

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

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 501,647	\$ 465,287	\$ 1,850,263	\$ 1,622,252
Cost of revenues	288,538	272,648	1,076,330	964,486
Cost of revenues - Restructuring	49	8,144	(368)	8,144
Cost of revenues, net	288,587	280,792	1,075,962	972,630
Gross profit	213,060	184,495	774,301	649,622
Operating expenses:				
Selling, general, and administrative	130,992	100,883	493,342	380,970
Research and development	14,175	11,681	54,139	48,641
Restructuring expense	(381)	12,326	(391)	13,204
Total operating expenses	144,786	124,890	547,090	442,815
Income from operations	68,274	59,605	227,211	206,807
Non-operating expense, net	4,612	4,619	18,391	18,431
Income tax expense	22,263	16,110	73,756	58,934
Net income	\$ 41,399	\$ 38,876	\$ 135,064	\$ 129,442
Earnings per common share (EPS) data:				
Basic	\$ 0.69	\$ 0.66	\$ 2.27	\$ 2.20
Diluted	\$ 0.69	\$ 0.65	\$ 2.25	\$ 2.17
Cash dividends declared per common share outstanding	\$ 0.23	\$ 0.21	\$ 0.90	\$ 0.82
Weighted average number of common shares outstanding used in EPS computation:				
Basic number of common shares outstanding	59,634	58,946	59,413	58,966
Diluted number of common shares outstanding	60,201	59,743	60,045	59,745

STERIS Corporation
Consolidated Condensed Balance Sheets
(In thousands)

	March 31,	March 31,
	2015	2014
	(Unaudited)	(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 167,689	\$ 152,802
Accounts receivable, net	325,289	313,686
Inventories, net	160,818	155,146
Other current assets	66,636	53,111
Total Current Assets	720,432	674,745
Property, plant, and equipment, net	493,053	454,410
Goodwill and intangible assets, net	860,645	747,715
Other assets	25,336	10,292
Total Assets	\$ 2,099,466	\$ 1,887,162
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 99,340	\$ 102,430
Other current liabilities	183,991	152,076
Total Current Liabilities	283,331	254,506
Long-term debt	623,250	493,480
Other liabilities	119,239	97,930
Equity	1,073,646	1,041,246
Total Liabilities and Equity	\$ 2,099,466	\$ 1,887,162

STERIS Corporation
Segment Data
(In thousands)

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment Revenues:				
Healthcare	\$ 384,698	\$ 352,000	\$ 1,391,874	\$ 1,180,051
Life Sciences	65,086	63,697	250,845	246,122
STERIS Isomedix Services	51,672	49,391	205,675	194,183
Total Reportable Segments	501,456	465,088	1,848,394	1,620,356
Corporate and Other	191	199	1,869	1,896
Total Segment Revenues	\$ 501,647	\$ 465,287	\$ 1,850,263	\$ 1,622,252

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment Operating Income:				
Healthcare	\$ 43,753	\$ 37,603	\$ 125,505	\$ 109,714
Life Sciences	14,328	11,377	55,723	50,049
STERIS Isomedix Services	12,426	12,702	55,524	55,186
Total Reportable Segments	70,507	61,682	236,752	214,949
Corporate and Other	(2,233)	(2,077)	(9,541)	(8,142)
Total Operating Income	\$ 68,274	\$ 59,605	\$ 227,211	\$ 206,807

STERIS Corporation
Consolidated Condensed Statements of Cash Flows
(In thousands)

	Twelve Months Ended	
	March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Operating Activities:		
Net income	\$ 135,064	\$ 129,442
Non-cash items	93,470	107,138
Changes in operating assets and liabilities	17,506	(26,949)
Net cash provided by operating activities	<u>246,040</u>	<u>209,631</u>
Investing Activities:		
Purchases of property, plant, equipment, and intangibles, net	(85,255)	(86,367)
Proceeds from sale of property, plant, equipment and intangibles	829	4,774
Purchases of investments	(4,681)	-
Investments in businesses, net of cash acquired	(194,662)	(67,059)
Net cash used in investing activities	<u>(283,769)</u>	<u>(148,652)</u>
Financing Activities:		
Payments on long-term obligations, net	-	(70,000)
Proceeds under credit facilities, net	129,770	71,190
Acquisition related contingent consideration	(1,250)	-
Deferred financing fees and debt issuance costs	(14,370)	(43)
Repurchases of common shares	(30,546)	(25,469)
Cash dividends paid to common shareholders	(53,513)	(48,385)
Stock option and other equity transactions, net	28,133	15,660
Tax benefit from share-based compensation	11,526	2,841
Net cash used in and provided by financing activities	<u>69,750</u>	<u>(54,206)</u>
Effect of exchange rate changes on cash and cash equivalents	(17,134)	4,021
Increase (decrease) in cash and cash equivalents	14,887	10,794
Cash and cash equivalents at beginning of period	152,802	142,008
Cash and cash equivalents at end of period	<u>\$ 167,689</u>	<u>\$ 152,802</u>

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, net (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 fund future principal debt repayments and growth outside of core operations, repurchase common shares, and pay cash dividends. STERIS's calculation of free cash flow may vary from other companies.

