STERIS plc (STE)

Updated December 22nd, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$255	**5 Year Annual Expected Total Return:**	6.0%	**Market Cap:**	$24.9 B
Fair Value Price:	$254	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	02/20/26[1]
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	-0.1%	**Dividend Payment Date:**	03/20/26[2]
Dividend Yield:	1.0%	**5 Year Price Target**	$324	**Years Of Dividend Growth:**	15
Dividend Risk Score:	B	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

STERIS plc (STE) is a global leader in infection prevention and other procedural products and services. Founded as Innovative Medical Technologies in Ohio in 1985, the company was later renamed STERIS in 1987. STERIS operates through four segments: Healthcare, Applied Sterilization Technologies, Life Sciences, and Dental. The company has a strong history of acquisitions, including American Sterilizer Company in 1987 and Amsco International in 1996, which expanded its product line for healthcare and sterilization. STERIS has a market capitalization of $25 billion and a solid history of paying dividends.

On November 5th, 2025, the company announced financial results for the second quarter of fiscal year 2026. STE reported Q2 non-GAAP EPS of $2.47, which beat the market estimates by $0.12, and revenue of $1.03 billion that was up 10% year-over-year.

STERIS delivered a strong fiscal second quarter, marked by broad-based growth and improving profitability that comfortably exceeded expectations. Revenue growth was supported by constant currency organic growth of 9%. Performance was led by the Healthcare segment, where revenue advanced 9% as service and consumables demand remained healthy, and operating income expanded on better volume, pricing, and productivity. Applied Sterilization Technologies and Life Sciences also contributed solidly, posting double-digit revenue growth and higher operating income despite ongoing tariff and inflationary pressures.

Strength in the quarter translated into improved cash generation and a more optimistic outlook. Operating cash flow for the first half of fiscal 2026 increased meaningfully, driving free cash flow up to $527.7 million, aided by earnings growth and working capital improvements. Reflecting this momentum, management raised its fiscal 2026 outlook for constant currency organic revenue growth to 7% to 8%, adjusted EPS to a range of $10.15 to $10.30, and free cash flow of approximately $850 million. While tariff headwinds remain a factor, STERIS' diversified portfolio, pricing discipline, and execution continue to support resilient growth and expanding margins heading into the second half of the fiscal year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	**2026**	**2031**
EPS	$1.56	$1.28	$3.39	$3.55	$4.76	$4.63	$2.48	$1.07	$3.81	$6.21	***$10.15***	***$12.95***
DPS	$0.98	$1.09	$1.21	$1.33	$1.45	$1.57	$1.69	$1.84	$2.03	$2.23	***$2.52***	***$4.06***
Shares[3]	70.7	85.5	85.0	84.6	84.8	85.2	97.5	99.7	98.8	98.6	***100.0***	***121.8***

STERIS plc operates in a growing healthcare industry that will positively influence its revenues over the long term. In addition, it has a strong track record of growth through acquisitions that helped expand its product offerings and geographical reach. For example, the acquisition of Cantel Medical expanded its product portfolio in infection prevention.

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[1] Estimated ex-dividend date
[2] Estimated dividend payment date
[3] In millions.

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The most significant development for STERIS plc in 2023 was the completion of several tuck-in acquisitions. These acquisitions expanded their product and service offerings in the AST and Healthcare segments. The total aggregate consideration for these acquisitions was approximately $49.8 million, including a potential contingent consideration of $7.3 million. This development allowed STERIS to enhance its capabilities and further strengthen its position in the market.

STERIS plc has reported strong growth in the past 10 years with an EPS CAGR of 16.6%. For the EPS forecast for 2026, we are using the midpoint of the analysts' estimate at $10.15. Thus, with a forecasted annual growth of 5.0% the projected EPS in 2031 is $12.95. STE has consistently increased its DPS, but at a slower growth for the last two years. However, we expect the DPS to remain on a rising trajectory through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.1	18.5	20.5	22.6	25.7	27.8	27.6	194.8	55.4	36.9	***25.1***	***25.0***
Avg. Yld.	1.4%	1.3%	1.2%	1.0%	0.9%	0.8%	0.8%	0.9%	0.9%	1.0%	***1.0%***	***1.3%***

STERIS plc trades at a forward P/E of 25.1, below its normalized long-term average P/E of around 28.0. STERIS trades below its historical valuation multiples, but we consider a P/E of 25.0 as a fair reflection of the stock's valuation, suggesting a target price of $324 by 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

