

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

	Three Months Ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
Revenues	\$ 696,803	\$ 638,758
Cost of revenues	390,042	369,708
Total cost of revenues - restructuring	918	—
Total cost of revenues, net	390,960	369,708
Gross profit	305,843	269,050
Operating expenses:		
Selling, general, and administrative	178,781	158,406
Research and development	15,585	16,220
Restructuring expenses	1,389	—
Total operating expenses	195,755	174,626
Income from operations	110,088	94,424
Non-operating expenses, net	10,678	11,373
Income tax expense	14,633	12,773
Net income	\$ 84,777	\$ 70,278
Less: Net income attributable to noncontrolling interests	187	287
Net income attributable to shareholders	\$ 84,590	\$ 69,991
Earnings per ordinary share (EPS) data:		
Basic	\$ 1.00	\$ 0.83
Diluted	\$ 0.99	\$ 0.82
Cash dividends declared per share ordinary outstanding	\$ 0.34	\$ 0.31
Weighted average number of shares outstanding used in EPS computation:		
Basic number of shares outstanding	84,638	84,685
Diluted number of shares outstanding	85,566	85,509

STERIS plc
Consolidated Condensed Balance Sheets
(in thousands)

	June 30,	March 31,
	2019	2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 238,067	\$ 220,633
Accounts receivable, net	509,655	564,830
Inventories, net	233,587	208,243
Prepaid expenses and other current assets	62,973	60,029
Total current assets	1,044,282	1,053,735
Property, plant, and equipment, net	1,054,217	1,031,582
Lease right-of-use assets, net	122,521	—
Goodwill	2,347,329	2,322,928
Intangibles, net	602,179	604,614
Other assets	59,195	60,212
Total assets	\$ 5,229,723	\$ 5,073,071
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 135,487	\$ 152,913
Other current liabilities	297,287	312,283
Total current liabilities	432,774	465,196
Long-term indebtedness	1,210,003	1,183,227
Other liabilities	341,944	238,850
Total equity	3,245,002	3,185,798
Total liabilities and equity	\$ 5,229,723	\$ 5,073,071

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,	
	2019	2018
(in thousands)	(Unaudited)	(Unaudited)
Revenues:		
Healthcare Products	\$ 309,787	\$ 292,010
Healthcare Specialty Services	135,945	122,249
Life Sciences	96,785	84,955
Applied Sterilization Technologies	154,286	139,544
Total revenues	\$ 696,803	\$ 638,758
Operating income (loss):		
Healthcare Products	\$ 73,698	\$ 61,722
Healthcare Specialty Services	16,817	12,954
Life Sciences	33,039	29,865
Applied Sterilization Technologies	68,035	56,151
Corporate	(55,397)	(46,042)
Total operating income before adjustments	\$ 136,192	\$ 114,650
Less: Adjustments		
Amortization of acquired intangible assets	\$ 16,949	\$ 18,055
Acquisition and integration related charges	1,917	1,671
Redomiciliation and tax restructuring costs	1,770	287
(Gain) on fair value adjustment of acquisition related contingent consideration	—	(842)
Net loss on divestiture of businesses	2,426	444
Amortization of property "step up" to fair value	735	611
Restructuring charges	2,307	—
Total operating income	\$ 110,088	\$ 94,424

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

	Three Months Ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ 84,777	\$ 70,278
Non-cash items	55,110	31,111
Changes in operating assets and liabilities	(30,550)	(610)
Net cash provided by operating activities	109,337	100,779
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(49,794)	(27,726)
Proceeds from the sale of property, plant, and equipment	18	2,795
Proceeds from the sale of businesses	439	(196)
Purchase of investments	—	(4,955)
Acquisition of businesses, net of cash acquired	(34,970)	—
Other	—	(4,784)
Net cash used in investing activities	(84,307)	(34,866)
Financing activities:		
Proceeds (payments) under credit facilities, net	27,861	18,443
Deferred financing fees and debt issuance costs	(1,206)	(298)
Acquisition related deferred or contingent consideration	(452)	(685)
Repurchases of ordinary shares	(14,886)	(33,844)
Cash dividends paid to ordinary shareholders	(28,823)	(26,265)
Stock option and other equity transactions, net	9,899	3,435
Net cash used in financing activities	(7,607)	(39,214)
Effect of exchange rate changes on cash and cash equivalents	11	(9,709)
Increase in cash and cash equivalents	17,434	16,990
Cash and cash equivalents at beginning of period	220,633	201,534
Cash and cash equivalents at end of period	\$ 238,067	\$ 218,524

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,	
	2019	2018
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 109,337	\$ 100,779
Purchases of property, plant, equipment, and intangibles, net	(49,794)	(27,726)
Proceeds from the sale of property, plant, equipment, and intangibles	18	2,795
Free Cash Flow	\$ 59,561	\$ 75,848

	Twelve Months Ended	
	March 31, 2020	
	(Outlook*)	
Calculation of Free Cash Flow for Outlook		
Cash flows from operating activities	\$	580,000
Purchases of property, plant, equipment, and intangibles, net		(280,000)
Free Cash Flow	\$	300,000

* All amounts are estimates.

