

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): December 14, 2020

SOTERA HEALTH COMPANY

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39729
(Commission
File Number)

47-3531161
(IRS Employer
Identification No.)

**9100 South Hills Blvd, Suite 300
Broadview Heights, Ohio 44147**
(Address of Principal Executive Offices) (Zip Code)

(440) 262-1410
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Exchange on which registered
Common stock, \$0.01 par value per share	SHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 17, 2020, Sotera Health Company (the “Company”), Sotera Health Holdings, LLC (“SHH”), the Incremental Amendment Revolving Lenders party thereto, Jefferies Finance LLC, as First Lien Administrative Agent (the “Administrative Agent”), each Issuing Bank and the other Loan Parties, entered into the Incremental Facility Amendment (the “Amendment”) to the First Lien Credit Agreement dated as of December 13, 2019 by and among the Company, SHH, the Lenders from time to time party thereto and the Administrative Agent (the “Credit Agreement”).

Among other changes, the Amendment provides (i) for an Incremental Revolving Commitment Increase (as defined in the Credit Agreement) in an aggregate principal amount of \$157,500,000 by the Incremental Amendment Revolving Lenders and (ii) that the Incremental Amendment Revolving Lenders shall also provide additional Letter of Credit Sublimits (as defined in the Credit Agreement) as part of the increased Revolving Commitments (as defined in the Credit Agreement). The Incremental Amendment Revolving Lenders are Citibank, N.A., Citizens Bank, N.A., Credit Suisse AG, Cayman Islands Branch, Goldman Sachs Bank USA, Jefferies Finance LLC, JPMorgan Chase Bank, N.A and Key Bank National Association. As of the effective date of the Amendment, the aggregate amount of the Lenders’ Revolving Commitments is \$347,500,000.

The foregoing description of certain provisions of the Amendment and the underlying Credit Agreement do not purport to be complete and is qualified in its entirety by the full text of the Credit Agreement and the Amendment, which will be filed as an exhibit to the Company’s next Annual Report on Form 10-K.

Item 1.02. Termination of a Material Definitive Agreement.

On December 14, 2020 (the “Redemption Date”), SHH redeemed in full all of the \$770,000,000 aggregate principal amount of its outstanding Senior Secured Second Lien Floating Rate Notes due 2027 (the “Notes”) at a redemption price equal to 102.000% of the principal amount of the Notes, plus accrued and unpaid interest to, but not including, the Redemption Date of \$14,437,500 (the “Redemption Payment”). The total Redemption Payment for the Notes was \$799,837,500.

The Notes were issued pursuant to an indenture, dated December 13, 2019, among SHH, the Company, the intermediate parents and subsidiary note parties party thereto (the “Notes Guarantors”) and Wilmington Trust, National Association, as trustee (as amended, the “Indenture”). Following the deposit of the Redemption Payment, the Indenture and the related security documents were satisfied and discharged in accordance with the terms of the Indenture. As a result of the satisfaction and discharge of the Indenture and the release of all of the liens on the collateral securing the Notes, the Company, SHH and the Notes Guarantors have been released from their obligations with respect to the Indenture, the related security documents and the Notes, except with respect to those provisions of the Indenture that, by their terms, survive the satisfaction and discharge of the Indenture.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained in Item 1.01 of this Current Report on Form 8-K above is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On December 18, 2020, the Company issued a press release (the “Press Release”) announcing entry into the Amendment. A copy of the Press Release is filed as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that section, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly incorporated by specific reference in such filing.

Item 8.01 Other Events.

Because the Company has not previously filed a proxy statement or held an annual meeting of stockholders since becoming a publicly traded company, the Company is disclosing deadlines for certain notices under SEC rules and its amended and restated bylaws in connection with its 2021 annual meeting of stockholders, which the Company intends to hold on May 27, 2021.

To be considered timely, a proposal submitted for inclusion in the Company’s 2021 annual meeting proxy materials pursuant to Rule 14a-8 under the Exchange Act must be submitted to the Company’s principal executive office, to the attention of the corporate secretary, and received on or before January 8, 2021.

To be considered timely under the Company's amended and restated bylaws, notice of a nomination for election to the board or notice of a proposal or other business submitted other than pursuant to Rule 14a-8 must be received by the corporate secretary at the Company's principal executive office no earlier than the open of business on January 28, 2021 and no later than the close of business on February 26, 2021.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated December 18, 2020

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sotera Health Company
(Registrant)

Date: December 18, 2020

By: /s/ Matthew J. Klaben
Matthew J. Klaben
Senior Vice President, General Counsel and Secretary



Sotera Health Announces Debt Pay Down and Expansion of Revolving Credit Facility

CLEVELAND, Dec. 18, 2020 (GLOBE NEWSWIRE) – Sotera Health Company (Nasdaq: SHC), a leading global provider of mission-critical end-to-end sterilization solutions and lab testing and advisory services for the healthcare industry, today announced that it has paid down over \$1.1 billion of indebtedness with the proceeds of its recent initial public offering. Sotera Health used the proceeds of the offering to pay down \$341 million of its first lien term loan at the end of November, as well as to redeem all of the \$770 million aggregate principal amount of its senior secured second lien notes on December 14 at a redemption price of 102% of principal (plus accrued and unpaid interest, which was paid with cash on hand).

