

STERIS plc (STE)

\$259.20 (Stock Price as of 01/07/2026)

Price Target (6-12 Months): **\$273.00**

Long Term: 6-12 Months	Zacks Recommendation:	Neutral
	(Since: 08/10/22)	
	Prior Recommendation:	Outperform
Short Term: 1-3 Months	Zacks Rank: (1-5)	2-Buy
	Zacks Style Scores:	VGM: C
	Value: C	Growth: C Momentum: D

Summary

STERIS exited the second quarter of fiscal 2026 with robust organic growth of its AST business, indicating stable medical device volumes. The company benefits from growth in the healthcare and pharma industries. Its Healthcare business shows encouraging progress with robust order growth. Impressive acquisitions and partnerships strengthen its product offerings. A stable solvency position appears encouraging. Our model expects a 5.8% CAGR in the company's revenues through fiscal 2028. Meanwhile, STERIS faces concerns over macroeconomic uncertainties, including tariff costs, leading to rising operational expenses. Consolidations among its healthcare and pharmaceutical customers can exert significant pricing pressure on the company.

Data Overview

52 Week High-Low	\$268.60 - \$204.28
20 Day Average Volume (sh)	513,498
Market Cap	\$25.4 B
YTD Price Change	2.2%
Beta	1.03
Dividend / Div Yld	\$2.52 / 1.0%
Industry	Medical - Instruments
Zacks Industry Rank	Top 44% (107 out of 244)

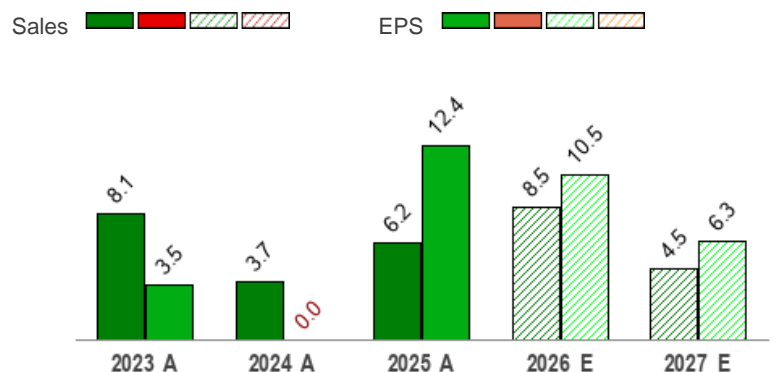
Last EPS Surprise	3.8%
Last Sales Surprise	2.3%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/04/2026
Earnings ESP	0.0%

P/E TTM	26.3
P/E F1	25.4
PEG F1	3.0
P/S TTM	4.5

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,471 E	1,516 E	1,552 E	1,649 E	6,190 E
2026	1,391 A	1,460 A	1,479 E	1,594 E	5,924 E
2025	1,280 A	1,329 A	1,371 A	1,481 A	5,460 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	2.49 E	2.74 E	2.77 E	2.83 E	10.83 E
2026	2.34 A	2.47 A	2.53 E	2.85 E	10.19 E
2025	2.03 A	2.14 A	2.32 A	2.74 A	9.22 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/07/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/24/2025.

Overview

Ohio-headquartered STERIS plc, develops, manufactures and markets infection prevention, decontamination, microbial reduction, and surgical and gastrointestinal support products and services. The legacy company was originally known as STERIS Corporation. On Nov 2, 2015, STERIS completed the acquisition of Synergy Health plc following which it was re-registered under the name – STERIS plc.

Currently, STERIS serves healthcare, pharmaceutical, research, industrial and governmental customers in more than 60 countries across the globe. The majority of STERIS' revenues is derived from the healthcare and pharmaceutical industries. STERIS divested the Synergy Health Healthcare Consumable Solutions ("HCS") business in fiscal 2018 to Vernacare, a manufacturer of healthcare infection prevention solutions.

On Apr 11, 2024, STERIS announced a definitive agreement to divest the Dental segment for a transaction amount of \$787.5 million. The division's net assets and operations have since been reclassified to discontinued operations.

