director in any such contract or transaction shall be disclosed by him or her in accordance with Article 108.1, at or prior to its consideration and any vote thereon; and

- (C) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested,

and (i) he or she shall not, by reason of his or her office, be accountable to the Company for any benefit which he or she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate; (ii) he or she shall not infringe his duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office or employment or any such transaction or arrangement or any interest in such body corporate; (iii) he or she shall not be required to disclose to the Company, or use in performing his duties as a Director of the Company, any confidential information relating to such office or employment if to make such disclosure or use would result in a breach of a duty or obligation of confidence owed by the Director in relation to or in connection with such office or employment; (iv) he or she may absent himself or herself from discussions, whether in meetings of the Directors or otherwise, and exclude himself or herself from information which will or may relate to such office, employment, transaction, arrangement or interest; and (v) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

108.2 For the purposes of Article 108.1:

- (A) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;
- (B) an interest of which a Director has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of him or her; and
- (C) a copy of every declaration made and notice given under Article 108.1 shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, the Auditors or any shareholder at the Registered Office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.

109 **AUTHORISATION OF BOARD OF CONFLICTS OF INTERESTS**

109.1 Nothing in section 228(1)(f) of the Act shall restrict a Director from entering into a commitment which has been authorised by the Board or has been authorised pursuant to such authority as may be delegated by the Board in accordance with these Articles which, if not so authorised, would infringe the duty to avoid conflicts of interest as set out in section 228(1)(f) of the Act. As recognised by section 228(1)(e) of the Act, the Directors may agree to restrict their power to exercise an independent judgement but only where this has been expressly authorised by a resolution of the Board. The Directors may give such authorisations upon such terms as they think fit in accordance with the Act. The Directors may vary or terminate any such authorisations at any time.

109.2 If a matter, or office, employment or position has been authorised by the Directors in accordance with this Article 109 then (subject to such terms and conditions, if any, as the Directors may think fit to impose from time to time, and always subject to their right to vary or terminate such authorisations or the permissions set out below):

- (A) the Director shall not be required to disclose any confidential information relating to such matter, or office, employment or position to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him or her in relation to or in connection with that matter, or that office, employment or position;
- (B) the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter will or may be discussed; and
- (C) the Director may make such arrangements as such Director thinks fit for relevant papers to be received and read by a professional adviser on behalf of that Director.

109.3 A Director shall not, by reason of his or her office, be accountable to the Company for any benefit which he or she derives from any matter which has been approved by the Directors pursuant to this Article 109 (subject in any such case to any limits or conditions to which such approval was subject).

#### 110 **PROHIBITION ON VOTING BY INTERESTED DIRECTORS**

Except as otherwise provided in these Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or she has any material interest otherwise than by virtue of his or her interests in shares or debentures or other securities of or otherwise in or through the Company or any resolution of the Directors granting him or her authorisation under Article 109. A Director shall not be counted in the quorum of a meeting in relation to any resolution on which he or she is debarred from voting.

#### 111 **ABILITY OF INTERESTED DIRECTORS TO VOTE**

A Director shall (in the absence of a material interest other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (A) the giving of any security or indemnity to him or her in respect of money lent or obligations incurred by him or her at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (B) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he, himself or she, herself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (C) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he or she is or is to be interested as a participant in the underwriting or sub underwriting thereof;

- (D) any proposal concerning any other company in which he or she is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he or she is not interested (as that term is used in section 804 of the Act) in 1% or more of any class of the equity share capital of such company (or of any third company through which his or her interest is derived) or of the voting rights available to shareholders of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all the circumstances);
- (E) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he or she may benefit and which has been approved by or is subject to and conditional upon approval by the Board of the Revenue Commissioners for taxation purposes;
- (F) any proposal relating to any arrangement for the benefit of employees under which he or she benefits or may benefit in a similar manner as the employees and which does not accord to him or her as a Director any privilege or advantage not generally accorded to the employees to whom the arrangement relates; or
- (G) subject to the Statutes, any proposal concerning the purchase and/or maintenance of any insurance policy under which a Director may benefit.

## **112 DIVISION OF PROPOSALS**

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case each of the Directors concerned (if not debarred from voting under the proviso to Article 111(D) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his or her own appointment.

## **113 RULINGS ON QUESTIONS OF ENTITLEMENT TO VOTE**

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his or her voluntarily agreeing to abstain from voting, such question shall (unless the Director in question is the chairperson in which case he or she shall withdraw from the meeting and the Board shall elect a deputy chairperson to consider the question in place of the chairperson) be referred to the chairperson of the meeting and his or her ruling in relation to any other Director shall be final and conclusive, except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.

## **114 INTERESTS OF CONNECTED PERSONS**

For the purposes of these Articles, an interest of any person who is for any purpose of the Act (excluding any statutory modification thereof not in force when these Articles became binding on the Company) connected with a Director within the meaning of section 220 of the Act shall be taken to be the interest of that Director.

## **115 ABILITY OF DIRECTOR TO HOLD OTHER OFFICES**

A Director may hold any other office or place of profit under the Company (other than the office of its Auditors) in conjunction with his or her office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine. A Director may be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of any other company or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him or her as director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of such company; provided that he or she has declared the nature of his or her position with, or interest in, such company to the Board in accordance with Article 108.1.

#### **116 REMUNERATION FOR PROFESSIONAL SERVICES**

Any Director may act by himself or herself or his or her firm in a professional capacity for the Company and he or his firm or she and her firm shall be entitled to a remuneration for professional services as if he or she was not a Director, provided that nothing herein contained shall authorise a Director or his or her firm to act as the Auditors.

#### **117 DIRECTORSHIPS OF OTHER COMPANIES**

Any Director may continue to be or become a Director of, or hold any other office or place of profit under, any other company in which the Company may be interested, and no such Director shall be accountable for any remuneration, salary, commission, participation in profits, pension, superannuation or other benefits received by him or her as a director of, or holder of any other office or place of profit under, or shareholder of, any such other company. The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner in all respects as it may think fit (including the exercise thereof in favour of any resolution appointing the directors or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

### **SECRETARY**

#### **118 SECRETARY**

- 118.1 Subject to the Statutes, the Board shall appoint a Secretary on such terms and conditions as it thinks fit. The Board may remove a person appointed pursuant to this Article from office and appoint another or others in his or her place.
- 118.2 It shall be the duty of the Secretary to make and keep records of the votes, doings and proceedings of all meetings of the shareholders and Board of the Company, and of its Committees and to authenticate records of the Company.
- 118.3 Any provision of the Statutes or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

### **SEALS AND DOCUMENT AUTHENTICATION**

#### **119 SEAL**

- 119.1 The Company shall have a common seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that regard and every instrument to which the Seal has been affixed shall be signed by any person who shall be either a Director or the Secretary or some other person authorised by the Board, either generally or specifically, for the purpose.
- 119.2 The Company may have for use in any place or places outside Ireland, a duplicate Seal or Seals each of which shall be a duplicate of the Seal of the Company except, in the case of a Seal for use in sealing documents creating or evidencing securities issued by the Company, for the addition on its face of the word "Securities" and if the Board so determines, with the addition on its face of the name of every place where it is to be used.

## **120 DIRECTORS OR SECRETARY TO AUTHENTICATE OR CERTIFY**

- 120.1 A Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company (including the memorandum of association and these Articles) and any resolutions passed by the Company or holders of a class of shares or the Board or any committee of the Board and any books, records, documents and accounts relating to the business of the Company, and may certify copies of or extracts from any such items as true copies or extracts.
- 120.2 A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of the proceedings at a duly constituted meeting.

## **DIVIDENDS AND OTHER PAYMENTS**

### **121 DECLARATION**

Subject to the Statutes and these Articles, the Company may by Ordinary Resolution declare a dividend to be paid to shareholders according to their respective rights and interests in the profits of the Company. No such dividend shall exceed the amount recommended by the Board.

### **122 INTERIM DIVIDENDS**

Subject to the Statutes, the Board may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. If the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of an interim dividend on any shares ranking after those with preferential rights.

### **123 ENTITLEMENT TO DIVIDENDS**

- 123.1 Except as otherwise provided by these Articles or the rights attached to shares:

- (A) a dividend shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the shares on which the dividend is paid; and
- (B) dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

123.2 Except as otherwise provided by these Articles or the rights attached to shares:

- (A) a dividend may be paid in any currency or currencies decided by the Board; and
- (B) the Company may agree with a shareholder that any dividend declared or which may become due in one currency will be paid to the shareholder in another currency; and
- (C) the Directors can decide that a Depositary should receive dividends in a currency other than the currency in which they were declared and can make arrangements accordingly. In particular, if a Depositary has chosen or agreed to receive dividends in another currency, the Directors can make arrangements with the Depositary for payment to be made to the Depositary for value on the date on which the relevant dividend is paid, or a later date decided by the Directors,

for which purpose the Board may use any relevant exchange rate current at any time as the Board may select for the purpose of calculating the amount of any shareholder's entitlement to the dividend.

## 124 PAYMENT METHODS

124.1 The Company may pay a dividend, interest or other amount payable in respect of a share in cash or by cheque, warrant or money order or by a bank or other funds transfer system or (in respect of any uncertificated share) through the Uncertificated System in accordance with any authority given to the Company to do so (whether in writing, through the Uncertificated System or otherwise) by or on behalf of the shareholder in a form or in a manner satisfactory to the Board. Any joint holder or other person jointly entitled to a share may give an effective receipt for a dividend, interest or other amount paid in respect of such share.

