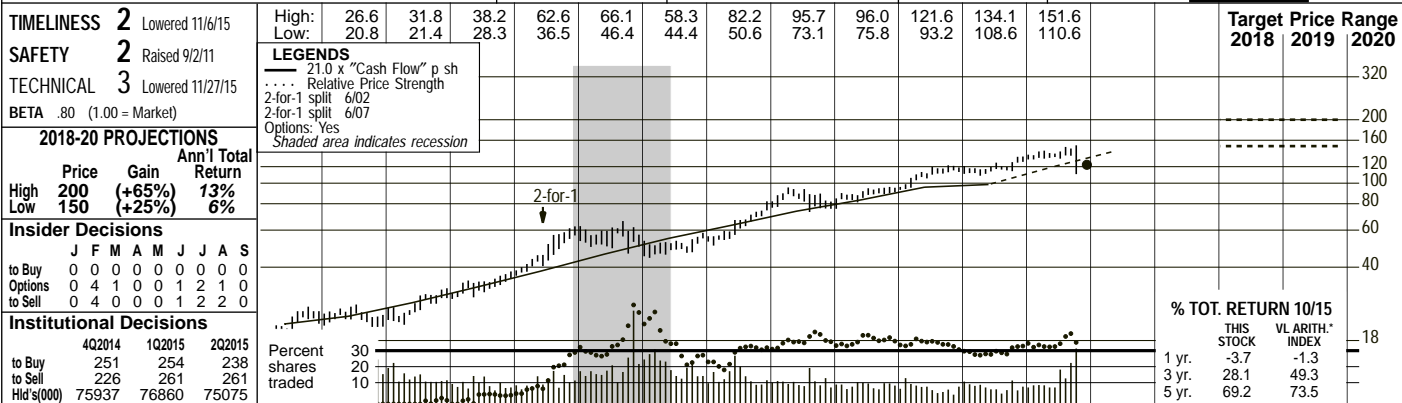


STERICYCLE INC. NDC-SRCL

RECENT PRICE **122.31** P/E RATIO **26.4** (Trailing: 27.7 Median: 28.0) RELATIVE P/E RATIO **1.51** DIV'D YLD **Nil** VALUE LINE



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
2.26	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	35.05	43.25	Revenues per sh	54.05
.38	.67	.67	.79	1.03	1.12	1.30	1.53	1.83	2.20	2.61	3.02	3.51	3.97	4.56	5.12	5.70	6.80	"Cash Flow" per sh	8.60
.20	.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	4.40	5.15	Earnings per sh ^A	6.75
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
.06	.19	.21	.18	.26	.37	.30	.41	.55	.56	.47	.57	.63	.76	.86	1.02	1.15	1.60	Cap'l Spending per sh	1.55
2.01	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	22.33	30.00	39.55	Book Value per sh	48.85
58.66	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	86.00	Common Shs Outst'g ^B	86.00
18.0	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	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	26.0
1.03	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			Relative P/E Ratio	1.65
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 9/30/15		2013	2014	9/30/15	2013	2014	2015	2016	Revenues (\$mill)	2013	2014	2015	2016
Total Debt \$1516.1 mill. Due in 5 Yrs \$900 mill.		62.4	22.6	669.2	609.5	789.6	932.8	1083.7	4650	3720	3720	3720	3720
LT Debt \$1409.7 mill. LT Interest \$70.0 mill.		389.0	465.5	524.5	31.1%	29.4%	29.2%	29.1%	26.0%	26.0%	26.0%	26.0%	26.0%
(Tot. Int. coverage: 7.8x) (34% of Cap'l)		--	--	--	21.4	27.0	31.1	34.1	150	140	140	140	140
Leases, Uncapitalized: Annual rentals \$92.4 mill.		83.7	93.4	125.8	93.1	108.7	128.5	153.1	615	470	470	470	470

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20	2013	2014	2015	2016	Operating Margin	2013	2014	2015	2016
of change (per sh)		16.0%	15.5%	13.0%	17.8%	17.4%	18.0%	22.8%	26.0%	26.0%	26.0%	26.0%	26.0%
Revenues		17.0%	16.5%	12.0%	--	--	--	--	13.2%	13.2%	13.2%	13.2%	13.2%
"Cash Flow"		20.5%	18.0%	10.0%	--	--	--	--	10.0%	10.0%	10.0%	10.0%	10.0%
Earnings		--	--	Nil	11.4%	11.5%	10.9%	11.9%	13.0%	13.0%	13.0%	13.0%	13.0%
Dividends		--	--	Nil	17.8%	17.4%	18.0%	22.8%	4%	4%	4%	4%	4%
Book Value		16.0%	18.0%	16.0%	--	--	--	--	--	--	--	--	--

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	460.1	469.0	480.5	503.5	1913.1
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	882.4	2980
2016	885	900	950	985	3720

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.78	.81	.84	.87	3.30
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	1.10	4.40
2016	1.20	1.25	1.32	1.38	5.15

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011					
2012					
2013					
2014					
2015					

BUSINESS: Stericycle Incorporated is the largest provider of regulated medical waste management services in the United States, as well as the only company in the industry with a national presence. 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 14,092 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 the \$2.3 billion acquisition on October 1st 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, and management expects the addition to meaningfully boost cash flow per share in 2016. Too, there are numerous longer-term cross-selling opportunities and other synergies in regard to operating costs. A notable example relates to Stericycle's route-based logistics expertise.

Earnings in the third quarter were weaker than expected. Headwinds were an unfavorable sales mix, adverse foreign currency rates, and elevated expenses related to the Shred-It acquisition. Also, per-unit disposal costs have been relatively high in recent quarters. All told, despite a 7.6% revenue increase, share earnings in the September quarter were on par with the prior-year tally and \$0.10 below our estimate. We've reduced our 2015 target by \$0.25 a share (5%) since our August report. However . . .

We look for a 15%-20% share earnings increase in 2016. Our estimate considers the likelihood of a decent contribution, net of related interest charges and preferred dividends, from Shred-It. The likelihood of an overall moderation of the aforementioned challenges is another plus, and may well help the operating margin rebound by about a half-percentage point next year.

Bolt-on acquisitions and cross-selling opportunities should drive growth in the long run. During the first nine months of 2016, it purchased 33 regulated waste-disposal businesses for a total of \$97 million, versus \$329 million in the prior-year period. Most of these were in foreign markets. Also, the company has branched out into the hazardous waste collection and communication business.

This stock's share price dropped sharply in response to the September earnings report. At the recent quotation, it offers decent 3- to 5-year appreciation potential. Too, it is ranked 2 (Above Average) for Timeliness. Note, though, that the rank has dropped one notch since our August report.

David R. Cohen November 27, 2015

(A) Diluted earnings. Excludes nonrecurring gains/(losses): '01, 5¢; '02, 8¢; '05, (57¢); '06, (8¢); '07, (12¢); '08, (5¢); '09, (6¢); '10, (14¢); '12, 22¢; '13, (20¢). Extraordinary loss: '01, 16¢. Next earnings report due Feb. 3rd. From 2007 onward our earnings presentation includes acquisition related charges.	(B) In millions, adjusted for splits.	Company's Financial Strength	B++
		Stock's Price Stability	90
		Price Growth Persistence	95
		Earnings Predictability	100