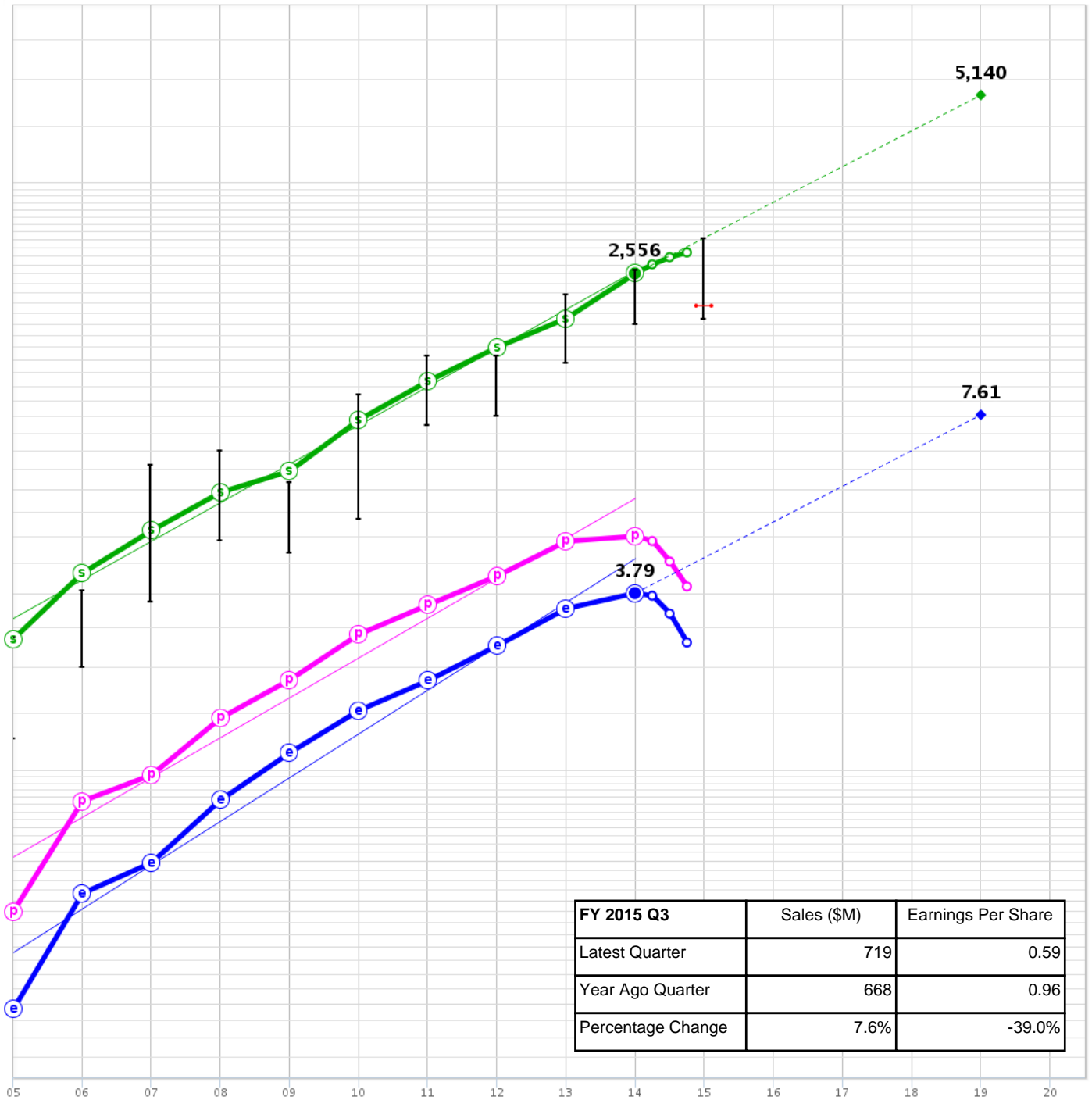


| | | | | | |
|--|------------|--------------|------------------|---------------|-----|
| Company | Stericycle | | Date | 12/18/15 | |
| Prepared by | HARPER | | Data taken from | BI Stock Data | |
| Where traded | NAS | Industry | Waste Management | | |
| Capitalization --- Outstanding Amounts | Reference | | | | |
| Preferred (\$M) | 0.0 | % Insiders | % Institution | | |
| Common (M Shares) | 86.1 | | 1.7 | 91.4 | |
| Debt (\$M) | 1,516.1 | % to Tot Cap | 35.8 | % Pot Dil | 1.5 |