124.2 The Company may send a cheque, warrant or money order by post:

- (A) in the case of a sole holder, to his or her registered address;
- (B) in the case of joint holders, to the registered address of the person whose name stands first in the Share Register;
- (C) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with Article 44 (notice to persons entitled by transmission);
- (D) in the case of a Depositary, and subject to the approval of the Directors, to such persons and postal addresses as the Depositary may direct; or



(E) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.

124.3 Every cheque, warrant or money order shall be sent at the risk of the person or persons entitled to the payment and shall be made payable to the order of the person or persons entitled or to such other person or persons as the person or persons entitled may in writing direct. The payment of the cheque, warrant or money order shall be a good discharge to the Company. If payment is made by a bank or other funds transfer or through the Uncertificated System, the Company shall not be responsible for amounts lost or delayed in the course of transfer. If payment is made by or on behalf of the Company through the Uncertificated System:

- (A) the Company shall not be responsible for any default in accounting for such payment to the shareholder or other person entitled to such payment by a bank or other financial intermediary of which the shareholder or other person is a customer for settlement purposes in connection with the Uncertificated System; and
- (B) the making of such payment in accordance with any relevant authority referred to in Article 124.1 above shall be a good discharge to the Company.

124.4 The Board may:

- (A) lay down procedures for making any payments in respect of uncertificated shares through the Uncertificated System;
- (B) allow any holder of uncertificated shares to elect to receive or not to receive any such payment through the Uncertificated System; and
- (C) lay down procedures to enable any such holder to make, vary or revoke any such election.

124.5 The Board may lay down procedures for making any payments in respect of shares represented by Depositary Interests

124.6 The Board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he or she has provided any evidence of his or her entitlement that the Board may reasonably require.

## 125 **DEDUCTIONS**

The Board may deduct from any dividend or other amounts payable to any person in respect of a share all such sums as may be due from him or her to the Company on account of calls or otherwise in relation to that share.

## 126 **INTEREST**

No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.

## 127 **UNCLAIMED DIVIDENDS**

All unclaimed dividends or other monies payable by the Company in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed.

The payment of any unclaimed dividend or other amount payable by the Company in respect of a share into a separate account shall not constitute the Company a trustee in respect of it. Any dividend unclaimed after a period of twelve (12) years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

## **128 UNCASHED DIVIDENDS**

If, in respect of a dividend or other amount payable in respect of a share:

- (A) a cheque, warrant or money order is returned undelivered or left uncashed; or
- (B) a transfer made by or through a bank transfer system and/or other funds transfer system(s) (including, without limitation, the Uncertificated System in relation to any uncertificated shares) fails or is not accepted,

on two consecutive occasions, or one occasion and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company shall not be obliged to send or transfer a dividend or other amount payable in respect of such share to such person until he or she notifies the Company of an address or account to be used for such purpose.

## **129 DIVIDENDS IN KIND**

A general meeting declaring a dividend may, upon the recommendation of the Board, direct that it shall be satisfied wholly or partly by the distribution of assets (including, without limitation, paid up shares or securities of any other body corporate). Where any difficulty arises concerning such distribution, the Board may settle it as it thinks fit. In particular (without limitation), the Board may:

- (A) issue fractional certificates or ignore fractions;
- (B) fix the value for distribution of any assets, and may determine that cash shall be paid to any shareholder on the footing of the value so fixed in order to adjust the rights of shareholders; and
- (C) vest any assets in trustees on trust for the persons entitled to the dividend.

## **130 SCRIP DIVIDENDS**

- 130.1 The Board may, with the prior authority of an Ordinary Resolution and subject to such terms and conditions as the Board may determine, offer any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the Ordinary Resolution, subject to the Statutes and to the provisions of this Article.
- 130.2 An Ordinary Resolution under Article 130.1 may specify a particular dividend (whether or not declared), or may specify all or any dividends declared within a specified period, but such period may not end later than the beginning of the fifth annual general meeting next following the date of the meeting at which the Ordinary Resolution is passed.
- 130.3 The entitlement of each holder of Ordinary Shares to new Ordinary Shares shall be such that the relevant value of the entitlement shall be the cash amount, disregarding any tax credit, (or as near to such cash amount as the Board considers appropriate) that such holder would have

received by way of dividend. For this purpose, “relevant value” shall be calculated by reference to the average of the middle market quotations for the Ordinary Shares for the day on which the Ordinary Shares are first quoted “ex” the relevant dividend and the four subsequent dealing days, or in such other manner as may be determined by or in accordance with the Ordinary Resolution. A written confirmation or report by the Auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.

130.4 The Board may make any provision it considers appropriate in relation to an allotment made or to be made pursuant to this Article (whether before or after the passing of the Ordinary Resolution referred to in Article 130.1), including (without limitation):

- (A) the giving of notice to holders of the right of election offered to them;
- (B) the provision of forms of election and/or a facility and a procedure for making elections through the Uncertificated System (whether in respect of a particular dividend or dividends generally);
- (C) determination of the procedure for making and revoking elections;
- (D) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective;
- (E) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned);
- (F) the exclusion from any offer of any holders of Ordinary Shares where the Board considers that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them; and
- (G) the exclusion from any offer of, or the making of any special formalities in connection with any offer to, any holders of Ordinary Shares represented by Depositary Interests

130.5 The Directors can exclude or restrict the right to elect to receive new Ordinary Shares under this Article 130 in the case of any shareholder or other person who is a Depositary if the election by the people on whose behalf the Depositary holds the beneficial interest in the shares would involve the contravention of the laws of any territory or if for any other reason the Board determines that the offer should not be made to such persons.

130.6 The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which a valid election has been made (the “**elected Ordinary Shares**”). Instead additional Ordinary Shares shall be allotted to the holders of the elected Ordinary Shares on the basis of allotment determined under this Article. For such purpose, the Board may capitalise out of any amount for the time being standing to the credit of any reserve or fund of the Company (including any share premium account, undenominated capital account, revaluation reserve, capital redemption reserve and profit and loss account), whether or not available for distribution, , a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to the holders of the elected Ordinary Shares on that basis.

130.7 The additional Ordinary Shares when allotted shall rank *pari passu* in all respects with the fully paid Ordinary Shares in issue on the record date for the dividend in respect of which the right of election has been offered, except that they will not rank for any dividend or other entitlement which has been declared, paid or made by reference to such record date.

130.8 The Board may:

- (A) do all acts and things which it considers necessary or expedient to give effect to any such capitalisation, and may authorise any person to enter on behalf of all the shareholders interested into an agreement with the Company providing for such capitalisation and incidental matters and any agreement so made shall be binding on all concerned;
- (B) establish and vary a procedure for election mandates in respect of future rights of election and determine that every duly effected election in respect of any Ordinary Shares shall be binding on every successor in title to the holder of such shares; and
- (C) terminate, suspend or amend any offer of the right to elect to receive Ordinary Shares in lieu of any cash dividend at any time and generally implement any scheme in relation to any such offer on such terms and conditions as the Board may from time to time determine and take such other action as the Board may deem necessary or desirable from time to time in respect of any such scheme.

## 131 RESERVES

The Board may set aside out of the profits of the Company and carry to reserve such sums as it thinks fit. Such sums standing to reserve may be applied, at the Board's discretion, for any purpose to which the profits of the Company may properly be applied and, pending such application, may either be employed in the business of the Company or be invested in such investments as the Board thinks fit. The Board may divide the reserve into such special funds as it thinks fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as it thinks fit. The Board may also carry forward any profits without placing them to reserve.

## 132 CAPITALISATION OF PROFITS AND RESERVES

132.1 Without prejudice to any powers conferred on the Directors as aforesaid, and subject to the Directors' authority to issue and allot shares under Article 7, the Directors may:

- (A) resolve to capitalise an amount standing to the credit of any reserve or fund of the Company (including any share premium account, undenominated capital account, revaluation reserve, capital redemption reserve and profit and loss account, whether or not available for distribution);
- (B) appropriate the sum resolved to be capitalised to the shareholders in proportion to the nominal amount of shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures, credited as fully paid, to the shareholders (or as the Board may direct) in those proportions, or partly in one way and partly in the other, but the reserves or funds that are not available for distribution

may, for the purposes of this Article 132, only be applied in paying up unissued shares to be allotted to shareholders credited as fully paid;

- (C) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve or fund and, in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
- (D) authorise a person to enter (on behalf of all the shareholders concerned) into an agreement with the Company providing for the allotment to the shareholders respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation and any such agreement made under this authority being effective and binding on all those shareholders; and
- (E) generally do all acts and things required to give effect to the resolution.