	Twelve Months Ended	
	March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 246,040	\$ 209,631
Purchases of property, plant, equipment, and intangibles, net	(85,255)	(86,367)
Proceeds from the sale of property, plant, equipment, and intangibles	829	4,774
Free Cash Flow	<u>\$ 161,614</u>	<u>\$ 128,038</u>

	Twelve Months Ended	
	March 31,	
	2016	
	(Outlook)*	
Cash flows from operating activities	\$	255,000
Purchases of property, plant, equipment, and intangibles, net		(105,000)
Free Cash Flow	<u>\$</u>	<u>150,000</u>

* All amounts are estimates.

STERIS Corporation
Non-GAAP Earnings Per Share and Outlook

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.

We 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, provide 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.

	Three months ended March 31,		Twelve months ended March 31,	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Net Income per diluted share	\$0.69	\$0.65	\$2.25	\$2.17
Tax benefit, European restructuring	-	(0.02)	-	(0.18)
Tax expense, Canadian adjustment	-	-	-	0.04
Restructuring, net of tax	-	0.21	-	0.22
Inventory and property "step up" to fair value, net of tax	-	0.01	0.02	0.01
Amortization and impairment of purchased intangible assets, net of tax	0.06	0.04	0.29	0.17
Loss (gain) from fair value adjustment of acquisition related contingent consideration	-	-	0.02	0.01
Acquisition related transaction and integration expenses, net of tax	0.23	0.02	0.41	0.04
Adjusted net income per diluted share	<u>\$0.98</u>	<u>\$0.91</u>	<u>\$2.99</u>	<u>\$2.48</u>

	Twelve months ended March 31, 2016 (Outlook)*
Net Income per diluted share	\$2.60 - \$2.75
Settlement of pension obligation	0.29
Amortization and impairment of purchased intangible assets, net of tax	0.23
Acquisition related transaction and integration expenses, net of tax	0.03
Adjusted net income per diluted share	<u>\$3.15 - \$3.30</u>

* All amounts are estimates.

STERIS Corporation
Non-GAAP Financial Measures
(In thousands, except per share data)

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	Three months ended March 31,		Twelve months ended March 31,	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Gross Profit	\$ 213,060	\$ 184,495	\$ 774,301	\$ 649,622
Restructuring	49	8,144	(368)	8,144
Amortization of inventory "step up" to fair value	-	613	1,234	613
Adjusted gross profit	\$ 213,109	\$ 193,252	\$ 775,167	\$ 658,379
Selling, general and administrative expenses	\$ 130,992	\$ 100,883	\$ 493,342	\$ 380,970
Amortization and impairment of purchased intangible assets	(5,754)	(4,399)	(28,317)	(17,013)
Amortization of property "step up" to fair value	(21)	(7)	(96)	(7)
Acquisition related transaction and integration costs	(15,206)	(1,713)	(32,762)	(3,585)
Gain (loss) on fair value adjustment of acquisition related contingent consideration	(274)	349	(2,271)	(697)
Adjusted selling, general and administrative expenses	\$ 109,737	\$ 95,113	\$ 429,896	\$ 359,668
Operating income	\$ 68,274	\$ 59,605	\$ 227,211	\$ 206,807
Amortization of inventory and property "step up" to fair value	21	620	1,330	620
Amortization and impairment of purchased intangible assets	5,754	4,399	28,317	17,013
Acquisition related transaction and integration costs	15,206	1,713	32,762	3,585
Loss (gain) on fair value adjustment of acquisition related contingent consideration	274	(349)	2,271	697
Restructuring	(332)	20,470	(759)	21,348
Adjusted operating income	\$ 89,197	\$ 86,458	\$ 291,132	\$ 250,070
Net income	\$ 41,399	\$ 38,876	\$ 135,064	\$ 129,442
Amortization of inventory and property "step up" to fair value, net of tax	17	496	1,064	496
Amortization and impairment of purchased intangible assets, net of tax	3,575	2,707	17,551	10,401
Acquisition related transaction and integration costs, net of tax	14,330	1,045	25,040	2,187
Loss (gain) on fair value adjustment of acquisition related contingent consideration, net of tax	167	(213)	1,385	425
Tax benefit, European restructuring	-	(1,229)	-	(10,474)
Tax expense, Canadian adjustment	-	-	-	2,378
Restructuring, net of tax	(203)	12,487	(463)	13,022
Adjusted net income	\$ 59,285	\$ 54,169	\$ 179,641	\$ 147,877
Healthcare operating income	\$ 43,753	\$ 37,603	\$ 125,505	\$ 109,714
Amortization of inventory and property "step up" to fair value	21	620	1,330	620
Amortization and impairment of purchased intangible assets	5,614	4,273	27,877	15,862
Acquisition related transaction and integration costs	12,999	1,713	28,996	3,585
Loss (gain) from fair value adjustment of acquisition related contingent consideration	274	(349)	2,271	697
Restructuring	(345)	18,486	(871)	19,364
Adjusted Healthcare operating income	\$ 62,316	\$ 62,346	\$ 185,108	\$ 149,842
Life Sciences operating income	\$ 14,328	\$ 11,377	\$ 55,723	\$ 50,049
Amortization and impairment of purchased intangible assets	56	18	104	88
Acquisition related transaction and integration costs	22	-	106	-
Restructuring	29	635	161	635
Adjusted Life Sciences operating income	\$ 14,435	\$ 12,030	\$ 56,094	\$ 50,772
Isomedix operating income	\$ 12,426	\$ 12,702	\$ 55,524	\$ 55,186
Amortization and impairment of purchased intangible assets	84	108	336	1,063
Acquisition related transaction and integration costs	2,185	-	3,660	-
Restructuring	(16)	1,349	(49)	1,349
Adjusted Isomedix operating income	\$ 14,679	\$ 14,159	\$ 59,471	\$ 57,598

