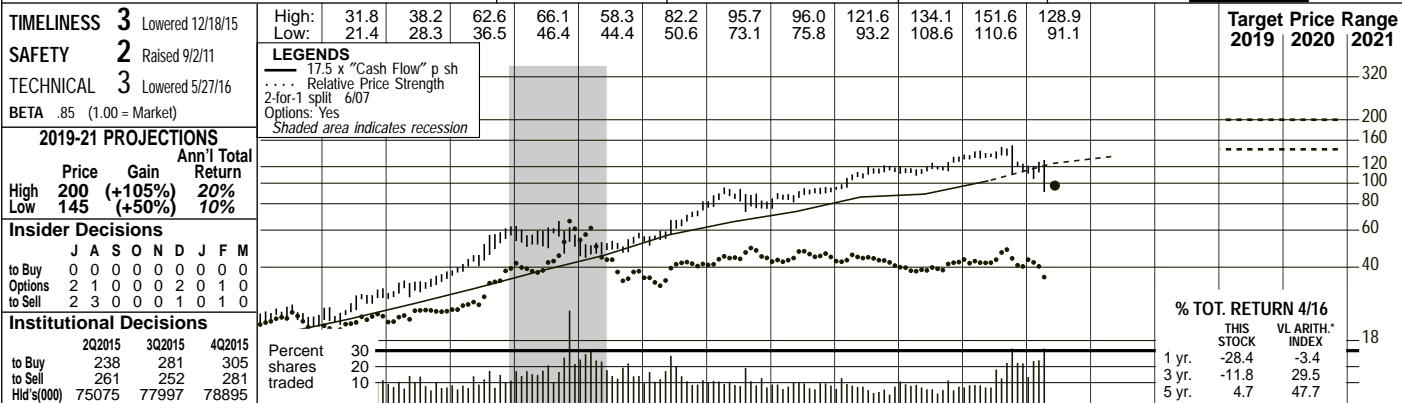


STERICYCLE INC. NDC-SRCL

RECENT PRICE **97.67** P/E RATIO **22.7** (Trailing: 22.0 Median: 29.0) RELATIVE P/E RATIO **1.27** 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	35.19	42.85	45.75	Revenues per sh	55.80
.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	5.87	7.10	7.70	"Cash Flow" per sh	10.10
.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	4.30	4.85	Earnings per sh ^A	7.05
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.19	.21	.18	.26	.37	.30	.41	.55	.56	.47	.57	.63	.76	.86	1.02	1.35	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	23.37	27.30	31.60	Book Value per sh	47.10
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	84.85	85.20	85.50	Common Shs Outst'g ^B	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	30.5	30.5	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	1.54	1.54	1.54	Relative P/E Ratio	1.55
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CAPITAL STRUCTURE as of 3/31/16		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Revenues (\$mill)	4800
Total Debt \$3152.5 mill. Due in 5 Yrs \$1650 mill.		789.6	932.8	1083.7	1177.7	1439.4	1676.0	1913.1	2142.8	2555.6	2985.99	3650	3910	4800	5580	6150	6800	7500	8200	8900	9600
LT Debt \$3038.1 mill. LT Interest \$110 mill.		29.4%	29.2%	29.1%	31.0%	32.3%	30.5%	29.5%	30.5%	27.1%	26.3%	26.0%	26.3%	27.5%	28.5%	29.5%	30.5%	31.5%	32.5%	33.5%	34.5%
(Tot. Int. coverage: 7.8x) (52% of Cap'l)		27.0	31.1	34.1	40.0	57.0	69.8	74.2	91.3	104.6	127.4	195	205	220	235	250	265	280	295	310	320
Leases, Uncapitalized: Annual rentals \$92.4 mill.		108.7	128.5	153.1	180.9	220.1	247.9	328.9	326.5	381.0	410	455	500	550	600	650	700	750	800	850	900

