

STERICYCLE INC
Form 8-K
April 24, 2013

EXHIBIT 99.1

FOR FURTHER INFORMATION CONTACT:

FOR IMMEDIATE RELEASE

Frank ten Brink 847-607-2012

Conference call to be held April 24, 2013 4:00 p.m. Central time Dial 866-516-6872 at least 5 minutes before start time. If you are unable to participate on the call, a replay will be available through May 24th by dialing 855-859-2056, access code 86466151. To hear a live simulcast of the call over the internet on www.earnings.com, or to access an audio archive of the call, go to the Investors page on Stericycle's website at www.stericycle.com.

STERICYCLE, INC. REPORTS RESULTS

FOR THE FIRST QUARTER 2013

Lake Forest, Illinois, April 24, 2013 Stericycle, Inc. (NASDAQ:SRCL), today reported financial results for the first quarter of 2013.

Revenues for the quarter ended March 31, 2013 were \$513.8 million, up 11.7% from \$460.1 million in the first quarter last year. Acquisitions contributed approximately \$37.1 million to the current period's growth in revenues. Revenues increased 12.6% compared to the prior period when adjusted for unfavorable foreign exchange impacts of \$4.2 million. Gross profit was \$232.1 million, up 13.0% from \$205.3 million in the first quarter last year. Gross profit as a percent of revenue was 45.2% compared with 44.6% in the first quarter of 2012.

The following table shows our revenues reported in accordance with U.S. generally accepted accounting principles (GAAP) after adjustments for unfavorable foreign exchange and to exclude revenues in the period from acquisitions

that closed within the preceding 12 months and our regulated recall and returns management services:

Organic Revenue Growth* (in millions)

Three months ended March 31,

| | 2013 | 2012 | Change | |
|--|----------------|----------------|---------------|--------------|
| | | | \$ | \$ |
| Domestic Revenues | \$363.6 | \$329.2 | \$34.4 | 10.5% |
| International Revenues | 150.2 | 130.9 | 19.3 | 14.7% |
| Total Revenues (GAAP) | \$513.8 | \$460.1 | \$53.7 | 11.7% |
| Adjustment for Foreign Exchange | 4.2 | 0.0 | 4.2 | |
| Subtotal (non-GAAP) | \$518.0 | \$460.1 | \$58.0 | 12.6% |
| Adjustment for Acquisitions | (37.7) | (0.6) | (37.1) | |
| Adjustment for Regulated Recall and Returns Management Services | (22.5) | (35.8) | 13.3 | |
| Adjusted Revenues (non-GAAP) | \$457.8 | \$423.7 | \$34.2 | 8.10% |

* For internal purposes, we exclude the impact of foreign exchange and revenues attributed to acquisitions closed within the preceding 12 months and from our regulated recall and returns management services when we evaluate organic revenue growth. This table and the Company's internal use of non-GAAP adjusted revenues are not intended to imply, and should not be interpreted as implying, that non-GAAP adjusted revenues are a better measure of internal growth or the Company's performance, as compared to GAAP revenues.

Net income attributable to Stericycle for the first quarter of 2013 was \$74.6 million or \$0.85 per diluted share compared with \$64.9 million or \$0.75 per diluted share for the first quarter of 2012. Net income attributable to Stericycle for the first quarter of 2013 and 2012 includes acquisition expenses, integration costs, adjustments of contingent consideration to fair value, and other items. Excluding the effect of these items, non-GAAP earnings per diluted share were \$0.88 for the current quarter (see table below). Non-GAAP earnings per diluted share increased 11.5% from non-GAAP earnings per diluted share of \$0.79 in the first quarter of 2012.

Table to reconcile GAAP EPS to non-GAAP EPS*

| | Three months ended March 31, | | Change | |
|----------------------------|------------------------------|--------|--------|-------|
| | 2013 | 2012 | \$ | % |
| GAAP EPS | \$0.85 | \$0.75 | \$0.10 | 13.9% |
| <u>Adjustments for:</u> | | | | |
| Acquisition Expenses | 0.02 | 0.02 | | |
| Integration Expenses | 0.01 | 0.01 | | |
| Change in Fair Value/Other | 0.00 | 0.01 | | |
| Non-GAAP EPS (adjusted) | \$0.88 | \$0.79 | \$0.09 | 11.5% |

* In accordance with GAAP, reported earnings per share (EPS) includes the after-tax impact of the items identified in this table. For internal purposes, including the determination of management compensation, the Company excludes these items from results when evaluating operating performance. This table and the Company's internal use of non-GAAP earnings per share are not intended to imply, and should not be interpreted as implying, that non-GAAP earnings per share is a better measure of performance than GAAP earnings per share.