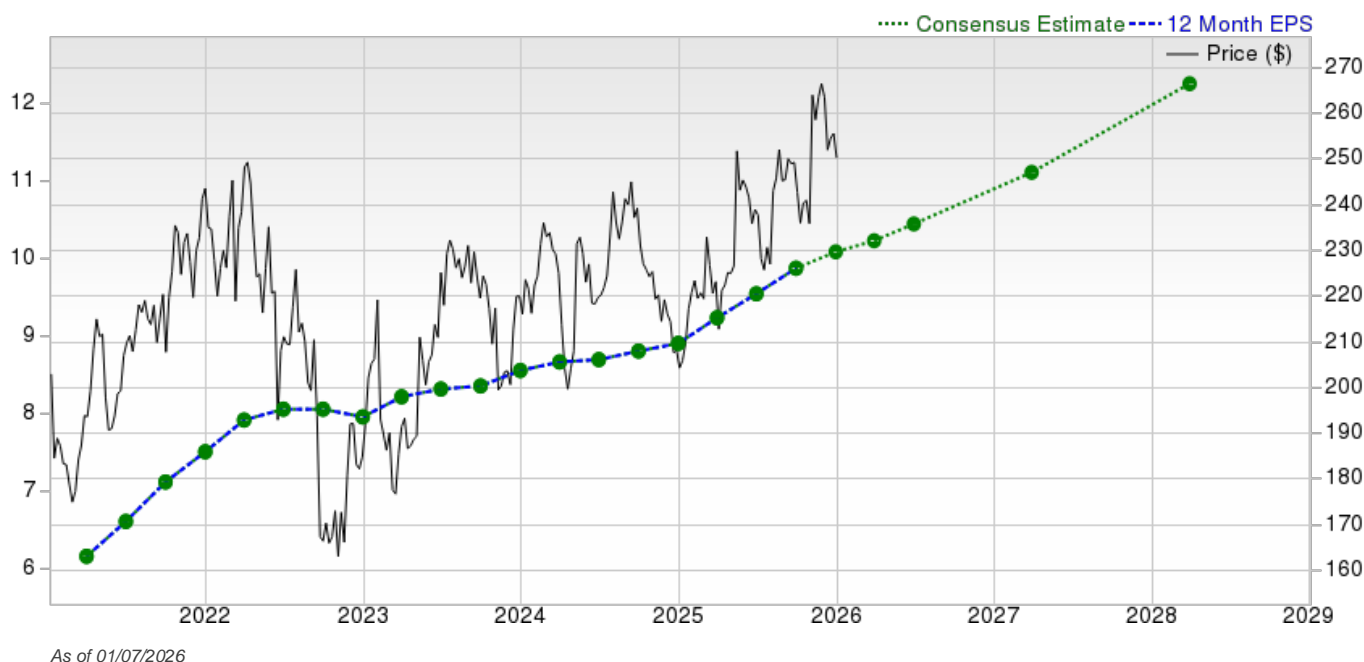
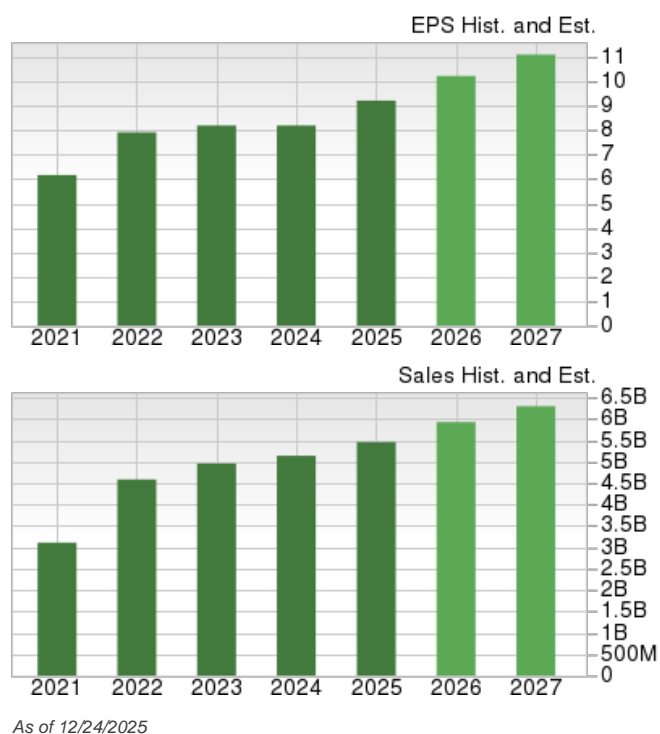
Presently, the company operates through three segments — Healthcare, Applied Sterilization Technologies (AST) and Life Sciences.

Healthcare (71% of total revenues in fiscal 2025, up 1% from fiscal 2024):

Effective Apr 1, 2020, the company's legacy Healthcare Products and Healthcare Specialty Services arms were combined and reported as Healthcare. This biggest segment of STERIS includes Healthcare Products part of the business which offers infection prevention and procedural solutions for global healthcare providers. The Healthcare Specialty Services part comprises specialty services including hospital sterilization services, instrument and scope repairs and linen management.

AST (19%, up 2.1%): This segment offers contract sterilization and laboratory services for medical device and pharmaceutical customers and others.

Life Sciences (10%, down 9.9%): This segment offers capital equipment and consumable products and equipment maintenance and specialty services for pharmaceutical manufacturers and research facilities.



Reasons To Buy:

▲ **Promising Healthcare Business:** The Healthcare segment is gaining from the successful market adoption of its comprehensive offerings, including infection prevention consumables and capital equipment. Further, its services to maintain that equipment, repair reusable procedural instruments and outsource instrument reprocessing services are gaining traction. Over the past few quarters, the segment's organic growth has been driven by the continuous procedure volume growth in the United States and favorable pricing and market share gains.