132.2 This Article (which is without prejudice to the generality of the provisions of Article 135.1) applies where the Board has established a Rights Plan and has granted Rights in accordance therewith as provided in Articles 10.1 and 10.2 above. For the purposes of giving effect to an Exchange, the Board may:

- (A) resolve to capitalise an amount standing to the credit of any reserve or fund of the Company (including any share premium account, undenominated capital account, revaluation reserve, capital redemption reserve and profit and loss account, whether or not available for distribution), being an amount equal to the nominal amount of the Ordinary Shares, Preferred Shares or another class of shares of the Company (including shares to be represented by Depositary Interests) which are to be exchanged for the Rights (other than Rights held by or on behalf of or for the benefit of an Acquiring Person); and
- (B) apply that sum in paying up in full shares and allot such shares, credited as fully paid, to the holders of Rights (other than an Acquiring Person) and/or to a Depositary (including, for the avoidance of doubt, to a nominee of a Depositary) to enable a Depositary to issue Depositary Interests representing such shares to the holders of Rights (other than an Acquiring Person or a person holding shares or interests in shares on behalf of or for the benefit of an Acquiring Person) in exchange for the Rights (other than Rights held by or on behalf of or for the benefit of an Acquiring Person).

132.3 The provisions of Articles 132.1(C), (D) and (E) shall apply, *mutatis mutandis* to any resolution of the Board pursuant to Article 132.2 as they apply to any resolution of the Board pursuant to Article 132.1.

## **RECORD DATES**

### **133 BOARD TO FIX DATE**

Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares and subject to the Statutes the Company or the Board may:

- (A) fix any date (the “**record date**”) as the date at the close of business (or such other time as the Board may decide) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular; a record date may be on or at any time before any date on which such item is paid, made, given or served or (in the case of any dividend, distribution, interest, allotment or issue) after any date on which such item is recommended, resolved, declared or announced; and
- (B) for the purposes of determining which persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, specify in the notice of meeting a time by which a person must be entered on the register in order to have the right to attend or vote at the meeting. Changes to the register after the time specified by virtue of this Article 133 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## **ACCOUNTS**

### **134 ACCOUNTING RECORDS**

- 134.1 The Company shall cause to be kept adequate accounting records, whether in the form of documents, electronic form or otherwise, that:
- (A) correctly record and explain the transactions of the Company;
  - (B) will at any time enable the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
  - (C) will enable the Directors to ensure that any financial statements of the Company complies with the requirements of the Act; and
  - (D) will enable those financial statements of the Company to be readily and properly audited.
- 134.2 The accounting records shall be kept on a continuous and consistent basis and entries therein shall be made in a timely manner and be consistent from year to year. Adequate accounting records shall be deemed to have been maintained if they comply with the provisions of the Act and explain the Company's transactions and facilitate the preparation of financial statements that give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and, if relevant, the Group and include any information and returns referred to in section 283(2) of the Act.
- 134.3 The accounting records shall be kept at the Registered Office or, subject to the provisions of the Act, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
- 134.4 In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such statutory financial statements of the Company and reports as are required by the Act to be prepared and laid before such meeting.

## 135 ACCESS TO ACCOUNTING RECORDS

No shareholder (other than an officer of the Company) shall have any right of inspecting any accounting record or other document of the Company unless he or she is authorised to do so by statute, by order of the court, by the Board or by an Ordinary Resolution. No shareholder shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the shareholders of the Company to communicate to the public.

## 136 DISTRIBUTION OF ANNUAL ACCOUNTS

136.1 A copy of the statutory financial statements of the Company (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report or summary financial statements prepared in accordance with section 1119 of the Act shall be sent by post, electronic mail or any other means of communication (electronic or otherwise), not less than twenty-one (21) clear days before the date of the annual general meeting, to every person entitled under the provisions of the Act to receive them; provided that in the case of those documents sent by electronic mail or any other electronic means, such documents shall be sent with the consent of the recipient, to the address of the recipient notified to the Company by the recipient for such purposes, and provided further that where the Directors elect to send summary financial statements to the shareholders, any shareholder may request that he or she be sent a hard copy of the statutory financial statements of the Company.

136.2 For the purposes of this Article, copies of those documents are also to be treated as sent to a person where:

- (A) the Company and that person have agreed to that person having access to the documents on a website (instead of their being sent to such person);
- (B) the documents are documents to which that agreement applies; and
- (C) that person is notified, in a manner for the time being agreed for the purpose between such person and the Company, of:
  - (1) the publication of the documents on a website;
  - (2) the address of that website; and
  - (3) the place on that website where the documents may be accessed, and how they may be accessed.

In this Article, "**address**" includes any number or address used for the purpose of communication by electronic means.

- (D) For the purposes of this Article, documents treated in accordance with Article 136.2 as sent to any person are to be treated as sent to such person not less than twenty one (21) days before the date of a meeting if, and only if:

- (1) the documents are published on the website throughout a period beginning at least twenty one (21) days before the date of the meeting and ending with the conclusion of the meeting; and
- (2) the notification given for the purposes of Article 136.2(C) is given not less than twenty one (21) days before the date of the meeting.

136.3 Nothing in Article 136.2 shall invalidate the proceedings of a meeting where:

- (A) any documents that are required to be published as mentioned in Article 136.2(C)(1) are published for a part, but not all, of the period mentioned in that Article; and
- (B) the failure to publish those documents throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

136.4 This Article shall not require a copy of the documents referred to in Article 136.1 to be sent to any person who is not entitled to receive notices of general meetings, any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

136.5 Where copies of documents are sent out pursuant to this Article over a period of days, references elsewhere in the Act to the day on which those copies are sent out shall be read as references to the last day of that period.

## **AUDIT**

### **137 APPOINTMENT OF AUDITORS**

Auditors shall be appointed and their duties regulated in accordance with the Act, any other applicable law and such requirements not inconsistent with the Act as the Board may from time to time determine.

## **COMMUNICATIONS**

### **138 COMMUNICATIONS**

Any documents or information to be sent or supplied by or to the Company may be sent or supplied in hard copy form, in electronic form or by means of a website to the extent permitted by the statutes and these Articles.

### **139 COMMUNICATIONS TO THE COMPANY**

139.1 A document or information is validly sent or supplied by a shareholder to the Company in hard copy form if it is sent or supplied by hand or by post (in a prepaid envelope) to:

- (A) an address specified by the Company for the purpose;
- (B) the Registered Office; or



(C) an address to which any provision of the Statutes authorises the document or information to be sent or supplied.

139.2 A document or information may only be sent or supplied by a shareholder to the Company in electronic form if the Company has agreed by notice to the shareholders that the document or information may be sent or supplied in that form (and not revoked that agreement) or the Company is deemed to have so agreed by a provision of the Statutes.

139.3 Subject to Article 139.2 above, where a document or information is sent or supplied by electronic means, it may only be sent or supplied to an address:

(A) specified for the purpose by the Company (generally or specifically); or

(B) deemed by a provision of the Statutes to have been so specified.

#### **140 COMMUNICATIONS BY THE COMPANY OR THE BOARD IN HARD COPY FORM**

140.1 A document or information sent or supplied by the Company or the Board in hard copy form must be:

(A) handed to the intended recipient; or

(B) sent or supplied by hand or by post (in a pre-paid envelope):

(1) to an address specified for the purpose by the intended recipient;

(2) to a company at its registered office;

(3) to a person in his or her capacity as a shareholder, at his or her address as shown in the register;

(4) to a person in his or her capacity as a Director, at his or her address as shown in the register of Directors; or

(5) to an address to which any provision of the Statutes authorises the document or information to be sent or supplied.

140.2 Where the Company is unable to obtain any address falling within Article 140.1 above, the document or information may be sent or supplied to the intended recipient's last address known to the company.

#### **141 COMMUNICATIONS BY THE COMPANY IN ELECTRONIC FORM**

141.1 A document or information (including the Company's audited accounts and the directors' and auditor's reports thereon) may only be sent or supplied by the Company or the Board by electronic means to a person or company who has agreed (generally or specifically) that the document or information may be sent or supplied in that form (and not revoked that agreement). Any such consent requirement shall be deemed to have been satisfied where the Company has written to the shareholder informing him or her of its intention to use electronic communications for such purposes and the shareholder has not, within four (4) weeks of the issue of such notice, served an objection in writing on the Company to such proposal. Where a shareholder has given, or is

deemed to have given his or her consent to the receipt by such shareholder of electronic mail or other electronic means approved by the Directors, he or she may revoke such consent at any time by requesting the Company to communicate with him or her in documented form; provided however that such revocation shall not take effect until five (5) days after written notice of the revocation is received by the Company.

141.2 Where the document or information is sent or supplied by electronic means, it may only be sent or supplied to an address:

- (A) specified for the purpose by the intended recipient (generally or specifically); or
- (B) where the intended recipient is a company, deemed by a provision of the Statutes to have been so specified.

## 142 **COMMUNICATIONS BY THE COMPANY BY MEANS OF A WEBSITE**

142.1 A document or information may only be sent or supplied by the Company to a person by being made available on a website if the person:

- (A) has agreed (generally or specifically) that the document or information may be sent or supplied to him or her in that manner; or
- (B) is taken to have so agreed in accordance with the Statutes, and has not revoked that agreement.

142.2 A document or information authorised or required to be sent or supplied by means of a website must be made available in a form, and by a means, that the Company reasonably considers will enable the recipient to read it (and see any images contained in it) with the naked eye and to retain a copy of it.

142.3 The Company must notify the intended recipient of:

- (A) the presence of the document or information on the website;
- (B) the address of the website;
- (C) the place on the website where it may be accessed; and
- (D) how to access the document or information.

142.4 The document or information is taken to be sent:

- (A) on the date on which the notification required by Article 142.3 above is sent; or
- (B) if later, the date on which the document or information first appears on the website after that notification is sent.

