

STERIS plc
Consolidated Condensed Statements of Operations
(In thousands, except per share data)

	Three Months Ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Revenues	\$ 668,932	\$ 696,803
Cost of revenues	383,364	390,042
Total cost of revenues - restructuring	—	918
Total cost of revenues, net	383,364	390,960
Gross profit	285,568	305,843
Operating expenses:		
Selling, general, and administrative	155,170	178,781
Research and development	16,231	15,585
Restructuring expenses	166	1,389
Total operating expenses	171,567	195,755
Income from operations	114,001	110,088
Non-operating expenses, net	7,203	10,678
Income tax expense	18,674	14,633
Net income	\$ 88,124	\$ 84,777
Less: Net (loss) income attributable to noncontrolling interests	(66)	187
Net income attributable to shareholders	\$ 88,190	\$ 84,590
Earnings per ordinary share (EPS) data:		
Basic	\$ 1.04	\$ 1.00
Diluted	\$ 1.03	\$ 0.99
Cash dividends declared per share ordinary outstanding	\$ 0.37	\$ 0.34
Weighted average number of shares outstanding used in EPS computation:		
Basic number of shares outstanding	84,959	84,638
Diluted number of shares outstanding	85,676	85,566

STERIS plc
Consolidated Condensed Balance Sheets
(in thousands)

	June 30,	March 31,
	2020	2020
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 255,627	\$ 319,581
Accounts receivable, net	503,172	586,481
Inventories, net	276,970	248,259
Prepaid expenses and other current assets	61,359	54,430
Total current assets	1,097,128	1,208,751
Property, plant, and equipment, net	1,148,052	1,111,855
Lease right-of-use assets, net	143,463	131,837
Goodwill	2,371,789	2,356,085
Intangibles, net	551,526	565,473
Other assets	51,969	51,581
Total assets	\$ 5,363,927	\$ 5,425,582
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 133,532	\$ 149,341
Other current liabilities	346,017	354,266
Total current liabilities	479,549	503,607
Long-term indebtedness	1,022,156	1,150,521
Other liabilities	372,509	364,730
Total equity	3,489,713	3,406,724
Total liabilities and equity	\$ 5,363,927	\$ 5,425,582

STERIS plc
Segment Data

Financial information for each of the segments is presented in the following table. We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. Segment income is calculated as the segment's gross profit less direct costs and indirect costs if the resources are dedicated to a single segment. Corporate costs include corporate and administrative functions, public company costs, legacy post-retirement benefits, and certain services and facilities related to distribution and research and development that are shared by multiple segments.

	Three Months Ended June 30,	
	2020	2019
(in thousands)	(Unaudited)	(Unaudited)
Revenues:		
Healthcare	\$ 399,658	\$ 445,732
Applied Sterilization Technologies	152,362	154,286
Life Sciences	116,912	96,785
Total revenues	\$ 668,932	\$ 696,803
Operating income (loss):		
Healthcare	\$ 82,357	\$ 90,515
Applied Sterilization Technologies	63,955	68,035
Life Sciences	48,461	33,039
Corporate	(52,367)	(55,397)
Total operating income before adjustments	\$ 142,406	\$ 136,192
Less: Adjustments		
Amortization of acquired intangible assets	\$ 17,500	\$ 16,949
Acquisition and integration related charges	1,286	1,917
Redomiciliation and tax restructuring costs	170	1,770
Net loss on divestiture of businesses	10	2,426
Amortization of property "step up" to fair value	603	735
COVID-19 incremental costs	8,670	—
Restructuring charges	166	2,307
Total operating income	\$ 114,001	\$ 110,088

STERIS plc
Consolidated Condensed Statements of Cash Flows
(in thousands)

	Three Months Ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ 88,124	\$ 84,777
Non-cash items	61,816	55,110
Changes in operating assets and liabilities	(15,818)	(30,550)
Net cash provided by operating activities	134,122	109,337
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(66,861)	(49,794)
Proceeds from the sale of property, plant, and equipment	137	18
Proceeds from the sale of businesses	—	439
Acquisition of businesses, net of cash acquired	—	(34,970)
Net cash used in investing activities	(66,724)	(84,307)
Financing activities:		
Proceeds (payments) under credit facilities, net	(95,837)	27,861
Deferred financing fees and debt issuance costs	—	(1,206)
Acquisition related deferred or contingent consideration	(21)	(452)
Repurchases of ordinary shares	(14,296)	(14,886)
Cash dividends paid to ordinary shareholders	(31,471)	(28,823)
Contributions from non-controlling interest	2,258	—
Stock option and other equity transactions, net	5,367	9,899
Net cash used in financing activities	(134,000)	(7,607)
Effect of exchange rate changes on cash and cash equivalents	2,648	11
Increase in cash and cash equivalents	(63,954)	17,434
Cash and cash equivalents at beginning of period	319,581	220,633
Cash and cash equivalents at end of period	\$ 255,627	\$ 238,067

The following table presents a financial measure which is considered to be "non-GAAP financial measures" under Securities Exchange Commission rules. Free cash flow is defined by the Company as cash flows from operating activities less purchases of property, plant, equipment and intangibles (capital expenditures) plus proceeds from the sale of property, plant, equipment and intangibles. The Company uses free cash flow as a measure to gauge its ability to pay cash dividends, fund growth outside of core operations, fund future debt principal repayments, and repurchase shares. STERIS's calculation of free cash flows may vary from other companies.