For the fiscal second quarter, Healthcare reported revenue growth of 9% year over year (up 9% on a CER organic basis). This outperformance indicated 10% growth in consumable revenues and 4% growth in capital equipment revenues. Service revenues continued their streak of outperformance with a 13% year-over-year increase. Order growth was robust, with more than 3% growth year to date. Margins improved, primarily driven by increasing volume, favorable pricing, positive productivity and restructuring program benefits offsetting tariffs and inflation. Going by our model, Healthcare revenues are set to grow at 8.2% year over year in full-year fiscal 2026.

Strong rebound of procedure volumes in the United States are leading to solid growth in Healthcare business. New acquisitions and partnerships should strengthen its product offerings.

▲ **Strong Rebound Prospects in the AST Segment:** This technology-neutral contract sterilization service successfully offers a wide range of sterilization modalities through a worldwide network of over 50 contract sterilization and laboratory facilities. STERIS particularly is gaining success with ethylene oxide (EO) sterilization. STERIS' customers in this business are mostly the manufacturers of single-use, sterile technologies that are used in aseptic manufacturing of vaccines and biopharmaceuticals.

In the fiscal second quarter, the AST division experienced 10% growth year over year. This was driven by a 13% increase in service revenues. Constant currency organic revenues were in the high single digits. The growth can be attributed to currency, bioprocessing demand, and stable medical device volumes. Going by our model, AST revenues are set to grow at 9.6% year over year in full-year fiscal 2026.

▲ **Progress in Healthcare and Pharmaceutical Industries:** The bulk of STERIS' revenues is obtained from the healthcare and pharmaceutical industries, where the growth is primarily driven by various factors, such as an aging global population, advancement in healthcare delivery, acceptance of new technologies, government policies and general economic conditions. The company sees a greater uptick in demand for its products and services due to increasing concern over hospital-acquired infections around the world, rising demand for medical procedures such as endoscopies and colonoscopies and customers' need for operating more efficiently.

Moreover, STERIS frequently engages in strategic acquisitions and joint ventures to optimize its portfolio of businesses. In recent years, the company has made several large acquisitions. It purchased the surgical instrumentation, laparoscopic instrumentation and sterilization container assets from BD. The acquisition strengthens, complements and expands STERIS' Healthcare product offerings with renowned brands like V. Mueller, Snowden-Pencer and Genesis. The company is poised for another strong fiscal year, with reported revenues from continuing operations expected to grow approximately 8-9% in fiscal 2026.

▲ **Favorable Solvency:** STERIS looks quite comfortable from the liquidity point of view. In the second quarter of fiscal 2026, STERIS had a long-term debt of \$1.90 billion, down 0.3% sequentially. The company exited the fiscal second quarter with cash and cash equivalents of \$319 million, with no short-term debt reported. The total debt-to-capital ratio was 21.3% at the end of the quarter.

Reasons To Sell:

▼ **Macroeconomic Problems:** The current macroeconomic environment across the globe has adversely affected STERIS' financial operations. Governments and insurance companies continue to look for ways to contain the rising cost of healthcare. This is significantly putting pressure on players in the healthcare industry with STERIS being no exception. Increases in prices or decreases in the availability of raw materials and oil and gas have also historically impaired STERIS' procurement of necessary materials for product manufacture, leading to an increase in production costs. In addition, economic and market volatility have been affecting the investment portfolio of STERIS' legacy defined benefit pension plan. Additionally, STERIS is facing increasing costs because of the implementation of tariffs by the new U.S. government.

STERIS' operations in highly-regulated markets bring forth significant competitive pressures. Impacts from macroeconomic challenges are a concern.

These macroeconomic factors are also resulting in a significant escalation in the company's operating expenses. STERIS witnessed a 6.2% year-over-year rise in selling, general and administrative (SG&A) expenses in the fiscal second quarter.

Research and development (R&D) expenses rose 4.4%, giving a hint about the company's positive investments in innovations. However, if the increased expenses do not lead to the development of competitive products or services, there could be a risk of declining demand for STERIS' offerings, which may hurt profitability. Our model assumes the company's SG&A expenses to increase 13% this year. R&D expenditure is expected to rise 7.9%.

▼ **Competitive Landscape:** STERIS competes for pharmaceutical, research and industrial customers against several large companies that have robust product portfolios and global reach, as well as a number of small companies with limited product offerings and operations in one or a few countries. In the Healthcare segment, STERIS' notable competitors include 3M, Baxter, Boston Scientific, Belimed, Ecolab, Getinge, Go Jo, Johnson & Johnson, Kimberly-Clark, Skytron and Stryker.

