Sotera Health Company (Nasdaq: SHC) — Q2 FY2026 Results, Raised FY2026 Guidance & Valuation

Fiscal second quarter ended June 30, 2026 · reported results, the company's own raised FY2026 guidance, and standard market-based valuation multiples. Sotera Health provides outsourced sterilization (Sterigenics), Cobalt-60 supply (Nordion) and lab testing & advisory services (Nelson Labs) to the healthcare industry.

A factual snapshot built from Sotera Health's public filings — reported historical results, the company's own forward guidance, and public market data. It contains no Blackspear forecast, price target, or recommendation.

NET REVENUES (Q2'26)
$321.4M
▲ **9.2%** reported vs Q2'25
(▲ 8.0% constant currency)

ADJ. EBITDA (Q2'26)
$165.7M
▲ **10.0%** (▲ 8.7% cc)
margin 51.6% (+36 bps)

ADJ. EPS — DIL. (Q2'26)
$0.26
▲ **30%** vs $0.20 in Q2'25
non-GAAP measure

GAAP DIL. EPS (Q2'26)
$0.19
vs $0.03 in Q2'25
net income $53.6M

SEGMENT REVENUES — Q2 FY2026

BUSINESS UNIT	NET REV.	% TOT.	CC GR.
Sterigenics (sterilization)	$211.6M	66%	**+7.0%**
Nordion (Cobalt-60)	$49.1M	15%	**+16.7%**
Nelson Labs (lab testing)	$60.7M	19%	**+5.4%**
Total net revenues	**$321.4M**	**100%**	**+8.0%**

Reported total growth +9.2% (constant-currency +8.0%, i.e. ~120 bps FX tailwind). Sterigenics reported +8.6%, Nordion +15.8%, Nelson Labs +6.3%.

SEGMENT INCOME & MARGIN — Q2 FY2026

BUSINESS UNIT	SEG. INC.	MARGIN	GR.
Sterigenics	$118.1M	55.8%	**+9.6%**
Nordion	$28.0M	56.9%	**+19.2%**
Nelson Labs	$19.6M	32.4%	**+0.6%**
Total segment income	**$165.7M**	**51.6%**	**+10.0%**

Sterigenics and Nordion carry ~56%+ segment-income margins; Nelson Labs (~32%) dilutes the mix. Nelson Labs margin fell YoY on higher costs but rose ~438 bps sequentially — a flagged turnaround to watch.

RAISED FY2026 GUIDANCE — AS ISSUED ON THE AUGUST 6, 2026 RELEASE

COMPANY FY2026 OUTLOOK

RAISED — cc revenue & Adj. EBITDA growth ranges lifted from prior

NET REVENUES
$1.236–1.254B
+5.25%–6.75% cc
incl. ~100 bps FX

ADJ. EBITDA
$634–643M
+5.75%–7.25% cc
~51% margin

ADJ. EPS
$0.95–1.01
midpoint $0.98
+14% vs FY25 $0.86

INTEREST / CAPEX
$135–142M
int. exp. (was ~$156M FY25)
capex $200–225M

Also guided: tax rate applicable to Adjusted Net Income 27.0%–28.0%; weighted-average diluted shares 289–291M. Prior (Feb 2026) outlook was cc revenue +5.0%–6.5%, Adj. EBITDA +5.5%–7.0%, Adj. EPS $0.93–1.01 — today's raise lifts the revenue and EBITDA growth ranges and the EPS floor. Assumes continuity of EO and Cobalt-60 supply; no forward GAAP reconciliation provided.

VALUATION SNAPSHOT — AS OF AUGUST 6, 2026 CLOSE

Share price	**~$18.91**
Market capitalization (~285.2M sh.)	**~$5.39B**
Net debt (total debt $2.23B less cash $0.36B)	**~$1.88B**
Net leverage (Net debt / LTM Adj. EBITDA)	**3.0x**
Enterprise value	**~$7.27B**
Dividend	**None**
P / E (trailing, GAAP)	**~33x**
Fwd P / E (FY26 adj. EPS mid $0.98)	**~19.3x**
EV / Sales (FY26 guid. mid ~$1.245B)	**~5.8x**
EV / Adj. EBITDA (LTM ~$621.6M)	**~11.7x**
52-week range	**$11.00–$19.85**
Shares outstanding	**~285.2M**

Multiples move with the share price — refresh before relying on them. Price reflects the ~5% post-earnings move on Aug 6, 2026. Trailing GAAP P/E (~33x) is depressed by high interest and intangible amortization; the forward multiple uses SHC's own adjusted-EPS guidance midpoint. LTM Adjusted EBITDA (~$621.6M) is SHC's own reported non-GAAP figure for the twelve months ended June 30, 2026. **Share-based comp in that figure is ~$37.5M (~6% of LTM adj. EBITDA)** — a real recurring non-cash cost; excluding SBC, LTM adj. EBITDA is ~$584M and EV/EBITDA is ~12.4x. SBC is not the bulk of SHC's adjustments (EO professional fees ~$43M and intangible amortization are comparable or larger). SHC pays no dividend and directs free cash flow to capex and debt reduction.

