

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 774,261	\$ 696,238	\$ 2,207,904	\$ 2,013,957
Cost of revenues, net	442,075	400,145	1,249,380	1,164,150
Total cost of revenues - restructuring	833	9,096	2,661	9,096
Total cost of revenues	442,908	409,241	1,252,041	1,173,246
Gross profit	331,353	286,997	955,863	840,711
Operating expenses:				
Selling, general, and administrative	172,927	176,099	527,667	496,817
Research and development	16,487	15,167	48,321	47,160
Restructuring expenses	(448)	26,147	667	26,147
Total operating expenses	188,966	217,413	576,655	570,124
Income from operations	142,387	69,584	379,208	270,587
Non-operating expenses, net	8,435	11,824	28,539	34,517
Income tax expense	29,285	9,334	66,083	39,871
Net income	\$ 104,667	\$ 48,426	\$ 284,586	\$ 196,199
Less: Net income attributable to noncontrolling interests	(263)	568	297	893
Net income attributable to shareholders	\$ 104,930	\$ 47,858	\$ 284,289	\$ 195,306
Earnings per ordinary share (EPS) data:				
Basic	\$ 1.24	\$ 0.57	\$ 3.35	\$ 2.31
Diluted	\$ 1.23	\$ 0.56	\$ 3.32	\$ 2.28
Cash dividends declared per share ordinary outstanding	\$ 0.37	\$ 0.34	\$ 1.08	\$ 0.99
Weighted average number of shares outstanding used in EPS				
Basic number of shares outstanding	84,788	84,540	84,740	84,587
Diluted number of shares outstanding	85,628	85,441	85,630	85,476

STERIS plc
Consolidated Condensed Balance Sheets
(in thousands)

	December 31, 2019	March 31, 2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 199,230	\$ 220,633
Accounts receivable, net	544,405	564,830
Inventories, net	252,046	208,243
Prepaid expenses and other current assets	57,190	60,029
Total current assets	1,052,871	1,053,735
Property, plant, and equipment, net	1,102,604	1,031,582
Lease right-of-use assets, net	123,080	—
Goodwill	2,403,503	2,322,928
Intangibles, net	594,167	604,614
Other assets	59,356	60,212
Total assets	\$ 5,335,581	\$ 5,073,071
Liabilities and equity		
Current liabilities:		
Accounts payable	139,808	\$ 152,913
Other current liabilities	310,998	312,283
Total current liabilities	450,806	465,196
Long-term indebtedness	1,136,964	1,183,227
Other liabilities	351,745	238,850
Total equity	3,396,066	3,185,798
Total liabilities and equity	\$ 5,335,581	\$ 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 December 31,		Nine Months Ended December 31,	
	2019 (Unaudited)	2018 Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Revenues:				
Healthcare Products	\$ 365,353	\$ 338,264	\$ 1,025,421	\$ 951,779
Healthcare Specialty Services	143,869	127,761	414,816	374,564
Life Sciences	108,773	93,451	304,208	275,571
Applied Sterilization Technologies	156,266	136,762	463,459	412,043
Total revenues	\$ 774,261	\$ 696,238	\$ 2,207,904	\$ 2,013,957
Operating income (loss):				
Healthcare Products	\$ 89,849	\$ 82,820	\$ 250,510	\$ 217,011
Healthcare Specialty Services	15,378	16,007	48,267	44,422
Life Sciences	37,731	33,129	103,085	96,260
Applied Sterilization Technologies	65,468	54,798	198,889	164,417
Corporate	(45,260)	(42,025)	(151,613)	(135,053)
Total operating income before adjustments	\$ 163,166	\$ 144,729	\$ 449,138	\$ 387,057
Less: Adjustments				
Amortization of acquired intangible assets	\$ 17,508	\$ 33,894	\$ 53,407	\$ 68,907
Acquisition and integration related charges	1,721	1,816	5,585	6,197
Redomiciliation and tax restructuring costs	487	4,747	3,274	5,633
(Gain) on fair value adjustment of acquisition related contingent consideration	—	—	—	(842)
Net loss (gain) on divestiture of businesses	76	(1,170)	2,553	(508)
Amortization of property "step up" to fair value	602	615	1,783	1,840
Restructuring charges	385	35,243	3,328	35,243
Total operating income	\$ 142,387	\$ 69,584	\$ 379,208	\$ 270,587