STERIS' Life Sciences segment operates in highly regulated environments where the most intense competition results from technological innovations, product performance, convenience and ease of use, and overall cost-effectiveness. Competitors from the pharmaceutical segment include Belimed, Ecolab, Fedegari, Getinge, MECO, Stilmas, and Techniplast. The Isomedix segment operates in a highly regulated industry and competes in North America with Sterigenics International, Inc., and other smaller contract sterilization companies and manufacturers that sterilize products in-house. The company expects to face continued competition in the future as new infection prevention, sterile processing, contamination control, gastrointestinal and surgical support products and services enter the market. Moreover, management believes STERIS' existing or potential competitors might have greater resources than it, which might allow them to succeed in developing and commercializing products at a faster pace than STERIS. This might hamper STERIS' growth.

▼ **Foreign Currency Risks:** With nearly 30% of the company's revenues and costs of revenues being generated outside the United States, foreign currency exchange rate fluctuations can significantly impact its financial position, results of operations, and competitive position. For most operations, local currencies have been determined to be the functional currencies. As an instance, the ongoing geopolitical instability, such as Russia's invasion of Ukraine, has negatively impacted the global and U.S. economies, leading to supply-chain disruptions, rising interest rates, volatility in capital markets and foreign currency exchange rates, and heightened cybersecurity risks. Per our model, currency is expected to have an impact of 0.9% on the company's fiscal 2026 sales.

▼ **Customer Consolidation:** Several of STERIS' customers are undergoing consolidation, partly due to healthcare cost reduction measures initiated by competitive pressures as well as legislators, regulators, and third-party payors. Moreover, some of STERIS' customers have reduced their production costs and subsequently their product prices to attract more customers. This, in turn, has caused greater pricing pressure and in some cases, has resulted in customer loss for the company. Additional consolidation will result in loss of a greater number of customers or create significant pricing pressure for STERIS. In fact, recent healthcare legislation and unfavorable economic conditions might enforce larger consolidation. If the company fails to check the rate of its customer consolidation now, it will adversely affect STERIS' business performance as well as financial conditions, going forward.

Last Earnings Report

STE Q2 Earnings and Revenues Beat Estimates, '26 EPS View Up

STERIS plc (STE) reported second-quarter fiscal 2026 adjusted earnings per share (EPS) of \$2.47, up 15.4% from the year-ago quarter's figure. The figure surpassed the Zacks Consensus Estimate by 3.8%.

The adjustment excludes the impacts of certain non-recurring charges, such as the amortization of acquired intangible assets and acquisition and integration-related charges.

The company's GAAP EPS was \$1.94, up 28.5% from the year-ago level of \$1.51.

STE's Q2 Revenues in Detail

Revenues of \$1.46 billion from continuing operations increased 9.8% year over year. The figure surpassed the Zacks Consensus Estimate by 2.3%.

Organic revenues at constant exchange rate or CER rose 9% year over year.

STE's Quarterly Performance in Detail

The company operates under three segments — Healthcare, Applied Sterilization Technologies ("AST") and Life Sciences.

Revenues at **Healthcare** rose 9% year over year to \$1.03 billion (up 9% on a CER organic basis). This reflected a 13% improvement in service revenues, 10% growth in consumable revenues and 4% growth in capital equipment revenues. Our model expected Healthcare segment revenues to improve 5.9% in the fiscal second quarter.

Revenues from **AST** improved 10% to \$281.5 million (up 7% on a CER organic basis). This reflected 13% growth in service revenues and a 76% decline in capital equipment revenues. Our model anticipated a 10.8% improvement in the segment's quarterly revenues.

Revenues from the **Life Sciences** segment increased 13% to \$145 million (up 12% year over year on a CER organic basis). This reflected 39% growth in capital equipment revenues, 9% growth in service revenues and 7% growth in consumable revenues. Our model projected a year-over-year increase of 7.2% for the segment's revenues.

Margins

The gross profit in the reported quarter was \$645.9 million, up 11.6% from the prior-year level. The gross margin expanded 68 basis points (bps) year over year to 44.2% despite an 8.6% increase in the cost of revenues.

STERIS witnessed a 6.2% year-over-year rise in selling, general and administrative expenses. The figure amounted to \$349.7 million. Research and development expenses rose 4.4% to \$28.2 million. Adjusted operating expenses totaled \$377.9 million, up 6.1% year over year. The adjusted operating margin expanded 161 bps to 18.3%.

Financial Details

STERIS exited the second quarter of fiscal 2026 with cash and cash equivalents of \$319.2 million compared with \$279.7 million at the end of the first quarter.

Cumulative net cash provided from operating activities at the end of the fiscal second quarter was \$707.8 million compared with \$554.5 million in the year-ago period. Further, the company has a five-year annualized dividend growth rate of 9.63%.

Guidance

STERIS updated its 2026 organic revenue growth and EPS projection.

It still expects revenues from continuing operations to increase approximately 8-9%. The Zacks Consensus Estimate is pegged at \$5.91 billion, implying 8.3% growth from fiscal 2025.