Sotera Health also announced that it has increased lender revolving loan commitments under its revolving credit facility from \$190.0 million to \$347.5 million. The entire revolving credit facility remains undrawn, with no revolving loans presently outstanding.

“We believe these actions establish a capital structure and liquidity profile that support execution of our strategic priorities, which include investing in growth and further de-leveraging,” said Scott J. Leffler, Chief Financial Officer of Sotera Health. “Pro forma for the debt paydowns, our net leverage for the last twelve months ended September 30, 2020 was approximately 4.5x.¹ At the same time, the increase in the size of our revolving credit facility has further strengthened our liquidity position.”

Jefferies serves as administrative agent under the credit facility. The lenders under the revolving credit facility include Barclays, BNP Paribas, Citibank, Citizens Bank, Credit Suisse, Goldman Sachs, ING, Jefferies, J.P. Morgan, Key Bank, PSP and RBC.

¹ Pro forma net leverage ratio is calculated as pro forma net debt divided by Adjusted EBITDA. For more information on pro forma net debt and Adjusted EBITDA, please see “Non-GAAP Financial Measures Reconciliation.”

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Forward-looking Statements:

Statements in this press release regarding the Company that are not historical facts are “forward-looking statements” that involve risks and uncertainties, including statements about the expected impact of the payoff of our debt and the expansion of our revolving credit facility. For additional discussion of these risks and uncertainties, please refer to our filings with the SEC. Forward-looking statements made in this release speak only as of the date of this release, and the Company undertakes no obligation to update the information contained in this press release to reflect subsequently occurring events or circumstances, except as required by law.

About Sotera Health:

The name Sotera Health was inspired by Soteria, the Greek goddess of safety, and reflects the Company’s unwavering commitment to its mission, Safeguarding Global Health®. Sotera Health Company is a leading global provider of mission-critical sterilization and lab testing and advisory services for the healthcare industry. With a combined tenure across our businesses of nearly 200 years and our industry-recognized scientific and technological expertise, we help to ensure the safety of millions of patients and healthcare practitioners around the world every year. Across our 63 facilities worldwide, we have nearly 2,900 employees who are dedicated to safety and quality. We are a trusted partner to more than 5,800 customers in over 50 countries, including more than 40 of the top 50 medical device companies and 8 of the top 10 global pharmaceutical companies.

Sotera Health goes to market through its three best-in-class companies – Sterigenics®, Nordion® and Nelson Labs® . Sterigenics is a leading global provider of outsourced terminal sterilization and irradiation services for the medical device, pharmaceutical, food safety and advanced applications markets. Nordion is the leading global provider of Co-60 and gamma irradiators, which are key components to the gamma sterilization process. Nelson Labs is a global leader in outsourced microbiological and analytical chemistry testing and advisory services for the medical device and pharmaceutical industries. Learn more about **Sotera Health** at soterahealth.com.

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Source: Sotera Health Company

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Non-GAAP Financial Measures Reconciliation

Pro Forma Net Debt

	9/30/2020	Adj	Pro Forma
Revolving Credit Facility	—	—	—
1st Lien Term Loan B	2,109.4	(341.0)	1,768.4
1st Lien Notes	100.0	—	100.0
2nd Lien Notes	770.0	(770.0)	—
Capital Leases & Other	32.2	—	32.2
Total Debt	3,011.6	(1,111.0)	1,900.6
Less: Cash ⁽¹⁾	108.3	(17.4)	90.9
Net Debt	2,903.3		1,809.7
LTM 9/30/20 Adj EBITDA	401.3		401.3
Net Leverage⁽²⁾	7.2x		4.5x