142.5 The Company must make the document or information available on the website throughout:

- (A) the period specified by any applicable provision of the Statutes; or

- (B) if no such period is specified, the period of twenty eight (28) days beginning with the date on which the notification required by Article 142.3 is sent to the person in question.

A failure to make a document or information available on a website throughout the period mentioned in this Article 142.5 shall be disregarded if (1) it is made available on the website for part of that period and (2) the failure to make it available throughout that period is wholly attributable to circumstances that it would not be reasonable to have expected the Company to prevent or avoid.

142.6 A notice of a general meeting of the Company given by means of a website must:

- (A) state that it concerns a notice of a meeting of the Company;
- (B) specify the place, date and time of the meeting; and
- (C) state whether the meeting is to be an annual general meeting.

#### **143 COMMUNICATIONS BY OTHER MEANS**

143.1 A document or information that is sent or supplied to the Company otherwise than in hard copy form, by electronic means or by means of a website is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the Company.

143.2 A document or information that is sent or supplied by the Company or the Board otherwise than in hard copy form, by electronic means or by means of a website is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the intended recipient.

#### **144 FAILURE TO DELIVER BY ELECTRONIC MEANS**

If any document or information has been sent or supplied by electronic means in accordance with Article 141 to any shareholder at his or her address specified for the purpose or deemed to be so specified and the Company becomes aware of a failure in delivery (and subsequent attempts to send or supply such document or information by electronic means also result in a failure in delivery), the Company shall either:

- (A) send or supply a hard copy of such document or information to such shareholder; or
- (B) notify such shareholder of the information set out in Article 142.3,

in each case in the manner described in Article 140.1.

#### **145 WHEN SERVICE IS EFFECTED ON A MEMBER**

145.1 Where a document or information is, under Article 140.1, sent or supplied by post, service or delivery to a shareholder it shall be deemed to be effected:

- (A) if sent by first class post or special delivery post from an address in Ireland to another address in Ireland or from an address in the United States to another address in the United States, or by a postal service similar to first class post or special delivery post from an address in another country to another address in that other country, at the

expiration of twenty four (24) hours after the time when the cover containing the same is posted; or

- (B) in any other case, on the third day following that on which the document or information was posted, and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed and posted.

145.2 Where a document or information is, under Article 141, sent or supplied by electronic means to an address specified for the purpose by the intended recipient, service or delivery shall be deemed to be effected on the same day on which it is sent or supplied and in proving such service it will be sufficient to prove that it was properly addressed.

145.3 Where a document or information is, under Article 142, sent or supplied by means of a website, service or delivery shall be deemed to be effected when (a) the material is first made available on the website or (b) if later, when the recipient received (or, in accordance with this Article 145.3, is deemed to have received) notification of the fact that the material was available on the website.

#### **146 NOTICE BY ADVERTISEMENT**

146.1 If at any time by reason of the suspension or curtailment of postal services within Ireland or the United States, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by notice advertised on the same date in at least one national newspaper in Ireland and/or the United States (as applicable) and such notice shall be deemed to have been duly served on all shareholders entitled thereto on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least six clear days prior to the meeting the posting of notices to addresses throughout Ireland, the United Kingdom or the United States (as applicable) again becomes practicable.

146.2 Notwithstanding anything in the Statutes or these Articles, if by reason of suspension or curtailment of postal services within Ireland or the United States, the Company is unable in the opinion of the Board to deliver the documents referred to in Article 136.1, as the case may be, to persons entitled thereto by the time therein prescribed, the Company may nevertheless proceed validly to convene and hold the general meeting before which such documents are to be laid by giving notice of such meeting in accordance with Article 146.1, but so that the reference in the final sentence of that Article to "confirmatory copies of the notice" shall be read to include the relevant documents referred to in Article 136 and the reference therein to "six clear days" shall be read as "three clear days" and provided always that such documents shall be made available for inspection during normal business hours at the Registered Office throughout the period from the date of publication of the notice convening such meeting until the date of the meeting and also at the meeting itself.

#### **147 DOCUMENTS AND INFORMATION TO JOINT HOLDERS**

All notices directed to be given to the shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the register, and notice so given shall be sufficient notice to all the holders of such share.

#### **148 SERVICE OF DOCUMENTS AND INFORMATION ON PERSONS ENTITLED TO SHARES BY TRANSMISSION**

A person entitled to a share in consequence of the death or bankruptcy of a shareholder upon supplying to the Company such evidence as the Board may reasonably require to show his or her title to the share, and upon supplying also an address in Ireland or the United States or such other jurisdiction as the Board may consider appropriate for the service of notices, shall be entitled to have served upon or delivered to him or her at such address any notice or document to which the shareholder, but for his or her death or bankruptcy, would be entitled, and such service or delivery shall for all purposes be deemed to be sufficient service for delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him or her) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any shareholder in pursuance of these presents shall, notwithstanding that such shareholder be then dead or bankrupt, and whether or not the Company shall have notice of his or her death or bankruptcy, be deemed to have been duly served or delivered in respect of any share registered in the name of such shareholder as sole or first named joint holder.

**149 MEMBERS NOT ENTITLED TO NOTICES, DOCUMENTS AND INFORMATION**

A shareholder who has not supplied to the Company an address for the service of notices shall not be entitled to receive notices from the Company.

**150 DOCUMENT DESTRUCTION**

**150.1** The Company may destroy:

- (A) any share certificate or other evidence of title to shares which has been cancelled at any time after one year from the date of such cancellation;
- (B) any mandate for the payment of dividends or other amounts or any variation or cancellation of such mandate or any other instruction concerning the payment of monies or any notification of change of name or address at any time after two years from the date such mandate, variation, cancellation or notification was recorded by the Company;
- (C) any instrument or other evidence of transfer of shares or renunciation of an allotment of shares which has been registered at any time after six years from the date of registration; and
- (D) any other document on the basis of which an entry in the Register is made at any time after six years from the date an entry in the Register was first made in respect of it,

and the Company may destroy any such document earlier than the relevant date, provided that a permanent record of the document is made (on microfilm, computer disc or otherwise) which is not destroyed before that date.

**150.2** It shall be conclusively presumed in favour of the Company that every entry in the Share Register purporting to have been made on the basis of a document destroyed in accordance with this Article was duly and properly made, that every instrument of transfer so destroyed was duly registered, that every share certificate so destroyed was valid and was duly cancelled and that every other document so destroyed was valid and effective in accordance with the recorded particulars in the records of the Company, provided that:

- (A) this Article shall apply only to the destruction of a document in good faith and without express notice of any claim (regardless of the parties to it) to which the document might be relevant;
- (B) nothing in this Article imposes on the Company any liability in respect of the destruction of any such document otherwise than as provided for in this Article which would not attach to the Company in the absence of this Article; and
- (C) references in this Article to the destruction of any document include references to the disposal of it in any manner.

## **MISCELLANEOUS**

### **151 WINDING UP**

151.1 If the Company shall be wound up and the assets available for distribution among the shareholders as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the shareholders in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively. Provided that this Article shall not affect the rights of the holders of shares issued upon special terms and conditions.

### **151.2**

- (A) In case of a sale by the liquidator under the Act, the liquidator may by the contract of sale agree so as to bind all the shareholders for the allotment to the shareholders directly of the proceeds of sale in proportion to their respective interests in the Company and may further by the contract limit a time at the expiration of which obligations or shares not accepted or required to be sold shall be deemed to have been irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting shareholders conferred by the said section.
- (B) The power of sale of the liquidator shall include a power to sell wholly or partially for debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.

151.3 If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Act, may divide among the shareholders *in specie* or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he or she determines, but so that no shareholder shall be compelled to accept any assets upon which there is a liability.

## 152 INDEMNITY AND INSURANCE

- 152.1 Subject to the provisions of and so far as may be admitted by the Act, every Director and the Secretary of the Company and, every director and secretary of any associated company of the Company, shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto including any liability incurred by him or her in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him or her as an officer or employee of the Company and in which judgement is given in his or her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part) or in which he or she is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him or her by the Court.
- 152.2 The Directors shall have power to purchase and maintain, for any Director, the Secretary or other officers or employees of the Company, and every director, secretary or any employees of any associated company of the Company, insurance against any such liability as referred to section 235 of the Act.
- 152.3 As far as is permissible under the Act, the Company shall indemnify any current or former executive officer of the Company (excluding any present or former Directors of the Company or Secretary of the Company), or any person who is serving or has served at the request of the Company as a director or executive officer of another company, joint venture, trust or other enterprise, including any associated company of the Company (each individually, a **"Covered Person"**), against any expenses, including attorney's fees, judgements, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, to which he or she was or is threatened to be made a party, or is otherwise involved (a **"proceeding"**), by reason of the fact that he or she is or was a Covered Person; provided, however, that this provision shall not indemnify any Covered Person against any liability arising out of (a) any fraud or dishonesty in the performance of such Covered Person's duty to the Company, or (b) such Covered Person's conscious, intentional or wilful breach of the obligation to act honestly and in good faith with a view to the best interests of the Company. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Act or to any person holding the office of auditor in relation to the Company.
- 152.4 In the case of any threatened, pending or completed action, suit or proceeding by or in the name of the Company, the Company shall indemnify each Covered Person against expenses, including attorneys' fees, actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of his or her duty to the Company, or for conscious, intentional or wilful breach of his or her obligation to act honestly and in good faith with a view to the best interests of the Company, unless and only to the extent that the High Court of Ireland or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such Covered Person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Act or to any person holding the office of auditor in relation to the Company.