Constant currency organic revenues are now expected to improve approximately 7-8% (earlier 6-7%).

Adjusted EPS is now expected to be in the range of \$10.15-\$10.30 (earlier \$9.90-\$10.15). The Zacks Consensus Estimate for the metric is pegged at \$10.07.

FY Quarter Ending **3/31/2025**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	2.31%
EPS Surprise	3.78%
Quarterly EPS	2.47
Annual EPS (TTM)	9.87

Valuation

STERIS' shares are up 6.2% in the past six-months period and up 22.4% in the trailing 12-months. Stocks in the Zacks sub-industry are up 15.8% while the Zacks Medical sector is up 12.5% in the past six-months period. Over the past year, the Zacks sub-industry is up 1.4% and sector is up 4.6%.

The S&P 500 index is up 15.6% in the past six-months period and up 15.9% in the past year.

The stock is currently trading at 23.5X Forward 12-months earnings, which compares to 30.4X for the Zacks sub-industry, 21.2X for the Zacks sector and 23.3X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.8X and as low as 17.6X, with a 5-year median 23.9X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$273 price target reflects 25.1X forward 12-months earnings.

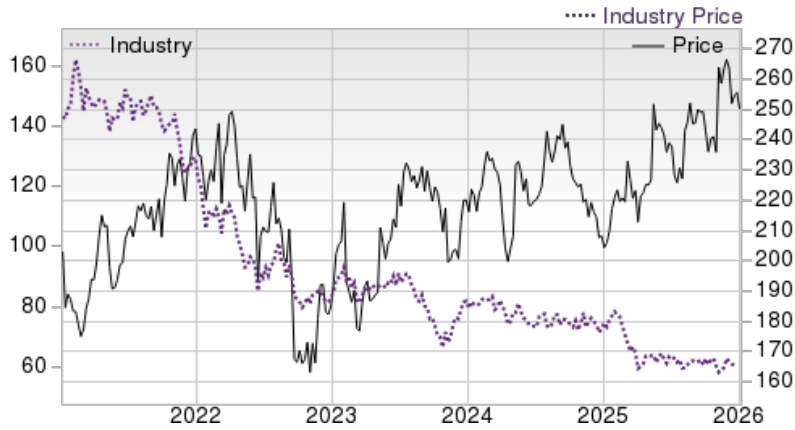
The table below shows summary valuation data for STE.

Valuation Multiples - STE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.49	30.39	21.18	23.30
	5-Year High	30.79	40.76	23.59	23.78
	5-Year Low	17.58	25.73	17.84	15.73
	5-Year Median	23.89	32.28	20.62	21.22
P/S F12M	Current	4.05	4.42	2.16	5.27
	5-Year High	5.30	6.36	3.41	5.50
	5-Year Low	3.10	3.83	2.02	3.82
	5-Year Median	3.97	4.77	2.65	5.04
P/B TTM	Current	3.58	4.28	4.03	8.54
	5-Year High	4.75	6.65	6.09	9.15
	5-Year Low	2.51	3.64	3.58	6.59
	5-Year Median	3.42	4.71	4.54	8.04

As of 12/23/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 44% (107 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Intuitive Surgical, ... (ISRG)	Outperform	2
Baxter International... (BAX)	Neutral	4
Edwards Lifesciences... (EW)	Neutral	3
Hologic, Inc. (HOLX)	Neutral	2
IDEXX Laboratories, ... (IDXX)	Neutral	2
LivaNova PLC (LIVN)	Neutral	3
Stryker Corporation (SYK)	Neutral	3
Teleflex Incorporate... (TFX)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Medical - Instruments