Stock Selection Guide

Symbol: SRCL

1 VISUAL ANALYSIS of Sales, Earnings, and Price



| FY 2015 Q3 | Sales (\$M) | Earnings Per Share |
|-------------------|-------------|--------------------|
| Latest Quarter | 719 | 0.59 |
| Year Ago Quarter | 668 | 0.96 |
| Percentage Change | 7.6% | -39.0% |

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 16.4% | (3) Historical Earnings Per Share Growth | 18.7% |
| (2) Estimated Future Sales Growth | 15.0% | (4) Estimated Future Earnings Per Share Growth | 15.0% |

2 EVALUATING Management

Stericycle

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Last 5 Year Avg. |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|
| Pre-tax Profit on Sales | 18.4% | 21.9% | 20.5% | 22.1% | 23.6% | 23.1% | 22.2% | 21.8% | 22.3% | 19.1% | 21.7% |
| % Earned on Equity | 12.3% | 17.1% | 16.1% | 21.5% | 20.3% | 19.4% | 19.2% | 17.2% | 17.9% | 17.3% | 18.2% |
| % Debt To Capital | 40.9% | 42.7% | 47.1% | 54.2% | 53.9% | 51.3% | 53.6% | 46.8% | 45.0% | 46.7% | 48.7% |

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 116.75 (12/18/15)

HIGH THIS YEAR 151.57

LOW THIS YEAR 110.56

| | A | B | C | D | E | F | G | H |
|-----------------------------------|-------|-------|-----------|-----------------------------------|-----------|-----------|-------------|--------------|
| Year | Price | | Earnings | Price Earnings Ratio | | Dividend | % Payout | % High Yield |
| | High | Low | Per Share | High A / C | Low B / C | Per Share | F / C * 100 | F / B * 100 |
| 2010 | 82.2 | 50.6 | 2.39 | 34.4 | 21.2 | 0.00 | 0.0 | 0.0 |
| 2011 | 95.7 | 73.1 | 2.69 | 35.6 | 27.2 | 0.00 | 0.0 | 0.0 |
| 2012 | 96.0 | 75.8 | 3.08 | 31.2 | 24.6 | 0.00 | 0.0 | 0.0 |
| 2013 | 121.6 | 93.2 | 3.56 | 34.1 | 26.2 | 0.00 | 0.0 | 0.0 |
| 2014 | 134.1 | 108.6 | 3.79 | 35.4 | 28.7 | 0.00 | 0.0 | 0.0 |
| AVERAGE | | 80.2 | | 34.1 | 25.6 | | | |
| CURRENT/TTM | | | 3.12 | | | | | |
| AVERAGE PRICE EARNINGS RATIO 29.9 | | | | CURRENT PRICE EARNINGS RATIO 37.4 | | | | |

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 37.4 X Estimate High Earnings/Share 7.62 = Forecasted High Price \$ 284.8

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 25.6 X Estimate Low Earnings/Share 3.79 = Forecasted Low Price \$ 97.0

(b) Avg. Low Price of Last 5 Years 80.2

(c) Recent Market Low Price 93.2

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 80.2

C ZONING using 25%-50%-25%

Forecasted High Price 284.8 Minus Forecasted Low Price 80.2 = 204.6 Range. 25% of Range 51.1

Buy Zone 80.2 to 131.4

Hold Zone 131.4 to 233.7

Sell Zone 233.7 to 284.8

Present Market Price of 116.75 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{284.8 - 116.75}{116.75 - 80.2} = \frac{168.05}{36.50} = 4.6$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{284.8 - 116.75}{116.75} = 2.4394$ X 100 = 243.94 - 100 = 143.9 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{116.75} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{37.40} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{31.50} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 19.5 %
Average Yield 0.0 %
Annualized Rate of Return 19.5 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 15.5 %
Average Yield 0.0 %
Annualized Rate of Return 15.5 %