WHAT'S MOST IMPACTFUL TO FUTURE EARNINGS

- **De-leveraging is the main EPS lever.** Net leverage fell to 3.0x (from 3.7x at YE2024) — the top of the company's own long-term 2.0x–3.0x net-leverage target. Guided FY26 interest expense of $135–142M is down from ~$156M in FY25 (helped by a term-loan repricing saving ~$3.5M/yr) — the single biggest driver of the adjusted-EPS recovery.
- **EO litigation overhang resolved.** Illinois ethylene-oxide claims against Sterigenics were settled; there was $0 of EO-settlement expense in H1'26 vs $64.9M in H1'25, removing a major GAAP earnings drag and a large legal tail (though EO regulatory and latent-claim risk is not fully eliminated).
- **Nordion Cobalt-60 strength — timing-sensitive.** +16.7% cc in Q2 on Co-60 harvest timing and pricing at a ~57% segment margin; harvest cadence can swing individual quarters, but long-term Co-60 supply contracts underpin recurring demand.
- **Sterigenics capacity build-out.** Two capacity expansions plus EO-facility investments; FY26 capex stepped up to $200–225M to add sterilization capacity — the base for continued mid-single-digit volume growth in the largest, highest-margin unit.
- **Key risks.** EO regulatory tightening (EPA / new emissions rules and potential new claims); inflation flowing through variable-price supply contracts; FX (guidance assumes a ~100 bps tailwind that could reverse); Nelson Labs margin recovery unproven; leverage still ~3x.

HOW TO READ THE NUMBERS

— "Constant currency" (cc) growth excludes FX translation; SHC guides on this basis. FY2026 guidance assumes an estimated ~100 bps FX tailwind.

— "Adjusted" EBITDA / EPS (non-GAAP) exclude intangible amortization, share-based comp, EO-litigation and EO professional fees, business-optimization, debt-refinancing and FX/derivative items. GAAP diluted EPS was $0.19 in Q2.

— Segment income excludes corporate and financing costs; the sum of the three units equals total segment income ($165.7M), which SHC reconciles to consolidated pre-tax income.

— FY2026 figures are SHC's own raised guidance, subject to change; the company provides no forward-looking GAAP reconciliation.

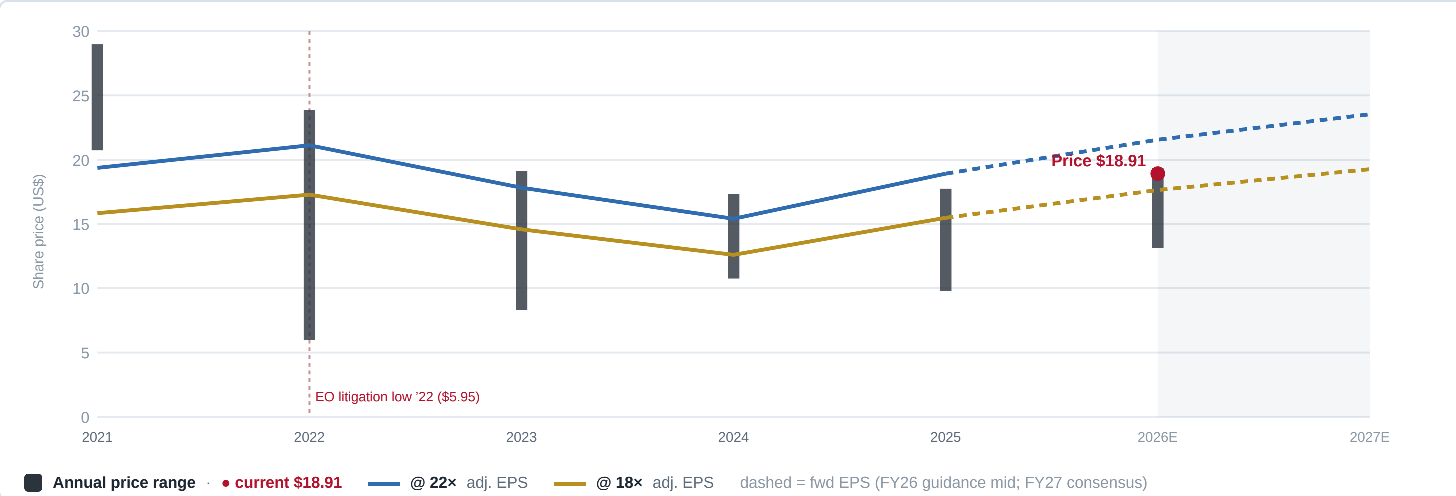
Full Excel model — linked tabs (historicals, segment detail, guidance bridge, valuation, source tie-outs) — available on request. Email **info@blackspearllc.com** for a copy.