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
	2019	2018	2019	2018	2019	2018	2019	2019	2019	2019
Segment revenues:										
Healthcare Products	\$ 309,787	\$ 292,010	\$ —	\$ —	\$ (1,865)		6.1%	6.1%	6.7%	
Healthcare Specialty Services	135,945	122,249	—	(592)	(1,774)		11.2%	11.7%	13.2%	
Life Sciences	96,785	84,955	—	—	(1,192)		13.9%	13.9%	15.3%	
Applied Sterilization Technologies	154,286	139,544	—	—	(3,562)		10.6%	10.6%	13.1%	
Total	\$ 696,803	\$ 638,758	\$ —	\$ (592)	\$ (8,393)		9.1%	9.2%	10.5%	

Three months ended June 30, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2019	2018	2019	2018	2019	2018	2019	2018
GAAP	\$ 305,843	\$ 269,050	\$ 110,088	\$ 94,424	\$ 84,590	\$ 69,991	\$ 0.99	\$ 0.82
Adjustments:								
Amortization of acquired intangible assets	147	100	16,949	18,055				
Acquisition and integration related charges	496	587	1,917	1,671				
Redomiciliation and tax restructuring costs	—	—	1,770	287				
(Gain) on fair value adjustment of acquisition related contingent consideration	—	—	—	(842)				
Net loss on divestiture of businesses	—	—	2,426	444				
Amortization of property "step up" to fair value	782	648	735	611				
Restructuring charges	918	—	2,307	—				
Net impact of adjustments after tax*					20,420	15,656		
Net EPS impact							0.24	0.18
Adjusted	\$ 308,186	\$ 270,385	\$ 136,192	\$ 114,650	\$ 105,010	\$ 85,647	\$ 1.23	\$ 1.00

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

FY 2020 Outlook

	Twelve Months Ended March 31, 2020 (Outlook*)	
Net income per diluted share	\$4.62- \$4.77	
Amortization of acquired intangible assets	0.64	
Acquisition and integration related charges	0.03	
Redomiciliation costs	0.02	
Net loss on divestiture of businesses	0.02	
Amortization of property "step up" to fair value	0.02	
Restructuring charges	0.03	
Adjusted net income per diluted share	\$5.38- \$5.53	

* All amounts are estimates.

STERIS plc
Unaudited Supplemental Financial Data
For the Periods Ending June 30, 2019 and 2018

	FY 2020	FY 2019
	Q1	Q1
Total Company Revenues		
Consumables	\$ 160,111	\$ 147,571
Service	389,068	359,968
Total Recurring	\$ 549,179	\$ 507,539
Capital Equipment	\$ 147,624	\$ 131,219
Total Revenues	\$ 696,803	\$ 638,758
Ireland Revenues	\$ 15,108	\$ 12,560
Ireland Revenues as a % of Total	2%	2%
United States Revenues	\$ 511,152	\$ 447,540
United States Revenues as a % of Total	73%	70%
International Revenues	\$ 170,543	\$ 178,658
International Revenues as a % of Total	25%	28%

Segment Data	Q1	Q1
Healthcare Products		
Revenues		
Consumables	\$ 108,782	\$ 100,414
Service	85,809	84,100
Total Recurring	\$ 194,591	\$ 184,514
Capital Equipment	115,196	107,496
Total Healthcare Products Revenues	\$ 309,787	\$ 292,010
Segment Operating Income	\$ 73,698	\$ 61,722
Healthcare Specialty Services		
Healthcare Services Revenues	\$ 135,945	\$ 122,249
Segment Operating Income	\$ 16,817	\$ 12,954
Life Sciences		
Revenues		
Consumables	\$ 44,029	\$ 40,221
Service	25,987	25,620
Total Recurring	\$ 70,016	\$ 65,841
Capital Equipment	26,769	19,114
Total Life Sciences Revenues	\$ 96,785	\$ 84,955
Segment Operating Income	\$ 33,039	\$ 29,865
Applied Sterilization Technologies		
Applied Sterilization Technologies Revenues	\$ 154,286	\$ 139,544
Segment Operating Income	\$ 68,035	\$ 56,151
Corporate		
Operating loss	\$ (55,397)	\$ (46,042)

Other Data	Q1	Q1
Healthcare Products Backlog	187,195	177,064
Life Sciences Backlog	58,850	63,405
Total Backlog	246,045	240,469
GAAP Income Tax Rate	14.7%	15.4%
Adjusted Income Tax Rate	16.2%	16.8%

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.