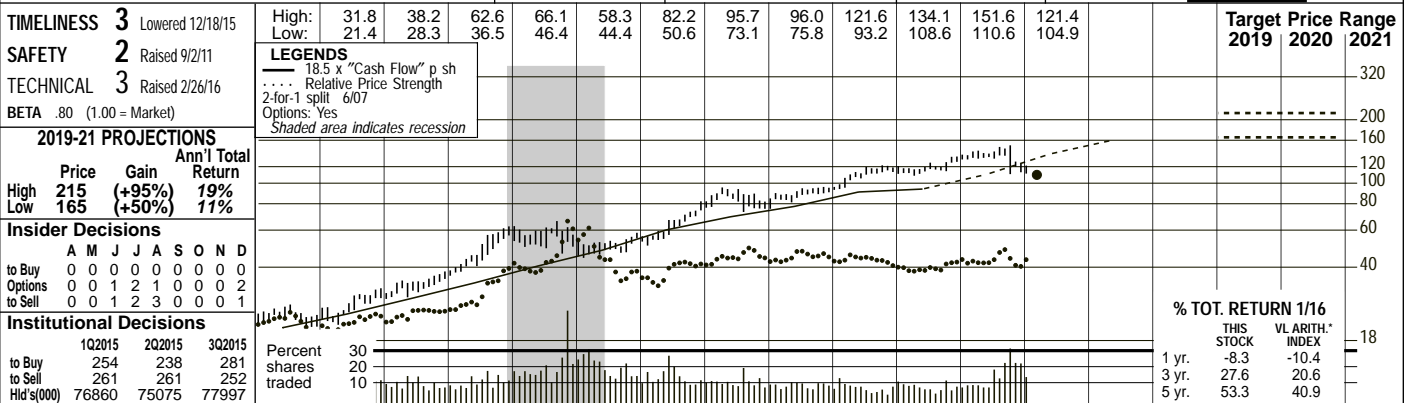


# STERICYCLE INC. NDC-SRCL

RECENT PRICE **109.47** P/E RATIO **21.9** (Trailing: 24.8 Median: 28.0) RELATIVE P/E RATIO **1.33** DIV'D YLD **Nil** **VALUE LINE**



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
5.32	4.84	4.97	5.60	5.77	6.90	8.92	10.67	12.71	13.90	16.89	19.79	22.25	25.06	30.11	35.10	43.15	46.50	Revenues per sh	57.00
.67	.67	.79	1.03	1.12	1.30	1.53	1.83	2.20	2.61	3.25	3.75	4.20	4.91	5.08	5.95	7.45	8.70	"Cash Flow" per sh	10.60
.22	.29	.55	.72	.85	1.04	1.21	1.43	1.73	2.09	2.53	2.84	3.30	3.76	4.27	4.41	5.30	5.90	Earnings per sh <sup>A</sup>	7.60
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.19	.21	.18	.26	.37	.30	.41	.55	.56	.47	.57	.63	.76	.86	1.02	1.02	1.50	1.60	Cap'l Spending per sh	1.95
2.21	3.14	4.00	4.91	5.54	5.91	7.06	8.17	7.86	10.12	12.67	14.49	17.93	20.47	22.32	22.32	27.60	32.45	Book Value per sh	50.00
60.84	74.16	80.77	80.87	89.46	88.30	88.50	87.41	85.25	84.72	85.24	84.70	85.99	85.50	84.88	85.00	85.20	85.50	Common Shs Outst'g <sup>B</sup>	86.00
27.7	39.1	29.9	29.5	27.8	25.5	27.4	33.1	32.2	24.2	25.1	29.8	27.0	29.2	27.8	30.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	24.5
1.80	2.00	1.63	1.68	1.47	1.36	1.48	1.76	1.94	1.61	1.60	1.87	1.72	1.64	1.46	1.55			Relative P/E Ratio	1.55
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CAPITAL STRUCTURE as of 12/31/15		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	19-21	
Total Debt	\$3214.0 mill. Due in 5 Yrs \$1700 mill.	789.6	932.8	1083.7	1177.7	1439.4	1676.0	1913.1	2142.8	2555.6	2985.9	3675	3975	Revenues (\$mill)	4900
LT Debt	\$3052.6 mill. LT Interest \$110 mill.	29.4%	29.2%	29.1%	31.0%	32.3%	30.5%	29.5%	30.5%	27.1%	26.4%	27.0%	27.8%	Operating Margin	28.0%
(Tot. Int. coverage: 7.8x) (51% of Cap'l)		27.0	31.1	34.1	40.0	57.0	69.8	74.2	91.3	104.6	127.4	180	195	Depreciation (\$mill)	210
Leases, Uncapitalized:	Annual rentals \$92.4 mill.	108.7	128.5	153.1	180.9	220.1	247.9	287.1	328.9	326.5	380.0	495	590	Net Profit (\$mill)	740
<b>No Defined Benefit Pension Plan</b>		39.0%	38.1%	37.6%	37.4%	36.0%	35.0%	33.7%	34.5%	32.7%	34.5%	36.0%	36.0%	Income Tax Rate	36.5%
<b>Pfd Stock</b> \$750 million <b>Dividend</b> \$40.4 million (13% of Cap'l)		13.8%	13.8%	14.1%	15.4%	15.3%	14.8%	15.0%	15.3%	12.8%	12.8%	13.5%	14.8%	Net Profit Margin	15.1%
<b>Common Stock</b> 85,000,000 shs.		76.6	60.6	44.8	25.8	60.2	63.7	110.2	124.1	118.7	174.0	225	275	Working Cap'l (\$mill)	500
<b>MARKET CAP: \$9.3 billion (Large Cap)</b>		443.1	613.8	753.8	922.9	1014.2	1284.1	1268.3	1280.7	1527.2	3052.6	3000	2800	Long-Term Debt (\$mill)	2200
		625.1	714.1	670.5	857.2	1080.4	1227.3	1541.8	1750.5	1895.0	2728.2	3100	3525	Retained to Com Eq	5050
		11.5%	10.9%	11.9%	11.1%	11.4%	10.9%	11.1%	11.8%	10.5%	7.5%	9.5%	10.0%	Return on Total Cap'l	11.0%
		17.4%	18.0%	22.8%	21.1%	20.4%	20.2%	18.6%	18.8%	17.2%	13.9%	16.0%	16.5%	Return on Shr. Equity	14.5%
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**BUSINESS:** Stericycle Incorporated is the largest provider of regulated medical waste management services in the U.S., as well as document-destruction services following the 10/1/15 acq. of Shred-It Inter. The company provides medical waste collection, transportation, treatment, and disposal to its approximately 485,000 customers in the continental United States, Puerto Rico, Canada, Europe, and Latin America. Has 175 processing centers and 154 transfer sites. Has roughly 15,000 employees. Officers and directors own 3.0% of stock (4/15 proxy). Chairman: Jack W. Schuler. President & Chief Executive Officer: Mark C. Miller. Incorporated: Delaware. Address: 28161 North Keith Drive, Lake Forest, Illinois 60045. Telephone: 847-367-5910. Internet: www.stericycle.com.