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

	Nine Months Ended December 31,	
	2019	2018
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ 284,586	\$ 196,199
Non-cash items	163,524	185,750
Changes in operating assets and liabilities	(56,784)	(21,370)
Net cash provided by operating activities	391,326	360,579
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(153,649)	(113,236)
Proceeds from the sale of property, plant, equipment, and intangibles	387	5,563
Proceeds from the sale of businesses	439	(196)
Purchase of investments	—	(4,955)
Acquisition of businesses, net of cash acquired	(107,166)	(13,313)
Other	—	(13,425)
Net cash used in investing activities	(259,989)	(139,562)
Financing activities:		
Payments on long-term obligations	—	(85,000)
(Payments) proceeds under credit facilities, net	(48,467)	35,416
Deferred financing fees and debt issuance costs	(1,206)	(298)
Acquisition related deferred or contingent consideration	(452)	(1,277)
Repurchases of ordinary shares	(40,322)	(56,254)
Cash dividends paid to ordinary shareholders	(91,595)	(83,750)
Distributions to noncontrolling interest	(840)	(255)
Contributions from noncontrolling interest	6,050	—
Stock option and other equity transactions, net	22,958	7,610
Net cash used in financing activities	(153,874)	(183,808)
Effect of exchange rate changes on cash and cash equivalents	1,134	(13,837)
(Decrease) increase in cash and cash equivalents	(21,403)	23,372
Cash and cash equivalents at beginning of period	220,633	201,534
Cash and cash equivalents at end of period	\$ 199,230	\$ 224,906

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.

	Nine Months Ended December 31,	
	2019	2018
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 391,326	\$ 360,579
Purchases of property, plant, equipment, and intangibles, net	(153,649)	(113,236)
Proceeds from the sale of property, plant, equipment, and intangibles	387	5,563
Free Cash Flow	\$ 238,064	\$ 252,906

	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		(240,000)
Free Cash Flow	\$	340,000

* 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 December 31, (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	\$ 365,353	\$ 338,264	\$ —	\$ —	\$ (459)		8.0%	8.0%	8.1%	
Healthcare Specialty Services	143,869	127,761	—	(1,339)	(164)		12.6%	13.8%	13.9%	
Life Sciences	108,773	93,451	—	—	(581)		16.4%	16.4%	17.0%	
Applied Sterilization Technologies	156,266	136,762	—	—	(1,161)		14.3%	14.3%	15.1%	
Total	\$ 774,261	\$ 696,238	\$ —	\$ (1,339)	\$ (2,365)		11.2%	11.4%	11.8%	

Nine months ended December 31, (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	\$ 1,025,421	\$ 951,779	\$ —	\$ —	\$ (3,537)		7.7%	7.7%	8.1%	
Healthcare Specialty Services	414,816	374,564	—	(3,260)	(3,434)		10.7%	11.7%	12.6%	
Life Sciences	304,208	275,571	—	—	(2,583)		10.4%	10.4%	11.3%	
Applied Sterilization Technologies	463,459	412,043	—	—	(7,043)		12.5%	12.5%	14.2%	
Total	\$ 2,207,904	\$ 2,013,957	\$ —	\$ (3,260)	\$ (16,597)		9.6%	9.8%	10.6%	

Three months ended December 31, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS		
	2019	2018	2019	2018	2019	2018	2019	2018	
GAAP	\$ 331,353	\$ 286,997	\$ 142,387	\$ 69,584	\$ 104,930	\$ 47,858	\$ 1.23	\$ 0.56	
Adjustments:									
Amortization of acquired intangible assets	330	401	17,508	33,894					
Acquisition and integration related charges	490	434	1,721	1,816					
Redomiciliation and tax restructuring costs	—	—	487	4,747					
Net loss (gain) on divestiture of businesses	—	—	76	(1,170)					
Amortization of property "step up" to fair value	617	658	602	615					
Restructuring charges	833	9,096	385	35,243					
Net impact of adjustments after tax*					19,059	59,377			
Net EPS impact							0.22	0.70	
Adjusted	\$ 333,623	\$ 297,586	\$ 163,166	\$ 144,729	\$ 123,989	\$ 107,235	\$ 1.45	\$ 1.26	