Cash flow from operations was \$98.2 million for the three months ended March 31, 2013.

For more information about Stericycle, please visit our website at www.stericycle.com.

Safe Harbor Statement: Statements in this press release may contain forward-looking statements that involve risks and uncertainties, some of which are beyond our control (for example, general economic conditions). Our actual results could differ significantly from the results described in the forward-looking statements. Factors that could cause such differences include changes in governmental regulation of medical waste collection and treatment and increases in transportation and other operating costs, as well as the other factors described in our filings with the U.S. Securities and Exchange Commission. As a result, past financial performance should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate future results or trends. We make no commitment to disclose any subsequent revisions to forward-looking statements.

STERICYCLE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except for share and per share data

| | March 31, 2013 (Unaudited) | December 31, 2012 (Audited) |
|---|---|--|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 12,722 | \$ 31,324 |
| Short-term investments | 479 | 503 |
| Accounts receivable, less allowance for doubtful | | |
| accounts of \$20,204 in 2013 and \$19,443 in 2012 | 342,434 | 322,246 |
| Deferred income taxes | 17,801 | 22,995 |
| Prepaid expenses | 27,033 | 27,042 |
| Other current assets | 37,486 | 37,176 |
| Total Current Assets | 437,955 | 441,286 |
| Property, Plant and Equipment, net | 336,687 | 335,870 |
| Goodwill | 2,065,845 | 2,065,103 |
| Intangible assets, less accumulated amortization of | | |
| \$68,932 in 2013 and \$64,215 in 2012 | 664,682 | 667,471 |
| Other assets | 37,042 | 37,008 |
| Total Assets | \$ 3,542,211 | \$ 3,546,738 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 79,589 | \$ 87,781 |
| Accounts payable | 75,894 | 74,225 |
| Accrued liabilities | 137,511 | 135,321 |
| Deferred revenues | 16,754 | 18,095 |
| Other current liabilities | 10,550 | 15,638 |
| Total Current Liabilities | 320,298 | 331,060 |
| Long-term debt, net of current portion | 1,193,111 | 1,268,303 |
| Deferred income taxes | 365,228 | 359,780 |

| | | |
|---|---------------------|--------------|
| Other liabilities | 38,106 | 30,272 |
| Equity: | | |
| Common stock (par value \$.01 per share, 120,000,000 | | |
| shares authorized, 86,218,005 issued and outstanding | | |
| in 2013 and 85,987,883 issued and outstanding in 2012) | 862 | 860 |
| Additional paid-in capital | 140,139 | 116,720 |
| Accumulated other comprehensive loss | (62,069) | (39,064) |
| Retained earnings | 1,530,272 | 1,463,277 |
| Total Stericycle, Inc. Equity | 1,609,204 | 1,541,793 |
| Noncontrolling interest | 16,264 | 15,530 |
| Total Equity | 1,625,468 | 1,557,323 |
| Total Liabilities and Equity | \$ 3,542,211 | \$ 3,546,738 |

STERICYCLE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

In thousands, except for share and per share data

| | Three Months Ended March 31, | | | |
|--|-------------------------------------|---------------------|-------------|---------------------|
| | 2013 | | 2012 | |
| | \$ | % of Rev | \$ | % of Rev |
| Revenues | \$ 513,804 | 100.0 | \$ 460,077 | 100.0 |
| Cost of revenues (exclusive of depreciation below) | 269,673 | 52.5 | 244,182 | 53.1 |
| Depreciation cost of revenues | 12,037 | 2.3 | 10,588 | 2.3 |
| Total cost of revenues | 281,710 | 54.8 | 254,770 | 55.4 |
| Gross profit | 232,094 | 45.2 | 205,307 | 44.6 |
| Selling, general and administrative expenses | | | | |
| (exclusive of depreciation and amortization below) | 88,241 | 17.2 | 77,807 | 16.9 |
| Depreciation SG&A | 2,809 | 0.5 | 2,151 | 0.5 |
| Amortization | 6,642 | 1.3 | 4,979 | 1.1 |
| Total SG&A expense and amortization | 97,692 | 19.0 | 84,937 | 18.5 |
| Income from operations before | | | | |
| acquisitions, integration, and other expenses | 134,402 | 26.2 | 120,370 | 26.2 |
| Acquisition expenses | 1,803 | 0.4 | 1,539 | 0.3 |
| Integration expenses | 896 | 0.2 | 1,279 | 0.3 |
| Change in fair value of contingent consideration | -- | 0.0 | 1,204 | 0.3 |
| Litigation Settlement | 106 | 0.0 | -- | 0.0 |
| Restructuring costs and plant closure expense | -- | 0.0 | 86 | 0.0 |
| Income from operations | 131,597 | 25.6 | 116,262 | 25.3 |
| Other income (expense): | | | | |
| Interest income | 167 | 0.0 | 92 | 0.0 |
| Interest expense | (13,546) | -2.6 | (12,766) | -2.8 |