**Stericycle completed 10 acquisitions in the fourth quarter, including the \$2.3 billion purchase of Shred-It International, which provides document-destruction services.** The deal was financed with debt and a public offering of convertible preferred stock. Shred-It's revenues are running at \$725 million-\$750 million per annum. Given expected consolidation synergies, along with a jump in D&A charges, the addition of Canada-based Shred-It augurs well for solid per-share earnings and cash flow advances this year and next. The former includes numerous longer-term cross-selling opportunities and the utilization of Stericycle's route-based logistics expertise.

**Despite the likelihood of continued headwinds, we look for a share-earnings gain of about 20% this year.** The prime challenges that will likely persist in the coming quarters are relatively high per-unit disposal costs and adverse foreign currency rates, as well as depressed prices for the recycled paper that Shred-It generates. On the other hand, an expected uptrend in profits from that subsidiary, along with mid-single-digit inter-

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	513.8	526.5	534.6	567.9	2142.8
2014	570.0	640.8	667.9	676.9	2555.6
2015	663.3	715.7	718.6	888.3	2985.9
2016	875	915	935	950	3675
2017	950	990	1010	1025	3975

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.88	.93	.96	.99	3.76
2014	1.04	1.03	1.08	1.12	4.27
2015	1.08	1.14	1.08	1.11	4.41
2016	1.22	1.31	1.36	1.41	5.30
2017	1.35	1.46	1.52	1.57	5.90

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	NO CASH DIVIDENDS BEING PAID				
2013	NO CASH DIVIDENDS BEING PAID				
2014	NO CASH DIVIDENDS BEING PAID				
2015	NO CASH DIVIDENDS BEING PAID				
2016	NO CASH DIVIDENDS BEING PAID				

**Annual Rates of change (per sh)** 10 Yrs. 5 Yrs. to '19-'21

Revenues	17.0%	15.5%	12.0%
"Cash Flow"	17.0%	16.5%	12.0%
Earnings	18.5%	16.5%	10.5%
Dividends	--	--	Nil
Book Value	15.5%	18.5%	14.0%

**Company's Financial Strength** B++  
**Stock's Price Stability** 90  
**Price Growth Persistence** 95  
**Earnings Predictability** 100