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

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

Nine months ended December 31, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2019	2018	2019	2018	2019	2018	2019	2018
GAAP	\$ 955,863	\$ 840,711	\$ 379,208	\$ 270,587	\$ 284,289	\$ 195,306	\$ 3.32	\$ 2.28
Adjustments:								
Amortization of acquired intangible assets	1,236	572	53,407	68,907				
Acquisition and integration related charges	1,300	1,447	5,585	6,197				
Redomiciliation and tax restructuring costs	—	—	3,274	5,633				
(Gain) on fair value adjustment of acquisition related contingent consideration	—	—	—	(842)				
Net loss (gain) on divestiture of businesses	—	—	2,553	(508)				
Amortization of property "step up" to fair value	1,891	1,956	1,783	1,840				
Restructuring charges	2,661	9,096	3,328	35,243				
Net impact of adjustments after tax*					57,841	91,190		
Net EPS impact							0.68	1.07
Adjusted	\$ 962,951	\$ 853,782	\$ 449,138	\$ 387,057	\$ 342,130	\$ 286,496	\$ 4.00	\$ 3.35

* 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	\$4.68- \$4.83
Amortization of acquired intangible assets	0.66
Acquisition and integration related charges	0.06
Redomiciliation and tax restructuring costs	0.03
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	\$5.50- \$5.65

* All amounts are estimates.

STERIS plc

Unaudited Supplemental Financial Data

Third Quarter Fiscal 2020

For the Periods Ending December 31, 2019 and 2018

	FY 2020	FY 2019	FY 2020	FY 2019
	Q3	Q3	YTD	YTD
Total Company Revenues				
Consumables	\$ 176,625	\$ 155,986	\$ 495,309	\$ 450,729
Service	410,466	368,599	1,198,708	1,092,869
Total Recurring	\$ 587,091	\$ 524,585	\$ 1,694,017	\$ 1,543,598
Capital Equipment	\$ 187,170	\$ 171,653	\$ 513,887	\$ 470,359
Total Revenues	\$ 774,261	\$ 696,238	\$ 2,207,904	\$ 2,013,957
Ireland Revenues	\$ 16,126	\$ 14,215	\$ 46,405	\$ 40,873
Ireland Revenues as a % of Total	2%	2%	2%	2%
United States Revenues	\$ 562,502	\$ 494,328	\$ 1,611,755	\$ 1,423,101
United States Revenues as a % of Total	73%	71%	73%	71%
International Revenues	\$ 195,633	\$ 187,695	\$ 549,744	\$ 549,983
International Revenues as a % of Total	25%	27%	25%	27%

Segment Data	FY 2020	FY 2019	FY 2020	FY 2019
	Q3	Q3	YTD	YTD
Healthcare Products				
Revenues				
Consumables	\$ 121,517	\$ 107,451	\$ 338,691	\$ 309,545
Service	95,820	87,633	276,481	258,148
Total Recurring	\$ 217,337	\$ 195,084	\$ 615,172	\$ 567,693
Capital Equipment	148,016	143,180	410,249	384,086
Total Healthcare Products Revenues	\$ 365,353	\$ 338,264	\$ 1,025,421	\$ 951,779
Segment Operating Income	\$ 89,849	\$ 82,820	\$ 250,510	\$ 217,011
Healthcare Specialty Services				
Healthcare Services Revenues	\$ 143,869	\$ 127,761	\$ 414,816	\$ 374,564
Segment Operating Income	\$ 15,378	\$ 16,007	\$ 48,267	\$ 44,422
Life Sciences				
Revenues				
Consumables	\$ 46,370	\$ 41,157	\$ 132,939	\$ 119,844
Service	30,641	28,931	86,276	83,438
Total Recurring	\$ 77,011	\$ 70,088	\$ 219,215	\$ 203,282
Capital Equipment	31,762	23,363	84,993	72,289
Total Life Sciences Revenues	\$ 108,773	\$ 93,451	\$ 304,208	\$ 275,571
Segment Operating Income	\$ 37,731	\$ 33,129	\$ 103,085	\$ 96,260
Applied Sterilization Technologies				
Applied Sterilization Technologies Revenues	\$ 156,266	\$ 136,762	\$ 463,459	\$ 412,043
Segment Operating Income	\$ 65,468	\$ 54,798	\$ 198,889	\$ 164,417
Corporate				
Operating loss	\$ (45,260)	\$ (42,025)	\$ (151,613)	\$ (135,053)

Other Data	FY 2020	FY 2019	FY 2020	FY 2019
	Q3	Q3	YTD	YTD
Healthcare Products Backlog	\$ 209,917	\$ 215,672		
Life Sciences Backlog	71,569	62,368		
Total Backlog	\$ 281,486	\$ 278,040		
GAAP Income Tax Rate	21.9%	16.2%	18.8%	16.9%
Adjusted Income Tax Rate	20.0%	18.9%	18.6%	18.5%

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.