

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) August 24, 1998

STERIS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Ohio	000-21553	34-1482024
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(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

5960 Heisley Road, Mentor, Ohio	44124
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(Address of Principal Executive Offices)	(Zip Code)

(440) 354-2600

(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Item 5. Other Events

On August 24, 1998, STERIS Corporation effected a two-for-one split of the company's common shares through a 100% stock dividend at the rate of one common share for each common share held by shareholders of record on August 10, 1998. The split was announced by the company in a press release dated July 28, 1998, reproduced as Exhibit 99.1 hereof.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Exhibit 99.1

Press Release

SIGNATURES

Pursuant to the requirements of the 1933 Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, in the City of Mentor, State of Ohio, on the 27th day of August, 1998.

STERIS CORPORATION

By \s\ Bill R. Sanford

Bill R. Sanford,
President and Chief Executive Officer,
Chairman of the Board of Directors

EXHIBIT INDEX

Exhibit Number

Exhibit Description

99.1

Press Release

EXHIBIT 99.1

STERIS REPORTS RECORD FISCAL FIRST QUARTER RESULTS;
ANNOUNCES 2-FOR-1 STOCK SPLIT

Mentor, Ohio, July 28--STERIS Corporation (Nasdaq: STRL - news) today announced record first quarter revenues, net income, and net income per share in its fiscal 1999 first quarter ended June 30, 1998. Additionally, the Company announced the approval by its Board of Directors of a 2-for-1 stock split by means of a 100% stock dividend on STERIS common share. The stock split will be effective on August 24, 1998, to shareholders of record on August 10, 1998.

Net income for the fiscal 1999 first quarter was \$14.3 million, an increase of 22% from \$11.7 million in the prior year fiscal first quarter. Diluted earnings per share were \$0.41, a 21% increase from \$0.34 in the year earlier first quarter. Basic earnings per share were \$0.42 compared \$0.35 in the same period last year. The fiscal first quarter earnings per share were calculated without the effect of the upcoming stock split.

Net revenues for the fiscal quarter were \$173.8 million, an increase of 12% from \$155.1 million report in the first quarter of fiscal 1998. Strength in the Infection Prevention (+16%), Scientific (+19%), and Management Services (+47%) revenue categories was somewhat offset by quarterly softness in Surgical Support (-13%). Recurring revenues from consumables and services were 56% of total sales for the quarter.

Commenting on the results of the fiscal first quarter, Bill R. Sanford, STERIS's Chairman, President, and CEO stated, "The first quarter results were a good start to our 1999 fiscal year. The benefits of our systems selling approach were clearly demonstrated by the mix of 44% of revenues from capital equipment sales and 56% from recurring consumables and services. The sales mix and manufacturing efficiencies contributed to the gross margin of 46.8%, an improvement of 370 basis points from 43.1% in the prior year first quarter. Operating income increased 30% from last year's fiscal first quarter.

Mr. Sanford continued, "An important STERIS objective is to have a strong recurring revenue base that will offset quarter-to-quarter capital sales fluctuations. For example, sales of consumables and services in all of our revenue categories grew nicely during the quarter. To a large degree, this business is captive and predictable with a relatively smooth sales curve. Conversely, much of the Surgical Support revenue category, which includes surgical tables, surgical lights, and other ceiling mounted operating room equipment, is project related. First quarter capital equipment sales in this category were lower than the previous quarter because of the timing of the completion of projects. Our Systems Group is currently very busy with capital projects that will result in sales later in the year.

Mr. Sanford added, "We were pleased with the growth in the Infection Prevention revenue category which makes up over half of our total business. The special emphasis programs in our Scientific and Management Services categories are also producing good results. STERIS's fiscal first quarter is historically full of distractions with major national conventions, annual sales meetings, sales territory alignments, and sales training programs, all necessary to position the Company for continued growth throughout the year. The business activities were effectively

handled while building on our positive sales momentum, particularly in North America. We did experience weakness in the Asian healthcare market with sales down approximately \$3 million from the prior year first quarter. Our Asian business is relatively small and, therefore, we have minimal risk in the region. Conversely, we see the current Asian situation as an opportunity to expand our presence as some competitors pull back."

Mr. Sanford concluded, "STERIS's Annual Meeting of Shareholders was held last week. We are appreciative of the support of our Shareholders in electing the Director nominees and approving all ballot proposals. The approval of an increase in the number of authorized shares enables the Directors to take action following the Shareholders Meeting to authorize the 2-for-1 stock split that had been requested by a large number of Shareholders. The Shareholders Meeting was well attended and upbeat, consistent with management's enthusiasm for the ongoing prospects for the Company."

STERIS Corporation is a leading provider of infection prevention, contamination prevention, microbial reduction, and surgical support systems, products, services, and technologies to healthcare, scientific, research, food, and industrial Customers throughout the world. The Company has over 4,500 Associates (employees) worldwide, including more than 1,700 direct sales, service, and field support personnel. Customer Support facilities are located in major global market centers with manufacturing operations in the United States, Canada, Germany, and Finland.

This press release contains statements concerning certain trends and other forward-looking information affecting or relating to the Company and its industry that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. There are many important factors that could cause actual results to differ materially from those in the forward-looking statements. Many of these factors are outside STERIS's control. Changes in market conditions, including competitive factors and changes in government regulations, could cause actual results to differ materially from the Company's expectations. No assurance can be provided as to any future financial results. Other potentially negative factors that could cause actual results to differ materially from those in the forward-looking statements include (a) the possibility that the continuing integration of acquired businesses will take longer than anticipated, (b) the potential for increased pressure on pricing that leads to erosion in profit margins, (c) the possibility that market demand will develop for new technologies, products, and applications, (d) the potential effects of fluctuations in foreign currencies, and (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's product.

- STERIS Corporation
 - Statements of Operations
 - (In Thousands, Except Per Share Amounts)

	Three Months Ended	
	1998	1997
		June 30
Net revenues	\$ 173,775	\$ 155,134
Cost of goods and services sold	92,461	88,300
Gross profit	81,314	66,834
Costs and expenses:		
Selling, informational, and administrative	49,531	41,143
Research and development	6,029	5,956
Total	55,560	47,099
Income from operations	25,754	19,735
Other income (expense)	(2,239)	(462)
Income before taxes	23,515	19,273
Income taxes	9,170	7,526
Net income	\$ 14,345	\$ 11,747
Net income per share - Diluted (a)	\$ 0.41	\$ 0.34
Net income per share - Basic (a)	\$ 0.42	\$ 0.35
Weighted average number of shares (a) (b)	35,341	34,956

Balance Sheets (In Thousands)	June 30, 1998	March 31, 1998
ASSETS		
Current assets	\$350,735	\$344,332
Property, plant, and equipment, net	210,250	205,292
Other assets	183,048	182,701
TOTAL	\$744,033	\$732,325
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$163,737	\$169,654
Other liabilities	203,742	203,719
Shareholders' equity	376,554	358,952
TOTAL	\$744,033	\$732,325

- (a) Net income per common share and the weighted average number of common shares has not been adjusted to reflect a 2-for-1 stock split that will be effective on August 24, 1998, to shareholders of record on August 10, 1998.
- (b) The weighted average number of common shares used in calculating net income per share includes weighted average shares outstanding and the effects of potentially dilutive securities (stock options). The weighted average number of common shares has not been adjusted to reflect a 2-for-1 stock split that will be effective on August 24, 1998.