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| | | | | |
|---|-------------------|-------------|------------------|------|
| Other expense, net | (1,013) | -0.2 | (558) | -0.1 |
| Total other income (expense) | (14,392) | -2.8 | (13,232) | -2.9 |
| Income before income taxes | 117,205 | 22.8 | 103,030 | 22.4 |
| Income tax expense | 41,983 | 8.2 | 37,715 | 8.2 |
| Net income | 75,222 | 14.6 | 65,315 | 14.2 |
| Less: net income attributable to noncontrolling interests | 605 | 0.1 | 458 | 0.1 |
| Net income attributable to Stericycle, Inc. | \$ 74,617 | 14.5 | \$ 64,857 | 14.1 |
| Earnings per share diluted | \$ 0.85 | | \$ 0.75 | |
| Weighted average number of common shares | | | | |
| outstanding diluted | 87,459,497 | | 86,587,944 | |

STERICYCLE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

In thousands

Three Months Ended March 31,
2013 2012

OPERATING ACTIVITIES:

| | | |
|---|---------------|---------------|
| Net income | \$ 75,222 | \$ 65,315 |
| Adjustments to reconcile net income to net cash provided | | |
| by operating activities: | | |
| Change in fair value of contingent consideration | -- | 1,204 |
| Stock compensation expense | 4,047 | 4,085 |
| Excess tax benefit of stock options exercised | (4,203) | (5,061) |
| Depreciation | 14,846 | 12,739 |
| Amortization | 6,642 | 4,979 |
| Deferred income taxes | 10,407 | 11,921 |
| Changes in operating assets and liabilities, net of effect of | | |
| acquisitions and divestitures: | | |
| Accounts receivable | (19,769) | (14,493) |
| Accounts payable | 1,012 | 2,101 |
| Accrued liabilities | 6,618 | 12,623 |
| Deferred revenues | (1,345) | 1,029 |
| Other assets and liabilities | 4,693 | 3,119 |
| Net cash provided by operating activities | 98,170 | 99,561 |

INVESTING ACTIVITIES:

| | | |
|--|-----------------|-----------------|
| Payments for acquisitions, net of cash acquired | (18,899) | (28,182) |
| Proceeds from/ (purchases of) short-term investments | 20 | (2) |
| Capital expenditures | (16,480) | (17,049) |
| Net cash used in investing activities | (35,359) | (45,233) |

FINANCING ACTIVITIES:

| | | |
|--|-----------------|-----------------|
| Net repayment of long-term debt and other obligations | (44,372) | (8,571) |
| Net repayments on senior credit facility | (46,551) | (52,856) |
| Payments on capital lease obligations | (837) | (640) |
| Purchase and cancellation of treasury stock | (7,623) | (2,945) |
| Proceeds from other issuance of common stock | 14,378 | 12,494 |
| Excess tax benefit of stock options exercised | 4,203 | 5,061 |
| Net cash used in financing activities | (80,802) | (47,457) |
| Effect of exchange rate changes on cash and cash equivalents | (611) | 880 |
| Net (decrease)/ increase in cash and cash equivalents | (18,602) | 7,751 |
| Cash and cash equivalents at beginning of period | 31,324 | 22,511 |
| Cash and cash equivalents at end of period | \$ 12,722 | \$ 30,262 |
| NON-CASH ACTIVITIES: | | |
| Net issuance of obligations for acquisitions | \$ 10,454 | \$ 14,883 |