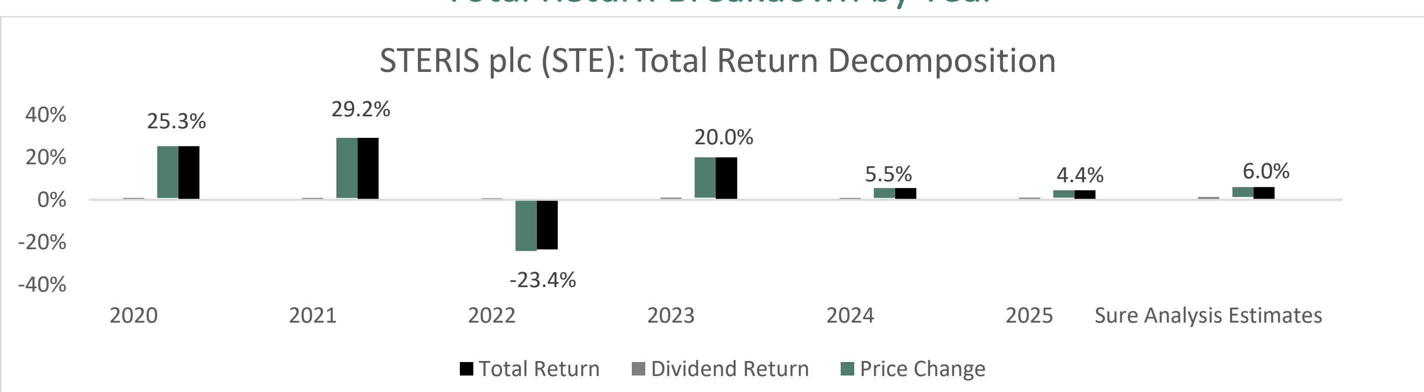
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	63%	85%	36%	37%	30%	34%	68%	172%	53%	36%	***25%***	***31%***

STERIS plc is a leading provider of infection prevention and other healthcare solutions. Its competitive advantage lies in its ability to offer a comprehensive range of products and services that enable healthcare facilities to improve patient outcomes while reducing costs. STERIS plc has also demonstrated resilience during recessions, supported by its steady EPS performance during the 2007 recession. The company has a manageable debt-to-equity ratio of around 30%, indicating a healthy balance sheet. This financial stability and competitive edge position STERIS plc for long-term success in the healthcare industry.

Final Thoughts & Recommendation

STERIS' stock has increased since our last report and we remain confident that the acquisition synergies will materialize and be reflected in the company's financials in the following years. Thus, our hold rating is premised upon the 6.0% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, a 1.0% dividend yield, and a small valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,239	2,613	2,620	2,782	3,031	3,108	4,585	4,958	5,139	5,460
Gross Profit	895	1,026	1,093	1,175	1,320	1,343	2,016	2,160	2,218	2,419
Gross Margin	40.0%	39.3%	41.7%	42.2%	43.6%	43.2%	44.0%	43.6%	43.2%	44.3%
SG&A Exp.	627	682	632	670	717	731	1,503	1,299	1,252	1,334
Operating Profit	212	285	400	442	538	545	426	759	862	987
Op. Margin	9.5%	10.9%	15.3%	15.9%	17.7%	17.6%	9.3%	15.3%	16.8%	18.1%
Net Profit	111	110	291	304	408	397	244	107	378	612
Net Margin	4.9%	4.2%	11.1%	10.9%	13.5%	12.8%	5.3%	2.2%	7.4%	11.2%
Free Cash Flow	128	251	292	350	376	450	397	395	613	776
Income Tax	60	74	63	64	91	121	72	52	150	185

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,346	4,924	5,200	5,073	5,441	6,574	11,424	10,820	11,060	10,150
Cash & Equivalents	249	283	202	221	320	221	348	209	207	172
Acc. Receivable	472	483	528	565	586	609	799	928	1,008	1,044
Inventories	193	198	206	208	264	315	575	695	675	581
Goodwill & Int.	3,280	2,956	3,161	2,928	2,922	3,924	7,733	6,835	6,190	5,950
Total Liabilities	2,308	2,114	1,983	1,887	2,023	2,683	4,879	4,735	4,748	3,531
Accounts Payable	140	133	136	153	149	157	226	280	252	281
Long-Term Debt	1,568	1,478	1,316	1,183	1,151	1,651	3,088	3,079	3,206	2,168
Total Equity	3,023	2,799	3,206	3,178	3,405	3,881	6,532	6,077	6,302	6,603
D/E Ratio	0.52	0.53	0.41	0.37	0.34	0.43	0.47	0.51	0.51	0.33

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.0%	2.1%	5.7%	5.9%	7.8%	6.6%	2.7%	1.0%	3.5%	5.8%
Return on Equity	5.4%	3.8%	9.7%	9.5%	12.4%	10.9%	4.7%	1.7%	6.1%	9.5%
ROIC	3.5%	2.5%	6.6%	6.8%	9.1%	7.9%	3.2%	1.1%	4.1%	6.6%
Shares Out.	85.0	84.8	84.5	84.9	85.4	100.1	100.0	100.3	99.4	99.1
Revenue/Share	31.45	30.35	30.57	32.55	35.39	36.18	46.63	49.46	51.72	55.11
FCF/Share	1.80	2.92	3.41	4.09	4.39	5.24	4.04	3.94	6.17	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.