	STE	X Industry	S&P 500	EW	HOLX	LIVN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	2	3
VGM Score	C	-	-	B	B	A
Market Cap	25.44 B	155.94 M	40.07 B	49.23 B	16.71 B	3.53 B
# of Analysts	4	2	22	12	7	3
Dividend Yield	0.97%	0.00%	1.38%	0.00%	0.00%	0.00%
Value Score	C	-	-	D	B	B
Cash/Price	0.01	0.13	0.04	0.08	0.13	0.20
EV/EBITDA	19.89	-0.87	14.89	26.69	15.50	14.42
PEG Ratio	3.04	2.26	2.04	3.46	2.13	NA
Price/Book (P/B)	3.64	2.99	3.41	4.88	3.30	3.05
Price/Cash Flow (P/CF)	18.18	17.27	15.44	31.07	13.13	15.24
P/E (F1)	25.44	23.83	18.58	29.71	16.64	15.71
Price/Sales (P/S)	4.46	3.85	3.06	8.37	4.07	2.62
Earnings Yield	3.95%	0.46%	5.38%	3.37%	6.00%	6.36%
Debt/Equity	0.27	0.02	0.57	0.06	0.50	0.30
Cash Flow (\$/share)	14.25	-0.32	8.98	2.73	5.71	4.24
Growth Score	C	-	-	C	B	A
Hist. EPS Growth (3-5 yrs)	8.77%	9.03%	8.24%	6.33%	-16.22%	18.43%
Proj. EPS Growth (F1/F0)	10.52%	12.28%	9.21%	6.58%	5.63%	13.91%
Curr. Cash Flow Growth	0.99%	-2.40%	7.00%	-3.90%	-0.59%	-0.71%
Hist. Cash Flow Growth (3-5 yrs)	15.55%	6.29%	7.49%	4.83%	-2.33%	-3.70%
Current Ratio	2.37	2.26	1.19	4.00	3.75	1.33
Debt/Capital	21.27%	11.33%	38.14%	5.54%	33.25%	23.17%
Net Margin	12.07%	-14.85%	12.77%	23.25%	13.80%	-16.12%
Return on Equity	14.43%	-18.69%	17.03%	14.70%	20.13%	15.98%
Sales/Assets	0.56	0.60	0.53	0.45	0.47	0.53
Proj. Sales Growth (F1/F0)	8.50%	8.56%	5.29%	10.90%	4.30%	10.00%
Momentum Score	D	-	-	A	C	B
Daily Price Chg	-0.32%	0.00%	-0.34%	-1.19%	0.07%	0.78%
1 Week Price Chg	-2.11%	-1.54%	1.10%	-1.75%	0.08%	-3.55%
4 Week Price Chg	0.14%	0.00%	0.50%	1.08%	0.17%	0.87%
12 Week Price Chg	9.48%	-4.47%	3.75%	16.32%	11.88%	20.74%
52 Week Price Chg	23.76%	-12.28%	16.94%	14.40%	3.05%	34.51%
20 Day Average Volume	513,498	162,486	2,431,070	2,718,218	2,692,344	495,111
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.06%	0.00%	1.33%
(F1) EPS Est 12 week change	1.56%	0.00%	0.44%	2.86%	0.57%	0.33%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Analyst Earnings Model⁽²⁾

STERIS plc (STE)