152.5 Any indemnification under this Article (unless ordered by a court) shall be made by the Company only as authorised in the specific case upon a determination that indemnification of the Covered Person is proper in the circumstances because such person has met the applicable standard of conduct set forth in this Article. Such determination shall be made by any person or persons having the authority to act on the matter on behalf of the Company. To the extent, however, that any Covered Person has been successful on the merits or otherwise in defence of any proceeding, or in defence of any claim, issue or matter therein, such Covered Person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without necessity of authorisation in the specific case.

152.6 As far as permissible under the Act, expenses, including attorneys' fees, incurred in defending any proceeding for which indemnification is permitted pursuant to this Article shall be paid by the Company in advance of the final disposition of such proceeding upon receipt by the Board of an undertaking by the particular indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company pursuant to these Articles.

152.7 It being the policy of the Company that indemnification of the persons specified in this Article shall be made to the fullest extent permitted by law, the indemnification provided by this Article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under these Articles, any agreement, any insurance purchased by the Company, vote of shareholders or disinterested Directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another company, joint venture, trust or other enterprise which he or she is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth. As used in this Article, references to the "Company" include all constituent companies in a scheme of arrangement, consolidation or merger in which the Company or a predecessor to the Company by scheme of arrangement, consolidation or merger was involved. The indemnification provided by this Article shall continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of their heirs, executors, and administrators.

152.8 The Company may additionally indemnify any employee or agent of the Company or any director, executive, employee or agent of any associated company of the Company to the fullest extent permitted by law.

## 153 **BUSINESS COMBINATIONS**

153.1 The adoption or authorisation of any Business Combination must be pre-approved with the sanction of an Ordinary Resolution of the Company. The foregoing vote shall be in addition to any class vote or other vote otherwise required by law, these Articles, or any agreement to which the Company is a party.

153.2 For the purposes of this Article 153, the term "**Business Combination**" shall mean the sale or lease or exchange of all or substantially all of the property and of the assets of the Company to any person other than a Group Member.

## 154 **DISPUTE RESOLUTION**



- 154.1 The courts of Ireland shall have exclusive jurisdiction to determine any dispute related to or connected with (a) any derivative claim in respect of a cause of action vested in the Company or seeking relief on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary or other duty owed by any Director or officer or other employee of the Company to the Company or the Company's shareholders, or (c) any action asserting a claim against the Company or any Director or officer or other employee of the Company arising under the laws of Ireland or pursuant to any provision of the Articles (as either may be amended from time to time).
- 154.2 Damages alone may not be an adequate remedy for any breach of this Article 154, so that, in the event of a breach or anticipated breach, the remedies of injunction and/or an order for specific performance would in appropriate circumstances be available.
- 154.3 The governing law of the Articles is the substantive law of Ireland.
- 154.4 For the purposes of this Article 154:
- (A) a “**dispute**” shall mean any dispute, controversy or claim;
  - (B) references to “**Company**” shall be read so as to include each and any of the Company's subsidiary undertakings from time to time; and
  - (C) “**Director**” shall be read so as to include each and any Director of the Company from time to time in his or her capacity as such or as an employee of the Company and shall include any former Director of the Company.

## 155 DEPOSITARY INTERESTS

- 155.1 The Directors shall, subject always to applicable law and the provisions of these Articles, have power to implement and/or approve any arrangements which they may, in their absolute discretion, think fit in relation to (without limitation) the evidencing of title to and transfer of Depositary Interests or similar interests in shares.
- 155.2 The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements under Article 155.1 including, without limitation, treating holders of Depositary Interests or similar interests in shares as if they were holders directly thereof for the purposes of compliance with any obligations imposed under these Articles on shareholders.
- 155.3 If and to the extent that the Directors implement and/or approve any arrangements in relation to the evidencing of title to and transfer of Depositary Interests or similar interests in shares in accordance with Articles 155.1 and 155.2, the Directors shall ensure that such arrangements provide (in so far as is reasonably practicable):
- (A) a holder of any such Depositary Interests or similar interest in shares with the same or equivalent rights as a shareholder including, without limitation, in relation to the exercise of voting rights and provision of information, and
  - (B) the Company and the Directors with the same or equivalent powers as given under these Articles in respect of a shareholder, including, without limitation, the powers of the Board under Article 69, so that such power may be exercised against a holder of a Depositary

Interest or similar interest in shares and the shares represented by such Depositary Interest or similar interest.

## APPENDIX

### SUMMARY OF EXAMPLE TERMS

#### RIGHTS TO PURCHASE SHARES OF STERIS PLC

Subject to the provisions of the Act and every other enactment from time to time in force concerning companies (including any orders, regulations or other subordinate legislation made under the Act or any such other enactment), so far as they apply to or affect STERIS plc (the "**Company**"), the Board of Directors of the Company (the "**Board**") may exercise any power of the Company to establish a shareholders rights plan (the "**Rights Plan**"). The Rights Plan may be in such form as the Board shall in its absolute discretion decide and may in particular (but without restriction or limitation) include such terms as are described in this Summary of Example Terms.

Pursuant to the Rights Plan, the Board would declare and issue one Share Purchase Right (a "**Right**") for each outstanding Ordinary Share of the Company (the "**Ordinary Shares**"). Each Right would entitle the registered holder, upon payment to the Company of the price per Right specified in the Rights Plan, to have delivered to such holder Ordinary Shares, Preferred Shares, another class of shares of the Company and/or Depositary Interests (a "**Share**"), subject to adjustment.

Until the earlier to occur of (i) 10 days following a public announcement that a person or group of affiliated or associated persons or persons acting in concert (a "**group**") has acquired beneficial ownership of or an interest in 20% or more of the outstanding Ordinary Shares and Depositary Interests (without duplication) (such person or group, an "**Acquiring Person**") and (ii) 10 business days (or such later date as may be determined by action of the Board prior to such time as any person or group were to become an Acquiring Person) following the commencement of, or announcement of an intention to undertake, a takeover by a person or group the consummation of which would result in the beneficial ownership of or an interest in 20% or more of the outstanding Ordinary Shares and Depositary Interests (without duplication) being acquired by that person or group (the earlier of such dates being called the "**Distribution Date**"), each Right would be associated with an individual Ordinary Share or Depositary Interest, as applicable, and the Rights would be transferred with and only with the Ordinary Shares or Depositary Interests, as applicable.

After the Distribution Date, separate certificates evidencing the Rights ("**Right Certificates**") would be mailed to (or credited to the account of) holders of record of the Ordinary Shares and Depositary Interests (without duplication) as of the close of business on the Distribution Date. Such separate Right Certificates alone would then evidence the Rights and the Rights would then be separately transferable.

The Rights would not be exercisable until the Distribution Date. The Rights would expire on a date to be specified in the Rights Plan, unless the Rights were earlier redeemed or exchanged by the Company.

After the Distribution Date, each holder of a Right, other than Rights held by or on behalf of any Acquiring Person (which would thereupon become void), would thereafter have the right to receive upon exercise of a Right that number of Shares having a market value of two times the exercise price for the Right.

If, after a person or group were to become an Acquiring Person, the Company were to be acquired by a third party (including an Acquiring Person) in a securities exchange, proper provisions would be made so that each holder of a Right (other than Rights held by or on behalf of an Acquiring Person, which would

have become void) would thereafter have the right to receive upon the exercise of a Right that number of shares of such third party (including an Acquiring Person) or its parent that at the time of such acquisition would have a market value of two times the exercise price of the Right.

At any time after any person or group were to become an Acquiring Person and prior to the acquisition by such Acquiring Person of an interest in 50% or more of the outstanding Ordinary Shares and Depositary Interests (without duplication), the Board would have the authority to exchange or cause to be exchanged the Rights (other than Rights held by or on behalf of such Acquiring Person, which would have become void), in whole or in part, for Shares at an exchange ratio of one Share per Right, subject to the receipt of any consideration required by applicable law to be received by the Company in respect of the same.

At any time before any person or group were to become an Acquiring Person, the Board would have the authority to redeem the Rights in whole, but not in part, at a price per Right to be specified in the Rights Plan (the "**Redemption Price**").

Before any person or group became an Acquiring Person, the Board would have the authority, except with respect to the Redemption Price, to amend the Rights Plan in any manner, subject to applicable law and any restrictions set forth in the articles of association of the Company. After any person or group became an Acquiring Person, the Board would have the authority, except with respect to the Redemption Price, to amend the Rights Plan in any manner that would not adversely effect the interests of holders of the Rights (other than Rights held by or on behalf of any Acquiring Person, which would have become void).

Before the exercise of a Right, a Right would not entitle the holder thereof to any rights as a shareholder or as a holder of Depositary Interests including, without limitation, the right to vote or receive dividends in respect of such Right.

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## BORROWER JOINDER AGREEMENT

This Borrower Joinder Agreement (this “Agreement”) dated as of March 28, 2019 is among STERIS Corporation (“STERIS Corporation”), STERIS Limited (formerly known as STERIS plc; “Old STERIS”), STERIS plc, a public limited company organized under the laws of Ireland (“New STERIS plc”), and Synergy Health Limited, a private limited company organized under the laws of England and Wales (“Synergy” and, together with New STERIS plc, the “New Designated Borrowers” and each, a “New Designated Borrower”) and JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) for the Lenders under the Credit Agreement referred to below.