Sotera Health Company (Nasdaq: SHC) — Valuation vs. Forward Growth

Price vs. earnings-justified value on SHC's reported adjusted EPS, judged against forward EPS-growth consensus and the company's own guidance. SHC's adjusted EPS troughed in FY2024 and is now recovering as leverage falls and the EO litigation clears.

History from SHC disclosures and public market data; forward EPS estimates are analyst consensus; P/E, PEG and earnings-justified reference lines are Blackspear calculations. Reference lines are mechanical, not a Blackspear price target or recommendation.

PRICE VS. EARNINGS-JUSTIFIED VALUE — SHC ADJUSTED EPS, FY2021–FY2027E



FORWARD P/E	EV / LTM ADJ. EBITDA	ADJ. EPS RECOVERY	FORWARD PEG
19.3×	**11.7×**	**+40%**	**~1.4×**
on FY26E $0.98	LTM ~$621.6M	FY24 $0.70 → FY26E $0.98	on FY26E ~14% growth

VALUATION & GROWTH

Current price (6 Aug 2026)	**~$18.91**
Forward P/E (FY26E $0.98)	**19.3×**
Forward P/E (FY27E $1.07)	**17.7×**
EV / LTM Adj. EBITDA (~$621.6M)	**~11.7×**
Adj. EPS: FY24 trough → FY26E	**$0.70 → $0.98**
Consensus EPS growth (FY26 / FY27)	**~+14% / +9%**
Forward PEG (fwd P/E ÷ FY26E growth)	**~1.4×**
Net leverage / dividend	**3.0x · none**

DOES FORWARD GROWTH JUSTIFY THE MULTIPLE?

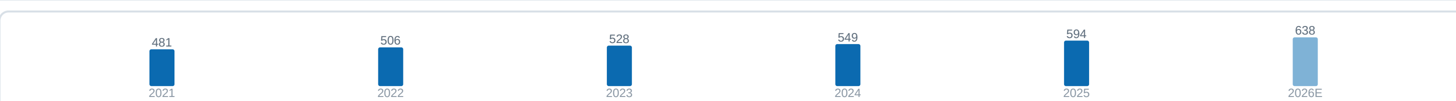
A DE-LEVERAGING STORY, NOT MULTIPLE EXPANSION

High P/E, lower EV/EBITDA — a per-share gap

The ~19× forward P/E sits well above the ~11.7× EV/EBITDA **mechanically**: interest expense and intangible amortization absorb a large share of EBITDA before it reaches per-share earnings. The adjusted-EPS jump from the FY24 trough ($0.70) to FY26E ($0.98) is driven mostly by **falling interest expense** (leverage 3.7x → 3.0x; guided interest ~$135–142M vs ~$156M) and the **cleared EO litigation** — a balance-sheet recovery more than a growth re-rating. Adjusted EBITDA has risen every year. This describes the figures; it is not a Blackspear view on whether the stock is cheap or dear.

The catch: leverage is still ~3x — the top of the company's own 2.0x–3.0x target — and EO regulatory / latent-claim tail risk is real. The forward multiple embeds the interest-driven EPS recovery holding; a rate or FX reversal, renewed EO claims, or a Nelson Labs margin stall would pressure it. The swing factor is per-share (interest and leverage), not enterprise value.

ADJUSTED EBITDA GROWTH & DE-LEVERAGING TRACK RECORD — FY2021–FY2026E



Adjusted EBITDA ($M) has grown every year — ~$481M (FY2021) to ~$594M (FY2025), a ~5.4% CAGR; FY2026E midpoint ~$638M. Over the same span net leverage fell from 3.7x (YE2024) to 3.0x (Jun-2026) — the top of the company's own long-term 2.0x–3.0x net-leverage target. Revenue has grown 20 consecutive years (company-stated). FY2026E is SHC's own guidance midpoint; 2026E bar shown lighter.

On forward estimates. Forward adjusted EPS of ~$0.98 (FY2026) is SHC's own guidance midpoint ($0.95–$1.01) and matches analyst consensus (~$0.98); FY2027 consensus is ~$1.07 (~+9%). The ~11.7× EV/EBITDA uses LTM adjusted EBITDA of ~$621.6M, which includes a ~$37.5M share-based-comp add-back (~6%, a real recurring non-cash cost); ex-SBC that is ~$584M and ~12.4×. P/E, PEG, EV/EBITDA and the earnings-justified reference lines are mechanical Blackspear calculations — not estimates, price targets, or recommendations. Consensus estimates are inherently uncertain and subject to revision.