STERIS Corporation
Unaudited Supplemental Financial Data
Fourth Quarter Fiscal 2015
As of March 31, 2015

	FY 2015	FY 2014	FY 2015	FY 2014
	Q4	Q4	YTD	YTD
Total Company Revenues				
Capital Equipment	\$ 182,709	\$ 194,804	\$ 597,809	\$ 603,579
Consumables	110,526	105,805	449,996	407,883
Service	208,412	164,678	802,458	610,790
Total Recurring	318,938	270,483	1,252,454	1,018,673
Total Revenues	\$ 501,647	\$ 465,287	\$ 1,850,263	\$ 1,622,252
United States Revenues	\$ 399,331	\$ 344,138	\$ 1,449,223	\$ 1,244,730
United States Revenues as a % of Total	80%	74%	78%	77%
International Revenues	\$ 102,316	\$ 121,149	\$ 401,040	\$ 377,522
International Revenues as a % of Total	20%	26%	22%	23%

Segment Data	Q4	Q4	YTD	YTD
Healthcare				
Revenues				
Capital Equipment	\$ 160,980	\$ 172,598	\$ 517,007	\$ 515,380
Consumables	87,205	83,619	359,490	325,703
Service	136,513	95,783	515,377	338,968
Total Recurring	223,718	179,402	874,867	664,671
Total Healthcare Revenues, net	\$ 384,698	\$ 352,000	\$ 1,391,874	\$ 1,180,051
Operating Income	43,753	37,603	125,505	109,714
Adjusted Operating Income (1)	62,316	62,346	185,108	149,842
Life Sciences				
Revenues				
Capital Equipment	\$ 21,729	\$ 22,206	\$ 80,802	\$ 88,199
Consumables	23,321	22,186	90,506	82,180
Service	20,036	19,305	79,537	75,743
Total Recurring	43,357	41,491	170,043	157,923
Total Life Sciences Revenues	\$ 65,086	\$ 63,697	\$ 250,845	\$ 246,122
Operating Income	14,328	11,377	55,723	50,049
Adjusted Operating Income (1)	14,435	12,030	56,094	50,772
Isomedix Services				
Revenues	\$ 51,672	\$ 49,391	\$ 205,675	\$ 194,183
Operating Income	12,426	12,702	55,524	55,186
Adjusted Operating Income (1)	14,679	14,159	59,471	57,598
Corporate and Other				
Revenues	\$ 191	\$ 199	\$ 1,869	\$ 1,896
Operating Income (Loss)	(2,233)	(2,077)	(9,541)	(8,142)

Other Data	Q4	Q4	YTD	YTD
Product				
Total product revenues	293,235	300,609	1,047,805	1,011,462
Total product cost of revenues	161,080	178,125	584,210	586,176
Restructuring expense	49	8,144	(368)	8,144
Amortization of inventory "step up" to fair value	-	613	1,234	613
Total product cost of revenues, adjusted (1)	161,031	169,368	583,344	577,419
Total product gross profit, adjusted (1)	132,204	131,241	464,461	434,043
As a percentage, adjusted (1)	45.1%	43.7%	44.3%	42.9%
Service				
Total service revenues	208,412	164,678	802,458	610,790
Total service cost of revenues	127,507	102,667	491,752	386,454
Total service gross profit	80,905	62,011	310,706	224,336
As a percentage	38.8%	37.7%	38.7%	36.7%
Total Company gross profit margin, adjusted (1)	213,109	193,252	775,167	658,379
As a percentage, adjusted (1)	42.5%	41.5%	41.9%	40.6%
Healthcare Backlog	\$ 97,650	\$ 110,304	n/a	n/a
Life Sciences Backlog	45,496	44,410	n/a	n/a
Total Backlog	\$ 143,146	\$ 154,714	n/a	n/a
Free Cash Flow	\$ 52,349	\$ 45,904	\$ 161,614	\$ 128,038
Net Debt	\$ 455,561	\$ 340,678	n/a	n/a

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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.