	Three Months Ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 134,122	\$ 109,337
Purchases of property, plant, equipment, and intangibles, net	(66,861)	(49,794)
Proceeds from the sale of property, plant, equipment, and intangibles	137	18
Free Cash Flow	\$ 67,398	\$ 59,561

STERIS plc
Non-GAAP Financial Measures
(in thousands, except per share data)

Non-GAAP financial measures are presented with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented.

Management and the Board of Directors believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provides the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

To measure the percentage organic revenue growth, the Company removes the impact of acquisitions and divestitures that affect the comparability and trends in revenue. To measure the percentage constant currency organic revenue growth, the impact of changes in currency exchange rates and acquisitions and divestitures that affect the comparability and trends in revenue are removed. The impact of changes in currency exchange rates is calculated by translating current year results at prior year average currency exchange rates.

Three months ended June 30, (unaudited)

	As reported, GAAP		Impact of Acquisitions		Impact of Divestitures		Impact of Foreign Currency Movements	GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2020	2019	2020	2019	2020	2019	2020	2020	2020	2020
Segment revenues:										
Healthcare	\$ 399,658	\$ 445,732	\$ —	\$ —	\$ (2,199)		(10.3)%	(10.3)%	(9.8)%	
Applied Sterilization Technologies	152,362	154,286	—	—	(1,563)		(1.2)%	(1.2)%	(0.2)%	
Life Sciences	116,912	96,785	—	—	(652)		20.8 %	20.8 %	21.5 %	
Total	\$ 668,932	\$ 696,803	\$ —	\$ —	\$ (4,414)		(4.0)%	(4.0)%	(3.4)%	

Three months ended June 30, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2020	2019	2020	2019	2020	2019	2020	2019
GAAP	\$ 285,568	\$ 305,843	\$ 114,001	\$ 110,088	\$ 88,190	\$ 84,590	\$ 1.03	\$ 0.99
Adjustments:								
Amortization of acquired intangible assets	341	147	17,500	16,949				
Acquisition and integration related charges	92	496	1,286	1,917				
Redomiciliation and tax restructuring costs	—	—	170	1,770				
Net loss on divestiture of businesses	—	—	10	2,426				
Amortization of property "step up" to fair value	603	782	603	735				
COVID-19 incremental costs	8,336	—	8,670	—				
Restructuring charges	—	918	166	2,307				
Net impact of adjustments after tax*					23,630	20,420		
Net EPS impact							0.28	0.24
Adjusted	\$ 294,940	\$ 308,186	\$ 142,406	\$ 136,192	\$ 111,820	\$ 105,010	\$ 1.31	\$ 1.23

* The tax expense includes both the current and deferred income tax impact of the adjustments.

STERIS plc
Unaudited Supplemental Financial Data
For the Periods Ending June 30, 2020 and 2019

	FY 2021	FY 2020
	Q1	Q1
Total Company Revenues		
Consumables	\$ 142,596	\$ 160,111
Service	367,824	389,068
Total Recurring	\$ 510,420	\$ 549,179
Capital Equipment	\$ 158,512	\$ 147,624
Total Revenues	\$ 668,932	\$ 696,803
Ireland Revenues	\$ 14,373	\$ 15,108
Ireland Revenues as a % of Total	2%	2%
United States Revenues	\$ 491,708	\$ 511,152
United States Revenues as a % of Total	74%	73%
International Revenues	\$ 162,851	\$ 170,543
International Revenues as a % of Total	24%	25%

Segment Data	Q1	Q1
Healthcare		
Revenues		
Consumables	\$ 83,754	\$ 116,082
Service	187,822	208,795
Total Recurring	\$ 271,576	\$ 324,877
Capital Equipment	128,082	120,855
Total Healthcare Revenues	\$ 399,658	\$ 445,732
Segment Operating Income	\$ 82,357	\$ 90,515
Applied Sterilization Technologies		
Applied Sterilization Technologies Revenues	\$ 152,362	\$ 154,286
Segment Operating Income	\$ 63,955	\$ 68,035
Life Sciences		
Revenues		
Consumables	\$ 58,842	\$ 44,029
Service	27,640	25,987
Total Recurring	\$ 86,482	\$ 70,016
Capital Equipment	30,430	26,769
Total Life Sciences Revenues	\$ 116,912	\$ 96,785
Segment Operating Income	\$ 48,461	\$ 33,039
Corporate		
Operating loss	\$ (52,367)	\$ (55,397)

Other Data	Q1	Q1
Healthcare Backlog	164,201	187,195
Life Sciences Backlog	67,712	58,850
Total Backlog	231,913	246,045
GAAP Income Tax Rate	17.5%	14.7%
Adjusted Income Tax Rate	17.3%	16.2%

This supplemental data is consistent with publicly disclosed information provided in quarterly conference calls, earnings releases and SEC filings, and is subject to all definitions, precautions and limitations contained in those disclosures. Please see the Company's most recent 10-K for definitions (and reconciliation where appropriate) of adjusted measures, backlog, free cash flow and net debt.