In \$MM, except per share data

	2023A	2024A	2025A			2026 E			2027E		2028E			
FY Ends March 31st	FY Mar-23	FY Mar-24	FY Mar-25	1QA 30-Jun-25	2QA 30-Sep-25	3QE 31-Dec-25	4QE 31-Mar-26	FY Mar-26	1QE 30-Jun-26	2QE 30-Sep-26	3QE 31-Dec-26	4QE 31-Mar-27	FY Mar-27	FY Mar-28
Income Statement														
Product	\$2,363.8	\$2,764.0	\$2,871.6	\$690.5	\$745.4	\$784.0	\$857.9	\$3,077.9	\$745.2	\$787.2	\$822.5	\$880.8	\$3,235.7	\$3,427.4
Service	\$2,172.5	\$2,374.7	\$2,587.9	\$700.6	\$714.9	\$694.8	\$735.7	\$2,846.0	\$726.2	\$729.2	\$729.9	\$768.6	\$2,953.9	\$3,205.7
Total Revenues	\$4,536.3	\$5,138.7	\$5,459.5	\$1,391.1	\$1,460.3	\$1,478.9	\$1,593.6	\$5,923.9	\$1,471.4	\$1,516.4	\$1,552.3	\$1,649.4	\$6,189.6	\$6,633.1
Acquisitions in (\$)	\$166.2	\$119.3	\$52.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Divestitures (in \$)	\$(107.1)	\$0.0	\$(34.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Currency (in \$)	\$(109.5)	\$27.7	\$(12.1)	\$11.8	\$12.7	\$13.0	\$14.0	\$51.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Constant Currency Organic Growth	9.4%	10.0%	6.2%	7.8%	8.9%	6.9%	6.6%	7.5%	5.4%	3.9%	5.0%	3.5%	4.4%	7.2%
Acquisitions	3.9%	2.6%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Divestitures	(2.5%)	0.0%	(0.7%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Currency	(2.6%)	0.6%	(0.2%)	0.9%	1.0%	1.0%	0.9%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Revenues, Product	\$1,271.4	\$1,516.1	\$1,514.3	\$359.7	\$390.8	\$414.9	\$384.1	\$1,549.5	\$374.3	\$397.6	\$426.0	\$451.8	\$1,649.8	\$1,725.3
Cost of Revenues, Service	\$1,284.2	\$1,404.5	\$1,542.5	\$403.4	\$423.6	\$363.1	\$464.7	\$1,654.7	\$404.6	\$409.6	\$402.6	\$439.5	\$1,656.3	\$1,770.7
Total Cost of Revenues, Adjusted	\$2,535.0	\$2,889.7	\$3,033.6	\$761.5	\$813.6	\$714.1	\$694.2	\$2,983.4	\$727.8	\$763.2	\$794.6	\$818.2	\$3,103.8	\$3,453.1
Total Cost of Revenues, GAAP	\$2,555.5	\$2,920.5	\$3,056.8	\$763.1	\$814.4	\$777.9	\$848.8	\$3,204.2	\$778.9	\$807.2	\$828.6	\$891.4	\$3,306.1	\$3,496.0
Gross Profit, Adjusted	\$2,001.2	\$2,249.0	\$2,426.0	\$629.6	\$646.7	\$764.7	\$899.5	\$2,940.5	\$743.6	\$753.2	\$757.8	\$831.2	\$3,085.8	\$3,180.0
Gross Profit, GAAP	\$1,980.7	\$2,218.2	\$2,402.8	\$628.0	\$645.9	\$700.9	\$744.9	\$2,719.7	\$692.6	\$709.2	\$723.7	\$758.0	\$2,883.5	\$3,137.1
Selling, General & Administrative	\$1,090.7	\$1,252.3	\$1,334.3	\$353.8	\$349.7	\$399.1	\$405.1	\$1,507.7	\$395.7	\$380.4	\$392.3	\$421.8	\$1,590.2	\$1,673.0
Goodwill Impairment Loss	\$490.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Research & Development	\$98.5	\$103.7	\$107.6	\$26.4	\$28.2	\$30.7	\$30.8	\$116.1	\$29.3	\$30.8	\$31.2	\$31.5	\$122.8	\$130.9
Illinois EO Litigation Settlement			\$48.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Restructuring (Credit) Expenses	\$0.5	\$26.0	\$46.0	\$1.8	\$2.2	\$2.2	\$2.2	\$8.4	\$2.2	\$2.2	\$2.2	\$2.2	\$8.8	\$8.8
Total Operating Expenses	\$1,189.6	\$1,382.0	\$1,536.1	\$382.0	\$380.1	\$432.0	\$438.1	\$1,632.2	\$427.2	\$413.3	\$425.7	\$455.6	\$1,721.8	\$1,812.7
Adjusted EBITDA	\$1,633.2	\$1,749.2	\$1,743.7	\$436.3	\$458.8	\$503.4	\$539.2	\$1,937.8	\$475.1	\$514.5	\$526.8	\$541.3	\$2,067.6	\$2,285.4
EBITDA, GAAP	\$1,344.0	\$1,401.4	\$1,342.9	\$365.4	\$387.5	\$428.7	\$460.0	\$1,641.6	\$402.7	\$440.2	\$450.5	\$460.3	\$1,753.8	\$1,961.5
Depreciation, Depletion & Amortization	\$552.9	\$565.2	\$476.2	\$119.4	\$121.7	\$159.8	\$153.2	\$554.1	\$137.3	\$144.4	\$152.4	\$157.9	\$592.0	\$637.2
Operating Income, Adjusted	\$1,080.3	\$1,184.0	\$1,267.5	\$316.9	\$337.1	\$343.6	\$386.1	\$1,383.6	\$337.7	\$370.1	\$374.4	\$383.4	\$1,465.6	\$1,648.3
Operating Income, GAAP	\$791.1	\$836.1	\$866.6	\$246.0	\$265.8	\$268.9	\$306.8	\$1,087.5	\$265.4	\$295.9	\$298.0	\$302.5	\$1,161.7	\$1,324.4
Interest Expense	\$108.0	\$144.4	\$86.3	\$15.9	\$14.9	\$17.4	\$17.9	\$66.1	\$16.4	\$16.8	\$17.6	\$18.5	\$69.3	\$74.4