## RECITALS

WHEREAS, reference is made to the Credit Agreement dated as of March 23, 2018, as amended by that certain First Amendment dated as of March 5, 2019 (as may be further amended, amended and restated, supplemented or otherwise modified, the “Credit Agreement”), among STERIS Corporation, as a Borrower, Old STERIS, as a Borrower, the Guarantors parties thereto from time to time, the Lenders parties thereto and the Administrative Agent.

WHEREAS, pursuant to and subject to the terms of Section 9.17 of the Credit Agreement, the Reporting Entity may designate any New PubCo or wholly-owned Subsidiary of the Reporting Entity as a Borrower under any Revolving Commitments;

WHEREAS, as of the date hereof New STERIS plc is the Reporting Entity and a New PubCo under the Credit Agreement and Synergy is a wholly-owned Subsidiary of the Reporting Entity;

WHEREAS, each New Designated Borrower desires to become a Designated Borrower under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of each Lender to make Revolving Advances to the New Designated Borrowers that the Reporting Entity, the New Designated Borrowers and the Administrative Agent shall have executed and delivered this Agreement to the Administrative Agent.

Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Except as otherwise defined in this Agreement, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Designation. New STERIS plc, as the Reporting Entity, hereby designates each New Designated Borrower as a Borrower under the Revolving Commitments.

Section 3. Joinder. Upon execution of this Agreement by New STERIS plc, as the Reporting Entity and a New Designated Borrower, Synergy, as a New Designated Borrower, and

the Administrative Agent and the satisfaction of the other applicable conditions set forth in Section 9.17, each New Designated Borrower shall be a party to the Credit Agreement and a “Designated Borrower” and a “Borrower” for all purposes thereof. Each New Designated Borrower hereby agrees to be bound by all provisions of the Credit Agreement and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Designated Borrower and a Borrower under the Credit Agreement and the other Loan Documents.

Section 4. Representations and Warranties. Each New Designated Borrower hereby represents and warrants as of the date hereof after giving effect hereto that the representations and warranties of the Loan Parties set forth in Sections 4.01(a) through (d) of the Credit Agreement are, as to each New Designated Borrower and assuming each reference to “this Agreement” in such representations and warranties is a reference to this Agreement, true and correct in all material respects (except that any representation or warranty which is already qualified as to materiality or by reference to Material Adverse Effect shall be true and correct in all respects as so qualified) on and as of such date.

Section 5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 6. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier, facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 7. Miscellaneous. This Agreement shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Borrower Joinder Agreement to be duly executed and delivered as of the day and year first above written.

STERIS plc,  
as the Reporting Entity and a New  
Designated Borrower

By:

/s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

Synergy Health Limited,  
as a New Designated Borrower

By:

/s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Director

[Signature Page to Borrower Joinder Agreement]

JPMORGAN CHASE BANK, N.A.,  
as the Administrative Agent

By:

/s/ Brendan Korb

Name: Brendan Korb

Title: Vice President

[Signature Page to Borrower Joinder Agreement]



## GUARANTOR JOINDER AGREEMENT

This Guarantor Joinder Agreement (this “Agreement”) dated as of March 28, 2019 is made by each of the parties on Schedule I hereto (the “Additional Guarantors”), in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) for the Lenders under the Credit Agreement referred to below.

## RECITALS

WHEREAS, reference is made to the Credit Agreement dated as of March 23, 2018, as amended by that certain First Amendment dated as of March 5, 2019 (as may be further amended, amended and restated, supplemented or otherwise modified, the “Credit Agreement”), among STERIS Limited, a company organized under the laws of England and Wales (formerly known as STERIS plc) (“STERIS Limited”), as a Borrower, STERIS Corporation (“STERIS Corporation”), as a Borrower, the Guarantors parties thereto from time to time, the Lenders parties thereto and the Administrative Agent.

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make Advances to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, each Additional Guarantor is an Affiliate of STERIS Limited;

WHEREAS, the proceeds of the Advances may be used in part to enable the Borrowers to make valuable transfers to the Additional Guarantors in connection with the operation of their respective businesses; and

WHEREAS, each Additional Guarantor acknowledges that it will derive a substantial direct or indirect benefit from the making of the Advances.

Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Except as otherwise defined in this Agreement, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Joinder. As of the date hereof, each Additional Guarantor hereby agrees that it shall become a “Guarantor” under and for all purposes of the Credit Agreement with the same force and effect as if originally named therein as a Guarantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Guarantor under the Credit Agreement and the other Loan Documents, including those set forth in ARTICLE VIII of the Credit Agreement.

Section 3. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 4. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier, facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 5. Miscellaneous. This Agreement shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Additional Guarantors have caused this Guarantor Joinder Agreement to be duly executed and delivered as of the day and year first above written.

STERIS plc, a company organized under  
the laws of Ireland

By:

/s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

STERIS Emerald IE Limited

By:

/s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Director

Acknowledged:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By:

/s/ Brendan Korb

Name: Brendan Korb

Title: Vice President

*[Signature Page to Guarantor Joinder – Credit Agreement]*

Schedule I

STERIS plc

STERIS Emerald IE Limited

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## GUARANTY SUPPLEMENT

March 28, 2019

To the Holders of the Series A-3 Notes, (each, as hereinafter defined) of STERIS Corporation (the “*Company*”)

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into that certain Amended and Restated Note Purchase Agreement, dated as of March 31, 2015, as amended pursuant to that certain First Amendment dated as of January 23, 2017 (the “*Original Note Purchase Agreement*”), between the Company and each of the purchasers party thereto providing for, *inter alia*, the issue and sale by the Company of \$35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020 (the “*Series A-3 Notes*”; the holders of such notes, the “*Holders*”).

WHEREAS, the Company and the Holders have agreed to enter into that certain Second Amendment, dated as of March 5, 2019, to the Original Note Purchase Agreement (the “*Second Amendment*”), pursuant to which the Original Note Purchase Agreement will be amended to be in the form of that certain Amended and Restated Note Purchase Agreement attached thereto dated as of March 5, 2019, between the Company and the Holders, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “*Note Purchase Agreement*”).

WHEREAS, as a condition precedent to the closing of the Original Note Purchase Agreement, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Series A-3 Notes (the “*Guaranty*”).

Pursuant to Section 9.7 of the Note Purchase Agreement and in connection with the Second Amendment, the Reporting Entity (as defined in the Note Purchase Agreement) has agreed to cause the undersigned, STERIS plc, a public limited company organized under the laws of Ireland with company number 595593 (the “*New Parent*”), and STERIS Emerald IE Limited, a private company limited by shares incorporated under the laws of Ireland with company number 633389 (the “*Irish Subsidiary*” and, together with the New Parent, the “*Additional Guarantors*”), to join in the Guaranty. In accordance with the requirements of the

Guaranty, the Additional Guarantors desire to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty so that at all times from and after the date hereof, the Additional Guarantors shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Series A-3 Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Senior Vice President and Chief Financial Officer of the New Parent and a Director of the Irish Subsidiary and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence their consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantors shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Series A-3 Notes) may refer to the Guaranty without making specific reference to the Guaranty Supplement, but nevertheless all such reference shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

*[Signature Page Follows]*

Dated as of the date first written above.

STERIS plc, a company organized  
under the laws of Ireland

By: /s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

STERIS Emerald IE Limited

By: /s/ J. Adam Zangerle

Name: J. Adam Zangerle

Title: Director

*[Signature page to Guaranty Supplement – 2008 Notes]*

**ACCEPTED AND AGREED:**

STERIS CORPORATION

By: /s/ Michael J. Tokich  
Name: Michael J. Tokich  
Title: Senior Vice President and  
Chief Financial Officer

*[Signature page to Guaranty Supplement – 2008 Notes]*



**GUARANTY SUPPLEMENT**

March 28, 2019

To the Holders of the Series A-1A, A-1B, A-2A, A-2B, A-3A and A-3B Notes, (each, as hereinafter defined) of STERIS Corporation (the “*Company*”)

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into that certain Amended and Restated Note Purchase Agreement, dated as of March 31, 2015, as amended pursuant to that certain First Amendment dated as of January 23, 2017 (the “*Original Note Purchase Agreement*”), between the Company and each of the purchasers party thereto providing for, *inter alia*, the issue and sale by the Company of (a) \$47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the “*Series A-1A Notes*”), (b) \$47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the “*Series A-1B Notes*”), (c) \$40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the “*Series A-2A Notes*”), (d) \$40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the “*Series A-2B Notes*”), (e) \$12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the “*Series A-3A Notes*”), and (f) \$12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the “*Series A-3B Notes*”); the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A Notes and the Series A-3B Notes are hereinafter referred to as the “*Notes*”; the holders of such notes, the “*Holders*”).

WHEREAS, the Company and the Holders have agreed to enter into that certain Second Amendment, dated as of March 5, 2019, to the Original Note Purchase Agreement (the “*Second Amendment*”), pursuant to which the Original Note Purchase Agreement will be amended to be in the form of that certain Amended and Restated Note Purchase Agreement attached thereto dated as of March 5, 2019, between the Company and the Holders, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “*Note Purchase Agreement*”).

WHEREAS, as a condition precedent to the closing of the Original Note Purchase Agreement, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the “*Guaranty*”).