No Defined Benefit Pension Plan		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Operating Margin	27.5%
Pfd Stock \$750 million Dividend \$40.4 million (13% of Cap'l)		27.0	31.1	34.1	40.0	57.0	69.8	74.2	91.3	104.6	127.4	195	205	220	235	250	265	280	295	310	320
Common Stock 84,913,000 shs.		108.7	128.5	153.1	180.9	220.1	247.9	328.9	326.5	381.0	410	455	500	550	600	650	700	750	800	850	900
MARKET CAP: \$8.3 billion (Large Cap)		13.8%	13.8%	14.1%	15.4%	15.3%	14.8%	15.0%	15.3%	12.8%	12.8%	11.2%	11.6%	12.8%	13.5%	14.0%	13.5%	13.0%	12.0%	12.0%	12.5%

CURRENT POSITION (\$MILL.)		2014	2015	3/31/16	Business Description
Cash Assets		22.6	55.7	45.7	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 3.3% of stock (4/16 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.
Receivables		465.5	614.5	622.7	
Inventory		--	--	--	
Other		93.4	91.6	89.0	
Current Assets		581.5	761.8	757.4	
Accts Payable		114.6	149.2	133.8	
Debt Due		132.0	161.4	114.1	
Other		212.5	277.2	304.6	
Current Liab.		459.1	587.8	552.5	

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21	Stock Price Performance
of change (per sh)		17.5%	15.5%	11.0%	Stericycle reported disappointing March-period adjusted share earnings of \$0.97, versus our estimate of \$1.22. The shortfall reflected the absence of expected margin improvement and a higher level of depreciation and amortization charges. Both factors are related, to varying degrees, to the \$2.3 billion purchase on October 1st of Shred-It, which provides document destruction services. Anticipated consolidation synergies, which should still be considerable in time, were delayed, and D&A charges are now running at \$195 million per annum compared to only \$72 million in 2014. Other margin headwinds were relatively high per-unit disposal costs at the hazardous waste disposal business and cost pressures at the international operation. Although we've reduced our share-net estimates by \$1.00 or so for both this year and next, our current cash flow target of \$7.10 a share has been lowered by just \$0.35 (5%).
Revenues		16.5%	14.5%	11.5%	
"Cash Flow"		17.0%	14.5%	9.0%	
Earnings		--	--	Nil	
Dividends		15.0%	16.5%	13.5%	
Book Value		--	--	13.5%	

QUARTERLY REVENUES (\$mill.)		2013	2014	2015	2016	2017	Full Year
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31	513.8	526.5	534.6	567.9	2142.8	2142.8
2013		570.0	640.8	667.9	676.9	2555.6	2555.6
2014		663.3	715.7	718.6	888.3	2985.9	2985.9
2015		874.2	911	925	939.8	3650	3650
2016		935	975	995	1005	3910	3910

EARNINGS PER SHARE ^A		2013	2014	2015	2016	2017	Full Year
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31	.88	.93	.96	.99	3.76	3.76
2013		1.04	1.03	1.08	1.12	4.27	4.27
2014		1.08	1.14	1.08	1.11	4.41	4.41
2015		.97	1.00	1.10	1.23	4.30	4.30
2016		1.10	1.15	1.25	1.35	4.85	4.85

QUARTERLY DIVIDENDS PAID		2012	2013	2014	2015	2016	Full Year
Cal-endar	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					

Stericycle's share price plunged 26 points (21.5%) on April 29th in response to the earnings announcement. The reaction by Wall Street was apparently due to the combination of the stock's relatively high P/E ratio (30.5, on average, in 2015), and the earnings disappointment. That said, to some extent, we think there was an overweighted focus on share earnings, while minimizing consideration of the aforementioned, lesser decrease of per-share cash, particularly on a percentage basis. On point . . . **We think the recent pullback provides long-term-oriented accounts with an attractive entry point.** Positive considerations are solid top-line growth prospects, likely improvement of the current quite healthy operating margin, and this year's cash flow of about \$475 million net of the capital budget. Much of these funds are earmarked for the company's ongoing acquisition program. It purchased 42 regulated waste-disposal businesses in 2015 for over \$100 million. Most of these were in foreign markets. Moreover, operating synergies in regard to Shred-It should soon begin to be realized. In sum, Stericycle stock offers attractive recovery potential to 2019-2021, if our projections of average per-share earnings and cash flow to that period are near the mark.