Fair Value Adjustment Related to Convertible Debt, Premium Liability	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Interest (Income) & Miscellaneous Expense	\$2.9	\$(11.0)	\$(8.4)	\$(1.8)	\$(2.4)	\$(2.6)	\$(2.8)	\$(9.7)	\$(2.4)	\$(2.6)	\$(2.7)	\$(2.8)	\$(10.5)	\$(11.3)
Gain on Sale of Business	\$0.0	\$0.0	\$(7.4)	\$0.0	\$0.2	\$0.2	\$0.2	\$0.6	\$0.2	\$0.2	\$0.2	\$0.2	\$0.8	\$0.8
Total Non-Operating Expenses, Net	\$110.8	\$133.3	\$70.4	\$14.1	\$12.7	\$15.0	\$15.3	\$57.1	\$14.2	\$14.4	\$15.1	\$15.9	\$59.7	\$63.9
Pre-Tax Income, Adjusted	\$973.5	\$1,050.6	\$1,197.1	\$302.8	\$324.4	\$328.6	\$370.8	\$1,326.6	\$323.5	\$355.6	\$359.3	\$367.5	\$1,405.9	\$1,584.3
Pre-Tax Income, GAAP	\$680.3	\$702.8	\$796.2	\$231.9	\$253.1	\$253.9	\$291.5	\$1,030.4	\$251.1	\$281.4	\$282.9	\$286.6	\$1,102.1	\$1,260.5
Income Tax, Adjusted	\$218.4	\$233.9	\$282.4	\$71.0	\$79.3	\$78.9	\$89.0	\$318.1	\$77.6	\$85.4	\$86.2	\$88.2	\$337.4	\$380.2
Income Tax, GAAP	\$124.1	\$149.5	\$184.7	\$53.9	\$60.6	\$61.4	\$70.5	\$246.5	\$60.8	\$68.1	\$68.5	\$69.4	\$266.7	\$305.0
Tax Rate, Adjusted	22.4%	22.3%	23.1%	23.5%	24.5%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Tax Rate, GAAP	18.2%	21.3%	23.2%	23.3%	23.9%	24.2%	24.2%	23.9%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%
Net Income from Continuing Operations, Adjusted	\$755.1	\$816.7	\$914.7	\$231.8	\$245.1	\$249.7	\$281.8	\$1,008.4	\$245.9	\$270.3	\$273.1	\$279.3	\$1,068.5	\$1,204.1
Net Income from Continuing Operations, GAAP	\$556.2	\$553.3	\$611.6	\$178.0	\$192.5	\$192.4	\$221.0	\$783.9	\$190.3	\$213.3	\$214.5	\$217.2	\$835.4	\$955.4
Income (Loss) Income from Discontinued Operations, Adjusted	\$65.9	\$62.8	\$11.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Income (Loss) Income from Discontinued Operations, GAAP	\$(450.4)	\$(173.2)	\$4.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income (Loss), Adjusted	\$821.0	\$879.5	\$925.7	\$231.8	\$245.1	\$249.7	\$281.8	\$1,008.4	\$245.9	\$270.3	\$273.1	\$279.3	\$1,068.5	\$1,204.1
Net Income (Loss), GAAP	\$105.8	\$380.1	\$616.1	\$178.0	\$192.5	\$192.4	\$221.0	\$783.9	\$190.3	\$213.3	\$214.5	\$217.2	\$835.4	\$955.4
Non-Controlling Interests	\$(1.2)	\$1.8	\$1.4	\$0.6	\$0.6	\$0.3	\$0.5	\$2.1	\$0.5	\$0.5	\$0.5	\$0.6	\$2.1	\$2.2
Net Income attributable to Shareholders, Adjusted	\$822.2	\$877.6	\$924.3	\$231.2	\$244.5	\$250.2	\$282.0	\$1,007.9	\$245.8	\$270.3	\$273.2	\$279.3	\$1,068.5	\$1,204.8
Net Impact of Adjustments After Tax	\$715.2	\$499.4	\$309.7	\$53.8	\$52.6	\$58.1	\$61.6	\$55.9	\$57.5	\$59.2	\$62.6	\$62.6	\$235.2	\$251.6
Net Income attributable to Shareholders, GAAP	\$107.0	\$378.2	\$614.6	\$177.4	\$191.9	\$192.1	\$220.4	\$781.8	\$189.8	\$212.8	\$214.0	\$216.7	\$833.3	\$953.2
Basic Shares Outstanding	99.7	98.8	98.6	98.4	98.4	98.3	98.3	98.4	98.2	98.2	98.2	98.2	98.2	98.1
Diluted Shares Outstanding	100.2	99.4	99.1	98.8	98.8	98.8	98.7	98.8	98.7	98.6	98.6	98.6	98.6	98.5
Basic EPS	\$1.07	\$3.83	\$6.24	\$1.80	\$1.95	\$1.95	\$2.24	\$7.95	\$1.93	\$2.17	\$2.18	\$2.21	\$8.48	\$9.72
Diluted EPS from Continuing Operations, Adjusted	\$7.54	\$8.20	\$9.22	\$2.34	\$2.47	\$2.53	\$2.85	\$10.19	\$2.49	\$2.74	\$2.77	\$2.83	\$10.83	\$12.23
Diluted EPS from Continuing Operations, GAAP	\$5.56	\$5.55	\$6.16	\$1.79	\$1.94	\$1.95	\$2.24	\$7.92	\$1.93	\$2.16	\$2.18	\$2.20	\$8.47	\$9.70
Diluted EPS, Adjusted	\$8.20	\$8.83	\$9.33	\$2.34	\$2.47	\$2.53	\$2.86	\$10.20	\$2.49	\$2.74	\$2.77	\$2.83	\$10.83	\$12.24
Diluted EPS, GAAP	\$1.07	\$3.81	\$6.20	\$1.79	\$1.94	\$1.95	\$2.23	\$7.91	\$1.92	\$2.16	\$2.17	\$2.20	\$8.45	\$9.68
Dividend Per Share	\$1.84	\$2.03	\$2.23	\$0.57	\$0.63	\$0.63	\$0.63	\$2.46	\$0.63	\$0.69	\$0.69	\$0.69	\$2.71	\$2.98

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	D
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.