Pursuant to Section 9.7 of the Note Purchase Agreement and in connection with the Second Amendment, the Reporting Entity (as defined in the Note Purchase Agreement) has agreed to cause the undersigned, STERIS plc, a public limited company organized under the laws of Ireland with company number 595593 (the “*New Parent*”), and STERIS Emerald IE Limited, a private company limited by shares incorporated under the laws of Ireland with company number 633389 (the “*Irish Subsidiary*” and, together with the New Parent, the “*Additional Guarantors*”), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantors desire to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty so that at all times from and after the date hereof, the Additional Guarantors shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Senior Vice President and Chief Financial Officer of the New Parent and a Director of the Irish Subsidiary and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence their consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantors shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to the Guaranty Supplement, but nevertheless all such reference shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

[*Signature Page Follows*]

Dated as of the date first written above.

STERIS plc, a company organized  
under the laws of Ireland

By: /s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

STERIS Emerald IE Limited

By: /s/ J. Adam Zangerle

Name: J. Adam Zangerle

Title: Director

*[Signature page to Guaranty Supplement – 2012 Notes]*

**ACCEPTED AND AGREED:**

STERIS CORPORATION

By: /s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

*[Signature page to Guaranty Supplement – 2012 Notes]*

## GUARANTY SUPPLEMENT

March 28, 2019

To the Holders of the Series A-1, A-2 and A-3 Notes, (each, as hereinafter defined) of STERIS Corporation (the “*Company*”)

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into that certain Note Purchase Agreement, dated as of May 15, 2015, as amended pursuant to that certain First Amendment dated as of January 23, 2017 (the “*Original Note Purchase Agreement*”), between the Company and each of the purchasers party thereto providing for, *inter alia*, the issue and sale by the Company of (a) \$125,000,000 aggregate principal amount of its 3.45% Senior Notes, Series A-1, due May 14, 2025 (the “*Series A-1 Notes*”), (b) \$125,000,000 aggregate principal amount of its 3.55% Senior Notes, Series A-2, due May 14, 2027 (the “*Series A-2 Notes*”), and (c) \$100,000,000 aggregate principal amount of its 3.70% Senior Notes, Series A-3, due May 14, 2030 (the “*Series A-3 Notes*”; the Series A-1 Notes, the Series A-2 Notes and the Series A-3 Notes are hereinafter referred to as the “*Notes*”; the holders of such notes, the “*Holders*”).

WHEREAS, the Company and the Holders have agreed to enter into that certain Second Amendment, dated as of March 5, 2019, to the Original Note Purchase Agreement (the “*Second Amendment*”), pursuant to which the Original Note Purchase Agreement will be amended to be in the form of that certain Amended and Restated Note Purchase Agreement attached thereto dated as of March 5, 2019, between the Company and the Holders, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “*Note Purchase Agreement*”).

WHEREAS, as a condition precedent to the closing of the Original Note Purchase Agreement, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the “*Guaranty*”).

Pursuant to Section 9.7 of the Note Purchase Agreement and in connection with the Second Amendment, the Reporting Entity (as defined in the Note Purchase Agreement) has agreed to cause the undersigned, STERIS plc, a public limited company organized under the

laws of Ireland with company number 595593 (the “*New Parent*”), and STERIS Emerald IE Limited, a private company limited by shares incorporated under the laws of Ireland with company number 633389 (the “*Irish Subsidiary*” and, together with the New Parent, the “*Additional Guarantors*”), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantors desire to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty so that at all times from and after the date hereof, the Additional Guarantors shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Series A-3 Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Senior Vice President and Chief Financial Officer of the New Parent and a Director of the Irish Subsidiary and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence their consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantors shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to the Guaranty Supplement, but nevertheless all such reference shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

[*Signature Page Follows*]

Dated as of the date first written above.

STERIS plc, a company organized  
under the laws of Ireland

By: /s/ Michael J. Tokich

Name: Michael J. Tokich

Title: Senior Vice President and  
Chief Financial Officer

STERIS Emerald IE Limited

By: /s/ J. Adam Zangerle

Name: J. Adam Zangerle

Title: Director

*[Signature page to Guaranty Supplement – 2015 Notes]*

**ACCEPTED AND AGREED:**

STERIS CORPORATION

By: /s/ Michael J. Tokich  
Name: Michael J. Tokich  
Title: Senior Vice President and  
Chief Financial Officer

*[Signature page to Guaranty Supplement – 2015 Notes]*



## GUARANTY SUPPLEMENT

March 28, 2019

To the Holders of the Series A-1, A-2, A-3, A-4, A-5, A-6 and A-7 Notes, (each, as hereinafter defined) of STERIS Limited (formerly known as STERIS plc; the “*Company*”)

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into that certain Note Purchase Agreement, dated as of January 23, 2017 (the “*Original Note Purchase Agreement*”), between the Company and each of the purchasers party thereto providing for, *inter alia*, the issue and sale by the Company of (a) \$50,000,000 aggregate principal amount of its 3.93% Senior Notes, Series A-1, due February 27, 2027 (the “*Series A-1 Notes*”); (b) €60,000,000 aggregate principal amount of its 1.86% Senior Notes, Series A-2, due February 27, 2027 (the “*Series A-2 Notes*”); (c) \$45,000,000 aggregate principal amount of its 4.03% Senior Notes, Series A-3, due February 27, 2029 (the “*Series A-3 Notes*”); (d) €20,000,000 aggregate principal amount of its 2.04% Senior Notes, Series A-4, due February 27, 2029 (the “*Series A-4 Notes*”); (e) £45,000,000 aggregate principal amount of its 3.04% Senior Notes, Series A-5, due February 27, 2029 (the “*Series A-5 Notes*”); (f) €19,000,000 aggregate principal amount of its 2.30% Senior Notes, Series A-6, due February 27, 2032 (the “*Series A-6 Notes*”); and (g) £30,000,000 aggregate principal amount of its 3.17% Senior Notes, Series A-7, due February 27, 2032 (the “*Series A-7 Notes*”; the Series A-1 Notes, the Series A-2 Notes, the Series A-3 Notes, the Series A-4 Notes, the Series A-5 Notes, the Series A-6 Notes and the Series A-7 Notes are hereinafter referred to as the “*Notes*”; the holders of such notes, the “*Holders*”).

WHEREAS, the Company and the Holders have agreed to enter into that certain First Amendment, dated as of March 5, 2019, to the Original Note Purchase Agreement (the “*First Amendment*”), pursuant to which the Original Note Purchase Agreement will be amended to be in the form of that certain Amended and Restated Note Purchase Agreement attached thereto dated as of March 5, 2019, between the Company and the Holders, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “*Note Purchase Agreement*”).

WHEREAS, as a condition precedent to the closing of the Original Note Purchase Agreement, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the “*Guaranty*”).

Pursuant to Section 9.7 of the Note Purchase Agreement and in connection with the First Amendment, the Reporting Entity (as defined in the Note Purchase Agreement) has agreed to cause the undersigned, STERIS plc, a public limited company organized under the laws of Ireland with company number 595593 (the “*New Parent*”), and STERIS Emerald IE Limited, a private company limited by shares incorporated under the laws of Ireland with company number 633389 (the “*Irish Subsidiary*” and, together with the New Parent, the “*Additional Guarantors*”), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantors desire to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty so that at all times from and after the date hereof, the Additional Guarantors shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Senior Vice President and Chief Financial Officer of the New Parent and a Director of the Irish Subsidiary and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence their consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantors shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to the Guaranty Supplement, but nevertheless all such reference shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

[*Signature Page Follows*]

Dated as of the date first written above.

STERIS plc, a company organized  
under the laws of Ireland

By: /s/ Michael J. Tokich  
Name: Michael J. Tokich  
Title: Senior Vice President and  
Chief Financial Officer

STERIS Emerald IE Limited

By: /s/ J. Adam Zangerle  
Name: J. Adam Zangerle  
Title: Director

*[Signature page to Guaranty Supplement – 2017 Notes]*

**ACCEPTED AND AGREED:**

STERIS Limited

By: /s/ Michael J. Tokich  
Name: Michael J. Tokich  
Title: Senior Vice President and  
Chief Financial Officer

*[Signature page to Guaranty Supplement – 2017 Notes]*

## SUBSIDIARIES OF STERIS PLC

STERIS plc has no parent company. As of March 31, 2019, its direct and indirect subsidiaries<sup>(1)</sup> were as follows:

Albert Browne Limited	England & Wales
American Sterilizer Company	Pennsylvania
Anecto Test Services DAC	Ireland
Bioster Mottahedoon Egypt SAE	Egypt
Bizworth Gammarad Sdn Bhd	Malaysia
Black Diamond Video, Inc.	California
CLBV Limited	England & Wales
Controlled Environment Certification Services, Inc.	Ohio
Dover UK I Limited	England & Wales
Dover UK II Limited	England & Wales
Dover UK III Limited	England & Wales
Eschmann Holdings Limited	England & Wales
Gammaster Sweden AB	Sweden
Genii, Inc.	Minnesota
Harwell Dosimeters Limited	
Dosimeters Limited	England & Wales
Herotron E-Beam Service GmbH	Germany
Isomedix Inc.	Delaware
Isomedix Operations Inc.	Delaware
Isotron Limited	England & Wales
Medisafe America, L.L.C.	Florida
Medisafe Holdings Limited	England & Wales
Medisafe UK Limited	England & Wales
PeriOptimum, Inc.	Delaware
Phoenix Optics Limited	England & Wales
Phoenix Surgical Holdings Limited	England & Wales
ReNOVA Surgical Limited	England & Wales
	Switzerland
SATYAtek S.A.	
Sercon Indústria E Comércio De Aparelhos Médicos E Hospitalares Ltda.	Brazil
Shiloh Limited	England & Wales
Shiloh Properties Limited	England & Wales
Solar New US Holding Co, LLC	Delaware
Solar New US Parent Co, LLC	Delaware
Solar US Acquisition Co, LLC	Delaware
STE UK HoldCo Limited	England & Wales
STE UK Sub HoldCo Limited	England & Wales
Sterile Supplies Limited	England & Wales
STERIS AB	Sweden
STERIS Applied Sterilization Technologies ULC	Canada
STERIS Asia Pacific, Inc.	Delaware

STERIS AST CZ s.r.o.	Czech Republic
STERIS AST d.o.o.	Slovenia
STERIS AST SK s.r.o.	Slovakia
STERIS Barrier Products Solutions, Inc.	Pennsylvania
STERIS Brazil Holdings, LLC	Delaware
STERIS (BVI) I Limited	British Virgin Islands
STERIS Canada Sales ULC	Canada
STERIS Canada ULC	Canada
STERIS CH Limited	England & Wales
STERIS China Holdings Limited	Hong Kong
STERIS Corporation	Ohio
STERIS Corporation de Costa Rica, S.A.	Costa Rica
STERIS Deutschland GmbH	Germany
STERIS Dover AST Holdings Limited	England & Wales
STERIS Dover Canada Holdings Limited	England & Wales
STERIS Dover Limited	England & Wales
STERIS Emerald IE Limited	Ireland
STERIS Enterprises LLC	Russia
STERIS Europe, Inc.	Delaware
STERIS FinCo S.à r.l.	Luxembourg
STERIS FinCo II S.à r.l.	Luxembourg
STERIS GmbH	Switzerland
STERIS Holdings B.V.	Netherlands
STERIS Iberia, S.A.	Spain
STERIS IMS Canada Inc.	Canada
STERIS IMS Limited	England & Wales
STERIS Inc.	Delaware
STERIS (India) Private Limited	India
STERIS Instrument Management Services, Inc.	Delaware
STERIS Ireland Limited	Ireland
STERIS Irish FinCo Unlimited Company	Ireland
STERIS Irish FinCo II Unlimited Company	Ireland
STERIS Isomedix Puerto Rico, LLC	Puerto Rico
STERIS Japan Inc.	Japan
STERIS Laboratories, Inc.	Minnesota
STERIS Latin America, Inc.	Delaware
STERIS Luxembourg Finance S.à r.l.	Luxembourg
STERIS Luxembourg Holding S.à r.l.	Luxembourg
STERIS Mauritius Limited	Republic of Mauritius
STERIS Mexico, S. de R.L. de C.V.	Mexico
STERIS NV	Belgium
STERIS Personnel Services, Inc.	Delaware
STERIS Personnel Services Mexico, S. de R.L. de C.V.	Mexico

STERIS S.r.l.	Italy
STERIS SAS	France
STERIS SEA Sdn. Bhd.	Malaysia
STERIS (Shanghai) Trading Co., Ltd.	China
STERIS Singapore Pte Ltd	Singapore
STERIS Solutions Limited	England & Wales
STERIS Solutions Pte. Limited	Singapore
STERIS S.p.A.	Italy
STERIS UK Holding Limited	England & Wales
STERIS–Austar Pharmaceutical Systems Hong Kong Limited	Hong Kong
STERIS–Austar Pharmaceutical Systems (Shanghai) Limited	China
Strategic Technology Enterprises, Inc.	Delaware
Synergy Health Allershausen GmbH	Germany
Synergy Health Amsterdam B.V.	The Netherlands
Synergy Health AST, LLC	Delaware
Synergy Health AST S.r.l.	Costa Rica
Synergy Health Däniken AG	Switzerland
Synergy Health Ede B.V.	The Netherlands
Synergy Health France SAS	France
Synergy Health Holding B.V.	The Netherlands
Synergy Health Holdings Limited	England & Wales
Synergy Health Investments Limited	England & Wales
Synergy Health Ireland Limited	Ireland
Synergy Health Limited	England & Wales
Synergy Health Logistics B.V.	The Netherlands
Synergy Health Marseille SAS	France
Synergy Health Nederland B.V.	The Netherlands
Synergy Health Radeberg GmbH	Germany
Synergy Health Sterilisation UK Limited	England & Wales
Synergy Health (Suzhou) Limited	China
Synergy Health (Suzhou) Sterilization Technologies Limited	China
Synergy Health Systems Limited	England & Wales
Synergy Health (Thailand) Limited	Thailand
Synergy Health True North, LLC	New York
Synergy Health (UK) Limited	England & Wales
Synergy Health US Holdings, Inc.	Delaware
Synergy Health US Holdings Limited	England & Wales
Synergy Health Utrecht B.V.	The Netherlands
Synergy Health Westport Limited	Ireland
Synergy Sterilisation KL (M) Sdn Bhd	Malaysia
Synergy Sterilisation Kulim (M) Sdn Bhd	Malaysia
Synergy Sterilisation (M) Sdn Bhd	Malaysia
Synergy Sterilisation Rawang (M) Sdn Bhd	Malaysia

Synergy Sterilisation South Africa (Proprietary) Limited	South Africa
United States Endoscopy Group, Inc.	Ohio
Vernon and Co. Limited	England & Wales
Vernon Carus (Malta) Limited	Malta
Vernon-Carus Limited	England & Wales
<sup>(1)</sup> The names of one or more subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute at the end of fiscal 2019 a “significant subsidiary” within the meaning of Rule 1-02(w) of Regulation S-X have been excluded.	



**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8, No. 333-230557) of STERIS plc pertaining to the STERIS Corporation 401(k) Plan, and
- (2) Registration Statement (Form S-8, No. 333-230558) of STERIS plc pertaining to the STERIS plc 2006 Long-Term Equity Incentive Plan (As Assumed, Amended and Restated Effective March 28, 2019);

of our reports dated May 30, 2019, with respect to the consolidated financial statements and schedule of STERIS plc and subsidiaries (STERIS) and the effectiveness of internal control over financial reporting of STERIS included in this Annual Report (Form 10-K) of STERIS for the year ended March 31, 2019.

/s/ Ernst & Young LLP

Cleveland, Ohio  
May 30, 2019

STERIS PLC  
POWER OF ATTORNEY  
FORM 10-K

Each of the undersigned hereby makes, constitutes, and appoints Walter M Rosebrough, Jr., Michael J. Tokich, Karen L. Burton, J. Adam Zangerle, Ronald E. Snyder, Julia Kipnis, and each of them, his or her true and lawful attorney, with full power of substitution, for and in his or her name, place, and stead, to affix, as attorney-in-fact, his or her signature in any and all capacities, to the Annual Report on Form 10-K of STERIS plc for its fiscal year ended March 31, 2019, and any and all amendments thereto to be filed with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, with power to file said Form 10-K and such amendments, and any and all other documents that may be required in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts and things requisite or appropriate in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or any of them may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney as of the 29<sup>th</sup> day of May, 2019.

/s/ RICHARD C. BREEDEN

Richard C. Breeden, Director

/s/ CYNTHIA L. FELDMANN

Cynthia L. Feldmann, Director

/s/ JACQUELINE B. KOSECOFF

Jacqueline B. Kosecoff, Director

/s/ DAVID B. LEWIS

David B. Lewis, Director

/s/ SIR DUNCAN K. NICHOL

Sir Duncan K. Nichol, Director

/s/ NIRAV R. SHAH

Nirav R. Shah, Director

/s/ MOHSEN M. SOHI

Mohsen M. Sohi, Chairman of the Board

/s/ RICHARD M. STEEVES

Richard M. Steeves, Director

/s/ LOYAL W. WILSON

Loyal W. Wilson, Director

/s/ MICHAEL B. WOOD

Michael B. Wood, Director

/s/ WALTER M ROSEBROUGH, JR

Walter M Rosebrough, Jr.  
President and Chief Executive Officer  
(Principal Executive Officer), Director

/s/ MICHAEL J. TOKICH

Michael J. Tokich  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

/s/ KAREN L. BURTON

Karen L. Burton  
Vice President, Controller and Chief Accounting Officer  
(Principal Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER**

I, Walter M Rosebrough, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2019

/s/ WALTER M ROSEBROUGH, JR.

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Walter M Rosebrough, Jr.  
President and Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER**

I, Michael J. Tokich, certify that:

1. I have reviewed this annual report on Form 10-K of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2019

/s/ MICHAEL J. TOKICH

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Michael J. Tokich  
Senior Vice President and Chief Financial Officer

**Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-K of STERIS plc (the “Company”) for the fiscal year ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ WALTER M ROSEBROUGH, JR.

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**Name:** Walter M Rosebrough, Jr.  
**Title:** President and Chief Executive Officer

/s/ MICHAEL J. TOKICH

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**Name:** Michael J. Tokich  
**Title:** Senior Vice President and Chief Financial Officer

Dated: May 30, 2019