(1) Adjustment represents payment of accrued interest on the 2nd Lien Notes

(2) Net leverage is calculated as net debt divided by Adjusted EBITDA

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Adjusted EBITDA

(\$ millions)	LTM	Nine Months ended		Year ended
	9/30/2020	September 30, 2020	September 30, 2019	December 31, 2019
Net income (loss)(a)	(\$ 21.9)	\$ 5.9	\$ 7.3	(\$ 20.4)
Amortization expense(a)	\$ 79.8	\$ 59.8	\$ 60.0	\$ 80.0
Impairment of long-lived assets and intangible assets(b)	—	—	\$ 5.8	\$ 5.8
Share-based compensation(c)	\$ 5.8	\$ 4.0	\$ 15.1	\$ 16.9
One-time bonuses(d)	\$ 1.5	—	\$ 0.5	\$ 2.0
(Gain) loss on foreign currency and embedded derivatives(e)	(\$ 10.4)	(\$ 4.8)	\$ 8.3	\$ 2.7
Acquisition and divestiture related charges, net(f)	\$ 3.4	\$ 3.0	(\$ 0.7)	(\$ 0.3)
Business optimization project expenses(g)	\$ 5.2	\$ 2.5	\$ 1.5	\$ 4.2
Plant closure expenses(h)	\$ 3.0	\$ 2.4	\$ 1.1	\$ 1.7
Loss on extinguishment of debt(i)	\$ 30.2	—	—	\$ 30.2
Professional services relating to Willowbrook and Atlanta facilities(j)	\$ 28.8	\$ 25.4	\$ 7.8	\$ 11.2
Accretion of Asset Retirement Obligation(k)	\$ 2.1	\$ 1.5	\$ 1.5	\$ 2.1
COVID-19 expenses(l)	\$ 2.4	\$ 2.4	—	—
Income tax benefit associated with pre-tax adjustments(m)	(\$ 40.1)	(\$ 24.9)	(\$ 20.4)	(\$ 35.6)
Adj. net income	\$ 89.6	\$ 77.1	\$ 87.9	\$ 100.4
Interest expense, net(a)	\$ 210.4	\$ 167.1	\$ 114.5	\$ 157.7
Depreciation(n)	\$ 63.9	\$ 47.3	\$ 50.1	\$ 66.7
Income tax provision/(benefit) applicable to Adjusted Net Income(o)	\$ 37.3	\$ 15.2	\$ 33.0	\$ 55.1
Adj. EBITDA	\$ 401.3	\$ 306.8	\$ 285.5	\$ 379.9

- (a) Represents amounts as determined by U.S. generally accepted accounting principles (“U.S. GAAP”); (b) Represents impairment charges related to the decision to not reopen the Willowbrook facility in September 2019; (c) Represents non-cash share-based compensation expense. 2019 also includes \$10.0 million of one-time cash share-based compensation expense related to the Class C Performance Vesting Units, which vested in the third quarter of 2019 based on the achievement of the aggregate distributions to the Class A Unitholder Members and the approval of the board of Topco Parent for accelerated vesting; (d) Represents one-time cash bonuses for members of management relating to capital markets activity in 2019; (e) Represents the effects of (i) fluctuations in foreign currency exchange rates, primarily related to remeasurement of intercompany loans denominated in currencies other than subsidiaries’ functional currencies, and (ii) non-cash mark-to-fair value of embedded derivatives relating to certain customer and supply contracts at Nordion; (f) Represents (i) certain direct and incremental costs related to the acquisition of Gibraltar Laboratories, Inc. (Nelson Fairfield) in 2018 and Iotron Industries Canada, Inc. in July 2020, and certain related integration efforts as a result of those acquisitions, (ii) the earnings impact of fair value adjustments (excluding those recognized within amortization expense) resulting from the business acquired, and (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture of the Medical Isotopes business in 2018; (g) Represents professional fees, contract termination and exit costs, severance and other payroll costs, and other costs associated with business optimization and cost savings projects relating to the integrations of Nordion and Nelson Labs, including the divestiture of Medical Isotopes, the withdrawal from the GAMURR project, the Sotera Health rebranding, operating structure realignment and other process enhancement projects; (h) Represents professional fees, severance and other payroll costs, and other costs associated with the closure of the Willowbrook facility; (i) Represents one-time expenses incurred in connection with the refinancing of our debt capital structure in December 2019, including accelerated amortization of prior debt issuance and discount costs, premiums paid in connection with early extinguishment and debt issuance and discount costs incurred for the new debt; (j) Represents professional fees related to litigation associated with our EO sterilization facilities in Willowbrook and Atlanta and other related activities; (k) Represents the non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (without regard for whether the decommissioning services would be performed by employees of Nordion, instead of by a third party) and are accreted over the life of the asset; (l) Represents non-recurring costs associated with the COVID-19 pandemic, including donations to related charitable causes and special bonuses for front-line personnel working on-site during lockdown periods; (m) Represents the tax benefit or provision associated with the reconciling items between net income (loss) and Adjusted Net Income. To determine the aggregate tax effect of the reconciling items, we utilized statutory income tax rates ranging from 0% to 35%, depending upon the applicable jurisdictions of each adjustment; (n) Includes depreciation of Co-60 held at gamma irradiation sites; (o) Represents the difference between income tax expense or benefit as determined under U.S. GAAP and the income tax benefit associated with pre-tax adjustments described in footnote (m).

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